

**AGENDA
MEETING OF THE
INLAND EMPIRE UTILITIES AGENCY
BOARD OF DIRECTORS**

**WEDNESDAY, JUNE 21, 2017
10:00 A.M.**

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

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

FLAG SALUTE

PUBLIC COMMENT

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

ADDITIONS TO THE AGENDA

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

1. NEW EMPLOYEE INTRODUCTIONS

- Michael Arana, Accountant II, hired 4/3/17 (Christina Valencia)
- Michael Campbell, Mechanic I, hired 5/22/17 (Randy Lee)
- Brian Fenton, Mechanic I, hired 5/22/17 (Randy Lee)
- Carlos Vargas, Control Systems Analyst I, hired 5/22/17 (Randy Lee)
- Anthony Ybarra, Electrical & Instrumentation Technician I, hired 5/22/17 (Randy Lee)
- Jonathan Burns, Mechanic I, hired 6/19/17 (Randy Lee)

2. PUBLIC HEARING

A. ADOPTION OF THE AGENCY'S BIENNIAL BUDGET FOR FISCAL YEARS (FYs) 2017/18 AND 2018/19, AND FYs 2018-2027 TEN YEAR CAPITAL IMPROVEMENT PLAN

It is recommended that the Board:

1. Hold a public hearing to receive public comments on the proposed Agency's Biennial Budget for FYs 2017/18 and 2018/19, and FYs 2018-2027 Ten Year Capital Improvement Plan (TYCIP); and
2. After closing the public hearing, adopt Resolution No. 2017-6-10, approving the Agency's Biennial Budget for FYs 2017/18 and 2018/19, and FYs 2018-2027 TYCIP, including the inter-fund transfers, Agency-wide departmental goals and objectives, and Rate Resolutions Nos. 2017-6-1 to 2017-6-8 for the Non-Reclaimable Wastewater system rates, and other service fees.

3. CONSENT ITEMS

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 May 17, 2017 and June 7, 2017 Board meetings.

B. REPORT OF GENERAL DISBURSEMENTS

It is recommended that the Board approve the total disbursements for the month of April 2017, in the amount of \$10,529,057.72.

C. ADOPTION OF RESOLUTION NO. 2017-6-11, APPROVING THE SANTA ANA WATERSHED PROJECT AUTHORITY ADOPTED BUDGET FOR FISCAL YEARS 2017/18 AND 2018/19

It is recommended that the Board:

1. Ratify the Santa Ana Watershed Project Authority (SAWPA) adopted budget for Fiscal Years (FYs) 2017/18 and 2018/19, as submitted; and
2. Adopt Resolution No. 2017-6-11, approving the SAWPA general and specific project budgets for FYs 2017/18 and 2018/19.

D. ADOPTION OF RESOLUTION NO. 2017-6-9, ESTABLISHING THE APPROPRIATION LIMITS FOR FISCAL YEAR 2017/18

It is recommended that the Board adopt Resolution No. 2017-6-9, establishing the appropriation limits for Fiscal Year (FY) 2017/18.

E. ADOPTION OF RESOLUTIONS AMENDING THE SALARY SCHEDULES/MATRICES FOR UNREPRESENTED EMPLOYEES, EXECUTIVE MANAGEMENT EMPLOYEES, AND ALL ASSOCIATION AND UNIT EMPLOYEES

It is recommended that the Board adopt Resolution Nos. 2017-6-15 and 2017-6-16, amending the salary schedules/matrices for Unrepresented Employees, Executive Management Employees, the Laboratory Unit, the General Unit, the Professional Unit, the Operators' Association, and the Supervisors' Unit.

F. ADOPTION OF A RESOLUTION AMENDING THE EMPLOYER PAID MEMBER CONTRIBUTIONS TO CALPERS FOR ALL CLASSIC EMPLOYEES

It is recommended that the Board adopt Resolution No. 2017-6-14, amending the Employer Paid Member Contributions (EPMC) to CalPERS for all classic employees.

G. FY 2017/18 ANNUAL AUDIT PLAN

It is recommended that the Board:

1. Approve the FY 2017/18 Annual Audit Plan; and
2. Direct the Manager of Internal Audit to finalize the FY 2017/18 Annual Audit Plan.

H. ADOPTION OF A RESOLUTION TO EXECUTE THE FINANCING AGREEMENT FOR THE CHINO BASIN IMPROVEMENT AND GROUNDWATER CLEAN-UP PROJECT

It is recommended that the Board adopt Resolution No. 2017-6-13, authorizing the General Manager or his/her designee to file the Groundwater Quality Grant application and execute the grant agreement received from the State Water Resources Control Board (SWRCB) for the Chino Basin Improvement and Groundwater Clean-up Project (Project).

I. CONTRACT AWARD FOR MIDGE FLY TREATMENT

It is recommended that the Board:

1. Award Contract No. 4600002329 to West Valley Mosquito and Vector Control District (WVMVCD) establishing a new contract through June 30, 2019, for midge fly treatment services at recharge basins for a not-to-exceed amount of \$200,000; and
2. Authorize the General Manager to execute the contract.

J. RP-1 CONSULTANT AWARD – DIGESTER NOS. 6 & 7 ROOF REPAIRS

It is recommended that the Board:

1. Award a consulting engineering services contract for the RP-1 Digester Nos. 6 & 7 Roof Repairs, Project No. EN17042, to GHD, Inc., for the not-to-exceed amount of \$130,406; and

2. Authorize the General Manager to execute the contract subject to non-substantive changes.

K. AGENCY-WIDE INSURANCE POLICIES FOR FY 2017/18

It is recommended that the Board authorize the purchase of the following Agency-wide insurance policies with an effective date of July 1, 2017, providing coverage through July 1, 2018 for the not-to-exceed budgeted amount of \$843,000:

General Liability: Provides third party liability coverage for bodily injury and property damage for up to \$20,000,000 per policy year;

Automobile Liability: Covers losses to other parties for bodily injury and property damage caused by Agency vehicles for up to \$20,000,000 per accident;

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

Property, Boiler and Machinery: Provides insurance protection resulting from damage and destruction of property through the California Sanitation Risk Management Authority (CSRMA) Property Program, with a deductible level of \$25,000; and

Excess Workers' Compensation and Employers' Liability: Provides coverage against bodily injury and illness to employees in the scope of their employment insurance, with a Self-Insured Retention (SIR) of \$1,000,000.

L. PURCHASE OF NEW VEHICLES

It is recommended that the Board authorize the purchase of 15 to 19 vehicles, including a passenger van, plug-in hybrid and utility trucks; for a combined, not-to-exceed price of \$558,905, including extended warranties, taxes, fees, and delivery charges through the informal bid process and/or negotiated procurements with local dealerships.

M. CONTRACT AMENDMENT – ROTATING MACHINERY

It is recommended that the Board:

1. Amend and increase the not-to-exceed amount of Contract No. 4600001864 to Vaughan's Industrial Repair, Inc. by \$300,000 to provide repair, rebuild, or refurbishment services of rotating machinery for a total aggregate not-to-exceed amount of \$690,000 over the existing three-year period with a one-year option to extend; and
2. Authorize the General Manager to negotiate and finalize the contract amendment.

N. BASIN IMPROVEMENT CONSULTING AWARD

It is recommended that the Board:

1. Award a consulting engineering services contract for the Recharge Master Plan Update Basin Improvement Projects, Project Nos. RW15003 and RW15004, to Carollo Engineering, Inc. for the not-to-exceed amount of \$1,510,628; and
2. Authorize the General Manager to execute the contract subject to non-substantive changes.

O. CHINO BASIN WATER BANK: COST SHARING LETTER AGREEMENT AMENDMENT AND CONSULTANT CONTRACT AWARD

It is recommended that the Board:

1. Approve a task order to master services contract 4600002275 for consulting services related to the Chino Basin Water Bank Program, Project No. WR18028, to Arcadis U.S., Inc. for the not-to-exceed amount of \$472,687;
2. Amend the Cost Sharing Letter agreement with the Chino Basin Water Bank parties to increase the not-to-exceed cost sharing amount to \$150,000 per party; and
3. Authorize the General Manager to execute the task order and the cost sharing letter agreement amendment, subject to non-substantive changes.

P. SANTA ANA RIVER CONSERVATION AND CONJUNCTIVE USE PROGRAM (SARCCUP) COST SHARING LETTER AGREEMENT – CONSERVATION MEASURES

It is recommended that the Board:

1. Approve the SARCCUP Cost Sharing Letter Agreement for Conservation Measures for the not-to-exceed amount of \$165,200; and
2. Authorize the General Manager to execute the requisite document.

4. INFORMATION ITEMS

A. ENGINEERING AND CONSTRUCTION MANAGEMENT PROJECT UPDATES (POWERPOINT)

B. MWD UPDATE (ORAL)

RECEIVE AND FILE INFORMATION ITEMS

C. PUBLIC OUTREACH AND COMMUNICATION (WRITTEN)

D. LEGISLATIVE REPORT FROM INNOVATIVE FEDERAL STRATEGIES (WRITTEN)

- E. LEGISLATIVE REPORT FROM WEST COAST ADVISORS (WRITTEN)
 - F. LEGISLATIVE REPORT FROM AGRICULTURAL RESOURCES (WRITTEN)
 - G. CALIFORNIA STRATEGIES, LLC MONTHLY ACTIVITY REPORT (WRITTEN)
 - H. FEDERAL LEGISLATIVE TRACKING MATRIX (WRITTEN)
 - I. STATE LEGISLATIVE TRACKING MATRIX (WRITTEN)
 - J. TREASURER'S REPORT OF FINANCIAL AFFAIRS (WRITTEN)
 - K. FISCAL YEAR 2016/17 THIRD QUARTER BUDGET VARIANCE, PERFORMANCE GOALS UPDATES, AND BUDGET TRANSFERS (WRITTEN/POWERPOINT)
 - L. INTERNAL AUDIT DEPARTMENT STATUS REPORT FOR JUNE 2017 (WRITTEN)
 - M. AUDIT COMMITTEE FINANCIAL ADVISOR – REQUEST FOR PROPOSAL PROCESS (WRITTEN)
 - N. AUDIT PLANNING COMMUNICATION AS REQUIRED BY SAS 114 (WRITTEN/POWERPOINT)
 - O. WATER USE EFFICIENCY PROGRAM AUDIT (WRITTEN/POWERPOINT)
 - P. 2017 PETTY CASH AUDIT AND FOLLOW-UP REVIEW (WRITTEN)
 - Q. FOLLOW-UP REVIEW – HUMAN RESOURCES (WRITTEN/POWERPOINT)
5. AGENCY REPRESENTATIVES' REPORTS
- A. SAWPA REPORT (NOT AVAILABLE AT TIME OF PRINT)
 - B. MWD REPORT (WRITTEN)
 - C. REGIONAL SEWERAGE PROGRAM POLICY COMMITTEE REPORT (WRITTEN)
 - D. CHINO BASIN WATERMASTER REPORT (WRITTEN)
6. GENERAL MANAGER'S REPORT (WRITTEN)
7. BOARD OF DIRECTORS' REQUESTED FUTURE AGENDA ITEMS
8. DIRECTORS' COMMENTS

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.

9. NEW LAB BUILDING SITE VISIT

10. CLOSED SESSION

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

1. Chino Basin Municipal Water District vs. City of Chino, Case No. RCV51010

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

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

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(d)(4)
CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION;
INITIATION OF LITIGATION**

Two (2) Cases

10. 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: 

Declaration of Posting

I, April Woodruff, Board Secretary/Office Manager of the Inland Empire Utilities Agency*, A Municipal Water District, hereby certify that a copy of 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, June 15, 2017.


April Woodruff

PUBLIC HEARING

2A

Date: June 21, 2017

To: The Honorable Board of Directors

Through: Finance and Administration Committee (6/14/17)

From: P. Joseph Grindstaff
General Manager *CB for JG*

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

JL #1882 Javier Chagoyen-Lazaro
Manager of Finance and Accounting

Subject: Adoption of the Agency's Biennial Budget for Fiscal Years (FYs) 2017/18 and 2018/19, and FYs 2018-2027 Ten Year Capital Improvement Plan

RECOMMENDATION

It is recommended that the Board of Directors:

1. Hold a public hearing to receive public comments on the proposed Agency's Biennial Budget for FYs 2017/18 and 2018/19, and FYs 2018-2027 Ten Year Capital Improvement Plan (TYCIP); and
2. After closing the public hearing, adopt Resolution No. 2017-6-10, approving the Agency's Biennial Budget for FYs 2017/18 and 2018/19, and FYs 2018-2027 TYCIP, including the inter-fund transfers, Agency-wide departmental goals and objectives, and Rate Resolution Nos. 2017-6-1 to 2017-6-8 for the Non-Reclaimable Wastewater system rates, and other service fees.

BACKGROUND

The FYs 2017/18 – 2018/19 Operating Budget is the Agency's second biennial budget. Transition from a single to a two-year budget supports the Agency's commitment to long term financial planning and fiscal stabilization for IEUA and its customers, as defined in the IEUA Business Goals (Business Goals) updated and approved in December 2016. The Operating Budget key areas of focus over the next two years are:

- **Succession planning** – Nearly 45 percent of the Agency's workforce is eligible for retirement over the next five years. Timely recruitment is essential to the transfer of knowledge and expertise to the next generation of employees. Included in the proposed biennial budget is the set-up of an estimated ten-full time equivalent (FTE) succession planning pool for recruitment of critical positions throughout the Agency;
- **Cost containment** – As part of the Agency's ongoing commitment to sustainable cost containment, the succession pool will be supported under the existing 290 authorized number of full time equivalent positions. Operations and maintenance expenses such as chemicals, operating fees, and utilities are relatively stable as a result of the Agency's continuing commitment to cost containment;
- **Cost of Service** – Continue implementation of multiyear rates and fees approved by the Board of Directors through FY 2019/20 designed to fully recover the cost of providing the Agency services;
- **Upkeep of Agency assets** – Continue the transition from "corrective" to "predictive and preventative" maintenance of Agency assets to ensure regulatory compliance, avoid costly corrective maintenance, and effectively meet the Agency's commitment to delivering a high-quality level of service;
- **Optimize low interest debt** – Continue to secure low cost financing to finance capital expansion and improvement of Agency's facilities to meet anticipated growth and increased service demands; and
- **Transparency** – Continue to provide a platform for transparent communication and timely reporting.

FYs 2017/18 & 2018/19 Total Revenues and Other Funding Sources

Total revenues and other funding sources for FY 2017/18 and FY 2018/19 are projected to be \$223.6 million and \$248.5 million, respectively. FY 2017/18 total revenue is approximately \$19.5 million, or ten percent, higher than the \$204 million projected in FY 2016/17. The increase is due to a combination of higher pass-through sales of MWD imported water and implementation of multiyear rate adjustments for the Regional Wastewater, Recycled Water, and Water Resources programs approved by the IEUA Board and member agencies through FY 2019/20. An increase of \$24.9 million in total revenues is also projected in FY 2018/19 compared to FY 2017/18 primarily due to an increase in state loans and grant proceeds associated with the completion of the Water Quality Laboratory, the Water Resources program initiatives, the South Archibald TCE Plume Clean Up, and Recharge Master Plan Update projects. Table 1 below presents revenue and funding sources trends by major categories.

Table 1: Total Revenues and Funding Sources (\$ in Millions)

Funding Sources	Actual	Projected	Biennial Budget	
	2015/16	Actual 2016/17	2017/18	2018/19
User Charges	\$66.4	\$71.5	\$77.8	\$82.9
Property Taxes	45.6	44.7	46.0	47.4
Contract Cost Reimbursement*	5.3	6.6	6.9	6.9
Recycled Water Sales	13.5	15.9	17.2	18.2
Connection Fees	25.9	19.9	23.1	24.3
Imported Potable Water Sales (Pass-Through)	18.7	27.4	34.2	36.0
State Loan Proceeds	9.3	3.5	9.3	19.3
Grants	6.2	11.5	6.0	8.2
Other**	4.8	3.1	3.1	5.3
Total	\$195.7	\$204.1	\$223.6	\$248.5

* Includes reimbursement from Joint Power Authorities (JPAs), Chino Basin Desalter Authority, Inland Empire Regional Composting Authority, and Chino Basin Watermaster.

** Includes capital contract reimbursements from Chino Basin Watermaster for various joint recharge basin improvement projects, lease revenues, sale of assets, and inter-fund loans.

Total may not tie due to rounding

FYs 2017/18 & 2018/19 Total Expenses and Other Uses of Funds

Total expenses and other uses of funds are \$236.6 million in FY 2017/18 and \$251.5 million in FY 2018/19 include the operational, capital, and debt service expenditures for all Agency programs. Total uses of funds in FY 2017/18 are \$2.1 million higher than the \$234.5 million projected in FY 2016/17. Further breakdown of the major uses of fund categories provided in Table 2 show Capital Improvement Plan (CIP) increasing from \$34.4 million in FY 2016/17 to \$69.2 million in FY 2017/18 and \$78.4 million in FY 2018/19. Some of the major projects planned over the next two years include; 1) design of the Regional Water Recycling Plan No. 5 (RP-5) Solids and Liquid Treatment Expansion, 2) construction of the Water Quality Laboratory, 3) continued standardization of the SCADA Enterprise System, 4) completion of the RP-1 Mixed Liquor Return Pumps implementation, replacement and rehabilitation (R&R) projects, and process improvements at various facilities, including RP-1, RP-4 and the Carbon Canyon Water Recycled Facility.

The budgeted increase in CIP is offset by a decrease of nearly \$49 million in debt service costs in FY 2017/18. Included in projected actuals for FY 2016/17 is a \$50 million payment to refund a portion of the 2008A Revenue Bonds in January 2017. Included in debt service costs are principal, interest and financial expenses related to the 2008B, 2010A and 2017A bonds, and State Revolving Fund (SRF) loans, and inter-fund loans.

The budgeted decrease in debt service costs also partly offset the budgeted increase in employment and operating expenses over the next two years. The budgeted increase of 5 percent in employment expenses in FY 2017/18 is needed to support the Agency's succession plan and higher pension costs due to a reduction in the CalPERS discount rate planned through 2021. Included in the biennial budget is a succession pool of 10 positions to ensure timely recruitment of critical positions across the organization. Consistent with the Agency's continual commitment to sustainable cost containment, the succession pool is supported by a reduction to the vacancy factor with no change in the 290 authorized full time equivalent (FTE) positions. A primary driver for the increase in operational expenses from \$86.2 million projected in FY 2016/17 to \$99.9 million and \$104.9 million in FYs 2017/18 and 2018/19, respectively, is the higher purchases of pass-through potable water from MWD. A summary of the major uses of funds categories is provided in Table 2.

Table 2: Total Expenses and Uses of Funds (\$ in Millions)

Uses of Funds	Actual 2015/16	Projected Actual 2016/17	Biennial Budget	
			2017/18	2018/19
Employment	\$39.3	\$43.2	\$45.5	\$46.0
Operational Expenses*	67.5	86.2	99.9	104.9
CIP**	23.1	34.4	69.2	78.4
Debt Service	21.0	70.7	22.0	22.2
Total	\$150.9	\$234.5	\$236.6	\$251.5

*Includes chemicals, utilities, office & administration, biosolids, materials and supplies, operating contribution to RCA biosolids recycling, professional fees, and operating fees.

**Includes expense for SDLAC 4Rs

Total may not tie due to rounding

FYs 2018 – 2027 Ten Year Capital Improvement Plan (TYCIP)

The FYs 2018 - 2027 TYCIP is consistent with the Business Goals of Water Reliability, Wastewater Management and Environmental Stewardship. Capital projects outlined in the TYCIP support the initiatives defined in the Agency's long term planning documents, amongst them the Facilities Master Plan, Recycled Water Program Strategy, Energy Management Plan, and Asset Management Plan.

Of the \$832.9 million planned over the next 10 years, \$716.8 million (86 percent) is designated for capital projects and the remaining \$116.1 million for non-capital (O&M) projects. Execution of critical replacement & rehabilitation (R&R) projects necessary to meet reliability and regulatory requirements remains one of the primary focuses of the TYCIP. Another key area is improvement and expansion of existing facilities and infrastructure to meet future growth forecasted by member agencies. Major projects include RP-5 Solids and Liquid Treatment Expansion, RP-1 Liquid Expansion, the Water Quality Laboratory, Recharge Master Plan Update projects, SCADA Enterprise System, RP-1 Mixed Liquor Return Pumps, replacement and rehabilitation (R&R) projects, and process improvements for various facilities, including RP-1, RP-4, and the Carbon Canyon Water Recycled Facility. The TYCIP is funded by a combination of pay-go, low interest SRF loans, grants, and contributions.

Table 3: TYCIP by Fund (\$ in Millions)

Fund (\$ Millions)	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23 through 2026/27	TOTAL
Wastewater Capital*	\$27.4	\$26.6	\$82.2	\$167.7	\$107.8	\$77.1	\$488.8
Wastewater Operations**	30.0	32.8	22.1	10.4	9.3	53.0	157.6
Recycled Water	14.3	13.0	12.2	12.6	16.1	18.0	86.2
Non-Reclaimable Wastewater	1.2	1.9	1.0	0.3	0.3	7.7	12.4
Water Resources	5.8	8.1	17.2	10.2	1.7	9.5	52.5
Recharge Water	2.1	13.1	7.7	0.0	0.0	0.0	22.9
Administrative Services	3.8	1.1	1.8	0.9	0.8	4.1	12.5
Total	\$84.6	\$96.6	\$144.2	\$202.1	\$136.0	\$169.4	\$832.9

* Regional Wastewater Capital Improvement Fund (excludes \$2.5 million capital investment to the Inland Empire Regional Composting Authority)

** Regional Wastewater Operations & Maintenance Fund

Total may not tie due to rounding

FYs 2017/18 & 2018/19 Inter-Fund Loans

The Recycled Water fund has inter-fund loans outstanding in the amount of \$28.5 million; \$13.5 million due to the Wastewater Capital fund and \$15 million due to the Non-Reclaimable Wastewater fund. Repayment is scheduled to begin in FY 2019/20, with full repayment projected by FY 2024/25 as shown in Table 4.

Table 4: Summary of Inter-Fund Loans (\$ in Millions)

Inter Fund Loans Issued	Due to	Loan Amount (\$Millions)	Repayment Schedule
FY 2007/08	Non-Reclaimable Wastewater (NRW) Fund	\$9.0	2019/20 \$2.0 2020/21 \$2.0 2021/22 \$2.0 2022/23 \$2.0 2023/24 \$1.0 Total \$9.0

Inter Fund Loans Issued	Due to	Loan Amount (\$Millions)	Repayment Schedule
FY 2007/08	Regional Wastewater Capital (RC) Fund	3.0	2022/23 \$2.0 2023/24 \$1.0 Total \$3.0
FY 2009/10	Non-Reclaimable Wastewater (NRW) Fund	6.0	2023/24 \$1.0 2024/25 \$2.0 2025/26 \$3.0 Total \$6.0
FY 2014/15	Regional Wastewater Capital Improvement (RC) Fund	10.5	2023/24 \$5.0 2024/25 \$5.5 Total \$10.5
Total	Grand Total	\$28.5	\$28.5

Debt Service

Debt service costs are comprised of principal, interest, and financial expenses related to outstanding bonds, low interest State Revolving Fund (SRF) loans, notes, and inter-fund loans. Debt service costs are budgeted at \$22.0 million in FY 2017/18 and \$22.2 million in FY 2018/19.

Total outstanding debt, excluding inter-fund loans, at end of FY 2017/18 is approximately \$306.7 million comprised of \$161.1 million in bond indentures, \$139.8 million in SRF loans, and \$5.8 million in other notes payable. Total outstanding debt, at the end of FY 2018/19 is projected at \$329.2 million, comprised of \$146.6 million in bond indentures, \$177.3 million in SRF loans, and \$5.3 million in other notes payable.

Aggregate capital expenditures of \$716.8 million over the next 10 years will require new borrowings of approximately \$325.0 million. New debt is assumed to be a combination of new bonds and SRF loans. Further refinement of project parameters and funding needs will be done as part of updating the Agency’s Long Range Plan of Finance planned for Fall of 2017.

Debt Coverage Ratio (DCR)

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

Current bond covenants require the Agency to maintain a minimum total DCR of 1.25 times (x) or higher on total outstanding debt. The Agency has no legal debt limits imposed by state legislation. As indicated in Table 5, the projected upward trend of the Agency’s DCR through FY 2019/20 is

driven by a combination of higher system revenues and the partial refinancing and repayment of the 2008A Revenue Bonds in January 2017. The projected decline in FY 2019/20 through FY 2021/22 is due to estimated new borrowing needed to support critical capital investments for the wastewater program.

Table 5: Projected Debt Coverage Ratio

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
DCR	<i>Projected</i> 2.72x	<i>Proposed Budget</i> 2.86x 3.15x		<i>Forecast</i> 2.48x 2.08x 1.87x		

Reserves

Total reserves represent a fund’s net position and are a strong indicator of the Agency’s financial health. In addition to calculating fund reserves at the Agency-wide level, reserves are also maintained for each Agency fund. The aggregate ending fund balance in FY 2017/18 is estimated to be \$143.7 million, a decrease of \$13.0 million compared to the FY 2016/17 projected ending fund balance of \$156.7 million. The projected drop is primarily due to the use of reserves to support capital project expenditures. A key assumption over the next two years is limited availability of SRF loan and grant funding to support recycled water projects. The Agency will continue to work with the State Water Resources Control Board, administrators of the SRF loan program, to complete review of the pending loan and grant applications currently in the pipeline. The Agency is also working with SWRCB and other key stakeholders to address the oversubscription of SRF funding resulting from a combination of 1 percent loans made available through Proposition 1 and extension of the repayment period from 20 to 30 years. Table 6 below shows the net changes in fund reserves and the estimated ending balances through FY 2018/19. Should SRF loans become available this will result in higher fund reserves in FY 2018/19.

Table 6: Total Estimated Ending Fund Balance (\$ in Millions)

Description	Actual	Projected	Biennial Budget	
	2015/16	2016/17	2017/18	2018/19
Net Increase (Decrease) in Fund Balance	\$44.8	(\$30.4)	(\$13.0)	(\$3.0)
Beginning Fund Balance, July 1	142.3	187.1	156.7	143.7
Ending Fund Balance, June 30	\$187.1	\$156.7	\$143.7	\$140.7

Conclusion

The FYs 2017/18 & 2018/19 Biennial Operating Budget and the FYs 2018 - 2027 TYCIP continue to demonstrate the IEUA Board and staff’s steadfastness to deliver reliable, high quality, essential services to its customers in a regionally planned and cost-effective manner, consistent with the IEUA Business Goals.

Attached in the Appendix are the Sources and Uses of Funds reports for all of the Agency’s program funds and rate resolutions for Agency’s service fees and charges. The proposed budget for these

programs is consistent with the IEUA Business Goals of *Fiscal Responsibility, Water Reliability, Wastewater Management, Environmental Stewardship, and Business Practices.*

PRIOR BOARD ACTION

On June 15, 2016, the Board adopted the FY 2016/17 Operating Budget Amendments and FYs 2017-2026 TYCIP.

IMPACT ON BUDGET

None.

Attachments:

- Appendix A1 – Adopted Multi-Year Rates and Effective Dates
- Appendix A2 – Key Assumptions for the FYs 2017/18 and 2018/19 Biennial Budget
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- Rate Resolutions:
 - 2017-6-10 Budget Adoption
 - 2017-6-1 Regional Rate for Wastewater Discharge
 - 2017-6-2 NRWS Etiwanda Wastewater Line (EWL) Rate
 - 2017-6-3 NRWS (SDLAC) Rate for Volumetric, Strength Charges and
 - 2017-6-4 Inland Empire Brine Line (IEBL) Rate
 - 2017-6-5 Laboratory Fees
 - 2017-6-6 Extra-Territorial Sewer Service Charge
 - 2017-6-7 Establishing Imported Water Rates
 - 2017-6-8 Equipment Rental

Appendix A1: Adopted Multi-Year Rates and Effective Dates

Regional Wastewater Volumetric EDU

Rate Description	2015/16	2016/17	2017/18	2018/19	2019/20
EDU Volumetric Rate	\$15.89	\$17.14	\$18.39	\$19.59	\$20.00
Effective Date	10/1/15	7/1/16	7/1/17	7/1/18	7/1/19
EDU Units	3,215,268	3,281,664	3,289,868	3,298,092	3,306,338

Regional Wastewater Connection Fees

Rate Description	2015/16	2016/17	2017/18	2018/19	2019/20
Wastewater Connection Fee	\$5,338	\$5,712	\$6,309	\$6,624	\$6,955
Effective Date	1/01/16	1/01/17	7/01/17	7/01/18	7/01/19
Wastewater Connection Units	4,774	3,000	3,000	3,000	2,700

Water Connection Fees

Rate Description	2015/16	2016/17	2017/18	2018/19	2019/20
Water Connection Fee (for 5/8" and 3/4" meter size)	\$693	\$1,455	\$1,527	\$1,604	\$1,684
Effective Date	1/01/16	1/01/17	7/01/17	7/01/18	7/01/19
New Meter Equivalent Units (MEUs)	985	2,730	2,730	2,730	2,457

Recycled Water Rates

Rate Description	2015/16	2016/17	2017/18	2018/19	2019/20
Direct Delivery/Acre Foot (AF)	\$350	\$410	\$470	\$480	\$490
Groundwater Recharge/Acre Foot (AF)	\$410	\$470	\$530	\$540	\$550
Effective Date	10/01/15	7/01/16	7/01/17	7/01/18	7/01/19
AF Deliveries	32,331	32,400	35,500	36,700	37,800

Water Rates

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
RTS Recovery	15%	30%	45%	60%	75%	90%	100%
Effective Date	10/01/16	07/01/17	07/01/18	07/01/19	07/01/20	07/01/21	07/01/22
Meter Equivalent Units (MEU)	\$0.90	\$0.95	\$0.99	\$1.04	Adjustments based on CPI		

Appendix A2: Key Assumptions for the FYs 2017/18 & 2018/19 Biennial Budget

	FY 2017/18	FY 2018/19
Revenues and Other Funding Sources	3,000 new regional wastewater connections	3,000 new regional wastewater connections
	2,730 new or upsized regional water connections	2,730 new or upsized regional water connections
	3.3 million total billable EDU volumetric	3.3 million plus 0.25% growth total billable EDU volumetric
	35,500 AF recycled water deliveries 50,000 AF imported potable water deliveries	36,700 AF recycled water deliveries 50,000 AF imported potable water deliveries
	3% growth in property tax receipts and excess growth allocated to Water Resources (WW) fund water use efficiency and resiliency projects.	3% growth in property tax receipts and excess growth allocated to WW fund
Expenses and Other Uses of Funds	290 FTE, no change	290 FTE, no change
	3.5% COLA (employee fully funded CalPERS contribution)	2.0% COLA (employee fully funded CalPERS contribution)
	\$4.5M annual payment against retirement long term unfunded liability (UAL)	\$4.5M UAL
	6% increase in health insurance premium	6% increase in health insurance premium
	0.7% increase in CalPERS employer rate	9% increase in CalPERS employer rate
	\$69 million CIP	\$78 million CIP

Appendix B: FY 2017/18 and FY 2018/19 Non-Reclaimable Wastewater Fund Proposed Budget and Rates

The Non-Reclaimable Wastewater (NWR) fund records the transactions for the acquisition, construction, expansion, replacement, and operation of the Agency’s non-reclaimable wastewater sewer lines, interceptors, and appurtenant facilities.

The NRW program has budgeted total revenues and other funding sources of \$12.3 million and \$12.8 million for FYs 2017/18 and 2018/19, respectively. The primary funding source for the NRW fund are the pass-through rates from the Sanitation District of Los Angeles County (SDLAC) for the north system and the Santa Ana Watershed Project Authority (SAWPA) for the south system. Revenues also include fees for agency program charges, capacity fees, wastewater connection fees transferred from Regional Wastewater Capital Improvement fund, and interest income.

Non-Reclaimable Wastewater System (NRWS) Rates: For the board review and approval are the FY 2017/18 pass-through rates of Sanitation District of Los Angeles County (SDLAC) for the north NRWS and the Santa Ana Watershed Project Authority (SAWPA) for the south NRWS. The SDLAC annual rate structure for the NRW north system is updated based on the new agreement entered in 2014. The NRW south system rates are based on SAWPA rates. There is no change in SAWPA’s agreement for the south NRWS. Both NRWS rates are effective July 1, 2017 as listed in Table B-1.

The Agency recovers the NRWS program costs through capacity charges for the north system. For FY 2017/18, the capacity charge per unit is \$18.75. The NRW south system program costs are recovered through a 50% operating surcharge imposed on volumetric, capacity and strength charges for non-recycled water users.

Table B-1: NRW Proposed Program Rates – North and South Systems

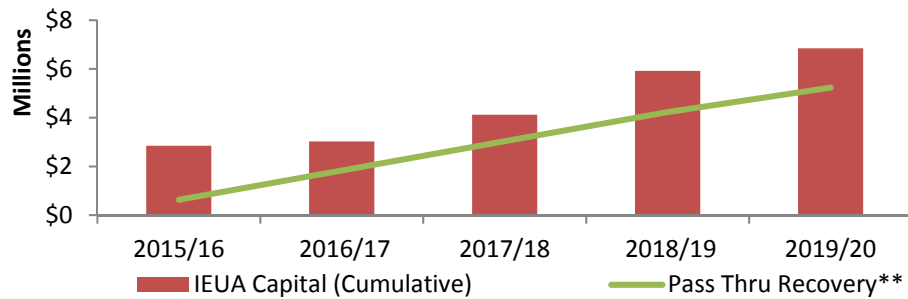
Rate Description	2016/17	2017/18 Adopted
North System	13,505 CU	14,252 CU
Flow/mg	\$915	\$919
COD/klb	\$180	\$172
TSS/klb	\$436	\$446
Peak/gpm	\$348	\$349
CU Purchase	\$4,172	\$4,172
CU Lease	\$208.60/CU/Yr.	\$208.60/CU/Yr.
South System		
Capacity/cu	\$368.76	\$387.24
Flow/mg	\$858.00	\$901.00
BOD/klb	\$307.00	\$307.00

Rate Description	2016/17	2017/18 Adopted
TSS/klb	\$429.00	\$429.00

A total of \$1.8 million in capital project costs is budgeted in FY 2017/18 and \$2.5 million is projected in FY 2018/19. The proposed capital project budget includes \$0.7 million per year for the Agency's SDLAC capital charges share funded through the state revolving fund (SRF) loan for a total of \$4.4 million and is supported by the NRW fund reserves. The executed SDLAC agreement requires the Agency to pay a share of their existing SRF loans of \$4.4 million with an annual interest rate of 2.3 percent over six-year term.

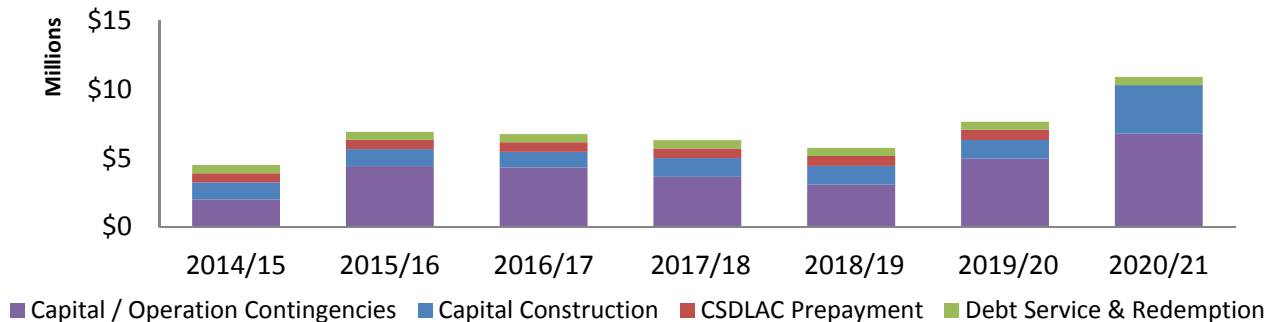
For the past years, recovery of the Agency's capital expenditures has been deferred until the outstanding SDLAC relocation, reconstruction, repair, and replacement (4Rs) capital costs were fully paid in FY 2015/16. At the same year, the Agency started to recover its deferred capital costs, as shown in Table B-2 Full recovery of the Agency's capital cost is projected to be reached in FY 2021/22.

Table B-2: Recovery of Deferred SDLAC 4Rs and IEUA Capital Expenditures



The Non-Reclaimable Wastewater ending fund balance for FY 2017/18 is estimated at \$6.3 million, and \$5.7 million for FY 2018/19. A total of \$15 million in inter-fund loan have been issued to the Recycled Water fund. The increase in fund balance starting in FY 2019/20 as shown in Figure B-3 is due to the start of the loan repayment from Recycled Water fund.

Figure B-3: NRW Fund Estimated Ending Fund Balance



Appendix C1: Budget Summary of FYs 2017/18 and 2018/19 (\$ Millions)

Fiscal Year	Actual	Projected Actual	Biennial Budget		Forecast		
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Operating Revenues	\$106.5	\$124.2	\$139.2	\$147.5	\$153.2	\$160.0	\$166.7
Operating Expense	(106.9)	(129.4)	(145.4)	(150.9)	(157.5)	(156.0)	(152.0)
Operating Net Increase (Decrease)	(0.4)	(5.2)	(6.2)	(3.4)	(4.3)	4.0	14.7
Other Sources of Funds	89.2	79.9	84.4	101.0	203.0	191.7	159.6
Debt Service	(20.9)	(70.7)	(22.0)	(22.2)	(32.8)	(40.2)	(45.4)
Capital Program	(23.1)	(34.4)	(69.2)	(78.4)	(123.6)	(187.7)	(130.8)
Non-Operating Increase (Decrease)	45.2	(25.2)	(6.8)	0.4	46.6	(36.2)	(16.6)
Total Increase (Decrease)	44.8	(30.4)	(13.0)	(3.0)	42.3	(32.2)	(1.9)
Beginning Fund Balance	142.3	187.1	156.7	143.7	140.7	183.0	150.8
Ending Fund Balance	\$187.1	\$156.7	\$143.7	\$140.7	\$183.0	\$150.8	\$148.9

Totals may not tie due to rounding

Appendix C2: Consolidated Fund Budget FYs 2014/15 to FY 2021/22

**INLAND EMPIRE UTILITIES AGENCY
 FISCAL YEARS 2017/18 AND 2018/19 BIENNIAL BUDGET
 ALL FUNDS - SOURCES AND USES OF FUNDS (In Thousands)**

	2014/2015	2015/2016	2016/2017	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
	ACTUAL	ACTUAL	BUDGET	ACTUAL	PROPOSED BUDGET	PROPOSED BUDGET	FORECAST	FORECAST	FORECAST
REVENUES									
User Charges	\$63,557	\$66,355	\$71,876	\$71,466	\$77,755	\$82,885	\$85,165	\$88,286	\$91,508
Property Tax - O&M	1,828	1,943	1,972	1,972	1,972	1,972	1,972	1,972	1,972
Cost Reimbursement from JPA	5,256	5,258	5,913	6,078	6,355	6,460	6,599	6,742	6,887
Contract Cost reimbursement	273	79	1,618	576	521	493	493	493	493
Interest Revenue	436	762	609	835	1,162	1,492	1,621	1,548	1,381
Recycled Water Sales	12,047	13,468	17,814	15,891	17,245	18,188	19,100	20,266	21,486
Water Sales	34,147	18,654	28,671	27,429	34,167	36,040	38,250	40,710	42,980
TOTAL REVENUES	\$117,544	\$106,519	\$128,473	\$124,246	\$139,178	\$147,530	\$153,200	\$160,016	\$166,708
OTHER FINANCING SOURCES									
Property Tax - Debt , Capital, Reserves	\$39,118	\$43,688	\$42,733	\$42,733	\$44,074	\$45,455	\$46,404	\$47,371	\$48,358
Connection Fees	15,074	25,907	20,068	19,875	23,096	24,251	22,916	24,921	24,322
Debt Proceeds	0	0	0	0	0	0	100,000	100,000	75,000
State Loans	22,714	9,330	14,406	3,519	9,314	19,251	12,798	5,785	4,261
Grants	5,918	6,208	10,715	11,507	5,970	8,244	13,159	9,218	3,130
Capital Contract Reimbursement	1,193	1,841	5,675	1,330	1,117	2,903	4,787	1,520	1,517
Other Revenues	1,330	2,009	875	915	879	898	919	939	961
Sale of Capacity	0	215	0	0	0	0	0	0	0
Loan Transfer from Internal Fund	14,808	0	3,200	0	0	0	2,000	2,000	2,000
TOTAL OTHER FINANCING SOURCES	\$100,155	\$89,199	\$97,671	\$79,879	\$84,450	\$101,002	\$202,982	\$191,753	\$159,549
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$217,698	\$195,719	\$226,144	\$204,125	\$223,628	\$248,533	\$356,182	\$351,770	\$326,256
EXPENSES									
Employment Expense	\$36,510	\$39,300	\$43,335	\$43,150	\$45,457	\$46,046	\$47,024	\$48,283	\$50,494
Contract Work/Special Projects	5,045	9,596	30,931	14,709	16,708	19,415	21,784	14,960	5,210
Utilities	9,064	8,837	11,596	9,585	9,768	10,053	10,353	10,663	10,983
Operating Fees	12,599	11,290	11,453	11,863	11,908	12,215	12,559	12,918	13,280
Chemicals	4,192	3,943	4,674	4,407	4,549	4,681	4,822	4,966	5,115
Professional Fees and Services	7,133	6,083	10,725	8,702	11,234	10,630	10,611	10,808	11,125
Office and Administrative Expense	1,615	1,798	2,501	1,884	2,427	2,593	2,549	2,905	2,689
Biosolids Recycling	3,800	3,798	4,415	4,486	4,360	4,462	4,596	4,733	4,875
Materials & Supplies	2,273	2,817	3,055	2,963	3,225	3,191	3,293	3,392	3,493
MWD Water Purchases	34,147	18,654	31,856	27,429	34,167	36,040	38,250	40,710	42,980
Other Expenses	1,454	775	1,853	221	1,638	1,650	1,652	1,689	1,725
TOTAL EXPENSES	\$117,832	\$106,892	\$156,394	\$129,399	\$145,441	\$150,976	\$157,492	\$156,028	\$151,969
CAPITAL PROGRAM									
CSDLAC 4Rs	\$658	\$673	\$689	\$689	\$705	\$721	\$737	\$0	\$0
IERCA investment	0	0	500	0	500	500	500	500	0
Capital Construction & Expansion	53,161	22,420	59,725	33,747	67,945	77,150	122,397	187,165	130,778
TOTAL CAPITAL PROGRAM	\$53,819	\$23,094	\$60,914	\$34,435	\$69,150	\$78,371	\$123,634	\$187,665	\$130,778
DEBT SERVICE									
Financial Expenses	\$257	(\$100)	\$349	\$246	\$297	\$296	\$415	\$300	\$296
Interest	9,616	9,234	9,638	8,507	6,487	6,508	11,710	16,829	19,886
Principal	26,655	11,827	11,999	61,999	15,259	15,360	18,651	21,065	23,238
Short Term Inter-Fund Loan	14,808	0	3,216	0	0	0	2,000	2,000	2,000
TOTAL DEBT SERVICE	\$51,336	\$20,961	\$25,201	\$70,753	\$22,043	\$22,164	\$32,776	\$40,193	\$45,420
FUND BALANCE									
Net Increase (Decrease)	(\$5,289)	\$44,772	(\$16,365)	(\$30,461)	(\$13,007)	(\$2,978)	\$42,280	(\$32,116)	(\$1,910)
Beginning Fund Balance July 01	\$147,632	\$142,343	\$187,114	\$187,114	\$156,653	\$143,646	\$140,669	\$182,948	\$150,832
ENDING BALANCE AT JUNE 30	\$142,343	\$187,114	\$170,749	\$156,653	\$143,646	\$140,669	\$182,948	\$150,832	\$148,922
RESERVE BALANCE SUMMARY									
Operating Contingencies	\$31,316	\$34,561	\$37,360	\$34,648	\$37,728	\$37,863	\$37,097	\$41,099	\$43,635
Capital Expansion & Replacement	6,989	10,813	30,854	10,440	5,871	4,372	43,092	11,090	11,120
CCRA Capital Construction	41,023	55,201	21,587	18,337	11,514	14,386	33,165	42,823	36,160
Water Connection	0	0	1,088	501	0	0	0	0	0
Rehabilitation/Replacement	26,490	43,327	19,527	19,527	22,895	22,895	17,383	5,175	2,059
CSDLAC Prepayment	658	673	689	689	705	721	737	0	0
Water Resource Capital	0	0	0	3,682	464	0	0	0	5,603
Debt Service & Redemption	20,169	22,173	31,770	29,199	36,854	35,945	37,212	37,204	37,211
Self Insurance Program	6,000	5,675	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Employee Retirement Benefit	9,696	9,491	7,314	9,887	8,612	8,698	8,262	7,441	7,132
Sinking Fund	0	5,200	14,559	23,742	13,003	9,788	0	0	0
ENDING BALANCE AT JUNE 30	\$142,343	\$187,114	\$170,749	\$156,653	\$143,646	\$140,669	\$182,948	\$150,832	\$148,922

*Numbers may not total due to rounding

Appendix C3: Consolidated Fund Budget by Fund

INLAND EMPIRE UTILITIES AGENCY
 FISCAL YEARS 2017/18 AND 2018/19 BIENNIAL BUDGET
 SOURCES AND USES OF FUNDS - BY PROGRAM FUND (In Thousands)

	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18 PROPOSED BUDGET							TOTAL	FY 2018/19
				Administrative Services Program	Non-Reclaimable Wastewater Program	Regional Wastewater Improvement Fund	Regional Wastewater Operations & Maintenance Program	Recharge Water Program	Recycled Water Program	Water Resources Program		
ACTUAL	ACTUAL	PROJECTED ACTUAL										
REVENUES												
User Charges	\$63,557	\$66,355	\$71,466	\$0	\$11,810	\$0	\$60,634	\$0	\$0	\$5,312	\$77,755	\$82,885
Property Tax	1,828	1,943	1,972	1,972	0	0	0	0	0	0	1,972	1,972
Cost Reimbursement JPA	5,256	5,258	6,078	1,473	0	0	3,825	1,058	0	0	6,355	6,460
Contract Cost reimbursement	273	79	576	0	0	0	93	38	0	390	521	493
Interest Revenue	436	762	835	130	143	226	454	15	140	54	1,162	1,492
Recycled Water Sales	12,047	13,468	15,891	0	0	0	0	0	17,245	0	17,245	18,188
Water Sales	34,147	18,654	27,429	0	0	0	0	0	0	34,167	34,167	36,040
TOTAL REVENUES	\$117,544	\$106,519	\$124,246	\$3,575	\$11,953	\$226	\$65,006	\$1,110	\$17,385	\$39,923	\$139,178	\$147,530
OTHER FINANCING SOURCES												
Property Tax - Debt and Capital	\$39,118	\$43,688	\$42,733	\$0	\$0	\$29,930	\$9,549	\$0	\$2,170	\$2,425	\$44,074	\$45,455
Regional System Connection Fees	15,074	25,907	19,875	0	0	18,927	0	0	4,169	0	23,096	24,251
State Loans	22,714	9,330	3,519	0	0	0	7,901	1,414	0	0	9,314	19,251
Grants	5,918	6,208	11,507	0	0	0	3,389	0	388	2,194	5,970	8,244
Capital Cost Reimbursement	1,193	1,841	1,330	0	0	0	0	772	345	0	1,117	2,903
Other Revenues	1,330	2,009	915	2	100	1	776	0	0	0	879	898
Sale of Capacity	0	215	0	0	0	0	0	0	0	0	0	0
Loan Transfer from Internal Fund	14,808	0	0	0	0	0	0	0	0	0	0	0
TOTAL OTHER FINANCING SOURCES	\$100,155	\$89,199	\$79,879	\$2	\$100	\$48,858	\$21,614	\$2,186	\$7,071	\$4,619	\$84,450	\$101,002
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$217,698	\$195,719	\$204,125	\$3,577	\$12,053	\$49,084	\$86,619	\$3,296	\$24,456	\$44,543	\$223,628	\$248,533
EXPENSES												
Employment Expenses	\$36,510	\$39,300	\$43,150	\$1,545	\$2,391	\$4,157	\$30,052	\$592	\$4,257	\$2,462	\$45,457	\$46,046
Contract Work/Special Projects	5,045	9,596	14,709	1,407	125	900	5,971	325	2,151	5,829	16,708	19,415
Utilities	9,064	8,837	9,585	772	71	0	6,671	72	2,182	0	9,768	10,053
Operating Fees	12,599	11,290	11,863	21	6,639	246	2,018	7	10	2,968	11,908	12,215
Chemicals	4,192	3,943	4,407	0	130	0	4,419	0	0	0	4,549	4,681
Professional Fees and Services	7,133	6,083	8,702	4,847	130	364	4,089	877	686	242	11,234	10,630
Office and Administrative expenses	1,615	1,798	1,884	2,320	23	0	4	16	4	60	2,427	2,593
Biosolids Recycling	3,800	3,798	4,486	28	25	0	4,307	0	0	0	4,360	4,462
Materials & Supplies	2,273	2,817	2,963	674	104	0	2,161	68	218	0	3,225	3,191
MWD Water Purchases	34,147	18,654	27,429	0	0	0	0	0	0	34,167	34,167	36,040
Other Expenses	1,454	775	221	(6,322)	471	1,591	4,410	54	1,142	290	1,638	1,650
TOTAL EXPENSES	\$117,832	\$106,892	\$129,399	\$5,292	\$10,109	\$7,258	\$64,103	\$2,011	\$10,650	\$46,019	\$145,441	\$150,976
CAPITAL PROGRAM												
CSDLAC 4Rs	\$658	\$673	\$689	\$0	\$705	\$0	\$0	\$0	\$0	\$0	\$705	\$721
IERCA investment	0	0	0	0	0	500	0	0	0	0	500	500
Capital Construction and Expansion	53,161	22,420	33,747	2,476	1,094	26,450	24,063	1,729	12,134	0	67,945	77,150
TOTAL CAPITAL PROGRAM	\$53,819	\$23,094	\$34,435	\$2,476	\$1,799	\$26,950	\$24,063	\$1,729	\$12,134	\$0	\$69,150	\$78,371
DEBT SERVICE												
Financial Expenses	\$257	(\$100)	\$246	\$31	\$0	\$175	\$0	\$89	\$2	\$0	\$297	\$296
Interest	9,616	9,234	8,507	0	341	3,140	179	259	2,568	0	6,487	6,508
Principal	26,655	11,827	61,999	0	454	8,791	172	683	5,159	0	15,259	15,360
Short Term Inter-Fund Loan	14,808	0	0	0	0	0	0	0	0	0	0	0
TOTAL DEBT SERVICE	\$51,336	\$20,961	\$70,753	\$31	\$796	\$12,105	\$352	\$1,031	\$7,729	\$0	\$22,043	\$22,164
TRANSFERS IN (OUT)												
Capital Contribution	\$0	\$0	\$0	\$1,065	(\$36)	\$2,954	(\$3,947)	\$288	(\$324)	\$0	\$0	\$0
Debt Service	0	0	0	0	0	(2,914)	0	515	2,399	0	0	0
Operation support	0	0	0	1,407	(48)	0	(1,311)	628	(676)	0	0	0
Capital - Connection Fees Allocation	0	0	0	1,378	293	(1,671)	0	0	0	0	0	0
One Water	0	0	0	32	0	0	0	56	(352)	264	0	0
TOTAL INTERFUND TRANSFERS IN (OUT)	\$0	\$0	\$0	\$3,883	\$208	(\$1,631)	(\$5,259)	\$1,487	\$1,047	\$264	\$0	\$0
FUND BALANCE												
Net Increase (Decrease)	(\$5,289)	\$44,772	(\$30,461)	(\$339)	(\$442)	\$1,140	(\$7,157)	\$13	(\$5,009)	(\$1,212)	(\$13,007)	(\$2,978)
Beginning Fund Balance July 01	147,632	142,343	187,114	17,397	6,742	38,172	64,316	3,397	19,274	7,355	156,653	143,646
ENDING BALANCE AT JUNE 30	\$142,343	\$187,114	\$156,653	\$17,058	\$6,299	\$39,312	\$57,159	\$3,410	\$14,265	\$6,142	\$143,646	\$140,669
RESERVE BALANCE SUMMARY												
Operating Contingencies	\$31,316	\$34,561	\$34,648	\$2,446	\$3,635	\$0	\$20,093	\$2,327	\$3,550	\$5,678	\$37,728	\$37,863
Capital Expansion & Replacement	6,989	10,813	10,440	0	1,358	1,894	0	500	2,119	0	5,871	4,372
CCRA Capital Construction	41,023	55,201	18,337	0	0	11,514	0	0	0	0	11,514	14,386
Water Connection	0	0	501	0	0	0	0	0	0	0	0	0
Rehabilitation/Replacement	26,490	43,327	19,527	0	0	0	22,895	0	0	0	22,895	22,895
CSDLAC Prepayment	658	673	689	0	705	0	0	0	0	0	705	721
Water Resource Capital	0	0	3,682	0	0	0	0	0	0	464	464	0
Debt Service & Redemption	20,169	22,173	29,199	0	602	25,904	1,169	583	8,596	0	36,854	35,945
Self Insurance Program	6,000	5,675	6,000	6,000	0	0	0	0	0	0	6,000	6,000
Employee Retirement Benefit	9,696	9,491	9,887	8,612	0	0	0	0	0	0	8,612	8,698
Sinking Fund	0	5,200	23,742	0	0	0	13,003	0	0	0	13,003	9,788
ENDING BALANCE AT JUNE 30	\$142,343	\$187,114	\$156,653	\$17,058	\$6,299	\$39,312	\$57,159	\$3,410	\$14,265	\$6,142	\$143,646	\$140,669

*Numbers may not total due to rounding

Appendix D-1: Regional Wastewater Capital Improvement Fund Budget

**INLAND EMPIRE UTILITIES AGENCY
 FISCAL YEARS 2017/18 and 2018/19 BIENNIAL BUDGET
 REGIONAL WASTEWATER CAPITAL IMPROVEMENT FUND - SOURCES AND USES OF FUNDS (In Thousands)**

	2014/15	2015/2016	2016/2017	2016/2017	2017/18	2018/19	2019/20	2020/21	2021/22
	ACTUAL	ACTUAL	AMENDED BUDGET	PROJECTED ACTUAL	PROPOSED BUDGET	PROPOSED BUDGET	FORECAST		
REVENUES									
Interest Revenue	\$94	\$135	\$135	\$187	\$226	\$357	\$547	\$547	\$364
TOTAL REVENUES	\$105	\$135	\$135	\$187	\$226	\$357	\$547	\$547	\$364
OTHER FINANCING SOURCES									
Property Tax - Debt and Capital	\$26,414	\$27,659	\$29,058	\$29,058	\$29,930	\$30,828	\$31,444	\$32,073	\$32,715
Regional System Connection Fees	15,074	24,910	17,136	17,136	18,927	19,872	18,779	20,658	20,337
Debt Proceeds	0	0	0	0	0	0	100,000	100,000	75,000
Other Revenues	0	10	6	1	1	1	1	1	1
TOTAL OTHER FINANCING SOURCES	\$41,538	\$52,579	\$46,200	\$46,195	\$48,858	\$50,701	\$150,224	\$152,732	\$128,053
EXPENSES									
Employment Expenses	\$3,230	\$4,248	\$4,030	\$3,995	\$4,157	\$4,155	\$4,243	\$4,478	\$4,682
Contract Work/Special Projects	1,007	1,253	3,147	795	900	800	300	800	300
Operating Fees	233	240	247	242	246	254	261	269	277
Professional Fees and Services	312	234	390	329	364	365	372	377	382
Other Expenses	1,457	509	1,899	1,899	1,591	1,596	1,588	1,627	1,668
TOTAL EXPENSES	\$6,240	\$6,484	\$9,713	\$7,260	\$7,258	\$7,170	\$6,765	\$7,551	\$7,310
CAPITAL PROGRAM									
IERCA investment	\$0	\$0	\$500	\$0	\$500	\$500	\$500	\$500	\$0
Work In Progress	4,318	6,057	20,005	10,737	26,450	25,793	81,875	166,955	107,500
TOTAL CAPITAL PROGRAM	\$4,318	\$6,057	\$20,505	\$10,737	\$26,950	\$26,293	\$82,375	\$167,455	\$107,500
DEBT SERVICE									
Financial Expenses	\$207	(\$203)	\$233	\$140	\$175	\$174	\$280	\$175	\$173
Interest	6,204	5,882	5,991	5,064	3,140	3,114	7,792	12,581	15,793
Principal	23,083	7,074	7,274	57,274	8,791	8,922	10,875	12,716	14,450
Short Term Inter-Fund Loan	10,500	0	0	0	0	0	0	0	0
TOTAL DEBT SERVICE	\$39,994	\$12,753	\$13,499	\$62,479	\$12,105	\$12,211	\$18,947	\$25,472	\$30,415
TRANSFERS IN (OUT)									
Capital Contribution									
RO to RC -RP-5 Solids Treatment	\$0	\$0	\$1,000	\$0	\$1,350	\$1,715	\$3,472	\$3,472	\$3,472
RO to RC -CCWRF Asset Management Improveme	0	0	0	195	2,700	1,020	7,700	10,800	1,000
RO to RC -RP-5 Expansion Maintenance Building	0	0	0	0	0	0	5,000	5,000	5,000
RC to GG - Agency-wide Projects	(1,023)	(358)	(2,318)	(1,562)	(993)	(423)	(594)	(280)	(224)
RC to RO - Water Quality Laboratory	0	(11)	(625)	(103)	(103)	(92)	0	0	0
RO to RC - RP-5 Expansion Debt Funding	0	0	0	0	0	0	1,736	3,472	4,774
RC to RW - 2008B Bond Debt	(350)	(382)	(472)	(402)	(515)	(583)	(592)	(644)	(641)
RC to RO - Water Quality Lab SRF Loan	0	0	0	0	0	0	(253)	(253)	(253)
RC to WC - 2017A Bond Debt	0	(1,390)	(1,465)	(1,103)	(2,399)	(2,400)	(2,400)	(2,400)	(2,399)
Capital - Connection Fee Allocation to GG	0	(527)	(355)	(770)	(1,378)	(410)	(697)	(195)	(156)
Capital - Connection Fee Allocation to RO	0	(3,545)	(4,111)	0	0	0	0	0	0
Capital - Connection Fee Allocation to NC	0	(123)	(134)	(246)	(293)	(456)	(245)	(72)	(72)
TOTAL INTERFUND TRANSFERS IN (OUT)	(\$1,373)	(\$6,335)	(\$1,318)	(\$3,990)	(\$1,631)	(\$1,630)	\$13,127	\$18,900	\$10,501
FUND BALANCE									
Net Income (Loss)	(\$10,282)	\$21,083	(\$5,862)	(\$38,085)	\$1,140	\$3,754	\$55,810	(\$28,298)	(\$6,306)
Beginning Fund Balance July 01	65,455	55,173	76,257	76,257	38,172	39,312	43,066	98,877	70,578
ENDING FUND BALANCE AT JUNE 30*	\$55,173	\$76,257	\$70,395	\$38,172	\$39,312	\$43,066	\$98,877	\$70,578	\$64,272
RESERVE BALANCE SUMMARY									
Capital Construction	\$31	\$240	\$22,887	\$0	\$1,894	\$2,514	\$39,494	\$1,542	\$1,895
CCRA Capital Construction	41,023	55,201	21,587	18,337	11,514	14,386	33,165	42,823	36,160
Debt Service & Redemption	14,119	15,615	22,921	19,835	25,904	26,166	26,218	26,213	26,217
Sinking Fund	0	5,200	3,000	0	0	0	0	0	0
ENDING BALANCE AT JUNE 30	\$55,173	\$76,257	\$67,395	\$38,172	\$39,312	\$43,066	\$98,877	\$70,578	\$64,272

*Numbers may not total due to rounding

Appendix D-2: Regional Wastewater Operations & Maintenance Fund Budget

**INLAND EMPIRE UTILITIES AGENCY
 FISCAL YEARS 2017/18 AND 2018/19 BIENNIAL BUDGET
 REGIONAL WASTEWATER OPERATIONS & MAINTENANCE FUND - SOURCES AND USES OF FUNDS (In Thousands)**

	2014/2015	2015/2016	2016/17	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
	ACTUAL	ACTUAL	AMENDED	PROJECTED ACTUAL	PROPOSED BUDGET	PROPOSED BUDGET	FORECAST		
REVENUES									
User Charges	\$46,965	\$49,958	\$56,381	\$56,381	\$60,634	\$64,743	\$66,260	\$68,422	\$70,653
Cost Reimbursement JPA	3,423	3,403	3,526	3,750	3,825	3,902	3,980	4,059	4,140
Contract Cost Reimbursement	123	79	93	93	93	93	93	93	93
Interest Revenue	195	284	182	305	454	557	462	319	247
TOTAL REVENUES	\$50,706	\$53,724	\$60,182	\$60,529	\$65,006	\$69,294	\$70,794	\$72,893	\$75,133
OTHER FINANCING SOURCES									
Property Tax Revenues - Debt/Capital/Reserves	\$9,140	\$9,573	\$9,549	\$9,549	\$9,549	\$9,549	\$9,549	\$9,549	\$9,549
State Loans	0	1,480	7,657	1,779	7,901	8,598	2,606	0	0
Grants	332	445	3,525	10,128	3,389	3,830	1,037	900	958
Other Revenues	763	972	757	757	776	795	816	836	858
TOTAL OTHER FINANCING SOURCES	\$10,235	\$12,470	\$21,487	\$22,212	\$21,614	\$22,772	\$14,007	\$11,285	\$11,365
EXPENSES									
Employment Expenses	\$24,338	\$25,644	\$29,552	\$28,590	\$30,052	\$30,601	\$31,359	\$32,026	\$33,531
Contract Work/Special Projects	1,053	3,595	13,418	10,500	5,971	8,265	2,447	1,850	1,600
Utilities	6,398	5,828	7,678	6,761	6,671	6,872	7,078	7,290	7,509
Operating Fees	1,819	1,807	1,919	1,848	2,018	2,073	2,133	2,199	2,260
Chemicals	4,092	3,895	4,499	4,277	4,419	4,547	4,684	4,824	4,969
Professional Fees and Services	2,979	1,969	3,441	2,612	4,089	3,358	3,438	3,523	3,622
Office and Administrative expenses	20	7	296	1	4	4	4	5	5
Biosolids Recycling	3,755	3,777	4,365	4,433	4,307	4,408	4,540	4,676	4,816
Materials & Supplies	1,621	1,927	2,138	2,080	2,161	2,200	2,266	2,333	2,404
Other Expenses	741	951	5,149	2,634	4,410	4,427	4,407	4,514	4,628
TOTAL EXPENSES	\$46,815	\$49,401	\$72,455	\$63,736	\$64,103	\$66,755	\$62,356	\$63,241	\$65,343
CAPITAL PROGRAM									
Capital Construction & Expansion (WIP)	\$9,336	\$7,814	\$17,026	\$13,000	\$24,063	\$24,506	\$19,662	\$8,500	\$7,718
TOTAL CAPITAL PROGRAM	\$9,336	\$7,814	\$17,026	\$13,000	\$24,063	\$24,506	\$19,662	\$8,500	\$7,718
DEBT SERVICE									
Financial Expenses	\$0	\$0	\$0	\$1	\$0	\$0	\$0	\$0	\$0
Interest	159	162	214	206	179	175	638	619	599
Principal	0	0	0	0	172	177	726	744	765
Short Term Inter-Fund Loan	0	0	3,200	0	0	0	0	0	0
TOTAL DEBT SERVICE	\$159	\$163	\$3,415	\$207	\$352	\$352	\$1,364	\$1,364	\$1,364
TRANSFERS IN (OUT)									
Capital Contribution									
WC to RO - SCADA Enterprise SRF Loan	\$1,274	\$3,430	\$1,400	\$598	\$0	\$0	\$0	\$0	\$0
RC to RO - New Water Quality Laboratory SRF Loan	0	11	625	103	103	92	0	0	0
RO to RC - CCWRF Asset Management and Improvement	0	0	0	(195)	(2,700)	(1,020)	(7,700)	(10,800)	(1,000)
RO to RC - RP-1 Maintenance Facility Cost Share	0	0	0	0	0	0	(5,000)	(5,000)	(5,000)
RO to RC - RP-5 Solids Handling Facility Cost Share	0	0	0	0	(1,350)	(1,715)	(3,472)	(3,472)	(3,472)
RC to RO - New Water Quality Laboratory SRF Loan	0	0	0	0	0	0	253	253	253
RO to WC - SCADA Enterprise SRF Loan	0	0	0	0	0	0	(149)	(149)	(149)
RO to RC - RP-5 Solids Handling Facility SRF Loan	0	0	0	0	0	0	(1,736)	(3,472)	(4,774)
Operation support to GG for Non-Capital Projects	0	0	0	0	(1,311)	(167)	(407)	(373)	(373)
Capital - Connection Fees Allocation	0	3,545	4,111	0	0	0	0	0	0
TOTAL INTERFUND TRANSFERS IN (OUT)	\$1,274	\$6,985	\$6,136	\$506	(\$5,259)	(\$2,810)	(\$18,211)	(\$23,013)	(\$14,515)
FUND BALANCE									
Net Income (Loss)	\$5,905	\$15,801	(\$5,091)	\$6,304	(\$7,157)	(\$2,357)	(\$16,792)	(\$11,939)	(\$2,442)
Beginning Fund Balance July 01	36,306	42,211	58,012	58,012	64,316	57,159	54,803	38,011	26,071
ENDING FUND BALANCE JUNE 30*	\$42,211	\$58,012	\$52,921	\$64,316	\$57,159	\$54,803	\$38,011	\$26,071	\$23,629
RESERVE BALANCE SUMMARY									
Operating Contingies	\$15,605	\$14,969	\$20,483	\$19,995	\$20,093	\$20,951	\$19,459	\$19,727	\$20,401
Rehabilitation/Replacement	26,390	42,827	19,527	19,527	22,895	22,895	17,383	5,175	2,059
Debt Service	216	216	352	1,051	1,169	1,169	1,169	1,169	1,169
Sinking Fund	0	0	11,559	23,742	13,003	9,788	0	0	0
ENDING BALANCE AT JUNE 30	\$42,211	\$58,012	\$51,921	\$64,316	\$57,159	\$54,803	\$38,011	\$26,071	\$23,629

* Numbers may not total due to rounding

Appendix D-3: Recycled Water Fund Budget

INLAND EMPIRE UTILITIES AGENCY
FISCAL YEARS 2017/18 and 2018/19 BIENNIAL BUDGET
RECYCLED WATER FUND - SOURCES AND USES OF FUNDS (In Thousands)

	2014/15	2015/2016	2016/2017	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
	ACTUAL	ACTUAL	AMENDED BUDGET	PROJECTED ACTUAL	PROPOSED BUDGET	PROPOSED BUDGET	FORECAST		
REVENUES									
Interest Revenue	\$0	\$106	\$84	\$113	\$140	\$139	\$135	\$168	\$184
Water Sales	12,047	13,468	17,814	15,891	17,245	18,188	19,100	20,266	21,486
TOTAL REVENUES	\$12,047	\$13,574	\$17,898	\$16,004	\$17,385	\$18,327	\$19,235	\$20,433	\$21,670
OTHER FINANCING SOURCES									
Property Tax - Debt/Capital	\$2,064	\$2,162	\$2,170	\$2,170	\$2,170	\$2,170	\$2,170	\$2,170	\$2,170
Connection Fees	0	997	2,932	2,739	4,169	4,379	4,138	4,263	3,984
State Loans	22,714	7,851	6,749	1,740	0	0	3,638	5,776	4,261
Grants	4,901	4,371	6,265	1,116	388	63	1,262	2,172	2,172
Capital Contract Reimbursement	590	761	1,136	389	345	72	3,087	67	68
Other Revenues	32	13	0	0	0	0	0	0	0
Loan Transfer from Internal Fund	10,500	0	0	0	0	0	0	0	0
TOTAL OTHER FINANCING SOURCES	\$40,800	\$16,153	\$19,252	\$8,155	\$7,071	\$6,683	\$14,294	\$14,448	\$12,655
EXPENSES									
Employment Expenses	\$4,080	\$4,412	\$3,653	\$4,099	\$4,257	\$4,258	\$4,349	\$4,586	\$4,796
Contract Work/Special Projects	343	1,023	4,537	637	2,151	1,681	1,360	1,610	1,110
Utilities	2,033	2,433	3,026	2,195	2,182	2,248	2,315	2,385	2,456
Operating Fees	159	3	10	3	10	10	11	11	11
Professional Fees and Services	737	480	929	511	686	722	698	667	725
Office and Administrative Expense	0	1	2	0	4	4	4	4	4
Materials & Supplies	114	106	236	190	218	222	228	235	242
Other Expenses	197	415	1,493	926	1,142	1,147	1,143	1,170	1,199
TOTAL EXPENSES	\$7,662	\$8,874	\$13,887	\$8,562	\$10,650	\$10,292	\$10,107	\$10,667	\$10,543
CAPITAL PROGRAM									
Work In Progress	\$35,295	\$5,077	\$13,576	\$6,487	\$12,134	\$11,274	\$10,926	\$11,000	\$14,960
TOTAL CAPITAL PROGRAM	\$35,295	\$5,077	\$13,576	\$6,487	\$12,134	\$11,274	\$10,926	\$11,000	\$14,960
DEBT SERVICE									
Financial Expenses	(\$31)	(\$31)	\$1	\$1	\$2	\$1	\$1	\$1	\$1
Interest	2,773	2,722	2,803	2,746	2,568	2,543	2,654	2,508	2,430
Principal	2,815	3,962	3,919	3,919	5,159	5,256	6,007	6,133	6,499
Short Term Inter-Fund Loan	0	0	0	0	0	0	2,000	2,000	2,000
TOTAL DEBT SERVICE	\$5,557	\$6,653	\$6,722	\$6,666	\$7,729	\$7,801	\$10,662	\$10,642	\$10,930
TRANSFERS IN (OUT)									
Capital Contribution	(\$1,649)	(\$4,734)	(\$1,941)	(\$942)	(\$324)	(\$265)	(\$22)	(\$10)	(\$8)
Debt Service	0	1,390	1,465	1,103	2,399	2,400	2,550	2,549	2,548
Operation support	(400)	(466)	(506)	(506)	(676)	(668)	(679)	(688)	(717)
One Water	0	(386)	(378)	(387)	(352)	(512)	(843)	(464)	(80)
TOTAL INTERFUND TRANSFERS IN (OUT)	(\$2,049)	(\$4,197)	(\$1,361)	(\$733)	\$1,047	\$955	\$1,006	\$1,388	\$1,743
FUND BALANCE									
Net Income (Loss)	\$2,285	\$4,927	\$1,604	\$1,712	(\$5,009)	(\$3,401)	\$2,841	\$3,960	(\$364)
Beginning Fund Balance July 01	10,351	12,636	17,563	17,563	19,274	14,265	10,864	13,705	17,665
ENDING BALANCE AT JUNE 30*	\$12,636	\$17,563	\$19,166	\$19,274	\$14,265	\$10,864	\$13,705	\$17,665	\$17,301
RESERVE BALANCE SUMMARY									
Operating Contingency	\$2,554	\$2,958	\$4,629	\$2,854	\$3,550	\$3,431	\$3,369	\$3,556	\$3,514
Capital Construction	5,217	8,847	6,330	8,800	2,119	(0)	1,739	5,513	5,190
Water Connection	0	0	1,088	501	0	0	0	0	0
Rehabilitation/Replacement (R&R)	100	500	0	0	0	0	0	0	0
Debt Service	4,765	5,258	7,119	7,119	8,596	7,433	8,596	8,596	8,596
ENDING BALANCE AT JUNE 30	\$12,636	\$17,563	\$19,166	\$19,274	\$14,265	\$10,864	\$13,705	\$17,665	\$17,301

* Numbers may not total due to rounding

Appendix D-4: Recharge Water Fund Budget

**INLAND EMPIRE UTILITIES AGENCY
 FISCAL YEARS 2017/2018 AND 2018/2019 BIENNIAL BUDGET
 RECHARGE WATER FUND - SOURCES AND USES OF FUNDS (In Thousands)**

	2014/2015	2015/2016	2016/2017	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
	ACTUAL	ACTUAL	AMENDED BUDGET	PROJECTED ACTUAL	PROPOSED BUDGET	PROPOSED BUDGET	FORECAST		
REVENUES									
Cost Reimbursement from JPA	\$595	\$486	\$915	\$889	\$1,058	\$1,056	\$1,087	\$1,120	\$1,153
Contract Cost reimbursement	0	0	60	0	38	0	0	0	0
Interest Revenue	13	14	10	10	15	20	25	25	25
TOTAL REVENUES	\$608	\$499	\$985	\$899	\$1,110	\$1,076	\$1,112	\$1,145	\$1,178
OTHER FINANCING SOURCES									
State Loans	\$0	\$0	\$0	\$0	\$1,414	\$10,653	\$6,554	\$9	\$0
Grants	70	0	60	60	0	0	0	0	0
Capital Contract Reimbursement	604	1,080	4,539	941	772	2,831	1,700	1,453	1,449
Other Revenues	23	34	0	0	0	0	0	0	0
TOTAL OTHER FINANCING SOURCES	\$697	\$1,115	\$4,599	\$1,001	\$2,186	\$13,485	\$8,254	\$1,461	\$1,449
EXPENSES									
Employment Expenses	\$398	\$444	\$679	\$539	\$592	\$593	\$594	\$603	\$631
Contract Work/Special Projects	0	37	120	0	325	250	0	0	0
Utilities	112	92	104	122	72	74	76	79	81
Operating Fees	4	7	7	5	7	7	7	7	7
Professional Fees and Services	183	511	752	650	877	904	930	957	985
Office and Administrative expenses	8	9	16	16	16	16	17	17	18
Expense Allocation	0	76	65	52	54	55	54	56	57
Materials & Supplies	67	75	86	74	68	70	72	74	76
Other Expenses	0	0	0	15	0	0	0	0	0
TOTAL EXPENSES	\$772	\$1,249	\$1,828	\$1,473	\$2,011	\$1,968	\$1,751	\$1,794	\$1,856
CAPITAL PROGRAM									
Capital Expansion/Construction	\$758	\$2,064	\$5,223	\$880	\$1,729	\$12,902	\$7,662	\$10	\$0
TOTAL CAPITAL PROGRAM	\$758	\$2,064	\$5,223	\$880	\$1,729	\$12,902	\$7,662	\$10	\$0
DEBT SERVICE									
Financial Expenses	\$86	\$114	\$92	\$76	\$89	\$88	\$100	\$89	\$86
Interest	7	17	205	80	259	368	346	853	811
Principal	607	632	647	647	683	710	739	1,155	1,193
TOTAL DEBT SERVICE	\$700	\$764	\$945	\$803	\$1,031	\$1,166	\$1,185	\$2,097	\$2,091
TRANSFERS IN (OUT)									
Capital Contribution	\$338	\$1,291	\$457	\$287	\$288	\$250	\$0	\$0	\$0
Debt Service	350	382	472	402	515	583	592	644	641
Operation support	400	466	506	506	628	662	664	674	703
Property Tax Transfer	0	86	96	122	56	131	53	0	0
TOTAL INTERFUND TRANSFERS IN (OUT)	\$1,088	\$2,225	\$1,531	\$1,317	\$1,487	\$1,626	\$1,309	\$1,318	\$1,344
FUND BALANCE									
Net Income (Loss)	\$162	(\$238)	(\$879)	\$61	\$13	\$151	\$78	\$25	\$24
Beginning Fund Balance July 01	3,413	3,575	3,337	3,337	3,397	3,410	3,561	3,638	3,663
ENDING FUND BALANCE AT JUNE 30*	\$3,575	\$3,337	\$2,457	\$3,397	\$3,410	\$3,561	\$3,638	\$3,663	\$3,687
RESERVE BALANCE SUMMARY									
Operating Contingencies	\$2,614	\$2,337	\$1,374	\$2,305	\$2,327	\$2,469	\$2,494	\$2,522	\$2,543
Capital Expansion / Construction	500	500	500	500	500	500	500	500	500
Debt Service & Redemption	460	500	583	592	583	592	644	641	644
ENDING BALANCE AT JUNE 30	\$3,575	\$3,337	\$2,457	\$3,397	\$3,410	\$3,561	\$3,638	\$3,663	\$3,687

*Numbers may not total due to rounding

Appendix D-5: Water Resources Fund Budget

**INLAND EMPIRE UTILITIES AGENCY
 FISCAL YEAR 2017/18 and FY 2018/19 BIENNIAL BUDGET
 WATER RESOURCES FUND - SOURCES AND USES OF FUNDS (In Thousands)**

	2014/15	2015/2016	2016/2017	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
	ACTUAL	ACTUAL	AMENDED BUDGET	PROJECTED ACTUAL	PROPOSED BUDGET	PROPOSED BUDGET	FORECAST		
REVENUES									
User Charges	\$5,690	\$5,314	\$4,443	\$4,553	\$5,312	\$6,020	\$6,763	\$7,395	\$8,052
Contract Cost reimbursement	138	0	1,465	483	390	400	400	400	400
Interest Revenue	12	40	8	43	54	68	53	66	106
Water Sales	34,147	18,654	28,671	27,429	34,168	36,040	38,250	40,710	42,980
TOTAL REVENUES	\$39,987	\$24,008	\$34,587	\$32,507	\$39,924	\$42,529	\$45,467	\$48,571	\$51,538
OTHER FINANCING SOURCES									
Property Tax - Debt and Capital	\$1,500	\$4,295	\$1,956	\$1,956	\$2,425	\$2,909	\$3,241	\$3,579	\$3,925
Grants	565	1,393	865	204	2,194	4,351	10,861	6,146	0
Other Revenues	0	27	0	0	0	0	0	0	0
Loan Transfer from Internal Fund	4,308	0	3,200	0	0	0	0	0	0
TOTAL OTHER FINANCING SOURCES	\$6,373	\$5,715	\$6,021	\$2,159	\$4,619	\$7,260	\$14,101	\$9,725	\$3,925
EXPENSES									
Employment Expenses	\$949	\$2,252	\$1,828	\$2,244.0	\$2,462	\$2,467	\$2,471	\$2,510	\$2,625
Contract Work/Special Projects	2,200	3,268	7,707	1,833	5,829	8,140	17,140	10,200	1,700
Operating Fees	3,715	3,592	3,185	3,185	2,968	3,038	3,110	3,183	3,259
Professional Fees and Services	239	195	157	221	242	242	248	251	255
Office and Administrative expenses	50	38	60	50	60	60	60	60	60
MWD Water Purchases	34,147	18,653	31,856	27,429	34,167	36,040	38,250	40,710	42,980
Other Expenses	69	229	347	294	290	291	290	296	303
TOTAL EXPENSES	\$41,369	\$28,227	\$45,140	\$35,256	\$46,018	\$50,278	\$61,569	\$57,210	\$51,182
CAPITAL PROGRAM									
TOTAL CAPITAL PROGRAM	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
DEBT SERVICE									
TOTAL DEBT SERVICE	\$0	\$0	\$16	\$0	\$0	\$0	\$0	\$0	\$0
TRANSFERS IN (OUT)									
One Water	\$0	\$295	\$269	\$245	\$264	\$371	\$774	\$459	\$77
TOTAL INTERFUND TRANSFERS IN (OUT)	\$0	\$295	\$2,269	\$245	\$264	\$371	\$774	\$459	\$77
FUND BALANCE									
Net Income (Loss)	\$4,991	\$1,791	(\$2,279)	(\$343)	(\$1,212)	(\$119)	(\$1,226)	\$1,544	\$4,358
Beginning Fund Balance July 01	916	5,906	7,698	7,698	7,355	6,142	6,023	4,797	6,341
ENDING FUND BALANCE AT JUNE 30*	\$5,906	\$7,698	\$5,418	\$7,355	\$6,143	\$6,023	\$4,797	\$6,341	\$10,699
RESERVE BALANCE SUMMARY									
Operating Contingency	\$5,906	\$7,698	\$5,418	\$3,672	\$5,679	\$6,023	\$4,797	\$6,341	\$5,096
Supplemental Water Resources	0	0	0	3,682	464	0	0	0	5,603
ENDING BALANCE AT JUNE 30	\$5,906	\$7,698	\$5,418	\$7,355	\$6,143	\$6,023	\$4,797	\$6,341	\$10,699

*Numbers may not total due to rounding

Appendix D-6: Non-Reclaimable Wastewater Fund Budget

INLAND EMPIRE UTILITIES AGENCY
FISCAL YEAR 2017/18 and FISCAL YEAR 2018/19 BIENNIAL BUDGET
NON-RECLAIMABLE WASTEWATER FUND - SOURCES AND USES OF FUNDS (In Thousands)

	2014/2015	2015/2016	2016/2017	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
	ACTUAL	ACTUAL	AMENDED BUDGET	PROJECTED ACTUAL	PROPOSED BUDGET	PROPOSED BUDGET	FORECAST		
REVENUES									
User Charges	\$10,902	\$11,083	\$11,052	\$10,532	\$11,810	\$12,122	\$12,142	\$12,469	\$12,803
Interest Revenue	35	65	90	90	143	180	190	180	180
TOTAL REVENUES	\$10,938	\$11,148	\$11,142	\$10,622	\$11,953	\$12,302	\$12,332	\$12,649	\$12,983
OTHER FINANCING SOURCES									
Other Revenues	\$355	\$592	\$110	\$156	\$100	\$100	\$100	\$100	\$100
Sale of Capacity	0	215	0	0	0	0	0	0	0
Loan Transfer from Internal Fund	0	0	0	0	0	0	2,000	2,000	2,000
TOTAL OTHER FINANCING SOURCES	\$355	\$807	\$110	\$156	\$100	\$100	\$2,100	\$2,100	\$2,100
EXPENSES									
Employment Expenses	\$2,195	\$1,931	\$2,121	\$2,179	\$2,391	\$2,395	\$2,399	\$2,438	\$2,549
Contract Work/Special Projects	55	21	210	22	125	100	100	100	100
Utilities	83	78	86	76	71	73	75	78	80
Operating Fees	6,662	5,635	6,074	6,562	6,639	6,812	7,016	7,227	7,444
Chemicals	101	48	175	130	130	134	138	142	146
Professional Fees and Services	33	63	173	143	130	133	136	139	143
Office and Administrative expenses	0	0	0	0	23	24	24	25	26
Biosolids Recycling	12	0	25	25	25	26	27	27	28
Materials & Supplies	53	56	107	104	104	107	110	114	117
Other Expenses	93	67	562	450	471	472	471	481	495
TOTAL EXPENSES	\$9,288	\$7,899	\$9,534	\$9,691	\$10,109	\$10,275	\$10,497	\$10,771	\$11,127
CAPITAL PROGRAM									
CSDLAC 4Rs SRF Loan	\$658	\$673	\$689	\$689	\$705	\$721	\$737	\$0	\$0
Capital Expansion/Construction	2,356	490	1,040	177	1,094	1,802	923	200	200
TOTAL CAPITAL PROGRAM	\$3,015	\$1,163	\$1,729	\$866	\$1,799	\$2,523	\$1,660	\$200	\$200
DEBT SERVICE									
Financial Expenses	(\$8)	(\$8)	\$1	\$2	\$0	\$0	\$0	\$0	\$0
Interest	473	450	425	411	341	307	280	268	253
Principal	150	159	159	158	454	294	305	317	332
TOTAL DEBT SERVICE	\$615	\$601	\$584	\$570	\$796	\$602	\$585	\$585	\$586
TRANSFERS IN (OUT)									
Capital Contribution	(\$37)	(\$13)	(\$85)	(\$57)	(\$36)	(\$15)	(\$21)	(\$10)	(\$8)
Operation support	0	0	0	0	(48)	(6)	(15)	(14)	(14)
Connection Fee	0	123	134	246	293	456	245	72	72
TOTAL INTERFUND TRANSFERS IN (OUT)	(\$37)	\$110	\$50	\$189	\$208	\$435	\$209	\$48	\$50
FUND BALANCE									
Net Income (Loss)	(\$1,662)	\$2,401	(\$545)	(\$162)	(\$442)	(\$564)	\$1,899	\$3,241	\$3,221
Beginning Fund Balance July 01	6,163	4,502	6,903	6,903	6,742	6,299	5,736	7,635	10,876
ENDING FUND BALANCE AT JUNE 30*	\$4,502	\$6,903	\$6,358	\$6,742	\$6,299	\$5,736	\$7,635	\$10,876	\$14,097
RESERVE BALANCE SUMMARY									
Capital / Operation Contingencies	\$1,993	\$4,420	\$3,737	\$4,311	\$3,635	\$3,071	\$4,954	\$6,756	\$9,977
Capital Construction	1,241	1,226	1,136	1,140	1,358	1,358	1,358	3,535	3,535
CSDLAC Prepayment	658	673	689	689	705	721	738	0	0
Debt Service	609	584	796	602	602	585	585	585	585
ENDING BALANCE AT JUNE 30	\$4,502	\$6,903	\$6,358	\$6,742	\$6,299	\$5,736	\$7,636	\$10,876	\$14,097

* Numbers may not total due to rounding

Appendix D-7: Administrative Services Fund Budget

**INLAND EMPIRE UTILITIES AGENCY
 FISCAL YEARS 2017/18 and FISCAL YEAR 2018/19 BIENNIAL BUDGET
 ADMINISTRATIVE SERVICES FUND - SOURCES AND USES OF FUNDS (In Thousands)**

	2014/2015	2015/2016	2016/2017	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
	ACTUAL	ACTUAL	AMENDED BUDGET	D ACTUAL	PROPOSED BUDGET	PROPOSED BUDGET	FORECAST		
REVENUES									
Property Tax	\$1,828	\$1,943	\$1,972	\$1,972	\$1,972	\$1,972	\$1,972	\$1,972	\$1,972
Cost Reimbursement from JPA	1,238	1,370	1,473	1,439	1,473	1,502	1,532	1,563	1,594
Interest Revenue	87	118	100	87	130	171	209	243	274
TOTAL REVENUES	\$3,153	\$3,431	\$3,545	\$3,498	\$3,575	\$3,645	\$3,713	\$3,778	\$3,840
OTHER FINANCING SOURCES									
Other Revenues	\$157	\$360	\$2	\$2	\$2	\$2	\$2	\$2	\$2
TOTAL OTHER FINANCING SOURCES	\$157	\$360	\$2	\$2	\$2	\$2	\$2	\$2	\$2
EXPENSES									
Employment Expenses	\$1,319	\$370	\$1,472	\$1,504	\$1,545	\$1,577	\$1,609	\$1,643	\$1,680
Contract Work/Special Projects	387	399	1,793	921	1,407	179	437	400	400
Utilities	438	406	703	430	772	787	808	832	857
Operating Fees	7	6	10	18	21	21	21	21	21
Professional Fees and Services	2,651	2,631	4,883	4,237	4,847	4,906	4,788	4,894	5,013
Office and Administrative expenses	1,537	1,744	2,126	1,817	2,320	2,485	2,440	2,794	2,577
Biosolids Recycling	33	21	25	28	28	28	29	30	31
Materials & Supplies	418	653	488	515	674	593	617	636	654
Other Expenses	(1,103)	(1,472)	(7,662)	(6,050)	(6,322)	(6,338)	(6,299)	(6,456)	(6,625)
TOTAL EXPENSES	\$5,686	\$4,758	\$3,838	\$3,421	\$5,292	\$4,236	\$4,449	\$4,794	\$4,608
CAPITAL PROGRAM									
Capital Expansion & Construction	\$1,098	\$918	\$2,855	\$2,465	\$2,476	\$873	\$1,350	\$500	\$400
TOTAL CAPITAL PROGRAM	\$1,098	\$918	\$2,855	\$2,465	\$2,476	\$873	\$1,350	\$500	\$400
DEBT SERVICE									
Financial Expenses	\$3	\$27	\$21	\$27	\$31	\$32	\$33	\$34	\$36
TOTAL DEBT SERVICE	\$4,311	\$27	\$21	\$27	\$31	\$32	\$33	\$34	\$36
TRANSFERS IN (OUT)									
Capital Contribution	\$1,098	\$384	\$2,487	\$1,676	\$1,065	\$454	\$637	\$301	\$240
Operation support	0	0	0	0	1,407	179	437	400	400
Capital - Connection Fees Allocation	0	527	355	770	1,378	410	697	195	156
One Water	0	6	13	19	32	9	16	5	4
TOTAL INTERFUND TRANSFERS IN (OUT)	\$1,098	\$918	\$855	\$2,465	\$3,883	\$1,052	\$1,787	\$900	\$800
FUND BALANCE									
Net Income (Loss)	(\$6,688)	(\$994)	(\$2,312)	\$52	(\$339)	(\$442)	(\$330)	(\$648)	(\$401)
Beginning Fund Balance July 01	25,028	18,340	17,345	17,345	17,397	17,058	16,616	16,286	15,638
ENDING FUND BALANCE AT JUNE 30*	\$18,340	\$17,345	\$15,033	\$17,397	\$17,058	\$16,616	\$16,286	\$15,638	\$15,236
RESERVE BALANCE SUMMARY									
Operating Contingency	\$2,643	\$2,179	\$1,719	\$1,511	\$2,446	\$1,918	\$2,025	\$2,197	\$2,104
Self-Insurance Program	6,000	5,675	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Employee Retirement Benefit	9,696	9,491	7,314	9,887	8,612	8,698	8,262	7,441	7,132
ENDING BALANCE AT JUNE 30	\$18,340	\$17,345	\$15,033	\$17,397	\$17,058	\$16,616	\$16,286	\$15,638	\$15,236

*Numbers may not total due to rounding

GENERAL MANAGER'S MESSAGE

The Honorable Board of Directors
Inland Empire Utilities Agency

June 21, 2017

I am pleased to submit the Inland Empire Utilities Agency (IEUA/Agency) biennial budget for Fiscal Years 2017/18 and 2018/19 (FYs 2017/18 & 2018/19 budget) and the Ten-Year Capital Improvement Plan for Fiscal Years 2017/18 – 2026/27 (FY 2018-2027 TYCIP). The FYs 2017/18 & 2018/19 biennial budget and FY 2018-2027 TYCIP include the operational, capital and debt service expenditures necessary to uphold the Agency's commitment to safeguarding and enhancing the quality of life in the Inland Empire in a sustainable and cost-effective manner.

A key focus of the FYs 2017/18 & 2018/19 budget is the continued investment in Agency and regional assets. Over the next 10 years, population in the southern section of the Agency's service area is expected to double, so included in the FY 2018-2027 TYCIP is the expansion and improvement of existing Agency facilities to meet the needs of future growth and optimization of the wastewater collection system, wastewater treatment system and the regional recycled water distribution system (RRWDS). To prepare for the anticipated growth, included in the FY 2018-2027 TYCIP is the RP-5 Liquid and Solids Treatment Expansion project (RP-5 Expansion project) that will double plant capacity from 15 to 30 million gallons per day (MGD), and relocate solids handling processing from Regional Plant No. 2 (RP-2). The RP-2 solids handling facility is in the city of Chino on land leased from the U. S. Army Corps of Engineers (Army Corps). Portions of the RP-2 facility are in the 100-year flood plain. Relocation of the RP-2 facility is being triggered by the proposed raising of the maximum operation water level behind the Prado Dam to allow for greater water storage and conservation by the Army Corps and Orange County Flood Control District by 2021.

Opportunities and Challenges

Over the next 5 years, nearly 45 percent of Agency employees will be eligible to retire. Timely recruitment of skilled personnel is crucial to ensure effective transfer of knowledge and skills to the next generation of Agency employees. Included in the FYs 2017/18 & 2018/19 budget is a succession pool of ten positions to support timely recruitment of critical positions throughout the organization. Timely upkeep of Agency facilities and equipment is another key objective. Included in the biennial budget is support for the Agency's maintenance department ongoing transition from a corrective to a predictive and preventive maintenance strategy. Over time, the benefit of performing maintenance on equipment only when it is warranted, a proactive versus reactive approach, will result in lower maintenance costs. An important part of the transition is continual investment in training personnel to develop the necessary skills to implement and support this maintenance strategy.

After five years of epic drought, California experienced one of the wettest winter seasons in nearly a century of record-keeping. The final reading of the snow level in the Sierra Nevada mountains on May 1, 2017, reported the snowpack at 190 percent of the historic average; an unprecedented

improvement from zero snow pack reported just two years earlier in May 2015. The damage to the Oroville Dam in northern California in early February 2017 brought to the light the State's aging infrastructure and its ability to handle the vast amount of water expected from the unprecedented rainfall and impending snowmelt as temperatures begin to warm. Since the year 2000, California has experienced four waves of drought; however, no drought in the last 100 years was as severe as the last one. Experts and State water officials expect these extreme cycles of dry and wet weather to continue as global temperatures continue to rise.

Water Reliability

The Sierra Nevada mountain range is a key source of water supply. The ample supply of water expected from the snow melt coupled with the statewide water savings achieved through conservation is anticipated to provide sufficient supplies of water throughout the State. This is good news for IEUA and its retail water agencies. All of the water IEUA imports from the Metropolitan Water District of Southern California (MWD) is delivered through the State Water Project (SWP) system. To mitigate for the uncertainty of the SWP water supplies, over the past 15 years, more than \$500 million was invested by IEUA and its retail agencies to drought-proof the region by expanding groundwater, stormwater, recycled water and conservation programs and facilities. These investments also leveraged the region's ability to secure hundreds of millions of dollars in state and federal grants and loans. As a result, when the record-breaking drought of 2012 began the region was prepared. Throughout this unprecedented time, sufficient water supply was available to meet the water needs of the region without constraining new development or economic growth.

Optimizing beneficial use is also the goal of the Recycled Water Program Strategy (RWPS), one of the Agency's master plans, and a major part of the Agency's integrated water resource management program. Over the next two years, in partnership with Chino Basin Watermaster, Chino Basin Water Conservation District and its member agencies, the Agency is investing approximately \$40 million to improve the Agency's regional recycled water distribution system (RRWDS) and expand capacity of groundwater basins. IEUA remains committed to providing reliable and cost-effective water supplies, and promoting sustainable water use efficiency. The additional water supply is essential in supporting future growth and economic development for the region.

Environmental Stewardship

Making water conservation a way of life and establishing long term water use efficiency standards is a key objective of the Governor. The Agency, in partnership with its member agencies, will continue to invest in a wide range of regional programs to promote water use efficiency, eliminate waste and unreasonable use, and enhance regional water resiliency in alignment with the Governor's long term objective. Many of these projects are part of the Agency's Integrated Water

GENERAL MANAGER'S MESSAGE

Resources Plan (IRP) completed in 2015. The 2015 IRP is intended to anticipate future water supply challenges and to ensure that continued investments in water resources and water use efficiency meet the future water needs of the region.

As one of ten agencies participating in the Santa Ana River Multiple Species Habitat Conservation Plan (HCP), led by the San Bernardino Valley Municipal Water District (SBVMWD), IEUA will work closely with the U. S. Fish and Wildlife Service to mitigate any potential impact to federally-listed endangered, threatened or special status species from future water projects in the Upper Santa Ana River region. Included in the biennial budget are various projects that pool together multiple agencies in the region to collaborate in large-scale water supply reliability and water use efficiency projects to benefit the entire Santa Ana Watershed.

One such project is the Santa Ana River Conservation and Conjunctive Use Program (SARCCUP). IEUA, along with SBVMWD, Eastern Municipal Water District, Western Municipal Water District, and Orange County Water District, comprise the Santa Ana River Watermaster Action Team (Action Team). The primary objective of SARCCUP is to maximize development of local and imported water supplies as equitable partners and not to compete for grants or imported water supplies that can be used to benefit the Santa Ana River Watershed. These projects were the basis for the 2015 One Water One Watershed (OWOW) grant application for \$60 million from the Department of Water Resources (DWR) Proposition 84 grant funding. The Action Team will also work collaboratively on regional water use efficiency programs and habitat restoration/Arundo removal programs.

The Agency is committed to protection of the environment through conservation and sustainable practices implemented on a regional and watershed basis. More information on these programs is provided in the Water Resources program section.

Wastewater Management

As a regional wastewater service provider, the Agency is required to maintain capacity within systems and facilities to meet essential service demands to protect public health and the environment. One of the key objectives included in the IEUA Business Goal Wastewater Management is to ensure systems are managed and constructed so that 90 percent of capacity is never exceeded. The acquisition, construction, improvement, and expansion of the Agency's regional wastewater system are supported by the regional wastewater connection fee. Included in the biennial budget and FY 2018-2027 TYCIP is the continued pace of new development of 3,000 new wastewater connections over the next two years.

The Agency's Wastewater Facilities Master Plan (WFMP), updated in 2015, reported member agencies' forecasts of 40,523 new equivalent dwelling units (EDU) connections through 2025. Most of the new development is anticipated in the cities of Chino, Fontana and Ontario. The most current forecast provided by member agencies in November 2016 estimates almost 36,500 new connections through 2027.

Fiscal Responsibility

The Operating Budget for FYs 2017/18 – 2018/19 is the Agency's second biennial budget. An important policy principle of the multi-year rates was the establishment of rates and fees that fully recover the cost of providing the service, as well ensuring rates are reasonable and equitable by establishing a clear nexus between what a customer pays and the benefit of the services received, as legally mandated. Establishing a new regional water connection fee and adjusting the regional wastewater connection fee to adequately fund future capacity expansion and enhancement of existing facilities is consistent with the principle of having "growth pay for growth." Based on actual and projected expenditures through FY 2016/17 and assumptions in the biennial budget, the Agency is on track to achieving full cost of service rates by FY 2019/20. No adjustment to the adopted multi-year rates and fees were made for FYs 2017/18 and 2018/19.

The Agency continues to be committed to sustainable cost containment as demonstrated in the adopted biennial budget. The number of authorized full time equivalent (FTEs) of 290 is maintained over the two-year budget period, and projected to be sustained over the ensuing three years. Included in the FYs 2018/19 & 2018/19 budget is a succession pool of 10 positions to support timely recruitment of critical positions throughout the organization.

The State Revolving Fund (SRF) loan program is an important source of funding for the RP-5 Expansion and RP-1 Rehabilitation projects. Additionally, the Agency submitted a letter of interest to the U.S. Environmental Protection Agency (EPA) for a Water Infrastructure Finance and Innovation Act (WIFIA) loan. The Agency will continue to aggressively pursue federal, state and regional grants and incentives, including low interest SRF loans and grants, and rebates offered by MWD to support its regional water use efficiency projects. Optimizing low interest loans and grant funding will help reduce the cost of executing the planned programs and projects included in the FY 2017/18 and 2018/19 budget and FY 2018-2027 TYCIP.

Conclusion

The last fiscal year was another successful year for the Agency, its member agencies, and key stakeholders in the region. In addition to meeting the Governor's mandate to reduce water use by 25 percent and increasing the amount of water stored in the Chino Basin by nearly 100,000 AF during one of the worst drought periods in history; hydraulic control in the Chino Basin was officially achieved in February 2016. After 15 years of collaboration, planning and investing for Chino Basin Watermaster (Watermaster) Parties and the IEUA, and many other regional stakeholders, achieved a long-standing initiative to improve the quality of the Chino Basin's groundwater and outflow to Orange County.

Further advancement to improve water quality in the Chino Basin was achieved following years of collaborative efforts between IEUA, three public agencies, four private companies, and the U.S. Department of Defense regarding historical use of an industrial cleaning solvent that seeped into

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the area's groundwater, creating the South Archibald Plume. IEUA led discussions to plan the implementation of a permanent cleanup solution, which resulted in the development of several agreements and actions between the parties in September 2016 that include cleanup of this longstanding contaminated groundwater.

As part of its ongoing cost containment initiative, the Agency refinanced the 2008A Revenue Bonds in January 2017 resulting in net present value savings of \$37 million over the life of the bonds and a reduction in outstanding debt of over \$57 million. By leveraging historically low market rates, the Agency reduced annual debt service costs by approximately 36 percent resulting in positive cash flow savings averaging around \$3 million per year.

All of IEUA's accomplishments are possible due to the collaboration of our member agencies, stakeholders and dedicated Agency staff. Most of these milestones will help position the Agency in a more stable fiscal and operational status to more effectively execute the planned initiatives as outlined in the adopted FY 2017/18 and 2018/19 budget and FY 2018-2027 TYCIP.

The Agency is committed to sustainably enhancing the quality of life in the Inland Empire by ensuring that a clean, reliable and resilient water supply is available now and in the future. These principles will continue to guide the Agency and its member agencies in developing and prioritizing initiatives to effectively address the effects of climate change and its impact to our region's vital water resources and continued economic development.

Respectfully submitted,



P. Joseph Grindstaff
General Manager

EXECUTIVE SUMMARY

The Agency's Operating Budget for Fiscal Year (FYs) 2017/18 – 2018/19 and FYs 2017/18-2026/27 Ten Year Capital Improvement Plan (FY 2018-2027 TYCIP) focuses on the following key areas:

- **Succession planning** – Nearly 45 percent of the Agency's workforce is eligible for retirement over the next five years. Timely recruitment will be essential to the transfer of knowledge and expertise to the next generation of employees. Included in the proposed biennial budget is a succession pool of 10 positions to support timely recruitment of critical positions throughout the Agency;
- **Cost containment** – As part of the Agency's ongoing commitment to sustainable cost containment, the succession pool will be supported under the existing 290 authorized number of full time equivalent positions. Operations and maintenance expenses such as chemicals, operating fees, and utilities remain relatively leveled over the next two fiscal years.
- **Cost of Service**– Continue implementation of multiyear rates and fees approved by the Board of Directors through FY 2019/20 designed to fully recover the cost of providing the Agency services;
- **Upkeep of Agency Assets** – Continue the transition from “corrective” to “predictive and preventative” maintenance of Agency assets to ensure regulatory compliance, avoid costly corrective maintenance, and over time reduce maintenance costs by only performing maintenance on equipment when warranted;
- **Optimize low interest debt and grants** – Continue to secure low cost financing and grants to support capital expansion and improvement of Agency's facilities to meet anticipated growth and increased service demands; and
- **Transparency** – Continue to provide a platform for transparent communication and timely reporting.

The Operating Budget for FYs 2017/18 - 2018/19 is the Agency's second biennial budget. The transition from a single to a two-year budget in FY 2015/16 supports a key objective of the IEUA Business Goal under Fiscal Responsibility to enhance financial planning and fiscal stabilization for IEUA and its customers.

IEUA BUSINESS GOALS

The IEUA Business Goals align with the Agency's mission, vision and values which are defined by the needs of the Agency's stakeholders and the public value provided to the communities served. The IEUA Business Goals, updated and adopted by the IEUA Board in 2016, are categorized into six main areas as indicated in Figure 1-1:

Figure 1-1: IEUA’s Business Goals



Within each *Business Goal* are key *Objectives* which define the major areas of focus and guide the development of the Agency’s Work Plan. The Work Plan provide Agency departments with clearer direction as they set the goals and objectives included in the Agency’s biennial budget and TYCIP.

The biennial budget and TYCIP also incorporate the various planning documents, amongst them the Facilities Master Plan, Asset Management Plan, Integrated Water Resources Plan (IRP), Recycled Water Program Strategy, Energy Management Plan and Urban Water Management Plan.

FY 2017/18 – 2018/19 BUDGET OVERVIEW

Total uses of funds for \$236.6 million in FY 2017/18 and \$251.5 million in FY 2018/19 include the operational, capital, and debt service expenditures for all Agency programs necessary to support the Agency’s mission to provide reliable essential services in a regionally planned and cost effective manner.

Total operating expenses are budgeted at \$145.4 million in FY 2017/18 and \$150.9 million in FY 2018/19, an increase of \$16.0 million compared to \$129.4 million projected in FY 2016/17. The increase is mainly due to higher pass-through purchases of imported water from Metropolitan Water District of Southern California (MWD); higher professional fees and services to support the Agency’s continued transition from a corrective to preventative/predictive maintenance strategy; higher employment costs to support succession planning, higher pension costs due to a reduction in the discount rate by CalPERS beginning in FY 2018/19; and higher non-capital (O&M) project costs which include the South Archibald TCE Plume Clean Up project planned over the next three years.

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Non-operating expense, or other uses of funds, of \$91.2 million in FY 2017/18 and \$100.6 million in FY 2018/19 are comprised of debt service and capital improvement plan (CIP) expenditures. The decrease in debt service costs from \$70.7 million in FY 2016/17 to \$22.0 million in FY 2017/18 is due to the partial refinancing of the 2008A Revenue Bonds completed in January 2017 which included repayment of \$50.0 million in outstanding principal. The reduction in debt service costs is partially offset by an increase of \$34.8 million in CIP in FY 2017/18 budgeted at \$69.2 million and \$78.4 million in FY 2018/19, compared to \$34.4 million projected for FY 2016/17. Included in the CIP over the next two years is design of the Regional Water Recycling Plant No. 5 (RP-5) Liquids and Solids Expansion project, continued construction of the Water Quality Laboratory slated for completion in 2021, and capital upgrades and improvements to the various Agency facilities. Projected funding for CIP is evenly split between pay-go and new debt.

Total uses of funds are supported by total revenues and other funding sources of \$223.6 million in FYs 2017/18 and \$248.5 million in FY 2018/19. Included are operating revenues \$139.2 million in FY 2017/18 and \$147.5 million in FY 2018/19 with a projected increase of \$15.0 million in FY 2017/18 compared to projected actuals of \$124.2 million in FY 2016/17 partly due to higher pass-through sales of MWD imported water and rate adjustments for the Regional Wastewater, Recycled Water, and Water Resources programs approved by the IEUA Board and member agencies through FY 2019/20.

Non-operating revenue, or other sources of funds, of \$84.4 million in FYs 2017/18 and \$101.0 million in FY 2018/19 include fees from new connections to the Agency's regional wastewater and regional water systems, property tax receipts, and proceeds from low interest state loans and grants. Higher wastewater and water connection fees account for an increase of \$3.2 million in FY 2017/18 and \$1.2 million in FY 2018/19 due to the rate adjustment effective January 1, 2018, as the number of new connections are expected to remain leveled over the next two years. Additionally, property tax receipts, grant receipts and proceeds from state loans account for an increase of \$1.4 million in FY 2017/18 and \$15.3 million in FY 2018/19. State Revolving Fund (SRF) loan and grants are the primary funding sources of the Water Quality Laboratory under construction and the South Archibald TCE Plume Clean Up project.

Based on total funding sources and uses of funds budgeted over the next two years, the total ending reserve balance is anticipated to decrease from \$156.7 million projected in FY 2016/17 to \$140.7 million at the end of FY 2018/19. An overview of total revenues and other funding sources, total operating expense and other uses of funds, and estimated ending fund balance beginning FY 2014/15 through FY 2021/22 are provided on Table 1-1.

**Table 1-1: Comparative of Total Sources and Uses of Funds, and Fund Balance
(\$Millions)**

Fiscal Year	Actual	Projected	Biennial Budget		Forecast		
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Operating Revenues	\$106.5	\$124.2	\$139.2	\$147.5	\$153.2	\$160.0	\$166.7
Operating Expense	(106.9)	(129.4)	(145.4)	(150.9)	(157.5)	(156.0)	(152.0)
Operating Net Increase (Decrease)	(0.4)	(5.2)	(6.2)	(3.4)	(4.3)	4.0	14.7
Other Sources of Funds	89.2	79.9	84.4	101.0	203.0	191.7	159.6
Debt Service	(20.9)	(70.7)	(22.0)	(22.2)	(32.8)	(40.2)	(45.4)
Capital Program	(23.1)	(34.4)	(69.2)	(78.4)	(123.6)	(187.7)	(130.8)
Non-Operating Increase (Decrease)	45.2	(25.2)	(6.8)	0.4	46.6	(36.2)	(16.6)
Total Increase (Decrease)	44.8	(30.4)	(13.0)	(3.0)	42.3	(32.2)	(1.9)
Beginning Fund Balance	142.3	187.1	156.7	143.7	140.7	183.0	150.8
Ending Fund Balance	\$187.1	\$156.7	\$143.7	\$140.7	\$183.0	\$150.8	\$148.9

Totals may not tie due to rounding

REVENUES AND OTHER FUNDING SOURCES HIGHLIGHTS

Total revenues and other funding sources are budgeted at \$223.6 million in FY 2017/18 and \$248.5 million in FY 2018/19. The increase of \$19.5 million in FY 2017/18 compared to projected to actual of \$204.1 million in FY 2016/17 is mainly due to increase in higher pass-through sales of MWD imported water, higher connection fees to the regional wastewater and regional water systems, and implementation of the multiyear rate adjustments approved through FY 2019/20. An increase of \$24.9 million is budgeted in FY 2018/19 compared to FY 2017/18, mainly due an increase in low interest state loans and grant proceeds associated with the completion of the Water Quality Laboratory, the South Archibald TCE Plume Clean Up project, Recharge Master Plan Update projects, and water resources initiatives. Table 1-2 highlights the major funding sources.

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Table 1-2: Total Revenues and Other Funding Sources (\$Millions)

Funding Sources	ACTUAL	PROJECTED	BIENNIAL BUDGET	
	2015/16	2016/17	2017/18	2018/19
User Charges	\$66.4	\$71.5	\$77.8	\$82.9
Property Taxes	45.6	44.7	46.0	47.4
Contract Cost Reimbursement*	5.3	6.6	6.9	6.9
Recycled Water Sales	13.5	15.9	17.2	18.2
Connection Fees	25.9	19.9	23.1	24.3
Water Sales	18.7	27.4	34.2	36.0
State Loans	9.3	3.5	9.3	19.3
Grants	6.2	11.5	6.0	8.2
Other**	4.8	3.1	3.1	5.3
Total	\$195.7	\$204.1	\$223.6	\$248.5

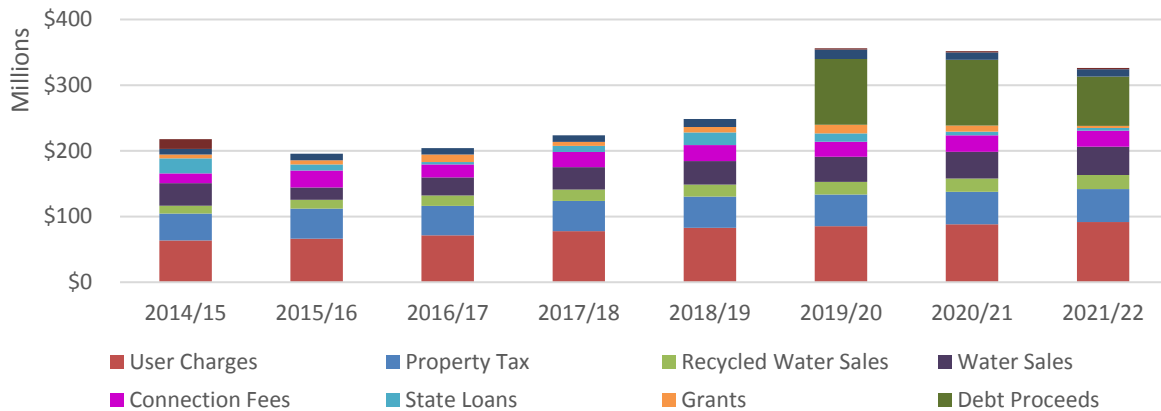
*Includes reimbursement from Joint Power Authorities (JPAs), Chino Basin Desalter Authority, Inland Empire Regional Composting Authority, and Chino Basin Watermaster.

**Includes capital contract reimbursements from Chino Basin Watermaster for various joint recharge basin improvement projects, and lease revenues.

Totals may not tie due to rounding

Projected revenues for FYs 2019/20 through 2021/22 include proceeds from new debt issues necessary to support improvement and expansion of Agency facilities and infrastructure needed to meet increase in service demand from anticipated future growth. The RP-5 Liquids and Solids Expansion project in the Regional Wastewater Capital Improvement fund is a major project included in CIP budgeted over the next two years. Figure 1-2 shows revenue trends from FYs 2014/15 to FY 2021/22.

Figure 1-2: Trend of Revenues and Other Funding Sources



The primary sources of the \$223.6 million and \$248.5 million total revenues and other funding sources budgeted in FY 2017/18 and FY 2018/19 are summarized in Table 1-3:

Table 1-3: Total Revenues and Other Funding Sources (\$ Millions)

Revenues	2017/18	2018/19	Description
User Charges	\$77.8	\$82.9	Regional Wastewater EDU service charges; Non-Reclaimable Wastewater (NRW) pass-through volumetric, capacity and strength charges; Imported potable water surcharge and monthly meter charges.
State and Other Loans	9.3	19.3	State Revolving Fund (SRF) loan proceeds for Recharge Water and Regional Wastewater projects.
Property Tax	46.0	47.4	San Bernardino County ad-valorem property taxes and pass-through incremental taxes.
Grants	6.0	8.2	Federal, state and local grants for regional recycled water distribution system, South Archibald TCE Plume Clean Up and support of water resource programs.
Recycled Water Sales	17.2	18.2	Direct and groundwater recharge recycled water sales and Metropolitan Water District of Southern California (MWD) Local Program Project (LPP) rebate.
Connection Fees	23.1	24.3	New connection fees for the Regional Wastewater and Regional Water systems.
Water Sales	34.2	36.0	Sales of pass-through MWD imported potable water budgeted at 50,000 acre feet per year (AFY).
Other Revenues	10.0	12.2	Reimbursements for operational and administration support from Chino Basin Watermaster (CBWM), Chino Basin Desalter Authority (CDA), Inland Empire Regional Composting Authority (IERCA), lease revenues, and interest earnings.
Total Revenues & Other Funding Sources	\$223.6	\$248.5	

Totals may not tie due to rounding

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EXPENSES AND OTHER USES OF FUNDS HIGHLIGHTS

Total uses of funds are \$236.6 million in FY 2017/18 and \$251.5 million in FY 2018/19, compared to projected actuals of \$234.5 million for FY 2016/17. The increase of \$2.1 million in FY 2017/18 is mainly due to higher capital expenditures and operating expenses offset by lower debt service costs. A comparison of the biennial budget major uses of funds to FY 2015/16 actuals and FY 2016/17 projected actuals is shown on Table 1-4.

Table 1-4: Total Uses of Funds (\$Millions)

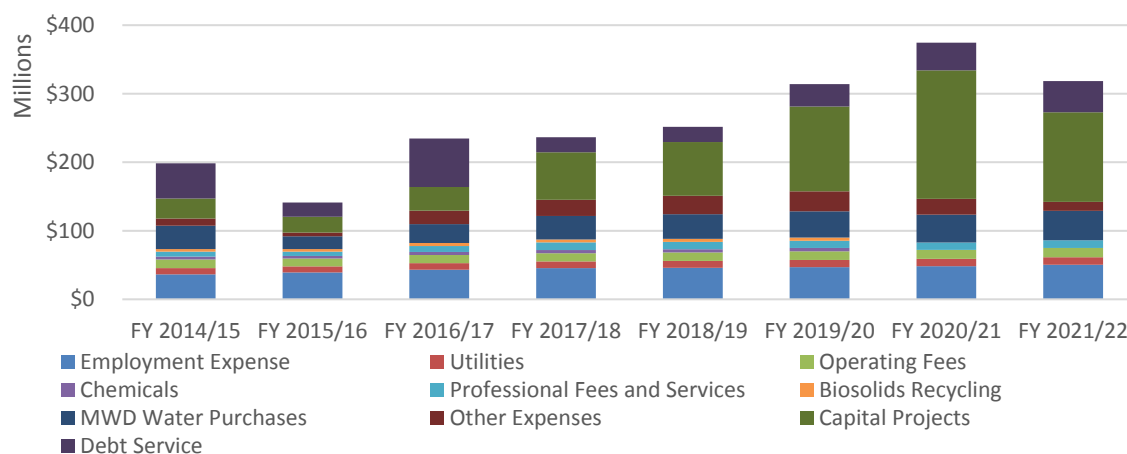
Uses of Funds	ACTUAL	PROJECTED	BIENNIAL BUDGET	
	2015/16	2016/17	2017/18	2018/19
Operational Expenses*	\$106.8	\$129.4	\$145.4	\$150.9
CIP	23.1	34.4	69.2	78.4
Debt Service	21.0	70.7	22.0	22.2
Total	\$150.9	\$234.5	\$236.6	\$251.5

*Includes employment, chemicals, utilities, materials and supplies, biosolids recycling, operating fees, professional fees, office & admin, and water purchases.

Totals may not tie due to rounding

Forecasted total expenses and other uses of funds for fiscal years subsequent to FY 2017/18 remain relatively stable, consistent with the Agency's continued commitment to sustainable cost containment. Overall, total uses of funds average \$300.0 million between FY 2017/18 and FY 2021/22. One exception is capital project (CIP) which averages \$74.0 million over the next two fiscal years and is projected to increase to \$187.7 million in FY 2020/21, as indicated in Figure 1-3. The increase in capital expenditures is primarily due to the RP-5 Liquids and Solids Expansion project planned to begin construction in 2020.

Figure 1-3: Trend of Expenses and Other Uses of Funds



The major expenses and other uses of funds budgeted in FYs 2017/18 and 2018/19 are summarized on Table 1-5.

Table 1-5: Total Expenses and Other Uses of Funds

Expense Category	BIENNIAL BUDGET (\$Millions)		Description
	2017/18	2018/19	
Employment Expenses	\$45.5	\$46.0	Includes wages and benefits, net of the Capital Improvement Plan (CIP) allocation. Maintain 290 authorized full time equivalent (FTE) positions.
Utilities	9.8	10.1	Includes electricity, natural gas, telephone, potable water, and renewal energy costs.
Operating Fees	12.0	12.2	Includes pass-through charges from Sanitation District of Los Angeles County (SDLAC) and Santa Ana Watershed Project Authority (SAWPA) for volumetric charges, capacity, excess strength, and biochemical oxygen demand (BOD) / chemical oxygen demand. (COD)
Chemicals	4.5	4.7	Chemicals necessary to meet the wastewater treatment process compliance and sustainment of the high quality recycled water.
Professional Fees	11.2	10.6	Includes contract services such as legal, external auditing, training, landscaping, security, janitorial services, etc.
Biosolids Recycling	4.4	4.5	Includes hauling costs and Inland Empire Regional Composting Authority (IERCA) tipping fees for biosolids recycling.
MWD Water Purchase	34.2	36.0	Pass-through purchase of imported potable water from Metropolitan Water District of Southern California (MWD).
Other Expenses	23.8	26.8	Includes non-capital (O&M) projects, office and administration expenses, contract services, and materials and supplies.
Capital Project	69.2	78.4	Capital improvement plan (CIP) expenditures consistent with the Ten-Year Capital Improvement Plan (TYCIP).
Debt Service	22.0	22.2	Includes principal, interest and financial payments of outstanding bonds, SRF loans and notes payable.
Total Expenses and Other Uses of Funds	\$236.6	\$251.5	

Totals may not tie due to rounding

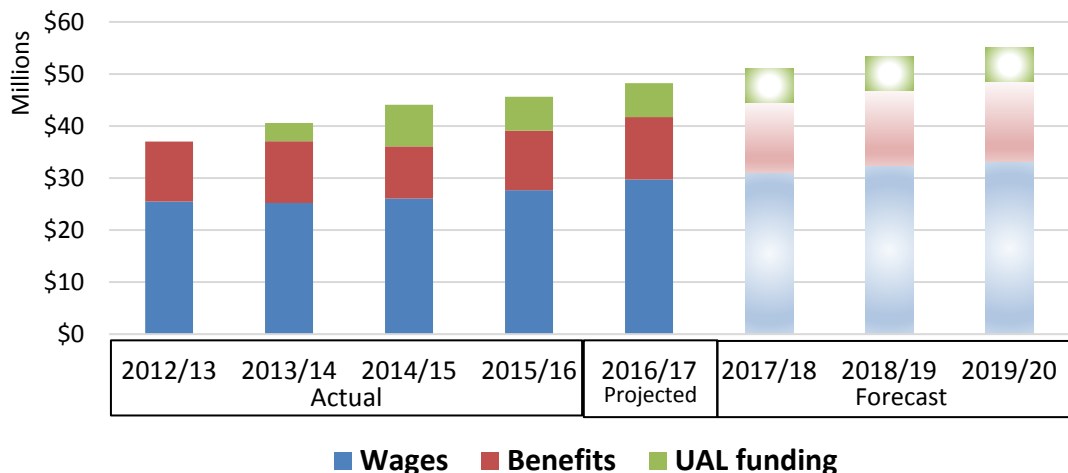
EMPLOYMENT EXPENSES

Total employment expenses of \$45.5 million in FY 2017/18 and \$46.0 million in FY 2018/19 (net of

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labor allocation to capital projects) make up about 30 percent of total operating expenses. Employment expenses include wages, benefits and additional contributions to unfunded accrued liabilities for pension and other postemployment benefits (OPEB). Employment costs for FY 2017/18 are projected to be 5.0 percent, or \$2.3 million higher than projected for FY 2016/17, as shown in Figure 1-4. Included in FY 2017/18 employment budget is a cost of living adjustment (COLA) of 3.5 percent as negotiated in the five-year Memorandums of Understanding (MOUs) with the various employee bargaining units in 2013. Partially offsetting the COLA is the employee pick up of the final 1 percent employer paid member contribution (EPMC). The EPMC is the employee's contribution portion paid to CalPERS to support future pension retirement benefits. Effective July 1, 2018, all employees will be paying 100 percent of the EPMC previously paid by the Agency. The estimated 2 percent COLA and 7 percent increase in medical and pension benefit costs included in the FY 2018/19 employment budget of \$46.0 million is subject to renegotiation of the MOUs set to expire on June 30, 2018. The 7 percent increase in benefit costs includes the reduction of the CalPERS discount rate beginning in FY 2018/19 from 7.50 percent to 7.0 percent by 2021. Also included is the Agency's continued funding of \$6.5 million in additional annual UAL contributions consistent with the IEUA Business Goal to be fully funded over a 10-year period.

Figure 1-4: Total Employment Costs



Over the next 5 years, approximately 45 percent of the current workforce is eligible for retirement. Included in the FY 2017/18 budget is establishment of a succession pool of 10 revolving positions and reclassification of existing positions to streamline operations, and more effectively support the areas of technology, finance, grants administration, and enhancement of the Agency's safety program. Consistent with the Agency's commitment to sustainable cost containment, the succession pool is supported by a reduction in the vacancy factor. There is no change in the 290 FTE authorized level included in the biennial budget. In addition to the 290 FTE staffing level, included in the FY 2017/18 is an estimated 23 intern and 20 limited-term positions primarily to support engineering, construction management, accounting, and grants administration activities.

Approximately \$6.5 million in total employment costs annually are allocated to support CIP activities.

CAPITAL IMPROVEMENT PROGRAM (CIP)

FY 2018 – 2027 Ten Year Capital Improvement Plan (TYCIP)

The purpose of the capital improvement plan is to catalog and schedule capital improvement projects over a multi-year period to effectively and efficiently meet the service needs of the region, comply with statutory requirements, and appropriately maintain Agency assets. Each year, pursuant to the Regional Sewage Service Contract (Regional Contract), member agencies provide a ten-year forecast of expected growth in their area. The member agencies forecast, presented to the Board of Directors on November 16, 2016, estimated over 36,000 new connections over the next ten years. Approximately 70% of the new connections are anticipated in the southern portion of the Agency's service area. Based on these member agency forecasts, the Agency prepares a ten-year projection of capacity demands and identifies capital projects needed to meet the service demand from future growth. Pursuant to the Regional Contract, the TYCIP is updated annually and presented to the Regional Technical and Policy Committees for review and comment, prior to approval by the IEUA Board of Directors.

The rehabilitation, replacement, improvement, and expansion of the Agency's facilities continue to be the key drivers for the proposed FY 2018-2027 TYCIP. These drivers are consistent with the Agency's long term planning documents approved by the Board of Directors, amongst them:

- 2015 Wastewater Facilities Master Plan Updated flow factors and concentrations
- Asset Management Plan
- 2015 Recycled Water Program Strategy Update
- 2015 Energy Management Plan
- 2016 Integrated Water Resources Plan
- 2016 Water Use Efficiency Business Plan

The FY 2018 - 2027 TYCIP of \$832.9 million is higher than the current 2017 TYCIP of \$746.1 million by approximately \$86.8 million for both capital and operational and maintenance projects. Projects in the Regional Wastewater and Recycled Water programs account for nearly 88 percent, or \$732.6 million. About 80 percent of the \$732.6 million, or \$584.5 million, is scheduled within the first five fiscal years (2018-2022) as shown by fund in Table 1-6.

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Table 1-6: Ten Year Capital Improvement Plan by Fund (\$Millions)

Fund (\$Millions)	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23 through 2026/27	TOTAL
*Wastewater Capital	\$27.4	\$26.6	\$82.2	\$167.7	\$107.8	\$77.1	\$488.8
**Wastewater Operations	30.0	32.8	22.1	10.4	9.3	53.0	157.6
Recycled Water	14.3	13.0	12.2	12.6	16.1	18.0	86.2
Non-Reclaimable Wastewater	1.2	1.9	1.0	0.3	0.3	7.7	12.4
Water Resources	5.8	8.1	17.2	10.2	1.7	9.5	52.5
Recharge Water	2.1	13.1	7.7	0.0	0.0	0.0	22.9
Administrative Services	3.8	1.1	1.8	0.9	0.8	4.1	12.5
Total	\$84.6	\$96.6	\$144.2	\$202.1	\$136.0	\$169.4	\$832.9

*Regional Wastewater Capital Improvement Fund (excludes \$2.5 million capital investment in the IERCA)

**Regional Wastewater Operations & Maintenance Fund

Totals may not tie due to rounding

A more detailed discussion on the CIP and major projects is provided under the Capital section of the FY 2017/18 – 2026/27 TYCIP.

DEBT SERVICE COSTS

Debt service costs are comprised of principal, interest, and financial expenses related to outstanding bonds, low interest State Revolving Fund (SRF) loans, and note payables. Debt service costs are budgeted at \$22.0 million in FY 2017/18 and \$22.2 million in FY 2018/19 and are primarily funded by property tax receipts, new connection fees and rates, consistent with the Agency’s debt management policy adopted in May 2016. Table 1-7 shows the estimated biennial debt service costs by program.

Table 1-7: Debt Service Costs by Program (\$Millions)

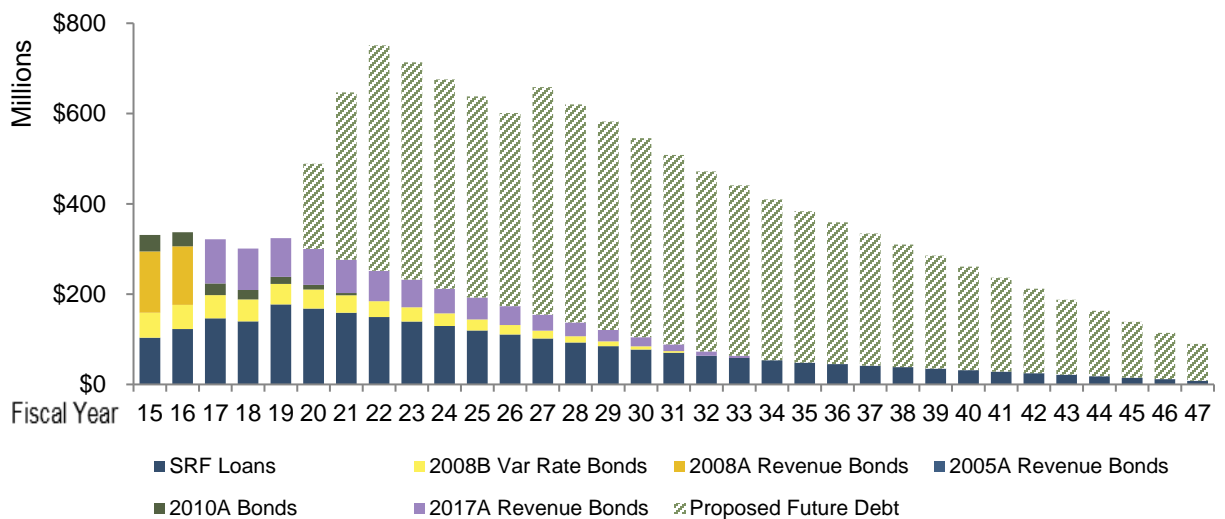
Program Fund	2017/18	2018/19
Non-Reclaimable Wastewater	\$0.8	\$0.6
Regional Wastewater Capital	12.1	12.2
Regional Wastewater Operations	0.4	0.4
Recharge Water	1.0	1.2
Recycled Water	7.7	7.8
Total Debt Service Costs	\$22.0	\$22.2

Totals may not tie due to rounding

Consistent with the Agency’s commitment to sustainable cost containment, the refinancing of the high interest 2008A Revenue Bonds was completed in January 2017. The use of \$50.0 million in available cash reserves and a portion of the premium realized from a historically low interest rate market resulted in a reduction of \$57.4 million in outstanding debt. The remaining amortization period was also reduced with the 2017A Revenue Bonds maturing five years earlier in 2033.

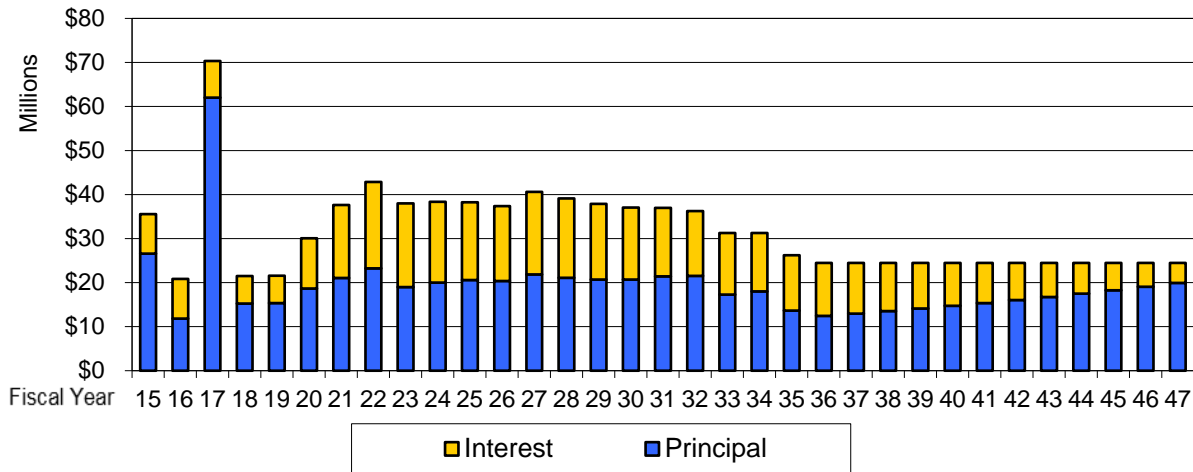
Total outstanding debt, exclusive of inter fund loans, at the end of FY 2017/18 is projected at \$306.7 million. Included are \$161.1 million in bond indentures, \$139.8 million in low interest SRF loans, and \$5.8 million in other notes payable. It is anticipated that the Agency will need to issue new debt to support major capital project expansions necessary to meet service demands associated with the anticipated growth over the next 10 years. Two major expansion projects included in the FY 2018-2027 TYCIP, the RP-5 Liquids Expansion and the RP-5 Solids Treatment Expansion, are scheduled to begin construction in FY 2019/20 with projected costs of over \$330.0 million. Projections for total outstanding debt, including both principal and interest, and annual service payments are shown in Figure 1-5 and Figure 1-6 below, respectively.

Figure 1-5: Total Outstanding Debt with Projected Future Debt



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Figure 1-6: Debt Service Costs with Projected Future Debt



RESERVES

Reserves are a strong indicator of the Agency’s financial health. Reserve balances are maintained at the Agency-wide level and at the individual fund level. The aggregate ending reserve fund balance in FY 2017/18 is estimated to be \$143.7 million, a decrease of \$13.0 million compared to the projected ending balance of \$156.7 million in FY 2016/17, and an additional \$3.0 million decrease in FY 2018/19 to \$140.7 million, as indicated on Table 1-8. The estimated drop is primarily due to the uncertainty of SRF loan and grant funding over the next two years. Capital projects planned over the next two years to enhance recycled water and groundwater basin facilities are assumed to be financed on a pay-go basis. Partially offsetting the use of fund reserves to support capital expenditures is an increase in operating revenues from the multiyear rate adjustments and higher volume of recycled water deliveries.

Table 1-8: Reserve Fund Balance (\$Millions)

Description	Actual	Projected	Biennial Budget	
	2015/16	2016/17	2017/18	2018/19
Net Increase (Decrease) in Fund Balance	\$44.8	(\$30.4)	(\$13.0)	(\$3.0)
Beginning Fund Balance, July 1	142.3	187.1	156.7	143.7
Ending Fund Balance, June 30	\$187.1	\$156.7	\$143.7	\$140.7

Totals may not tie due to rounding

Table 1-9 below provides an overview of estimated reserve balances by fund for FYs 2016/17 through 2018/19.

Table 1-9: Ending Reserve Balance by Fund (\$Millions)

Fund	Projected 2016/17	Biennial Budget	
		2017/18	2018/19
Administrative Services	\$17.4	\$17.1	\$16.6
Regional Wastewater Capital Improvement	38.2	39.3	43.1
Regional Wastewater Operation & Maintenance	64.3	57.2	54.8
Non-Reclaimable Wastewater	6.7	6.3	5.7
Recharge Water	3.4	3.4	3.6
Recycled Water	19.3	14.3	10.9
Water Resources	7.4	6.1	6.0
Total	\$156.7	\$143.7	\$140.7

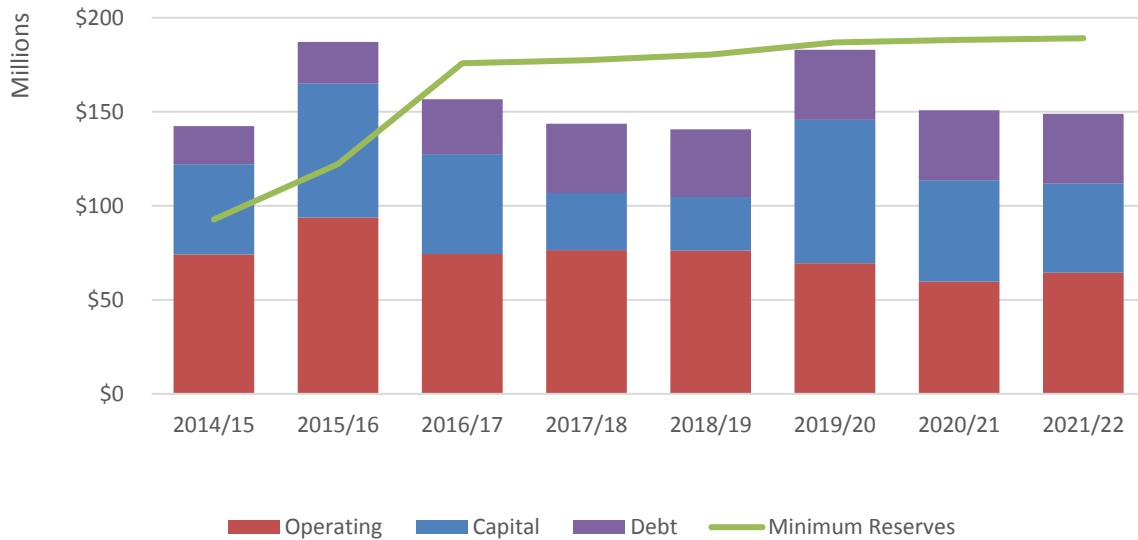
Totals may not tie due to rounding

Fund reserves are designated for specific purposes, as defined in the Agency's Reserve Policy updated in May 2016. The primary designations include: an operating contingency of a minimum of four months and a target of six months; debt service minimum as required by bond covenants and loan agreements with a target amount equal to the highest annual cost in the ensuing five years; capital construction and improvement minimum equal to total CIP for the following fiscal year and a target equal to the total CIP requirements for the following three fiscal years; replacement and rehabilitation (R&R) minimum and target criteria equal to capital construction and improvement; supplemental water resources with a minimum of \$10.0 million and target of \$30.0 million; excess workers' compensation and liability insurance to support the Agency's self-insurance programs with a target of \$6.0 million; and employee and other postemployment benefits (OPEB) benefits at a minimum of \$6.0 million. OPEB benefit is limited to medical insurance coverage.

A comparison of the Agency's actual and projected total fund reserves to the minimum and target levels from FY 2014/15 through FY 2021/22 is provided in Figure 1-7. The declining trend beginning in FY 2016/17 through FY 2018/19 reflects the use of reserves to support planned capital project expenditures on a pay-go basis. The projected increase in FY 2019/20 is due to debt proceeds needed to support expansion and improvement of regional wastewater and recycled water facilities and infrastructure to meet anticipated future growth.

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Figure 1-7: Trend of Operating, Capital, and Debt Reserve Balances



A forecast summary on the estimated fund balance is provided under the Programs/Fund section of this budget book. The criterion for each minimum and maximum target level by category varies by Agency fund and are further defined in the Agency's Reserve Policy included in the Appendix.

DEBT COVERAGE RATIO (DCR)

The Debt Coverage Ratio (DCR) is the measurement of an entity's ability to generate enough cash to cover debt payments (principal and interest). Credit agencies, such as Moody's Investor Services (Moody's) and Standard & Poors (S&P), assign credit ratings to organizations and specific debt issues to reflect their credit worthiness and serve as a notable reference to the investment community. The DCR is one of the financial ratios applied in the evaluation of an organization's overall credit rating that can affect market accessibility and the cost of future borrowings. In May 2016, S&P Global Ratings raised its long-term rating and underlying rating to AA+ from 'AA' for the Agency's outstanding revenue bonds. Moody's maintained the Agency rating at Aa2.

The Agency's bond covenants require a legal DCR of at least 1.20 times for senior bonds and a coverage ratio of at least 1.25 times or higher for senior and subordinate debt combined. A DCR of 1.25 means the Agency will generate a minimum of 1.25 times more (or 25 percent more) net operating cash flow than is required to pay annual debt service costs. Net operating cash flow is the amount remaining after payment of operating expenses. The Agency has no senior debt currently outstanding, nor any legal debt limits imposed by state legislation. As indicated in Table 1-10, the favorable trend of the Agency's DCR projected through FY 2018/19 is primarily driven

by a combination of higher system revenues and the partial refinancing of 2008A Revenue Bond completed in January 2017. The projected decline in DCR beginning in FY 2019/20 through FY 2021/22 is due to projected new debt issues needed finance planned capital improvements and expansion of the Agency’s regional wastewater and recycled water systems. New debt is assumed as a combination of bonds and low interest state loans to support future capital investments. The corresponding annual debt service cost is included in the calculation of the DCR as shown in Table 1-10 below.

Table 1-10: Debt Coverage Ratio Projected Trend

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	<i>Projected</i>	<i>Biennial Budget</i>		<i>Forecast</i>		
DCR	2.72x	2.86x	3.15x	2.48x	2.08x	1.87x

LONG-RANGE PLAN OF FINANCE

In addition to the adoption of the biennial Operating Budget and Ten Year Capital Improvement Plan (TYCIP), the Agency is also in the process of updating the Long-Range Plan of Finance (LRPF). The LRPF aligns the Agency’s long-term service objectives with financial requirements to ensure long term sustainability. By analyzing the financial environment, economic conditions, and revenue and expenditure forecasts, the LRPF provides the most cost-effective funding strategy to support the operations and capital requirements in line with established policies and goals.

Development of the LRPF is supported by the Agency’s financial model which has been enhanced to support a timeline of 50 years, multiple “what if” scenarios to highlight the fiscal impact of a variation of inputs, and on-screen graphic presentations to more effectively communicate scenario alternatives and outcomes. The Agency’s long range financial model will allow integration of the Agency’s various long term planning initiatives, some of which include the Ten-Year Capital Improvement Plan, Facilities Master Plan Update, Recycled Water Program Strategy, Integrated Water Resources Plan, Energy Management Plan and Asset Management Plan. Integrating these critical initiatives into the financial planning process will help ensure the Agency has the appropriate funding, fund reserves, and other essential resources necessary to fulfill its mission, vision, and values.

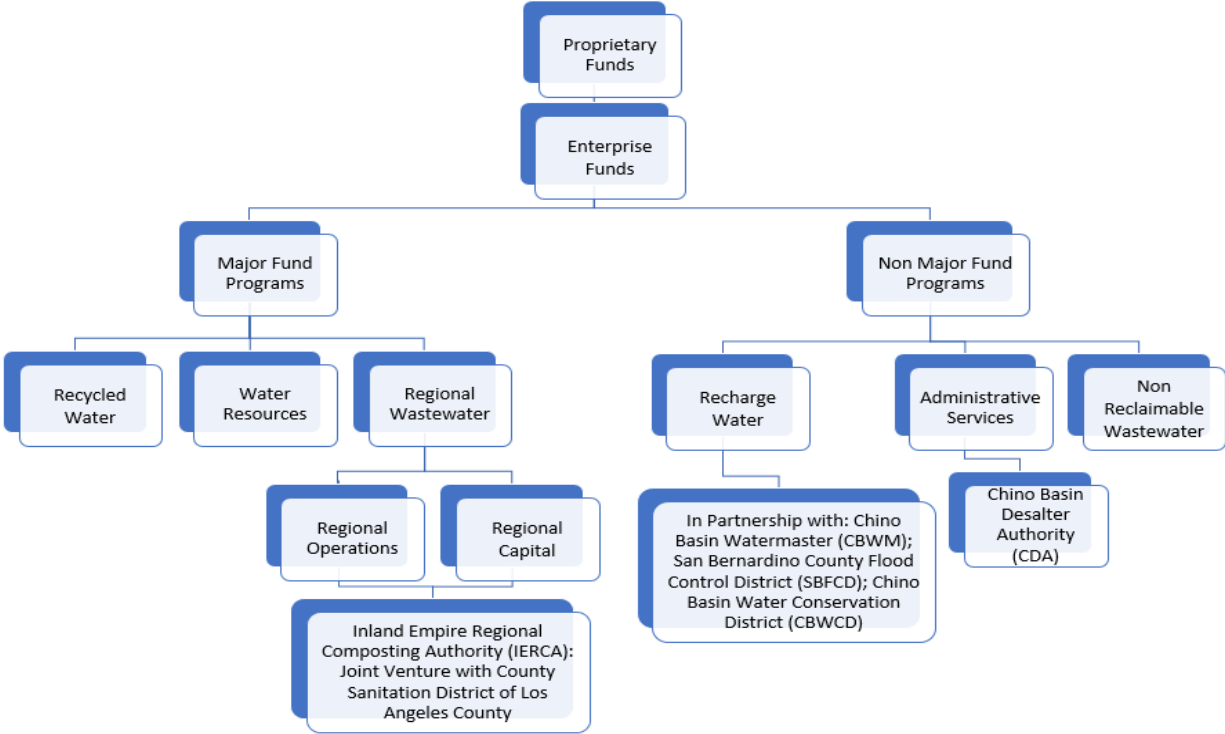
PROGRAMS

As a municipal water district, the Agency engages in primarily enterprise operations supported by user charges and fees, which are recorded in enterprise funds. In some cases, a program consists of a group of enterprise funds, such as the Regional Wastewater program comprised of

EXECUTIVE SUMMARY

the Regional Wastewater Operations & Maintenance (Regional Operations) and Regional Wastewater Capital Improvement (Regional Capital) funds and by extension the Inland Empire Regional Composting Authority. Figure 1-8 below provides an overview of the Agency’s fund structure.

Figure 1-8: Inland Empire Utilities Agency (IEUA) Fund Structure



Each individual enterprise fund is classified in either a Major Fund or Non-Major Fund group. Each fund group is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, including related liabilities and residual equities or balances. Changes in the fund group are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. Table 1-11 contains definitions of Major and Non-Major Fund groups. The definitions are consistent with the Agency’s audited FY 2015/16 Comprehensive Annual Financial Report (CAFR).

Table 1-11: Definition of Major and Non-Major Fund Groups

Major Funds	Non-Major Funds
<p>The Major Fund Group accounts for:</p> <ul style="list-style-type: none"> the resources devoted to funding the operating, capital, and debt service costs associated with the operation asset acquisition and capital construction, improvement and expansion of the Agency’s domestic wastewater treatment plant facilities the recycled water distribution system, and the recharge water basins. the management and distribution of wholesale and potable water, the development and implementation of regional water conservation initiatives, and water resource planning. <p>The following programs make up the Major Fund group:</p> <ul style="list-style-type: none"> ■ Regional Wastewater ■ Recycled Water ■ Water Resources 	<p>The Non-Major Funds record:</p> <ul style="list-style-type: none"> capital and operating costs associated with the non-reclaimable wastewater system including the acquisition, expansion, and construction of the interceptors, and appurtenant facilities and treatment capacity the administrative and overhead expenses for the various departments, the operational and administrative support for the Chino Basin Desalter the purchase of common Agency assets <p>The following funds/programs make up the Non-Major Funds group:</p> <ul style="list-style-type: none"> ■ Administrative Services ■ Non-Reclaimable Wastewater ■ Recharge Water

Details of each programs’ purpose, initiatives, rates, biennial budget, and forecasts for the next three fiscal years, as well as the programs’ reflection of the Agency’s mission, goals, and objectives to service the region are included in the Program/Fund section of this document.

PROGRAM RATES AND FEES

In 2015, Carollo Engineering completed a comprehensive analysis of the Agency’s Regional Wastewater, Recycled Water and Water Resources user charges and fees. A key objective of the engineering study was to ensure user charges and fees were structured to equitably recover costs from those benefiting from the services, as legally mandated. Another key objective, and key policy principal for the Agency’s Board of Directors, was to set rates and fees that fully recover the cost of providing the service. Historically, the Agency has used property tax receipts to subsidize the cost of providing services and supporting capital investments needed to maintain and improve existing facilities and infrastructure not recovered by rates and fees. Completion of the engineering studies by Carollo in 2015 resulting in the adoption of multiyear rates for the Agency’s Regional Wastewater, Recycled Water, and Water Resources programs, including the

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establishment of a water connection fee for new connections or upgrades to the Agency’s regional water system. Another significant change was the restructuring of the potable water rates to equitably recover associated costs, including the pass-through charges from the Metropolitan Water District of Southern California (MWD). In collaboration with member agencies and the building industry, rate adjustments were implemented over a multiyear period to lessen the impact to ratepayers. Following is a summary of the major user charges and fees that support the Agency’s various programs.

Wastewater Volumetric Rates

The Agency’s wastewater volumetric rates support the operations and maintenance of the regional wastewater system which includes the collection, treatment, and disposal of municipal wastewater. The Agency utilizes equivalent dwelling units (EDUs) as a unit of measure and for forecasting the amount of water used by an average household.

The Agency’s Board of Directors adopted five-year EDU volumetric rates in 2015 intended to achieve full cost of service by FY 2018/19 based on certain key assumptions. Table 1-12 shows the FY 2017/18 and FY 2018/19 adopted rates of \$18.39 and \$19.59 per EDU effective July 1, are the third and fourth year rates of the five-year period. Based on actual costs in FY 2015/16 and projected actuals for FY 2016/17, the Agency is on track to meet its cost of service objective at the end of the 5-year period. Projected growth in number of monthly EDUs is estimated at 0.25% each year.

Table 1-12: Adopted EDU Volumetric Rates FYs 2015/16 – 2019/20

Rate Description	2015/16	2016/17	2017/18	2018/19	2019/20
EDU Volumetric Rate	\$15.89	\$17.14	\$18.39	\$19.59	\$20.00
Effective Date	10/1/15	7/1/16	7/1/17	7/1/18	7/1/19
EDU Units	3,215,268	3,281,664	3,289,868	3,298,092	3,306,338

Wastewater Connection Fees

The wastewater connection fee is restricted to support the acquisition, construction, improvement, and expansion of the Agency’s regional wastewater system. System growth and available capacity are measured by Equivalent Dwelling Units (EDUs). Revenues from wastewater connection fees in FY 2017/18 are estimated to be to \$18.9 million and increase just under \$1.0 million to \$19.9 million in FY 2018/19. Table 1-13 shows the adopted multi-year fees through FY 2019/20 and projected number of new connections per fiscal year.

Table 1-13: Adopted Wastewater Connection Fees FYs 2015/16 – 2019/20

Rate Description	2015/16	2016/17	2017/18	2018/19	2019/20
Wastewater Connection Fee	\$5,338	\$5,712	\$6,309	\$6,624	\$6,955
Effective Date	1/01/16	1/01/17	7/01/17	7/01/18	7/01/19
Wastewater Connection Units	4,774	3,000	3,000	3,000	2,700

Water Connection Fee

A water connection fee was established in 2015 to support future capital investment and expansion of the Agency’s regional water system. The Agency’s regional water system is comprised of potable water, recycled water, and groundwater recharge facilities. Included in IEUA’s long term planning documents is the expansion of the Agency’s regional recycled water distribution system and groundwater recharge facilities, as well as continual development of local water supplies.

Water connection fee revenue for FY 2017/18 is projected to be \$4.2 million and \$4.4 million for FY 2018/19. Water connection fee rates are set per meter equivalent unit (MEU). One MEU is equivalent to a 5/8” and 3/4” meter size (standard size of a residential meter). Shown in Table 1-14 are the adopted water connection fees through FY 2019/20 and the number of new connections projected by fiscal year.

Table 1-14: Adopted Water Connection Fees FYs 2015/16 – 2019/20

Rate Description	2015/16	2016/17	2017/18	2018/19	2019/20
Water Connection Fee (for 5/8” and 3/4” meter size)	\$693	\$1,455	\$1,527	\$1,604	\$1,684
Effective Date	1/01/16	1/01/17	7/01/17	7/01/18	7/01/19
New Meter Equivalent Units (MEUs)	985	2,730	2,730	2,730	2,457

Recycled Water Program Rates

The recycled water volumetric rates support the costs associated with the operations and maintenance of the Agency’s water recycling facilities, operating costs for the groundwater recharge basins not reimbursed by Chino Basin Watermaster (Watermaster), including the Agency’s pro-rata share for basins recharged with recycled water, and debt service costs related to the financing of existing facilities and infrastructure. Total recycled water sales in FY 2017/18 are projected to be \$17.2 million and \$18.2 million in FY 2018/19. Adopted recycled water rates through FY 2019/20, along with historical, budgeted, and forecasted deliveries by fiscal year are summarized on Table 1-15.

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Table 1-15: Recycled Water Program Rates FYs 2015/16 – 2019/20

Rate Description	2015/16	2016/17	2017/18	2018/19	2019/20
Direct Delivery/Acre Foot (AF)	\$350	\$410	\$470	\$480	\$490
Groundwater Recharge/Acre Foot (AF)	\$410	\$470	\$530	\$540	\$550
Effective Date	10/01/15	7/01/16	7/01/17	7/01/18	7/01/19
AF Deliveries	32,331	32,400	35,500	36,700	37,800

Non-Reclaimable Wastewater (NRW) Rates

The Agency operates a non-reclaimable wastewater system (NRWS) collections system which includes pipelines and pump stations to export the high-salinity industrial wastewater generated within the Agency’s service area for treatment and eventual discharge to the Pacific Ocean. The NRWS is comprised of two separate collection systems independent of the Agency’s regional wastewater system: The North System which discharges to the Sanitation District of Los Angeles County (SDLAC) treatment facility in the city of Carson, and the South System which discharges to the Santa Ana Watershed Project Authority (SAWPA) and the Orange County Sanitation District (OCSD) facility in Fountain Valley. The treated brine is then discharged to the Pacific Ocean. The NRW rates are primarily based on pass-through charges from SDLAC and SAWPA for volumetric, capacity, and strength as summarized in Table 1-16.

Table 1-16: NRW System Rates FYs 2016/17 and 2017/18

Rate Description	2016/17	2017/18
Effective Date	7/1/2016	07/01/17
North System SDLAC	13,505 CU	14,252 CU
Flow/mg	\$915	\$919
COD/klb	\$180	\$172
TSS/klb	\$436	\$446
Peak/mg	\$348	\$349
South System (SAWPA)		
Capacity/cu	\$368.76	\$387.24
Flow/mg	\$858.00	\$901.00
BOD/klb	\$307.00	\$307.00
TSS/klb	\$429.00	\$429.00

Potable Water Rates

A comprehensive analysis of the potable water rates was a key part of the engineering rate study completed by Carollo Engineering in 2015. The IEUA 2015 Water Rate Study issued in March 2015 identified some structural deficiencies in the existing rate structure and recommended significant restructuring of the rates to better align the collection and incurrence of program costs.

Following a year of close collaboration with water member agencies, in June 2016 the IEUA Board of Directors approved changes in water rates structure and adopted a seven-year implementation period for the full recovery of the MWD Readiness to Serve (RTS) pass-through fees. The new water rates are applied to monthly meter equivalent units (MEUs), similar to the structure used by water member agencies. The Readiness to Serve (RTS) Pass-Through costs are prorated amongst the water agencies based on their average water use over the last ten years, consistent with the methodology used by MWD. Revenue generated from these rates is recorded in the Agency's Water Resources fund. Some of the significant changes include:

- MEU rate will support the water resource program costs,
- A seven-year phased implementation of the Metropolitan Water District (MWD) readiness to serve Ten Year Rolling Average (RTS TYRA) direct charge to member agencies, and
- Use of property taxes to support pass-through RTS fees not recovered through the TYRA direct charge during the seven-year implementation period.

The adopted MEU rate through FY 2019/20 and the RTS Recovery percentage rate through FY 2022/23 are summarized on Table 1-17.

Table 1-17: Water Rates Multi-Year Rates

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
RTS Recovery	15%	30%	45%	60%	75%	90%	100%
Effective Date	10/01/16	07/01/17	07/01/18	07/01/19	07/01/20	07/01/21	07/01/22
Meter Equivalent Units (MEU)	\$0.90	\$0.95	\$0.99	\$1.04	Adjustments based on CPI		

Total imported water deliveries of 50,000 AF are budgeted in FY 2017/18 and FY 2018/19. The “pass-through” sale of imported water deliveries is estimated at \$34.2 million in FY 2017/18 and \$36.0 million in FY 2018/19.

DEPARTMENTS

The Agency's Work Plan serves as the basis for the goals and objectives developed by each department and included in the FYs 2017/18 and 2018/19 biennial Operating Budget. Each

EXECUTIVE SUMMARY

department updates their respective goals and objectives and develops measurable Key Performance Indicators (KPIs). These departmental KPIs serve as criteria for policy makers, management, and other stakeholders to measure the degree of goal attainment. The departmental budgets delineate the assignment and management of responsibilities and the human, financial, and capital resources necessary to support the Agency's mission, vision, and policy goals. Details on department budgets, goals and objectives, staffing, major initiatives, and performance and workload indicators are presented by division and department in the Department section.

JOINT POWERS AUTHORITIES (JPAs)

Inland Empire Regional Composting Authority

The Inland Empire Regional Composting Authority (IERCA) was formed February 2002 as a Joint Power Authority (JPA) to divert organic solids from landfill disposal and to become a consumer of recycled organic products generated from within the community. The JPA was entered into by the Agency and the Sanitation District No. 2 of Los Angeles County (SDLAC) to implement their shared goal of developing a sustainable biosolids management project.

In 2007, the two joint powers agencies completed construction of the 410,000 square feet facility called the Inland Empire Regional Composting Facility (IERCF) on approximately 22 acres of land in the City of Rancho Cucamonga. The property is ideally situated in an industrial area adjacent to the Agency's Regional Water Recycling Plant No. 4 (RP-4). The proximity of the facility to the RP-4 provides opportunities to improve staffing options and optimize energy usage at the locations.

In 2013, IERCF was honored with the Governor's Environmental and Economic Leadership Award (GEELA) award for the design and construction of North America's largest, fully enclosed composting facility, which produces approximately 230,000 cubic yards of compost per year. The facility utilizes aerated static pile composting technology to process a mixture of biosolids, green waste, and wood waste to generate Class A exceptional quality compost for use in local agriculture and/or horticulture markets. All of the facility's emissions are processed through a biofilter to meet air quality requirements.

The Agency is responsible for the operational and administrative activities of the IERCF and employs all of the staff assigned to the facility. Employment costs for IERCF staff are recorded in the Agency's Regional Wastewater Operations and Maintenance (RO) Fund. Labor costs are fully reimbursable to the Agency. IERCA costs by and equally shared by the JPA partners.

Starting in FY 2010/11, the IERCA Board implemented a tipping fee revenue base in lieu of partner contributions to cover operations and maintenance expenses for the IERCF. The tipping fee for FY 2017/18 will be \$56.0 per wet ton of biosolids, and is budgeted to pay for operating expenses and a portion of capital replacement and rehabilitation (R&R) costs. The fee is

projected to generate revenue of \$9.7 million based on budgeted tonnage of 145,000. The Agency's share of the IERCA tipping fee revenue is budgeted in the Regional Wastewater Operations & Maintenance fund under biosolids recycling costs. The annual budget of nearly \$4.5 million assumes that 100 percent of the biosolids generated from the Agency's regional water recycling plants will be transported to the IERCA composter for processing.

Chino Basin Desalter Authority

The CDA was formed in September 2001 as a Joint Power Authority (JPA) to manage and operate the Chino Desalter No. 1 (CDA 1). Chino Desalter No. 2 (CDA 2) is being managed and operated by Jurupa Community Services District (JCSD). The members of the JPA include the cities of Chino, Chino Hills, Ontario and Norco, the JCSD, the Santa Ana River Water Company, the Inland Empire Utilities Agency, and the Western Municipal Water District. There are eight directors, one from each entity, on the CDA Board. As an ex-officio member of the JPA, the Agency has appointed one of its Board of Directors to sit on the JPA Board as a non-voting member to participate in all discussions concerning issues before the CDA Board of Directors.

The Agency manages the day to day operations of the Chino Desalter No. 1 facility (CDA 1) located in the southern part of the city of Chino. Since it started operations in September 2000, CDA 1 is designed to produce 9,200 acre feet per year (AFYI) of desalinated water. The Agency also administers some grants related to the CDA Expansion Projects which include a \$52.0 million grant awarded by the California Department of Public Health (CDPH), \$26.0 million United States Bureau of Reclamation Title XVI grants for the Lower Chino Dairy Area Desalination Demonstration, and Reclamation Project, and other future state and federal grants that IEUA receives on behalf of the CDA.

The Agency's CDA 1 related costs, primarily comprised of employment costs, are recorded in the Administrative Service fund. Included in the FY 2017/18 Administrative Services Fund budget is an estimated CDA contract cost reimbursement budget of approximately \$1.5 million.

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INLAND EMPIRE UTILITIES AGENCY
FISCAL YEARS 2017/18 AND 2018/19 BIENNIAL BUDGET
SOURCES AND USES OF FUNDS - BY PROGRAM FUND (In Thousands)

	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18 PROPOSED BUDGET							FY 2018/19	
				Administrative Services Program	Non-Reclaimable Wastewater Program	Regional Wastewater Capital Improvement Fund	Regional Wastewater Operations & Maintenance Program	Recharge Water Program	Recycled Water Program	Water Resources Program		TOTAL
	ACTUAL	ACTUAL	PROJECTED ACTUAL									
REVENUES												
User Charges	\$63,557	\$66,355	\$71,466	\$0	\$11,810	\$0	\$60,634	\$0	\$0	\$5,312	\$77,755	\$82,885
Property Tax	1,828	1,943	1,972	1,972	0	0	0	0	0	0	1,972	1,972
Cost Reimbursement JPA	5,256	5,258	6,078	1,473	0	0	3,825	1,058	0	0	6,355	6,460
Contract Cost reimbursement	273	79	576	0	0	0	93	38	0	390	521	493
Interest Revenue	436	762	835	130	143	226	454	15	140	54	1,162	1,492
Recycled Water Sales	12,047	13,468	15,891	0	0	0	0	0	17,245	0	17,245	18,188
Water Sales	34,147	18,654	27,429	0	0	0	0	0	0	34,167	34,167	36,040
TOTAL REVENUES	\$117,544	\$106,519	\$124,246	\$3,575	\$11,953	\$226	\$65,006	\$1,110	\$17,385	\$39,923	\$139,178	\$147,530
OTHER FINANCING SOURCES												
Property Tax - Debt and Capital	\$39,118	\$43,688	\$42,733	\$0	\$0	\$29,930	\$9,549	\$0	\$2,170	\$2,425	\$44,074	\$45,455
Regional System Connection Fees	15,074	25,907	19,875	0	0	18,927	0	0	4,169	0	23,096	24,251
State Loans	22,714	9,330	3,519	0	0	0	7,901	1,414	0	0	9,314	19,251
Grants	5,918	6,208	11,507	0	0	0	3,389	0	388	2,194	5,970	8,244
Capital Cost Reimbursement	1,193	1,841	1,330	0	0	0	0	772	345	0	1,117	2,903
Other Revenues	1,330	2,009	915	2	100	1	776	0	0	0	879	898
Sale of Capacity	0	215	0	0	0	0	0	0	0	0	0	0
Loan Transfer from Internal Fund	14,808	0	0	0	0	0	0	0	0	0	0	0
TOTAL OTHER FINANCING SOURCES	\$100,155	\$89,199	\$79,879	\$2	\$100	\$48,858	\$21,614	\$2,186	\$7,071	\$4,619	\$84,450	\$101,002
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$217,698	\$195,719	\$204,125	\$3,577	\$12,053	\$49,084	\$86,619	\$3,296	\$24,456	\$44,543	\$223,628	\$248,533
EXPENSES												
Employment Expenses	\$36,510	\$39,300	\$43,150	\$1,545	\$2,391	\$4,157	\$30,052	\$592	\$4,257	\$2,462	\$45,457	\$46,046
Contract Work/Special Projects	5,045	9,596	14,709	1,407	125	900	5,971	325	2,151	5,829	16,708	19,415
Utilities	9,064	8,837	9,585	772	71	0	6,671	72	2,182	0	9,768	10,053
Operating Fees	12,599	11,290	11,863	21	6,639	246	2,018	7	10	2,968	11,908	12,215
Chemicals	4,192	3,943	4,407	0	130	0	4,419	0	0	0	4,549	4,681
Professional Fees and Services	7,133	6,083	8,702	4,847	130	364	4,089	877	686	242	11,234	10,630
Office and Administrative expenses	1,615	1,798	1,884	2,320	23	0	4	16	4	60	2,427	2,593
Biosolids Recycling	3,800	3,798	4,486	28	25	0	4,307	0	0	0	4,360	4,462
Materials & Supplies	2,273	2,817	2,963	674	104	0	2,161	68	218	0	3,225	3,191
MWD Water Purchases	34,147	18,654	27,429	0	0	0	0	0	0	34,167	34,167	36,040
Other Expenses	1,454	775	221	(6,322)	471	1,591	4,410	54	1,142	290	1,638	1,650
TOTAL EXPENSES	\$117,832	\$106,892	\$129,399	\$5,292	\$10,109	\$7,258	\$64,103	\$2,011	\$10,650	\$46,019	\$145,441	\$150,976
CAPITAL PROGRAM												
CSDLAC 4Rs	\$658	\$673	\$689	\$0	\$705	\$0	\$0	\$0	\$0	\$0	\$705	\$721
IERCA investment	0	0	0	0	0	500	0	0	0	0	500	500
Capital Construction and Expansion	53,161	22,420	33,747	2,476	1,094	26,450	24,063	1,729	12,134	0	67,945	77,150
TOTAL CAPITAL PROGRAM	\$53,819	\$23,094	\$34,435	\$2,476	\$1,799	\$26,950	\$24,063	\$1,729	\$12,134	\$0	\$69,150	\$78,371
DEBT SERVICE												
Financial Expenses	\$257	(\$100)	\$246	\$31	\$0	\$175	\$0	\$89	\$2	\$0	\$297	\$296
Interest	9,616	9,234	8,507	0	341	3,140	179	259	2,568	0	6,487	6,508
Principal	26,655	11,827	61,999	0	454	8,791	172	683	5,159	0	15,259	15,360
Short Term Inter-Fund Loan	14,808	0	0	0	0	0	0	0	0	0	0	0
TOTAL DEBT SERVICE	\$51,336	\$20,961	\$70,753	\$31	\$796	\$12,105	\$352	\$1,031	\$7,729	\$0	\$22,043	\$22,164
TRANSFERS IN (OUT)												
Capital Contribution	\$0	\$0	\$0	\$1,065	(\$36)	\$2,954	(\$3,947)	\$288	(\$324)	\$0	\$0	\$0
Debt Service	0	0	0	0	0	(2,914)	0	515	2,399	0	0	0
Operation support	0	0	0	1,407	(48)	0	(1,311)	628	(676)	0	0	0
Capital - Connection Fees Allocation	0	0	0	1,378	293	(1,671)	0	0	0	0	0	0
One Water	0	0	0	32	0	0	0	56	(352)	264	0	0
TOTAL INTERFUND TRANSFERS IN (OUT)	\$0	\$0	\$0	\$3,883	\$208	(\$1,631)	(\$5,259)	\$1,487	\$1,047	\$264	\$0	\$0
FUND BALANCE												
Net Increase (Decrease)	(\$5,289)	\$44,772	(\$30,461)	(\$339)	(\$442)	\$1,140	(\$7,157)	\$13	(\$5,009)	(\$1,212)	(\$13,007)	(\$2,978)
Beginning Fund Balance July 01	147,632	142,343	187,114	17,397	6,742	38,172	64,316	3,397	19,274	7,355	156,653	143,646
ENDING BALANCE AT JUNE 30	\$142,343	\$187,114	\$156,653	\$17,058	\$6,299	\$39,312	\$57,159	\$3,410	\$14,265	\$6,142	\$143,646	\$140,669
RESERVE BALANCE SUMMARY												
Operating Contingencies	\$31,316	\$34,561	\$34,648	\$2,446	\$3,635	\$0	\$20,093	\$2,327	\$3,550	\$5,678	\$37,728	\$37,863
Capital Expansion & Replacement	6,989	10,813	10,440	0	1,358	1,894	0	500	2,119	0	5,871	4,372
CCRA Capital Construction	41,023	55,201	18,337	0	0	11,514	0	0	0	0	11,514	14,386
Water Connection	0	0	501	0	0	0	0	0	0	0	0	0
Rehabilitation/Replacement	26,490	43,327	19,527	0	0	0	22,895	0	0	0	22,895	22,895
CSDLAC Prepayment	658	673	689	0	705	0	0	0	0	0	705	721
Water Resource Capital	0	0	3,682	0	0	0	0	0	0	464	464	0
Debt Service & Redemption	20,169	22,173	29,199	0	602	25,904	1,169	583	8,596	0	36,854	35,945
Self Insurance Program	6,000	5,675	6,000	6,000	0	0	0	0	0	0	6,000	6,000
Employee Retirement Benefit	9,696	9,491	9,887	8,612	0	0	0	0	0	0	8,612	8,698
Sinking Fund	0	5,200	23,742	0	0	0	13,003	0	0	0	13,003	9,788
ENDING BALANCE AT JUNE 30	\$142,343	\$187,114	\$156,653	\$17,058	\$6,299	\$39,312	\$57,159	\$3,410	\$14,265	\$6,142	\$143,646	\$140,669

*Numbers may not total due to rounding

INLAND EMPIRE UTILITIES AGENCY
FISCAL YEARS 2017/18 AND 2018/19 BIENNIAL BUDGET
ALL FUNDS - SOURCES AND USES OF FUNDS (In Thousands)

	2014/2015	2015/2016	2016/2017	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
	AMENDED		PROJECTED	PROPOSED	PROPOSED	FORECAST		FORECAST	FORECAST
	ACTUAL	ACTUAL	BUDGET	ACTUAL	BUDGET	BUDGET	FORECAST	FORECAST	FORECAST
REVENUES									
User Charges	\$63,557	\$66,355	\$71,876	\$71,466	\$77,755	\$82,885	\$85,165	\$88,286	\$91,508
Property Tax - O&M	1,828	1,943	1,972	1,972	1,972	1,972	1,972	1,972	1,972
Cost Reimbursement from JPA	5,256	5,258	5,913	6,078	6,355	6,460	6,599	6,742	6,887
Contract Cost reimbursement	273	79	1,618	576	521	493	493	493	493
Interest Revenue	436	762	609	835	1,162	1,492	1,621	1,548	1,381
Recycled Water Sales	12,047	13,468	17,814	15,891	17,245	18,188	19,100	20,266	21,486
Water Sales	34,147	18,654	28,671	27,429	34,167	36,040	38,250	40,710	42,980
TOTAL REVENUES	\$117,544	\$106,519	\$128,473	\$124,246	\$139,178	\$147,530	\$153,200	\$160,016	\$166,708
OTHER FINANCING SOURCES									
Property Tax - Debt , Capital, Reserves	\$39,118	\$43,688	\$42,733	\$42,733	\$44,074	\$45,455	\$46,404	\$47,371	\$48,358
Connection Fees	15,074	25,907	20,068	19,875	23,096	24,251	22,916	24,921	24,322
Debt Proceeds	0	0	0	0	0	0	100,000	100,000	75,000
State Loans	22,714	9,330	14,406	3,519	9,314	19,251	12,798	5,785	4,261
Grants	5,918	6,208	10,715	11,507	5,970	8,244	13,159	9,218	3,130
Capital Contract Reimbursement	1,193	1,841	5,675	1,330	1,117	2,903	4,787	1,520	1,517
Other Revenues	1,330	2,009	875	915	879	898	919	939	961
Sale of Capacity	0	215	0	0	0	0	0	0	0
Loan Transfer from Internal Fund	14,808	0	3,200	0	0	0	2,000	2,000	2,000
TOTAL OTHER FINANCING SOURCES	\$100,155	\$89,199	\$97,671	\$79,879	\$84,450	\$101,002	\$202,982	\$191,753	\$159,549
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$217,698	\$195,719	\$226,144	\$204,125	\$223,628	\$248,533	\$356,182	\$351,770	\$326,256
EXPENSES									
Employment Expense	\$36,510	\$39,300	\$43,335	\$43,150	\$45,457	\$46,046	\$47,024	\$48,283	\$50,494
Contract Work/Special Projects	5,045	9,596	30,931	14,709	16,708	19,415	21,784	14,960	5,210
Utilities	9,064	8,837	11,596	9,585	9,768	10,053	10,353	10,663	10,983
Operating Fees	12,599	11,290	11,453	11,863	11,908	12,215	12,559	12,918	13,280
Chemicals	4,192	3,943	4,674	4,407	4,549	4,681	4,822	4,966	5,115
Professional Fees and Services	7,133	6,083	10,725	8,702	11,234	10,630	10,611	10,808	11,125
Office and Administrative Expense	1,615	1,798	2,501	1,884	2,427	2,593	2,549	2,905	2,689
Biosolids Recycling	3,800	3,798	4,415	4,486	4,360	4,462	4,596	4,733	4,875
Materials & Supplies	2,273	2,817	3,055	2,963	3,225	3,191	3,293	3,392	3,493
MWD Water Purchases	34,147	18,654	31,856	27,429	34,167	36,040	38,250	40,710	42,980
Other Expenses	1,454	775	1,853	221	1,638	1,650	1,652	1,689	1,725
TOTAL EXPENSES	\$117,832	\$106,892	\$156,394	\$129,399	\$145,441	\$150,976	\$157,492	\$156,028	\$151,969
CAPITAL PROGRAM									
CSDLAC 4Rs	\$658	\$673	\$689	\$689	\$705	\$721	\$737	\$0	\$0
IERCA investment	0	0	500	0	500	500	500	500	0
Capital Construction & Expansion	53,161	22,420	59,725	33,747	67,945	77,150	122,397	187,165	130,778
TOTAL CAPITAL PROGRAM	\$53,819	\$23,094	\$60,914	\$34,435	\$69,150	\$78,371	\$123,634	\$187,665	\$130,778
DEBT SERVICE									
Financial Expenses	\$257	(\$100)	\$349	\$246	\$297	\$296	\$415	\$300	\$296
Interest	9,616	9,234	9,638	8,507	6,487	6,508	11,710	16,829	19,886
Principal	26,655	11,827	11,999	61,999	15,259	15,360	18,651	21,065	23,238
Short Term Inter-Fund Loan	14,808	0	3,216	0	0	0	2,000	2,000	2,000
TOTAL DEBT SERVICE	\$51,336	\$20,961	\$25,201	\$70,753	\$22,043	\$22,164	\$32,776	\$40,193	\$45,420
FUND BALANCE									
Net Increase (Decrease)	(\$5,289)	\$44,772	(\$16,365)	(\$30,461)	(\$13,007)	(\$2,978)	\$42,280	(\$32,116)	(\$1,910)
Beginning Fund Balance July 01	\$147,632	\$142,343	\$187,114	\$187,114	\$156,653	\$143,646	\$140,669	\$182,948	\$150,832
ENDING BALANCE AT JUNE 30	\$142,343	\$187,114	\$170,749	\$156,653	\$143,646	\$140,669	\$182,948	\$150,832	\$148,922
RESERVE BALANCE SUMMARY									
Operating Contingencies	\$31,316	\$34,561	\$37,360	\$34,648	\$37,728	\$37,863	\$37,097	\$41,099	\$43,635
Capital Expansion & Replacement	6,989	10,813	30,854	10,440	5,871	4,372	43,092	11,090	11,120
CCRA Capital Construction	41,023	55,201	21,587	18,337	11,514	14,386	33,165	42,823	36,160
Water Connection	0	0	1,088	501	0	0	0	0	0
Rehabilitation/Replacement	26,490	43,327	19,527	19,527	22,895	22,895	17,383	5,175	2,059
CSDLAC Prepayment	658	673	689	689	705	721	737	0	0
Water Resource Capital	0	0	0	3,682	464	0	0	0	5,603
Debt Service & Redemption	20,169	22,173	31,770	29,199	36,854	35,945	37,212	37,204	37,211
Self Insurance Program	6,000	5,675	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Employee Retirement Benefit	9,696	9,491	7,314	9,887	8,612	8,698	8,262	7,441	7,132
Sinking Fund	0	5,200	14,559	23,742	13,003	9,788	0	0	0
ENDING BALANCE AT JUNE 30	\$142,343	\$187,114	\$170,749	\$156,653	\$143,646	\$140,669	\$182,948	\$150,832	\$148,922

*Numbers may not total due to rounding

RESOLUTION NO. 2017-6-10

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND
EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY,
CALIFORNIA, APPROVING AND ADOPTING ITS BUDGET FOR
FISCAL YEARS 2017/2018 and 2018/2019**

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

Section 1. That this Board of Directors hereby approves and adopts the biennial budget for Fiscal Years 2017/18 and 2018/19, subject to any regulatory reform, or action of the State legislature that would have negative impact on the Agency's revenues and expenditures.

Section 2. Upon adoption of this resolution, Resolution No. 2015-6-1 is hereby rescinded in its entirety.

ADOPTED this 21st day of June, 2017.

Steven J. Elie
President of the Inland Empire Utilities
Agency* and of the Board of Directors
thereof

ATTEST:

Jasmin A. Hall
Secretary/ Treasurer of the Inland Empire
Utilities Agency* and of the Board of
Directors thereof

*A Municipal Water District

STATE OF CALIFORNIA)
)SS
COUNTY OF SAN BERNARDINO)

I, Jasmin A. Hall, Secretary/Treasurer of the Inland Empire Utilities Agency*, DO HEREBY CERTIFY that the foregoing Resolution being No. 2017-6-10 was adopted at a regular meeting on June 21, 2017, of said Agency* by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Jasmin A. Hall
Secretary/Treasurer

(SEAL)

* A Municipal Water District

RESOLUTION NO. 2017-6-1

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING SERVICE RATES FOR WASTEWATER DISCHARGERS TO THE REGIONAL WASTEWATER SYSTEM FOR SEPTAGE, COMMERCIAL OR INDUSTRIAL WASTEWATERS, AND EXCESSIVE STRENGTH CHARGES FOR FISCAL YEAR 2017/18.

WHEREAS, it is necessary to establish service rates for processing and issuing permits to domestic, commercial, or industrial wastewater dischargers and wastewater haulers permitted by IEUA, and service rates for processing and treatment of sanitary, commercial or industrial wastewater deliveries to the Inland Empire Utilities Agency (Agency)'s Regional Wastewater System;

WHEREAS, it is necessary to establish application fees for processing and issuing of wastewater discharge permits to industrial wastewater generators who discharge directly through pipeline connections to the Regional Sewer System; and

WHEREAS, the Board of Directors of the Inland Empire Utilities Agency*, pursuant to Ordinance No. 97, may establish said service rates by resolution.

NOW, THEREFORE, the Board of Directors hereby RESOLVES, DETERMINES, AND ORDERS the following to be effective July 1, 2017:

Section 1. That Wastewater Permit Application for Domestic Wastewater Hauler fees is as follow:

Initial Permit Application Fee	\$233.00
Permit Renewal Fee	\$117.00

Section 2. That wastewater volumetric fee for domestic and industrial wastewater hauler is as follow:

For each load up to 2,000 gallons	\$ 72.48
Loads in excess of 2,000 gallons	\$ 0.036 per one (1) gallon

Section 3. That a rate schedule effective July 1, 2017, for delivery of domestic and industrial wastewater to regional plants with excessive biochemical oxygen demand and suspended solids is hereby established as follows:

<u>Quantity</u>	<u>Rate</u>
Biochemical Oxygen Demand (BOD) in excess of 423 mg/L	\$ 296.38 per 1,000 lb (dry weight)
Suspended Solids (SS) in excess of 369 mg/L	\$ 350.07 per 1,000 lb (dry weight)

Section 4. A Non-Compliance fee of \$150.00 will be assessed to reinstate elapsed or expired insurance requirements.

Section 5. That Initial Wastewater Discharge Permit Application and Permit Renewal fees for wastewater generators who discharge directly through pipeline connection to the Regional Sewer System shall be:

**Initial Wastewater Discharge Permit Application Fees
 (Ownership Change with Process Changes included):**

Categorical Industrial User	\$4,078.00
with Combined Waste Stream Formula, add	\$990.00
with Production Based Standards, add	\$524.00
with Multiple Categories, add	\$1,981.00
Non-Categorical, Significant Industrial User	\$2,971.00
Non-Categorical, Non-Significant Industrial User	\$2,447.00

Permit Renewal Fees:

Categorical Industrial User	\$3,029.00
with Combined Waste Stream Formula, add	\$524.00
with Production Based Standards, add	\$291.00
with Multiple Categories, add	\$990.00
Non-Categorical, Significant Industrial User	\$757.00
Non-Categorical, Non-Significant Industrial User	\$524.00

Section 6. That Initial Wastewater Discharge Permit Application, Ownership Change with Process Changes, and Permit Renewal fees for wastewater generators whose wastewater is hauled away, i.e., by a wastewater trucking company, and discharged into the NRWS sewer system shall be:

Initial Wastewater Discharge Permit Application Fees:

Categorical Industrial User	\$2,563.00
with Combined Waste Stream Formula, add	\$990.00
with Production Based Standards, add	\$524.00
with Multiple Categories, add	\$1,981.00
Non-Categorical, Significant Industrial User	\$1,515.00
Non-Categorical, Non-Significant Industrial User	\$990.00

Permit Renewal Fees:

Categorical Industrial User	\$2,097.00
with Combined Waste Stream Formula, add	\$524.00
with Production Based Standards, add	\$291.00
with Multiple Categories, add	\$990.00
Non-Categorical, Significant Industrial User	\$757.00
Non-Categorical, Non-Significant Industrial User	\$524.00

Section 7. That Permit Revision or Facility Expansion fees shall be: \$1,515.00

Permit Revisions shall be required if the modification affects the quantity/quality of the wastewater discharge to deviate from the conditions in the current permit by more than 25%. Such additions or modifications include, but are not limited to, the following: Maintenance, Monitoring, Change of Discharge Limits, Addition of Control Equipment, Process Changes, etc.

Section 8. That Permit Addendum fees shall be: \$757.00

That for change of business name or ownership only with no process changes shall be: \$233.00

Permit Addendum shall be required if the addition or modification does not affect the existing wastewater quantity/quality by more than 25%. Such additions or modifications include, but are not limited to, the following: Maintenance, Monitoring, Change of Discharge Limits, Addition of Control Equipment, Ownership Change without Process Changes, etc.

Section 9. That IEUA will pass on to wastewater permit holder any other charges, such as, but not limited to, excessive strength, laboratory analysis, inspection activities, etc.

Section 10. Miscellaneous processing fees that do not fall under any of the above sections shall be charged based on time and material of staff(s) evaluating such process using adopted labor rates for the current fiscal year.

Section 11. That all provisions of the Regional Wastewater Ordinance and any amendments thereto are hereby applicable and will remain in full force and effect.

Section 12. That upon the effective date of this Resolution, Resolution No. 2016-6-4 is hereby rescinded in its entirety.

* * *

ADOPTED this 21st day of June, 2017

Steven J. Elie
President of the Inland Empire Utilities
Agency* and of the Board of Directors
thereof

ATTEST:

Jasmin A. Hall
Secretary/ Treasurer of the Inland Empire
Utilities Agency* and of the Board of
Directors thereof

*A Municipal Water District

Resolution No. 2017-6-1
Regional Rates
Page 5 of 5

STATE OF CALIFORNIA)
)SS
COUNTY OF SAN BERNARDINO)

I, Jasmin A. Hall, Secretary/Treasurer of the Inland Empire Utilities Agency*, DO HEREBY CERTIFY that the foregoing Resolution being No. 2017-6-1 as adopted at a regular Board meeting on June 21, 2017, of said Agency* by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Jasmin A. Hall
Secretary/Treasurer

(SEAL)

* A Municipal Water District

RESOLUTION NO. 2017-6-2

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING CAPACITY CHARGES, VOLUMETRIC CHARGES, STRENGTH CHARGES, CAPITAL IMPROVEMENT PROJECT (CIP) CHARGES, IEUA ADMINISTRATIVE CHARGES, APPLICATION AND WASTEWATER DISCHARGE PERMIT APPLICATION FEES FOR THE ETIWANDA WASTEWATER LINE (EWL) FOR FISCAL YEAR 2017/18.

WHEREAS, *Etiwanda Wastewater Line Disposal Agreement* (Agreement) was entered between County Sanitation Districts of Los Angeles County (CSDLAC) and Inland Empire Utilities Agency (Agency);

WHEREAS, it is necessary to establish a rate structure for the collection of costs associated for the sewerage service under this Agreement;

WHEREAS, it is necessary to allocate industries with Etiwanda Wastewater Line Capacity Unit (EWLCU), in order to collect such charges;

WHEREAS, one EWLCU for the EWL is defined as an equalized discharge not to exceed a flow rate of 15 gallons per minute;

WHEREAS, it is necessary to establish application fees for processing applications for Capacity Right Agreements and Wastewater Discharge Permits for the use of the Agency's EWL;

WHEREAS, under Section 13550, et seq., of the California Water Code, a Public Agency may require industries to use recycled water for certain purposes, where it is available and at reasonable cost; and

WHEREAS, the Board of Directors of the Agency, pursuant to Ordinance No. 99, may establish said fees and charges by Resolution.

NOW, THEREFORE, the Board of Directors hereby RESOLVES, DETERMINES, AND ORDERS the following to be effective July 1, 2017

Section 1. That the acquisition of capacity rights shall be as follows:

(A) CAPACITY RIGHT ACQUISITION RATE

That the purchase rate for the right to discharge one (1) EWLCU for the EWL shall be \$215,000.00 per an equalized flow rate not to exceed 15 gallons per minute. This charge shall be paid in full upon the execution of the Capacity Right Agreement.

Section 2. That the monthly charges for discharge to the EWL are as follows:

(A) CAPACITY CHARGES

For discharge to the EWL, which reaches the jurisdiction of the CSDLAC, the monthly Capacity Charge is \$41.00 per month per each EWLCU.

(B) CAPITAL IMPROVEMENTS PROGRAM CHARGES:

The monthly Capital Improvements Program (CIP) charge for EWL is \$90.00 per month per each EWLCU.

(C) VOLUMETRIC CHARGES

The Volumetric Charge for EWL is \$712.31 per Million Gallons. The minimum Volumetric Charge for discharge of 100,000 gallons or less per each EWLCU per month is \$71.23 per month per each EWLCU.

(D) STRENGTH CHARGES

That Strength Charges are for excessive Chemical Oxygen Demand (COD) and Total Suspended Solids (TSS) and are applicable to all discharges to the EWL. The rates are as follows:

<u>PARAMETER</u>	<u>RATE</u>
COD	\$127.00 per 1,000 pounds (dry weight)
TSS	\$358.00 per 1,000 pounds (dry weight)

Strength charges for the EWL discharges are calculated from the average of all the samples collected during the calendar month and invoiced on a quarterly basis. If there is no sample data for a given month, strength charges for that month shall be determined by using the average of all available data within the billing quarter.

(E) AGENCY CIP AND O&M CHARGES

Agency CIP and O&M Charges of 50% shall be added to the charges of Section 2(A), 2(C), and 2(D).

(F) RECYCLED WATER USAGE CREDIT

This program is for recycled water (RW) Users and shall end when funding is exhausted or not later than June 30, 2024, whichever comes first. New Users who qualify for this program shall be given the recycled water credit in effect at the time of connection to the recycled water system.

Recycled Water Users, including contracting agencies, shall be given a monetary credit based on the actual amount of RW used. The RW credit shall start at 50% of the IEUA's FY 2014/15 recycled water direct sale rate, and shall decline at 5% intervals per year through FY 2023/2024.

For Fiscal Year 2017/18, the Recycled Water Usage Credit is **\$311.51** per million gallons of recycled water used.

Section 3. OTHER CHARGES

IEUA will pass on any other charges from CSDLAC invoiced to the Agency to dischargers to the EWL, such as, but not limited to, flow and strength imbalance charges, permit, inspection, analytical fees, etc.

Section 4. That Application fees for a EWL Capacity Right Agreement shall be: \$ 233.00

Section 5. That Initial Wastewater Discharge Permit Application, Ownership Change with Process Changes, and Permit Renewal fees for wastewater generators who discharge directly through pipeline connection to the EWL sewer system shall be:

Initial Wastewater Discharge Permit Application Fees (Ownership Change with Process Changes included):

Categorical Industrial User	\$4,078.00
with Combined Waste Stream Formula, add	\$990.00
with Production Based Standards, add	\$524.00
with Multiple Categories, add	\$1,981.00
Non-Categorical, Significant Industrial User	\$2,971.00
Non-Categorical, Non-Significant Industrial User	\$2,447.00

Permit Renewal Fees:

Categorical Industrial User	\$3,029.00
with Combined Waste Stream Formula, add	\$524.00
with Production Based Standards, add	\$291.00
with Multiple Categories, add	\$990.00
Non-Categorical, Significant Industrial User	\$757.00
Non-Categorical, Non-Significant Industrial User	\$524.00

Section 6. That Permit Revision or Facility Expansion fees shall be: \$1,515.00

Permit Revisions shall be required if the modification affects the quantity/quality of the wastewater discharge to deviate from the conditions in the current permit by more than 25%. Such additions or modifications include, but are not limited to, the following: Maintenance, Monitoring, Change of Discharge Limits, Addition of Control Equipment, Process Changes, etc.

Section 7. That Permit Addendum fees shall be: \$757.00

That for change of business name with no process changes shall be: \$233.00

Permit Addendum shall be required if the addition or modification does not affect the existing wastewater quantity/quality by more than 25%. Such additions or modifications include, but are not limited to, the following: Maintenance, Monitoring, Change of Discharge Limits, Addition of Control Equipment, Ownership Change without Process Changes, etc.

Section 8. Toxic Organic Management Plan (TOMP) Processing No Charge

Section 9. Miscellaneous processing fees that do not fall under any of the above sections shall be charged based on time and material of staff(s) evaluating such process using adopted labor rates for the current fiscal year.

Section 10. That all provisions of the Etiwanda Wastewater Line Ordinance and any amendments thereto are hereby applicable and will remain in full force and effect.

Section 11. That upon the effective date of this Resolution, the Resolution No. 2016-6-3 pertaining to the EWL is hereby rescinded in its entirety.

* * *

ADOPTED this 21st day of June, 2017

Steven J. Elie
President of the Inland Empire Utilities
Agency* and of the Board of Directors
thereof

ATTEST:

Jasmin A. Hall
Secretary/ Treasurer of the Inland Empire
Utilities Agency* and of the Board of
Directors thereof

*A Municipal Water District

STATE OF CALIFORNIA)
) SS
COUNTY OF SAN BERNARDINO)

I, Jasmin A. Hall, Secretary/Treasurer of the Inland Empire Utilities Agency*,
DO HEREBY CERTIFY that the foregoing Resolution being No. 2017-6-2 as adopted at
a regular Board meeting on June 21, 2017, of said Agency* by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Jasmin A. Hall
Secretary/Treasurer

(SEAL)

* A Municipal Water District

RESOLUTION NO. 2017-6-3

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING CAPACITY CHARGES, VOLUMETRIC CHARGES, STRENGTH CHARGES, AGENCY PROGRAM CHARGES, AND APPLICATION FEES FOR THE NON-RECLAIMABLE WASTEWATER SYSTEM (NRWS) FOR FISCAL YEAR 2017/18

WHEREAS, NRWS *Wastewater Disposal Agreement No. 4830* (Agreement) has been adopted between County Sanitation Districts of Los Angeles County (CSDLAC) and Inland Empire Utilities Agency (Agency);

WHEREAS, it is necessary to establish a rate structure for the collection of costs associated for the sewerage service under this Agreement;

WHEREAS, it is necessary to allocate User with Non Reclaimable Wastewater System Capacity Unit (NRWSCU), in order to collect such charges;

WHEREAS, it is necessary to allocate individual Users their fractional contribution of the Solids Discrepancy at East End (SD_{EE}) monitoring facility determined by the *Fractional Solids Discrepancy (FSD)* formula;

WHEREAS, it is necessary to establish application fees for processing applications for NRWSCU Allocations and Wastewater Discharge Permits for the use of the Inland Empire Utilities Agency (Agency)'s NRWS;

WHEREAS, under Section 13550, et seq., of the California Water Code, a Public Agency may require industries to use recycled water for certain purposes, where it is available and at reasonable cost; and

WHEREAS, the Board of Directors of the Agency, pursuant to Ordinance No. 99, may establish said fees and charges by Resolution.

NOW, THEREFORE, the Board of Directors hereby RESOLVES, DETERMINES, AND ORDERS the following to be effective July 1, 2017

Section 1. That the acquisition of wastewater discharge right shall be as follows:

(A) NRWSCU ACQUISITION RATES

1. A NRWSCU for the NRWS is determined by the following formula:

$$NRWSCU = \left(0.6513 \times \frac{Flow_{gpd}}{260} \right) + \left(0.1325 \times \frac{COD_{ppd}}{1.22} \right) + \left(0.2162 \times \frac{TSS_{ppd}}{0.59} \right)$$

Where:

gpd = gallons per day

ppd = pounds per day

2. The minimum number of NRWSCU shall be 25 NRWSCU.
3. The **purchase rate** for the right to discharge one (1) NRWSCU shall be as established by CSDLAC or **\$4,172.00** per NRWSCU.
4. The optional **annual lease rate** for the right to discharge one (1) NRWSCU shall be 5% per year of the purchase rate, i.e. **\$208.60** per NRWSCU per each year.

The above charges shall be paid in full upon the execution of the NRWSCU purchase or lease.

Section 2. That the monthly charges for discharge to the NRWS are:

(A) VOLUMETRIC CHARGES

For discharge to the NRWS, the monthly volumetric charge is **\$919.00** per million gallons of discharge.

(B) PEAK FLOW CHARGES

For discharge to the NRWS, the monthly Peak Flow (PF) Charge shall be **\$349.00** per million gallons of volumetric discharge.

(C) STRENGTH CHARGES

That Strength Charges are for excessive Chemical Oxygen Demand (COD) and Total Suspended Solids (TSS) and are applicable to all discharges to the NRWS. The rates are as follows:

<u>PARAMETER</u>	<u>RATE</u>
COD	\$172.00 per 1,000 pounds (dry weight)
TSS	\$446.00 per 1,000 pounds (dry weight)

Strength charges for the NRWS discharges are calculated from the average of all the samples collected during the calendar month and invoiced on a quarterly basis. If there is no sample data for a given month, strength charges for that month shall be determined by using the average of all available data within the billing quarter.

(D) Solids DISCREPANCY Charge for NRWS

Solids Discrepancy Charge for an industry (SDC_i) shall be calculated on a monthly basis and invoiced on a quarterly basis. The charge shall be calculated by multiplying the individual industry's *Fractional Solids Discrepancy* (FSD_i) by the Total Solids Discrepancy at East End monitoring facility (TSD_{EE}) and by TSS rate:

$$SDC_i = (FSD_i) \times (TSD_{EE}) \times (TSS \text{ rate})$$

Individual industry's FSD_i for the NRWS is determined by the FSD_i formula to allocate the individual industry's solids contribution to the total solids discrepancy, based on their contribution to the overall loading of Alkalinity, Biological Oxygen Demand (BOD), Dissolved Calcium, and Flow.

$$FSD_i = 0.074 \times \left[\frac{Alk_i}{Alk_T} \right] + 0.535 \times \left[\frac{BOD_i}{BOD_T} \right] + 0.049 \times \left[\frac{Ca_i}{Ca_T} \right] + 0.342 \times \left[\frac{Flow_i}{Flow_T} \right]$$

Where:

- FSD_i = Fractional Solids Discrepancy for individual discharger (i)
- Alk_i = Individual dissolved alkalinity loading to the NRWS for discharger (i)
- Alk_T = Combined dissolved alkalinity loading from all dischargers to the NRWS
- BOD_i = Individual BOD_5 loading to the NRWS for discharger (i)
- BOD_T = Combined BOD_5 loading from all dischargers to the NRWS
- Ca_i = Individual dissolved calcium loading to the NRWS for discharger (i)
- Ca_T = Combine dissolved calcium loading from all dischargers to the NRWS
- $Flow_i$ = Individual flow contribution to the NRWS from discharger (i)
- $Flow_T$ = Combined flow from all dischargers to the NRWS

(E) AGENCY O&M Charge

The Agency's O&M charge shall be \$18.75 per NRWSCU per month.

(F) AGENCY CIP CHARGE

The Agency's capital improvement program charge shall be \$7.00 per NRWSCU per month.

(G) RECYCLED WATER USAGE CREDIT

This program is for recycled water (RW) Users and shall end when funding is exhausted or not later than June 30, 2024, whichever comes first. New Users who qualify for this program shall be given the recycled water credit in effect at the time of connection to the recycled water system.

Recycled Water Users, including contracting agencies, shall be given a monetary credit based on the actual amount of RW used. The RW credit shall start at 50% of the IEUA's FY 2014/15 recycled water direct sale rate, and shall decline at 5% intervals per year through FY 2023/2024.

For Fiscal Year 2017/18, the Recycled Water Usage Credit is \$311.51 per million gallons of recycled water used.

Section 3. OTHER CHARGES

IEUA will pass on any other charges from CSDLAC invoiced to the Agency to dischargers to the NRWS, such as, but not limited to, capacity, flow and strength imbalance charges, permit, inspection, analytical fees, etc.

Section 4. That Application fee for a NRWS Capacity Unit Purchase or Annual Lease shall be: \$ 233.00

Section 5. That Initial Wastewater Discharge Permit Application, Ownership Change with Process Changes, and Permit Renewal fees for wastewater generators who discharge directly through pipeline connection to the NRWS sewer system shall be:

Initial Wastewater Discharge Permit Application Fees (Ownership Change with Process Changes included):

Categorical Industrial User	\$4,078.00
with Combined Waste Stream Formula, add	\$990.00
with Production Based Standards, add	\$524.00
with Multiple Categories, add	\$1,981.00
Non-Categorical, Significant Industrial User	\$2,971.00

Non-Categorical, Non-Significant Industrial User \$2,447.00

Permit Renewal Fees:

Categorical Industrial User \$3,029.00
with Combined Waste Stream Formula, add \$524.00
with Production Based Standards, add \$291.00
with Multiple Categories, add \$990.00
Non-Categorical, Significant Industrial User \$757.00
Non-Categorical, Non-Significant Industrial User \$524.00

Section 6. That Permit Revision or Facility Expansion fees shall be: \$1,515.00

Permit Revisions shall be required if the modification affects the quantity/quality of the wastewater discharge to deviate from the conditions in the current permit by more than 25%. Such additions or modifications include, but are not limited to, the following: Maintenance, Monitoring, Change of Discharge Limits, Addition of Control Equipment, Process Changes, etc.

Section 7. That Permit Addendum fees shall be: \$757.00

That for change of business name with no process changes shall be: \$233.00

Permit Addendum shall be required if the addition or modification does not affect the existing wastewater quantity/quality by more than 25%. Such additions or modifications include, but are not limited to, the following: Maintenance, Monitoring, Change of Discharge Limits, Addition of Control Equipment, Ownership Change without Process Changes, etc.

Section 8. Toxic Organic Management Plan (TOMP) Processing No Charge

Section 9. Miscellaneous processing fees that do not fall under any of the above sections shall be charged based on time and material of staff(s) evaluating such process using adopted labor rates for the current fiscal year.

Section 10. That all provisions of the Non-Reclaimable Wastewater Ordinance and any amendments thereto are hereby applicable and will remain in full force and effect.

Section 11. That upon the effective date of this Resolution, the Resolution No. 2016-6-2 pertaining to the NRWS is hereby rescinded in its entirety.

ADOPTED this 21st day of June, 2017

Steven J. Elie
President of the Inland Empire Utilities
Agency* and of the Board of Directors
thereof

ATTEST:

Jasmin A. Hall
Secretary/ Treasurer of the Inland Empire
Utilities Agency* and of the Board of
Directors thereof

*A Municipal Water District

STATE OF CALIFORNIA)
) SS
COUNTY OF SAN BERNARDINO)

I, Jasmin A. Hall, Secretary/Treasurer of the Inland Empire Utilities Agency*,
DO HEREBY CERTIFY that the foregoing Resolution being No. 2017-6-3 as adopted at
a regular Board meeting on June 21, 2017, of said Agency* by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Jasmin A. Hall
Secretary/Treasurer

(SEAL)

* A Municipal Water District

RESOLUTION NO. 2017-6-4

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING INITIAL AND MONTHLY CAPACITY CHARGES, VOLUMETRIC CHARGES, EXCESS STRENGTH CHARGES, CAPITAL IMPROVEMENT PROJECT (CIP) CHARGES, IEUA ADMINISTRATIVE CHARGES, APPLICATION AND WASTEWATER DISCHARGE PERMIT APPLICATION FEES FOR THE INLAND EMPIRE BRINE LINE (BRINE LINE) FOR FISCAL YEAR 2017/18

WHEREAS, it is necessary to establish initial and monthly capacity charges, volumetric flow charges, CIP charges, trucked wastewater delivery charges and excessive strength charges;

WHEREAS, it is necessary to establish application fees for processing applications for Capacity Right Agreements and Wastewater Discharge Permits for the use of the Inland Empire Utilities Agency (Agency)'s Brine Line;

WHEREAS, one Agency Capacity Unit (CU) is defined as an equalized discharge at the flow rate of 15 gallons per minute (GPM);

WHEREAS, under Section 13550, et seq., of the California Water Code, a Public Agency may require industries to use recycled water for certain purposes, where it is available and at reasonable cost; and

WHEREAS, the Board of Directors of the Agency, pursuant to Ordinance No. 96, may establish said fees and charges by Resolution.

NOW, THEREFORE, the Board of Directors hereby RESOLVES, DETERMINES, AND ORDERS the following to be effective July 1, 2017

Section 1. That the Initial Capacity Charge for the purchase of Agency Capacity Rights shall be set at \$215,000.00 per CU.

Section 2. That the monthly charges for discharge to the Brine Line are as follows:

(A) CAPACITY CHARGES:

For discharge to the Brine Line, which reaches jurisdiction of the Santa Ana Watershed Project Authority (SAWPA), the monthly Capacity Charge is \$387.24 per CU.

(B) CAPITAL IMPROVEMENTS PROGRAM CHARGES:

The monthly Capital Improvements Program (CIP) charge for Brine Line is \$90.00 per CU per month.

(C) VOLUMETRIC CHARGES

For discharge to the Brine Line, the monthly Volumetric Charge is \$901.00 per Million Gallons of discharge. The minimum Volumetric Charge for discharge of 100,000 gallons or less per CU per month is \$90.10 per CU per month.

(D) STRENGTH CHARGES

That Strength Charges are applicable to all discharges to the Brine Line, via pipeline or hauled by truck, for excessive Biochemical Oxygen Demand (BOD), and Total Suspended Solids (TSS). The rates are as follows:

<u>QUANTITY</u>	<u>RATE</u>
BOD	\$307.00 per 1,000 pounds (dry weight)
TSS	\$429.00 per 1,000 pounds (dry weight)

Strength charges for the Brine Line discharges are calculated from the average of all the samples collected during the calendar month and invoiced on a monthly basis. If there is no sample data for a given month, strength charges for that month shall be determined by using the average of all available data within the billing quarter.

(E) AGENCY ADMINISTRATIVE CHARGES

Agency Administrative Charges of 50% shall be added to the charges of Section 2(A), 2(C), and 2(D).

(F) RECYCLED WATER USAGE CREDIT FOR BRINE LINE

This program is for recycled water (RW) Users and shall end when funding is exhausted or not later than June 30, 2024, whichever comes first. New Users who qualify for this program shall be given the recycled water credit in effect at the time of connection to the recycled water system.

Recycled Water Users, including contracting agencies, shall be given a monetary credit based on the actual amount of RW used. The RW credit shall start at 50% of the IEUA's FY 2014/15 recycled water direct sale rate, and shall decline at 5% intervals per year through FY 2023/2024.

For FY 2017/18, the Recycled Water Usage Credit is \$311.51 per million gallons of recycled water used.

(G) Other Charges

IEUA will pass on any other charges from SAWPA invoiced to the Agency to dischargers to the Brine Line, such as, but not limited to, flow and strength imbalance charges, permit, inspection, analytical fees, etc.

Section 3. For trucked discharges to the Brine Line, the wastewater discharge rate shall be based on the applicable Tiered Schedule as established by the higher concentration value for BOD or TSS. The Brine Line Tiered Rate Schedule for Trucks is shown in Table 1.

Table 1 – Brine Line Tiered Rate Schedule for Trucks

Tiered Schedule	BOD or TSS Concentration	Total Volumetric Charge Up to 5,000 gallon	Incremental Charge above 5,000 gallons, \$ per one (1) gallon	BOD Charges	TSS Charges
Brine	Less than 100 mg/L	\$269.74	\$0.012		
Tier 1 (Non-Brine)	100 to 999 mg/L	\$294.74	\$0.017		
Tier 2 (Non-Brine)	1,000 to 2,499 mg/L	\$384.74	\$0.035		
Tier 3 (Non-Brine)	2,500 mg/L and higher	\$224.24	\$0.0029	\$0.729 per pound of BOD	\$0.695 per pound of TSS
				Tier 3 minimum charge shall be no less than Tier 2 rate of \$384.74	

Section 4. That Application fees for a Capacity Right Agreement shall be: \$ 233.00

Section 5. That Initial Wastewater Discharge Permit Application, Ownership Change with Process Changes, and Permit Renewal fees for wastewater generators who discharge directly through pipeline connection to the Brine Line shall be:

Initial Wastewater Discharge Permit Application Fees (Ownership Change with Process Changes included):

Categorical Industrial User	\$4,078.00
with Combined Waste Stream Formula, add	\$990.00
with Production Based Standards, add	\$524.00
with Multiple Categories, add	\$1,981.00
Non-Categorical, Significant Industrial User	\$2,971.00
Non-Categorical, Non-Significant Industrial User	\$2,447.00

Permit Renewal Fees:

Categorical Industrial User	\$3,029.00
with Combined Waste Stream Formula, add	\$524.00
with Production Based Standards, add	\$291.00
with Multiple Categories, add	\$990.00
Non-Categorical, Significant Industrial User	\$757.00
Non-Categorical, Non-Significant Industrial User	\$524.00

Section 6. That Initial Wastewater Discharge Permit Application, Ownership Change with Process Changes, and Permit Renewal fees for wastewater generators whose wastewater is hauled away, i.e., by a wastewater trucking company, and discharged into the Brine Line shall be:

Initial Wastewater Discharge Permit Application Fees:

Categorical Industrial User	\$2,563.00
with Combined Waste Stream Formula, add	\$990.00
with Production Based Standards, add	\$524.00
with Multiple Categories, add	\$1,981.00
Non-Categorical, Significant Industrial User	\$1,515.00
Non-Categorical, Non-Significant Industrial User	\$990.00

Permit Renewal Fees:

Categorical Industrial User	\$2,097.00
with Combined Waste Stream Formula, add	\$524.00
with Production Based Standards, add	\$291.00
with Multiple Categories, add	\$990.00
Non-Categorical, Significant Industrial User	\$757.00
Non-Categorical, Non-Significant Industrial User	\$524.00

Section 7. That initial Wastewater Hauler Permit application and Permit Renewal fees for the Brine Line shall be:

Initial Permit Application for Wastewater Hauler	\$233.00
Permit Renewal for Wastewater Hauler	\$117.00

Brine Line Liquid Waste Hauler Permit Application and Permit Renewal are processed and administered by Santa Ana Watershed Project Authority (SAWPA).

Section 8. That Permit Revision or Facility Expansion fees shall be: **\$1,515.00**

Permit Revisions shall be required if the modification affects the quantity/quality of the wastewater discharge to deviate from the conditions in the current permit by more than 25%. Such additions or modifications include, but are not limited to, the following: Maintenance, Monitoring, Change of Discharge Limits, Addition of Control Equipment, etc.

Section 9. That Permit Addendum fees shall be: **\$757.00**

That for change of business name with no process changes shall be:	\$233.00
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Permit Addendum shall be required if the addition or modification does not affect the existing wastewater quantity/quality by more than 25%. Such additions or modifications include, but are not limited to, the following: Maintenance, Monitoring, Change of Discharge Limits, Addition of Control Equipment, Ownership Change without Process Changes, etc.

Section 10. Toxic Organic Management Plan (TOMP) Processing No Charge

Section 11. Miscellaneous processing fees that do not fall under any of the above sections shall be charged based on time and material of staff(s) evaluating such process using adopted labor rates for the current fiscal year.

Section 12. That all provisions of the Brine Line Ordinance and any amendments thereto are hereby applicable and will remain in full force and effect.

Section 13. That upon the effective date of this Resolution, the Resolution No. 2016-6-1 pertaining to the Inland Empire Brine Line (also known as South NRWS) is hereby rescinded in its entirety.

ADOPTED this 21st day of June, 2017.

Steven J. Elie
President of the Inland Empire Utilities
Agency* and of the Board of Directors
thereof

ATTEST:

Jasmin A. Hall
Secretary/ Treasurer of the Inland Empire
Utilities Agency* and of the Board of
Directors thereof

*A Municipal Water District

STATE OF CALIFORNIA)
) SS
COUNTY OF SAN BERNARDINO)

I, Jasmin A. Hall, Secretary/Treasurer of the Inland Empire Utilities Agency*,
DO HEREBY CERTIFY that the foregoing Resolution being No. 2017-6-4 as adopted at
a regular Board meeting on June 21, 2017, of said Agency* by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Jasmin A. Hall
Secretary/Treasurer

(SEAL)

* A Municipal Water District

RESOLUTION NO. 2017-6-5

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND
EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY,
CALIFORNIA, ESTABLISHING CHARGES FOR LABORATORY
ANALYSES FOR FISCAL YEAR 2017/18**

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

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

NOW, THEREFORE, the Board of Directors hereby **RESOLVES, DETERMINES AND ORDERS**, that, effective July 1, 2017, the single item prices for laboratory analyses are as shown on Exhibit 1 attached hereto.

Upon the effective date of this Resolution, Resolution No. 2016-6-5 is hereby rescinded in its entirety.

ADOPTED this 21st day of June, 2017.

Steven J. Elie
President of the Inland Empire Utilities Agency*
and of the Board of Directors thereof

ATTEST:

Jasmin A. Hall
Secretary/ Treasurer of the Inland Empire
Utilities Agency* and of the Board of
Directors thereof

*a Municipal Water District

STATE OF CALIFORNIA)
)SS
COUNTY OF SAN BERNARDINO)

I, Jasmin A. Hall, Secretary/Treasurer of the Inland Empire Utilities Agency*,
DO HEREBY CERTIFY that the foregoing Resolution being No. 2017-6-5, was adopted at
a regular meeting on June 21, 2017, of said Agency* by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Jasmin A. Hall
Secretary/Treasurer

(SEAL)

* A Municipal Water District

**INLAND EMPIRE UTILITIES AGENCY
 LABORATORY PRICES - FISCAL YEAR 2017/18**

Inorganic Chemistry		
Test	Method	Price
Alkalinity, Total	SM 2320B	\$14.80
Ammonia as Nitrogen	EPA 350.1	\$14.80
Anion Sum	SM 1050	\$2.20
BOD, Soluble	SM 5210	\$43.70
BOD, Total	SM 5210	\$38.30
Bromide	EPA 300.0	\$11.00
Cation Sum	SM 1050	\$2.20
Chloride	EPA 300.0	\$9.00
Chlorine Residual	SM 4500-Cl G	\$16.40
COD	SM 5220D	\$32.80
Color	SM 2120B	\$5.00
Conductivity	SM 2510	\$8.80
Corrosivity	SM 2330B	\$40.50
<i>If Alkalinity, Ca, EC, or pH are requested on the sample, Corrosivity cost is reduced by their respective prices.</i>		
Cyanide, Available	EPA OIA-1677	\$40.00
Cyanide, Free	ASTM D7237	\$27.40
Cyanide, Total	ASTM D7284	\$29.50
Dissolved Organic Carbon	SM 5310B	\$39.30
Dissolved Organic Carbon	SM 5310C	\$32.80
Dissolved Oxygen	EPA 360.1	\$12.10
Fluoride	EPA 300.0	\$9.30
Fluoride	SM 4500-F C	\$16.40
Hardness, Total (Calculation)	EPA 200.7	\$21.20
<i>Calculation is reduced by their respective prices.</i>		
Hardness, Total	SM 2340C	\$18.10
Mercury	EPA 245.2	\$39.30
Metals Digestion (liquid)		\$16.40
Metals Digestion (solid)		\$43.60
Metals by ICP	EPA 200.7	\$9.80
Metals by ICP/MS	EPA 200.8	\$9.80
Nitrate as Nitrogen	EPA 300.0	\$9.00
Nitrite as Nitrogen	EPA 300.0	\$9.00
Nitrogen, Organic	Various	\$71.00
Oil & Grease, Polar (FOG)	EPA1664B	\$62.30
Oil & Grease, Non-polar	EPA1664B	\$32.80
Oil & Grease, Total	EPA1664B	\$29.50
pH	SM 4500-H+ B	\$5.00
Phosphorus, Ortho	EPA 300.0	\$9.00
Phosphorus, Total	EPA 200.7	\$10.00

Inorganic Chemistry		
Test	Method	Price
Silica	EPA 200.7	\$9.90
Sulfate	EPA 300.0	\$9.00
Sulfide, Dissolved	SM 4500-S D	\$21.90
Sulfide, Total	SM 4500-S D	\$18.10
Surfactants (MBAS)	SM 5540C	\$49.00
TDS	SM 2540C	\$14.80
TDS, Fixed/Volatile	SM 2540E	\$21.90
TKN	EPA 351.2	\$59.00
TOC	SM 5310B	\$32.80
TOC	SM 5310C	\$24.60
Total Solids	SM 2540B	\$11.00
TSS	SM 2540D	\$14.80
Turbidity	EPA 180.1	\$8.80
Uranium pCi/L	EPA 200.8	\$27.30
Volatile Solids	SM 2540E	\$16.40
Volatile Suspended Solids	SM 2540E	\$21.90

Bioassay/Microbiology		
Test	Method	Price
Bioassay, C.Dubia, Chronic	EPA 1002	\$1,081.50
Coliform, Fecal	SM 9221E	\$24.60
Coliform, Total (10 Tube)	SM 9221B	\$21.90
Coliform, Total (15 Tube)	SM 9221B	\$24.60
Heterotrophic Plate Count	SM 9215B	\$19.70

Organic Chemistry		
Test	Method	Price
Acrolein & Acrylonitrile	EPA 624	\$147.40
MTBE	EPA 524.2	\$122.80
Pesticides	EPA 608	\$240.20
Pesticides w/ PCBs	EPA 608	\$305.70
PCBs	EPA 608	\$240.20
Semi-Volatiles (Short list DW)	EPA 525	\$322.10
Semi-Volatiles (Acid Extractables)	EPA 625	\$245.70
Semi-Volatiles (Base/Neutrals)	EPA 625	\$245.70
Semi-Volatiles (BNA)	EPA 625	\$354.90
Tert-Butyl Alcohol (TBA)	EPA 524.2 MOD	\$147.40
Thiobencarb	EPA 525	\$294.70
Volatiles, DW	EPA 524.2	\$147.40
Volatiles, WW	EPA 624	\$163.80

RESOLUTION NO. 2017-6-6

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING EXTRA-TERRITORIAL SEWER SERVICE CHARGE FOR SYSTEM USERS OUTSIDE THE AGENCY'S BOUNDARIES FOR FISCAL YEAR 2017/18

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

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

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

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

NOW, THEREFORE, the Board of Directors hereby **RESOLVES, DETERMINES, AND ORDERS** the following to be effective July 1, 2017:

Section 1. That the monthly sewer service rate be determined based on the Agency-wide assessed valuation for FY 2016/17 as reported by the San Bernardino County Auditors Property Tax Division and the estimated number of billed EDU's listed in the Agency's FY 2016/17 Regional Wastewater Operations and Maintenance fund budget, as shown in Exhibit 1; and

Section 2. That the extra-territorial monthly sewer service charge should be set at a rate of \$14.79 per month per Equivalent Dwelling Unit (EDU) in addition to the FY 2017/18 adopted monthly EDU rate of \$18.39.

Section 3. That upon the effective date of this Resolution, Resolution No. 2016-6-9 is hereby rescinded in its entirety.

ADOPTED this 21st day of June, 2017.

Steven J. Elie
President of the Inland Empire Utilities Agency*
and of the Board of Directors thereof

ATTEST:

Jasmin A. Hall
Secretary/ Treasurer of the Inland Empire
Utilities Agency* and of the Board of
Directors thereof

*A Municipal Water District

STATE OF CALIFORNIA)
)SS
COUNTY OF SAN BERNARDINO)

I, Jasmin A. Hall, Secretary/Treasurer of the Inland Empire Utilities Agency*, DO
HEREBY CERTIFY that the foregoing Resolution being No. 2017-6-6 was adopted at a Board
Meeting on June 21, 2017, of said Agency by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Jasmin A. Hall
Secretary/Treasurer

(SEAL)

* A Municipal Water District

**AVERAGE VALUE OF AN EDU FOR FISCAL YEAR 2017/18
CITY OF FONTANA MONTHLY EXTRA-TERRITORIAL USER SURCHARGE**

The information utilized includes the EDU projections identified in the Regional Wastewater Operations and Maintenance Fund budget and the San Bernardino County Auditors' report which lists the Agency's assessed valuation for FY 2016/17. Based on this information the estimated average value of an EDU within the Agency is as follows:

FY 2016/17 Agency Assessed Value -	=	\$	97,274,943,032
FY 2016/17 Projected number of EDU's within Agency	=		273,472 EDU per month
<i>\$97,274,943,032 divided by 273,472</i>	=	\$	355,703

Annual tax obligation is calculated by:

<i>\$355,703 multiply by 0.000499</i>	=	\$	177.50 per year
<i>(adjusted Agency tax rate)</i>	=	\$	14.79 per month

RESOLUTION NO. 2017-6-7

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

WHEREAS, pursuant to Division II, Part II, Section 201 of Ordinance No. 104, the Board of Directors of Inland Empire Utilities Agency* (Agency) establishes, from time to time, rates for water sold or delivered by direct connections to Metropolitan Water District facilities;

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

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

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

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

NOW, THEREFORE, the Board of Directors hereby **RESOLVES, DETERMINES AND ORDERS** the following to be effective July 1, 2017, and January 1, 2018:

Section 1. That the rates of sales of imported water are direct pass-through charged by Metropolitan for each class of water. The rates, by class of water are as follows:

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

01/1/2017 – 12/31/2017 (\$666)	\$666.00 per acre foot
01/1/2018 – 12/31/2018 (\$695)	\$695.00 per acre foot

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

01/1/2017 – 12/31/2017 (\$760)	\$760.00 per acre foot
01/1/2018 – 12/31/2018 (\$781)	\$781.00 per acre foot

(c) FOR GROUND WATER STORAGE PROGRAM

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

01/1/2017 – 12/31/2017 (NO RATE AVAILABLE)

01/1/2018 – 12/31/2018 (NO RATE AVAILABLE)

- (d) METROPOLITAN WATER SUPPLY ALLOCATION PLAN (WSAP) PENALTY RATES – Reduced imported water allocations caused by the adoption of a WSAP will reduce a member agencies Tier 1 allocation pursuant to Resolution 2016-9-1. Penalty rates will be applied in accordance to Metropolitan’s WSAP to IEUA and its member agencies if IEUA exceeds its imported water allocation` from MWD and is invoiced by MWD for WSAP penalty rates, during FY 2017/18. Any such penalty rates shall be “passed through” to the appropriate agency that caused the imposition of a penalty rate by MWD.

Section 2. That IEUA will impose any Metropolitan rates and charges, applicable to each service connection, if invoiced by Metropolitan to IEUA during FY 2017/18.

Section 3. That the Metropolitan levied Capacity Charge (\$/cfs) shall be as follows:

01/1/2017 – 12/31/2017 \$ 8,000 per cubic foot per second (cfs)

01/1/2018 – 12/31/2018 \$ 8,700 per cubic foot per second (cfs)

Section 4. That a minimum charge of \$1,000 per month will be collected from any active Metropolitan full service industrial connection beginning 7/1/2017 through 6/30/2018.

Section 5. That upon the effective date of this Resolution, Resolution No. 2016-6-15 is hereby rescinded in its entirety.

ADOPTED this 21st day of June, 2017.

Steven J. Elie
President of the Inland Empire Utilities Agency*
and of the Board of Directors thereof

ATTEST:

Jasmin A. Hall
Secretary/ Treasurer of the Inland Empire
Utilities Agency* and of the Board of
Directors thereof

*a Municipal Water District

STATE OF CALIFORNIA)
)SS
COUNTY OF SAN BERNARDINO)

I, Jasmin A. Hall, Secretary/Treasurer of the Inland Empire Utilities Agency*, DO
HEREBY CERTIFY that the foregoing Resolution being No. 2017-6-7, was adopted at a regular
meeting on June 21, 2017, of said Agency* by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Jasmin A. Hall
Secretary/Treasurer

(SEAL)

* A Municipal Water District

RESOLUTION NO. 2017-6-8

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND
EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY,
CALIFORNIA, ESTABLISHING EQUIPMENT RENTAL RATES FOR
FISCAL YEAR 2017/2018.**

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

NOW, THEREFORE, the Board of Directors hereby **RESOLVES, DETERMINES AND ORDERS**, pursuant to Ordinance No. 28, that the rates for equipment rental are as shown in Exhibit 1 attached hereto and are effective July 1, 2017.

Upon the effective date of this Resolution, Resolution No. 2016-6-6 is hereby rescinded in its entirety.

ADOPTED this 21st day of June, 2017.

Steven J. Elie
President of the Inland Empire Utilities Agency*
and of the Board of Directors thereof

ATTEST:

Jasmin A. Hall
Secretary/ Treasurer of the Inland Empire
Utilities Agency* and of the Board of
Directors thereof

*a Municipal Water District

STATE OF CALIFORNIA)
)SS
COUNTY OF SAN BERNARDINO)

I, Jasmin A. Hall, Secretary/Treasurer of the Inland Empire Utilities Agency*, DO
HEREBY CERTIFY that the foregoing Resolution being No. 2017-6-8 was adopted at a regular
meeting on June 21, 2017, of said Agency* by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Jasmin A. Hall
Secretary/Treasurer

(SEAL)

* A Municipal Water District

EXHIBIT 1

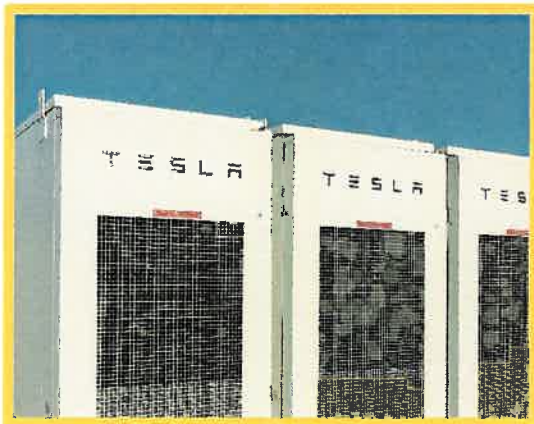
**INLAND EMPIRE UTILITIES AGENCY*
MAINTENANCE EQUIPMENT RENTAL RATES
FISCAL YEAR 2017/18**

GOVERNMENTAL AGENCIES WITHIN IEUA SERVICE BOUNDARIES

		RATE IN FORCE
CCTV Camera Equipment Truck		
With one operator	per hour portal-to-portal	92.78
With two operators	per hour portal-to-portal	161.07
Jetter Vactor		
With one operator	per hour portal-to-portal	85.53
With two operators	per hour portal-to-portal	153.82
Gap Vactor Truck		
With one operator	per hour portal-to-portal	102.30
With two operators	per hour portal-to-portal	170.59
Safety Van		
With one operator	per hour portal-to-portal	69.47
With two operators	per hour portal-to-portal	133.66
Water Truck		
With one operator	per hour portal-to-portal	76.22
With two operators	per hour portal-to-portal	144.51

Fiscal Years 2017/18 and 2018/19 Biennial Budget Adoption

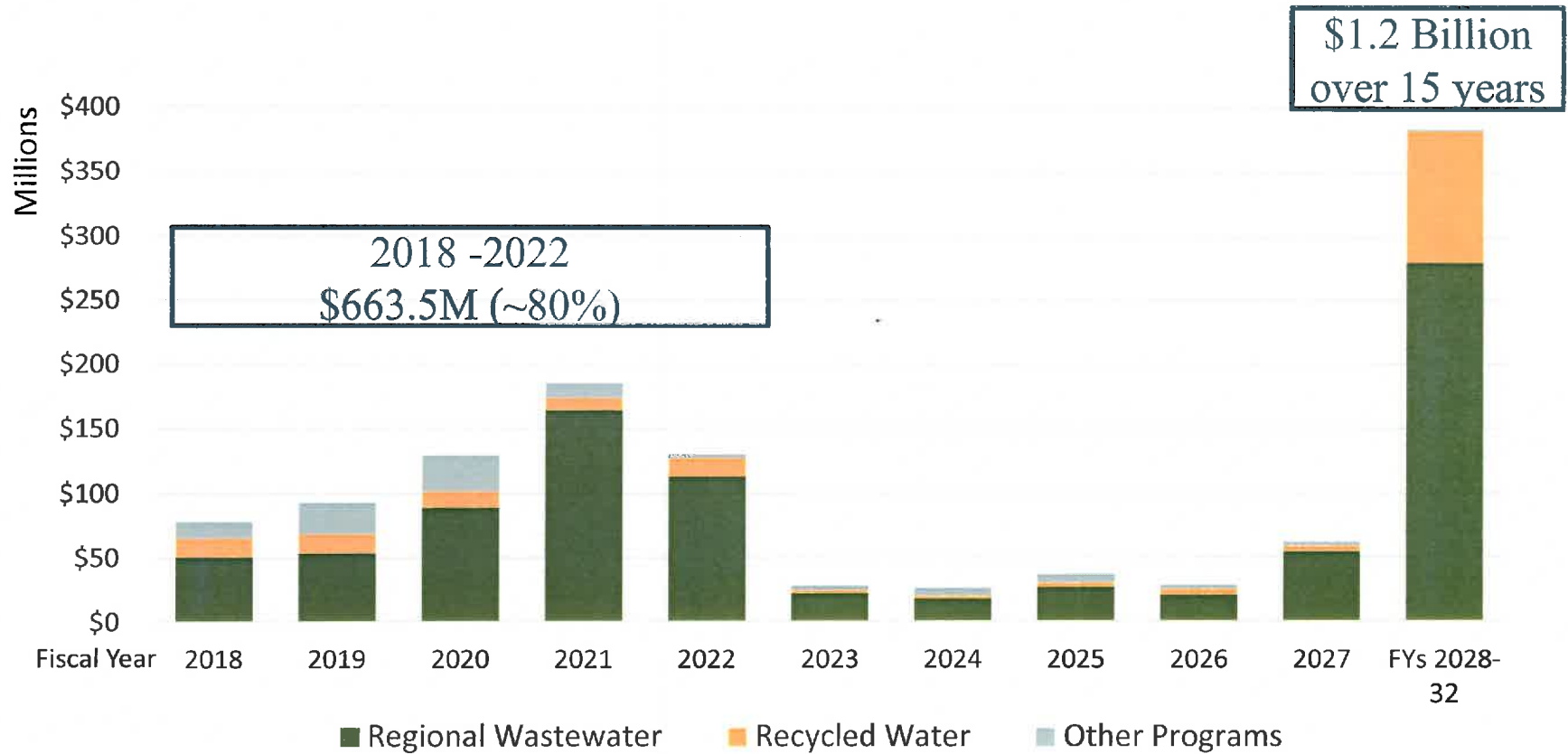
Board Meeting



Key Areas of Focus Over the Next Two Years

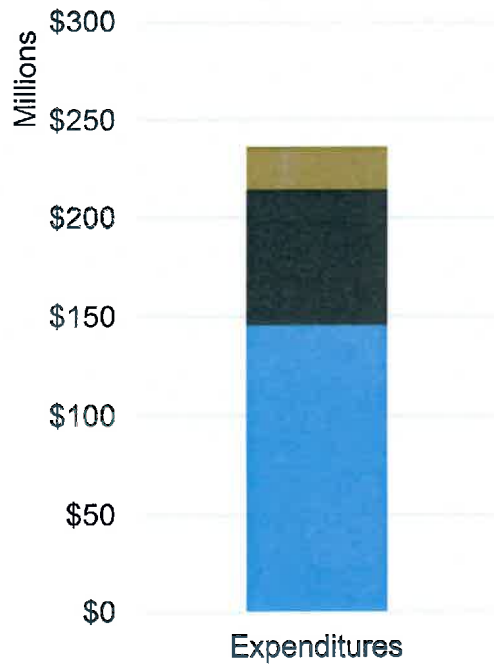
- Succession Planning
- Cost Containment
- Upkeep of Agency Assets
- Optimize Low Interest Debt
- Transparency
- TYCIP \$833 million
- No adjustments to approved rates and fees

FY 2018 – 2027 Ten Year Capital Improvement Plan - \$833 Million, by Major Funds

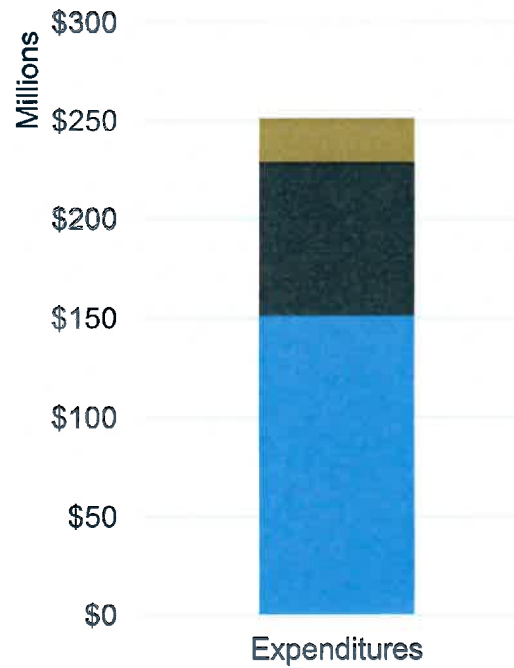


Total Expenditures

FY 2017/18
\$236.6M



FY 2018/19
\$251.5M



■ Operation & Administration

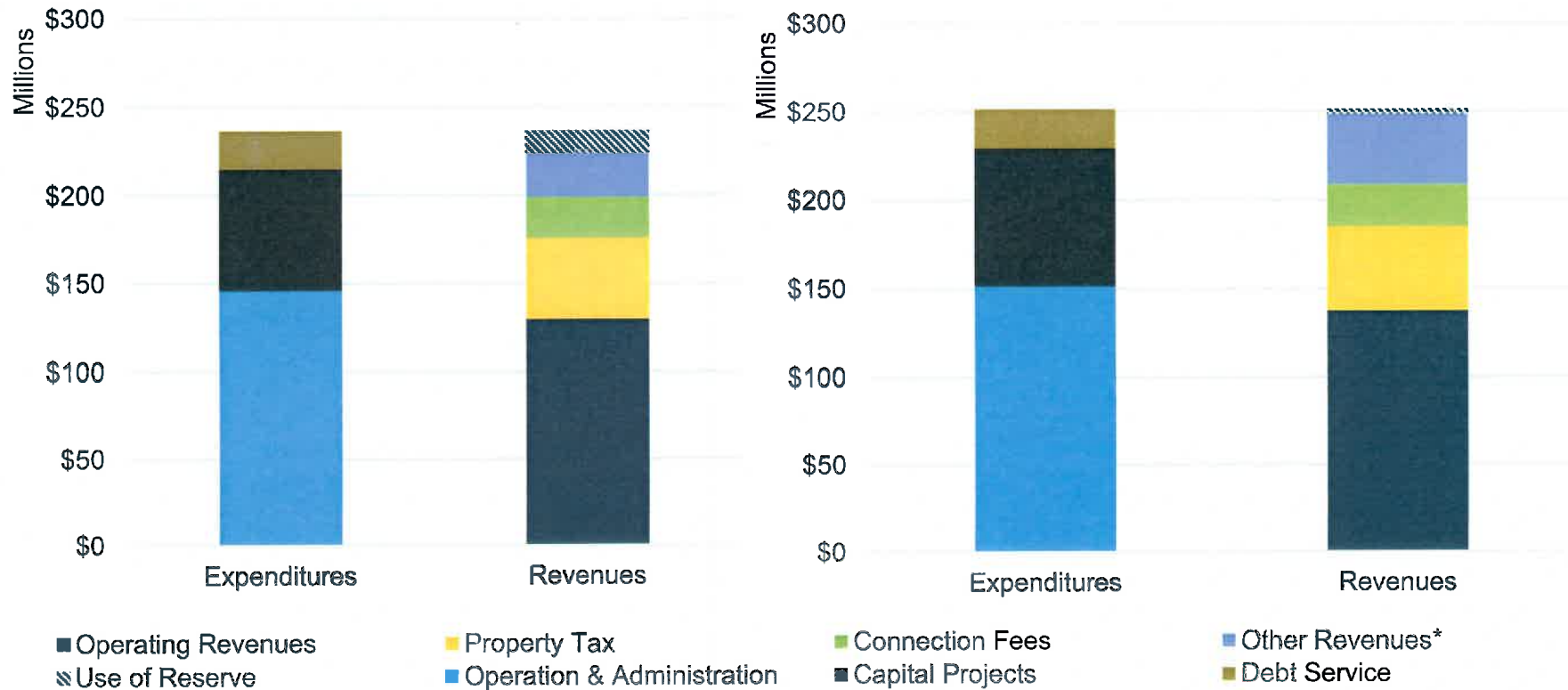
■ Capital Projects

■ Debt Service

Total Expenditures and Revenues

FY 2017/18
\$236.6M

FY 2018/19
\$251.5M

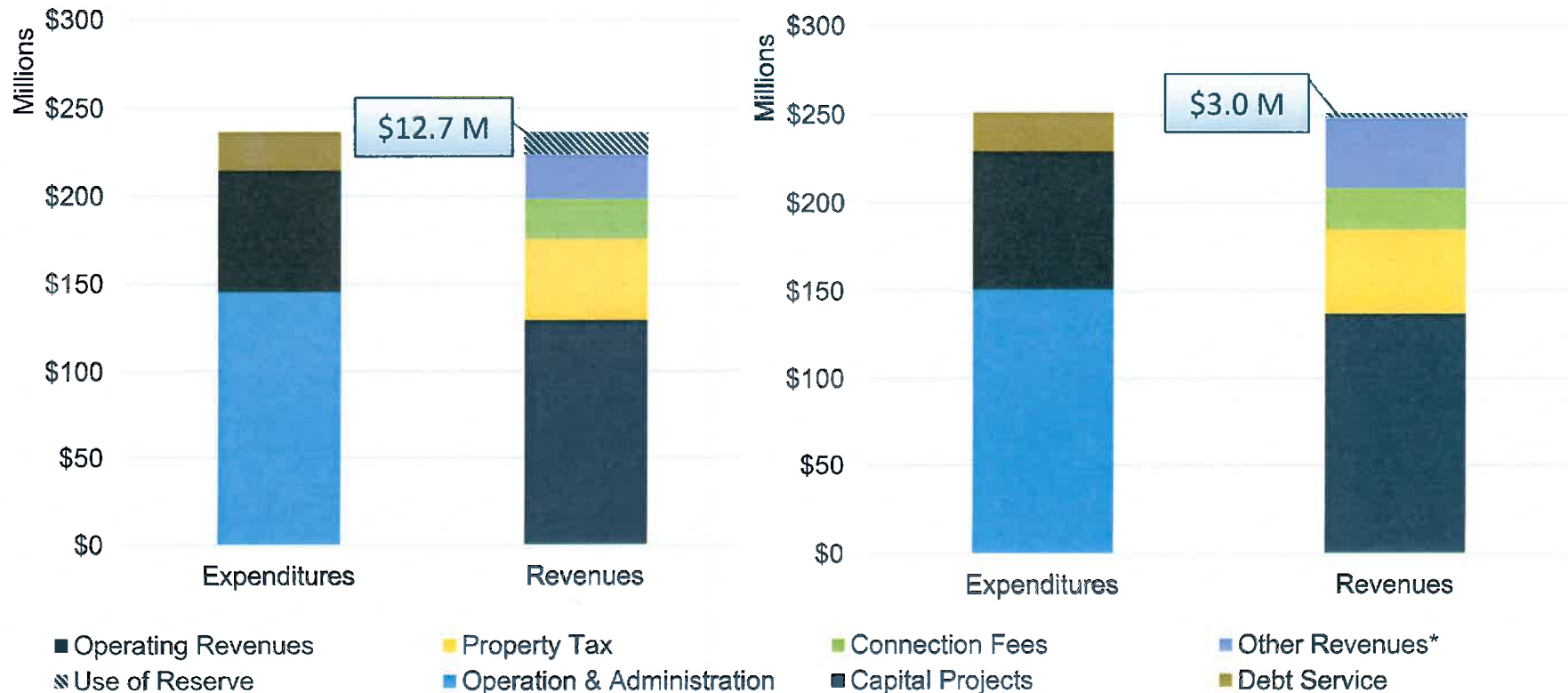


**Other Revenues include state loans, grants, interest revenue, and contract cost reimbursements*

Total Expenditures and Revenues

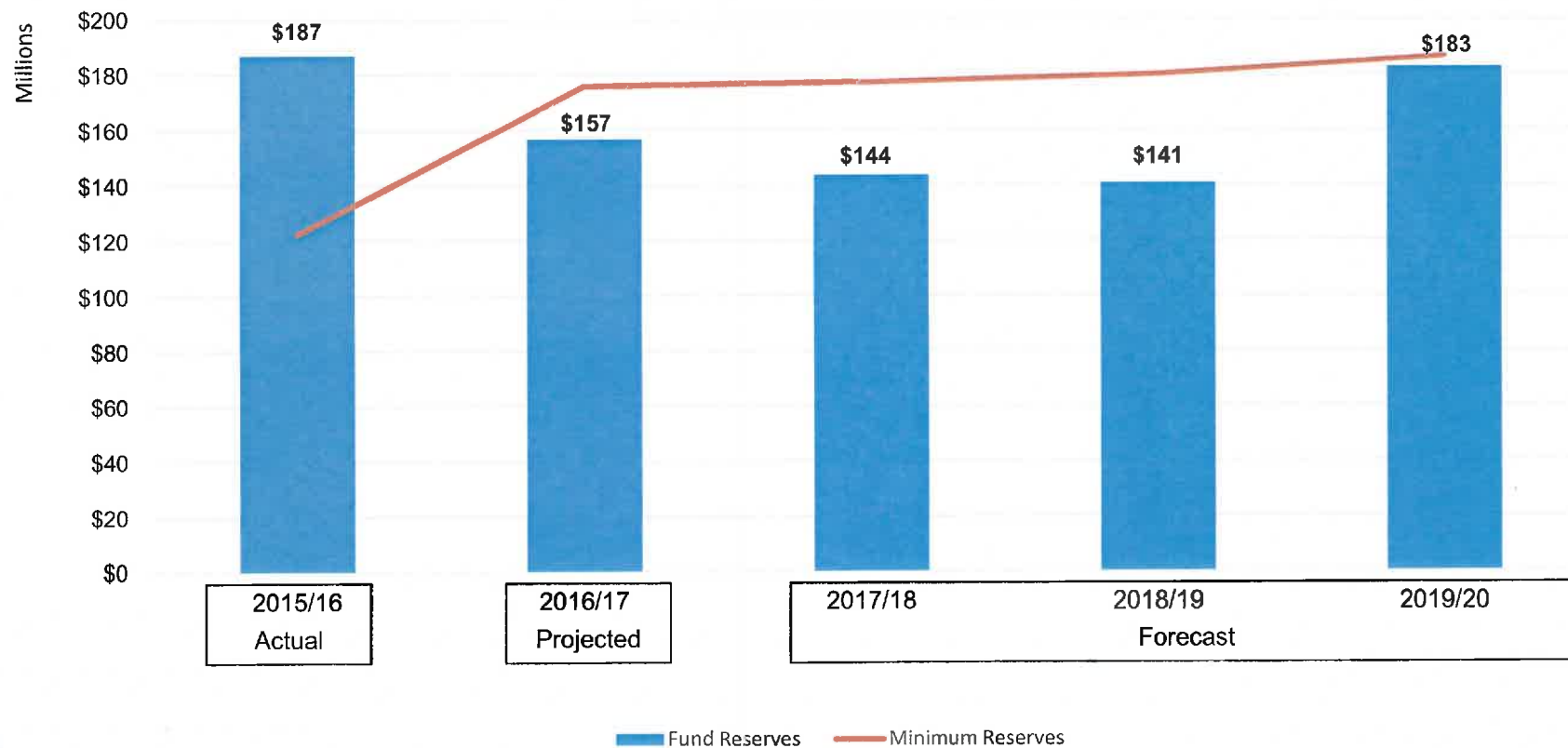
FY 2017/18
\$236.6M

FY 2018/19
\$251.5M



**Other Revenues include state loans, grants, interest revenue, and contract cost reimbursements*

Consolidated Fund Reserve



Recommendation

- Close the public hearing;
- Adopt Resolution No. 2017-6-10, approving the Agency's Biennial Budget For FYs 2017/18 and 2018/19 including;
 - Inter fund transfers
 - The Agency-wide department goals and objectives,
 - Rate Resolutions 2017-6-1 through 2017-6-8 for the Non-Reclaimable Wastewater System (NRW) fund and other service fees
- Approve FY 2018-2027 TYCIP

The Biennial Budget is consistent with the Agency's business goal of fiscal responsibility and prudent financial planning.

**CONSENT
CALENDAR
ITEM**

3A



**MINUTES OF THE REGULAR
MEETING OF
THE
INLAND EMPIRE UTILITIES AGENCY
BOARD OF DIRECTORS**

**WEDNESDAY, MAY 17, 2017
10:00 A.M.**

DIRECTORS PRESENT:

Steven J. Elie, President
Michael Camacho, Vice President
Jasmin A. Hall, Secretary/Treasurer
Paul Hofer
Kati Parker

STAFF PRESENT:

P. Joseph Grindstaff, General Manager
Chris Berch, Executive Manager of Engineering/AGM
Sharmeen Bhojani, Manager of Human Resources
Javier Chagoyen-Lazaro, Manager of Finance and Accounting
David Correia, Mechanic I
Joseph Cundiff, Network Administrator
Jason Gu, Grants Officer
Liz Hurst, Water Resources Planner
Joel Ignacio, Senior Engineer
Vijayakumar Korisal, Senior Wastewater Operator
Randy Lee, Executive Manager of Operations/AGM
Sally Lee, Executive Assistant
Chander Letulle, Manager of Operations and Maintenance
Laura Mantilla, Executive Assistant
Kenneth Monfore, Deputy Manager of Maintenance
Lisa Morgan-Perales, Senior Water Resources Analyst
Jesse Pompa, Senior Engineer
Joyce Rucker, Senior Accountant
Carina Spears, Office Assistant
Shaun Stone, Manager of Engineering
Christina Valencia, Chief Financial Officer/AGM
Teresa Velarde, Manager of Internal Audit
Phebe Wang, Control Systems Analyst I
Raelen Wong, Human Resources Technician
April Woodruff, Board Secretary/Office Manager

OTHERS PRESENT:

Martin Cihigoyenette, JC Law Firm
Teresa James, Employer Support of the Guard and Reserve
Sarish Kamath, Parsons Water & Infrastructure, Inc.
Andrew Lazenby, Brown and Caldwell
Tony Marraccino, Employer Support of the Guard and Reserve
Suvendra Thakral, Parsons Water & Infrastructure, Inc.

A regular meeting of the Board of Directors of the Inland Empire Utilities Agency* was held at the office of the Agency, 6075 Kimball Avenue, Bldg. A, Chino, California on the above date.

President Elie called the meeting to order at 10:01 a.m. Executive Manager of Operations/AGM Randy Lee led the Pledge of Allegiance to the flag. A quorum was present.

President Elie stated that members of the public may address the Board. There was no one desiring to do so.

President Elie asked if there were any changes/additions/deletions to the agenda. There were no changes/additions/deletions to the agenda.

EMPLOYEE SUPPORT OF THE GUARD AND RESERVE (ESGR) AWARD PRESENTATION

Maintenance Planner Mike Frazier gave a presentation expressing his gratitude for the benefits the Inland Empire Utilities Agency (Agency) provides to the service members. He stated that Agency's support is unprecedented and must be recognized and is the reason why he nominated the leaders of the Agency for awards through the Employee Support of the Guard and Reserve (ESGR). He called forward the representative of ESGR, retired Colonel Tony Marraccino. Mr. Marraccino stated that without companies like the Agency, organizations that support the Guard and Reserve, the Guard and Reserve would not exist. He thanked the Agency for its help and service. Awards were presented to President Steven Elie, Vice President Michael Camacho, Secretary/Treasurer Jasmin Hall, Director Paul Hofer, Director Kati Parker, General Manager Joe Grindstaff, Executive Manager of Operations/AGM Randy Lee, and Manager of Maintenance and Operations Chander Letulle. An award was also given to the Agency for providing services that are above and beyond what is required by state and federal law.

President Elie expressed his appreciation for the nomination and asked Mr. Frazier to introduce himself to the Board of his rank, where he was assigned, and his role with the Agency. Mr. Frazier stated that he is a staff sergeant of the psychological operations unit and at IEUA is the Maintenance Planner for the southern division.

NEW HIRE INTRODUCTIONS

Chief Financial Officer/AGM Christina Valencia introduced the following new hire:

- Ms. Raelen Wong, Human Resources Technician, hired 4/3/17

She expressed that Mr. Michael Arana, Accountant II, had an emergency and could not attend the Board meeting and he will be introduced at the next Board meeting.

Executive Manager of Operations/AGM Randy Lee introduced the following new hires:

- Mr. Joseph Cundiff, Network Administrator, hired 4/3/17
- Mr. Vijayakumar Korisal, Senior Wastewater Treatment Plant Operator, hired 4/3/17
- Ms. Phebe Wang, Control Systems Analyst I, hired 4/10/17
- Mr. David Correia, Mechanic I, hired 5/1/17
- Ms. Carina Spears, Office Assistant, hired 5/1/17
- Mr. Kenneth Monfore, Deputy Manager of Maintenance, hired 5/15/17

CONSENT ITEMS

President Elie asked if there were any Board members wishing to pull an item from the Consent Calendar for discussion. Director Hall requested that Consent Calendar Item 3B – REPORT OF GENERAL DISBURSEMENTS; and General Manager Joe Grindstaff requested that Consent Calendar Item 3E – CHINO BASIN WATERMASTER COST SHARING AGREEMENTS be pulled from the Consent Calendar for further discussion.

M2017-5-1

MOVED, to approve the Consent Calendar.

- A. Approved the minutes from the April 5, 2017 Board Workshop meeting, April 10, 2017 Special Board meeting, and the April 19, 2017 Board meeting.
- B. PULLED.
- C. Approved the Treasurer's Report of Financial Affairs for the month ended March 31, 2017.
- D. The Board:
 - 1. Adopted Resolution No. 2017-5-4, declaring its intent to adopt the Fiscal Years (FYs) 2017/18 and 2018/19 budgets for the Agency's Regional Wastewater, Recycled Water, Non-Reclaimable Wastewater, and Water Resources programs and fixing time and place of hearing thereon for Fiscal Year 2017/18; and

**RESOLUTION 2017-5-4
RESOLUTION OF THE BOARD OF DIRECTORS OF INLAND
EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY,
CALIFORNIA, DECLARING ITS INTENT TO ADOPT BUDGETS
FOR THE REGIONAL SEWAGE, RECYCLED WATER, NON-
RECLAIMABLE WASTEWATER, AND WATER RESOURCES
PROGRAMS AND FIXING TIME AND PLACE OF HEARING
THEREON**

(for full text, see Resolution Book)

- 2. Set a hearing date, and directed staff to distribute the Resolution to the appropriate agencies in compliance with the Regional Sewage Service Contract.
- E. PULLED.
- F. The Board:
 - 1. Awarded a consulting engineering services contract for the RP-1 1158 Recycled Water Pump Station Upgrades, Project No. EN14042, to Stantec for the not-to-exceed amount of \$428,000; and
 - 2. Authorized the General Manager to execute the consulting engineering services contract.
- G. The Board:
 - 1. Awarded a construction contract for the RP-1 Thickened Waste Activated Sludge (TWAS) Piping Replacement, Project No. EN15013, to J.F. Shea Construction, Inc., in the amount of \$242,492; and

(Continued...)

M2017-5-1, continued.

2. Authorized the General Manager to execute the construction contract.

H. The Board:

1. Awarded a construction contract for the RP-1 and RP-4 Safety Improvements, Project No. EN17052, to Ferreira Construction, Inc., in the amount of \$635,376;
2. Approved a total project budget amendment in the amount of \$189,000 for Project No. EN17052; and
3. Authorized the General Manager to execute the construction contract and budget amendment.

REPORT OF GENERAL DISBURSEMENTS

Director Hall stated she had pulled this item because she had a question about Director Terry Catlin's name being in the report. Chief Financial Officer/AGM Christina Valencia stated that there was a correction on his health insurance, which impacted a couple of the Board members. A retroactive adjustment was issued in March to reimburse Board members affected by the excess contribution. Director Hall mentioned that a footnote with that explanation should be noted on the report in the future. Director Hall also asked why the expenses for the March report were in February. Manager of Finance and Accounting Javier Chagoyen-Lazaro explained the report is for payments made in March for expenses incurred in the month of February or previous months. General Manager Joe Grindstaff stated that he appreciated Director Hall going through the general disbursement report. Director Hofer agreed saying that it is a lengthy item with a lot of detail and those who are not familiar, it helps to have explanation where there may be confusion.

Upon motion by Director Camacho, seconded by Director Parker, and unanimously carried:

M2017-5-2

MOVED, to approve the total disbursements for the month of March 2017, in the amount of \$28,681,716.24.

CHINO BASIN WATERMASTER COST SHARING AGREEMENTS

General Manager Joe Grindstaff asked Executive Manager of Engineering Chris Berch to speak on this item. Mr. Berch stated that it was brought to the Agency's attention the day before that there was an error on one of the tables that is an attachment to the various task orders. One of the dates for the beginning of construction was incorrect, so staff is going to be changing that today and updating all documents with all related parties. Because we were advised of it yesterday, the Agency wanted to ensure that the Board fully understood that. This change doesn't change the budgeted costs or projections for the project. The Agency is hoping that the Board will recommend their approval and allow the General Manager to make the changes on the table. President Elie asked which date had the error and what the discrepancy was. Mr. Berch answered by stating it was on Task Order No. 11 for Montclair Basin. On the attachment for the Task Order, the first table shows the different phases of the project design through construction. The construction shows that it starts before the design is completed. It should start at the end of design and extent through the end of that fiscal year. Discussion ensued regarding the funding of these projects.

Upon motion by Director Camacho, seconded by Director Parker, and unanimously carried:

M2017-5-3

MOVED, to:

1. Approve Amendment No. 3 of Task Order No. 1 with Chino Basin Watermaster (Watermaster) for the design of multiple basin improvements under the Recharge Master Plan Update (RMPU) projects;
2. Approve Amendment No. 1 of Task Order No. 2 with Watermaster for the design and construction of the RMPU's Lower Day Basin improvements;
3. Approve Amendment No. 2 of Task Order No. 8 with Watermaster for the design and construction of the RMPU's San Sevaine Basin improvements;
4. Approve Task Order No. 9 with Watermaster for the design and construction of the RMPU's Wineville/Jurupa/RP-3 Basins;
5. Approve Task Order No. 10 with Watermaster for the design and construction of the RMPU's Victoria Basin improvements;
6. Approve Task Order No. 11 with Watermaster for the design and construction of the RMPU's Montclair Basin improvements;
7. Approve Task Order No. 12 with Watermaster for the design and construction of the RMPU's CSI Basin improvements; and
8. Authorize the General Manager to finalize and execute these task order amendments and new task orders subject to non-substantive changes.

ACTION ITEMS

RP-5 EXPANSION CONSULTANT CONTRACT AMENDMENT

Manager of Engineering Shaun Stone requested approval of the amendment to the contract with Parsons Water & Infrastructure, Inc. (Parsons) for the final design of the RP-5 expansion. He stated that in early January 2017, the Agency had finished the preliminary design and brought it forward to the Board in March for approval. Shortly after that approval, the Agency requested that Parsons provide a scope and fee proposal for the final design work of the expansion project. The original fee came in at \$21.29 million and the Agency negotiated with Parsons through the month of March and to the beginning of April. The Agency looked at ways to streamline project management, defer project components that are not immediately required, and worked to maintain all major scope items. This led to a discount of Parsons' fee, to \$17.99 million, a \$3.3 million reduction from the original fee proposal. In order to validate those fees, process, and scope, there was a survey done of multiple agencies who had completed similar waste water treatment plant expansion over the last seven to eight years by several design firms, including Parsons. Of that survey, staff consolidated the cost by the number of engineering design sheets that took to build the design and that cost as percent of construction dollars. The survey average was \$13,600 cost per engineering sheet and 8.2% of construction. Through negotiations, IEUA was able to secure a fee with Parsons of \$11,723 per sheet and 7.4% of construction. All the items were adjusted for inflation based on the consumer price index based on the time when the contracts were awarded. Mr. Stone went over the overall breakdown of the cost for the project and project milestone timeline.

Mr. Grindstaff added that this item was taken to both the Regional Sewerage Program Policy and Technical Committees. Both committees supported moving this project forward unanimously.

President Elie also mentioned that the item had been through the Engineering, Operations, and Water Resources Committee as well.

Director Hofer commended Mr. Grindstaff for deciding to take the item to the other agencies. It may not be necessary but it is good business to inform the other agencies to keep them up to date.

Upon motion by Director Camacho, seconded by Director Parker, and unanimously carried:

M2017-5-3

MOVED, to:

1. Approve a consulting engineering services contract amendment for the design of the RP-5 Liquids Expansion and Solids Treatment Facility, Project Nos. EN19901 and EN19006, to Parsons Water & Infrastructure, Inc. for the not-to-exceed amount of \$17,993,680; and
2. Authorize the General Manager to execute the consulting engineering services contract amendment.

ADOPTION OF RESOLUTIONS TO AMEND THE MEMORANDA OF UNDERSTANDING AND SALARY MATRICES/SCHEDULES FOR REORGANIZATION AND UNIT MODIFICATION

Manager of Human Resources Sharmeen Bhojani mentioned that this item was presented to the Board last month and was being brought back to address questions on the changes in the organizational structure and budget. The proposal is being made for the Board to approve new classifications and reclassifications of existing positions, while maintaining the current authorized 290 full time positions. She explained that the reorganization calls for 6 new classifications that are being proposed to more effectively meet succession planning, evolving technology, cyber security, and a more robust safety program. She briefed the Board on the organizational changes being proposed and provided an explanation. In addition to the reorganization, staff also recommended approval of some unit modifications with respect to the Agency's bargaining units. As a result of the classification and compensation study and subsequent negotiations. The unit modifications allow for more appropriate assignment of employees to bargaining units based on job duties. The annual fiscal impact of these changes is estimated to be at appropriately \$499,000 of which \$478,000 is related to the new classifications and reclassifications. This amount was calculated based on employment costs including salary and benefits over a 12-month period and represents the difference between the cost of the new classifications/reclassifications and annual average compensation of the existing vacancies. Director Kati Parker thanked the staff for going back and making the information about the impact on the budget more understandable.

Director Hofer asked if the changes were only on the management level and if there was anything evaluated at lower levels at this time. Ms. Bhojani answered by stating that the primary reason behind the changes was for succession planning purposes based on anticipated retirements. Some positions are used to help with that effort. Mr. Grindstaff further stated that all the changes are at management level, although in the budget staff is proposing 10 positions in next year's budget as revolving positions to fill positions when the Agency is aware employees are retiring. Chief Financial Officer/AGM Christina Valencia stated that this is already in place with the Contracts and Procurement department. Director Hofer stated that this is a complex Agency with a lot of moving parts and would like a workshop to further explain the changes in the Agency organizational structure.

Upon motion by Director Parker, seconded by Director Camacho, and the motion carried (4-1):

M2017-5-4

MOVED, to:

9. Adopt Resolution Nos. 2017-5-5 and 2017-5-6 to amend the Supervisors' Unit, General Unit and all the Professional Unit Memoranda of Understandings (MOUs) and the Personnel Manual and to amend Salary matrices/schedules for all groups to reflect the new classifications and unit modifications.

RESOLUTION 2017-5-5

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, AMENDING THE SUPERVISORS' UNIT MEMORANDUM OF UNDERSTANDING AND THE SALARY MATRIX/SCHEDULE

(for full text, see Resolution Book)

RESOLUTION 2017-5-6

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, AMENDING THE PROFESSIONAL UNIT AND GENERAL UNIT MEMORANDUMS OF UNDERSTANDING AND THE SALARY SCHEDULE/MATRIX FOR THE UNREPRESENTED, EXECUTIVE MANAGEMENT, LABORATORY UNIT, OPERATORS' ASSOCIATION, PROFESSIONAL UNIT AND GENERAL UNIT

(for full text, see Resolution Book)

(Director Camacho left the meeting room at 10:52 a.m.)

INFORMATION ITEMS

REVIEW OF PROPOSED BIENNIAL BUDGET FOR FISCAL YEARS 2017/18 AND 2018/19 FOR ADMINISTRATIVE SERVICES, WATER RESOURCES, AND NON-RECLAIMABLE WASTEWATER FUNDS (WRITTEN/POWERPOINT)

Chief Financial Officer/AGM Christina Valencia gave an overview on the three remaining funds – Non-Reclaimable Wastewater, Administrative Services, and Water Resources fund. Administrative Services fund records Agency-wide expenses and acquisition of Agency-wide assets. The costs recorded in this fund are then allocated out to other Agency funds based on the amount of support resources needed. One of the major components of this fund is employment cost. Out of the \$61 Million, \$51 Million is employment expense. The employment expense is distributed to other Agency funds and capital projects. The 7% increase next year is mainly driven by succession planning, reclassifications, and the final cost of living adjustment (COLA) that was negotiated with the bargaining units in 2013. In FY 2018/19, there is another increase of 5% which is primarily driven by CalPERS reducing their discount rate from 7.5% to 7% over a three-year period. That translates into a higher cost for all its employers. There is also an estimated COLA of 2%, which is subject to renegotiation of the MOUs set to expire on June 30, 2018.

Director Parker asked what retirement plan the Agency pays for. Ms. Valencia stated that IEUA participates in CalPERS program and social security. She explained that with the CalPERS program, there is the employer contribution (19%) and an employee contribution (8%). Historically, the Agency has paid for both parts. In 2011, IEUA employees began paying 2% of the EPMC rate with the Agency paying the remaining 6%. Incrementally, over the 5 year term of the MOUs, employees have been picking up 1% of that cost each year. Effective July 1, 2017, employees will be paying the full 8%, or 100% of the EPMC rate.

President Elie asked how staff has accounted in the charts for anticipated retirements. Ms. Valencia stated that staff normally budgets very conservatively, budgeting for a low vacancy factor of 3% and budget all positions at the highest level, knowing that the Agency can recruit at a lower level. That gives the some contingency throughout the year.

Director Hofer asked if employee's paying the 8% employee contribution rate was mandated by CalPERS. He asked what happens to organizations that do not comply and if it was optional. Ms. Valencia stated that she did not believe it was mandatory but it was the intent of Public Employee Pension Reform Act (PEPRA) to get to this point. All new employees coming in to the CalPERS system are paying 100% of their costs. Eventually PEPRA gives employers the opportunity to negotiate with employees to pick up their share. Director Hofer stated that with the CalPERS current financial state, the agencies may be responsible for that difference if CalPERS has insufficient retirement funds. Mr. Grindstaff added by stating that there was an analysis two years ago and the Agency's total unfunded liabilities based on 7.5% investment return at that time was about \$70 million dollars. Some was for health care and some was for CalPERS retirement. The Agency has been setting aside funds to pay the unfunded liabilities share. CalPERS increased the employers share based on the fact that they have estimated lower earnings. The Agency has almost fully funded the Other Post-Employment Benefits fund (OPEB), which is limited to health insurance. The Agency's goal was to fully fund all unfunded liabilities over 10 years so that the Agency itself will be in strong financial standing regardless of the performance of CalPERS.

Ms. Valencia continued by stating the Administrative Services fund's only source of revenue is \$2 million dollars a year in property tax and reimbursement from the Chino Basin Desalter for the operation of the Desalter facility. Most expenses, including employment, recorded in the Administrative Services fund are allocated out. The Administrative Service fund reserve supports the Agency's self-insurance programs, employee retirement long term obligations and mandated operating contingency. Director Hofer asked what self-insurance programs entailed. Ms. Valencia answered that it entailed excess worker's compensations, general liabilities, and some umbrella policies. The Agency maintains a resource of about \$6 million to support the self-insured retention (SRI) or deductible, as well as a catastrophic event that may require temporary cash flow.

Ms. Valencia continued onto an overview of the Water Resources Fund's major initiatives. There are two rates that are associated with this fund, one directly related to the deliveries from Metropolitan Water District of Southern California. She went over the Readiness to Serve (RTS) Ten Year Rolling Average (TYRA) 7-year phase-in recovery beginning in FY 2016/17. Ms. Valencia also discussed the Meter Equivalent Unit (MEU) rate, which covers all the cost in the Water Resources program with the exception of Santa Ana River Conservation and Conjunctive Use Program (SARCCUP), Water bank project, and purchases of supplemental water supplies. Director Hofer asked how these other projects may be funded. Ms. Valencia answered by stating that the Agency may have to seek additional financing. The Agency has already received grants to help support a portion of the SARCCUP costs. Some of the Agency share will have to come through the property taxes allocated to the Water Resource fund. Another option may be to establish a fee in the future. Part of the negotiation on the rate restructuring was that the MEU be limited only to support the programs costs and the Agency's regional water use efficiency programs. Discussion ensued of the history of the MEU rates. Ms. Valencia stated that the Water Resources Fund reserve is very minimal because the Agency is using fund reserves and property taxes that would have otherwise been placed in reserves to help support the 7-year phase-in of the RTS fees.

Ms. Valencia ended her presentation with an overview of the Non-Reclaimable Wastewater Program fund. Discussion ensued regarding the Pass-Through Rate factors. Executive Manager of Engineering/AGM Chris Berch mentioned that there was a workshop a couple years ago going over the difference between the regional system and brine lines that may be helpful to bring back. Mr. Grindstaff agreed on bringing the workshop back since it had been 3-4 years since the Agency has negotiated the new contract with the Sanitation District of Los Angeles County.

**ENGINEERING AND CONSTRUCTION MANAGEMENT PROJECT UPDATES
(POWERPOINT)**

Manager of Engineering Shaun Stone gave a PowerPoint presentation on the Engineering and Construction Management project updates. He provided updates on the following projects: EN11031 – RP-5 Flow Equalization; EN11039 - RP-1 Disinfection Pump Improvements; EN14019 – RP-1 Headworks Primary and Secondary Upgrades; EN14047 – SCADA Control Upgrades; EN15012 – RP-1 Primary Effluent Conveyance Improvements; EN16047 – HQ Parking Lot.

Mr. Stone went over the last six years of comparison of the Agency's engineering estimates and construction awards to address Director Hofer's questions from a prior Board meeting.

MWD UPDATE (ORAL)

Executive Manager of Engineering/AGM Chris Berch stated that the biggest update with MWD is that the extra water that they are trying to sell or put in storage. Chino Basin Watermaster, Three Valleys Municipal Water District, IEUA, and MWD have an agreement called the Dry Year Yield (DYY) Program which allow for storage of up to 100,000 acre feet. In the Chino Basin DYY, MWD staff indicated that they are interested in starting the DYY program again. The Agency is planning collaborate with the other DYY agencies to try to find a home for as much of that water as we can in the Chino Basin. The Agency is also discussing some other options with MWD staff to see if there are other ways to further incentivize the Chino Basin parties to get further value from a program that would allow us to put more than the 25,000 acre feet that the agreement calls for. The Agency is in a very good position and hopes to exercise that very quickly.

THE FOLLOWING INFORMATION ITEMS WERE RECEIVED AND FILED BY THE BOARD:

**FY 2017/18 ADOPTED BUDGET FOR INLAND EMPIRE REGIONAL COMPOSTING
AUTHORITY (WRITTEN/POWERPOINT)**

**UPPER SANTA ANA RIVER HABITAT CONSERVATION PLAN & RIVER MODEL UPDATE
(POWERPOINT)**

CALIFORNIA DATA COLLABORATIVE MEMBERSHIP UPDATE (POWERPOINT)

PUBLIC OUTREACH AND COMMUNICATION (WRITTEN)

LEGISLATIVE REPORT FROM INNOVATIVE FEDERAL STRATEGIES (WRITTEN)

LEGISLATIVE REPORT FROM WEST COAST ADVISORS (WRITTEN)

LEGISLATIVE REPORT FROM AGRICULTURAL RESOURCES (WRITTEN)

CALIFORNIA STRATEGIES, LLC MONTHLY ACTIVITY REPORT (WRITTEN)

FEDERAL LEGISLATIVE TRACKING MATRIX (WRITTEN)

STATE LEGISLATIVE TRACKING MATRIX (WRITTEN)

SAWPA REPORT

Director Hall reported that SAWPA adopted the 2018 and 2019 biennial budget, established the brine line rates effective July 1, 2017, and adopted a resolution for the General Manager to execute the plan for the Disadvantage Community Involvement Program to receive grant funding from Prop. 1. SAWPA asked their member agencies to offset the cost for honoring General Manager Celeste Cantu's 40 year career in public service.

MWD REPORT

There was nothing reported.

REGIONAL SEWERAGE PROGRAM POLICY COMMITTEE REPORT

Director Parker reported that the Regional Sewerage Program Policy Committee met Thursday, May 4th. Mr. Shaun Stone gave a presentation on the RP-5 Expansion Consultant Contract. There was one comment from the city of Ontario, that it would be nice to move to construction without taking any loans in the future. Ms. Christina Valencia gave a presentation on the budget.

CHINO BASIN WATERMASTER REPORT

Director Elie reported that now the safe yield is set and they are moving onto storage issues.

GENERAL MANAGER'S REPORT

General Manager Joe Grindstaff reported that the Agency received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association. This is the 19th year in a row that the Agency has received this award. The Agency also received Transparency Certificate of Excellence from the Special District Leadership Foundation which is given out every two years. This is the second time the Agency has received this award. The Agency also received the remaining \$5.2 million remaining in the federal grant from the United States Bureau of Reclamation that fully utilizes the authorization that the Agency had been awarded. The South Archibald TCE Clean Up Project is overfunded and excess money will go to subsidize the cost of the Desalter expansion. Santa Ana Watershed Project Authority (SAWPA) is facilitating discussions with the JPA General Managers to try to come together on key issues.

He also stated that the Agency's wastewater flows have decreased from 52 million gallons per day (mgd) to about 48 mgd. There was a meeting that took place on the Habitat Conservation Plan (HCP), an effort by all upper watershed parties to work on protecting habitat on the Santa Ana River. One of the key items for discussion is the Santa Ana Sucker and what flows are necessary to preserve its habitat. A preliminary report from biologist working on the HCP states that they believe the minimum flow is approximately 20 mgd. Currently, there is about 27.5 mgd flowing down the Santa Ana River. The Agency may not be able to conserve and recycled all the water that all the upper watershed parties will like if the habitat for the Santa Ana Sucker is to be maintained. This is a complicated situation and it will take time to work through. As we move ahead, we will continue to focus on Ground Water storage and renegotiation of the Regional Contract as a priority, the HCP and Santa Ana River flows are going to become a big priority over the next couple years.

BOARD OF DIRECTORS' REQUESTED FUTURE AGENDA ITEMS

There were no Board requested future agenda items.

DIRECTORS' COMMENTS

Director Hofer commented that it is wonderful that the Agency would receive the award from ESGR as a patriotic employer. He expressed his gratitude toward the men who would give up their time with families and put themselves in harm's way so that we can sleep well at night. Director Hall added by stating that with her recent trip to Cuba she realized not all people are blessed with the same freedom and justice at the level of the individual and she has a renewed appreciation of her liberty and freedom in the United States. She stated that she attended the IERCF 10 year anniversary celebration, Honoring the Planes of Fame Museum event, and the ACWA Spring Conference. Director Parker also expressed her appreciation of the award from ESGR. She stated that it should be Maintenance Planner Mike Frazier to receive the award; a lot of people take for granted that we live in the United States and we have the freedoms that we do. She stated that she attended the IERCF 10 year anniversary with Director Hall. She commended IEUA staff for all their work at that event. President Elie stated that he also attended and served as the master of ceremony at the IERCF 10 year anniversary. He stated that it was very well attended and the best part was to see all the individuals who worked there be recognized. He also commented that he had received and accepted a WaterNow Alliance Innovators Award award in Boulder, Colorado for his role in the South Archibald Plume settlement. He humbly accepted that award in Director Gene Koopman's name and honor. He stated that the process was not easy but it was his pleasure to do it for the right reasons. Lastly, he stated that he started

to hold meetings to meet with the Agency employees. He did four groups in the month of April to introduce himself as the new Board President and give staff an informal setting to hear from a Board members perspective. These meetings have confirmed his belief that this Agency has top notch employees who really care about what they do and it's been wonderful to see all the employees in a different setting. There are a few more that he will be doing in May as well.

CLOSED SESSION

The Board went into Closed Session at 11:58 a.m., 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) 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(d)(4) CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION; INITIATION OF LITIGATION: Two (2) Cases

The meeting resumed at 12:43 p.m., and General Counsel Martin Cihigoyenetché stated that the below-mentioned matters were discussed in Closed Session, and the Board took the following actions:

Regarding Conference with Legal Counsel – Existing Litigation:

Chino Basin Municipal Water District vs. City of Chino, Case No. RCV51010

Mwembu vs. IEUA, Case No. CIVDS 1415762

The Board took no reportable action.

Regarding Conference with Real Property Negotiator:

Supplemental Water Transfer/Purchase

The Board took no reportable action.

Regarding Conference with Legal Counsel – Anticipated Litigation; Initiation of Litigation:

Two Cases

The Board took no reportable action.

With no further business, President Elie adjourned the meeting at 12:44 p.m.

Jasmin A. Hall, Secretary/Treasurer

APPROVED: JUNE 14, 2017



**MINUTES OF THE REGULAR
MEETING OF
THE
INLAND EMPIRE UTILITIES AGENCY
BOARD OF DIRECTORS**

**WEDNESDAY, JUNE 7, 2017
10:00 A.M.**

DIRECTORS PRESENT:

Steven J. Elie, President
Michael Camacho, Vice President
Jasmin A. Hall, Secretary/Treasurer
Kati Parker

DIRECTORS ABSENT:

Paul Hofer

STAFF PRESENT:

Joshua Aguilar, Senior Engineer
Christopher Berch, Executive Manager of Engineering/AGM
Pietro Cambiaso, Supervisor – Environmental Compliance & Energy
Michael Dias, Assistant Engineer
Chander Letulle, Manager of Operations and Maintenance
Jesse Pompa, Senior Engineer
Shaun Stone, Manager of Engineering
Tiffany Tran, Associate Engineer Environmental Compliance
Christina Valencia, Chief Financial Officer/AGM
April Woodruff, Board Secretary/Office Manager

OTHERS PRESENT:

Jean Cihigoyenette, JC Law Firm
Paola Avendano, Freddie Rodriguez – Assemblymember

A regular meeting of the Board of Directors of the Inland Empire Utilities Agency* was held at the office of the Agency, 6075 Kimball Avenue, Bldg. B, Chino, California on the above date.

President Elie called the meeting to order at 10:04 a.m. and Manager of Engineering Shaun Stone led the pledge of allegiance to the flag. A quorum was present.

President Elie stated that members of the public may address the Board. There was no one desiring to do so.

President Elie asked if there were any changes/additions/deletions to the agenda. There were no changes/additions/deletions to the agenda.

ACTION ITEMS

SAWPA CELESTE CANTÚ RETIREMENT EVENT

Chief Financial Officer/AGM Christina Valencia stated that Mr. Haller at SAWPA is coordinating the retirement event for General Manager Celeste Cantú on June 22. Mr. Haller is asking the SAWPA member agencies to contribute funds to support the event. The contribution requested will be to pay for the remaining balance after contributions from private and third parties, including a fee of \$35 per person attending the event. SAWPA has requested that the members agencies contribute up to \$2,000 each. Western Municipal Water District, Eastern Municipal Water District and San Bernardino Valley Municipal Water District stated that they will contribute up to \$2,000 each. There is no update on the Orange County Water District. The recommendation for the Board is to approve a contribution of up to \$2,000. Director Camacho stated that he had no problem in trying to help raise money or help make calls. However, he stated he felt uncomfortable using public dollars for anyone's retirement event. There was no further comment or motion.

Upon lack of a motion, there was no action made.

CONSENT ITEMS

President Elie asked if there were any Board members wishing to pull an item from the Consent Calendar for discussion. There was no one desiring to do so.

Upon motion by President Elie, seconded by Director Parker, and unanimously carried:

M2017-6-1

MOVED, to approve the Consent Calendar.

- A. Adopted Resolution No. 2017-6-12, commending Councilmember Glenn Duncan for his 25 years of service with the City of Chino.

WORKSHOPS

ENERGY MANAGEMENT PLAN WORKSHOP #2

Executive Manager of Engineering/AGM Chris Berch stated that this is the second workshop in a series presented to the Board. The first workshop was done in April and it focused on Regional Plant No. 5 (RP-5). The focus of this presentation will be to build on that and to give an overview of the current activity and long term planning for energy management at Regional Plant No. 1 (RP-1). The energy management goals are essential to meeting energy management specific activities within the Agency. Managing costs and energy management are closely correlated with the energy costs being a big part of the Agency's budget and important for the Agency's overall business goals.

Mr. Berch stated that for RP-1, energy management is the largest single cost in the O&M budget other than labor. It's a third of the budget, which is \$3 million (M) dollars a year for the RP-1 plant. The Agency has solar at three different locations within the facility and a fuel cell located adjacent to old engine facility. The current RP-1 energy demand is approximately 4 Megawatts (MG) during the summer season. There is an average of 0.6 MG from solar during peak periods. When the fuel cell is operating combined with solar, it gives a capacity of about 3.1 MG. Discussion ensued about the recycled water pumps, capacity of the fuel cell and if the fuel cells will be operable in the future. Mr. Berch stated to use the fuel cell as a purely natural gas facility is an option and proven to work well. At some point, the Agency will have to make a decision on what to do long term with this facility.

He continued by stating that peak power independence is not being met. In regards to grid interdependence, there is no battery storage at the site at this time but will be working toward grid interdependence. The Agency is one-third of the way toward the carbon neutrality goal. He spoke of the importance of long term planning, the ten year capital program and other initiatives. There is a significant amount of changes that will be happening to the facility that are going to impact power demands and will also generate more biogas and have other opportunity for the Agency. When looking at long term planning for energy management, it's broken down to two main approaches. Option one is electric generation, using equipment that uses biogas and produces power. Generally, things such as fuel cells, internal combustion engines and microturbines are all types of equipment that can produce that type of power. Mr. Berch explained the process of the biogas being used for electrical generation. Some of the benefits of electrical generation is that it is a beneficial use of biogas, renewable energy source and contributes to meeting IEUA Energy Management Plan initiatives. Some of the biggest downsides is that it is very influenced by market trends in regards to cost of power and regulatory concerns. The other option that is being considered is using the biogas as transportation fuel and/or pipeline injection to natural gas line, renewable natural gas (RNG). The biogas can be put into tanker trucks and taken where it can be used as transportation fuel. The gas company has amended/created tariffs and received approval to carry out injection programs where biogas is cleaned up and put back in the pipeline. Mr. Berch explained the process of the biogas being used for transportation fuel and/or pipeline injection. If pursued, this process will both use the biogas for transportation fuel and pipeline injection. Some of the biggest benefits of the program is that there is significant potential revenue stream opportunities, possible long term contracts, 100 percent beneficial use of biogas, and it aligns with State and local air quality goals. Some of downsides is that there is a lot of variability in the market, does not contribute to meeting all Agency Energy Management Plan Initiatives, and the energy market price.

Discussion ensued regarding revenues, reinvestment back into renewable program, and Agency business goals. Mr. Berch stated that staff's plan is to continue to pursue cost effective energy projects that meet Agency goals. Staff is considering beginning a (RNG) feasibility study to look at the value of undertaking a renewable natural gas project. Staff will provide an annual energy update to the Board and continue to research alternative renewable resources. Discussion ensued about the benefits of the battery, site restrictions, alignment with core agency goals, challenges of public/private partnerships, and concerns about the gap of consumption and generation at RP-1.

ENGINEERING AND CONSTRUCTION MANAGEMENT PROGRAM UPDATES

Manager of Engineering Shaun Stone started with the Engineering department's drivers – to implement IEUA's Ten Year Capital Improvement Plan (TYCIP), project management (PM) integration – PM from design through construction, compliance with the project's goals, approved plans, specifications, and standards, and support Operations and Maintenance in minor construction, safety and emergency projects. Mr. Stone gave a snapshot of the current TYCIP with the budget at \$700M and 120 active projects. He went over the organization chart of the Engineering department consisting of 37 staff members, imbedded consulting staff, office engineering, and construction management staff. There are four supervisor staff – three supervisors and one manager. President Elie stated that he would like to see an organization chart for the entire Agency. He stated that seeing the chart in this form is extraordinarily useful.

Mr. Stone continued with an Engineering strategic planning update. President Elie asked if there was a plan where contractors can continuously apply to be prequalified. Mr. Stone answered that for projects \$2M and under, the Agency prequalified every two years and they remain on the list for four years. On projects over \$2M, it is an individual project prequalification. Even if a company is on their prequalified list for \$2M and under, for project over \$2M they still have to submit to be considered and will be vetted again. Mr. Stone stated that the program goals falls under four main categories: budget, schedule, communication, and management change. Staff's goal is to manage the budget and schedule to have it remain on track for projections made at the beginning

of the project. One of the emphasis on communications is to have early, proactive, and open communication. He stated that the last category is change management, where identification and implementation of required changes may be requested but there is an impact.

Mr. Stone stated that there are three ways projects are created: Ten Year Capital Improvement Plan / annual budget allocations, operations and maintenance requests throughout the year and emergency projects. There are many steps that go into getting a project to the end where it is in operation. Mr. Stone went into detail on the projects life cycle, charter, design kick off, design/permitting, bid and award, and construction. There are three budget gates in the life of the project where the budget is assessed and potentially modified – inception, design kick off, and the construction bid and award phases. Mr. Stone stated that the next steps in the strategic planning of the Engineering department is the integration of the Asset Management Plan with the TYCIP, to complete the long-term planning. The Engineering department is currently working on the continuity of documents, working to streamline all documents and tie language together so that they are a consistent support. He ended by asking the Board if they have anything else the Engineering department should be looking at beyond the business goals.

With no further business, President Elie adjourned the meeting at 11:33 a.m.

Jasmin A. Hall, Secretary/Treasurer

APPROVED: JUNE 21, 2017

CONSENT
CALENDAR
ITEM

3B

Date: June 21, 2017

To: The Honorable Board of Directors

Through: Finance and Administration Committee (6/14/17)

From: P. Joseph Grindstaff *PG*
General Manager

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

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

Subject: Report on General Disbursements

RECOMMENDATION

It is recommended that the Board of Directors approve the total disbursements for the month of April 2017, in the amount of \$10,529,057.72.

BACKGROUND

April disbursement activity includes vendor check payments of \$3,700,017.13 and worker's compensation check payments of \$4,992.82. The total amount of ACH payments was \$2,834,142.55. The total amount of wire transfer payments (excluding payroll) was \$2,320,737.54. The total pay for the Board of Directors was \$6,326.42. The total pay for employees was \$1,662,841.26.

Attachment	Payment Type	Amount
1	Vendor Checks	\$3,700,017.13
2	Workers' Comp Checks	\$4,992.82
3	Vendor ACHs	\$2,834,142.55
4	Vendor Wires (excludes Payroll)	\$2,320,737.54
5	Payroll-Net Pay-Directors	\$6,326.42
6	Payroll-Net Pay-Employees	\$1,662,841.26
Total Disbursements		\$10,529,057.72

Report on General Disbursements

June 21, 2017

Page 2

Payments to vendors this month above \$500,000 include:

Vendor	Amount	Description
MWD	897,349.49	February 2017 Water Purchase
PERS	884,844.81	4/17 Hlth Ins; P/R 8,9,DIR 004 PERS Cont
KEMP BROS CONST	874,191.21	EN15008-Water Quality Lab 3/17 Pay Est 7
JC LAW FIRM	589,320.00	4/17 Legal Settlement

The report on general disbursements is consistent with the Agency's Business Goal of Fiscal Responsibility in providing financial reporting that accounts for general disbursements associated with operating requirements.

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

The cash held by the Agency's various funds, including the Administrative Services (GG) Fund, is reduced as a result of paying the Agency's authorized expenditures.

Attachment 1

Vendor Checks

Bank	CBB	CITIZENS BUSINESS BANK		ONTARIO CA 917610000		
Bank Key	122234149					
Acct number	CHECK	231167641				
Check number from to	Payment	Prnt date	Crcy	Amount paid (K\$)	Recipient/void reason code	Enca./void
218592	2200082005	04/06/2017	USD	7,554.50	AEROTEK INC ATLANTA GA	04/12/2017
218594	2200081983	04/06/2017	USD	1,053.02	ATLAS WEST INC PASADENA CA	04/10/2017
218595	2200082061	04/06/2017	USD	115.50	ALQUISIRA, ROBERT CHINO HILLS CA	04/11/2017
218596	2200082059	04/06/2017	USD	116.50	AR/MHILA, BLANCA CHINO HILLS CA	04/18/2017
218597	2200082025	04/06/2017	USD	2,121.99	ASAP INDUSTRIAL SUPPLY FONTANA CA	04/11/2017
218598	2200082030	04/06/2017	USD	732.65	AUTOZONE INC ATLANTA GA	04/12/2017
218599	2200082023	04/06/2017	USD	180.09	BAM GRAPHICS N LAS VEGAS NV	04/11/2017
218600	2200082033	04/06/2017	USD	16,918.83	BRIGHTVIEW LANDSCAPE SERVICES LOS ANGELES CA	04/10/2017
218601	2200082051	04/06/2017	USD	1,361.15	BUFRTEC WASTE INDUSTRIES INC FONTANA CA	04/11/2017
218602	2200081996	04/06/2017	USD	438.96	CALIFORNIA NEWSPAPER SERVICE LOS ANGELES CA	04/11/2017
218603	2200082035	04/06/2017	USD	3,744.14	CALIFORNIA WATER TECHNOLOGIES, PASADENA CA	04/10/2017
218604	2200081993	04/06/2017	USD	145.49	CA OLYMPIC SAFETY CORONA CA	04/11/2017
218605	2200082060	04/06/2017	USD	7.99	CAYACHO, MICHAEL CHINO HILLS CA	04/19/2017
218606	2200081994	04/06/2017	USD	26,154.80	CAROLLO ENGINEERS INC SALT LAKE CITY UT	04/13/2017
218607	2200082020	04/06/2017	USD	2,158.22	CINTAS CORPORATION LOCH150 PHOENIX AZ	04/17/2017
218608	2200082034	04/06/2017	USD	5,433.38	COMMUNICATIONS USA INC ESCONCIDO CA	04/11/2017
218609	2200082046	04/06/2017	USD	470.75	CUCAMONGA VALLEY WATER DISTRICT LOS ANGELES CA	04/11/2017
218610	2200081986	04/06/2017	USD	2,008.00	CUCAMONGA VALLEY WATER DISTRICT RANCHO CUCAMONGA CA	
218611	2200081990	04/06/2017	USD	9,855.73	DHL MARKETING L P PASADENA CA	04/11/2017
218612	2200082024	04/06/2017			voided by KMCHRIS - Check not needed	04/19/2017
218613	2200082055	04/06/2017	USD	1,264.75	DIX, GARY CHINO HILLS CA	04/11/2017
218614	2200082043	04/06/2017	USD	16,650.97	DORGAN LEGAL SERVICES LLP PASADENA CA	04/11/2017
218615	2200082029	04/06/2017	USD	1,550.00	EPI-USE AMERICA INC ATLANTA GA	04/17/2017
218616	2200082028	04/06/2017	USD	4,905.00	EUGOFINS EATON ANALYTICAL, INGRAPEVINE TX	04/11/2017
218617	2200081998	04/06/2017	USD	2,316.37	EXRESS PIPE & SUPPLY INC ANAHEIM CA	04/12/2017
218618	2200082040	04/06/2017	USD	21,775.87	FERRERA COASTAL CONSTRUCTION BRANDBURG MO	06/23/2017
218619	2200081976	04/06/2017	USD	546.66	FISHER SCIENTIFIC LOS ANGELES CA	04/10/2017
218620	2200081995	04/06/2017	USD	495.73	FLORENCH FILTER CORP COMPTON CA	04/17/2017
218621	2200082049	04/06/2017	USD	534.08	FONTANA WATER COMPANY FONTANA CA	04/13/2017
218622	2200082052	04/06/2017	USD	2,312.33	FRONTIER COMMUNICATIONS CORP CINCINNATI OH	04/13/2017
218623	2200081985	04/06/2017	USD	348.09	GRANGER PALATINE IL	04/11/2017
218624	2200082053	04/06/2017	USD	54.00	GU, JASON CHINO HILLS CA	04/24/2017
218625	2200082008	04/06/2017	USD	92.78	HACH COMPANY CHICAGO IL	04/12/2017
218626	2200082062	04/06/2017	USD	202.34	HALL, JASMIN CHINO HILLS CA	04/21/2017
218627	2200082031	04/06/2017	USD	14,000.00	HAMPER & ASSOCIATES ENGINEER INC CORONA CA	04/11/2017
218628	2200081977	04/06/2017	USD	1,855.79	HARRINGTON INDUSTRIAL PLASTICS CHINO CA	04/11/2017
218629	2200081978	04/06/2017	USD	1,364.87	HOME DEPOT CREDIT SERVICES DES MOINES IA	04/14/2017
218630	2200081987	04/06/2017	USD	125.00	HSH RR INC RANCHO CUCAMONGA CA	04/12/2017
218631	2200082044	04/06/2017	USD	719.40	LE GOURMET FOOD TRUCKS LLC REDLANDS CA	04/17/2017
218632	2200082050	04/06/2017	USD	31,920.47	INLAND BIOENERGY LLC FONTANA CA	04/20/2017
218633	2200082032	04/06/2017	USD	520.00	MICROAGE PHOENIX AZ	04/12/2017
218634	2200081984	04/06/2017	USD	1,774.48	MISSION REPROGRAPHICS RIVERSIDE CA	04/13/2017
218635	2200081989	04/06/2017	USD	2,801.46	MOYON INDUSTRIES INC LOS ANGELES CA	04/18/2017
218636	2200082045	04/06/2017	USD	1,750.00	NV MEDIA RIVERSIDE CA	04/11/2017
218637	2200081991	04/06/2017	USD	50.41	O RINGS & THINGS FONTANA CA	04/28/2017
218638	2200081975	04/06/2017	USD	2,420.22	OFFICE DEPOT PHOENIX AZ	04/13/2017

Bank CBB CITIZENS BUSINESS BANK				ONTARIO CA 917610000		
Bank Key 122234149						
Acct number CHECK 231167641						
Check number from to	Payment	Pmnt date	Crcy	Amount paid (FC)	Recipient/void reason code	Enca./void
218619	2200081979	04/06/2017	USD	8,440.40	ORANGE COUNTY WATER DISTRICT FOUNTAIN VALLEY CA	04/11/2017
218640	2200082011	04/06/2017	USD	2,139.00	OS'S INC CHINO CA	04/13/2017
218641	2200081980	04/06/2017	USD	35,292.00	PERKINELMER HEALTH SCIENCES INCHICAGO IL	04/12/2017
218642	2200082037	04/06/2017	USD	473.04	PHOTO ART INDUSTRIES-CHINO CA	04/14/2017
218643	2200082013	04/06/2017	USD	271.84	PLUMBERS DEPOT INC HAWTHORNE CA	04/11/2017
218644	2200081997	04/06/2017	USD	590.24	RED WING SHOE STORE DELAND CA	04/18/2017
218645	2200082018	04/06/2017	USD	942.15	RICOH USA INC PASADENA CA	04/10/2017
218648	2200082086	04/06/2017	USD	18.00	RILEY, STEPHANIE CHINO CA	04/13/2017
218647	2200082010	04/06/2017	USD	2,000.00	RIVERSIDE COUNTY FLOOD CONTROL RIVERSIDE CA	04/17/2017
218648	2200082039	04/06/2017	USD	3,500.00	RM ARCHITECTURE IRVING CA	04/12/2017
218649	2200081988	04/06/2017	USD	9,422.74	ROCKHILL ENGINEERING & EQUIPMENTUSTIN CA	04/11/2017
218650	2200081981	04/06/2017	USD	1,926.33	ROYAL WHOLESALE ELECTRIC ORANGE CA	04/12/2017
218651	2200082019	04/06/2017	USD	311.00	SAN BERNARDINO COUNTY SAN BERNARDINO CA	04/19/2017
218652	2200082002	04/06/2017	USD	15,001.00	SCLE ENCINITAS CA	04/23/2017
218653	2200082016	04/06/2017	USD	10,658.95	SKALAR INC BUFORD CA	05/12/2017
218654	2200082047	04/06/2017	USD	57,496.10	SO CALIF EDISON ROSEMEAD CA	04/12/2017
218655	2200082048	04/06/2017	USD	1,233.44	SO CALIF GAS MONTEREY PARK CA	04/14/2017
218656	2200082063	04/06/2017	USD	742.13	ST PIERRE, DANIEL CHINO HILLS CA	04/11/2017
218657	2200082017	04/06/2017	USD	28,444.36	STANTEC CONSULTING INC CHICAGO IL	04/11/2017
218658	2200081992	04/06/2017	USD	70.00	STATE WATER RESOURCES CONTRL BESACRAMENTO CA	04/13/2017
218659	2200082041	04/06/2017	USD	5,092.76	SUPERIOR ELECTRIC MOTOR SERVICEVERNON CA	04/17/2017
218660	2200081959	04/06/2017	USD	590.81	TELEDYNE INSTRUMENTS INC CHICAGO IL	04/12/2017
218661	2200082036	04/06/2017	USD	1,199.15	THERMO ELECTRON NORTH AMERICA ATLANTA GA	04/12/2017
218662	2200082022	04/06/2017	USD	6,787.50	THOMAS HARDEN & CO INC ANAHEIM CA	04/18/2017
218663	2200082001	04/06/2017	USD	371.25	TOM LODSON & ASSOCIATES SAN BERNARDINO CA	04/14/2017
218664	2200082004	04/06/2017	USD	3,535.00	TRE FULL AND ACCURATE CORONA CA	04/13/2017
218665	2200082042	04/06/2017	USD	9,064.08	TRUWLOK INC WINSTON SALEM NC	04/14/2017
218666	2200082021	04/06/2017	USD	22,909.05	U S BANK ST LOUIS MO	04/11/2017
218667	2200082003	04/06/2017	USD	716.00	U S HEALTHWORKS MEDICAL GROUP LOS ANGELES CA	04/10/2017
218668	2200082000	04/06/2017	USD	387.98	U S ROSE INC ONTARIO CA	04/13/2017
218669	2200082026	04/06/2017	USD	3,979.54	UPS PROTECTION INC ANAHEIM CA	04/11/2017
218670	2200082014	04/06/2017	USD	227.35	URMAGE BLOOMINGTON CA	04/20/2017
218671	2200082038	04/06/2017	USD	2,835.25	V3IT CONSULTING INC WAPERVILLE IL	04/12/2017
218672	2200082054	04/06/2017	USD	12.80	VILARDE, TERESA CHINO HILLS CA	04/24/2017
218673	2200082007	04/06/2017	USD	15,272.41	W F BASIC CONSTRUCTION CO INC LONG BEACH CA	04/12/2017
218674	2200082058	04/06/2017	USD	115.50	WALKER, RAYMOND CHINO HILLS CA	05/03/2017
218675	2200082015	04/06/2017	USD	15,050.00	WATER ENVIRONMENT & REUSE FOUNDPHILADELPHIA PA	04/11/2017
218676	2200081982	04/06/2017	USD	3,408.00	WEST VALLEY MOSQUITO AND ONTARIO CA	04/11/2017
218677	2200082006	04/06/2017	USD	4,672.47	WESTERN WATER WORKS SUPPLY CO CHINO HILLS CA	04/13/2017
218678	2200082012	04/06/2017	USD	682.83	WORLDWIDE EXPRESS ALBANY NY	04/11/2017
218679	2200082009	04/06/2017	USD	854.46	KYLEM DEWATERING SOLUTIONS INCCHICAGO IL	04/13/2017
218680	2200082027	04/06/2017	USD	5,809.16	KYLEM WATER SOLUTIONS USA INC CHICAGO IL	04/13/2017
218681	2200082057	04/06/2017	USD	168.50	YIM, BRADLEY CHINO HILLS CA	04/17/2017
218682	2200082064	04/06/2017	USD	3,186.76	ZHANG, TIAN RANCHO CUCAMONGA CA	04/20/2017
218683	2200082076	04/12/2017	USD	287.33	CAMACHO, MICHAEL CHINO HILLS CA	04/19/2017
218684	2200082131	04/13/2017	USD	145.00	AELOTIX INC ATLANTA GA	04/19/2017

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218688	2200082158	04/13/2017	USD	975.00	AIF MANAGEMENT INDUSTRIES INC RANCHO CUCAMONGA CA	04/18/2017	
218689	2200082168	04/13/2017	USD	219.26	AIFCAS WEST INC PASADENA CA	04/17/2017	
218690	2200082157	04/13/2017	USD	450.00	ALISON LOUGHER & ASSOCIATES RIVERSIDE CA	04/18/2017	
218691	2200082116	04/13/2017	USD	10,321.33	ALL AMERICAN CRANE MAINTENANCE WALNUT CA	04/18/2017	
218692	2200082187	04/13/2017	USD	244.00	ACQUISIRA, ROBERT CHINO HILLS CA	04/18/2017	
218693	2200082146	04/13/2017	USD	870.38	ALFA FOODCRAFT COFFEE ORANGE CA	04/21/2017	
218694	2200082155	04/13/2017	USD	146.87	ALTA LOMA SCHOOL DISTRICT ALTA LOMA CA	05/08/2017	
218695	2200082129	04/13/2017	USD	3,006.19	AM CONSERVATION GROUP INC CHICAGO IL	04/18/2017	
218696	2200082142	04/13/2017	USD	3,140.00	AMF MECHANICAL INC COSTA MESA CA	04/18/2017	
218697	2200082113	04/13/2017	USD	2,004.83	ARLEONE EMPLOYMENT SERVICES GLENDALE CA	04/18/2017	
218698	2200082148	04/13/2017	USD	2,625.78	ASAP INDUSTRIAL SUPPLY FONTANA CA	04/18/2017	
218699	2200082115	04/13/2017	USD	28,932.50	BLACK & VEATCH CORPORATION KANSAS CITY MO	04/18/2017	
218700	2200082191	04/13/2017	USD	31.86	BOUGHAN, ARIN CHINO HILLS CA	04/18/2017	
218701	2200082170	04/13/2017	USD	6,729.42	BURRTEG WASTE INDUSTRIES INC FONTANA CA	04/20/2017	
218702	2200082114	04/13/2017	USD	516.00	CALIF WATER ENVIRONMENT ASSOC OAKLAND CA	04/21/2017	
218703	2200082141	04/13/2017	USD	8,000.00	CALIFORNIA STRATEGIES LLC SACRAMENTO CA	04/21/2017	
218704	2200082152	04/13/2017	USD	10,852.19	CALIFORNIA WATER TECHNOLOGIES, PASADENA CA	04/18/2017	
218705	2200082178	04/13/2017	USD	147.63	CARL E TAYLOR III CRYSTAL RIVER FL	04/18/2017	
218706	2200082122	04/13/2017	USD	8,776.75	CAROLLO ENGINEERS INC SALT LAKE CITY UT	04/20/2017	
218707	2200082117	04/13/2017	USD	1,388.06	CEM CORP CHICAGO IL	04/18/2017	
218708	2200082121	04/13/2017	USD	500.00	CHINO VALLEY CHAMBER OF COMMERCHINO CA	04/28/2017	
218709	2200082138	04/13/2017	USD	2,590.32	CINTAS CORPORATION LOC#150 PHOENIX AZ	04/26/2017	
218710	2200082176	04/13/2017	USD	467.50	CITY EMPLOYERS ASSOCIATES LONG BEACH CA	04/18/2017	
218711	2200082166	04/13/2017	USD	3,786.73	CITY OF CHINO CHINO CA	04/17/2017	
218712	2200082099	04/13/2017	USD	27.70	CITY RENTALS INC ONTARIO CA	04/21/2017	
218713	2200082151	04/13/2017	USD	19,654.75	CONSERV CONSTRUCTION INC MURRISHTA CA	04/19/2017	
218714	2200082136	04/13/2017	USD	1,681.83	CS-AMSCO HUNTINGTON BEACH CA	04/19/2017	
218715	2200082185	04/13/2017	USD	1,370.88	DEGADO, NELSON CHINO HILLS CA	04/19/2017	
218716	2200082156	04/13/2017	USD	300.00	DOCUMENT DEMOLITION LLC CHINO CA	05/10/2017	
218717	2200082130	04/13/2017	USD	5,982.50	DUECK & ASSOCIATES INC ENCINITAS CA	04/24/2017	
218718	2200082190	04/13/2017	USD	350.00	DYER, DANIEL CHINO HILLS CA	04/19/2017	
218719	2200082150	04/13/2017	USD	2,662.31	E & B BLOCK PLUMBING INC RIVERSIDE CA	04/18/2017	
218720	2200082182	04/13/2017	USD	2,708.93	EDLY, NICHOLAS CHINO HILLS CA	04/17/2017	
218721	2200082186	04/13/2017	USD	79.65	ELER, STEVE CHINO HILLS CA	04/25/2017	
218722	2200082120	04/13/2017	USD	123.00	ENVIRONMENTAL CONSULTING & TESS SUPERIOR WI	04/19/2017	
218723	2200082101	04/13/2017	USD	1,972.46	ELSHER SCIENTIFIC LOS ANGELES CA	04/21/2017	
218724	2200082102	04/13/2017	USD	4,542.53	FLC SYSTEMS INC ANAHEIM HILLS CA	04/20/2017	
218725	2200082188	04/13/2017	USD	3,000.00	FLEKES, JUAN CHINO HILLS CA	04/19/2017	
218726	2200082172	04/13/2017	USD	4,876.90	FRONTIER COMMUNICATIONS CORP CINCINNATI OH	04/21/2017	
218727	2200082112	04/13/2017	USD	68.00	GOVERNMENT FINANCE OFFICERS ASCHICAGO IL	04/18/2017	
218728	2200082111	04/13/2017	USD	5,618.97	GRAINGER PALATINE IL	04/18/2017	
218729	2200082110	04/13/2017	USD	233.17	GRAINGER INC LAKE FOREST IL	05/01/2017	
218730	2200082132	04/13/2017	USD	9,916.87	HACH COMPANY CHICAGO IL	04/19/2017	
218731	2200082143	04/13/2017	USD	3,022.00	HARRIS STEEL FENCE CO INC LOS ANGELES CA	05/10/2017	
218732	2200082103	04/13/2017	USD	3,882.84	HOME DEPOT CREDIT SERVICES DES MOINES IA	04/21/2017	
218733	2200082161	04/13/2017	USD	1,858.97	IMBERT'S UNLIMITED BEVERLY MA	04/18/2017	

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218731	2200082174	04/13/2017	USD	66.00	INLAND EMPIRE UNITED WAY RANCHO CUCAMONGA CA	04/21/2017
218732	2200082104	04/13/2017	USD	136.85	J & TUCKER & SON INC COVINA CA	04/21/2017
218733	2200082154	04/13/2017	USD	955.00	KAZEN INFOSOURCE LLC PALO ALTO CA	04/19/2017
218734	2200082147	04/13/2017	USD	1,250.00	KIRCHILL CEM SACRAMENTO CA	04/18/2017
218735	2200082126	04/13/2017	USD	2,141.40	LEH & RO INC CITY OF INDUSTRY CA	04/18/2017
218736	2200082171	04/13/2017	USD	962.08	LEVEL 3 COMMUNICATIONS LLC DENVER CO	04/19/2017
218737	2200082183	04/13/2017	USD	350.00	LITTLETON, DANNY CHINO HILLS CA	05/02/2017
218738	2200082165	04/13/2017	USD	4,363.00	LOCAL GOVERNMENT COMMISSION SACRAMENTO CA	04/25/2017
218739	2200082159	04/13/2017	USD	1,184.56	MANAGED MOBILE INC PLACENTIA CA	04/19/2017
218740	2200082179	04/13/2017	USD	288.00	MARIA PRESQUEZ LAS VEGAS NV	04/28/2017
218741	2200082145	04/13/2017	USD	757.99	MARS ENVIRONMENTAL INC ANAHEIM CA	04/24/2017
218742	2200082129	04/13/2017	USD	1,794.98	MCCROMETER INC CHICAGO IL	04/19/2017
218743	2200082109	04/13/2017	USD	9.70	MISSION REPROGRAPHICS RIVERSIDE CA	04/19/2017
218744	2200082133	04/13/2017	USD	10,000.00	NATIONAL THEATER FOR CHILDREN MINNEAPOLIS MN	04/19/2017
218745	2200082140	04/13/2017	USD	806.18	NESTLE WATERS NORTH AMERICA LOUISVILLE KY	04/21/2017
218746	2200082162	04/13/2017	USD	2,623.41	NEW MILLENNIUM CONSTRUCTION CHINO HILLS CA	04/18/2017
218747	2200082100	04/13/2017	USD	742.03	OFFICE DEPOT PHOENIX AZ	04/24/2017
218748	2200082167	04/13/2017	USD	984.81	ONTARIO MUNICIPAL UTILITIES COONTARIO CA	04/21/2017
218749	2200082192	04/13/2017	USD	84.83	PARKER, KATI CHINO HILLS CA	04/21/2017
218750	2200082177	04/13/2017	USD	430.50	PATRICK W HUNTER PHELAN CA	04/19/2017
218751	2200082189	04/13/2017	USD	74.90	PIVOVAROFF, JASON CHINO HILLS CA	04/19/2017
218752	2200082180	04/13/2017	USD	2,525.39	QUIROZ, OSCAR CHINO HILLS CA	04/24/2017
218753	2200082149	04/13/2017	USD	753.69	RDO TRUST # 80-5800 LAKESIDE CA	04/19/2017
218754	2200082135	04/13/2017	USD	24,105.00	RMC WATER AND ENVIRONMENT WALNUT CREEK CA	04/20/2017
218755	2200082119	04/13/2017	USD	3,920.00	RMC ENGINEERING & DESIGN CORONA DEL MAR CA	04/19/2017
218756	2200082105	04/13/2017	USD	5,120.64	ROYAL WHOLESALE ELECTRIC ORANGE CA	04/23/2017
218757	2200082173	04/13/2017	USD	138.85	SHERIFF'S COURT SERVICES SAN BERNARDINO CA	05/10/2017
218758	2200082137	04/13/2017	USD	33.55	SKILAH INC BUFORD GA	05/12/2017
218759	2200082106	04/13/2017	USD	341.71	SMART & PINAL LOS ANGELES CA	04/24/2017
218760	2200082168	04/13/2017	USD	70,596.63	SO CALIF EDISON ROSEMEAD CA	04/20/2017
218761	2200082169	04/13/2017	USD	106.99	SO CALIF GAS MONTEREY PARK CA	04/24/2017
218762	2200082118	04/13/2017	USD	39,600.00	SOUTHERN CALIFORNIA GAS CO LOS ANGELES CA	
218763	2200082107	04/13/2017	USD	880.48	SOUTHWEST ALARM SERVICE UPLAND CA	04/27/2017
218764	2200082139	04/13/2017	USD	2,433.00	SUN WIRELESS SAN DIEGO CA	04/29/2017
218765	2200082124	04/13/2017	USD	309.24	TELEPHONE INSTRUMENTS INC CHICAGO IL	04/19/2017
218766	2200082125	04/13/2017	USD	53,048.26	TOY DODSON & ASSOCIATES SAN BERNARDINO CA	04/23/2017
218767	2200082160	04/13/2017	USD	8,400.00	TPC TRAINCO BUFFALO GROVE IL	04/19/2017
218768	2200082184	04/13/2017	USD	350.00	TRAN, VINCENT CHINO HILLS CA	04/18/2017
218769	2200082153	04/13/2017	USD	350.00	TRUPERI SMITH AND ASSOCIATES, IRVINE CA	04/20/2017
218770	2200082123	04/13/2017	USD	5,202.12	U S BANK NA ST PAUL MN	04/19/2017
218771	2200082128	04/13/2017	USD	398.00	U S HEALTHWORKS MEDICAL GROUP LOS ANGELES CA	04/19/2017
218772	2200082144	04/13/2017	USD	8,416.78	UR BANK VOYAGER FLEET SYSTEMS KANSAS CITY MO	04/19/2017
218773	2200082175	04/13/2017	USD	243.33	US DEPARTMENT OF EDUCATION ATLANTA GA	04/20/2017
218774	2200082153	04/13/2017	USD	60,235.08	VIRAMONTES EXPRESS INC CORONA CA	04/25/2017
218775	2200082134	04/13/2017	USD	121.01	WORLDWIDE EXPRESS ALBANY NY	04/18/2017
218776	2200082164	04/13/2017	USD	1,641.00	XORKE ENGINEERING LLC SAN JUAN CAPISTRANO CA	04/20/2017

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218777	2200082181	04/13/2017	USD	1,569.48	ZUGHBI, JAMAL A CHINO HILLS CA	04/24/2017
218778	2200082193	04/13/2017	USD	228.01	KONICA MINOLTA PASADENA CA	04/19/2017
218779	2200082321	04/20/2017	USD	800.00	A PLUS PROMOTIONS TORRANCE CA	05/01/2017
218780	2200082259	04/20/2017	USD	522.00	ABROTEK INC ATLANTA GA	04/26/2017
218781	2200082229	04/20/2017	USD	1,399.26	AIRGAS WEST INC PASADENA CA	04/24/2017
218782	2200082236	04/20/2017	USD	2,266.84	ALL AMERICAN CRANE MAINTENANCE WALNUT CA	04/25/2017
218783	2200082340	04/20/2017	USD	274.00	ALQUISIKA, ROBERT CHINO HILLS CA	04/25/2017
218784	2200082320	04/20/2017	USD	108.00	ROSENDAREZ IIT, JESUS M FONTANA CA	05/01/2017
218785	2200082287	04/20/2017	USD	381.17	ASLF INDUSTRIAL SUPPLY FONTANA CA	04/25/2017
218786	2200082314	04/20/2017	USD	45,019.08	BANKER BANK SACRAMENTO CA	04/25/2017
218787	2200082333	04/20/2017	USD	99.00	BARRON, GREG CHINO HILLS CA	04/26/2017
218788	2200082268	04/20/2017	USD	125.98	BAVCO LONG BEACH CA	04/25/2017
218789	2200082343	04/20/2017	USD	36.72	BELTRAN, MIA CHINO HILLS CA	04/24/2017
218790	2200082295	04/20/2017	USD	1,087.47	BEELER PACKAGING LLC CHICAGO IL	04/25/2017
218791	2200082260	04/20/2017	USD	7,500.00	BIA OF SOUTHERN CALIFORNIA INC RANCHO CUCAMONGA CA	04/24/2017
218792	2200082342	04/20/2017	USD	274.00	BOUGHAN, ARIN CHINO HILLS CA	04/24/2017
218793	2200082276	04/20/2017	USD	100.00	BOWMAN, JIM W. ONTARIO CA	04/24/2017
218794	2200082305	04/20/2017	USD	30,072.25	BUSINESS CARD WILMINGTON DE	04/24/2017
218795	2200082298	04/20/2017	USD	7,052.71	CALIFORNIA WATER TECHNOLOGIES PASADENA CA	04/25/2017
218796	2200082241	04/20/2017	USD	58.61	CALOLYMPIC SAFETY CORONA CA	04/25/2017
218797	2200082329	04/20/2017	USD	83.00	CAMBIASO, PIETRO CHINO HILLS CA	04/25/2017
218798	2200082319	04/20/2017	USD	265.67	CARLOS BUFFALO NY	04/26/2017
218799	2200082243	04/20/2017	USD	59,222.23	CAROLLO ENGINEERS INC SALT LAKE CITY UT	04/25/2017
218800	2200082265	04/20/2017	USD	1,623.00	CAEC ENGINEERING AND CONSULT LINCOLTON CA	04/25/2017
218801	2200082280	04/20/2017	USD	2,443.23	CINTAS CORPORATION LOC 150 PHOENIX AZ	05/02/2017
218802	2200082234	04/20/2017	USD	2,598.38	CITY OF CHINO CHINO CA	04/24/2017
218803	2200082290	04/20/2017	USD	1,650.00	CIVIC PUBLICATIONS INC LA VERNE CA	05/02/2017
218804	2200082296	04/20/2017	USD	335.00	COMMUNICATIONS USA INC ESCONDIDO CA	04/25/2017
218805	2200082263	04/20/2017	USD	2,809.88	CX & S UNITED CORP HARBOR CITY CA	04/25/2017
218806	2200082286	04/20/2017	USD	2,400.92	DAVID WHEISLER'S PEST CONTROL, NORCO CA	04/27/2017
218807	2200082273	04/20/2017	USD	64,301.89	DAVIS ELECTRIC INC YUCAIPA CA	04/25/2017
218808	2200082299	04/20/2017	USD	2,000.00	DEBBY PIGONI BEVERLY HILLS CA	05/08/2017
218809	2200082285	04/20/2017	USD	60.00	DEPARTMENT OF MOTOR VEHICLES SACRAMENTO CA	05/01/2017
218810	2200082313	04/20/2017	USD	4,260.21	DEX ENTERPRISES INC HOUSTON TX	04/27/2017
218811	2200082256	04/20/2017	USD	399.96	E & S PARTY RENTALS POMONA CA	04/25/2017
218812	2200082291	04/20/2017	USD	365.00	EUCOPINE RATON ANALYTICAL, ENOCRAPEVINE TX	04/25/2017
218813	2200082311	04/20/2017	USD	230,170.53	FACILITY SOLUTIONS GROUP INC PLACENTIA CA	05/01/2017
218814	2200082303	04/20/2017	USD	352,187.04	FERRREIRA COASTAL CONSTRUCTION BRANDBURG NJ	04/25/2017
218815	2200082308	04/20/2017	USD	483.35	FIREMAK FIRE & SAFETY SAN DIEGO CA	04/25/2017
218816	2200082222	04/20/2017	USD	1,766.67	FISHER SCIENTIFIC LOS ANGELES CA	04/24/2017
218817	2200082325	04/20/2017	USD	911.94	FRONTIER COMMUNICATIONS CORP CINCINNATI OH	04/28/2017
218818	2200082317	04/20/2017	USD	26,700.00	GE STRATEGIES CORPORATION COLUMBIA MD	03/01/2017
218819	2200082231	04/20/2017	USD	8,518.11	GRANGER PALATINE IL	04/25/2017
218820	2200082341	04/20/2017	USD	848.32	HALL, JASMIN CHINO HILLS CA	05/04/2017
218821	2200082223	04/20/2017	USD	19,969.87	HARRINGTON INDUSTRIAL PLASTICS CHINO CA	04/25/2017
218822	2200082224	04/20/2017	USD	538.15	HONR DEPOT CREDIT SERVICES DES MOINES IA	04/26/2017

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218824	2200082337	04/20/2017	USD	149.00	LAEMA-RR RIVERSIDE CA	04/27/2017
218825	2200082318	04/20/2017	USD	29.43	IDECK DISTRIBUTION INC ATLANTA GA	04/25/2017
218826	2200082282	04/20/2017	USD	346.06	INDUSTRIAL RUBBER & SUPPLY APELE VALLEY CA	04/27/2017
218827	2200082270	04/20/2017	USD	8,000.00	INNOVATIVE FEDERAL STRATEGIES WASHINGTON DC	04/26/2017
218828	2200082240	04/20/2017	USD	289,502.25	J F SHEA CONSTRUCTION INC WALNUT CA	04/26/2017
218829	2200082225	04/20/2017	USD	8,278.96	J F FILANC CONSTRUCTION CO. INCESCONDIDO CA	04/25/2017
218830	2200082304	04/20/2017	USD	4,506.00	JEREMY HARRIS CONSTRUCTION, IN RIVERSIDE CA	04/26/2017
218831	2200082232	04/20/2017	USD	81,608.03	JWC ENVIRONMENTAL LOS ANGELES CA	04/24/2017
218832	2200082288	04/20/2017	USD	137.00	KIM'S MASTER AUTO REPAIR CHINO CA	04/26/2017
218833	2200082332	04/20/2017	USD	274.00	KING, JEFFREY L CHINO HILLS CA	04/24/2017
218834	2200082239	04/20/2017	USD	2,699.14	KONICA MINOLTA PASADENA CA	04/24/2017
218835	2200082327	04/20/2017			voided by KMCCHRIS - Check not needed	05/23/2017
218836	2200082255	04/20/2017	USD	140.00	LIEBERT CASSIDY WHITMORE LOS ANGELES CA	04/27/2017
218837	2200082307	04/20/2017	USD	1,282.75	MANAGED MOBILE INC PLACENTIA CA	04/25/2017
218838	2200082733	04/20/2017	USD	22,574.48	MARCAH COMPANY INC ONTARIO CA	
218839	2200082238	04/20/2017	USD	1,300.00	MCC APPLIED ENVIRONMENTAL SCIENCOSTA MESA CA	04/24/2017
218840	2200082284	04/20/2017	USD	1,495.00	MICROAGE PHOENIX AZ	04/26/2017
218841	2200082245	04/20/2017	USD	136.40	MIDPOINT BEARING ONTARIO CA	04/24/2017
218842	2200082235	04/20/2017	USD	1,667.71	MISCO WATER FOOTHILL RANCH CA	05/05/2017
218843	2200082230	04/20/2017	USD	202.35	MISSION REPROGRAPHICS RIVERSIDE CA	04/27/2017
218844	2200082262	04/20/2017	USD	1,540.00	NATIONAL BUSINESS INVESTIGATION MURRIETA CA	04/26/2017
218845	2200082276	04/20/2017	USD	1,206.35	NATIONAL CONSTRUCTION RENTALS PACOIMA CA	04/25/2017
218846	2200082328	04/20/2017	USD	90.59	NEIGHBORS, CLAUDIA CHINO HILLS CA	05/08/2017
218847	2200082315	04/20/2017	USD	87,081.36	NEW MILLENNIUM CONSTRUCTION CHINO HILLS CA	04/26/2017
218848	2200082338	04/20/2017	USD	53.00	NOW, BRIAN CHINO HILLS CA	05/02/2017
218849	2200082221	04/20/2017	USD	350.52	OFFICE DEPOT PHOENIX AZ	04/25/2017
218850	2200082322	04/20/2017	USD	1,240.30	ONTARIO MUNICIPAL UTILITIES CO ONTARIO CA	
218851	2200082301	04/20/2017	USD	484.79	PCF ELEZOTRONICS INC CHICAGO IL	04/26/2017
218852	2200082267	04/20/2017	USD	2,490.21	PONTON INDUSTRIES INC YORBA LINDA CA	05/01/2017
218853	2200082339	04/20/2017	USD	274.00	RACZ, JASON CHINO HILLS CA	05/08/2017
218854	2200082220	04/20/2017	USD	342.84	REM LOCK & KEY ONTARIO CA	04/28/2017
218855	2200082246	04/20/2017	USD	211.16	REI WING SHOS STORE UPLAND CA	04/28/2017
218856	2200082302	04/20/2017	USD	3,500.00	RM ARCHITECTURE IRVINE CA	04/26/2017
218857	2200082271	04/20/2017	USD	122,927.00	RMC WATER AND ENVIRONMENT WALNUT CREEK CA	04/26/2017
218858	2200082281	04/20/2017	USD	100.00	ROGERS, PETER G CHINO HILLS CA	05/01/2017
218859	2200082226	04/20/2017	USD	96,417.86	ROYAL WHOLESALE ELECTRIC ORANGE CA	04/25/2017
218860	2200082277	04/20/2017	USD	1,078.40	RSD LAKE FOREST CA	04/25/2017
218861	2200082284	04/20/2017	USD	326.31	RUSSELL SIGLER INC LOS ANGELES CA	04/24/2017
218862	2200082250	04/20/2017	USD	2,782.00	SAN BERNARDINO COUNTY SAN BERNARDINO CA	04/28/2017
218863	2200082326	04/20/2017	USD	215.50	SANTA CRUZ, VICTOR CHINO HILLS CA	04/25/2017
218864	2200082330	04/20/2017	USD	274.00	SABIS, SCOTT CHINO HILLS CA	05/16/2017
218865	2200082334	04/20/2017	USD	2,500.00	SAYAWONG, KEVIN CHINO HILLS CA	04/26/2017
218866	2200082279	04/20/2017	USD	52,487.50	SCM CONTRACTING CORPORATION FALLBROOK CA	04/26/2017
218867	2200082306	04/20/2017	USD	3,014.91	SIEMENS DEMAG DELAVAL ATLANTA GA	04/24/2017
218868	2200082275	04/20/2017	USD	459.43	SKALAR INC BUFORD GA	05/12/2017

Bank CBB CITIZENS BUSINESS BANK
 Bank Key 122234149
 Acct number CHCK 231167641

ONTARIO CA 91761000

Check number from to	Payment	Print date	Crcy	Amount paid (FC)	Recipient/void reason code	Enca./void
218869	2200082289	04/20/2017	USD	13,246.52	SNA? GRAPHIC & DESIGN RANCHO CUCAMONGA CA	04/25/2017
218870	2200082289	04/20/2017	USD	271,853.55	SO CALIF EDISON ROSEMEAD CA	04/25/2017
218871	2200082300	04/20/2017	USD	370.50	SPORT PINE INTERNATIONAL INC UPLAND CA	04/25/2017
218872	2200082293	04/20/2017	USD	3,600.00	SPANNING NETWORK LLC CAROL STREAM IL	04/26/2017
218873	2200082244	04/20/2017	USD	575.00	STATE WATER RESOURCES CNTRL BRGACRAMENTO CA	05/03/2017
218874	2200082293	04/20/2017	USD	100.00	STONE, DEBRA KAYE UPLAND CA	
218875	2200082261	04/20/2017	USD	813.00	SYSTEMS SOURCE INC IRVINE CA	04/25/2017
218876	2200082247	04/20/2017	USD	352.04	TELEPHONE INSTRUMENTS INC CHICAGO IL	04/26/2017
218877	2200082282	04/20/2017	USD	100.00	TIBBS, KATHLEEN ALTA LOMA CA	05/08/2017
218878	2200082248	04/20/2017	USD	10,461.23	TOM DOBSON & ASSOCIATES SAN BERNARDINO CA	04/27/2017
218879	2200082312	04/20/2017	USD	4,850.00	TONE PAINTING GARDEN GROVE CA	04/25/2017
218880	2200082283	04/20/2017	USD	1,500.00	TOTALFUNDS BY HASLER TAMPA FL	04/27/2017
218881	2200082264	04/20/2017	USD	7,041.40	TRIMAX SYSTEMS INC BREA CA	05/02/2017
218882	2200082258	04/20/2017	USD	1,564.00	U S HEALTHWORKS MEDICAL GROUP LOS ANGELES CA	04/24/2017
218883	2200082257	04/20/2017	USD	1,554.00	U S POSTAL SERVICE CHINO HILLS CA	04/26/2017
218884	2200082242	04/20/2017	USD	531.68	ULTRA SCIENTIFIC NORTH KINGSTOWN RI	04/26/2017
218885	2200082310	04/20/2017	USD	394.62	VANTAGE TECHNOLOGY CONSULTING EL SEGUNDO CA	04/28/2017
218886	2200082324	04/20/2017	USD	454.01	VERIZON BUSINESS ALBANY NY	04/25/2017
218887	2200082249	04/20/2017	USD	8,318.58	VERIZON WIRELESS DALLAS TX	04/25/2017
218888	2200082309	04/20/2017	USD	100.00	VIMMENT, TRISHA LYNN MONTELAIR CA	
218889	2200082316	04/20/2017	USD	21,357.30	VIRAMONTS EXPRESS INC CORONA CA	04/25/2017
218890	2200082227	04/20/2017	USD	1,076.86	VIVE INTERNATIONAL LLC PITTSBURGH PA	04/24/2017
218891	2200082266	04/20/2017	USD	122,683.24	W A BASIC CONSTRUCTION CO INC LONG BEACH CA	04/25/2017
218892	2200082336	04/20/2017	USD	274.00	WALKER, RAYMOND CHINO HILLS CA	05/09/2017
218893	2200082228	04/20/2017	USD	2,722.17	WAXIE SANITARY SUPPLY LOS ANGELES CA	04/25/2017
218894	2200082272	04/20/2017	USD	1,318.86	WILLIAMS ENGINEERING ANAHEIM CA	04/25/2017
218895	2200082274	04/20/2017	USD	3,686.40	WINCHESTER SYSTEMS INC HILBERTCA MA	04/25/2017
218896	2200082269	04/20/2017	USD	232.13	WORLDWIDE EXPRESS ALBANY NY	
218897	2200082335	04/20/2017	USD	274.00	YIM BRADLEY CHINO HILLS CA	05/02/2017
218898	2200082331	04/20/2017	USD	274.00	ZIMMERMAN, JEFF CHINO HILLS CA	04/26/2017
218899	2200082251	04/20/2017	USD	8,449.00	SAN BERNARDINO COUNTY SAN BERNARDINO CA	05/02/2017
218900	2200082282	04/20/2017	USD	16,621.50	SAN BERNARDINO COUNTY SAN BERNARDINO CA	05/02/2017
218901	2200082253	04/20/2017	USD	16,938.00	SAN BERNARDINO COUNTY SAN BERNARDINO CA	05/02/2017
218902	2200082254	04/20/2017	USD	4,458.75	SAN BERNARDINO COUNTY SAN BERNARDINO CA	05/02/2017
218903	2200082352	04/20/2017	USD	94,463.92	MARTIN, DEAN RANCHO CUCAMONGA CA	04/28/2017
218904	2200082563	04/27/2017	USD	445.00	ADVANCED CHEMICAL TECHNOLOGY RANCHO CUCAMONGA CA	05/03/2017
218905	2200082586	04/27/2017	USD	2,962.97	ADVANTECH CORPORATION MILPITAS CA	05/03/2017
218906	2200082540	04/27/2017	USD	1,305.00	AEROTEK INC ATLANTA GA	05/03/2017
218907	2200082510	04/27/2017	USD	6,463.95	AIRGAS WEST INC PASADENA CA	05/05/2017
218908	2200082561	04/27/2017	USD	4,467.98	ALLIED UNIVERSAL SECURITY SERVICES PASADENA CA	05/03/2017
218909	2200082577	04/27/2017	USD	1,575.00	ALS ENVIRONMENTAL DALLAS TX	05/04/2017
218910	2200082557	04/27/2017	USD	6,228.31	AMERICAN PRINTING & PROMOTIONSBASIVALE CA	05/02/2017
218911	2200082518	04/27/2017	USD	1,021.50	APELBONE EMPLOYMENT SERVICES GLENDALE CA	05/04/2017
218912	2200082538	04/27/2017	USD	556.10	BOOT BARN INC IRVINE CA	05/05/2017
218913	2200082592	04/27/2017	USD	172.48	BREIG, ANNA VICTORVILLE CA	05/08/2017
218914	2200082569	04/27/2017	USD	10,860.60	CALIFORNIA WATER TECHNOLOGIES PASADENA CA	05/03/2017

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Acct number CHECK 231167641						
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218915	2200082604	04/27/2017	USD	340.00	CAMBASO, PIETRO CHINO HILLS CA	05/01/2017
218916	2200082601	04/27/2017	USD	137.53	CARL H TAYLOR III CRYSTAL RIVER FL	05/03/2017
218917	2200082533	04/27/2017	USD	11,250.70	CAROLLO ENGINEERS INC SALT LAKE CITY UT	05/03/2017
218918	2200082526	04/27/2017	USD	601.99	CEM CORP CHICAGO IL	05/03/2017
218919	2200082523	04/27/2017	USD	225.00	CHINO BASIN WATER CONSERVATIONMONTCLAIR CA	05/05/2017
218920	2200082586	04/27/2017	USD	1,500.49	CINTAS CORPORATION LOCHISE PHOENIX AZ	05/05/2017
218921	2200082599	04/27/2017	USD	446.50	CITY EMPLOYEES ASSOCIATES LONG BEACH CA	05/09/2017
218922	2200082500	04/27/2017	USD	43.93	CITY RENTALS INC ONTARIO CA	05/09/2017
218923	2200082588	04/27/2017	USD	58.20	CUCAMONGA VALLEY WATER DISTRICTLOS ANGELES CA	05/02/2017
218924	2200082542	04/27/2017	USD	4,310.72	CK & B UNITED CORP HARBOR CITY CA	05/05/2017
218925	2200082570	04/27/2017	USD	12,413.56	D & H WATER SYSTEMS INC OCHANSIDE CA	05/03/2017
218926	2200082562	04/27/2017	USD	34,514.57	DAVID T WARDEN INC RIVERSIDE CA	05/05/2017
218927	2200082521	04/27/2017	USD	16,501.08	DELL MARKETING L P PASADENA CA	05/04/2017
218928	2200082545	04/27/2017	USD	5,529.83	DESERT PUMPS AND PARTS INC BELLA VISTA AR	05/03/2017
218929	2200082611	04/27/2017	USD	170.00	DIAS, MICHAEL CHINO HILLS CA	05/11/2017
218930	2200082538	04/27/2017	USD	1,500.00	DUEK & ASSOCIATES INC ENGINITAS CA	05/04/2017
218931	2200082608	04/27/2017	USD	220.00	DYER, DANIEL CHINO HILLS CA	05/13/2017
218932	2200082606	04/27/2017	USD	1,112.86	ELIE, STEVE CHINO HILLS CA	05/05/2017
218933	2200082532	04/27/2017	USD	120.00	ENVIRONMENTAL CONSULTING & TRUSSUPERIOR WI	05/16/2017
218934	2200082576	04/27/2017	USD	260.78	ENVIRONMENTAL EXPRESS INC ATLANTA GA	05/03/2017
218935	2200082566	04/27/2017	USD	1,370.17	ENVIRONMENTAL SCIENCE ASSOCIATSSAN FRANCISCO CA	05/05/2017
218936	2200082565	04/27/2017	USD	425.00	EUROFINS EATON ANALYTICAL, INCORAVINE TX	05/02/2017
218937	2200082502	04/27/2017	USD	78.99	FISHER SCIENTIFIC LOS ANGELES CA	05/01/2017
218938	2200082549	04/27/2017	USD	154.64	FLESMIDEN USA INC DALLAS TX	05/04/2017
218939	2200082517	04/27/2017	USD	192.52	FONTANA HERALD NEWS FONTANA CA	05/03/2017
218940	2200082591	04/27/2017	USD	2,017.68	FOUNDATION RA ENERGY GENERATIONSAN FRANCISCO CA	05/05/2017
218941	2200082564	04/27/2017	USD	7,500.00	GHE PASADENA CA	05/02/2017
218942	2200082582	04/27/2017	USD	8,115.00	GILLIS & PANICHAPAN ARCHITECTSCOSTA MESA CA	05/02/2017
218943	2200082585	04/27/2017	USD	324.00	GOALS ACADEMY ANAHEIM CA	05/22/2017
218944	2200082514	04/27/2017	USD	4,834.70	GRAINGER PALATINE IL	05/02/2017
218945	2200082546	04/27/2017	USD	1,178.62	HACH COMPANY CHICAGO IL	05/01/2017
218946	2200082610	04/27/2017	USD	597.65	HALL, JASMIN CHINO HILLS CA	05/04/2017
218947	2200082530	04/27/2017	USD	1,449.84	HAWTHORNE LIFT SYSTEMS LOS ANGELES CA	05/02/2017
218948	2200082595	04/27/2017	USD	472.96	HOEBS, DIANA APPLE VALLEY CA	05/04/2017
218949	2200082503	04/27/2017	USD	1,182.16	HOME DEPOT CREDIT SERVICES DES MOINES IA	05/05/2017
218950	2200082593	04/27/2017	USD	472.96	HORNE, WILLIAM YUCCA VALLEY CA	05/03/2017
218951	2200082609	04/27/2017	USD	51.00	HULL, KURT CHINO HILLS CA	05/05/2017
218952	2200082519	04/27/2017	USD	706.95	INGERSOLL RAND COMPANY CHICAGO IL	05/01/2017
218953	2200082597	04/27/2017	USD	66.00	INLAND EMPIRE UNITED WAY RANCHO CUCAMONGA CA	05/09/2017
218954	2200082554	04/27/2017	USD	1,368.80	INCORPORATED DESIGN SERVICES INCIRVINE CA	05/03/2017
218955	2200082504	04/27/2017	USD	436.85	J L WINGERT CO GARDEN GROVE CA	05/02/2017
218956	2200082558	04/27/2017	USD	3,930.00	JOHNSON CONTROLS INC DALLAS TX	05/04/2017
218957	2200082574	04/27/2017	USD	1,072.26	KATZEN INFOSOURCE LLC PALO ALTO CA	05/10/2017
218958	2200082529	04/27/2017	USD	290.93	KONICA MINOLTA PASADENA CA	05/03/2017
218959	2200082580	04/27/2017	USD	1,285.00	LANCE SOLI & LUNGHARD LLP BREA CA	05/01/2017
218960	2200082584	04/27/2017	USD	4,349.40	LAW OFFICE OF KATHY M BANDARA RANCHO CUCAMONGA CA	05/04/2017

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218961	2200082603	04/27/2017	USD	2,719.75	LOPEZ, MARK CHINO HILLS CA	05/03/2017	
218962	2200082602	04/27/2017			Voided by POTACKSON - Stop Payment	05/04/2017	
218963	2200082522	04/27/2017	USD	3,638.37	MEFFLER-TOLEDO COLUMBUS OH	05/04/2017	
218964	2200082558	04/27/2017	USD	3,800.00	MEYERS HAVEN OAKLAND CA	05/02/2017	
218965	2200082568	04/27/2017	USD	10,192.02	MICROCASH PHOENIX AZ	05/03/2017	
218966	2200082594	04/27/2017	USD	746.37	MILLER, ELMER L BLUS JAY CA	05/05/2017	
218967	2200082505	04/27/2017	USD	1,136.96	MINN SAFETY APPLIANCES CO PITTSBURGH PA	05/03/2017	
218968	2200082612	04/27/2017	USD	36.72	MORRIS, SHANIKA CHINO HILLS CA	05/08/2017	
218969	2200082573	04/27/2017	USD	280.00	MSO TECHNOLOGIES INC THOUSAND OAKS CA	05/09/2017	
218970	2200082605	04/27/2017	USD	95.00	MUMFORD, MARIE LITZA CHINO HILLS CA	05/02/2017	
218971	2200082551	04/27/2017	USD	211.55	NATIONAL CONSTRUCTION RENTALS PACOIMA CA	05/02/2017	
218972	2200082524	04/27/2017	USD	98.33	O RINGS & THINGS MONTANA CA	05/05/2017	
218973	2200082501	04/27/2017	USD	288.74	OFFICE DEPOT PHOENIX AZ	05/09/2017	
218974	2200082587	04/27/2017	USD	6,256.87	ONTARIO MUNICIPAL UTILITIES COONTARIO CA	05/01/2017	
218975	2200082536	04/27/2017	USD	2,005.20	PALM AUTO DETAIL INC COLTON CA	05/05/2017	
218976	2200082544	04/27/2017	USD	354.86	PANTHER PROTECTION ORANGE CA	05/03/2017	
218977	2200082600	04/27/2017	USD	430.50	PATRICK W HUNTER PHELAN CA	05/05/2017	
218978	2200082512	04/27/2017	USD	83.73	PETE'S ROAD SERVICE FULLERTON CA	05/02/2017	
218979	2200082513	04/27/2017	USD	810.67	PETTY CASH EXPENDITURES CHINO CA	05/02/2017	
218980	2200082607	04/27/2017	USD	36.00	PIVOWAROFF, JASON CHINO HILLS CA	05/03/2017	
218981	2200082544	04/27/2017	USD	742.99	PONTON INDUSTRIES INC YORBA LINDA CA	05/08/2017	
218982	2200082579	04/27/2017	USD	16,235.00	PRIORITY BUILDING SERVICES LLOBREA CA	05/03/2017	
218983	2200082506	04/27/2017	USD	290.50	RAYNE WATER CONDITIONING COVINA CA	05/01/2017	
218984	2200082507	04/27/2017	USD	2,619.50	RMA GROUP RANCHO CUCAMONGA CA	05/04/2017	
218985	2200082548	04/27/2017	USD	44,463.37	RMC WATER AND ENVIRONMENT WALNUT CREEK CA	05/04/2017	
218986	2200082531	04/27/2017	USD	33,200.00	RMS ENGINEERING & DESIGN CORONA DEL MAR CA	05/02/2017	
218987	2200082508	04/27/2017	USD	3,275.84	ROYAL WHOLESALE ELECTRIC ORANGE CA	05/02/2017	
218988	2200082583	04/27/2017	USD	15,851.00	SALTECH INC FREMONT CA	05/08/2017	
218989	2200082515	04/27/2017	USD	64,172.00	SAN BERNARDINO VALLEY MWD SAN BERNARDINO CA	05/08/2017	
218990	2200082596	04/27/2017	USD	345.38	SHERIFF'S COURT SERVICES SAN BERNARDINO CA	05/18/2017	
218991	2200082589	04/27/2017	USD	3,902.15	SO CALIF EDISON ROSEMEAD CA	05/03/2017	
218992	2200082590	04/27/2017	USD	347.20	SO CALIF GAS MONTEREY PARK CA	05/09/2017	
218993	2200082516	04/27/2017	USD	701.30	SOUTH COAST ACDM LOS ANGELES CA	05/01/2017	
218994	2200082567	04/27/2017	USD	1,116.00	STAFFING NETWORK LLC CAROL STREAM IL	05/02/2017	
218995	2200082550	04/27/2017	USD	7,942.75	STANTEC CONSULTING INC CHICAGO IL	05/01/2017	
218996	2200082528	04/27/2017	USD	1,240.00	STATE WATER RESOURCES CENTER SACRAMENTO CA	05/03/2017	
218997	2200082581	04/27/2017	USD	669.53	STORMRIEVE LLC MONTISBELLO CA	05/02/2017	
218998	2200082511	04/27/2017	USD	4,115.44	SUEZ WASTEWATER SOLUTIONS INC BALTIMORE MD	05/01/2017	
218999	2200082575	04/27/2017	USD	205.05	SUPERIOR ELECTRIC MOTOR SERVICEVERNON CA	05/05/2017	
219000	2200082525	04/27/2017	USD	4,387.50	TELEDYNE INSTRUMENTS INC CHICAGO IL	05/01/2017	
219001	2200082534	04/27/2017	USD	3,245.43	TELEDYNE INSTRUMENTS INC CHICAGO IL	05/01/2017	
219002	2200082574	04/27/2017	USD	703.20	THERMO ELECTRON NORTH AMERICA ATLANTA GA	05/03/2017	
219003	2200082559	04/27/2017	USD	8,237.20	THOMAS HARDER & CO INC ANAHEIM CA	05/16/2017	
219004	2200082535	04/27/2017	USD	3,436.82	TOM DODSON & ASSOCIATES SAN BERNARDINO CA	05/02/2017	
219005	2200082572	04/27/2017	USD	1,564.26	TRIPPI SMITH AND ASSOCIATES, IRVINE CA	05/09/2017	
219006	2200082537	04/27/2017	USD	239.80	U S HEALTHWORKS MEDICAL GROUP LOS ANGELES CA	05/01/2017	

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 Chino, CA
 Company code 1000

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Check number from to	Payment	Post date	Ctry	Amount paid (FC)	Recipient/void reason code	Enca./void	
219007	2200082509	04/27/2017	USD	887.09	UNDERGROUND SERVICE ALERT/SC CORONA CA	05/08/2017	
219008	2200082543	04/27/2017	USD	232.98	UNITED STATES PLASTIC CORP LIMA OH	05/04/2017	
219009	2200082598	04/27/2017	USD	243.33	US DEPARTMENT OF EDUCATION ATLANTA GA	05/09/2017	
219010	2200082527	04/27/2017	USD	749.12	USA BLUE BOOK GURNEE IL	05/02/2017	
219011	2200082552	04/27/2017	USD	5,278.13	V & A CONSULTING ENGINEERS OAKLAND CA	05/02/2017	
219012	2200082578	04/27/2017	USD	526.16	VANTAGE TECHNOLOGY CONSULTING EL SEGUNDO CA	05/02/2017	
219013	2200082553	04/27/2017	USD	14,094.64	VAUGHAN'S INDUSTRIAL REPAIR COPARAMOUNT CA	05/02/2017	
219014	2200082547	04/27/2017	USD	235.52	WORLDWIDE EXPRESS ALBANY NY	05/02/2017	
219015	2200082563	04/27/2017	USD	6,218.58	KYLEM WATER SOLUTIONS USA INC CHICAGO IL	05/04/2017	
219016	2200082520	04/27/2017	USD	434.30	YALE CHART EQUIPMENT AND SERVICES ANGELES CA	05/01/2017	

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			USD	3,700,017.13		

Attachment 2

Workers' Comp Checks

Inland Empire Util. Agency
 Chino, CA
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04762	2200082357	04/05/2017	USD	118.76	YORK RISK SERVICES GROUP INC RANCHO CUCAMONGA CA	04/10/2017	
04763	2200082356	04/12/2017	USD	92.17	YORK RISK SERVICES GROUP INC RANCHO CUCAMONGA CA	04/22/2017	
04764	2200082361	04/12/2017	USD	118.76	YORK RISK SERVICES GROUP INC RANCHO CUCAMONGA CA	04/13/2017	
04765	2200082362	04/12/2017	USD	103.48	YORK RISK SERVICES GROUP INC RANCHO CUCAMONGA CA	04/17/2017	
04766	2200082363	04/12/2017	USD	3,350.30	YORK RISK SERVICES GROUP INC RANCHO CUCAMONGA CA	04/18/2017	
04767	2200082364	04/12/2017	USD	128.60	YORK RISK SERVICES GROUP INC RANCHO CUCAMONGA CA	04/18/2017	
04768	2200082365	04/12/2017	USD	14.36	YORK RISK SERVICES GROUP INC RANCHO CUCAMONGA CA	04/26/2017	
04769	2200082366	04/12/2017	USD	64.44	YORK RISK SERVICES GROUP INC RANCHO CUCAMONGA CA	04/20/2017	
04770	2200082367	04/12/2017	USD	96.00	YORK RISK SERVICES GROUP INC RANCHO CUCAMONGA CA	04/20/2017	
04771	2200082368	04/12/2017	USD	236.22	YORK RISK SERVICES GROUP INC RANCHO CUCAMONGA CA	04/20/2017	
04772	2200082369	04/12/2017	USD	259.86	YORK RISK SERVICES GROUP INC RANCHO CUCAMONGA CA	04/20/2017	
04773	2200082358	04/19/2017	USD	107.46	YORK RISK SERVICES GROUP INC RANCHO CUCAMONGA CA	04/13/2017	
04774	2200082359	04/19/2017	USD	180.00	YORK RISK SERVICES GROUP INC RANCHO CUCAMONGA CA	04/24/2017	
04775	2200082617	04/26/2017	USD	98.39	YORK RISK SERVICES GROUP INC RANCHO CUCAMONGA CA	05/04/2017	
04776	2200082618	04/26/2017	USD	12.00	YORK RISK SERVICES GROUP INC RANCHO CUCAMONGA CA	05/03/2017	
04777	2200082625	04/28/2017	USD	32.80	YORK RISK SERVICES GROUP INC RANCHO CUCAMONGA CA	05/08/2017	

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Check number from to	Payment	Prmit date	Crcy	Amount paid (FC)	Recipient/void reason code	Enca /void
			USD	4,992.82		

Attachment 3

Vendor ACHs

Check Payee / Description Amount

ACH	AQUA BEN CORPORATION		
	RP2-23,000 Lbs Polymer 748E	35580	20,321.65
	DAFT-4,600 Lbs Polymer 748E	35544	4,064.33
	RPL-20,700 Lbs Polymer 750A	35545	27,782.17
	AQUA BEN CORPORATION	\$	52,168.15

ACH	LASER LINE		
	HQA-Svc HP DJ 5000	29395	189.95
	LASER LINE	\$	189.95

ACH	NAPA GENUINE PARTS COMPANY		
	15W40 Engine Oil	218087	207.78
	NAPA GENUINE PARTS COMPANY	\$	207.78

ACH	UNIVAR USA INC		
	TP1-10,751 Lbs Sodium Bisulfite	LA522381	2,321.44
	CCWRP-13,043 Lbs Sodium Bisulfite	LA524358	2,816.45
	UNIVAR USA INC	\$	5,137.89

ACH	THATCHER COMPANY OF CALIFORNIA		
	TP4-45,400 Lbs Aluminum Sulfate	243408	3,946.61
	TP1-45,380 Lbs Aluminum Sulfate	243424	3,973.68
	CCWTP-44,040 Lbs Aluminum Sulfate	243577	3,837.71
	TP1-45,420 Lbs Aluminum Sulfate	243518	3,929.11
	THATCHER COMPANY OF CALIFORNIA		15,687.11

ACH	MCMASTER-CARR SUPPLY CO		
	Suction Strainer	21486732	19.09
	Ladder, Leveling Mount, Anchor Bolt, U-Bolt	21108827	1,083.08
	MCMASTER-CARR SUPPLY CO	\$	1,102.17

ACH	ALFA LAVAL INC		
	Repair SG2-800 R/A w/30.ODD Gearbox	277751791	45,832.43
	ALFA LAVAL INC	\$	45,832.43

ACH	INVENSYS SYSTEMS INC		
	Inv-Intelligent Transmitters	93535769	3,434.78
	INVENSYS SYSTEMS INC	\$	3,434.78

ACH	PEST OPTIONS INC		
	February 2017 GWR Weed Abatement Service	272635	6,034.32
	January 2017 GWR Weed Abatement Services	271121	6,034.32
	February 2017 Weed Abatement Services	272452	2,920.48
	PEST OPTIONS INC	\$	14,989.12

ACH	OLIN CORP		
	CCWRP-3,010 Gals Sodium Hypochlorite	2303082	1,715.70
	CCWRP-3,002 Gals Sodium Hypochlorite	2306209	1,711.14
	TP1-4,924 Gals Sodium Hypochlorite	2305628	2,806.68

Check	Payee / Description	Amount
	RP5-4,892 Gals Sodium Hypochlorite 2303638	2,788.44
	RP4-2,986 Gals Sodium Hypochlorite 2305069	1,702.02
	CCWRP-2,974 Gals Sodium Hypochlorite 2304795	1,695.18
	TP1-4,964 Gals Sodium Hypochlorite 2304794	2,829.48
	TP1-4,956 Gals Sodium Hypochlorite 2304793	2,824.92
	TP1-4,944 Gals Sodium Hypochlorite 2304197	2,818.08
	RP4-2,938 Gals Sodium Hypochlorite 2303639	1,674.66
	RP2-1,814 Gals Sodium Hypochlorite 2304796	1,033.98
	OLIN CORP \$	23,600.28
ACH	DAVE'S PLUMBING 1 Water Softener Removal-3/28/17 5135	245.00
	DAVE'S PLUMBING \$	245.00
ACH	NAVEX GLOBAL INC 4/17-4/18 US Hotline/Subscription Renewal INV-139637CRE 28.00 4/17-4/18 US Hotline/Subscription Renewal INV-139637 1,470.04	1,498.04
	NAVEX GLOBAL INC \$	1,442.04
ACH	SHELL ENERGY NORTH AMERICA LP 2/17 Gas Commodity-Non Core 2908546 16,794.00 9/16-12/16 Adj Gas Commodity-Non Core 2899403 7,309.37 1/17 Gas Commodity-Non Core 2894952 2,268.00 1/17 Gas Cmmnty-Core,11/16 Adj 1100002880301 1,213.66 2/17 Gas Cmmnty-Core,12/16 Adj 1100002880302 1,518.35 2/17 Gas Commodity-Non Core 2908410 19,332.00	228.64
	SHELL ENERGY NORTH AMERICA LP \$	228.64
ACH	SOLAR STAR CALIFORNIA V LLC CCWRP/TP/RWPS-2/1-2/28 14950 Telephone A M0613-1166566 1,680.17 RP5/TP5/HQA/B-2/1-2/28 6075 Kimball Ave M0614-1166567 10,228.59 RP1-2/1-2/28 2450 Phila St M0615-1166568 11,597.49 RP1-2/1-2/28 2450 Phila St M0616-1166569 2,171.22	25,677.47
	SOLAR STAR CALIFORNIA V LLC \$	25,677.47
ACH	ICMA RETIREMENT TRUST 457 P/R 8 4/13/17 Deferred Comp Ded HR 0053200 15,449.52	15,449.52
	ICMA RETIREMENT TRUST 457 \$	15,449.52
ACH	LINCOLN NATIONAL LIFE INS CO P/R 8 4/13/17 Deferred Comp Ded HR 0053200 24,733.61	24,733.61
	LINCOLN NATIONAL LIFE INS CO \$	24,733.61
ACH	ICMA RETIREMENT TRUST 401 P/R 8 4/13/17 Exec Deferred Comp Ded HR 0053200 8,408.19	8,408.19
	ICMA RETIREMENT TRUST 401 \$	8,408.19
ACH	AQUA BEN CORPORATION DAFT-4,600 Lbs Polymer 748E 35565 4,064.33 RE1-18,400 Lbs Polymer 750A 35566 24,695.27	28,759.60

Check	Payee / Description	Amount
	AQUA BEN CORPORATION	\$ 28,759.60
ACH	LASER LINE	
	CAP-DC600 Drum Unit 29406	118.70
	HQA-Svc HP LJ 600 M603,Mnt Kit 29408	525.81
	HQA-Install Drum Unit for Sharp DC600 29407	55.00
	LASER LINE	\$ 699.51
ACH	SANTA ANA WATERSHED	
	February 2017 Truck Discharge 9007	1,485.36
	February 2017 Service 9013	140,232.75
	SANTA ANA WATERSHED	\$ 141,718.11
ACH	UNIVAR USA INC	
	RP5-11,741 Lbs Sodium Bisulfite LA524406	2,901.14
	UNIVAR USA INC	\$ 2,901.14
ACH	STANDARD & POOR'S	
	08B Bnds-4/17-3/18 Analytical Svcs-Stand 11327462	5,000.00
	STANDARD & POOR'S	\$ 5,000.00
ACH	MCMASTER-CARR SUPPLY CO	
	2 Gauge Steel Case 22698635	35.80
	MCMASTER-CARR SUPPLY CO	\$ 35.80
ACH	AMERICAN MICROIMAGING	
	IS15003-Through 3/8/17 Professional Serv 47740	45,853.50
	IS15003-Credit Memo to True Up Accountin 47701CR	45,853.50
	IS15003-Through 9/26/16 Professional Ser 47591	2,025.00
	IS15003-Through 10/22/16 Professional Se 47633	17,816.25
	IS15003-Through 9/22/16 Professional Ser 47588	13,687.50
	IS15003-Through 11/26/16 Professional Se 47670	10,125.00
	AMERICAN MICROIMAGING	\$ 43,653.75
ACH	OLIN CORP	
	TP1-4,980 Gals Sodium Hypochlorite 2308272	2,838.60
	RP4-2,508 Gals Sodium Hypochlorite 2306794	1,429.56
	RP5-4,948 Gals Sodium Hypochlorite 2306795	2,820.36
	TP1-4,948 Gals Sodium Hypochlorite 2307354	2,820.36
	CCWRP-4,962 Gals Sodium Hypochlorite 2307355	2,828.34
	TP1-4,868 Gals Sodium Hypochlorite 2307876	2,774.76
	TP1-4,960 Gals Sodium Hypochlorite 2308131	2,827.20
	RP4-2,990 Gals Sodium Hypochlorite 2308132	1,704.30
	OLIN CORP	\$ 20,043.48
ACH	DAVE'S PLUMBING	
	WR16017-3/2017 Replace PRV, Adjustment P 5130	4,302.20
	DAVE'S PLUMBING	\$ 4,302.20
ACH	KAMBRIAN CORPORATION	
	ISS-Visio Pro for Office 365-OLP Sngl La 13820	1,358.40

Check	Payee / Description	Amount
	KAMBRIAN CORPORATION \$	1,358.40
ACH	IEUA EMPLOYEES' ASSOCIATION P/R 8 4/13/17 Employee Ded	
	HR 0053200	183.00
	HR 0053100	12.00
	IEUA EMPLOYEES' ASSOCIATION \$	195.00
ACH	IEUA SUPERVISORS UNION ASSOCIA P/R 8 4/13/17 Employee Ded	
	HR 0053200	360.00
	IEUA SUPERVISORS UNION ASSOCIAS	360.00
ACH	IEUA GENERAL EMPLOYEES ASSOCIA P/R 8 4/13/17 Employee Ded	
	HR 0053200	1,144.10
	IEUA GENERAL EMPLOYEES ASSOCIAS	1,144.10
ACH	IEUA PROFESSIONAL EMPLOYEES AS P/R 8 4/13/17 Employee Ded	
	HR 0053200	500.00
	IEUA PROFESSIONAL EMPLOYEES ASS	500.00
ACH	DISCOVERY BENEFITS INC P/R 8 4/13/17 Cafeteria Plan	
	HR 0053200	3,178.91
	DISCOVERY BENEFITS INC \$	3,178.91
ACH	Inland Empire Reg. Composting 2/17 L&B Expenses	
	SAP0217-IEUAL	251.19
	Inland Empire Reg. Composting \$	251.19
ACH	KOPP ILLUSTRATION, INC. RPI-Birds Eye View Site Map of CDA Facil 00002111	
	KOPP ILLUSTRATION, INC. \$	3,000.00
ACH	JC LAW FIRM 4/17 Legal Settlement	
	4/17 LGL STTL	589,320.00
	JC LAW FIRM \$	589,320.00
ACH	NAPA GENUINE PARTS COMPANY Air Filters Battery, Core Deposit	
	219101	118.73
	219099	144.52
	NAPA GENUINE PARTS COMPANY \$	263.25
ACH	UNIVAR USA INC RP5-13, 436 Lbs Sodium Bisulfite	
	IA527361	2,901.14
	UNIVAR USA INC \$	2,901.14
ACH	MARK IV COMMUNICATIONS INC HQB-Relocate Existing Data Cable EN16049-Install New Cable in Conference	
	21448	370.00
	21449	470.28

Check	Payee / Description	Amount
	MARK IV COMMUNICATIONS INC \$	840.28
ACH	WESTERN MUNICIPAL WATER DISTRI WR16011-2/1/17-2/28/17 50 Sprinkler Nozz IEUA-1328	90.00
	WESTERN MUNICIPAL WATER DISTRI \$	90.00
ACH	AGRICULTURAL RESOURCES 5/17 Wtr Quality Consult 5/17 WTR QLT	3,500.00
	AGRICULTURAL RESOURCES \$	3,500.00
ACH	ALFA LAVAL INC Major Kits, Sun Wheel Shaft Kit, Gearbox K 277752211	15,441.43
	ALFA LAVAL INC \$	15,441.43
ACH	INLAND EMPIRE REGIONAL 3/17 Biosolids 90019862	324,118.30
	INLAND EMPIRE REGIONAL \$	324,118.30
ACH	SUNGARD AVAILABILITY SERVICES 5/17 Disaster Recovery Svc 152645018	4,152.00
	SUNGARD AVAILABILITY SERVICES \$	4,152.00
ACH	OLIN CORP CCWRP-3,010 Gals Sodium Hypochlorite 2309246 1,715.70 TP1-4,950 Gals Sodium Hypochlorite 2312004 2,821.50 RP4-2,974 Gals Sodium Hypochlorite 2311426 1,695.18 TP1-4,864 Gals Sodium Hypochlorite 2311425 2,772.48 CCWRP-2,990 Gals Sodium Hypochlorite 2311136 1,704.30 TP1-4,942 Gals Sodium Hypochlorite 2311135 2,816.94 TP1-4,932 Gals Sodium Hypochlorite 2310574 2,811.24 RP5-4,976 Gals Sodium Hypochlorite 2309902 2,836.32 RP4-3,504 Gals Sodium Hypochlorite 2309901 1,997.28	
	OLIN CORP \$	21,170.94
ACH	KAMBRIAN CORPORATION IS17021-High Res Modules 14073 1,831.47 IS17021-High Res Modules 14074 2,093.11	
	KAMBRIAN CORPORATION \$	3,924.58
ACH	MICRO MOTION INC 1 Flanged Sensor, 1 Remote Transmitter 4015908	13,394.21
	MICRO MOTION INC \$	13,394.21
ACH	TRIBOLOGIK CORPORATION Oil Analysis 31612 150.00 Oil Analysis 31322 60.00 Oil Analysis 31321 330.00	
	TRIBOLOGIK CORPORATION \$	540.00
ACH	KEMP BROS CONSTRUCTION INC	

Check	Payee / Description	Amount
EN15008-3/17 Pay Est 7	PE 7-EN15008	874,191.21
	KEMP BROS CONSTRUCTION INC \$	874,191.21
ACH	Chino Basin Desalter Authority Reimbursement f/11/16 adjustments	11/16 REIMBUR 1,091.72
	Chino Basin Desalter Authority\$	1,091.72
ACH	ESTRADA, JIMMIE J Reim Monthly Health Prem	HEALTH PREM 472.96
	ESTRADA, JIMMIE J \$	472.96
ACH	LICHTI, ALICE Reim Monthly Health Prem	HEALTH PREM 172.48
	LICHTI, ALICE \$	172.48
ACH	MORASSE, EDNA Reim Monthly Health Prem	HEALTH PREM 172.48
	MORASSE, EDNA \$	172.48
ACH	NOWAK, THEO T Reim Monthly Health Prem	HEALTH PREM 472.96
	NOWAK, THEO T \$	472.96
ACH	SONNENBURG, ILSE Reim Monthly Health Prem	HEALTH PREM 172.48
	SONNENBURG, ILSE \$	172.48
ACH	DYKSTRA, BETTY Reim Monthly Health Prem	HEALTH PREM 172.48
	DYKSTRA, BETTY \$	172.48
ACH	TORRES, ROBERT G Reim Monthly Health Prem	HEALTH PREM 92.21
	TORRES, ROBERT G \$	92.21
ACH	MUELLER, CAROLYN Reim Monthly Health Prem	HEALTH PREM 172.48
	MUELLER, CAROLYN \$	172.48
ACH	GRIFFIN, GEORGE Reim Monthly Health Prem	HEALTH PREM 172.48
	GRIFFIN, GEORGE \$	172.48
ACH	CANADA, ANGELA Reim Monthly Health Prem	HEALTH PREM 172.48
	CANADA, ANGELA \$	172.48

Check	Payee / Description	Amount
ACH	CUPERSMITH, LEIZAR Reim Monthly Health Prem	HEALTH PREM 172.48
	CUPERSMITH, LEIZAR \$	172.48
ACH	DELGADO-ORAMAS JR, JOSE Reim Monthly Health Prem	HEALTH PREM 300.48
	DELGADO-ORAMAS JR, JOSE \$	300.48
ACH	GRANGER, BRANDON Reim Monthly Health Prem	HEALTH PREM 150.24
	GRANGER, BRANDON \$	150.24
ACH	GADDY, CHARLES L Reim Monthly Health Prem	HEALTH PREM 150.24
	GADDY, CHARLES L \$	150.24
ACH	BAKER, CHRIS Reim Monthly Health Prem	HEALTH PREM 22.24
	BAKER, CHRIS \$	22.24
ACH	WEBB, DANNY C Reim Monthly Health Prem	HEALTH PREM 128.00
	WEBB, DANNY C \$	128.00
ACH	HUMPHREYS, DEBORAH E Reim Monthly Health Prem	HEALTH PREM 150.24
	HUMPHREYS, DEBORAH E \$	150.24
ACH	MOUAT, FREDERICK W Reim Monthly Health Prem	HEALTH PREM 150.24
	MOUAT, FREDERICK W \$	150.24
ACH	MORGAN, GARTH W Reim Monthly Health Prem	HEALTH PREM 128.00
	MORGAN, GARTH W \$	128.00
ACH	ALLINGHAM, JACK Reim Monthly Health Prem	HEALTH PREM 22.24
	ALLINGHAM, JACK \$	22.24
ACH	MAZUR, JOHN Reim Monthly Health Prem	HEALTH PREM 437.19
	MAZUR, JOHN \$	437.19
ACH	RUDDER, LARRY Reim Monthly Health Prem	HEALTH PREM 22.24
	RUDDER, LARRY \$	22.24

Check	Payee / Description	Amount
ACH	HAMILTON, MARIA Reim Monthly Health Prem	HEALTH PREM 128.00
	HAMILTON, MARIA	\$ 128.00
ACH	PICENO, TONY Reim Monthly Health Prem	HEALTH PREM 172.48
	PICENO, TONY	\$ 172.48
ACH	RAMOS, CAROL Reim Monthly Health Prem	HEALTH PREM 22.24
	RAMOS, CAROL	\$ 22.24
ACH	FISHER, JAY Reim Monthly Health Prem	HEALTH PREM 128.00
	FISHER, JAY	\$ 128.00
ACH	KING, PATRICK Reim Monthly Health Prem	HEALTH PREM 22.24
	KING, PATRICK	\$ 22.24
ACH	HOWARD, ROBERT JAMES Reim Monthly Health Prem	HEALTH PREM 22.24
	HOWARD, ROBERT JAMES	\$ 22.24
ACH	DIETZ, JUDY Reim Monthly Health Prem	HEALTH PREM 128.00
	DIETZ, JUDY	\$ 128.00
ACH	DAVIS, GEORGE Reim Monthly Health Prem	HEALTH PREM 150.24
	DAVIS, GEORGE	\$ 150.24
ACH	MONZAVI, TAGHI Reim Monthly Health Prem	HEALTH PREM 22.24
	MONZAVI, TAGHI	\$ 22.24
ACH	PETERSEN, KENNETH Reim Monthly Health Prem	HEALTH PREM 172.48
	PETERSEN, KENNETH	\$ 172.48
ACH	TRAUTERMAN, HELEN Reim Monthly Health Prem	HEALTH PREM 172.48
	TRAUTERMAN, HELEN	\$ 172.48
ACH	TIEGS, KATHLEEN Reim Monthly Health Prem	HEALTH PREM 874.37

Check	Payee / Description	Amount
	TIEGS, KATHLEEN	\$ 874.37
ACH	DIGGS, GEORGE Reim Monthly Health Prem	HEALTH PREM 772.02
	DIGGS, GEORGE	\$ 772.02
ACH	HAYES, KENNETH Reim Monthly Health Prem	HEALTH PREM 472.96
	HAYES, KENNETH	\$ 472.96
ACH	HUNTON, STEVE Reim Monthly Health Prem	HEALTH PREM 150.24
	HUNTON, STEVE	\$ 150.24
ACH	RODRIGUEZ, LOUIS Reim Monthly Health Prem	HEALTH PREM 150.24
	RODRIGUEZ, LOUIS	\$ 150.24
ACH	VARBEL, VAN Reim Monthly Health Prem	HEALTH PREM 573.89
	VARBEL, VAN	\$ 573.89
ACH	CLIFTON, NEIL Reim Monthly Health Prem	HEALTH PREM 445.89
	CLIFTON, NBIL	\$ 445.89
ACH	DELGADO, FRANCOIS Reim Monthly Health Prem	HEALTH PREM 128.00
	DELGADO, FRANCOIS	\$ 128.00
ACH	WELLMAN, JOHN THOMAS Reim Monthly Health Prem	HEALTH PREM 573.89
	WELLMAN, JOHN THOMAS	\$ 573.89
ACH	SPEARS, SUSAN Reim Monthly Health Prem	HEALTH PREM 20.62
	SPEARS, SUSAN	\$ 20.62
ACH	TROXEL, WYATT Reim Monthly Health Prem	HEALTH PREM 172.48
	TROXEL, WYATT	\$ 172.48
ACH	CORLEY, WILLIAM Reim Monthly Health Prem	HEALTH PREM 437.19
	CORLEY, WILLIAM	\$ 437.19
ACH	CALLAHAN, CHARLES Reim Monthly Health Prem	HEALTH PREM 342.34

Check	Payee / Description	Amount
	CALLAHAN, CHARLES	\$ 342.34
ACH	LESNIAKOWSKI, NORBERT Reim Monthly Health Prem	HEALTH PREM 172.48
	LESNIAKOWSKI, NORBERT	\$ 172.48
ACH	VER STEEG, ALLEN J Reim Monthly Health Prem	HEALTH PREM 470.34
	VER STEEG, ALLEN J	\$ 470.34
ACH	HACKNEY, GARY Reim Monthly Health Prem	HEALTH PREM 437.19
	HACKNEY, GARY	\$ 437.19
ACH	CAREL, LARRY Reim Monthly Health Prem	HEALTH PREM 22.24
	CAREL, LARRY	\$ 22.24
ACH	TOL, HAROLD Reim Monthly Health Prem	HEALTH PREM 322.01
	TOL, HAROLD	\$ 322.01
ACH	BANKSTON, GARY Reim Monthly Health Prem	HEALTH PREM 471.54
	BANKSTON, GARY	\$ 471.54
ACH	ATWATER, RICHARD Reim Monthly Health Prem	HEALTH PREM 128.00
	ATWATER, RICHARD	\$ 128.00
ACH	FIESTA, PATRICIA Reim Monthly Health Prem	HEALTH PREM 450.01
	FIESTA, PATRICIA	\$ 450.01
ACH	DIGGS, JANET Reim Monthly Health Prem	HEALTH PREM 900.02
	DIGGS, JANET	\$ 900.02
ACH	CARAZA, TERESA Reim Monthly Health Prem	HEALTH PREM 158.95
	CARAZA, TERESA	\$ 158.95
ACH	ANDERSON, JOHN Reim Monthly Health Prem	HEALTH PREM 472.96
	ANDERSON, JOHN	\$ 472.96
ACH	SANTA CRUZ, JACQUELYN	

Check	Payee / Description	Amount
	Reim Monthly Health Prem HEALTH PREM	779.40
	SANTA CRUZ, JACQUELYN \$	779.40
ACH	HECK, ROSELYN Reim Monthly Health Prem HEALTH PREM	22.24
	HECK, ROSELYN \$	22.24
ACH	SOPICKI, LEO Reim Monthly Health Prem HEALTH PREM	300.48
	SOPICKI, LEO \$	300.48
ACH	HERNANDEZ, BENJAMIN Reim Monthly Health Prem HEALTH PREM	322.01
	HERNANDEZ, BENJAMIN \$	322.01
ACH	GOSE, ROSEMARY Reim Monthly Health Prem HEALTH PREM	128.00
	GOSE, ROSEMARY \$	128.00
ACH	KEHL, BARRETT Reim Monthly Health Prem HEALTH PREM	128.00
	KEHL, BARRETT \$	128.00
ACH	RITCHIE, JANN Reim Monthly Health Prem HEALTH PREM	128.00
	RITCHIE, JANN \$	128.00
ACH	LONG, ROCKWELL DEE Reim Monthly Health Prem HEALTH PREM	445.89
	LONG, ROCKWELL DEE \$	445.89
ACH	FATTAHI, MIR Reim Monthly Health Prem HEALTH PREM	128.00
	FATTAHI, MIR \$	128.00
ACH	VERGARA, FLORENTINO Reim Monthly Health Prem HEALTH PREM	300.48
	VERGARA, FLORENTINO \$	300.48
ACH	WARMAN, RALPH Reim Monthly Health Prem HEALTH PREM	172.48
	WARMAN, RALPH \$	172.48
ACH	ROGERS, SHIRLEY Reim Monthly Health Prem HEALTH PREM	172.48
	ROGERS, SHIRLEY \$	172.48

Check	Payee / Description	Amount
ACH	WALL, DAVID Reim Monthly Health Prem	HEALTH PREM 286.95
	WALL, DAVID	\$ 286.95
ACH	CHUNG, MICHAEL Reim Monthly Health Prem	HEALTH PREM 150.24
	CHUNG, MICHAEL	\$ 150.24
ACH	ADAMS, PAMELA Reim Monthly Health Prem	HEALTH PREM 172.48
	ADAMS, PAMELA	\$ 172.48
ACH	BLASINGAME, MARY Reim Monthly Health Prem	HEALTH PREM 1,019.78
	BLASINGAME, MARY	\$ 1,019.78
ACH	ANDERSON, KENNETH Reim Monthly Health Prem	HEALTH PREM 22.24
	ANDERSON, KENNETH	\$ 22.24
ACH	MOE, JAMES Reim Monthly Health Prem	HEALTH PREM 22.24
	MOE, JAMES	\$ 22.24
ACH	POLACEK, KEVIN Reim Monthly Health Prem	HEALTH PREM 746.06
	POLACEK, KEVIN	\$ 746.06
ACH	ELROD, SONDR Reim Monthly Health Prem	HEALTH PREM 286.95
	ELROD, SONDR	\$ 286.95
ACH	FRAZIER, JACK Reim Monthly Health Prem	HEALTH PREM 171.77
	FRAZIER, JACK	\$ 171.77
ACH	HOAK, JAMES Reim Monthly Health Prem	HEALTH PREM 128.00
	HOAK, JAMES	\$ 128.00
ACH	DEZHAM, PARIVASH Reim Monthly Health Prem	HEALTH PREM 171.77
	DEZHAM, PARIVASH	\$ 171.77
ACH	FOLEY III, DANIEL J. Reim Monthly Health Prem	HEALTH PREM 158.95
	FOLEY III, DANIEL J.	\$ 158.95

Check	Payee / Description	Amount
ACH	CLEVELAND, JAMES Reim Monthly Health Prem	HEALTH PREM 128.00
	CLEVELAND, JAMES	\$ 128.00
ACH	LANGNER, CAMERON Reim Monthly Health Prem	HEALTH PREM 238.70
	LANGNER, CAMERON	\$ 238.70
ACH	HAMILTON, LEANNE Reim Monthly Health Prem	HEALTH PREM 158.95
	HAMILTON, LEANNE	\$ 158.95
ACH	HOOSHMAND, RAY Reim Monthly Health Prem	HEALTH PREM 128.00
	HOOSHMAND, RAY	\$ 128.00
ACH	SCHLAPKOHL, JACK Reim Monthly Health Prem	HEALTH PREM 128.00
	SCHLAPKOHL, JACK	\$ 128.00
ACH	POOLE, PHILLIP Reim Monthly Health Prem	HEALTH PREM 171.77
	POOLE, PHILLIP	\$ 171.77
ACH	ADAMS, BARBARA Reim Monthly Health Prem	HEALTH PREM 150.24
	ADAMS, BARBARA	\$ 150.24
ACH	RUESCH, GENECE Reim Monthly Health Prem	HEALTH PREM 481.35
	RUESCH, GENECE	\$ 481.35
ACH	VANDERPOOL, LARRY Reim Monthly Health Prem	HEALTH PREM 471.54
	VANDERPOOL, LARRY	\$ 471.54
ACH	AMBROSE, JEFFREY Reim Monthly Health Prem	HEALTH PREM 573.89
	AMBROSE, JEFFREY	\$ 573.89
ACH	MERRILL, DIANE Reim Monthly Health Prem	HEALTH PREM 286.95
	MERRILL, DIANE	\$ 286.95
ACH	HOUSER, ROD Reim Monthly Health Prem	HEALTH PREM 620.58

Check	Payee / Description	Amount
	HOUSER, ROD \$	620.58
ACH	RUSSO, VICKI Reim Monthly Health Prem HEALTH PREM	158.95
	RUSSO, VICKI \$	158.95
ACH	HUSS, KERRY Reim Monthly Health Prem HEALTH PREM	445.89
	HUSS, KERRY \$	445.89
ACH	BINGHAM, GREGG Reim Monthly Health Prem HEALTH PREM	618.06
	BINGHAM, GREGG \$	618.06
ACH	CHARLES, DAVID Reim Monthly Health Prem HEALTH PREM	128.00
	CHARLES, DAVID \$	128.00
ACH	YEBOAH, ERNEST Reim Monthly Health Prem HEALTH PREM	128.00
	YEBOAH, ERNEST \$	128.00
ACH	ALVARADO, ROSEMARY Reim Monthly Health Prem HEALTH PREM	309.19
	ALVARADO, ROSEMARY \$	309.19
ACH	BARELA, GEORGE Reim Monthly Health Prem HEALTH PREM	128.00
	BARELA, GEORGE \$	128.00
ACH	FETZER, ROBERT Reim Monthly Health Prem HEALTH PREM	746.06
	FETZER, ROBERT \$	746.06
ACH	SPAETH, ERIC Reim Monthly Health Prem HEALTH PREM	158.95
	SPAETH, ERIC \$	158.95
ACH	DAVIS, MARTHA Reim Monthly Health Prem HEALTH PREM	158.95
	DAVIS, MARTHA \$	158.95
ACH	BRULE, CHRISTOPHER Reim Monthly Health Prem HEALTH PREM	158.95
	BRULE, CHRISTOPHER \$	158.95
ACH	ROOS, JAMES Reim Monthly Health Prem HEALTH PREM	445.89

Check	Payee / Description	Amount
	ROOS, JAMES	\$ 445.89
ACH	ICMA RETIREMENT TRUST 457 P/R 9 4/28 Deferred Comp Ded HR 0053600	15,449.52
	ICMA RETIREMENT TRUST 457	\$ 15,449.52
ACH	LINCOLN NATIONAL LIFE INS CO P/R 9 4/28 Deferred Comp Ded HR 0053600	24,700.71
	LINCOLN NATIONAL LIFE INS CO	\$ 24,700.71
ACH	ICMA RETIREMENT TRUST 401 P/R 9 4/28 Exec Deferred Comp HR 0053600	8,420.18
	ICMA RETIREMENT TRUST 401	\$ 8,420.18
ACH	AQUA BEN CORPORATION DAFT-2,300 Lbs Polymer 748E 35628	2,032.17
	AQUA BEN CORPORATION	\$ 2,032.17
ACH	LASER LINE Inv-Color Toner Cartridges 29429	1,148.41
	LASER LINE	\$ 1,148.41
ACH	UNIVAR USA INC CCWRP-13,015 Lbs Sodium Bisulfite EA529113	2,810.32
	UNIVAR USA INC	\$ 2,810.32
ACH	WESTERN MUNICIPAL WATER DISTRI WR16011-3/1/17-3/31/17 84 Sprinkler Nozz IEUA-1345	302.40
	WESTERN MUNICIPAL WATER DISTRI\$	302.40
ACH	AMERICAN MICROIMAGING Laserfiche 1 Year Maint/Suppt Beginning 47793	49,613.82
	AMERICAN MICROIMAGING	\$ 49,613.82
ACH	ALFA LAVAL INC 1 Lower Belt 277018798	2,099.61
	ALFA LAVAL INC	\$ 2,099.61
ACH	PARSONS WATER & INFRASTRUCTURE EN16028/EN16025-12/3-1/6 Prof Svcs 1701A709	131,411.48
	PARSONS WATER & INFRASTRUCTURES	131,411.48
ACH	LA OPINION PI-Water Conservation Ads-3/20,3/26 107290317	2,200.00
	LA OPINION	\$ 2,200.00
ACH	PEST OPTIONS INC	

Check	Payee / Description	Amount
	March 2017 Weed Abatement Services 273950	2,920.48
	PEST OPTIONS INC \$	2,920.48
ACH	OLIN CORP	
	RP2-1,778 Gals Sodium Hypochlorite 2311137	1,013.46
	TP1-4,964 Gals Sodium Hypochlorite 2315474	2,829.48
	RP4-3,620 Gals Sodium Hypochlorite 2314445	2,063.40
	CCWRP-2,974 Gals Sodium Hypochlorite 2314444	1,695.18
	TP1-4,908 Gals Sodium Hypochlorite 2314443	2,797.56
	TP1-4,928 Gals Sodium Hypochlorite 2313869	2,808.96
	RP4-3,018 Gals Sodium Hypochlorite 2313248	1,720.26
	RP5-4,912 Gals Sodium Hypochlorite 2313247	2,799.84
	TP1-4,816 Gals Sodium Hypochlorite 2312636	2,745.12
	OLIN CORP \$	20,473.26
ACH	GK & ASSOCIATES INC	
	46-2054-2/17 Prof Svcs 17-007	19,520.00
	46-2054-2/17 Prof Svcs 17-008	12,800.00
	46-2054-2/17 Prof Svcs 17-009	14,560.00
	46-2054-2/17 Prof Svcs 17-010	21,594.00
	GK & ASSOCIATES INC \$	68,474.00
ACH	YORK RISK SERVICES GROUP INC	
	4/17-6/17W/C Adm Fee - 2Q17 500015857	4,488.75
	YORK RISK SERVICES GROUP INC \$	4,488.75
ACH	EVOQUA WATER TECHNOLOGIES LLC	
	4/1/17-6/30/2017 DI Tank Rental 903047890	99.29
	EVOQUA WATER TECHNOLOGIES LLC \$	99.29
ACH	WEST COAST ADVISORS	
	4/17 Prof Svcs 10700	9,800.00
	WEST COAST ADVISORS \$	9,800.00
ACH	TRIBOLOGIK CORPORATION	
	Oil Analysis 31804	60.00
	Oil Analysis 31803	90.00
	Oil Analysis 31802	60.00
	TRIBOLOGIK CORPORATION \$	210.00
ACH	SHELL ENERGY NORTH AMERICA LP	
	RP1-3/1-3/31 2450 Phila St 12/1-12/31 A 2042 3/17	77,860.32
	RP2/RP5-3/1-3/31 16400 El Prado Rd 12/1- 2044 3/17	4,573.11
	CCWRP/TP/RWPS-3/1-3/31 14950 Tlphn 12/1- 2046 3/17	21,342.25
	SHELL ENERGY NORTH AMERICA LP \$	103,775.68
ACH	IEUA EMPLOYEES' ASSOCIATION	
	P/R 7 3/31/17 Employee Ded HR 0052400	3.00
	P/R 9 4/28 Employee Ded HR 0053600	183.00
	IEUA EMPLOYEES' ASSOCIATION \$	186.00

Check	Payee / Description	Amount
ACH	IEUA SUPERVISORS UNION ASSOCIA P/R 9 4/28 Employee Ded	HR 0053600 345.00
	IEUA SUPERVISORS UNION ASSOCIAS	345.00
ACH	IEUA GENERAL EMPLOYEES ASSOCIA P/R 9 4/28 Employee Ded	HR 0053600 1,106.60
	IEUA GENERAL EMPLOYEES ASSOCIAS	1,106.60
ACH	IEUA PROFESSIONAL EMPLOYEES AS P/R 9 4/28 Employee Ded	HR 0053600 500.00
	IEUA PROFESSIONAL EMPLOYEES ASS	500.00
ACH	DISCOVERY BENEFITS INC P/R 9 4/28 Cafeteria Plan	HR 0053600 3,178.91
	DISCOVERY BENEFITS INC	\$ 3,178.91

Grand Total Payment Amount: \$ 2,834,142.55

Attachment 4

Vendor Wires
(excludes Payroll)

Check	Payee / Description	Amount
Wire	EMPLOYMENT DEVELOPMENT DEPARTM	
	P/R DIR 04 4/14/17 Taxes HR 0053100	393.18
	P/R 8 4/14/17 Taxes HR 0053200	52,025.83
	P/R 8 4/14/17 Taxes HR 0053200	11,037.59
	EMPLOYMENT DEVELOPMENT DEPARTM\$	63,456.60
Wire	INTERNAL REVENUE SERVICE	
	P/R DIR 04 4/14/17 Taxes HR 0053100	2,573.81
	P/R 8 4/14/17 Taxes HR 0053200	339,219.56
	INTERNAL REVENUE SERVICE \$	341,793.37
Wire	EMPLOYMENT DEVELOPMENT DEPARTM	
	P/R 4/14/17 Taxes Vacation Buy Back HR 0053300	18,811.09
	P/R 4/14/17 Taxes Vacation Buy Back HR 0053300	3,091.26
	EMPLOYMENT DEVELOPMENT DEPARTM\$	21,902.35
Wire	INTERNAL REVENUE SERVICE	
	P/R 4/14/17 Taxes Vacation Buy Back HR 0053300	101,121.80
	INTERNAL REVENUE SERVICE \$	101,121.80
Wire	PUBLIC EMPLOYEES' RETIREMENT S	
	4/17 Health Ins-Board 14927355 4/17	5,413.88
	4/17 Health Ins-Retirees, Employees 14927351 4/17	245,440.46
	PUBLIC EMPLOYEES' RETIREMENT S\$	250,854.34
Wire	STATE BOARD OF EQUALIZATION	
	3/17 Sales Tax Deposit 23784561 3/17	7,583.00
	STATE BOARD OF EQUALIZATION \$	7,583.00
Wire	PUBLIC EMPLOYEES RETIREMENT SY	
	P/R 7 3/31/17 PERS PR 7 3/31/17	0.68
	P/R 7 3/31/17 PERS HR 0052400	268,913.08
	PUBLIC EMPLOYEES RETIREMENT SY\$	268,913.76
Wire	PUBLIC EMPLOYEE'S RETIREMENT S	
	P/R 8 4/13/17 Deferred Comp Ded HR 0053200	66,754.98
	PUBLIC EMPLOYEE'S RETIREMENT S\$	66,754.98
Wire	STATE DISBURSEMENT UNIT	
	P/R 8 4/13/17 HR 0053200	1,145.06
	HR 0053200	198.00
	STATE DISBURSEMENT UNIT \$	1,343.06
Wire	STATE DISBURSEMENT UNIT	
	P/R 7 3/31/17 HR 0052400	198.00
	P/R 7 3/31/17 HR 0052400	1,145.06
	STATE DISBURSEMENT UNIT \$	1,343.06

Check	Payee / Description	Amount
Wire	PUBLIC EMPLOYEES RETIREMENT SY	
	P/R 8 4/14/17 PERS Adj	PR 8 4/14/17 11.18
	P/R 8 4/13/17 PERS	HR 0053200 274,605.18
	PUBLIC EMPLOYEES RETIREMENT SYS	274,594.00
Wire	PUBLIC EMPLOYEE'S RETIREMENT S	
	P/R 9 4/28 Deferred Comp Ded	HR 0053600 23,727.73
	PUBLIC EMPLOYEE'S RETIREMENT SS	23,727.73
Wire	METROPOLITAN WATER DISTRICT	
	February 2017 Water Purchase	8950 897,349.49
	METROPOLITAN WATER DISTRICT	\$ 897,349.49

Grand Total Payment Amount: \$ 2,320,737.54

Attachment 5

Payroll-Net Pay-Directors

INLAND EMPIRE UTILITIES AGENCY

RATIFICATION OF BOARD OF DIRECTORS

PAYROLL FOR APRIL 14, 2017
PRESENTED AT BOARD MEETING ON JUNE 21, 2017

DIRECTOR NAME	GROSS PAYROLL	NET PAYROLL
MICHAEL CAMACHO	\$3,931.54	\$1,371.88
STEVEN ELIE	\$4,300.72	\$1,340.30
JASMIN HALL	\$2,874.92	\$1,788.32
PAUL HOFER	\$0.00	\$0.00
KATHERINE PARKER	\$3,386.47	\$1,825.92
TOTALS	\$14,493.65	\$6,326.42

TOTAL EFTS PROCESSED	2
BEGINNING CHECK NO.	105909
ENDING CHECK NO.	105910
TOTAL CHECKS PROCESSED	2

**Directors' Meetings
Pay Period 04**

		Meetings	Total
	Compensation	Paid	Compensation
Michael Camacho - Emp#1140 (Division 5)			
IEUA (59)	\$ 225.00	9	\$ 2,025.00
MWD (60)	\$ 225.00	1	\$ 225.00
SAWPA (61)	\$ 225.00		\$ -
Watermaster (61)	\$ 97.35		\$ -
Regional Policy Committee (61)	\$ 125.00		\$ -
CDA (61)	\$ 75.00		\$ -
Retro Adj IEUA	\$ 225.00		\$ -
Total (CC 110096)		10	\$ 2,250.00

		Meetings	Total
	Compensation	Paid	Compensation
Steven J. Elle - Emp #1175 (Division 3)			
IEUA (59)	\$ 225.00	10	\$ 2,250.00
MWD (60)	\$ 225.00		\$ -
SAWPA (61)	\$ 225.00		\$ -
Watermaster (61)	\$ 97.35		\$ -
Regional Policy Committee (61)	\$ 125.00		\$ -
CDA (61)	\$ 225.00		\$ -
Total (CC 110093)		10	\$ 2,250.00

		Meetings	Total
	Compensation	Paid	Compensation
Jasmin A Hall - Emp#1256 (Division 4)			
IEUA (59)	\$ 225.00	9	\$ 2,025.00
MWD (60)	\$ 225.00		\$ -
SAWPA (61) Alternate	\$ 27.18		\$ -
Watermaster (61)	\$ 97.35		\$ -
Regional Policy Committee (61)	\$ 125.00		\$ -
CDA (61)	\$ 75.00		\$ -
CDA -IEUA to pay	\$ 225.00	1	\$ 225.00
IEUA (59) Correction 11/2015	\$ 225.00		\$ -
SAWPA (61) Alternate Correction 11/2015	\$ 45.57		\$ -
Total (CC 110094)		10	\$ 2,250.00

		Meetings	Total
	Compensation	Paid	Compensation
Paul Hofer - Emp#1349 (Division 2)			
IEUA (59)	\$ 225.00		\$ -
MWD (60)	\$ 225.00		\$ -
SAWPA (61)	\$ 225.00		\$ -
Watermaster (61)	\$ 97.35		\$ -
Regional Policy Committee (61)	\$ 125.00		\$ -
CDA (61)	\$ 225.00		\$ -
IEUA (59) correction	\$ 225.00		\$ -
Total (CC 110092)		0	\$ -

		Meetings	Total
	Compensation	Paid	Compensation
Katherine Parker - Emp#1362 (Division 1)			
IEUA (59)	\$ 225.00	6	\$ 1,350.00
MWD (60)	\$ 225.00		\$ -
SAWPA (61) Alternate	\$ 27.18	1	\$ 27.18
Watermaster (61) Alternate	\$ 225.00	1	\$ 225.00
Regional Policy Committee (61)	\$ 125.00	1	\$ 125.00
CDA (61)	\$ 225.00		\$ -
Watermaster (61) Alternate	\$ 125.00	2	\$ 250.00
Total (CC 110091)		11	\$ 1,977.18

Sub Totals	
Camacho	\$ 2,250.00
Elle	\$ 2,250.00
Hall	\$ 2,250.00
Hofer	\$ -
Parker	\$ 1,977.18

Grand Total \$ 6,727.18

IEUA DIRECTOR PAYSHEET

MICHAEL CAMACHO
 EMPLOYEE NO. 1140
 ACCOUNT NO. 10200 110100 100000 501010

MARCH 2017

DATE	TYPE OF MEETING	ATTENDANCE	TOTAL COMPENSATION
03-01-17	IEUA Board Meeting	Yes	\$225.00
03-07-17	Lunch mtg. w/R Winston, Exec Director of the California Strategic Growth Council	Yes	\$225.00
03-07-17	Inland Empire Water Agencies Legislative Reception	Yes (same day)	\$-0-
03-08-17	Community and Legislative Affairs Committee	Yes (same day)	\$-0-
03-08-17	Engineering, Operations and Water Resources Committee	Yes	\$225.00
03-09-17	Southern Coalition/Inland Caucus Meeting	Yes	\$225.00
03-10-17	Interview Panel for Exec. Mgr. External Affairs & Policy Devel.	Yes (staff)	\$-0-
03-15-17	IEUA Board Meeting	Yes	\$225.00
03-20-17	Mtg. w/Fontana City Council Armendarez	Yes	\$225.00
03-21-17	Mandatory Ethics Training	Yes	\$225.00
03-23-17	WELL (Water Education) Conf.	Yes	\$225.00
03-24-17	WELL (Water Education) Conf.	Yes	\$225.00
TOTAL REIMBURSEMENT (Up to 10 days of service per month per Ordinance No. 83, including MWD meetings)			\$2,025.00 ✓
Total No. of Meetings Attended			12
Total No. of Meetings Paid			9 ✓

DIRECTOR
SIGNATURE

Michael Camacho

 Michael Camacho

Approved by:

Steven J. Elie

 Steven J. Elie
 President, Board of Directors

**DIRECTOR PAYSHEET FOR IEUA REPRESENTATIVE
ON MWD BOARD**



MICHAEL CAMACHO
EMPLOYEE NO. 1140
ACCOUNT NO. 10700 110115 110000 511010

MARCH 2017

DATE	TYPE OF MEETING	ATTENDANCE	TOTAL COMPENSATION
03-13-17	MWD Standing Committee Meetings	Yes	\$225.00
03-14-17	MWD Standing Committee Meetings and Board Meeting	Yes (10 mtgs. Max)	\$-0-
03-21-17	MWD Real Property Update Telecon	Yes (10 mtgs. Max)	\$-0-
03-28-17	MWD other Committee Meetings	No	\$-0-
TOTAL REIMBURSEMENT (Up to 10 days of service per month per Ordinance No. 83)			\$225.00
Total No. of Meetings Attended			3
Total No. of Meetings Paid			1

DIRECTOR
SIGNATURE

Approved by:



Steven J. Elie
President, Board of Directors

**DIRECTOR PAYSHEET FOR IEUA REPRESENTATIVE
ON REGIONAL POLICY COMMITTEE (ALTERNATE)**

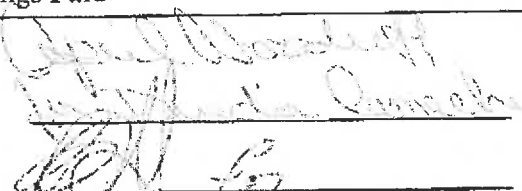
MICHAEL CAMACHO
EMPLOYEE NO. 1140
ACCOUNT NO. 10900 110100 500000 501215

MARCH 2017

DATE	TYPE OF MEETING	ATTENDANCE	TOTAL COMPENSATION
03-02-17	Regional Policy Committee Meeting.	No	\$-0-
TOTAL REIMBURSEMENT			\$-0-
Up to 10 days of service per month per Ordinance No. 73, Section 1 (d) (i.e., \$125.00 – difference between Regional Policy Committee (\$100.00 and Agency meetings \$225.00) including Agency meetings			
Total No. of Meetings Attended			0
Total No. of Meetings Paid			0

**DIRECTOR
SIGNATURE**

Approved by:



Steven L. Elie
President, Board of Directors

IEUA DIRECTOR PAYSHEET

STEVEN J. ELIE

EMPLOYEE NO. 1175

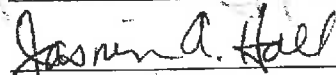
ACCOUNT NO. 10200 110100 100000 501010

MARCH 2017

DATE	TYPE OF MEETING	ATTENDANCE	TOTAL COMPENSATION
03-01-17	IEUA Board Meeting	Yes	\$225.00
03-06-17	IEUA Audit Committee	Yes	\$225.00
03-06-27	SCWC Legislative Task Force Telecon	Yes (same day)	\$-0-
03-06-17	Telecon w/West Coast Advisors	Yes (same day)	\$-0-
03-07-17	Lunch mtg. w/R Winston, Exec Director of the California Strategic Growth Council	Yes	\$225.00
03-07-17	Inland Empire Water Agencies Legislative Reception	Yes (same day)	\$-0-
03-08-17	IEUA Community & Leg. Affairs Committee	Yes	\$225.00
03-10-17	Interview Panel for Exec. Mgr. External Affairs & Policy Devel.	Yes (staff)	\$-0-
03-10-17	Board Agenda Review/JG & JC	Yes	\$225.00
03-14-17	NRWI Board meeting @ OCWD	Yes	\$225.00
03-15-17	Board Meeting	Yes	\$225.00
03-20-17	IEUA Special District Dinner Mtg.	Yes	\$225.00
03-21-17	Mandatory Ethics Training	Yes	\$225.00
03-21-17	Plume Dinner w/Greg Newmark	Yes (same day)	\$-0-
03-27-17	NRWI Board meeting @ OCWD Telecon	Yes	\$225.00
TOTAL REIMBURSEMENT (Up to 10 days of service per month per Ordinance No. 83)			\$2,250.00
Total No. of Meetings Attended			15
Total No. of Meetings Paid			10

DIRECTOR
SIGNATURE

Approved by:


Jasmin Hall
Secretary/Treasurer

**DIRECTOR PAYSHEET FOR IEUA
ON WATERMASTER BOARD**

STEVEN J. ELIE
EMPLOYEE NO. 1175
ACCOUNT NO. 10200 110100 100000 501010


MARCH 2017

DATE	TYPE OF MEETING	ATTENDANCE	TOTAL COMPENSATION
03-03-17	CBWM Special Board Meeting - Closed Session	Yes*	\$-0-
03-16-17	CBWM Special Board Meeting	Yes*	\$-0-
03-23-17	CBWM Board Meeting	Yes*	\$-0-

TOTAL REIMBURSEMENT Up to 10 days of service per month per Ordinance No. 83, Section 1 (d) (i.e., \$100.00 – difference between Watermaster \$125.00 and District meetings \$225.00), including District meetings	\$-0-
Total No. of Watermaster Meetings Attended	3
Total No. of Watermaster Meetings Paid	0

***Decline IEUA portion**

DIRECTOR SIGNATURE 

Approved by: 
Jasmin Hall
Secretary/Treasurer

**DIRECTOR PAYSHEET FOR IEUA REPRESENTATIVE
ON CHINO DESALTER AUTHORITY (ALTERNATE)**

STEVEN J. ELIE
EMPLOYEE NO. 1175
ACCOUNT NO. 10200 110100 100000 501010

MARCH 2017

DATE	TYPE OF MEETING	ATTENDANCE	TOTAL COMPENSATION
03-02-16	CDA Board Meeting	No	\$-0-
TOTAL REIMBURSEMENT			\$-0-
Up to 10 days of service per month per Ordinance No. 83, Section 1 (d) (i.e., \$75.00 – difference between CDA (\$150.00 And Agency meetings \$225.00) including Agency meetings			
Total No. of CDA Meetings Attended			0
Total No. of CDA Meetings Paid			0

DIRECTOR SIGNATURE *Steven J. Elie*
 Approved by: *Jasmin A. Hall*
 Jasmin Hall
 Secretary/Treasurer

IEUA DIRECTOR PAYSHEET

JASMIN A. HALL
 EMPLOYEE NO. 1256
 ACCOUNT NO. 10200 110100 100000 501010
 MARCH 2017

DATE	TYPE OF MEETING	ATTENDANCE	TOTAL COMPENSATION
03-01-17	IEUA Board Meeting	No	\$-0-
03-01-17	CASA DC Policy Forum	Yes	\$225.00
03-04-17	Honoring Trailblazing Women in Labor and Business	Yes	\$225.00
03-07-17	Bloomington-Muni Advisory Council	Yes	\$225.00
03-08-17	Engineering, Operations & WR Committee	Yes (non alternate)	\$-0-
03-08-17	Finance and Admin. Committee Meeting	Yes	\$225.00
03-10-17	Brfst. Mtg. with Fontana Councilman Armendarez	Yes	\$225.00
3-14-17	CASA DC Policy Forum Debrief Telecon	Yes	\$225.00
03-15-17	IEUA Board Meeting	Yes	\$225.00
03-15-17	Mtg w/ CFO C Valencia and staff to discuss budget	Yes (staff)	\$-0-
03-20-17	Meeting w/Fontana Councilmember Armendarez	Yes	\$225.00
03-20-17	Fontana Business Activity Update w/C Hays	Yes (same day)	\$-0-
03-20-17	CASA Board Telecon Meeting	Yes (same day)	\$-0-
03-20-17	IEUA hosted Special District Dinner meeting	Yes (same day)	\$-0-
03-21-17	Mandatory Ethics Training	Yes	\$225.00
03-30-17	2017 Grow Riverside Conference	Yes(10 mtg. max.)	\$-0-
03-31-17	2017 Grow Riverside Conf.	Yes (10 mtg. max.)	\$-0-
TOTAL REIMBURSEMENT (Up to 10 days of service per month per Ordinance No. 83)			\$2,250.00
Total No. of Meetings Attended			16
Total No. of Meetings Paid			9

DIRECTOR SIGNATURE



Approved by:

Steven J. Elie, President, Board of Directors


**DIRECTOR PAYSHEET FOR IEUA
ON SAWPA COMMISSION**

JASMIN A. HALL
 EMPLOYEE NO. 1256
 ACCOUNT NO. 10500 110100 165000 501010

MARCH 2017

DATE	TYPE OF MEETING	ATTENDANCE	TOTAL COMPENSATION
03-07-17	SAWPA Commission Workshop	Yes (same day)	\$-0-
03-21-17	SAWPA Commission Meeting	Yes (same day)	\$-0-
TOTAL REIMBURSEMENT			\$-0-
Up to 10 days of service per month per Ordinance No. 83, Section 1 (d) (i.e., \$27.18 – difference between SAWPA (\$197.82 (eff. 2/16/16) and Agency meetings \$225.00 including Agency meetings			
Total No. of SAWPA Meetings Attended			2
Total No. of SAWPA Meetings Paid			0

DIRECTOR SIGNATURE 

Approved by: 
 Steven J. Elie
 President, Board of Directors

**DIRECTOR PAYSHEET FOR IEUA REPRESENTATIVE
ON CHINO DESALTER AUTHORITY**

JASMIN A. HALL
 EMPLOYEE NO. 1256
 ACCOUNT NO. 10200 110100 100000 501010

MARCH 2017

DATE	TYPE OF MEETING	ATTENDANCE	TOTAL COMPENSATION
03-02-17	CDA Board Meeting	Yes	\$225.00
TOTAL REIMBURSEMENT			\$225.00
Up to 10 days of service per month per Ordinance No. 83, Section 1 (d) (i.e., \$75.00 – difference between CDA (\$150.00 And Agency meetings \$225.00 excludes alternate) including Agency meetings			
Total No. of CDA Meetings Attended			1
Total No. of CDA Meetings Paid			1

DIRECTOR SIGNATURE *Jasmin A. Hall*

Approved by: Steven J. Elie
 President, Board of Directors

*Chino Desalter Authority will pay \$150.00 per meeting directly to the Agency.

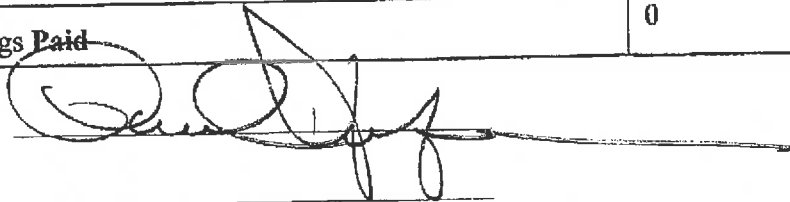
IEUA DIRECTOR PAYSHEET

PAUL HOFER
 EMPLOYEE NO. 1349
 ACCOUNT NO. 10200 110100 100000 501010

MARCH 2017

DATE	TYPE OF MEETING	ATTENDANCE	TOTAL COMPENSATION
03-01-17	IEUA Board Meeting	Yes	\$-0-
03-08-17	Finance & Admin Committee Mtg.	Yes	\$-0-
03-15-17	IEUA Board Meeting	Yes	\$-0-
03-23-17	Ontario Oversight Meeting	Yes	\$-0-
TOTAL REIMBURSEMENT (Up to 10 days of service per month per Ordinance No. 83)			\$-0-
Total No. of Meetings Attended			5/3
Total No. of Meetings Paid			0

DIRECTOR SIGNATURE



Approved by:

Steven J. Elie
 President, Board of Directors



Director Hofer has waived all stipend payments.

IEUA DIRECTOR PAYSHEET

KATI PARKER
 EMPLOYEE NO. 1362
 ACCOUNT NO. 10200 1100100 100000 501010

MARCH 2017

DATE	TYPE OF MEETING	ATTENDANCE	TOTAL COMPENSATION
03-01-17	Meeting/w Labor Counsel W. Dorgan	Yes (same day)	\$-0-
03-01-17	IEUA Board Meeting	Yes	\$225.00
03-06-17	Audit Committee	Yes	\$225.00
03-08-17	Community & Leg. Affairs Committee	Yes (non-alternate)	\$-0-
03-08-17	Engineering, Operations & Water Resources Committee	Yes	\$225.00
03-15-17	IEUA Board Meeting	Yes	\$225.00
03-15-17	Upland Oversight Committee	Yes (same day)	\$-0-
03-20-17	IEUA hosted Special District Dinner meeting	Yes	\$225.00
03-21-17	Mandatory Ethics Training	Yes	\$225.00
03-29-17	Upland Rotary Presentation	Yes (declined pymt.)	\$-0-
TOTAL REIMBURSEMENT			\$1,350.00
Up to 10 days of service per month per Ordinance No. 83, Section 1 (d) (i.e., \$27.18 – difference between SAWPA (\$197.82 (eff. 2/16/16) and Agency meetings \$225.00 including Agency meetings			
Total No. of SAWPA Meetings Attended			10
Total No. of SAWPA Meetings Paid			6


DIRECTOR SIGNATURE 
 Approved by: 
 Steven J. Elie
 President, Board of Directors


**DIRECTOR PAYSHEET FOR IEUA
ON SAWPA COMMISSION (ALTERNATE)**

KATI PARKER
EMPLOYEE NO. 1362
ACCOUNT NO. 10500 110100 165000 501010

MARCH 2017

DATE	TYPE OF MEETING	ATTENDANCE	TOTAL COMPENSATION
03-07-17	SAWPA Commission Workshop	Yes	\$27.18
03-21-17	SAWPA Commission	Yes	\$27.18
TOTAL REIMBURSEMENT			\$54.36
Up to 10 days of service per month per Ordinance No. 83,			27.18 ✓
Section 1 (d) (i.e., \$27.18 – difference between SAWPA (\$197.82 (eff. 2/16/16) and Agency meetings \$225.00 including Agency meetings			
Total No. of SAWPA Meetings Attended			2 ✓
Total No. of SAWPA Meetings Paid			2 ✓

DIRECTOR SIGNATURE 

Approved by: 
Steven J. Elie
President, Board of Directors

**DIRECTOR PAYSHEET FOR IEUA REPRESENTATIVE
ON REGIONAL POLICY COMMITTEE**

KATI PARKER
EMPLOYEE NO. 1362
ACCOUNT NO. 10900 110100 500000 501215

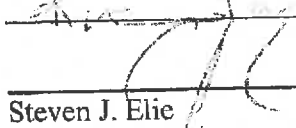
MARCH 2017

DATE	TYPE OF MEETING	ATTENDANCE	TOTAL COMPENSATION
03-02-17	Regional Policy Committee Meeting.	Yes	\$125.00
TOTAL REIMBURSEMENT Up to 10 days of service per month per Ordinance No. 73, Section 1 (d) (i.e., \$125.00 – difference between Regional Policy Committee (\$100.00 and Agency meetings \$225.00) including Agency meetings			\$125.00
Total No. of Meetings Attended			1
Total No. of Meetings Paid			1

**DIRECTOR
SIGNATURE**



Approved by:



Steven J. Elie
President, Board of Directors

**DIRECTOR PAYSHEET FOR IEUA REPRESENTATIVE
ON WATERMASTER BOARD (ALTERNATE)**

KATI PARKER
EMPLOYEE NO. 1362
ACCOUNT NO. 10200 110100 100000 501010

MARCH 2017

DATE	TYPE OF MEETING	ATTENDANCE	TOTAL COMPENSATION
03-23-17	CBWM Board meeting	Yes	\$225.00
01-26-17	CBWM Board meeting	Yes (difference paid)	\$125.00*
02-23-17	CBWM Board meeting	Yes (difference paid)	\$125.00*
TOTAL REIMBURSEMENT			\$475.00
Up to 10 days of service per month per Ordinance No. 98, Section 1 (d) (i.e., \$100.00 – difference between Watermaster \$125.00 and District meetings \$225.00), including District meetings			
Total No. of Watermaster Meetings Attended			1 + 2 (Jan & Feb)
Total No. of Watermaster Meetings Paid			1 + 2 (Jan & Feb)

DIRECTOR SIGNATURE _____

Approved by: _____
Steven J. Elie
President, Board of Directors

- * Chino Basin Watermaster does not compensate an alternate Director unless the alternate Director is attending on behalf of an absent primary Director. In accordance to Ordinance No. 98, Section 1, (i) Attendance at any meeting provided for under Sections 1.b, c, e, and f, shall also include payment to both the primary representative and the alternate representative to said body if they both attend said meeting.

Attachment 6

Payroll-Net Pay-Employees

Non-Board Members	PP 8 Checks	PP 8 EFTs	PP 9 Checks	PP 9 EFTs	April
NET PAY TO EE	\$246,725.44	\$722,606.20	\$0.00	\$693,509.62	\$1,662,841.26

INLAND EMPIRE UTILITIES AGENCY

PAYROLL FOR APRIL 14, 2017

PRESENTED AT BOARD MEETING ON JUNE 21, 2017

GROSS PAYROLL COSTS			\$1,706,360.15
DEDUCTIONS			(\$737,028.51)
NET PAYROLL			\$969,331.64 =====
NET PAYROLL BREAKDOWN	CHECKS	EFT	TOTAL
CHECKS USED	105911-105993		
TRANSACTION PROCESSED	83	309	392
AMOUNT	\$246,725.44	\$722,606.20	\$ <u>969,331.64</u>

INLAND EMPIRE UTILITIES AGENCY

PAYROLL FOR APRIL 28, 2017

PRESENTED AT BOARD MEETING ON JUNE 21, 2017

GROSS PAYROLL COSTS			\$1,256,095.38
DEDUCTIONS			(\$562,585.76)
NET PAYROLL			\$693,509.62 =====
NET PAYROLL BREAKDOWN	CHECKS	EFT	TOTAL
CHECKS USED	0		
TRANSACTION PROCESSED	0	308	308
AMOUNT	\$0.00	\$693,509.62	<u>\$693,509.62</u>

CONSENT
CALENDAR
ITEM

3C

Date: June 21, 2017

To: The Honorable Board of Directors

Through: Finance, Legal, and Administration Committee (6/14/17)

From: P. Joseph Grindstaff *cb for Jn*
General Manager

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

JL Javier Chagoyen-Lazaro
Manager of Finance and Accounting

Subject: Adoption of Resolution No. 2017-6-11, Approving the Santa Ana Watershed Project Authority Adopted Budget for Fiscal Years 2017/18 and 2018/19

RECOMMENDATION

It is recommended that the Board of Directors:

1. Ratify the Santa Ana Watershed Project Authority (SAWPA) adopted budget for Fiscal Years (FYs) 2017/18 and 2018/19, as submitted; and
2. Adopt Resolution No. 2017-6-11, approving the SAWPA general and specific project budgets for FYs 2017/18 and 2018/19.

BACKGROUND

The FYs 2017/18 and 2018/19 budget was presented to the SAWPA member agencies' chief financial officers on February 16, 2017 and at the SAWPA Commission budget workshop on May 16, 2017.

On May 16, 2017, the SAWPA Commission adopted a biennial budget for FYs 2017/18 and 2018/19.

The total proposed budget for member contributions to support planning projects and administrative support for FY 2017/18 increased slightly from the FY 2016/17 amended budget, \$1,439,307 to \$1,442,117 for all members; an increase of \$2,810 per member.

Annual contributions are equally shared by the five member agencies: IEUA, Eastern Municipal Water District, Orange County Water District, San Bernardino Valley Municipal Water District, and Western Municipal Water District.

Table 1 provides a summary of the adopted member agency's share of contributions for the two-year budgets (FYs 2017/18 and FY 2018/19) compared to the amended budget for FY 2016/17 by project:

Table 1
Member Agency Contribution Budget

PROJECT PLANNING	Amended FY 2016/17	Adopted Two-Year Budget	
		FY 2017/18	FY 2018/19
General Planning	\$350,000	\$356,000	\$356,000
USBR Partnership Studies	20,000	20,000	20,000
Watershed Management Plan (OWOW)	300,000	400,000	425,000
SA Fish Conservation Task Force	10,000	10,000	10,000
RWQ Monitoring Task Force	50,000	-	-
LESJWA Management	10,000	10,000	10,000
Subtotal	\$740,000	\$796,000	\$821,000
ADMINISTRATION			
State/Federal Lobbying	\$249,307	\$196,117	\$200,695
General Fund Costs	450,000	450,000	450,000
Subtotal	\$699,307	\$646,117	\$650,695
Total Member Agency Contribution	\$1,439,307	\$1,442,117	\$1,471,695
Per Member Agency	<u>\$287,861</u>	<u>\$288,423</u>	<u>\$294,339</u>

PRIOR BOARD ACTION

On June 17, 2015, the IEUA Board of Directors adopted Resolution No. 2015-6-2, approving the adopted general and specific project budgets for SAWPA's adopted two-year budgets (FYs 2015/16 and 2016/17).

The adopted budgets were ratified by the IEUA Board on June 17, 2015.

IMPACT ON BUDGET

The Agency's share of SAWPA's FYs 2017/18 and 2018/19 member contribution adopted budget of \$288,423 and \$294,339, respectively, are included in the Agency's proposed biennial budget of the Administrative Services, Recycled Water, Water Resources, and Regional Wastewater Operations and Maintenance program funds.

Attachments:

Attachment A – Member Agency Contribution Budget

Attachment B – Resolution No. 2017-6-11

Attachment A
Member Agency Contribution Budget



MEMBER CONTRIBUTION
Summary Schedule

		<i>Adopted</i>	<i>Proposed</i>	<i>Proposed</i>
		<u>FYE 2017</u>	<u>FYE 2018</u>	<u>FYE 2019</u>
Member Agency Contributions				
<u>Exempt from G&A Costs</u>				
	<u>Funds</u>			
SAWPA General Funds	100-00	\$ 450,000	\$ 450,000	\$ 450,000
State Lobbying	100-03	\$ 223,005	\$ 181,154	\$ 184,980
Federal Lobbying	100-04	\$ 26,302	\$ 14,962	\$ 15,715
		<u>\$ 699,307</u>	<u>\$ 646,117</u>	<u>\$ 650,695</u>
<u>Planning Projects</u>				
General Planning	370-01	\$ 350,000	\$ 356,000	\$ 356,000
USBR Partnership Studies	370-02	\$ 20,000	\$ 20,000	\$ 20,000
Watershed Management (OWOW)	373	\$ 300,000	\$ 400,000	\$ 425,000
SA River Fish Conservation	381	\$ 10,000	\$ 10,000	\$ 10,000
RWQ Monitoring Task Force	386	\$ 50,000	\$ -	\$ -
LESJWA Management	477	\$ 10,000	\$ 10,000	\$ 10,000
		<u>\$ 740,000</u>	<u>\$ 796,000</u>	<u>\$ 821,000</u>
Total Member Agency Contributions		\$ 1,439,307	\$ 1,442,117	\$ 1,471,695
Per Member Agency		<u>\$ 287,861</u>	<u>\$ 288,423</u>	<u>\$ 294,339</u>

RESOLUTION NO. 2017-6-11

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, APPROVING THE BUDGET OF THE SANTA ANA WATERSHED PROJECT AUTHORITY FOR FISCAL YEAR 2017/18 and FISCAL YEAR 2018/19

WHEREAS, the Inland Empire Utilities Agency* is a member agency of the Santa Ana Watershed Project Authority (SAWPA);

WHEREAS, the Joint Exercise of Powers Agreement (JPA), which created SAWPA, required approval by the member agency of all general and specific project budgets of SAWPA to the extent that such budgets may impose any liability on the member agency; and

WHEREAS, Paragraphs 9 and 27 of the JPA required the Agency's approval of such budgets be evidenced by a certified copy of a Resolution of Approval filed with SAWPA.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of Inland Empire Utilities Agency hereby approves SAWPA's Fiscal Year (FY) 2017/18 and Fiscal Year 2018/19 Budget, directs the Board Secretary to send a certified copy of this Resolution to SAWPA, and authorizes payment to SAWPA of the member agency contribution for \$288,423 (FY 2017/18) and \$294,339 (FY 2018/19).

ADOPTED this 21st day of June 2017.

Stephen J. Elie
President of the Inland Empire Utilities
Agency* and of the Board of Directors
thereof

ATTEST:

Jasmin A. Hall
Secretary/ Treasurer of the Inland Empire
Utilities Agency* and of the Board of
Directors thereof

*A Municipal Water District

STATE OF CALIFORNIA)
)SS
COUNTY OF SAN BERNARDINO)

I, Jasmin A. Hall, Secretary/Treasurer of the Inland Empire Utilities Agency*,
DO HEREBY CERTIFY that the foregoing Resolution being No. 2017-6-11 was adopted
at a regular meeting on June 21, 2017, of said Agency* by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Jasmin A. Hall
Secretary/Treasurer

(SEAL)

* A Municipal Water District

CONSENT
CALENDAR
ITEM

3D



Date: June 21, 2017

To: The Honorable Board of Directors

Through: Finance, Legal and Administration Committee (6/14/17)

From: P. Joseph Grindstaff *CB for JG*
General Manager

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

JL #82 Javier Chagoyen-Lazaro
Manager of Finance and Accounting

Subject: Adoption of Resolution No. 2017-6-9, Establishing the Appropriation Limits for Fiscal Year 2017/18

RECOMMENDATION

It is recommended that the Board of Directors adopt Resolution No. 2017-6-9, establishing the appropriation limits for Fiscal Year (FY) 2017/18.

BACKGROUND

A year after the adoption of Proposition 13 (People's Initiative to Limit Property Taxation), the State Legislature adopted Proposition 4 (Gann Limit Initiative) in November 1979 to place a limit (Appropriations Limit) on the amount of property tax proceeds that state and local government can authorize to expend (appropriate) during any fiscal year.

The purpose of Proposition 4 (1979), created under Article XI11B of the California Constitution, and later amended by Proposition 111 (1990), was to hold government expenditures at their 1978-79 level, adjusted for changes in cost of living and population. Prop 111 reset the base year from 1978-79 to 1986-87 and allowed local jurisdictions to choose among measures of: population growth, inflation or per capita personal income tax (PIT) index.

Accordingly, the Agency's appropriations limit 1978-79 base year calculation was retroactively modified each year for changes in one of two factors. The Agency applies the population and PIT factors to calculate its annual appropriations limit (Exhibit II). For FY 2017/18, both factors

changed as follows: San Bernardino County population increased to 1.0116% from 0.93%, and the State of California PIT index decreased by 1.68% from 5.37% to 3.69%.

Based on the change in population and PIT index, the Agency's total Appropriation Limit for FY 2017/18 is \$178.0 million; an increase of \$8.3 million compared to \$169.7 million for the current fiscal year. The Agency's FY 2017/18 budget subject to the limit is \$46 million, equal to the projected amount of property tax proceeds; below the \$178.0 million appropriation limit. The calculation of the FY 2017/18 appropriation limit has been affirmed by the external auditors.

Prior to June 21, 2017, the required notice of the Board's intention to adopt the Agency's appropriation limits was posted for public review, and documentation of staff's determinations has been available for public review since that date. The required minimum 15-day notice has now been met.

Establishing the appropriation limits for FY 2017/18 is consistent with the *Agency's business goals of Fiscal Responsibility* in funding and appropriation.

PRIOR BOARD ACTION

On June 15, 2016, the Board of Directors adopted Resolution No. 2016-6-8, establishing the appropriation limits for FY 2016/17.

IMPACT ON BUDGET

The appropriation limits will not affect the Agency's proposed spending level or reserves, as the proposed expenditures are projected to be supported primarily by non-ad valorem tax revenue sources, such as user fees and rates. Expenses that will utilize tax revenue are expected to be well below the FY 2017/18 appropriation limit.

Attachment:
Resolution No. 2017-6-9

RESOLUTION NO. 2017-6-9

**RESOLUTION OF THE BOARD OF DIRECTORS OF INLAND
EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY,
CALIFORNIA, ESTABLISHING APPROPRIATION LIMITS FOR
FISCAL YEAR 2017/18**

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

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

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

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

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

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

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

WHEREAS, except for data on non-residential assessed valuation due to new construction (since 1986/87), data concerning per capita personal income and population changes necessary for determining the Fiscal Year 2017/18 Appropriation Limits are now available.

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

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

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

Section 3. Appropriation Limits. That pursuant to Section 7910 of the Government Code, the Board of Directors does hereby establish the following Appropriation Limits for Fiscal Year 2017/18 is \$178,006,894.

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

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

Section 6. That upon adoption of this Resolution, Resolution No. 2016-6-8 is hereby rescinded in its entirety.

Adopted this 21st day of June, 2017

Steven J. Elie
President of the Inland Empire Utilities Agency*
and of the Board of Directors thereof

ATTEST:

Jasmin A. Hall
Secretary/ Treasurer of the Inland Empire
Utilities Agency* and of the Board of
Directors thereof

(SEAL)

*A Municipal Water District

STATE OF CALIFORNIA)
)SS
COUNTY OF SAN BERNARDINO)

I, Jasmin A. Hall, Secretary/Treasurer of the Inland Empire Utilities Agency*, DO HEREBY CERTIFY that the foregoing Resolution being No. 2017-6-9, was adopted at a regular meeting on June 21, 2017, of said Agency by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Jasmin A. Hall
Secretary/Treasurer

(SEAL)

* A Municipal Water District

APPROPRIATION LIMIT

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

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

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

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

The legislation also requires a governing body to annually adopt, by resolution, an appropriations limit for the following year, along with a recorded vote regarding which of the annual adjustment factors have been selected. The Inland Empire Utility Agency's appropriation limit and annual adjustment factors are adopted at the same meeting as the budget. The two factors used for the Fiscal Year 2017/18 are the change in the State of California per capita personal income and the change in the San Bernardino County population.

The following table shows the annual appropriations limit and the proceeds from taxes for the last five years and for FY 2017/18. The change in the limit is based upon population change of 1.01% within the county and a per capita personal income change of 3.69%, as provided by the State Department of Finance.

Fiscal Year	Annual Appropriations Limit	Proceeds of Taxes (Appropriations)
2012/13	\$140,911,109	\$ 32,607,254
2013/14	\$149,385,503	\$ 33,351,677
2014/15	\$150,204,136	\$ 40,203,474
2015/16	\$159,570,580	\$ 41,156,629
2016/17	\$169,703,311	\$ 44,704,800
2017/18	\$178,006,894	\$ 46,046,000

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

INLAND EMPIRE UTILITIES AGENCY
Proposed Budget Fiscal Year 2017/18
Appropriations Limit Calculation

	Agency Total
2016/17 Appropriations Limit	\$169,703,311
2017/18 Change in Per Capital Personal income 1.03690	
2017/18 Change in Population 1.01160	
Ratio of Change (1.03690 x 1.01160)	1.04893
2017/18 APPROPRIATIONS LIMIT	\$178,006,894
	Agency Total
Total Expenses	\$145,170,074
Net Change in Capital Outlay	69,150,198
Debt Service	<u>22,043,492</u>
Subtotal of Appropriations	\$236,363,764
Increase/(Decrease) in Working Capital Reserves	<u>(12,736,040)</u>
Total Appropriations	\$223,627,724
Less: Non-Tax Proceeds	<u>(177,581,724)</u>
APPROPRIATIONS SUBJECT TO LIMITATION	\$46,046,000

**CONSENT
CALENDAR
ITEM**

3E

Date: June 21, 2017

To: The Honorable Board of Directors

From: P. Joseph Grindstaff *BJG*
General Manager

Submitted by: Christina Valencia *CV*
Executive Manager of Finance and Administration/AGM

Sharmeen Bhojani *SB*
Manager of Human Resources

Subject: Adoption of Resolutions Amending the Salary Schedules/Matrices for Unrepresented Employees, Executive Management Employees, and All Association and Unit Employees

RECOMMENDATION

It is recommended that the Board of Directors adopt Resolution Nos. 2017-6-15 and 2017-6-16, amending the salary schedules/matrices for Unrepresented Employees, Executive Management Employees, the Laboratory Unit, the General Unit, the Professional Unit, the Operators' Association, and the Supervisors' Unit.

BACKGROUND

Maintenance of the Agency's salary schedules/matrices falls under the responsibility of the Human Resources Department, including presenting a comprehensive salary resolution incorporating changes to the Board of Directors as changes occur in accordance with the California Code of Regulations (CCR) §570.5 [Requirement for a Publicly Available Pay Schedule]. The last update for all the groups was approved by the Board on May 17, 2017.

The Agency entered into 5 year contracts with the five represented groups in FY 2013/14. The five Memorandums of Understanding (MOUs) include a 3.5% Cost of Living Adjustment (COLA) effective July 1, 2017. Similarly, the Executive Management and the Unrepresented Personnel Manuals also include a 3.5% COLA. As a result of the agreed upon COLA increases, the existing Salary Schedules/Matrices for seven groups need to be amended.

The California Public Employees' Retirement System (CalPERS) employers may only report payrates, for the purposes of calculating retirement benefits that meet the definition of a Publicly Available Salary Schedule as defined by CCR 570.5. The code states in part:

“(a) For purposes of determining the amount of “compensation earnable” pursuant to Government Code Sections 20630, 20636, and 20636.1, payrate shall be limited to the amount listed on a pay schedule that meets all of the following requirements:

- (1) Has been duly approved and adopted by the employer’s governing body in accordance with requirements of applicable public meeting laws;
- (2) Identifies the position title for every employee position;
- (3) Shows the payrate for each identified position, which may be stated as a single amount or as multiple amounts within a range;
- (4) Indicates the time base, including, but not limited to, whether the time base is hourly, daily, bi-weekly, monthly, bi-monthly, or annually;
- (5) Is posted at the office of the employer or immediately accessible and available for public review from the employer during normal business hours or posted on the employer’s internet website;
- (6) Indicates an effective date and date of any revisions;
- (7) Is retained by the employer and available for public inspection for not less than five years; and
- (8) Does not reference another document in lieu of disclosing the payrate.

PRIOR BOARD ACTION

The last update to the salary schedule/matrix for all groups was approved by the Board on May 17, 2017.

IMPACT ON BUDGET

The financial impact of the updated salary schedule/matrix resolution was discussed during the negotiation process; adequate funds are budgeted.

RESOLUTION NO. 2017-6-15

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, APPROVING THE AMENDMENT OF THE UNREPRESENTED, EXECUTIVE MANAGEMENT, LABORATORY UNIT, OPERATORS' ASSOCIATION, PROFESSIONAL UNIT AND GENERAL UNIT SALARY SCHEDULE/MATRIX

WHEREAS, the Agency has compensation changes for the Unrepresented, Executive Management, Laboratory Unit, Operators' Association, Professional Unit and General Unit employees as a result of an agreed upon Cost of Living Adjustment (COLA); and

WHEREAS, the Agency now desires to update the salary and classification information to comply with the California Code of Regulations (CCR) §570.5.

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

SECTION 1. The Unrepresented, Executive Management, Laboratory Unit, Operators' Association, Professional Unit and General Unit salary schedule/matrix is hereby adopted and set forth in Exhibit "1" of this resolution.

SECTION 2. The salary information contained in Exhibit "1" shall be effective as of July 1, 2017.

ADOPTED the 21st day of June 2017.

Steven J. Elie
President of the Inland Empire
Utilities Agency* and of the
Board of Directors thereof

ATTEST:

Jasmin A. Hall
Secretary/Treasurer of the Inland Empire
Utilities Agency* and of the
Board of Directors thereof

*A Municipal Water District

STATE OF CALIFORNIA)
COUNTY OF) SS
SAN BERNARDINO)

I, Jasmin A. Hall, Secretary/Treasurer of the Inland Empire Utilities Agency*, DO
HEREBY CERTIFY that the foregoing Resolution being No. 2017-6-15, was adopted at a regular
Board Meeting on June 21, 2017, of said Agency by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Jasmin A. Hall
Secretary/Treasurer of the Inland Empire
Utilities Agency* and of the
Board of Directors thereof

(SEAL)

*A Municipal Water District

Salary Matrix
Effective July 1, 2017

EXHIBIT 1

CLASSIFICATION TITLE	Salary Range	Unit	FLSA
Accountant I	173	UN	Exempt
Accountant II	175	PR	Exempt
Accounting Technician I	169	UN	Non-exempt
Accounting Technician I	170	GU	Non-exempt
Accounting Technician II	173	GU	Non-exempt
Administrative Assistant I	171	GU	Non-exempt
Administrative Assistant I (confidential)	171	UN	Non-exempt
Administrative Assistant II	174	PR	Non-exempt
Administrative Assistant II (confidential)	174	UN	Non-exempt
Assistant Engineer	179	UN	Exempt
Associate Engineer	182	UN	Exempt
Biologist ¹	181	LB	Exempt
Board Secretary/Office Manager	188	UN	Exempt
Budget Officer	186	UN	Exempt
Business Systems Analyst I	179	PR	Exempt
Business Systems Analyst II	181	PR	Exempt
CAD Designer	178	UN	Non-exempt
Chemist	181	LB	Exempt
Chief Financial Officer	192	UN	Exempt
Chief Information Technology Officer	192	UN	Exempt
Collection System Operator I	171	GU	Non-exempt
Collection System Operator II	175	GU	Non-exempt
Collection System Operator III	177	GU	Non-exempt
Compost Operator	174	GU	Non-exempt
Compost Sales Representative	181	PR	Exempt
Compost Worker	170	GU	Non-exempt
Construction Project Inspector	180	UN	Non-exempt
Construction Project Manager - PE	186	PR	Exempt
Contracts Administrator I	177	PR	Exempt
Contracts Administrator II	180	PR	Exempt
Control Systems Analyst I	180	GU	Non-exempt
Control Systems Analyst II	182	GU	Non-exempt
Deputy Manager of Capital Improvement Projects	188	UN	Exempt
Deputy Manager of Construction Management	188	UN	Exempt
Deputy Manager of Engineering	189	UN	Exempt
Deputy Manager of Grants	188	UN	Exempt
Deputy Manager of Human Resources	188	UN	Exempt
Deputy Manager of Integrated Systems Services	188	UN	Exempt
Deputy Manager of Maintenance	188	UN	Exempt
Deputy Manager of Operations	188	UN	Exempt
Deputy Manager of Planning & Environmental Resources	189	UN	Exempt
Deputy Manager of Safety	188	UN	Exempt
Electrical & Instrumentation Technician I	176	GU	Non-exempt

Salary Matrix
Effective July 1, 2017

EXHIBIT 1

CLASSIFICATION TITLE	Salary Range	Unit	FLSA
Electrical & Instrumentation Technician II	179	GU	Non-exempt
Electrical & Instrumentation Technician III	181	GU	Non-exempt
Electrical & Instrumentation Technician III ²	182	GU	Non-exempt
Electrical & Instrumentation Technician IV	182	GU	Non-exempt
Engineering Services Analyst	182	PR	Exempt
Engineering Services Specialist	179	UN	Exempt
Engineering Technician	175	GU	Non-exempt
Environmental Resources Planner I	179	UN	Exempt
Environmental Resources Planner II	182	UN	Exempt
Executive Assistant	178	UN	Exempt
Executive Manager of Engineering/Assistant General Manager	196	EX	Exempt
Executive Manager of External Affairs and Policy Development/AGM	196	EX	Exempt
Executive Manager of Finance & Administration/Assistant General Manager	196	EX	Exempt
Executive Manager of Operations/Assistant General Manager	196	EX	Exempt
External Affairs Analyst	180	UN	Exempt
External Affairs Specialist I	171	UN	Exempt
External Affairs Specialist I (Y-Rated) ³	202	UN	Exempt
External Affairs Specialist II	177	UN	Exempt
Facilities Specialist	177	PR	Exempt
Facilities Specialist - Landscape	177	UN	Exempt
Financial Analyst I	179	PR	Exempt
Financial Analyst II	181	PR	Exempt
General Manager	203	EX	Exempt
GIS Specialist	178	UN	Exempt
Grants Administrator	179	PR	Exempt
Grants Officer	186	UN	Exempt
Human Resources Analyst I	177	UN	Exempt
Human Resources Analyst II	179	UN	Exempt
Human Resources Officer	183	UN	Exempt
Human Resources Technician	171	UN	Non-exempt
HVAC Technician	177	GU	Non-exempt
Industrial Engine Technician I	177	GU	Non-exempt
Industrial Engine Technician II	181	GU	Non-exempt
Information Systems Analyst I	179	PR	Exempt
Information Systems Analyst II	181	PR	Exempt
Intern	001	OTR	Non-exempt
Internal Auditor	179	UN	Exempt
Inventory Resources Coordinator	181	PR	Exempt
Laboratory Assistant	172	LB	Non-exempt
Laboratory Scientist I	177	LB	Non-exempt
Laboratory Scientist II	179	LB	Non-exempt
Maintenance Planner	181	GU	Non-exempt
Maintenance Specialist	201	UN	Exempt

Salary Matrix
Effective July 1, 2017

EXHIBIT 1

CLASSIFICATION TITLE	Salary Range	Unit	FLSA
Manager of Business Information Services	190	UN	Exempt
Manager of Contracts & Procurement	190	UN	Exempt
Manager of Engineering	192	UN	Exempt
Manager of External Affairs	190	UN	Exempt
Manager of Finance & Accounting	190	UN	Exempt
Manager of Grants	190	UN	Exempt
Manager of Human Resources	190	UN	Exempt
Manager of Integrated Systems Services	190	UN	Exempt
Manager of Internal Audit	190	UN	Exempt
Manager of Laboratories	190	UN	Exempt
Manager of Operations & Maintenance	192	UN	Exempt
Manager of Planning & Environmental Resources	192	UN	Exempt
Manager of Regional Compost Authority	190	UN	Exempt
Manager of Technical Services	190	UN	Exempt
Materials Specialist	182	PR	Exempt
Mechanic I	172	GU	Non-exempt
Mechanic I ⁴	173	GU	Non-exempt
Mechanic II	176	GU	Non-exempt
Mechanic III	179	GU	Non-exempt
Mechanic IV	181	GU	Non-exempt
Network Administrator	183	PR	Exempt
Office Assistant (confidential)	166	UN	Non-exempt
Office Assistant	166	GU	Non-exempt
Operations Specialist	179	UN	Exempt
Pretreatment & Source Control Inspector I	174	GU	Non-exempt
Pretreatment & Source Control Inspector II	177	GU	Non-exempt
Principal Accountant	186	UN	Exempt
Procurement Specialist I ⁵	174	PR	Non-exempt
Procurement Specialist II	175	PR	Non-exempt
Project Manager I	184	PR	Exempt
Project Manager II	185	PR	Exempt
Records Specialist	173	GU	Non-exempt
Recycled Water Distribution Operator	179	OP	Non-exempt
Risk Specialist	174	UN	Non-exempt
RW/Groundwater Recharge Systems Maintenance Technician	176	GU	Non-exempt
RW/Groundwater Recharge Operations & Maintenance Specialist	179	UN	Exempt
Safety Analyst	178	UN	Exempt
Safety Officer	183	UN	Exempt
Senior Accountant	179	PR	Exempt
Senior Associate Engineer	184	UN	Exempt
Senior Associate Engineer - PE	185	UN	Exempt
Senior Compost Operations & Maintenance Technician	181	GU	Non-exempt
Senior Construction Project Inspector	182	UN	Exempt

Salary Matrix
Effective July 1, 2017

EXHIBIT 1

CLASSIFICATION TITLE	Salary Range	Unit	FLSA
Senior Engineer	187	PR	Exempt
Senior Environmental Resources Planner	184	UN	Exempt
Senior External Affairs Specialist	180	UN	Exempt
Senior Financial Analyst	183	PR	Exempt
Senior Information Systems Analyst	182	PR	Exempt
Senior Internal Auditor	182	UN	Exempt
Senior Inventory Analyst	182	PR	Exempt
Senior Management Analyst	182	PR	Exempt
Senior Operations Specialist	184	UN	Exempt
Senior Project Manager	187	PR	Exempt
Senior Pretreatment & Source Control Inspector	180	GU	Non-exempt
Senior Wastewater Treatment Plant Operator	181	OP	Non-exempt
Senior Water Plant Operator	181	OP	Non-exempt
Senior Water Resources Analyst	182	PR	Exempt
Systems Administrator	181	PR	Exempt
Technology Specialist I	178	GU	Non-exempt
Technology Specialist II	180	GU	Non-exempt
Technology Specialist III	182	GU	Non-exempt
Warehouse Technician	171	GU	Non-exempt
Wastewater Treatment Plant Operator I	174	OP	Non-exempt
Wastewater Treatment Plant Operator II	176	OP	Non-exempt
Wastewater Treatment Plant Operator III	178	OP	Non-exempt
Wastewater Treatment Plant Operator IV, V	180	OP	Non-exempt
Wastewater Treatment Plant Operator-in-Training	171	OP	Non-exempt
Water Plant Operator I	174	OP	Non-exempt
Water Plant Operator II	176	OP	Non-exempt
Water Plant Operator III	178	OP	Non-exempt
Water Plant Operator IV, V	180	OP	Non-exempt

Notes:

1. Incumbent Biologist in this position prior to 7/1/01 shall be non-exempt.
2. Salary range for incumbent Senior Electrical & Instrumentation Tech employee reclassified to Electrical & Instrumentation Technician III .
3. The Y-Rated salary for this position is reflective of the incumbent in the position effective 11/1/14 formerly classified as CIP Coordinator.
4. Salary range for incumbent Plant Maintenance Technician II employees reclassified to Mechanic I.
5. Incumbent Procurement Specialist I in this position prior to 3/15/15 shall be exempt.

**Unrepresented, Executive, General Unit, Laboratory Unit, Operators' Association,
and Professional Unit Salary Matrix
Effective July 1, 2017**

EXHIBIT 1

Range/Step	Hourly	Bi-Weekly	Monthly	Annually
165				
1	18.8344	1,506.75	3,264.63	39,176
2	19.3052	1,544.42	3,346.23	40,155
3	19.7878	1,583.02	3,429.89	41,159
4	20.2825	1,622.60	3,515.64	42,188
5	20.7895	1,663.16	3,603.52	43,242
6	21.3093	1,704.75	3,693.62	44,323
7	21.8420	1,747.36	3,785.95	45,431
8	22.3881	1,791.05	3,880.60	46,567
9	22.9478	1,835.83	3,977.62	47,731
166				
1	19.7748	1,581.98	3,427.63	41,132
2	20.2691	1,621.53	3,513.31	42,160
3	20.7759	1,662.07	3,601.15	43,214
4	21.2952	1,703.62	3,691.17	44,294
5	21.8276	1,746.21	3,783.45	45,401
6	22.3733	1,789.86	3,878.04	46,536
7	22.9326	1,834.61	3,974.98	47,700
8	23.5059	1,880.47	4,074.36	48,892
9	24.0936	1,927.48	4,176.22	50,115
167				
1	20.7631	1,661.04	3,598.93	43,187
2	21.2821	1,702.57	3,688.89	44,267
3	21.8141	1,745.13	3,781.11	45,373
4	22.3595	1,788.76	3,875.65	46,508
5	22.9185	1,833.48	3,972.54	47,670
6	23.4915	1,879.32	4,071.85	48,862
7	24.0788	1,926.30	4,173.65	50,084
8	24.6808	1,974.46	4,278.00	51,336
9	25.2978	2,023.82	4,384.95	52,619
168				
1	21.7992	1,743.94	3,778.53	45,342
2	22.3442	1,787.53	3,872.99	46,476
3	22.9028	1,832.22	3,969.82	47,638
4	23.4753	1,878.03	4,069.06	48,829
5	24.0622	1,924.98	4,170.79	50,049
6	24.6639	1,973.11	4,275.07	51,301
7	25.2804	2,022.44	4,381.94	52,583
8	25.9125	2,073.00	4,491.49	53,898
9	26.5602	2,124.82	4,603.77	55,245
169				
1	22.8877	1,831.02	3,967.20	47,606
2	23.4599	1,876.79	4,066.38	48,797
3	24.0463	1,923.71	4,168.03	50,016
4	24.6476	1,971.80	4,272.24	51,267

**Unrepresented, Executive, General Unit, Laboratory Unit, Operators' Association,
and Professional Unit Salary Matrix**

EXHIBIT 1

Effective July 1, 2017

Range/Step	Hourly	Bi-Weekly	Monthly	Annually
5	25.2637	2,021.09	4,379.04	52,548
6	25.8953	2,071.63	4,488.53	53,862
7	26.5427	2,123.42	4,600.73	55,209
8	27.2063	2,176.50	4,715.75	56,589
9	27.8864	2,230.91	4,833.64	58,004
170				
1	24.0328	1,922.62	4,165.68	49,988
2	24.6335	1,970.68	4,269.81	51,238
3	25.2493	2,019.95	4,376.55	52,519
4	25.8806	2,070.45	4,485.96	53,832
5	26.5276	2,122.21	4,598.11	55,177
6	27.1908	2,175.26	4,713.07	56,557
7	27.8706	2,229.65	4,830.90	57,971
8	28.5674	2,285.39	4,951.68	59,420
9	29.2816	2,342.53	5,075.47	60,906
171				
1	25.2343	2,018.75	4,373.95	52,487
2	25.8652	2,069.22	4,483.31	53,800
3	26.5118	2,120.94	4,595.38	55,145
4	27.1746	2,173.97	4,710.26	56,523
5	27.8540	2,228.32	4,828.03	57,936
6	28.5504	2,284.03	4,948.73	59,385
7	29.2641	2,341.13	5,072.45	60,869
8	29.9957	2,399.65	5,199.25	62,391
9	30.7456	2,459.65	5,329.24	63,951
172				
1	26.4969	2,119.75	4,592.80	55,114
2	27.1594	2,172.75	4,707.62	56,491
3	27.8384	2,227.07	4,825.32	57,904
4	28.5343	2,282.74	4,945.94	59,351
5	29.2477	2,339.82	5,069.60	60,835
6	29.9789	2,398.31	5,196.34	62,356
7	30.7283	2,458.26	5,326.24	63,915
8	31.4966	2,519.73	5,459.40	65,513
9	32.2839	2,582.71	5,595.88	67,151
173				
1	27.8205	2,225.64	4,822.22	57,867
2	28.5159	2,281.28	4,942.76	59,313
3	29.2289	2,338.31	5,066.35	60,796
4	29.9596	2,396.77	5,192.99	62,316
5	30.7085	2,456.68	5,322.81	63,874
6	31.4763	2,518.10	5,455.89	65,471
7	32.2632	2,581.05	5,592.28	67,107
8	33.0698	2,645.59	5,732.11	68,785
9	33.8966	2,711.73	5,875.41	70,505

**Unrepresented, Executive, General Unit, Laboratory Unit, Operators' Association,
and Professional Unit Salary Matrix
Effective July 1, 2017**

EXHIBIT 1

Range/Step	Hourly	Bi-Weekly	Monthly	Annually
174				
1	29.2093	2,336.74	5,062.94	60,755
2	29.9395	2,395.16	5,189.51	62,274
3	30.6880	2,455.04	5,319.26	63,831
4	31.4553	2,516.42	5,452.25	65,427
5	32.2417	2,579.33	5,588.56	67,063
6	33.0477	2,643.81	5,728.26	68,739
7	33.8739	2,709.91	5,871.47	70,458
8	34.7207	2,777.66	6,018.25	72,219
9	35.5887	2,847.10	6,168.71	74,025
175				
1	30.6678	2,453.43	5,315.76	63,789
2	31.4346	2,514.76	5,448.66	65,384
3	32.2204	2,577.63	5,584.86	67,018
4	33.0259	2,642.07	5,724.50	68,694
5	33.8516	2,708.13	5,867.61	70,411
6	34.6979	2,775.83	6,014.30	72,172
7	35.5653	2,845.23	6,164.66	73,976
8	36.4544	2,916.35	6,318.76	75,825
9	37.3658	2,989.26	6,476.74	77,721
176				
1	32.2004	2,576.03	5,581.40	66,977
2	33.0054	2,640.43	5,720.94	68,651
3	33.8305	2,706.44	5,863.95	70,367
4	34.6762	2,774.10	6,010.55	72,127
5	35.5431	2,843.45	6,160.81	73,930
6	36.4318	2,914.54	6,314.84	75,778
7	37.3425	2,987.40	6,472.70	77,672
8	38.2761	3,062.08	6,634.52	79,614
9	39.2330	3,138.64	6,800.39	81,605
177				
1	33.8112	2,704.90	5,860.61	70,327
2	34.6565	2,772.52	6,007.12	72,085
3	35.5230	2,841.84	6,157.31	73,888
4	36.4110	2,912.88	6,311.25	75,735
5	37.3213	2,985.71	6,469.03	77,628
6	38.2543	3,060.35	6,630.75	79,569
7	39.2107	3,136.86	6,796.52	81,558
8	40.1909	3,215.28	6,966.43	83,597
9	41.1957	3,295.65	7,140.58	85,687
178				
1	35.5004	2,840.04	6,153.41	73,841
2	36.3880	2,911.04	6,307.25	75,687
3	37.2977	2,983.82	6,464.94	77,579
4	38.2302	3,058.41	6,626.56	79,519

**Unrepresented, Executive, General Unit, Laboratory Unit, Operators' Association,
and Professional Unit Salary Matrix**

EXHIBIT 1

Effective July 1, 2017

Range/Step	Hourly	Bi-Weekly	Monthly	Annually
5	39.1859	3,134.87	6,792.22	81,507
6	40.1656	3,213.25	6,962.03	83,544
7	41.1697	3,293.58	7,136.09	85,633
8	42.1990	3,375.92	7,314.49	87,774
9	43.2539	3,460.31	7,497.34	89,968
179				
1	37.2769	2,982.15	6,461.32	77,536
2	38.2088	3,056.70	6,622.85	79,474
3	39.1639	3,133.11	6,788.42	81,461
4	40.1431	3,211.44	6,958.13	83,498
5	41.1467	3,291.73	7,132.09	85,585
6	42.1753	3,374.03	7,310.39	87,725
7	43.2297	3,458.38	7,493.15	89,918
8	44.3105	3,544.84	7,680.48	92,166
9	45.4182	3,633.46	7,872.49	94,470
180				
1	39.1402	3,131.22	6,784.30	81,412
2	40.1188	3,209.50	6,953.92	83,447
3	41.1217	3,289.74	7,127.77	85,533
4	42.1497	3,371.98	7,305.96	87,671
5	43.2035	3,456.28	7,488.60	89,863
6	44.2835	3,542.68	7,675.81	92,110
7	45.3906	3,631.25	7,867.71	94,413
8	46.5255	3,722.04	8,064.41	96,773
9	47.6886	3,815.09	8,266.03	99,192
181				
1	41.0950	3,287.60	7,123.14	85,478
2	42.1225	3,369.80	7,301.23	87,615
3	43.1755	3,454.04	7,483.76	89,805
4	44.2548	3,540.39	7,670.84	92,050
5	45.3613	3,628.90	7,862.62	94,351
6	46.4953	3,719.63	8,059.19	96,710
7	47.6577	3,812.62	8,260.67	99,128
8	48.8491	3,907.93	8,467.18	101,606
9	50.0703	4,005.63	8,678.86	104,146
182				
1	43.1501	3,452.00	7,479.34	89,752
2	44.2288	3,538.30	7,666.33	91,996
3	45.3345	3,626.76	7,857.98	94,296
4	46.4679	3,717.43	8,054.43	96,653
5	47.6296	3,810.37	8,255.80	99,070
6	48.8203	3,905.63	8,462.19	101,546
7	50.0408	4,003.26	8,673.73	104,085
8	51.2919	4,103.35	8,890.59	106,687
9	52.5741	4,205.93	9,112.84	109,354

**Unrepresented, Executive, General Unit, Laboratory Unit, Operators' Association,
and Professional Unit Salary Matrix
Effective July 1, 2017**

EXHIBIT 1

Range/Step	Hourly	Bi-Weekly	Monthly	Annually
183				
1	45.3094	3,624.76	7,853.64	94,244
2	46.4423	3,715.38	8,049.99	96,600
3	47.6033	3,808.27	8,251.24	99,015
4	48.7934	3,903.47	8,457.53	101,490
5	50.0132	4,001.05	8,668.95	104,027
6	51.2635	4,101.08	8,885.68	106,628
7	52.5452	4,203.61	9,107.83	109,294
8	53.8587	4,308.70	9,335.51	112,026
9	55.2053	4,416.42	9,568.91	114,827
184				
1	47.5734	3,805.87	8,246.06	98,953
2	48.7627	3,901.02	8,452.21	101,427
3	49.9818	3,998.55	8,663.52	103,962
4	51.2314	4,098.51	8,880.11	106,561
5	52.5122	4,200.97	9,102.11	109,225
6	53.8250	4,306.00	9,329.66	111,956
7	55.1706	4,413.65	9,562.91	114,755
8	56.5498	4,523.99	9,801.97	117,624
9	57.9637	4,637.09	10,047.04	120,564
185				
1	49.9506	3,996.05	8,658.11	103,897
2	51.1994	4,095.95	8,874.56	106,495
3	52.4793	4,198.34	9,096.41	109,157
4	53.7913	4,303.31	9,323.83	111,886
5	55.1361	4,410.89	9,556.92	114,683
6	56.5145	4,521.16	9,795.85	117,550
7	57.9274	4,634.19	10,040.74	120,489
8	59.3755	4,750.04	10,291.76	123,501
9	60.8600	4,868.80	10,549.07	126,589
186				
1	52.4496	4,195.97	9,091.27	109,095
2	53.7609	4,300.87	9,318.55	111,823
3	55.1049	4,408.39	9,551.51	114,618
4	56.4825	4,518.60	9,790.30	117,484
5	57.8946	4,631.57	10,035.06	120,421
6	59.3420	4,747.36	10,285.95	123,431
7	60.8255	4,866.04	10,543.08	126,517
8	62.3461	4,987.69	10,806.66	129,680
9	63.9048	5,112.39	11,076.84	132,922
187				
1	55.0707	4,405.65	9,545.58	114,547
2	56.4473	4,515.79	9,784.20	117,410
3	57.8585	4,628.68	10,028.81	120,346
4	59.3050	4,744.40	10,279.54	123,354

**Unrepresented, Executive, General Unit, Laboratory Unit, Operators' Association,
and Professional Unit Salary Matrix
Effective July 1, 2017**

EXHIBIT 1

Range/Step	Hourly	Bi-Weekly	Monthly	Annually
5	60.7876	4,863.01	10,536.52	126,438
6	62.3074	4,984.59	10,799.95	129,599
7	63.8650	5,109.20	11,069.93	132,839
8	65.4617	5,236.93	11,346.69	136,160
9	67.0982	5,367.85	11,630.35	139,564
188				
1	57.8222	4,625.78	10,022.52	120,270
2	59.2677	4,741.42	10,273.07	123,277
3	60.7494	4,859.96	10,529.90	126,359
4	62.2681	4,981.45	10,793.14	129,518
5	63.8248	5,105.99	11,062.97	132,756
6	65.4205	5,233.64	11,339.56	136,075
7	67.0560	5,364.48	11,623.05	139,477
8	68.7324	5,498.59	11,913.61	142,963
9	70.4508	5,636.06	12,211.46	146,538
189				
1	60.7130	4,857.04	10,523.59	126,283
2	62.2309	4,978.47	10,786.69	129,440
3	63.7867	5,102.93	11,056.36	132,676
4	65.3814	5,230.51	11,332.77	135,993
5	67.0159	5,361.27	11,616.09	139,393
6	68.6912	5,495.30	11,906.48	142,878
7	70.4085	5,632.68	12,204.14	146,450
8	72.1688	5,773.50	12,509.26	150,111
9	73.9730	5,917.84	12,821.99	153,864
190				
1	63.7476	5,099.81	11,049.59	132,595
2	65.3413	5,227.30	11,325.83	135,910
3	66.9748	5,357.99	11,608.97	139,308
4	68.6492	5,491.93	11,899.19	142,790
5	70.3655	5,629.24	12,196.68	146,360
6	72.1246	5,769.96	12,501.59	150,019
7	73.9277	5,914.21	12,814.13	153,770
8	75.7759	6,062.07	13,134.49	157,614
9	77.6703	6,213.62	13,462.85	161,554
191				
1	66.9346	5,354.76	11,601.99	139,224
2	68.6079	5,488.63	11,892.04	142,704
3	70.3231	5,625.85	12,189.34	146,272
4	72.0812	5,766.50	12,494.07	149,929
5	73.8832	5,910.66	12,806.42	153,677
6	75.7303	6,058.43	13,126.59	157,519
7	77.6236	6,209.89	13,454.76	161,457
8	79.5642	6,365.14	13,791.13	165,494
9	81.5533	6,524.27	14,135.91	169,631

**Unrepresented, Executive, General Unit, Laboratory Unit, Operators' Association,
and Professional Unit Salary Matrix
Effective July 1, 2017**

EXHIBIT 1

Range/Step	Hourly	Bi-Weekly	Monthly	Annually
192				
1	70.2826	5,622.61	12,182.32	146,188
2	72.0397	5,763.18	12,486.88	149,843
3	73.8407	5,907.26	12,799.06	153,589
4	75.6866	6,054.93	13,119.02	157,428
5	77.5789	6,206.31	13,447.01	161,364
6	79.5183	6,361.46	13,783.17	165,398
7	81.5063	6,520.51	14,127.76	169,533
8	83.5439	6,683.51	14,480.94	173,771
9	85.6326	6,850.61	14,842.98	178,116
193				
1	73.7961	5,903.69	12,791.33	153,496
2	75.6410	6,051.28	13,111.10	157,333
3	77.5320	6,202.56	13,438.88	161,267
4	79.4703	6,357.62	13,774.85	165,298
5	81.4571	6,516.57	14,119.23	169,431
6	83.4935	6,679.48	14,472.20	173,666
7	85.5808	6,846.47	14,834.01	178,008
8	87.7203	7,017.63	15,204.86	182,458
9	89.9134	7,193.07	15,584.99	187,020
194				
1	77.4881	6,199.05	13,431.27	161,175
2	79.4253	6,354.02	13,767.05	165,205
3	81.4109	6,512.87	14,111.22	169,335
4	83.4461	6,675.69	14,464.00	173,568
5	85.5324	6,842.59	14,825.61	177,907
6	87.6707	7,013.66	15,196.25	182,355
7	89.8624	7,188.99	15,576.15	186,914
8	92.1090	7,368.72	15,965.55	191,587
9	94.4117	7,552.93	16,364.69	196,376
195				
1	81.3629	6,509.03	14,102.90	169,235
2	83.3969	6,671.75	14,455.47	173,466
3	85.4820	6,838.56	14,816.87	177,802
4	87.6189	7,009.52	15,187.28	182,247
5	89.8095	7,184.76	15,566.97	186,804
6	92.0547	7,364.37	15,956.15	191,474
7	94.3561	7,548.49	16,355.05	196,261
8	96.7150	7,737.20	16,763.93	201,167
9	99.1329	7,930.63	17,183.03	206,196
196				
1	85.4293	6,834.35	14,807.75	177,693
2	87.5651	7,005.21	15,177.95	182,135
3	89.7542	7,180.33	15,557.39	186,689
4	91.9981	7,359.85	15,946.33	191,356

**Unrepresented, Executive, General Unit, Laboratory Unit, Operators' Association,
and Professional Unit Salary Matrix
Effective July 1, 2017**

EXHIBIT 1

Range/Step	Hourly	Bi-Weekly	Monthly	Annually
5	94.2979	7,543.83	16,344.97	196,140
6	96.6555	7,732.44	16,753.62	201,043
7	99.0718	7,925.75	17,172.45	206,069
8	101.5486	8,123.88	17,601.75	211,221
9	104.0873	8,326.98	18,041.80	216,502
197				
1	89.7003	7,176.03	15,548.06	186,577
2	91.9428	7,355.42	15,936.75	191,241
3	94.2414	7,539.31	16,335.18	196,022
4	96.5974	7,727.80	16,743.56	200,923
5	99.0124	7,920.99	17,162.14	205,946
6	101.4878	8,119.02	17,591.21	211,095
7	104.0249	8,322.00	18,030.99	216,372
8	106.6256	8,530.05	18,481.77	221,781
9	109.2912	8,743.29	18,943.80	227,326
198				
1	94.1847	7,534.78	16,325.35	195,904
2	96.5393	7,723.14	16,733.48	200,802
3	98.9528	7,916.22	17,151.82	205,822
4	101.4266	8,114.13	17,580.62	210,967
5	103.9623	8,316.98	18,020.13	216,242
6	106.5614	8,524.91	18,470.63	221,648
7	109.2254	8,738.03	18,932.41	227,189
8	111.9560	8,956.48	19,405.71	232,869
9	114.7549	9,180.39	19,890.85	238,690
199				
1	101.2509	8,100.07	17,550.15	210,602
2	103.7821	8,302.57	17,988.90	215,867
3	106.3767	8,510.13	18,438.62	221,263
4	109.0361	8,722.89	18,899.59	226,795
5	111.7620	8,940.96	19,372.09	232,465
6	114.5561	9,164.49	19,856.39	238,277
7	117.4200	9,393.60	20,352.80	244,234
8	120.3555	9,628.44	20,861.62	250,339
9	123.3643	9,869.15	21,383.15	256,598
200				
1	108.8438	8,707.50	18,866.25	226,395
2	111.5649	8,925.19	19,337.91	232,055
3	114.3541	9,148.33	19,821.37	237,856
4	117.2129	9,377.03	20,316.90	243,803
5	120.1432	9,611.45	20,824.82	249,898
6	123.1468	9,851.74	21,345.44	256,145
7	126.2255	10,098.04	21,879.08	262,549
8	129.3811	10,350.49	22,426.05	269,113
9	132.6156	10,609.25	22,986.70	275,840

**Unrepresented, Executive, General Unit, Laboratory Unit, Operators' Association,
and Professional Unit Salary Matrix
Effective July 1, 2017**

EXHIBIT 1

Range/Step	Hourly	Bi-Weekly	Monthly	Annually
201				
1	55.6958	4,455.66	9,653.94	115,847
202				
1	42.9806	3,438.45	7,449.97	89,400
203				
1	139.8935	11,191.48	24,248.20	290,978
001				
1	11.0000			
2	12.0000			
3	13.0000			
4	14.0000			
5	15.0000			
6	16.0000			

RESOLUTION NO. 2017-6-16

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, APPROVING THE AMENDMENT OF THE SUPERVISORS' UNIT SALARY SCHEDULE/MATRIX

WHEREAS, the Agency has compensation changes for the Supervisors' Unit Employees as a result of an agreed upon Cost of Living Adjustment (COLA); and

WHEREAS, the Agency now desires to update the salary and classification information to comply with the California Code of Regulations (CCR) §570.5.

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

SECTION 1. The Supervisors' Unit salary schedule/matrix is hereby adopted and set forth in Exhibit "1" of this resolution.

SECTION 2. The salary information contained in Exhibit "1" shall be effective as of July 1, 2017.

ADOPTED the 21st day of June, 2017.

Steven J. Elie
President of the Inland Empire
Utilities Agency* and of the
Board of Directors thereof

ATTEST:

Jasmin A. Hall
Secretary/Treasurer of the Inland Empire
Utilities Agency* and of the
Board of Directors thereof

*A Municipal Water District

STATE OF CALIFORNIA)
COUNTY OF) SS
SAN BERNARDINO)

I, Jasmin A. Hall, Secretary/Treasurer of the Inland Empire Utilities Agency*, DO
HEREBY CERTIFY that the foregoing Resolution being No. 2017-6-16, was adopted at a regular
Board Meeting on June 21, 2017, of said Agency by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Jasmin A. Hall
Secretary/Treasurer of the Inland Empire
Utilities Agency* and of the
Board of Directors thereof

(SEAL)

*A Municipal Water District

**SUPERVISORS' UNIT
SALARY MATRIX
Effective July 1, 2017**

Exhibit 1

CLASSIFICATION TITLE	SALARY RANGES
Accounting Supervisor	SU 099
Administrative Coordinator	SU 098
Business Systems Supervisor	SU 100
Collection System Supervisor	SU 182
Compost Facility Superintendent	SU 101
Construction Project Manager	SU 100
Contracts and Procurement Supervisor	SU 101
Facilities Program Supervisor	SU 183
Groundwater Recharge Coordinator/Hydrogeologist	SU 104
Maintenance Supervisor	SU 101
Operations Supervisor*	SU 100
Process Automation & Controls Supervisor	SU 101
Senior Chemist	SU 100
Senior Water Resources Analyst	SU 098
Source Control/Environmental Resources Supervisor	SU 104
Supervisor - Environmental Compliance & Energy	SU 188
Supervisor of Engineering Administration	SU 100

* Non-Exempt Classification

**SUPERVISORS' UNIT
SALARY MATRIX
Effective July 1, 2017**

Exhibit 1

Range	Step	Hourly	Bi-weekly	Monthly	Annual
SU088	1	25.0913	2,007.31	4,349.16	52,190
	2	25.7186	2,057.49	4,457.89	53,495
	3	26.3616	2,108.93	4,569.35	54,832
	4	27.0206	2,161.64	4,683.56	56,203
	5	27.6960	2,215.68	4,800.65	57,608
	6	28.3884	2,271.07	4,920.66	59,048
	7	29.0983	2,327.86	5,043.70	60,524
	8	29.8256	2,386.05	5,169.78	62,037
	9	30.5712	2,445.69	5,299.00	63,588
SU089	1	26.3461	2,107.69	4,566.65	54,800
	2	27.0048	2,160.38	4,680.83	56,170
	3	27.6798	2,214.39	4,797.83	57,574
	4	28.3717	2,269.74	4,917.77	59,013
	5	29.0811	2,326.49	5,040.72	60,489
	6	29.8081	2,384.65	5,166.74	62,001
	7	30.5533	2,444.26	5,295.91	63,551
	8	31.3172	2,505.37	5,428.31	65,140
	9	32.1002	2,568.02	5,564.04	66,768
SU090	1	27.6639	2,213.11	4,795.08	57,541
	2	28.3556	2,268.45	4,914.97	58,980
	3	29.0644	2,325.15	5,037.83	60,454
	4	29.7911	2,383.29	5,163.79	61,965
	5	30.5360	2,442.88	5,292.90	63,515
	6	31.2993	2,503.94	5,425.21	65,103
	7	32.0817	2,566.53	5,560.82	66,730
	8	32.8837	2,630.70	5,699.84	68,398
	9	33.7057	2,696.46	5,842.32	70,108
SU091	1	29.0456	2,323.64	5,034.56	60,415
	2	29.7718	2,381.74	5,160.44	61,925
	3	30.5161	2,441.29	5,289.46	63,474
	4	31.2790	2,502.32	5,421.69	65,060
	5	32.0609	2,564.87	5,557.23	66,687
	6	32.8624	2,628.99	5,696.15	68,354
	7	33.6839	2,694.71	5,838.54	70,062
	8	34.5261	2,762.09	5,984.52	71,814
	9	35.3892	2,831.14	6,134.13	73,610

**SUPERVISORS UNIT
SALARY MATRIX
Effective July 1, 2017**

Exhibit 1

<u>Range</u>	<u>Step</u>	<u>Hourly</u>	<u>Bi-weekly</u>	<u>Monthly</u>	<u>Annual</u>
SU092					
	1	30.4991	2,439.93	5,286.52	63,438
	2	31.2617	2,500.93	5,418.69	65,024
	3	32.0432	2,563.45	5,554.15	66,650
	4	32.8443	2,627.55	5,693.02	68,316
	5	33.6653	2,693.23	5,835.32	70,024
	6	34.5070	2,760.56	5,981.21	71,775
	7	35.3697	2,829.58	6,130.75	73,569
	8	36.2539	2,900.31	6,284.01	75,408
	9	37.1603	2,972.83	6,441.13	77,294
SU093					
	1	32.0233	2,561.86	5,550.71	66,608
	2	32.8239	2,625.91	5,689.48	68,274
	3	33.6444	2,691.55	5,831.69	69,980
	4	34.4855	2,758.84	5,977.48	71,730
	5	35.3476	2,827.81	6,126.92	73,523
	6	36.2314	2,898.51	6,280.11	75,361
	7	37.1371	2,970.96	6,437.09	77,245
	8	38.0654	3,045.23	6,598.01	79,176
	9	39.0171	3,121.37	6,762.96	81,156
SU094					
	1	33.6247	2,689.98	5,828.29	69,939
	2	34.4655	2,757.24	5,974.02	71,688
	3	35.3271	2,826.17	6,123.36	73,480
	4	36.2102	2,896.82	6,276.44	75,317
	5	37.1154	2,969.23	6,433.34	77,200
	6	38.0434	3,043.47	6,594.18	79,130
	7	38.9945	3,119.56	6,759.04	81,108
	8	39.9693	3,197.54	6,928.01	83,136
	9	40.9685	3,277.48	7,101.20	85,214
SU095					
	1	35.3063	2,824.50	6,119.75	73,437
	2	36.1889	2,895.12	6,272.75	75,273
	3	37.0936	2,967.49	6,429.56	77,155
	4	38.0209	3,041.67	6,590.28	79,083
	5	38.9714	3,117.71	6,755.04	81,061
	6	39.9458	3,195.66	6,923.93	83,087
	7	40.9443	3,275.55	7,097.02	85,164
	8	41.9680	3,357.44	7,274.46	87,293
	9	43.0172	3,441.38	7,456.32	89,476

**SUPERVISORS UNIT
SALARY MATRIX
Effective July 1, 2017**

Exhibit 1

Range	Step	Hourly	Bi-weekly	Monthly	Annual
SU096					
	1	37.0710	2,965.68	6,425.63	77,108
	2	37.9978	3,039.82	6,586.28	79,035
	3	38.9478	3,115.82	6,750.95	81,011
	4	39.9214	3,193.71	6,919.71	83,036
	5	40.9195	3,273.56	7,092.71	85,113
	6	41.9425	3,355.40	7,270.04	87,240
	7	42.9912	3,439.29	7,451.80	89,422
	8	44.0660	3,525.28	7,638.10	91,657
	9	45.1677	3,613.41	7,829.06	93,949
SU097					
	1	38.9243	3,113.94	6,746.88	80,963
	2	39.8976	3,191.80	6,915.58	82,987
	3	40.8950	3,271.60	7,088.47	85,062
	4	41.9173	3,353.38	7,265.66	87,188
	5	42.9653	3,437.23	7,447.33	89,368
	6	44.0395	3,523.16	7,633.51	91,602
	7	45.1405	3,611.24	7,824.36	93,892
	8	46.2691	3,701.53	8,019.98	96,240
	9	47.4258	3,794.06	8,220.47	98,646
SU098					
	1	40.8713	3,269.70	7,084.35	85,012
	2	41.8931	3,351.45	7,261.47	87,138
	3	42.9403	3,435.22	7,442.99	89,316
	4	44.0139	3,521.11	7,629.07	91,549
	5	45.1143	3,609.14	7,819.80	93,838
	6	46.2422	3,699.38	8,015.32	96,184
	7	47.3983	3,791.87	8,215.71	98,589
	8	48.5832	3,886.66	8,421.09	101,053
	9	49.7979	3,983.83	8,631.64	103,580
SU099					
	1	42.8893	3,431.15	7,434.15	89,210
	2	43.9616	3,516.93	7,620.01	91,440
	3	45.0606	3,604.85	7,810.51	93,726
	4	46.1872	3,694.97	8,005.78	96,069
	5	47.3418	3,787.35	8,205.92	98,471
	6	48.5253	3,882.02	8,411.05	100,933
	7	49.7384	3,979.08	8,621.33	103,456
	8	50.9818	4,078.55	8,836.85	106,042
	9	52.2563	4,180.51	9,057.76	108,693

**SUPERVISORS UNIT
SALARY MATRIX
Effective July 1, 2017**

Exhibit 1

Range	Step	Hourly	Bi-weekly	Monthly	Annual
SU100					
	1	45.0591	3,604.73	7,810.24	93,723
	2	46.1855	3,694.84	8,005.49	96,066
	3	47.3402	3,787.21	8,205.63	98,468
	4	48.5238	3,881.90	8,410.78	100,929
	5	49.7368	3,978.94	8,621.04	103,453
	6	50.9803	4,078.42	8,836.58	106,039
	7	52.2548	4,180.38	9,057.49	108,690
	8	53.5610	4,284.88	9,283.91	111,407
	9	54.9002	4,392.02	9,516.03	114,192
SU101					
	1	47.3122	3,784.97	8,200.77	98,409
	2	48.4948	3,879.59	8,405.77	100,869
	3	49.7071	3,976.57	8,615.90	103,391
	4	50.9499	4,075.99	8,831.32	105,976
	5	52.2238	4,177.90	9,052.12	108,625
	6	53.5293	4,282.34	9,278.41	111,341
	7	54.8675	4,389.40	9,510.37	114,124
	8	56.2391	4,499.13	9,748.11	116,977
	9	57.6451	4,611.61	9,991.82	119,902
SU102					
	1	49.6775	3,974.20	8,610.77	103,329
	2	50.9197	4,073.58	8,826.08	105,913
	3	52.1925	4,175.40	9,046.71	108,560
	4	53.4974	4,279.79	9,272.88	111,275
	5	54.8349	4,386.79	9,504.71	114,057
	6	56.2058	4,496.46	9,742.34	116,908
	7	57.6108	4,608.87	9,985.88	119,831
	8	59.0511	4,724.09	10,235.53	122,826
	9	60.5274	4,842.20	10,491.42	125,897
SU103					
	1	52.1615	4,172.92	9,041.33	108,496
	2	53.4656	4,277.25	9,267.37	111,208
	3	54.8022	4,384.18	9,499.05	113,989
	4	56.1723	4,493.78	9,736.52	116,838
	5	57.5766	4,606.13	9,979.95	119,759
	6	59.0160	4,721.28	10,229.43	122,753
	7	60.4914	4,839.31	10,485.17	125,822
	8	62.0036	4,960.29	10,747.30	128,968
	9	63.5539	5,084.31	11,016.00	132,192

**SUPERVISORS UNIT
SALARY MATRIX
Effective July 1, 2017**

Exhibit 1

Range	Step	Hourly	Bi-weekly	Monthly	Annual
SU104					
	1	54.7697	4,381.57	9,493.41	113,921
	2	56.1389	4,491.11	9,730.75	116,769
	3	57.5423	4,603.38	9,974.00	119,688
	4	58.9810	4,718.48	10,223.37	122,680
	5	60.4554	4,836.43	10,478.94	125,747
	6	61.9668	4,957.34	10,740.91	128,891
	7	63.5159	5,081.27	11,009.42	132,113
	8	65.1037	5,208.30	11,284.65	135,416
	9	66.7315	5,338.52	11,566.80	138,802
SU182					
	1	43.1501	3,452.00	7,479.34	89,752
	2	44.2288	3,538.30	7,666.33	91,996
	3	45.3345	3,626.76	7,857.98	94,296
	4	46.4679	3,717.43	8,054.43	96,653
	5	47.6296	3,810.37	8,255.80	99,070
	6	48.8203	3,905.63	8,462.19	101,546
	7	50.0408	4,003.26	8,673.73	104,085
	8	51.2919	4,103.35	8,890.59	106,687
	9	52.5741	4,205.93	9,112.84	109,354
SU183					
	1	45.3094	3,624.76	7,853.64	94,244
	2	46.4423	3,715.38	8,049.99	96,600
	3	47.6033	3,808.27	8,251.24	99,015
	4	48.7934	3,903.47	8,457.53	101,490
	5	50.0132	4,001.05	8,668.95	104,027
	6	51.2635	4,101.08	8,885.68	106,628
	7	52.5452	4,203.61	9,107.83	109,294
	8	53.8587	4,308.70	9,335.51	112,026
	9	55.2053	4,416.42	9,568.91	114,827
SU188					
	1	57.8222	4,625.78	10,022.52	120,270
	2	59.2677	4,741.42	10,273.07	123,277
	3	60.7494	4,859.96	10,529.90	126,359
	4	62.2681	4,981.45	10,793.14	129,518
	5	63.8248	5,105.99	11,062.97	132,756
	6	65.4205	5,233.64	11,339.56	136,075
	7	67.0560	5,364.48	11,623.05	139,477
	8	68.7324	5,498.59	11,913.61	142,963
	9	70.4508	5,636.06	12,211.46	146,538

CONSENT
CALENDAR
ITEM

3F

Date: June 21, 2017

To: The Honorable Board of Directors

From: P. Joseph Grindstaff *PJG*
General Manager

Submitted by: Christina Valencia *CV*
Executive Manager of Finance and Administration/AGM

Sharmeen Bhojani *SB*
Manager of Human Resources

Subject: Adoption of a Resolution Amending the Employer Paid Member Contributions to CalPERS for All Classic Employees

RECOMMENDATION

It is recommended that the Board of Directors adopt Resolution No. 2017-6-14, amending the Employer Paid Member Contributions (EPMC) to CalPERS for all classic employees.

BACKGROUND

Resolution No. 2017-6-14 amends the EPMC for all classic CalPERS employees. The pension contribution to CalPERS is made up of two segments. The first segment is an amount established by CalPERS as the actuarially required employer contribution. The other segment is the employee contribution, which is a fixed eight percent (8%) of employee PERSable wages for employees enrolled in the CalPERS retirement plan with a benefit formula of 2.5%@55, and a fixed seven percent (7%) of employee PERSable wages for employees enrolled in the CalPERS retirement plan with a benefit formula of 2%@55. Pursuant to California Government Code Section 20691, the employer may choose to “pick-up” these contributions for the employees, referred to as Employer Paid Member Contributions.

Pursuant to the five year Memorandums of Understanding (effective September 1, 2013 through June 30, 2018) between the Agency and the five bargaining units, Resolution No. 2017-6-14, once adopted by the Board of Directors, eliminates the EPMC amount the Agency is currently paying. Effective July 1, 2017, classic employees hired on or before December 31, 2011 will be paying the full 8% of their PERS employee contribution. Effective July 1, 2016, classic employees and new members hired on or after January 1, 2012 began paying the full 7% PERS employee contribution. The increase in employee paid contribution will be offset by a 3.5% cost of living adjustment effective July 1, 2017, as negotiated in the five-year MOUs.

PRIOR BOARD ACTION

On June 13, 2016, the Board of Directors adopted Resolution No. 2016-6-13, reducing the EPMC for all classic employees to 1% for employees hired on or prior to December 31, 2011 and 0% for employees hired on or after January 1, 2012.

On June 17, 2015, the Board of Directors adopted Resolution No. 2015-6-12, reducing the EPMC for all classic employees to 2.5% for employees hired on or prior to December 31, 2011 and .5% for employees hired on or after January 1, 2012.

On May 16, 2014, the Board of Directors adopted Resolution Nos. 2014-5-6 through 2014-5-12, reducing the EPMC for all classic employees to 4% for employees hired on or prior to December 31, 2011 and 2% for employees hired on or after January 1, 2012.

On November 20, 2013, the Board of Directors adopted Resolution No. 2013-11-6, approving the Memorandum of Understanding for the Professional Unit employees.

On September 4, 2013, the Board of Directors adopted Resolution No. 2013-9-7, approving the MOU for the General Unit employees.

On September 4, 2013, the Board of Directors adopted Resolution No. 2013-9-6, reducing the EPMC for all classic employees to 5% for employees hired on or prior to December 31, 2011 and 3% for employees hired on or after January 1, 2012.

On September 4, 2013, the Board of Directors adopted Resolution No. 2013-9-5, approving the Personnel Manual for Executive Management employees.

On September 4, 2013, the Board of Directors adopted Resolution No. 2013-9-4, approving the Personnel Manual for Unrepresented employees.

On September 4, 2013, the Board of Directors adopted Resolution No. 2013-9-3, approving the MOU for the Operators' Unit employees.

On September 4, 2013, the Board of Directors adopted Resolution No. 2013-9-2, approving the MOU for the Supervisors' Unit employees.

On September 4, 2013, the Board of Directors adopted Resolution No. 2013-9-1, approving the MOU for the Laboratory Unit employees.

On January 19, 2000, the Board of Directors adopted Resolution No. 2000-1-3, providing for the Agency to pay the entire normal member contribution on behalf of all employees to CalPERS.

Adoption of Resolution No. 2017-6-14
June 21, 2017
Page 3

IMPACT ON BUDGET

The additional employee pick up of the EPMC, eliminating the employer obligation to CalPERS and the cost of living adjustment partly offset the employment budget in FY 2017/18.

RESOLUTION NO. 2017-6-14

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, PROVIDING FOR EMPLOYER PAID MEMBER CONTRIBUTIONS TO CALPERS FOR ALL CLASSIC EMPLOYEES

WHEREAS, the governing body of the Inland Empire Utilities Agency has the authority to implement Government Code Section 20691;

WHEREAS, the governing body of the Inland Empire Utilities Agency has a written policy or agreement which specifically provides for the normal member contributions to be paid by the employer;

WHEREAS, one of the steps in the procedures to implement Section 20691 is the adoption by the governing body of the Inland Empire Utilities Agency of a Resolution to commence said Employer Paid Member Contributions (EPMC); and

WHEREAS, the governing body of the Inland Empire Utilities Agency has identified the following conditions for the purpose of its election to pay EPMC:

This benefit shall apply to classic employees of the General, Laboratory, Supervisors', Operators', Professional, Unrepresented and Executive Management groups.

This benefit shall consist of paying zero percent (0%) of the normal member contributions as EPMC for employees hired on or prior to December 31, 2011.

The effective date of this Resolution shall be July 1, 2017.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Inland Empire Utilities Agency* elects to pay EPMC, as set forth above.

ADOPTED the 21st day of June, 2017.

Steven J. Elie
President of the Inland Empire
Utilities Agency* and of the
Board of Directors thereof

ATTEST:

Jasmin A. Hall, Secretary/Treasurer of the
Inland Empire Utilities Agency* and of the
Board of Directors thereof

STATE OF CALIFORNIA)
COUNTY OF) SS
SAN BERNARDINO)

I, Jasmin A. Hall, Secretary/Treasurer of the Inland Empire Utilities Agency*, DO
HEREBY CERTIFY that the foregoing Resolution being No. 2017-6-14, was adopted at a regular
Board Meeting on June 21, 2017, of said Agency by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

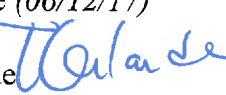
Jasmin A. Hall
Secretary/Treasurer of the Inland Empire
Utilities Agency* and of the
Board of Directors thereof

(SEAL)

*A Municipal Water District

CONSENT
CALENDAR
ITEM

3G

Date: June 21, 2017
To: The Honorable Board of Directors
Through: Audit Committee (06/12/17)
From: Teresa V. Velarde 
Manager of Internal Audit
Subject: FY 2017/18 Annual Audit Plan

RECOMMENDATION

It is recommended that the Board of Directors:

1. Approve the FY 2017/18 Annual Audit Plan; and
2. Direct the Manager of Internal Audit to finalize the FY 2017/18 Annual Audit Plan.

BACKGROUND

The Agency's Board approved Audit Committee Charter, authorizes the Audit Committee to:

- Approve a flexible Annual Audit Plan using an appropriate risk-based methodology, and submit that plan, as well as any periodic updates, to the Audit Committee for review and approval.
- Implement the approved Annual Audit Plan, including any special tasks or projects requested by Management, the Audit Committee or the Board.

This Annual Audit Plan is a *flexible plan* with the goal of targeting significant Agency auditable areas and business units at some point or another, depending on assessed risks, level of priority, and/or requests by the Board, Audit Committee and/or Executive Management. The Annual Audit Plan will be used as a *guide* in selecting the audits. The Audit Plan is not a concrete plan. The Institute of Internal Auditors (IIA) *Standards* recommend that periodic risk assessments be performed to ensure information captured is relevant, timely, and aligned with the Agency's changing environment, objectives and direction. For this reason IA prepares an Annual Audit Plan and submits quarterly status reports and Audit Plan amendments when required.

FY 2017/18 Annual Audit Plan

In addition to several on-going projects, the major audit projects scheduled for FY 2017/18 are the following listed below, additional details are included in the attached Annual Audit Plan:

- **Reserve Obligations**

To evaluate whether the Agency complies with all legal and regulatory requirements of maintaining the required and/or necessary reserve balances and if balances are invested or available as mandated by those reserve obligation requirements/policies.

- **Inter-Fund Transfers**

To evaluate whether the Agency complies with all legal and regulatory requirements over inter-fund transfers and whether transfers are documented appropriately and recorded accurately in the Agency's financial statements.

- **Payroll and Time System**

To evaluate adequate internal controls and authorizations are in place with Payroll and Time System (myPT). With the implementation of the Payroll and Time system to streamline the current time, payroll and leave processes, it is now appropriate for an audit/review to ensure adequate internal controls are in place and proper authorizations were provided and continue to be in place and are working effectively. Additionally, to identify any areas for improvement. IA will review to ensure time and leave are logged according to the different MOU requirements and Agency policies. Also, to review and determine that the appropriate deductions are made as required.

- **Wire Transfers and Electronic Disbursements**

To evaluate that adequate segregation of duties exists for electronic disbursements to ensure that no one person has the sole ability to initiate, approve, and process electronic transfers, also to ensure payees are authorized, approved Agency payees and sufficient oversight exists to prevent unauthorized electronic disbursements or payments. There are many risks associated with electronic payments and disbursements; an audit of this area will test and evaluate internal controls, including policies and procedures. This audit area has been recommended by the External Auditors due to the increase in scrutiny over government movies and due to recent news reports where controls have failed at other agencies. Due to responses required for other priority audit projects, the Wire Transfers and Electronic Disbursements Audit was delayed from the originally scheduled date in FY 2016/17.

- **Follow-up Reviews to Evaluate the Status of Outstanding Recommendations**

IA is required to follow up on the status of outstanding recommendations to determine if corrective actions were implemented. Follow up audit work may include detailed testing and verification by IA. A separate report is issued once a status is determined. There are 82 outstanding audit recommendations that relate to 13 different audits. Of the 82 recommendations, 31 relate to the Regional Contract Review, which are planned for implementation through the renegotiation of the Regional Contract.

The Annual Audit Plan also provides a vision of future/possible audit projects and identifies additional audit areas. If the risk in any of the identified auditable areas increases, or the need to reprioritize audit projects arises, IA will perform requested audit projects or an audit from the following:

- Accounts Payable – Credit Cards and P-Cards
- Duplicate Payments/Late Payments/Fees and Penalties
- Data Analytics
- Travel Expenses and Policy Compliance
- Water Connection Fee
- Capital Projects
- Various or Other Agreements
- Telephone Expense
- Bid and Selection Process for Construction Contracts
- Asset Management
- Operations
- Recycled Water Program & Revenue

The FY 2017/18 Annual Audit Plan was developed using a general assessment, best practice recommendations, auditor judgment, feedback from Agency management, and the Audit Committee, as well as other considerations such as:

- The IA Charter
- The Audit Committee Charter
- Communications with the Audit Committee and the Board of Directors
- Communications with Executive Management and key Agency personnel
- Communications with the External Financial Auditors
- Communications with the Audit Committee Independent Advisor
- Prior audit findings and recommendations
- Assessed risks in operations
- Agency's goals and objectives, including activities, developments and changes
- Agency policies & procedures
- Key areas that affect revenue and expenses
- Identified opportunities to improve operations and add value to services
- IA resources
- New audit requirements and best practices

The Audit Plan and Risk Assessment are based on Section 2010 Planning and 2010.A1 of the IIA *International Standards for the Professional Practices of Internal Auditing (Standards)* which requires:

- The chief audit executive must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organization's goals.
- The internal audit activity's plan of engagements must be based on a risk assessment, undertaken at least annually. The input of Agency management and the Board must be considered in this process.

The IIA *Standards* define Risk and Residual Risk as follows:

- **Risk** – As the possibility of an event occurring that will have an **impact on the achievement of objectives**. Risk is measured in terms of impact and likelihood.
- **Residual Risks** – As the risk remaining **after management takes action to reduce the impact and likelihood** of an adverse event, including control activities in responding to a risk.

The Annual Audit Plan is consistent with the *Agency's Business Goals of Fiscal Responsibility, Workplace Environment and Business Practices* by proposing a plan of audit projects where the objective is to foster a strong control environment and evaluate compliance with Agency policies and procedures and provide independent evaluations of Agency financial and operational activities and suggesting recommendations for improvements and assisting in the achievement of organizational goals.

PRIOR BOARD ACTION

On March 15, 2017, the Board of Directors reconfirmed the approved Audit Committee and the Internal Audit Department Charters.

IMPACT ON BUDGET

Only when additional outside auditing or consulting services are required to provide assistance to IA or fulfill the responsibilities of the Audit Committee, a proposal with proposed fees will be submitted through the Audit Committee for appropriate action.



Inland Empire Utilities Agency
A MUNICIPAL WATER DISTRICT

**Fiscal Year
2017-2018**

Internal Audit Department Annual Audit Plan

Submitted by:
Teresa V. Velarde
Manager of Internal Audit Department
June 21, 2017

The Annual Audit Plan and plan of audit projects is consistent with the Agency's Business Goals of Fiscal Responsibility, Workplace Environment and Business Practices by ensuring that audits and recommendations evaluate and promote a strong control environment and assist management in achieving organizational goals.

Annual Audit Plan Contents

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Purpose of the Internal Audit Department

According to the Board-approved Charter, the purpose of the Internal Audit Department (Internal Audit) is to assist the Board of Directors and the Audit Committee in fulfilling their oversight responsibilities for reporting, internal controls, and compliance with legal and regulatory requirements applicable to Agency operations, and to provide objective assurance about the Agency's operations.

The purpose of the Internal Audit Department is also to provide consulting services, analyses, recommendations and information concerning the operations of the Agency as a service to management and as a way of adding value to improve the operations of the Agency. Internal Audit assists management and staff in achieving organizational goals and objectives by providing recommendations and advisory services based on results of analysis of the Agency's processes, procedures, governance, internal controls, financial reporting, and compliance with applicable laws and regulations.

The Internal Audit Department follows the guidance of the globally accepted *International Standards for the Professional Practice of Internal Auditing (Standards)* as documented in the International Professional Practices Framework (IPPF) and the Code of Ethics issued by the Institute of Internal Auditors (IIA). This guidance is documented in the Internal Audit Department Charter.

The Internal Audit Department reports directly to the Board of Directors through the Audit Committee. The Internal Audit Department has a dotted line reporting relationship to the General Manager and works in cooperation with the Executive Management Team but, as described in the Charter and according to the IIA *Standards* and best practices, is an independent function from Agency management, to provide objective analysis and recommendations. Independence is essential to the effectiveness of internal auditing and is emphasized by the Institute of Internal Auditors (IIA). The authority and responsibilities of the Internal Audit Department are specifically defined in the Internal Audit Department Charter approved by the Board of Directors.

Mission Statement

The Internal Audit Department seeks to improve the operations of the Agency by providing unbiased and objective assessments to ensure Agency resources are efficiently and effectively managed in order to achieve Agency goals and objectives. The Internal Audit Department will help the Agency achieve accountability and integrity, improve operations and instill confidence among its employees and the citizens it serves by:

- *Promoting a sound control environment.*
- *Providing independent, objective assurance and consulting services.*
- *Improving Agency risk management, control and governance.*
- *Promoting the Agency's vision and mission with a high degree of professionalism.*

Internal Audit Department Values

The Internal Audit Department has adopted the following value statements that form the foundation for the Internal Audit Department:

Independence

As documented in the Charter, the Internal Audit Department is an independent function of the Agency for the purpose of providing independent, objective, unbiased opinions.

Integrity

The Internal Audit Department staff is required to maintain the highest degree of integrity in conducting its audit work.

Professionalism

The Internal Audit Department will perform its work with professionalism at all times.

Collaboration

The Internal Audit Department will foster collaboration with all Agency personnel to promote teamwork within the various business units.

Purpose of the Annual Audit Plan

The Annual Audit Plan (Audit Plan) has been prepared in accordance with recommendations and best practices provided by the Institute of Internal Auditors (IIA). The Audit Plan allows the Manager of Internal Audit to carry out the responsibilities of the Internal Audit Department by prioritizing projects and allocating necessary resources where audit efforts are deemed appropriate and necessary. The Audit Plan is created to assist management and the Board in achieving organization goals and objectives.

The Audit Plan is a flexible plan of internal audit activities and was developed using an appropriate risk-based methodology, including any risks or control concerns identified or communicated by Management, the Internal Audit Department, External Auditors, the Audit Committee or Board. The overall objective is to develop a plan consistent with the Agency's goals and objectives, to address the highest risk areas within the Agency and to evaluate and contribute to the improvement of risk management, control and governance processes, additionally to add value by recommending opportunities for improvements to increase effectiveness and efficiency of operations.

To provide practical guidance and an authoritative framework for the development of the Annual Audit Plan, the Internal Audit Department recognizes the following items: Achieving one hundred percent audit coverage each year is not practical or achievable. It should be noted that audit resources are limited; therefore, a system for prioritizing audits has been employed. The Annual Audit Plan must be a flexible plan and should be amended periodically as deemed necessary to reprioritize areas that require attention. In preparing the Annual Audit Plan, consideration is given to the work performed by other auditors, regulatory authorities, established rules, laws and ordinances and the Agency's system of controls. Auditable areas are ranked by knowledge of known or perceived areas of risk and understanding of the systems of internal controls. It should be noted that there are inherent risks, residual risks and limitations with any methodology applied when prioritizing risks and ranking audit projects, risk factors exist with any system of controls.

As stated in the Internal Audit Department Charter, the Manager of Internal Audit will set audit frequencies, select the subjects and set objectives, determine the scope of work and apply the techniques required to accomplish the audit objectives. The Manager of Internal Audit has the authority to deviate from the approved annual Audit Plan, when necessary, and if warranted by unforeseen issues that require immediate attention. The Manager of Internal Audit will use professional discretion and judgment in response to such unforeseen issues and resolve them according to the requirements of the Charter. Significant changes to or deviations from the approved Annual Audit Plan shall be reported to the Audit Committee and to the Board at the next regularly scheduled Audit Committee meeting.

Both the IAD Charter and the IIA's Code of Ethics have strict standards of ethical conduct for internal auditors. The auditors have a responsibility to maintain independence, ensure integrity, objectivity, confidentiality and competency in work performed.

Annual Audit Plan Methodology

In planning for the Internal Audit projects the following were also considered:

- The Internal Audit Department Charter
- The Audit Committee Charter
- Communications with the Audit Committee and the Board of Directors
- Communications with Executive Management and key Agency personnel
- Communications with the External Financial Auditors
- Communications with the Audit Committee Independent Advisor
- Prior audit findings and recommendations
- Assessed risks in business practices and operations
- Agency's goals and objectives, including activities, developments and changes
- Agency policies & procedures
- Key areas that affect revenue and expenses
- Identified opportunities to improve operations and add value to services
- New audit requirements, audit trends and leading practices
- Audit Department resources

For the Fiscal Year 2017/18 Annual Audit Plan, the audits were selected based on the previous year's risk assessment and results of audits previously scheduled and deferred due to other priority projects. Significant deviations and changes to the Audit Plan will be communicated to the Audit Committee through an Amended Audit Plan and progress information is provided through Quarterly Status Reports presented to the Audit Committee.

FY 2017/18 Annual Audit Plan:

Reserve Obligations

To evaluate whether the Agency complies with all legal and regulatory requirements of maintaining the required and/or necessary reserve balances and if balances are invested or available as mandated by those reserve obligation requirements/policies.

Inter-Fund Transfers

To evaluate whether the Agency complies with all legal and regulatory requirements over inter-fund transfers and whether transfers are documented appropriately and recorded accurately in the Agency's financial statements.

Payroll and Time System

To evaluate adequate internal controls and authorizations are in place with Payroll and Time System (myPT). With the implementation of the Payroll and Time system to streamline the current time, payroll and leave processes, it is now appropriate for an audit/review to ensure adequate internal controls are in place and proper authorizations were provided and continue to be in place and are working effectively. Additionally, to identify any areas for improvement. IA will review to ensure time and leave are logged according to the different MOU requirements and Agency policies. Also, to review and determine that the appropriate deductions are made as required.

Wire Transfers and Electronic Disbursements

To evaluate that adequate segregation of duties exists for electronic disbursements to ensure that no one person has the sole ability to initiate, approve, and process electronic transfers, also to ensure payees are authorized, approved Agency payees and sufficient oversight exists to prevent unauthorized electronic disbursements or payments. There are many risks associated with electronic payments and disbursements, an audit of this area will test and evaluate internal controls, including policies and procedures. This audit area has been recommended by the External Auditors due to the increase in scrutiny over government movies and due to recent news reports where controls have failed at other agencies. Due to responses required for other priority audit projects, the Wire Transfers and Electronic Disbursements Audit was delayed from the originally scheduled date in FY 2016/17.

Follow-up Reviews to evaluate the status of outstanding recommendations

As required by the Charters and audit standards, IA will follow up on the status of outstanding recommendations to determine if corrective actions or alternate internal controls were implemented. Follow-up reviews are scheduled as noted in the chart that follows on Page 9.

On-Going Projects for FY 2017/18

- ❖ Internal Audit Department Quality Assurance and Improvement Program
- ❖ Assist with annual CAFR Review and Filing
- ❖ Review and update IA Department and Committee Charters
- ❖ Continue to assist with SAP internal control inquiries
- ❖ Continue to participate with the Enterprise Content Management System (ECMS) Committee, Safety Committee and the Technology/Cybersecurity Committees.
- ❖ Provide needed support related to audit topics, internal controls, Agency policies and procedures and compliance items
- ❖ Further utilize capabilities of SAP to enhance IA functions
- ❖ On-going required administrative reporting, such as, budget, goals/objectives, staff appraisals, and other administrative items.
- ❖ Conduct special requests and/or unforeseen projects
- ❖ Provide recommendations to strengthen/streamline policies and procedures
- ❖ Update IA Annual Audit Plan and corresponding Risk Assessment
- ❖ Continue to work with auditees to resolve outstanding recommendations
- ❖ Assist with requests for internal controls questions, discussions and evaluations
- ❖ Continue to review, update and document IA Policies and Procedures
- ❖ Continuous Professional Development of all auditors
- ❖ Plan, prepare and coordinate Audit Committee Meetings
- ❖ Utilize the IA site on AIM as an Agency-wide communication tool
- ❖ Unannounced Petty Cash Audits
- ❖ Provide "audit approach" presentations to requesting departments and/or for/within professional associations as a guest speaker

Outstanding Recommendations

The Internal Audit Department Charter requires follow-up action be taken to ensure that management has effectively implemented recommendations or alternate controls have been incorporated to mitigate the risks identified. Follow-up audit work includes detailed testing and verification by Internal Audit staff. Below is a table of the Outstanding Recommendations:

Area Audited	Report Issued Date	No. of Recs. Remaining to be Verified by IA	Planned Follow-Up
Payroll Audit	August 24, 2010	1	Annually
Intercompany Receivables - Watermaster	August 30, 2011	1	FY2018
Contracts and Procurement Follow-Up	August 29, 2012	2	FY2018
SCE Utility Payments	August 28, 2013	3	FY2018
Accounts Payable Follow-Up	August 29, 2013	9	FY2018
Automobile Insurance Requirements	March 3, 2014	2	FY2018
Vehicle Security Procedures	March 3, 2014	3	FY2018
Vehicle Inventory Procedures	March 12, 2014	13	FY2018
Follow-Up – IT Equipment Audit – ISS	February 29, 2016	2	FY 2019
Master Trade Contracts	September 1, 2016	6	FY 2019
Master Service Contracts	December 14, 2016	3	FY 2019
Follow-Up – IT Equipment Audit – FAD	December 5, 2016	6	FY 2019
Total Recommendations		51	
Recommendations related to the Regional Contract Review			
Regional Contract Review – Final Audit Report	December 16, 2015	31	Pending – Renegotiation of the Regional Contract
Total Recommendations Outstanding of March 15, 2017		82	

**See the Report of Open Recommendations under separate cover submitted March 2017 and attached to this Plan.*

The table above does not include the recommendations reviewed and issued in 2017, as the audit reports have not been received and filed with the Board of Directors. The table that follows this report lists all outstanding recommendations as of June 2017, which includes the recommendations issued in 2017.

During FY 2016/17, IA reviewed and verified the implementation status of 13 open recommendations related to 3 different audits. The list reports there are 82 open recommendations, 17 recommendations relate to audits completed recently and 31 relate to the Regional Contract Review, which was the primary objective of IA's projects during FY 2015/16 when 10 audit reports were issued in less than 18 months. Because all audit resources were utilized primarily for this effort, follow-up activities were temporarily on hold. Audit guidelines suggest that an adequate amount of time be granted to provide auditees with sufficient time to implement corrective action plans. Follow-up audit work for some of the open recommendations will be incorporated and completed along with the proposed projects. Required follow-up audit work will include a desk review of supporting documentation, follow-up discussions with the auditee, and/or the application of testing procedures to verify implementation.

Long Range Audit Planning - Additional / Possible Audit Areas

Internal Audit has identified additional audit areas. This list has been compiled as a preliminary list of future potential audits and as a list of additional, important audit areas where audit resources and efforts could be utilized. This is not a comprehensive/complete list. These audit areas have been selected based on identified risks at the time of completing this Audit Plan. If the risk/priority in any of the identified auditable areas increases, IA would perform the required audit/evaluation.

Accounts Payable Audit – Review of Credit Cards and P-Cards

Select a specific vendor or types of payments, for example credit cards and p-cards to ensure that transactions do not bypass the required procurement processes.

- Review financial transactions and supporting documents
- Evaluate internal controls
- Compliance with policies and procedures

Duplicate Payments/Late Payments/Fees and Penalties

This area was covered during the previous Accounts Payable audit. The goal for this audit is to make this a recurring evaluation to check for the three types of payments (duplicates, late payments or preventable fees and penalties). This audit would cover a greater sample and would implement an audit program to periodically check for these types of payments.

Data Analytics

Fully utilize existing technology to gather additional data and analytical information to assist auditing. In addition, explore and expand utilizing new technology and tools to build and customize dashboards, reports and other analytics tools to assist with audit reviews and monitoring of transactions in various areas, such as payments, payroll, contract payments, etc.

Travel Expenses and Policy Compliance

Review Agency policies and internal controls as they relate to employee travel expenses and reimbursements to ensure adequate procurement methods are followed and policy requirements for appropriate reimbursements are followed.

Water Connection Fee

To evaluate the controls over the collection and recognition of revenue for the new Water Connection Fee, including ensuring adequate segregation of duties, as well as what procedures are in place to reconcile new water connections to ensure all water connection fees are being collected. Audit procedures will include: a review of internal controls; compliance with Agency policies and procedures; and the effectiveness and efficiency of operations. The departments with the primary responsibility are the Planning and Finance and Accounting Departments.

Capital Projects

The external financial auditors noted deficiencies with the process for closing completed capital projects. Projects were left open long after the project had been completed, therefore, impacting the accounting value of capital assets. This audit would focus on evaluating when open capital projects have been completed and examining when the construction in progress balances are closed to capital assets. The departments primarily engaged are the Finance and Accounting and the Engineering departments.

Various or Other Agreements

Evaluate the variety of special and/or other types of agreements the Agency may have with other agencies or vendors that may or may not be formalized under an official Agency contract. This audit would also evaluate whether the special agreements provide preferential treatment or significant discounts/credits when compared to similar agencies for similar services.

Telephone Expense

The Agency pays for telephone services provided by landline phones, smartphones, and for data connections. Audit areas include the following:

- Determine efficiencies that could be achieved through consolidating billings
- Identify ways to streamline billing processes
- Comparison of charges on different bills to ensure consistency and accuracy
- Identify opportunities for savings
- Evaluate whether phones issued to employees are used for the intended purpose according to Agency policies

Bid and Selection Process for Construction Contracts

To review the bid and selection process to ensure all legal and regulatory requirements are considered in the process, including grant requirements, where applicable, and that all contracts include required language. Additionally, to evaluate the process to award contracts and projects to pre-qualified contractors/vendors and ensure processes conform to legal and Board-approved requirements and are documented in formal operating procedures.

Asset Management

The Agency currently has \$1.1 billion in total assets. An audit of this area would evaluate the accountability and controls to ensure assets are properly recorded in the Agency's financial records. Additionally, to determine if periodic inventories or other valuation processes are performed to validate the amount of assets reported in accounting records.

Operations

Facility Operations, Groundwater Recharge and Organics Management are programs under Operations Administration. The audit scope of any of these areas would focus on required permit compliance requirements, preventive maintenance of plants, staff training and staff certifications to operate plants/facilities, chemical and equipment use, and customer service to the service area, where applicable.

Recycled Water Program – Revenue

Recycled water revenue in FY 2015/16 is almost \$13.5 million. An audit of this area would determine the accuracy of revenues and identify any additional revenue due the Agency. The Finance and Accounting and the Planning departments will be the primary contact departments.

Risk Assessment Strategy

The IIA IPPFS standard 2120 states that Internal Audit must evaluate the effectiveness and contribute to the improvement of risk management processes.

The IIA PPF defines Risk as follows:

- **Risk** – The possibility of an event occurring that will have an **impact on the achievement of objectives**. Risk is measured in terms of impact and likelihood and;
- **Residual Risks** – As the risk remaining **after management acts to reduce the impact and likelihood** of an adverse event, including control activities in response to a risk.

The risk assessment is a general assessment performed using best practice guidance, professional judgment and consideration for the impact on the Agency's operations if the targeted units fail to function in the most effective and efficient manner or neglect to comply with required policies. In performing the Risk Assessment for this FY 2017/18 Annual Audit Plan, the following were considered:

- Agency Policies and Procedures
- Communication with the External Auditors
- Communication with the Audit Committee and Board
- Communications with key Agency personnel
- Assessing risks and exposures that may affect the organization
- New Agency activities, developments and major changes
- Key areas that affect revenue and expenses
- Observations resulting from previous audits and reviews
- New audit requirements and trends
- Opportunities to improve operations

Audit Universe

The IIA PPF defines Universe as all possible auditable areas. For the purposes of this Annual Audit Plan, the universe includes all Agency Departments, operations, contracts, transactions, processes, and activities.

Quality Assurance and Improvement Program

The Institute of Internal Auditing (IIA), International Professional Practices Framework (IPPF) defines a Quality Assurance and Improvement Program: “A quality assurance and improvement Program is designed to enable an evaluation of internal audit activity’s conformance with the Definition of Internal Auditing and the *Standards* and an evaluation of whether internal auditors apply the Code of Ethics. The program also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement.”

Standard 1311 of the IPPF requires that internal assessments include ongoing monitoring of the performance of internal audit activity; and periodic reviews performed through self-assessments.

Standard 1312 of the IPPF requires that external assessments be conducted at least once every five years by a qualified, independent reviewer or review team from outside the organization.

As part of IA’s commitment for continued quality audit services, beginning FY 2017/18, IAD will perform internal assessments of the IAD. An external assessment by an independent reviewer is planned for FY 2018/19. Results will be presented and discussed at the regularly scheduled Audit Committee meetings.

**Outstanding Audit Recommendations
as of June 1, 2017**

Audit Performed	Rec #	Internal Audit Recommendation	Target for Implementation & Comment
Payroll Audit August 24, 2010	4	HR and FMD should work together to revise and update the Agency's Resolution No. 2005-2-9 and clarify which employees are required to sign a Confidentiality Agreement, based on their job duties and responsibilities, specifically those whose roles involve handling sensitive and confidential information. Having employees sign a Confidentiality Agreement reinforces that confidential and sensitive information is being handled, the Confidentiality Agreement also provides the expectations and consequences for sharing or misusing confidential information.	The Executive Management Team and HR continue to work closely with legal counsel to determine the need for updates to the Resolution. Any updates are planned for December 2017. IA will continue to follow-up on this item.
Intercompany Receivables - Watermaster August 30, 2011	1	Fiscal Management Department should establish procedures to prepare and submit invoices to Watermaster prior to the beginning of the quarter to allow payment by Watermaster before the quarter begins.	Finance and Accounting stated they will implement the billing requirement to bill in advance of each quarter as required by the contract. The Department requires additional time to implement this recommendation. IA will verify that this process has been implemented during follow-up evaluation planned for FY 2018.
Contracts and Procurement Follow-Up August 29, 2012	1	The Contracts and Procurement Department should ensure adequate separation of duties exist in procurement transactions. Specifically the functions of creating and approving the Purchase Request, creating the Purchase Order and having the ability to receive should involve a second knowledgeable individual.	Consistent with the soft recommendation provided by the External Auditor prior to 2016, IA also recommends there should be adequate segregation of duties. Contracts and Procurement stated that with recent retirements and new hires the conflict will be resolved and eliminated. IA will verify during follow-up evaluation planned for FY 2018.
Contracts and Procurement Follow-Up August 29, 2012	2	For all grant-related procurements, the Contracts and Procurement Department should print the confirmations from the debarment website at the time the vendor debarment is verified. The confirmation should be filed as evidence of verification, to show whether a vendor was debarred or not at the time of the procurement.	Contracts implemented this added procedure during our audit. IA will verify the practice continues during follow-up evaluation of randomly selected files, a review is planned for FY 2018.
SCE Utility Payments August 28, 2013	1	P&EC and Maintenance Management should work with the City of Chino and SCE to adequately transfer the electricity expense related to City of Chino property. The street lights in front of IEUA's HQ-A building have been identified by the Agency and SCE as the financial responsibility of the City of Chino. It was noted that over \$900.00 a year is paid for the street lights expense. P&EC and Maintenance previously identified this issue and had initiated discussions to transfer the account and related expense to the City of Chino. It is anticipated that by the end of calendar year 2013 this will be resolved.	IA will verify during follow-up evaluation planned for FY 2017.

**Outstanding Audit Recommendations
as of June 1, 2017**

Audit Performed	Rec #	Internal Audit Recommendation	Target for Implementation & Comment
SCE Utility Payments August 28, 2013	2	CAP management should evaluate the entire CAP Department staff's responsibilities and leverage all department resources to achieve all tasks and at the same time avoid internal control conflicts. In addition, IA recommends that SAP authorized access be modified for employees as noted in the report section "SAP Segregation of Duties – CAP Personnel" to address existing internal control conflicts identified. The report details the specific conflicts. This has previously been recommended in prior CAP Follow-Up Audit Reports dated May 24, 2010 and August 29, 2012.	IA will verify during follow-up evaluation planned for FY 2017.
SCE Utility Payments August 28, 2013	3	CAP personnel should take the lead in working with the responsible Agency personnel to make the necessary updates to Agency policies A-32 (Authority to Contractually Commit the Agency) and A-33 (Request and Evaluation of Proposals), and department specific SOP's.	IA will verify during follow-up evaluation planned for FY 2017.
Accounts Payable Follow-Up Audit August 29, 2013	1	AFM and BIS need to work together to ensure users have appropriate access within SAP based on job responsibilities and remove/modify access privileges that are not necessary to reduce the risk of unauthorized transactions and SOD conflicts. All user access should be immediately removed when an employee resigns his/her position with the Agency.	IA to verify during follow-up evaluation.
Accounts Payable Follow-Up Audit August 29, 2013	2	Access to the Vendor Master File (VMF) should only be granted to one Manager/Supervisor for AFM and CAP department with only one back up employee, if necessary, due to Segregation of Duties conflict. This is a standard best practice across many industries. Furthermore, we recommend access be removed from all other current and past employees.	IA to verify during follow-up evaluation.
Accounts Payable Follow-Up Audit August 29, 2013	3	AFM department should institute controls to ensure payment of invoices by the due date.	IA to verify during follow-up evaluation.
Accounts Payable Follow-Up Audit August 29, 2013	4	AFM should work with the appropriate Agency personnel to update Agency policies and remind employees of the requirements of Agency Policy A-12, Employee Personal Computer Purchase Program; Policy A-37, Reimbursement for Attendance at a Conference, Seminar or Meeting; Policy A-50, Non-Purchase-Order Invoice Approval Procedures; Policy A-55, Agency Credit Cards; and Agency Policy A-14 Vehicle Use.	IA to verify during follow-up evaluation.
Accounts Payable Follow-Up Audit August 29, 2013	5	Human Resources department, in conjunction with Information Support Systems, should ensure that loans for personal computers are not approved for items not covered by the loan program as described in Agency Policy A-12. Additionally, consider revising Agency Policy A-12 to clarify the applicability of the computer loan program to tablet computers and operating systems other than Microsoft Windows.	IA to verify during follow-up evaluation.
Accounts Payable Follow-Up Audit August 29, 2013	6	AFM department should strengthen Vendor Master File procedures to establish uniformity in entering, altering and deleting vendors, and to provide guidelines for the maintenance of vendors, to ensure vendors are authorized, including the requirement that a supervisor or manager in FMD CAP approve additions, deletions, or changes to vendors.	IA to verify during follow-up evaluation.
Accounts Payable Follow-Up Audit August 29, 2013	7	AFM department should ensure all new vendors provide a current, physical business address for the Vendor Master File. Additionally, AFM should establish a plan to update the master file for all active vendors that do not currently have a physical address on file.	IA to verify during follow-up evaluation.

**Outstanding Audit Recommendations
as of June 1, 2017**

Audit Performed	Rec #	Internal Audit Recommendation	Target for Implementation & Comment
Accounts Payable Follow-Up Audit August 29, 2013	8	AFM department should work with BIS to test the features of SAP related to purging inactive vendors. Upon successful completion of the testing, AFM should identify vendors with no activity in the previous three to five years and deactivate or delete from the Vendor Master File as appropriate.	IA to verify during follow-up evaluation.
Accounts Payable Follow-Up Audit August 29, 2013	9	AFM department should update all SOPs to reflect business process changes resulting from the implementation of the Agency's ERP SAP system.	IA to verify during follow-up evaluation.
Automobile Insurance Requirements March 3, 2014	1	IA recommends that the Contracts and Facilities Department: Take the lead to review and update and/or consolidate the existing Agency Policy A-14 "Vehicle Use Policies and Procedures" and A-36 "Automobile Insurability and Driver's License Requirements for Current and Prospective Employees." The policies should define and specify the requirements for employees to maintain personal automobile insurance, clarify the coverage limits and any other responsibilities and provisions. Ensure policy updates and requirements are communicated to all employees.	IA to verify during follow-up evaluation.
Automobile Insurance Requirements March 3, 2014	2	IA recommends that the Contracts and Facilities Department: Consider developing an appropriate "Acknowledgment Statement" form or other verification/certification document or process that outlines and verifies the requirements of the Agency's policies related to personal automobile insurance coverage and driver's license. Determine the need to require all employees sign the acknowledgement/verification document each year as a certification that the employee understands and accepts responsibilities when driving a personal or Agency vehicle.	IA to verify during follow-up evaluation.
Vehicle Security Procedures March 3, 2014	1	CAP should take the lead to properly inventory and account for all assigned and unassigned gate transmitters. CAP should continuously work with department managers who request gate transmitters to monitor and revise access based on staff duties and responsibilities. CAP should promptly deactivate any improperly assigned/unassigned gate transmitters or for those employees and contractors that separate employment from the Agency.	IA to verify during follow-up evaluation.
Vehicle Security Procedures March 3, 2014	2	CAP should ensure the appropriate signed gate transmitter form is maintained on file for all issued gate transmitters. Additionally, CAP should ensure the employee/contractor who is issued a gate transmitter understands the requirements of Agency Policy A-24 "Issuance and Inventorying of Gate Transmitters and Keys to Agency Facilities, Vehicles and/or Equipment." This can be done at the time the employee/contractor is issued the gate transmitter via the signed form and is provided a copy of the Agency policy.	IA to verify during follow-up evaluation.
Vehicle Security Procedures March 3, 2014	3	IA recommends CAP staff inventory all Certificates of Title and work to locate or replace the missing titles for Agency vehicles. Additionally, CAP should implement and communicate the proper procedure to ensure that all Certificates of Title are promptly submitted to Records Management for filing and retention.	IA to verify during follow-up evaluation.

**Outstanding Audit Recommendations
as of June 1, 2017**

Audit Performed	Rec #	Internal Audit Recommendation	Target for Implementation & Comment
Vehicle Inventory Procedures March 12, 2014	1	Maintenance Department and HR Department should work together to develop and/or consolidate into one updated policy, the proper procedures for refueling Agency vehicles in order to streamline processes and clearly define the procedures for refueling Agency vehicles. Specifically, the policy should include: payment method, when to fuel, and specify if the requirement applies to assigned, pool or all vehicles. Take the lead to review and update and/or consolidate the existing Agency Policy A-14 "Vehicle Use Policies and Procedures" and A-36 "Automobile Insurability and Driver's License Requirements for Current and Prospective Employees." The policies should define and specify the requirements for employees to maintain personal automobile insurance, clarify the coverage limits and any other responsibilities and provisions. Ensure policy updates and requirements are communicated to all employees.	IA to verify during follow-up evaluation.
Vehicle Inventory Procedures March 12, 2014	2	Maintenance Department should take the lead to update Agency Policy A-86, "Refueling Agency Vehicles" to include a clear definition of a "pool" versus an "assigned" vehicle and these definitions should be carried across all Agency policies that relate to Agency vehicle procedures.	IA to verify during follow-up evaluation.
Vehicle Inventory Procedures March 12, 2014	3	Maintenance Department should revise Agency Policy A-86 to specifically address how Voyager fuel cards for Agency "pool" vehicles will be issued and used by employees in order to establish separate guidelines for Agency "pool" vehicles.	IA to verify during follow-up evaluation.
Vehicle Inventory Procedures March 12, 2014	4	Maintenance Department should work with Business Information Systems (BIS) to develop an online/electronic "vehicle reservation and approval process." Approval should be obtained through the online/electronic process by either the employee's supervisor or manager. If the travel in an Agency "pool" vehicle will be for the calendar day only, online/electronic approval obtained from the employee's direct supervisor is sufficient. If travel utilizing an Agency "pool" vehicle will be overnight or several nights, or outside the service area, the employee should obtain online approval from the responsible manager and/or a member of Executive Management.	IA to verify during follow-up evaluation.
Vehicle Inventory Procedures March 12, 2014	5	Maintenance Department should work with the HR Department to incorporate mileage limitations and/or geographic boundaries (i.e. out-of-state) for Agency vehicles in updated Agency policies.	IA to verify during follow-up evaluation.
Vehicle Inventory Procedures March 12, 2014	6	Maintenance Department should evaluate the overall purpose of the VIF, to determine what elements are necessary to be reported by employees after use of an Agency vehicle, as well as determine what elements to hold the employee accountable for. Additionally, fewer incomplete forms may be returned if wording is revised to require only exceptions (an example might be: "Indicate damage to vehicle, if any").	IA to verify during follow-up evaluation.
Vehicle Inventory Procedures March 12, 2014	7	Maintenance Department should determine the need to require that the VIF include an area for the employee's direct supervisor/manager to approve and sign, specifically acknowledging where the vehicle will be used and permitting the use of the Agency vehicle, prior to checking out the vehicle as an added control and accountability measure for the vehicle and the employee.	IA to verify during follow-up evaluation.

**Outstanding Audit Recommendations
as of June 1, 2017**

Audit Performed	Rec #	Internal Audit Recommendation	Target for Implementation & Comment
Vehicle Inventory Procedures March 12, 2014	8	Maintenance Department should ensure the recipients of the VIF (currently, the receptionists) no longer accept incomplete VIF forms from an employee upon the return of the vehicle to Headquarters. The receptionist should return the form to the employee and request they fill out the VIF completely before checking-in the vehicle.	IA to verify during follow-up evaluation.
Vehicle Inventory Procedures March 12, 2014	9	Maintenance Department should continue to work with "Voyager Fleet Systems" and U.S. Bank to review the card issuer's reporting capabilities, in order to develop the reports needed with the appropriate inputs (e.g. odometer readings, date of purchase, amount, credit card number, cardholder name, number of gallons purchased at point-of-sale) so that the Agency can perform a thorough analysis of fuel consumption monthly.	IA to verify during follow-up evaluation.
Vehicle Inventory Procedures March 12, 2014	10	Maintenance Department should develop one policy or update the existing policy (ies) to outline the proper procedures for washing Agency vehicles.	IA to verify during follow-up evaluation.
Vehicle Inventory Procedures March 12, 2014	11	Maintenance Department should perform a routine inventory as well as regular safety/maintenance inspections for all Agency vehicles at least annually and ensure necessary safety and emergency equipment is available and operational. Issues identified should be addressed and corrected timely. Specifically, items required for safety reasons such as fire extinguishers, insurance information and accident instructions, etc. should be current and readily available in the vehicle. Documented maintenance and safety inspection results should be retained and placed in the vehicle's file as evidence of examination.	IA to verify during follow-up evaluation.
Vehicle Inventory Procedures March 12, 2014	12	Maintenance Department should consider including a vehicle bumper sticker on all Agency vehicles that display the Agency's logo and a hotline or contact phone number where issues may be reported by any member of the public.	IA to verify during follow-up evaluation.
Vehicle Inventory Procedures March 12, 2014	13	Periodic reconciliations for fleet (vehicles and equipment) should be performed by the Maintenance Department between any report(s) or system databases that are utilized by management to ensure accuracy when reporting fleet information and making decisions regarding fleet.	IA to verify during follow-up evaluation.

**Outstanding Audit Recommendations
as of June 1, 2017**

Audit Performed	Rec #	Internal Audit Recommendation	Target for Implementation & Comment
Regional Contract Review - Final Report December 16, 2015	Overall	Consider legal, political and financial impacts of governing by ordinance vs. contract	Recommendation to be addressed as part of the Renegotiation of the Regional Contract. IA will follow-up at that time.
Regional Contract Review - Final Report December 16, 2015	Overall	Review and revise EDU formula	Recommendation to be addressed as part of the Renegotiation of the Regional Contract. IA will follow-up at that time.
Regional Contract Review - Final Report December 16, 2015	Overall	Resolve identified differences of over/under collected amounts of Connection fees and identified differences of over/under collected amounts of unreported monthly sewerage fees	Recommendation to be addressed as part of the Renegotiation of the Regional Contract. IA will follow-up at that time.
Regional Contract Review - Final Report December 16, 2015	1	Connection Fees: Centralize the permitting process OR IEUA provides final sign-off and plumbing permit approval for all nonresidential entities.	Recommendation to be addressed as part of the Renegotiation of the Regional Contract. IA will follow-up at that time.
Regional Contract Review - Final Report December 16, 2015	2	Connection Fees: IEUA should establish monitoring program to inspect random facilities and those were there is a suspected discrepancy	Recommendation to be addressed as part of the Renegotiation of the Regional Contract. IA will follow-up at that time.
Regional Contract Review - Final Report December 16, 2015	3	Connection Fees: Contract should include IEUA inspection, verification and recourse rights for under-collected/under-reported Connection Fees	Recommendation to be addressed as part of the Renegotiation of the Regional Contract. IA will follow-up at that time.
Regional Contract Review - Final Report December 16, 2015	4	Connection Fees: Contract should include IEUA right to audit, full cooperation and access to records and documents upon request	Recommendation to be addressed as part of the Renegotiation of the Regional Contract. IA will follow-up at that time.
Regional Contract Review - Final Report December 16, 2015	5	Connection Fees: Two tier connection fees process that distinguishes between common features and unique features (i.e., a toilet always costs the same regardless of type of business)	Recommendation to be addressed as part of the Renegotiation of the Regional Contract. IA will follow-up at that time.
Regional Contract Review - Final Report December 16, 2015	6	Connection Fees: Update Exhibit J regularly to include new/evolving business types	Recommendation to be addressed as part of the Renegotiation of the Regional Contract. IA will follow-up at that time.
Regional Contract Review - Final Report December 16, 2015	7	Connection Fees: Update & clarify Fixture Unit descriptions of Exhibit J regularly	Recommendation to be addressed as part of the Renegotiation of the Regional Contract. IA will follow-up at that time.
Regional Contract Review - Final Report December 16, 2015	8	Connection Fees: Standardize calculation worksheet to ensure it is consistent with Exhibit J and consistent region-wide	Recommendation to be addressed as part of the Renegotiation of the Regional Contract. IA will follow-up at that time.
Regional Contract Review - Final Report December 16, 2015	9	Connection Fees: IEUA should require copies of calculation worksheets for all nonresidential customers along with the monthly Building Activity Reports.	Recommendation to be addressed as part of the Renegotiation of the Regional Contract. IA will follow-up at that time.
Regional Contract Review - Final Report December 16, 2015	10	Connection Fees: Regular workshops, meetings, plant tours, etc. with staff in Building, Plan Check and Utility Billing/Financial Departments	Recommendation to be addressed as part of the Renegotiation of the Regional Contract. IA will follow-up at that time.
Regional Contract Review - Final Report December 16, 2015	11	Connection Fees: IEUA develop fixture count expertise and provide regular/ongoing training for Contracting Agencies - Building Departments	Recommendation to be addressed as part of the Renegotiation of the Regional Contract. IA will follow-up at that time.

**Outstanding Audit Recommendations
as of June 1, 2017**

**Annual Audit Plan
Attachment 1**

Audit Performed	Rec #	Internal Audit Recommendation	Target for Implementation & Comment
Regional Contract Review - Final Report December 16, 2015	12	Connection Fees: Contracting Agency internal review of Connection Fees as part of preparing the Building Activity Report	Recommendation to be addressed as part of the Renegotiation of the Regional Contract. IA will follow-up at that time.
Regional Contract Review - Final Report December 16, 2015	1	Monthly Sewerage: Collect monthly sewerage fees for the entire region through County's property tax roll	Recommendation to be addressed as part of the Renegotiation of the Regional Contract. IA will follow-up at that time.
Regional Contract Review - Final Report December 16, 2015	2	Monthly Sewerage: Evaluate methodology used for billing monthly sewerage fees (residential and commercial) and consider alternatives by water consumption, EDUs purchased or other methodology	Recommendation to be addressed as part of the Renegotiation of the Regional Contract. IA will follow-up at that time.
Regional Contract Review - Final Report December 16, 2015	3	Monthly Sewerage: Standardize monthly report to provide IEUA automated, itemized listings of non-residential monthly sewerage charges	Recommendation to be addressed as part of the Renegotiation of the Regional Contract. IA will follow-up at that time.
Regional Contract Review - Final Report December 16, 2015	4	Monthly Sewerage: Establish contract for monthly sewerage payments from Contracting Agencies rather than IEUA issuing monthly invoices	Recommendation to be addressed as part of the Renegotiation of the Regional Contract. IA will follow-up at that time.
Regional Contract Review - Final Report December 16, 2015	5	Monthly Sewerage: IEUA exercise inspection, verification and recourse rights for under-collected/under-reported monthly sewerage fees	Recommendation to be addressed as part of the Renegotiation of the Regional Contract. IA will follow-up at that time.
Regional Contract Review - Final Report December 16, 2015	6	Monthly Sewerage: Contract should include IEUA right to audit, full cooperation and access to records and documents upon request	Recommendation to be addressed as part of the Renegotiation of the Regional Contract. IA will follow-up at that time.
Regional Contract Review - Final Report December 16, 2015	7	Monthly Sewerage: Update 1997 billing memorandum regularly for new business types to provide detailed definitions and descriptions	Recommendation to be addressed as part of the Renegotiation of the Regional Contract. IA will follow-up at that time.
Regional Contract Review - Final Report December 16, 2015	8	Monthly Sewerage: Create a correlation between monthly sewerage fees and Connection Fees	Recommendation to be addressed as part of the Renegotiation of the Regional Contract. IA will follow-up at that time.
Regional Contract Review - Final Report December 16, 2015	9	Monthly Sewerage: Add billing guidance for locations with multiple types of businesses serviced by a master meter	Recommendation to be addressed as part of the Renegotiation of the Regional Contract. IA will follow-up at that time.
Regional Contract Review - Final Report December 16, 2015	10	Monthly Sewerage: Bill commercial businesses at least a minimum of one EDU per month	Recommendation to be addressed as part of the Renegotiation of the Regional Contract. IA will follow-up at that time.
Regional Contract Review - Final Report December 16, 2015	1	Public Service Facility: Consider legal, political and financial impacts of excluding Public Service Facilities from Connection Fees and monthly sewerage charges.	Recommendation to be addressed as part of the Renegotiation of the Regional Contract. IA will follow-up at that time.
Regional Contract Review - Final Report December 16, 2015	2	Public Service Facility: Consider legal, political and financial impacts of IEUA assuming responsibility for Connection Fees calculations, collections and CCRA accounts	Recommendation to be addressed as part of the Renegotiation of the Regional Contract. IA will follow-up at that time.
Regional Contract Review - Final Report December 16, 2015	3	Public Service Facility: Contract should include IEUA inspection, verification and recourse rights for under-collected/under-reported Connection Fees	Recommendation to be addressed as part of the Renegotiation of the Regional Contract. IA will follow-up at that time.

**Outstanding Audit Recommendations
as of June 1, 2017**

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Attachment 1**

Audit Performed	Req #	Internal Audit Recommendation	Target for Implementation & Comment
Regional Contract Review - Final Report December 16, 2015	4	Public Service Facility: Contract should include IEUA right to audit, full cooperation and access to records and documents upon request	Recommendation to be addressed as part of the Renegotiation of the Regional Contract. IA will follow-up at that time.
Regional Contract Review - Final Report December 16, 2015	5	Public Service Facility: Address difference between "Publicly Owned" vs. "Publicly Used"	Recommendation to be addressed as part of the Renegotiation of the Regional Contract. IA will follow-up at that time.
Regional Contract Review - Final Report December 16, 2015	6	Public Service Facility: Consider cross-departmental approach to the development review process as a regional model	Recommendation to be addressed as part of the Renegotiation of the Regional Contract. IA will follow-up at that time.
IT Equipment August 21, 2012 (February 29, 2016 Follow-Up)	3	ISS implement appropriate tracking systems that include relevant information on IT purchases (i.e., serial numbers, etc.), are updated timely and are complete and accurate. ISS should establish procedures to enter, modify, and delete information in the tracking systems that address areas such as timeliness for updates, responsibilities for maintaining the systems, and the types of items included in the tracking system.	Additional time is required for full implementation. IA will re-verify during follow-up evaluation.
IT Equipment November 14, 2012 (February 29, 2016 Follow-Up)	1	ISS should ensure that any services procured with P-cards are expressly authorized by the Manager of CAP, CFO, AGM, or GM prior to committing to services.	Additional time is required for full implementation. IA will re-verify during follow-up evaluation.
Master Trade Contracts, dated September 1, 2016	1	IA recommends that even in instances where a difference department has primary responsibility for the proposal evaluation process, CFS work with the end-user department to ensure the information is communicated to the Board of Directors accurately reflects the signed contract terms. Additionally, CFS should determine the need to request from the evaluating department the evaluation documentation, or a staff memo summarizing the selection process and have it available/filed.	Both CAP and CM stated they would begin steps to implement. IA to verify during a future follow-up evaluation.
Master Trade Contracts, dated September 1, 2016	2	IA recommends that CFS work with BIS to research built-in tools within SAP to implement automated controls necessary to ensure that spending on contracts and groups of contracts do not exceed Board approved limits and determine the cost benefit of implementing those monitoring tools.	Both CFS and BIS stated they would work together to evaluate implementation. IA to verify during a future follow-up evaluation.
Master Trade Contracts, dated September 1, 2016	3	IA supports and encourages the initiative to fully implement the Agency's Enterprise Content Management System (ECMS) - Laserfiche. CFS should continue to work closely with BIS to implement the Agency's ECMS - Laserfiche to assist with the organization and centralizing of contract documents, facilitate research and access to information, streamline recordkeeping and eliminate multiple copies of the same documents.	Both CFS and BIS stated they would work together to evaluate implementation. IA to verify during a future follow-up evaluation.
Master Trade Contracts, dated September 1, 2016	4	IA recommends that CFS enhance communications about the Agency's ethical procurement responsibilities and expectations to all Agency employees as well as Agency vendors and contractors to actively foster an ethical procurement environment. CFS should consider creating an ethics outreach plan and developing an approach with Agency Executive Management and Human Resources about reinforcing the "tone at the top" to actively remind employees and contractors/ vendors about the Agency's ethical expectations including once again providing annual notifications of ethical guidelines to vendors and staff. Agency management may also want to incorporate references to the Agency's Ethics Hotline and Ethics Point "FAQs" in that communication.	CFS stated they would research the best approach and begin steps for implementation. IA to verify during a future follow-up evaluation.

**Outstanding Audit Recommendations
as of June 1, 2017**

**Annual Audit Plan
Attachment 1**

Audit Performed	Rec #	Internal Audit Recommendation	Target for Implementation & Comment
Master Trade Contracts, dated September 1, 2016	5	IA recommends CFS staff attend annual training related to ethics in their respective procurement activities.	CFS reported that all staff attended ethics training related to procurement activities shortly after the audit and will plan to attend training annually. IA to verify during a future follow-up evaluation.
Master Trade Contracts, dated September 1, 2016	6	In addition to the cross-training that is already occurring, IA suggests that CFS consider the potential benefits of job rotation within the CFS department as a training and internal control technique with multiple benefits.	CFS stated that they would evaluate and determine the need for rotation since currently there have been various retirements and changes. IA to verify during a future follow-up evaluation.
Audit of Master Service Contracts, dated December 14, 2016	1	Emergency projects are classified according to three levels. Level 3 emergencies are the least urgent and the work can be scheduled on a time-table set by the Agency. E&CM and CFS should consider establishing clear criteria that differentiate between a "Level 3" emergency procurement and routine minor construction and repairs procurements and/or determine and document whether the "Level 3" designation is necessary.	CM stated they would begin implementation. IA to verify during a future follow-up evaluation.
Audit of Master Service Contracts, dated December 14, 2016	2	To ensure that the Agency communicates sufficient information about emergency procurement activity, E&CM and CFS should consider developing and providing a comprehensive monthly update of emergency procurements for the Board. The information to consider could include the current month emergency procurement activity and a year-to-date total. It may also be useful to compare current year-to-date emergency procurement activity in dollars and numbers of task orders to prior years and to the total budget. Trends can be analyzed and comparisons can be made to ensure that the Agency's infrastructure is well maintained and emergency procurements are kept to a minimum.	CM stated they would begin implementation. IA to verify during a future follow-up evaluation.
Audit of Master Service Contracts, dated December 14, 2016	3	To ensure that contracts for Repairs and Minor Construction operate as intended, E&CM and CFS should consider developing specific criteria and/or additional guidance and definitions about what constitutes repairs or minor construction as compared to projects for prequalified contractors for contracts less than \$2 million. An additional control would be to consider establishing dollar maximums within the contract or the group of contractors to provide assurance that the contracts are being utilized as intended and spending is constrained.	CM stated they would begin implementation. IA to verify during a future follow-up evaluation.
IT Equipment August 21, 2012 (December 5, 2016 Follow-Up)	15	FMD should implement adequate controls to ensure that the stated capitalization policy for IT equipment is consistently followed to ensure that all items meeting the capitalization threshold are capitalized and to ensure that items not meeting the capitalization threshold are not capitalized.	Additional time is required for full implementation. IA will re-verify during follow-up evaluation.
IT Equipment August 21, 2012 (December 5, 2016 Follow-Up)	17	FMD should implement adequate controls to ensure that asset records established in SAP are accurate and complete, such as ensuring that all data fields in SAP are completed and ensuring that only those items allowed by the capitalization policy are capitalized.	Additional time is required for full implementation. IA will re-verify during follow-up evaluation.

**Outstanding Audit Recommendations
as of June 1, 2017**

Audit Performed	Rec #	Internal Audit Recommendation	Target for Implementation & Comment
IT Equipment August 21, 2012 (December 5, 2016 Follow-Up)	19	FMD should return incorrect or incomplete Project Closure Authorization Forms to the Project Manager for proper completion. FMD should also provide training to Project Managers on the importance of proper completion and instructions on completing the form.	Additional time is required for full implementation. IA will re-verify during follow-up evaluation.
IT Equipment August 21, 2012 (December 5, 2016 Follow-Up)	22	FMD should document Standard Operating Procedures to address the functions of setting up capital assets such as procedures for completing the SAP asset information, compliance with stated capitalization thresholds, and processing of Project Closure Authorization Forms.	Additional time is required for full implementation. IA will re-verify during follow-up evaluation.
Follow-Up Review - Information Technology Equipment Audit, dated December 5, 2016	1	FAD should take the lead to ensure a physical inventory and inspection of the Agency's IT fixed assets is completed on a periodic basis to verify existence, location, and working condition of assets.	FAD agrees with IA and the External Auditors recommendation and would evaluate implementation. IA to verify during a future follow-up evaluation.
Follow-Up Review - Information Technology Equipment Audit, dated December 5, 2016	2	FAD should evaluate the Agency's current capitalization thresholds for IT equipment and determine if these need to be increased to ensure current practice meets policy and are consistent with current trends.	IA to verify during a future follow-up evaluation.
2017 Petty Cash Audit & Follow-up Review dated May 31, 2017	1	FAD should reinforce the guidelines of the petty cash fund, including custodian responsibilities and internal controls over petty cash accountability and record-keeping.	IA to verify during a future follow-up evaluation.
2017 Petty Cash Audit & Follow-up Review dated May 31, 2017	2	FAD should consider updating the "Monthly Mileage Log and Reimbursement Request" to add a designated signature area for when the petty cash funds are utilized as a reimbursement for mileage.	IA to verify during a future follow-up evaluation.
2017 Petty Cash Audit & Follow-up Review dated May 31, 2017	3	FAD should take the lead to communicate changes to the Petty Cash policy and forms immediately after implementation, to ensure employees understand the policy and utilize the updated forms.	IA to verify during a future follow-up evaluation.
2017 Petty Cash Audit & Follow-up Review dated May 31, 2017	4	Petty cash custodians should only accept the appropriate forms and inform the requestor of the most appropriate procurement methods if the requestor's petty cash request does not conform to Agency policies.	IA to verify during a future follow-up evaluation.
2017 Petty Cash Audit & Follow-up Review dated May 31, 2017	5	FAD should take the lead to review and determine if the Petty Cash limit of \$50 is adequate or if it should be updated (increased or decreased), or determine if there is a threshold that will require Executive Manager/General Manager authorization (i.e., anything over \$50).	IA to verify during a future follow-up evaluation.
2017 Petty Cash Audit & Follow-up Review dated May 31, 2017	6	Human Resources and FAD should work together to formally document or communicate the policy on the purchase and gifting of Gift Cards to ensure compliance with Federal requirements. The policy should be communicated to all Agency employees and be reminded periodically.	IA to verify during a future follow-up evaluation.
2017 Petty Cash Audit & Follow-up Review dated May 31, 2017	7	Human Resources and FAD should continue to work with the appropriate personnel in making revisions and updates to the following Agency policies that relate to cash reimbursements and controls: A-75 Employee Recognition Rewards Program, A-68 Meal Reimbursement and Unscheduled Overtime, and A-34 Vehicle Maintenance.	IA to verify during a future follow-up evaluation.


CONSENT
CALENDAR
ITEM


3H


Date: June 21, 2017

To: The Honorable Board of Directors

Through: Finance and Administration Committee (6/14/17)

From: P. Joseph Grindstaff 
General Manager

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

Jason Gu 
Grants Officer

Subject: Adoption of a Resolution to Execute the Financing Agreement for the Chino Basin Improvement and Groundwater Clean-up Project

RECOMMENDATION

It is recommended that the Board of Directors adopt Resolution No. 2017-6-13, authorizing the General Manager or his/her designee to file the Groundwater Quality Grant application and execute the grant agreement received from the State Water Resources Control Board (SWRCB) for the Chino Basin Improvement and Groundwater Clean-up Project (Project).

BACKGROUND

Since 2012, the Inland Empire Utilities Agency (IEUA) has been working with the Regional Water Quality Control Board (RWQCB), the city of Ontario, the city of Upland, private and public companies, and the U.S. government to develop a solution to the groundwater contamination known as the South Archibald TCE Plume. IEUA staff also worked with the Chino Basin Desalter Authority (CDA) for a permanent treatment solution that capitalizes on the existing CDA construction and assets already in use with some modifications. As result of this effort, a stipulated Abatement Order was issued.

In May 2016, IEUA applied for the Proposition 1 Groundwater Quality Grant for the clean-up of the Project. SWRCB, RWQCB, IEUA, and regional stakeholders met regarding the importance of the Project to the region. Subsequently, IEUA hosted a site visit for SWRCB, RWQCB and local stakeholders to visit the areas that have been affected by the plume and where the clean-up facilities will be built.

In March 2017, the SWRCB awarded a \$11,377,018 Groundwater Quality Grant to IEUA for the construction of facilities that will cleanup and prevent the spread of the South Archibald TCE Plume. SWRCB requires that the Board adopt a resolution authorizing the General Manager or his designee to execute the financing agreement and to carry out all compliance requirements of the grant.

The Project demonstrates the integrated regional approach for groundwater supply optimization by meeting the region's need to develop reliable, drought-proof and diverse local water resources to reduce dependence on imported water supplies. Once the facilities are built, the cleanup process is estimated to enhance local drinking water supplies by 6,813 acre feet per year.

PRIOR BOARD ACTION

On August 17, 2016, the Board approved the Settlement and Cleanup and Abatement Order R8-2016-0016 between the RP-1 Parties and the Companies.

On June 17, 2015, the Board approved a Joint Facility Development Agreement between RP-1 Parties and CDA, as well as a Cost Sharing Agreement between RP-1 Parties.

On March 18, 2015, the Board approved a term sheet outlining conditions for the Joint Facility Development Agreement between IEUA, the city of Ontario, the city of Upland, and CDA.

On May 15, 2013, the Board approved a Memorandum of Understanding between, IEUA, the city of Ontario, the city of Upland, Jurupa Community Services District, Western Municipal Services District, and the CDA to collaboratively develop a project to address the South Archibald plume.

IMPACT ON BUDGET

IEUA's portion of the total Project cost is \$15,901,524. IEUA's FY 2017/18 TYCIP approved \$17,294,171 for Project No. EN16021. The TYCIP budget is supported by a total of \$16,877,018 in grants secured from the following agencies:

1. \$11,377,018 Prop 1 Groundwater Quality Grant received from the SWRCB,
2. \$1,100,000 contribution from the United States, through a successful negotiation,
3. \$1,400,000 contribution from private companies through a successful negotiation, and
4. \$3,000,000 Title XVI grant from the Department of Interior, Bureau of Reclamation.

RESOLUTION NO. 2017-6-13

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
INLAND EMPIRE UTILITIES AGENCY*, SAN
BERNARDINO COUNTY, CALIFORNIA, AUTHORIZING
ENTERING INTO A PROPOSITION 1 GRANT FOR THE
CHINO BASIN IMPROVEMENT AND GROUNDWATER
CLEAN-UP PROJECT**

BE IT RESOLVED, by the Board of Directors of the Inland Empire Utilities Agency (IEUA) that the General Manager, or in his/her absence, his/her designees, is hereby authorized and directed to sign and file, for and on behalf of the IEUA, a financial assistance application for a Proposition 1 grant funding agreement with the State Water Resources Control Board for the implementation of the Chino Basin Improvements and Groundwater Clean-up Project;

BE IT RESOLVED, that the Inland Empire Utilities Agency hereby agrees and further does authorize the General Manager, or in his/her absence, his/her designees, to provide the assurances, certifications and commitments required for the financial assistance applications, including executing a financial assistance agreement from the State Water Resources Control Board and any amendments or changes thereto; and

BE IT RESOLVED, that the General Manager, or his/her designees is authorized to represent the IEUA in carrying out the IEUA's responsibilities under the agreement, including certifying disbursement requests on behalf of the IEUA and compliance with applicable state and federal laws.

ADOPTED this 21st day of June, 2017.

Steven J. Elie, President of the Inland Empire
Utilities Agency* and of the Board of
Directors thereof

ATTEST:

Jasmin A. Hall, Secretary/Treasurer of the
Inland Empire Utilities Agency* and of the
Board of Directors thereof

* A Municipal Water District



State Water Resources Control Board

MAR 30 2017

P. Joseph Grindstaff
Inland Empire Utilities Agency
6075 Kimball Avenue
Chino, CA 91708

PROPOSITION 1 GROUNDWATER GRANT FUNDING PRELIMINARY AWARD; INLAND EMPIRE UTILITIES AGENCY (IEUA); CHINO BASIN IMPROVEMENT AND GROUNDWATER CLEAN-UP PROJECT (PROJECT) (FAAST #37386)

Dear Mr. Grindstaff:

Congratulations! By this letter, I am approving the funding for IEUA's Project, as described below, through the Proposition 1 Groundwater Grant Program (GWGP). This implementation project is approved for funding with a preliminary grant award of up to \$11,377,018.

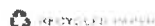
The Project includes a funding request to begin remediation activities of the South Archibald trichloroethylene (TCE) Plume and prevent nitrates from impacting the Santa Ana River. The Project includes:

1. Construction of extraction well CDA Well II-12 within the vicinity of the more concentrated TCE area of the Plume;
2. Construction of approximately five (5) miles of volatile organic compound (VOC) raw water pipeline to convey contaminated groundwater to the Chino Desalter Authority (CDA) II Facility;
3. Modification of water piping from existing desalter well CDA I-11 to connect to the VOC raw water pipeline for additional groundwater volume due to the cleanup of VOCs;
4. Installation of one (1) onsite and one (1) offsite monitoring well to monitor the performance of the remediation; and
5. Modification/replacement of up to three (3) existing decarbonators at the CDA II Facility, for treatment of VOC contaminated groundwater.

The Project is an eligible implementation project that would cleanup and prevent the spread of contamination to an aquifer that serves as a source of drinking water. The Project has been reviewed by technical experts from the State Water Resources Control Board (State Water Board), the Santa Ana Regional Water Quality Control Board (Regional Board), and the Department of Toxic Substances Control (DTSC). The technical experts concur that the Project should achieve its stated objectives. The Project, therefore, is considered eligible for the full funding amount, per the GWGP Funding Guidelines, adopted by the State Water Board (Resolution No. 2016-0028).

FLUCIA MARCUS, CHAIR | THOMAS HOWARD, EXECUTIVE DIRECTOR

1901 I Street, Sacramento, CA 95814 | Mailing Address: P.O. Box 100, Sacramento, CA 95812-0100 | www.waterboards.ca.gov



Erin Crandall has been assigned as the State Water Board, Division of Financial Assistance's (Division) Grant Manager for this Project. You will receive information related to roles and responsibilities, grant agreement development, invoicing, deliverables, performance measures, reporting requirements and due dates at a future date from an assigned Program Analyst. Division staff will develop a timeline to ensure the conditions and appropriate comments are addressed prior to or during execution of the final grant agreement. We encourage your prompt response to any requests from our staff, since unreasonable delays or failure to respond could result in withdrawal of this grant award.

Your grant award is preliminary and conditioned on the successful negotiation of an agreement. The agreement process will begin with the finalization of a scope of work and budget that is acceptable to the Division's Deputy Director. The scope of work will be based on the proposal submitted with the Final Application, but changes to the scope of work and budget may be required as part of the grant agreement negotiation process. Division staff have identified the following items based on the technical review of the Final Application that will be discussed during agreement negotiation and may need to be included in the scope of work:

1. Provide permitting information and details of the site access agreement for CDA Well II-12.
2. Provide more information on the nature of the operation and maintenance (O&M) costs, and the incremental increase that the project would incur to the existing CDA activities.
3. Start dates, end dates, and duration of tasks and subtasks listed in the scope of work did not match those on the schedule; provide a consistent scope of work and schedule that reflects the current state of the project status.
4. Provide a description of the likelihood and contingency plan if it is necessary for a redesign of the CDA Desalter II facility, to accommodate possible higher concentrations of TCE and to maintain the proposed removal efficiency of the treatment system.

We look forward to working with you on this project.

Please contact the assigned Grant Manager, Erin Crandall, with any questions at (916) 319-8263, or Erin.Crandall@waterboards.ca.gov.

Sincerely,



Leslie S. Laudon, Deputy Director
Division of Financial Assistance

Cc: See next page

Cc: Joe Karkoski, Division of Financial Assistance
Joe.Karkoski@Waterboards.ca.gov

Robert Reeves, Division of Financial Assistance
Robert.Reeves@waterboards.ca.gov

Sean McCarthy, Division of Drinking Water
Sean.McCarthy@waterboards.ca.gov

Ann Sturdivant, Regional Water Board
Ann.Sturdivant@waterboards.ca.gov

Nick Amini, Regional Water Board
Nick.Amini@waterboards.ca.gov

Kamron Saremi, Regional Water Board
Kamron.Saremi@waterboards.ca.gov

Dan Ward, DTSC
Dan.Ward@dtsc.ca.gov

Chris Berch, IEUA
Cberch@ieua.org

Jason Gu, IEUA
Jgu@ieua.org

Laura Cashion, IEUA
Lcashion@ieua.org

Ashley Womack, IEUA
Awomack@ieua.org

Joe Joswiak, Chino Basin Watermaster
JJoswiak@cbwm.org

Curtis Paxton, CDA
Cpaxton@chinodesalter.org

Mark Wildermuth, WEI
Mwildermuth@weewater.com

Groundwater Quality Grant Award State Water Resources Control Board



South Archibald Plume Clean-up Project

Background

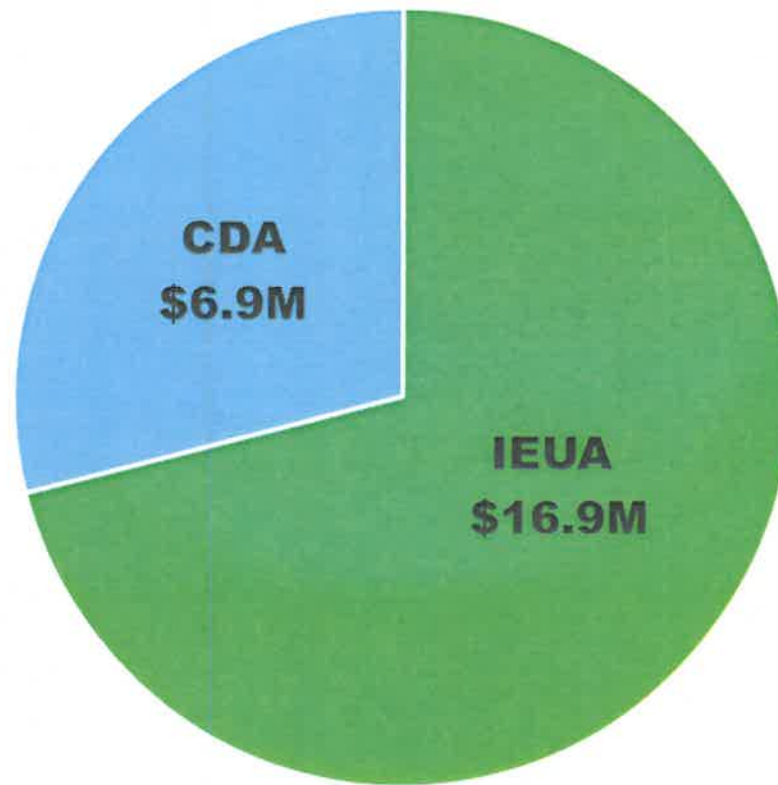
- Prop 1, Groundwater Quality Grant Program
- Grant application submitted - 2016
- Site visit and negotiation of scope - 2016
- Grant award of \$11,377,018 received - 2017

Objectives

- Construct the cleanup facilities
- Clean up the TCE plume
- Prevent the TCE plume from spreading
- Leverage CDA Expansion construction costs
- Leverage Federal and State grant funding
- Increase local water supplies by more than 6,800 AFY

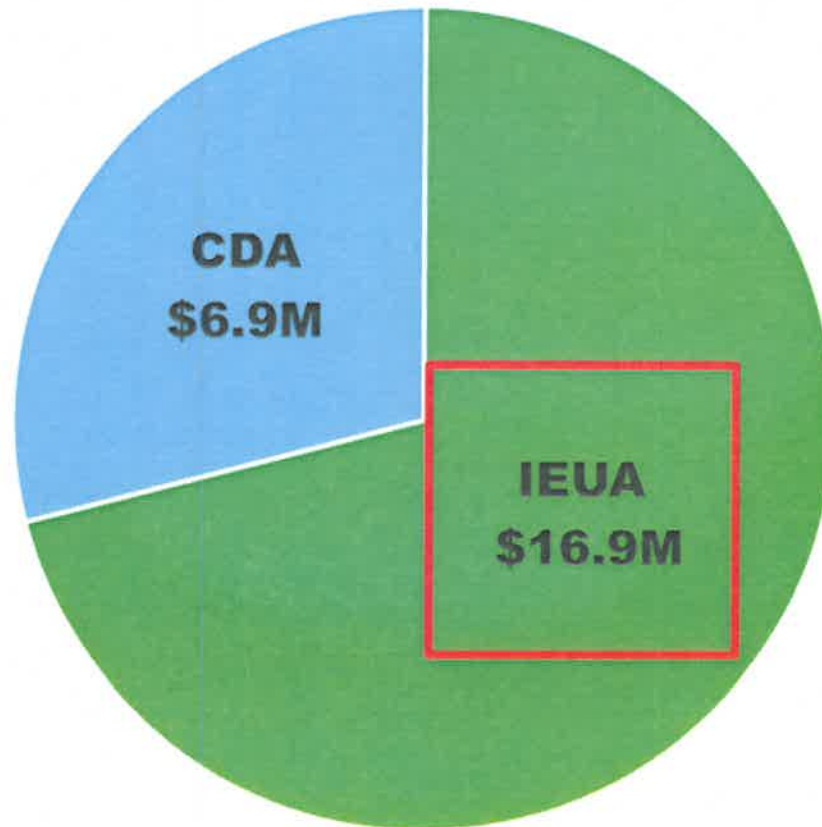
Total Estimated Cost \$23.8M

- CDA \$6.9M
- IEUA \$16.9M



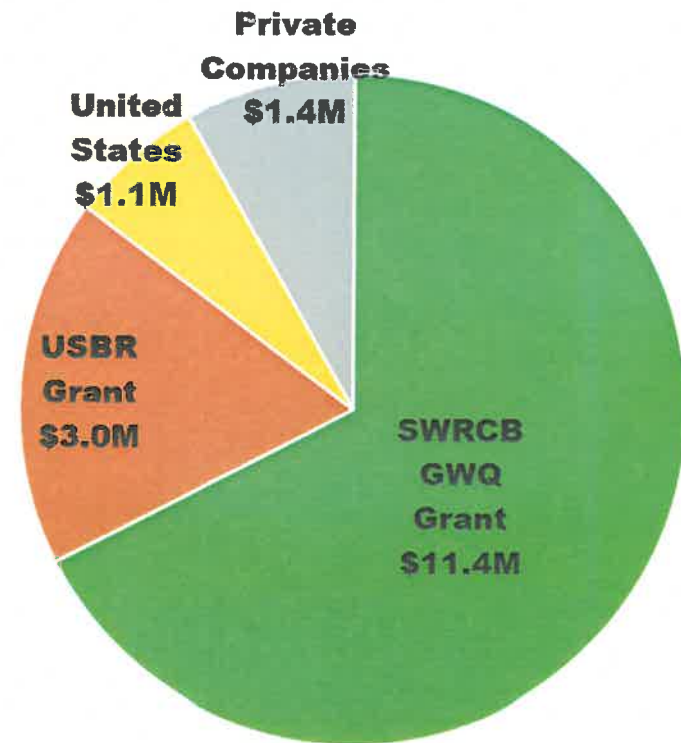
Total Estimated Cost \$23.8M

- CDA \$6.9M
- IEUA \$16.9M



IEUA Costs and Funds

- GWQ Grant \$11.4M
- Title XVI Grant \$3M
- United States \$1.1M
- Private Companies \$1.4M



Recommendation

- Adopt Resolution No. 2017-6-13, authorizing the General Manager to enter into a financial assistance agreement with the SWRCB for the Chino Basin Improvement and Groundwater Clean-up Project.

This action supports the Agency's mission of promoting sustainable use of groundwater and increasing the local water supply. It is also consistent with the Agency's mission of pursuing grants and low-interest financing.

CONSENT
CALENDAR
ITEM

31

Date: June 21, 2017

To: The Honorable Board of Directors

Through: Engineering, Operations, and Biosolids Management Committee (6/14/17)

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

Submitted by: Randy Lee *CL for R. Lee*
Executive Manager of Operations/Assistant General Manager

Rick Mykitta *CL for R. Mykitta*
Manager of Operations and Maintenance

Subject: Contract Award for Midge Fly Treatment

RECOMMENDATION

It is recommended that the Board of Directors:

1. Award Contract No. 4600002329 to West Valley Mosquito and Vector Control District (WVMVCD) establishing a new contract through June 30, 2019, for midge fly treatment services at recharge basins for a not-to-exceed amount of \$200,000; and
2. Authorize the General Manager to execute the contract.

BACKGROUND

The recharge basins in the Chino Basin are supplied with water and thus provide suitable conditions for midge flies, an aquatic insect that inhabits fresh water bodies throughout the world. While the presence of midge flies within a water body is an indicator of a healthy aquatic system, a significant population size of midge flies can become a nuisance to the surrounding community by swarming or by contact with people and buildings. Unlike mosquitoes, midge flies do not bite and are not a vector for disease. With warm weather, midge fly outbreaks can be anticipated and would result in complaints from residents living adjacent to active recharge sites. As such, WVMVCD continues to recommend that IEUA proactively sample and treat midge fly populations before they become a public nuisance.

Contract Award for Midge Fly Treatment

June 21, 2017

Page 2 of 2

IEUA currently has a contract (4600001970) with the WVMVCD for vector control services at IEUA treatment facilities and at groundwater recharge facilities. The recharge program was added to an existing contract in March 2016, when the General Manager approved a contract amendment with WVMVCD, utilizing his authority to authorize emergency procurements under Procurement Ordinance 101. The current contract contains amendments for vector control services for the recharge program through June 30, 2017.

To streamline the administration of vector control activities, IEUA and WVMVCD staff would prefer separate contracts for the treatment facilities and for the groundwater recharge program. Having two contracts will simplify invoices by WVMVCD and increase efficiency of invoice payment and tracking by IEUA. Staff are thus recommending a new contract (4600002329) for vector control services to be used only by the recharge program.

The midge fly treatment supports the IEUA objective to be a “Good Neighbor” under the business goal of Environmental Stewardship, as well as the objective of “maximizing the recharge of recycled water” under the business goal of Water Reliability.

PRIOR BOARD ACTION

In April 2016, the Board approved contract amendment 4600001970-002 with WVMVCD through June 2016 for midge fly treatment for \$120,000. Subsequent amendments for services have increased the value and extended the term of the contract through June 30, 2017.

In 2014, the Board approved the purchase of an ARGO amphibious vehicle for midge fly treatment and approved a contract to WVMVCD for midge fly sampling and control investigation.

IMPACT ON BUDGET

If approved, the anticipated expenses of \$100,000 for Fiscal Years 2017/18 and 2018/19 will be funded from the Groundwater Recharge’s professional fees and services budget.



**CONTRACT NUMBER: 4600002329
FOR
MIDGE FLY TREATMENT SERVICES
AT THE
RECHARGE BASINS**

THIS CONTRACT (the "Contract"), is made and entered into this ____ day of _____, 2017, by and between the Inland Empire Utilities Agency, a Municipal Water District, organized and existing in the County of San Bernardino under and by virtue of the laws of the State of California (hereinafter referred to as "Agency" or "IEUA"), and West Valley Mosquito and Vector Control District (WVMVCD), of Ontario, California (hereinafter referred to as "Contractor"), for the provision of Midge Fly Treatment and Control Services.

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

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

Project Manager: Andy Campbell, Groundwater Recharge
Coordinator/Hydrogeologist

Address: 6075 Kimball Avenue, HQ-B
Chino, California 91708

Telephone: 909-993-1907

Facsimile: 909-993-1987

Email: acampbell@ieua.org

Cell: 951-295-7523

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

Contractor: Michelle Brown, PhD
District Manager

Address: 1295 East Locust Street
Ontario, California 91761

Telephone: 909-635-0307

Facsimile: 909-635-0405

Email: mbrown@wvmvcd.org

Cell: 909-234-3912

3. **ORDER OF PRECEDENCE:** The documents referenced below represent the Contract Documents. Where any conflicts exist between the General Terms and Conditions the governing order of precedence shall be as follows:
1. Amendments to Contract Number 4600002329
 2. Contract Number 4600002329 General Terms and Conditions.
4. **SCOPE OF WORK AND SERVICES:** Contractor services and responsibilities shall include and be in accordance with the following:
- A. Contractor shall provide professional midge fly treatment services. Unless modified by amendment, to this contract, midge fly treatment services shall be provided in accordance with the Contractor's proposal letter dated June 7, 2017, attached as Exhibit 1, and incorporated into this contract by reference.
 - B. Contractor shall be responsible for the timely completion of Midge Fly population surveys (scheduled and completed by the Contractor, though coordinated with the Agency's Project Manager, or designee). Based on the survey results, Contractor shall determine the need (or urgency) to initiate Midge Fly treatments; and notify IEUA of the planned treatment schedule, by email. IEUA's Project Manager will review the treatment services scheduled/undertaken and maintains the opportunity to communicate a "Not-To-Treat Directive" to the Contractor. Such Not-to-Treat Directive would be based on operational considerations, which would reduce midge populations through non-chemical means.
 - C. Contractor shall prepare, and be responsible for maintaining, a Schedule of Work and Services. Contractor shall coordinate with the Agency's Project Manager with regard to the ongoing flexibility of the Schedule of Work and Services. Contractor will be responsible for communicating, in advance, any modifications to the previously agreed-upon Schedule of Work and Services. The Schedule of Work and Services will be, routinely, prepared and submitted, to the Project Manager, for review and approval.
 - D. Method of Inspection:
 1. Work performed under this Contract may be required to undergo routine monitoring and inspection.
 2. The Project Manager will be responsible for performance of the inspections, and any reporting associated with the documentation of monitoring and inspection results.
 3. If Contractor fails an inspection, the Project Manager will be responsible for providing a written notice to the Contractor explaining the situation noted and a determination of the urgency for the correction of the situation (herein referred to as a "Cure Notice").

- E. Cure Procedure:
1. For a Cure Notice deemed by the Agency to be **urgent**, Contractor shall provide the actions needed to address the situation within three (3) calendar days after Contractor's receipt of a Cure Notice, as directed by the Project Manager.
 2. For a Cure Notice deemed by the Agency to be **important**, Contractor shall provide the actions needed to address the situation within seven (7) calendar days after Contractor's receipt of a Cure Notice, as directed by the Project Manager.
 3. If the Project Manager rejects all, or any part of, the Work as unacceptable and agreement to correct such Work cannot be reached without modification to the Contract, Contractor shall notify the Project Manager, in writing, detailing the dispute and the reason(s) for the Contractor's position. Any dispute that cannot be resolved between the Project Manager and Contractor shall be resolved in accordance with the provisions of this Contract.
- F. The Agency may, with 30-days written notice, make changes to this Contract's Scope of Work; including additions, reductions, and other alterations to any or all of the Work. However, such changes shall only be made via written amendment to this Contract. The Contract compensation and Schedule of Work and Services shall be equitably adjusted, if required, to account for such changes and shall be set forth within the mutually approved Contract Amendment.
5. **TERM:** The term of this Contract shall extend from the date of the Notice to Proceed, and shall terminate upon the completion of Midge Fly Treatment Services, or June 30, 2019, whichever occurs first, unless agreed upon by both parties, reduced to writing, and amended to this Contract.
6. **PAYMENT, INVOICING, AND COMPENSATION:**
- A. The Contractor may submit an invoice not more than once per month during the term of this Contract to the Agency's Accounts Payable Department. Agency shall pay Contractor's properly executed invoice, approved by the Project Manager, within thirty (30) days following receipt of the invoice.
 - B. As compensation for the Work performed under this Contract, Agency shall pay Contractor's invoices, a total contract price NOT-TO-EXCEED \$200,000 for all services satisfactorily provided during the term of this Contract, unless amendments, approved by both parties, increase that amount.
 - C. Additionally, to qualify for payment, the Contractor shall prominently display, on the first page of the invoice, both:
 1. The Contract Number – 4600002329, and;
 2. The Contract Release Purchase Order Number – 4500027652

If Contractor submits invoice by email, such invoice shall be submitted as follows:

APGroup@jeua.org
Scan the invoice as a PDF file.
Attach the scanned file to an email.

If Contractor submits invoice by mail, such invoice shall be submitted as follows:

Inland Empire Utilities Agency
Re: Contract Number: 4600002329
P.O. Box 9020
Chino Hills, CA 91709

- D. Concurrent with the submittal of the original invoice to the Agency's Accounts Payable Department, the Contractor shall forward (mail, fax, or email) a copy of the invoice to the designated Project Manager, identified in Section 1, on Page 1 of this Contract.
- E. No Additional Compensation: Nothing set forth in this Contract shall be interpreted to require payment by Agency to Contractor of any compensation specifically for the assignments and assurances required by the Contract, other than the payment of expenses as may be actually incurred by Contractor in complying with this Contract, as approved by the Project Manager.
- F. Commencing on June 30, 2019, (if the Contract term is extended) and continuing each year thereafter, the Contractor may propose modifications to the prices provided in the Price Schedule of this contract (initially \$80 per hour). The Price Schedule may be adjusted, plus or minus, by a sum equal to the percentage change in the Consumer Price Index for All Urban Consumers (CPI-U), within the Los Angeles-Anaheim-Riverside, California index area. The basis for computing the adjustment to the contract prices shall reflect the percentage change for the twelve-month period from May 31st to May 31st starting with the period of May 31, 2018, to May 31, 2019, and continuing every twelve months thereafter. Despite any changes in the CPI-U for any given twelve-month adjustment period, adjustments to the prices provided in the Proposed Price Schedule shall not increase or decrease more than five (5) percent during any single twelve-month adjustment period.

In the event the CPI-U is changed so that the base period differs from 1982-84=100, then the index applied, as provided for above, shall be corrected in accordance with the conversion factor published by the United States Department of Labor, Bureau of Labor Statistics, or their successor. If the CPI-U is discontinued or revised, such other government index or computation with which it is replaced shall be used to obtain, substantially, the same results as would have been obtained if the CPI-U had not been discontinued or revised.

- G. Contractor may request taking advantage of the Agency's practice of offering an expedited payment protocol to a Contractor who has proposed accepting an invoice amount reduction in exchange for early payment; when proposed by the Contractor, and accepted by the Agency, applying a (1%, 2%, or 5%) discount (defined as an invoice amount reduction) to monthly invoices in exchange for payment of invoice(s) within (20, 15, or 10) days, respectively, of the date the invoice is received at the Agency's APGroup@ieua.org email address.
7. **CONTROL OF THE WORK:** The Contractor shall perform the Work in compliance with the Schedule of Work and Services. If performance of the Work falls behind schedule, the Contractor shall accelerate the performance of the Work to comply with the Schedule of Work and Services as directed by the Project Manager. If the nature of the Work is such that Contractor is unable to accelerate the Work, Contractor shall promptly notify the Project Manager of the delay, the causes of the delay, and submit a proposed revised Schedule of Work and Services.
8. **INSURANCE:** During the term of this Contract, the Contractor shall maintain, at Contractor's sole expense, the following insurance.
- A. **Minimum Scope of Insurance:** Coverage shall be at least as broad as:
1. **Commercial General Liability ("CGL"):** Insurance Services Office ("ISO") Form CG 00 01 covering CGL on an "occurrence" basis, including products and completed operations, property damage, bodily injury and personal & advertising injury with limits no less than \$1,000,000 per occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location (ISO CG 25 03 or 25 04) or the general aggregate limit shall be twice the required occurrence limit.
 2. **Automobile Liability:** ISO Form Number CA 00 01 covering any auto (Code 1), or if Contractor has no owned autos, covering hired, (Code 8) and non-owned autos (Code 9), with limit no less than \$1,000,000 per accident for bodily injury and property damage.
 3. **Workers' Compensation and Employers Liability:** Workers' compensation limits as required by the State of California, with Statutory Limits, and Employer's Liability Insurance with limit of no less than \$1,000,000 per accident for bodily injury or disease.
- B. **Deductibles and Self-Insured Retention:** Any deductibles or self-insured retention must be declared to and approved by the Agency. At the option of the Agency, either: the insurer shall reduce or eliminate such deductibles or self-insured retention as respects the Agency, its officers, officials, employees and volunteers; or the Contractor shall procure a bond guaranteeing payment of losses and related investigations, claim administration and defense expenses.

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

1. Commercial General Liability and Automobile Liability Coverage

- a. Additional Insured Status: The Agency, its officers, officials, employees, and volunteers; and the San Bernardino County Flood Control District (SBCFCD) are to be covered as additional insureds on the CGL policy with respect to liability arising out of work or operations performed by or on behalf of the Contractor including materials, parts or equipment supplied in connection with such work or operations. General liability coverage can be provided in the form of an endorsement to the Contractor's insurance (at least as broad as ISO Form CG 20 10 11 85; or **by either** CG 20 10, CG 20 26, CG 20 33, or CG 20 38 and CG 20 37 forms if later revisions are used).
- b. Primary Coverage: The Contractor's insurance coverage shall be primary insurance coverage at least as broad as ISO CG 20 01 04 13 as respects the Agency, its officer, officials, employees and volunteers. Any insurance or self-insurance maintained by the Agency, its officers, officials, employees, volunteers, property owners or engineers under contract with the Agency shall be excess of the Contractor's insurance and shall not contribute with it.
- c. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the Agency, its officers, officials, employees or volunteers.
- d. The Contractor's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.
- e. The Contractor may satisfy the limit requirements in a single policy or multiple policies. Any additional policies written as excess insurance shall not provide any less coverage than that provided by the first or primary policy.

2. Workers' Compensation and Employers Liability Coverage

Contractor hereby grants to Agency a waiver of any right to subrogation which any insurer of the Contractor may acquire against the Agency by virtue of the payment of any loss under such insurance. Contractor agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not the Agency has received a waiver of subrogation endorsement from the insurer.

3. All Coverages

Each insurance policy required by this Contract shall be endorsed to state that coverage shall not be suspended, voided, canceled by either party, or reduced in coverage or in limits except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given to the Agency pursuant to Section 14, page 12 of this Contract.

D. Acceptability of Insurers: Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A minus:VII, and who are admitted insurers in the State of California.

E. Verification of Coverage: Contractor shall provide the Agency with original certificates and amendatory endorsements or copies of the applicable policy language effecting coverage required by this clause. All certificates and endorsements are to be received and approved by the Agency before work commences. However, failure to obtain the required documents prior to the work beginning shall not waive the Contractor's obligation to provide them. The Agency reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by these specifications, at any time.

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

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

9. FITNESS FOR DUTY:

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

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

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

10. LEGAL RELATIONS AND RESPONSIBILITIES:

- A. Professional Responsibility: The Contractor shall be responsible, to the level of competency presently maintained by other practicing professionals performing the same or similar type of work.
- B. Status of Contractor: The Contractor is retained as an independent Contractor only, for the sole purpose of providing the services described herein, and is not an employee of the Agency.
- C. Observing Laws and Ordinances: The Contractor shall keep itself fully informed of all existing and future state and federal laws and all county and city ordinances and regulations which in any manner affect the conduct of any services or tasks performed under this Contract, and of all such orders and decrees of bodies or tribunals having any jurisdiction or authority over the same. The Contractor shall at all times observe and comply with all such existing and future laws, ordinances, regulations, orders and decrees, and shall protect and indemnify, as required herein, the Agency, its officers, employees and agents against any claim or liability arising from or based on the violation of any such law, ordinance, regulation, order or decree, whether by the Contractor, its employees, or subcontractors.
- D. Subcontract Services: Any subcontracts for the performance of any services under this Contract shall be subject to the written approval of the Project Manager and shall comply with State of California, Department of Industrial Relations, SB 854 requirements.
- E. Grant Funded Projects: This is/is not a grant funded project. For grant-funded projects, the Contractor shall be responsible for compliance with all grant requirements related to the Project. These may include, but shall not be limited to: Davis-Bacon Act, Endangered Species Act, Executive Order 11246 (Affirmative Action Requirements), Equal Opportunity, Competitive Solicitation, Record Retention and Public Access to Records, and Compliance Review.
- F. Hours of Labor: The Contractor shall comply with all applicable provisions of California Labor Code Sections 1810 to 1815 relating to working hours. The Contractor shall, as a penalty to the Agency, forfeit \$25.00 for each worker

employed in the completion of the Contract by the Contractor or by any subcontractor for each calendar day during which such worker is required or permitted to work more than eight hours in any one calendar day and forty (40) hours in any one calendar week in violation of the provisions of the Labor Code.

- G. Travel and Subsistence Pay: The Contractor shall make payment to each worker for travel and subsistence payments which are needed to complete the work and/or service, as such travel and subsistence payments are defined in an applicable collective bargaining agreements with the worker.
- H. Liens: Contractor shall pay all sums of money that become due from any labor, services, materials or equipment provided to Contractor on account of said services to be rendered or said materials to be provided under this Contract and that may be secured by any lien against the Agency. Contractor shall fully discharge each such lien at the time performance of the obligation secured matures and becomes due.
- I. Indemnification: Contractor shall indemnify the Agency, its directors, employees, and assigns, and shall defend and hold them harmless from all liabilities, demands, actions, claims, losses and expenses, including reasonable attorneys' fees, which arise out of, or are related to, the negligence, recklessness or willful misconduct of the Contractor, its directors, employees, agents, and assigns, in the performance of work under this contract.
- J. Conflict of Interest: No official of the Agency, who is authorized in such capacity and on behalf of the Agency to negotiate, make, accept or approve, or to take part in negotiating, making, accepting or approving this Contract, or any subcontract relating to services or tasks to be performed pursuant to this Contract, shall become directly or indirectly personally interested in this Contract.
- K. Equal Opportunity: During the performance of this Contract, the Contractor shall not unlawfully discriminate against any employee or employment applicant because of race, color, religion, sex, age, marital status, ancestry, physical or mental disability, sexual orientation, veteran status or national origin. The Agency is committed to creating and maintaining an environment free from harassment and discrimination.
- L. Disputes:
 - 1. All disputes arising out of or in relation to this Contract shall be resolved in accordance with this section. The Contractor shall pursue the work to completion in accordance with the instruction of the Agency's Project Manager notwithstanding the existence of a dispute. By entering into this Contract, both parties are obligated, and hereby agree, to submit all disputes arising under or relating to the Contract which remain unresolved after the exhaustion of the procedures

provided herein, to independent arbitration. Except as otherwise provided herein, arbitration shall be conducted under California Code of Civil Procedure Sections 1280, et seq., or their successor.

2. Any and all disputes prior to the work starting shall be subject to resolution by the Agency's Project Manager; and the Contractor shall comply, with the Agency Project Manager instructions. If the Contractor is not satisfied with the resolution directed by the Agency Project Manager, they may file a written protest with the Agency Project Manager within seven (7) calendar days after receiving written directive of the Project Manager's decision. Failure by Contractor to file a written protest within seven (7) calendar days shall constitute waiver of protest, and acceptance of the Project Manager's resolution. The Project Manager shall submit the Contractor's written protests to the General Manager, together with a copy of the Project Manager's written decision, for his or her consideration within seven (7) calendar days after receipt of the protest-related documents. The General Manager shall make his or her determination with respect to each protest filed with the Project Manager within ten (10) calendar days after receipt of the protest-related documents. If Contractor is not satisfied with any such resolution by the General Manager, they may file a written request for arbitration with the Project Manager within seven (7) calendar days after receiving written notice of the General Manager's decision.
3. In the event of arbitration, the parties to this contract agree that there shall be a single neutral Arbitrator who shall be selected in the following manner:
 - a. The Demand for Arbitration shall include a list of five names of persons acceptable to the Contractor to be appointed as Arbitrator. The Agency shall determine if any of the names submitted by Contractor are acceptable and, if so, such person will be designated as Arbitrator.
 - b. In the event that none of the names submitted by Contractor are acceptable to Agency, or if for any reason the Arbitrator selected in Step (a) is unable to serve, the Agency shall submit to Contractor a list of five names of persons acceptable to Agency for appointment as Arbitrator. The Contractor shall, in turn, have seven (7) calendar days in which to determine if one such person is acceptable.
 - c. If after Steps (a) and (b), the parties are unable to mutually agree upon a neutral Arbitrator, the matter of selection of an Arbitrator shall be submitted to the San Bernardino County Superior Court pursuant to Code of Civil Procedure Section 1281.6, or its successor. The costs of arbitration, including but

not limited to reasonable attorneys' fees, shall be recoverable by the party prevailing in the arbitration. If this arbitration is appealed to a court pursuant to the procedure under California Code of Civil Procedure Section 1294, et seq., or their successor, the costs of arbitration shall also include court costs associated with such appeals, including but not limited to reasonable attorneys' fees which shall be recoverable by the prevailing party.

4. **Association in Mediation/Arbitration:** The Agency may join the Contractor in mediation or arbitration commenced by a contractor on the Project pursuant to Public Contracts Code Sections 20104 et seq. Such association shall be initiated by written notice from the Agency's representative to the Contractor.

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

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

Agency: Warren T. Green
Manager of Contracts and Procurement
Inland Empire Utilities Agency
P.O. Box 9020
Chino Hills, CA 91709

Contractor: Michelle Brown, PhD
West Valley Mosquito and Vector Control District
1295 Locust Street
Ontario, California 91763

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

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

13. PUBLIC RECORDS POLICY: Information made available to the Agency may be subject to the California Public Records Act (Government Code Section 6250 et seq.) The Agency's use and disclosure of its records are governed by this Act. The Agency shall use its best efforts to notify Contractor of any requests for disclosure of any documents pertaining to this work. In the event of litigation concerning disclosure of information Contractor considers exempt from disclosure; (e.g., Trade Secret, Confidential, or Proprietary) Agency shall act as a stakeholder only, holding the information until otherwise ordered by a court or other legal process. If Agency is required to defend an action arising out of a Public Records Act request for any of the information Contractor has marked "Confidential," "Proprietary," or "Trade Secret," Contractor shall defend and indemnify Agency from all liability, damages, costs, and expenses, in any action or proceeding arising under the Public Records Act.
14. RIGHT TO AUDIT: The Agency reserves the right to review and/or audit all Contractor's records related to the Work. The option to review and/or audit may be exercised during the term of the Contract, upon termination, upon completion of the Contract, or at any time thereafter up to twelve (12) months after final payment has been made to the Contractor. The Contractor shall make all records and related documentation available within three (3) working days after said records are requested by the Agency.
15. INTEGRATION: The Contract Documents represent the entire Contract made and entered into by and between the Agency and the Contractor as to those matters contained in this contract. No prior oral or written understanding shall be of any force or effect with respect to those matters covered by the Contract Documents. This Contract may not be modified, altered, or amended except by written mutual agreement by the Agency and the Contractor.
16. GOVERNING LAW: This Contract is to be governed by and constructed in accordance with the laws of the State of California, in the County of San Bernardino.
17. TERMINATION FOR CONVENIENCE: The Agency reserves and has the right to immediately suspend, cancel or terminate this Contract at any time upon written notice to the Contractor. In the event of such termination, the Agency shall pay Contractor for all authorized and Contractor-invoiced services up to the date of such termination, as approved by the Project Manager.
18. FORCE MAJEURE: Neither party shall hold the other responsible for the effects of acts occurring beyond their control; e.g., war, riots, strikes, natural disasters, etcetera.
19. NOTICE TO PROCEED: No services shall be performed or provided under this Contract unless and until this document has been properly signed by all responsible parties and a notice to proceed has been issued to the Contractor by the Project Manager.

- 20. **AUTHORITY TO EXECUTE CONTRACT:** The Signatories, below, each represent, warrant, and covenant that they have the full authority and right to enter into this Contract on behalf of the separate entities shown below.

- 21. **DELIVERY OF DOCUMENTS:** The Parties to this Contract and the individuals named to facilitate the realization of its intent, with the execution of the Contract, authorize the delivery of documents via facsimile, via email, and via portable document format (PDF) and covenant agreement to be bound by such electronic versions.

The parties hereto have caused the Contract to be entered as of the day and year written above.

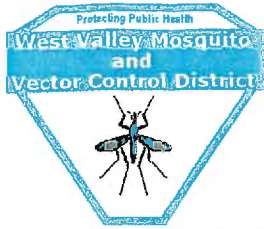
INLAND EMPIRE UTILITIES AGENCY:
**A MUNICIPAL WATER DISTRICT*

**WEST VALLEY MOSQUITO AND
VECTOR CONTROL DISTRICT:**

P. Joseph Grindstaff (Date)
General Manager

Dr. Michelle Brown (Date)
District Manager

Exhibit 1



WEST VALLEY MOSQUITO AND VECTOR CONTROL DISTRICT

1295 E. LOCUST STREET, ONTARIO, CA 91761 TELEPHONE (909)-635-0307
www.wvmvcd.org

BOARD OF TRUSTEES

CHINO

Glenn Duncan

CHINO HILLS

Cynthia Moran

DISTRICT AT LARGE

Benjamin Lopez

MONTCLAIR

Carolyn Raft

ONTARIO

Paul Leon

RANCHO CUCAMONGA

William Wittkopf

UPLAND

Carol Timm

DISTRICT MANAGER

Michelle Brown, Ph.D.

June 7, 2017

Inland Empire Utilities Agency
Attn: Andy Campbell
Groundwater Recharge Coordinator
6075 Kimball Ave.
Chino, CA 91708

Mr. Campbell,

Per our discussions on midge fly treatment services at groundwater recharge basins, West Valley Mosquito and Vector Control District (WVMVCD) proposes to provide midge control treatment services at a rate of \$80 per hour of staff time plus the cost of materials, not to exceed \$200,000 (unless prior approval is attained) through June 30, 2018.

A general summary of anticipated services are listed below:

- 1) Based on survey results of midge fly populations, WVMVCD will notify the IEUA project manager by email when midge treatment is deemed necessary.
- 2) IEUA will share basin maintenance schedules with WVMVCD at least one week ahead, so as to avoid unnecessary chemical treatments.

WVMVCD looks forward to working with IEUA on midge fly control at the groundwater recharge basins.

Sincerely,

Michelle Brown, PhD
District Manager
mbrown@wvmvcd.org

CONSENT
CALENDAR
ITEM

3J

Date: June 21, 2017

To: The Honorable Board of Directors

Through: Engineering, Operations, and Water Resources Committee (6/14/17)

From: P. Joseph Grindstaff *cbj*
General Manager

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

Shaun J. Stone *sz*
Manager of Engineering

Subject: RP-1 Consultant Award - Digester Nos. 6 & 7 Roof Repairs

RECOMMENDATION

It is recommended that the Board of Directors:

1. Award a consulting engineering services contract for the RP-1 Digester Nos. 6 & 7 Roof Repairs, Project No. EN17042, to GHD, Inc., for the not-to-exceed amount of \$130,406; and
2. Authorize the General Manager to execute the contract subject to non-substantive changes.

BACKGROUND

Regional Water Recycling Plant No. 1 (RP-1) includes seven digesters which produce digester gas for power and heat generation. Digesters Nos. 6 and 7 were built in 1988 and are cleaned every seven to ten years to maintain efficiency. Over years of operation, Digesters Nos. 6 and 7 have suffered multiple superficial cracks in the roof area which were subsequently repaired and sealed. Additionally, the roof was sprayed with a foam layer for thermal insulation to prevent more cracks from developing in the future; however, staff began noticing signs of digester gas leaks including cracking of the insulating foam layer.

This phase of the project is to retain a consulting engineering firm to inspect Digesters Nos. 6 and 7 internally and externally to determine the cause and source of the cracking and evaluate the performance of the gas mixing system. To facilitate the inspection process, Digesters Nos. 6 and 7 will be cleaned by Synagro-WWT, Inc. under a separate contract previously approved by the Board.

Upon completion of the digester inspection process and evaluation of the gas mixing system, the consultant will prepare and submit a predesign report outlining findings and recommendations for improvements and repairs. After the extent of digester improvements and repairs are determined, a scope and fee will be developed and negotiated for the detailed design work and effort. The contract amendment will be brought back to the Board for approval.

Due to operational requirements, only one digester can be shut down at any given time. The work on the first digester must be completed before switching to the second digester. Work sequence for each digester includes consultant's external inspection and evaluation, cleaning and scaffolding (Synagro), internal inspection, predesign report, detailed design, digester repairs (future contract), and startup and operation (IEUA). Sequence duration for each digester is approximately 9-12 months.

On April 4, 2017, IEUA staff advertised on *PlanetBids* the Request for Proposals for consulting engineering services. On May 2, 2017, IEUA received three proposals; one was rejected as it was delivered after the stipulated deadline. The other two proposals were reviewed by a selection committee consisting of IEUA staff from Engineering, Operations and Maintenance, and representatives from the City of Upland and Cucamonga Valley Water District. Based on the consultant's project team qualifications, experience, understanding of the project scope, and ability to meet the project schedule, the committee unanimously concurred that GHD, Inc. was the most qualified firm. Staff reviewed GHD's fee proposal and concluded that the proposed fee is fair, equitable, and appropriate for the scope of the project.

The following table is the anticipated project cost:

Description	Estimated Cost
Design Services	\$398,703
Consultant Predesign Contract (this action)	\$130,406
Detail Design (estimate)*	\$118,297
IEUA Design Services	\$100,000
Project Development	\$50,000
Construction Services	\$375,760
Design Consultant Construction Services (estimate)	\$78,760
IEUA Construction Services (10%)	\$270,000
Construction Services Contingency (10%)	\$27,000
Construction	\$3,020,200
Digester Cleaning/Services (previously awarded)	\$1,750,200
Construction (Roof Repairs Estimate)*	\$1,000,000
Contingency (10%)	\$270,000
Total Project Cost	\$3,794,663
Total Project Budget	\$3,800,000

* To be determined based on digester inspection and predesign

The following is the project schedule:

Project Milestone	Date
Consultant Contract Award	June 2017
Digester 6	
Cleaning (previously awarded)	September 2017
Inspection/Repair Design	December 2017
Repair Work (under a future construction contract)	June 2018
Digester 7	
Cleaning (under separate contract)	September 2018
Inspection/Repair Design	December 2018
Repair Work (under a future construction contract)	June 2019

The RP-1 Digester Nos. 6 and 7 Roof Repairs Project is consistent with *IEUA's Business Goal of Wastewater Management* specifically the Asset Management objective that IEUA will ensure the regional sewer system and treatment facilities are well maintained, upgraded to meet evolving requirements, sustainably managed, and can accommodate changes in regional water use.

PRIOR BOARD ACTION

On April 19, 2017, the Board of Directors approved the RP-1 Digester Nos. 1, 6, and 7 Cleaning/Service Contract Award to Synagro-WWT, Inc.

IMPACT ON BUDGET

If approved, the consulting engineering services contract award for the RP-1 Digester Nos. 6 and 7 Roof Repairs, Project No. EN17042, for the not-to-exceed amount of \$130,406 will be within the total project budget of \$3,800,000 in the Regional Wastewater Operations and Maintenance (RO) Fund.

Attachment:
Consultant Contract

PJG:CB:SS:jz

RP-1 Digesters Nos. 6 and 7 Roof Repairs Consultant Contract Award Project No. EN17042

Board Meeting



Regional Water Recycling Plant No. 1 Project Location



Project Background

- Multiple internal and external roof cracks
- Deteriorated condition of roof foam insulation
- Effectiveness of gas mixing system



Gas Mixing System on Digester Roof



Cracking of Foam Roofing Insulation

Project Scope

- Perform internal and external inspection
- Determine source and cause of cracking
- Evaluate DG mixing system
- Prepare reports and designs for roof and equipment repairs



Digester Roof Repair (External)



Digester Roof Repair (Internal)

Consultant Selection

- Evaluation and Selection Committee
 - Engineering and Construction Management Department
 - Operation and Maintenance Department
 - Cucamonga Valley Water District
 - City of Upland
- Two of Proposals Received on May 2, 2017

Proposals Received
GHD, Inc.
Lee & Ro, Inc.

- Justification for unanimously selecting GHD, Inc.
 - Good understanding of scope of work
 - Project team qualification and experience
 - Demonstrated experience on similar projects

Project Budget and Schedule

Description	Estimated Cost	Project Milestone	Date
Design Services	\$398,703	Consultant Contract Award	June 2017
Consultant Predesign Contract (this action)	\$130,406	Digester 6	
Detailed Design (estimated)*	\$118,297	Cleaning (previously awarded)	September 2017
IEUA Design Services	\$100,000	Inspection/Repair Design	December 2017
Project Development	\$50,000	Repair Work (under a future construction contract)	June 2018
Construction Services	\$375,760	Digester 7	
Design Consultant Construction Services (estimate)	\$78,760	Cleaning (under separate contract)	September 2018
IEUA Construction Services (10%)	\$270,000	Inspection/Repair Design	December 2018
Construction Services Contingency (10%)	\$27,000	Repair Work (under a future construction contract)	June 2019
Construction	\$3,020,200		
Digester Cleaning/Services (previously awarded)	\$1,750,200		
Construction (Roof Repairs Estimate)*	\$1,000,000		
Contingency (10%)	\$270,000		
Total Project Cost:	\$3,794,663		
Total Project Budget:	\$3,800,000		

* To be determined based on digester inspection and predesign

Recommendation

- Award a consultant engineering services contract for the RP-1 Digesters No. 6 and 7 Roof Repairs, Project No. EN17042, to GHD, Inc., for the not-to-exceed amount of \$130,406; and
- Authorize the General Manager to execute the contract subject to non-substantive changes.

The RP-1 Digesters Nos. 6 and 7 Roof Repair Project is consistent with the *IEUA's Business Goal of Wastewater Management* specifically the Asset Management objective that IEUA will ensure the regional sewer system and treatment facilities are well maintained, upgraded to meet evolving requirements, sustainably managed, and can accommodate changes in regional water use.



CONTRACT NUMBER: 4600002328

FOR CONSULTING ENGINEERING SERVICES

**DIGESTER 6 & 7 ROOF REPAIRS AT REGIONAL PLANT NO. 1 (RP-1)
PROJECT NO. EN17042**

THIS CONTRACT (the "Contract"), is made and entered into this _____ day of _____, 2017, by and between the Inland Empire Utilities Agency, a Municipal Water District, organized and existing in the County of San Bernardino under and by virtue of the laws of the State of California (hereinafter referred to as "Agency"), and GHD, Inc. of Irvine, California (hereinafter referred to as "Consultant") for professional engineering consulting services for the RP-1 Digester 6 & 7 Roof Repairs, Project No. EN17042.

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

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

Project Manager: Jamal Zughbi, P.E.
Senior Engineer/Project Manager
Address: 6075 Kimball Avenue, Bldg "B"
Chino, California 91708
Telephone: (909) 993-1698
Facsimile: (909) 993-9000
Email: JZughbi@ieua.org
Cell: (626) 688-6153

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

Consultant: Kyle Muffels
Project Manager
Address: 175 Technology Drive, Suite 200
Irvine, California 92618
Telephone: (949) 648-5200
Facsimile: (949) 648-5299
Email: kyle.muffels@ghd.com

3. **ORDER OF PRECEDENCE:** The documents referenced below represent the Contract Documents. Where any conflicts exist between the General Terms and Conditions the governing order of precedence shall be as follows:
- A. Amendments to Contract Number 4600002328.
 - B. Contract Number 4600002328 General Terms and Conditions.
 - C. IEUA Request for Proposal Issued on April 4, 2017
 - D. Consultant's Proposals dated May 2, 2017.
4. **SCOPE OF WORK AND SERVICES:** Consultant services and responsibilities shall include and be in accordance with Consultant's Proposal, dated May 2, 2017, which is attached hereto as **Exhibit A**, incorporated herein by reference, and made a part hereof, and may include the following:
- A. Phase 1 – Digester 6 Preliminary Design
Phase 2 – Digester 6 Detailed Design
Phase 3 – Digester 6 Construction Administration Services
Phase 4 – Digester 6 Post Construction Services, Including Training
Phase 5 – Digester 7 Preliminary Design
Phase 6 – Digester 7 Detailed Design
Phase 7 – Digester 7 Construction Administration Services
Phase 8 – Digester 7 Post Construction Services, Including Training
 - B. NOTE: Extent of Phase 2 and Phase 6 Detailed Design will depend on digester inspection results and findings as will be outlined in the Predesign Report. Therefore, this contract will be based on the design fees for Phase 1 and Phase 5 only (total of \$130,406). The contract will be amended upon completion of the predesign reports to address actual scope of work required from the Consultant for damage and roof repairs.
 - C. NOTE: Consultant shall advise Agency within two (2) weeks of any changes to the written Scope of Work/Schedule based upon discussions from any meetings. Any changes must be made in writing by an Amendment to the Contract. Work initiated without written approval, shall be at Consultant's own risk, and shall not be reimbursed by the Agency.
 - D. The Agency may, at any time, make changes to this Contract's Scope of Work; including additions, reductions and other alterations to any or all of the work. However, such changes shall only be made via written amendment to this Contract. The Contract Price and Work Schedule shall be equitably adjusted, if required, to account for such changes and shall be set forth within the Contract Amendment.
5. **TERM:** The term of this Contract shall extend from the date of the Notice to Proceed, and terminate upon six months of completed construction for both digesters, unless agreed to by both parties, reduced to writing, and amended to this Contract.

6. PAYMENT, INVOICING, AND COMPENSATION:

- A. The Consultant may submit an invoice not more than once per month during the term of this Contract. Agency shall pay Consultant's properly executed invoice, approved by the Project Manager, within thirty (30) days following receipt of the invoice.
- B. As compensation for the Work performed under this Contract, and in accordance with the agreed upon Hourly Rate Schedule and Estimated Level of Effort (see Exhibit A), Agency shall pay Consultant's monthly invoice, for a total contract price NOT-TO-EXCEED **\$130,406** for all Predesign services satisfactorily provided during the term of this Contract.
- C. Additionally, to qualify for payment, the Consultant shall prominently display, on the first page of the invoice, both:
 - 1. The Contract Number – 4600002328, and;
 - 2. The Contract Release Purchase Order Number – To be provided

If Consultant submits invoice by email, such invoice shall be submitted as follows:

APGroup@ieua.org
Scan the invoice as a PDF file.
Attach the scanned file to an email.

If Consultant submits invoice by mail, such invoice shall be submitted as follows:

Inland Empire Utilities Agency
Re: Contract Number: 4600002328
P.O. Box 9020
Chino Hills, CA 91709

- D. Concurrent with the submittal of the original invoice to the Agency's Accounts Payable Department, the Consultant shall forward (mail, fax, or email) a copy of said invoice to the designated Project Manager, identified in Section 1, on Page 1 of this Contract.
- E. No Additional Compensation: Nothing Set forth in this Contract shall be interpreted to require payment by Agency to Consultant of any compensation specifically for the assignments and assurances required by the Contract, other than the payment of expenses as may be actually incurred by Consultant in complying with this Contract, as approved by the Project Manager.

- F. Consultant may request taking advantage of the Agency's practice of offering an expedited payment protocol to a Consultant who has proposed accepting an invoice amount reduction in exchange for early payment.
7. CONTROL OF THE WORK: Consultant shall perform the Work in compliance with the Schedule of Work and Services. If performance of the Work falls behind schedule, the Consultant shall accelerate the performance of the Work to comply with the work schedule as directed by the Project Manager. If the nature of the Work is such that Consultant is unable to accelerate the Work, Consultant shall promptly notify the Project Manager of the delay, the causes of the delay, and submit a proposed revised Work Schedule.
8. INSURANCE: During the term of this Contract, the Consultant shall maintain at Consultant's sole expense, the following insurance.
- A. Minimum Scope of Insurance: Coverage shall be at least as broad as:
1. Commercial General Liability ("CGL"): Insurance Services Office ("ISO") Form CG 00 01 covering CGL on an "occurrence" basis, including products and completed operations, property damage, bodily injury and personal & advertising injury with limits no less than \$1,000,000 per occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location (ISO CG 25 03 or 25 04) or the general aggregate limit shall be twice the required occurrence limit.
 2. Automobile Liability: ISO Form Number CA 00 01 covering any auto (Code 1), or if Consultant has no owned autos, covering hired, (Code 8) and non-owned autos (Code 9), with limit no less than \$1,000,000 per accident for bodily injury and property damage.
 3. Workers' Compensation and Employers Liability: Workers' compensation limits as required by the State of California, with Statutory Limits, and Employer's Liability Insurance with limit of no less than \$1,000,000 per accident for bodily injury or disease.
 4. Professional Liability (Errors and Omissions): Insurance appropriate to the Consultant's profession, with limit no less than \$1,000,000 per occurrence or claim, \$2,000,000 aggregate.
- B. Deductibles and Self-Insured Retention: Any deductibles or self-insured retention must be declared to and approved by the Agency. At the option of the Agency, either: the insurer shall reduce or eliminate such deductibles or self-insured retention as respects the Agency, its officers, officials, employees and volunteers; or the Consultant shall procure a bond guaranteeing payment of losses and related investigations, claims administration and defense expenses.

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

1. Commercial General Liability and Automobile Liability Coverage

- a. Additional Insured Status: The Agency, its officers, officials, employees, and volunteers are to be covered as additional insureds on the CGL policy with respect to liability arising out of work or operations performed by or on behalf of the Consultant including materials, parts or equipment furnished in connection with such work or operations. General liability coverage can be provided in the form of an endorsement to the Consultant's insurance (at least as broad as ISO Form CG 20 10 11 85 or both CG 20 10, CG 20 26, CG 20 33, or CG 20 38; and CG 20 37 forms if later revisions used).
- b. Primary Coverage: The Consultant's insurance coverage shall be primary insurance coverage at least as broad as ISO CG 20 01 04 13 as respects the Agency, its officer, officials, employees and volunteers. Any insurance or self-insurance maintained by the Agency, its officers, officials, employees, volunteers, property owners or engineers under contract with the Agency shall be excess of the Consultant's insurance and shall not contribute with it.
- c. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the Agency, its officers, officials, employees or volunteers.
- d. The Consultant's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.
- e. The Consultant may satisfy the limit requirements in a single policy or multiple policies. Any such additional policies written as excess insurance shall not provide any less coverage than that provided by the first or primary policy.

2. Workers' Compensation and Employers Liability Coverage

The insurer hereby grants to Agency a waiver of any right to subrogation which any insurer of said Consultant may acquire against the Agency by virtue of the payment of any loss under such insurance. Consultant agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not the Agency has received a waiver of subrogation endorsement from the insurer.

3. All Coverages

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

- D. Acceptability of Insurers: All insurance is to be placed with insurers with a current A.M. Best's rating of no less than A minus:VII, and who are admitted insurers in the State of California.
- E. Verification of Coverage: Consultant shall provide the Agency with original certificates and amendatory endorsements or copies of the applicable policy language effecting coverage required by this clause. All certificates and endorsements are to be received and approved by the Agency before work commences. However, failure to obtain the required documents prior to the work beginning shall not waive the Consultant's obligation to provide them. The Agency reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by these specifications, at any time. The Agency agrees to accept redacted certificates to protect proprietary information.
- F. Submittal of Certificates: Consultant shall submit all required certificates and endorsements to the following:

Inland Empire Utilities Agency
Attn: Angela Witte
P.O. Box 9020
Chino Hills, California 91709
Email: AWitte@ieua.org

9. FITNESS FOR DUTY:

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

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

10. LEGAL RELATIONS AND RESPONSIBILITIES

- A. Professional Responsibility: The Consultant shall be responsible, to the level of competency presently maintained by other practicing professionals performing the same or similar type of work.
- B. Status of Consultant: The Consultant is retained as an independent Consultant only, for the sole purpose of providing the services described herein, and is not an employee of the Agency.
- C. Observing Laws and Ordinances: The Consultant shall keep itself fully informed of all relevant existing state and federal laws and all relevant county and city ordinances and regulations which pertain to structural engineering services or tasks performed under this Contract, and of all such orders and decrees of bodies or tribunals having any jurisdiction or authority over the same. The Consultant shall at all times observe and comply with all such existing laws, ordinances, regulations, orders and decrees, and shall to the extent of Consultant's negligence, protect and indemnify, as required herein, the Agency, its officers, employees and agents against any claim or liability arising from or based on the violation of any such law, ordinance, regulation, order or decree, whether by the Consultant or its employees.
- D. Work Safety: Contract work requiring confine space entry must follow CalOSHA Regulation 8 CCR, Sections 5157 – 5158. This regulation requires the following to be submitted to IEUA for approval prior to the Consultants mobilization to the work site:
1. Proof of training on confined space procedures, as defined in Cal-OSHA Regulation 8 CCR, Section 5157; and, 2. A written plan that includes; identification of confined spaces within the work site, alternate procedures where appropriate, Consultant provisions and specific procedures for permit-required and non-permit required spaces and a rescue plan.
- E. Subcontract Services: Any subcontracts for the performance of any services under this Contract shall be subject to the written approval of the Project Manager.
- F. Grant Funded Projects: This is not a grant funded project. For grant-funded projects, the Consultant shall be responsible to comply with all grant requirements related to the Project. These may include, but shall not be limited to: Davis-Bacon

Act, Endangered Species Act, Executive Order 11246 (Affirmative Action Requirements), Equal Opportunity, Competitive Solicitation, Record Retention and Public Access to Records, and Compliance Review

- G. Hours of Labor: The Consultant shall comply with all applicable provisions of California Labor Code Sections 1810 to 1815 relating to working hours. The Consultant shall, as a penalty to the Agency, forfeit \$25.00 for each worker employed in the completion of the Contract by the Consultant or by any subcontractor for each calendar day during which such worker is required or permitted to work more than eight hours in any one calendar day and forty (40) hours in any one calendar week in violation of the provisions of the Labor Code.
- H. Travel and Subsistence Pay: The Consultant shall make payment to each worker for travel and subsistence payments which are needed to complete the work and/or service, as such travel and subsistence payments are defined in an applicable collective bargaining agreements with the worker.
- I. Liens: Consultant shall pay all sums of money that become due from any labor, services, materials or equipment provided to Consultant on account of said services to be rendered or said materials to be provided under this Contract and that may be secured by any lien against the Agency. Consultant shall fully discharge each such lien at the time performance of the obligation secured matures and becomes due.
- J. Indemnification: Consultant agrees to indemnify, including to fund the defense of, the Agency and its officers, officials, employees, and volunteers from and against any and all claims, demands, costs, or liability to the extent caused by the negligence, recklessness, or willful misconduct of Consultant and its employees or agents in the performance of services under this Contract, but this indemnity does not apply to liability for damages arising from the sole negligence, active negligence, or willful acts of the Agency; and does not apply to any passive negligence of the Agency unless caused at least in part by the Consultant.
- K. Conflict of Interest: No official of the Agency who is authorized in such capacity and on behalf of the Agency to negotiate, make, accept or approve, or to take part in negotiating, making, accepting or approving this Contract, or any subcontract relating to services or tasks to be performed pursuant to this Contract, shall become directly or indirectly personally interested in this Contract.
- L. Equal Opportunity and Unlawful Discrimination: During the performance of this Contract, the Consultant shall not unlawfully discriminate against any employee or employment applicant because of race, color, religion, sex, age, marital status, ancestry, physical or mental disability, sexual orientation, veteran status or national origin. The Agency is committed to creating and maintaining an environment free from harassment and discrimination

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

N. Disputes:

1. All disputes arising out of or in relation to this Contract shall be determined in accordance with this section. The Consultant shall pursue the work to completion in accordance with the instruction of the Agency's Project Manager notwithstanding the existence of dispute. By entering into this Contract, both parties are obligated, and hereby agree, to submit all disputes arising under or relating to the Contract, which remain unresolved after the exhaustion of the procedures provided herein, to independent arbitration. Except as otherwise provided herein, arbitration shall be conducted under California Code of Civil Procedure Sections 1280, et. seq, or their successor.
2. Any and all disputes prior to the work starting shall be subject to resolution by the Agency Project Manager and the Consultant shall comply, pursuant to the Agency Project Manager instructions. If the Consultant is not satisfied with any such resolution by the Agency Project Manager, they may file a written protest with the Agency Project Manager within seven (7) calendar days after receiving written notice of the Agency's decision. Failure by Consultant to file a written protest within seven (7) calendar days shall constitute waiver of protest, and acceptance of the Agency Project Manager's resolution. The Agency's Project Manager shall submit the Consultant's written protests to the General Manager, together with a copy of the Agency Project Manager's written decision, for his or her consideration within seven (7) calendar days after receipt of said protest(s). The General Manager shall make his or her determination with respect to each protest filed with the Agency Project Manager within ten (10) calendar days after receipt of said protest(s). If Consultant is not satisfied with any such resolution by the General Manager, they may file a written request for arbitration with the Project Manager within seven (7) calendar days after receiving written notice of the General Manager's decision.
3. In the event of arbitration, the parties to this Contract agree that there shall be a single neutral Arbitrator who shall be selected in the following manner:

- a. The Demand for Arbitration shall include a list of five names of persons acceptable to the Consultant to be appointed as Arbitrator. The Agency shall determine if any of the names submitted by Consultant are acceptable and, if so, such person shall be designated as Arbitrator.
 - b. In the event that none of the names submitted by Consultant are acceptable to Agency, or if for any reason the Arbitrator selected in Step (a) is unable to serve, the Agency shall submit to Consultant a list of five names of persons acceptable to Agency for appointment as Arbitrator. The Consultant shall, in turn, have seven (7) calendar days in which to determine if one such person is acceptable.
 - c. If after Steps (a) and (b), the parties are unable to mutually agree upon a neutral Arbitrator, the matter of selection of an Arbitrator shall be submitted to the San Bernardino County Superior Court pursuant to Code of Civil Procedure Section 1281.6, or its successor. The costs of arbitration, including but not limited to reasonable attorneys' fees, shall be recoverable by the party prevailing in the arbitration. If this arbitration is appealed to a court pursuant to the procedure under California Code of Civil Procedure Section 1294, et. seq., or their successor, the costs of arbitration shall also include court costs associated with such appeals, including but not limited to reasonable attorneys' fees which shall be recoverable by the prevailing party.
4. **Association in Mediation/Arbitration:** The Agency may join the Consultant in mediation or arbitration commenced by a Consultant on the Project pursuant to Public Contracts Code Sections 20104 et seq. Such association shall be initiated by written notice from the Agency's representative to the Consultant.
11. **OWNERSHIP OF MATERIALS AND DOCUMENTS/CONFIDENTIALITY:** The Agency retains ownership of any and all partial or complete reports, drawings, plans, notes, computations, lists, and/or other materials, documents, information, or data prepared by the Consultant and/or the Consultant's subcontractor(s) pertaining to this Contract. Said materials and documents are confidential and shall be available to the Agency from the moment of their preparation, and the Consultant shall deliver same to the Agency whenever requested to do so by the Project Manager and/or Agency. The Consultant agrees that same shall not be made available to any individual or organization, private or public, without the prior written consent of the Agency.

Said materials and documents shall not be changed or used for purposes other than those set forth in the Contract without the prior written approval of Consultant. If Agency reuses the materials and documents without Consultant's prior written consent, changes or uses the materials and documents other than as intended under this Contract, Agency

shall do so at its sole risk and discretion, and Consultant shall not be liable for any claims and/or damages resulting from use or connected with the release of or any third party's use of the reused materials or documents.

12. TITLE AND RISK OF LOSS:

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

13. PROPRIETARY RIGHTS:

- A. Rights and Ownership: Agency's rights to inventions, discoveries, trade secrets, patents, copyrights, and other intellectual property, including the Information and Documentation, and revisions thereto (hereinafter collectively referred to as "Proprietary Rights"), used or developed by Consultant in the performance of the Work, shall be governed by the following provisions:
 - 1. Proprietary Rights conceived, developed, or reduced to practice by Consultant in the performance of the Work shall be the property of Agency, and Consultant shall cooperate with all appropriate requests to assign and transfer same to Agency.
 - 2. If Proprietary Rights conceived, developed, or reduced to practice by Consultant prior to the performance of the Work are used in and become integral with the Work, or are necessary for Agency to have complete control of the Work, Consultant shall grant to Agency a non-exclusive, irrevocable, royalty-free license, as may be required by Agency for the complete control of the Work, including the right to reproduce, correct, repair, replace, maintain, translate, publish, use, modify, copy or dispose of any or all of the Work and grant sublicenses to others with respect to the Work.
 - 3. If the Work includes the Proprietary Rights of others, Consultant shall procure, at no additional cost to Agency, all necessary licenses regarding such Proprietary Rights so as to allow Agency the complete control of the

Work, including the right to reproduce, correct, repair, replace, maintain, translate, publish, use, modify, copy or dispose of any or all of the Work and grant sublicenses to others with respect to the Work. All such licenses shall be in writing and shall be irrevocable and royalty-free to Agency.

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

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

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

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

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

Consultant: Paul Hermann
Principal-In-Charge
GHD, Inc.
175 Technology Drive, Suite 200
Irvine, California 92618

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

16. **SUCCESSORS AND ASSIGNS:** All of the terms, conditions and provisions of this Contract shall take effect to the benefit of and be binding upon the Agency, the Consultant, and their respective successors and assigns. No assignment of the duties or benefits of the Consultant under this Contract may be assigned, transferred or otherwise disposed of without the prior written consent of the Agency; and any such purported or

attempted assignment, transfer or disposal without the prior written consent of the Agency shall be null, void and of no legal effect whatsoever.

17. **PUBLIC RECORDS POLICY:** Information made available to the Agency may be subject to the California Public Records Act (Government Code Section 6250 et seq.) The Agency's use and disclosure of its records are governed by this Act. The Agency shall use its best efforts to notify Consultant of any requests for disclosure of any documents pertaining to Consultant. In the event of litigation concerning disclosure of information Consultant considers exempt from disclosure; (e.g., Trade Secret, Confidential, or Proprietary) Agency shall act as a stakeholder only, holding the information until otherwise ordered by a court or other legal process. If Agency is required to defend an action arising out of a Public Records Act request for any of the information Consultant has marked "Confidential," "Proprietary," or "Trade Secret," Consultant shall defend and indemnify Agency from all liability, damages, costs, and expenses, including attorneys' fees, in any action or proceeding arising under the Public Records Act.
18. **RIGHT TO AUDIT:** The Agency reserves the right to review and/or audit all Consultants' records related to the Work. The option to review and/or audit may be exercised during the term of the Contract, upon termination, upon completion of the Contract, or at any time thereafter up to twelve (12) months after final payment has been made to Consultant. The Consultant shall make all records and related documentation available within three (3) working days after said records are requested by the Agency.
19. **INTEGRATION:** The Contract Documents represent the entire Contract made and entered into by and between the Agency and the Consultant as to those matters contained in this contract. No prior oral or written understanding shall be of any force or effect with respect to those matters covered by the Contract Documents. This Contract may not be modified, altered or amended except by written mutual agreement by the Agency and the Consultant.
20. **GOVERNING LAW:** This Contract is to be governed by and constructed in accordance with the laws of the State of California, in the County of San Bernardino.
21. **TERMINATION FOR CONVENIENCE:** The Agency reserves and has the right to immediately suspend, cancel or terminate this Contract at any time upon written notice to the Consultant. In the event of such termination, the Agency shall pay Consultant for all authorized and Consultant-invoiced services up to the date of such termination, as approved by the Project Manager.
22. **FORCE MAJEURE:** Neither party shall hold the other responsible for the effects of acts occurring beyond their control; e.g., war, riots, strikes, natural disasters, etcetera.
23. **NOTICE TO PROCEED:** No services shall be performed or provided under this Contract unless and until this document has been properly signed by all responsible parties and a Notice to Proceed order has been issued to the Consultant.

24. **AUTHORITY TO EXECUTE CONTRACT:** The Signatories, below, each represents, warrants, and covenants that they have the full authority and right to enter into this Contract on behalf of the separate entities shown below.
25. **DELIVERY OF DOCUMENTS:** The Parties to this Contract and the individuals named to facilitate the realization of its intent, with the execution of the Contract, authorize the delivery of documents via facsimile, via email, and via portable document format (PDF) and covenant agreement to be bound by such electronic versions.

The parties hereto have caused the Contract to be entered as of the day and year written above.

INLAND EMPIRE UTILITIES AGENCY:

**A MUNICIPAL WATER DISTRICT*

GHD, INC.:



P. Joseph Grindstaff (Date)
General Manager

Paul Hermann (Date)
Principal-In-Charge

May 26, 2017

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**CONSENT
CALENDAR
ITEM**


3K


Date: June 21, 2017

To: The Honorable Board of Directors

Through: Finance and Administration Committee (6/14/17)

From: P. Joseph Grindstaff 
General Manager

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

Warren T. Green 
Manager of Contracts & Procurement

Subject: Agency-wide Insurance Policies for FY 2017/18

RECOMMENDATION

It is recommended that the Board of Directors authorize the purchase of the following Agency-wide insurance policies with an effective date of July 1, 2017, providing coverage through July 1, 2018 for the not-to-exceed budgeted amount of \$843,000:

General Liability: Provides third party liability coverage for bodily injury and property damage for up to \$20,000,000 per policy year;

Automobile Liability: Covers losses to other parties for bodily injury and property damage caused by Agency vehicles for up to \$20,000,000 per accident;

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

Property, Boiler and Machinery: Provides insurance protection resulting from damage and destruction of property through the California Sanitation Risk Management Authority (CSRMA) Property Program, with a deductible level of \$25,000; and

Excess Workers' Compensation and Employer's Liability: Provides coverage against bodily injury and illness to employees in the scope of their employment insurance, with a Self-Insured Retention (SIR) of \$1,000,000.

BACKGROUND

In effort to provide the Board of Directors with a comprehensive insurance package, each year staff pursues and presents an insurance package of the major policies with an effective date of July 1. Alliant Insurance Services, Inc. (Alliant), the Agency's insurance broker, works closely with staff in aggressively and competitively marketing various options for the purchase of these policies with insurance carriers. Several carriers engage with our broker to review the Agency's underwriting and risk profile information, in support of providing the actual binding quotations.

1. GENERAL, AUTO, AND ERRORS & OMISSIONS

The Agency's previous excess general, automobile, and public entity errors and omissions liability insurance will expire on July 1, 2017. For the last ten years, the Agency has purchased these policies from the Insurance Company of the State of Pennsylvania as they have consistently offered the most competitive rate and coverage. The Agency will receive and review quotes from other insurance carriers; all carriers, including the incumbent, generally offer multi-layered excess policy programs.

The Agency received notice from the incumbent carrier that they were going to offer a renewal option, however they were increasing the Self-Insured Retention (SIR) to \$3,000,000 from the previous level of \$1,000,000. While the Agency has been successful in defending related claims, the level of activity and claims exceeding the SIR in recent years will have an impact on the renewal rates. They did not identify if there was a going to be a break in the premium, even so, Alliant will continue to aggressively market the Agency's insurance program.

The Agency received three proposals for these coverages. The incumbent AIG, reduced their premium by approximately \$120,000, however as mentioned above, increased the SIR to \$3,000,000. A second proposal offered a \$1,000,000 SIR, however did not offer matching coverages. The third proposal and recommendation from staff is for the Agency to insure through Argo and Allied World. They offered a \$1,000,000 SIR, with matching coverage for a premium of \$372,973 within the budgeted amount of \$422,000.

Additionally, staff initiated discussion with the Association of California Water Agencies Joint Powers Insurance Authority (ACWA JPIA). During this initial process, staff was able to secure preliminary estimates on their various programs. The information received was beneficial, however due to the timing associated with processing an official application and their comprehensive review for acceptance, we could not meet the July 1, 2017 deadline. Staff will pursue this option in the upcoming year to ensure sufficient time is given. Participation in the ACWA JPIA program does require membership by the Agency, regular involvement and participation from staff, as well as one of the Agency's Board of Directors to serve as a representative on the JPIA Board.

2. PROPERTY, BOILER AND MACHINERY INSURANCE PURCHASE

For several years, the Agency has purchased property, boiler and machinery insurance through the California Sanitation Risk Management Authority (CSRMA) Property Program. The Agency's participation in this program is as a stand-alone member and not as a participant in a pool. Participation in the CSRMA program allows the Agency to obtain group premiums without having to participate in a risk sharing pool. The Agency's loss exposure is only determined by actual losses incurred by the Agency.

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

The Agency's policy through CSRMA also provides for boiler and machinery coverage. This coverage includes the replacement or repair of equipment such as centrifuges, electric panels, compressors, pumps, etc., in the event of a sudden and unforeseen breakdown. Breakdowns as a result of a lack of scheduled maintenance would not be covered. The boiler and machinery policy provides up to \$10,000,000 of coverage, after the Agency's per occurrence deductible of \$25,000. There were no insurable losses within the 2016/17 policy year. As with our property policy, the boiler and machinery policy does not provide coverage for earthquake damage or losses due to terrorism. The Agency's Total Insured Value (TIV) slightly increased from \$522,218,910 to \$527,500,000.

The renewal premium for the new policy period is expected to be within the budgeted amount of \$361,000.

3. EXCESS WORKERS' COMPENSATION INSURANCE PURCHASE

The Agency self-insures its workers' compensation program for the first \$1,000,000. Excess insurance is purchased to cover any claims that exceed \$1,000,000. To date, the Agency has not incurred a workers' compensation claim in excess of \$250,000, nor has had an employer liability claim. However, given the types of gases, chemicals and equipment utilized at Agency facilities, it is possible that the Agency could incur a claim that would exceed the Agency's current \$1,000,000 SIR. To mitigate this risk, the Agency has purchased Excess Workers' Compensation from Midlands Insurance (Midlands), for the past three policy years which offers the most competitive coverage.

The premium for the new Excess Workers' Compensation policy is \$58,272, within the budgeted amount of \$60,000.

Agency-Wide Insurance Policies

June 21, 2017

Page 4 of 4

A comparison of the FY 2016/17 insurance policy premiums and FY 2017/18 budget is outlined in the following table:

Policy	Expired Policy Premium for 2016/17	Budget for 2017/18	2017/18 Premium
General, Auto, and Errors & Omissions	\$375,500	\$422,000	\$372,973
Property, Boiler & Machinery	\$252,139	\$361,000	
Excess Workers' Compensation	\$50,005	\$60,000	\$58,272
Total	\$677,644	\$843,000	

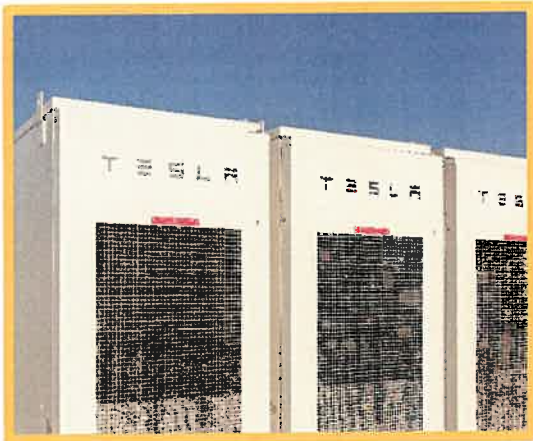
PRIOR BOARD ACTION

On July 20, 2016, the Board ratified the purchase of general liability, auto liability property, boiler and machinery, public entity and omissions, and excess workers' compensation coverage for FY 2016/17 for a total premium of \$677,644.

IMPACT ON BUDGET

Total budget of \$843,000 for insurance coverage is included in the Administrative Services (GG) fund FY 2017/18 Budget.

Agency-wide Insurance



Major Insurance Policies (Excess)

- **Liability**
 - General
 - 3rd Party coverage for bodily injury and property damage
 - Automobile
 - Coverage for bodily injury and property damage caused by Agency vehicles
 - Public Entity Errors & Omissions
 - Coverage for damages arising out of negligent acts, errors and omissions of Agency
- **Casualty**
 - Property
 - Coverage for destruction or damage to property, buildings, etc.
 - Boiler & Machinery
 - Coverage of equipment within the Agency's facilities
- **Workers' Compensation/Employer's Liability**
 - Coverage for bodily injury and illness to employees in the scope of employment

Liability Insurance

- Up to \$20,000,000 in coverage
- Self-Insured Retention (SIR) per Claim
 - Currently \$1,000,000 (IEUA responsible)
 - May be increased to \$3,000,000 as a result of claims activity
- Expiring Policy Premium \$375,500
- Premium based on operating budget, operating exposures, loss history
- FY 17/18 Budget: \$422,000
- Recommendation: Renewal Premium \$372,973
 - \$1,000,000 SIR & \$20,000,000 in coverage limits
 - Argo Insurance Company & Allied World Assurance

Casualty Insurance

- Up to \$1,000,000,000 in coverage
- Self-Insured Retention (SIR) per Claim
 - \$25,000 (IEUA responsible)
- Total Insured Value (TIV) for FY 17/18
 - \$527,500,000
- Expiring Policy Premium: \$252,139
- Premium based on assets, operations, loss history, TIV
- FY 17/18 Budget: \$361,000

Workers' Compensation Insurance

- Up to \$25,000,000 in coverage
- Self-Insured Retention (SIR) per Claim
 - \$1,000,000 (IEUA responsible)
- Expiring Policy Premium: \$50,005
- Premium based on total wages, loss history
- FY 17/18 Budget: \$60,000
- Recommendation: Renewal Premium \$58,272
 - \$1,000,000 SIR & \$25,000,000 in coverage limits
 - Midlands

Recommendation

- It is recommended that the Board of Directors authorize the purchase of the following Agency-wide insurance policies with an effective date of July 1, 2017, providing coverage through July 1, 2018, for the not-to-exceed budgeted amount of \$843,000:
 - General Liability
 - Auto Liability
 - Public Entity Errors and Omissions
 - Property, and Boiler and Machinery
 - Excess Workers' Compensation and Employer's Liability

CONSENT
CALENDAR
ITEM

3L

Date: June 21, 2017

To: The Honorable Board of Directors

Through: Finance & Administration Committee (6/14/17)

From: P. Joseph Grindstaff *P. J. Grindstaff*
General Manager

Submitted by: Randy Lee *Randy Lee*
Executive Manager of Operations/Assistant General Manager

Al VanBreukelen *Al VanBreukelen*
Deputy Manager of Maintenance

Subject: Purchase of New Vehicles

RECOMMENDATION

It is recommended that the Board of Directors authorize the purchase of 15 to 19 vehicles, including a passenger van, plug-in hybrids and utility trucks; for a combined, not-to-exceed price of \$558,905, including extended warranties, taxes, fees, and delivery charges through the informal bid process and/or negotiated procurements with local dealerships.

BACKGROUND

The Agency's 108 fleet vehicles and rolling equipment have been acquired to service the 242-square mile service area that includes eight major facilities, six lift stations, 17 wells, 16 basins, and six turnouts. The Agency's office staff uses fleet vehicles to conduct Agency-related business. To ensure fleet reliability and the timely phase-in of replacement vehicles, the Agency's vehicle policy provides (as a guideline) for the replacement of utility vehicles after ten years or 100,000 miles of service. In accordance with this policy, staff has recommended that 15 to 19 Agency vehicles be replaced. Since 2007, the Agency had purposely deferred the purchase of replacement fleet vehicles due to Agency cost containment, and opted to postpone replacing them until such time when economic recovery proved more conducive for budgeting the replacement of these aging vehicles. Meanwhile, staff has also closely monitored the Agency's rising vehicle repair costs as a direct result from aging and accumulating wear and tear, and had identified 15 to 19 fleet vehicles for replacement. The vehicles proposed to be replaced are between 10 to 13 years old.

Since 2003, the vehicle procurement strategy has been to obtain the Board's advance authorization to negotiate and purchase vehicles off-the-lot. This strategy has proven extremely successful,

resulting in the Agency obtaining numerous model year-end, as well as, new model year vehicles that are essentially immediately available for delivery and purchased at exceptionally attractive prices. By obtaining pre-approval, staff is afforded the flexibility to leverage the Agency's purchasing power by negotiating on-the-spot deals with local dealerships anxious to move excess inventory, slow moving models, etc. The result of the added flexibility is that the needed vehicles can be purchased and placed into service without delay, while still securing highly-advantageous prices and terms.

The purchase of the new vehicles aligns with the Agency's environmental stewardship goal to enhance and promote environmental sustainability.

PRIOR BOARD ACTION

On June 15, 2016, the Board approved staff's prior-year recommendation for Project EP17004 Agency-wide Vehicle Replacement, authorizing the purchase of replacement Agency vehicles through the standard procurement process.

IMPACT ON BUDGET

If approved, the combined expenditure associated with this request not exceeding \$558,905 is within the total project budget of \$600,000 for Project EP17004, included in the FY 2016/17 Administrative Services fund budget.

**CONSENT
CALENDAR
ITEM**

3M



Date: June 21, 2017
To: The Honorable Board of Directors
Through: Engineering, Operations, and Water Resources Committee (6/14/17)
From: P. Joseph Grindstaff *PJG*
General Manager
Submitted by: Chris Berch *CB*
Executive Manager of Engineering/Assistant General Manager
Shaun J. Stone *SJ*
Manager of Engineering
Subject: Contract Amendment - Rotating Machinery

RECOMMENDATION

It is recommended that the Board of Directors:

1. Amend and increase the not-to-exceed amount of Contract No. 4600001864 to Vaughan's Industrial Repair, Inc. by \$300,000 to provide repair, rebuild, or refurbishment services of rotating machinery for a total aggregate not-to-exceed amount of \$690,000 over the existing three-year period with a one-year option to extend; and
2. Authorize the General Manager to negotiate and finalize the contract amendment.

BACKGROUND

As part of the Agency-wide Energy Efficiency Study Project, IEUA staff has been working with The Energy Network (TEN) and the Water Infrastructure and System Efficiency (WISE) Program to identify opportunities to reduce total electricity usage and costs. In addition, IEUA staff worked with Southern California Edison (SCE) to conduct Agency-wide pump performance tests. The tests found that a total of 10 pumps are in need of refurbishment. SCE has available incentive programs available to provide funding for energy savings associated with improved pump performance.

IEUA entered into a contract with PAMCO Industries (PAMCO) in August 2016 with the contract end date of April 30, 2017. PAMCO has finished the refurbishment of five out of the total 10 pumps and the Agency received the final approved SCE incentives. PAMCO was unable to complete the

full list of pumps due to refurbishment work taking longer than expected. The deadline to complete the work and receive the incentives was April 2017.

The table below identifies the remaining five pumps to be refurbished and shows the estimated annual energy savings if the overall pump efficiencies are increased. The table also shows potential SCE incentives towards improving pump performance:

Pump Name	Estimated Energy Savings (\$/yr)	Approved Incentives
Philadelphia Pump No. 2 (Wastewater)	\$7,166	\$5,570
RP-1 RW 930 PZ Pump No. 1(Recycled Water)	\$18,165	\$14,052
RP-1 RW 930 PZ Pump No. 3 (Recycled Water)	\$19,051	\$14,740
RP-1 RW 1050 PZ Pump No. 3(Recycled Water)	\$22,632	\$17,784
RP-4 RW 1299 PZ Pump No. 4 (Recycled Water)	\$27,198	\$21,516
Total	\$94,212	\$73,662

Shortly after the expiration of PAMCO’s contract, IEUA was notified that the deadline to complete the refurbishment of the remaining five pumps and qualify for the corresponding incentives have been extended to December 31, 2017. To take advantage of the extension, staff recommends utilizing the current contract with Vaughan’s Industrial Repair, Inc., for the rotating equipment repair and rebuild. Utilizing this exiting contract will allow for the pumps to be refurbished in time to receive the incentives for the work. The final pricing to refurbish the pumps will be determined upon pulling and inspecting all five pumps by Vaughan’s.

The Agency-wide Energy Efficiency Projects are consistent with the *Agency’s Business Goal of Wastewater Management* specifically the Asset Management and Energy Management objectives that IEUA will ensure the regional sewer system and treatment facilities are well maintained, upgraded to meet evolving requirements, sustainably managed, and can accommodate changes in regional water use in order to optimize facility energy use and effectively manage renewable resources to achieve peak power independence, contain future energy costs, and achieve statewide renewable energy, distributed generation, and greenhouse gas.

PRIOR BOARD ACTION

On March 17, 2017, the Board of Directors approved an amendment to Contract No. 4600001864 to Vaughan’s Industrial Repair, Inc. for a total aggregate not-to-exceed amount of \$390,000 to provide repair, rebuild, or refurbishment services of rotating machinery over a three-year period with a one year option to extend.

On August 17, 2016, the Board of Directors approved the award of construction contract for the Agency-wide Sewage Pump Efficiency Improvements Project No. EN16070, for a not-to-exceed amount of \$142,060 and approved the construction contract for the Agency-wide Recycled Water

Contract Amendment - Rotating Machinery

June 21, 2017

Page 3 of 3

Pump Efficiency Improvements Project No. EN17053, for a not-to-exceed amount of \$466,319 to PAMCO Industries.

On May 20, 2015, the Board of Directors approved the award of Contract No. 4600001868 to Superior Electric Motor Service, Inc. for a total aggregate not-to-exceed amount of \$240,000 and Contract No. 4600001864 to Vaughan's Industrial Repair, Inc. for a total aggregate not-to-exceed amount of \$240,000 to provide repair, rebuild, or refurbishment services of rotating machinery over a three-year period with a one year option to extend.

IMPACT ON BUDGET

If approved, the contract amendment for the not-to-exceed amount of \$300,000 will be within the Fiscal Year 2016/17 budget of \$335,000 for the Agency-wide Sewage Pump Efficiency Improvements, Project No. EN16070, in the Regional Wastewater O&M (RO) fund and the Fiscal Year 2016/17 budget of \$625,000 for the Agency-wide Recycled Water Pump Efficiency Improvements, Project No. EN17053, in the Recycled Water (WC) fund.

PJG:CB:SS:aa

**CONSENT
CALENDAR
ITEM**

3N

Date: June 21, 2017

To: The Honorable Board of Directors

Through: Engineering, Operations, and Water Resources Committee (6/14/2017)

From: P. Joseph Grindstaff *cb*
General Manager

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

Shaun J. Stone *sz*
Manager of Engineering

Subject: Basin Improvement Consulting Award

RECOMMENDATION

It is recommended that the Board of Directors:

1. Award a consulting engineering services contract for the Recharge Master Plan Update Basin Improvement Projects, Project Nos. RW15003 and RW15004, to Carollo Engineering, Inc. for the not-to-exceed amount of \$1,510,628; and
2. Authorize the General Manager to execute the contract subject to non-substantive changes.

BACKGROUND

In 2013, IEUA and Chino Basin Watermaster (Watermaster) collaboratively approved the implementation of a comprehensive planning document, the Recharge Master Plan Update (RMPU) to enhance and increase stormwater and recycled water recharge for the Chino Basin. In November 2016, IEUA completed the preliminary design evaluation of the selected RMPU.

Based on the recommendation from the preliminary design, the following RMPU projects were approved by the Watermaster stakeholders for design, bid, and construction:

Proposed Recharge Improvement Projects for Design, Bid and Construction			
Basin	Key Basin Improvements	Storm Water	Recycled Water
		acre-feet per year	
CSI Basin*	New basin for groundwater recharge	100	-
Wineville, Jurupa, RP3, & Piping	New pumps/conveyance systems between basins, new diversion structures, and additional new basins	2,921	2,905
Victoria Basin	Raise storage capacity for groundwater	75	120
Lower Day Basin	Raise basin storage capacity and increase channel diversion	993	-
Montclair Basins	Install additional channel diversion for recharge	96	-
Total Groundwater Benefit		4,185	3,025

*Anticipated to be considered by Watermaster in August or September 2017.

On March 15, 2017, IEUA advertised the Request for Proposals for final design and bid support services for the combined projects on *PlanetBids*. On May 2, 2017, IEUA received four proposals from the following firms: Carollo, Dudek, Lee & Ro, and PACE. The proposals were reviewed by a selection committee of IEUA staff from Engineering, Operations, Contracts, and Watermaster. Based on the project team qualifications, experience, understanding of the project scope, and ability to meet the project schedule, the committee concurred that Carollo was the most qualified firm to provide the specified services.

The following table is the anticipated projected budget:

Description	Estimated Cost
Design Services	\$3,135,800
Preliminary Design Contracts (actual cost)	\$543,699
Final Design Contract (actual cost)	\$1,510,628
Project Mgmt, Permits, CEQA	\$1,081,473
Construction Services	\$1,671,000
Design Consultant Construction Services (estimate)	\$167,100
Construction Management (estimate)	\$1,503,900
Construction	\$18,381,000
Construction Contract	\$16,710,000
Contingency (~10%)	\$1,671,000
Total Project Cost:	\$23,187,800
Total Project Budget:	\$48,593,000

Watermaster's cost share of the total project cost is \$22,360,050 and IEUA's is \$827,750. Board approved cost sharing agreements between IEUA and Watermaster reflect the total above.

The following is the project schedule:

Project Milestone	Date
Consultant Contract Award	June 2017
Design Completion	February 2018
Construction Contract Award	May 2018
Construction Completion	December 2019

The contract award is consistent with *IEUA's Business Goal of Water Reliability* by maximizing the beneficial reuse of recycled water and sources of groundwater recharge through the enhancement of groundwater recharge facilities.

PRIOR BOARD ACTION

On May 17, 2017, the Board of Directors approved multiple cost sharing agreements between Watermaster and IEUA to implement the design and construction efforts of approved RMPU projects.

On June 17, 2015, the Board of Directors approved the engineering services contract award for the preliminary design efforts for the RMPU to Stantec Consulting Services, Inc.

IMPACT ON BUDGET

If approved, the consulting engineering services contract award for the RMPU projects, Project Nos. RW15003 and RW15004, for the not-to-exceed amount of \$1,510,628 is within the total project budget of \$9,400,000 in the Recharge Funds. EN18007 is also a part of these RMPU projects which separately budgets for the construction efforts.

Attachment:

Consultant Contract

<https://dl.dropbox.com/s/vqb7i1chy70hob2/17156%20RMPU%20Design%20Contract%20Attachment.pdf?dl=0>

PJG:CB:SS:jsi

Basin Improvements
Consultant Contract Award
Project Nos. RW15003 and RW15004

Board Meeting



Recharge Master Plan Update (RMPU) Project Locations



Project Background / Project Scope



Consultant Selection

- Evaluation and selection committee
 - IEUA Engineering, Operations, Contracts, and Chino Basin Watermaster
- Justification for qualified consultant
 - Qualifications and experience
 - Understanding of project scope
 - Ability to meet project schedule
- Four proposals received on May 2, 2017

Proposals Received
Carollo Engineering, Inc.
Dudek
Lee & Ro, Inc.
Pacific Advanced Civil Engineering, Inc. (PACE)

Project Budget and Schedule

Description	Estimated Cost
Design Services	\$3,135,800
Preliminary Design Contracts (actual cost)	\$543,699
Final Design Contract (actual cost)	\$1,510,628
Project Mgmt, Permits, CEQA	\$1,081,473
Construction Services	\$1,671,000
Design Consultant Construction Services (estimate)	\$167,100
Construction Management (estimate)	\$1,503,900
Construction	\$18,381,000
Construction Contract	\$16,710,000
Contingency	\$1,671,000
Total Project Cost:	\$23,187,800
Total Project Budget:	\$48,593,000

Watermaster's Share: \$22,360,050 IEUA's Share \$827,750

Milestone	Date
Consultant Contract Award	June 2017
Design Completion	February 2018
Construction Contract Award	May 2018
Construction Completion	December 2019

Recommendation

- Award a consulting engineering services contract for the Recharge Master Plan Update - Basin Improvement Projects, Project Nos. RW15003 & RW15004, to Carollo for the not-to-exceed amount of \$1,510,628; and
- Authorize the General Manager to execute the contract subject to non-substantive changes.

The contract award is consistent with consistent with *IEUA's Business Goal of Water Reliability* by maximizing the beneficial reuse of recycled water and sources of groundwater recharge through the enhancement of groundwater recharge facilities.

**CONSENT
CALENDAR
ITEM**

30

Date: June 21, 2017

To: The Honorable Board of Directors

Through: Engineering, Operations, and Water Resources Committee (6/14/17)

From: P. Joseph Grindstaff *PJG*
General Manager

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

Sylvie Lee *SL*
Manager of Planning and Environmental Resources

Subject: Chino Basin Water Bank: Cost Sharing Letter Agreement Amendment and Consultant Contract Award

RECOMMENDATION

It is recommended that the Board of Directors:

1. Approve a task order to master services contract 4600002275 for consulting services related to the Chino Basin Water Bank Program, Project No. WR18028, to Arcadis U.S., Inc. for the not-to-exceed amount of \$472,687;
2. Amend the Cost Sharing Letter agreement with the Chino Basin Water Bank parties to increase the not-to-exceed cost sharing amount to \$150,000 per party; and
3. Authorize the General Manager to execute the task order and the cost sharing letter agreement amendment, subject to non-substantive changes.

BACKGROUND

In August 2016, IEUA entered a cost-sharing letter agreement between IEUA, the Cucamonga Valley Water District, the City of Ontario, and Monte Vista Water District (CBWB Parties) to fund the initial steps in the formation of the Chino Basin Water Bank (CBWB). The CBWB's primary objective is to coordinate the development of groundwater storage within the Chino Basin. The CBWB will be open for other interested parties within the Chino Basin to join later. The Chino Basin Water Bank will apply to the Chino Basin Watermaster for the right to create a comprehensive storage and recovery program under existing basin rules and with a dedicated quantity of basin storage. The CBWB would then make this quantity of storage available to outside

parties, who would pay for this access by “leaving behind” a certain quantity of water they place in storage. CBWB Parties would benefit directly through increased groundwater supplies, and the Chino Basin would generally experience improved groundwater levels and water quality. Additionally, the CBWB would facilitate the Chino Basin’s participation in the Santa Ana Regional Conservation and Conjunctive Use Program (SARCCUP), a watershed-wide conjunctive use program that has received \$54 million in state Proposition 84 funds.

The CBWB cost-sharing letter agreement encompassed hiring Sierra Water Group, Inc., to conduct an evaluation of the proposed bank structure and potential economic benefits, and Best Best & Krieger LLP to draft a Joint Power Agreement (JPA) which defines bank governance and the roles and responsibilities of its partners. Each task would be managed by a party to the agreement and would be for a not-to-exceed cost. The parties agreed to a not-to-exceed total cost of \$200,000. The four parties would share in one-fourth of the total cost, or \$50,000 each.

On November 10, 2016, the IEUA Board approved eight master service contracts, three of which were specialized to provide water bank program management services. The CBWB Parties solicited proposals from eight consultants to continue the advancement of the Chino Basin Water Bank. Specifically, the solicitation sought to obtain services to: refine the bank conceptual structure, perform stakeholder outreach, and update and finalize the banking concept. After conducting a detailed proposal review, consultants were asked to participate in interviews. The CBWB parties unanimously selected Arcadis U.S., Inc. as the best consultant for the Water Bank Development.

Based on the negotiated fee from Arcadis, the CBWB Parties worked together to develop and update the project budget. The parties also developed an amendment to the existing cost sharing letter agreement which increased the cost sharing allocation from \$50,000 to \$150,000 for each party, with a total project budget of \$600,000.

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

PRIOR BOARD ACTION

On February 15, 2017, the Board of Directors awarded a Master Service Contract 4600002275 to Arcadis to provide professional engineering and financial services for the development of water resources and the Integrated Water Resources Plan.

On August 17, 2016, the Board of Directors received and filed an informational item related to the cost sharing agreement.

IMPACT ON BUDGET

If approved, the contract for not-to-exceed amount of \$472,687 will be within the total project budget of \$600,000 for Project No. WR18028 in the Water Resources (WW) fund.

Attachments: Amended Cost Sharing Letter Agreement
Arcadis Task Order for Chino Basin Water Bank
Arcadis Scope of Work

June 20, 2017

Martin Zvirbulis
Cucamonga Valley Water District (“CVWD”)
10440 Ashford Street – P.O. Box 638
Rancho Cucamonga, CA 91729

P. Joseph Grindstaff
Inland Empire Utilities Agency (“IEUA”)
6075 Kimball Avenue – P.O. Box 9020
Chino, CA 91708

Mark Kinsey
Monte Vista Water District (“MVWD”)
10575 Central Avenue – P.O. Box 71
Montclair, CA 91763

Al C. Boling
City of Ontario (“Ontario”)
303 E. “B” Street
Ontario, CA 91764

Re: First Amendment To Cost Sharing Letter Agreement
Chino Basin Water Bank Feasibility Review and Foundational Document Development

The above-mentioned public agencies (“Parties”) entered into that certain Cost Sharing Letter Agreement, dated July 27, 2016 (“Agreement”) regarding the sharing of costs for legal and consultant support services for the potential formation of the Chino Basin Water Bank (“CBWB”). A copy of the Agreement is attached hereto as Exhibit “A” and incorporated herein by reference. The Agreement provides, among other things, for equally sharing costs among the Parties for legal and consultant support services for due diligence and feasibility work to facilitate regional efforts described in the Agreement including the potential formation of the CBWB.

The Agreement provides that additional consultant services are expected to be required to complete all of the tasks set forth in the Agreement. As these additional services are identified, it is anticipated that the Agreement will be amended with revised total Agreement costs. The Parties desire to enter into this First Amendment to the Cost Sharing Letter Agreement (“First Amendment”) in order to revise the total Agreement costs.

Section 2 Cost Sharing, in the Agreement is hereby replaced, in its entirety, with the following:

2. Cost Sharing

Different Parties to this Agreement will serve as the lead agency in contracting with and managing services provided by identified Consultant (as stated below). Cost sharing for each of the items identified below shall be shared (equally) as one fourth of the total cost per Party.

A. Joint Powers Agreement (JPA) Development

CVWD (Lead Agency) has entered into an agreement with Best Best & Krieger LLP (Consultant) for performance of the Scope with a **not-to-exceed cost of \$11,280** (Compensation).

B. Water Bank Structure Evaluation

IEUA (Lead Agency) has entered or intends to enter into an agreement with Sierra Water Group, Inc. (Consultant) for performance of the Scope with a **not-to-exceed cost of \$45,480** (Compensation).

C. Economic Benefit Evaluation

IEUA (Lead Agency) intends to enter into an agreement with a consultant for performance of the Scope with a **not-to-exceed cost of \$30,000** (Compensation).

D. Water Banking Program Management

IEUA (Lead Agency) intends to enter into an agreement with an individual and/or firm to provide water banking program management services for performance of the Scope with a **not-to-exceed cost of \$472,687** (Compensation).

E. Cost Sharing Between the Undersigned Parties

The Parties hereto each agree to be responsible for reimbursement of the payments made under the aforementioned agreements with Consultants **not-to-exceed cost of \$150,000** per Party as follows:

(i) Upon receipt by the Lead Agency of each written statement from Consultant regarding the amount due and owing for the applicable time period (Progress Payment), the Lead Agency shall be responsible for payment to Consultant for the amount due and owing.

(ii) The Parties shall be responsible for payment of an equal share of the amount due and owing under each Progress Payment to be billed by the Lead Agency to each Party, quarterly. None of the Parties shall be responsible for payment of any amounts in excess of its share as set forth herein, without the prior written consent of the Party being requested to pay such additional amount.

(iii) The Lead Agency shall provide a copy of the Progress Payment to each Party along with a cover letter setting forth the calculation of the share due and owing by each Party. Within thirty (30) days of the date of said cover letter (Invoice), each Party shall submit payment to the Lead Agency for its share as set forth in this Agreement.

Revise Section 3. Effective Date and Term

Revise the second sentence in the first paragraph to read:

The term of this Agreement shall be from the Effective Date to the date of completion of performance of the Scope under the Consultant Contracts pursuant to the schedule set forth in Exhibit A and other schedules and deadlines as may be determined by the Parties and Consultant, but shall not be later than December 31, 2018.

Add a second paragraph to read:

Following the completion of Task 3 of the Water Banking Program Management effort, with thirty (30) calendar days written notice, any Party to this Agreement may elect to cancel further participation. All Parties shall be equally responsible for all cost incurred up to the date of their cancellation of participation via written amendment to this agreement. Following cancellation by any Party, the remaining Parties to this agreement shall decide in writing to either cancel the agreement or continue to proceed with the work effort.

Balance Of Agreement To Remain In Effect Except as otherwise specifically set forth in this First Amendment, the terms and conditions of the Agreement shall remain in full force and effect.

BY SIGNING BELOW, THE PARTIES AGREE TO BE BOUND BY THE PROVISIONS OF THIS FIRST AMENDMENT.

CUCAMONGA VALLEY WATER DISTRICT

INLAND EMPIRE UTILITIES AGENCY

By: _____
Martin Zvirbulis, General Manager

By: _____
P. Joseph Grindstaff, General Manager

Dated: _____

Dated: _____

MONTE VISTA WATER DISTRICT

CITY OF ONTARIO

By: _____
Mark Kinsey, General Manager

By: _____
Al C. Boling, City Manager

Dated: _____

Dated: _____

EXHIBIT "A"

Cost Sharing Letter Agreement

(copy attached)

July 27, 2016

Mark Kinsey
Monte Vista Water District (MVWD)
10575 Central Avenue – P.O. Box 71
Montclair, CA 91763

Martin Zvirbulis
Cucamonga Valley Water District (CVWD)
10440 Ashford Street – P.O. Box 638
Rancho Cucamonga, California 91729

Al C. Boling
City of Ontario
303 E. “B” Street
Ontario, CA 91764

**Re: Cost Sharing Letter Agreement
Chino Basin Water Bank Feasibility Review and Foundational Document Development**

This Cost Sharing Letter Agreement (“Agreement”) sets forth the understanding between the undersigned parties regarding the sharing of costs for legal and consultant support services for the Chino Basin Water Bank (CBWB). This Agreement will cover a variety of feasibility review tasks as well as foundational document development.

The Parties recognize that there are various regional efforts, occurring now and planned for the near future, that relate to storage in the Chino Groundwater Basin. Among these include the Chino Basin Safe Yield Reset, Chino Basin Storage Management Plan, Santa Ana River Conservation and Conjunctive Use Program, and other efforts related to continued implementation of the Optimum Basin Management Plan such as water quality management and planning for Desalter Replenishment. As a result, the Parties desire to initiate certain due diligence and feasibility work to facilitate implementation of these regional efforts.

Inland Empire Utilities Agency, a Municipal Water District, (“IEUA”) and the undersigned parties (collectively referred to as “Parties” and individually as “Party”) hereby agree to equally share the cost of legal and consultant support services pursuant to the provisions set forth below.

1. Scope of Services

As of the date of this Agreement, there are several tasks that have been identified as necessary to complete the feasibility review and foundational document development for the CBWB. It is expected that over the next several months, additional consultant services will be required to complete these tasks. As these services are identified, this Agreement will be amended with revised total Agreement costs for concurrence by all Parties prior to commencing new work.

A summary of the current Scope of Services are as follows:

A. Joint Power Agreement (JPA) Development

This task will involve the drafting of the CBWB JPA – specifically defining JPA governance and the roles/responsibilities of the partners. It is expected that this effort will aid the Parties in determining the best governance for a bank in the Chino Basin.

B. Water Bank Structure Evaluation

This task will include a technical, financial and governance alternatives analysis of water banking mechanics – it is expected that this evaluation will aid the Parties in determining the best structure for a bank in the Chino Basin.

C. Economic Benefit Evaluation

This task will include the evaluation of the anticipated economic benefits to the Parties to this Agreement as well as the regional benefits as a whole.

2. Cost Sharing

Different Parties to this Agreement will serve as the lead agency in contracting with and managing services provided by identified Consultant (as stated below). Cost sharing for each of the items identified below shall be shared (equally) as one fourth of the total cost per party.

A. Joint Power Agreement (JPA) Development

CVWD (Lead Agency) has entered into, or intends to enter into, an agreement with Best Best & Krieger LLP (Consultant) for performance of the Scope with a **not-to-exceed cost of \$20,000.00 (Compensation)**.

B. Water Bank Structure Evaluation

IEUA (Lead Agency) has entered into an agreement with Sierra Water Group, Inc. (Consultant) for performance of the Scope with a **not-to-exceed cost of \$9,975.00 (Compensation)**.

C. Economic Benefit Evaluation

IEUA (Lead Agency) intends to enter into an agreement with a consultant for performance of the Scope with a **not-to-exceed cost of \$30,000.00 (Compensation)**.

D. Cost Sharing Between the Undersigned Parties

The Parties hereto each agree to be responsible for reimbursement of the payments made under the aforementioned agreements with Consultants not to exceed one fourth of the total cost or \$50,000.00 per party as follows:

- (i) Upon receipt by the Lead Agency of each written statement from Consultant regarding the amount due and owing for the applicable time period (Progress Payment), the Lead Agency shall be responsible for payment to Consultant for the amount due and owing.

(ii) The Parties shall be responsible for payment of an equal share of the amount due and owing under each Progress Payment to be billed by the Lead Agency to each Party, quarterly. None of the Parties shall be responsible for payment of any amounts in excess of its share as set forth herein, without the prior written consent of the Party being requested to pay such additional amount.

(iii) The Lead Agency shall provide a copy of the Progress Payment to each Party along with a cover letter setting forth the calculation of the share due and owing by each Party. Within thirty (30) days of the date of said cover letter (Invoice), each Party shall submit payment to the Lead Agency for its share as set forth in this Agreement.

3. Effective Date and Term

This Agreement shall be effective on the date of full execution of this Agreement by all of the Parties (Effective Date). The term of this Agreement shall be from the Effective Date to the date of completion of performance of the Scope under the Consultant Contracts pursuant to the schedule set forth in Exhibit A and other schedules and deadlines as may be determined by the Parties and Consultant, but shall not be later than December 31, 2017. The Parties may elect to extend the term with prior written consent of the Parties by an amendment to this Agreement.

4. General Provisions

A. Indemnification

Each Party agrees to defend, indemnify and hold harmless the other Parties and its officers, directors, agents, employees, servants and volunteers from any and all liability, judgements, expenses, including defense costs and legal fees, and claims for damages of any nature whatsoever, arising from or connected with the Parties activities under this Agreement.

B. Other Parties

Upon concurrence of the parties hereto, other interested parties may be added to this agreement by written amendment. Prior to the addition of any party, the cost allocation shall be agreed-to so that all parties hereto pay an equal share of the total costs incurred as authorized by this Agreement.

C. Notices

Written correspondence to be given to any party must be given by personal delivery or by registered or certified mail addressed and delivered as set forth below in the signature blocks for each Party.

D. Representation of Authority

Each Party represents to the other that it has the authority to enter into this Agreement and that the individual signing this Agreement on behalf of their respective Party has the authority to execute this Agreement and to bind their respective Party to the terms and conditions of this Agreement.

E. Counterparts

This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

F. Governing Law

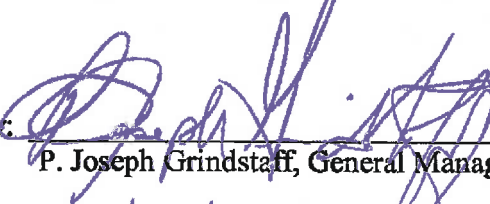
This Agreement shall be governed by and construed in accordance with the laws of the State of California in the County of San Bernardino.

G. Cooperation.

The Parties acknowledge that they are entering into an arrangement in which the cooperation of all of the Parties will be required, and may include the execution of necessary further documents. The Parties agree to cooperate in good faith with each other and review and submit timely documents for the benefit of the CBWB.

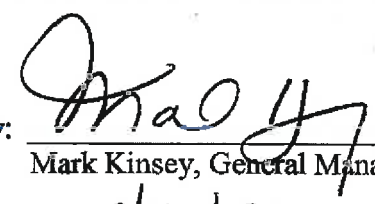
BY SIGNING BELOW, THE PARTIES AGREE TO BE BOUND BY THE PROVISIONS OF THIS AGREEMENT

INLAND EMPIRE UTILITY AGENCY

By: 
P. Joseph Grindstaff, General Manager
Dated: 8/23/16


P.O. Box 9020
Chino Hills, CA 91709

MONTE VISTA WATER DISTRICT

By: 
Mark Kinsey, General Manager
Dated: 8/23/2016


P.O. Box 71
Montclair, CA 91763

CUCAMONGA VALLEY WATER DISTRICT

By: 
Martin Zvirbulis, General Manager
Dated: 8/23/16

P.O. Box 638
Rancho Cucamonga, California 91729

ONTARIO MUNICIPAL UTILITIES COMPANY

By: 
Al C. Boling, City Manager
Dated: 08/24/16

303 E. "B" Street
Ontario, CA 91764



TASK ORDER

Date: July 1, 2017

Task Order Number: 1

Consultant: Arcadis U.S., Inc.

Contract Number: 4600002275

Project/Task Description: Phase 1 – Achieving Consensus on Banking Concept

RECITALS

This Task Order is issued to implement Phase 1 Work in accordance with the attached Scope of Work, which is made a part hereof and attached hereto.

Agency and Consultant previously entered into Master Contract No. 4600002275. Except as otherwise specified herein, the terms and conditions of that Contract are incorporated into this Task Order via this reference.

TASK ORDER AGREEMENTS

Compensation for this Task Order Number 1 is as follows: Consultant shall be paid a total NTE amount of **\$472,687.00** for the services authorized by this Task Order.

Period of Performance: This Task Order's period of performance shall be from July 1, 2017, through completion of all project requirements or June 30, 2018, whichever occurs earlier

Assigned Personnel: The following named personnel are assigned to direct the performance of this Task Order on behalf of the respective Parties.

Agency Project Manager: All technical direction related to this Task Order shall come from the Agency's Project Manager as follows:

Project Manager:	Sylvie Lee
Address:	6075 Kimball Avenue Chino, California 91708
Telephone:	(909) 993-1646
Faxsmile:	(909) 993-1983
Email:	slee@ieua.org

Consultant Project Manager: Inquiries related to this Task Order shall be referred to the assigned personnel identified below:

Project Manager: Jim Cathcart
Address: 320 Commerce, Suite 200
Irvine, California 92602
Telephone: (714) 508-2632
Email: Jim.Cathcart@arcadis.com

Task Order Modifications: No communication, either written or oral, by other than the written and bi-laterally executed change order shall be effective to modify or otherwise affect the provisions of this Task Order.

ALL OTHER PROVISIONS OF THE AGREEMENT REMAIN UNCHANGED.

SIGNATURES

INLAND EMPIRE UTILITIES AGENCY:

Steven J. Elie
Board President

Date: _____

ARCADIS U.S., INC.:



Christine Cotton
Senior Vice President

Date: 6/1/2017

SCOPE OF WORK

PHASE 1 – ACHIEVING CONSENSUS ON BANKING CONCEPT

Task 1 – Project Management

The Project Management task includes project administration, regular project meetings with the four project funding partners (funding partners), and internal team meetings. The Arcadis Project Manager, Jim Cathcart, will act as the main point of contact. He will track and monitor project progress, budget, and schedule and provide the funding partners with a monthly progress update. This task assumes one kickoff meeting and five bi-monthly face-to-face meetings with the funding partners. Meetings will be used to provide general project status updates, discuss specific task findings and progress, determine if scope corrections are necessary, and conduct strategy sessions. Deliverables and meetings for this task are provided below.

Deliverables

- Monthly progress report accompanying invoice

Meetings

- Kickoff meeting
- Internal check-in calls and team meetings
- Five bi-monthly status meetings with funding partners

Task 2 – Refine Bank Conceptual Structure

The project team will work with the funding partners to refine the bank concept structure prior to conducting initial stakeholder outreach. To refine the bank concept, the project team will conduct a cursory review of existing data and receive briefings on various elements influencing the bank concept, including:

- Water bank benchmark material developed to date by funding partners
- Watermaster requirements for storage agreements
- Initial review of potential local, regional, statewide benefits to banking
- Chino basin operations
- Chino basin groundwater model
- Safe yield recalculation
- Santa Ana River Conservation and Conjunctive Use Program (SARCCUP) model
- Proposed Storage Management Plan for Chino Basin

Arcadis will summarize the review findings in a synthesis document, refine the bank conceptual structure in concert with the Storage Management Plan in an iterative process to deliver compatible efforts, and update the existing PowerPoint presentation. The proposed refined bank concept will be vetted with the funding partners in a strategy session to finalize the conceptual banking approach and value statements. Deliverables and meetings for this task are provided below.

Deliverables

- Synthesis document compiling key information from benchmark material, Watermaster, basin operations, Chino Basin groundwater model, and the SARCCUP model.
- Update/modified PowerPoint
- Refine bank conceptual structure

Meetings

- Strategy session with funding partners to vet bank conceptual structure changes (as part of bi-monthly meetings)

Task 3 – Stakeholder Outreach

The stakeholder outreach task includes preparing for, conducting, and documenting outreach findings. Outreach preparation includes confirming key stakeholders and developing contact strategy; developing interview template and findings template; and scheduling interviews. As part of the outreach preparation, the project team will conduct a strategy session with the funding partners to confirm our approach for the pre-interview meetings with stakeholders.

An initial group stakeholder meeting will be held to establish initial contact with stakeholders and to develop a better understanding of stakeholders' perspectives on the bank. Based on the initial group meeting, bank concepts will be revised if necessary and a series of one-on-one stakeholder meetings will then be conducted. Individual stakeholder outreach assumes one four-hour meeting per stakeholder with two consultant staff attending per meeting. Up to 20 one-on-one interview meetings will be conducted. The actual meetings as determined by the partners is envisioned to be about 10 meetings, and the remainder is provided as contingency. A tentative list of stakeholder meetings includes the following agencies.

Number	Agency	Number	Agency
1	CBWB Partners	11	Contingency Meeting
2	CBWB Partners	12	Contingency Meeting
3	East Operating Unit	13	Contingency Meeting
4	West Operating Unit	14	Contingency Meeting
5	Watermaster	15	Contingency Meeting
6	East Operating Unit	16	Contingency Meeting
7	West Operating Unit	17	Contingency Meeting
8	Watermaster	18	Contingency Meeting
9	Watermaster Pool (Non-Ag)	19	Contingency Meeting
10	Watermaster Pool (Ag)	20	Contingency Meeting

Arcadis will document interview findings systematically in the findings template and will provide debriefs of key discussions to the funding partners during the bi-monthly status meetings in Task 1. Deliverables and meetings for this task are provided below.

Deliverables

- Stakeholder interview list
- Stakeholder interview and findings templates
- Revised bank concept based on initial stakeholder meeting
- Document stakeholder interview findings

Meetings

- Initial group Stakeholder meeting
- One-on-one Stakeholder interview meetings (up to 20)

Task 4 – Revise Bank Concept

Once the one-on-one interviews are complete, Arcadis will update/revise the bank concept based on stakeholder input and present a draft bank concept to the funding partners. Subsequently, a second round of stakeholder outreach will be conducted to present the revised bank concept for stakeholder review. Up to 22 individual/stakeholder meetings will be conducted. The actual meetings as determined by the partners is envisioned to be about 10 meetings, and the remainder is provided as contingency. Arcadis assumes follow-up meetings as listed in the table below.

Number	Agency	Number	Agency
1	CBWB Partners	11	Contingency Meeting
2	CBWB Partners	12	Contingency Meeting
3	East Operating Unit	13	Contingency Meeting
4	West Operating Unit	14	Contingency Meeting
5	Watermaster	15	Contingency Meeting
6	East Operating Unit	16	Contingency Meeting
7	West Operating Unit	17	Contingency Meeting
8	Watermaster	18	Contingency Meeting
9	Watermaster Pool (Non-Ag)	19	Contingency Meeting
10	Watermaster Pool (Ag)	20	Contingency Meeting
11	Contingency Meeting	22	Contingency Meeting

The work product will be a detailed PowerPoint presentation that defines water bank opportunities and constraints, develops the basic ground rules, identifies outstanding issues and pathways to resolution, and defines an operating and institutional framework. As part of this task, Arcadis will also assist in preparing Watermaster application form and participating in a Watermaster Board meeting. The level of

effort assumes that an application for Utilization of Available Ground Water Capacity will be prepared and submitted to both the Watermaster and the Court for approval consistent with Paragraph 12, 28 and Exhibit "I" of the Judgment, and attend a Watermaster board meeting to present the proposed storage agreement for board consideration.

This task includes the following deliverables and meetings.

Deliverables

- PowerPoint presentation detailing a revised bank concept based on stakeholder interviews
- Documented discussions from follow up meetings with stakeholders
- Watermaster application form
- Outline of the bank concept white paper

Meetings

- Review the revised bank concept during bi-monthly status meetings in Task 1
- Follow up meetings with stakeholders to present revised bank concept (up to 22)
- Watermaster board meeting
- Meeting with funding partners to debrief key discussions from stakeholder meetings during bi-monthly status meetings in Task 1

Task 5 – Revise and Finalize Consensus Bank Concept

Upon completing Task 4, Arcadis will revise and finalize the bank concept, and basic governance in a brief white paper based on the PowerPoint presentation and outline prepared in Task 4. Task 5 includes the following deliverables and meetings.

Deliverables

- Final bank concept white paper that formally documents water bank opportunities and constraints, develops the basic ground rules, identifies outstanding issues and pathways to resolution, and defines an operating and institutional framework

Key Meetings

- Meeting with funding partners during bi-monthly status meetings in Task 1 to review the final bank concept and discuss Phase 2 scope of work.

PHASE 2 – WATER BANK FORMATION

Upon direction from the funding partners, Arcadis will prepare a scope of work, project schedule and fee estimate for Phase 2 consulting services. We currently estimate a 9 to 12-month period to accomplish this work, with a corresponding fee range of \$300,000 to \$500,000. These preliminary estimates will be refined after Phase 1 work, and prior to beginning Phase 2. The schedule and fee estimates could be impacted if court filings, deposition/court testimony, and/or public hearings are necessary. Assumed tasks are as follows:

- Task 1 – Project Management
- Task 2 – Prepare JPA formation document
- Task 3 – Identify facilities, if necessary, to augment banking
- Task 4 – Conduct groundwater modeling as necessary
- Task 5 – Develop financial structure (including needs/pricing)
- Task 6 – Develop formal operating plan
- Task 7 – Evaluate external funding opportunities
- Task 8 – Develop management structure
- Task 9 – Develop marketing plan
- Task 10 – Procure signatories

PHASE 3 – IMPLEMENTATION

Upon direction from the funding partners, Arcadis will prepare a scope of work, project schedule and fee estimate for Phase 3 consulting services. We currently estimate a 6-month period to accomplish this work, with a corresponding fee range of \$200,000 to \$300,000. These preliminary estimates will be refined at the conclusion of Phase 2 work, and prior to beginning Phase 3. Assumed tasks are as follows:

- Task 1 – Project Management
- Task 2 – Provide staffing support and transition services

FEE SCHEDULE

A breakdown of the proposed fee for Phase 1 work is included in the attached table.

PHASE 1 PROJECT SCHEDULE

The Arcadis Team's initial estimate for Phase 1 work assumes a 9 to 12-month period as shown on Figure 1. However, this overall project schedule is subject to the ability to schedule and conduct stakeholder meetings in an efficient and timely manner, and receive stakeholder input in a timely manner. As the program progresses, the Team will provide regular schedule updates to the funding partners.

Phase 1 Achieving Consensus on Banking Concept Fee Estimate

Task Description	Arcadis Hours						Subconsultant Hours				Total Hours	Arcadis Fees			Subconsultants Fees			Total Fees
	Cathcart	Sriboonlue	Staff Engr	Engineer	Admin	Subtotal	Means	Thornton	Brill	Subtotal		Labor	ODCs	Subtotal	Labor	ODCs	Subtotal	
	\$300	\$160	\$145	\$130	\$105		\$270	\$255	\$175									
Task 1 - Project Management																		
a. Conduct kickoff meeting	6	8	0	0	0	14	4	4	4	12	26	\$3,080		\$3,080	\$2,800		\$2,800	\$6,160
b. Budget tracking/progress reporting	14	32	0	0	24	70	0	0	0	0	70	\$11,840		\$11,840	\$0		\$0	\$11,840
c. Conference calls/team meetings (internal)	20	20	0	0	0	40	20	20	20	60	100	\$9,200		\$9,200	\$14,000		\$14,000	\$24,600
d. Bi-monthly project status meetings (5)	20	0	0	0	0	20	20	0	0	20	40	\$6,000	\$600	\$6,600	\$5,400	\$1,000	\$6,400	\$13,640
e. Project administration	20	40	0	0	30	90	10	10	10	30	120	\$15,550	\$1,000	\$16,550	\$7,000	\$1,000	\$8,000	\$25,350
Subtotal - Task 1	80	100	0	0	54	234	54	34	34	122	356	\$45,670	\$1,600	\$47,270	\$29,200	\$2,000	\$31,200	\$81,590
Task 2 - Refine Bank Conceptual Structure																		
a. Review benchmark material developed to date	8	8	8	0	0	24	12	4	8	24	48	\$4,840		\$4,840	\$5,660		\$5,660	\$11,066
b. Review USBR grant application	0	0	0	0	0	0	0	0	0	0	0	\$0		\$0	\$0		\$0	\$0
c. Receive briefing on Watermaster activities	8	8	0	0	0	16	8	0	0	8	24	\$3,680	\$50	\$3,730	\$2,160	\$50	\$2,210	\$6,161
d. Receive briefing on basin operations	8	0	0	0	0	8	8	0	8	16	24	\$2,400	\$50	\$2,450	\$3,560	\$100	\$3,660	\$6,476
e. Receive briefing on the groundwater model	8	0	0	0	0	8	8	8	0	16	24	\$2,400	\$50	\$2,450	\$4,200	\$100	\$4,300	\$7,180
f. Receive briefing on SARCCUP model	8	8	0	0	0	16	8	0	0	8	24	\$3,680	\$50	\$3,730	\$2,160	\$50	\$2,210	\$6,161
g. Develop suggested revisions list	2	4	4	0	0	10	2	2	2	6	16	\$1,820		\$1,820	\$1,400		\$1,400	\$3,360
h. Update/modify PowerPoint	4	2	0	0	0	6	4	1	1	6	12	\$1,520		\$1,520	\$1,510		\$1,510	\$3,181
i. Conceptual banking approach/Value statements	8	8	0	0	0	16	12	4	4	20	36	\$3,680	\$1,000	\$4,680	\$4,960		\$4,960	\$10,136
Subtotal - Task 2	54	38	12	0	0	104	62	19	23	104	208	\$24,020	\$1,200	\$25,220	\$25,610	\$300	\$25,910	\$53,721
Task 3 - Stakeholder Outreach																		
a. Confirm key stakeholders and contact strategy	4	2	0	0	0	6	4	2	2	8	14	\$1,520		\$1,520	\$1,940		\$1,940	\$3,654
b. Understanding of needs/wants/must haves	6	2	2	0	0	10	16	4	4	24	34	\$2,410		\$2,410	\$6,040		\$6,040	\$9,054
c. Develop interview template	2	2	0	0	0	4	2	2	2	6	10	\$920		\$920	\$1,400		\$1,400	\$2,460
d. Develop findings template	2	4	2	0	0	8	2	2	2	6	14	\$1,530		\$1,530	\$1,400		\$1,400	\$3,070
e. Stakeholder meeting approach & strategy session	8	2	0	0	0	10	8	2	2	12	22	\$2,720		\$2,720	\$3,020		\$3,020	\$6,042
f. Prepare for and conduct stakeholder meeting	12	12	0	0	0	24	12	6	6	24	48	\$5,520	\$100	\$5,620	\$5,820	\$100	\$5,920	\$12,132
g. Document stakeholder meeting results	4	8	0	0	0	12	4	0	4	8	20	\$2,480		\$2,480	\$1,780		\$1,780	\$4,438
h. Revise bank concept after stakeholder meeting	6	4	0	0	0	10	6	2	2	10	20	\$2,440		\$2,440	\$2,480		\$2,480	\$5,168
i. Conduct one on one meetings with stakeholders	40	0	0	0	0	40	40	40	40	120	160	\$12,000	\$800	\$12,800	\$28,000	\$5,000	\$33,000	\$49,100
j. Conduct Ag Pool briefing	8	12	0	0	0	20	16	16	0	32	52	\$4,320	\$50	\$4,370	\$8,400	\$100	\$8,500	\$13,720
k. Conduct Non-Ag Pool briefing	8	12	0	0	0	20	16	0	16	32	52	\$4,320	\$50	\$4,370	\$7,120	\$100	\$7,220	\$12,312
l. Conduct Appropriate Pool briefing	8	12	0	0	0	20	16	0	16	32	52	\$4,320	\$50	\$4,370	\$7,120	\$100	\$7,220	\$12,312
m. Compile meeting notes	12	12	40	60	0	124	12	4	4	20	144	\$19,120	\$50	\$19,170	\$4,960	\$100	\$5,060	\$24,736
Subtotal - Task 3	120	84	44	60	0	308	154	80	100	334	642	\$63,620	\$1,100	\$64,720	\$79,480	\$5,500	\$84,980	\$158,198
Task 4 - Revise Banking Concept																		
a. Follow-up one on one meetings with stakeholders	44	0	0	0	0	44	44	44	44	132	176	\$13,200	\$800	\$14,000	\$30,800	\$9,800	\$40,600	\$58,660
b. Refine PowerPoint	8	8	0	0	0	16	8	8	8	24	40	\$3,680		\$3,680	\$5,600		\$5,600	\$9,840
c. Lay out process and timelines	12	12	4	4	0	32	16	17	12	40	72	\$6,620		\$6,620	\$9,480		\$9,480	\$17,048
d. Prepare Watermaster application forms	24	20	20	20	0	84	24	40	40	104	188	\$15,900		\$15,900	\$23,680		\$23,680	\$41,948
Subtotal - Task 4	88	40	24	24	0	176	92	104	104	300	476	\$39,400	\$800	\$40,200	\$69,560	\$9,800	\$79,360	\$127,496
Task 5 - Revise and Finalize Consensus Banking Concept																		
a. Finalize bank concept	24	32	8	8	0	72	40	24	24	88	160	\$14,520	\$500	\$15,020	\$21,120	\$500	\$21,620	\$38,802
b. Develop Phase 2 Scope	16	12	0	0	0	28	8	8	8	24	52	\$6,720		\$6,720	\$5,600		\$5,600	\$12,880
Subtotal - Task 5	40	44	8	8	0	100	48	32	32	112	212	\$21,240	\$500	\$21,740	\$26,720	\$500	\$27,220	\$51,682
Total Hours and Cost	382	306	88	92	54	922	410	269	293	972	1,894	\$193,950	\$5,200	\$199,150	\$230,570	\$18,100	\$248,670	\$472,687

**CONSENT
CALENDAR
ITEM**

3P

Date: June 21, 2017

To: The Honorable Board of Directors

Through: Engineering, Operations, and Water Resources Committee (6/14/17)

From: P. Joseph Grindstaff *cb*
General Manager

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

sl Sylvie Lee
Manager of Planning and Environmental Resources

Subject: Santa Ana River Conservation and Conjunctive Use Program (SARCCUP)
Cost Sharing Letter Agreement – Conservation Measures

RECOMMENDATION

It is recommended that the Board of Directors:

1. Approve the SARCCUP Cost Sharing Letter Agreement for Conservation Measures for the not-to-exceed amount of \$165,200; and
2. Authorize the General Manager to execute the requisite document.

BACKGROUND

On June 15, 2016, the IEUA Board of Directors approved an MOU for SARCCUP in support of IEUA collaboration with SAWPA member agencies and approved Project Agreement 23 (PA23) between SAWPA and the five SAWPA member agencies for SARCCUP governance.

SARCCUP is a multi-agency, watershed-wide program developing dry-year yield supply by banking wet-year water that also integrates water conservation measures, habitat enhancements, and recreational use. The conservation measures associated with SARCCUP will develop increased supply through the implementation of conservation-based water rates for five retail water agencies; and, additionally, implement a sustainable landscape program that includes design, maintenance, and care support throughout the Santa Ana River Watershed to support effective water use efficiency.

SAWPA was awarded \$55 million in grants for the SARCCUP by DWR. The estimated costs of SARCCUP Phase 1 projects total \$100 million and will be funded by the \$55 million grant funding and \$45 million shared equally by the five SAWPA member agencies. The SARCCUP Grant Agreement includes, among other things, conservation measures which require a percentage of local co-payment funding.

The total local cost share for the conservation measures described in the Scope of the Project is \$826,000. Each SARCCUP agency is responsible for their payment of the local cost share components of the conservation measures in an amount not to exceed one-fifth of the total local cost share or \$165,200. Each agency is responsible for a one-time payment of \$165,200 payable to SAWPA upon receipt of an invoice delivered to each member following the execution of the Cost Sharing Letter Agreement.

The SARCCUP water conservation elements are being implemented through the governance of the existing Project Agreement 22 (PA22) Committee of SAWPA. The water banking elements are being implemented through the governance established by the MOU Agreement, PA23 approved by the IEUA Board in June 2016.

The SARCCUP Cost Sharing Agreement for Conservation Measures is consistent with the Agency's Business Goal of increasing *Water Reliability* by promoting water use efficiency and education to enhance water supplies within the region, and meeting the region's need to develop reliable and diverse local water resources in order to reduce dependence on imported water supplies.

PRIOR BOARD ACTION

On June 15, 2016, the IEUA Board of Directors approved an MOU for SARCCUP in support of IEUA collaboration with SAWPA member agencies, approved PA23 between SAWPA and the five SAWPA member agencies for SARCCUP governance, and appointed IEUA's General Manager as IEUA's representative on PA23. The Board also approved a professional services contract award to Tom Dodson & Associates (TDA) to conduct a SARCCUP CEQA evaluation for the not-to-exceed amount of \$340,397, and approved the CEQA Cost Sharing Agreement.

On May 20, 2015, the IEUA Board of Directors approved an amendment to the May 2014 Santa Ana River Watermaster Action Team MOU. The amendment supported continued collaboration towards the identified projects now known as SARCCUP and the newly stated foundational principles of SARCCUP.

On May 21, 2014, the IEUA Board of Directors approved an MOU for the Santa Ana River Watermaster Action Team in support of IEUA collaboration with the SAWPA member agencies to identify possible large-scale water supply reliability and water use efficiency projects that could benefit the entire Santa Ana River Watershed; and to collaborate to cost share projects and to secure Proposition 84 or other funding for implementation of identified projects.

IMPACT ON BUDGET

The Cost Sharing Letter Agreement for the SARCCUP Conservation Measures, for the not-to-exceed amount of \$165,200 is within the total project budget of Project No. WR16024 in the Water Resources (WW) Fund. The SARCCUP project budget for FY2016/17 is \$1,854,492, and \$3,000,000 for FY 2017/18.

Attachment: SARCCUP Cost Sharing Letter Agreement for Conservation Measures

Paul Jones
Eastern Municipal Water District
P.O. Box 8300
Perris, CA 92572-8300

Joe Grindstaff
Inland Empire Utility Agency
P.O. Box 9020
Chino Hills, CA 91709

Mike Markus
Orange County Water District
P.O. Box 8300
Fountain Valley, CA 92728-8300

Doug Headrick
San Bernardino Valley Municipal Water District
380 East Vanderbilt Way
San Bernardino, CA 92408

Celeste Cantú
Santa Ana Watershed Project Authority
11615 Sterling Avenue
Riverside, CA 92503-4979

John V. Rossi
Western Municipal Water District
14205 Meridian Parkway
Riverside, CA 92518

**Re: Cost Sharing Letter Agreement
Santa Ana River Conservation & Conjunctive Use Program ("SARCCUP")
Conservation Measures**

This Cost Sharing Letter Agreement ("Agreement") sets forth the understanding between the undersigned parties regarding the local cost share for the conservation components of SARCCUP ("Conservation Measures") which have been defined in the 2016 Grant Agreement ("Grant Agreement") between the California Department of Water Resources ("DWR") and the Santa Ana Watershed Project Authority ("SAWPA") which will be administered by the Project Agreement ("PA") 22 committee of SAWPA. The Scope of the Project which is the subject of this Agreement is outlined herein and further set forth in the attached Grant Agreement hereinafter incorporated into this Agreement and labeled Exhibit "A".

The undersigned parties (collectively referred to as "Parties" and individually as "Party") hereby agree to share the cost of the Conservation Measures according to the provisions set forth below.

1. Scope of the Project - Conservation Measures

SARCCUP is a multi-agency, watershed-wide program developing dry-year yield supply by banking wet-year water that also integrates water conservation measures, habitat enhancements, and recreational use. The Conservation Measures associated with SARCCUP and this Agreement will develop increased supply through implementation of conservation-based water rates by up to five retail water agencies. Additionally, a drought tolerant landscaping maintenance outreach program called Smartscape operated by Orange County Coastkeeper/Inland WaterKeeper will also be implemented as needed throughout the Santa Ana River Watershed to support effective water use efficiency.

2. Cost Sharing

(a) Cost of Conservation Measures

SAWPA has entered into an agreement with DWR to provide Grant funding for SARCCUP which includes among other things, Conservation Measures which will require a local cost share.

(b) Cost Sharing Between the Undersigned Parties

The local cost share for the Conservation Measures described in the Scope of the Project above is \$826,000. The Parties (except SAWPA) shall each be responsible for their payment of the local cost share components of the Conservation Measures in an amount not to exceed one-fifth of the total local cost share or \$165,200 as follows:

(i) The Parties (except SAWPA) shall be responsible for a one-time payment of \$165,200 payable to SAWPA upon receipt of an invoice delivered following execution of this Agreement by all Parties. None of the Parties shall be responsible for any payment of any amounts in excess of its share pursuant to this Agreement without the prior written consent of the Parties being requested to pay such additional amount.

(ii) SAWPA shall track all expenses and payments associated with the implementation of Conservation Measures under this Agreement and provide regular progress and accounting updates to the Parties through the Parties' Conservation Advisory Workgroup.

(iii) In the event any portion of the payments made by the Parties to SAWPA remain unspent upon termination of the Grant Agreement, SAWPA shall return the unspent portion to the Parties equally.

3. Effective Date and Term

This Agreement shall be effective on the date of full execution of this Agreement by all of the Parties ("Effective Date"). The term of this Agreement shall be from the Effective Date to the date of completion of performance of the Scope under the Grant Agreement pursuant to the

schedule and deadlines set forth in Exhibit A and other schedules and deadlines as may be determined by the Parties and the PA 22 committee. The Parties may elect to extend the term upon the prior written consent of the Parties that wish to participate.

4. General Provisions

(a) Notices

Correspondence to be given to any Party may be sent via email or USPS mail, addressed and delivered as set forth below in the signature blocks for each Party.

(b) Representation of Authority

Each Party represents to the other that it has the authority to enter into this Agreement and that the individual signing this Agreement on behalf of their respective Parties has the authority to execute this Agreement and to bind their respective Parties to the terms and conditions of this Agreement.

(c) Counterparts

This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

(d) Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the State of California.

(e) Cooperation

The Parties acknowledge that they are entering into an Agreement in which the cooperation of all Parties will be required, including the execution of necessary further documents. The Parties agree to cooperate in good faith with each other and submit timely documents for the benefit of SARCCUP.

BY SIGNING BELOW, THE PARTIES AGREE TO BE BOUND BY THE PROVISIONS OF THIS AGREEMENT

SANTA ANA WATERSHED PROJECT AUTHORITY

By: _____
Celeste Cantú, General Manager

Dated: _____

11615 Sterling Avenue
Riverside, CA 92503-4979
E-mail: ccantu@sawpa.org

EASTERN MUNICIPAL WATER DISTRICT

By: _____
Paul Jones, General Manager

Dated: _____

P.O. Box 8300
Perris, CA 92572-8300
E-mail: jonesp@emwd.org

INLAND EMPIRE UTILITY AGENCY

By: _____
Joe Grindstaff, General Manager

Dated: _____

P.O Box 9020
Chino Hills, CA 91709
E-mail: jgrindstaff@ieua.org

ORANGE COUNTY WATER DISTRICT

By: _____
Mike Markus, General Manager

Dated: _____

P.O. Box 8300
Fountain Valley, CA 92728-8300
E-mail: mmarkus@ocwd.com

SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT

By: _____
Doug Headrick, General Manager

Dated: _____

380 East Vanderbilt Way
San Bernardino, CA 92408
E-mail: dough@sbumwd.com

WESTERN MUNICIPAL WATER DISTRICT

By: _____
John V. Rossi, General Manager

Dated: _____

14205 Meridian Parkway
Riverside, CA 92518
E-mail: jrossi@wmwd.com

Santa Ana River Conservation and Conjunctive Use Program (SARCCUP) Conservation Measures



SARCCUP* Program

- December 2015:
 - \$100 million SARCCUP Prop 84 grant application
 - \$55 million in grant funding awarded
 - Local Cost Share: \$45 million shared equally by SARCCUP/SAWPA five Members
- June 2016:
 - IEUA Board approves MOU for SARCCUP
 - IEUA Board approves Project Agreement 23 (SARCCUP Governance)

* SARCCUP: Santa Ana River Conservation and Conjunctive Use Program

SARCCUP Governance

- Project Agreement 23 (PA23) governs:
 - Water banking elements
 - Operations committee, open term duration, budget approval, and financial responsibilities
- Project Agreement 22 (PA22) governs:
 - Proposition 84 – Emergency Drought Response Grant:
 - Turf Removal; conservation based water rates; technology based tools; aerial imaging
 - SARCCUP Conservation Measures:
 - Conservation based water rates for 15 agencies
 - Sustainable landscape program

Cost Sharing Letter Agreement Conservation Measures

- Total local cost share requirement
 - Total cost of project: \$2M
 - Local match for SARCCUP: \$826,000
 - SAWPA Member obligation: \$165,200
 - Each of the five SARCCUP agencies responsible for the one-time payment
 - Implementation of conservation based water rates for five additional agencies
 - Implementation of a sustainable landscape program

Recommendation

- Approve the SARCCUP Cost Sharing Letter Agreement for Conservation Measures for the not-to-exceed amount of \$165,200.

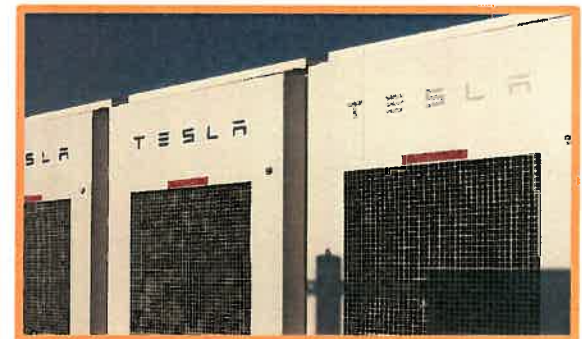
The SARCCUP Cost Sharing Agreement for Conservation Measures are consistent with ***Agency's Business Goal of increasing Water Reliability*** by promoting water use efficiency and education to enhance water supplies within the region; and meeting the region's need to develop reliable and diverse local water resources in order to reduce dependence on imported water supplies.

**INFORMATION
ITEM**

4A

Engineering and Construction Management Project Updates

Board Meeting



EN15008 – Water Quality Laboratory

- Contractor: Kemp Bros. Construction
- Current Contract (Construction): \$17 M
- Total Project Budget: \$25 M
- Project Completion: August 2018
- Percentage Complete: 32%
- Scope of Work:
 - Construct Water Quality Laboratory
 - Expand Central Chiller Plant
 - Construct new 25-stall parking lot
- Current Activities:
 - Complete underground utilities and moisture barrier
- Focus Points:
 - Finalize footing and slab on grade
 - Begin erecting steel columns



Retaining Wall



Footing Forms

EN14018 – RP-4 Disinfection Facility Improvements

- Contractor: W. A. Rasic
- Current Contract (Construction): \$1.8 M
- Total Project Budget: \$2.7 M
- Project Completion: February 2018
- Percentage Complete: 4%
- Scope of Work:
 - Relocate the chemical disinfection facility
 - Install new chemical metering pumps, tanks, and pipelines
- Current Activities:
 - Potholing for existing utilities
 - Reviewing submittals
- Focus Points:
 - Finalize material/equipment selection



Utility Potholing



Corrosion from Bleach Leakage at Existing Tanks

EN17044 – RP-1 Power Reliability Generator Control Upgrades

- Design Engineer: Black & Veatch
- Current Contract (Design): \$75 K
- Total Project Budget: \$1.5 M
- Project Completion: September 2018
- Percentage Complete: 10%
- Scope of Work:
 - Replace five controllers that operate the generators
- Current Activities:
 - 30% predesign review
 - Prequalification of contractors
- Focus Points:
 - Keep the functionality of the current system
 - Upgrading to modern equipment and programming standards



Back up Generators at RP-1



Current Control System

EN17059 - RP-1 Iron Sponges Installation

- Contractor: W. A. Rasic
- Current Contract (Construction): \$320 K
- Total Project Budget: \$500 K
- Project Completion: December 2017
- Percentage Complete: 15%
- Scope of Work:
 - Install two redundant iron sponges
 - Remove hydrogen sulfide from digester gas
- Current Activities:
 - Shop drawings submittals review
 - Reviewing 50% design
- Focus Points:
 - Complete 50% design
 - Order long lead items



Flare Iron Sponge Location



Acid Phase Digester Iron Sponge

EN17006 - CCWRF Asset Management and Improvements

- Design Engineer: CDM Smith
- Current Contract (Design): \$3.6 M
- Total Project Budget: \$7 M
- Project Completion: June 2021
- Percentage Complete: 5%
- Scope of Work:
 - Improve odor control system
 - Upgrade headworks process
 - Modify aeration basins piping
- Current Activities:
 - Conduct workshop on current treatment alternatives
 - Begin condition assessment work plan
- Focus Points:
 - Prepare bypass plan
 - Shutdown coordination for condition assessment



Existing Odor Control Vessel



Aeration Blowers and Controls

EN17042 – RP-1 Digester 6 and 7 Roof Repairs

- Contractor: Synagro-WWT, Inc.
- Current Contract (Cleaning/Service): \$1.8 M
- Total Project Budget: \$3.8 M
- Project Completion: July 2019
- Percentage Complete: 25%
- Scope of Work:
 - Phase I: Clean Digesters/Replace Valves
 - Phase II: Determine causes of cracking/design repair
 - Phase II: Construct improvements and repair roof
- Current Activities:
 - Cleaning of Digester No. 1
 - Review Consultant proposals for Phase II
- Focus Points:
 - Complete Digester 1 cleaning
 - Consultant contract for Phase II to Board for consideration



Digester No. 6 Flame Arrester



Digester Area

**INFORMATION
ITEM**

4C

Date: June 21, 2017

To: The Honorable Board of Directors

Through: Community and Legislative Affairs Committee (6/14/17)

From: P. Joseph Grindstaff *CD Grindstaff*
General Manager

Submitted by: *K* Kathy Besser *WB*
Executive Manager of External Affairs and Policy Development/Assistant
General Manager

Subject: Public Outreach and Communication

RECOMMENDATION

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

BACKGROUND

July (Smart Irrigation Month)

- July 19, Employee Appreciation Picnic, HQ Picnic Area (Behind HQA), 11:30 a.m. – 3:00 p.m.

September

- September 6, 2017, Rolling Ridge Garden in Every School® Dedication, 13677 Calle San Marcos, Chino Hills, Time TBD
- September 20, Chino Day at the LA County Fair, Pomona Fairplex (1101 W. McKinley Avenue, Pomona), 9:00 a.m. – 1:00 p.m.

Outreach/Education - Civic Publications Newspaper Campaign

- IEUA is working with Civic Publications to update the KickWaterWaste.com micro-site.
- IEUA is working with Civic Publications to distribute an email blast, which will lead viewers to a digital copy of the Agency's award-winning Annual Report.

Media and Outreach

- IEUA is continuing to run banner ads through *Fontana Herald News* and *La Opinión* newspapers.
- Staff has developed summer messaging tips that align with the Governor's Executive Order B-40-17.

- A *Kick the Habit* ad ran in the Champion Newspaper's *Healthy Living Issue* on June 17.
- Staff has developed a movie theater ad to run mid-May through early September that focuses on making water-use efficiency a way of life. This ad will run in Harkins Theater (Chino Hills), Victoria Gardens (Rancho Cucamonga), Ontario Palace (Ontario), and Ontario Mills (Ontario).
- In May, 40 posts were published to the IEUA Facebook page and 47 tweets were sent on the @IEUAWater Twitter handle.
- As part of "May is Water Awareness Month," IEUA ran a campaign on Facebook and Twitter that consisted of weekly posts with facts and information on groundwater, imported water, local supplies, and recycled water.
- The top three Facebook posts, based on reach and engagement, in the month of May were:
 - 5/8: Compost Awareness Week/Compost Giveaway
 - 5/9: Water is Life Poster Finalist Feature (K-5th Grade Category, 1st Place)
 - 5/22: Water is Life Poster Finalist Feature (9th-12th Grade Category, 1st Place)
- The top three tweets, based on reach and engagement, in the month of May were:
 - 5/9: Water is Life Poster Finalist Feature (K-5th Grade Category, 1st Place)
 - 5/18: 'Cheer On' Solar Cup Teams
 - 5/22: Solar Cup Teams Recognition

Education and Outreach Updates

- For program year 2016/2017, the Water Discovery Program provided field trips to approximately 3,851 students. Staff has begun scheduling field trips for program year 2017/2018 and to-date has scheduled two field trips and received additional enquiries.
- Staff has begun school site inspections for the qualifying 2017/2018 Garden in Every School® Mini-Grant participants. Staff will be visiting 12 schools with existing water-wise gardens. After site inspections take place and recommendations are made, schools will receive \$1,000 to fund garden materials.
- The 2017 MWD Solar Cup competition took place May 19 – May 21. Out of 43 teams that competed, Los Osos High School (Rancho Cucamonga) placed eighth overall and received the Teamwork Award for assisting another team with their equipment and offering advice. Chino Hills High School (Chino Hills) placed 16th overall, Chino High School (Chino) placed 18th overall and Henry J. Kaiser High School (Fontana) placed 41st. All the teams showed dedication and initiative.

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

The above-mentioned activities are budgeted in the FY 2016/17 Administrative Service Fund, External Affairs Services budget. The Garden in Every School® program expenses are budgeted in the Water Resources Fund.

INFORMATION
ITEM

4D

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Comprehensive Government Relations

MEMORANDUM

To: Joe Grindstaff, Kathy Besser

From: Letitia White, Jean Denton, Christian Rodrick

Date: June 1, 2017

Re: May Monthly Legislative Update

Congress Passes, Trump Signs Omnibus Appropriations Bill to Fund Government Through FY17

The House and Senate passed a \$1.17 trillion spending bill that President Donald Trump signed on Friday, May 5th, avoiding a federal government shutdown by only a few hours. The House passed the bill by a vote of 309-118 and in the Senate, the measure passed by a vote of 79-18.

Despite many of President Trump's requests not being included, both Republican and Democrat Leadership are touting the spending legislation as a win. House Speaker Paul Ryan and Senate Majority Leader Mitch McConnell stepped up their efforts to also persuade Republicans to view it as a win for their party. Ryan said after a meeting of House Republicans that the defense spending in the bill — which takes the Pentagon to almost \$600 billion this year — amounts to a “game changer” that Republicans can't ignore.

The spending bill underscores the constraints on Republicans, even though they control the White House and both chambers of Congress. With just 52 Republican senators and a fractured GOP majority in the House, most legislation still needs some Democratic support to clear.

The bill contains \$1.3 billion for the Bureau of Reclamation, which is \$42 million above the fiscal year 2016 enacted level and \$205 million above the previous Administration's request. It includes \$3 billion dollars for Community Development Block grants (CDBG) which is equal to last year. Additionally, it provides a \$15 million increase to the Economic Development Agency, bringing their total to \$276 million.

President Trump Delivers FY18 Budget Request to Congress

President Trump delivered his formal budget request for FY18 to Congress on May 23rd, sending shockwaves through Washington, despite the lack of dramatic changes from his “Skinny Budget” proposal in April. The request, which proposes significant increases to defense and homeland security spending, offsets these increases with dramatic cuts to domestic programs. The plan proposes \$1.7 trillion in cuts to major social and entitlement programs for lower-income Americans as part of an effort to balance the budget within a decade. In the next fiscal year alone, discretionary spending would be cut by \$54 billion. The budget seeks \$603 billion for defense, about \$54 billion more than allowed for under spending caps instituted in 2011. The President also included a request to allow the U.S. Attorney General, or the Homeland Security

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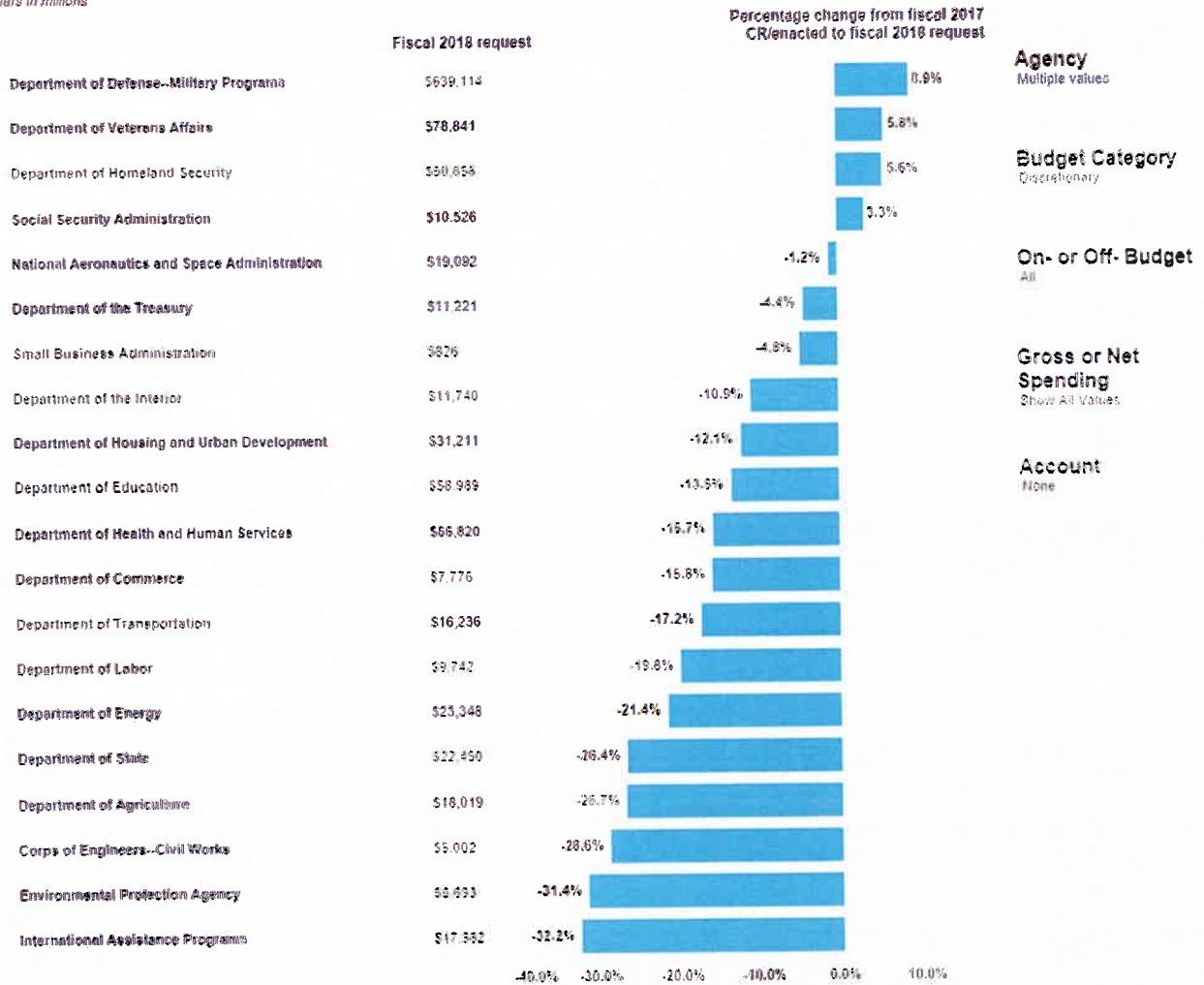
Secretary to condition certain grants and other law enforcement cooperation on complying with information requests as part of enforcing immigration laws, or, a city’s status as a ‘Sanctuary City.’

Both Republicans and Democrats on Capitol Hill quickly jumped to announce the request was “Dead on Arrival.” Senator John McCain [R-AZ] slammed the proposal, stating it was “inadequate to the challenges we face, illegal under current law, and part of an overall budget proposal that is dead on arrival in Congress.” House Appropriations Committee Chairman Rodney Frelinghuysen [R-NJ] also released a statement, reminding the public that “As outlined in the Constitution, the Congress, not the Executive Branch, has the ‘power of the purse,’” and that Congress would be writing their own budget. Additionally, he stated his committee will “analyze the request, go through each and every budget line, question every witness, and demand spending justifications on behalf of the taxpayers who are footing the bill”

Below, you will find a graphic with the requested Budget Authority by Agency.

Budget authority by agency

dollars in millions



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President Trump Sneaks Infrastructure Update into Budget Proposal

With little buildup, President Trump included a Fact Sheet regarding the President's frequently touted \$1 trillion-dollar infrastructure plan. (You can read the fact sheet [HERE](#).) Key principles in the President's fact sheet include making targeted federal investments, encouraging states to "self-help", aligning infrastructure investment with entities best suited to provide sustained and efficient investment, and leveraging the private sector.

The President proposes an additional \$200 billion in direct government spending and the White House is mulling public asset sales to fund some of that money. The President's proposal also came with some specific ideas, including privatizing Air Traffic Control and expanding the Transportation Infrastructure Finance and Innovation Act (TIFIA). The President's proposal also pays attention to water issues, specifically calling for full funding for the Water Infrastructure Finance and Innovation Act (WIFIA) program.

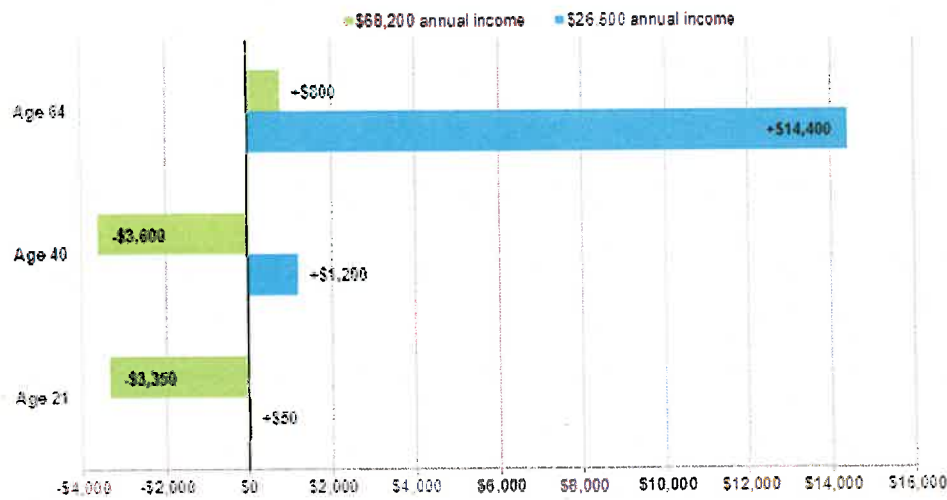
House Passes Obamacare Replacement Bill

House Republicans narrowly passed a bill to repeal and replace the Affordable Care Act (ACA) after months of tense negotiations, fulfilling a years long campaign promise to undo one of President Obama's signature accomplishments. H.R. 1628, the American Health Care Act includes provisions which

- Replace the individual and employer mandate penalties with a "continuous coverage" surcharge for those with a gap in coverage;
- Allow states to opt out of ACA's essential health benefit requirements and rules preventing insurers from charging more based on health status and age;
- Provide funding for high-risk pools, reinsurance programs and other purposes;
- Eliminate the ACA's income-based subsidies and replacing them with refundable, age based tax credits;
- Roll back the Medicaid expansion and converting Medicaid payments to states to a per capita cap system.

The Congressional Budget Office (CBO) found that the measure would reduce federal deficits by \$119 billion over 10 years and increase the number of uninsured by 23 million people in 2026. CBO estimated that premiums would be lower on average after 2020, though they could vary significantly based on health in states that opt out of the insurance rules and based on age and income. The following graphic shows how net premium costs would rise for older and lower-income people in states that don't opt out of insurance rules.

Change in premium costs after subsidies in states that don't seek waivers



Note: CBO estimated about 50 percent of the population lives in states that wouldn't seek a waiver from insurance rules.
Source: BGGV calculations based on May 24 CBO costestimate, Table 5

Bloomberg Government

The bill is expected to be revised drastically in the Senate, where Senate Majority Leader Mitch McConnell [R-KY] already has established a working group of Republican Senators to work on creating a Senate version of the legislation. Senator Lamar Alexander, [R-TN] who chairs the Senate health committee stated that the Senate will “write our own bill” in the hours following the House’s passage of the legislation.

President Trump Takes First Foreign Trip

President Trump took his first foreign trip as President, departing on May 19th for an 8-day trip that included stops across the Middle-East and Europe. The President had stops in Saudi Arabia and Israel, before meeting with the Pope in the Vatican City and meeting with other North Atlantic Treaty Organization (NATO) leaders in Europe. During the trip, the President worked to affirm some key relationships, but also had some tense exchanges with allies. Speaking before NATO members, he challenged member nations to ‘pay their fair-share’ and failed to wholeheartedly endorse NATO’s Article 5, the article which states any NATO member will view an attack against another NATO member as an attack against itself. (President Trump’s advisors later stated that ‘of course’ the president supports Article 5.)

The President received mixed reviews for the trip with relatively few major blemishes. Supporters praised trump for “sticking-to-the script,” and creating relatively little drama during the trip, however detractors critiqued the President on issues related to intelligence leaks, NATO and the Paris Climate Accord.

Deputy AG Names Special Counsel over Russia Inquiry

Deputy Attorney General Rod Rosenstein named former FBI Director Robert Mueller Special Counsel to oversee the Department of Justice’s investigation into Russian efforts to influence the 2016 campaign. The move immediately restored needed credibility to the investigation and was praised by politicians and critics across the political spectrum. For President Trump, reeling amid allegations he sought a loyalty pledge from recently fired FBI Director James Comey and asked him to drop an investigation into former National Security Adviser Michael Flynn, the move

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provided welcome short-term relief. It gave Republicans seeking less drama from the White House something to cheer. And it granted Democrats a key demand for the inquiry to be managed by someone untainted by White House ties.

President Trump initially stated he welcomes the special counsel, in a statement he said “As I have stated many times, a thorough investigation will confirm what we already know there was no collusion between my campaign and any foreign entity.” However, he later claimed that he had been treated “more unfairly” than any other politician and that the investigation was simply a witch hunt.

Outlook for June

After returning from a week-long recess, Congress will have plenty to do and little time to do it, if it hopes to deliver on a number of President Trump’s key agenda items. During June, Congress will conduct hearings on the FY18 budget and will continue to conduct hearing on an upcoming infrastructure proposal. The House Appropriations Committee tentatively plans to begin marking up some bills in late June. Congress will likely begin discussing tax overhaul legislation and the Senate will begin to work on a healthcare bill to repeal and replace the Affordable Care Act. Both the House and Senate will also continue their own investigations into Russian meddling in the 2016 U.S. election, including June 8th testimony by fired FBI Director James Comey before the Senate Intelligence Committee. The House is also expected to bring up legislation to overhaul the Dodd-Frank bill that brought the most significant changes to federal financial regulation since the Great Depression.

President Trump has sworn he will investigate the high number of leaks coming out of his Administration. President Trump will also have to deal with fallout from his trip abroad including an expected June 1st decision on the Paris Climate Agreement, and how to work on trade deals with traditional European allies such as Germany who Trump has vowed to “change” the “MASSIVE trade deficit” with.

Rumors of a staff shake-up continue to dog the White House with increased fervor following the abrupt departure of White House Communications Director Michael Dubke. Amid these possible changes to his closest advisors, President Trump will need to continue appointing political staff throughout his administration and in a number of diplomatic positions.

**INFORMATION
ITEM**

4E



June 2, 2017

To: Inland Empire Utilities Agency

From: Michael Boccadoro
Beth Olhasso

RE: May Legislative Report

Overview:

June 2 was the final day for bills to pass out of their house of origin. While both houses worked to get bills out of appropriations committees and off the floor, budget committees worked on the state budget ahead of the June 15 deadline.

Establishing long-term water-use efficiency standards continues to be one of the hottest topics in Sacramento. Stakeholders have been working to reach a compromise among the water community, legislators and the Brown Administration.

The Governor released his May Revise, without many significant changes to resource related issues.

A California superior court has shelved the State Water Resources Control Board's drinking water maximum contaminant level (MCL) for hexavalent chromium (chrome-6) until the board completes an economic feasibility analysis of complying with the law.

The latest greenhouse gas (GHG) allowance auction had much stronger sales for current-year allowances than in previous quarterly auctions. While this is good news, sale of future-year vintage allowances remained weak, reflecting the continued uncertainty over the future of the program. This auction generated \$500 million for the Greenhouse Gas Reduction Fund.

Water supply conditions remain at record levels with most of the states reservoirs above 100 percent of normal for this time of year. The statewide snowpack is also significantly higher than normal and less than ten percent of the state remains in moderate drought conditions.

On May 13, the amount of energy demand met by renewables set a new record with 67.2 percent of all demand met by renewable energy.

Senate President Pro Tem Kevin de Leon (D-Los Angeles) introduced a bill to establish an accelerated Renewable Portfolio Standard (RPS) culminating in 100 percent clean power by 2045.

Inland Empire Utilities Agency Status Report – May 2017

Drinking Water MCL for Chrome-6 Held by Courts

A California superior court has shelved the State Water Resources Control Board's drinking water maximum contaminant level (MCL) for hexavalent chromium (chrome-6) until the board completes an economic feasibility analysis of complying with the law.

The California Manufactures and Technology Association (CMTA) and Solano County Taxpayers Association argued that water agencies would have to dramatically raise rates on customers to meet the 10 parts per billion (ppb) standard, which took effect in 2014.

The decision sides with CMTA and the taxpayer group stating that regulators failed to determine whether the standard is economically feasible as required by the Safe Drinking Water Act. The judge also ruled that the MCL should be put on hold while the SWRCB completes the economic feasibility analysis.

GHG Auction Shows Stronger Sales

The latest greenhouse gas (GHG) allowance auction had much stronger sales for current-year allowances than in previous quarterly auctions. While this is good news, sale of future-year vintage allowances remained weak, reflecting the continued uncertainty over the future of the program.

As discussed in previous reports there is an ongoing legal challenge to the California Air Resources Board's authority under AB 32 to raise revenue for the state beyond the costs necessary to administer the cap-and-trade program, and that the auctioning of carbon allowances constitutes an illegal tax under Proposition 13 because it was not authorized by a two-thirds vote of the Legislature.

The latest auction raised about \$500 million for the Greenhouse Gas Reduction Fund (GGRF). However, the Governor is holding the appropriation of the GGRF until the legislature re-authorizes the cap-and-trade program by a two-thirds vote.

New Record for Renewable Energy Production Met

On May 13, the amount of energy demand met by renewables set a new record with 67.2 percent of all demand met by renewable energy. The record was reached partly because of the significant amount of hydropower on the grid in addition to the 59 percent met by wind and solar generation. The peak occurred at 2:55 PM, during the peak 10AM to 4PM solar generation period.

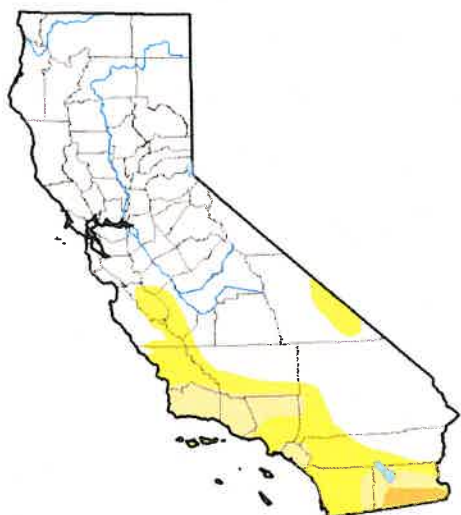
Drought and Water Supply Update

Drought conditions remain low throughout the state, with less than ten percent of California experiencing any sort of drought conditions. This time last year, more than 86 percent of the state was experiencing drought conditions.

U.S. Drought Monitor California

May 23, 2017
(Released Thursday May 25, 2017)
Valid 8 a.m. EDT

Statistics type: Traditional Percent Area Export table: [PNG](#) [CSV](#) [PDF](#)



Week	None	D0-04	D1-04	D2-04	D3-04	D4
Current 2017-05-23	75.47	23.53	0.24	1.06	0.00	0.00
Last Week 2017-05-16	76.47	23.53	0.24	1.06	0.00	0.00
3 Months Ago 2017-02-21	61.68	38.34	10.97	4.19	0.00	0.00
Start of Calendar Year 2016-12-27	17.47	82.53	69.87	57.79	40.60	18.31
Start of Water Year 2016-09-27	0.00	100.00	93.59	62.27	42.80	21.04
One Year Ago 2016-05-24	5.50	94.50	89.30	61.00	42.99	21.04

Estimated Population in Drought Areas: **10,293,138** [View More Statistics](#)

Intensity:
■ D0 (Abnormally Dry) ■ D2 (Severe Drought) ■ D4 (Exceptional Drought)
■ D1 (Moderate Drought) ■ D3 (Extreme Drought)

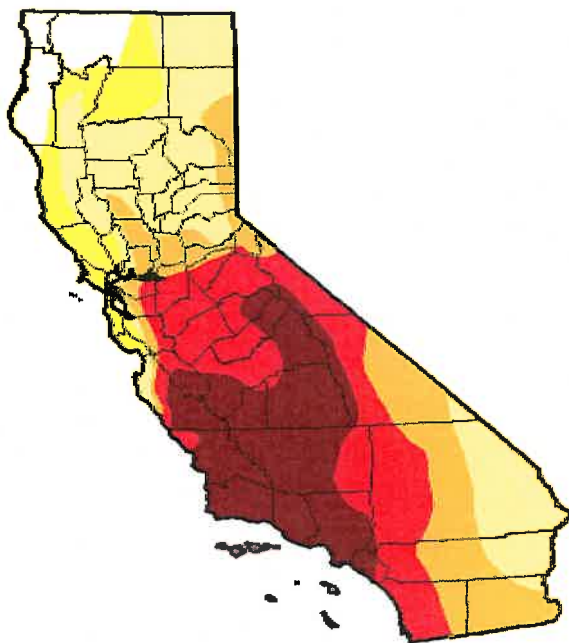
The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying [text summary](#) for forecast statements.

Author(s):
Brad Rippey, U.S. Department of Agriculture

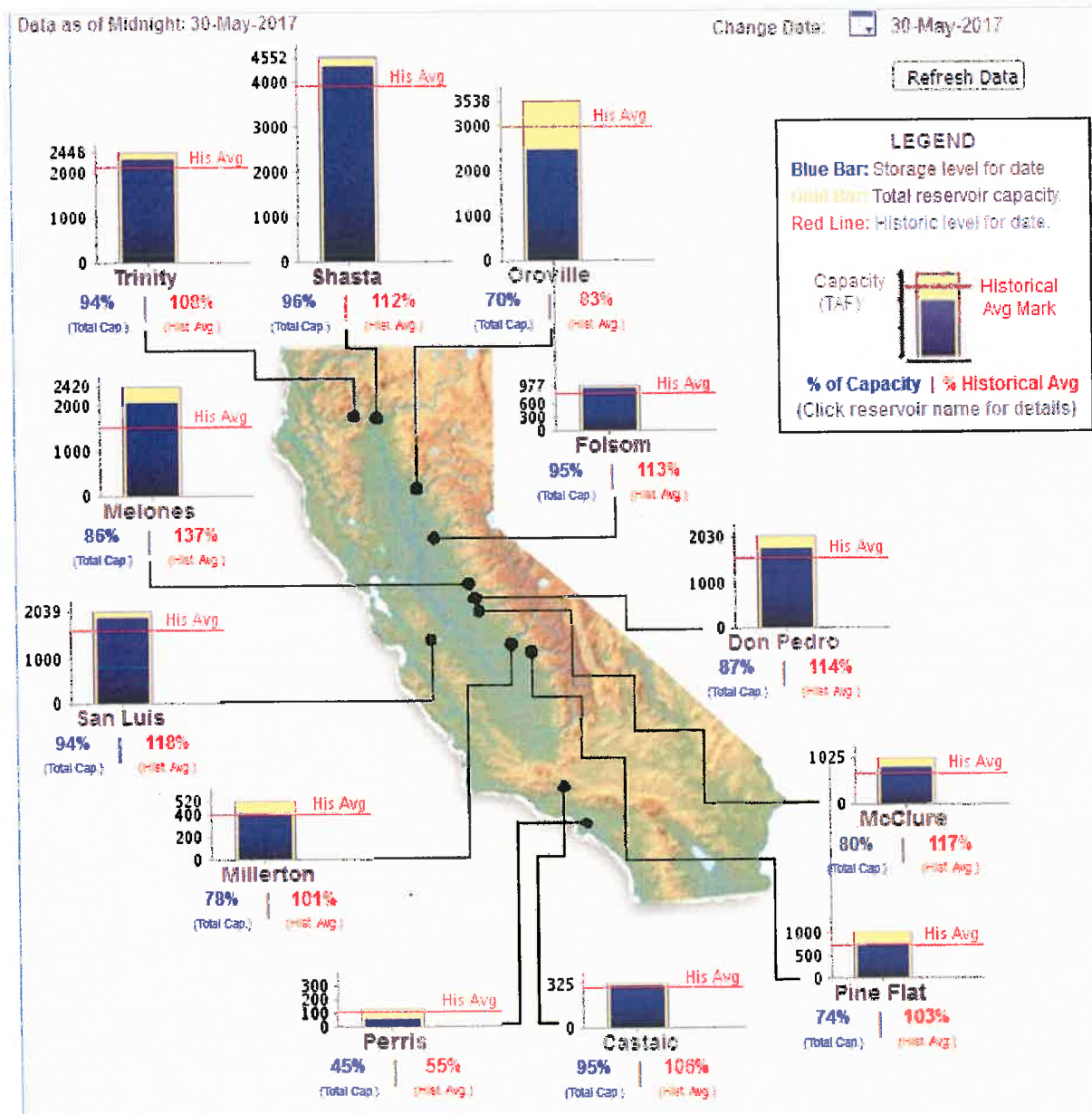
Download: [PNG](#) [PDF](#) [CSV](#)

[View drought planning resources](#)

May 24, 2016



State reservoir conditions continue to sit above average, with a few exceptions. Lake Oroville is lower than it should be this year because of the spillway repairs. Reservoir managers are working hard to save as much water as possible, but also manage for significant snow runoff as temperatures heat up.



The statewide snowpack remains almost 200 percent of normal for this date. Statewide, the snowpack is still more than 60 percent of April 1 averages. Skiers are looking forward to hitting the slopes on the Fourth of July.

Snow Water Equivalents (inches)

Provided by the California Cooperative Snow Surveys

Data For: 31-May-2017



Change Date:

[Refresh Data](#)

NORTH	
Data For: 31-May-2017	
Number of Stations Reporting	23
Average snow water equivalent	12.0"
Percent of April 1 Average	42%
Percent of normal for this date	183%

CENTRAL	
Data For: 31-May-2017	
Number of Stations Reporting	39
Average snow water equivalent	21.7"
Percent of April 1 Average	74%
Percent of normal for this date	218%

SOUTH	
Data For: 31-May-2017	
Number of Stations Reporting	24
Average snow water equivalent	15.6"
Percent of April 1 Average	59%
Percent of normal for this date	155%

STATEWIDE SUMMARY	
Data For: 31-May-2017	
Number of Stations Reporting	86
Average snow water equivalent	17.4"
Percent of April 1 Average	61%
Percent of normal for this date	191%

SB 100: 100 Percent RPS

Senate President Pro Tem Kevin de Leon (D-Los Angeles) introduced legislation to establish an accelerated Renewable Portfolio Standard (RPS) culminating in 100 percent clean power by 2045. The bill accelerates the current 50 percent requirement to 2026 and creates a new 60 percent renewable requirement by 2030.

The Investor Owned Utilities (IOUs) are concerned about the renewable electricity mandates and would prefer broader clean energy goals, with a focus on GHG emission reductions providing

opportunities for the market to work in the most cost-effecting manner without compromising reliability.

In addition to the accelerated timeline, the bill originally sought to increase the usage of renewable gas, which could have potentially significantly increased the cost of natural gas and electricity rates. However, those provisions were recently removed. SoCalGas is continuing to pursue the provisions to create a renewable gas standard (RGS), whether in SB 100 or in another vehicle later in the session.

Legislative Update

June 2 was the final day for bills to pass out of their house of origin. While both houses worked to get bills out of appropriations committees and off the floor, budget committees worked on the state budget ahead of the June 15 deadline.

The Governor released his May Revise, without many significant changes to resources issues.

Cap and Trade Reauthorization

AB 151 (Burke, D-Inglewood) and AB 378 (C. Garcia, D-Bell Gardens) both address the continuation of the cap-and-trade program.

AB 378 is strongly supported by the environmental community as there is a growing movement among environmental justice advocates to end the cap-and-trade program altogether. They contend that the cap-and-trade program has failed to reduce pollution in disadvantaged communities.

AB 151 also seeks to extend the cap and trade program, but is favored by the business community at this time. AB 151 focuses on setting up a process for developing more offset projects, especially in disadvantaged communities.

AB 378 failed passage on the Assembly Floor, while AB 151 was not taken up before the June 2 deadline.

Water Financing Bills

Several bills were introduced to create a fund for clean drinking water. As previously reported Senator Bill Monning (D-Carmel) is pursuing legislation that would create a fund for clean drinking water. SB 623 (Monning), sponsored by the Community Water Center, creates the “Safe, Affordable Drinking Water Fund” and will likely be amended to include an assessment to address drinking water contamination.

SB 778 (Hertzberg) also initially funded third-party administrators in disadvantaged communities to run failing water systems. However recent amendments changed the bill to focus on publicly tracking the consolidation of failing water systems.

Both bills are still “works in progress” and were passed out of the Senate.

Water Use Efficiency Legislation

As previously reported the Brown Administration released a final report on “Making Conservation a Way of Life” in early April. Shortly after, the Governor released budget trailer bill language to establish a process for creating long-term water use efficiency standards. Many in the water community are concerned with the proposed legislation because it deviates from the final report in that it leaves broad authority for the SWRCB to develop the efficiency standards. There are several other aspects of the trailer bill that have caused the water community to be generally concerned.

The water community, under the leadership of the Association of California Water Agencies (ACWA) have developed their own legislation to establish short and long-term efficiency standards.

Finally, Assemblymember Laura Friedman (D-Burbank), a former MWD director, introduced three bills that put the Governor’s trailer bill language into policy bills that are being considered in the normal legislative process. A breakdown of the legislation follows:

AB 869 (Rubio) prohibits a retail water supplier from having to reduce recycled water use at any time. AB 869 is sponsored by several retail agencies in San Diego County. Passed to Senate.

AB 968 (Rubio) is ACWA’s long-term efficiency standards language. The bill aims to mirror the draft “Making Conservation a Way of Life” report but also excludes recycled water from efficiency standards. Failed in Assembly Appropriations Committee.

AB 1654 (Rubio) is ACWA’s “short term” efficiency measures bill. This bill amends the Urban Water Management Plan Act and prohibits the State Water Resources Control Board from requiring conservation in a water shortage situation if an agency has identified drought proof supplies in their UWMP. Passed to Senate.

AB 1668 (Friedman) includes the Governor’s language on short-term water management planning. The bill creates a new drought response plan by making numerous changes to water supply planning and drought planning to incorporate climate change, enhance water supply analysis, and strengthen the enforceability of urban water management plans (UWMP) and drought contingency planning. Passed to the Senate.

AB 1669 (Friedman) includes the Governor’s language on urban water conservation standards and use reporting. Failed in Assembly Appropriations Committee.

The Budget Trailer Bill was not passed by the budget committee in either house, both giving deference to the policy bill process. However, there is an ongoing stakeholder process that is being coordinated by the administration to continue work on the trailer bill. With neither of the long-term efficiency bills passing out of appropriations committee, it is likely that the trailer bill will become the primary vehicle for long-term efficiency standards.

Proposition 218 Reform

Senator Bob Hertzberg has introduced two bills to address Proposition 218 reform. The bills pick up where the 2016 ACWA effort left off. SB 231 is sponsored by the California Water Foundation and addresses stormwater, specifically how to finance stormwater capture, cleanup and reuse in rates. The bill ran into a little trouble from many California cities worried that the bill might add onto the already onerous new MS4 permit requirements. The bill passed off the Senate floor with 23 votes, just two over the minimum needed.

SCA 4, also by Senator Hertzberg is a constitutional amendment that would address lifeline and conservation rates. ACWA has agreed to sponsor SCA 4, and has been working out the final details about which article of the California Constitution to amend. The compromise position seems to be using article 17, an empty article of the constitution. Disagreement continues between the author's office and ACWA, with ACWA wanting complete transparency by referencing Article 13 and Prop 218. Hertzberg's office prefers the language to be vague, to help the bill gain votes by avoiding Proposition 218. Since the bill is a Constitutional Amendment, it is not subject to the typical legislative deadlines.

Recycled Water

The WaterReuse bill (AB 574, Quirk) which would re-define specific categories of recycled water passed out of the Assembly and will now head to the Senate for consideration.

INFORMATION
ITEM

4F

Agricultural Resources

635 Maryland Avenue, N.E.
Washington, D.C. 20002-5811
(202) 546-5115
dweiman@agriculturalresources.org

May 30, 2017

Legislative Report

TO: Joe Grindstaff
General Manager, Inland Empire Utility Agency

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

SU: Legislative Report, May 2017

State of Affairs

- * May came to a close with the House and Senate taking a one-week break for Memorial Day.
- * During the month, a giant flurry of activity.
- * FY 2017 funding was completed (through September 30). Almost all of the pending riders (highly controversial) were dropped.
- * The Administration submitted its comprehensive budget recommendations to Congress for FY 2018 calling for sweeping cuts at EPA, State, Interior and other departments and/or agencies.
- * The BuRec funding request is down.
- * The funding request for Title XVI is down almost a third.
- * Congress finally began its work on the FY 2018 appropriations bill (for the fiscal year beginning next October 1). House and Senate Appropriations Subcommittees began holding budget hearings with the various Departments and Agencies.
- * Amid considerable controversy, the President withdrew the United States from the Paris Climate Accords generating a significant world-wide and domestic backlash.
- * The Administration's "big three" – health care, tax reform and infrastructure – have been on-again, off-again creating confusion and uncertainty.
- * Nominations are still lagging. There are some 500+ presidential appointees. Nominations have been announced or submitted for only about one in five.

- * At Interior, Secretary Zinke was nominated and confirmed. The Deputy Secretary, David Bernhardt, was nominated and his confirmation hearing was held during the past month. The Senate Committee has scheduled a vote in Committee on his nomination for early June. DOI has almost 20 presidential appointees. As of Memorial Day, no other nominations have been announced or formally nominated.
- * Secretary Zinke did announce the selection of 19 appointments – department wide (lower level appointments)..
- * Key positions – Commissioner, BuRec, head of the Army Corps, Assistant Administrator for Water (EPA) – no nominations yet.

Health Care (“Repeal & Replace”), Tax Reform and Infrastructure

- * Last month, I reported that *“health care (ACA or “Obamacare), tax reform and infrastructure are politically, financially and programmatically intertwined.”* That assessment remains even more accurate today
- * I further reported that *“The House, in February, March and now April, was unable to bring a “repeal and replace” health care bill to the floor. Tax provisions in the health care bill were considered essential (and therefore linked) to/for the Tax Reform package. After House Rs pulled the health care bill, the President and House leadership announced that health care would be set-aside and they would, instead, turn to tax reform. Later in April, they announced that a revised “repeal and replace” would be reconsidered, but the month came to a close without a bill being called up.”*
- * Earlier the House pulled their repeal health care bill. Having announced that health care would be set aside indefinitely, the House then reconsidered that decision after President Trump insisted that they proceed with a “repeal and replace” bill.
- * Behind-the-scenes negotiations took place in the House among Republicans and a bill was put together from which Speaker Ryan was able to assemble a working majority.
- * In the rush to move the bill (which then passed the House), there were no hearings, no markup, no report and no Congressional Budget Office (CBO) budget score.
- * The CBO analysis was published, but after House consideration. The conclusion: the bill, as structured, would exclude up to 23 million individuals from coverage generating a significant political and public relations backlash.
- * Senate Republicans were not pleased and have begun writing their own health care bill from scratch. Senate Republicans, including Senate Intelligence Committee Chair, Burr (R-NC), Susan Collins of Maine, Capito of West Virginia (among others), as May progressed, expressed open skepticism that a health care bill could be written during 2017.
- * Meanwhile, on the tax reform front, President Trump announced in early February that

the Administration's Tax Reform legislative initiative would be made public and submitted to Congress in "a few weeks."

- * Treasury finally released the Trump Tax Plan in April, but the so-called plan was a one-page itemization of principles. It was an outline – a framework. As an aside, this is precisely what Interior Secretary Babbitt did back in the Clinton Administration. He would become deeply involved negotiating California water legislation/conflicts but then only produce a "framework" statement.
- * The Speaker and House Ways and Means Chairman, Rep. Kevin Brady (R-TX) and the Administration are not in agreement on a tax bill (primarily at issue – the Border Adjustment Tax favored by House leaders, but not the Administration). It's needed for the tax bill.
- * The timetable on a tax bill in the House is also sliding – timing is more uncertain than ever.
- * Chairman Brady had previously announced he would start vetting a bill with House Democrats, but then dropped that initiative.
- * As the month came to a close, the President stated that he wanted to turn to his \$1 Trillion Infrastructure plan.
- * The plan is primarily a tax-credit based-plan, with a relatively small Federal appropriations (cash) contribution (spread out over 10 years).
- * The Administration has suggested – floated the idea – that tax reform and infrastructure investment be merged. This adds a layer of political, economic and administrative complexity and uncertainty.

Municipal Tax Deductibility

- * The Trump Tax proposal asks that the corporate tax rate be lowered to 15% (Speaker Ryan and Chairman Brady recommended 20%). To accomplish that reduction, almost the entire tax code needs to be eliminated. Two well-regarded tax provisions, House leaders have announced, will be protected – the mortgage deduction and deductions for charity.
- * The fate of deductibility of muni bonds is unclear – if not confusing.
- * At various times President Trump, Treasury Secretary Mnuchin and even Chairman Brady have said, suggested, and/or indicated that this tax provision would be retained.
- * Other statements from the Administration and Capitol Hill say the opposite.
- * This uncertainty is likely to continue until a bill is actually introduced.

- * The Municipal Bond Coalition of America, headed by Mayor Steve Benjamin, Columbia, South Carolina, has scheduled a fly-in and congressional briefing for early June. The Mayor will lead a delegation into the White House for a briefing for the WH, Treasury, OMB and others.

Drought – Water Conditions

- * This report is almost identical to the one submitted last month. That is, the lack of “drought” is the storyline. According to the Drought Monitor, there are signs of mild drought conditions in Southern San Joaquin Valley and along the coastal areas of Southern California.
- * And, DWR Monthly Snow Surveys and reservoir conditions remain strong. As previously noted, the threat of late Spring flooding is the new concern.
- * As Summer progresses, it’s important to watch the weather conditions across the entire Southern Tier – in the Southwest, Texas and across the South to Florida. Early signs of dry conditions are appearing.

Looking Towards June-July

- * Appropriations Committees will begin to process the FY 2018 funding bills.
- * The debt ceiling limit is fast approaching requiring federal legislation. This is becoming the new battle-ground. Even the President, when the FY 2017 funding bill was enacted suggested that a Government shut-down might not be a bad thing. There has been, over the past month, a steady stream of “shut-down” talk. Very destabilizing.
- * Maybe a health care bill. Maybe a tax bill. Maybe an infrastructure bill. Maybe!
- * The White House is expected to clear several hundred nominations for Senate consideration.

Final Note

- * This report does not address the firing of the FBI Director, the appointment of a Special Independent investigation into Russian matters and the growing list of related issues. Suffice to say, these issues are competing with the legislative agenda and contributing to the lack of progress.

#

INFORMATION
ITEM

4G



CALIFORNIA STRATEGIES, LLC

Date: June 02, 2017
To: Inland Empire Utilities Agency
From: John Withers, Jim Brulte
Re: May Activity Report

California Strategies is pleased to provide consulting services to the Inland Empire Utilities Agency. In addition to our regular monthly meeting with the Senior Staff of the Agency, we continue to be available to members of the Senior Staff and Board Members throughout the year to deliver advice, answer questions or provide services consistent with the mission of IEUA.

Here is our monthly activity report:

- Participated in our monthly meeting with the Senior Staff of the Agency
- Discussed Chino Basin Water Bank planning JPA work plan and associated fact sheet of basic project facts and benefits. Reviewed staff draft and provided comments on document draft.
- Participated in a broader meeting to discuss timing and steps toward adoption of the regional contract by the end of December.
- Responded to several requests for information from several Boardmembers

**INFORMATION
ITEM**

4H

Federal Legislation of Significance

Bill Number	Sponsor	Title and/or Summary	Summary/Status
		Omnibus Appropriations Package	<p>The House and Senate passed an Omnibus Appropriations package to fund the government through the remainder of fiscal year 17. The bill was passed by the Senate on May 4th and signed by President Trump on May 5th.</p> <p>The FY17 package includes \$221.5 million for the Community Oriented Policing Services (COPS) Program. Within this funding, \$137 million is for the hiring of law enforcement, which is the same as last year. In addition, \$276 million is provided for the Economic Development Administration (EDA), an increase of \$15 million above the FY16 enacted level. Community Development Block Grants (CDBG) will receive \$3 billion, which is equal to the last year's funding level.</p> <p>For the Bureau of Reclamation, the legislation contains \$1.3 billion which is \$42 million above the fiscal year 2016 enacted level and \$205 million above the previous Administration's request. As the committee states these additional funds are for the Department of the Interior and the Bureau to help manage, develop, and protect the water resources of Western states.</p> <p>The omnibus does not include contain funding requested by President Trump to build a border wall or policy riders restricting so-called 'sanctuary cities' from receiving federal grants, defunding Planned Parenthood, or undermining the Affordable Care Act.</p>
H.R. 23	Rep. David Valadao (R-CA)	Gaining Responsibility on Water Act of 2017	<p>Among other things the legislation would require regulators to comply with the Bay-Delta Accord. The measure has been referred to the House Committee on Natural Resources and the Committee on Agriculture. At this time, it is our understanding that there isn't much of an appetite to revisit California drought legislation after just including language in the Water Resource Development Act passed at the end of 2016.</p>
	Rep. Bill Shuster (R-PA) /Sens. Jim Inhofe (R-WY) and Kamala Harris (D-CA)	Infrastructure Package	<p>Congressional hearings continue on the topic of an infrastructure package. During February both the House Transportation and Infrastructure Committee and the Senate Environment and Public Works Committee held a hearings on modernizing the nation's infrastructure. The Senate Commerce, Science and Transportation Committee is scheduled to hold a hearing on infrastructure access issues on March 1. We anticipate that both the House and Senate will continue to get feedback from stakeholders throughout the country as they continue to consider crafting an infrastructure package.</p>

			<p>While discussions continue, the Republican leadership has indicated that the legislation will likely not gain momentum until Congress concludes action regarding the Affordable Care Act and tax reform legislation.</p> <p>Along with his Budget request, on May 23rd, President Trump included a “Statement of Principles” for his desired \$ 1 trillion infrastructure proposal. (HERE) Trump is calling for spending \$200 billion over a decade to jump start private, state and local spending on infrastructure. Additionally, the White house is mulling public asset sales to fund the plan.</p> <p>While the budget revealed some new information into what the Administration’s upcoming Infrastructure proposal will look like, it only provides an outline of what we expect to come this fall. Despite the infrastructure promises, the Transportation Department would actually see a great deal of cuts, including a complete elimination of the TIGER Program and Amtrak long distance routes. Attached to this email, you will find a slide on Transportation funding in the FY18 budget.</p>
H.R. 1663	Rep. Grace Napolitano (D-CA) / Rep. Rob Wittman (R/VA)	Water Resources Research Amendments Act	<p>This legislation would extend a Federal-State partnership aimed at addressing state and regional water problems, promoting distribution and application of research results, and providing training and practical experience for water-related scientists and engineers. H.R. 1663 would authorize \$9,000,000 annually over five years for grants to water resources research institutes and require two-to-one matching with non-federal funds. It would also promote exploration of new ideas, expand research to reduce energy consumption, and bolster reporting and accountability requirements.</p> <p>The bill has been introduced in the House Committee on Natural Resources and no actions have yet been scheduled on it.</p>
H.R. 497/ S.357	Rep. Paul Cook/ Sen. Dianne Feinstein	Santa Ana River Wash Plan Land Exchange Act	<p>This bill directs the Department of the Interior: (1) to quitclaim to the San Bernardino Valley Water Conservation District in California approximately 327 acres of identified federal land administered by the Bureau of Land Management, and (2) in exchange for such land, to accept from the Conservation District a conveyance of approximately 310 acres of its land.</p> <p>The Bill is scheduled for a hearing in front of the Federal Lands subcommittee of the House Natural Resources Committee. The bill has bipartisan, bicameral support.</p>

			On April 27 th HR 497 passed through the House Natural Resources Committee by unanimous consent, setting the bill up for a vote before the full House.
S. 32	Sen. Dianne Feinstein	California Desert Protection and Recreation Act	<p>This bill would designate important wilderness in the California desert and protect lands for recreation, wildlife and tourism. Aspects of the bill include:</p> <ul style="list-style-type: none"> • Mandate study and protection of Native American cultural trails along the Colorado River. • Designate 230,000 acres of additional wilderness area between the Avawatz Mountains near Death Valley to Imperial County's Milpitas Wash. • Add 43,000 acres to Death Valley and Joshua Tree national parks. • Create a 75,000-plus acre special management area at Imperial County's Vinagre Wash. • Designate Inyo County's Alabama Hills as a National Scenic Area. • Prohibit new mining claims on 10,000 acres in Imperial County considered sacred by the Quechan Tribe. <p>Additionally, the bill protects 140,000 acres of existing off-road vehicle riding areas from mining, energy development, military base expansion or other decisions that would close them to vehicle use.</p>
H.R. 2510	Rep. Peter DeFazio	Water Quality Protection and Job Creation Act of 2017	<p>This bill would amend the Federal Water Pollution Control Act to authorize appropriations for State water pollution control revolving funds.</p> <p>This bill has been introduced to the House Transportation and Infrastructure subcommittee on Water resources and Environment.</p>

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State Legislation

Bill Number	Sponsor	Title and/or Summary	Summary/Status	IEUA Position
AB 574	Quirk	Potable Reuse	<p>Current law required the State Department of Public Health to develop and adopt uniform water recycling criteria for surface water augmentation, as defined, by December 31, 2016, if a specified expert panel found that the criteria would adequately protect public health health. Current law defined the terms “direct potable reuse,” “indirect potable reuse for groundwater recharge,” and “surface water augmentation” for these purposes. This bill would remove certain references to “direct potable reuse,” “indirect potable reuse for groundwater recharge,” and “surface water augmentation,” and would instead specify the four different types of potable reuse projects as “groundwater augmentation,” “reservoir augmentation,” “raw water augmentation,” and “treated water augmentation.”</p>	<p>SUPPORT</p> <p>In Senate Awaiting Committee Assingment</p>
AB 791	Frazier	Sacramento-San Joaquin Delta: State Water Project and federal Central Valley Project: new conveyance facility.	<p>The Sacramento-San Joaquin Delta Reform Act of 2009 prohibits construction of a new Delta conveyance facility from being initiated until the persons or entities that contract to receive water from the State Water Project and the federal Central Valley Project or a joint powers authority representing those entities have made arrangements or entered into contracts to pay for certain costs required for the construction, operation, and maintenance of the facility and full mitigation of property tax or assessments levied for land used in the construction, location, mitigation, or operation of the facility. This bill would require, before a water contractor enters into a contract to pay for these costs, that the lead agency provide the breakdown of costs for each water contractor entering into a contract and what benefits each contractor will receive based on the proportion it has financed of the proposed conveyance project.</p>	<p>OPPOSE</p> <p>Failed in Assm. Appropriations</p> <p>DEAD</p>

AB 792	Frazier	Sacramento-San Joaquin Delta: Delta Plan: certification of consistency.	The Sacramento-San Joaquin Delta Reform Act of 2009 establishes the Delta Stewardship Council and requires the council to develop, adopt, and commence implementation of a comprehensive management plan for the Delta, known as the Delta Plan. The act requires a state or local public agency that proposes to undertake a covered action to prepare and submit to the council a written certification of consistency with the Delta Plan before undertaking that action. This bill would prohibit the council from granting a certification of consistency with the Delta Plan until the board has completed its update of a specified water quality control plan.	OPPOSE 2 Year Bill
AB 793	Frazier	Sacramento-San Joaquin Delta: financing.	Would declare it to be state policy that the existing state of the Sacramento-San Joaquin Delta is recognized and defined as an integral component of California's water infrastructure. The bill would state that the maintenance and repair of the Delta are eligible for the same forms of financing as other water collection and treatment infrastructure and would specify the maintenance and repair activities that are eligible are limited to certain cleanup and abatement-related restoration and conservation activities.	OPPOSE 2 Year Bill
SB 231	Hertzberg	Local government: fees and charges.	Articles XIIC and XIID of the California Constitution generally require that assessments, fees, and charges be submitted to property owners for approval or rejection after the provision of written notice and the holding of a public hearing. Current law, the Proposition 218 Omnibus Implementation Act, prescribes specific procedures and parameters for local jurisdictions to comply with Articles XIIC and XIID of the California Constitution and defines terms for these purposes. This bill would define the term "sewer" for these purposes. The bill would also make findings and declarations relating to the definition of the term "sewer" for these purposes.	SUPPORT Assembly Local Government Committee 6/14

AB 1668	Friedman	Water Conservation: guidelines	Creates a new drought response plan by making numerous changes to water supply planning and drought planning to incorporate climate change, enhance water supply analysis, and strengthen the enforceability of urban water management plans (UWMP) and drought contingency planning	WATCH In Senate Awaiting Committee Assignment
AB 1669	Friedman	Urban water conservation standards and use reporting	Requires the State Water Resources Control Board (SWRCB) in consultation with the Department of Water Resources (DWR) to adopt long-term standards for urban water conservation and water use by May 20, 2021	WATCH Failed Assembly Appropriations
AB 968	Rubio	Urban water use: water efficiency	Establishes a new 2025 water use efficiency requirement for urban retail water suppliers	WATCH Failed Assembly Appropriations
AB 1654	Rubio	Water Shortage: Urban Water Management Planning	Creates a new drought response plan by recasting the requirements of a water shortage contingency analysis (WSCA), and creates a new annual water supply reporting requirement for urban water suppliers	WATCH In Senate Awaiting Committee Assignment
AB 869	Rubio	Sustainable water use and demand reduction: recycled water	Excludes, from the calculation of any water use or water efficiency target established after 2020, recycled water, as specified, delivered within the service area of an urban retail or wholesale water supplier	WATCH In Senate Awaiting Committee Assignment

**INFORMATION
ITEM**

4J



Date: June 21, 2017

To: The Honorable Board of Directors

Through: Finance and Administration Committee (06/14/17)

From: P. Joseph Grindstaff
General Manager *UB for JG*

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

JL Javier Chagoyen-Lazaro *CV*
Manager of Finance and Accounting

Subject: Treasurer's Report of Financial Affairs

RECOMMENDATION

The Treasurer's Report of Financial Affairs for the month ended April 30, 2017 is an informational item for the Board of Director's review.

BACKGROUND

The Treasurer's Report of Financial Affairs for the month ended April 30, 2017 is submitted in a format consistent with State requirements. The monthly report denotes investment transactions that have been executed in accordance with the criteria stated in the Agency's Investment Policy (Resolution No. 2016-5-1), with one noted exception. The exception noted for medium term note investments was approved by the Board of Directors on May 17, 2017.

The March report included an exception to the criteria established in the Agency's Investment Policy: the share of the medium-term notes as a percentage of surplus funds portfolio was 11.2 percent, which is above the 10 percent defined in the Investment Policy, but below the 30 percent threshold established under the California Government Code (CGC). On May 17, 2017, the Board of Directors approved the Treasurer's Report of Financial Affairs for the month ended March 31, 2017, including the staff recommendation to approve medium-term investments as of March 31, 2017 and to allow for those investments to be held until maturity.

Staff will continue to monitor the medium-term note ratio and the expected portfolio outcome. Staff expects the fluidity of cash flow activities will evolve in a manner that will warrant gradual decrease in the medium-term note ratio until the 10 percent allowable threshold is achieved. Consistent with the Agency's Investment Policy, staff seeks to maintain the preservation of capital,

liquidity and attain return on investment when investing. As of April 30, 2017, the medium-term notes represent 10.3 percent of the surplus funds portfolio.

For the month of April, total cash, investments, and restricted deposits of \$164,157,848 reflects an increase of \$12,430,012 compared to the total reported for March 2017. The increase was attributed to property tax receipts and State Revolving Fund (SRF) loan reimbursement for the water quality laboratory. As a result, the average days of cash on hand for the month ended April 30, 2017 increased from 278 days to 300 days due to increased unrestricted cash available. 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 are excluded from the days of cash on hand calculation.

The Agency's investment portfolio average rate in April 2017 was 1.027%, a slight decrease of 0.014% compared to the average yield of 1.041% reported in March 2017. The minor change in yield is due to timing of receipts mentioned above.

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

On May 17, 2017, the Board of Directors approved the Treasurer' Report of Financial Affairs for the month ended March 31, 2017.

IMPACT ON BUDGET

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

Attachment: April 2017 Treasurer's Report of Financial Affairs

TREASURER'S REPORT OF FINANCIAL AFFAIRS

For the Month Ended April 30, 2017



All investment transactions have been executed in accordance with the criteria stated in the Agency's Investment Policy (Resolution No. 2016-5-1) adopted by the Inland Empire Utilities Agency's Board of Directors during its regular meeting held on May 18, 2016.

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

* A Municipal Water District

INLAND EMPIRE UTILITIES AGENCY

Cash and Investment Summary

Month Ended
April 30, 2017

	<u>April</u>	<u>March</u>
<u>Cash, Bank Deposits, and Bank Investment Accounts</u>	<u>\$942,505</u>	<u>\$898,780</u>
<u>Investments</u>		
Citizens Business Bank (CBB) Repurchase (Sweep)	\$18,688,931	\$9,383,403
Local Agency Investment Fund (LAIF)	28,108,664	28,053,985
CalTrust	16,114,893	16,099,820
California Asset Management Program (CAMP)	18,138,805	18,124,469
Certificates of Deposit	3,385,000	3,385,000
Municipal Bonds	997,074	996,971
Commercial Paper	1,990,969	1,988,852
Medium Term Notes	13,601,753	13,604,412
U.S. Treasury Notes	1,990,708	1,990,342
U.S. Government Sponsored Entities	28,427,368	28,427,021
Total Investments	<u>\$131,444,165</u>	<u>\$122,054,275</u>
Total Cash and Investments Available to the Agency	<u>\$132,386,670</u>	<u>\$122,953,055</u>
<u>Restricted Deposits</u>		
Debt Service Accounts	\$3,333,708	\$2,551,435
CCRA Deposits Held by Member Agencies	18,573,252	16,502,928
OPEB (CERBT) Account	9,616,271	9,518,507
Escrow Deposits	247,947	201,911
Total Restricted Deposits	<u>\$31,771,178</u>	<u>\$28,774,781</u>
Total Cash, Investments, and Restricted Deposits	<u><u>\$164,157,848</u></u>	<u><u>\$151,727,836</u></u>

INLAND EMPIRE UTILITIES AGENCY

Cash and Investment Summary

Month Ended
April 30, 2017

Cash, Bank Deposits, and Bank Investment Accounts

CBB Demand Account (Offset by CBB Sweep Balance)	\$368,193
CBB Workers' Compensation Account	56,599
Bank of America (BoFA) Payroll Account	48,652
BoFA Payroll Taxes Account	409,472
Subtotal Demand Deposits	<u>\$882,916</u>

Other Cash and Bank Accounts

Petty Cash	<u>\$2,250</u>
Subtotal Other Cash	\$2,250

US Bank Pre-Investment Money Market Account

\$57,339

Total Cash and Bank Accounts

\$942,505

Investments

CBB Repurchase (Sweep) Investments

Freddie Mac	<u>18,688,931</u>
Subtotal CBB Repurchase (Sweep)	\$18,688,931

Local Agency Investment Fund (LAIF)

LAIF Non-Restricted Fund	<u>\$28,108,664</u>
Subtotal Local Agency Investment Fund	\$28,108,664

CalTrust

Short Term	\$10,146,364
Medium Term - Restricted	<u>5,968,529</u>
Subtotal CalTrust	\$16,114,893

California Asset Management Program (CAMP)

Pool	<u>\$18,138,805</u>
Subtotal CAMP	\$18,138,805

INLAND EMPIRE UTILITIES AGENCY

Cash and Investment Summary

Month Ended
April 30, 2017

Investments Continued

Certificates of Deposit

Brokered Certificates of Deposit	\$3,385,000
Subtotal Certificates of Deposit	\$3,385,000

Commercial Paper

Natixis NY Branch	\$1,990,969
Subtotal Commercial Paper	\$1,990,969

Municipal Bonds

State and Local Municipal Bonds	\$997,074
Subtotal State Municipal Bonds	\$997,074

Medium Term Notes

John Deere Capital Corp.	1,000,372
Toyota Motor Credit Corp.	2,000,000
JP Morgan Chase & Co.	999,633
Johnson & Johnson	2,015,372
Microsoft	2,064,942
Exxon Mobil	2,511,028
Wells Fargo Bank N.A.	3,010,406
Subtotal Medium Term Notes	\$13,601,753

U.S. Treasury Notes

Treasury Note	\$1,990,708
Subtotal U.S. Treasury Notes	\$1,990,708

U.S. Government Sponsored Entities

Fannie Mae Bank	\$3,749,610
Freddie Mac Bank	8,484,464
Federal Farm Credit Bank	13,195,193
Federal Home Loan Bank	2,998,101
Subtotal U.S. Government Sponsored Entities	\$28,427,368

Total Investments \$131,444,165

INLAND EMPIRE UTILITIES AGENCY

Cash and Investment Summary

Month Ended
April 30, 2017

Restricted Deposits

Debt Service Reserves

08B Debt Service Accounts	\$2,544,955
10A Debt Service Accounts	16
17A Debt Service Accounts	788,737
Subtotal Debt Service Reserves	<u>\$3,333,708</u>

CCRA Deposits Held by Member Agencies

City of Chino	\$2,825,881
Cucamonga Valley Water District	2,642,608
City of Fontana	2,445,681
City of Montclair	657,285
City of Ontario	4,795,368
City of Chino Hills	4,652,469
City of Upland	553,960
Subtotal CCRA Deposits Held by Member Agencies	<u>\$18,573,252</u>

CalPERS

OPEB (CERBT) Account	<u>\$9,616,271</u>
Subtotal CalPERS Accounts	\$9,616,271

Escrow Deposits

Kemp Brothers Construction	<u>\$247,947</u>
Subtotal Escrow Deposits	\$247,947

Total Restricted Deposits

\$31,771,178

Total Cash, Investments, and Restricted Deposits as of April 30, 2017

\$164,157,848

Total Cash, Investments, and Restricted Deposits as of 04/30/17	\$164,157,848
Less: Total Cash, Investments, and Restricted Deposits as of 03/31/17	<u>151,727,836</u>
<i>Total Monthly Increase (Decrease)</i>	<u><u>\$12,430,012</u></u>

INLAND EMPIRE UTILITIES AGENCY

Cash and Investment Summary

Month Ended
April 30, 2017

	Credit Rating @ Purchase		CHANGES IN Credit Rating		Par Amount	Cost Basis Amount	Term (Days)	April Amortization	April Value	% Coupon	% Yield to Maturity	Maturity Date	Market Value
	S&P	Moody's	S&P	Moody's									
Cash, Bank Deposits, and Bank Investment Accounts													
Citizens Business Bank (CBB)													
Demand Account*					\$368,193	\$368,193	N/A	N/A	\$368,193	N/A	N/A	N/A	\$368,193
Workers' Compensation Account					56,599	56,599	N/A	N/A	56,599	N/A	N/A	N/A	56,599
Subtotal CBB Accounts					<u>\$424,792</u>	<u>\$424,792</u>			<u>\$424,792</u>				<u>\$424,792</u>
Bank of America (BoFA)													
Payroll Checking					\$48,652	\$48,652	N/A	N/A	\$48,652	N/A	N/A	N/A	\$48,652
Payroll Tax Checking					409,472	409,472	N/A	N/A	409,472	N/A	N/A	N/A	409,472
Subtotal B of A Accounts					<u>\$458,124</u>	<u>\$458,124</u>			<u>\$458,124</u>	N/A			<u>\$458,124</u>
US Bank (USB)													
Federated Automated MMA					\$57,339	\$57,339	N/A	N/A	\$57,339	0.16%	N/A	N/A	\$57,339
Subtotal USB Account					<u>\$57,339</u>	<u>\$57,339</u>			<u>\$57,339</u>	0.16%			<u>\$57,339</u>
Petty Cash													
					<u>\$2,250</u>	<u>\$2,250</u>	N/A	N/A	<u>\$2,250</u>	N/A	N/A	N/A	<u>\$2,250</u>
Total Cash, Bank Deposits and Bank Investment Accounts					<u>\$942,505</u>	<u>\$942,505</u>			<u>\$942,505</u>				<u>\$942,505</u>
<i>*Negative demand checking balance is offset by the Daily Repurchase (Sweep) Account balance</i>													
Investments													
CBB Daily Repurchase (Sweep) Accounts													
FHLMC					\$18,688,931	\$18,688,931	N/A	N/A	\$18,688,931	0.50%	N/A	N/A	\$18,688,931
Subtotal CBB Repurchase Accounts					<u>\$18,688,931</u>	<u>\$18,688,931</u>			<u>\$18,688,931</u>	0.50%			<u>\$18,688,931</u>
LAIF Accounts													
Non-Restricted Funds					\$28,108,664	\$28,108,664	N/A	N/A	\$28,108,664	0.884%	N/A	N/A	\$28,108,664
Subtotal LAIF Accounts					<u>\$28,108,664</u>	<u>\$28,108,664</u>			<u>\$28,108,664</u>	0.884%			<u>\$28,108,664</u>
CALTRUST Accounts													
Short-Term					\$10,146,364	\$10,146,364	N/A	N/A	\$10,146,364	1.06%	N/A	N/A	\$10,146,364
Medium-Term (Self Insurance Reserves)					5,968,529	5,968,529	N/A	N/A	5,968,529	1.23%	N/A	N/A	5,968,529
Subtotal CalTrust Accounts					<u>\$16,114,893</u>	<u>\$16,114,893</u>			<u>\$16,114,893</u>	1.123%			<u>\$16,114,893</u>
CAMP Accounts													
Short-Term					\$18,138,805	\$18,138,805	N/A	N/A	\$18,138,805	0.96%	N/A	N/A	\$18,138,805
Subtotal CAMP Accounts					<u>\$18,138,805</u>	<u>\$18,138,805</u>			<u>\$18,138,805</u>	0.96%			<u>\$18,138,805</u>

INLAND EMPIRE UTILITIES AGENCY

Cash and Investment Summary

Month Ended
April 30, 2017

	Credit Rating @ Purchase		CHANGES IN Credit Rating		Par Amount	Cost Basis Amount	Term (Days)	April Amortization	April Value	% Coupon	% Yield to Maturity	Maturity Date	Market Value
	S&P	Moody's	S&P	Moody's									
Investments (continued)													
Brokered Certificates of Deposit (CDs)													
Comenity Capital Bank	N/A				\$240,000	\$240,000	731		\$240,000	1.15%	1.15%	07/13/17	\$240,115
Discover Bank	N/A				240,000	240,000	552		240,000	1.15%	1.15%	07/17/17	240,199
Medallion Bank	N/A				240,000	240,000	733		240,000	1.20%	1.20%	07/17/17	240,118
Sallie Mae Bank	N/A				248,000	248,000	743		248,000	1.15%	1.15%	11/06/17	248,379
Key Bank National Association	N/A				248,000	248,000	732		248,000	1.10%	1.10%	11/13/17	248,397
Capital One Bank	N/A				240,000	240,000	916		240,000	1.35%	1.35%	01/16/18	240,634
Goldman Sachs Bank USA	N/A				240,000	240,000	916		240,000	1.39%	1.40%	01/16/18	240,717
BMW Bank of North America	N/A				240,000	240,000	915		240,000	1.39%	1.40%	01/17/18	240,717
American Express Bank	N/A				240,000	240,000	1097		240,000	1.69%	1.70%	07/16/18	240,766
American Express Centurion	N/A				240,000	240,000	1097		240,000	1.69%	1.70%	07/16/18	240,766
Ally Bank	N/A				243,000	243,000	722		243,000	1.45%	1.45%	03/11/19	242,893
Wells Fargo Bank	N/A				242,000	242,000	729		242,000	1.55%	1.55%	03/15/19	242,322
HSBC Bank USA, NA Step	N/A				244,000	244,000	1827		244,000	1.25%	2.51%	07/29/20	244,222
Synchrony Bank	N/A				240,000	240,000	1827		240,000	2.22%	2.25%	10/02/20	242,945
Subtotal Brokered CDs					\$3,385,000	\$3,385,000		\$0	\$3,385,000	1.50%			\$3,393,190
US Treasury Note													
US Treasury Note					\$2,000,000	\$1,990,000	808	366	\$1,990,708	1.13%	1.35%	05/31/19	\$1,993,360
Subtotal US Treasuries					\$2,000,000	\$1,990,000		\$366	\$1,990,708	1.35%			\$1,993,360
U.S. Government Sponsored Entities													
Federal Farm Credit Bank (<i>Sinking Fund Reserves 21</i>)	AA+	Aaa			\$5,195,000	\$5,199,431	447	(293)	\$5,196,327	0.75%	0.68%	09/13/17	\$5,191,052
Federal Home Loan Bank	AA+	Aaa			1,000,000	1,000,380	713	(16)	1,000,330	1.25%	1.23%	01/18/19	998,630
Federal Farm Credit Bank	AA+	Aaa			3,000,000	3,000,000	1,079		3,000,000	1.15%	1.15%	02/22/19	2,984,940
Freddie Mac Bond	AA+	Aaa			1,000,000	1,003,132	1,023	(92)	1,002,094	1.25%	1.14%	03/15/19	999,490
Federal Farm Credit	AA+	Aaa			1,500,000	1,499,411	720	24	1,499,438	1.40%	1.42%	03/27/19	1,499,775
Federal Farm Credit	AA+	Aaa			1,500,000	1,499,400	720	25	1,499,428	1.40%	1.42%	03/27/19	1,499,775
Federal Home Loan Bank	AA+	Aaa			2,000,000	1,997,600	801	89	1,997,771	1.38%	1.43%	05/24/19	2,000,880
Freddie Mac Bond	AA+	Aaa			2,000,000	2,000,000	798		2,000,000	1.55%	1.55%	06/06/19	2,001,820
Federal Farm Credit Bank	AA+	Aaa			2,000,000	2,000,000	1,460		2,000,000	1.52%	1.52%	06/24/19	2,005,920
Freddie Mac Bond	AA+	Aaa			1,500,000	1,500,000	1,080		1,500,000	1.15%	1.15%	07/26/19	1,479,765
Fannie Mae Step Bond	AA+	Aaa			1,500,000	1,500,000	1,080		1,500,000	0.89%	1.33%	07/26/19	1,488,435
Fannie Mae Bond	AA+	Aaa			900,000	899,460	1,153	14	899,610	1.25%	1.25%	08/23/19	891,945
Fannie Mae Bond	AA+	Aaa			1,350,000	1,350,000	1,157		1,350,000	1.25%	1.25%	08/26/19	1,337,553
Freddie Mac Bond	AA+	Aaa			3,000,000	2,972,928	1,359	598	2,982,370	1.25%	1.50%	10/02/19	2,983,740
Freddie Mac Bond	AA+	Aaa			1,000,000	1,000,000	1,093		1,000,000	1.63%	1.63%	01/28/20	1,000,020
Subtotal U.S. Gov't Sponsored Entities					\$28,445,000	\$28,421,742		\$349	\$28,427,368	1.24%			\$28,363,740

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

INLAND EMPIRE UTILITIES AGENCY

Cash and Investment Summary

Month Ended
April 30, 2017

	Credit Rating @ Purchase		CHANGES IN Credit Rating		Par Amount	Cost Basis Amount	Term (Days)	April Amortization	April Value	% Coupon	% Yield to Maturity	Maturity Date	Market Value
	S&P	Moody's	S&P	Moody's									
Commercial Paper													
Natixis NY Branch	A-	A2			\$2,000,000	\$1,986,877	182	2,117	\$1,990,969	1.29%	1.31%	09/05/17	\$1,991,040
Subtotal Commercial Paper					\$2,000,000	\$1,986,877			\$1,990,969		1.31%		\$1,991,040
Municipal Bonds													
San Diego Redevelopment Agency	AA	N/R			\$1,000,000	\$996,800	934	\$103	\$997,074	1.63%	1.75%	09/01/19	\$990,650
Subtotal State and Local Municipal Bonds					\$1,000,000	\$996,800		\$103	\$997,074		1.75%		\$990,650
Medium Term Notes													
John Deere Capital Corp	A	A2			\$1,000,000	\$1,004,000	1,754	(68)	\$1,000,372	1.20%	1.11%	10/10/17	\$1,000,290
Wells Fargo Bank	AA-	Aa3			1,500,000	1,502,565	301	(251)	1,502,231	1.65%	1.44%	01/22/18	1,502,400
Toyota Motor Credit Corp	AA-	Aa3			2,000,000	2,000,000	1,045		2,000,000	1.10%	1.10%	04/25/18	1,983,700
JP Morgan Chase & Co	A-	A3			1,000,000	999,000	1,037	29	999,633	1.63%	1.66%	05/15/18	1,000,310
Johnson & Johnson	AAA	Aaa			2,000,000	2,027,480	1,044	(790)	2,015,372	1.64%	1.16%	12/05/18	2,010,480
Microsoft	AAA	Aaa			2,050,000	2,076,691	1,045	(766)	2,064,942	1.63%	1.16%	12/06/18	2,059,635
Exxon Mobil	AA+	Aaa			1,000,000	1,005,750	763	(226)	1,005,049	1.71%	1.43%	03/01/19	1,002,340
Exxon Mobil	AA+	Aaa			1,500,000	1,506,285	712	(262)	1,505,979	1.82%	1.59%	03/15/19	1,507,725
Wells Fargo Bank	AA-	Aa2			1,500,000	1,511,655	1,061	(325)	1,508,175	1.75%	1.48%	05/24/19	1,496,535
Subtotal Medium Term Notes					\$13,550,000	\$13,633,426		(2,659)	\$13,601,753		1.32%		\$13,563,415
Total Investments					\$131,431,293	\$131,465,138			\$131,444,165				\$131,346,688
<i>(Source of Investment Market Value: US Bank)</i>													
Restricted Deposits													
Debt Service and Arbitrage Accounts													
08B Debt Service Accounts					\$2,544,955	\$2,544,955	N/A	N/A	\$2,544,955		0.10%		\$2,544,955
10A Debt Service Accounts					16	16	N/A	N/A	16		0.13%		16
17A Debt Service Accounts					788,737	788,737	N/A	N/A	788,737		0.15%		788,737
Total Debt Service Accounts					\$3,333,708	\$3,333,708			\$3,333,708		0.11%		\$3,333,708

INLAND EMPIRE UTILITIES AGENCY

Cash and Investment Summary

Month Ended
April 30, 2017

	Credit Rating @ Purchase		CHANGES IN Credit Rating		Par Amount	Cost Basis Amount	Term (Days)	April Amortization	April Value	% Coupon	% Yield to Maturity	Maturity Date	Market Value
	S&P	Moody's	S&P	Moody's									
CCRA Deposits Held by Member Agencies													
City of Chino					\$2,825,881	\$2,825,881	N/A	N/A	\$2,825,881		N/A	N/A	\$2,825,881
Cucamonga Valley Water District					2,642,608	2,642,608	N/A	N/A	2,642,608		N/A	N/A	2,642,608
City of Fontana					2,445,681	2,445,681	N/A	N/A	2,445,681		N/A	N/A	2,445,681
City of Montclair					657,285	657,285	N/A	N/A	657,285		N/A	N/A	657,285
City of Ontario					4,795,368	4,795,368	N/A	N/A	4,795,368		N/A	N/A	4,795,368
City of Chino Hills					4,652,469	4,652,469	N/A	N/A	4,652,469		N/A	N/A	4,652,469
City of Upland					553,960	553,960	N/A	N/A	553,960		N/A	N/A	553,960
<i>Subtotal CCRA Deposits Held by Member Agencies</i>					<u>\$18,573,252</u>	<u>\$18,573,252</u>			<u>\$18,573,252</u>				<u>\$18,573,252</u>
<i>Reported total as of March 2017, net of received capital call proceeds from Montclair.</i>													
CalPERS Deposits													
OPEB (CERBT) Account					\$9,000,000	\$9,000,000	N/A	N/A	\$9,616,271		N/A	N/A	\$9,616,271
Subtotal CalPERS Deposits					<u>\$9,000,000</u>	<u>\$9,000,000</u>			<u>\$9,616,271</u>				<u>\$9,616,271</u>
Escrow Deposits													
Kemp Brothers Construction Escrow					\$247,947	\$247,947	N/A	N/A	\$247,947		N/A	N/A	\$247,947
Subtotal Escrow Deposits					<u>\$247,947</u>	<u>\$247,947</u>			<u>\$247,947</u>				<u>\$247,947</u>
Total Restricted Deposits					<u>\$30,366,170</u>	<u>\$30,366,170</u>			<u>\$31,771,178</u>				<u>\$30,982,441</u>
Total Cash, Investments, and Restricted Deposits as of April 30, 2017					<u>\$162,739,968</u>	<u>\$162,773,813</u>			<u>\$164,157,848</u>				<u>\$163,271,634</u>

INLAND EMPIRE UTILITIES AGENCY

Cash and Investment Summary

Month Ended
April 30, 2017

April Purchases

No.	Date	Transaction	Investment Security	Type	Par Amount Purchased	Investment Yield
<i>None</i>						
Total Purchases					<u>\$</u>	<u>-</u>

April Investment Maturities, Calls & Sales

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

INLAND EMPIRE UTILITIES AGENCY

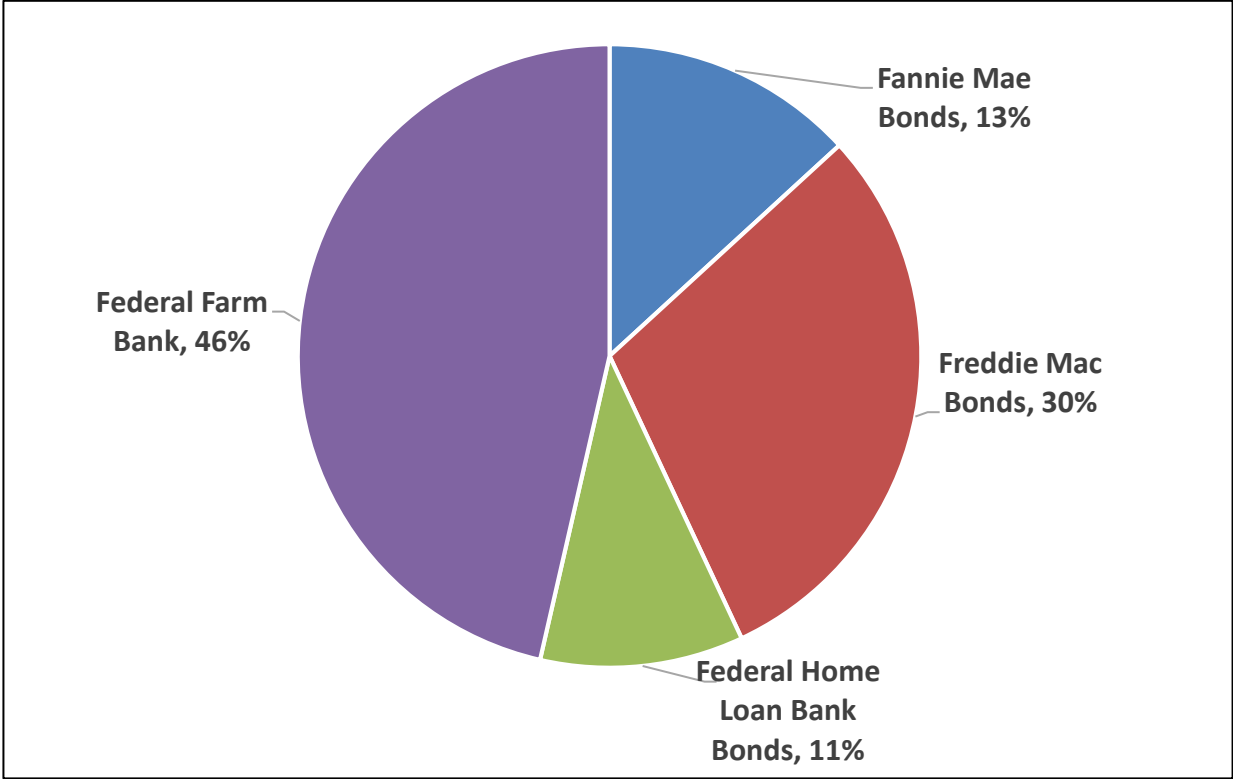
Cash and Investment Summary

Month Ended
April 30, 2017

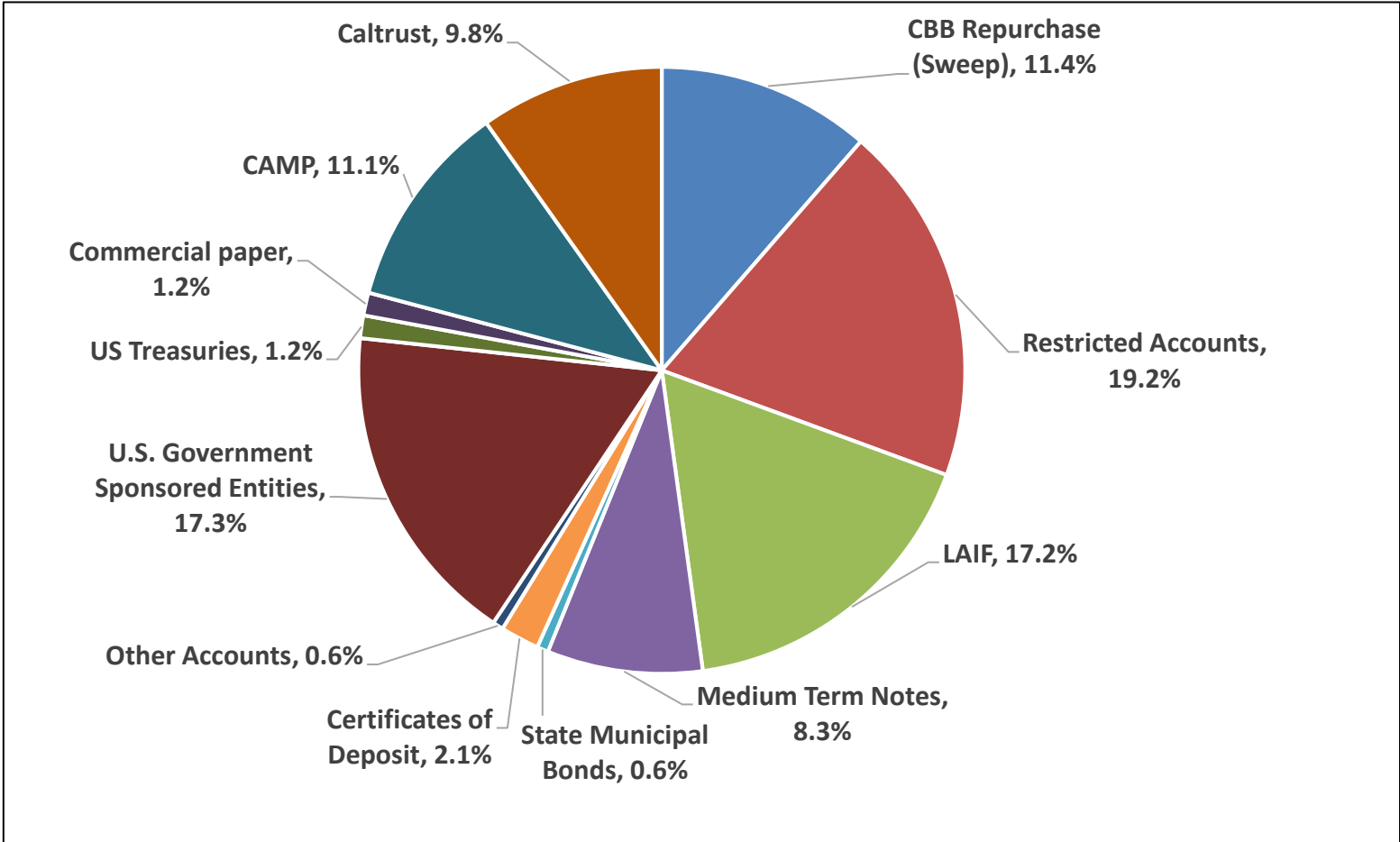
<u>Directed Investment Category</u>	<u>Amount Invested</u>	<u>Yield</u>
CBB Repurchase (Sweep)	\$18,688,931	0.500%
LAIF	28,108,664	0.884%
CalTrust	16,114,893	1.123%
CAMP	18,138,805	0.960%
Medium Term Notes	13,601,753	1.319%
Municipal Bonds	997,074	1.753%
Commercial Paper	1,990,969	1.307%
US Treasury Notes	1,990,708	1.352%
U.S. Government Sponsored Entities	28,427,368	1.240%
	\$128,059,165	1.015%
Bank Deposit and Investment Accounts		
Various Banks - Brokered Certificates of Deposit	\$3,385,000	1.503%
	\$3,385,000	1.503%
Total Investment Portfolio		\$131,444,165
Investment Portfolio Rate of Return		1.027%
Restricted/Transitory/Other Accounts		
CCRA Deposits Held by Member Agencies	\$18,573,252	N/A
CalPERS OPEB (CERBT) Account	9,616,271	N/A
US Bank - 2008B Debt Service Accounts	2,544,955	0.100%
US Bank - 2010A Debt Service Accounts	16	0.130%
US Bank - 2017A Debt Service Accounts	788,737	0.150%
US Bank - Pre-Investment Money Market Account	57,339	0.160%
Citizens Business Bank - Demand Account	368,193	N/A
Citizens Business Bank - Workers' Compensation Account	56,599	N/A
Other Accounts*	460,374	N/A
Escrow Account	247,947	N/A
	\$32,713,683	
Total Restricted/Transitory/Other Accounts		
Average Yield of Other Accounts		0.147%
Total Agency Directed Deposits	\$164,157,848	

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

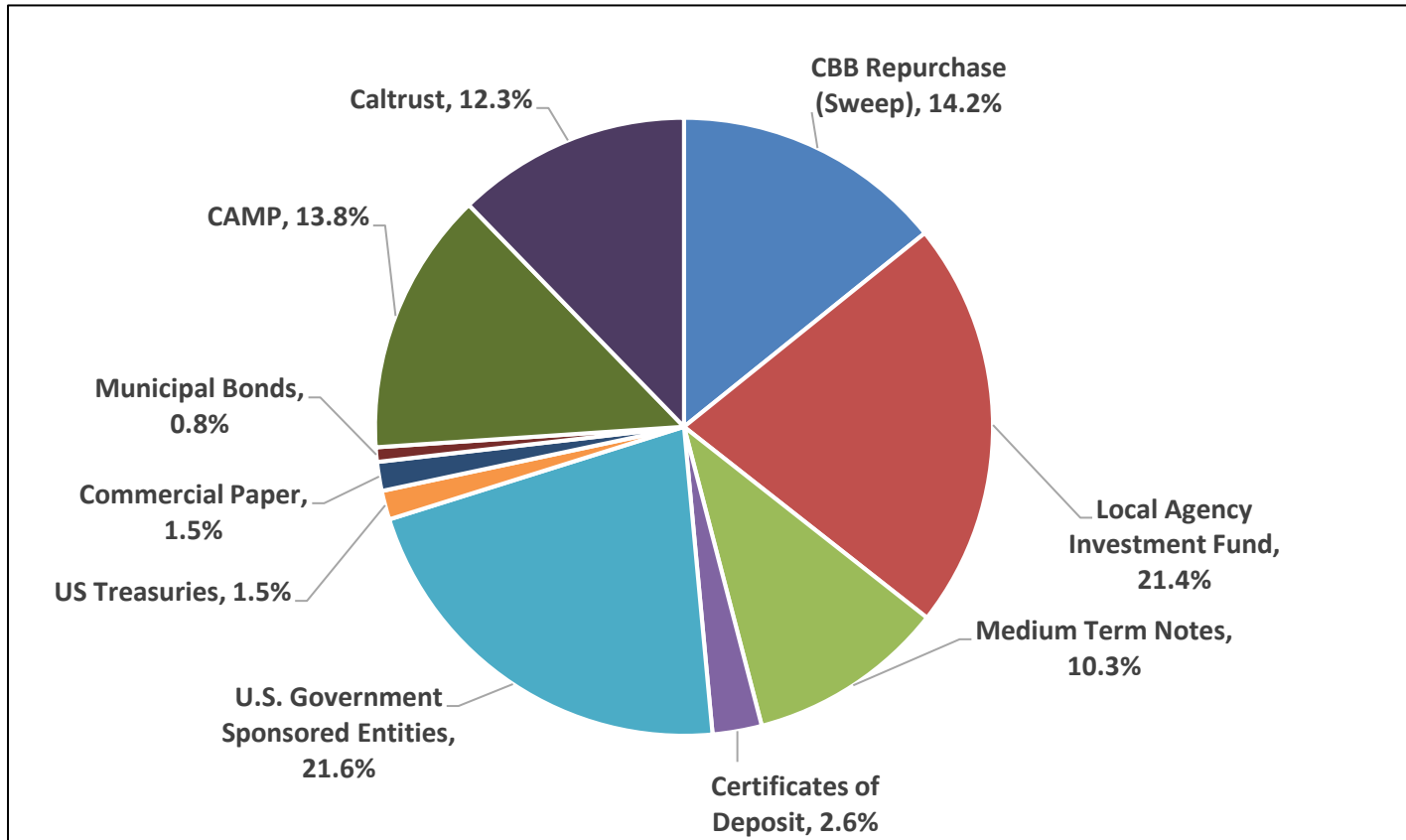
Inland Empire Utilities Agency
Treasurer's Report of Financial Affairs
For the Month Ended April 30, 2017
U.S. Government Sponsored Entities Portfolio
\$28,427,368



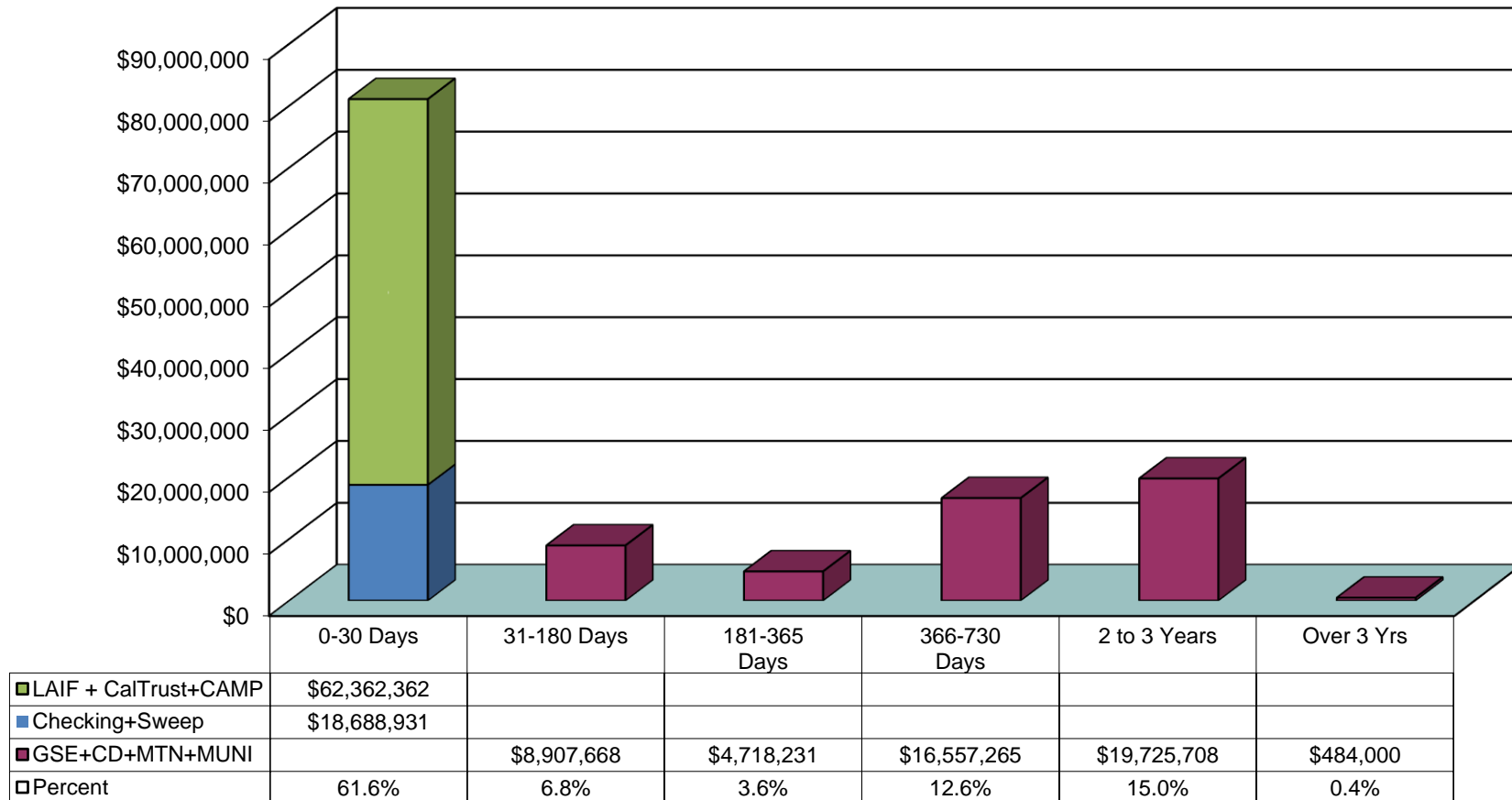
Inland Empire Utilities Agency
Treasurer's Report of Financial Affairs
For the Month Ended April 30, 2017
Agency Investment Portfolio (Net of Escrow Accounts)
\$163,909,901



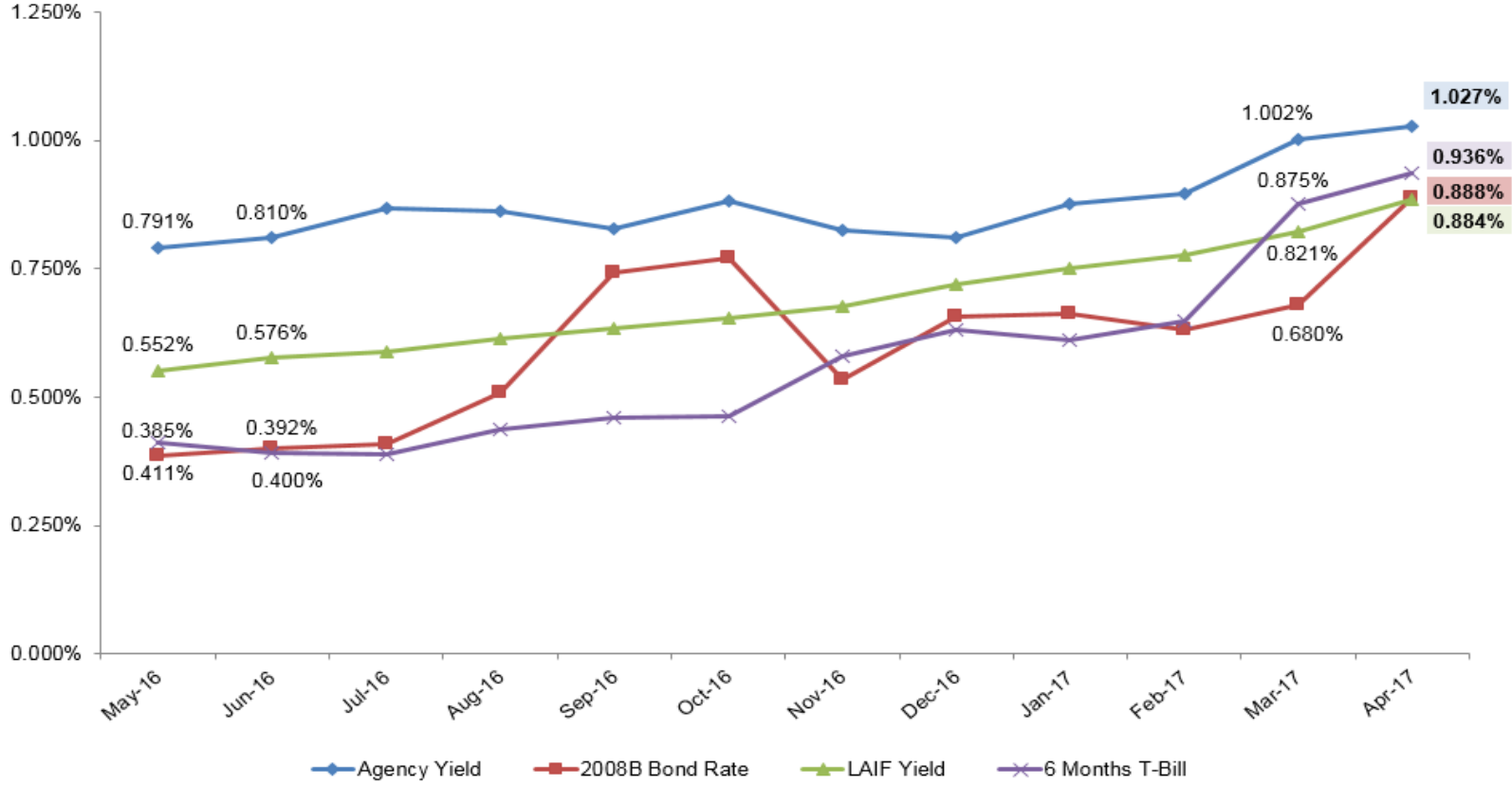
Inland Empire Utilities Agency
Treasurer's Report of Financial Affairs
For the Month Ended April 30, 2017
Unrestricted Agency Investment Portfolio
\$131,444,165



Inland Empire Utilities Agency
Treasurer's Report of Financial Affairs
For the Month Ended April 30, 2017
Agency Investment Portfolio Maturity Distribution (Unrestricted)
\$131,444,165



Inland Empire Utilities Agency
Treasurer's Report of Financial Affairs
For the Month Ended April 30, 2017
Agency Investment Portfolio Yield Comparison



Treasurer's Report of Financial Affairs for April 30, 2017

Board Meeting



Report of Financial Affairs

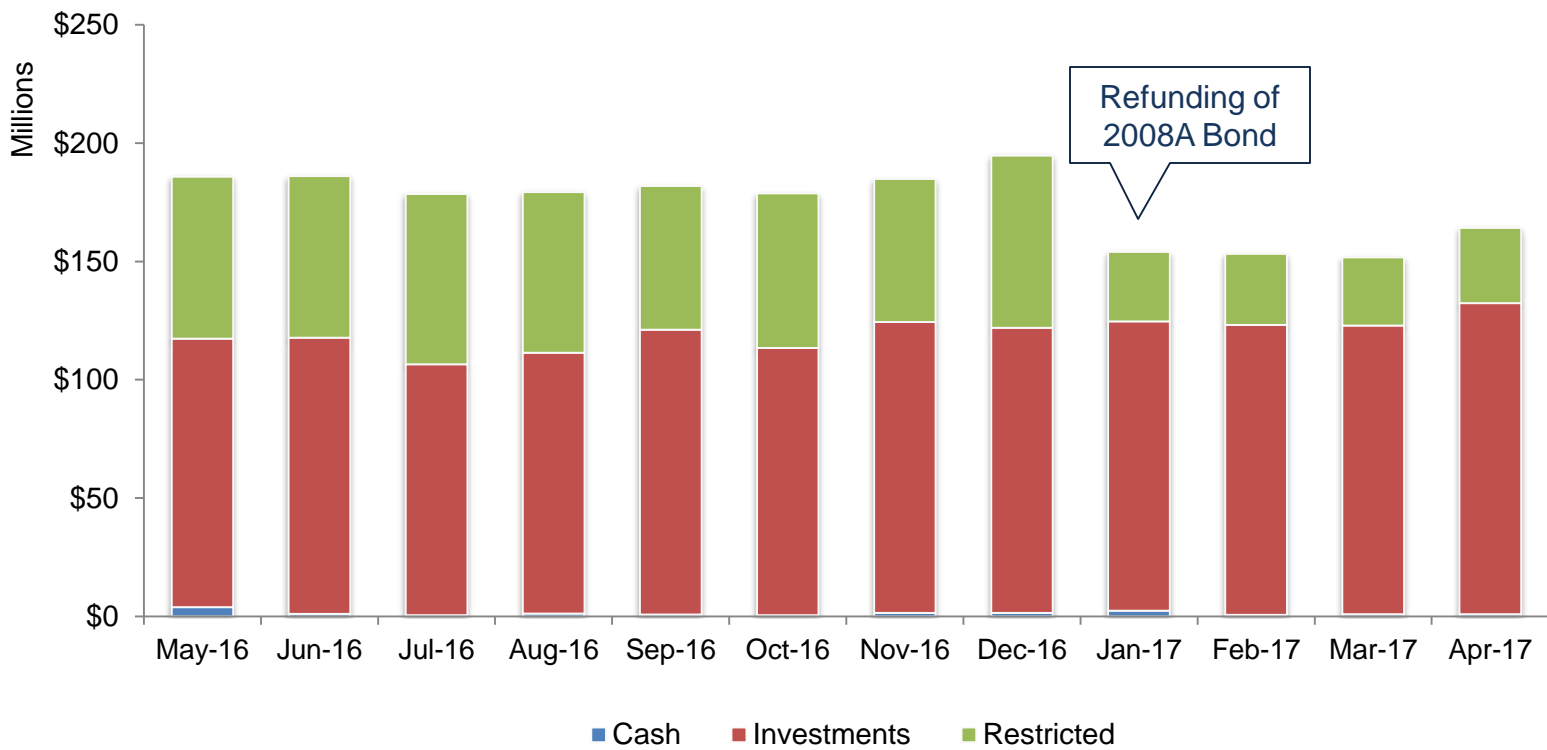
Liquidity

Description	April 2017 (\$ million)	March 2017 (\$ million)	Increase (Decrease) (\$ million)
Total Cash, Investments, and Restricted Deposits	\$164.1	\$151.7	\$12.4
Total Investment Portfolio (Unrestricted)	\$131.4	\$122.1	\$9.3
Investment Portfolio Yield	1.027%	1.041%	(0.014%)
Weighted Average Duration (years)	0.93	0.98	(0.05)
Average Cash on Hand (days)	300	278	22

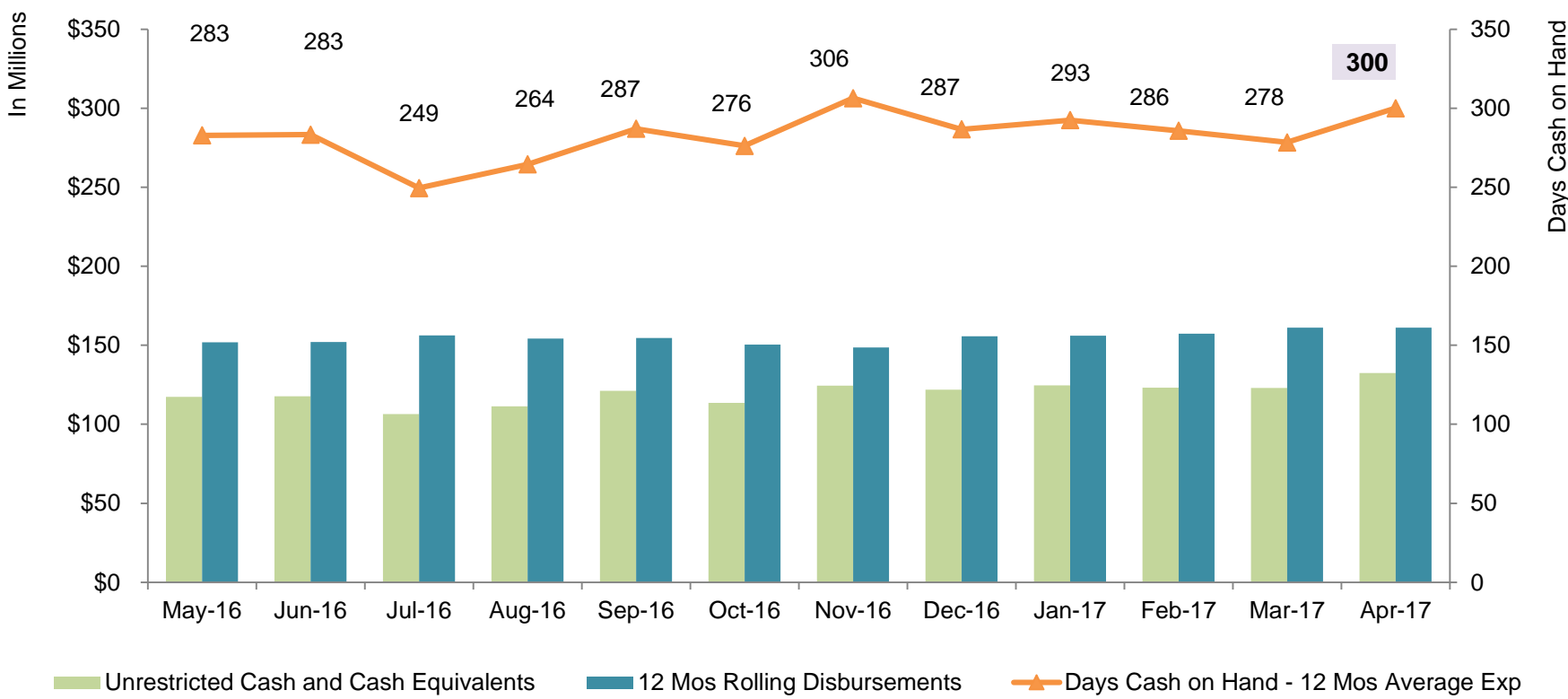
Portfolio

Authorized Investments	Allowable Threshold (\$ million or %)	Investment Value as of April 30, 2017				Average Yield	Portfolio % (Unrestricted)
		Under 1 Year	1 – 3 Years	Over 3 Years	Total		
LAIF	\$65	\$28.1			\$28.1	0.884%	21.4%
CalTrust	\$20	\$10.1	\$ 6.0		\$16.1	1.12%	12.3%
CAMP	\$20	\$18.1			\$18.1	0.96%	13.8%
Citizens Business Bank - Sweep	40%	\$18.7			\$18.7	0.50%	14.2%
Brokered CD's	30%	\$ 1.9	\$ 1.0	\$0.5	\$ 3.4	1.50%	2.6%
Commercial Paper	25%	\$ 2.0			\$ 2.0	1.31%	1.5%
Medium Term Notes	10%	\$ 4.5	\$ 9.1		\$13.6	1.32%	10.3%
Municipal Bond	10%	\$ 1.0			\$ 1.0	1.75%	0.8%
US Treasury Note	n/a		\$ 2.0		\$ 2.0	1.35%	1.5%
US Government Securities	n/a	\$ 5.2	\$23.2		\$28.4	1.24%	21.6%
Total		\$89.6	\$41.3	\$0.5	\$131.4	1.027%	100%

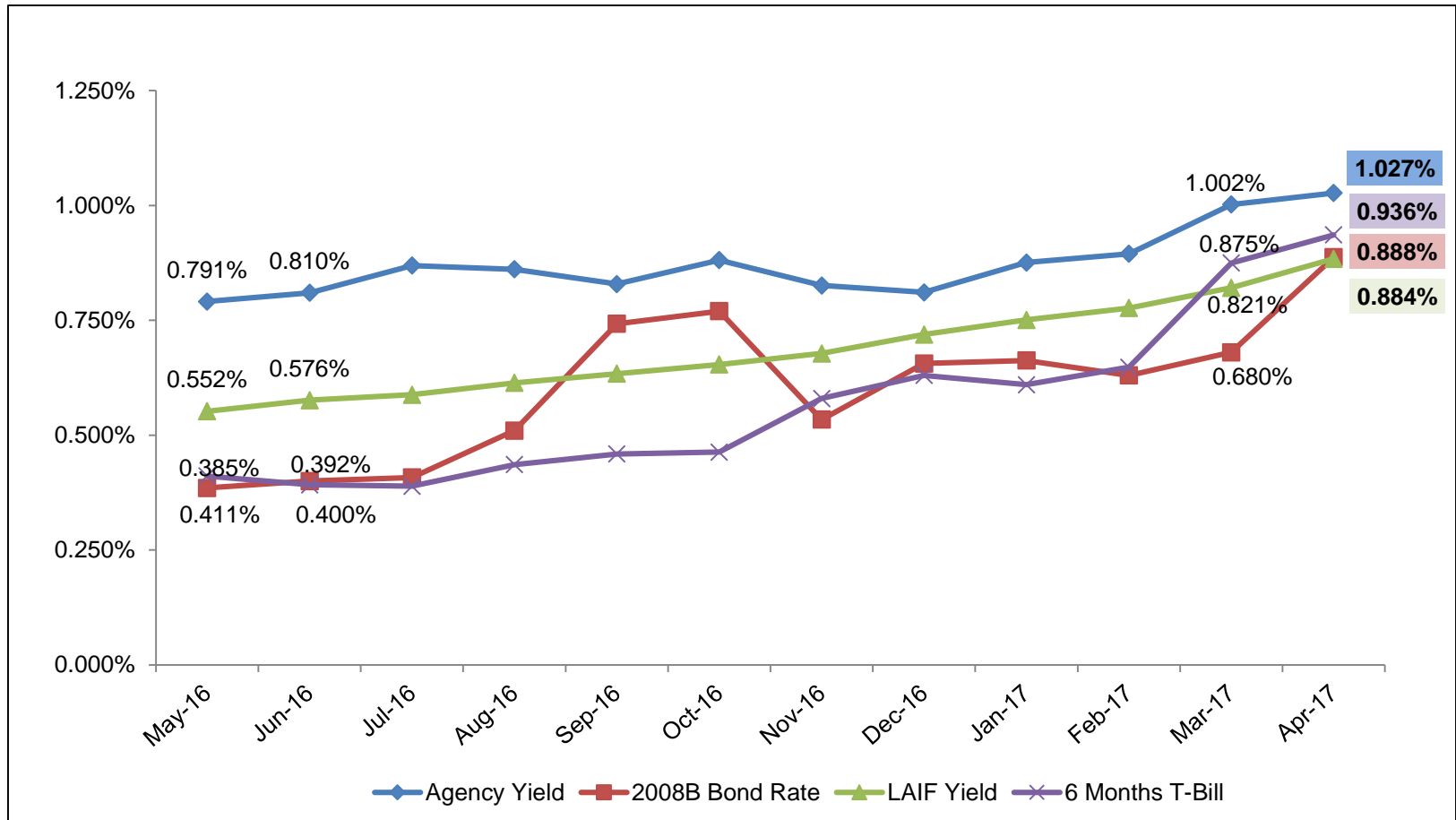
Cash, Investments, and Restricted Deposits



Days Cash on Hand 12 Months Rolling Average



Month End Portfolio Yield Composition





Questions?

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

**INFORMATION
ITEM**

4K

Date: June 21, 2017

To: The Honorable Board of Directors

Through: Finance and Administration Committee (6/14/17)

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

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

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

Subject: Fiscal Year 2016/17 Third Quarter Budget Variance, Performance Goals Updates, and Budget Transfers

RECOMMENDATION

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

BACKGROUND

The Budget Variance report presents the Agency's financial performance through the third quarter ending March 31, 2017, includes various analyses in the following attachments:

- Exhibit A provides a comparison of actual revenues and expenses against the current FY 2016/17 amended budget including a discussion of major categories with the most significant variances.
- Exhibit B provides a progress status of Division and Department Goals and Objectives as established in the FY 2016/17 amended budget.
- Exhibit C-1 presents a summary of Operations and Maintenance (O&M) budget transfers approved by management.
- Exhibit C-2 presents a summary of the GM contingency account activity.
- Exhibit D lists Board approved budget amendments and management approved budget transfers for capital and O&M projects.
- Exhibit E provides a FY 2016/17 financial overview of each of the Agency's funds.

TOTAL REVENUES AND OTHER FUNDING SOURCES

Overall, the Agency received total revenues and other funding sources during the third quarter of FY 2016/17 of \$149.1 million, or 66.0% of the amended budget (Exhibit A detail). The following section highlights key variances:

- **Recycled Water Sales** – Recycled water sales at the end of third quarter were \$10.3 million, or 65.6% of the amended budget. Direct sales were \$5.9 million at 12,848 acre feet (AF) and groundwater recharge sales were \$4.4 million at 8,458 AF. Total year to date deliveries of 21,306 AF compared to the 37,100 AF budgeted for the fiscal year accounting for the favorable variance. Recycled water sales are approximately 10% lower than the same period in the prior year, mainly due to a wet winter season. Sales demand for direct use and groundwater recharge varies depending on weather pattern, water use conservation efforts, reuse supply, and basin availability. Annual AF sales are currently projected to be approximately 32,400 AF.
- **MWD Imported Water Sales** – Total Metropolitan Water District (MWD) pass-through imported water revenue was \$20.0 million or 69.9% of amended budget. A total of 28,857 AF of pass through water was delivered compared to 50,000 AF budgeted for the fiscal year. The slight variance can be attributed to lower demands due to a wet winter and a two-month deferment of service from a primary wholesale customer due to capital improvements at its treatment facility. However, total AF passed through is higher than the previous year's third quarter pass through amount of 20,790 AF.
- **MWD LPP Rebate** – Direct recycled water sales in excess of 3,500 AF and up to 17,000 AF are eligible for the MWD Local Project Program (LPP) rebate at a rate of \$154/AF, for a maximum amount of \$2.1 million per fiscal year. Rebate receipts through the third quarter of the fiscal year totaled \$1.7 million for delivery of 10,198 AF. The MWD LPP rebate is set to expire at the end of June 2017.
- **Property Taxes** – Property tax receipts of \$26.9 million, or 60.3% of amended budget were collected beginning in November 2016 through the end of the third quarter. This includes \$18.4 million of general ad-valorem property tax from San Bernardino County, \$961,173 extra-territorial tax and \$7.6 million received from pass through agreements with former redevelopment agencies. Cumulative taxes received from the county through the third quarter are 6.1% higher compared to taxes received through March last year.
- **Wastewater/ Water Connection Fees** – Total connection fee receipts were \$20.0 million, or 99.9% of the amended budget. This category includes \$17.4 million for 3,002 new EDU connections through March 2016, compared to the 3,000 new EDU budgeted for the fiscal year. New EDU connections reflect 55% of the member agencies' forecast of 5,277 EDUs for FY 16/17. This category also includes water connection fees implemented January 1, 2016. The amount received through the third quarter was \$2.7 million, or 92.3% of budget, for 3,176 new water connections. Water connection fees are a one-time fee paid directly to

the Agency for any new or upsized water meter connection to the Agency's regional water distribution system.

- **Grants & Loans** – Grant and loan receipts through March were \$10.4 million, or 37.1% of the amended budget. \$10.2 million of the receipts are pass-through receipts to Chino Basin Desalter Authority for the South Archibald Trichlorethylene (TCE) Plume Cleanup project. The amended budget is comprised of \$10.7 million of grants and \$17.3 million of State Revolving Fund (SRF) loan proceeds. Lower SRF loan proceeds can be attributed to the SWRCB's delayed processing of re-classification of existing loans. A resolution to clarify liens and pledges was approved by the SWRCB in October 2016 however, negotiations are still ongoing regarding reserve requirements. SRF loan proceeds are expected in the fourth quarter for the Water Quality Lab and Wineville projects.
- **Other Revenues** – Total other revenues were \$1.6 million, or 19.2% of the \$8.2 million amended budget. The receipts include \$0.7 million from lease revenue and energy rebates, and \$0.9 million in project reimbursements. Delays in the reimbursable projects from recycled water and recharge water programs accounted for the lower revenue.

TOTAL EXPENSES AND USES OF FUNDS

The Agency's total expenses and uses of funds through the third quarter were \$175.2 million, or 72.7% of the amended budget.

The amended budget includes \$12.5 million of encumbrances and commitments carried forward from FY 2015/16 comprised of \$1.5 million for O&M expenses, \$6.5 million for special projects (non-capital), and \$4.5 million for capital projects. In accordance with Agency Policy A-81 (Fiscal Year-End Carry Forward of Encumbrances and Related Budget), carry forward encumbrances, commitments and related budget not expended by December 31 are subject to cancellation unless otherwise approved by Executive Management. At the end of the second quarter, unspent carry forward was \$8.4 million of which \$7.6 million was extended, and \$0.8 million was returned.

Key expense variance highlights are:

- **Employment Expenses** – Employment expenses were \$32.4 million or 76.0% of the amended budget. This slightly unfavorable variance reflects higher O&M labor expense due to lower capital and special project related labor costs currently at 55.3% of budget. The category also includes \$5.2 million of expense for other post-employment benefits and retirement unfunded accrued liability, budgeted at \$7 million. In addition, the Agency currently employs 19 limited term employees, compared to the adopted staffing plan of 17 limited term positions. The cost of these additional positions is offset by a higher than anticipated vacancy factor of 8.6%, equivalent to 25 full-time (FTE) positions, compared to budgeted vacancy rate of 2% (6 FTEs). Recruitment of key positions as part of the Agency's succession planning effort will lower the vacancy factor going forward.

- **Professional Fees & Services** – Total expenses were \$4.7 million, or 41.2% of the amended budget. The positive variance can be attributed to the timing of contracts and services that were deferred or will not be utilized this fiscal year. Services for work performed by outside contractors that will be performed this year are for items such as the Long-Range Plan of Finance, dig alert notifications, and repairs for various items at RP-5.
- **Utilities** – Expenses in this category were \$5.7 million or 50.9% of the amended budget. *Electricity* expense showed an unfavorable variance of 78.5% of the amended budget, or \$4.9 million of expenses. Usage was 51.2 million kilowatt hours (kWh) through the end of the third quarter. The annual Agency average is approximately 70.0 million kWh. Electricity usage is higher than budgeted because the fuel cell has been offline since July 2016 and electricity has been purchased from Southern California Edison to make up for the loss in fuel cell production. Natural gas usage was lower, also due to the fuel cell, partially offsetting the higher electricity costs. Natural gas usage was 48,459 therms through the end of the third quarter, at an average rate of \$0.928/therm, compared to expected annual usage of 1.2 million therms and budgeted rate of \$0.80/therm.
- **O&M (Non-capital) Projects** – O&M and reimbursable project costs were \$12.3 million or 36.5% of the amended budget. The favorable variance is mainly due to lower spending for the Santa Ana River Conservation & Conjunction Use Program (SARCCUP) and other conservation projects, various planning documents, and other emergency and safety operations projects.
- **Capital Projects** – Total capital project expenditures were \$17.9 million or 29.7% of the amended budget of \$60.4 million which includes \$4.5 million carry forward from the prior fiscal year. Favorable variances in spending are largely driven by changes in project schedules. Capital project costs and budget related to the regional wastewater program through the third quarter were \$13.7 million and \$37.0 million, respectively. Recycled water capital projects accounted for \$2.2 million of expenditures, compared to \$13.5 million budget.
- **Debt Service** – Total principal, interest, and financial expenses for the third quarter were \$64.0 million or 290.8% of the amended budget. Included in actual costs is the Board authorized cash pay down of \$50 million for the 2008A bond partial refunding and refinancing. This option was not originally included in the budget consequently triggering the unfavorable variance. Included in category expense is \$7.5 million of other principal payments for various SRF loans and other bonds and \$6.5 million in interest and other financial administration fees.

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

FUND BALANCES AND RESERVES

The net result through the end of the third quarter indicated a decrease of \$26.1 million in the total fund balance, resulting in an ending fund balance of \$161.0 million. Debt refinancing payments of \$50 million for the 2008A bonds contributes to the reduction. Table 3 provides an overview of the third quarter budget variance in revenue, expense and fund balance.

Table 3: Third Quarter Revenues, Expenses and Fund Balance (\$Millions)

Operating	FY 2016/17 Amended Budget	Third Quarter Ended 3/31/17	Actual % of Amended Budget
Operating Revenue	\$126.8	\$91.3	72.0%
Operating Expense	\$158.5	\$92.9	58.7%
Operating Net Increase/(Decrease)	(\$31.7)	(\$1.6)	
Non- Operating			
Non-Operating Revenue	\$99.0	\$57.8	58.4%
Non-Operating Expense	\$82.6	\$82.3	99.6%
Non-Operating Net Increase/(Decrease)	\$16.4	(\$24.5)	
Consolidated	FY 2016/17 Amended Budget	Third Quarter Ended 3/31/17	Actual % of Amended Budget
Total Sources of Funds	\$225.8	\$149.1	66.0%
Total Uses of Funds	\$241.1	\$175.2	72.7%
Total Net Increase/(Decrease)	(\$15.3)	(\$26.1)	
Beginning Fund Balance	\$187.1	\$187.1	
Ending Fund Balance	\$171.8	\$161.0	

GOALS AND OBJECTIVES

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

BUDGET TRANSFERS AND AMENDMENTS

O&M budget transfers for this quarter accounted for \$213,750 as detailed in Exhibit C-1.

General Manager (GM) Contingency Account adopted budget of \$700,000 included \$400,000 in the Regional Wastewater Operations & Maintenance Fund and \$300,000 in the Administrative Services Fund. At the end of the third quarter, \$220,000 from the Regional Wastewater Operations & Maintenance Fund and \$12,600 from the Administrative Services Fund was utilized to support the unexpected but necessary expenses as listed in Exhibit C-2.

Capital and O&M projects annual and total project budget transfers accounted for approximately \$310,000 and the Board approved net increase to appropriated budget in the third quarter was \$484,400 as listed in Exhibit D.

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

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

The net change in total expenses over total revenues in the amount of \$26.1 million resulted in a total estimated fund balance of \$161.0 million, for the third quarter ended March 31, 2017.

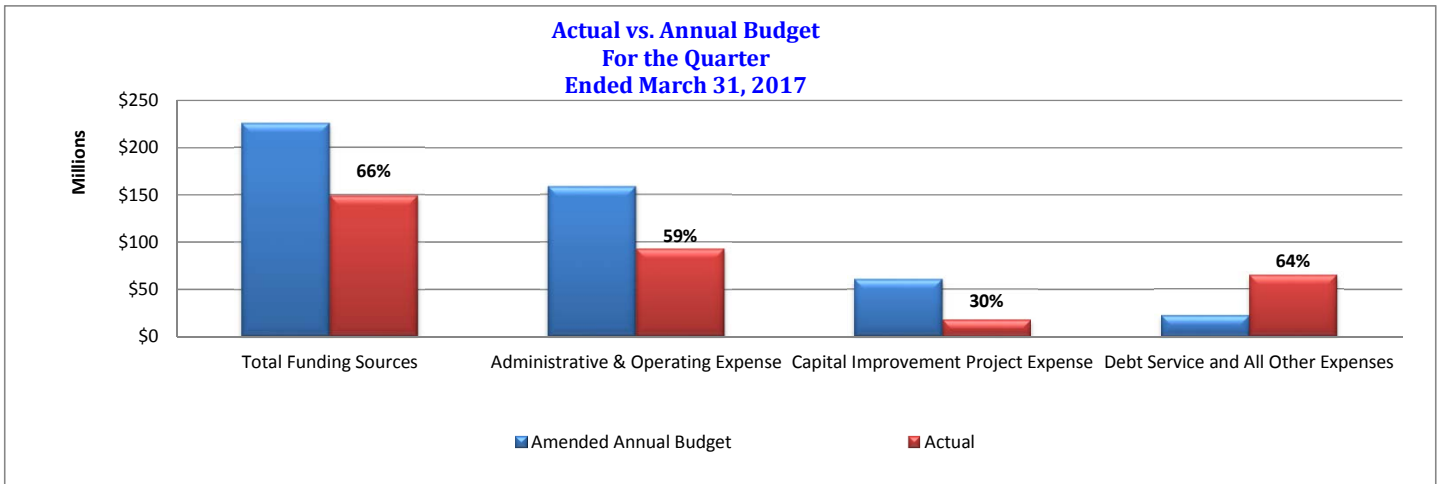


I. Actual vs. Budget Summary:

**% of the Year
Elapsed: 75%**

Third Quarter Ended March 31, 2017

	Adopted Annual Budget	Amended Annual Budget	Actual	Amended vs. Actual	% of Amended Budget
Operating Revenues	\$126,854,961	\$126,851,978	\$91,361,903	(\$35,490,075)	72.0%
Non-Operating (Other Sources of Fund)	98,976,777	98,976,778	57,781,574	(41,195,204)	58.4%
TOTAL FUNDING SOURCES	225,831,738	225,828,756	149,143,477	(76,685,279)	66.0%
Administrative & Operating Expense	(146,702,633)	(158,470,908)	(92,954,448)	65,516,460	58.7%
Capital Improvement Project Expense	(60,387,558)	(60,291,393)	(17,930,182)	42,361,211	29.7%
Debt Service and All Other Expenses	(23,653,357)	(22,358,268)	(64,368,879)	(42,010,611)	287.9%
TOTAL USES OF FUNDS	(230,743,548)	(241,120,569)	(175,253,509)	65,867,060	72.7%
Surplus/(Deficit)	(\$4,911,810)	(\$15,291,813)	(\$26,110,032)	(\$10,818,219)	



2. Actual Revenue vs. Budget:

% of the Year
Elapsed: 75%

Third Quarter Ended March 31, 2017

	Adopted Annual Budget	Amended Annual Budget	Actual	Amended vs. Actual	% of Amended Budget
Operating Revenues:					
User Charges	\$71,875,415	\$71,872,436	\$53,267,852	\$18,604,584	74.1%
Recycled Water Sales	15,735,000	15,734,996	10,317,622	5,417,374	65.6%
MWD Water Sales	28,670,598	28,670,598	20,027,753	8,642,845	69.9%
MWD LPP Rebate	2,079,000	2,079,000	1,721,583	357,417	82.8%
Property Tax - O&M	1,972,200	1,972,200	1,188,830	783,370	60.3%
Cost Reimbursement	5,913,343	5,913,343	4,013,196	1,900,147	67.9%
Interest	609,405	609,405	825,067	(215,662)	135.4%
OPERATING REVENUES	126,854,961	126,851,978	91,361,903	35,490,075	72.0%
Non-Operating Revenues:					
Property Tax - Debt, Capital, Reserves	\$42,732,600	\$42,732,600	\$25,758,946	\$16,973,654	60.3%
Connection Fees	20,068,020	20,068,020	20,046,803	21,217	99.9%
Grants & Loans	28,008,654	28,008,655	10,404,451	17,604,204	37.1%
Other Revenue	8,167,503	8,167,503	1,571,374	6,596,129	19.2%
NON-OPERATING REVENUES	98,976,777	98,976,778	57,781,574	41,195,204	58.4%
Total Revenues	\$225,831,738	\$225,828,756	\$149,143,477	\$76,685,279	66.0%

- User Charges, 74.1%** User charges were \$53.3 million, or 74.1% of the Amended Budget. The category includes equivalent dwelling unit (EDU) volumetric charges of \$42.0 million, other user fees of \$0.2 million, \$7.4 million Non-Reclaimable wastewater fees paid by industrial and commercial users connected to the brine line system. \$3.7 million of monthly meter charge (Meter Equivalent Unit (MEU) was effective October 2016) imposed on all potable water connections, the Readiness-to-Serve Ten Year Rolling Average (RTS TYRA) charge to meet our Readiness-to-Serve obligation from Metropolitan Water District (MWD), and water use efficiency program receipts.
- Property Tax/ AdValorem, 60.3%** The \$26.9 million in property tax receipts included \$18.4 million of general ad-valorem property tax from San Bernardino County and \$7.6 million from Redevelopment Agencies (RDA) "pass-through" incremental taxes and \$0.9 million for extra-territorial tax. Cumulative taxes received from the county through the third quarter are 6.1% higher compared to taxes received through March of last year.
- Recycled Water Sales, 65.6%** Recycled water direct sales were \$5.9 million (12,848 AF) and groundwater recharge sales were \$4.4 million (8,458 AF) respectively, for a combined total \$10.3 million. Total year to date deliveries are 21,306 AF compared to the 37,100 AF (24,200 AF Direct and 12,900 AF Recharge) budgeted for the fiscal year. Recycled water sales through the third quarter are approximately 10% lower than the previous year, mainly due to the wet winter season. Annual AF sales are projected to be approximately 32,400 AF. Sales demand for direct use and groundwater recharge varies depending on weather patterns, water use conservation efforts, reuse supply, and basin availability.
- Interest Income, 135.4%** Interest Income is \$0.8 million or 135.4% of the annual budget. Interest rates have been trending higher than the budgeted 0.50% average rate of return which accounts for the positive variance. In March, the Local Agency Investment Fund (LAIF) reported a yield of 0.821%, and the Agency's average rate of return was 1.04%.
- MWD Water Sales, 69.9%** Total MWD pass-through imported water revenue was \$20.0 million or 69.9% of amended budget. A total of 28,857 AF of pass through water was delivered at the end of the second quarter compared to 50,000 AF budgeted for FY 2016/17. This exceeds last year's third quarter sales of 20,790 AF.
- MWD LPP Rebates, 82.8%** MWD LPP rebate is budgeted at \$2.1 million or \$154/AF for direct recycled water deliveries up to 17,000 AFY, excluding the initial 3,500 AFY. Rebate receipts through the end of the third quarter totaled \$1.7 million for delivery of 10,198 AF. The MWD LPP rebate is set to expire in June 2017.
- Connection Fees, 99.9%** Total connection fees were \$20.0 million, or 99.9% of the amended budget. This category includes \$17.3 million for 3,002 new EDU connections compared to the 3,000 budgeted for the fiscal year. New EDU connections reflect 55% of the member agencies' forecast of 5,277 EDUs for FY 16/17. This category also includes water connection fees implemented last fiscal year. Amount received through the third quarter was 3,176 new connections for \$2.7 million, or 92.3% of the \$2.9 million budget. Water connection fees are a one-time fee paid directly to the Agency for any new or upsized water meter connection to the Agency's regional water distribution system.
- Grants and Loans, 37.1%** Grant and loan receipts through the third quarter are \$10.4 million, or 37.1% of the Amended Budget. \$10.1 million of grant receipts are pass-through receipts to Chino Basin Desalter Authority for the South Archibald Trichlorethylene (TCE) Plume Cleanup project. Delay's of SRF loan receipts are due to the re-negotiation of subordinate debt status.

Cost Reimbursements JPA, 67.9% Total cost reimbursements were \$4.0 million, or 67.9% of the amended budget. Category actuals include reimbursements of \$2.4 million from the Inland Empire Regional Composting Authority (IERCA) and \$0.9 million from Chino Basin Desalter Authority (CDA) for the Agency's operation & maintenance of the IERCA Composter and CDA Desalter facilities. Also included is \$0.7 million from Chino Basin Watermaster (CBWM) for operations & maintenance costs related to the groundwater recharge basins, net of the Agency's pro-rata share for the recycled water recharge costs. Total cost reimbursement budget of \$5.9 million includes: \$3.5 million from IERCA, \$1.5 million from CDA, and \$0.9 million from CBWM.

Other Revenues, 19.2% Total other revenues were \$1.6 million, or 19.2% of the \$8.2 million amended budget. Total other revenues include \$0.7 million from lease revenue and energy rebates, and \$0.9 million in project reimbursements. Project reimbursement receipts are 12% of the amended budget, delays for reimbursable projects from recycled water and water resources programs accounted for the lower revenue.

3. Actual Operating and Capital Expense vs. Budget:

Third Quarter Ended March 31, 2017				% of the Year Elapsed: 75%	
	Adopted Annual Budget	Amended Annual Budget	Actual	Amended vs. Actual	% of Amended Budget
Operating Expenses:					
Employment	\$43,326,017	\$42,601,461	\$32,397,067	\$10,204,394	76.0%
Admin & Operating	103,376,616	115,869,447	60,557,381	\$55,312,066	52.3%
OPERATING EXPENSES	\$146,702,633	\$158,470,908	\$92,954,448	\$65,516,460	58.7%
Non-Operating Expenses:					
Capital	60,387,558	60,291,393	17,930,182	\$42,361,211	29.7%
Debt Service and All Other Expenses	23,653,357	22,358,268	64,368,879	(\$42,010,611)	287.9%
NON-OPERATING EXPENSES	\$84,040,915	\$82,649,661	\$82,299,061	\$350,600	99.6%
Total Expenses	\$230,743,548	\$241,120,569	\$175,253,509	\$65,867,060	72.7%

Employment Expense **Employment , 76%**
 Employment expenses were \$32.4 million or 76.0% of the Amended Budget. The slightly unfavorable variance reflects higher O&M labor expense due to lower capital and special project spending than budgeted. The category also includes \$5.2 million of expense for other post employment benefits and retirement unfunded accrued liability, budgeted at \$7 million. In addition, the Agency currently employs 19 limited term employees, compared to the adopted staffing plan of 17 limited term positions. The cost of these additional positions is partially offset by a higher than anticipated vacancy factor of 8.6%, equivalent to 25 full-time (FTE) positions, compared to budgeted vacancy rate of 2% (6 FTEs). Recruitment of key positions as part of the Agency's succession planning effort will lower the vacancy factor going forward.

Administrative & Operating Expense **Office and Administrative, 41.4%**
 The favorable variance was due to the inclusion of \$467,400 GM contingency and \$300k election expense budget, together they represent 28% of the category budget. Actual expense is approximately 57.6% of the remaining budget. Contributing to the positive variance are lower advertising, training and travel expense. Additional office supply, advertising, legal, and training expense is expected during the fourth quarter.

Professional Fees & Services , 41.2%

Expense through the third quarter was \$4.7 million. The positive variance can be attributed to the timing of contracts and services that were either not necessary or deferred. Items that will utilize budget in the fourth quarter are repairs for biofilter irrigation heads and variable frequency drive pumps for the recycled water pump station at RP-5, and services associated with work performed by outside contractors for dig alerts and the Long Range Plan of Finance. It is anticipated that this category will remain under budget through the end of the fiscal year as budgeted expense for items such as temporary audit work and flooring repairs at RP-1 (now a capital project) will not be incurred.

Materials & Supplies/Leases/Contribution , 58.3%

Category expense through the third quarter is \$2.1 million or 58.3% of the budget. The category includes spending of just over \$2.0 million materials and supplies, and \$42,096, or 45.3% of budget for leases and rental related expenses. The favorable variance was primarily due to staff's effort to monitor operational equipment usage to ensure maximum use from supplies. Some expense for field equipment and personal protective gear is expected in the fourth quarter, although category is projected to be under budget for the remainder of the fiscal year.

Biosolids Recycling , 64.4%

Biosolids expenses were \$2.8 million. The favorable variance in this category is due to an increase in the utilization of the RP-2 solar pad to dry biosolids causing a reduction in residual disposal costs. Year to date total tonnage shipped to IERCA was 109,181 tons at an IERCA rate of \$55 per ton. Total tonnage hauled from IEUA was 39,152 tons at a blended rate of \$5.80 per ton which is lower than the budgeted transportation blended cost of \$8.29 per ton.

Chemicals , 62.9%

Chemical expenses were \$3.1 million, or 63% of budget. Bypassed sewer flows at the Carbon Canyon Water Recycling Plant (by-passed to RP-5) caused a reduction in the amount of raw waste water treated and chemicals needed for treatment. Additionally, at Regional Plant No. 4 a reduction in chemical use through the third quarter was attributed to the rehabilitation of critical aeration equipment. However, the majority of category expense is for Polymer 750A and 748E and is on track at 76% of budget with usage of 765,800 lbs. of Polymer 750A and 420,200 lbs. of Polymer 748E which accounts for \$1.3 million of expense in this category. Sodium Hypochlorite usage was at 66% of budget accounting for \$1.0 million of expense with over 717,000 gallons used through the end of the third quarter.

Operating Fees - 72.1%

Spending in this category was on target particularly in the areas of waste volumetric fees, BOD and TSS charges. The category also includes \$2.8 million of expenses for readiness-to-serve obligation collected by MWD budgeted at \$3.1 million.

MWD Water Purchases , 62.9%

Total MWD pass-through imported water purchases were \$20.0 million for 28,857 AF or 57.7% of 50,000 AF budgeted for the fiscal year. The positive variance can be attributed to lower demands through the winter months.

Utilities , 50.9%

Electricity expense showed an unfavorable variance of 78.5% of the amended budget, or \$4.9 million of the category's \$5.7 million of expense. Usage was 51.2 million kWh at \$0.0915 per kWh through the end of the third quarter compared to the annual Agency average of 70.0 million kWh. Electricity usage is higher than budgeted because the fuel cell has been offline since July 2016 and electricity from Southern California Edison is used to make up for the loss in fuel cell (25% of category budget) production.

Natural gas usage was low, also due to the fuel cell, partially offsetting the higher electricity costs. Natural gas usage was 48,459 Therms through the end of the third quarter, at an average rate of \$0.928/Therm, compared to expected annual usage of 1.2 million Therms and budgeted rate of \$0.80/therm.

O&M and Reimbursable Projects , 36.4% and 44.3%

The combined O&M and reimbursable project costs were \$12.3 million or 36.5% of the amended budget. The favorable variance is mainly due to lower spending for Santa Ana River Conservation & Conjunction Use Program (SARCCUP) and other conservation related projects as well as various planning documents. The table below provides a summary of the major projects and current status.

Financial Expense

Financial Expense , 290.8%

Total financial expenses were \$64.0 million through the end of the third quarter. Actual costs included \$50.0 million paid towards the refinancing of the 2008A bonds, other bond and loan principal payments were \$7.5 million and \$6.5 million in interest and other financial administration fees.

Other Expenses

Other Expenses , 100.4%

Total other expenses were \$342 thousand or 100.4% compared to budget through the end of the third quarter. Unfavorable variance in this category is due to annual contributions-in-aid to the Santa Ana Watershed Project Authority of \$288 thousand, which was paid in full in July, and unforeseen reimbursements to Federal Emergency Management Agency for prior year grant receipts.

Capital Expense

Capital Costs , 29.7%

Capital expenditures through the end of third quarter were \$17.9 million or 29.7% when compared to the amended budget of \$60.3 million. The amended budget includes encumbrances of \$4.5 million of budget carried forward from the FY 2015/16 budget. Favorable variances in spending are largely driven by changes in project schedules. Capital project costs and budget related to the regional wastewater program through the third quarter were \$13.7 million and \$37.0 million, respectively. Recycled water capital projects accounted for \$2.2 million of expenditures compared to \$13.5 million budget. Listed below is a brief status report for some of the major projects currently under construction.

Summary of major capital and special project expenses and status as of March 31, 2017

Capital Projects		Amended FY 2016/17	YTD Expenditure	Budgeted Amount Remaining
EN15008	Water Quality Laboratory The scope of the project is the construction of a new, state of the art, 17,000 sq. laboratory and expansion of the existing central plant to supply chilled water for the laboratory air conditioning and heating system. The project's fiscal year spending is on track with the budget. The project is now in the construction phase. During site excavation and grading, an archeologist/paleontologist monitored activities and concluded that no significant cultural findings were observed.	7,000,000	5,951,077	1,048,923
EN19006	RP-5 Solids Handling Facility This project includes the detailed design, permitting, and construction of the new solids handling facility at RP-5 to decommission the RP-2 facility. The schedule for RP-5 Expansion Preliminary Design Report (PDR), a prequel project to EN19006, has been extended from January 2017 to March 2017. The award of the design contract for the RP-5 Liquids Expansion and RP-5 Solids Treatment Facility has been scheduled for May 2017.	3,125,000	8,050	3,116,950
RW15003	Recharge Master Plan Update Projects The scope for this project is to implement only the soft cost efforts related to the Recharge Master Plan such as: preliminary design, environmental review, permitting, and final design. The preliminary design phase of the project was completed at the end of the second quarter and the scope of the project was reduced as a result of the report. The projected design cost is now estimated at \$2.1 million.	3,100,000	614,341	2,485,659
EN13001	San Sevaine Basin Improvements As part of the 2013 Amendment to the 2010 Recharge Master Plan Update (RMPU), this project will evaluate, design, and construct basin improvements needed to maximize infiltration and recharge capture at the San Sevaine basins. The final recommendation from the preliminary development report proposes to implement, a new storm water/recycled water pump station in Basin 5, directly tie it into all existing RW pipeline, place new pipelines and headwalls in Basins 1, 2 and 3, and install monitoring wells and lysimeters. The proposed improvements will add 642 AF per year of storm water and 4,100 AF per year of recycled water for groundwater recharge. Currently, the final design phase was delayed due to an extended permitting phase for regulatory permits, so spending through the end of the fiscal year is expected to be below budget.	3,085,000	199,536	2,885,464
O&M & Reimbursable Projects		Amended FY 2016/17	YTD Expenditure	Budgeted Amount Remaining
EN16021	Chino Basin Groundwater Wells This project involves the remediation of the South Archibald Trichlorethylene Plume in conjunction with the Chino Basin Desalter Authority (CDA). The project requires payment to the Chino Basin Desalter Authority in full prior to the execution of the contracts. The full amount of the fiscal year budget was given to CDA in anticipation of forthcoming design and construction contracts. The project also received grant funding through USBR, which was also passed through to CDA this accounts for the higher than budgeted expense.	7,481,073	8,061,176	(580,102)
PA17006	Agency-Wide Aeration Panel Replacements The project scope involves the replacement of aeration panels at RP-1, RP-4, RP-5, and CCWRF. In the current fiscal year, funding has been allocated to complete the replacement at RP-1 in conjunction with EN16024, the RP-1 Mixed Liquor Return Pump project which is currently in construction. Currently developing an RFP to panel manufacturers and proceeding with 85% design.	2,339,000	956,927	1,382,073
WR16024	SARCCUP The Santa Ana River Conservation & Conjunctive Use Program is known as SARCCUP. It was created with various other water agencies to utilize funds from SAWPA Prop 84 grants to develop a watershed-scale conjunctive use program. A Decision Support Model to help understand facility needs and operating costs is in the final stages and modeling efforts are currently evaluating alternative projects for consideration. The Environmental Impact Report is being developed and is scheduled to be final by the end of June 2017.	1,854,492	287,812	1,566,680

INLAND EMPIRE UTILITIES AGENCY
Fiscal Year 2016/17
CONSOLIDATED BUDGET VARIANCE ANALYSIS REPORT
Third Quarter Ended March 31, 2017

	Adopted FY 2016/17 Annual Budget	Amended FY 2016/17 Annual Budget	YTD Actual	YTD Variance	YTD % Budget Used
<u>OPERATING REVENUES</u>					
User Charges	\$71,875,415	\$71,872,436	\$53,267,852	(\$18,604,584)	74.1%
Recycled Water	15,735,000	15,734,996	10,317,622	(5,417,374)	65.6%
MWD Water Sales	28,670,598	28,670,598	20,027,753	(8,642,845)	69.9%
MWD LPP Rebates	2,079,000	2,079,000	1,721,583	(357,417)	82.8%
Property Tax - O&M	1,972,200	1,972,200	1,188,830	(783,370)	60.3%
Cost Reimbursement from JPA	5,913,343	5,913,343	4,013,196	(1,900,147)	67.9%
Interest Revenue	609,405	609,405	825,067	215,662	135.4%
TOTAL OPERATING REVENUES	\$126,854,961	\$126,851,978	\$91,361,903	(\$35,490,075)	72.0%
<u>NON-OPERATING REVENUES</u>					
Property Tax - Debt, Capital, Reserves	\$42,732,600	\$42,732,600	\$25,758,946	(\$16,973,654)	60.3%
Connection Fees	20,068,020	20,068,020	20,046,803	(21,217)	99.9%
Grants	10,715,255	10,715,256	10,404,451	(310,805)	97.1%
SRF Loan Proceeds	17,293,399	17,293,399	0	(17,293,399)	0.0%
Project Reimbursements	7,292,963	7,292,963	896,748	(6,396,215)	12.3%
Other Revenue	874,540	874,540	674,626	(199,914)	77.1%
TOTAL NON OPERATING REVENUES	\$98,976,777	\$98,976,778	\$57,781,574	(\$41,195,204)	58.4%
TOTAL REVENUES	\$225,831,738	\$225,828,756	\$149,143,477	(\$76,685,279)	66.0%
<u>ADMINISTRATIVE and OPERATING EXPENSES</u>					
EMPLOYMENT EXPENSES					
Wages	\$23,690,863	\$22,966,307	\$18,758,643	\$4,207,664	81.7%
Benefits	19,635,154	19,635,154	13,638,424	5,996,730	69.5%
TOTAL EMPLOYMENT EXPENSES	\$43,326,017	\$42,601,461	\$32,397,067	\$10,204,394	76.0%
ADMINISTRATIVE EXPENSES					
Office & Administrative	\$1,767,847	\$2,722,305	\$1,126,295	\$1,596,010	41.4%
Insurance Expenses	840,500	840,498	498,985	341,513	59.4%
Professional Fees & Services	9,793,857	11,360,602	4,680,343	6,680,259	41.2%
O&M Projects	23,219,025	33,088,380	12,044,883	21,043,497	36.4%
Reimbursable Projects	490,272	490,272	217,317	272,955	44.3%
TOTAL ADMINISTRATIVE EXPENSES	\$36,111,501	\$48,502,057	\$18,567,823	\$29,934,234	38.3%

INLAND EMPIRE UTILITIES AGENCY
Fiscal Year 2016/17
CONSOLIDATED BUDGET VARIANCE ANALYSIS REPORT
Third Quarter Ended March 31, 2017

	Adopted FY 2016/17 Annual Budget	Amended FY 2016/17 Annual Budget	YTD Actual	YTD Variance	YTD % Budget Used
OPERATING EXPENSES					
Material & Supplies/Leases	\$2,866,883	\$3,543,361	\$2,064,962	\$1,478,399	58.3%
Biosolids Recycling	4,469,101	4,418,405	2,846,717	1,571,688	64.4%
Chemicals	4,674,015	4,996,015	3,142,994	1,853,021	62.9%
MWD Water Purchases	31,856,220	31,856,220	20,027,753	11,828,467	62.9%
Operating Fees/RTS Fees/Exp. Alloc.	11,790,850	11,439,343	8,245,975	3,193,368	72.1%
Utilities	11,608,046	11,114,046	5,661,157	5,452,889	50.9%
TOTAL OPERATING EXPENSES	\$67,265,115	\$67,367,390	\$41,989,558	\$25,377,832	62.3%
TOTAL ADMINISTRATIVE and OPERATING EXPENSES	\$146,702,633	\$158,470,908	\$92,954,448	\$65,516,460	58.7%
<u>NON-OPERATING EXPENSES</u>					
CAPITAL OUTLAY	\$60,387,558	\$60,291,393	\$17,930,182	\$42,361,211	29.7%
FINANCIAL EXPENSES					
Principal, Interest and Financial Expenditures	22,001,426	22,016,968	64,026,364	(42,009,396)	290.8%
OTHER NON OPERATING EXPENSES	1,651,931	341,300	342,515	(1,215)	100.4%
TOTAL NON-OPERATING EXPENSES	\$84,040,915	\$82,649,661	\$82,299,061	\$350,600	99.6%
TOTAL EXPENSES	\$230,743,548	\$241,120,569	\$175,253,509	\$65,867,060	72.7%
REVENUES IN EXCESS/ (UNDER) EXPENSES	(\$4,911,810)	(\$15,291,813)	(\$26,110,032)	(\$10,818,219)	
FUND BALANCE SUMMARY					
Beginning Balance, July 01	\$160,207,357	187,114,440	\$187,114,440	\$0	
Surplus/ (Deficit)	(4,911,810)	(15,291,813)	(26,110,032)	(10,818,219)	
ENDING BALANCE, June 30	\$155,295,547	\$171,822,627	\$161,004,408	(\$10,818,219)	

Business Goals & Objectives Report By Department

FY 2016/17

EXHIBIT B

Goal ID	FY Start	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
Department: ALL														
Report Month: January, February, March : Year: 2017														
Agency Management														
217	FY 2016/17	Quarterly	Agency Management	C	Continue to apply Lean Management principles to streamline current business processes and systems and eliminate waste and redundancies	Develop and implement a standardized procedure for writing and processing committee/board letter	Completed by June 30, 2017	Implement two procedures per quarter until completed	April Woodruff	May	2017	On Schedule		New board letter template will be launched in July 2017.
219	FY 2016/17	Quarterly	Agency Management	C	Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies	Develop and implement a standardized procedure for writing and processing committee/board letter	Completed by June 30, 2017	Implement two procedures per quarter until completed	April Woodruff	May	2017	On Schedule		New board letter template will launch in July 2017
220	FY 2016/17	Quarterly	Agency Management	C	Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies	Develop a standard operating procedure handbook for the Executive Management Department area	Completed by June 30, 2017	Implement two procedures per quarter until completed	April Woodruff	May	2017	On Schedule		Ongoing - First draft to be completed May 31, 2017
221	FY 2016/17	Quarterly	Agency Management	C	Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies	Update and maintain "Duties and Annual Calendar or Responsibilities" manual for the Board Secretary position	Completed by June 30, 2017	Update 25% per quarter	April Woodruff	May	2017	On Schedule		First draft to be completed May 31, 2017.
222	FY 2016/17	Quarterly	Agency Management	C	Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies	Increase the efficiency of the executive administrative group through streamlining processes	Ongoing	Review and improve two processes per quarter	April Woodruff	May	2017	On Schedule		On going - Completing training for new staff members.
Business Information Services														
249	FY 2016/17	Quarterly	Finance and Administration	B	Ensure staff understands and upholds their role in achieving the Agency's Mission, Vision, and Values	Release new enhancements to Agency's various software applications at fixed intervals (every 4 months).	Ongoing by June 2016	100% of enhancements released plus or minus two calendar weeks from scheduled release date	Kanes Pantayatiwong	March	2017	On Schedule		BIS implemented the SAP Single Sign-On (SSO) to provide ease of use by eliminating the need to log on to SAP once user already logged on to a PC. Today, users of ESS/MSS and SAP GUI are no longer required to log in. BIS also deployed a dashboard for goods issue to monitor warehouse movements with respect to work orders. Enhanced the Water Connection Fee dashboard as well as the program for entering the Water Connection Fee billing - mass update.
251	FY 2016/17	Monthly	Finance and Administration	B	Prepare and implement a Disaster Preparedness Plan and conduct periodic emergency response drills by July 2017	Implement recommended disaster plan per TMP.	Ongoing	BIS to lead the Business Continuity / Disaster Recover Subcommittee	Kanes Pantayatiwong	March	2017	On Schedule		Secured a contract for disaster recovery by having continuous off-site backup as well as a facility where a team can operate remotely. The contract was for 2 years and with options for extension. Periodically executed the remote testing and on-premise testing.
39	FY 2016/17	Quarterly	Finance and Administration	B	Prepare and implement a Disaster Preparedness Plan and conduct periodic emergency response drills by July 2017	Implement recommended disaster plan per TMP	Per TMP schedule	Plan adoption and in place	Kanes Pantayatiwong	March	2017	On Schedule	No	Working with ISS, secured a contract for disaster recovery by having continuous off-site backup as well as a facility where a team can operate remotely. The contract was for 2 years and with options for extension. Coordinated with ISS and implemented security improvements and updates to all enterprise servers (e.g., SAP, GIS, etc.)

5/10/2017

Business Goals & Objectives Report By Department

FY 2016/17

EXHIBIT B

Goal ID	FY Start	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
177	FY 2016/17	Quarterly	Finance and Administration	C	Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies	Determine requirements for new SAP enhancement that improves cost tracking for projects that qualify for multiple grants – Timeline 15/16 reads: Establish baseline date; develop requirements; implement prototype	Ongoing	< 3 systems in use	Kanes Pantayatiwong	March	2017	On Schedule	No	BIS secured a professional service contract with a SAP Grant consultant and arranged for a meeting with grant staff to review the near-term and long-term needs. A follow up meeting was set for other staff (e.g., finance, engineering, etc.) that is involved with the overall grant administration processes. BIS assisted accounting with preparing payroll processing training material and documentation to help onboarding a new payroll person.
178	FY 2016/17	Quarterly	Finance and Administration	C	Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies	Evaluate potential improvements to budgeting process, if appropriate, through enhancing SAP functionality	Ongoing	< 3 systems in use	Kanes Pantayatiwong	March	2017	On Schedule	No	BIS is working with Records Management group to implement the new ECMS (Laserfiche) to replace the legacy system - LibertyNET. The project team's for this quarter was on migrating content from Liberty to Laserfiche, preparing the integration of Laserfiche to SAP and GIS. BIS was also heavily involved in setting SAP to work with the US Bank Payment Plus program.
179	FY 2016/17	Quarterly	Finance and Administration	C	Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies	Assess challenges with Agency's financial processes: develop RFP for long term modifications	Ongoing	< 3 systems in use	Kanes Pantayatiwong	March	2017	On Schedule	No	No change from previous quarter due to lack of resource. Key business analyst for this project was temporarily reassigned to provide payroll support while the Agency was in search for replacement.
180	FY 2016/17	Quarterly	Finance and Administration	C	Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies	Reduce the number of external spreadsheets utilized to address NRW rate questions	Ongoing	< 3 systems in use	Kanes Pantayatiwong	March	2017	On Schedule	No	This project will be driven by business process owner (Planning Department). At this time, there is no active activity.
Contracts and Facilities Services														
172	FY 2015/16	Quarterly	Finance and Administration	A	Continue commitment to cost containment for operating and capital costs	Implement new solicitation tool for expanded competition cost savings	Complete by Jan. 2016	Increase of 5% in cost savings	Warren Green	May	2017	On Schedule	No	CAP staff perform regular analysis on procurements, solicitations, etc., offering recommendations to staff and ensuring the best cost, value to the Agency.
173	FY 2016/17	Quarterly	Finance and Administration	B	Promote a safer work environment by administering and monitoring required safety and regulatory trainings	Conduct Agency training on department processes that are in line with the Agency's MVV	Ongoing		Warren Green	May	2017	On Schedule	No	Staff has conducted several training sessions for various departments, including open house sessions related to contracts and procurement related activities.
174	FY 2016/17	Quarterly	Finance and Administration	C	Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies	Maintain average processing time within CFS's published service level objectives =95%	Ongoing		Warren Green	May	2017	On Schedule	No	Staff continues to provide service in accordance with the desired level of customer service. Review of dashboard, SAP cues, and MPN reports keep staff on track with service activities.
175	FY 2016/17	Quarterly	Finance and Administration	C	Provide timely updates to the Regional Committees and the IEUA Board on long term planning needs	Identify and participate in organizations that advance the Agency MV and key initiatives	Ongoing		Warren Green	May	2017	On Schedule	No	The majority of staff are members of NCMA, CAPPO, and other organizations related to our profession. Several members of staff serve as Officials in the local chapters of these organizations.
176	FY 2015/16	Quarterly	Finance and Administration	F	Ensure Agency programs promote environmental stewardship, sustainability, and preservation of heritage measures, utilizing green procurement and reuse of surplus materials, equipment, and parts when possible.	Ensure all current and future landscaping, as well as new facilities, are in cooperation with current LEED and water-efficiency programs and advancements	complete by June 2016	Increase educational signage for Agency facilities where accessible by the public by 15%.	Warren Green	May	2017	On Schedule	No	Facilities Management was moved into the Operations Division under the Maintenance group.

Business Goals & Objectives Report By Department

FY 2016/17

EXHIBIT B

Goal ID	FY Start	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
242	FY 2016/17	Quarterly	Finance and Administration	C	Replace the legacy Document Management System to ensure it meets Agency-wide and regulatory public recors requirement and eliminates redundant archiving systems	Implement the new ECM System, Agency taxonomy project, and legal holds process	Ongoing	Will conduct inventory of both paper and electronic records by October 15, 2016	Linda Johnson	May	2017	On Schedule		Due to increase in staff, substantial progress has been made on the inventory project. Approximately 60% completed. Department taxonomy completed. Legal hold process will be implemented at Laserfiche system "Go-Live" June 2017
243	FY 2016/17	Annual	Finance and Administration	C	Replace the legacy Document Management System to ensure it meets Agency-wide and regulatory public recors requirement and eliminates redundant archiving systems	In collaboration with BIS, implement an email or Electronic Data Interchange (EDI) solution for purchase order transmission to the vendors.	Ongoing	Transmission of purchase orders to vendors via direct email or EDI by January 2017.	Warren Green	May	2017	On Schedule		The use of email distribution of PO's has been implemented for Home Depot, Grainger and a few other vendors. The EDI requirement creates programming issues with vendors.
244	FY 2016/17	Annual	Finance and Administration	C	Replace the legacy Document Management System to ensure it meets Agency-wide and regulatory public recors requirement and eliminates redundant archiving systems	In collaboration with BIS, establish purchase requisition accessible Open Catalog Interface (OCI) catalogs for end user.	Ongoing	Add two new OCI vendors, open for use by all staff through the PR process, by June 2017	Warren Green	May	2017	On Schedule		An additional catalog was set up with Amazon. There are numerous catalogs set up through SAP that support business users.
245	FY 2016/17	Quarterly	Finance and Administration	C	Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies	Maintain average processing time within CFS's published service level objectives = 95%	Ongoing	Run quarterly staff and department service level reports and publish in the General Manager's quarterly report	Warren Green	May	2017	On Schedule		Staff continues to evaluate the dashboard, SAP cues and the MPR report to ensure service levels are being met.
113	FY 2015/16	Quarterly	Finance and Administration	F	Complete a performance assessment of the Platinum LEED rated headquarters and develop a plan to ensure performance, as appropriate, to the platinum standard	Evaluate the current standards for LEED qualifications and develop a plan for the Agency's HQ to maintain the ranking.	June-2016	Cross reference existing qualifications against new standards.	Warren Green	May	2017	On Schedule	No	Facilities Management task that was moved into the Operations Division under Maintenance.
Engineering														
115	FY 2016/17	Semi-Annual	Engineering, Planning and Science	D	Develop plan to improve the quality of recycled water to meet customer's needs by June 2017	Perform evaluations to identify measures to improve recycled water quality and implement measures based on priority	Complete by June 2017	Install recycle water screens at RP-1 and RP-5	Shaun Stone	May	2017	On Schedule	No	As of April 30th the project is the in the 100% design phase and we are awaiting submittal.
208	FY 2016/17	Quarterly	Engineering, Planning and Science	D	Work with other agencies on the implementation of local regional programs to meet the region's goal of reaching 50,000 AFY of recycled water use by June 2022	Perform evaluations to identify measures to improve recycled water quality and implement measures based on priority.	Ongoing	Install recycle water screens at RP-1 and RP-5	Shaun Stone	May	2017	On Schedule	No	As of April 30th the project is the in the 100% design phase and we are awaiting submittal.
214	FY 2016/17	Quarterly	Engineering, Planning and Science	E	Provide engineers training to understand business aspects of capital projects and increase engineering consultant design services in lieu of in-house designs to complete more projects in a shorter timeframe by July 2022	Provide high quality project management design for Capital Improvement Projects.	Ongoing	In-House Design Engineer = 10%	Shaun Stone	May	2017	Behind Schedule		For projects that finish construction during or after FY1617 the overall percentage is 13.75% 9 of 65 projects are in house design
215	FY 2016/17	Quarterly	Engineering, Planning and Science	E	Provide engineers training to understand business aspects of capital projects and increase engineering consultant design services in lieu of in-house designs to complete more projects in a shorter timeframe by July 2022	Provide high quality project management design for Capital Improvement Projects.	Ongoing	Fiscal Year Capital Spending = 90%	Shaun Stone	May	2017	Behind Schedule		FY Budget = \$65M; Projected spending = \$41M Overall projection = 62%. As of 3/31/17. Engineering had 15 projects representing \$15M in budget variance. Please see our May 2017 GM report for detail variances for the 15 projects.
216	FY 2016/17	Quarterly	Engineering, Planning and Science	E	Conduct Lesson's Learned sessions to evaluate key construction implementations	Review and evaluate all projects for best practices that can be applied to future projects.	Ongoing	10x/year > 90%	Shaun Stone	May	2017	On Schedule		Conducted 3 Lesson Learned in April 2017; CCWRF Air Duct Repair Drainage Issues of Underground Vault, Water Quality Laboratory Project, RP-1 Mixed

Business Goals & Objectives Report By Department

FY 2016/17

EXHIBIT B

Goal ID	FY Start	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
156	FY 2016/17	Once Complete	Engineering, Planning and Science	E	Evaluate advances in laboratory design for inclusion in the construction of the Water Quality Laboratory facility	Upon funding, design and construct latest technology lab	48 months after funding is received	Upon funding 12 months for design and 36 months to construct	Shaun Stone	May	2017	On Schedule	No	Liquor Return Pumps Pre-selection of the Long Lead Equipment The consultant contract was awarded in May 2015 and the design was completed 9 months later in February 2016. The construction contract was awarded in May 2016. The construction work is scheduled to be completed in August 2018
External Affairs														
166	FY 2016/17	Quarterly	Agency Management	C	Promote regional projects and initiatives through presentations to community based organizations, service groups, and stakeholders	Cultivate positive relationships with local and regional media	Ongoing	Present to 6 associations /groups	Kathy Besser	May	2017	On Schedule	No	Presented at Chino Valley Chamber of Commerce meeting
167	FY 2016/17	Quarterly	Agency Management	D	13. Advocate strategies that help anticipate and mitigate the impacts of droughts and climate change on the region	Develop, support, promote, and participate in water education programs	Ongoing		Kathy Besser	May	2017	On Schedule	No	Continued outreach and promotion of our education programs, which has resulted in an increase in fieldtrips from last year. We have increased our use of social media to promote agency activities including educational programs and events. New water conservation campaigns have been developed and will be shown in movie theaters throughout the region.
168	FY 2016/17	Quarterly	Agency Management	F	Support legislation to reduce drugs in waterways through take back programs	Support legislation to reduce drugs in waterways through take back programs	Completed by FY 16/17		Kathy Besser	May	2017	On Schedule	No	No activity for the 3rd quarter.
223	FY 2016/17	Quarterly	Agency Management	B	Ensure staff understands and upholds their role in achieving the Agency's Mission, Vision, and Values	Incorporate the Agency's Mission, Vision, and Values into all staff activities including: creating collateral materials, employee newsletter, and posting to the IEUA website. Increase public recognition of Agency brand	By June 2016 and ongoing	Continue to update printed materials, newsletters, and website with current content	Kathryn Besser	May	2017	On Schedule		The workgroup updated the Agency-wide work plans to better related to the recently updated Agency business goals. The updated work plans are now being used to updated goals for FY 17/18 & FY 18/19 budget.
224	FY 2016/17	Monthly	Agency Management	C	Update and maintain the Agency's website to clearly communicate key activities, issues, policies, and key documents, and continue to optimize use of social network media	Serve as the Agency Webmaster and provide current and timely information	By June 2016 and ongoing	Review the website for accuracy on a continual basis	Kathryn Besser	May	2017	On Schedule		Continue to monitor the IEUA website to provide up to date/current information.
228	FY 2016/17	Quarterly	Agency Management	C	Promote regional projects and initiatives through presentations to community based organizations, service groups, and stakeholders	Communicate the importance of regional/local water independence and conservation	By June 2016 and ongoing	Form a Drought Task Force with member agencies. Continue marketing campaigns and social media outreach, Present to associations or community organizations quarterly	Kathryn Besser	May	2017	On Schedule		Regional drought campaign throughout the service area continues. Marketing is adjusted to reflect the current season.
229	FY 2016/17	Quarterly	Agency Management	D	Complete water softner ordinance by December 2014 and continue to reduce salinity and nutrients in recycled water	Work with the cities of Chino, Chino Hills, and Ontario to pass the water softener ordinance	By June 2016 and ongoing	Remaining cities to pass ordinance by end of FY 2015/16	Kathryn Besser	May	2017	On Schedule		Auditing of "big box" stores has continued. Three cities within IEUA's service area have not yet passed ordinances.
230	FY 2016/17	Monthly	Agency Management	F	Develop a communication plan to promote being a good neighbor	Communicate the Agency-wide goals, services, and functions to our entire service area,	By June 2016 and ongoing	FY2015/16 will continue to increase number of events attended in order to	Kathryn Besser	May	2017	On Schedule		External Affairs has continued to increase the use of social media as a communication tool to reach out to stakeholders, businesses, and

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EXHIBIT B

Goal ID	FY Start	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
						including all community members, businesses, and stakeholders.		reach the entire service area						community members throughout the region. Continuing to work with the consultant and operations on the new brochures and technical illustrations, expected to be printed by the end of FY 16/17.
Finance and Accounting														
258	FY 2016/17	Quarterly	Finance and Administration	A	Advocate for continued receipt of property taxes and optimize grants and other funding sources to support Agency and regional investments.	Advocate for continued receipt of property taxes and optimize grants and other funding sources to support Agency and regional investments.	Ongoing	Review program fund allocations and adjust if necessary to meet program needs.	Tina Cheng	May	2017	On Schedule		Allocated property taxes based on the FY 2016/17 adopted budget assumptions. For example, allocated property tax receipts to Water Resources fund to support the Metropolitan Water District readiness to serve (RTS) fees and regional water resources initiatives not covered through the Agency's 7 year phased implementation RTS rate.
184	FY 2016/17	Quarterly	Finance and Administration	A	Reinstate the Agency's long term credit rating to AAA and maintain a debt coverage ratio to support such rating	Reinstate the Agency's long term credit rating to AAA and maintain a debt coverage ratio to support such rating	Ongoing		Tina Cheng	May	2017	On Schedule	No	The refunding of 2008A (issued as 2017A) was completed successfully due to favorable ratings assessed by rating Agency. Staff will continue to monitor the bond rating
185	FY 2016/17	Quarterly	Finance and Administration	A	Continue to monitor market opportunities for retirement, refunding, or restructuring of outstanding debt to reduce costs.	Monitor market opportunities for retirement, refunding, or restructuring of outstanding debt to reduce costs.	Ongoing		Tina Cheng	May	2017	On Schedule	No	Successfully completed the 2017A bond refunding in January 2017 in collaboration with Agency's staff, management, financial advisor, bond counsel, and underwriter, resulting in gross savings of \$129 million and net present value savings of \$36.8 million through the life of the bonds.
186	FY 2016/17	Quarterly	Finance and Administration	B	Promote a safer work environment by administering and monitoring required safety and regulatory trainings.	Promote a safer work environment by administering and monitoring required safety and regulatory trainings.	Ongoing		Tina Cheng	May	2017	On Schedule	No	Staff attended all required safety trainings. Based on employee request, adjustable desk was purchased to provide employee an ergonomic friendly working environment.
Grants														
181	FY 2016/17	Quarterly	Engineering, Planning and Science	A	Advocate for continued receipt of property taxes and optimize grants and other funding sources to support Agency and regional investments	Recommend potential grant opportunities that align with the Agency mission and financial goal	Ongoing		Jason Gu	May	2017	On Schedule	No	Recommended multiple State and Federal Grant and SRF loan opportunities that align with the Agency mission and financial goal. Several applications and pre-applications were submitted and were awarded.
182	FY 2016/17	Quarterly	Engineering, Planning and Science	A	Advocate for continued receipt of property taxes and optimize grants and other funding sources to support Agency and regional investments	Pursue new grant awards to diversify revenue	Ongoing		Jason Gu	May	2017	On Schedule	No	Major new grant applications and pre-applications were submitted to the State Water Resources Control Board and USBR, and a Letter of Interest was submitted to the EPA. Opportunities through local programs, and the state Prop 1 grant program and Federal WaterSMART program are continually being reviewed and applied for.
183	FY 2016/17	Quarterly	Engineering, Planning and Science	A	Advocate for continued receipt of property taxes and optimize grants and other funding sources to support Agency and regional investments	Collaborate with departments that have projects that need grant funding	Ongoing		Jason Gu	May	2017	On Schedule	No	Collaborating internally with Accounting & Fiscal Management, External Affairs, Planning, Engineering, Construction Management, and Operations, and externally with CBWM, CDA, and member agencies on preparing, submitting and monitoring grant and SRF loan applications to support agency and regional investment.

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274	FY 2016/17	Quarterly	Engineering, Planning and Science	A	Advocate for continued receipt of property taxes and optimize grants and other funding sources to support Agency and regional investments	Collaborate with departments that have projects that need grant funding.	Ongoing	Collaborating with IEUA and member agencies on preparing, submitting and monitoring grant and SRF loan applications for eligible projects.	Jason Gu	May	2017	On Schedule		Collaborating with Planning, Engineering, Construction Management, and Operations on preparing, submitting and monitoring grant and SRF loan applications for eligible TYCIP projects.
275	FY 2016/17	Quarterly	Engineering, Planning and Science	A	Advocate for continued receipt of property taxes and optimize grants and other funding sources to support Agency and regional investments	Find grants that match with Member and Regional Agencies capital and conservation programs	Ongoing	Continues as Federal and State grants are available	Jason Gu	May	2017	On Schedule		Collaborated with member agencies and other local agencies on preparing, submitting and monitoring grant and SRF loan applications for eligible projects. Will continue to locate opportunities to coordinate with others for regional benefits.
Human Resources														
33	FY 2016/17	Quarterly	Finance and Administration	B	Draft a new consolidated Personnel Rules and Regulations for the Agency across all bargaining units, thereby streamlining individual Unit MOUs by July 2016	Draft a new consolidated Personnel Rules and Regulations	July-2016	Prepare a first draft for review by April 2016	Sharmeen Bhojani	March	2017	On Schedule	No	Categorized and grouped proposed changes as financial and non-financial items for all MOUs. Completed draft revisions for two units.
40	FY 2016/17	Quarterly	Finance and Administration	B	Prepare and implement a Disaster Preparedness Plan and conduct periodic emergency response drills by July 2017	Work with all Agency departments to institute a holistic Disaster Preparedness Plan; coordinate table top exercises for disaster drills for all Managers and Supervisors on an annual or biennial basis	July-2017	Distribute a draft plan for review to all departments by January 2016	Sharmeen Bhojani	March	2017	Behind Schedule	No	The Disaster Drill has been delayed until September per Operations request.
57	FY 2016/17	Quarterly	Finance and Administration	B	Review and revise the Emergency Preparedness Plan by July 2017	Enhance current Emergency Preparedness Manual by adding department action plans and ensure coordination with the Disaster Preparedness Plan; review and revise the manual on an annual basis	July-2017	Distribute a draft plan for review to all departments by January 2016	Sharmeen Bhojani	March	2017	On Schedule	No	The Agency's Emergency Manual is reviewed periodically and near calendar year end. As this is a living document, it continues to be revised as necessary.
187	FY 2016/17	Quarterly	Finance and Administration	B	Ensure staff understands and upholds their role in achieving the Agency's Mission, Vision, and Values	Assist in the development of the cross-training program by providing guidance, coordination, and administrative skills in the program design, course content development, marketing and evaluation with various stakeholders and subject matter experts	Ongoing June 2015???	Survey and employee feedback/ Number of on-site visits, lunch and learns and other educational sessions held	Sharmeen Bhojani	March	2017	On Schedule	No	No new update to report.
188	FY 2016/17	Quarterly	Finance and Administration	B	Implement strategies and recruitment practices that provide flexible and responsive solutions to assist the Agency in filling positions in a timely and effective manner	Draft a new consolidated Personnel Rules and Regulations	Ongoing	Track the average number of weeks it takes to complete the recruitment process from beginning to end	Sharmeen Bhojani	March	2017	On Schedule	No	Average number of weeks is 7 weeks.
262	FY 2016/17	Semi-Annual	Finance and Administration	B	Ensure staff understands and upholds their role in achieving the Agency's Mission, Vision, and Values	Promote a positive work environment that holds managers, supervisors and employees accountable for	Ongoing	Survey and employee feedback	Sharmeen Bhojani	March	2017	On Schedule		Supervisors and managers attended 3 LCW workshop in January and March, 2017. The training topics covered were on Preventing Workplace Harassment,

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						creating and maintaining positive work relationships.								Workplace Bullying, and Public Sector Employment Law Update. The human resources staff attended the LCW Annual Public Sector Employment Law conference in February.
263	FY 2016/17	Quarterly	Finance and Administration	B	Ensure staff understands and upholds their role in achieving the Agency's Mission, Vision, and Values	Develop creative communication methods and continue education of employee benefits to increase knowledge of benefit programs and services including visiting and scheduling appointments with employees at other facilities, holding continuous lunch and learn sessions and other educational workshops/presentations.	Ongoing	Number of onsite visits, lunch and learns, and other educational sessions held	Sharmeen Bhojani	March	2017	On Schedule		ICMA 457 on site visit (2/8), CalPERS 457 on site visit (3/1); New Hire Tour 2/1 & 2/8; Longevity Health Screening onsite 2/14 & 2/21; HR staff traveled to Agency locations w/ Root Beer Floats: RP1 3/15, IERCF RP4 3/22
264	FY 2016/17	Quarterly	Finance and Administration	B	Develop and implement plan to mentor and prepare the next generation of Agency leaders by July 2017	Develop a process to identify potential leaders within the Agency; utilize the Leadership Academy and other training opportunities to enhance existing talent.	Leadership Academy January – June 2016	Number of employee participants in the Academy and other training programs. Percentage of internal promotions	Sharmeen Bhojani	March	2017	On Schedule		Five Agency management level employees are participating in the Southern California Local Government Leadership Academy from February - July 2017. Updated Agency retirement risk by employee spreadsheet for 3rd quarter.
265	FY 2016/17	Semi-Annual	Finance and Administration	B	Develop a plan to conduct a feedback study to measure employee satisfaction.	Create and distribute an employee satisfaction survey	Employee Climate Survey by June 2016	Conduct an Employee Climate Survey after Class and Comp Study implementation	Sharmeen Bhojani	March	2017	On Schedule		Selected vendor and designing survey to be conducted in June, 2017.
266	FY 2016/17	Quarterly	Finance and Administration	B	Develop a plan to conduct a feedback study to measure employee satisfaction.	Identify strategies to increase employee morale and promote employee retention.	Ongoing	Surveys and employee feedback/Retention of employees	Sharmeen Bhojani	March	2017	On Schedule		February/March - Met and worked w/Maintenance management team and GU unit to finalize the testing requirement to allow eligible members of the unit in the classifications of Mechanic and E & I to demonstrate proficiency to advance/flex to a higher level. Approx. 40 members are eligible to advance/flex to a higher level.
268	FY 2016/17	Annual	Finance and Administration	B	Review and update the STAR Award program to more effectively recognize outstanding performance	Change the format of the STAR Award Program to ensure more employees have an opportunity to receive the award	Review and recommendation by June 2016	Updated Agency Policy A-79.	Sharmeen Bhojani	March	2017	On Schedule		ongoing - exploring non monetary recognition for employees.
269	FY 2016/17	Quarterly	Finance and Administration	B	Achieve a Cal Star Award certification from OSHA by June 2019	Research requirements needed to obtain the award/certification by OSHA; work with Maintenance and Operations to develop a plan that ensures commendable safety and risk management practices.	Schedule meetings with Operations and Maintenance to review requirements and develop an action plan by June 2016	Prepare applications submittal(s) by November 2016.	Sharmeen Bhojani	March	2017	On Schedule		Departments continue to take steps toward a safer work environment. In doing so, requirements on the Cal-Star checklist are being managed and the Agency continues to work toward the goal of certification. An application cannot be submitted until all areas are compliant and in place for a full year.
Internal Audit														
231	FY 2016/17	Monthly	Agency Management	A	Continue commitment to cost containment for operating and capital costs.	Promote a strong control environment by conducting independent and objective audits of Agency operations where the focus and audit scope includes identifying	On-going and through the audits approved by the Audit Committee and the Board during the Annual Audit Plan presentation	Completed planned and scheduled audits approved through the Annual Audit Plan. Comments and discussions during	Teresa Velarde	May	2017	On Schedule		On-going. This is a requirement of the profession of internal auditing as well as a Board-approved Charter requirement, therefore, always completed and on schedule. All three auditors in the department are preparing for the

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231	FY 2016/17	Monthly	Agency Management	A	Continue commitment to cost containment for operating and capital costs.	<p>areas and providing recommendations for cost containment, effectiveness and efficiency in operations and opportunities to improve and areas of cost containment</p> <p>Promote a strong control environment by conducting independent and objective audits of Agency operations where the focus and audit scope includes identifying areas and providing recommendations for cost containment, effectiveness and efficiency in operations and opportunities to improve and areas of cost containment</p>	On-going and through the audits approved by the Audit Committee and the Board during the Annual Audit Plan presentation	<p>Audit Committee Meetings and exit meeting</p> <p>Completed planned and scheduled audits approved through the Annual Audit Plan. Comments and discussions during Audit Committee Meetings and exit meeting</p>	Teresa Velarde	May	2017	On Schedule		<p>certification. All three plan to complete the certification requirements by December 2016. All three auditors already have a higher professional designation and regularly attend continuous professional development to stay abreast of best practices.</p> <p>Internal Audit is required to complete audits approved through the Board approved Annual Audit Plan. Internal Audit recommendations are provided and communicated to those that can implement the recommendations. Each audit project provides opportunities to improve processes, contain costs, consider methods to complete work in a more effective and efficient manner. By completing operational audits, this objective is realized each and every time. The items revealed through the audit are discussed in detailed during the regularly scheduled Audit Committee meetings as well as prior to the AC meeting with management and line supervisors. Recommendations are provided to promote a strong control environment by conducting independent and objective audits of Agency operations where the focus and audit scope includes identifying areas and providing recommendations for cost containment.</p>
232	FY 2016/17	Monthly	Agency Management	A	Initiate discussions to revise and renew the Regional Sewerage Service Contract set to expire in 2023 by January 2018	<p>Close out and finalize the Regional Contract Review with recommendations to improve the consistent and fair application of the Regional Contract requirements among all Regional Contract Agencies. Additionally, provide recommendations to Agency management to improve and clarify clauses and requirements of the contract to negotiate a new contract going forward. Complete the evaluation of the connection and monthly sewer rate calculations, as well as Exhibit J application, as well as RCA's internal processes and procedures, supporting documentation to determine if these meet the intent and requirements of the contract. And provide workshops for the Board of Directors and the Regional Policy and Technical Committees, and provide workshops for the Board of Directors and the Regional Policy and Technical</p>	On-going follow-up review or additional evaluation as needed or requested by Management or the Board	<p>Completion. Comments and discussions during Executive Management Meetings, Audit Committee Meetings and exit meetings</p>	Teresa Velarde	May	2017	On Schedule		<p>Completed and Closed out. Completed the audits of the 7 member agencies, discussed the results with the contracting agencies and the Audit Committee and the Board as well as with Tech Committee. The Final Report for the Regional Contract Audit was completed in October of 2015. Over 20 recommendations were provided to evaluate, change and improve: the monthly sewer billing, the connection fee billing, the business model of the Regional Contract.</p>

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Committees														
232	FY 2016/17	Monthly	Agency Management	A	Initiate discussions to revise and renew the Regional Sewerage Service Contract set to expire in 2023 by January 2018	Close out and finalize the Regional Contract Review with recommendations to improve the consistent and fair application of the Regional Contract requirements among all Regional Contract Agencies. Additionally, provide recommendations to Agency management to improve and clarify clauses and requirements of the contract to negotiate a new contract going forward. Complete the evaluation of the connection and monthly sewer rate calculations, as well as Exhibit J application, as well as RCA's internal processes and procedures, supporting documentation to determine if these meet the intent and requirements of the contract. And provide workshops for the Board of Directors and the Regional Policy and Technical Committees, and provide workshops for the Board of Directors and the Regional Policy and Technical Committees	On-going follow-up review or additional evaluation as needed or requested by Management or the Board	Completion. Comments and discussions during Executive Management Meetings, Audit Committee Meetings and exit meetings	Teresa Velarde	May	2017	On Schedule		Completed and Closed out. Completed the audits of the 7 member agencies, discussed the results with the contracting agencies and the Audit Committee and the Board as well as with Tech Committee. The Final Report for the Regional Contract Audit was completed in October of 2015. Over 20 recommendations were provided to evaluate, change and improve: the monthly sewer billing, the connection fee billing, the business model of the Regional Contract.
232	FY 2016/17	Monthly	Agency Management	A	Initiate discussions to revise and renew the Regional Sewerage Service Contract set to expire in 2023 by January 2018	Close out and finalize the Regional Contract Review with recommendations to improve the consistent and fair application of the Regional Contract requirements among all Regional Contract Agencies. Additionally, provide recommendations to Agency management to improve and clarify clauses and requirements of the contract to negotiate a new contract going forward. Complete the evaluation of the connection and monthly sewer rate calculations, as well as Exhibit J application, as well as RCA's internal processes and procedures, supporting documentation to determine if these meet the intent and requirements of the contract. And provide workshops for the Board of Directors and the Regional Policy and Technical Committees	On-going follow-up review or additional evaluation as needed or requested by Management or the Board	Completion. Comments and discussions during Executive Management Meetings, Audit Committee Meetings and exit meetings	Teresa Velarde	May	2017	On Schedule		Completed. Completed the audits of the 7 member agencies, discussed the results with the contracting agencies and the Audit Committee and the Board as well as with Tech Committee. The Final Report for the Regional Contract Audit was completed in October of 2015. Over 20 recommendations were provided to evaluate, change and improve: the monthly sewer billing, the connection fee billing, the business model of the Regional Contract.

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						Committees, and provide workshops for the Board of Directors and the Regional Policy and Technical Committees								
232	FY 2016/17	Monthly	Agency Management	A	Initiate discussions to revise and renew the Regional Sewerage Service Contract set to expire in 2023 by January 2018	Close out and finalize the Regional Contract Review with recommendations to improve the consistent and fair application of the Regional Contract requirements among all Regional Contract Agencies. Additionally, provide recommendations to Agency management to improve and clarify clauses and requirements of the contract to negotiate a new contract going forward. Complete the evaluation of the connection and monthly sewer rate calculations, as well as Exhibit J application, as well as RCA's internal processes and procedures, supporting documentation to determine if these meet the intent and requirements of the contract. And provide workshops for the Board of Directors and the Regional Policy and Technical Committees, and provide workshops for the Board of Directors and the Regional Policy and Technical Committees	On-going follow-up review or additional evaluation as needed or requested by Management or the Board	Completion. Comments and discussions during Executive Management Meetings, Audit Committee Meetings and exit meetings	Teresa Velarde	May	2017	On Schedule		Completed. Completed the audits of the 7 member agencies, discussed the results with the contracting agencies and the Audit Committee and the Board as well as with Tech Committee. The Final Report for the Regional Contract Audit was completed in October of 2015. Over 20 recommendations were provided to evaluate, change and improve: the monthly sewer billing, the connection fee billing, the business model of the Regional Contract.
235	FY 2016/17	Monthly	Agency Management	B	Uphold a strong internal control environment by conducting independent objective internal and external audits of Agency finances and operations	Promote a strong control environment by conducting independent objective audits of Agency operations where the focus and audit scope includes identifying areas and providing recommendations for strong internal controls, effectiveness and efficiency in operations. Broaden, improve and expand knowledge, reliance and utilization of financial and information systems to gather, research, analyze, and examine different types, more detailed and larger scopes of data to evaluate and test during audit procedures for any type of audit or reviewed. Promote a strong control environment that preserve	Ongoing and through approved audits as approved through the Annual Audit Plan	Completed audits. Comments and discussions from stakeholders and during Executive Management Meetings, Audit Committee Meetings and exit meetings	Teresa Velarde	May	2017	On Schedule		Completed and On-Going. The Internal Audit Department must complete projects proposed through the Board-approved Annual Audit Plan and any amendments if any. IAD completes are projects proposed and assigned and provides recommendations for the improvement of Agency processes and procedures. Any changes to the plans are communicated to the Audit Committee and the Board. In addition to scheduled projects, IA maintains a list of on-going and potential audit projects. The list of potential/proposed audit projects is a list of items that can be evaluated and audited should the risk increase or IA is directed to accelerate the planned and proposed projects.

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						the public perception of the Agency and safeguard Agency assets where the focus is identifying areas and providing recommendations to improve customer service that is effective and responsive Per direction or approval by the Audit Committee and Board, and through coordination with senior management, Internal Audit would identify areas for audit where the goal and scope are to measure the performance of a program, a process, or a service or compare results to goals and identify areas for improvement, make recommendations to improve efficiencies. Conduct independent objective audits of Agency operations								
236	FY 2016/17	Monthly	Agency Management	B	Prepare and implement a Disaster Preparedness Plan and conduct periodic emergency response drills by July 2017	Update and maintain the IAD's Disaster Preparedness Plan and submit to the Audit Committee for review and submittal to the Board	Annually as part of the review of all IAD procedures and Charter	Review with the Audit Committee Advisor and Audit Committee members as well as Executive Management	Teresa Velarde	May	2017	On Schedule		The Internal Audit Department documented IA SOP -006 Business Continuity and Disaster Recovery in 2013 and is reviewed for any needed updates, annually, as required by the Charter. This SOP requires that IA assist any critical mission of the Agency first, before continuing with audit assignments, when and in the event of an emergency/disaster. Additionally, the Manager has recently attended FEMA training and is assigned the Communications Liaison. Other members of the IAD are on the Safety Committee and also are responsible for ensuring the department completes are required Safety Tailgate topics. Additional training will be provided by the Agency to all Agency staff.
241	FY 2016/17	Monthly	Agency Management	C	Leverage private/public partnership opportunities	Establish, maintain and strengthen audit-related private/public partnership opportunities to have network ties and associates where audit-related topics can be shared, discussed, and evaluated with the goal of continuous internal audit processes improvement	On-going	Feedback from auditees, senior/Executive Management, the Audit Committee Advisor, the Audit Committee and Board	Teresa Velarde	May	2017	On Schedule		Achieved. This is achieved through every audit project while working closely with the auditees and other Agency staff. becomes an opportunity to promote friendly, helpful customer service, build the business networks and provide any assistance or information necessary. Internal Audit works well with others and at all levels.
Laboratory														
197	FY 2015/16	Quarterly	Engineering, Planning and Science	B	Promote a safer work environment by administering and monitoring required safety and regulatory trainings.	Complete a Review/Update of the Laboratory Chemical Hygiene Plan annually. (CHP)	Complete by December 2015		Nel Groenveld	May	2017	On Schedule	No	Review to be completed by June 2017

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300	FY 2016/17	Quarterly	Engineering, Planning and Science	A	Continue commitment to cost containment for operating and capital costs	Evaluate advances in laboratory design for inclusion in the construction of the new Water Quality Laboratory	December 2016	Support Engineering during design phase by participation in design review.	Nel Groenveld	May	2017	On Schedule		Ongoing, Lab staff continue to work with Construction Management on the Water Quality Lab Project.
301	FY 2016/17	Annual	Engineering, Planning and Science	A	Continue commitment to cost containment for operating and capital costs	Maintain Laboratory certification for all current analysis performed, add certification if justified to reduce cost of contracting out some analysis	December 2016	Annually obtain 100% acceptable results on PE samples	Nel Groenveld	May	2017	On Schedule		Annual performance evaluation samples will be analyzed in June
302	FY 2016/17	Monthly	Engineering, Planning and Science	B	Promote a safer work environment by administering and monitoring required safety and regulatory trainings	Meet the bi-weekly safety tailgate meeting requirement	December 2016	Hold bi-weekly safety meetings	Nel Groenveld	May	2017	On Schedule		Ongoing, safety meetings have been completed as required for the quarter
303	FY 2016/17	Annual	Engineering, Planning and Science	F	Annually review and update Key Performance Indicators (KPIs) to monitor and comply with all regulatory requirements	Annually review and update monitoring and analysis protocols to reflect any new regulatory requirements	December 2016	Ongoing review of approved test methods	Nel Groenveld	May	2017	On Schedule		Ongoing
<u>Maintenance</u>														
308	FY 2016/17	Quarterly	Operations	B	Establish a cross training program across departments and divisions to enhance understanding of Agency programs	Develop and implement a division-wide training program to enhance understanding by Agency staff of wastewater treatment process and compliance; modern maintenance practices; and recycled water maintenance.	By June 30, 2017	Hold one training session each quarter	Randy Lee	May	2017	On Schedule		Maintenance training based on the Class & Comp has been completed. Proficiency exams for advancement to begin the end of May.
309	FY 2016/17	Annual	Operations	E	Ensure reliability of Agency assets by annually implementing the asset management monitoring and assessment program (Asset Management Plan)	Conduct major condition assessments annually.	By June 30, 2017	Complete condition assessments of RP-5 and CCWRF	Randy Lee	April	2017	On Schedule		Condition assessment of RP-5 Primary Clarifier, splitter box and influent, effluent pipelines is scheduled for July 2017.
246	FY 2016/17	Monthly	Operations	C	Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies	Provide exceptional and responsive customer service.	Continuous	Increase facilities services response time for support services by 15%.	Lucia Diaz	May	2017	On Schedule		On-going Facilities continues to monitor the activities associated with the Track it system in response to the level of service. There are times where staff is dependent upon other departments for support. To date a total of 275 support tickets have been completed.
247	FY 2016/17	Quarterly	Operations	F	Ensure Agency programs promote environmental stewardship, sustainability, and preservation of heritage measures, utilizing green procurement and reuse of surplus materials, equipment, and parts when possible	Identify educational opportunities for environmentally friendly facilities and landscapes	Ongoing	Increase educational signage by 10% for Agency facilities that are accessible by the public.	Lucia Diaz	May	2017	On Schedule		Educational Signage for Regional Plant No. 5 will be installed by the end of the fiscal year, June 2017.
<u>Operations</u>														
198	FY 2016/17	Quarterly	Operations	D	Develop and implement a communication plan to promote water use efficiency and the value of water by July 2015	Measure baseline usage of potable and recycled water usage.	Ongoing through June 2016		Matt Melendrez and	April	2017	On Schedule	No	Potable water usage data is collected and monitored for all sites. Recycled water usage data is collected and monitored at RP-5, CCWRF, RP-1 and RP-2. A project has been identified to add a meter at RP-4.
199	FY 2016/17	Quarterly	Operations	D	Develop and implement a communication plan to promote	Maintain peak demand management readiness	Ongoing through June 2016		Andy Campbell	May	2017	On Schedule	No	Weekly demand management meetings will be resumed in May 2017.

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200	FY 2016/17	Quarterly	Operations	D	water use efficiency and the value of water by July 2015 Develop and implement a communication plan to promote water use efficiency and the value of water by July 2015	Maintain pump station readiness	Ongoing through June 2016		Andy Campbell	May	2017	On Schedule	No	Pump station readiness is continuously monitored by RW staff. Any deficiency's of readiness are addressed and remedied.
201	FY 2016/17	Quarterly	Operations	D	water use efficiency and the value of water by July 2015 Develop and implement a communication plan to promote water use efficiency and the value of water by July 2015	Continue weekly Peak Demand Management meetings with key operations staff for start of 2016 Peak Demand season.	Ongoing through June 2016		Andy Campbell	May	2017	On Schedule	No	Weekly demand management meetings will be resumed in May 2017.
202	FY 2016/17	Quarterly	Operations	D	Develop plan to improve the quality of recycled water to meet customer's needs by June 2017	Prepare and submit to CDPH start-up reports for new basin as delivery mechanisms are completed	Completed by June 2016 and Ongoing		Andy Campbell	May	2017	On Schedule	No	Declez Basin start-up is complete; start-up report will be completed in fourth quarter.
203	FY 2016/17	Quarterly	Operations	D	Identify and protect the best recharge land sites in the service region by June 2016	Ensure all treatment standards are met to maximize availability of recycled water.	Completed by June 2016 and Ongoing		Matt Melendrez and	April	2017	On Schedule	No	During February and March 2017 both RP-1 and CCWRF had permit exceedances. However these deviations did not impact RW deliveries.
204	FY 2016/17	Quarterly	Operations	D	Identify and protect the best recharge land sites in the service region by June 2016	Identify projects necessary to reduce potable and promote recycled water usage	Completed by June 2016 and Ongoing		Matt Melendrez and	April	2017	On Schedule	No	Projects have been identified to switch processes from potable to recycle water. Operations is working with Maintenance, and Engineering to complete these projects. For example San Bernardino Lift Station packing water system and the RP-1 Centrifuge cooling water system.
206	FY 2016/17	Quarterly	Operations	D	Conduct research to find new methods to safely recharge more water into Chino Basin by June 2016	Maintain basin readiness through basin cleanings	Completed by June 2016 and Ongoing		Andy Campbell	May	2017	On Schedule	No	Hickory and Banana basins will be cleaned in May and June 2017. RP3, Delclez and Victoria were cleaned Fall 2016. Will continue to develop cleaning strategies and implement cleaning projects to maintain peak basin infiltration capacity.
206	FY 2016/17	Quarterly	Operations	D	Conduct research to find new methods to safely recharge more water into Chino Basin by June 2016	Maintain basin readiness through basin cleanings	Completed by June 2016 and Ongoing		Andy Campbell	May	2017	On Schedule	No	Conducted 3DFEEM study with Jorg Drewes. Final report for study was completed February 2016. Study with other sampling results assisted IEUA in obtaining 50% RWC for most of its RW GWR basins.
80	FY 2016/17	Quarterly	Operations	D	Optimize IEUA's use of potable and recycled water by July 2016	Identify projects necessary to reduce potable and recycled water usage.	FY 2016/17	One facility per quarter	Matt Melendrez	April	2017	On Schedule	No	A project has been identified to convert the RP-1 centrifuge oil coolers from potable water to utility water.
143	FY 2016/17	Annual	Operations	B	Review and revise the Emergency Preparedness Plan by July 2017	Support Human Resources in the development of an Emergency Preparedness Plan for the Operations Division.	FY 2014/15	Not applicable	Chander Letulle	April	2017	On Schedule	No	The Operations Interim Emergency Response Plan is continually being reviewed to ensure accuracy and availability of the latest information.
306	FY 2016/17	Quarterly	Operations	F	Strive for 100% use of Agency bi-products by 2021	Support the development and implementation of the Energy Management Plan to ensure 100% use of digester gas	By June 2016 Ongoing	Meet 100% of established implementation goals; on-going	Chander Letulle, Matt	April	2017	On Schedule		Operations has supported all implementation goals. Due to equipment issues at RP-1 and RP-2 gas utilization is lower than expected.
307	FY 2016/17	Monthly	Operations	F	Strive for 100% use of Agency bi-products by 2021	Maximize use of biosolids by sending 90% of organics to IERCF	By June 2016 Ongoing	Send 90% of organics to IERCF; on-going	Randy Lee	April	2017	On Schedule		All Agency biosolids have been sent to the IERCF, processed into compost and sold into landscape and agricultural markets.

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Planning and Environmental Compliance														
278	FY 2016/17	Annual	Engineering, Planning and Science	C	Identify and participate in organizations that advance the Agency's mission, vision, and key initiatives	Participate in local and regional meetings such as CASA, SCAP, Water Reuse, SCWC, CWEA, and ACWA, to advance the Agency's mission, vision and key initiatives.	Continuous	Attend at regular meetings	Sylvie Lee	May	2017	On Schedule		Staff is actively participating in meetings, workshops, conferences, task forces, and attending seminars to track issues as they relate to the Agency's short- and long-term goals.
279	FY 2016/17	Quarterly	Engineering, Planning and Science	C	Promote regional projects and initiatives to boost business and industry relocations and promote economic development in the regiona	Promote local initiatives; consider and recognize the business impacts when developing regulations, policies, and planning documents	Continuous	Maintain the schedules as established in the regulations, policies and planning documents	Sylvie Lee	May	2017	On Schedule		Staff in process of evaluating the Exhibit J sewer fee calculation methodology, which will modernize the calculations. SL
280	FY 2016/17	Monthly	Engineering, Planning and Science	C	Provide timely updates to the Regional Committees and the IEUA Board on long term planning needs	Provide regular updates to the Regional Committees and IEUA Board on long term planning needs.	Continuous	Provide monthly/ quarterly/annual updates as needed.	Sylvie Lee	May	2017	On Schedule		Updates have been provided on planning issues through the quarter. SL
283	FY 2016/17	Quarterly	Engineering, Planning and Science	D	Advocate for ordinances requiring use of permeable pavement in new parking lots	Work with member agencies to develop ordinances, programs, and initiatives to promote storm water capture.	June 2016 Ongoing	Ongoing development of programs, plans, and policies to support storm water capture	Sylvie Lee	May	2017	On Schedule		Participating in SB County stormwater management plan, including projects that promote LID.
295	FY 2016/17	Quarterly	Engineering, Planning and Science	F	Develop a communication plan to promote being a good neighbor	Develop a communication plan to neighboring businesses of odor performance monitoring.	Continuous	Periodic/as needed monitoring performed	Sylvie Lee	May	2017	On Schedule		Staff is drafting a report to present information collected
296	FY 2016/17	Quarterly	Engineering, Planning and Science	F	Develop a communication plan to promote being a good neighbor	Assist Operations and External Affairs with odor complaint investigations and assist with mitigation.	Continuous	Provide support as needed	Sylvie Lee	May	2017	On Schedule		Perform odor monitoring, as needed to assist Operations, External Affairs during complaints investigation and mitigation.
297	FY 2016/17	Quarterly	Engineering, Planning and Science	F	Lead efforts to advocate for emerging trends and proposed changes to rules and regulations	Actively participate in the legislative process through advice letters and comments	Continuous	Actively participate and submit comments/letters as issues arise through ACWA, WaterReuse, SCAP.	Sylvie Lee	May	2017	On Schedule		Provided comments to External Affairs regarding P&ER's legislative priorities. Continuous. SL
299	FY 2016/17	Annual	Engineering, Planning and Science	F	Develop a regionally focused Comprehensive Mitigation Plan for construction projects by July 2016	Complete a Santa Ana River Multi Species Habitat Conservation Plan (SAR-MSHCP) and develop a long-term strategy for mitigation for other regional projects.	June 2017	Adopt the SAR-MSHCP by June 2017	Sylvie Lee	May	2017	Behind Schedule		SAR HCP schedule has been prolonged through July 2018 for draft; 2019 for final adoption. Activity impact assessment and discussions about how to establish the mitigation sites are underway.
89	FY 2016/17	Quarterly	Engineering, Planning and Science	D	Identify and protect the best recharge land sites in the service region by June 2016	Implement the schedule consistent with the IRP	continuous	Meet the schedule as defined by the IRP	Sylvie Lee	May	2017	On Schedule	No	Project lists, including sites identified in RMPU, are being updated in IRP Phase 2.
190	FY 2016/17	Quarterly	Engineering, Planning and Science	C	Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies	Apply LEAN management principles to streamline current practices and develop long-term strategy for permitting of the O&M activities of recharge basins	To be Completed by June 2017		Sylvie Lee	May	2017	On Schedule	No	ACOE is drafting public notice comment letters
191	FY 2016/17	Quarterly	Engineering, Planning and Science	C	Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies	Develop a regulatory permitting strategy to support the implementation of the regional water and wastewater programs as identified in the planning documents	To be Completed by June 2017		Sylvie Lee	May	2017	On Schedule	No	IEUA Board of Directors certified the final PEIR on 3/15/17

Business Goals & Objectives Report By Department

FY 2016/17

EXHIBIT B

Goal ID	FY Start	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
193	FY 2016/17	Quarterly	Engineering, Planning and Science	D	Identify and protect the best recharge land sites in the service region by June 2016	Evaluate new projects and programs to support regional water reliability	Continuous	Meet the schedule as defined by the IRP	Sylvie Lee	May	2017	On Schedule	No	Project lists, including sites identified in RMPU, are being updated in IRP Phase 2.
195	FY 2016/17	Quarterly	Engineering, Planning and Science	D	Conduct research to find new methods to safely recharge more water into Chino Basin by June 2016	Complete the MWD Foundational Action Research Program and develop a tertiary injection research project plan to find new methods to safely recharge more water in to Chino Basin	Through June 2016 and Ongoing	Develop the plans	Sylvie Lee	May	2017	On Schedule	No	Researching current direct potable reuse projects, and participating in workshops with the State Water Resources Control Board with regards to the development of regulations for direct potable reuse.
196	FY 2016/17	Quarterly	Engineering, Planning and Science	D	Accelerate implementation of capital projects where appropriate to "drought proof" regional water supplies and optimize use of available federal and state grants and low interest rate financing	Accelerate implementation of "Drought Proof" projects to optimize use of federal and state grants and loans; develop the project list based on priority.	Continuous	Keep updated project list and be coordinated with member agencies	Sylvie Lee	May	2017	On Schedule	No	Phase 2 of the IRP is developing a Regional Projects List and Regional Single-Line Schematic as part of the initial effort. The Projects List will help project the long-term resiliency of the regions water supplies. The schematic will be expanded to model the ability to move water in the region.
271	FY 2016/17	Monthly	Engineering, Planning and Science	A	Initiate discussions to revise and renew the Regional Sewerage Service Contract set to expire in 2023 by January 2018	Collaborate with the Member agencies, JPAs, and the regional leaders on projects that can be partially funded by grant or SRF loan programs	Ongoing	Collaborating with IEUA and member agencies on preparing, submitting and monitoring grant and SRF loan applications for eligible projects.	Sylvie Lee	May	2017	On Schedule		A scope of work has been developed for Phase 2 of the Feasibility Study for the RW Intertie Project with Pomona, MVWD and IEUA. Additional alternatives will be explored, as well as groundwater modeling for the potential locations.
272	FY 2016/17	Monthly	Engineering, Planning and Science	A	Advocate for continued receipt of property taxes and optimize grants and other funding sources to support Agency and regional investments	Recommend and pursue new grant awards/opportunities to diversify revenue.	Ongoing	Grants Opportunities announcements to Agency departments and member agencies.	Sylvie Lee	May	2017	On Schedule		The department is preparing a list of potential Title XVI projects for Water Reclamation & Reuse for long-term grant planning.

**Inland Empire Utilities Agency
Inter-Departmental / Division Transfers FY 2016/2017
Budget Transfer**

Fund	Date	O&M Transfer From	Category	Amt Transfer Out	O&M Transfer To	Category	Amount Transfer In	Description	QTR
10200	1/16/17	512010	Office Supplies - Gen	\$500	512610	Office Equipment	\$500	Transfer to cover adj. height desk for Financial Analyst II.	3
10200	1/18/17	520213	Legal - Labor	\$30,000	521010	Contract Labor	\$30,000	Transfer needed for temporary employee support in the Records Mgmt Group.	3
10200	2/1/17	512010	Office Supplies - Gen	\$250	512610	Equip-Off <\$5,000	\$250	Transfer for ergonomic office equipment.	3
10200	3/15/17	521010	Contract Labor	\$17,000	512351	Courier/Shipping	\$17,000	Transfer to cover courier services through the remainder of the year. Increase in lab courier services pushed the contract amount over the budgeted fund amount.	3
10600	1/4/17	521220	Lab Services - Outside	\$10,000	512160	Lab Supplies	\$10,000	Transfer needed for analysis the agency is now able to perform in-house, transferring from RW contract lab svcs as samples will no longer be sent for that test.	3
10800	1/9/17	521080	Other Contract Svcs	\$1,000	519310	Operating Permits & Lic	\$1,000	Transfer for certification application fee for Magnolia Channel. Due to updated fees, there were not enough funds available in the account.	3
10800	3/28/17	519010	GM Contingency	\$110,000	520210	Legal Fees	\$110,000	Transfer from GM Contingency to legal fees to cover unforeseen general legal expenses	3
10800	3/29/17	521080	Other Contract Svcs	\$12,000	512140	Uniforms/Rugs	\$12,000	To cover the costs of uniforms for OIT volunteers and interns	3
			Total O&M Transfers Out	\$180,750		Total O&M Transfers In	\$180,750		

Fund	Date	Project	Project Description	Amt Transfer Out	Project	Project Description	Amt Transfer In	Justification	QTR
10600	1/4/17	EN17020	FY 16/17 WC On-Call Support O & M	\$33,000	EN17039	8th St. Basin RW Turnout Dischg Retrofit	\$33,000	Transfer required for the design consultant cost and labor cost through June 30th.	3
			Total Project Transfers Out	\$33,000		Total Project Transfers In	\$33,000		

**Inland Empire Utilities Agency
FY 2016/17 GM Contingency Account Activity**

Exhibit C-2

Date	Description		Account/Project No.	Requestor	GM Contingency Budget	Transfers	Balance
7/1/2016	FY 2016/17 Adopted budget	RO Fund	10800-112100-501000-519010		\$400,000		\$400,000
9/27/2016	Transfer to cover unforeseen clean-up and abatement fees	RO Fund	10800-112100-501000-520210	A. Woodruff		\$20,000	\$380,000
10/17/2016	Transfer to cover unforeseen clean-up and abatement fees	RO Fund	10800-112100-501000-520210	A. Woodruff		\$30,000	\$350,000
11/10/2016	Transfer to cover unforeseen clean-up and abatement fees	RO Fund	10800-112100-501000-520210	A. Woodruff		\$60,000	\$290,000
3/28/2016	Transfer to cover unforeseen general legal expenses	RO Fund	10800-112100-501000-519010	A. Woodruff		\$110,000	\$180,000
RO Fund GM Contingency					\$400,000	\$220,000	\$180,000
7/1/2016	FY 2016/17 Adopted budget	GG Fund	10200-112100-100000-519010		\$300,000		\$300,000
8/31/2016	Transfer to cover the purchase of computers for new staff in External Affairs	GG Fund	10200-146100-105000-980000	K. Besser		\$3,700	\$296,300
12/15/2016	Transfer to cover the purchase of IEUA shirts for employees	GG Fund	10200-120100-100000-511310	S. Bhojani		\$8,900	\$287,400
GG Fund GM Contingency					\$300,000	\$12,600	\$287,400
GM CONTINGENCY GRAND TOTAL					\$700,000	\$232,600	\$467,400

cc: Joe Grindstaff, Christina Valencia

Inland Empire Utilities Agency

Changes in Total Project Budgets: Inter-Departmental/Division Transfers FY 2016/17

Fund	Capital or Spec Proj?	Request Date	Total Proj Budget Change (Y/N)?	Annual Proj Budget Change (Y/N)?	New Proj? (Y/N)	Project Number	Project Title	Adopted Total Project (TP) Budget	Prior TP Changes in Current FY	Current Total Project Budget	Amt. of Transfer In / (Out)	New TP Budget	Annual Project Budget	Annual Proj. Budget Change	New Annual Project Budget	Project Transferred To/(From)	Justification
10200	Capital	2/23/17	Yes	Yes	No	IS17018	HyperV Host Server	\$23,500	\$0	\$23,500	(\$4,000)	\$19,500	\$23,500	(\$4,000)	\$19,500	IS17021	Transfer to supply funds for purchase of adapters for servers to connect to Keyboard/Video/Monitor.
						IS17021	Keyboard/Video/Monitor	\$6,485	\$0	\$6,485	\$4,000	\$10,485	\$6,485	\$4,000	\$10,485	(IS17018)	
Subtotal Administration (GG):								\$29,985				\$29,985	\$29,985	\$29,985	\$29,985		
10800	Capital	1/5/17	Yes	Yes	Yes	IS15020	Process Automation and Control IT Improvement	\$500,000	(\$264,000)	\$236,000	(\$17,000)	\$219,000	\$500,000	\$0	\$500,000	IS17038	Transfer from IS15020 to create new project, IS17038, to implement an Ironport appliance in the SCADA network to eliminate a single point of failure for outbound plant alarms delivery over the Internet.
						IS17038	SCADA Network Redundancy	\$0	\$0	\$0	\$17,000	\$17,000	\$0	\$0	\$0	(IS15020)	
	Capital	2/21/17	Yes	Yes	Yes	IS17024	Invensys/Foxboro RP-5	\$254,500	\$0	\$254,500	(\$50,000)	\$204,500	\$254,500	(\$50,000)	\$204,500	IS17039	Transfer from IS17024 to create new project, Microwave Communications Power Reliability, to install a redundant central power source for the communications radios and new network switches to prevent loss of communications during power failures and during UPS maintenance.
						IS17039	Microwave Communications Power Reliability	\$0	\$0	\$0	\$50,000	\$50,000	\$0	\$50,000	\$50,000	(IS17024)	
	Capital	2/22/17	Yes	Yes	Yes	EN14012	RP-2 Drying Beds Rehabilitation	\$1,818,400	\$0	\$1,818,400	(\$50,000)	\$1,768,400	\$350,000	(\$50,000)	\$300,000	EN17072	Transfer from EN14012 to create new project, EN17072, to provide grading and drainage improvements at CCWRF to eliminate the ongoing issue with run off accumulation.
						EN17072	CCWRF Airduct Modifications	\$0	\$0	\$0	\$50,000	\$50,000	\$0	\$50,000	\$50,000	(EN14012)	
	Capital	3/1/17	Yes	Yes	Yes	EN14012	RP-2 Drying Beds Rehabilitation	\$1,818,400	(\$50,000)	\$1,768,400	(\$15,000)	\$1,753,400	\$300,000	(\$15,000)	\$285,000	EN17082	Transfer from EN14012 to create new project, EN17082, to assist in the maintenance of the digestion system and limit the amount of clogging material in the digesters and associated piping.
						EN17082	RP-1 Mechanical Restoration and Upgrades	\$0	\$0	\$0	\$15,000	\$15,000	\$0	\$15,000	\$15,000	(EN14012)	
	Capital	3/15/17	Yes	Yes	No	EN17059	RP-1 Iron Sponges Installation	\$0	\$300,000	\$300,000	\$200,000	\$500,000	\$300,000	\$0	\$300,000	RO Reserves	Board approved amendment to the total project budget of EN17059 to cover the cost of the design-build contract with W.A. Rasic.
Subtotal Regional Operations (RO):								\$4,391,300				\$4,577,300	\$1,704,500	\$1,704,500			
10900	Capital	2/15/17	Yes	No	No	EN14018	RP-4 Process Improvements	\$2,391,345	\$0	\$2,391,345	\$284,400	\$2,675,745	\$1,000,000	\$0	\$1,000,000	(RC Reserves)	Board approved amendment to the the total project budget of EN14018 to cover cost of relocating the chemical disinfection facility to a centralized location within RP-4.
	Capital	3/1/17	Yes	No	Yes	EN17021	RC On-Call Operation and Maintenance	\$250,000	\$0	\$250,000	(\$25,000)	\$225,000	\$250,000	(\$25,000)	\$225,000	EN17077	Transfer to create new project, EN17077, to perform a condition assessment with the design recommendations for constructing emergency diversion at the San Bernardino Lift Station.
						EN17077	San Bernardino Lift Station Emergency Diversion System	\$0	\$0	\$0	\$25,000	\$25,000	\$0	\$25,000	\$25,000	(EN17021)	

**Inland Empire Utilities Agency
Changes in Total Project Budgets: Inter-Departmental/Division Transfers FY 2016/17**

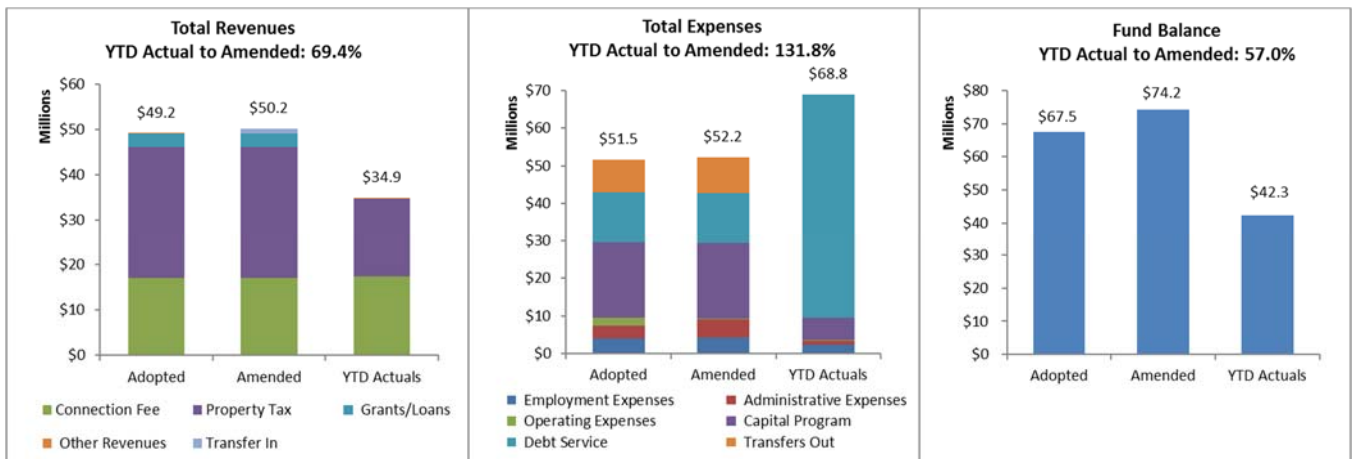
Fund	Capital or Spec Proj?	Request Date	Total Proj Budget Change (Y/N)?	Annual Proj Budget Change (Y/N)?	New Proj? (Y/N)	Project Number	Project Title	Adopted Total Project (TP) Budget	Prior TP Changes in Current FY	Current Total Project Budget	Amt. of Transfer In / (Out)	New TP Budget	Annual Project Budget	Annual Proj. Budget Change	New Annual Project Budget	Project Transferred To/(From)	Justification	
Capital	3/1/17	Yes	No	Yes	EN15055	1630 W Recycled Water Pump Station Surge Tank Installation	\$1,410,000	\$0	\$1,410,000	(\$10,000)	\$1,400,000	\$1,160,000	(\$10,000)	\$1,150,000	EN17080	Transfer to create new project, EN17080, to repair existing and construct new cathodic protection and monitoring test stations on the following recycled water distribution segments: Bickmore Ave pipeline, CCWRF pipeline, Edison Ave Main A and B pipelines, Jurupa pipeline, North Etiwanda Ave pipeline, San Antonio Channel Segment A pipeline, RP-4 West Extension Phase 1 & 2 pipelines, and 1158 reservoirs.		
					EN17080	RW System Cathodic Protection Improvements	\$0	\$0	\$0	\$10,000	\$10,000	\$0	\$10,000	\$10,000	(EN15055)			
Subtotal Regional Capital (RC):							\$4,051,345			\$4,335,745	\$2,410,000	\$2,410,000	\$2,410,000					
							Capital Total Project Budget		Capital Total Project Budget		Total Annual Capital Budget							
							Adopted	Amended	Adopted	Amended	Adopted	Amended						
							\$8,472,630		\$8,943,030		\$4,144,485	\$4,144,485						
10800	O&M Proj	2/14/17	Yes	Yes	No	PA15006	Aeration Systems Rehabilitation	\$2,565,000	\$0	\$2,565,000	(\$139,000)	\$2,426,000	\$600,829	(\$139,000)	\$461,829	PA17006	Transfer from PA15006 to PA17006 to support the ongoing aeration projects throughout the Agency during FY 2016/17.	
						PA17006	Agency-wide Aeration Panel Replacement	\$2,400,000	(\$200,000)	\$2,200,000	\$139,000	\$2,339,000	\$2,200,000	\$139,000	\$2,339,000	(PA15006)		
Subtotal Regional Operations (RO):							\$4,965,000			\$4,765,000	\$2,800,829	\$2,800,829	\$2,800,829					
							O&M Total Project Budget		O&M Total Project Budget		Total Annual O&M Project Budget							
							Adopted	Amended	Adopted	Amended								
							\$4,965,000		\$4,765,000		\$2,800,829	\$2,800,829						

Total Capital and O&M Project Transfers:	\$310,000
Total Project Budget Change - Capital:	\$484,400
Total Project Budget Change - O&M Proj:	\$0
Total Project Budget - Net Change:	\$484,400

Financial Overview of Agency's Programs FY 2016/17 quarter ended March 31, 2017 Total Revenues, Expenses, and Fund Balance

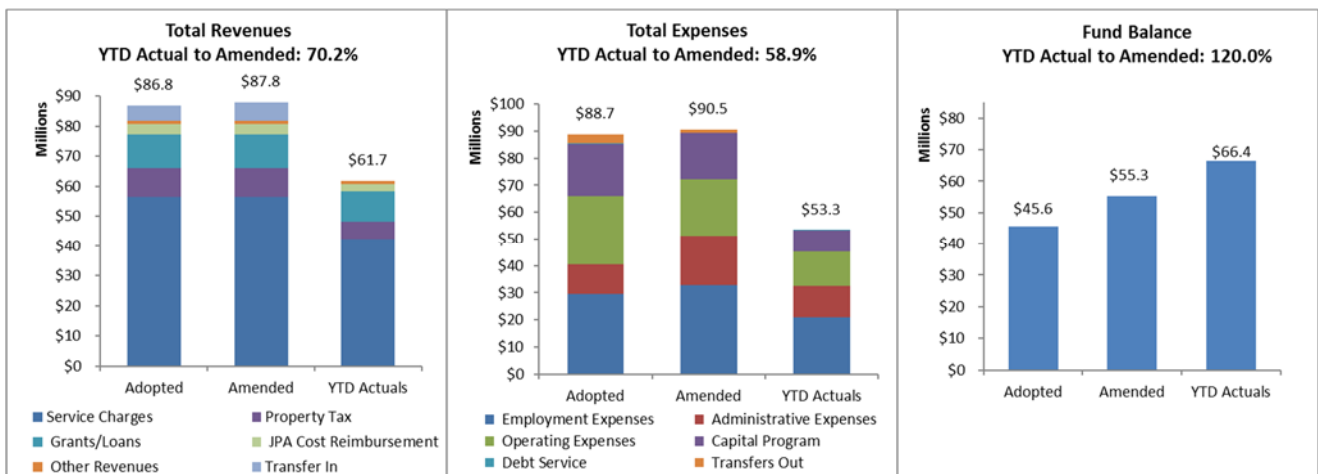
Regional Wastewater Capital Improvement (RC) Fund

Actual revenues through the third quarter were \$34.9 million and actual expense was \$68.8 million. Actual revenues were \$15.3 million lower than the amended budget and actual expense was \$16.6 million higher than amended budget, the aggregate change of \$31.9 million is reflected in the year to date actual fund balance decrease of \$31.9 million as compared to the amended budget. The third quarter decrease was mainly due to the \$50 million partial refunding of the 2008A bonds in January 2017, and was slightly offset by higher connection fee revenues and reduced capital project and administrative spending.



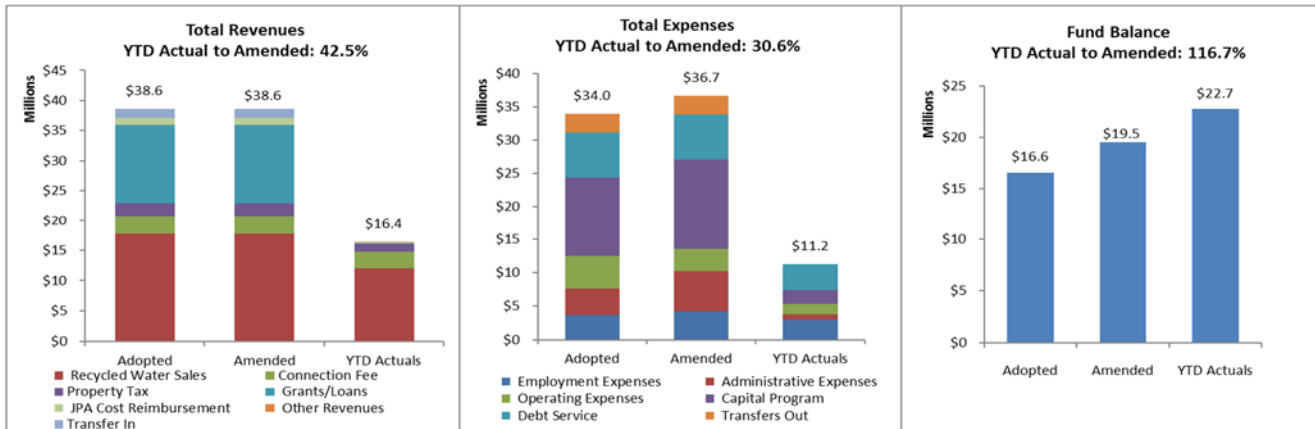
Regional Wastewater Operations and Maintenance (RO) Fund

Actual revenues through the third quarter were \$61.7 million and actual expense was \$53.3 million. Actual revenues were \$26.1 million lower than the amended budget and actual expense was \$37.2 million lower than amended budget, the aggregate change of \$11.1 million is reflected in the year to date actual fund balance increase of \$11.1 million as compared to the amended budget. The third quarter increase was mainly due to the timing of execution of O&M and capital replacement and rehabilitation projects.



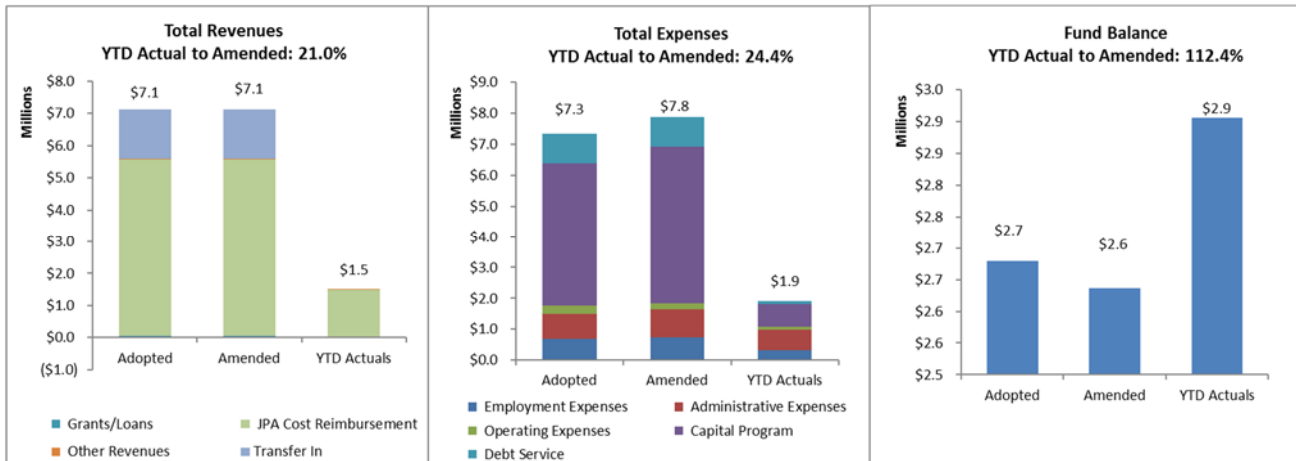
Recycled Water (WC) Fund

Actual revenues through the third quarter were \$16.4 million and actual expense was \$11.2 million. Actual revenues were \$22.2 million lower than the amended budget and actual expense was \$25.5 million lower than amended budget, the aggregate change of \$3.2 million is reflected in the year to date actual fund balance increase of \$3.2 million as compared to the amended budget. The third quarter increase was mainly due to favorable connection fee receipts, low administrative expenses, and delayed capital project expense.



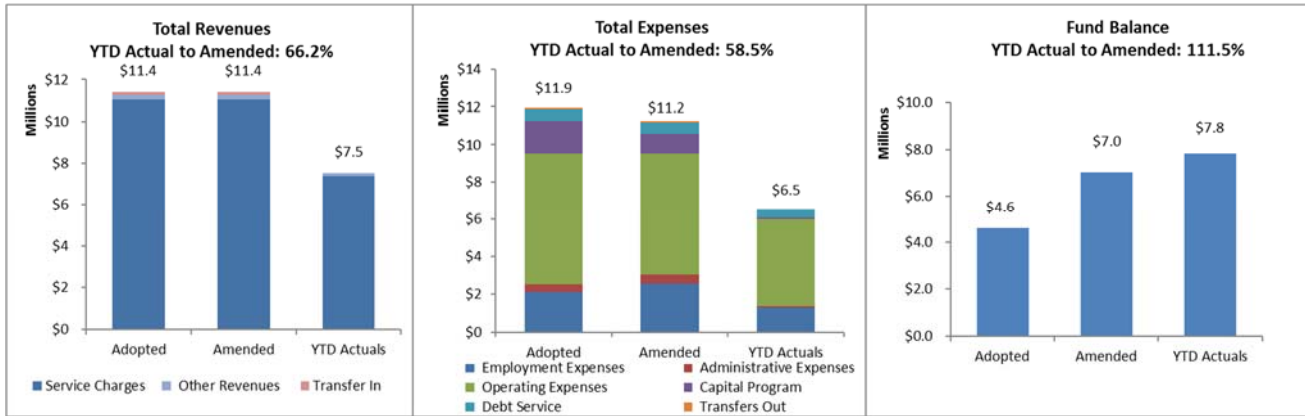
Recharge Water (RW) Fund

Actual revenues through the third quarter were \$1.5 million and actual expense was \$1.9 million. Actual revenues were \$5.6 million lower than the amended budget and actual expense was \$5.9 million lower than amended budget, the aggregate change of \$0.3 million is reflected in the year to date actual fund balance increase of \$0.3 million as compared to the amended budget. The third quarter increase was mainly due to low operational spending & delays in capital project execution.



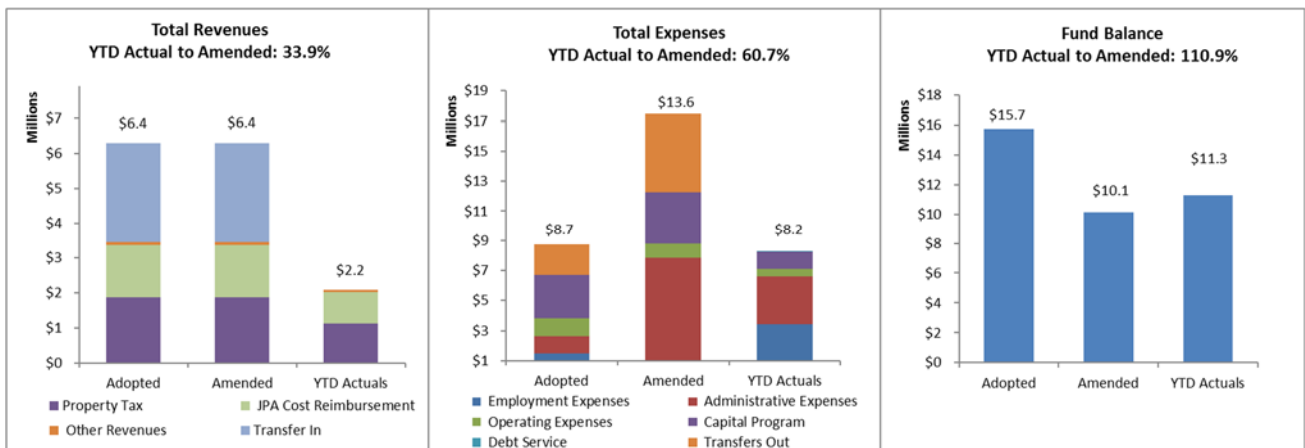
Non-Reclaimable Wastewater (NRW) Fund

Actual revenues through the third quarter were \$7.5 million and actual expense was \$6.5 million. Actual revenues were \$3.9 million lower than the amended budget and actual expense was \$4.7 million lower than amended budget, the aggregate change of \$0.8 million is reflected in the year to date actual fund balance increase of \$0.8 million as compared to the amended budget. The third quarter increase was mainly due to lower employment and administrative expense, and lower capital project expenditures.



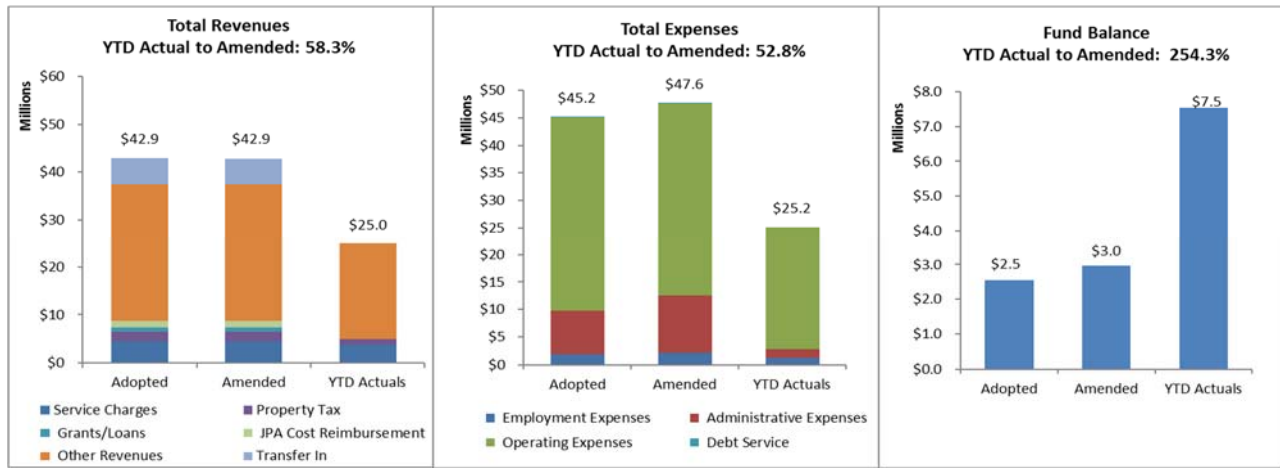
Administrative Services (GG) Fund

Actual revenues through the third quarter were \$2.2 million and actual expense was \$8.2 million. Actual revenues were \$4.2 million lower than the amended budget and actual expense was \$5.4 million lower than amended budget, the aggregate change of \$1.2 million is reflected in the year to date actual fund balance increase of \$1.2 million as compared to the amended budget. The third quarter increase was mainly due to lower administrative and capital spending.



Water Resources (WW) Fund

Actual revenues through the third quarter were \$25.0 million and actual expense was \$25.2 million. Actual revenues were \$17.9 million lower than the amended budget and actual expense was \$22.4 million lower than amended budget, the aggregate change of \$4.5 million is reflected in the year to date actual fund balance increase of \$4.5 million as compared to the amended budget. The third quarter increase was mainly due to lower spending for water efficiency projects.



FY 2016/17 Budget Variance Report 3rd Quarter ended March 31, 2017

Board Meeting



Sources of Funds Variance Highlights

YTD* Actuals vs. Amended Annual Budget

On track

- **Wastewater/Water Connection Fees: YTD Actual; \$20.0M, vs. \$20.1M annual budget**
 - 3,002 new EDU connections vs. 3,000 budgeted
 - 3,176 new water connections vs. 2,730 budgeted

Behind

- **Grants and Loans: \$10.4M, vs. \$25.1M annual budget**
 - Delays in grant and loan reimbursable projects
- **Recycled Water, \$10.3M, vs. \$17.8M annual budget**
 - 21,306 acre feet vs. 37,100 budgeted
 - Reduced demand due to wet winter season

*YTD – Fiscal Year to Date

Uses of Funds Variance Highlights

YTD Actuals vs. Amended Annual Budget

Behind

- Capital Projects: \$17.9M, vs. \$60.3M annual budget
 - Delayed project execution primarily due to changes in project schedules
- Professional Fees & Services: \$4.7M, vs, \$11.4M annual budget
 - Delays or deferral of contract materials & service execution

Above and On Track

- Financial Expenses: \$64.0M, vs annual budget of \$22.0M
 - Includes \$50.0M payment for 2008A bond refinancing. Payment was authorized by the Board in January 2017
- Employment Expenses: \$32.4M, vs. \$42.6M annual budget
 - Includes \$5.2M contribution to other post-employment benefits and retirement unfunded accrued liability

Project Budget Updates

- Total Project Budget Change in Third Quarter
 - \$310,000 transferred between 14 projects within the same funds*
 - \$171,000 transferred between capital projects
 - \$139,000 transferred between O&M projects
 - \$484,400 net increase in appropriated budget for FY 2016/17
 - \$200,000 Board approved amendment to project EN17059
 - \$284,400 Board approved amendment to project EN14018

*Transfer details provided in Exhibit D.

FY 2016/17 Q3 Consolidated Fund Balance

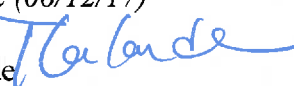
(\$ in Millions)			
Consolidated	FY 2016/17 Amended Budget	Third Quarter Ended 3/31/17	Actual % of Amended Budget
Total Sources of Funds	\$225.8	\$149.1	66.0%
Total Uses of Funds	\$241.1	\$175.2	72.7%
Total Net Increase/(Decrease)	(\$15.3)	(\$26.1)	
Beginning Fund Balance	\$187.1	\$187.1	
Ending Fund Balance	\$171.8	\$161.0	

Questions?

The budget variance analysis report is consistent with the Agency's business goal of fiscal responsibility

**INFORMATION
ITEM**

4L

Date: June 21, 2017
To: The Honorable Board of Directors
Through: Audit Committee (06/12/17)
From: Teresa V. Velarde 
Manager of Internal Audit
Subject: Internal Audit Department Status Report for June 2017

RECOMMENDATION

This is an information item for the Board of Directors.

BACKGROUND

The Audit Committee Charter requires that a written status report be prepared and submitted each quarter. The Internal Audit Department Status Report includes a summary of significant internal and external audit activities for the reporting period. Attached is the Status Report for June 2017.

The Status Report is consistent with the *Agency's Business Goals of Fiscal Responsibility, Workplace Environment and Business Practices* by describing Internal Audit's progress in providing independent evaluations of Agency financial and operational activities and making recommendations for improvements.

PRIOR BOARD ACTION

On June 15, 2016, the Board of Directors approved the Annual Audit Plan for Fiscal Year 2016/17.

On March 15, 2017, the Board of Directors reconfirmed the Audit Committee and Internal Audit Department Charters.

IMPACT ON BUDGET

None

Internal Audit Department Status Report for June 2017

Projects Completed This Period

Audit: Water Use Efficiency Programs Audit

Scope:

To evaluate Water Use Efficiency (WUE) Programs, including internal controls over administrative tasks performed by staff for WUE Programs as required by the executed contracts, and the Agency's Ordinances, policies and procedures. To assess how staff implemented and administered WUE Programs. To identify opportunities to improve internal controls and record-keeping. And, to assess the accuracy and completeness of the annual information about WUE Programs presented to stakeholders.

Status: COMPLETE

IA has worked closely with the Planning Department to review Water Use Efficiency Programs and the Annual Water Use Efficiency Programs Report. IA has reviewed processes in place and the supporting documentation for the activities involving Water Use Efficiency and the supporting documentation for the activities involving the preparation of the annual report.

Project: Filing of the Annual Financial Statements and Single Audit Report

Scope: Submit the required audited financial reports to the requesting reporting authorities

Status: COMPLETE

As is mandatory, IEUA must complete all filing by March 31st, 2017. Final Board of Director approval and authorization is necessary to complete the filing. The FY 2015/16 audited financial reports were available before December 31, 2016 and Internal Audit completed the required filing with the State Controller's Office, the San Bernardino Auditor-Controller and the State Water Resources Control Board. The Internal Audit Department also filed the Single Audit Reports with the required agencies when they became available prior to March 31st. All filing requirements have been satisfied.

Additionally, there was a restatement of the FY2013/14 Single Audit Report because the State Water Resources Control Board made a change in a funding category. The report has been refiled with the Federal Audit Clearing House and will be refiled with the State Controller's Office and the County of San Bernardino.

Audit: Human Resources Follow-Up Review

Scope:

Follow-up evaluation of the one outstanding recommendation provided in the Human Resources (HR) Operations Follow-Up audit, dated June 20, 2012.

Status: COMPLETE

The one outstanding recommendation from the HR Operations Follow-up Audit report has been implemented. The recommendation required that HR document formal department-specific Standard Operating Procedures (SOPs) for the various administrative activities of the department. Currently, HR has approximately 22 SOPs related to Safety and HR related functions. IA noted SOPs should be in the format outlined in the Agency Policy A-51 (Standard Operating Procedures). No additional findings or recommendations noted.

Internal Audit Department Status Report for June 2017

Audit: 2017 Petty Cash Audit & Follow-Up Review

Scope:

To perform an unannounced audit of the Agency's Board approved Petty Cash funds, along with a Follow-Up review of the five outstanding recommendations provided in the Petty Cash Audit report, dated May 31, 2013.

Status: COMPLETE

IA completed an unannounced physical count of the Agency's Petty Cash Funds on April 4, 2017, which is under the responsibility of the Finance and Accounting Department (FAD). For the 2017 Petty Cash Audit, IA reviewed that petty cash funds were accounted for, reviewed the reasonableness of expenditures, and the processes in place. For the Agency's Petty Cash program, IA identified instances of non-compliance with Agency Policy and areas of concern that require further review by FAD.

Of the five outstanding recommendations, three recommendations have been implemented and two recommendations are no longer applicable. Additionally, IA provided seven new recommendations in this report for the Agency-wide Petty Cash program.

Audit: 2017 Contracts and Procurement Follow-Up Review

Scope:

IA is in the progress of performing a follow-up evaluation to determine the status of the two outstanding recommendations provided in the Contracts and Procurement Follow-Up audit, dated August 29, 2012

Status: IN PROGRESS

There are two recommendations that require follow-up evaluation. IA is currently in the fieldwork/testing phase of this project. IA has been working with BIS on one outstanding recommendation related to the roles and authorizations of the personnel in the Contracts and Facilities Services (CFS) department. The other outstanding recommendation requires follow-up procedures to be performed to verify if corrective actions have been implemented.

IA will report on the status of each outstanding recommendation and the anticipated date for completion is September 2017.

Project: Annual Audit Plan

Scope:

To document IA's plan of proposed audit projects for the coming fiscal year as required by the IAD Charter. The plan is a flexible plan of projects. Requested projects have been scheduled, which are the completion of the Water Use Efficiency Programs Audit and the Wire/Electronic Transfer Payments Audit along with on-going requirements.

Status: COMPLETE

The Annual Audit Plan is completed using a Risk-based approach that includes having meetings, discussions and correspondence requesting input from the Agency's External Auditors, Executive Management Team, General Counsel, the Audit Committee, key Agency individuals, using current trends and knowledge of prior audit results and Agency initiatives.

Internal Audit Department Status Report for June 2017

Project: **Regional Contract Review – Follow up: Communication, Collections & Centralization**

Scope:

To continue to report the results of the Regional Contract review and pursue region-wide agreement and settlement of findings in conjunction with the renegotiation of the Regional Contract.

Status: **ON-GOING – Agreement & Settlement of Findings/Recommendations**

Internal Audit continues to be involved in discussions with outside counsel and representatives from Planning and Environmental Resources and from Finance and Accounting to discuss findings from the Regional Contract Review and potential collection strategies and related issues.

Reports related to the Regional Contract Review include:

Final Report-Regional Contract Review	Complete	December 2015
City of Ontario	Complete	September 2015
Cucamonga Valley Water District	Complete	March 2015
City of Chino	Complete	December 2014
City of Fontana	Complete	December 2014
City of Montclair	Complete	September 2014
City of Upland	Complete	September 2014
Review of the Ten-year Forecast	Complete	June 2014
Comparable Agency Survey Report	Complete	June 2014
Survey of Comparative Information	Complete	September 2014

Internal Audit stands ready to be of assistance to any Agency department as the Agency pursues renewal, renegotiation and/or other approaches towards the extension/continuance of the Regional Contract and/or with implementation of the recommendations and/or resolution of the unpaid fees identified.

IA is currently supporting Agency staff in discussions with the City of Upland about errors in monthly sewerage reporting.

On-going Projects

Project: **Management Requests**

Scope:

Assist Agency Management with requests for analysis, evaluations and verification of information, assist with the interpretation of policies and procedures, and/or provide review and feedback on new policies or procedures. These services are provided according to the IA Charter, the Annual Audit Plan, and best practices. The management request projects are short-term projects, typically lasting no more than 60 – 75 hours each where IAD determines it has the necessary staff, skills and resources to provide assistance without having to delay/defer scheduled audits and priority projects. The scope of each review is agreed upon between the department manager requesting the evaluation/review/analysis/assistance and the Manager of IA and when deemed appropriate by Executive Management.

During this quarter, IA was working on the following “Management Requests”:

- Continue to be involved with possible collection of the identified uncollected Connection Fees.
- Make recommendations about Maintenance, Construction Management and Contracts and Procurement Departments’ concern/issue about a purchase requisition in excess of contract limits
- Participate in IT Security Committee
- Participate in the Safety Committee

Internal Audit Department Status Report for June 2017

Project: Special Projects

Scope:

Perform special reviews and projects including analyzing transactions, evaluating documents and policies, verifying information, assisting with interpretation of Agency Policies or other required procedures, and providing recommendations and feedback on results of the analysis, engaging necessary assistance if and when necessary, reporting to the General Manager and the Audit Committee. These services are provided according to the IA and Audit Committee Charters, the Annual Audit Plan, and/or best practices.

Special Projects can be short or long-term projects, typically requiring more than 80 hours of staff time and typically requiring setting aside or delaying work on scheduled audit projects. The scope of the review is not typically known and the work must be handled with the highest degree of confidentiality and care, typical of all audit projects. Typically, Special Projects are considered highly confidential.

During this quarter, IA participated in Special Projects and appropriate reports have been made to Executive Management and the Audit Committee Chair.

Internal Audit Department

Internal Audit Department Staffing:

The Internal Audit Department is staffed as follows:

- 1 Full-time Manager of Internal Audit
- 2 Full-time Senior Internal Auditors

Internal Audit Staff Professional Development Activities:

As required by the *International Standards for the Professional Practice of Internal Auditing*, auditors should continue to enhance their knowledge, skills, and other competencies through continuing professional development.

The Internal Audit Manager is a member of the governing board of the Inland Empire Chapter of the Institute of Internal Auditors. The governing board sets direction for the chapter and provides guidance on seminar topics and activities sponsored by the association.

During the past quarter, IA staff has continued to stay abreast of industry developments through review of industry periodicals and participation in on-line webinars. The Manager of IA and one staff member also attended the 3-day 2017 Western Regional Conference sponsored by the Institute for Internal Auditors.

All three IA members are preparing for the third exam of the 3-part Certified Internal Auditor (CIA) certification examination. The CIA is the only globally-recognized certification for internal audit professionals and is the highest certification that can be attained by an internal auditor. One Senior Auditor is a Certified Public Accountant (CPA). One Senior Auditor is a Certified Government Audit Professional (CGAP).

Future Audit Committee Meetings:

- Monday, September 11, 2017 – Regularly Scheduled Audit Committee Meeting
- Monday, December 11, 2017 – Regularly Scheduled Audit Committee Meeting
- Monday, March 12, 2018 – Regularly Scheduled Audit Committee Meeting

**INFORMATION
ITEM**


4M



Date: June 21, 2017

To: The Honorable Board of Directors

Through: Audit Committee (06/12/17)

From: Teresa V. Velarde 
Manager of Internal Audit

Subject: Audit Committee Financial Advisor – Request for Proposal Process

RECOMMENDATION

This is an information item for the Board of Directors.

BACKGROUND

Best practices and the Board-approved Audit Committee Charter, state that “The Audit Committee shall have access to at least one financial expert, an outside party, with no voting rights, who will provide advisory and consulting duties.” Additionally, the Audit Committee Charter requires the financial expert to possess expertise and experience in understanding generally accepted accounting principles and financial statements; auditing comparable entities; internal controls; and an understanding of audit committee functions.

Since 2008, the Audit Committee has relied on the advisory services of Travis C. Hickey, CPA, a consultant with Rogers, Anderson, Malody & Scott. Mr. Hickey has provided accounting and auditing services to governmental agencies since 1997, including experience with water/wastewater activities. Mr. Hickey attends the Agency's Audit Committee Meetings and provides consulting and advisory services to both the Audit Committee and the Internal Audit Department to ensure the responsibilities of the Audit Committee and Internal Audit Department, as outlined in the approved Charters, are fulfilled. Mr. Hickey is a Certified Public Accountant in the State of California and is in good standing. He is a member of the American Institute of Certified Public Accountants (AICPA), Government Finance Officers Association (GFOA) and the California Society of Municipal Financial Officers (CSMFO).

Over the past ten years, Mr. Hickey has established himself as a valuable resource to the Audit Committee and the Internal Audit Department by providing professional auditing advice and information. Mr. Hickey has gained extensive knowledge of the Agency's operations, has established professional working relationships with the Audit Committee and the Agency has been satisfied with his services.

After an original contract with extensions expired on December 31, 2012, the Agency's General Manager approved a sole source justification to enter into a new agreement with Mr. Hickey's firm. The sole source contract was partly to provide continuity due to an unanticipated change in external auditors and the low cost of the services, which the Agency felt warranted saving the time and expense of a full procurement process. The new agreement was established for a three-year term with two possible one-year extensions, the last of which will expire on December 31, 2017.

If the Audit Committee chooses to retain the services of a financial advisor to assist with Audit Committee responsibilities, Internal Audit suggests the following timetable for the procurement process:

Anticipated Timeline for Proposal

July	Advertisement of AC Advisory Services in IIA, AICPA, GFOA and PlanetBids
August	Complete oral interviews of the most qualified, responsive proposals. A selection committee will evaluate proposals and conduct interviews.
September	Selection and Recommendation to the Audit Committee

Request Direction from the Audit Committee

At this time, IA requests direction from the Audit Committee regarding the Request for Proposal Process if the Audit Committee chooses to continue having the role of the Audit Committee Advisor serve on the Audit Committee as stipulated in the current Audit Committee Charter.

IA suggests that there are three potential courses of action:

1. Direct staff to engage in a procurement process. This option will open competition, both in costs and style of services to be provided.
2. Direct staff to negotiate a sole source contract. With this option, IA will work closely with the Contracts and Procurement Department to secure the best contractual agreement.
3. Direct staff to extend the current contract. Procurement Ordinance #101 provides for a maximum initial contract term of 7 years including extensions. The latest agreement was a 5-year term, with an original 3-year contract and 2 single year extensions. Under the current Ordinance, it is permissible to negotiate two additional one-year extensions of the current contract.

The Audit Committee Financial Advisor Services contract is consistent with the *Agency's Business Goals of Fiscal Responsibility, Workplace Environment and Business Practices* by following recommended practices for the procurement of such services to provide advisory services and independent oversight of Agency financial statements and the operational effectiveness of the Audit Committee.

PRIOR BOARD ACTION

On March 15, 2017, the Board of Directors approved the Audit Committee and the Internal Audit Department Charters.

On December 21, 2016, the Agency approved Contract Amendment No. 4600000886-002 with Rogers, Anderson, Malody & Scott, LLP, exercising option 2 of 2 to extend advisory audit services in the amount of \$6,190.00 through calendar year 2017.

On September 16, 2015, the Agency approved Contract Amendment No. 4600000886-002 with Rogers, Anderson, Malody & Scott, LLP, exercising option 1 of 2 to extend advisory audit services in the amount of \$6,190.00 through calendar year 2016.

On September 19, 2012, the Agency approved Contract Amendment No. 4600000886-002 with Rogers, Anderson, Malody & Scott, LLP to extend contract services for 3 years, with two single-year options in the amount of \$6,190.00 per calendar year.

IMPACT ON BUDGET

There is no significant impact on the Agency's Fiscal Year 2017/2018 Budget due to this item, since audit committee advisory services are already budgeted in the Administrative Services (GG) Fund as part of the Agency's two-year budget. If the proposals and subsequently a new contract is at a higher rate than the current rate, the budget will be amended as necessary; there is currently a conservative amount allowed for audit services.

When additional outside auditing or consulting services are required for assistance to the IAD or to fulfill the responsibilities of the Audit Committee, a proposal with proposed fees will be submitted through the Audit Committee for appropriate action; the IAD budget has budgeted sufficient funds for the services.


**INFORMATION
ITEM**

4N

Date: June 21, 2017

To: The Honorable Board of Directors

Through: Audit Committee (06/12/17)

From: Teresa Velarde 
Manager of Internal Audit

Subject: Audit Planning Communication as Required by SAS 114

RECOMMENDATION

This is an informational item for the Board of Directors.

BACKGROUND

Statement on Auditing Standards No. 114 (SAS 114) requires the financial statement auditors to communicate the planned scope and timing of the audit. SAS 114 also describes the auditor's responsibility to inquire of the Audit Committee information that should be considered in the auditor's risk assessment. The Agency's external auditors are Lance, Soll & Lunghard, LLP (LSL), an independent CPA firm. Attached is the required communication letter under SAS 114. Ms. Deborah Harper, partner with LSL will provide a presentation related to the audit scope and approach, as well as the required communications during the Audit Committee meeting.

The external financial audit services contract with LSL is consistent with the *Agency's Business Goals of Fiscal Responsibility, Workplace Environment and Business Practices* by following recommended practices for the procurement of such services to provide independent evaluations and oversight of the Agency financial statements.

PRIOR BOARD ACTION

On March 16, 2016, the Board approved Contract No. 4600002079, in the amount of \$100,820, with Lance, Soll and Lunghard, LLP, to provide Annual Financial and Single Audit services for the Inland Empire Utilities Agency, and also Contract No. 4600002081, in the amount of \$12,450, to complete the required audits for the Chino Basin Regional Financing Authority, both, for three (3) fiscal years ending 2015/16, 2016/17 and 2017/18 with the option for an additional two (2) fiscal years.

IMPACT ON BUDGET

The cost of the Annual Financial and Single Audit services has been included in the budget.



May 22, 2017

To the Board of Directors
Inland Empire Utilities Agency, California

We are engaged to audit the financial statements of the Inland Empire Utilities Agency (Agency) and Chino Basin Regional Financing Authority (Authority) and the Single Audit for the year ended June 30, 2017. Professional standards require that we provide you with the following information related to our audit. We would also appreciate the opportunity to meet with you to discuss this information further since a two-way dialogue can provide valuable information for the audit process.

Our Responsibilities under U.S. Generally Accepted Auditing Standards, *Government Auditing Standards*, and the Single Audit Act Amendments of 1996; and the provisions of the Uniform Guidance

As stated in our engagement letter, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement. As part of our audit, we will consider the internal control of the Agency. Such considerations will be solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control. We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters. We will also consider internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance.

As part of obtaining reasonable assurance about whether the Agency's and Authority's financial statements are free of material misstatement, we will perform tests of its compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on compliance with those provisions is not an objective of our audit. Also in accordance with Uniform Guidance, we will examine, on a test basis, evidence about the Agency's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement applicable to each of its major federal programs for the purpose of expressing an opinion on the Agency's compliance with those requirements. While our audit will provide a reasonable basis for our opinion, it will not provide a legal determination on the Agency's compliance with those requirements.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.





To the Board of Directors
Inland Empire Utilities Agency, California

Generally accepted accounting principles provide for certain required supplementary information (RSI) to supplement the basic financial statements. Our responsibility with respect to the management's discussion and analysis, the schedule of changes in net pension liability and related ratio, the schedule of employer contributions, and the OPEB funding progress which supplement the basic financial statements, is to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI will not be audited and, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance, we will not express an opinion or provide any assurance on the RSI.

We have been engaged to report on the combining and individual fund statements and schedules which accompany the financial statements but are not RSI. Our responsibility for this supplementary information, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

We have not been engaged to report on the introductory and statistical sections which accompany the financial statements but are not RSI. Our responsibility with respect to this other information in documents containing the audited financial statements and auditor's report does not extend beyond the financial information identified in the report. We have no responsibility for determining whether this other information is properly stated. This other information will not be audited and we will not express an opinion or provide any assurance on it.

Planned Scope and Timing of the Audit

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. We will generally communicate our significant findings at the conclusion of the audit. However, some matters could be communicated sooner, particularly if significant difficulties are encountered during the audit where assistance is needed to overcome the difficulties or if the difficulties may lead to a modified opinion. We will also communicate any internal control related matters that are required to be communicated under professional standards.

We expect to issue our report on approximately December 15, 2017.

This information is intended solely for the use of the governing board and management and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Lance, Solt & Luyhard, LLP



CPAs AND ADVISORS

June 1, 2017

Christina Valencia
Chief Financial Officer
Inland Empire Utilities Agency
6075 Kimball Ave.
Chino, CA 91708

We are pleased to confirm our understanding of the services we are to provide the Inland Empire Utilities Agency and Chino Basin Regional Financing Authority (the Agency) for the fiscal year ended June 30, 2017. We will audit the financial statements, including the related notes to the financial statements, which collectively comprise the basic financial statements, of the Agency as of and for the fiscal year ended June 30, 2017. In addition, we will perform an agreed upon procedure for the Appropriations Limit calculation. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the Agency's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the Agency's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis.
- 2) GASB 68 required supplementary schedules
- 3) OPEB required supplementary schedules

We have also been engaged to report on supplementary information other than RSI that accompanies the Agency's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and we will provide an opinion on it in relation to the financial statements as a whole, in a report combined with our auditor's report on the financial statements:

- 1) Schedule of expenditures of federal awards.
- 2) Combining individual nonmajor fund statements
- 3) Combining individual fund statements and schedules by subfund





The following other information accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and our auditor's report will not provide an opinion or any assurance on that other information.

- 1) Introductory Section
- 2) Statistical Section

Audit Objectives

The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. The objective also includes reporting on—

- Internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control over compliance related to major programs and an opinion (or disclaimer of opinion) on compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will include a paragraph that states that (1) the purpose of the report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance, and (2) the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The Uniform Guidance report on internal control over compliance will include a paragraph that states that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Both reports will state that the report is not suitable for any other purpose.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of the Uniform Guidance, and will include tests of accounting records, a determination of major program(s) in accordance with the Uniform Guidance, and other procedures we consider necessary to enable us to express such opinions. We will issue written reports upon completion of our Single Audit. Our reports will be addressed to governing board of the Agency. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or we may withdraw from this engagement.



CPAs and Accountants

Inland Empire Utilities Agency

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Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or major programs. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, if material on a rotational basis, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; schedule of expenditures of federal awards; federal award programs; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures—Internal Control

Our audit will include obtaining an understanding of the government and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by the Uniform Guidance, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance.



Sharefile Services

Inland Empire Utilities Agency

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An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and the Uniform Guidance.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Agency's compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with federal statutes, regulations, and the terms and conditions of federal awards applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the Agency's major programs. The purpose of these procedures will be to express an opinion on the Agency's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

Other Services

We will also assist in preparing the schedule of expenditures of federal awards and related notes of the Inland Empire Utilities Agency's Single Audit Report in conformity with the Uniform Guidance based on information provided by you. This nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statements, schedule of expenditures of federal awards, and related notes services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Use of Portals

To enhance our services to you, we will utilize Sharefile, a collaborative, virtual workspace in a protected, online environment. Sharefile permits real-time collaboration across geographic boundaries and time zones and allows Lance, Soll, & Lunghard LLP and you to share data, engagement information, knowledge, and deliverables in a protected environment. You agree that Lance, Soll, & Lunghard LLP has no responsibility for the activities of Sharefile and agree to indemnify and hold Lance, Soll, & Lunghard LLP harmless with respect to any and all claims arising from our related to the operation of Sharefile. While Sharefile backs up your files to a third-party server, we recommend that you also maintain your own back files.

Newsletters and Similar Communication

We may send newsletters, emails, explanations of technical developments or similar communications to you. These communications are of a general nature and should not be construed as professional advice. We may not send all such communications to you. These communications do not continue a client relationship with you, nor do they constitute advice or an undertaking on our part to monitor issues for you.



We may discuss with you our views regarding the treatment of certain items and decisions you may face. We may also provide you with information in an email. Any advice or information delivered orally or in an email (rather than through a memorandum delivered as an email attachment) will be based upon limited research and limited discussion and analysis of the underlying facts. Additional research or a more complete review of the facts may affect our analysis and conclusions.

Due to these limitations and the related risks, it may or may not be appropriate to proceed with any decision solely on the basis of any oral or email communication. You accept all responsibility, except to the extent caused by the gross negligence or willful misconduct of Lance, Soll, & Lunghard LLP, for any loss, cost or expense resulting from your decision (i) not to have us perform the research and analysis necessary to reach or more definitive conclusion and (ii) to instead rely on an oral or email communication. The limitation in this paragraph will not apply to an item of written advice that is a deliverable of a separate engagement. If you wish to engage us to provide formal advice on a matter on which we have communicated orally or by email, we will confirm this in a separate engagement letter.

Management Responsibilities

Management is responsible for (1) establishing and maintaining effective internal controls, including internal controls over federal awards, and for evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (4) ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements, schedule of expenditures of federal awards, and all accompanying information in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations (including federal statutes) and the provisions of contracts and grant agreements (including award agreements). Your responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under the Uniform Guidance, (3) additional information that we may request for the purpose of the audit, and (4) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations,



LOYALTY, SERVICE, AND LEADERSHIP

Inland Empire Utilities Agency

Page 6

contracts, agreements, and grants. Management is also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse that we report. Additionally, as required by the Uniform Guidance, it is management's responsibility to evaluate and monitor noncompliance with federal statutes, regulations, and the terms and conditions of federal awards; take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; promptly follow up and take corrective action on reported audit findings; and prepare a summary schedule of prior audit findings and a separate corrective action plan on the Agency's letterhead. The summary schedule of prior audit findings should be available for our review on the first day of our schedule visit for the Single Audit.

You are responsible for identifying all federal awards received and understanding and complying with the compliance requirements and for the preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received) in conformity with the Uniform Guidance. You agree to include our report on the schedule of expenditures of federal awards in any document that contains and indicates that we have reported on the schedule of expenditures of federal awards. You also agree to make the audited financial statements readily available to intended users of the schedule of expenditures of federal awards no later than the date the schedule of expenditures of federal awards is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance; (2) you believe the schedule of expenditures of federal awards, including its form and content, is stated fairly in accordance with the Uniform Guidance; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

You are also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information. With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.



You agree to assume all management responsibilities relating to the financial statements, schedule of expenditures of federal awards, and related notes, and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the schedule of expenditures of federal awards and related notes and that you have reviewed and approved the schedule of expenditures of federal awards and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Engagement Administration, Fees, and Other

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to electronically submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditors' reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. The Data Collection Form and the reporting package must be submitted within the earlier of 30 calendar days after receipt of the auditors' reports or nine months after the end of the audit period.

We will provide copies of our reports; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Lance, Soll, & Lunghard LLP and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to California Society of Certified Public Accountants or the American Institute of Certified Public Accountants or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Lance, Soll, & Lunghard LLP's personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.



We will return all of your records and documents provided to us at the conclusion of the engagement. Your records are the primary records for your operations and comprise the backup and support for your work product. Our copies of your records and documents are not a substitute for your own records and do not mitigate your record retention obligations under any applicable laws or regulations. Workpapers and other documents created by us are our property and will remain in our control. Our work papers will be maintained by us in accordance with our firm's record retention policy and applicable legal and regulatory requirements.

The audit documentation for this engagement will be retained for a minimum of seven years after the report release date or for any additional period requested by the California Society of Certified Public Accountants or the American Institute of Certified Public Accountants, or Pass-through Entity. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our audit as previously agreed to by management. Deborah Harper is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them. To ensure that Lance, Soll, and Lunghard LLP's independence is not impaired under the AICPA Code of Professional Conduct, you agree to inform the engagement partner before entering into any substantive employment discussions with any of our personnel.

Our fees for these services are outlined in our contract with you. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 90 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report(s). You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

GASB 68 Implementation

If at any time during the testing, variances are noted, *Government Auditing Standards* require us to assess the need for a specialist, such as an actuary. A specialist will need to be used to value the variance noted for the financial statements. This value will be required for us to provide an opinion on the financial statements. Any cost for an actuary will be passed to your local government and we will discuss this additional cost ahead of time.

Lance, Soll, & Lunghard LLP is a member of PrimeGlobal, a global association of independent accounting firms. No PrimeGlobal member firm is an agent or partner of the association or of any other member firm. No PrimeGlobal member firm has the authority to enter into any legal obligations on behalf of the association or any other member firm. If Lance, Soll, & Lunghard LLP introduces you to another PrimeGlobal member firm, Lance, Soll, & Lunghard LLP specifically denies any liability for any work performed by that firm. You should make your own contractual arrangements with that firm for work that they perform. The fact that you may have been introduced to us by another PrimeGlobal member firm does not make that firm, its partners or its employees responsible for any of our acts or omissions. Lance, Soll, & Lunghard LLP is not the agent or partner of PrimeGlobal or any other member firm, and does not have the authority to enter into legal obligations on behalf of either the association or any other member firm thereof. You agree that Lance, Soll, & Lunghard LLP has the sole liability for any work performed under this engagement and you undertake not to make any claim or bring any proceedings against either PrimeGlobal or any other member of PrimeGlobal in relation to work covered by this engagement.



You agree that any claim arising out of this Agreement shall be commenced within one (1) year of the delivery of the work product to you, regardless of any longer period of time for commencing such claim as may be set by law. A claim is understood to be a demand for money or services, the service of a suit, or the institution of arbitration proceedings against Lance, Soll, & Lunghard LLP.

If any dispute, controversy, or claim arises, either party may, upon written notice to the other party, request that the matter be sent to arbitration after attempting to resolve the dispute in accordance with Contract Number 4600002079, specifically Section 9.K.1 & 2. In the event of arbitration, the parties hereto agree that there shall be a single neutral Arbitrator who shall be selected by each party submitting five names of persons acceptable to be appointed as Arbitrator. The parties shall mutually agree from this list on a single neutral Arbitrator. If the parties cannot agree from the names submitted, then the matter of selection shall be submitted to the San Bernardino County Superior Court pursuant to the Code of Civil Procedure Section 1281.6, or its successor. The costs of arbitration, including but not limited to reasonable attorneys' fees, shall be recoverable by the party prevailing in the arbitration. If this arbitration is appealed to a court pursuant to the procedure under California Code of Civil Procedure Section 1294, et. Seq., or their successor, the costs of arbitration shall also include court costs associated with such appeals, including but not limited to reasonable attorneys' fees which shall be recoverable by the prevailing party. Should any conflict exist between the contract and LSL's engagement letter, then the contract terms shall prevail.

Government Auditing Standards require audit organizations to provide a copy of their most recent external peer review report and any subsequent review reports during the period of the contract. Our 2016 peer review accompanies this letter.

If any portion of this Agreement is deemed invalid or unenforceable, said findings shall not operate to invalidate the remainder of the terms set forth in this Agreement.

Our audit engagement ends on delivery of our audit report. Any follow-up services that might be required will be a separate, new engagement. The terms and conditions of that new engagement will be governed by a new, specific engagement letter for that service.

We appreciate the opportunity to be of service to the Agency and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

Lance, Soll & Lunghard, LLP

RESPONSE:

This letter correctly sets forth the understanding of Inland Empire Utilities Agency.

Management signature: Christina Valencia

Title: Chief Financing Officer/Assistant General Manager

Date: 06-01-2017



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Certified Public Accountants & Advisors
Members of American Institute of Certified Public Accountants

SYSTEM REVIEW REPORT

October 26, 2016

To the Partners of
Lance, Soll & Lunghard, LLP
and the Peer Review Committee of the California Society of CPA's:

We have reviewed the system of quality control for the accounting and auditing practice of Lance, Soll & Lunghard, LLP (the Firm) in effect for the year ended May 31, 2016. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The Firm is responsible for designing a system of quality control and complying with it to provide the Firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under Government Auditing Standards and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of Lance, Soll & Lunghard, LLP in effect for the year ended May 31, 2016 has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Lance, Soll & Lunghard, LLP has received a peer review rating of *pass*.

Sikich LLP



Communication with those charged with governance

- “Those charged with governance” = Board Members
 - Specifically Audit Committee (if established by the entity)
- External Auditors communicate through written or verbal communication
 - During Planning of the audit
 - At the Conclusion of the audit
- Board Members/Audit Committee Members can contact external auditor anytime during the course of the audit
 - Express concerns/ask questions
- Both parties are responsible for the audit



Purpose of the external audit report

- Provide an opinion based on Auditing Standards (financial audit requirements) and Uniform Guidelines (single audit requirements) that the financial report you receive is materially accurate.
- This provides:
 - Confidence in the financial reports provided in order to make financial decisions.
 - Understanding of future stability of the agency in a condensed format, Comprehensive Annual Financial Report



CPAs AND ADVISORS



How does external audit provide that assurance

- Risk Based Audit Approach.
 - Reach out to Board Members/Audit committee for any feedback
 - Review management's policies and procedures related to their internal controls over the financial reporting
 - Assess whether those management controls have a risk to financial reporting having errors
 - Done through inquiry of employees responsible for implementing management policies and procedures
 - Spot testing transactions for adherence to the policies and procedures



CPAs AND ADVISORS



How does external audit provide that assurance

- Based on assessment done by the auditors, an audit plan is formed which directs which areas need substantive testing.
- For example, if an agency had turn over in the payroll clerk position, and there is a new clerk. This would be part of our assessment as a higher risk area related to errors in financial reporting. Therefore, the auditor would lower the materiality threshold and select samples of transaction over that threshold to test for accuracy and proper reporting.



CPAs AND ADVISORS



What is materiality?

- Materiality is a calculated amount computed each year based on the entities financial transactions.
 - An amount under this amount, would not substantially change the outcome of the financial report that would effect financial decisions.
- Materiality is specific to each Agency AND specific to each Fund.
 - Each Fund has their own Materiality Threshold based on their financial transactions.
- This “Planning Materiality” is further reduced by transaction class based on risk assessed to that area.
 - Cash transactions, Revenue Transaction , Payroll Transactions, etc.



Communicating Results of the Audit

- Opinion Letter
- Report on Internal Control and Other Matters
 - Although our audit is NOT designed to audit the internal controls, we evaluate them for our audit purposes.
 - Therefore, if during the course of our audit we identify any internal control deficiencies or compliance findings we would communicate them
- Audit Communication Letter (SAS 114 – conclusion)
 - Significant accounting estimated used in the financial statements
 - Changes in accounting principles or practices
 - New pronouncements implemented this year and what's to come

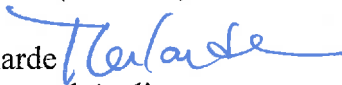
**INFORMATION
ITEM**

40

Date: June 21, 2017

To: The Honorable Board of Directors

Through: Audit Committee (06/12/17)

From: Teresa V. Velarde 
Manager of Internal Audit

Subject: Water Use Efficiency Programs Audit

RECOMMENDATION

This is an informational item for the Board of Directors.

BACKGROUND

Internal Audit (IA) performed an audit of Water Use Efficiency (WUE) Programs according to the Fiscal Year 2016/17 Annual Audit Plan. The objectives of the audit included:

- To evaluate internal controls over administrative tasks performed by staff for WUE Programs as required by the executed contracts, the Agency's Ordinances, and policies and procedures.
- Assess how staff implemented and administered WUE Programs.
- Identify opportunities to improve internal controls and record-keeping.
- To assess the accuracy and completeness of the annual information about WUE Programs presented to stakeholders.

The Planning and Environmental Resources Department (P&ER) administers WUE Programs through the Water Resources (WR) staff. WR staff have primary responsibility for administering the WUE Programs.

IA selected the Turf Removal Programs for review because it was the program with the greatest funding during the last two fiscal years (approximately \$2M from IEUA). IA's audit of the Turf Removal Programs noted that the WR staff provide valuable service to the Agency in administering the WUE programs. The involvement of the many entities in administering the programs and inspecting the properties reduces risks of misstatement and/or loss to the various Agencies. The most significant issues facing the Agency and WR staff were in addressing the new programs, rebates, requirements, keeping up with the number of applicants as funding increased, and ensuring the completion of the post-installation inspections.

The attached audit report provides details of IA's observations and recommendations. The points below provide a summary:

Turf Removal Programs

- While many retail customers received rebates, the range of customers could have been broader. Outreach to customers about WUE measures is a primary responsibility of member agencies, but IEUA may want to consider establishing a forum to discuss the goals and results of WUE Programs. The purpose of the discussions would be to evaluate and develop approaches to help (or consider joint efforts to) publicize, target and follow-up with entities in IEUA's service area when WUE opportunities become available, and tailor outreach towards specific and/or different entities in the region that match those characteristics and/or potentially maintain a database of the region's entities by unique characteristics (schools, churches, large lots, etc.).

Note: It is IA's understanding from the P&ER department that IEUA will initiate a long-range WUE goals initiative with executives from member agencies in the near future.

Capitalization

- Finance and Accounting Department (FAD) staff have already taken several practical measures to review and reduce the amounts included in Work in Process (WIP) to ensure only capital projects are capitalized. FAD may want to consider prioritizing additional efforts to ensure that prior period adjustments are eliminated, such as:
 - Developing a cross-departmental team including representatives from Engineering, Operations and FAD to approve items for capitalization in WIP.
 - Establishing an automated log, register or report to be reviewed regularly that tracks project codes, amounts and purpose for FAD's review to ensure accurate accounting of projects.
 - Engaging an outside consultant, accounting firm or additional temporary resources to make a thorough examination of WIP to:
 - Ensure only capital projects are included
 - Recommend policies and procedures for establishing projects to ensure only capital projects are capitalized
 - Develop written examples and guidelines of what constitutes a capital project and what constitutes an O & M project.

WUE Programs Annual Report

It should be noted that most of IA's recommendations are related to the WUE Programs Annual Report. Reports and information provided for stakeholder use is an important factor in the Agency's internal control framework. It is imperative that information is useful, reliable, accurate and timely. IA identified areas where the way the information is presented could be more effective. The following recommendations are related to the Annual Report:

- The Agency may want to consider utilizing the Annual Water Use Efficiency Programs Report as an evaluative tool to compare actual results to those projected in the Regional WUE (five year) Business Plan. The Annual WUE Programs Report could discuss reasons for variances from that plan, document changes being made to the plan and describe progress on any other initiatives that expect to yield water savings in future years.
- IEUA may want to consider providing additional documentation, descriptions or reference information in the body of the Annual WUE Programs Report to describe the differing sources of information used to provide member agency information vs. regionwide information or

alternatively (and/or in addition) presenting both the summary and member agency information on the same basis.

- IEUA may want to consider expanding the “Highlights” commentary and providing subheadings, as well as organizing the section to match the order of the Summary Charts to align the descriptions to the charts that follow.
- WR staff may want to consider developing a desk procedure or other document to guide the preparation of the Annual WUE Programs Report for staff to follow.

ACKNOWLEDGEMENTS

IA extends our appreciation to the Planning and Environmental Resources and the Finance and Accounting Department staff for their cooperation and assistance during this audit.

The Water Use Efficiency Programs Audit is consistent with the *Agency’s Business Goals* of *Fiscal Responsibility, Workplace Environment* and *Business Practices* by fostering a strong internal control environment and providing an independent/objective evaluation of IEUA’s Water Use Efficiency programs, policies, practices and reporting, and suggesting recommendations for improvements.

PRIOR BOARD ACTION

On June 15, 2016, the Board of Directors approved the Annual Audit Plan for Fiscal Year 2016/17. The Water Use Efficiency Programs Audit was included in that plan.

On March 15, 2017, the Board of Directors reconfirmed the approved Audit Committee and the Internal Audit Department Charters.

IMPACT ON BUDGET

None.



Inland Empire Utilities Agency

A MUNICIPAL WATER DISTRICT

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TEL (909) 993-1600 • FAX (909) 597-8875
www.ieua.org

DATE: June 5, 2017

TO: P. Joseph Grindstaff
General Manager

Teresa V. Velarde

FROM: Teresa V. Velarde
Manager of Internal Audit

SUBJECT: Water Use Efficiency Programs Audit

Audit Authority

The Inland Empire Utilities Agency (IEUA or Agency) Internal Audit Department (IA) performed an audit of the Agency's Water Use Efficiency (WUE) Programs. This audit was performed under the authority given by the IEUA Board of Directors and the Fiscal Year 2016/17 Annual Audit Plan. Attached is the report which discusses the largest WUE programs (Turf Removal Programs) and the Annual Water Use Efficiency Programs Report with IA's observations and recommendations.

Audit Objective and Scope

The Water Use Efficiency Programs audit had several objectives:

- To evaluate internal controls over administrative tasks performed by staff for WUE Programs as required by the executed contracts, and the Agency's Ordinances, policies and procedures.
- Assess how staff implemented and administered WUE Programs.
- Identify opportunities to improve internal controls and record-keeping.
- To assess the accuracy and completeness of the annual information about WUE Programs presented to stakeholders.

The Planning and Environmental Resources Department (P&ER) administers WUE Programs through the Water Resources (WR) staff. WR staff have primary responsibility for administering the WUE Programs.

Audit Techniques

Audit techniques included:

- Interviews of Agency staff
- Analysis of financial transactions and reports
- Reviews of supporting information available in SAP
- Analysis of information available in MWD Water\$mart electronic dashboard
- Walkthroughs of processes and transactions and development of flowcharts

Water Smart – Thinking in Terms of Tomorrow

Audit Results – Executive Summary

This report discusses the Annual Water Use Efficiency Programs Report (Annual WUE Programs Report), a report prepared annually that lists the expected/potential water savings achieved through each program, and the funding amounts for WUE Programs implemented in the current and prior years. The audit noted that the WR staff provide valuable services to the Agency in tracking water use efficiency information and creating the Annual Water Use Efficiency Programs Report. The attached report provides details of IA's observations and recommendations. The bullet points below provide a summary of IA recommendations:

TURF REMOVAL PROGRAMS

- *While many retail customers received rebates, the range of customers could have been broader. Outreach to customers about WUE measures is a primary responsibility of member agencies, but IEUA may want to consider establishing a forum to discuss the goals and results of WUE Programs. The purpose of the discussions would be to evaluate and develop approaches to help (or consider joint efforts to) publicize, target and follow-up with entities in IEUA's service area when WUE opportunities become available, and tailor outreach towards specific and/or different entities in the region that match those characteristics and/or potentially maintain a database of the region's entities by unique characteristics (schools, churches, large lots, etc.).*

Note: It is IA's understanding from Planning that IEUA will initiate a long-range WUE goals initiative with executives from member agencies in the near future.

CAPITALIZATION

- *Finance and Accounting (FAD) staff have already taken several practical measures to review and reduce the amounts included in Work in Process (WIP) to ensure only capital projects are capitalized. FAD may want to consider prioritizing additional efforts to ensure that prior period adjustments are eliminated, such as:*
 - *Developing a cross-departmental team including representatives from Engineering, Operations and FAD to approve items for capitalization in WIP.*
 - *Establishing an automated log, register or report to be reviewed regularly that tracks project codes, amounts and purpose for FAD review to ensure accurate accounting of projects.*
 - *Engaging an outside consultant, accounting firm or additional temporary resources to make a thorough examination of WIP to:*
 - *Ensure only capital projects are included*
 - *Recommend policies and procedures for establishing projects to ensure only capital projects are capitalized*
 - *Develop written examples and guidelines of what constitutes a capital project and what constitutes an O & M project.*

WUE PROGRAMS ANNUAL REPORT

- *The Agency may want to consider utilizing the Annual Water Use Efficiency Programs Report as an evaluative tool to compare actual results to those projected in the*

Regional WUE (five year) Business Plan. The Annual WUE Programs Report could discuss reasons for variances from that plan, document changes being made to the plan and describe progress on any other initiatives that expect to yield water savings in future years.

- *IEUA may want to consider providing additional documentation, descriptions or reference information in the body of the Annual WUE Programs Report to describe the differing sources of information used to provide member agency information vs. regionwide information or alternatively (and/or in addition), presenting both the summary and member agency information on the same basis.*
- *IEUA may want to consider expanding the "Highlights" commentary and providing subheadings and organizing the section to match the order of the Summary Charts to align the descriptions to the charts that follow.*
- *WR staff may want to consider developing a desk procedure or other document to guide the preparation of the Annual WUE Programs Report for staff to follow.*

Acknowledgements

We would like to extend our appreciation to the Planning and Environmental Resources and Finance and Accounting Departments' staff for their cooperation and assistance during this audit.

Discussion with Management

We discussed the results of this audit with Finance and Accounting Department staff on May 30, 2017 and with Planning staff on June 1, 2017.

TV:ps

cc: Chris Berch, Executive Manager of Engineering/Assistant General Manager
Christina Valencia, Chief Financial Officer/Assistant General Manager
Sylvie Lee, Manager of Planning & Environmental Resources
Lisa Morgan-Perales, Senior Water Resources Analyst

BACKGROUND

On January 17, 2014 California Governor, Jerry Brown issued an emergency drought declaration. With the California drought as the main focus, Water Use Efficiency (WUE) Programs are the primary mechanism to directly influence customer behavior to limit water usage. This WUE Programs audit examines the WUE Programs undertaken by IEUA in the 2014-2015 and 2015-2016 fiscal years in conjunction with the Metropolitan Water District (MWD) to meet the Governor's call to reduce urban water use by 25%, particularly in implementing turf removal programs.

IEUA began formal planning for WUE Programs with the creation of the WUE Interim Business Plan, August 1, 2009 – June 30, 2010 which was followed by a five-year plan (for 2010 to 2015). This was followed by the most recent IEUA Regional Water Use Efficiency Business Plan for 2015 – 2020 (Business Plan) which provides the following definition for “*water use efficiency*”: *a sustainable reduction in water use, by creating a new resource value for water in the eyes of the end user and distinguishes this from “water conservation with its short-term focus on current emergency conditions.”*

As a result, the Business Plan describes: “*A portfolio of recommended programs . . . These are directly quantifiable and provide cost-effective water savings below the region's cost to purchase water from Metropolitan Water District (MWD).*” The Business Plan also includes discussions of other local initiatives that include efforts that would be the responsibility of IEUA's member agencies, such as “Budget-Based Water Rates” and “customer engagement software”.

The Agency also prepares an Annual Water Use Efficiency Programs Report (Annual WUE Programs Report). According to the Preface to the 2016 report: “*Each year, the Agency prepares a comprehensive WUE Programs Report that captures all activities that occurred during the prior fiscal year. This report tracks the progress that has been made toward goals and objectives outlined in the Agency's Regional WUE Business Plan.*” The Preface goes on to state “*The region has made substantial investments in WUE initiatives over the past 24 years and continues to strategically plan for present and future water supply challenges.*”

MWD is the primary source for significant funding of water use efficiency efforts. Rebates sponsored by MWD include:

RESIDENTIAL PROGRAMS:

- High Efficiency Toilets
- High Efficiency Washers
- Rotating Nozzles for Pop-up Spray Heads
- Weather based Irrigation Controllers
- Turf removal
- Rain Barrels
- Soil Moisture Sensor Systems

COMMERCIAL PROGRAMS:

- High Efficiency Toilets
- Waterless Urinals
- Cooling Tower Controllers
- Weather Based Irrigation Controllers
- Rotating Nozzles for Pop-up Spray Heads
- Large Rotary Nozzles
- Central Computerized Irrigation Controllers
- Laminar Flow Restrictors
- Air-Cooled Ice Machines
- Turf Removal
- Soil Moisture Sensor Systems
- Plumbing Flow Controls

In addition, MWD has contributed funding towards water use efficiency rebates and programs administered by IEUA and other Southern California water agencies (for instance, Western Municipal Water District administers the Free Sprinkler Nozzles rebate program on behalf of the region):

- Free Sprinkler Nozzles.com
- Residential Landscape Retrofit
- Landscape Transformation
- Residential Pressure Regulation

IEUA is the region's representative to MWD and, therefore, the lead organization in administering WUE Programs for the Agency's member organizations. In addition to the rebates and vouchers provided by MWD, IEUA and its member agencies have annually provided supplemental funding to enhance MWD funding and provide greater incentives to local customers.

Funding for WUE Programs has varied widely from year to year, largely due to the changes in program priorities by MWD and other partners (for instance, the large increase in 2008-2009 is largely due to increased MWD funding for Public Sector programs including Central Computer Irrigation Controllers which ended that year):

FISCAL YEAR	IEUA Portion Of Total Funding	TOTAL FUNDING	\$ Inc. (Dec.) over Prior Year	% Inc. (Dec.) over Prior Year
2006-2007	\$ 348,514	\$ 1,950,924	\$ 805,247	70.29%
2007-2008	\$ 500,276	\$ 2,127,430	\$ 176,506	9.05%
2008-2009	\$ 509,617	\$ 4,363,082	\$ 2,235,652	105.09%
2009-2010	\$ 213,265	\$ 702,683	(\$3,660,399)	(83.89%)
2010-2011	\$ 157,325	\$ 1,105,121	\$ 402,438	57.27%
2011-2012	\$ 164,428	\$ 1,213,277	\$ 108,156	9.79%
2012-2013	\$ 189,256	\$ 1,151,601	(\$ 61,676)	(5.08%)
2013-2014	\$ 271,615	\$ 891,658	(\$ 259,943)	(22.57%)
2014-2015	\$ 1,516,917	\$ 5,494,203	\$ 4,602,545	516.18%
2015-2016	\$ 1,960,773	\$ 12,399,586	\$ 6,905,383	125.68%

-Source: IEUA 2016 Annual Water Use Efficiency Programs Report

The past two years' increases in spending reflect the Agency's focus on the California drought and show the largest increases primarily due to additional funding for turf removal programs.

TURF REMOVAL PROGRAMS

IA reviewed the funding amounts for the various WUE programs for the 2014-15 and 2015-16 fiscal years as documented in the annual Water Use Efficiency Report prepared by IEUA's Water Resources (WR) staff. The report shows that over the two fiscal years under review the funding for WUE programs amounted to:

2015-16	Dollars			Percentages		
	FUNDING	IEUA/Other	MWD	TOTAL	IEUA/Other	MWD
RES Turf Removal	\$0	\$3,049,732	\$3,049,732	0.00%	24.60%	24.60%
COM Turf Removal	\$1,299,068	\$5,486,869	\$6,785,937	10.48%	44.25%	54.73%
Landscape Transformation	\$88,998	\$0	\$88,998	0.72%	0.00%	0.72%
OTHER	\$819,979	\$1,654,940	\$2,474,919	6.61%	13.35%	19.96%
TOTALS	\$2,208,045	\$10,191,541	\$12,399,586	17.81%	82.19%	100.00%

-Source: IEUA 2016 Annual Water Use Efficiency Programs Report

2014-15	Dollars			Percentages		
	FUNDING	IEUA/Other	MWD	TOTAL	IEUA/Other	MWD
RES Turf Removal	\$0	\$235,430	\$235,430	0.00%	4.29%	4.29%
COM Turf Removal	\$1,054,809	\$2,269,228	\$3,324,037	19.20%	41.30%	60.50%
Landscape Transformation	\$168,623	\$251,322	\$419,945	3.07%	4.57%	7.64%
OTHER	\$522,525	\$992,266	\$1,514,791	9.51%	18.06%	27.57%
TOTALS	\$1,745,957	\$3,748,246	\$5,494,203	31.78%	68.22%	100.00%

-Source: IEUA 2016 Annual Water Use Efficiency Programs Report

Included in "other" are the MWD rebates for high efficiency toilets and washers, rotating sprinkler nozzles, weather based irrigation controllers and rain barrels among others.

Most of the funding during the 2014-15 and 2015-16 fiscal years was associated with turf removal efforts. The largest was the Residential and Commercial Turf Removal program administered primarily by MWD. The other turf removal program was the Landscape Transformation Program, primarily administered by the member agencies and IEUA's WR

staff. IA's audit focused on these two programs, which amounted to over 80% of funding in 2015-2016 and almost 75% in 2014-2015 of all water use efficiency programs.

MWD Residential and Commercial Turf Removal Program

The Residential and Commercial Turf Removal program has recently been the primary water use efficiency program administered by MWD. The program was initially funded in 2008 at \$0.30 per square foot. In response to the drought, the MWD Board approved a \$1 per square foot incentive amount in 2013 with an increase to \$2 in 2014 and increases in funding levels from 2013 to 2015. A history of MWD's rebate amounts per square foot of turf removed, the overall funding levels authorized by MWD's Board and the program guidelines documents the increases:

The MWD Board authorized increases in the rebate amount per square foot several times:

MWD BOARD ACTIONS:

Rebate Incentive Increases		
Board Letter	Rate per sq. ft.	Fiscal Year
April 8, 2008	\$0.30	2008/09
September 10, 2013	\$1.00	2013/14
May 13, 2014	\$2.00	2013/14

-NOTE: Chart obtained from "Internal Audit Report for November 2016", Office of the General Auditor of the Metropolitan Water District of Southern California.

Additionally, the MWD Board agreed to increase the amount of annual funding available for turf rebates several times, with the final increase providing a total of \$450 million in MWD funding for turf rebates throughout MWD's service area for the 2015-16 fiscal year, the final year of the program. The funding in any given fiscal year was available on a first-come, first-serve basis until it ran out:

MWD BOARD ACTIONS:

Budget Actions			
Board Letter	Funding (millions)	New Budget	Comment
April 8, 2008	\$40	\$40	Part of total conservation budget
February 11, 2014	\$20	\$60	Increase in biannual budget
December 9, 2014	\$40	\$100	Increase in funding
May 26, 2015	\$350	\$450	Increase in funding

-NOTE: Chart obtained from "Internal Audit Report for November 2016", Office of the General Auditor of the Metropolitan Water District of Southern California.

MWD initially did not establish restrictions on the types of replacements to the turf that was removed nor the size of an individual rebate. For the 2015-16 fiscal year (the final year of the program), limits were established authorizing residential rebates to a maximum of \$6,000, public agencies to a maximum of \$50,000 and commercial properties to \$25,000:

MWD BOARD ACTIONS:

Regional Turf Removal Program Modifications		
Board Letter	Fiscal Year	Comment
April 8, 2008	2008/09	Listed as a device incentive – Synthetic Turf – \$0.30 per square foot without limitations
September 10, 2013	2013/14	Establishes MWD incentive as grant funding ends – \$1.00 per square foot without limitations
May 13, 2014	2013/14	Increase incentive – \$2.00 per square foot without limitations
May 26, 2015	2015/16	Residential Applicants - \$2.00 per square foot for up to 3,000 square feet. Public Agency Applicants - \$2.00 per square foot for the first 3,000 square feet; \$1.00 per square foot above 3,000 with a \$50,000 max. per property/per fiscal year Commercial/Other Applicants - \$1.00 per square foot up to 25,000 sq. ft.

-NOTE: Chart obtained from "Internal Audit Report for November 2016", Office of the General Auditor of the Metropolitan Water District of Southern California.

To encourage participation within the service area, IEUA also established additional incentive amounts in recent years for the Turf Removal programs:

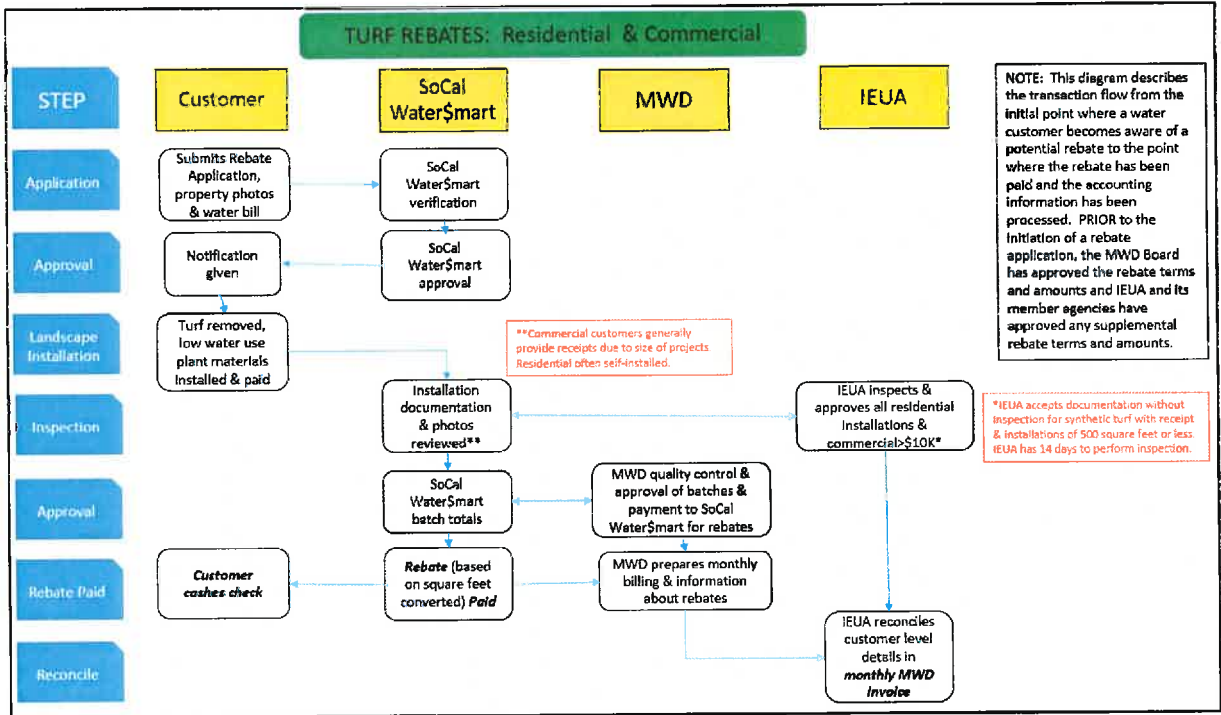
IEUA SUPPLEMENTAL FUNDING HISTORY				
Date	Rebate per sq. ft.	Funding Amount	Total Funding	Comment
7/1/2014	\$ 1.00	\$ 75,000.00	\$ 75,000.00	Matching funding for CII customers included as a budget line item
8/2014 – 10/2014	\$ 1.00	\$ 199,360.00	\$ 274,360.00	Budget transfers within WUE programs to keep up with demand
10/15/2014	\$ 1.00	\$ 3,000,000.00	\$ 3,274,360.00	Board letter to increase funding through inter-fund loan from Administrative Services Fund
5/20/2015	n/a	n/a	n/a	Establish per project funding limits of \$100,000 or a maximum project size of 100,000 square feet

As a result of MWD and the Agency's additional matching funding there was a significant increase in applications for the Turf Removal programs within the region. All the MWD rebate programs require some involvement from IEUA WR staff, but the Turf Removal programs also required IEUA WR staff to inspect, verify and reconcile the validity of the installation.

TURF REBATE PROCESS

IA reviewed the multiple steps in the rebate process for MWD Turf Removal programs to understand and assess the program's internal controls. The MWD Turf Removal programs are administered for MWD by the Electric & Gas Industries Association (EGIA) a non-profit organization dedicated to advancing energy efficiency and renewable energy solutions through their SoCal Water\$mart website. Most of the initial steps in the process occur between the customer and SoCal Water\$mart and are documented on their

dashboard which is available to MWD and the member agencies. The entire process, however, has multiple steps:



- Initially, a commercial or residential customer submits a rebate application including “before” property photos and a water bill to SoCal Water\$mart through their website. SoCal Water\$mart provides the initial approval and notifies the customer. The customer then completes the turf removal and pays for and installs the low water use plant materials. For commercial customers, the landscape installation work is generally performed by a contractor, but in many cases residential customers perform their own landscape installation.
- Once the work is complete the customer uploads “after” property photos and documentation/invoices to the Water\$mart website. SoCal Water\$mart prepares batches and totals and submits these to MWD.
- IEUA WR staff are provided 14 days to inspect and either approve or put an application on hold. IEUA inspects all residential installations and any commercial installations with a total rebate over \$10,000. IEUA WR staff accept documentation without inspection for synthetic turf installations with receipts and for installations of 500 square feet or less.
- MWD performs quality control procedures, approves the batches and makes payment to SoCal Water\$mart to process the rebates.

5. SoCal Water\$mart then pays the rebates to the customers based on the number of square feet of turf that have been converted. At this point MWD also prepares the monthly water billing to IEUA (which is subsequently paid through SAP), including information about rebates that are shown as debits or credits to the billing for any commitments that IEUA or its member agencies have made to provide additional enhancements to the rebates.

On May 13, 2014 MWD increased the amount of the rebate from \$1.00 per square foot to \$2.00 per square foot, but did not establish any limitations on the maximum rebate per customer or on what types of customers could claim rebates. The number and size of turf removal applications by commercial applicants, especially large water users such as golf courses and Homeowners Associations increased significantly.

Beginning July 1, 2014, IEUA established a supplemental rebate amount of \$1.00 per square foot to Commercial, Institutional and Industrial customers (CII) as an additional incentive, but only established a budgetary line item of \$75,000. Applications quickly exceeded available funding. After trying to meet the demand by making budgetary transfers from other water use efficiency budgetary line items, the department went to the Board on October 15, 2014 to ask for \$3,000,000 of additional funding through a transfer and inter-fund loan.

MWD established guidelines and dollar limits as of May 26, 2015, for the 2015-2016 fiscal year. The new limits created maximum rebates of \$6,000 for residential customers, \$50,000 for public agencies and \$25,000 for commercial entities. IEUA staff made similar recommendations to the IEUA Board to revise IEUA's CII rebate enhancements and, as of May 20, 2015 limits of \$100,000 or a maximum project size of 100,000 square feet were established.

Since most of the administration of the turf removal program is handled by MWD, IEUA staff, in consultation with member agencies was limited to adding additional funding to encourage participation and to provide additional conditions to ensure that turf removal was performed in a way that was appealing to local communities.

The conditions added by IEUA staff required that:

1. Applicants install drought tolerant plants and have at least 60% plant coverage at maturity within the project area where turf was removed.
2. Synthetic turf was allowable if it complied with local city codes and could be installed in place of living plant material.
3. Only low water use plants be installed.
4. A minimum of a 3" mulch base be added on top of dirt. Limited amounts of permeable rocks, decomposed granite or other materials were acceptable.
5. A post-project inspection was required.

IA Observations & Recommendations:

MWD sponsored Residential and Commercial Turf Removal Programs

IA's audit of the MWD sponsored turf removal programs noted that the WR staff provide valuable service to the Agency in administering Water Use Efficiency programs. The involvement of the many entities in administering the programs and inspecting the properties reduces risks of misstatement and/or loss to the various Agencies. Since IEUA had only 14 days to complete inspections and approve or place the application on hold, the most significant issue facing the Agency and WR staff was in keeping up with the number of applicants as funding increased to ensure the completion of all post-installation inspections.

Transactions Review

IA reviewed transactions for this program and noted that overall, 891 residential rebates and 190 commercial rebates were paid in the IEUA service area during the two fiscal years. Of those, 1 residential rebate was found that exceeded \$50,000, totaling \$51,788. IA noted 43 commercial rebates that were for \$50,000 and larger and these amounted to \$6,769,000 or almost 75% of the over \$9,000,000 in total commercial rebate dollars paid out.

RESIDENTIAL REBATES:

- The largest single rebate was for \$51,788 for a large property in Ontario.
- The average rebate amount was \$3,758.
- There were 18 rebates that exceeded \$10,000 and the average rebate for these was \$16,966.

COMMERCIAL REBATES:

Exhibit A provides a summary of all commercial turf rebate amounts from the MWD sponsored Residential and Commercial Turf Removal Programs over \$50,000 in 2014-15 and 2015-16 as summarized from the Water\$mart dashboard information.

- The single largest rebate in the IEUA service area in the amount of \$2,227,954 was paid out to a country club (Red Hill CC) amounted to almost 25% of all rebates paid in the service area. This entire rebate was funded by MWD and none of the amount came from IEUA or its member agencies.
- The largest number of rebates over \$50,000 in the IEUA service area were paid to the City of Chino Hills in the amount of \$1,222,422 for a total of 12 projects. (note, Chino Hills also received 9 smaller rebates totaling \$181,807). These rebates included IEUA's matching amounts.
- IEUA and the IERCA combined for a total of \$312,000 in rebates all of which were funded by MWD.

- The data showed some anomalies where the IEUA rebate amounts exceeded the MWD amounts: For instance, “Manheim Southern California” received a \$25,000 rebate from MWD since MWD had by that point instituted limits on rebates to commercial enterprises, but received \$100,000 from IEUA because the IEUA limit at that point was \$100,000 for 100,000 square feet of turf removal. Similarly, the MWD rebate to Monterey Village Apt. c/o So. Calif. Housing was limited to \$25,000, but the IEUA amount was \$60,000.
- Numerous rebate recipients of at least \$50,000 included “HOA” in their name, implying a Homeowner’s Association or included wording such as “apartments”, “properties”, “joint venture”, or “LP” likely signifying them as real estate developments.
- The average rebate for the 43 individual rebates that were at least \$50,000 was over \$157,000, whereas the average individual rebate for the 147 participants that received less than \$50,000 was about \$16,500.
- Although rebates of at least \$50,000 amounted to less than 25% of the number of rebates given, they amounted to almost 75% of total rebates.
- The Cucamonga Valley Water District (CVWD) headquarters address obtained a rebate of \$51,000, although the payee listed for the rebate was not the agency, but the general manager. IA made additional inquiries of CVWD staff and obtained verification of the rebate amount and its inclusion in CVWD accounts.

IA’s analysis of the transactions associated with the MWD sponsored Residential and Commercial Turf Removal Programs noted the same wide range of rebate amounts and types that led MWD to add overall restrictions to rebate amounts and types for the 2015-2016 fiscal year. The nature of the large rebate recipients and the related amounts in IEUA’s service area are generally in keeping with MWD’s overall experience.

- **IA Recommendation:** *While many retail customers received rebates, the range of customers could have been broader. Outreach to customers about WUE measures is a primary responsibility of member agencies, but IEUA may want to consider establishing a forum to discuss the goals and results of WUE Programs. The purpose of the discussions would be to evaluate and develop approaches to help (or consider joint efforts to) publicize, target and follow-up with entities in IEUA’s service area when WUE opportunities become available, and tailor outreach towards specific and/or different entities in the region that match those characteristics and/or potentially maintain a database of the region’s entities by unique characteristics (schools, churches, large lots, etc.).*
- **Note:** *It is IA’s understanding from Planning that IEUA will initiate a long-range WUE goals initiative with executives from member agencies in the near future.*

Landscape Transformation Program

The Landscape Transformation Program (LTP) is described in the WUE Annual Report:

“Launched on October 1, 2012, the Landscape Transformation Program offered residential participants a turnkey approach to turf removal. Participants were provided with contractor services that included landscape design, selection of climate appropriate plants from a variety of plant palettes, removal of living turf, installation of weed barriers and plants, and conversion of overhead sprinklers to drip irrigation. This program allowed customers to convert between 500 and 1,000 square feet of their landscaping for a nominal co-pay of \$0.30 per square foot.”

According to WR staff, the Regional Landscape Transformation Program originated from a presentation at MWD that proposed a “turnkey” approach to residential consumers in highly visible areas of the community to serve as “demonstration sites” to encourage other residents to consider more sustainable landscaping options. In response to the MWD presentation IEUA’s WR staff proposed a pilot program in the IEUA service area utilizing the vendor MWD had provided information about: “Generation Water”, a nonprofit 501(c)3 that employed and trained local high school and college students to perform the program activities.

On July 18, 2012, IEUA’s Board approved the one-year pilot program with \$115,000 of funding. Generation Water provided renovation for 27 sites totaling 22,034 square feet of turf removed for a cost of \$40,546. However, the contract specified that the nonprofit would not be reimbursed until projects were complete and had been inspected. The nonprofit operated with small cash reserves, and cash flow problems by the nonprofit ultimately ended the program (per WUE staff).

With budgeted funds still unspent, applicants on the waiting list and funding through MWD still available, WR staff, decided to continue the program. CAP and WR staff established a procurement process (evaluated below) for the program that resulted in IEUA WUE staff utilizing Brightview Landscaping (formerly The Brickman Group) for the program.

The program ended at the end of the 2015-2016 fiscal year after MWD discontinued support for the program for that year. The IEUA cost per installation in that final fiscal year is the “IEUA Funding” amount.

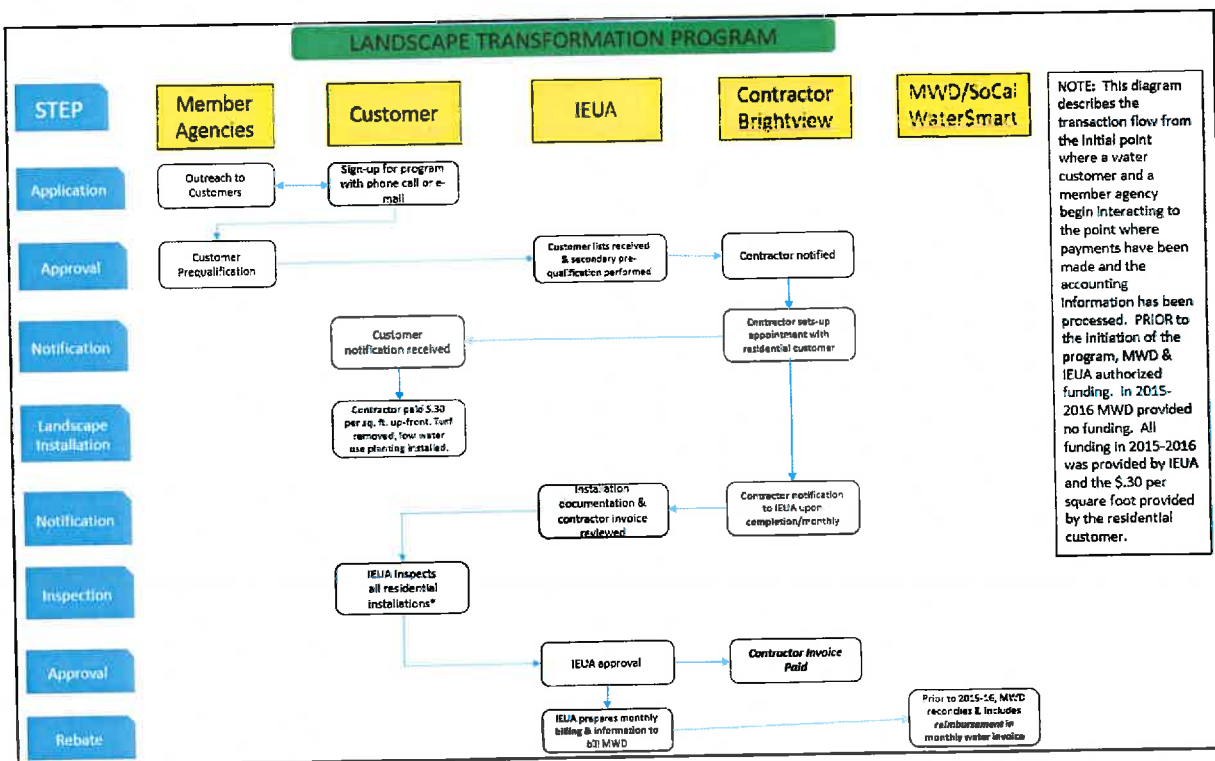
Over the term of the program, spending for landscape transformation amounted to:

Year	# of sites	Square Feet	Other Funding	IEUA Funding	MWD Funding	TOTAL
2012-2013	27	22,034	\$ 6,273.00	\$ 17,990.00	\$ 22,034.00	\$ 46,297.00
2013-2014	65	57,789	\$ -	\$ 104,477.00	\$ 73,266.00	\$ 177,743.00
2014-2015	144	128,011	\$ -	\$ 168,623.00	\$ 251,322.00	\$ 419,945.00
2015-2016	30	26,900	\$ 8,070.00	\$ 80,928.00	\$ -	\$ 88,998.00
TOTALS	266	234,734	\$ 14,343.00	\$ 372,018.00	\$ 346,622.00	\$ 732,983.00

-Source: IEUA 2016 Annual Water Use Efficiency Programs Report

PROCESS

Unlike the Turf Removal Program where MWD and SoCal WaterSmart are responsible for the process until final inspection and billing, the Landscape Transformation Program does not involve MWD until the end of the process. IEUA WR staff have established a contract with Brightview Landscaping to be responsible for the multi-step process of providing contractor services to residential customers (see procurement process review discussion below).



1. Initially IEUA's member agencies provide outreach to their customers who sign-up for the program with a phone call or an e-mail. After the member agency has completed an initial prequalification process the customer lists are transmitted to the WR staff at IEUA who perform a secondary prequalification process. IEUA staff then notify the contractor (Brightview Landscaping) who sets up an appointment with the residential customer.
2. Brightview Landscaping has multiple responsibilities to customers under their contract. According to the Request for Proposal: "Contractor will be responsible for providing participants with landscape assessments, redesign recommendations, site designs, turf removal, irrigation conversion to drip irrigation or micro-sprays, installation of a pressure compensating kit, installation of a weed barrier, installation of climate appropriate plants and shrubs with a coverage requirement of 60%, coverage with mulch, re-programming of existing controller station serving new landscaped area, customer post-site inspections, customer service on an "as needed" basis." The specific requirements consisted of:

- Phase One – Administrative Actions: Retail water agencies and cities will identify potential participants within their service area, explain the program and pre-qualify customers and provide customer lists to contractor
- Phase Two – Landscape Pre-Assessment and Landscape Design: Site pre-evaluation performed that includes assessing the current landscaping and automated irrigation system, signing of program forms, presentation of program process that includes responsibility for irrigating and the risk of grass/weed regrowth. The landscape design process begins with program orientation that includes a discussion of potential lay-out, plant selection, maintenance requirements, new irrigation system, weed barrier, mulch, etc. and the collection of the co-payment.
- Phase Three – Landscape Design: A completed site design will be presented to customers one week after the initial visit. Customers will be given a one-week time frame to review their plan and make any modifications. After the two-week period expires, if a customer is unresponsive, they will be removed from the program. Only under special circumstances will customer modifications be accepted after the two-week period. Each participating member agency will also review and approve customer site plans prior to installation occurring and during the two-week timeframe.
- Phase Four – Additional Services: Additional services requested by the customer and provided by the contractor will be reviewed on a case-by-case basis and approved by the Program Manager and Member Agency.
- Phase Five – Turf Kill Process: the project site is sprayed thoroughly with weed killer and seven day waiting period occurs (this process may be modified depending upon other proposed methods).
- Phase Six – Turf Removal: Turf will be removed, all dead turf and weeds will be cleaned and scraped using a sod cutter to a 1 inch depth, yard to be lightly tilled to hasten re-growth, yard to be graded to a smooth and even level, an "in transition" yard sign will be placed while site is in conversion phase, remove any other materials per customer agreement. Another seven-day waiting period to occur until next step.
- Phase Seven – Final Spray: Final spraying and germinating turf or weeds to be raked clean. Three to five day waiting period.
- Phase Eight – Planting and Mulching: Install a weed barrier, convert overhead sprinkler heads to drip irrigation system by using a conversion kit, install new plants, and spread mulch, project completion form signed off by customer who signed initial forms.
- Phase Nine – Post-Site Follow-up: Two weeks after the completion of the contractor's work at each project site, a follow-up inspection will be scheduled. In addition to providing 60-day and 180-day follow-ups and on an "as needed" basis.

The Agency agreed to the following per-site pricing for the program:

SQUARE FEET	RESIDENT CO-PAY (\$0.30 per sq. ft.)	IEUA FEE	TOTAL paid to contractor	MWD REIMBURSEMENT to IEUA (\$2 per sq. ft.)	Net cost to IEUA
500	\$ 150.00	\$ 1,750.00	\$ 1,900.00	\$ 1,000.00	\$ 750.00
750	\$ 225.00	\$ 2,350.00	\$ 2,575.00	\$ 1,500.00	\$ 850.00
1,000	\$ 300.00	\$ 2,950.00	\$ 3,250.00	\$ 2,000.00	\$ 950.00

IA Observations & Recommendations: Landscape Transformation Program

IA's audit of the LTP program noted that WR staff provide valuable service to the Agency in administering the Water Use Efficiency program. The involvement of the many entities in administering the programs and inspecting the properties reduces risks of misstatement and/or loss to the various Agencies. The most significant issues facing the Agency and WR staff were in keeping up with the number of applicants as funding increased, and ensuring the completion of the post-installation inspections.

Analysis of Procurement Process

According to WR staff, after the initial trial with "Generation Water" ended the member agencies encouraged IEUA to continue the program, so Contracts and Procurements (CAP) and WR staff developed a Request for Proposal (RFP) to solicit bids for the program. The RFP, dated May 31, 2013 provided the detailed steps required from potential vendors as described above and attracted five responses by its June 19, 2013 due date: The Brickman Group, CLS Landscape Management, Blue Diamond Landscape, Conserve and EcoTech Services. The RFP also provided for an informational meeting on June 5, 2013 to answer questions from potential bidders.

An interview panel that included representatives from WR staff, CAP, Cucamonga Valley Water District, Chino Basin Water Conservation District and Monte Vista Water District evaluated the proposals and interviewed the top three candidates: The Brickman Group, Blue Diamond Landscape and EcoTech Services, with the final recommendation being to utilize The Brickman Group since they were both the lowest bidder and familiar to the Agency:

Landscape Transformation Project - Bid Summary					
<u>Company</u>	<u>CLS</u>	<u>ConServe</u>	<u>Brickman</u>	<u>Blue Diamond</u>	<u>Eco Tech</u>
500 sq. ft.	\$ 2,747.50	\$ 4,925.00	\$ 1,750.00	\$ 2,315.00	\$ 3,400.00
750 sq. ft.	\$ 3,871.25	\$ 7,387.50	\$ 2,350.00	\$ 3,472.50	\$ 4,200.00
1,000 sq. ft.	\$ 5,495.00	\$ 9,850.00	\$ 2,950.00	\$ 4,630.00	\$ 5,000.00
per sq. ft. (500)	\$ 5.50	\$ 9.85	\$ 3.50	\$ 4.63	\$ 6.80
per sq. ft. (750)	\$ 5.16	\$ 9.85	\$ 3.13	\$ 4.63	\$ 5.60
per sq. ft. (1,000)	\$ 5.50	\$ 9.85	\$ 2.95	\$ 4.63	\$ 5.00

IEUA established contract #4600001525 with the Brickman Group dated August 29, 2013 in the amount of \$150,000. The proposed project was included as a line item in the water conservation budget for 2013-14. Since the contract was less than \$250,000, under Ordinance No. 101, WR staff were not required to prepare a separate Board item for the project:

Page 6: "Board approval is required for competitively-let procurements greater than \$100,000, unless the procurement is a competitively-let "budgeted procurement" under \$250,000, specifically identified as a detailed line item in the fiscal year adopted budget."

On April 16, 2014 WR staff then obtained ratification from the IEUA Board for an additional \$39,000 spent under the program and approval for an additional \$61,000 to be spent to bring the total contract to \$250,000.

On July 16, 2014 WR staff returned to the Board to expand funding for the program for applicants on the waiting list with new contract #4600001694 for the Brickman Group for \$400,000. Since Brickman had been the “best value” bidder and was willing to hold their prices to those in the prior contract, WR staff were not required to go through another bid process and could justify the contract with Brickman as a sole-source procurement.

This contract has now had two amendments, the first to extend the term to 6/30/2016 and the second to extend the term to 6/30/2017 to complete open projects and recognize Brinkman’s name change to BrightView.

Based on the information in the procurement file reviewed by IA, IA notes that the procurement process was consistent with other procurements that IA has reviewed and followed the guidelines outlined by CAP.

Transactions Review

IA performed a variety of procedures to review the transactions, financial activity and participants in the Landscape Transformation Program. These included:

1. Walkthrough of process and documents including: Water\$mart dashboard, MWD invoices and IEUA financial records.
2. Participate in a post-installation inspection and evaluation.
3. Scan list of participants and addresses for any that appeared out of the ordinary. Noted 1 item with no address and 3 names currently affiliated with IEUA.
4. Perform analytical reviews including:
 - a. Average dollars per project
 - b. Review for higher and lower than expected project values
 - c. Average square feet per project
 - d. Review for higher and lower than expected project square footage
 - e. Average dollars per square foot
5. Compared reasonableness of amounts to totals shown in IEUA financial records.

As a result of these procedures, nothing requiring additional inquiry came to IA’s attention.

Use of Project Codes and Capitalization Issues

A prior period adjustment is typically documented on the audited financial statements for adjustments necessary for “*material errors in a prior period financial statement made directly to the retained earnings account and shown in the current financial statement.*” (taken from Business Dictionary). Therefore, multiple instances of prior period adjustments may be a sign of weaknesses in internal controls and may raise potential red flags for those who rely on the financial statements.

The IEUA CAFR, has recognized prior period adjustments in 5 of the last 6 fiscal years. This has included adjustments required due to new accounting pronouncements such as

the treatment of bond issuance costs and for accounting and reporting pension obligations. However, in four of the six years, the CAFR has reflected downward adjustments in beginning equity balances to reflect amounts that had been shown as capitalized projects in Work-In-Progress (WIP) on the balance sheet but were for projects that should have been included in expenses.

This occurred in both the 2014-15 and 2015-16 fiscal years for the water resources fund. In attempting to trace the reasonableness of the amounts shown in the Annual Water Use Efficiencies Program report for 2016 to the amounts reflected in the Agency's accounting records in SAP, IA noted that the expenses for the turf removal programs were not included in expense in the accounting records in 2014-15 or 2015-16.

IA discussed this with both Finance and Accounting Department (FAD) staff and WR staff. SAP provides the ability to establish projects for tracking purposes. WIP within the SAP "projects" function is usually used for capital projects, but it is also possible to establish projects as "O & M" expense projects. Since the activities of the WR staff generally involve projects that span multiple fiscal years and spending can occur in one fiscal year with reimbursements or rebates occurring in a different fiscal year, they have been established as "projects" using this option in SAP, however the WUE projects were initially established as capital projects rather than O & M projects within SAP.

FAD staff has indicated that they became aware of the problems with capitalization of WIP several years ago and instituted efforts to resolve the issue. Since then, FAD staff has scrutinized projects individually to determine whether individual projects are incorrectly categorized, which has resulted in the recognition of the prior period adjustments in recent financial statements. Additionally, FAD has asked departments to provide information about projects when they are established and added additional approvals to ensure projects are correctly classified.

Project codes in SAP provide a useful tool for tracking information about individual activities/projects being performed by an Agency department, but inaccurately capitalized projects have led to prior period adjustments in each of the past four year's CAFRs.

- **IA Recommendation:** *Finance and Accounting (FAD) staff have already taken several practical measures to review and reduce the amounts included in Work in Process (WIP) to ensure only capital projects are capitalized. FAD may want to consider prioritizing additional efforts to ensure that prior period adjustments are eliminated, such as:*
 - *Developing a cross-departmental team including representatives from Engineering, Operations and FAD to approve items in advance for capitalization in WIP.*
 - *Establishing an automated log, register or report to be reviewed regularly that tracks project codes, amounts and purpose for FAD review to ensure accurate accounting of projects.*

- *Engaging an outside consultant, accounting firm or additional temporary resources to make a thorough examination of WIP to:*
 - *Ensure only capital projects are included*
 - *Recommend policies and procedures for establishing projects to ensure only capital projects are capitalized*
 - *Develop written examples and guidelines of what constitutes a capital project and what constitutes an O & M project.*

ANNUAL WATER USE EFFICIENCY PROGRAMS REPORT

Each year the Water Resources staff prepare the Annual WUE Programs Report that provides statistical and financial information about all Regional Water Use Efficiency programs implemented in IEUA's service area by MWD, IEUA and in partnership with member agencies. The most current report provides information for the current year and prior information for years back to the 2002-2003 fiscal year. In addition to the regional programs, the report also highlights local initiatives such as the Chino Basin Water Conservation District's Landscape Evaluation program, IEUA sponsored residential landscaping classes held in conjunction with member agencies, and school programs that include the "National Theatre for Children", "Shows that Teach" and the "Garden in Every School" program.

Preparing the report is a multi-step process. WR staff begin with the excel spreadsheet workbook that includes all the historical information and schedules and that serves as the framework to provide the current year's information. Then, month by month activity by individual program (such as "High Efficiency Toilets" or "Landscape Transformation Program") is obtained from the MWD dashboard maintained by the "Water\$mart" program for each member agency and entered on separate spreadsheets for each member agency. Once annual totals for the member agency have been obtained, these totals transfer automatically to the summary spreadsheet for each member agency. For most programs this spreadsheet has imbedded formulas to use those totals to calculate Gallons Saved, and Acre Feet Saved by year and lifetime. In some instances, the rebate activity is not the correct measure for calculation purposes and totals need to be determined manually and entered separately. This is the case for both the residential landscape retrofit program where the rebate is based on the number of sprinkler nozzles and weather based irrigation controllers installed and the Turf programs that are based on the number of square feet of turf removed, not the number of rebates paid. To complete the individual member agency pages, the funding amounts by category for the year are obtained from the MWD dashboard and entered manually.

Once the individual member agency schedules have been completed some of that information is used to prepare the Agency-wide schedule. Information for the Agency-wide schedule is also taken directly from the MWD dashboard. And, in other instances information is entered manually. Information for the dollar amounts shown in the "funding sources" is typically generated by imbedded formulas using the sum of the member agency devices installed multiplied by the maximum rebate amounts. In other instances,

such as turf removal the number of square feet is entered into the excel formula manually to multiply by the rebate amount.

WR staff also generate information about local programs such as the “Garden in every school” program to include separately in the report. The General Manager’s message and the “Highlights” sections are written and included at the beginning of the report. The report is available upon request and on the Agency’s website.

IA Observations & Recommendations

The Annual WUE Programs Report is an effective tool for providing a summary of all regional conservation efforts and the related historical context. IA identified opportunities to increase the usefulness, consistency and accuracy of the Annual WUE Programs Report.

Comparative Analysis

Observation: The Preface to the Annual WUE Programs Report states it “tracks the progress” of the Agency and Region in meeting “*the goals and objectives outlined in*” the Business Plan. However, no comparisons are included in the report between the actual results shown in the Annual WUE Programs Report and the targets established in the 2015 – 2020 Business Plan.

IA noted that the Board has been provided PowerPoint presentations that support the information in the Business Plan and the Annual WUE Programs Report, but IA did not find any reports or presentations that compared the two to provide an analysis of actual results to those predicted in the Business Plan. Providing such comparisons as additional information in the Annual WUE Programs Report, or in another report would add transparency and provide a detailed analysis about how realistic the Business Plan targets are, highlight where new initiatives were attempted, provide context to the results achieved and provide a framework for adjusting targets and prioritizing future efforts.

As an example, the Business Plan shows that Customer Engagement Software would begin to produce water savings in the 2017 Fiscal Year and Budget-Based Water Rates would begin to produce water savings in the 2018 Fiscal Year. IA asked WR staff about these initiatives. It is IA’s understanding that one member agency, the Monte Vista Water District has implemented Budget-Based Water Rates and another, the City of Chino, is considering their implementation. Similarly, there has been some progress with developing technological tools for Customer Engagement with OmniEarth and other providers. An analysis of the impact of these efforts would provide for a more comprehensive Annual WUE Programs Report and would make the report an effective document to describe progress on these and any other regional initiatives proposed in the Business Plan.

IA prepared a draft of a potential comparison and noted that categories did not always align completely, which may indicate new programs or merely name changes. However, in many areas IEUA did meet or exceed the targets in the Business Plan. Information about the reasons for the variances would provide additional context:

Comparison of Business Plan goals and Actual results*

Activity	Metric	2015-2016 Goal	2015-2016 Actual	Variance
Landscape Evaluation Program	Sites	200	74	(126)
Cooling Tower Controller	Items	10	-	(10)
Free Sprinkler Nozzles	Items	50,000	19,645	(30,355)
HE Clothes Washers	Items	500	959	459
HE Nozzle Direct Install	Items	-	-	-
HE Nozzle Rebate	Items	10,750	24,564	13,814
HE Toilets (all markets)	Items	2,600	9,953	7,353
Premium Eff. Toilets	Items	750	-	(750)
Rain Barrels	Items	50	683	633
Residential Landscape Retrofit-sites	Sites	200	501	301
Residential Smart Controller-upgrade	Items	-	2	2
Smart Controller (SF)	Items	50	271	221
Smart Controller (CII)	Items	100	212	112
Customer Engagement Tech	Acc'ts	-	-	-
Turf Removal (CII)	Sq. Ft.	11,500,000	3,337,120	(8,162,880)
Turf Removal (SF)	Sq. Ft.	1,500,000	1,596,789	96,789
Ultra-Low Volume Urinals/Waterless	Items	5	17	12
Budget-Based Water Rates	Acc'ts	-	-	-
Landscape Transformation Program	Sites	-	30	30
Residential Pressure Regulation	Sites	-	10	10
Laminar Flow Restrictor	Items	-	210	210
Air-Cooled Ice Machine	Items	-	7	7
Pumping Flow Control (CII)	Items	-	7,874	7,874
Soil Moisture Sensor Systems	Items	-	1	1

-Source: IA draft comparison of amounts in Business Plan compared to Annual WUE Programs Report

In terms of “Annual Water Savings” the Business Plan projected a total of 1,975 Acre Feet saved for the 2015-2016 fiscal year. According to the Annual WUE Programs Report the savings achieved totaled 1,858 Acre Feet, amounting to 94% of the target amount. However, in future years the Business Plan sets even more aggressive targets: 3,083 Acre Feet in the 2017 fiscal year with the introduction of *Customer Engagement Software Technology* and then over 9,000 Acre Feet per year from the 2018 fiscal year onward with the introduction of *Budget-Based Water Rates* at a minimum of 2 of the member agencies.

Provide information and analysis comparing the information in the Annual WUE Programs Report to the 2015 – 2020 Business Plan:

IA Recommendation: *The Agency may want to consider utilizing the Annual Water Use Efficiency Programs Report as an evaluative tool to compare actual results to those projected in the Regional WUE (five year) Business Plan. The Annual WUE Programs Report could discuss reasons for variances from that plan, document changes being made to the plan and describe progress on any other initiatives that expect to yield water savings in future years.*

Provide Notes and References to Supporting Information

Observation: The Annual WUE Programs Report is a hybrid of information from a variety of sources, documents and calculations. The information should be credited, cited, referenced or provided as support for the compilation of the report.

The Board Letter and the General Manager's introduction presenting the Annual WUE Programs Report describes its purpose as serving as a "benchmark for assessing and evaluating overall program performances for planning existing and future programs.

The primary source of information for totaling the activity and funding amounts for each member agency in the WUE Programs Report is the MWD dashboard. The MWD dashboard provides information based on customer submissions and MWD approvals, rather than the rebate payment date. This provides a more comprehensive summary of activity, but makes reconciliation to MWD billings and IEUA financial information difficult. The member agency pages are created in a way that conforms to the information that the member agencies see when they refer to the MWD dashboard. The IEUA summary information is instead developed as a blend of information based on maximum rebate amounts and water-savings estimates as well as information from the MWD dashboard. Therefore, the sum of individual member agency amounts generally does not match the summary information and presentation. This can potentially lead to questions about the reliability of the information presented.

IEUA staff may want to consider options for referencing and supporting information to provide clarity and offer additional source information.

REFERENCE OPTIONS:

- One approach would be to provide notes or documentation that describe the sources of the information and/or the calculation methods used either on each page or in a separate "notes" to the presentation section. This would provide users of the report an understanding of the different sources of information and how they were used.
- Another option would be to expand the "Highlights" commentary at the beginning of the document to describe the methods used to calculate the water savings and funding amounts (see additional comment on "Highlights" below).

Providing additional descriptions and documentation about the sources of the information and how calculations were made increases transparency and helps users of the report place the information in context.

CONSISTENCY:

- The way information is determined for the summary pages supports the purpose of describing the maximum possible funding based on maximum rebate amounts for the various programs. The information on the individual member agency pages

could reflect this same calculation approach as that used for the summary pages to support that purpose.

- The member agency pages provide a succinct summary of actual rebate funding (which may be less than the maximum amount depending on pricing of rebate eligible devices) from the information provided by MWD's dashboard. To support that approach, the summary pages could use that same methodology.

Providing consistency between the individual and summary sections of the report helps users of the report understand the nature of the information and increases their reliance on the information.

IA recommendation: *IEUA may want to consider providing additional documentation, descriptions or informative information in the body of the Annual WUE Programs Report to describe the differing sources of information used to provide member agency information vs. regionwide information or alternatively (and/or in addition), presenting both the summary and member agency information on the same basis.*

Align Program Descriptions to Charts Provided

Observation: The first two sections of the Annual Report provide a cover letter from IEUA's General Manager and a "Highlights" document. The Highlights document provides some descriptive and some statistical information but the headings and descriptions are not aligned with the order of the Summary Charts that follow, and some of the most significant programs are not mentioned, while other programs that have only recently been initiated are described in greater detail.

IA noted that the Highlights document is organized to highlight WUE Programs that are either the newest or the most specific to IEUA's region or under IEUA's responsibility shown under the headings: "IEUA Locally Implemented Residential Programs" and "CBWCD Landscape Evaluation Program". This is even though most programmatic spending shown in the Summary Charts that follow is under the SoCal Water\$mart Residential and Commercial categories which are summarized in two paragraphs in the middle of the second page of the "Highlights" document. Within those descriptions, however, no mention is made of the Residential Turf Removal program that accounted for over \$3 million in funding and the Commercial Turf Removal program that accounted for almost \$7 million in funding. Together these two programs accounted for almost \$10 million of the just over \$12 million shown in the Summary Chart. In contrast the Residential Pressure Regulation program that had just recently been approved and accounted for only \$5,700 in funding in 2015-16, was highlighted as the second program mentioned on the first page of the "Highlights" document.

The "Highlights" document is the first thing readers will use to understand the range of WUE Programs. Aligning the commentary with and in the same order as the categories in the Summary Charts makes it possible for readers to connect the information and better

understand the range and results of the various WUE efforts. Some options to consider include:

- Consider organizing the presentation using the same headings as are shown in the Summary Charts: “SoCal Water\$mart Residential Rebates, IEUA Locally Implemented Residential Programs, SoCal Water\$mart Commercial Rebates, IEUA locally Implemented Commercial Programs and CBWCD Landscape Evaluation Program”.
- Reorganize both the Summary Charts and the Highlights Commentary to differentiate between SoCal Water\$mart programs and IUEA Locally Implemented Programs. This would provide a spotlight for the efforts of the IEUA WR staff.
- As noted in the previous recommendation, consider using this section of the Annual Report to provide additional documentation and descriptive information about the sources of the water savings and funding information and how the calculations are made. This will make the Summary Charts easier to understand and provide context for users.

Expand the “Highlights” commentary to provide subheadings and an organizational format that matches the Summary Charts that follow.

IA recommendation: *IEUA may want to consider expanding the “Highlights” commentary and providing subheadings and organizing the section to match the order of the Summary Charts to align the descriptions to the charts that follow.*

Desk Procedures to Provide Guidance in Compiling the Report

Observation: As a guideline, WR staff have a document page of notes and contacts and a checklist to guide the preparation of the Annual WUE Programs Report. The Excel workbook that is the basis of the Report also inherently provides some documentation of the formulas and sources of amounts that are shown. However, there are also instances where amounts (particularly in the amount of turf removed and the dollar amounts of most funding sources) have been added to the report manually.

The various sources of information and methods of calculation can result in inconsistencies and inaccuracies within a schedule and from year to year, particularly when new programs begin or older programs are phased out. For instance, the calculation of gallons saved in a year for 2015-16 for the Landscape Transformation Program multiplies 325,900 times the lifetime acre-feet savings rather than the one-year acre-feet savings used in the other calculations. Also, the 2015-16 schedule includes the homeowner co-pay in the “Outside Funding” column for this program, but in the previous two years schedules it is not included. However, in the 2012-13 schedule (and first year

of this program) an amount is shown in this column. The differences in presentation can undermine the effectiveness and perceived reliability of the information in the Report.

Having a comprehensive, written resource to guide the development of the Annual WUE Programs Report would help improve its consistency and accuracy and may reduce the amount of staff time needed for its completion.

Evaluate the notes and checklist documenting the sources and contents of the Annual WUE Programs Report and consider developing a desk procedure or other document that provides complete guidelines and details for preparation.

IA recommendation: *WR staff may want to consider developing a desk procedure or other document to guide the preparation of the Annual WUE Programs Report for internal staff to follow.*

Soft Recommendations: Additional IA Observations for Consideration

IA reviewed the individual member agency information for the 2014-15 and 2015-16 fiscal years to reconcile those amounts to the summary totals in the Annual WUE Programs Report. As previously noted the totals for the amounts by individual agency do not in all cases agree to the agency-wide totals since some are obtained from different sources. However, this detailed review and other procedures performed during the audit did lead IA to develop additional observations. Therefore, IA makes the following “soft” recommendations for the Agency to consider in developing additional WUE measures for the future:

- Four of the eight member agencies are not municipalities. Over the past two years the level of participation in the various WUE Programs by some of these entities has generally lagged that of the region’s municipalities:

NAME	2015-16 Participation Ranking (of 8)	2014-15 Participation Ranking (of 8)
Cucamonga Valley Water District	1	2
Monte Vista Water District	4	6
Fontana Water Company	7	7
San Antonio Water Company	8	8

San Antonio Water Company encompasses a small service area, so their last-place ranking is understandable and Cucamonga Valley Water District has been an active participant, having responsibility for providing both water resources and wastewater treatment.

The other two non-municipal water suppliers have tended to have lower participation rates, with the Fontana Water Company ranking second to last in both years. Since water use efficiency programs have the impact of reducing revenues,

this may imply that non-municipal water suppliers may have less interest in participating.

As a Regional entity, IEUA must ensure all member agencies are provided fair and equivalent service. IEUA may want to consider where participation rates in water use efficiency programs are at their lowest within the region and establish promotional efforts designed specifically for those communities.

- Some local agencies and governmental organizations have tended to either take greater interest and advantage in WUE Programs or have partnered with IEUA for retrofits. For instance, the City of Chino Hills obtained over \$1.4 million in turf removal rebates and the Fontana Unified School District partnered with IEUA on a retrofit program for almost \$1 million in rebates from 2010 to 2013. A common factor among these efforts is that they have not been based on a coordinated long-term strategy.

IEUA and the member agencies may want to consider strategic planning options, such as establishing a collaborative, specific outreach effort to large local corporations, public agencies and governmental organizations to target significant potential water savings from MWD WUE programs.

- The responsibility for promoting and managing water use efficiency efforts is spread among multiple IEUA departments. The WR staff coordinates the MWD rebate programs and related local efforts. External Affairs takes responsibility for messaging with movie theater ads, bus bench ads, the IEUA website and other forms of publicity. Additionally, there is a separate effort focused on collecting data and developing customer engagement tools. Finally, the Recycled Water team considers ways to add to the recycled water supply and find users for it.

IEUA may want to consider establishing a “task force” or occasional “roundtable” effort between and among IEUA departments and units to coordinate and target WUE efforts, create avenues for collaboration and look for new opportunities for the Agency.

**EXHIBIT A: INLAND EMPIRE UTILITIES AGENCY
 COMMERCIAL REBATES \$50,000 OR MORE FOR 2014-15 & 2015-16**

Payee	Year	MET Amt	MBR Amt	Tot Amt
EL PRADO GOLF COURSES	2015-16	\$25,000.00	\$25,000.00	\$50,000.00
INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY	2015-16	\$50,000.00	\$0.00	\$50,000.00
CAREFREE ONTARIO HOA	2015-16	\$25,000.00	\$25,000.00	\$50,000.00
WOODBEND APARTMENTS	2015-16	\$25,000.00	\$25,000.00	\$50,000.00
UPLAND VIEWPOINT HOA C/O EUCLID MANAGEMENT	2015-16	\$25,000.00	\$25,892.00	\$50,892.00
GP RUSS CHANEY	2015-16	\$25,000.00	\$30,000.00	\$55,000.00
CHINO VALLEY INDEPENDENT FIRE DISTRICT	2014-15	\$33,524.00	\$16,762.00	\$50,286.00
MARTIN ZVIRBULIS (GM - CVWD)	2014-15	\$34,000.00	\$17,000.00	\$51,000.00
COLONY TERRACE LP	2014-15	\$36,000.00	\$18,000.00	\$54,000.00
CLS LANDSCAPE MANAGEMENT INC	2015-16	\$40,000.00	\$20,000.00	\$60,000.00
CITY OF CHINO HILLS	2014-15	\$40,312.00	\$20,156.00	\$60,468.00
CITY OF CHINO	2015-16	\$60,720.00	\$0.00	\$60,720.00
AYRES COUNTRY SUITES	2015-16	\$41,176.00	\$20,588.00	\$61,764.00
CITY OF CHINO HILLS	2014-15	\$41,184.00	\$20,592.00	\$61,776.00
US POST OFFICE RANCHO CUCAMONGA	2014-15	\$41,586.00	\$20,793.00	\$62,379.00
UPLAND ACACIA PARK HOA	2014-15	\$41,986.00	\$20,993.00	\$62,979.00
WEIRICK PROPERTIES LP	2015-16	\$42,000.00	\$21,000.00	\$63,000.00
MOUNTAIN VIEW PARK HOA	2014-15	\$43,946.00	\$21,973.00	\$65,919.00
CITY OF CHINO HILLS	2014-15	\$44,390.00	\$22,195.00	\$66,585.00
CITY OF CHINO HILLS	2015-16	\$51,868.00	\$25,934.00	\$77,802.00
D M P PROPERTIES UNITED PROPERTY MANAGEMENT	2014-15	\$52,000.00	\$26,000.00	\$78,000.00
CITY OF CHINO HILLS	2015-16	\$52,116.00	\$26,058.00	\$78,174.00
MARLAY PARTNERS LLC	2015-16	\$53,832.00	\$26,916.00	\$80,748.00
MONTEREY VILLAGE APT. C/O SO. CALIF. HOUSING	2015-16	\$25,000.00	\$60,000.00	\$85,000.00
CITY OF CHINO HILLS	2015-16	\$58,862.00	\$29,431.00	\$88,293.00
UPLAND HILLS COUNTRY CLUB HOA	2014-15	\$65,700.00	\$32,850.00	\$98,550.00
PARK VINEYARD JOINT VENTURE	2014-15	\$66,622.00	\$33,311.00	\$99,933.00
MONTEREY MANOR MOBILE HOME PARK	2015-16	\$68,130.00	\$34,065.00	\$102,195.00
ANDY MCBRIDE	2014-15	\$74,274.00	\$37,137.00	\$111,411.00
CITY OF CHINO HILLS	2014-15	\$80,314.00	\$40,157.00	\$120,471.00
CITY OF CHINO HILLS	2015-16	\$80,796.00	\$40,398.00	\$121,194.00
MANHEIM SOUTHERN CALIFORNIA	2015-16	\$25,000.00	\$100,000.00	\$125,000.00
PEACH WOOD	2015-16	\$126,308.05	\$0.00	\$126,308.05
(BAPS) DEVELOPMENT INC	2014-15	\$84,518.00	\$42,259.00	\$126,777.00
CITY OF CHINO HILLS	2014-15	\$86,570.00	\$43,285.00	\$129,855.00
CITY OF CHINO HILLS	2014-15	\$88,722.00	\$44,361.00	\$133,083.00
CITY OF CHINO HILLS	2015-16	\$98,576.00	\$35,581.68	\$134,157.68
CYPRESS PARK HOA	2015-16	\$103,480.00	\$34,145.32	\$137,625.32
CITY OF CHINO HILLS	2015-16	\$114,734.00	\$35,829.97	\$150,563.97
AUGUSTA HOMES	2015-16	\$170,134.00	\$85,067.00	\$255,201.00
INLAND EMPIRE UTILITIES AGENCY	2015-16	\$261,999.25	\$0.00	\$261,999.25
ALLEGIANCE HEALTH CARE	2015-16	\$488,000.00	\$244,000.00	\$732,000.00
RED HILL COUNTRY CLUB	2015-16	\$2,227,954.44	\$0.00	\$2,227,954.44
ALL OTHER		\$1,787,795.00	\$646,067.00	\$2,428,862.00
TOTAL FOR 2014-2015 & 2015-2016		\$7,109,128.74	\$2,088,916.97	\$9,198,045.71

**EXHIBIT A: INLAND EMPIRE UTILITIES AGENCY
 STATISTICAL COMPARISON OF COMMERCIAL REBATES \$50,000 OR MORE FOR
 2014-15 & 2015-16**

CATEGORY	% of all rebates	REBATE AMOUNT	% of all participants	IEUA AMOUNT	% of total
<i>Top Proportional Categories:</i>					
Top 10	46.63%	\$4,289,216.66	5.26%	\$564,528.97	27.02%
Top 15	53.20%	\$4,893,600.71	7.89%	\$782,220.97	37.45%
Top 20	58.36%	\$5,367,571.71	10.53%	\$971,877.97	46.53%
All >\$50K	73.59%	\$6,769,063.71	22.63%	\$1,447,729.97	69.31%
<i>Average rebate for individual rebates under \$50k:</i>				\$16,523.69	
<i>Top Individual Participants:</i>					
Red Hill CC	24.22%	\$2,227,954.44	0.53%	\$0.00	0.00%
City of Chino Hills	13.29%	\$1,222,422.65	0.53%	\$383,978.65	18.38%
IEUA & IERCA	3.39%	\$311,999.25	0.53%	\$0.00	0.00%
TOTAL PARTICIPANTS:		190	100.00%		
TOTAL PARTICIPANTS > \$50K:		43	22.63%		

Water Use Efficiency Programs Audit Results and Recommendations



RANGE OF WUE PROGRAMS

MWD SPONSORED PROGRAMS:

RESIDENTIAL PROGRAMS:

- High Efficiency Toilets
- High Efficiency Washers
- Rotating Nozzles for Pop-up Spray Heads
- Weather based Irrigation Controllers
- Turf Removal
- Rain Barrels
- Soil Moisture Sensor Systems

REGIONALLY ADMINISTERED:

- Free Sprinkler Nozzles.com
- Residential Landscape Retrofit
- Landscape Transformation
- Residential Pressure Regulation

COMMERCIAL PROGRAMS:

- High Efficiency Toilets
- Waterless Urinals
- Cooling Tower Controllers
- Weather Based Irrigation Controllers
- Rotating Nozzles for Pop-up Spray Heads
- Large Rotary Nozzles
- Central Computerized Irrigation Controllers
- Laminar Flow Restrictors
- Air-Cooled Ice Machines
- Turf Removal
- Soil Moisture Sensor Systems
- Plumbing Flow Controls

Water Use Efficiency Programs: Spending – 2015-16 & 2014-15

2015-16	Dollars			Percentages		
	FUNDING	IEUA/Other	MWD	TOTAL	IEUA/Other	MWD
RES Turf Removal	\$0	\$3,049,732	\$3,049,732	0.00%	24.60%	24.60%
COM Turf Removal	\$1,299,068	\$5,486,869	\$6,785,937	10.48%	44.25%	54.73%
Landscape Transformation	\$88,998	\$0	\$88,998	0.72%	0.00%	0.72%
OTHER	\$819,979	\$1,654,940	\$2,474,919	6.61%	13.35%	19.96%
TOTALS	\$2,208,045	\$10,191,541	\$12,399,586	17.81%	82.19%	100.00%

2014-15	Dollars			Percentages		
	FUNDING	IEUA/Other	MWD	TOTAL	IEUA/Other	MWD
RES Turf Removal	\$0	\$235,430	\$235,430	0.00%	4.29%	4.29%
COM Turf Removal	\$1,054,809	\$2,269,228	\$3,324,037	19.20%	41.30%	60.50%
Landscape Transformation	\$168,623	\$251,322	\$419,945	3.07%	4.57%	7.64%
OTHER	\$522,525	\$992,266	\$1,514,791	9.51%	18.06%	27.57%
TOTALS	\$1,745,957	\$3,748,246	\$5,494,203	31.78%	68.22%	100.00%

Landscape Transformation Participation

Year	# of sites	Square Feet	Resident Match	IEUA Funding	MWD Funding	TOTAL
2012-2013	27	22,034	\$ 6,273.00	\$ 17,990.00	\$ 22,034.00	\$ 46,297.00
2013-2014	65	57,789	\$ -	\$ 104,477.00	\$ 73,266.00	\$ 177,743.00
2014-2015	144	128,011	\$ -	\$ 168,623.00	\$ 251,322.00	\$ 419,945.00
2015-2016	30	26,900	\$ 8,070.00	\$ 80,928.00	\$ -	\$ 88,998.00
TOTALS	266	234,734	\$14,343.00	\$ 372,018.00	\$ 346,622.00	\$ 732,983.00

IA Recommendations:

- *Outreach Initiatives to reach a variety of customers in the service area.*
- *Ensuring only capital projects are capitalized and eliminate the need for prior period adjustments*

Comparison of Business Plan Goals and Actual Results

Activity	Metric	2015-2016 Goal	2015-2016 Actual	Variance
Landscape Evaluation Program	Sites	200	74	(126)
Cooling Tower Controller	Items	10	-	(10)
Free Sprinkler Nozzles	Items	50,000	19,645	(30,355)
HE Clothes Washers	Items	500	959	459
HE Nozzle Direct Install	Items	-	-	-
HE Nozzle Rebate	Items	10,750	24,564	13,814
HE Toilets (all markets)	Items	2,600	9,953	7,353
Premium Eff. Toilets	Items	750	-	(750)
Rain Barrels	Items	50	683	633
Residential Landscape Retrofit-sites	Sites	200	501	301
Residential Smart Controller-upgrade	Items	-	2	2
Smart Controller (SF)	Items	50	271	221
Smart Controller (CII)	Items	100	212	112
Customer Engagement Tech	Acc'ts	-	-	-
Turf Removal (CII)	Sq. Ft.	11,500,000	3,337,120	(8,162,880)
Turf Removal (SF)	Sq. Ft.	1,500,000	1,596,789	96,789
Ultra-Low Volume Urinals/Waterless	Items	5	17	12
Budget-Based Water Rates	Acc'ts	-	-	-
Landscape Transformation Program	Sites	-	30	30
Residential Pressure Regulation	Sites	-	10	10
Laminar Flow Restrictor	Items	-	210	210
Air-Cooled Ice Machine	Items	-	7	7
Pumping Flow Control (CII)	Items	-	7,874	7,874
Soil Moisture Sensor Systems	Items	-	1	1


IA Recommendations: WUE Programs Annual Report

WUE PROGRAMS ANNUAL REPORT

- *Evaluate and compare results to Business Plan*
- *Details of supporting information*
- *Expand “Highlights” and ensure consistency with data*
- *Desk procedure to guide preparation of report to ensure accuracy and completeness*

**INFORMATION
ITEM**

4P

Date: June 21, 2017
To: The Honorable Board of Directors
Through: Audit Committee (06/12/17)
From: Teresa V. Velarde 
Manager of Internal Audit
Subject: 2017 Petty Cash Audit & Follow-Up Review

RECOMMENDATION

This is an information item for the Board of Directors.

BACKGROUND

Internal Audit (IA) completed an unannounced audit of the Board-approved petty cash funds, along with a Follow-Up review of the five outstanding recommendations from the 2013 audit. The Petty Cash Audit was scheduled in the Fiscal Year 2016/17 Annual Audit Plan.

The unannounced petty cash audit was performed on April 4, 2017. The overages and shortages identified were not significant/material in nature and will be resolved according to the procedures outlined by the Finance and Accounting Department (FAD). The 2017 Petty Cash audit noted that funds were generally accounted for and expenditures appeared reasonable; however, the audit identified instances of non-compliance with the current Agency policies and regulations that require further attention. IA provides seven recommendations to improve internal controls and processes.

IA reviewed petty cash transactions for the period from July 1, 2015 to March 31, 2017, (after the date that the newest Petty Cash policy was implemented and through the most current date at the time of our review). For the 21-month period reviewed, approximately \$23,000 in petty cash reimbursements were paid to employees.

The audit identified instances where the Petty Cash Policy was not followed or enforced as summarized in the bullet points below, the attached audit report provides details of the findings and recommendations:

Petty cash reimbursements are for small incidental expenses and limits are set to ensure other Agency approved procurement methods are employed and to limit the number of times the fund needs to be replenished. Each box has an assigned amount approved by the Board. Over the years, IA has recommended to either increase the fund assignment amount if the level of expenses/reimbursements warrant the need for additional funds, or to ensure policy guidelines are enforced to limit certain reimbursements. Currently the petty cash fund assignments are as follows:

Location	Amount
HQA	\$1,250
HQB	\$400
RP1	\$600
IERCF	\$300

Agency policies set the foundation for strong internal controls. Additionally, Agency policies are documented to help guide the behavior and actions of employees. Policies help promote and foster healthy internal controls. Agency Policy A-02 Petty Cash, provides the criteria used to evaluate the program. During the petty cash audit, auditors noted the following:

- Non-compliance with Petty Cash Policy/Other policy:
The audit found instances where the items purchased were for Agency-related expenses; however, reimbursements exceeded the \$50 maximum reimbursable amount using Petty Cash funds; therefore, not in compliance with the policy and should have been reimbursed or paid for with alternate approved procurement methods:
 - Found 26 instances where reimbursements were processed for amounts above the maximum allowed petty cash reimbursement of \$50. The current policy does not allow reimbursements over the \$50 limit. Prior to December 2014, the policy allowed for reimbursements above \$50 only with Executive Manager approval; however, the policy no longer allows reimbursements above \$50 and employees can request a check reimbursement or if appropriate, use the Agency Credit Card or Procurement Card.
 - Found 2 instances where the reimbursement was split to fall below the maximum amount allowed of \$50. In each of the two instances, the audit found 2 receipts to the same retailer, on the same date, same time and for the same purpose and each was slightly under the \$50 limit. The transactions were split to circumvent the reimbursable amount with Petty Cash; however, the employee could have submitted a check request for the reimbursement.
 - The audit revealed that Petty Cash funds were used to purchase 12 gift cards in the amount of \$20 each to various vendors, totaling \$240. Current Agency Policy A-75 Employee Recognition Rewards Program, states that gift cards can be one of the rewards given for exemplary work accomplishments. A-75 was last updated in 2005 and currently it is unclear if awarding employee's gift cards is an allowable Agency practice. IRS guidelines require gift cards to be reported as income to the

employee. The gift cards have not been reported as regular income to the employees who received them. It is important for Agency policies to be reviewed periodically to ensure they are up to date. A formal and documented policy on the purchase and distribution of gift cards is necessary to ensure the Agency complies with Federal regulations.

- Training/Reinforcement on Policies and Procedures:
Based on the results of the audit, additional training and reinforcement of the Agency's policies and guidelines for petty cash is required, specifically as they relate to the custodian responsibilities, internal controls, accountability, and record-keeping. Agency employees should also be made aware of the appropriate use of Petty Cash funds.

FAD, as well as each custodian, should remind employees of the policy and controls to safeguard Petty Cash funds and suggest they assist requestors to seek other Agency approved procurement methods for transactions that exceed a petty cash transaction amount.

- Account Coding:
The audit identified various transactions that appear to be improperly coded or could have been coded to a more appropriate account in the Agency's financial system. Detailed guidelines should be provided on what type of petty cash expenditures should be posted to which type of account code. Having guidelines serves as a resource and training tool and ensures consistency in posting expenditures to the appropriate account code.

IA provides seven new recommendations in this report to improve and strengthen the internal controls and processes related to the Agency's Petty Cash Program. The attached audit report provides details of the observations and recommendations.

The Petty Cash Audit and Follow-Up review is consistent with the *Agency's Business Goals of Fiscal Responsibility, Workplace Environment and Business Practices* by ensuring that the recommendations foster a strong control environment, and assist management in achieving organizational goals.

PRIOR BOARD ACTION

On June 15, 2016, the Board of Directors approved the Annual Audit Plan for Fiscal Year 2016/17.

On March 15, 2017, the Board of Directors reconfirmed the approved Audit Committee and the Internal Audit Charter.

IMPACT ON BUDGET

None.



Inland Empire Utilities Agency

A MUNICIPAL WATER DISTRICT

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TEL (909) 993-1600 • FAX (909) 993-1985
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DATE: June 5, 2017
TO: Honorable Board of Directors

P. Joseph Grindstaff
General Manager

FROM: Teresa V. Velarde
Manager of Internal Audit

SUBJECT: 2017 PETTY CASH AUDIT & FOLLOW-UP REVIEW

Audit Authority

The Internal Audit (IA) Department performed an unannounced audit of the Agency's Board approved petty cash funds. IA also completed a follow-up review of the 5 outstanding recommendations provided in the Petty Cash Audit report dated May 31, 2013. The audit was performed under the authority provided by the Inland Empire Utilities Agency (IEUA or Agency) Board of Directors. Additionally, the IA Department's Charter and the Annual Audit Plan require that IA follow up on the status of open recommendations to determine if corrective action was taken to implement.

Audit Objective and Scope

The purpose of this audit was to determine whether petty cash funds were reasonable and accounted for, and to determine whether internal controls are in place and operating as intended. IA reviewed Petty Cash transactions for the period from July 1, 2015 to March 31, 2017, and for the 21-month period reviewed, approximately \$23,000 in petty cash reimbursements were paid out to employees.

The results of the April 4, 2017 unannounced petty cash audit is as follows:

Location	Amount	Overage/(Shortage)
HQA	\$1,250	\$0
HQB	\$400	(\$1.00)
RP1	\$600	\$22.58
IERCF	\$300	\$0

The overages and shortages are not considered material in nature and will be resolved by the Finance and Accounting Department (FAD) according to their Standard Operating Procedure CM PR-13 (Cash Management Procedures – Petty Cash).

Water Smart – Thinking in Terms of Tomorrow

Steven J. Elie
President

Michael E. Camacho
Vice President

Jasmin A. Hall
Secretary/Treasurer

Paul Hofer
Director

Kati Parker
Director

P. Joseph Grindstaff
General Manager

Audit Results – Executive Summary

FAD has the responsibility to oversee and administer the Agency's petty cash funds. Each assigned Petty Cash custodian has the responsibility to safeguard and control their assigned fund. During prior Petty Cash audits, FAD was called Accounting and Fiscal Management (AFM) or Fiscal Management Department (FMD) and since then, the department has been renamed. This report makes reference to "AFM", "FMD" and/or "FAD".

The results of the 2017 Petty Cash audit noted that, overall, funds were accounted for and expenditures appeared reasonable. However, we found instances of non-compliance with Agency policies and areas that require further attention.

The last time IA completed an unannounced Petty Cash Audit was in 2013. Of the five outstanding recommendations from the 2013 audit, IA found that three recommendations have been implemented and two recommendations are no longer applicable. Based on the results of this review, IA provides seven new recommendations to improve internal controls and processes. The attached report provides details of the findings and recommendations. The bullet points below provide a summary:

- **Non-compliance with Petty Cash Policy/Other policy:**
The audit found instances where the items purchased were for Agency-related expenses; however, reimbursements exceeded the \$50 maximum reimbursable amount using Petty Cash funds; therefore, not in compliance with the policy and should have been reimbursed or paid for with alternate approved procurement methods:
 - Found 26 instances where reimbursements were processed for amounts above the maximum allowed petty cash reimbursement of \$50. The current policy does not allow reimbursements over the \$50 limit. Prior to December 2014, the policy allowed for reimbursements above \$50 only with Executive Manager approval; however, the policy no longer allows reimbursements above \$50 and employees can request a check reimbursement or if appropriate, the Agency Credit Card or Procurement Card.
 - Found 2 instances where the reimbursement was split to fall below the maximum amount allowed of \$50. In each of the two instances, the audit found 2 receipts to the same retailer, on the same date, same time and for the same purpose and each was slightly under the \$50 limit. The transactions were split to circumvent the reimbursable amount with Petty Cash; however, the employee could have submitted a check request for the reimbursement.
 - The audit revealed that Petty Cash funds were used to purchase 12 gift cards in the amount of \$20 each to various vendors, totaling \$240. Current Agency Policy A-75 Employee Recognition Rewards Program, states that

gift cards can be one of the rewards given for exemplary work accomplishments. A-75 was last updated in 2005 and currently it is unclear if awarding employee's gift cards is an allowable Agency practice. IRS guidelines require gift cards to be reported as income to the employee. The gift cards have not been reported as regular income to the employees who received them. It is important for Agency policies to be reviewed periodically to ensure they are up to date. A formal and documented policy on the purchase and distribution of gift cards is necessary to ensure the Agency complies with Federal regulations.

- **Training/Reinforcement on policies and procedures:**
Based on the results of the audit, additional training and reinforcement of the Agency's policies and guidelines for petty cash is required, specifically as they relate to the custodian responsibilities, internal controls, accountability and record-keeping. Agency employees should also be made aware of the appropriate use of Petty Cash funds.

FAD as well as each custodian should remind employees of the policy and controls to safeguard Petty Cash Funds and suggest they turn requestors to seek other Agency approved procurement methods for transactions that exceed a petty cash transaction amount.

- **Account Coding:**
The identified various transactions that appear to be improperly coded or could have been coded to a more appropriate account in the Agency's financial system. Detailed guidelines should be provided on what type of petty cash expenditures should be posted to which type of account code. Having guidelines serves as a resource and training tool and ensures consistency in posting expenditures to the appropriate account code.

Acknowledgements

We would like to extend our appreciation to Petty Cash Custodians and FAD staff for their cooperation and assistance during this follow-up review.

Discussions with Management

We provided the results of this follow-up review to Christina Valencia, Chief Financial Officer/Assistant General Manager, Javier Chagoyen-Lazaro, Manager of FAD, and Mr. Suresh Malkani, Principal Accountant on May 19, 2017, for their review and comments prior to finalizing this report.

Future Follow-Up by Internal Audit

According to the IA Charter, IA must perform follow-up work on all outstanding recommendations to verify that corrective action has occurred. Follow-up evaluations are planned through the Board-approved Annual Audit Plan and were discussed with FAD prior to finalizing this report.

TV:sn

Results of the 2017 Petty Cash Audit

IA reviewed Petty Cash transactions for the 21-month period from July 1, 2015 to March 31, 2017, noting that approximately \$23K in petty cash monies were paid out for employee reimbursements for Agency-related expenses. The expenses were coded as follows in order of highest to lowest:

Budget Account Code	Budget Account Title	Amount
513010	Meeting Expenses	\$ 8,458.06
511220	Travel Costs – Mileage Reimbursement	7,183.89
511210	Overtime Meal Expenses	2,503.23
511120	Training and Seminars – Department	720.28
512010	Office Supplies/Other Computer Supplies	683.65
511230	Travel Costs - Transportation	644.00
511290	Parking Permits/Tolls	638.14
512110	DCS Supplies/Operating Supplies	515.77
129010	Miscellaneous Clearing Account	429.82
512170	Maintenance Supplies – Mechanical, Electric, or Plant	341.93
512350	Postage	261.98
511330	Safety Incentive Award	240.00
511240	Travel Costs – Meals	148.89
511310	Employee Recognition	109.35
512660	Small Tool & Equipment < \$5,000	98.18
514110	Subscriptions & Publications	72.69
511110	Training and Seminars – Agency	57.38
514210	Miscellaneous/Clearing	25.00
512610	Minor Office Equipment < \$500	23.27
512410	Fuel	20.00
	Total Petty Cash Expenditures	\$ 23,175.51

On April 4, 2017, IA conducted an unannounced physical count of the petty cash funds at the various Agency locations and noted the following results:

Location	Amount	Overage/(Shortage)
HQA	\$1,250	\$0
HQB	\$400	(\$1.00)
RP1	\$600	\$22.58
IERCF	\$300	\$0

Additionally, during the surprise count, IA reviewed the following internal controls:

- Cash was locked, kept in a secured location and only authorized custodians had access to cash

- Internal controls over cash handling processes (reimbursements, advancements, and replenishments) were in place
- Agency policies and procedures related to expenditures and controls over cash
- Discussed processes and procedures with Petty Cash custodians

RP-1 had an overage of \$22.58. After the completion of IA's surprise count, the custodian researched the findings. IA was informed that the overage was related to two transactions totaling \$18.28, where the documentation was retained by the custodian but the cash had not yet been reimbursed and therefore, the overage was only \$4.30. According to FAD's SOP CM PR-13 (Cash Management Procedures – Petty Cash), the variances fall below the threshold amount and no reporting to Executive Management is required.

IA reviewed the reimbursement requests and receipts and noted the following:

- **Incomplete Form – the custodian did not sign the form to indicate the cash was physically paid out.** On the line item "Paid-Out By", the Petty Custodian did not sign the form at the time of disbursement. The signature requirement indicates that the custodian physically paid out the amount requested. Without the signature, there is no tool to indicate and verify that the amount was paid out by the custodian.
- **Incomplete Form – No approver signature.** Noted no signature on the Approver line. The approver signature indicates that the requestor's supervisor reviewed the expense and authorized the purchase. The Petty Cash Custodian reimbursed the employee without the proper approval. The approver signature was obtained as a result of this audit. IA noted that at one location, most Petty Cash transactions are reimbursed to the requestors without the proper approver signature and the custodian obtains the approver's signature after the reimbursement has been made.

Additionally, at the time of the unannounced count, one of the Petty Cash Custodian's noted that the "Monthly Mileage Log and Reimbursement Request" has no designated area for signature, such as on the "Petty Cash Reimbursement/Advance Form", for when the funds are reimbursed through petty cash. The custodian indicated this line item would be a helpful final step to document that the cash was physically paid out by the custodian.

2017 Recommendations:

1. ***FAD should reinforce the guidelines of the petty cash fund, including custodian responsibilities and internal controls over petty cash accountability and record-keeping.***
2. ***FAD should consider updating the "Monthly Mileage Log and Reimbursement Request" to add a designated signature area for when the petty cash funds are utilized as a reimbursement for mileage.***

Petty Cash Expenditures:

The audit found several Petty Cash Transactions above \$50, the current Agency Policy A-02 does not allow any reimbursements above \$50. IA reviewed petty cash transactions to determine if reimbursements were reasonable and allowable under Agency policies. Agency Policy A-02 Petty Cash (effective December 18, 2014), states that a petty cash advancement/reimbursement can be requested for an expenditure in the amount of \$50 dollars or less. The policy does not address expenditures over the \$50 limit.

The audit found that in the 21-month period reviewed, 26 instances the reimbursement processed exceeded the maximum allowed limit of \$50, six of them exceeded \$100.00. **See chart on the following page.** While the transactions appear to be for Agency related expenses and were adequately approved by the Executive Manager and/or General Manager, the current Petty Cash Policy does not allow petty cash funds to be used for any transactions above the \$50 limit and there is no mention that they are allowed with Executive Management/General Manager approval. Therefore, the transactions violate Policy A-02, circumvent established policies and therefore it appears that the Agency's internal controls fail.

According to Petty Cash Custodians, employees should have used alternative reimbursement methods for the items over \$50 such as a check reimbursement, an advance check request, or an Agency credit card if authorized.

Incorrect Form Used: The current "Petty Cash Reimbursement/Advancement Form" available on the Agency's Intranet and attached to Agency Policy A-02 has the IEUA Form No. FM00038.2 (revised 12/18/2014) has no line item for a General Manager/Executive Manager signature. The audit found the incorrect forms were used in all 26 instances where purchases exceeded \$50, old Form No. FM00038 (revised 04/27/10) that had space for General Manager/Executive Manager signature.

Petty Cash Reimbursements over the \$50 Agency Policy limit

Date	Item/Service Description	Amount
September 2, 2015	Ice Cream purchase for facility/HR meetings	\$ 52.40
October 12, 2015	Purchase Plants at Water Fair to contribute to the raffle	\$100.00
October 29, 2015	Mileage	\$62.10
December 10, 2015	Mileage	\$69.00
April 7, 2016	USPS Mail & Stamps	\$179.25
April 14, 2016	Finance Staff Lunch Meeting	\$54.62
June 14, 2016	Retirement Education Workshop refreshments – 6/15/2016	\$76.88
June 23, 2016	Fee for Butterfield Ranch Park reservation for the Employee Appreciation Picnic on July 20, 2016	\$75.00
August 16, 2016	Sandwiches for site visit with SWRCB/RWQCB	\$56.79
August 30, 2016	Deputy Manager of Maintenance Interview Panel Lunches	\$65.00
October 6, 2016	Refreshments for DBE Training from EPA staff	\$54.85
November 9, 2016	Lunch for Interview Panel for Manager of Operations and Maintenance & Control Systems Analyst	\$77.00
January 4, 2016	Meeting Refreshments	\$60.01
March 29, 2016	Lunch & Learn Meeting	\$53.04
May 10, 2016	Refreshments for American College Management Training	\$67.54
May 11, 2016	Refreshments for American College Management Training	\$51.00
August 8, 2016	Breakfast items for RP1/RP5 Expansion Workshop	\$105.23
August 8, 2016	New Employee Welcome Lunch	59.19
August 15, 2016	Breakfast items for RP1/RP5 Expansion Workshop	105.23
August 15, 2016	Lunch Meeting for RMPU Projects	64.26
October 13, 2015	Mileage	\$56.00
August 3, 2015	Snacks for IERCA Board Meeting	\$55.47
November 5, 2015	Drum for Brother printer outside Scale PC	\$118.79
December 22, 2015	Lunch for Interview Panel – Compost Worker 12/17/15	\$59.74
March 15, 2016	All Hands 5-year Safe free lunch celebration	\$119.95
October 26, 2016	Outstanding Safety Record – All Hands Celebration	\$103.00

2017 Recommendations:

3. ***FAD should take the lead to communicate changes to the Petty Cash policy and forms immediately after implementation, to ensure employees understand the policy and utilize the updated forms.***

4. ***Petty cash custodians should only accept the appropriate forms and inform the requestor of the most appropriate procurement methods if the requestor's petty cash request does not conform to Agency policies.***

5. ***FAD should take the lead to review and determine if the Petty Cash limit of \$50 is adequate or if it should be updated (increased or decreased), or determine if there is a threshold that will require Executive Manager/General Manager authorization (i.e., anything over \$50).***

Petty Cash transactions were inappropriately split to circumvent the \$50 limit

IA identified 2 petty cash transactions that appear to have been split in order to stay under the maximum reimbursement amount of \$50:

Vendor Purchase Date/Time per receipt	Petty Cash Reimbursement Date per form	Date Paid out by Petty Cash Custodian	Item/Service Description	Actual Receipt Amount	Reimbursed Amount
May 9, 2016/ 18:46 (6:46 pm)	May 25, 2016	June 1, 2016	Costco - Refreshments for ECM Taxonomy meeting with Vendor	\$52.57	\$50
May 9, 2016/ 18:48 (6:48 pm)	May 31, 2016	June 1, 2016	Costco - Refreshments for ECM Taxonomy meeting with Vendor	\$55.43	\$50
October 28, 2015/ 11:25 am	October 28, 2015	December 9, 2015	Mountain Mike's Pizza - Meal for IEUA staff that worked on demolishing co-gen concrete pad	\$47.50	\$47.50
October 28, 2015/ 11:26 am	October 28, 2015	December 9, 2015	Mountain Mike's Pizza -Meal for IEUA staff that worked on demolishing co-gen concrete pad	\$36.69	\$36.69

The two transactions noted above were purchases made on two separate receipts from the same vendor on the same date and time, just minutes apart. The transactions appear to have been split to request reimbursement through petty cash. According to Agency Policy A-02 (Petty Cash), Section 5.4 Prohibited Uses, the policy specifically prohibits the splitting of purchases to stay under the \$50 limit.

FAD should remind staff that Petty Cash Funds shall not be used to avoid or circumvent the Agency's Ordinances and Policies, including Procurement, Vehicle Maintenance, Travel, Meal Reimbursement, Mileage Reimbursement, and Credit Card policies.

Petty Cash funds are used to purchase Gift Cards for employees

IA noted 12 instances where a \$20 gift card was purchased to gift to an Agency employee as a "Safety Incentive Award". However, IA found that this "Safety Incentive program" is not under the purview of the Agency's Safety Officer.

Date	Description	Item Purchased	Vendor	Amount
July 13, 2015	Safety Incentive Award for June	Gift Card	In-N-Out Burger	\$20
August 24, 2015	Safety Incentive Award for July	Gift Card	In-N-Out Burger	\$20
October 8, 2015	Safety Incentive Award for September	Gift Card	In-N-Out Burger	\$20
November 16, 2015	Safety Incentive Award for October	Gift Card	In-N-Out Burger	\$20
December 10, 2015	Safety Incentive Award for November	Gift Card	In-N-Out Burger	\$20
February 23, 2016	Safety Incentive Award for January	Gift Card	In-N-Out Burger	\$20
June 20, 2016	Safety Incentive Award for May	Gift Card	Corner Bakery	\$20
August 26, 2016	Safety Incentive Award for July	Gift Card	Subway	\$20
September 22, 2016	Safety Incentive Award for September	Gift Card	In-N-Out Burger	\$20
November 21, 2016	Safety Incentive Award for October	Gift Card	Panera Bread	\$20
December 6, 2016	Safety Incentive Award for November	Gift Card	Panda Express	\$20
February 27, 2017	Safety Incentive Award for January	Gift Card	Baker's	\$20
Total Petty Cash Expenditures used to purchase Gift Cards				\$240

According to Agency Policy A-02, petty cash expenditures are to be for small, inexpensive or emergency purchases. The Safety Incentive Award appears to be a re-occurring expenditure that is planned in advance, and may not meet the definition of an “allowable” petty cash expenditure. Also, “gift cards” are viewed as cash and can be considered a gift of public funds.

Per Agency Policy A-75 (Employee Recognition Rewards Program), effective November 2005, under Section 2, Procedure F and G, “gift cards” can be one of the rewards given out for exemplary work/accomplishments that is above and beyond normal position requirements; however, the policy also states that all cash recognitions will be reported as regular income in the calendar year paid, and taxed accordingly.

It is unclear if awarding employees with gift cards is an Agency allowable practice or not. However, the Human Resources Department has informally communicated and refrained from the distribution of “gift cards” to employees during events due to IRS regulations.

IRS Publication 15-B (2017), Employer’s Tax Guide to Fringe Benefits, Section 2

De Minimis (Minimal) Benefits

You can exclude the value of a de minimis benefit you provide to an employee from the employee's wages. A de minimis benefit is any property or service you provide to an employee that has so little value (taking into account how frequently you provide similar benefits to your employees) that accounting for it would be unreasonable or administratively impracticable. Cash and cash equivalent fringe benefits (for example, gift certificates, gift cards, and the use of a charge card, or credit card), no matter how little, are never excludable as a de minimis benefit. However, meal money and local transportation fare, if provided on an occasional basis and because of overtime work, may be excluded as discussed later.

According to IRS Publication 15-B, gift cards are not to be excluded; therefore, must be reported as a benefit to the employee.

2017 Recommendations:

- 6. Human Resources and FAD should work together to formally document or communicate the policy on the purchase and gifting of Gift Cards to ensure compliance with Federal requirements. The policy should be communicated to all Agency employees and be reminded periodically.***

Account Coding

For the 2017 audit, IA reviewed the petty cash expenditures for reasonable and compliance with policies. IA noted there are petty cash expenditures that appear to have been improperly coded and/or could have been coded to a more appropriate budget code. **See the table on the following page.**

Date	Description	Amount	Actual Account Coding	Appropriate Account Coding
March 2017	Refreshments for month staff meeting	15.41	511110 PC Train/Seminars - Agency	513010 PC Meeting Expenses
March 2017	Parking Fees and Lunch	\$ 16.74	513010 PC Meeting Expenses	511290 PC Parking Permits/Tolls (\$7) 513010 PC Meeting Expenses (\$9.74)
March 2017	Purchase for Binder Envelopes	\$ 32.30	511110 PC Train/Seminars - Agency	512010 PC Office Supplies
March 2017	Purchase for Binder Envelopes	\$ 9.67	511110 PC Train/Seminars - Agency	512010 PC Office Supplies
February 2017	Parking Fees and Lunch	\$ 37.60	513010 PC Meeting Expenses	511290 PC Parking Permits/Tolls (\$14) 513010 PC Meeting Expenses (\$23.60)
January 2017	Train Ticket	\$ 20	513010 PC Meeting Expenses	511230 PC Transport Expenses
November 2016	Sympathy Cards & Soft Drinks for lunch meeting	\$ 27.91	512010 PC Other Computer Supplies	513010 PC Meeting Expenses (\$14.23) 512010 PC Office Supplies (\$13.68)
July 2016	DMV Registration for skytrack forklift	\$ 25	513010 PC Meeting Expenses	511230 PC Transport Expenses
April 2016	Finger Printing for LA/Ont Security Badge Program	\$38	514110 PC Subs & Publication	129010 Misc Expenses/Clearing
March 2016	Parking Fees	\$ 8	513010 PC Meeting Expenses	511290 PC Parking Permit/Tolls
March 2016	Purchases of Supplies for Training	\$ 48.59	512110 Operating Supplies	512010 PC Office Supplies
March 2016	Purchase of wiper blades for Tacoma Vehicle #9902	\$ 37.78	512170 PC Maintenance Supplies	512450 PC Parts & Supplies (Vehicle)
February 2016	Parking Fees	\$ 16	513010 PC Meeting Expenses	511290 PC Parking Permit/Tolls
September 2015	Parking and 2 days lunch for Landscape Expo	\$ 33.44	513010 PC Meeting Expenses	511290 PC Parking Permits/Tolls (\$10) 513010 PC Meeting Expenses (\$23.44)
September 2015	Parking and 2 days lunch for Landscape Expo	\$ 31.72	513010 PC Meeting Expenses	511290 PC Parking Permits/Tolls (\$20) 513010 PC Meeting Expenses (\$11.72)
August 2015	Meal Reimbursement for Motor Circuit Analysis Training on August 25, 2015	\$ 47.94	511210 PC Overtime Meal Expense	513010 PC Meeting Expenses
August 2015	Meal Reimbursement for Motor Circuit Analysis Training on August 26, 2015	\$ 16.20	511210 PC Overtime Meal Expense	513010 PC Meeting Expenses

These are just examples that have been noted showing inconsistencies when it comes to coding petty cash expenditures. Not coding petty cash expenditures to the correct budget account affects the department's budgets, along with the year-end financial statements. It is important for expenditures to be posted to the appropriate account to ensure accurate and reliable reporting. Therefore, IA provides the following soft recommendation for consideration:

FAD should provide detailed guidelines to the Petty Cash Custodians on what type of petty cash expenditures should be posted to which type of budget account code. By having guidelines, this would ensure consistency in posting expenditures to the appropriate account.

Status of the 2013 Petty Cash Audit & Recommendations, dated May 31, 2013

IA performed follow-up procedures to consider the current status of the open recommendations 1, 3, 4, 5 and 6.

Agency Policies

Recommendation #1: IA recommends that Accounting and Fiscal Management Department personnel should take the lead in working with the responsible Agency personnel in making revisions and updates to the following Agency policies: A-02, A-75, A-68 and A-34.

Status: No Longer Applicable

During the 2013 audit and follow-up review, IA noted that the four Agency Policies listed in the recommendation required revisions/updates. Of the four policies, one (A-02) was updated and three remain in progress of being updated. Therefore, because three policies remain to be updated, this recommendation is restated in this 2017 audit.

Staff is working with General Counsel on the documentation of the Administrative Code, which might also include a review of all Agency policies and possibly the other 3 policies; however, until the policies are updated and clarified, IA provides a new 2017 recommendation. Below is a table showing the policies that still require updates and the reasons the updates are necessary (details are included in the 2013 Petty Cash audit):

2017 Recommendations:

7. Human Resources and FAD should continue to work with the appropriate personnel in making revisions and updates to the following Agency policies that relate to cash reimbursements and controls: A-75 Employee Recognition Rewards Program, A-68 Meal Reimbursement and Unscheduled Overtime, and A-34 Vehicle Maintenance.

Agency Policy #	Title/topic	Last date of revision	Recommendation or reason for needed revision
A-75	Employee Recognition Rewards Program	11/01/05	<ul style="list-style-type: none"> Update language to state that items purchased for employee recognition rewards (such as gift cards) can be purchased using petty cash funds, appropriate type of award for this recognition, and maximum allowable amount.
A-68	Meal Reimbursement for Unscheduled Overtime	04/10/08	<ul style="list-style-type: none"> Update language that states the meal can be purchased as an “authorized expenditure utilizing petty cash up to the authorized amount of \$10.
A-34	Maintenance, Washing and Fueling of Agency Vehicles	07/15/05	<ul style="list-style-type: none"> Update language that states in extenuating circumstances a car wash for an Agency vehicle can be purchased and reimbursed through petty cash.

Fund Reconciliations

2013 Recommendation #3: IA recommends that monthly fund reconciliations be performed by personnel independent of the petty cash reimbursement processes and that the fund reconciliation subsequently be reviewed and signed by the Petty Cash Custodian's supervisor or manager as required by SOP CM PR-13, "Cash Management Procedures-Petty Cash", further ensure all Petty Cash Custodians understand the requirements of the SOP.

Status: Implemented

The 2013 audit report identified that monthly petty cash reconciliations were not always performed at the all locations, reconciliations were not always reviewed/signed by the Petty Cash Custodian's supervisor or manager, and the reconciliations were not performed by personnel independent of the petty cash reimbursement process.

According to Agency Policy A-02 (Petty Cash), its states the following:

5.10. Replenishments –

- A.** Replenishment of the petty cash fund must be completed at a minimum, once per month.

In 2017, the audit found that for the 21-month period reviewed, the following was noted:

Location	2017 Audit Results: Monthly Reconciliations Performed	2013 Audit Findings: Monthly Reconciliations Performed
HQA	21 of 21 or 100%	10 of 16 or 63%
HQB	18 of 21 or 86%	6 of 16 or 38%
RP1	21 of 21 or 100%	3 of 16 or 19%
IERCF	19 of 21 or 90%	10 of 16 or 63%

The audit found that the reconciliations are performed at the time of a fund replenishment request, which usually occurs monthly and the reconciliation is verified by the main Petty Cash Custodian when the replenishment is made, therefore, providing an "independent review". IA noted a few instances where the reconciliation crossed months, but the reconciliation was performed.

Additionally, IA noted there were a few "Petty Cash Reconciliation & Reimbursement" sheets or a "Check Request" that did not have a signature by Department Manager/Supervisor showing approval. However, when the custodian comes for replenishment, an "independent review" is performed by the main Petty Cash Custodian that validates the amount requested for replenishment and an independent person

performs the reconciliation of the main Petty Cash box, even though there is no evidence of a documented signature.

Since the reconciliations are being performed, IA has determined the intent of the original recommendation has been implemented and no further action is required.

Standard Operating Procedures

2013 Recommendation #4: IA recommends that either a new SOP be developed or the current SOP CM PR-13, “Cash Management Procedures-Petty Cash” be updated to include detailed procedures over the entire petty cash reimbursement processes.

Status: Implemented

In the 2013 audit report, IA found that FAD’s SOP CM PR-13 lacked detailed procedures over the petty cash reimbursement process because there were instances of missing management approval and/or incomplete documents when the Petty Cash Reimbursement/Advancement Form and other corresponding documents were reviewed. After the completion of the 2013 audit, FAD updated Agency Policy A-02 in December 2014, to outline the reimbursement process as follows:

- 5.3. Petty Cash Reimbursements - An employee making a purchase with petty cash must follow this process:
 - A. Complete purchase of Agency supplies, materials, or activities and obtain receipt.
 - B. Complete a [petty cash reimbursement form](#) (Found on AIM) and attach receipt.
 - C. Obtain the Department Manager’s approval.
 - D. Take the approved advancement to the custodian closest to their location and receive the funds allocated per their form.
 - E. All disbursements of petty cash must be supported by original invoices, sales slips or other documentation that clearly states the purpose of the expenditure, the appropriate account code structure, and must contain the appropriate signatory approval.

The department went above and beyond and incorporated the Petty Cash processes into the Policy (A-02), which applies Agency-wide to all personnel. Therefore, the objective of the recommendation provided has been met and IA considers this recommendation implemented.

Petty Cash Expenditures Budget Account Coding

2013 Recommendation #5: IA recommends that Accounting and Fiscal Management review current petty cash reimbursable budget codes within SAP and develop a “Master Listing” of budget codes or “roles” within SAP for all Petty Cash Custodians to have access to and utilize them when coding expenditures.

Status: Implemented

In the 2013 petty cash audit report, IA identified various petty cash expenditures that were improperly coded to the wrong budget account code. IA recommended FAD develop a master list of account codes or establish roles within SAP for the Petty Cash custodians to have access for coding expenditures.

In 2017, IA followed up with FAD and noted that the Petty Cash Custodians have access to a drop-down menu in SAP (Agency's financial system) that lists 35 General Ledger accounts that can be utilized for coding petty cash expenditures. If an expenditure does not apply to any of the accounts listed, then the transaction should be posted to a clearing account and journalized into the correct account in SAP.

Since a list of accounts is available for use by the custodians when posting petty cash expenditures, IA has determined this recommendation has been implemented.

Petty Cash Fund Assignments

Recommendation # 6: IA recommends that Accounting and Fiscal Management evaluate the petty cash needs of each location throughout the Agency and make any necessary adjustments to the petty cash assignments.

Status: No Longer Applicable

IA noted in the 2013 Petty Cash audit and follow-up review that the Agency should evaluate the petty cash needs for each location. During the prior audit, the number of petty cash replenishments was infrequent at RP-1 as compared to the amount of petty cash assigned. For the other three locations (HQA, HQB, and IERCF), the petty cash reimbursements occurred more frequently. IA advised the Agency to review and analyze the petty cash assignments and determine if the imprest amount should be increased and/or decreased for any of the locations. This recommendation was provided in the March 2011 and May 2013 Petty Cash audit reports as well.

In the 21-month period reviewed for the four Petty Cash Funds, approximately \$23K was paid out to employees as Petty Cash Reimbursements. IA analyzed the number of times petty cash funds were replenished at each location:

Location	Assigned Amount	Total Dollar Amount of Replenishments	Number of Petty Cash Replenishments	Average Replenishment Amount
HQA	\$1,250	\$9,324.44	21	\$444.02
HQB	\$400	\$3,857.77	19	\$206.44
RP1	\$600	\$7,702.38	21	\$366.78
IERCF	\$300	\$2,958.99	19	\$155.74

Additionally, FAD revised Agency Policy A-02 (Petty Cash) in December 2014, which states under Section 5 (Procedures):

- 5.9. Increase or Decrease in Petty Cash Fund – The Manager of Finance and Accounting will periodically evaluate the need to increase or decrease the amount assigned to any petty cash account. The petty cash funds for all locations will not exceed the total amount approved by the Board of Directors.

IA observed that the petty cash amount assigned to each location has not changed since at least 2006. It appears that the petty cash amount assigned is sufficient to meet the needs of each location. Additionally, the new policy requirements which further limits the use of petty cash, makes the current assigned amount an appropriate amount. Therefore, no further action is required and IA considers this recommendation no longer applicable.

Attachment 1 - Petty Cash Audit Status of Recommendations

Audit Report Date	Rec #	Recommendation	Implemented	In Progress	No Longer Applicable
May 31, 2013	1	IA recommends that Accounting and Fiscal Management Department personnel should take the lead in working with the responsible Agency personnel in making revisions and updates to the following Agency policies: A-02, A-75, A-68 and A-34. (Restated as 2017 Recommendation # 7)			X
	3	IA recommends that monthly fund reconciliations be performed by personnel independent of the petty cash reimbursement processes and that the fund reconciliation subsequently be reviewed and signed by the Petty Cash Custodian's supervisor or manager as required by SOP CM PR-13, "Cash Management Procedures-Petty Cash", further ensure all Petty Cash Custodians understand the requirements of the SOP.	X		
	4	IA recommends that either a new SOP be developed or the current SOP CM PR-13, "Cash Management Procedures-Petty Cash" be updated to include detailed procedures over the entire petty cash reimbursement processes.	X		
	5	IA recommends that Accounting and Fiscal Management review current petty cash reimbursable budget codes within SAP and develop a "Master Listing" of budget codes or "roles" within SAP for all Petty Cash Custodians to have access to and utilize them when coding expenditures.	X		
	6	IA recommends that Accounting and Fiscal Management evaluate the petty cash needs of each location throughout the Agency and make any necessary adjustments to the petty cash assignments.			X
June 12, 2017	1	FAD should reinforce the guidelines of the petty cash fund, including custodian responsibilities and internal controls over petty cash accountability and record-keeping.	New in 2017		
	2	FAD should consider updating the "Monthly Mileage Log and Reimbursement Request" to add a designated signature area for when the petty cash funds are utilized as a reimbursement for mileage.			
	3	FAD should take the lead to communicate changes to the Petty Cash policy and forms immediately after implementation, to ensure employees understand the policy and utilize the updated forms.			
	4	Petty cash custodians should only accept the appropriate forms and inform the requestor of the most appropriate procurement methods if the requestor's petty cash request does not conform to Agency policies.			
	5	FAD should take the lead to review and determine if the Petty Cash limit of \$50 is adequate or if it should be updated (increased or decreased), or determine if there is a threshold that will require Executive Manager/General Manager authorization (i.e., anything over \$50).			
	6	Human Resources and FAD should work together to formally document or communicate the policy on the purchase and gifting of Gift Cards to ensure compliance with Federal requirements. The policy should be communicated to all Agency employees and be reminded periodically.			
	7	Human Resources and FAD should continue to work with the appropriate personnel in making revisions and updates to the following Agency policies that relate to cash reimbursements and controls: A-75 Employee Recognition Rewards Program, A-68 Meal Reimbursement and Unscheduled Overtime, and A-34 Vehicle Maintenance.			

2017 Petty Cash Audit & Follow-Up Review



The Petty Cash audit and Follow-Up review is consistent with the Agency's Business Goals of Fiscal Responsibility, Workplace Environment and Business Practices by ensuring that the recommendations provided foster a strong control environment and assist management in achieving organizational goals.

2017 Petty Cash Audit and Follow-Up Review

- Unannounced Petty Cash Count, results below:

April 4, 2017		
Location	Amount	Overage/Shortage
HQA	\$1,250	\$0
HQB	\$400	(\$1.00)
RP1	\$600	\$22.58
IERCF	\$300	\$0
Total	\$2,550	

- Reviewed a 21-month period – approximately \$23,000 was paid to employees in reimbursements

2017 Petty Cash Audit: Findings/Observations

Non-compliance with Petty Cash Policy/Other Policy:

Transactions exceeded the maximum allowed of \$50

- 26 transactions
- Current Policy does not allow reimbursements over \$50
- Refer to page 8 of the report for details

Split Transactions

- 2 times the transactions were split to stay under the maximum reimbursement amount of \$50
- Purchased same date and time from same vendor
- Refer to page 9 of the report for details

2017 Petty Cash Audit and Follow-Up Review: Findings/Observations

Non-compliance with Petty Cash Policy/Other Policy:

Gift Cards

- 12 gift cards purchased, \$20 each to various vendors
- Unclear if allowable Agency practice
- IRS guidelines state that gift cards must be reported as cash to the employee and taxed
- Refer to page 9 of the report for details

Account Coding

- Petty Cash transactions improperly coded or could have been coded to a more appropriate budget account
- Refer to page 11 of the report for details

2017 Petty Cash Audit and Follow-Up Review: Recommendations from 2013

Outstanding: Agency Policies that require updates

- A-75 Employee Recognition Rewards Program - 2005
- A-68 Meal Reimbursement for Unscheduled Overtime - 2008
- A-34 Maintenance, Washing and Fueling of Agency Vehicles – 2005
- Refer to page 12 of the report for table

Implemented:

- Petty Cash Fund Reconciliations done timely
- Agency Policy A-02 (Petty Cash) Updated - 2014
- Accounting codes expanded – need additional criteria

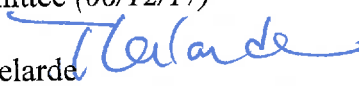
**INFORMATION
ITEM**

4Q

Date: June 21, 2017

To: The Honorable Board of Directors

Through: Audit Committee (06/12/17)

From: Teresa V. Velarde 
Manager of Internal Audit

Subject: Follow-Up Review - Human Resources

RECOMMENDATION

This is an information item for the Board of Directors.

BACKGROUND

Internal Audit (IA) has completed the Follow-Up evaluation of the one remaining outstanding recommendation for the Human Resources (HR) department according to the Fiscal Year 2016/17 Annual Audit Plan. The Internal Audit Department Charter requires that IA perform follow-up evaluations to determine the progress made to implement recommendations provided in previous audits.

In July 2007, IA finalized the first HR Operations Audit, where the audit scope included to determine whether HR provides effective support to Agency employees, ensures compliance with required rules and policies and provides training programs. The original audit found opportunities to improve in the areas of performance appraisals, reports provided to management and the Board, conducting surveys and trainings, recruiting cycle, documentation retained, and written department procedures. The 2007 audit provided 30 recommendations to assist HR in achieving its goals. IA conducted follow up evaluations in 2010 and 2012 to determine if recommendations had been implemented or alternate internal controls had been adopted. As of 2012, one recommendation remained outstanding.

During the 2017 follow-up review, IA verified the status of the one open recommendation, which has now been implemented. The recommendation required that HR document formal department-specific Standard Operating Procedures (SOPs) for the various administrative activities of the department.

The audit found that HR has now documented approximately 22 SOPs for the various functions of Safety and administrative procedures handled by the HR department. SOPs now exist for the accurate processing of the various medical, dental, and insurance invoices. Additionally,

procedures were documented for processing specific personnel documents with sensitive employee information such as the Personnel Fact Sheet which documents pay and position changes, the Merit Review Report, and the Position Control Report as well as processing background checks. Additional SOPs were documented for the many important administrative duties of the department. Attachment 1 of the report that follows provides a list of the SOPs.

Documented procedures lay the foundation for a strong internal control framework because they provide guidance and the minimum expectations for carrying out the many administrative tasks of the department. The written procedures are especially helpful during staff absences or changes and serve as a training tool and manual for other staff to ensure the continuity of the services and the required activities are accurately carried out in a timely manner. SOPs also provide a benchmark for evaluating employees.

The attached report provides details of the review.

The Follow-Up review is consistent with the *Agency's Business Goals of Fiscal Responsibility, Workplace Environment and Business Practices* by ensuring that the recommendations foster a strong control environment, and assist management in achieving organizational goals.

PRIOR BOARD ACTION

On June 15, 2016, the Board of Directors approved the Annual Audit Plan for Fiscal Year 2016/17.

On March 15, 2017, the Board of Directors reconfirmed the approved Audit Committee and the Internal Audit Charter.

IMPACT ON BUDGET

None.




Inland Empire Utilities Agency

A MUNICIPAL WATER DISTRICT

6075 Kimball Avenue • Chino, CA 91708
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TEL (909) 993-1600 • FAX (909) 993-1985
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DATE: May 24, 2017
TO: P. Joseph Grindstaff
General Manager

FROM: 
Teresa V. Velarde
Manager of Internal Audit

SUBJECT: Follow-Up Review – Human Resources

Audit Authority

This follow-up review was performed under the authority provided by the Inland Empire Utilities Agency (IEUA or Agency) Board of Directors. The Internal Audit (IA) Department's Charter and the Annual Audit Plan require that IA follow up on the status of audit recommendations to determine if corrective actions were implemented. IA completed a follow-up review of the one remaining outstanding recommendation related to the Human Resources Operations Audit.

Audit Objective, Scope, and Results

The purpose of this follow-up review was to evaluate the implementation status for the one outstanding recommendation from the 2012 follow-up audit, which has now been implemented. The recommendation required that HR document formal department-specific Standard Operating Procedures (SOPs) for the various administrative activities of the department. IA did not expand the scope of the review to evaluate additional areas or operations within the HR Department, further reviews will be scheduled through the Board approved Annual Audit Plan. The attached report provides details of our review.

Acknowledgements

We would like to extend our appreciation to HR staff for their cooperation and assistance during this follow-up review.

Discussions with Management

We provided the results of this follow-up review to Sharmeen Bhojani, Manager of HR, and Blanca Arambula, Deputy Manager of HR on May 4, 2017, for their review and comments prior to finalizing this report.

Water Smart – Thinking in Terms of Tomorrow

Background

The Human Resources (HR) Department is responsible for providing effective and efficient support to Agency Management and staff for: recruitment and retention, benefits and training programs, safety and worker's compensation, application and administration of the various bargaining units Memorandum of Understanding and Personnel Manuals, and compliance with State and Federal laws and regulations.

The original HR Operations Audit report was issued in July 2007 and provided a total of 30 recommendations to assist the HR department in achieving its mission and goals. In May 2010, a follow-up review was completed to assess the implementation status of the original 30 recommendations. The 2010 follow-up audit report found that 23 recommendations had been implemented, six recommendations were in progress, and one recommendation was no longer applicable. Furthermore, IA identified 10 new recommendations. Thus, after the first follow-up review in 2010, 16 recommendations remained outstanding.

In June 2012, IA performed a second follow-up audit and found that of the 16 outstanding recommendations, 13 recommendations had been implemented and three recommendations were no longer applicable, and provided one new recommendation.

The recommendations provided in the 2007 and 2010 audit reports, which have been fully implemented, relate to improving monitoring controls over performance appraisals, evaluating the different appraisal categories given to employees on the different appraisals, reviewing exempt categories to ensure these are consistent with legal definitions and job assignments, conducting periodic employee surveys, improving orientation and training programs as well as hiring time frames and recruitment efforts, and other administrative related recommendations including documenting Standard Operating Procedures (SOPs), all of which HR has implemented. HR related audits will be scheduled through the Annual Audit Plan when deemed necessary or requested.

This report provides an update on the one outstanding recommendation, which follows:

2012 Follow-up recommendation # 1: Standard Operating Procedures
Document standard operating procedures according to Agency Policy A-51 to address the many administrative practices/activities of the department.

Status: Implemented

During the 2007 original and 2010 follow-up audits, IA found that the HR Department did not have documented procedures/checklists for the various administrative practices for the staff. The original recommendations provided by IA were made during the implementation of the Agency's Enterprise Resources Planning (ERP) system, which would result in changes to some administrative processes. In the 2012 follow-up audit

report, IA consolidated the original recommendations and restated/clarified into one new recommendation (**2012 Follow-up recommendation #1**).

Documented procedures are the foundation of good internal controls to ensure consistency and accuracy in applying those procedures. SOPs serve as a training tool and manual for other staff, as well as an evaluation tool to measure performance. The purpose of SOPs is to ensure there are documented processes during staff absences, staffing changes, and for cross-training to ensure the continuity of the services provided by HR. Without SOPs, there is the risk that procedures will be incorrectly applied and/or not reflect current business practice. Department SOPs are part of the Agency's internal control framework and a recommended best practice.

During this follow-up evaluation, HR finalized several SOPs in the areas of handling the various medical, dental, and insurance invoice processing. These procedures will provide guidance to ensure the accuracy of those required billings. Additionally, procedures were documented for processing specific personnel documents with employee sensitive information such as the personnel Fact Sheet, the Merit Review Report, and the Position Control Report as well Background checks. HR currently has documented approximately 22 SOPs related to Safety and other HR related functions. Written procedures serve as a manual for training and ensure consistency in processes and procedures as well as a tool to evaluate employee performance.

Agency Policy A-51 Standard Operating Procedures requires that all department-specific SOPs be formatted in the prescribed form for Agency consistency. Based on our review, HR has documented its SOPs, however, the SOPs are not in the format outlined and described in A-51 (effective November 11, 2013). IA suggests that in the near future, HR document its SOPs in the format prescribed by Agency Policy A-51.

IA recommends that HR review its SOPs from time to time to ensure they are up-to-date, added as required, consistent with the current business practices, and reflect the format outlined in accordance with Agency Policy A-51. All SOPs should be made available to the employees in the department.

IA commends the HR department for implementing all the recommendations provided since the 2007 audit and documenting their department SOPs. For a list of the HR's department SOPs, refer to **Attachment 1**.

TV:sn

cc: Christina Valencia, CFO/AGM
Sharmeen Bhojani, Manager of Human Resources
Blanca Arambula, Deputy Manager of Human Resources

Attachment 1

**Human Resources Department
 Table – List of all Standard Operating Procedures as of March 2017**

Procedure Number	Procedure Name	Status
HR4-01	Processing Workers' Compensation Claims (Rev. 3/5/03)	Safety/WC
HR4-02	Review of Contract, Lease, Purchase Order, or Agreement Insurance Documents (Rev. 3/25/03)	Safety/WC
HR4-03	Processing Claims Filed Against the Agency (Rev. 3/25/03)	Safety/WC
HR4-04	Verification of Employee Driving Records (Rev. 2/7/04)	Safety/WC
HR4-05	Proctoring Applicant Examinations	No Longer Applicable
HR4-06	PERS Health Insurance Invoice Processing	Finalized
HR4-07	Delta Dental Insurance Invoice Processing	Finalized
HR4-08	Western Dental Insurance Invoice Processing	Finalized
HR4-09	Recruitment Advertising (Rev. 2/1/05)	No Longer Applicable
HR4-10	Temporary Employment Services (Rev. 2/1/05)	No Longer Applicable
HR4-11	(Eyemed) Vision Plan Invoice Processing	Finalized
HR4-12	Standard Life Insurance Invoice Processing	Finalized
HR4-13	Employee Support Systems Co. (ESSCO) Invoice Processing	No Longer Applicable
HR4-14	Insurance Reconciliation Processing	No Longer Applicable
HR4-15	Workers' Compensation Quarterly Report (Rev. 2/20/04)	Safety/WC
HR4-16	Maintenance of Training Records (Rev. 2/24/04)	No Longer Applicable
HR4-17	Processing Personnel Action Fact Sheet	Finalized
HR4-18	Merit Review Report Update and Distribution (Rev. 3/2/04)	Finalized
HR4-19	Position Control Report Update and Distribution (Rev. 3/24/03)	Finalized
HR4-20	New-Hire Background Checks	Finalized
HR4-21	IEUA/DOT Random Substance Testing (Rev. 2/20/04)	Safety/WC
HR4-22	MSDS (Materials Safety Data Sheets) Maintenance & Distribution (Discontinued)	Safety/WC
HR4-23	IFAS Payroll Changes (Rev. 3/2/04)	No Longer Applicable
HR4-24	Legal Aid	No Longer Applicable
HR4-25	Employment Separation Procedure (Rev. 5/10/05)	Finalized
HR4-26	Notification of Relative of Employees who are seriously or fatally Injured at Work (Rev. 5/10/05)	Safety/WC
HR4-27	New/Reclassified Employee Notification Form	Finalized
HR4-28	From 1-9, Employment Eligibility Verification	Finalized
HR4-29	New Hire Processing	Finalized
HR4-30	Employee Requests to Review Personnel Files	Finalized

Note: The HR Department determines the SOPs they would like to document, maintain, update, revise, finalize, and/or no longer applicable. The current status of each SOP was provided by HR. Any SOP that has Safety/WC (Worker's Compensation) listed in the Status column is outside the scope of IA's review.

Follow-Up Review – Human Resources



Follow-Up Review – Human Resources

Highlights of HR initiatives as a result of the 2007 original audit and the 2010/2012 FU audits:

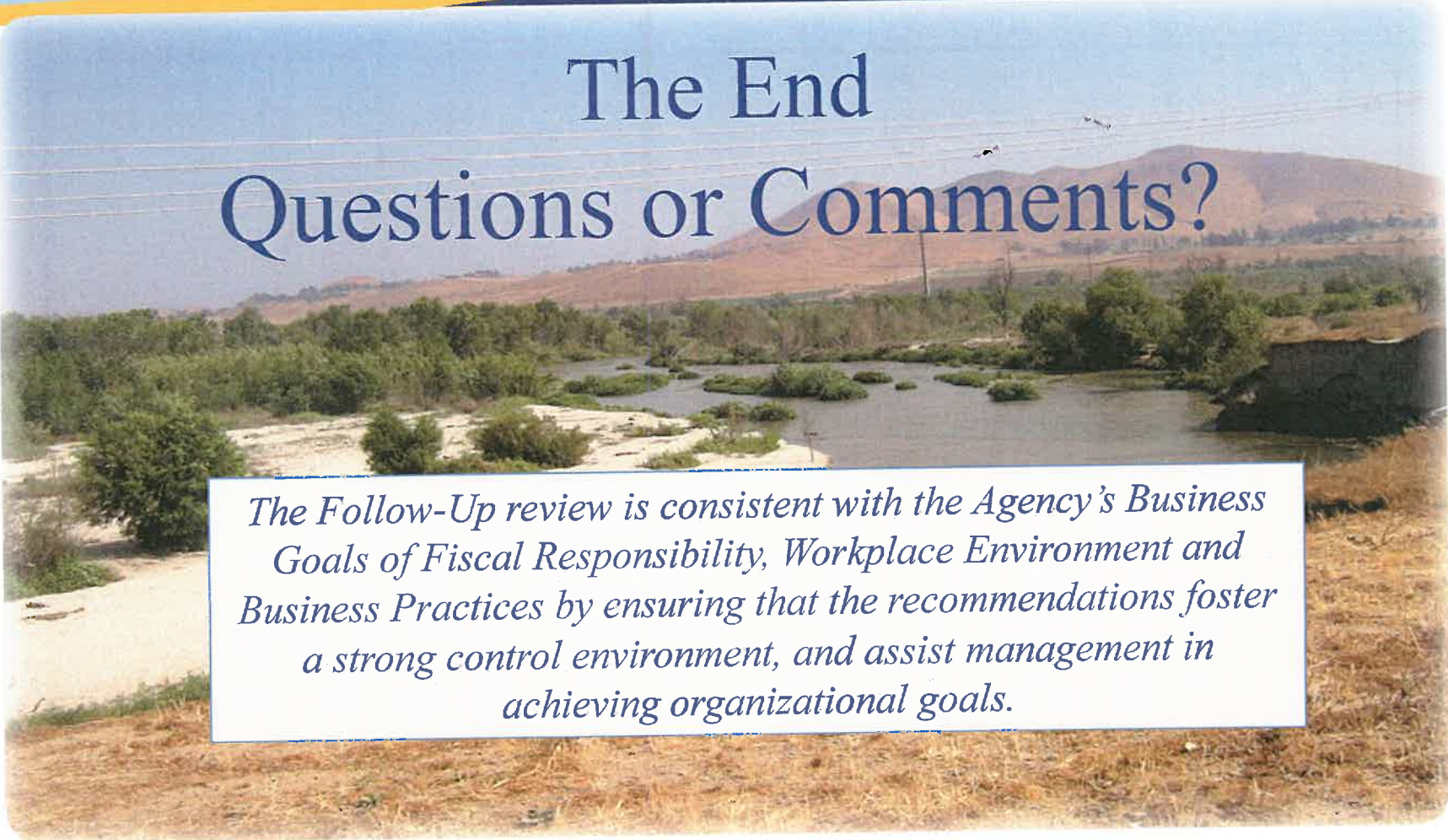
- Performance Evaluation categories
- Recruiting program
- SOPs

Follow-Up Review – Human Resources

Human Resources Department
Table – List of all Standard Operating Procedures as of March 2017

Procedure Number	Procedure Name	Status
HR4-01	Processing Workers' Compensation Claims (Rev. 3/5/03)	Safety/WC
HR4-02	Review of Contract, Lease, Purchase Order, or Agreement Insurance Documents (Rev. 3/25/03)	Safety/WC
HR4-03	Processing Claims Filed Against the Agency (Rev. 3/25/03)	Safety/WC
HR4-04	Verification of Employee Driving Records (Rev. 2/7/04)	Safety/WC
HR4-05	Proctoring Applicant Examinations	No Longer Applicable
HR4-06	PERS Health Insurance Invoice Processing	Finalized
HR4-07	Delta Dental Insurance Invoice Processing	Finalized
HR4-08	Western Dental Insurance Invoice Processing	Finalized
HR4-09	Recruitment Advertising (Rev. 2/1/05)	No Longer Applicable
HR4-10	Temporary Employment Services (Rev. 2/1/05)	No Longer Applicable
HR4-11	(Eyemed) Vision Plan Invoice Processing	Finalized
HR4-12	Standard Life Insurance Invoice Processing	Finalized
HR4-13	Employee Support Systems Co. (ESSCO) Invoice Processing	No Longer Applicable
HR4-14	Insurance Reconciliation Processing	No Longer Applicable
HR4-15	Workers' Compensation Quarterly Report (Rev. 2/20/04)	Safety/WC
HR4-16	Maintenance of Training Records (Rev. 2/24/04)	No Longer Applicable
HR4-17	Processing Personnel Action Fact Sheet	Finalized
HR4-18	Merit Review Report Update and Distribution (Rev. 3/2/04)	Finalized
HR4-19	Position Control Report Update and Distribution (Rev. 3/24/03)	Finalized
HR4-20	New-Hire Background Checks	Finalized
HR4-21	IEUA/DOT Random Substance Testing (Rev. 2/20/04)	Safety/WC
HR4-22	MSDS (Materials Safety Data Sheets) Maintenance & Distribution (Discontinued)	Safety/WC
HR4-23	IFAS Payroll Changes (Rev. 3/2/04)	No Longer Applicable
HR4-24	Legal Aid	No Longer Applicable
HR4-25	Employment Separation Procedure (Rev. 5/10/05)	Finalized
HR4-26	Notification of Relative of Employees who are seriously or fatally Injured at Work (Rev. 5/10/05)	Safety/WC
HR4-27	New/Reclassified Employee Notification Form	Finalized
HR4-28	Form 1-9, Employment Eligibility Verification	Finalized
HR4-29	New Hire Processing	Finalized
HR4-30	Employee Requests to Review Personnel Files	Finalized

Note: The HR Department determines the SOPs they would like to document, maintain, update, revise, finalize, and/or no longer applicable. The current status of each SOP was provided by HR. Any SOP that has Safety/WC (Worker's Compensation) listed in the Status column is outside the scope of IA's review.



The End Questions or Comments?

The Follow-Up review is consistent with the Agency's Business Goals of Fiscal Responsibility, Workplace Environment and Business Practices by ensuring that the recommendations foster a strong control environment, and assist management in achieving organizational goals.

**AGENCY
REPRESENTATIVES'
REPORTS**

5B



REVISED AGENDA

Regular Board Meeting

June 13, 2017

12:00 p.m. – Board Room

Tuesday, June 13, 2017 Revised Meeting Schedule		
9:00 a.m.	Rm. 2-145	L&C
9:30 a.m.	Rm. 2-456	RP&AM
10:30 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: Brett Schickling, Assistant Engineer,
Engineering Services Group
- (b) Pledge of Allegiance: Desert Compadres 4-H Members

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 May 9, 2017. (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 May
- C. Approve committee assignments
- D. Chairman's Monthly Activity Report

6. DEPARTMENT HEADS' REPORTS

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

7. CONSENT CALENDAR ITEMS — ACTION

- 7-1** Adopt CEQA determination and approve up to \$1.173 million to purchase insurance coverage for Metropolitan's Property and Casualty Insurance Program. (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

Approve up to \$1.173 million to renew all the expiring excess liability and specialty insurance policies, and maintain the same retentions and coverage limits, and add liability coverage for the use of UAVs.

- 7-2** Adopt CEQA determination and appropriate \$670,000; and authorize design to replace concrete panels at Iron Mountain Reservoir and along the Colorado River Aqueduct (Appropriation No. 15483). (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is categorically exempt under the provisions of CEQA and the State CEQA Guidelines, and

a. Appropriate \$670,000; and

b. Authorize design to replace concrete lining panels along the CRA and at Iron Mountain Reservoir.

(Revised)

7-3

~~Adopt CEQA determination and appropriate \$1.85 million; authorize the General Manager to make offers of compensation and acquire permanent and temporary property rights on nine parcels within the Orange County Operating; and authorize field investigations to address erosion-related issues across the distribution system (Appropriation No. 15474).~~

Adopt CEQA determination and appropriate \$1.85 million; authorize the General Manager to make offers of compensation and acquire permanent and temporary property rights on nine parcels within the Orange County Operating Region (Orange County Assessor's Parcel Nos. 591-133-15, 322-211-03, 105-015-11, 105-015-16, 105-015-21, 105-015-24, 525-171-12, 525-171-13, 525-171-14, 525-171-14, 463-201-24; 463-201-28, 284-181-44, 284-181-50, and 351-751-11; and Riverside County Assessor's Parcel Nos. 101-140-005, 101-140-006, 101-040-010, and 101-040-011); and authorize field investigations to address erosion-related issues across the distribution system (Appropriation No. 15474). (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination that the first proposed action has been previously addressed in the certified 2016 Final Program EIR, Findings, and MMRP, and that the second proposed action is categorically exempt, and

- a. Appropriate \$1.85 million;**
- b. Authorize the General Manager to make offers and acquire permanent and temporary property rights in nine parcels for planned construction within the Orange County Operating Region, and to approve and obtain all acquisition-related documentation; and**
- c. Authorize field investigations to address erosion-related issues throughout the distribution system.**

7-4

Adopt CEQA determination and authorize revisions to Metropolitan Water District's Conflict of Interest Code for approval by the Fair Political Practices Commission. (L&C)

(Added)

Recommendation:

Option #1:

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

- a. Approve the proposed amendments to the Administrative Code; and**
- b. Authorize the Ethics Officer to include any non-substantive changes requested by FPPC in its final review.**

- 7-5** Adopt CEQA determination and authorize a long-term lease to city of San Bernardino. (RP&AM)

Recommendation:

Option #1:

**Adopt the CEQA determination that the proposed project is categorically exempt, and
Authorize a 20-year greenbelt landscaping lease with City of San Bernardino.**

(END OF CONSENT CALENDAR)

8. OTHER BOARD ITEMS — ACTION

- 8-1** Adopt CEQA determination and adopt Ordinance No. 150 determining that the interests of Metropolitan require the use of revenue bonds in the aggregate principal amount of \$400 million to finance a portion of capital expenditures. (F&I) **(Two-thirds vote required)**

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not defined as a project and is not subject to CEQA, and, by a two-thirds vote,

Adopt Ordinance No. 150, determining that the interests of Metropolitan require the use of revenue bonds in the aggregate principal amount of \$400 million to finance a portion of Metropolitan's capital expenditures.

- 8-2** Adopt CEQA determination and adopt Third Supplemental Subordinate Resolution to the Master Subordinate Resolution authorizing the issuance of up to \$80 million of Subordinate Water Revenue Bonds, 2017 Series C; and approve expenditures to fund the costs of issuance of the Bonds. (F&I)

(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

- a. Adopt the Third Supplemental Subordinate Resolution to the Master Subordinate Resolution authorizing the issuance of up to \$80 million of Subordinate Water Revenue Bonds, 2017 Series C and providing the terms and conditions for the sale and issuance of said Subordinate Water Revenue Bonds; and**
- b. Approve up to \$225,000 for the payment of the costs of issuance of the Subordinate Water Revenue Bonds to be paid from bond proceeds or Metropolitan funds.**

- 8-3** Adopt CEQA determination and approve Metropolitan's Statement of Investment Policy for fiscal year 2017/18, and delegate authority to the Treasurer to invest Metropolitan's funds for fiscal year 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. Approve the Statement of Investment Policy for fiscal year 2017/18, as set forth in Attachment 1 of the board letter; and**
- b. Delegate authority to the Treasurer to invest Metropolitan's funds for fiscal year 2017/18.**

- 8-4** Adopt CEQA determination and appropriate \$4.45 million; and authorize: (1) conceptual design for a system-wide upgrade of Metropolitan's control system; and (2) agreement with CH2M in an amount not to exceed \$2,485,000 to provide specialized technical support (Appropriation No. 15467). (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action was previously determined to be categorically exempt, and

- a. Appropriate \$4.45 million;**
- b. Authorize conceptual design for a system-wide upgrade of Metropolitan's control system; and**
- c. Authorize agreement with CH2M in an amount not to exceed \$2,485,000 to provide specialized technical support.**

- 8-5** Adopt CEQA determination and authorize approval of an operating agreement with the California Independent System Operator for the Colorado River Aqueduct power system and adopt a resolution establishing Metropolitan's Colorado River Aqueduct resource adequacy requirements. (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

- a. Authorize the General Manager to execute the Operating Agreement with the California Independent System Operator; and**
- b. Adopt the resolution on Metropolitan's resource adequacy requirements in the Board's capacity as Metropolitan's Local Regulatory Authority.**

- 8-6** Adopt CEQA determination and approve Metropolitan Water District of Southern California's Salary Schedule pursuant to CalPERS regulations. (OP&T)

(Added)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not defined as a project, and approve the attached salary schedule.

- 8-7** Adopt CEQA determination and express support for the Association of California Water Agencies Policy Statement on Bay-Delta Flow Requirements. (WP&S)

Recommendation:

Option #1:

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

Express support for the Association of California Water Agencies Policy Statement on Bay-Delta Flow Requirements.

- 8-8** Adopt CEQA determination and authorize payment of up to \$688,000 for support of the Colorado River Board and Colorado River Authority for fiscal year 2017/18. (WP&S) **(Two-thirds vote required)**

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not defined as a project under CEQA and, by a two-thirds vote,

Authorize the General Manager to make payment of up to \$688,000 for the Colorado River Board/Six Agency Committee and Authority for FY 2017/18.

- 8-9** Adopt CEQA determination and authorize payments of up to \$3.79 million for participation in the State Water Contractors, Inc. and the State Water Project Contractors Authority for fiscal year 2017/18. (WP&S) **(Two-thirds vote required)**

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed actions are not defined as a project under CEQA and, by a two-thirds vote, and

- a. Authorize the General Manager to make payment of \$2.73 million to the State Water Contractors; and**
- b. Authorize the General Manager to make payment up to \$1.05 million to the State Water Project Contractors Authority.**

- 8-10** Adopt CEQA determination and express support for the Brown Administration's budget trailer bill regarding supervision of dam safety and express support, if amended, for AB 1270 (Gallagher, R-Yuba City) regarding inspection of dams and reservoirs. (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 express support for Budget Trailer Bill RN 17-14056 and express support, if amended, for AB 1270.

9. BOARD INFORMATION ITEMS

- 9-1 Overview of proposed International Boundary and Water Commission Minute and related agreements. (WP&S)

10. FUTURE AGENDA ITEMS

11. 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**

5C



Regional Sewerage Program Policy Committee Meeting

AGENDA **Thursday, June 1, 2017** **4:00 p.m.**

Location

Inland Empire Utilities Agency
Boardroom
6075 Kimball Avenue
Chino, CA 91710

Call to Order and Roll Call

Pledge of Allegiance

Public Comment

Changes/Additions/Deletions to the Agenda

- 1. Technical Committee Report (*Oral*)**
- 2. Action Item**
 - A. Approval of the May 4, 2017 Meeting Minutes
 - B. 2017/18 & 2018/19 TYCIP and IEUA Regional Budget
- 3. Informational Items**
 - A. Regional Contract Update/Renewal (*Oral*)
- 4. Receive and File**
 - A. Building Activity Update
 - B. Recycled Water Distribution – Operations Summary
- 5. Other Business**
 - A. IEUA General Manager's Update
 - B. Committee Member Requested Agenda Items for Next Meeting
 - C. Committee Member Comments
 - D. Next Meeting – July 6, 2017
- 6. Adjournment**

DECLARATION OF POSTING

I, Laura Mantilla, Executive Assistant 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. in the foyer at the Agency's main office, 6075 Kimball Avenue, Building A, Chino, CA on Friday, May 29, 2017.

Laura Mantilla

**AGENCY
REPRESENTATIVES'
REPORTS**

5D

**CHINO BASIN WATERMASTER
WATERMASTER BOARD MEETING**

11:00 a.m. – May 25, 2017

WITH

Mr. James Curatalo – Chair
Mr. Robert DiPrimio – Vice-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

I. 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 Special Meeting held April 4, 2017
2. Minutes of the Watermaster Board Special Meeting held April 21, 2017
3. Minutes of the Watermaster Board Meeting held April 27, 2017

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of March 2017
2. Watermaster VISA Check Detail for the month of March 2017
3. Combining Schedule for the Period July 1, 2016 through March 31, 2017
4. Treasurer's Report of Financial Affairs for the Period March 1, 2017 through March 31, 2017
5. Budget vs. Actual Report for the Period July 1, 2016 through March 31, 2017

C. APPLICATION FOR RECHARGE

Notice of Application for Recharge: On March 20, 2017 San Antonio Water Company submitted an Application for Recharge for 1,500.000 acre-feet to be recharged into basins along the San Antonio Channel.

D. WATER TRANSACTIONS

1. Notice of Sale or Transfer – The purchase of 1,100.000 acre-feet of water from Santa Ana River Water Company by Jurupa Community Services District. This purchase is made from Santa Ana River Water Company's Annual Production Right / Operating Safe Yield first, then any additional from storage.

2. Notice of Sale or Transfer – The purchase of 11.866 acre-feet of water from Santa Ana River Water Company by Jurupa Community Services District. This purchase is made from Santa Ana River Water Company's storage account.

E. APPLICATION FOR LOCAL STORAGE AGREEMENT

Consideration of Local Storage Agreement for Excess Carryover Water by Members of the Overlying (Non-Agricultural) Pool.

F. APPLICATION FOR LOCAL STORAGE AGREEMENT

Consideration of Local Storage Agreement for Supplemental Water by Members of the Overlying (Non-Agricultural) Pool.

G. APPLICATION FOR LOCAL STORAGE AGREEMENT

Consideration of Local Storage Agreement for Supplemental Water by Members of the Appropriative Pool.

H. APPLICATIONS FOR LOCAL SUPPLEMENTAL STORAGE AGREEMENT

1. Notice of Application for a Local Storage Agreement – The City of Ontario has submitted an application for a Local Storage Agreement for 20,000 acre-feet dated January 26, 2012 that has been placed in the City's Local Supplemental Storage Account.
2. Notice of Application for a Local Storage Agreement – The City of Ontario has submitted an application for a Local Storage Agreement for 8,569.789 acre-feet dated April 7, 2017 that has been placed in the City's Local Supplemental Storage Account.

I. CHINO BASIN WATERMASTER 39TH ANNUAL REPORT

Adopt the 39th Annual Report, along with filing a copy with the Court, subject to any necessary non-substantive changes.

J. AGREEMENT WITH SAN BERNARDINO COUNTY FOR CREATION OF GSA FOR SGMA FRINGE AREAS

Approve the proposed Cooperation Agreement between Chino Basin Watermaster and the County of San Bernardino for the creation of a GSA for the SGMA Fringe Areas in San Bernardino County.

K. THIRD AMENDMENT TO TASK ORDER NO. 1 (2013 RMPU AMENDMENT YIELD ENHANCEMENT PROJECTS – PLANNING, PERMITTING, AND DESIGN)

Approve the amended Task Order No. 1 to reflect the change in scope and cost.

L. FIRST AMENDMENT TO TASK ORDER NO. 2 (LOWER DAY BASIN IMPROVEMENT PROJECT)

Approve the amended Task Order No. 2 (Lower Day Basin Improvement Project).

M. FIRST AMENDMENT TO TASK ORDER NUMBERS 5 (JURUPA PUMP STATION AND HVAC IMPROVEMENTS), AND 6 (WINEVILLE PROOF OF CONCEPT)

Approve the amended Task Orders No. 5 and No. 6 and conclude associated obligations.

N. SECOND AMENDMENT TO TASK ORDER NO. 8 (SAN SEVAINE BASIN RMPU IMPROVEMENT PROJECT)

Approve the amended Task Order No. 8 (San Sevaive Basin Improvement Project).

O. TASK ORDER NO. 9 UNDER MASTER AGREEMENT FOR COLLABORATIVE RECHARGE PROJECTS (RMPU IMPROVEMENT PROJECT 23a)

Approve Task Order No. 9, RMPU Improvement Project 23a (2013 RMPU proposed Wineville PS to Jurupa, expanded Jurupa PS to RP3 Basin and 2013 RP3 Improvements Project).

P. TASK ORDER NO. 10 UNDER MASTER AGREEMENT FOR COLLABORATIVE RECHARGE PROJECTS (VICTORIA BASIN IMPROVEMENT PROJECT)

Approve Task Order No. 10, Victoria Basin Improvement Project (PID 11).

Q. TASK ORDER NO. 11 UNDER MASTER AGREEMENT FOR COLLABORATIVE RECHARGE PROJECTS (MONTCLAIR BASIN IMPROVEMENT PROJECT)

Approve Task Order No. 11, Montclair Basins Improvement Project (PID 2).

II. BUSINESS ITEMS

A. FISCAL YEAR 2016/17 BUDGET AMENDMENT (FORM A-17-04-01)

Approve the Budget Amendment Form A-17-04-01 for FY 2016/17 in the amount of \$100,000 for the increased cost associated with the CalPERS Personnel Matter regarding Alvarez and the Safe Yield Redetermination and Reset, as presented.

B. WATERMASTER FISCAL YEAR 2017/18 PROPOSED BUDGET

Adopt the proposed FY 2017/18 budget as presented.

C. RESOLUTION 2017-05 TO LEVY DESALTER REPLENISHMENT ASSESSMENTS FOR PRODUCTION YEAR 2013/14 (BASED ON ASSESSMENT PACKAGE FOR PRODUCTION YEAR 2013/14) – DISCUSSION ONLY

D. APPOINTMENT OF HEARING OFFICER PANEL

III. REPORTS/UPDATES

A. LEGAL COUNSEL REPORT

1. Safe Yield Reset
2. Overlying (Agricultural) Pool Committee's Contests
3. Rules and Regulations Update

B. ENGINEER REPORT

1. Prado Basin Habitat Sustainability Program
2. Other Compliance Reporting

C. CFO REPORT

None

D. GM REPORT

1. Safe Yield Reset – Implementation of Court Order
2. Storage Management
3. SGMA Update
4. Ambient Water Quality Study
5. Blomquist Update
6. Other

IV. INFORMATION

1. Cash Disbursements for April 2017

V. BOARD MEMBER COMMENTS

VI. OTHER BUSINESS

VII. 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.

1. GM Performance Evaluation

VIII. FUTURE MEETINGS AT WATERMASTER

5/23/17	Tue	9:00 a.m.	Groundwater Recharge Coordinating Committee (GRCC)
5/25/17	Thu	11:00 a.m.	Watermaster Board
5/31/17	Wed	1:00 p.m.	Rules and Regulations Workshop #2
6/06/17	Tue	2:30 p.m.	Prado Basin Habitat Sustainability Committee (Held at IEUA)
6/08/17	Thu	9:00 a.m.	Appropriative Pool
6/08/17	Thu	11:00 a.m.	Non-Agricultural Pool
6/08/17	Thu	1:30 p.m.	Agricultural Pool
6/15/17	Thu	8:00 a.m.	Appropriative Pool Strategic Planning (Confidential Session Only)
6/15/17	Thu	9:00 a.m.	Advisory Committee
6/15/17	Thu	9:30 a.m.	Recharge Investigations and Projects Committee (RIPCom)
6/22/17	Thu	11:00 a.m.	Watermaster Board

All Watermaster meeting dates can be found on our website at the "View Schedules" button on the Home Page, and also accessible at this link: <http://www.cbwm.org/calendar.pdf>

ADJOURNMENT

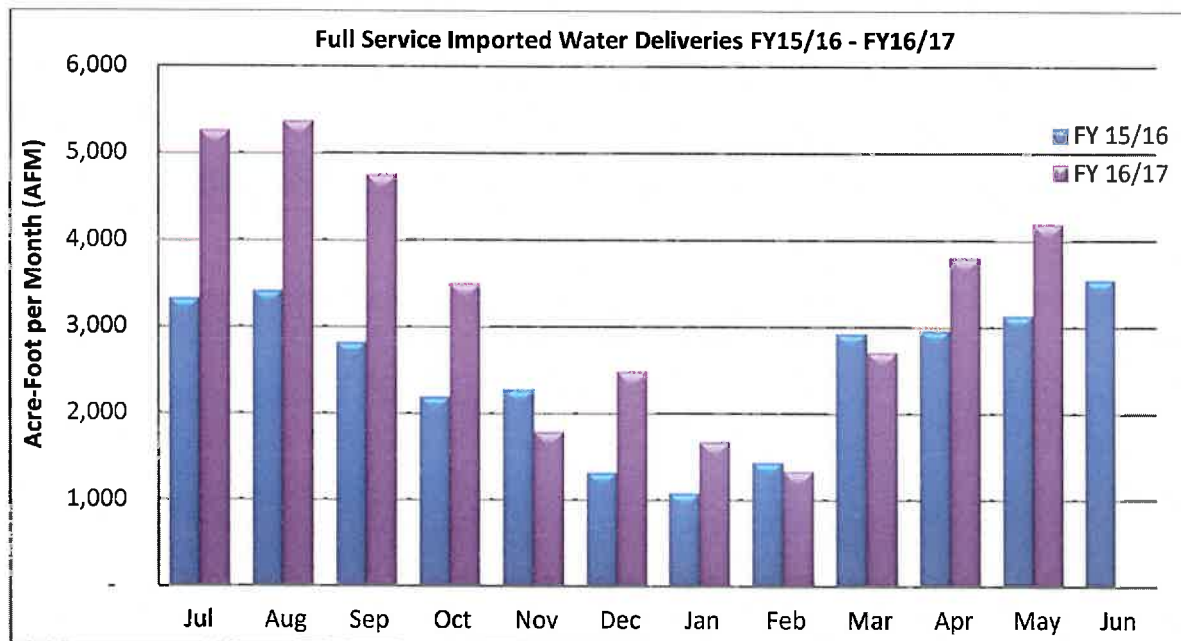
**GENERAL
MANAGER'S
REPORT**



Date: June 21, 2017
To: The Honorable Board of Directors
From: P. Joseph Grindstaff, General Manager *CBG*
Subject: General Manager's Report Regarding Agency Activities

IMPORTED WATER

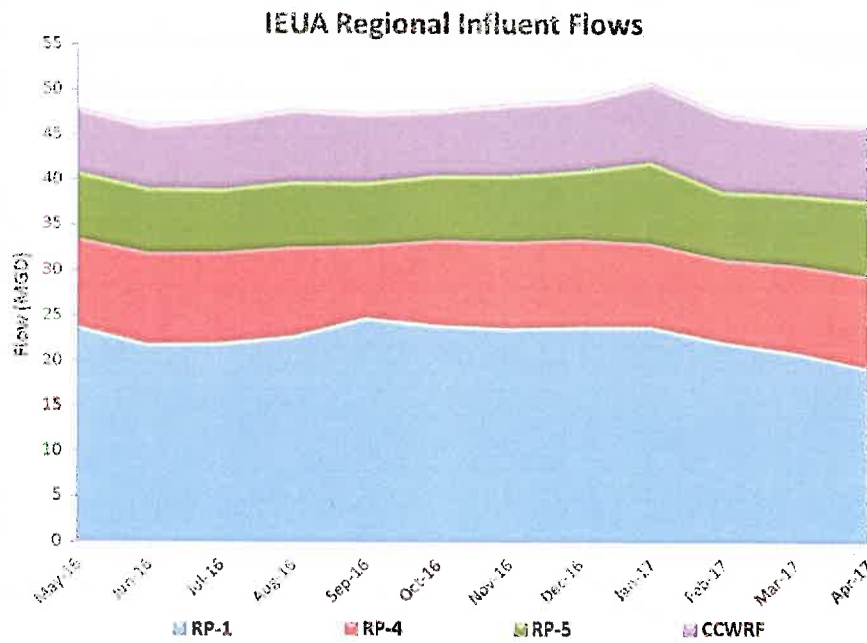
For FY 2016/17, the full service imported water deliveries through May continue to trend higher compared to FY 2015/16.



WASTEWATER

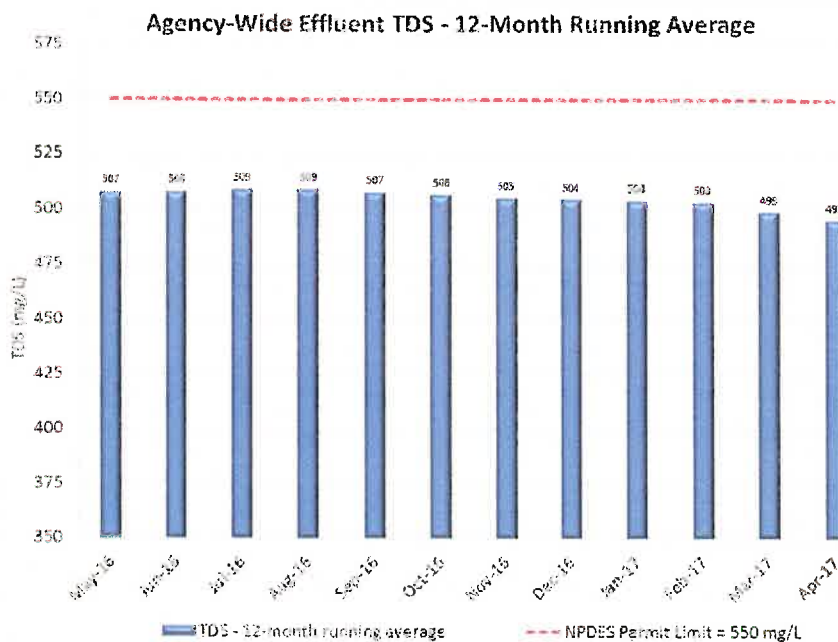
The Agency-wide average wastewater influent flow for the month of April was 46.3 million gallons per day (MGD), which is a 0.1 mgd decrease from the March total influent flow.

With regards to air quality compliance, there were no reportable incidents in May.



The discharge permit effluent limit for total inorganic nitrogen (TIN) is 8 mg/L. The 12-month running average TIN value for April was 6.0 mg/L.

The discharge permit effluent limit for total dissolved solids (TDS) is 550 mg/L. The 12-month running average TDS value for April was 495 mg/L.



INLAND EMPIRE REGIONAL COMPOSTING FACILITY UPDATE

Operational Comments – Facility throughput for May averaged approximately 92% of permitted capacity at an average of 415 tons per day of biosolids and 110 tons per day of amendments (based on a 31-day month). The facility is operating well with no violations or lost time incidents.

Facility Biosolids Throughput

POTW	WET TONS MONTH	WET TONS YEAR TO DATE
LACSD	4,167.73	24,423.05
IEUA	7,560.11	29,303.02
OCSO	1,133.52	5,262.78
TOTAL	12,861.36	58,988.85

Compost Sales – Sales in May were slower than last year waiting for agricultural customers to begin their preparations for the fall and winter planting season. June is anticipated to match production volumes at 19,000 cubic yards with agriculture increases starting in July through the end of the year. Compost inventory in the storage facility is 17,960 cubic yards of finished material.

Monthly Sales Summary

CUBIC YARD	\$/CUBIC YARD	TOTAL REVENUE
19,121.35	\$2.06	\$39,387.11

Fiscal Year-To-Date Sales Summary

MONTH	TOTAL YARDS 2016/2017	TOTAL YARDS 2015/2016	TOTAL REVENUE 2016/2017	TOTAL REVENUE 2015/2016
July	14,898.82	21,389.25	\$27,554.05	\$34,657.16
August	13,973.73	16,919.04	\$32,185.36	\$30,461.07
September	28,277.42	16,750.02	\$25,161.07	\$24,655.71
October	33,118.70	27,394.30	\$30,402.44	\$33,401.74
November	36,746.25	29,056.62	\$26,452.12	\$25,280.90
December	27,866.97	17,653.19	\$26,088.79	\$28,476.77
January	7,965.39	14,298.49	\$11,934.94	\$22,085.28
February	14,371.47	12,426.08	\$20,070.21	\$28,926.15
March	22,580.72	16,748.45	\$36,895.88	\$33,493.58
April	14,887.63	26,638.72	\$36,561.10	\$36,945.87
May	19,121.35	26,533.61	\$39,387.11	\$37,207.12
TOTAL	233,808.45	225,807.77	\$312,693.07	\$335,591.35
AVERAGE	21,255.31	20,527.98	\$28,426.64	\$30,508.30

GROUNDWATER RECHARGE

Groundwater Recharge – April 2017

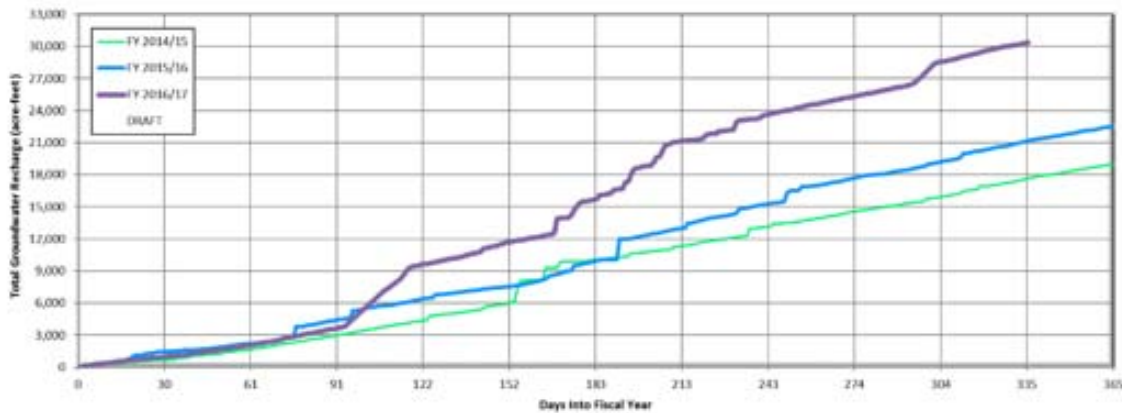
During April, recycled water recharge totaled 1,517 acre-feet, which is the highest April recycled water recharge total for the program to date. There was 1,550.5 acre-feet of imported water recharge from MWD. There was 246 acre-feet of water imported to the Chino Basin from San Antonio Water Company and recharged in MZ-1. There was one small rain event in April bringing a total of approximately 0.04 inches of rain. Combined rain fall capture and miscellaneous runoff totaled 81 acre-feet.

Groundwater Recharge – May 2017 (preliminary)

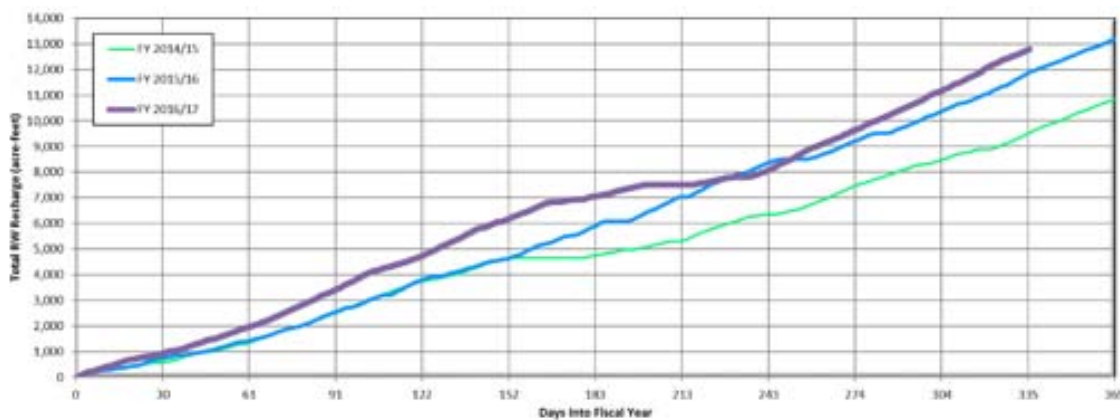
During May, recycled water recharge totaled 1,620 acre-feet, which is the highest May recycled water recharge total for the program to date. There was no imported water recharge purchased by Watermaster from MWD. There was approximately 13 acre-feet of water imported to the Chino Basin from San Antonio Water Company and recharged in MZ-1. There were two small rain events in May bringing a total of approximately 0.5 inches of rain. Combined rain fall capture and miscellaneous runoff totaled 193 acre-feet.

Monthly summaries of recharge by recharge site for the Chino Basin Groundwater Recharge Operations can be found at <http://www.ieua.org/category/reports/groundwater-recharge-reports>.

Total Groundwater Recharge – April 2017



Recycled Water Delivered to Groundwater Recharge – April 2017



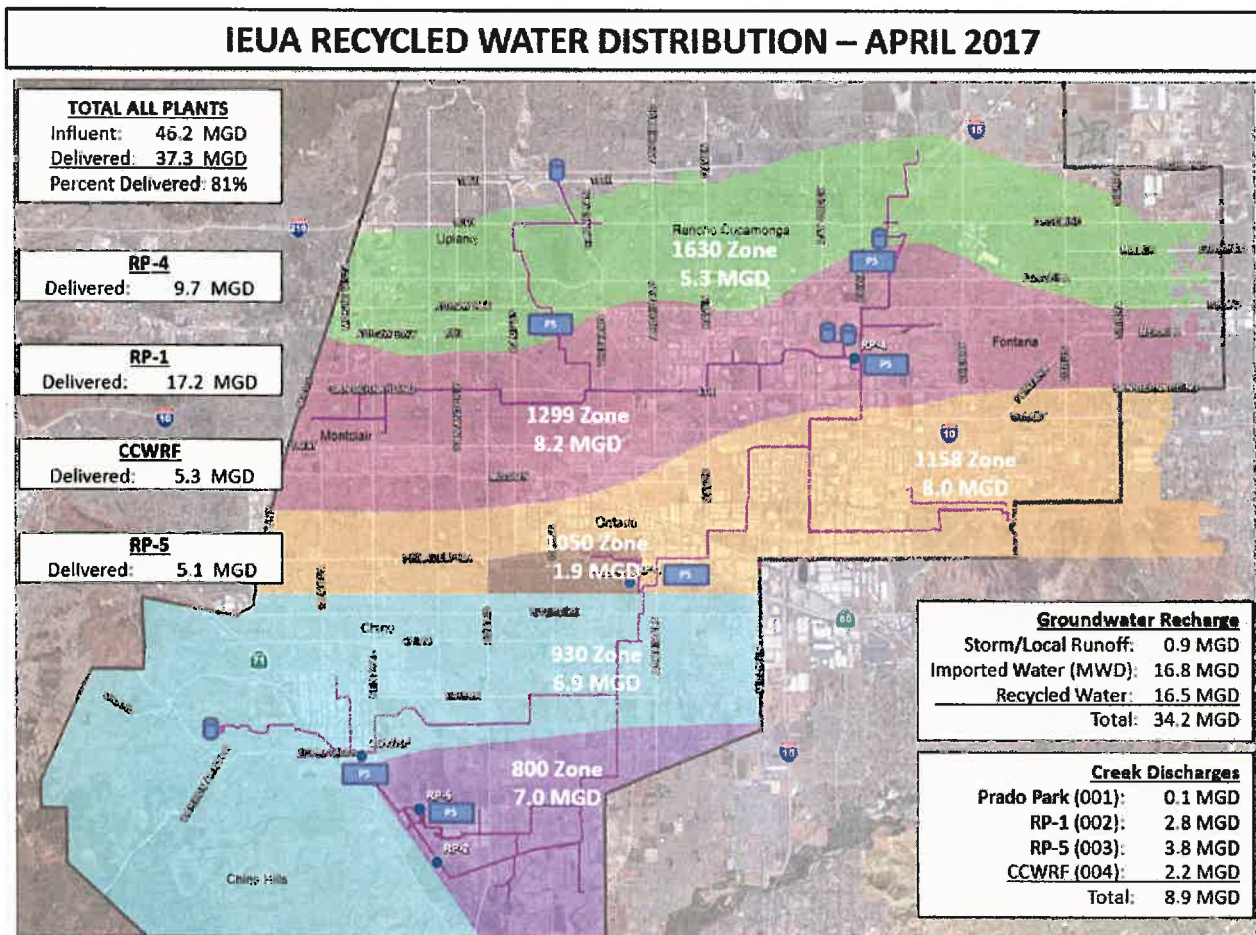
RECYCLED WATER

RW Distribution – April 2017

During April, 81% (37.3 MGD) of IEUA recycled water supply (46.2 MGD) was delivered into the distribution system for both direct use customers (20.8 MGD) and groundwater recharge (16.5 MGD). Plant discharge to creeks feeding the Santa Ana River averaged 8.9 MGD.

RW Distribution – May 2017 (Preliminary)

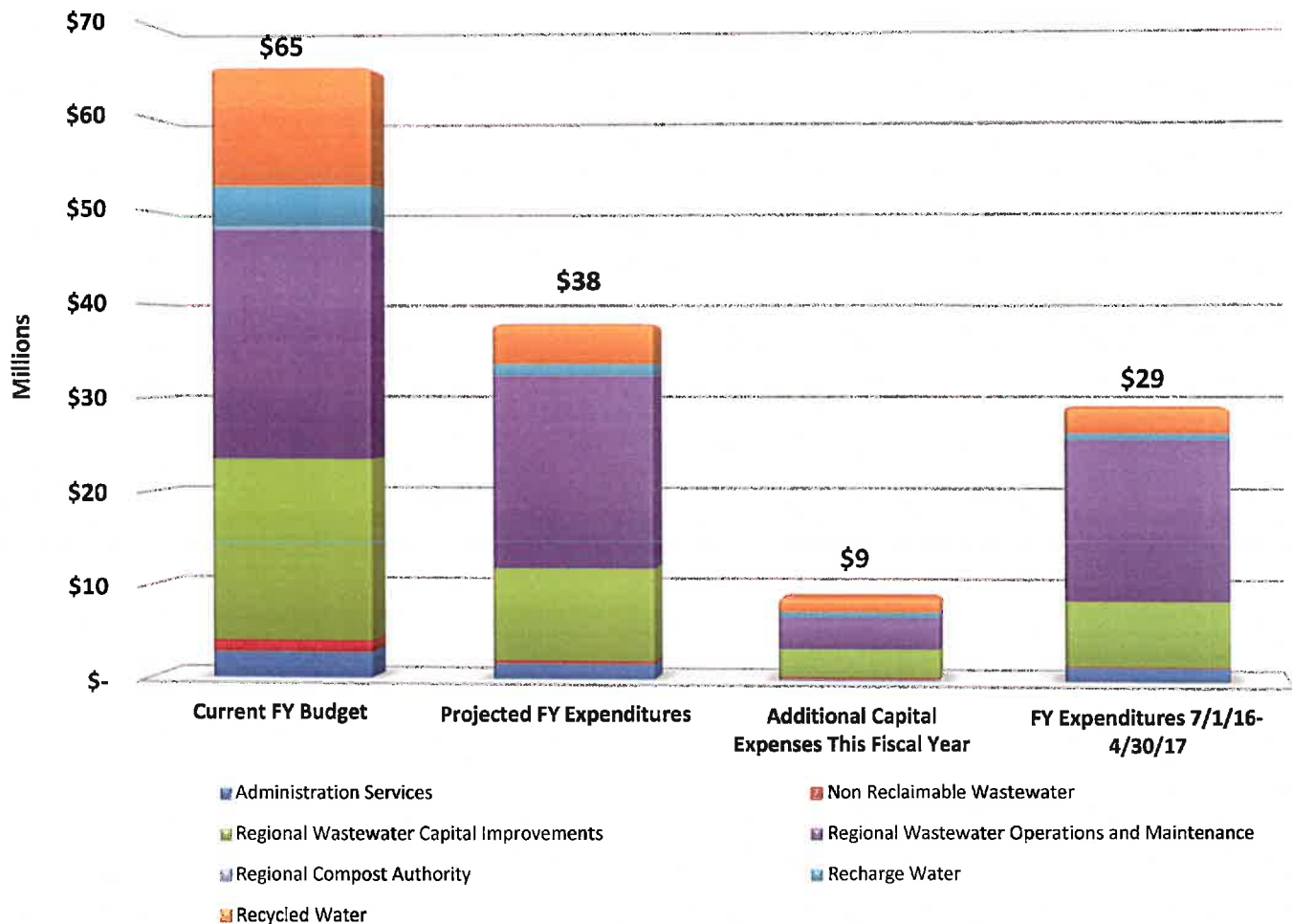
During May, 83% (39.1 MGD) of IEUA recycled water supply (46.9 MGD) was delivered into the distribution system for both direct use customers (22.1 MGD) and groundwater recharge (17.0 MGD). Plant discharge to creeks feeding the Santa Ana River averaged 7.8 MGD.



ENGINEERING DESIGN & CONSTRUCTION

Engineering and Construction Management's FY 2016/17 budget is \$65,396,467. Staff has projected to spend \$37,903,439 in FY 2016/17. The following graph summarizes the Engineering and Construction Management fiscal year budget status. Currently, 14 projects represent \$15,258,467 of the unspent fiscal year budget.

Engineering and Construction Management FY 2016/17 Budget Status Update



The accompanying attachments have detailed information for IEUA's capital improvement program.

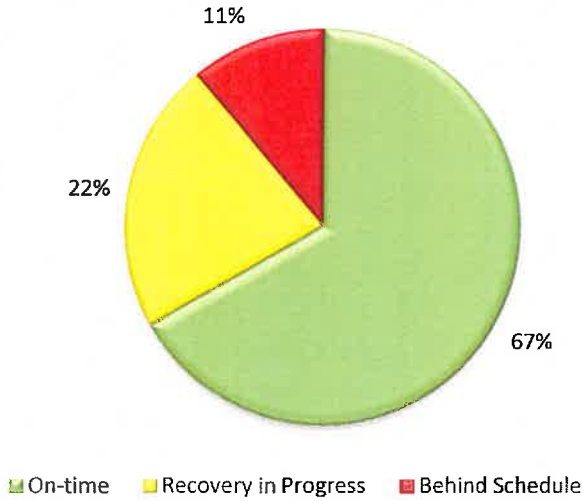
- Attachment A: Bid and Award Look Ahead Schedule
- Attachment B: Active Capital Improvement Project Status
- Attachment C: Emergency Projects

**Attachment A
Bid and Award Look Ahead Schedule**

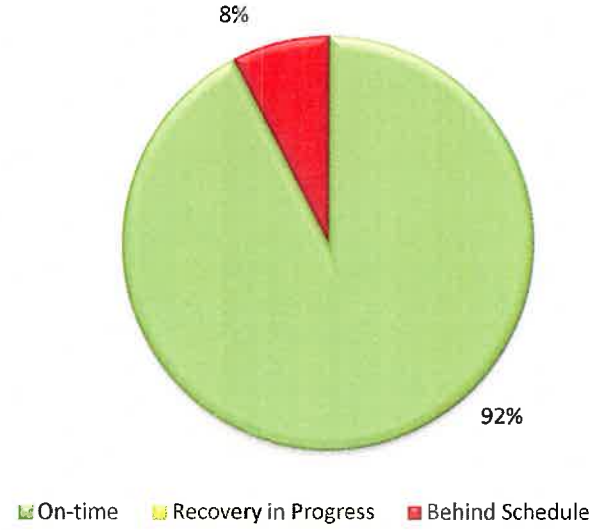
Bid and Award Look Ahead Schedule			
	Project Name	Projected Bid Opening Date	Projected Bid Award Date
	Jul-17		
1	San Sevaine Monitoring Well	4-Jul-17	19-Jul-17
2	EN13016.03 SCADA Enterprise System - (Regional Water Recycling Plant No. 4 & 5)	22-Jun-17	19-Jul-17
	Aug-17		
3	EN17039.00 8th St. Basin RW Turnout Discharge Retrofit	24-Jul-17	16-Aug-17
	Sep-17		
4	EN13001.00 San Sevaine Basin Improvements	5-Sep-17	20-Sep-17
5	EP17003.00 RP-1 Training Room	7-Aug-17	20-Sep-17
6	EN17067.00 Declez Monitoring Well Project	5-Sep-17	20-Sep-17
7	EN17046.00 1630 East Pump Station Upgrades	26-Jul-17	20-Sep-17
	Oct-17		
8	CP16003.00 Headquarters Roofing Replacement	4-Aug-17	18-Oct-17
9	EN11039.00 RP-1 Disinfection Pump Improvements	28-Sep-17	18-Oct-17
10	EN14043.00 RP-5 RW Pipeline Bottleneck	3-Aug-17	18-Oct-17
11	EN17044.00 RP-1 Power Reliability Generator Control Upgrades	24-Aug-17	18-Oct-17
12	EN14019.00 RP-1 Headworks Primary and Secondary Upgrades	23-Aug-17	18-Oct-17
	Nov-17		
13	WR15021.00 Napa Lateral	10-Oct-17	15-Nov-17
	Dec-17		
14	EN17077.00 SBLS Emergency Diversion	28-Dec-17	20-Dec-17
	Jan-18		
15	EN13048.00 RP-1 Power System Upgrades	7-Dec-17	17-Jan-18
16	EN17042.00 Digester 6 and 7 Roof Repairs	29-Nov-17	17-Jan-18
17	PA17006.02 RP-5 Aeration Diffuser Panel Replacement 16/17	16-Oct-17	17-Jan-18
	May-18		
18	EN15012.00 RP-1 Primary Effluent Conveyance Improvements	27-Feb-18	16-May-18
19	EN18006.00 RP-1 Flare Improvements	12-Mar-18	16-May-18
20	RW15004.00 Lower Day Basin RMPU Improvements	1-May-18	16-May-18

Attachment B
Active Capital Improvement Project Status

Design Schedule Performance



Construction Schedule Performance



Agency-Wide							
No.	Project ID	Project Title	Total Expenditures thru 4/30/2017 (\$)	Total Project Budget (\$)	Project Schedule Performance	Phase	Schedule Recovery Plan
1	EN13016	SCADA Enterprise System (EN13016.02, 03, 04)	5,810,586	13,900,000	Recovery in Progress	Bid & Award	Design-Build proposals for RP-4 and RP-5 were received on May 31, 2017, from three prospective integrators. The project schedules proposed by all three showed shorter durations for both design and construction as compared to this baseline schedule. Additionally, the construction duration for the RP-1 SCADA migration is expected to be shorter than initially planned. The reduced durations are expected to bring the project current.
2	EN17034	Agency-wide Lighting Improvements - Phase 2	795,717	1,400,000	On-time	Construction	
3	EN17052	RP-1 and RP-4 Safety Improvements	170,948	760,000	On-time	Construction	
Totals			6,777,252	16,060,000			

Carbon Canyon Wastewater Regional Facility (CCWRF)

No.	Project ID	Project Title	Total Expenditures thru 4/30/2017 (\$)	Total Project Budget (\$)	Project Schedule Performance	Phase	Schedule Recovery Plan
4	EN17006	CCWRF Odor Control and Headworks Replacements	79,831	7,000,000	On-time	Pre-Design	
5	EN17072	CCWRF Airduct Modifications	6,955	50,000	On-time	Design	
Totals			86,786	7,050,000			

Chino Desalter Authority (CDA)

No.	Project ID	Project Title	Total Expenditures thru 4/30/2017 (\$)	Total Project Budget (\$)	Project Schedule Performance	Phase	Schedule Recovery Plan
6	EN16021	TCE Plume Cleanup	9,153,108	12,000,000	On-time	Project Evaluation	
Totals			9,153,108	12,000,000			

Collections

No.	Project ID	Project Title	Total Expenditures thru 4/30/2017 (\$)	Total Project Budget (\$)	Project Schedule Performance	Phase	Schedule Recovery Plan
7	EN17050	Septic Conversion PDR	-	875,000	On-time	Project Evaluation	
8	EN22002	NRW East End Flowmeter Replacement	67,147	300,000	On-time	Pre-Design	
9	EN17014	NRWS Manhole Upgrades - 16/17	82,577	350,000	On-time	Construction	
10	EN17015	Collection System Upgrades 16/17	25,052	500,000	On-time	Construction	
Totals			174,775	2,025,000			

Groundwater Recharge

No.	Project ID	Project Title	Total Expenditures thru 4/30/2017 (\$)	Total Project Budget (\$)	Project Schedule Performance	Phase	Schedule Recovery Plan
11	RW15003	Recharge Master Plan Update Projects	1,240,382	7,490,500	On-time	Pre-Design	
12	RW15004	Lower Day Basin RMPU	263,806	2,480,000	On-time	Pre-Design	
13	EN17067	Decluz Monitoring Well Project	43,046	165,000	On-time	Design	
14	EN13001	San Savaine Basin Improvements	737,548	6,295,000	Recovery in Progress	Bid & Award	The reason for the extended project schedule is to secure available State Revolving Funds before the start of construction. Grant staff anticipates receiving the funds by August 2017, however, the efforts are being made to work with state officials to award sooner. In the meantime, the project will open the bids in June and delay construction award to September 2017.
15	EN14047	GWR and RW SCADA Control Upgrades	534,580	932,000	Behind Schedule	Construction	Since the project modifies programming screens and controllers, it is critical that the contractor completes their work without impacting IEUA's ability to connect and control the basins remotely. The contractor has been facing constant delays due to the loss of support staff. The contractor has made a strong commitment to complete the scope as contracted but with the request of extending the contract date. Staff will continue to monitor progress and provide any support to minimize further delays
Totals			2,819,361	17,362,500			

Headquarters							
No.	Project ID	Project Title	Total Expenditures thru 4/30/2017 (\$)	Total Project Budget (\$)	Project Schedule Performance	Phase	Schedule Recovery Plan
16	CP16003	Headquarters Roofing Replacement	84,145	450,000	On-time	Bid & Award	To avoid the 2017/18 rain season, the subject project bid solicitation will be delayed until July/August 2017. The site construction activities will be scheduled to begin in April 2018. The baseline schedule will be revised prior to the contract award.
17	EN16049	Conference Rooms Audio Visual Upgrades	751,916	1,349,230	On-time	Construction	
Totals			836,061	1,799,230			
Recycled Water							
No.	Project ID	Project Title	Total Expenditures thru 4/30/2017 (\$)	Total Project Budget (\$)	Project Schedule Performance	Phase	Schedule Recovery Plan
18	EN15002	1158 Reservoir Site Cleanup	16,520	1,300,000	Recovery in Progress	Project Evaluation	The status of the RCRA closure and corrective action still needs to be investigated before the consultant contract award. The recovery plan could entail a reduction in scope of work.
19	EN16034	RW Pressure Sustaining Valve Installation	27,992	850,000	Recovery in Progress	Project Evaluation	Due to the delayed notification of the Proposition 1 State Revolving Fund (SRF) award, the project schedule has been delayed. The recovery plan is to revise the schedule dependent on the anticipated award date of the Proposition 1 Grant which is expected for late 2017/early 2018.
20	EN17049	Baseline RWPL Extension	12,188	5,000,000	Recovery in Progress	Project Evaluation	Due to the delayed notification of the Proposition 1 State Revolving Fund (SRF) award, the project schedule has been delayed. The recovery plan is to revise the schedule dependent on the anticipated award date of the Proposition 1 Grant which is expected for late 2017/early 2018.
22	EN17041	Orchard Recycled Water Turnout Improvements	-	125,000	On-time	Consultant Contract Award	
21	WR15021	Napa Lateral	101,375	6,050,000	Recovery in Progress	Pre-Design	Due to the delayed notification of the Proposition 1 State Revolving Fund (SRF) award, the project schedule has been delayed. The recovery plan is to revise the schedule dependent on the anticipated award date of the Proposition 1 Grant which is expected for late 2017/early 2018.
23	EN17039	8th St. Basin RW Turnout Discharge Retrofit	31,158	275,000	On-time	Design	
24	EN17046	1630 East Pump Station Upgrades	17,563	300,000	Behind Schedule	Design	Design development is taking longer than planned due to difficult retrofit requirements.
25	EN15055	1630 W. Recycled Water Pump Station - Surge Tank Installation	1,295,213	1,400,000	On-time	Close Out	
Totals			1,502,008	15,300,000			

Regional Water Recycling Plant No. 1 (RP-1)

No.	Project ID	Project Title	Total Expenditures thru 4/30/2017 (\$)	Total Project Budget (\$)	Project Schedule Performance	Phase	Schedule Recovery Plan
26	EN17077	SBLS Emergency Diversion	1,492	25,000	On-time	Project Evaluation	
27	EN17080	System Cathodic Protection Improvements	2,206	10,000	On-time	Project Evaluation	
28	EN17082	RP-1 Mechanical Restoration and Upgrades	1,961	15,000	On-time	Project Evaluation	
29	EN14042	RP-1 1158 RWPS Upgrades	147,162	4,000,000	On-time	Pre-Design	
30	EN17042	Digester 6 and 7 Roof Repairs	37,760	3,800,000	On-time	Consultant Contract Award	
31	EN15012	RP-1 East Primary Effluent Pipe Rehab	81,826	1,885,000	On-time	Pre-Design	
32	EN17044	RP-1 Power Reliability Building Controls Upgrades	88,490	1,500,000	Recovery in Progress	Pre-Design	The project has been revised with a new delivery method, Design-Build Best Value. This has adjusted the beginning dates in the schedule, but the end date for construction will remain as close to the same date as possible.
33	EN17059	RP-1 Iron Sponges Installation	18,596	500,000	On-time	Pre-Design	
34	EN18006	RP-1 Flare Improvements	93,794	4,000,000	Recovery in Progress	Pre-Design	The project is slightly behind schedule due to extensive effort applied during the pre-design phase in searching for flare manufacturers who can meet the strict regulatory requirements set forth by South Coast Air Quality Management District. The schedule delay will be recovered during the detailed design phase.
35	EN11039	TP-1 Disinfection Pump Improvements	199,181	1,288,302	On-time	Design	
36	EN13048	RP-1 Power System Upgrades	381,160	1,599,000	On-time	Design	
37	EN14019	RP-1 Headworks Gate Replacement	841,945	10,440,000	Behind Schedule	Design	This project is eight months behind schedule. The 100% design was rejected by IEUA as not complete. IEUA will not advertise this project for bid until the content of the bid documents are acceptable.
38	EP17003	RP-1 Training Room	26,225	200,000	Behind Schedule	Design	Project is delayed due to extended permitting review by the City of Ontario.
39	EN15013	RP-1 TWAS and Primary Effluent Piping Replacement 2014	201,462	500,000	On-time	Bid & Award	
40	EN16024	RP-1 Mixed Liquor Return Pumps	2,811,326	6,636,000	On-time	Construction	
41	EN17040	RP-1 Aeration Basin Panel Repairs	104,132	200,000	On-time	Construction	
42	EN17047	RP-1 Dewatering Silo/Conveyor Safety Improvement Repairs	16,785	231,000	On-time	Construction	
43	EN17048	RP-1 Dewatering Vertical Conveyor Repairs	22,341	375,000	On-time	Construction	
		Totals	5,077,844	37,204,302			

Regional Water Recycling Plant No. 2 (RP-2)

No.	Project ID	Project Title	Total Expenditures thru 4/30/2017 (\$)	Total Project Budget (\$)	Project Schedule Performance	Phase	Schedule Recovery Plan
44	EN17065	Microturbine Design-Build	50,732	2,210,000	On-time	Design	
Totals			50,732	2,210,000			

Regional Water Recycling Plant No. 4 (RP-4)

No.	Project ID	Project Title	Total Expenditures thru 4/30/2017 (\$)	Total Project Budget (\$)	Project Schedule Performance	Phase	Schedule Recovery Plan
45	EN17043	RP-4 Primary Clarifier Rehab	31,690	1,900,000	On-time	Project Evaluation	
46	EN17110	RP-4 Process Improvements	42,099	5,200,000	On-time	Project Evaluation	
47	EN14018	RP-4 Disinfection System Retrofit	491,711	2,675,745	On-time	Construction	
Totals			565,501	9,775,745			

Regional Water Recycling Plant No. 5 (RP-5)

No.	Project ID	Project Title	Total Expenditures thru 4/30/2017 (\$)	Total Project Budget (\$)	Project Schedule Performance	Phase	Schedule Recovery Plan
48	EN14043	RP-5 RW Pipeline Bottleneck	244,442	2,755,000	On-time	Design	
49	EN15008	Water Quality Laboratory	7,465,877	24,645,000	On-time	Construction	
50	EN11031	RP-5 Flow Equalization and Effluent Monitoring	705,351	3,397,200	On-time	Construction	
Totals			8,415,671	30,797,200			

Attachment C
Emergency Projects

May 2017 Emergency Projects						
Contractor	Task Order Description	Details of the Circumstances/Cause of Emergency	Scope of Repair	Location	Date of Award	Not-to-Exceed /Estimate
W.A. Rasic Construction	Carbon Canyon WRF Chlorine Line Leak Repair	IEUA staff received call that pipe was compromised. Staff explored the situation and it was determined that a broken fitting had caused the leak.	Repairs to a sodium hypochlorite line near the Primary Clarifiers at our Carbon Canyon Water Reclamation Facility (CCWRF).	CCWRF	5/2/2017	5,000
Johnson Rentals	Backup Generator Rental and repair of electrical duct bank at HAQ & HQB	The Contractor on the Lab Project hit the duct bank and repairs had to be made that day	Generator rental when contractor hit the electrical duct bank to HQA and B shutting down the buildings. Duct bank was fixed with new wire pulled and terminated	HQA	3/6/2017	34,193
Trautwein Construction	Sinkhole over 72" Cucamonga Interceptor Sewer in Ontario	It was discovered that an existing storm drain lateral had an offset joint and defective concrete encasement which provided a pathway for storm water to leak into the surrounding ground	Excavate and repair a sinkhole adjacent to the 72-inch Cucamonga Interceptor Relief Sewer in Cedar St., between Turner Ave. and Sterling Ave. in the City of Ontario.	Agency-Wide	5/22/2017	20,000
W.A. Rasic Construction	Sinkhole over 33" Westside Interceptor Schaefer Avenue	It was discovered that base appeared to be moist and not compacted. The contractor was directed to backfill, compact with new material and repave the area	Excavate, explore the root cause, and re-compact the surrounding ground with base rock and finish AC pavement per City of Chino requirements/standards	Agency-Wide	5/24/2017	22,000
					Totals	81,193

FY16/17 Emergency Projects

	Project ID	Contractor	Task Order Description (Details of Circumstance and Cause of the Emergency)	Location	TO #	Original Not-to-Exceed Estimate	Actual Cost thru 4/30	Date of Award	Status
CDA									
1	CDA00000012	W.A. Rasic Construction	Raw Water Line Repair	CDA	TO-035	8,000	963	7/18/2016	Complete
Collection									
2	EN17018.01	W.A. Rasic Construction	Grove Ave. Manhole Repair	COLL	TO-036	5,618	8,875	8/11/2016	Closed
CCWRF									
3	EN17019.09	Ferreira Construction	Primary Clarifier Light Fixture Removal	CCWRF	TO-018	3,700	3,886	2/9/2017	Complete
4	EN17019.10	W.A. Rasic Construction	Carbon Canyon WRF Chlorine Line Leak Repair	CCWRF	TO-046	5,000	0	5/2/2017	Active
RP-1									
5	EN17017.01	Ferreira Construction	RP-1 Flow Meter Replacement	RP-1	TO-09	60,000	64,791	7/26/2016	Closed
6	EN17019.05	W.A. Rasic Construction	DAFT Sludge Line Repair	RP-1	TO-041	35,000	16,953	12/21/2016	Complete
7	EN17019.07	David T. Wasden	RP-1 Hyperchlorite Leak Repair	RP-1	TO-04	3,500	2,032	3/3/2017	Complete
8	EN17019.08	Trautwein	RP-1 12" Hot Water Loop Leak/Repair	RP-1	TO-04	9,495	4,554	3/22/2017	Complete
9	EN000000023	Johnson Power	Backup Generator Rental	RP-1	-	34,193	22,144	3/6/2017	Complete
RP-2									
10	EN17019.01	W.A. Rasic Construction	RP-2 Underground Pipe Leak	RP-2	TO-037	5,500	8,994	9/12/2016	Closed
RP-4									
11	EN17019.03	W.A. Rasic Construction	RP-4 Raw Screening Area	RP-4	TO-039	12,500	12,400	11/9/2016	Complete
12	EN17019.06	W.A. Rasic Construction	RP-4 Raw Screening Area	RP-4	TO-042	35,000	2,912	2/16/2017	Active
RP-5									
13	EN17019.02	Ferreira Construction	RP-5 Repair an existing SS Pump Guide Rail	RP-5	TO-010	25,000	24,181	9/15/2016	Closed
Agency-Wide									
14	EN17016.01	W.A. Rasic Construction	Monte Vista Ave ARVA Repair	Agency-wide	TO-040	10,000	7,691	11/10/2016	Complete
15	EN17017.02	Ferreira Construction	Street Subsidence and Blow off repair	Agency-Wide	TO-011	21,902	18,193	10/18/2016	Complete
16	EN17017.03	Ferreira Construction	Valve Shear Pine Replacement on a Buried RW Line	Agency-Wide	TO-012	6,209	7,082	10/19/2016	Complete
17	EN17019.04	Ferreira Construction	6" DAFT Sludge Line Tapping Sleeve Repair	Agency-Wide	TO-014	3,658	7,854	11/28/2016	Complete
18	EN17018.02	W.A. Rasic Construction	Mission Blvd Sink Hole (Ontario)	Agency-Wide	TO-043	50,000	26,645	2/24/2017	Active
19	EN17016.02	David T. Wasden	Mission Ave. Sewer Collapse and Repair	Agency-Wide	TO-05	18,088	1,378	3/21/2017	Complete
20	EN17018.03	Ferreira Construction	Westside Interceptor Relief Sewer-Backfill/Subgrade Investigation	Agency-Wide	TO-17	7,226	3,372	3/22/2017	Complete
21	EN17018.04	W.A. Rasic Construction	Sink Hole Over the Westside Interceptor Sewer	Agency-Wide	TO-044	9,350	1,320	4/7/2017	Complete
22	EN17018.05	W.A. Rasic Construction	Marlay Ave. Drop MH Repair	Agency-Wide	TO-045	5,900	1,891	4/20/2017	Active
23	EN17018.06	Trautwein Construction	Sinkhole over 72" Cucamonga Interceptor Sewer in Ontario	Agency-Wide	TO-005	20,000	0	5/22/2017	Active
24	EN17018.07	W.A. Rasic Construction	Sinkhole over 33" Westside Interceptor Schaefer Avenue	Agency-Wide	TO-049	22,000	0	5/24/2017	Active
					Totals	415,939	248,113		