



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

**WEDNESDAY, DECEMBER 20, 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 is available on the table in the Board Room. Comments will be limited to three 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**

- Eva Brown, Records Specialist, hired 12/04/17, Records Management (Kathy Besser)
- Krystle Suetani, Laboratory Scientist I, hired 12/04/17, Laboratory Department (Chris Berch)
- Abel Hernandez, Electrical & Instrument Technician I, hired 12/18/17, Organics Management (Randy Lee)

## 2. 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 November 15, 2017 Board meeting.

### B. ADOPTION OF RESOLUTION NO. 2017-12-1, COMMENDING GENERAL MANAGER P. JOSEPH GRINDSTAFF FOR HIS 5 YEARS OF SERVICE WITH THE INLAND EMPIRE UTILITIES AGENCY

Staff recommends that the Board adopt Resolution No. 2017-12-1, commending General Manager P. Joseph Grindstaff for his 5 years of service with the Inland Empire Utilities Agency.

### C. REPORT ON GENERAL DISBURSEMENTS (*Fin & Admin*)

Staff recommends that the Board approve the total disbursements for the month of October 2017, in the amount of \$15,532,023.67.

### D. INVESTMENT ADVISORY AND MANAGEMENT SERVICES CONTRACT AWARDED (*Fin & Admin*)

Staff recommends that the Board:

1. Award Contract No. 4600002440 to PFM Asset Management LLC for an initial three-year period with two, one-year options to extend, for investment advisory and management services;
2. Pursuant to the Agency's Risk Management Ordinance, Section 8, approve PFM's Self-Insured Retention (SIR) for Professional Liability Insurance in the amount of \$1,000,000; and
3. Authorize the General Manager to execute the consultant contract subject to non-substantive changes.

### E. POLICY FOR DISCLOSURE PROCEDURES

Staff recommends that the Board adopt the updated Policy for Disclosure Procedures effective December 21, 2016.

### F. AMENDING THE SALARY SCHEDULE/MATRIX FOR UNREPRESENTED, EXECUTIVE, GENERAL UNIT, LABORATORY UNIT, OPERATORS ASSOCIATION, AND PROFESSIONAL UNIT

Staff recommends that the Board adopt Resolution No. 2017-12-4, amending the salary schedule/matrix for Unrepresented, Executive, General Unit, Laboratory Unit, Operators' Association, and Professional Unit employees.

**G. FISCAL YEAR (FY) 2016/17 SINGLE AUDIT REPORT FOR FEDERAL GRANT PROGRAMS (Audit)(Fin & Admin)**

Staff recommends that the Board:

1. Approve the Single Audit Report for FY 2016/17; and
2. Direct staff to distribute the report, as appropriate, to the State Controller's Office, the Federal Audit Clearing House, and other interested parties.

**H. INTERNAL AUDIT DEPARTMENT CHARTER AND AUDIT COMMITTEE CHARTER (Audit)**

Staff recommends that the Board reconfirm the Audit Committee Charter and the Internal Audit Department Charter and direct staff to implement the charters.

**I. ADOPTION OF RESOLUTION NO. 2017-12-2, IEUA-SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT SPHERE ADJUSTMENT & REORGANIZATION (Eng/Ops/WR)**

Staff recommends that the Board adopt Resolution No. 2017-12-2, requesting LAFCO to initiate a sphere adjustment and reorganization of the area to detach the 4.81 acres from IEUA and annex into SBVMWD.

**J. REGIONAL PRETREATMENT AGREEMENT WITH THE CITY OF FONTANA (Eng/Ops/WR)**

Staff recommends that the Board:

1. Approve the Regional Pretreatment Agreement (Agreement) between IEUA and the City of Fontana; and
2. Authorize the General Manager to execute the Agreement, subject to non-substantive changes.

**K. RP-1 AERATION BASIN PANEL REPAIR CONSTRUCTION CONTRACT CHANGE ORDER (Eng/Ops/WR)**

Staff recommends that the Board:

1. Award a construction contract change order to J.F. Shea for the RP-1 Aeration Basin Panel Repairs, Project Nos. EN17040/PA17006.01, for the not-to-exceed amount of \$115,218; and
2. Authorize the General Manager to execute the construction contract change order.

**L. ON-CALL DESIGN AND CONSTRUCTION SURVEYING MASTER SERVICES CONTRACT AWARDS (Eng/Ops/WR)**

Staff recommends that the Board:

1. Approve a two-year On-Call Design and Construction Surveying Master Services Contract to WestLAND Group, Inc., for a not-to-exceed amount of \$750,000;
2. Approve a two-year On-Call Design and Construction Surveying Master Services Contract to CASC Engineering and Consulting, Inc., for a not-to-exceed amount of \$750,000; and
3. Authorize the General Manager to execute the Master Services Contracts subject to non-substantive changes.

**M. HEADQUARTERS BUILDINGS ROOFING REPLACEMENT CONSTRUCTION CONTRACT AWARD (Eng/Ops/WR) (Fin & Admin)**

Staff recommends that the Board:

1. Award a construction contract for the Headquarters Buildings Roofing Replacement, Project No. CP16003, to Best Contracting Services Inc., in the amount of \$1,024,070;
2. Approve a project budget reclassification in the amount of \$1,311,000 in the Administration Services (GG) Fund from O&M to Capital Project; and
3. Authorize the General Manager to execute the contract and budget reclassification.

**N. RP-5 AERATION DIFFUSER REPLACEMENT CONSTRUCTION CONTRACT AWARD**

*(Eng/Ops/WR)(Fin & Admin)*

Staff recommends that the Board:

1. Award a construction contract for the RP-5 Aeration Diffuser Replacement, Project No. PA17006.02, to Genesis Construction in the amount of \$2,987,654; and
2. Authorize the General Manager to execute the contract.

**O. IEUA FISCAL YEAR (FY) 2016/17 AUDITED COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) (Audit)(Fin & Admin)**

Staff recommends that the Board:

1. Approve the Inland Empire Utilities Agency Comprehensive Annual Financial Report for fiscal year ended June 30, 2017; and

2. Direct staff to distribute the report as appropriate, to the various federal, state, and local agencies, financial institutions, bond rating agencies, and other interested parties.

3. **PRESENTATION OF RESOLUTION NO. 2017-12-1, COMMENDING GENERAL MANAGER P. JOSEPH GRINDSTAFF FOR HIS 5 YEARS OF SERVICE WITH THE INLAND EMPIRE UTILITIES AGENCY**

4. **ACTION ITEMS**

A. **RP-1 CAPACITY RECOVERY PROJECT CONSULTANT CONTRACT AWARD** *(Eng/Ops/WR)(Fin & Admin)*

Staff recommends that the Board:

1. Award a consultant contract for the RP-1 Capacity Recovery, Project Nos. EN24001 and EN24002, to Carollo Engineers Inc., for the not-to-exceed amount of \$13,637,633; and
2. Authorize the General Manager to execute the consultant contract subject to non-substantive changes.

B. **BASELINE RECYCLED WATER PIPELINE EXTENSION CONSULTANT CONTRACT AWARD** *(Eng/Ops/WR)*

Staff recommends that the Board:

1. Award a consultant contract for the Baseline Recycled Water Pipeline Extension, Project No. EN17049, to Carollo Engineers, Inc., for the not-to-exceed amount of \$394,766; and
2. Authorize the General Manager to execute the consultant contract subject to non-substantive changes.

C. **ADOPTION OF RESOLUTION NO. 2017-12-3, ESTABLISHING A POLICY FOR ROTATION OF BOARD OFFICERS**

Staff recommends that the Board adopt Resolution No. 2017-12-3, establishing a policy for rotation of Board officers.

5. **INFORMATION ITEMS**

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

B. **MWD UPDATE (ORAL)**

**RECEIVE AND FILE INFORMATION ITEMS**

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

- D. FISCAL YEAR 2017/18 FIRST QUARTER BUDGET VARIANCE, PERFORMANCE GOAL UPDATES, AND BUDGET TRANSFERS (WRITTEN/POWERPOINT)
- E. PUBLIC OUTREACH AND COMMUNICATION (WRITTEN)
- F. LEGISLATIVE REPORT FROM INNOVATIVE FEDERAL STRATEGIES (WRITTEN)
- G. LEGISLATIVE REPORT FROM WEST COAST ADVISORS (WRITTEN)
- H. CALIFORNIA STRATEGIES, LLC MONTHLY ACTIVITY REPORT (WRITTEN)
- I. FEDERAL LEGISLATIVE TRACKING MATRIX (WRITTEN)
- J. PAYROLL OPERATIONS AUDIT & COMPARABLE AGENCIES' SURVEY (WRITTEN/POWERPOINT)
- K. SOUTHERN CALIFORNIA EDISON UTILITY PAYMENTS FOLLOW-UP AUDIT (WRITTEN)
- L. AUDIT COMMITTEE FINANCIAL ADVISOR CONTRACT EXTENSION (WRITTEN)
- M. INTERNAL AUDIT DEPARTMENT STANDARD OPERATING PROCEDURES (SOP) (WRITTEN)
- N. INTERNAL AUDIT DEPARTMENT QUARTERLY STATUS REPORT (WRITTEN)
- O. SEPTIC TO SEWER FEASIBILITY STUDY UPDATE (WRITTEN/POWERPOINT)
- P. UPPER SANTA ANA RIVER HABITAT CONSERVATION PLAN AND INTEGRATED RIVER MODEL UPDATE (POWERPOINT)
- Q. SARCCUP UPDATE (POWERPOINT)
- 6. AGENCY REPRESENTATIVES' REPORTS
  - A. SAWPA REPORT (WRITTEN)  
Meeting Agenda not available at the time of printing.
  - B. MWD REPORT (WRITTEN)
  - C. REGIONAL SEWERAGE PROGRAM POLICY COMMITTEE REPORT (WRITTEN)
  - D. CHINO BASIN WATERMASTER REPORT (WRITTEN)

- 7. GENERAL MANAGER'S REPORT (WRITTEN)
- 8. BOARD OF DIRECTORS' REQUESTED FUTURE AGENDA ITEMS
- 9. 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.*

- 10. CLOSED SESSION
  - A. PURSUANT TO GOVERNMENT CODE SECTION 54956.9(a) – CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION  
Chino Basin Municipal Water District vs. City of Chino, Case No. RCV51010
  - B. PURSUANT TO GOVERNMENT CODE SECTION 54956.9(d)(4) CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION; INITIATION OF LITIGATION  
One Case
  - C. PURSUANT TO GOVERNMENT CODE SECTION 54957.6 – CONFERENCE WITH LABOR NEGOTIATIONS  
Meet and Confer Negotiations – All Bargaining Units  
Negotiating Parties: General Manager Halla Razak

11. ADJOURN

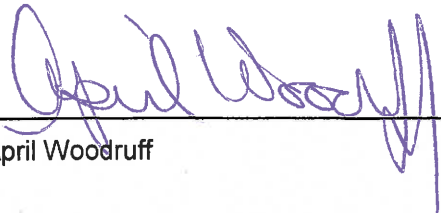
*\*A Municipal Water District*

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

Proofed by: JK

**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, December 14, 2017.

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

CONSENT  
CALENDAR  
ITEM

**2M**





**Date:** December 20, 2017

**To:** The Honorable Board of Directors

*[Signature]* for  
**From:** Halla Razak, General Manager

**Committee:** Engineering, Operations & Water Resources  
Finance & Administration

12/13/17

12/13/17

**Executive Contact:** Chris Berch, Executive Manager of Engineering/AGM

**Subject:** Headquarters Buildings Roofing Replacement Construction Contract Award

**Executive Summary:**

Over the past several years, the existing roofing system on IEUA Headquarters Buildings A and B have developed leaks and the fiberglass skylights are severely weathered. The Headquarters Buildings Roofing Replacement Project will replace the existing roofing system and skylights on IEUA Headquarters Buildings A and B with a 20-year roofing system.

On October 26, 2017, IEUA received seven bids. Best Contracting Services Inc., was the lowest responsive bidder, with a bid price of \$1,024,070.

IEUA received the following two bid protests:

1. San Marino Roofing Company was deemed non-responsive for not having the correct contractor's license to perform the skylight work and protested this determination.
2. Letner Roofing Company submitted protest letters indicating that the lowest three bids should be rejected as non-responsive. Staff and legal counsel found no basis for the protest, so the protest was denied.

**Staff's Recommendation:**

1. Award a construction contract for the Headquarters Buildings Roofing Replacement, Project No. CP16003, to Best Contracting Services Inc., in the amount of \$1,024,070;
2. Approve a project budget reclassification in the amount of \$1,311,000 in the Administration Services (GG) Fund from O&M to Capital Project; and
3. Authorize the General Manager to execute the contract and budget reclassification.

**Budget Impact** *Budgeted* (Y/N): Y *Amendment* (Y/N): N *Amount for Requested Approval:*

*Account/Project Name:*

CP16003/Headquarters Buildings Roofing Replacement Project

*Fiscal Impact (explain if not budgeted):*

If approved, the Headquarters Buildings Roofing Replacement, Project No. CP16003, will be re-classified from O&M classification to Capital classification in the Administration Services (GG) Fund.

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**Prior Board Action:**

None.

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**Environmental Determination:**

Categorical Exemption

CEQA identifies certain categories of projects as exempt from more detailed environmental review because these categories have been deemed to have no potential for significant impact on the environment. This project qualifies for a Categorical Exemption Class 1 as defined in Section 15301 of the State CEQA Guidelines.

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**Business Goal:**

The Headquarters Buildings Roofing Replacement Project is consistent with the IEUA's Business Goal of Wastewater Management and Work Environment specifically the Asset Management and Staff Safety objectives that IEUA will ensure the regional sewer system and treatment facilities are well maintained, upgraded to meet evolving requirements, sustainably managed, can accommodate changes in regional water use, and will promote and ensure a safe and healthy work environment, exceeding industry best practices.

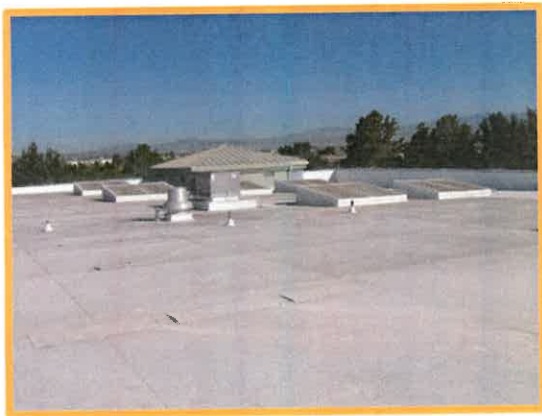
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**Attachments:**

Attachment 1 - PowerPoint

Attachment 2 - Construction Contract

# Headquarters Buildings Roofing Replacement Construction Contract Award Project No. CP16003



# Project Location



Agency Headquarters Buildings

# The Project

- Remove/replace existing roofing membrane and skylights
- Add 10 additional tubular skylights
- Install hose bibs on roofs for maintenance activities
- Install new scupper drain downspouts



Discolored and Deteriorated Skylight

# Contractor Selection

Seven bids were received on October 26, 2017:

## Bids Received

Bidder's Name	Total
Best Contracting Services Inc.	\$ 1,024,070
Exbon Development Inc.	\$ 1,144,000
Letner Roofing Company	\$ 1,145,000
Courtney Inc.	\$ 1,155,690
Rite Way Roof Corporation	\$ 1,193,369
WSP Roofing	\$ 1,197,000
San Marino Roof Company Inc.	Non-Responsive
<b>Engineer's Estimate</b>	<b>\$998,000</b>

# Project Budget and Schedule

Description	Estimated Cost	Project Milestone	Date
<b>Design Services</b>	<b>\$126,000</b>	<b>Construction</b>	
Design Contract (actual cost)	\$27,500	Construction Contract Award	December 2017
IEUA Design Services and Permits (actual cost)	\$98,500	Construction Completion	July 2018
<b>Construction Services</b>	<b>\$89,725</b>		
Engineering Services During Construction	\$7,800		
IEUA Construction Services (~8%)	\$81,925		
<b>Construction</b>	<b>\$1,126,470</b>		
Construction Contract (this action)	\$1,024,070		
Contingency (10%)	\$102,400		
<b>Total Project Cost:</b>	<b>\$1,342,195</b>		
<b>Total Project Budget:</b>	<b>\$1,395,822</b>		
<b>Remaining Budget:</b>	<b>\$53,627</b>		

# Recommendation

- Award a construction contract for the Headquarters Buildings Roofing Replacement, Project No. CP16003, to Best Contracting Services Inc., in the amount of \$1,024,070;
- Approve a project budget reclassification in the amount of \$1,311,000 in the Administration Services (GG) Fund from O&M to Capital Project; and
- Authorize the General Manager to execute the contract and budget reclassification.

The Headquarters Building Roofing Replacement Project is consistent with the **IEUA's Business Goal of Wastewater Management and Work Environment** specifically the Asset Management and Staff Safety objectives that IEUA will ensure the regional sewer system and treatment facilities are well maintained, upgraded to meet evolving requirements, sustainably managed, can accommodate changes in regional water use, and will promote and ensure a safe and healthy work environment, exceeding industry best practices.



## SECTION D - CONTRACT AND RELEVANT DOCUMENTS

### 1.0 CONTRACT

THIS CONTRACT, made and entered into this 20 day of December, 2017, by and between Best Contracting Services Incorporated , hereinafter referred to as "Contractor," and The Inland Empire Utilities Agency, a Municipal Water District, located in San Bernardino County, California, hereinafter referred to as "Agency".

#### **WITNESSETH:**

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

1. Contractor agrees to perform and complete in a workmanlike manner, all work required under the bidding schedule of said Agency's specifications entitled **SPECIFICATIONS FOR Headquarters Buildings Roofing Replacement Project, Project No. CP16003**, in accordance with the specifications and drawings, and to furnish at their own expense, all labor, materials, equipment, tools, and services necessary, except such materials, equipment, and services as may be stipulated in said specifications to be furnished by said Agency, and to do everything required by this Contract and the said specifications and drawings.
2. For furnishing all said labor, materials, equipment, tools, and services, furnishing and removing all plant, temporary structures, tools and equipment, and doing everything required by this Contract and said specifications and drawings; also for all loss and damage arising out of the nature of the work aforesaid, or from the action of the elements, or from any unforeseen difficulties which may arise during the prosecution of the work until its acceptance by said Agency, and for all risks of every description connected with the work; also for all expenses resulting from the suspension or discontinuance of work, except as in the said specifications are expressly stipulated to be borne by said Agency; and for completing the work in accordance with the requirements of said specifications and drawings, said Agency will pay and said Contractor shall receive, in full compensation therefore, the price(s) set forth in this Contract.
3. That the Agency will pay the Contractor progress payments and the final payment, in accordance with the provisions of the contract documents, with warrants drawn on the appropriate fund or funds as required, at the prices bid in the Bidding and Contract Requirements, Section C - Bid Forms and accepted by the Agency, and set forth in this below.

Total Bid Price: One-million, twenty-four thousand and seventy (\$ 1,024,070) Dollars

and Zero Cents.

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

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

<b>Headquarters building Roofing Replacement Project No. CP16003</b>	<b>Liquidated Damages for Delay</b>
<b>Approval</b> of Shop Drawings/Submittals within forty-five (45) Calendar Days of Contract Award for the following items: ❖ Polyvinyl Chloride (PVC) single ply roofing membrane ❖ Skylights ❖ Tubular Skylights	<p style="text-align: center;">\$250 / day</p>
Project Completion within one-hundred and eighty (180) Calendar Days of Contract Award.	<p style="text-align: center;">\$1,000 / day</p>

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

9. That the Contractor will pay, and will require subcontractors to pay, employees on the work a salary or wage at least equal to the prevailing salary or wage established for such work as set forth in the wage determinations and wage standards applicable to this work, contained in or referenced in the contract documents.
10. That, in accordance with Section 1775 of the California Labor Code, Contractor shall forfeit to the Agency, as a penalty, not more than Fifty (\$50.00) Dollars for each day, or portion thereof, for each worker paid, either by the Contractor or any subcontractor, less than the prevailing rates as determined by the Director of the California Department of Industrial Relations for the work.
11. That, except as provided in Section 1815 of the California Labor Code, in the performance of the work not more than eight (8) hours shall constitute a day's work, and not more than

forty (40) hours shall constitute a week's work; that the Contractor shall not require more than eight (8) hours of labor in a day nor more than forty hours of labor in a week from any person employed by the Contractor or any subcontractor; that the Contractor shall conform to Division 2, Part 7, Chapter 1, Article 3 (Section 1810, et seq.) of the California Labor Code; and that the Contractor shall forfeit to the Agency, as a penalty, the sum of Twenty-Five (\$25.00) Dollars for each worker employed in the execution of the work by Contractor or any subcontractor for each day during which any worker is required or permitted to labor more than eight (8) hours in violation of said Article 3.

12. That the Contractor shall carry Workers' Compensation Insurance and require all subcontractors to carry Workers' Compensation Insurance as required by the California Labor Code.
13. That the Contractor shall have furnished, prior to execution of the Contract, two bonds approved by the Agency, one in the amount of one hundred (100) percent of the contract price, to guarantee the faithful performance of the work, and one in the amount of one hundred (100) percent of the contract price to guarantee payment of all claims for labor and materials furnished.
14. The Contractor hereby agrees to protect, defend, indemnify and hold the Agency and its employees, agents, officers, directors, servants and volunteers free and harmless from any and all liability, claims, judgments, costs and demands, including demands arising from injuries or death of persons (including employees of the Agency and the Contractor) and damage to property, arising directly or indirectly out of the obligation herein undertaken or out of the operations conducted by the Contractor, its employees agents, representatives or subcontractors under or in connection with this Contract.

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

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

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

By \_\_\_\_\_

Halla Razak  
General Manager

Best Contracting Services, Inc.  
Contractor

By \_\_\_\_\_

Kayhan Fatemi  
Executive V.P.

\*Municipal Water District

Attachments:

- A. Contractor Bid Documents dated 10-26-17
- B. Contractor Final and Best Offer on Add/Deduct Items

48

AUGUST 2017  
IFB-MB-17-023

CONTRACT AND  
RELEVANT DOCUMENTS  
PROJECT NO. CP16003  
HEADQUARTERS BUILDINGS ROOFING REPLACEMENT

**Attachment A**

**Contractor Bid Documents**

**Dated 10-26-17**



19027 S. Hamilton Avenue  
Gardena, CA 90248  
Contr. Lic#: 456263  
(310) 328-6969

***Scaled Bid Enclosed  
DO NOT OPEN WITH  
REGULAR MAIL***

**Inland Empire Utilities Agency  
6075 Kimball Avenue  
Building "A"  
Chino, CA 91708**

**Bid of BEST CONTRACTING SERVICES, INC.  
for HEADQUARTER BUILDINGS ROOFING REPLACEMENT, PROJECT NO. CP16003  
BID DUE DATE AND TIME:  
Thursday, October 26, 2017 @ 2:30 pm**

IEUA  
SEALED BID  
RECEIVED  
10/26/17 1:05 p.m.  
DATE TIME  
Becky Ramirez  
BY

## SECTION C - BID FORMS

### **1.0 THIS BID IS SUBMITTED**

A. For construction of the work, identified as follows:

**Headquarters Buildings Roofing Replacement, Project No. CP16003**

B. To the Agency (Owner), identified as:

Inland Empire Utilities Agency \*  
6075 Kimball Avenue  
Chino, California 91708

\* A Municipal Water District

C. For post bid results, the bidder can review PlanetBids at <https://www.planetbids.com/portal/portal.cfm?CompanyID=27411> or the Agency's web site: [www.ieua.org](http://www.ieua.org).

### **2.0 CONDITIONS**

#### **A. Bidder Proposes and Agrees**

The undersigned bidder proposes and agrees, if this bid is found to provide the lowest overall cost to the Agency, and meets all Agency requirements, to execute a written contract following the format included in the bidding documents and designated in Section D, "Contract"; to secure and deliver to the Agency, the bonds, certificates of insurance and any other items required in the project specifications; to perform and furnish the work as specified and indicated in the bidding documents for the contract price indicated in this bid, within the contract time indicated in said form of the Contract, and in accordance with the other terms and conditions of the bidding documents.

#### **B. Bidder Accepts Terms and Conditions**

1. The bidder accepts the terms and conditions of the Bidding and Contract Requirements, Section A - Notice Inviting Bids, and Section B - Instructions to Bidders, including without limitations those dealing with the disposition of the bid security.
2. This bid will remain subject to acceptance for ninety (90) calendar days, after the day of opening the bids.
3. Upon receipt, the bidder will sign and return to the Agency the agreement,

which follows the form of the Contract, Bidding and Contract Requirements, Section D – Contract and Relevant Documents Part 1.0.

4. The bidder will, within the time stipulated in the Bidding and Contract Requirements Section B - Instructions to Bidders, Part 19.0, "Execution of Contract", after receipt of the notice of award and the executed Contract deliver to the Agency the Performance Bond, the Payment Bond, and the Certificates of Insurance, and any other items required in the project specifications.

### **3.0 PRICES INCLUDE**

#### **A. Taxes and Fees**

Applicable sales taxes; State, Federal, and special taxes; patent rights and royalties; and other applicable taxes and fees are included in the price of this bid.

- B. All prices have been filled in and are proposed as firm fixed unit price amounts throughout this bid term validity.

### **4.0 BIDDING SCHEDULE**

Schedule of prices to furnish and install Headquarters Buildings Roofing Replacement, Project No. CP16003 including all material, equipment and labor complete in accordance with the specifications and accompanying drawings.

Prices bid shall include all labor, equipment, apparatus, materials, facilities transportation, insurance, taxes, permits, shop drawings, overhead, profit, mobilization costs, incidentals, and any other costs necessary to furnish, deliver, install or perform work under the subject bid item in conformance with the plans, specifications, and permits complete. Payment of bid items shall be as specified in SECTION D - CONTRACT AND RELEVANT DOCUMENTS, Part 1.0. The Bidding Schedule Table is located on the following page, and must be completed, in full.

The Bidder declares that the cost for labor, materials, equipment and incidentals necessary for sheeting, shoring, bracing and other excavation supports required by the Labor Code of the State of California, the Construction Safety Orders of the Division of Industrial Safety of the State of California, and the California Occupational Safety and Health Act of 1973, is included in the total lump sum bid and that such cost is indicated in the Bid Schedule.

Only lump sum bids will be accepted.

Total Bid Price \$ 1,024,070.00 dollars  
(in numeric figures)

One Million Twenty Four Thousand Seventy Dollars  
(written in words)





ITEM	DESCRIPTION	UNIT PRICE	UNIT PRICE (written)
<b>ADDITIVE/DEDUCTIVE ITEMS</b>			
1.	Total all-inclusive <u>per 4' x 8' sheet</u> cost to remove and replace the existing ¾" OSB decking where found to be deteriorated or damaged. New replacement decking material is to match the same thickness, type and grade and nailing schedule as that of the existing OSB decking material.	\$160.00 / ea.	dollars (written) One Hundred Sixty Thousand Dollars
2.	Provide a total all-inclusive <u>per 8' length of 6" wood nailer</u> cost to remove and replace existing wood nailer where found to be deteriorated or damaged. New replacement wood nailer is to be No.1 & Btr grade Pressure Treated Douglas fir (PTDF) wood.	\$86.00	dollars (written) Eighty Six Dollars
3.	Provide a total all-inclusive <u>per square foot</u> cost to install ½" : 12" tapered expanded polystyrene (ESP) crickets at upslope side of equipment curbs, platforms 48" or wider and skylights as required. The cricket are to be loose-laid directly over the prepared OSB deck for concurrent attachment with the gypsum cover board in accordance with the mechanical attachment requirements as indicated.	\$5,700.00	dollars (written) Five Thousand Seven Hundred Dollars
4.	Provide a total all-inclusive <u>per lineal foot</u> cost to install the specified 72-mil minimum walkway tread in accordance with the attachment requirements.	\$9,510.00	dollars (written) Nine Thousand Five Hundred Ten Dollars

**C. Costs Included in the Preceding Lump Sum Bid**

The undersigned bidder declares that the cost for labor, materials, equipment, and incidentals necessary for sheeting, shoring, bracing and other excavation supports required by the Labor Code of the State of California, the Construction Safety Orders of the Division of Industrial Safety of the State of California, and the California Occupational Safety and Health Act of 1973, is included in the lump sum price of this bid and that such cost is as follows:

\$ 1,024,070.00 (numbers)

One Million Twenty Four Thousand Seventy Dollars (words)

**7.0 LIST OF EQUIPMENT MANUFACTURERS**

- A. The undersigned bidder is naming in this Section, the manufacturer or supplier that will furnish the respective item of equipment for the work identified in the Bidding and Contract Requirements, Section C - Bid Forms, Part 8.0, and "List of Equipment". Bidder shall list one name for each item of equipment identified in the Bidding and Contract Requirements, Section C - Bid Forms, Part 8.0, "List of Equipment".
- B. The bidder agrees that in the event any listed manufacturer or supplier is not specifically named in the specifications, the bidder shall, prior to award, submit complete information, satisfactory to the Agency, demonstrating that such manufacturer's or supplier's equipment meets the requirements of the bidding documents.

If, in the opinion of the Agency, the listed manufacturer's or supplier's equipment does not meet the requirements of the bidding documents, the bidder's bid will be rejected unless, prior to award, the bidder, in writing agrees to furnish and install equipment that does meet the requirements of the bidding documents, without change in the prices of the bid.

- C. Where manufacturers' or suppliers' names are listed next to specific items of equipment, this shall be interpreted to mean that such manufacturers may not be substituted, in accordance with the stipulations in the Bidding and Contract Requirements, Section B - Instructions to Bidders, Part 4.0, "Product Substitution".

**8.0 LIST OF EQUIPMENT**

Section No.	Equipment Description	Manufacturer
07519	ROBOTIC WELDER GENERATOR SCREW GUN HAND HELD WELDER CRANE REACH-FORK BOOM LIFT	LEISTER GENERIC DEWALT LEISTER SMITH BROS. SKYLIFT SKYLIFT

**9.0 SHOP DRAWING SUBMITTALS WITH THE BID (Optional Section)**

All bids shall be submitted with shop drawings for the items listed below in accordance with the contract documents:

SECTION NO.	ITEM
N/A	N/A

The Agency shall provide compensation for preparation of shop drawings only to the lowest responsible bidder whose bid complies with all the requirements prescribed in the contract documents.

**10.0 LIST OF SUBCONTRACTORS**

- A. The undersigned bidder lists under the Bidding and Contract Requirements, Section C - Bid Forms, Part 10.0, "List of Subcontractors", the name and location of the place of business of each subcontractor who will perform work or labor or render service to the Contractor in or about the construction of the work in an amount in excess of one-half of one percent (0.5%) of the total bid, and the portion of the work which will be done by each subcontractor.
  
- B. The undersigned bidder understands that circumvention by the bidder of the requirement to list subcontractors by the device of listing one subcontractor who will in turn sublet portions constituting the majority of the work is a violation of the Subletting and Subcontracting Fair Practices Act (Division 2, Part 1, Chapter 4, of the California Public Contract Code) and shall subject the bidder to the penalties set forth in said Act (Sections 4110 and 4111 of said Code).

<u>Name</u>	<u>Location of Business</u>	<u>Type of Work</u>	<u>License No.</u>
Klondike Construction Services Inc.	10016 Pioneer Blvd. Ste 102 Santa Fe Springs, CA 90670	Roof Demo	# 990645

**11.0 EXPERIENCE DATA**

The undersigned bidder shall submit, under the Bidding and Contract Requirements, Section C - Bid Forms, Part 12.0, "Description of Previous Projects by the Bidder", a brief description of all work previously executed in the past seven (7) years by the bidder and the locations of all projects; giving the year in which done, the manner of execution, name, address, and telephone number of the owner, overall cost when constructed, and such other information so as to evidence the bidder's ability to perform the work.

**12.0 DESCRIPTION OF PREVIOUS PROJECTS BY THE BIDDER**

Rancho Campana HS & Performing Arts Center completed 10/7/2016 for the amount of \$ 1,110,773.00, (owner) Camarillo Unified School District

600 Temple Avenue , Camarillo CA 93010, Sandra Munos ( 661)392-7000 New Single ply installed.

South Hall Convention Center completed on 9/16/16 for the amount of \$ 3,999,511.00, (owner) City of Los Angeles- 555 Ramirez Street

Space 150 Los Angeles CA 90012- Steve Potik (213) 741-1151) Reroof Single ply installed.

Central Los Angeles Learning Center No. 1 Phase 2 completed on 4/8/2011 for the amount \$ 9,674,284.00, ( Owner) Los Angeles Unified School District

1545 Wilshire Blvd. Suite 100 Los Angeles CA 900174, Martin Rosales (323) 789-7041- New Single Ply installed

University Park South completed on 3/11/2011 for the amount of \$ 2,431,307.00, (Owner) San Francisco State University

1600 Holloway Avenue San Francisco CA 94132- Rose Balancio- Dimaggio (415) 405-3654 Replace Single ply installed

\* Additional References Attached \*

**13.0 WORKERS' COMPENSATION INSURANCE**

In conformance with the current requirements of Section 1861 of the Labor Code of the State of California, the undersigned bidder confirms the following as its certification:

"I am aware of the provisions of Section 3700 of the Labor Code which requires every employer to be insured against liability for Workers' Compensation or to undertake self-insurance in accordance with the provisions of that code, and I will comply with such provisions before commencing the performance of the work."

### SIMILAR PROJECTS IN THE PAST 7 YEARS

Project Name	Project Address LHM 1	Project City	State	Year	Bid Amount	Final Contract Amount	Completion Date	Type of Service	Contract Type	Contractor	Firm Name	Last Name	Phone	Cell
Rencho Campana HS & Performing Arts Center	Las Posas Road	Camarillo	CA		\$1,090,000.00	\$1,310,773.00	10/7/2015	New	Single Ply	SC Anderson	Sandra	Meares	(805) 392-7000	(661) 351-9999
South Hall Convention Center	1201 South Figueroa Street	Los Angeles	CA	90016	\$3,551,010.63	\$3,389,511.00	5/16/2016	Reroof	Single Ply	City of Los Angeles	Marlo	Sanchez	(213) 741-1151	
Rarocof at El Camino Real High School	3440 Valley Circle Blvd	Los Angeles	CA	91287	\$1,018,000.00	\$1,029,111.00	10/9/2015	Reroof	Single Ply	LAUSD	Martin	Rosales	(323) 789-7041	(213) 419-4010
USPS San Francisco Area G		San Francisco	CA		\$1,448,882.00	\$1,532,464.00	8/8/2014	Replace	Single Ply	USPS	Guy	Eberle	(214) 819-7109	(214) 819-7125
Miramar College Library Learning Resource Center	10440 Black Mountain Road	San Diego	CA	92126	\$32,366.00	\$1,890,791.00	2/1/2015	New	Single Ply	Sundt Construction Company	Nest	Schelten	(619) 321-4894	(619) 321-4900
LAX Terminal 5 Delta Airlines Airside	World Way West	Los Angeles	CA		\$3,985,624.00	\$3,960,740.00	10/16/2012	Reroof	Single Ply	PRYTECHNOLOGIES	David	Barron	(774) 323-1600	(678) 323-1639
Central Library New Roof	630 West 5th Street	Los Angeles	CA		\$1,264,451.50	\$1,666,145.00	6/15/2012	Reroof	Single Ply	City of Los Angeles Contract No: 58581	Frank	Alvarado	(213) 479-8585	(213) 743-8552
Palomar Medical Center West New Hospital Increment 2	2185 Citracado Parkway	Escondido	CA	92029	\$4,890,000.00	\$6,591,537.00	2/10/2012	New	Single Ply	DPH Construction Inc	John	Cole	(619) 921-7932	(858) 597-7001
Central Los Angeles Learning Center No 1 Phase 1	701 South Catalina Street	Los Angeles	CA	90005	\$1,497,000.00	\$9,674,284.00	4/8/2011	New	Single Ply	Hensel Phelps	Jarvis	Haugman	(349) 852-0111	(349) 852-0216
Palmdale Hills Middle School (New Middle School Pk 5 Phase A)	8290 Sonora Drive	Desert Hot Springs	CA	92240	\$995,488.00	\$1,012,688.00	4/6/2011	New	Single Ply	McCarthy Building Companies	Kevin	Wiegand	(949) 851-8988 ext.392	(949) 756-6843
William Morris Agency Project	293 - 265 Beverly Drive	Beverly Hills	CA	90210	\$1,584,000.00	\$1,941,109.64	3/25/2011	New	Single Ply	Tishman Construction Corporation of California	Jennifer	Gardner	(213) 827-5000 ext.3039	(213) 362-1002
University Park South	3600 Holloway Ave	San Francisco	CA		\$2,173,000.00	\$2,431,307.00	9/11/2011	Replace	Single Ply	San Francisco State University	Rose	Belancio-DiVigilio	(415) 423-2554	(415) 333-1804
Multi-Campus Re-Roofing and PV Infrastructure	400 Marchesson Drive	Milbrae	CA	94030	\$5,354,400.00	\$5,609,237.00	3/4/2011	Reroof	Single Ply	Graystone West, Co.	Todd	Lee	(707) 993-0624	
UC Davis Surgery and Emergency Pavilion	1 Shields Avenue	Davis	CA	95616	\$4,400,000.00	\$11,652,642.00	1/14/2012	New	Single Ply	Sturtevant Builders	Tony	Williamson	(415) 984-1227	(877) 849-7167
Crocker Art Museum					\$857,500.00	\$3,200,117.00	12/17/2010	-	Single Ply	Rudolph & Sletten General and Engr Contractors	Jim	Pon	(716) 781-8001	(716) 781-8003
Mowen High School	9259 Haskell Avenue	North Hills	CA	91345	\$1,204,339.00	\$1,318,704.00	10/22/2010	Reroof	Single Ply	Los Angeles Unified School District	Patrick	Sweetland	(818) 610-0275	(818) 610-5606
CSU Long Beach Student Recreational Center and Wellness Center	1250 Bellflower Boulevard	Long Beach	CA	90840	\$994,309.00	\$1,094,588.00	8/20/2010	New	Single Ply	Various GCs		Various GCs	(562) 002-0000	
CSU Long Beach Student Recreational Center and Wellness Center	1250 Bellflower Boulevard	Long Beach	CA	90840	\$994,309.00	\$1,034,588.00	8/20/2010	New	Single Ply	CW Driver	Vicky	Shettuck	(626) 351-8800	(626) 351-8800
CSU Long Beach Student Recreational Center and Wellness Center	1250 Bellflower Boulevard	Long Beach	CA	90840	\$994,309.00	\$1,034,588.00	8/20/2010	New	Single Ply	CW Driver	Patrick	Boongrapu	(626) 351-8800	(626) 351-8800
CSU Long Beach Student Recreational Center and Wellness Center	1250 Bellflower Boulevard	Long Beach	CA	90840	\$994,309.00	\$1,034,588.00	8/20/2010	New	Single Ply	CW Driver	Rob	Wewrach	(626) 351-8800	(626) 351-8800

Grand Totals (20 records)

**14.0 BIDDER IDENTIFICATION**

The undersigned has the legal authority to bind the bidder to the Contract for the execution of the work.

A. Legal name of Bidder Best Contracting Services, Inc.

B. Type of firm

sole proprietor     partnership     corporation

Other \_\_\_\_\_

If corporation, incorporated in the State of: California

C. Bidder's Business Address:

19027 S. Hamilton Ave.

Gardena, CA 90248

D. Bidder's Business Telephone: (310) 328-6969

E. Business License number issued by the city where the bidder's principal place of business is located.

Number 0000477286-0001-9 Issuing City Los Angeles

Expiration Date 2/28/2018

**15.0 PERSONS AND PARTIES INTERESTED IN THIS BID**

A. The names and residences of persons and parties interested in this bid, as principals, are listed under the Bidding and Contract Requirements, Section C - Bid Forms, Part 15.B, "List of Principals".

1. The first and last names are given in full.
2. In case of a corporation, the names and addresses of the President, Secretary, Treasurer, and Manager are given.
3. In case of a partnership or joint venture, the names and addresses of all the individual members are given.



**B. List of Principals**

Moji Tabazadeh, President - 19027 S. Hamilton Ave. Gardena, CA 90248

Sean Tabazadeh, CEO/Secretary/RMO - 19027 S. Hamilton Ave. Gardena, CA 90248

Fatemeh Tabazadeh, Treasurer - 19027 S. Hamilton Ave. Gardena, CA 90248

**16.0 DECLARATION**

A. I/WE declare under penalty of perjury under the laws of the State of California, that the statements in these Bid Forms are true and correct.

B. Date, October 26, 2017 at Gardena, California

C. By (signature) 

D. Printed Name and Position Sean Tabazadeh, CEO/Secretary

E. Stamp Seal

**17.0 ADDENDA**

The undersigned acknowledges receipt of Addenda Nos.:

1, 2, 3, 4 & 5

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**16.0 BIDDER'S STATEMENT**

Bid to: Inland Empire Utilities Agency, A Municipal Water District

The undersigned bidder hereby proposes to furnish, deliver and erect all equipment under the bidding schedule of the Agency's specifications entitled "Headquarters Buildings Roofing Replacement, Project No. CP16003" in accordance with the intent of said specifications and all addenda issued by said Agency prior to opening of the bids.

Said bidder agrees that, if this bid is determined to provide the lowest overall cost to the Agency, and meets all Agency requirements, that upon receipt of the Contract, from said Agency, bidder will properly execute and return said Contract, of which the Notice Inviting Bids, Instructions to Bidders, Bid, Information Required of Bidder, Specifications, Drawings, and all addenda issued by said Agency prior to the opening of bids, are a part; and within ten (10) calendar days after receipt of the notice of award and the executed Contract, bidder will secure the required insurance and bonds and furnish the required certificates; and that upon failure to execute said Contract, and/or furnish the required insurance, bonds and certificates within said time, then the bid guarantee furnished by said bidder shall be forfeited to said Agency as liquidated damages for such failure; provided, that if said bidder shall execute the Contract, secure the required insurance and bonds, and furnish the required insurance certificates within said time, his bid guarantee, if furnished, shall be returned to him within five (5) calendar days thereafter, and the bid bond, if furnished, shall become void.


The bidder acknowledges and understands that a waiting period from time of bid opening until award may be ninety (90) calendar days during which bidder may not withdraw his bid. The bidder further acknowledges that he has adjusted his bid price to include all possible items which may influence the bid during the waiting period. Requests for bid price change due to such a delay shall not be agreed to by the Agency.

If the bidder is awarded a Contract in conjunction with this bid, the Surety who will provide the Performance Bond will be The Hanover Insurance Company whose address is  
5 Hutton Centre Dr. Suite 1060  
Santa Ana California 92707  
City State Zip

Said bidder further agrees to complete all work required under the Contract within the time stipulated in the specifications, and to accept, as full payment therefore, the prices(s) named in the above-mentioned bidding schedule.

Date: October 05, 2017

Best Contracting Services, Inc. (Bidder)

By:   
(Signature)  
Sean Tabazadeh, CEO/Secretary  
(Title)

**19.0 STATEMENT OF COORDINATION**

The Undersigned acknowledges that, in the process of preparing a bid for the referenced category of Work, he has examined the Contract Drawings; read and understands the requirements of the General and Supplementary Conditions; Addenda, if any; technical sections of the Specifications describing work categories for which the Undersigned is directly responsible, and all related sections which include additional requirements for cooperation, coordination, and compliance.

The Undersigned acknowledges his obligation to identify below any errors, omissions, conflicts, code violations and improper use of materials discovered in the Contract Documents that could interfere with the timely completion, or increase the cost, of the category of Work for which the Undersigned is responsible.

Except as noted below, the Undersigned has no objection to, or reservation about, the materials to be furnished or the conditions under which they will be installed, and is satisfied that he can complete his contractual responsibilities in a first class workman-like manner without extensive modifications or additional expense.

Exceptions: NONE  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Alternates to Exceptions:  
NONE  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Submitted by: Best Contracting Services, Inc.

Signed By:  Sean Tabazadeh, CEO/Secretary Date: October 05, 2017

**20.0 NONCOLLUSION AFFIDAVIT**

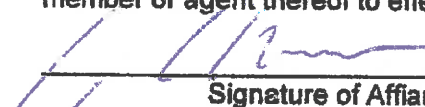
STATE OF CALIFORNIA  
COUNTY OF Los Angeles )ss.

Sean Tabazadeh, affiant, the  
(Individual completing affidavit)

CEO/Secretary, of  
(Position with firm of the individual completing affidavit)

Best Contracting Services, Inc., the  
(Name of the Firm)

party making the foregoing bid, having first been duly sworn, deposes and says that the bid is not made in the interest of, or on behalf of, any undisclosed person, partnership, company, association, organization, or corporation; that the bid is genuine and not collusive or sham; that the bidder has not directly or indirectly induced or solicited any other bidder to put in a false or sham bid, and has not directly or indirectly colluded, conspired, connived, or agreed with any bidder or anyone else to put in a sham bid, or that anyone shall refrain from bidding; that the bidder has not in any manner, directly or indirectly, sought by agreement, communication, or conference with anyone to fix the bid price of the bidder or any other bidder, or to fix any overhead, profit, or cost element of the bid price, or that of any other bidder, or to secure any advantage against the public body awarding the Contract of anyone interested in the proposed Contract; that all statements contained in the bid are true; and, further, that the bidder has not, directly or indirectly, submitted his or her bid price or any breakdown thereof, or the contents thereof, or divulged information or data relative thereto, or paid, and will not pay, any fee to any corporation, partnership, company, association, organization, bid depository, or to any member or agent thereof to effectuate a collusive or sham bid.

  
Sean Tabazadeh, CEO/Secretary  
Signature of Affiant

\*SEE ATTACHED NOTARY\*  
Subscribed and sworn to before me

this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
Signature of Notary Public in and for

the County of \_\_\_\_\_,

State of California.

**CALIFORNIA JURAT WITH AFFIANT STATEMENT**

**GOVERNMENT CODE § 8202**

- See Attached Document (Notary to cross out lines 1-6 below)
- See Statement Below (Lines 1-6 to be completed only by document signer[s], *not* Notary)

\_\_\_\_\_

*Signature of Document Signer No. 1*

\_\_\_\_\_

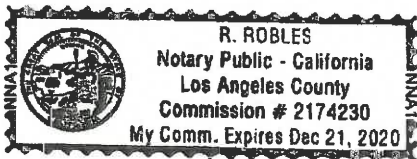
*Signature of Document Signer No. 2 (if any)*

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California  
 County of Los Angeles

Subscribed and sworn to (or affirmed) before me  
 on this 9<sup>th</sup> day of October, 2017  
 by Sean Tabazadeh  
 (1)

(and (2) \_\_\_\_\_),  
*Name(s) of Signer(s)*



proved to me on the basis of satisfactory evidence  
 to be the person(s) who appeared before me.

Signature *[Handwritten Signature]*  
*Signature of Notary Public*

*Seal*  
 Place Notary Seal Above

**OPTIONAL**

*Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.*

**Description of Attached Document**

Title or Type of Document: Non Collusion Affidavit Document Date: 10/09/17

Number of Pages: 1 Signer(s) Other Than Named Above: \_\_\_\_\_

**21.0 BIDDER'S BOND (Ten (10) Percent of the Total Bid)**

Bond Number N/A

**BID BOND**

KNOW ALL MEN BY THESE PRESENTS,

That Best Contracting Services, Inc., as Principal

and The Hanover Insurance Company, as Surety

are held and firmly bound unto the Inland Empire Utilities Agency, a Municipal Water District hereinafter designated as the "Agency", in the sum of dollars, (not less than ten (10) percent of the total amount of the bid) for the payment of which sum will and truly to be made, we bind ourselves, our heirs, executors, administrators, successors, and assigns, jointly and severally, firmly by these presents.

WHEREAS, said Principal has submitted a bid to said Agency to perform all work required under the bidding schedule(s) titled:

Inland Empire Utilities Agency HQ Building Roof, Project No. CP16003, IFB-MB-17-023

NOW, THEREFORE, if said Principal is awarded the Contract by said Agency and within the time and in the manner required under the Instructions to Bidders (Part 1, Section II) bound with said specifications, enters into a written agreement and fully executes the Contract bound with said specifications and furnishes the required bonds and verification of insurance, then this obligation shall be null and void, otherwise it shall remain in full force and effect. In the event a suit is brought upon this bond by said Agency and judgment is recovered, said Surety shall pay all costs incurred by said Agency in such suit, including a reasonable attorney's fee to be fixed by the Court.

SIGNED AND SEALED, this 28th day of September, 2017

Best Contracting Services, Inc.

Principal (print name)

By: 

Sean Tabazadeh,  
CEO/Secretary

Signature

(Corporate Seal)

Continued on page 2

Bond Number

**SECOND PAGE OF BID BOND**

Bidding Schedule(s) titled:

The Hanover Insurance Company

Jinghan Guo

Surety agent (print name)

By:

  
Signature

(Surety Seal)

Surety address

5 Hutton Centre Dr. Suite 1060

Santa Ana, CA 92707

THE HANOVER INSURANCE COMPANY  
MASSACHUSETTS BAY INSURANCE COMPANY  
CITIZENS INSURANCE COMPANY OF AMERICA

POWER OF ATTORNEY

THIS Power of Attorney limits the acts of those named herein, and they have no authority to bind the Company except in the manner and to the extent herein stated.

KNOW ALL PERSONS BY THESE PRESENTS:

That THE HANOVER INSURANCE COMPANY and MASSACHUSETTS BAY INSURANCE COMPANY, both being corporations organized and existing under the laws of the State of New Hampshire, and CITIZENS INSURANCE COMPANY OF AMERICA, a corporation organized and existing under the laws of the State of Michigan, (hereinafter individually and collectively the "Company") does hereby constitute and appoint,

Patrick T. Moughan, Mark D. Kiger, Alec D. Martinez, Erin Powell and/or Jinghan Guo

Of Global Risk, LLC of Los Angeles, CA each individually, if there be more than one named, as its true and lawful attorney(s)-in-fact to sign, execute, seal, acknowledge and deliver for, and on its behalf, and as its act and deed any place within the United States, any and all surety bonds, recognizances, undertakings, or other surety obligations. The execution of such surety bonds, recognizances, undertakings or surety obligations, in pursuance of these presents, shall be as binding upon the Company as if they had been duly signed by the president and attested by the secretary of the Company, in their own proper persons. Provided however, that this power of attorney limits the acts of those named herein; and they have no authority to bind the Company except in the manner stated and to the extent of any limitation stated below.

Any such obligations in the United States, not to exceed Fifty Million and No/100 (\$50,000,000) in any single instance

That this power is made and executed pursuant to the authority of the following Resolutions passed by the Board of Directors of said Company, and said Resolutions remain in full force and effect:

RESOLVED: That the President or any Vice President, in conjunction with any Vice President, be and they hereby are authorized and empowered to appoint Attorneys-in-fact of the Company, in its name and as it acts, to execute and acknowledge for and on its behalf as surety, any and all bonds, recognizances, contracts of indemnity, waivers of citation and all other writings obligatory in the nature thereof, with power to attach thereto the seal of the Company. Any such writings so executed by such Attorneys-in-fact shall be binding upon the Company as if they had been duly executed and acknowledged by the regularly elected officers of the Company in their own proper persons.

RESOLVED: That any and all Powers of Attorney and Certified Copies of such Powers of Attorney and certification in respect thereto, granted and executed by the President or Vice President in conjunction with any Vice President of the Company, shall be binding on the Company to the same extent as if all signatures therein were manually affixed, even though one or more of any such signatures thereon may be facsimile. (Adopted October 7, 1981 - The Hanover Insurance Company; Adopted April 14, 1982 - Massachusetts Bay Insurance Company; Adopted September 7, 2001 - Citizens Insurance Company of America)


IN WITNESS WHEREOF, THE HANOVER INSURANCE COMPANY, MASSACHUSETTS BAY INSURANCE COMPANY and CITIZENS INSURANCE COMPANY OF AMERICA have caused these presents to be sealed with their respective corporate seals, duly attested by two Vice Presidents, this 29<sup>th</sup> day of March, 2017.

The Hanover Insurance Company  
Massachusetts Bay Insurance Company  
Citizens Insurance Company of America

  
John C. Rebo, EVP and President



The Hanover Insurance Company  
Massachusetts Bay Insurance Company  
Citizens Insurance Company of America

  
James H. Kawtecki, Vice President

THE COMMONWEALTH OF MASSACHUSETTS )  
COUNTY OF WORCESTER ) ss.

On this 29<sup>th</sup> day of March, 2017 before me came the above named Vice Presidents of The Hanover Insurance Company, Massachusetts Bay Insurance Company and Citizens Insurance Company of America, to me personally known to be the individuals and officers described herein, and acknowledged that the seals affixed to the preceding instrument are the corporate seals of The Hanover Insurance Company, Massachusetts Bay Insurance Company and Citizens Insurance Company of America, respectively, and that the said corporate seals and their signatures as officers were duly affixed and subscribed to said instrument by the authority and direction of said Corporations.



  
Diane J. Higgins, Notary Public  
My Commission Expires March 4, 2022

I, the undersigned Vice President of The Hanover Insurance Company, Massachusetts Bay Insurance Company and Citizens Insurance Company of America, hereby certify that the above and foregoing is a full, true and correct copy of the Original Power of Attorney issued by said Companies, and do hereby further certify that the said Powers of Attorney are still in force and effect.

GIVEN under my hand and the seals of said Companies, at Worcester, Massachusetts, this 28<sup>th</sup> day of September 2017

CERTIFIED COPY

  
Theodore G. Martinez, Vice President



# CALIFORNIA ALL- PURPOSE CERTIFICATE OF ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California }

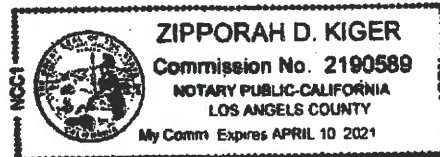
County of Los Angeles }

On 9/28/17 before me, Zipporah D. Kiger, Notary Public  
(Here insert name and title of the officer)

personally appeared Jinghan Guo  
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) (s) are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



[Signature]  
Notary Public Signature

(Notary Public Seal)

### ADDITIONAL OPTIONAL INFORMATION

**DESCRIPTION OF THE ATTACHED DOCUMENT**

(Title or description of attached document)

(Title or description of attached document continued)

Number of Pages \_\_\_\_\_ Document Date \_\_\_\_\_

### CAPACITY CLAIMED BY THE SIGNER

- Individual (s)  
 Corporate Officer

\_\_\_\_\_  
(Title)

- Partner(s)  
 Attorney-in-Fact  
 Trustee(s)  
 Other \_\_\_\_\_

### INSTRUCTIONS FOR COMPLETING THIS FORM

- This form complies with current California statutes regarding notary wording and, if needed, should be completed and attached to the document. Acknowledgments from other states may be completed for documents being sent to that state so long as the wording does not require the California notary to violate California notary law.*
- State and County information must be the State and County where the document signer(s) personally appeared before the notary public for acknowledgment.
  - Date of notarization must be the date that the signer(s) personally appeared which must also be the same date the acknowledgment is completed.
  - The notary public must print his or her name as it appears within his or her commission followed by a comma and then your title (notary public).
  - Print the name(s) of document signer(s) who personally appear at the time of notarization.
  - Indicate the correct singular or plural forms by crossing off incorrect forms (i.e. he/she/they-, is /are ) or circling the correct forms. Failure to correctly indicate this information may lead to rejection of document recording.
  - The notary seal impression must be clear and photographically reproducible. Impression must not cover text or lines. If seal impression smudges, re-seal if a sufficient area permits, otherwise complete a different acknowledgment form.
  - Signature of the notary public must match the signature on file with the office of the county clerk.
    - ❖ Additional information is not required-but could help to ensure this acknowledgment is not misused or attached to a different document.
    - ❖ Indicate title or type of attached document, number of pages and date.
    - ❖ Indicate the capacity claimed by the signer. If the claimed capacity is a corporate officer, indicate the title (i.e. CEO, CFO, Secretary).
  - Securely attach this document to the signed document with a staple.

**22.0 CONTRACTOR'S LICENSE DECLARATION**

(Business and Professions Code Section 7028-15)

The undersigned declares that he/she is Sean Tabazadeh, CEO/Secretary/RMO  
(party preparing foregoing bid)

of Best Contracting Services, Inc.  
(name of bidding firm)

**A. Bidders California Contractor's License Number:**

1. Bidder's Contractor's License Number is as follows:

# 456263 Classification: A,B,C17,C39,C43

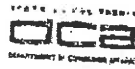
2. The expiration date of bidder's Contractor's License

is: May 31, 20 18

3. Bidder acknowledges that Section 7028.15 (e) of the Business and Professions Code provides as follows:

"A licensed contractor shall not submit a bid to a public agency unless his or her contractor's license number appears clearly on the bid, the license expiration date is stated, and the bid contains a statement that the representations therein are made under penalty of perjury. Any bid not containing this information, or a bid containing information which is subsequently proven false, shall be considered non-responsive and shall be rejected by the public agency."

**\* SEE ATTACHED POCKET LICENSE \***



CONTRACTORS  
STATE LICENSE BOARD  
ACTIVE LICENSE



456263

CORP

BEST CONTRACTING SERVICES  
INC

C39 B A C43 C17



05/31/2018

[www.cslb.ca.gov](http://www.cslb.ca.gov)

**23.0 BUSINESS OWNERSHIP INFORMATION**

**Business Ownership Information**

Are you a WMDVBE\* certified business?  Yes  No  
\*(Women, Minority, Disabled, Veteran Business Enterprise)

Certification must be received from California Public Utilities Commission clearing House. Call Toll Free: 800-359-7998 or 415-928-6892 for additional information. Please check those that apply: \* NOT APPLICABLE \*

- |  |  |
|--|--|
| <input type="checkbox"/> Women-Owned Business              | <input type="checkbox"/> African-American-Owned Business       |
| <input type="checkbox"/> Disabled-Owned Business           | <input type="checkbox"/> Veteran-Owned Business                |
| <input type="checkbox"/> Native-American-Owned Business    | <input type="checkbox"/> Hispanic-Owned Business               |
| <input type="checkbox"/> Caucasian-American-Owned Business | <input type="checkbox"/> Underrepresented Asian-Owned Business |

## **24.0 GENERAL CHECKLIST**

- 1) **Listed below are items that are required to be submitted with the Bid Located under Section C: BID FORMS**
  - 1) Experience Data
  - 2) Financial Statement (upon request)
  - 3) Bidder Identification
  - 4) Contractor's License Declaration
  - 5) Bidder's Statement
  - 6) Statement of Coordination
  - 7) Non-Collusion Affidavit
  - 8) Bidders Bond
  
- 2) **Listed below are items that are required within 10 days from the date of mailing the Notice of Contract Award (submitted items require IEUA approval within this same time frame):**
  - 1) Contract
  - 2) Contract Performance Bond
  - 3) Certificate as to Corporate Principal
  - 4) Payment Bond
  - 5) Certificate of Insurance & Endorsements
  - 6) Commercial General Liability Endorsement
  - 7) Automobile Liability Special Endorsement
  - 8) Workers' Compensation & Employer's Liability Special Endorsement  
(Waiver of subrogation)
  - 9) Escrow agreement for Security Deposits in Lieu of Retention
  - 10) Construction Schedule

- 11) Emergency contact number
  - 12) Preliminary Schedule of Values
- 3) Listed below are items that are required within 20 to 30 days from mailing the Notice of Contract Award (submitted items require IEUA approval within this time frame)
- 1) Construction Schedule
  - 2) Schedule of Values

(This page was left blank intentionally)

**ADDENDUM No. 1  
FOR PLANS AND SPECIFICATIONS FOR  
THE CONSTRUCTION OF THE  
HEADQUARTER BUILDINGS ROOFING REPLACEMENT  
PROJECT NO. CP16003  
September 27, 2017**

**To: All Plan Holders**

The following changes, additions, and/or deletions are hereby made a part of the Specifications for the Construction of the Headquarter Buildings Roofing Replacement Project NO. CP16003 as fully and completely as if the same were fully set forth therein:

**Reference:**

**INLAND EMPIRE UTILITIES AGENCY – PLANS AND SPECIFICATIONS FOR THE  
CONSTRUCTION OF THE HEADQUARTER BUILDINGS ROOFING REPLACEMENT**

1. Attachment C, Drawings, Sheet 4 of 26, A-1

Delete Current sheet and replace with the attached revised sheet. The change made is the depiction of four (4) existing skylights on this specific sheet that did not originally show these four skylights. Quantities noted in other locations of the bid documents are correct and shall not be adjusted.

2. Attachment C, Drawings, Sheet 5 of 26, A-2

Delete Current sheet and replace with the attached revised sheet. The change made is the numbering of the skylights. The skylights are depicted correctly on this sheet, however the "SB" numbering system was not sequential.

**Attachments for Addendum No. 1**

Attachment A- *Revised Sheet A-1*

Attachment B- *Revised Sheet A-2*


**\*\* END OF ADDENDUM \*\***

Plans/Specifications for the Construction of the  
Headquarter Buildings Roofing Replacement Project No. CP16003

ADDENDUM NO. 1

September 27, 2017



  
Matthew A. Poeske, P.E.  
Senior Engineer/Project Manager

  
David Mendez  
Deputy Manager of Capital Improvements

Receipt acknowledged and  
Conditions agreed to this  
5th day of October 2017. By

Company: Best Contracting Services, Inc.

Signature: 

Print Name/Title: Sean Tabazadeh, CEO/Secretary

Plans/Specifications for the Construction of the  
Headquarter Buildings Roofing Replacement Project No. CP16003

ADDENDUM NO. 1

September 27, 2017

**ADDENDUM No. 2**  
**FOR PLANS AND SPECIFICATIONS FOR**  
**THE CONSTRUCTION OF THE**  
**HEADQUARTER BUILDINGS ROOFING REPLACEMENT**  
**PROJECT NO. CP16003**  
**October 3, 2017**

**To: All Plan Holders**

The following changes, additions, and/or deletions are hereby made a part of the Specifications for the Construction of the Headquarter Buildings Roofing Replacement Project NO. CP16003 as fully and completely as if the same were fully set forth therein:

**Reference:**

**INLAND EMPIRE UTILITIES AGENCY – PLANS AND SPECIFICATIONS FOR THE CONSTRUCTION OF THE HEADQUARTER BUILDINGS ROOFING REPLACEMENT**

1. **Cover page. Specifications for the Construction of the Headquarter Buildings Roofing Replacement.**

Delete the Date "October 5, 2017" and replace with "October 10, 2017".

2. **Page 3 of Specifications for the Construction of the Headquarter Buildings Roofing Replacement under section 1.0 RECEIPT OF BIDS**

Replace the paragraph under this section with the following:

"Sealed bids will be received at the office of the Agency, Inland Empire Utilities Agency, located at 6075 Kimball Avenue Building "A", Chino, California, 91708, until 10:30 a.m. on October 10, 2017 for the Headquarter Buildings Roofing Replacement Project (CP16003).

The bids will be publicly read immediately following receipt of bids at the office of the Agency listed above."

3. **Attachment C, Drawings, Sheet 4 of 26, A-1 and Attachment A, Addendum No. 1, Sheet 4 of 26, A-1**

Delete Current sheets and replace with the attached revised sheet. The change made is the correction of Construction Note #4 regarding quantity of skylights.

4. **The following questions were received.**

Which skylights are to have motorized louvers and how they are controlled? Are they controlled separately or are they grouped together?

Please refer to No. 5, No. 6, and No. 7 of this Addendum and Specification Section 08451, PART 2, 2.4 E Daylighting Controls.

Plans/Specifications for the Construction of the  
Headquarter Buildings Roofing Replacement Project No. CP16003

5. Attachment C, Drawings, Sheet 5 of 26, A-2 and Attachment B, Addendum No. 1, Sheet 5 of 26, A-2

Delete Current sheets and replace with the attached revised sheet. The changes made are the correction of Construction Note #4 regarding quantity of skylights, clarification of construction Note #7 regarding louvered skylights and location/quantity of louver controls, and additional references to Detail 5 on Sheet A-6 for integral louvers.

6. Attachment C, Drawings, Sheet 6 of 26, A-3

Delete Current sheet and replace with the attached revised sheet. The change made is the addition of Construction Note #3 to clarify location of controllers for tubular skylights.

7. Attachment C, Drawings, Sheet 7 of 26, A-4

Delete Current sheet and replace with the attached revised sheet. The change made is the addition of Construction Note #3 to clarify location of controllers for tubular skylights.

Attachments for Addendum No. 2

Attachment A- Revised Sheet A-1

Attachment B- Revised Sheet A-2

Attachment C- Revised Sheet A-3

Attachment D- Revised Sheet A-4

**\*\* END OF ADDENDUM \*\***

  
Matthew A. Poeske, P.E.  
Senior Engineer/Project Manager

  
David Mendez  
Deputy Manager of Capital Improvements

Receipt acknowledged and  
Conditions agreed to this  
10th day of October 2017. By

Company: Best Contracting Services, Inc.

Signature: 

Print Name/Title: Sean Tabazadeh, CEO/Secretary

Plans/Specifications for the Construction of the  
Headquarter Buildings Roofing Replacement Project No. CP16003

ADDENDUM NO. 2

October 3, 2017

**ADDENDUM No. 3**  
**FOR PLANS AND SPECIFICATIONS FOR**  
**THE CONSTRUCTION OF THE**  
**HEADQUARTER BUILDINGS ROOFING REPLACEMENT**  
**PROJECT NO. CP16003**  
**October 9, 2017**

**To: All Plan Holders**

The following changes, additions, and/or deletions are hereby made a part of the Specifications for the Construction of the Headquarter Buildings Roofing Replacement Project NO. CP16003 as fully and completely as if the same were fully set forth therein:

**Reference:**

**INLAND EMPIRE UTILITIES AGENCY – PLANS AND SPECIFICATIONS FOR THE**  
**CONSTRUCTION OF THE HEADQUARTER BUILDINGS ROOFING REPLACEMENT**

1. Cover page. Specifications for the Construction of the Headquarter Buildings Roofing Replacement.

Delete the Date "October 5, 2017" and replace with "October 12, 2017".

2. Page 3 of Specifications for the Construction of the Headquarter Buildings Roofing Replacement under section 1.0 RECEIPT OF BIDS

Replace the paragraph under this section with the following:

"Sealed bids will be received at the office of the Agency, Inland Empire Utilities Agency, located at 6075 Kimball Avenue Building "A", Chino, California, 91708, until 2:30 p.m. on October 12, 2017 for the Headquarter Buildings Roofing Replacement Project (CP16003).

The bids will be publicly read immediately following receipt of bids at the office of the Agency listed above."

**\*\* END OF ADDENDUM \*\***

Plans/Specifications for the Construction of the  
Headquarter Buildings Roofing Replacement Project No. CP16003

ADDENDUM NO. 3

October 9, 2017

DM For Matt Poeske  
Matthew A. Poeske, P.E.  
Senior Engineer/Project Manager

DM  
David Mendez  
Deputy Manager of Capital Improvements

Receipt acknowledged and  
Conditions agreed to this  
12 day of October 2017. By

Company: Best Contracting Services, Inc.

Signature: 

Print Name/Title: Sean Tabazadeh, CEO/Secretary

Plans/Specifications for the Construction of the  
Headquarter Buildings Roofing Replacement Project No. CP16003

ADDENDUM NO. 3

October 9, 2017

ADDENDUM No. 4  
FOR PLANS AND SPECIFICATIONS FOR  
THE CONSTRUCTION OF THE  
HEADQUARTER BUILDINGS ROOFING REPLACEMENT  
PROJECT NO. CP16003  
October 11, 2017

To: All Plan Holders

The following changes, additions, and/or deletions are hereby made a part of the Specifications for the Construction of the Headquarter Buildings Roofing Replacement Project NO. CP16003 as fully and completely as if the same were fully set forth therein:

Reference:

INLAND EMPIRE UTILITIES AGENCY – PLANS AND SPECIFICATIONS FOR THE  
CONSTRUCTION OF THE HEADQUARTER BUILDINGS ROOFING REPLACEMENT

1. Cover page. Specifications for the Construction of the Headquarter Buildings Roofing Replacement.

Delete the Date "October 5, 2017" and replace with "October 26, 2017".

2. Page 3 of Specifications for the Construction of the Headquarter Buildings Roofing Replacement under section 1.0 RECEIPT OF BIDS

Replace the paragraph under this section with the following:

"Sealed bids will be received at the office of the Agency, Inland Empire Utilities Agency, located at 6075 Kimball Avenue Building "A", Chino, California, 91708, until 2:30 p.m. on October 26, 2017 for the Headquarter Buildings Roofing Replacement Project (CP16003).

The bids will be publicly read immediately following receipt of bids at the office of the Agency listed above."

3. Clarification regarding the skylight requirements will be provided in Addendum No. 5 scheduled to be issued tomorrow October 12, 2017.

\*\* END OF ADDENDUM \*\*

Plans/Specifications for the Construction of the  
Headquarter Buildings Roofing Replacement Project No. CP16003

ADDENDUM NO. 4

October 11, 2017

  
Matthew A. Poeske, P.E.  
Senior Engineer/Project Manager

  
David Mendez  
Deputy Manager of Capital Improvements

Receipt acknowledged and  
Conditions agreed to this  
26th day of October 2017. By

Company: Best Contracting Services, Inc.

Signature: 

Print Name/Title: Sean Tabazadeh, CEO/Secretary

Plans/Specifications for the Construction of the  
Headquarter Buildings Roofing Replacement Project No. CP16003

ADDENDUM NO. 4

October 11, 2017

**ADDENDUM No. 5**  
**FOR PLANS AND SPECIFICATIONS FOR**  
**THE CONSTRUCTION OF THE**  
**HEADQUARTER BUILDINGS ROOFING REPLACEMENT**  
**PROJECT NO. CP16003**  
**October 12, 2017**

**To: All Plan Holders**

The following changes, additions, and/or deletions are hereby made a part of the Specifications for the Construction of the Headquarter Buildings Roofing Replacement Project NO. CP16003 as fully and completely as if the same were fully set forth therein:

Reference:

**INLAND EMPIRE UTILITIES AGENCY – PLANS AND SPECIFICATIONS FOR THE**  
**CONSTRUCTION OF THE HEADQUARTER BUILDINGS ROOFING REPLACEMENT**

1. **Attachment C, Drawings, Sheet 2 of 26, G-2**  
Delete Current sheet and replace with the attached revised sheet.
  
2. **Attachment C, Drawings, Sheet 3 of 26, G-3**  
Delete Current sheet and replace with the attached revised sheet.
  
3. **Attachment C, Drawings, Sheet 5 of 26, A-2**  
Delete Current sheet and replace with the attached revised sheet.
  
4. **Attachment C, Drawings, Sheet 9 of 26, A-6**  
Delete Current sheet and replace with the attached revised sheet.
  
5. **Technical Specification, Section 084501 Controlled Daylighting @ Translucent Skylight Assembly**  
Delete entire section and replace with the revised section.

Plans/Specifications for the Construction of the  
Headquarter Buildings Roofing Replacement Project No. CP16003

ADDENDUM NO. 5

October 12, 2017



**Attachments for Addendum No. 5**

Attachment A- Revised Sheet G-2


Attachment B- Revised Sheet G-3

Attachment C- Revised Sheet A-2

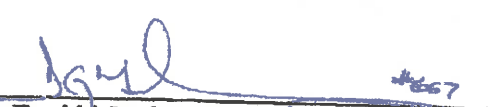
Attachment D- Revised Sheet A-6

Attachment E- Revised Section 084501 Controlled Daylighting @ Translucent Skylight Assembly

**\*\* END OF ADDENDUM \*\***


  
Matthew A. Poeske, P.E.  
Senior Engineer/Project Manager

515 15-12-17

  
David Mendez  
Deputy Manager of Capital Improvements

Receipt acknowledged and  
Conditions agreed to this  
26th day of October 2017. By

Company: Best Contracting Services, Inc.

Signature: 

Print Name/Title: Sean Tabazadeh, CEO/Secretary

Plans/Specifications for the Construction of the  
Headquarter Buildings Roofing Replacement Project No. CP16003

ADDENDUM NO. 5

October 12, 2017

**Attachment B**  
**Contractor Final and Best Offer**  
**On**  
**Additive/Deductive Items**  
**(Replaces Page 28 in Attachment A)**

ITEM	DESCRIPTION	UNIT PRICE	UNIT PRICE (written)
<b>ADDITIVE/DEDUCTIVE ITEMS</b>			
1.	Total all-inclusive per 4' x 8' sheet cost to remove and replace the existing 3/4" OSB decking where found to be deteriorated or damaged. New replacement decking material is to match the same thickness, type and grade and nailing schedule as that of the existing OSB decking material.	\$160.00 / ea.	dollars (written)  One Hundred Sixty Dollars
2.	Provide a total all-inclusive per 8' length of 6" wood nailer cost to remove and replace existing wood nailer where found to be deteriorated or damaged. New replacement wood nailer is to be No.1 & Btr grade Pressure Treated Douglas fir (PTDF) wood.	\$72.00 / ea.	dollars (written)  Seventy Two Dollars
3.	Provide a total all-inclusive per square foot cost to install 1/2" : 12" tapered expanded polystyrene (ESP) crickets at upslope side of equipment curbs, platforms 48" or wider and skylights as required. The cricket are to be loose-laid directly over the prepared OSB deck for concurrent attachment with the gypsum cover board in accordance with the mechanical attachment requirements as indicated.	\$4.00 / SF	dollars (written) Four Dollars
4.	Provide a total all-inclusive per linear foot cost to install the specified 72-mil minimum walkway tread in accordance with the attachment requirements.	\$14.35 / LF	dollars (written) Fourteen Dollars and Thirty Five Cents

**C. Costs Included In the Preceding Lump Sum Bid**

The undersigned bidder declares that the cost for labor, materials, equipment, and incidentals necessary for sheeting, shoring, bracing and other excavation supports required by the Labor Code of the State of California, the Construction Safety Orders of the Division of Industrial Safety of the State of California, and the California Occupational Safety and Health Act of 1973, is included in the lump sum price of this bid and that such cost is as follows:

28

AUGUST 2017  
IFB-MB-17-023

BID FORMS  
PROJECT NO. CP16003  
HEADQUARTERS BUILDINGS ROOFING REPLACEMENT

October 31, 2017

  
Sean Tabazadeh, CEO/Secretary

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

**CIVIL CODE § 1189**

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )  
County of Los Angeles )

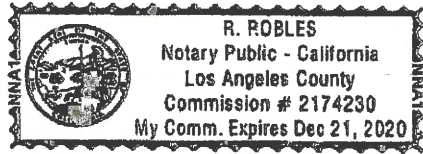
On 10/31/17 before me, R.Robles, Notary Public  
*Date Here Insert Name and Title of the Officer*

personally appeared Sean Tabazadeh  
*Name(s) of Signer(s)*

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Signature [Handwritten Signature]  
*Signature of Notary Public*

Place Notary Seal Above

**OPTIONAL**

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

**Description of Attached Document**

Title or Type of Document: Additive/Deductive Items  
Document Date: 10/31/17 Number of Pages: One(1)  
Signer(s) Other Than Named Above: \_\_\_\_\_

**Capacity(ies) Claimed by Signer(s)**

Signer's Name: Sean Tabazadeh  
 Corporate Officer — Title(s): CEO/Secretary  
 Partner —  Limited  General  
 Individual  Attorney in Fact  
 Trustee  Guardian or Conservator  
 Other: \_\_\_\_\_  
Signer Is Representing: Best Contracting Services, Inc.

Signer's Name: \_\_\_\_\_  
 Corporate Officer — Title(s): \_\_\_\_\_  
 Partner —  Limited  General  
 Individual  Attorney in Fact  
 Trustee  Guardian or Conservator  
 Other: \_\_\_\_\_  
Signer Is Representing: \_\_\_\_\_


CONSENT  
CALENDAR  
ITEM

**2N**



**Date:** December 20, 2017

**To:** The Honorable Board of Directors

**From:**  Malla Razak, General Manager

**Committee:** Engineering, Operations & Water Resources

12/13/17

Finance & Administration

12/13/17

**Executive Contact:** Chris Berch, Executive Manager of Engineering/AGM

**Subject:** RP-5 Aeration Diffuser Replacement Construction Contract Award

**Executive Summary:**

The wastewater treatment process utilizes air diffusers to process the wastewater for discharge or use as recycle water. Over time, the diffusers have become less effective due to aging and clogging, which negatively impacts the treatment process and increases electricity usage and cost. Most of the diffusers are original from the 2004 construction of RP-5 and have reached the end of their useful life. Typical life expectancy for the diffusers ranges from three to ten years. This project is intended to replace the diffusers and several other aging process components.

On November 7, 2017, IEUA received four pre-qualified contractor bids. Genesis Construction was the lowest responsive bidder, with a bid price of \$2,987,654. The construction contract was unanimously recommended for IEUA Board approval by the Regional Technical and Policy Committees. Genesis Construction successfully completed an aeration diffuser replacement maintenance project at RP-1 in 2013.

**Staff's Recommendation:**

1. Award a construction contract for the RP-5 Aeration Diffuser Replacement, Project No. PA17006.02, to Genesis Construction in the amount of \$2,987,654; and
2. Authorize the General Manager to execute the contract.

**Budget Impact** Budgeted (Y/N): Y Amendment (Y/N): N Amount for Requested Approval:

Account/Project Name:

PA17006.02/RP-5 Aeration Diffuser Replacement

*Fiscal Impact (explain if not budgeted):*

N/A

**Prior Board Action:**

N/A

---

**Environmental Determination:**

Categorical Exemption

CEQA identifies certain categories of projects as exempt from more detailed environmental review because these categories have been deemed to have no potential for significant impact on the environment. This project qualifies for a Categorical Exemption Class 1 as defined in Section 15301(b) of the State CEQA Guidelines.

---

**Business Goal:**

The RP-5 Aeration Diffuser Replacement 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.

---

**Attachments:**

Attachment 1 - PowerPoint

Attachment 2 - Construction Contract

# RP-5 Aeration Diffuser Replacement Construction Contract Award Project No. PA17006.02





# Project Location



Secondary Treatment Process:  
Aeration Diffusers

# The Project

- Equipment and diffusers original from 2004
- Partial diffuser replacement of two zones in 2011
- Reduced process performance and reliability
- Increased process electricity usage
- Failed surface sprayers piping and mixers
- Replace diffusers, surface sprayer piping, and mechanical mixers



Aeration Basin Surface Boil



RP-5 Aeration Basin with Failed Diffusers



Out of Service Surface Sprayer Pipeline

# Contractor Selection

Four bids were received on November 7, 2017:

## Bids Received

Bidder's Name	Total
Genesis Construction	\$ 2,987,654
J.F. Shea Construction, Inc.	\$ 3,004,800
Environmental Construction, Inc.	\$ 4,050,643
Mike Bubalo Construction Co., Inc.	\$ 4,300,000
<b>Engineer's Estimate</b>	<b>\$ 1,800,000</b>

# Project Budget and Schedule

Description	Estimated Cost
<b>Design Services</b>	<b>\$74,733</b>
IEUA Design Services (actual cost)	\$74,733
<b>Construction Services</b>	<b>\$149,383</b>
IEUA Construction Services (5%)	\$149,383
<b>Construction</b>	<b>\$3,286,419</b>
Construction Contract (this action)	\$2,987,654
Contingency (10%)	\$298,765
<b>Total Project Cost:</b>	<b>\$3,510,535</b>
<b>Other Aeration Diffuser Replacement Projects</b>	<b>\$1,880,554</b>
<b>Total Project Budget:</b>	<b>\$10,120,000</b>
<b>Remaining Budget:</b>	<b>\$4,728,911</b>

Project Milestone	Date
<b>Construction</b>	
Construction Contract Award	December 2017
Construction Completion	December 2018

# Recommendation

- Award a construction contract for the RP-5 Aeration Diffuser Replacement, Project No. PA17006.02, to Genesis Construction in the amount of \$2,987,654; and
- Authorize the General Manager to execute the contract.

The RP-5 Aeration Diffuser Replacement 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.

**1.0 CONTRACT**

THIS CONTRACT, made and entered into this \_\_\_\_ day of December, 2017, by and between Hemet Manufacturing Co., Inc. dba Genesis Construction, hereinafter referred to as "Contractor," and The Inland Empire Utilities Agency, a Municipal Water District, located in San Bernardino County, California, hereinafter referred to as "Agency".

**WITNESSETH:**

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

1. Contractor agrees to perform and complete in a workmanlike manner, all work required under the bidding schedule of said Agency's specifications entitled SPECIFICATIONS FOR THE CONSTRUCTION OF THE RP-5 AERATION DIFFUSER REPLACEMENT, PROJECT NO. PA17006.02, in accordance with the specifications and drawings, and to furnish at their own expense, all labor, materials, equipment, tools, and services necessary, except such materials, equipment, and services as may be stipulated in said specifications to be furnished by said Agency, and to do everything required by this Contract and the said specifications and drawings.
2. For furnishing all said labor, materials, equipment, tools, and services, furnishing and removing all plant, temporary structures, tools and equipment, and doing everything required by this Contract and said specifications and drawings; also for all loss and damage arising out of the nature of the work aforesaid, or from the action of the elements, or from any unforeseen difficulties which may arise during the prosecution of the work until its acceptance by said Agency, and for all risks of every description connected with the work; also for all expenses resulting from the suspension or discontinuance of work, except as in the said specifications are expressly stipulated to be borne by said Agency; and for completing the work in accordance with the requirements of said specifications and drawings, said Agency will pay and said Contractor shall receive, in full compensation therefore, the price(s) set forth in this Contract.
3. That the Agency will pay the Contractor progress payments and the final payment, in accordance with the provisions of the contract documents, with warrants drawn on the appropriate fund or funds as required, at the prices bid in the Bidding and Contract Requirements, Section C - Bid Forms and accepted by the Agency, and set forth in this below.

Total Bid Price \$ Two Million Nine Hundred Eighty Seven Thousand Six Hundred Fifty Four Dollars and Zero Cents.

If this is not a lump sum bid and the contract price is dependent upon the quantities



constructed, the Agency will pay and said Contractor shall receive, in full compensation for the work the prices named in the Bidding and Contract Requirements, Section C - Bid Forms.

4. The Agency hereby employs the Contractor to perform the work according to the terms of this Contract for the above-mentioned price(s), and agrees to pay the same at the time, in the manner, and upon the conditions stipulated in the said specifications; and the said parties for themselves, their heirs, executors, administrators, successors, and assigns, do hereby agree to the full performance of the covenants herein contained.
5. The Notice Inviting Bids, Instructions to Bidders, Bid Forms, Information Required of Bidder, Performance Bond, Payment Bond, Contractors License Declaration, Specifications, Drawings, all General Conditions and all Special Conditions, and all addenda issued by the Agency with respect to the foregoing prior to the opening of bids, are hereby incorporated in and made part of this Contract, as if fully set forth.
6. The Contractor agrees to commence work under this Contract on or before the date to be specified in a written "Notice To Proceed" and to complete said work to the satisfaction of the Agency two hundred and forty (240) working days after award of the Contract. All work shall be completed before final payment is made.
7. Time is of the essence on this Contract.
8. Contractor agrees that in case the work is not completed before or upon the expiration of the contract time, damage will be sustained by the Agency, and that it is and will be impracticable to determine the actual damage which the Agency will sustain in the event and by reason of such delay, and it is therefore agreed that the Contractor shall pay to the Agency the amount of three thousand (\$3,000) dollars for each day of delay, which shall be the period between the expiration of the contract time and the date of final acceptance by the Agency, as liquidated damages and not as a penalty.
9. All work shall be completed before final payment is made. It is further agreed that the amount stipulated for liquidated damages per day of delay is a reasonable estimate of the damages that would be sustained by the Agency, and the Contractor agrees to pay such liquidated damages as herein provided. In case the liquidated damages are not paid, the Contractor agrees that the Agency may deduct the amount thereof from any money due or that may become due to the Contractor by progress payments or otherwise under the Contract, or if said amount is not sufficient, recover the total amount.
10. In addition to the liquidated damages, which may be imposed if the Contractor fails to complete the work within the time agreed upon, the Agency may also deduct from any sums due or to become due to the Contractor, penalties and fines for violations of applicable local, state, and federal law.
11. That the Contractor will pay, and will require subcontractors to pay, employees on the work a salary or wage at least equal to the prevailing salary or wage established for such work as set forth in the wage determinations and wage standards applicable to this work, contained in or referenced in the contract documents.

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

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

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



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

Contractor  
Hemet Manufacturing Company,  
Inc. dba Genesis Construction

By \_\_\_\_\_  
General Manager

By Candace D. Perry  
Candace D. Perry, President  
11-28-17

\*Municipal Water District

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT** Civil Code § 1189

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document, to which this certificate is attached, and not the truthfulness, accuracy or validity of that document.

STATE OF CALIFORNIA

County of Riverside

On 11-28-17 before me, Tia M. Clark, Notary Public,  
Date Insert Name of Notary exactly as it appears on the official seal

personally appeared Candace D. Perry  
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

Witness my hand and official seal.

Signature Tia M. Clark  
Signature of Notary Public



Place Notary Seal Above

**OPTIONAL**

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of the form to another document.

**Description of Attached Document**

Title or Type of Document: \_\_\_\_\_

Document Date: \_\_\_\_\_ Number of Pages: \_\_\_\_\_

Signer(s) Other Than Named Above: \_\_\_\_\_

**Capacity(ies) Claimed by Signer(s)**

Signer's Name: \_\_\_\_\_

- Individual
- Corporate Officer — Title(s): \_\_\_\_\_
- Partner  Limited  General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: \_\_\_\_\_



Signer is Representing: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Signer's Name: \_\_\_\_\_

- Individual
- Corporate Officer — Title(s): \_\_\_\_\_
- Partner  Limited  General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: \_\_\_\_\_



Signer is Representing: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**CONSENT  
CALENDAR  
ITEM**

**20**



**Date:** December 20, 2017

**To:** The Honorable Board of Directors

**From:** Halla Razak, General Manager

**Committee:** Audit

12/11/17

Finance & Administration

12/13/17

**Executive Contact:** Christina Valencia, Executive Manager of Finance & Administration/AGM

**Subject:** IEUA Fiscal Year (FY) 2016/17 Audited Comprehensive Annual Financial Report (CAFR)

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**Executive Summary:**

The Comprehensive Annual Financial Report (CAFR) for fiscal year ended June 30, 2017 was prepared in conformity with generally accepted accounting principles (GAAP) as set forth by the Governmental Accounting Standards Board (GASB) and audited by the Lance, Soll & Lunghard, LLP (LSL), the Agency independent audit firm. Based on their audit and testwork results, LSL found the financial statements presented fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information as of June 30, 2017, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). LSL issued an unmodified opinion.

The Agency's statement of net position of \$586 million as of June 30, 2017 reflects an increase of \$55 million from the prior fiscal year. The increase is primarily due to a higher number of new wastewater and water connection fees, higher operating revenues from the multi-year rate and fee adjustments adopted by the Board in 2015 to achieve cost of service for the Agency's major programs, and higher grant proceeds. Attached is the audited CAFR, in substantially final form, with a detailed explanation of significant revenues and expenses.

---

**Staff's Recommendation:**

It is recommended that the Board of Directors:

1. Approve the Inland Empire Utilities Agency Comprehensive Annual Financial Report for fiscal year ended June 30, 2017; and
2. Direct staff to distribute the report as appropriate, to the various federal, state, and local agencies, financial institutions, bond rating agencies, and other interested parties.

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**Budget Impact** *Budgeted (Y/N):* N *Amendment (Y/N):* N *Amount for Requested Approval:*

*Account/Project Name:*

Not Applicable

*Fiscal Impact (explain if not budgeted):*

There is no impact on the Agency's FY 2017/18 Budget as a result of this item, since related audit service fees are budgeted in the Administrative Services Fund under Professional Services.

**Prior Board Action:**

On December 21, 2016, the Board of Directors approved the Agency's Comprehensive Annual Financial Report for FY 2015/16 reviewed by the Audit Committee & Finance and Administration Committee on December 14, 2016.

On March 16, 2016, the Board approved Contract No. 4600002079 with Lance, Soll & Lunghard LLP for financial auditing and single audit services, for three fiscal years, with the option to extend two additional fiscal years, beginning in FY 2015/16.

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**Environmental Determination:**

Not Applicable

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**Business Goal:**

The IEUA FY 2016/17 Comprehensive Annual Financial Report is consistent with the Agency's Business Goal of Fiscal Responsibility in providing transparent communication of the Fiscal Year activity and the net position of the different programs of the Agency.

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**Attachments:**

Attachment 1 - Background

Exhibit A - FY 2016/17 Comprehensive Annual Financial Report in Substantive Completed Form - click to download (hard copy available upon request)

Exhibit B - PowerPoint

Exhibit C - Financial Audit Results

# Background

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Subject: IEUA Fiscal Year 2016/17 Audited Comprehensive Annual Financial Report

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The Agency's Comprehensive Annual Financial Report (CAFR) for fiscal year ended June 30, 2017 was prepared in conformity with generally accepted accounting principles (GAAP) in the United States of America, as set forth by the Governmental Accounting Standards Board (GASB). Responsibility for both the accuracy of the presented data, and the completeness and fairness of the presentation, including all disclosures, rests with the management of the Agency. To the best of staff's knowledge, the data presented is accurate in all material respects, and reported in a manner designed to fairly present the financial position and results of operations for the various Agency funds and account groups. Disclosures are included within the CAFR to enable the reader to gain an understanding of the Agency's financial activities. Exhibit A is a copy of the Agency CAFR in substantially final form.

## FY 2016/17 Financial Highlights

The Agency's statement of net position for fiscal year (FY) ended June 30, 2017, reflects \$586 million, an increase of \$55 million compared to the prior fiscal year. The gain is primarily due to higher operating revenues from the multi-year rate adjustments adopted by the Board of Directors through FY 2019/20 necessary to establish rates and charges that fully recover the cost of service, as well as the increase in the non-operating revenues from a higher number of new connections to the regional wastewater and the regional water systems.

## *Advance Refunding of 2008A Bonds*

The Chino Basin Regional Financing Authority Revenue Bonds, Series 2008A (2008A bonds) were issued in January 2008 for a par amount of \$125 million, at a fixed annual interest rate of 5% and a final maturity date of November 1, 2038. The 2008A Bonds were callable for the first time in November 2017. To leverage historically low municipal interest rates and optimize use of available cash reserves, an advance refunding was executed in February 2017. The refunding resulted in total present value savings of around \$36 million over the life of the bonds and net of the \$50 million payment.

As a part of the audit testing, Lance, Soll and Lunghard, LLP (LSL) found a discrepancy in the recording of the \$5.5 million cash held by the Agency's custodial bank in an irrevocable escrow account established to support interest payments for the 2008A bonds due through November 1, 2017. Given the infrequent nature and complexity of these type of transactions, LSL advised management it is not uncommon to find such errors in the related entries. Management is committed to accurate financial reporting and has implemented review procedures as recommended by LSL, including expanded review of pertinent journal entries and guidance requested from external auditors, to ensure accurate recording and compliance with accounting standards.

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### *Increase in the Wastewater and Water Connection Fees*

Connection fees to the regional water and wastewater systems, were significantly higher than the prior fiscal year. Wastewater connections fees were \$30.5 million, with 5,189 new units compared to 4,176 units and \$24.9 million in the prior fiscal year. Water connection fees, which took effect on January 1, 2016, were \$5.4 million compared to just \$997,010 in FY 2015/16.

### *Imported Water Pass-Through Sales and Purchases*

Imported water deliveries for FY 2016/17 were 47,848-acre feet (AF) compared to 31,714 AF reported in FY 2015/16, an increase of 16,134 AF. Following unprecedented water conservation and plentiful winter rain and snow, in May 2016 MWD lifted the Water Supply Allocation restrictions and penalty rates put in place in response to the unprecedented drought and response to the Governor's Executive Order calling for statewide mandatory water reductions to reduce water usage across the State by 25% from 2013 levels. Governor Brown ended the drought state of emergency in April 2017. Higher imported water deliveries was also partly due to the purchase of 6,000 AF of replenishment water for groundwater recharge. No replenishment water was purchased in the prior fiscal year. Overall imported water purchases are still 63% below purchases in FY 2013/14.

### *Continued Funding of Employee Retirement Liabilities*

Funding of the other post-employment benefits (OPEB) and pension unfunded liabilities continued in FY 2016/17; \$2.0 million and \$4.5 million, respectively. Since the inception of the funding plan, cumulative contributions of \$11.0 million for OPEB and \$13.5 million for pension have been made through fiscal year ended June 30, 2017. As of June 30, 2017, the most recent actuarial valuation date, the OPEB plan is 71% funded with an unfunded actuarial accrued liability of \$4.9 million. The net pension liability measured as of June 30, 2016 using an annual actuarial valuation as of June 30, 2015 was 76.8% funded at \$39.2 million.

### *Construction Project Work in Progress (WIP)*

The number of open projects under the category of Work in Progress (WIP) increased by 21% in FY 2016/17 compared to FY 2015/16. WIP was also higher mainly due to the ongoing construction of the Water Laboratory project slated for completion in fall of 2018, higher execution of capital replacement and rehabilitation (R&R) projects and the beginning of the design phase for the RP-5 Solids and Liquids Expansion and RP-1 Capacity Recovery projects.

### External Auditors' Independent Audit

The Agency's independent audit firm, Lance, Soll & Lunghard, LLP (LSL) performed the annual financial audit. LSL issued an unmodified ("clean") opinion over the financial statements for the Fiscal Year ended June 30, 2017, indicating that the financial statements are presented fairly and in accordance with GAAP and free of material misstatements. LSL found no material deficiency in internal controls over financial reporting.

LSL also completed the Single Audit Report for all billing activity for FY 2016/17 to be processed by the Federal Clearing House by March 2018. Federal Expenditures of \$11.8 million were

comprised of Title XVI Water Reclamation and Reuse of \$11.1 million, and \$.7 million from the Water State Revolving Fund. No findings in the Single Audit were noted by LSL.

Fiscal Year 2016/17 is the second audit completed by LSL in accordance to the contract approved by the Board of Directors on March 16, 2016 for three fiscal years, with the option for an additional two fiscal years, beginning in FY 2015/16. The agreement covers the audit of the Inland Empire Utilities Agency (Agency) financial statements, review of the annual appropriations limit calculation, and audit of the Agency's federal awards in accordance with Office of Management and Budget (Single Audit).

#### Internal Audit Department Review

Internal Audit staff performed an additional quality control check/review of the draft financial statements with emphasis on; overall mathematical accuracy, validation of the MD&A, notes, and statistical sections, including continued disclosure compliance as required by bond covenants, to the financial statements or to other supporting information.

Internal Audit staff's review did not include tests of transactions, or tests of the reliability of the totals and amounts included in the various categories, accounts, funds, statements, etc. Staff relies on the work of the external auditors to test the reliability of the financial information reported. Staff's review is only one of an additional quality control to ensure a professional presentation, consistent with prior years.

#### Government Financial Officers Association (GFOA) CAFR Award

For the past eighteen years, the Agency has applied for and received the GFOA CAFR Award for excellence in financial reporting. The deadline to submit the FY 2015/16 CAFR is December 31, 2017.

*The IEUA FY 2016/17 Comprehensive Annual Financial Report is consistent with the Agency's Business Goal of Fiscal Responsibility in providing transparent communication of the Fiscal Year activity and the net position of the different programs of the Agency.*





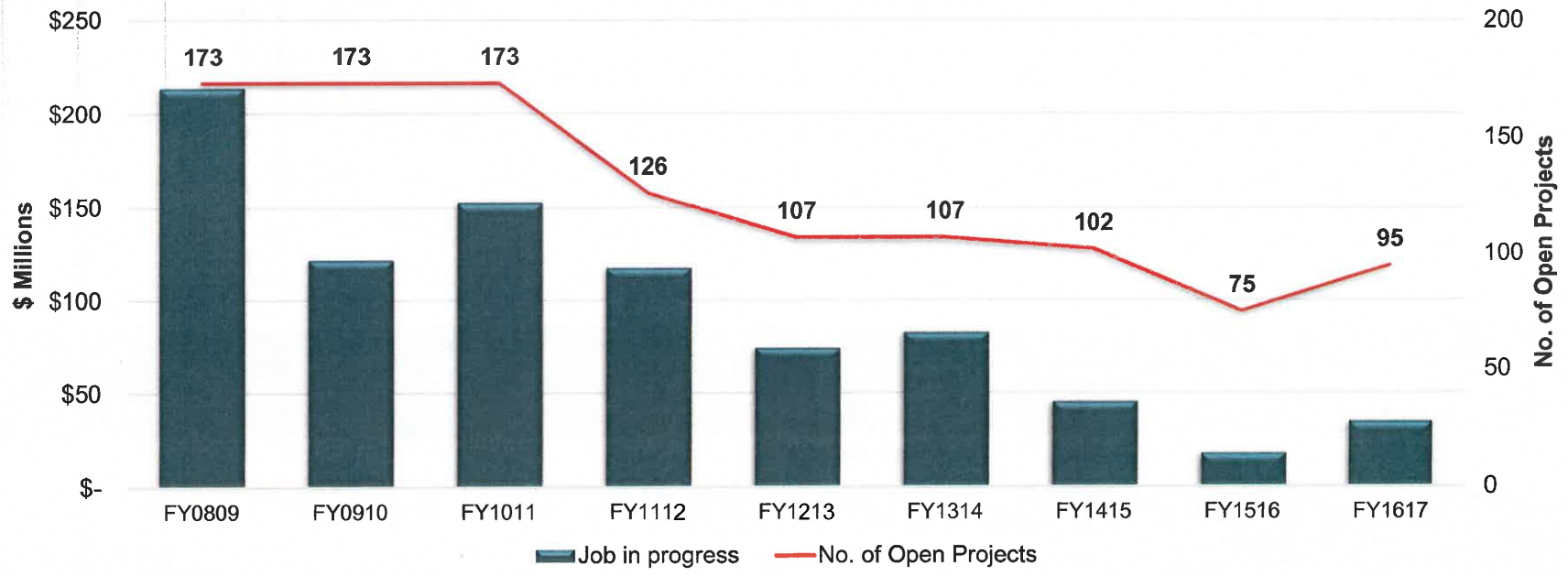
# **Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2017**

## FY 2016/17 Highlights

- **2008A Bond Advance Refunding: \$36 million savings**
- **Water Connection fees: \$5.4 million.**
- **Wastewater Connection fees: \$30.5 million**
- **Imported water deliveries: 47,848 AF**
- **Continued funding of employee retirement liabilities: \$6.5 million in fiscal year, \$24.5 million from inception.**
- **External Auditors unmodified (“clean”) opinion**

# FY 2016/17 Highlights

- 21% increase in number of open projects



# Change in Operating and Non-Operating Activities

\$ in millions

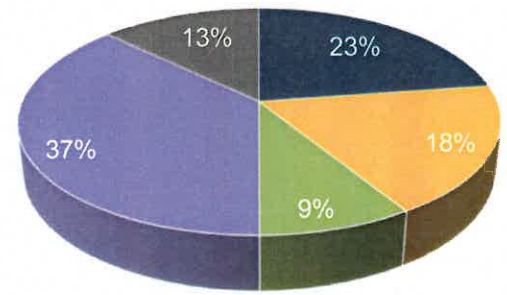
Description	FY 2015/16	FY 2016/17	Change	
			Amount	%
Operating Revenues	\$ 100.00	\$ 120.00	\$ 20.00	20.0
Operating Expenses	\$ (131.00)	\$ (146.00)	\$ (15.00)	11.5
<b>Net Operating Activities</b>	<b>\$ (31.00)</b>	<b>\$ (26.00)</b>	<b>\$ 5.00</b>	<b>(16.1)</b>
Non-Operating Revenues	\$ 93.00	\$ 102.00	\$ 9.00	9.7
Non-Operating Expenses	\$ (25.00)	\$ (21.00)	\$ 4.00	(16.0)
<b>Net Non-Operating Activities</b>	<b>\$ 68.00</b>	<b>\$ 81.00</b>	<b>\$ 13.00</b>	<b>19.1</b>
<b>Total Increase (Decrease) in Net Position</b>	<b>\$ 37.00</b>	<b>\$ 55.00</b>	<b>\$ 18.00</b>	<b>48.6</b>
Beginning Net Position	\$ 493.00	\$ 531.00		
<b>Ending Net Position</b>	<b>\$ 531.00</b>	<b>\$ 586.00</b>	<b>\$ 55.00</b>	<b>10.4</b>

The \$ values are presented in millions and have been rounded

# FY 2016/17 Ending Cash Position

- **\$3.7 million decrease from prior fiscal year**
  - Refinance of the 2008A bond
  - Higher connection fees

**\$172 Million**



- Operating contingency
- Insurance and retirement
- Debt service & redemption
- CCRA
- Capital expansion & replacement

CCRA: Capital Capacity Reimbursement Account held by Member Agencies

# Questions



The comprehensive annual financial report is consistent with the Agency's business goal of fiscal responsibility



# INLAND EMPIRE UTILITIES AGENCY FISCAL YEAR ENDED JUNE 30, 2017 FINANCIAL AUDIT RESULTS



*Inland Empire Utilities Agency*

**A MUNICIPAL WATER DISTRICT**

Focused  
on YOU



## HIGHLIGHTS FROM LAST MEETING

- Met last with auditors June 12, 2017
- Discussed our planning and audit approach
- Met individually with some members
- Audit fieldwork planned to begin September 18, 2017
- One month earlier than prior year





## FY 2017 Audit Communication Results

### Financial Audit

- Opinion Letter
- Report on Internal Control and Other Matters
- Audit Communication Letter (SAS 114 – **conclusion**)

### Single Audit

- Schedule of Expenditures of Federal Awards
- Report on Internal Control over Compliance



## Opinion Letter

- **Unmodified Opinion**
  - Based on our audit of significant transactions, our understanding of the Agency's policies and procedures, and our testwork results, we have issued an Opinion that the financials statements are free of material misstatements at June 30, 2017.



## Report on Internal Control over Financial Reporting and on Compliance and Other Matters

- In planning and performing the audit, we consider the Agency's Internal Controls over Financial Reporting specific to giving an opinion of the Financial Statements, but this is not the purpose of the audit.
- No opinion is expressed on the internal controls
- During our course of audit procedures weaknesses may come to our attention and communicated to Management and to you in this letter.



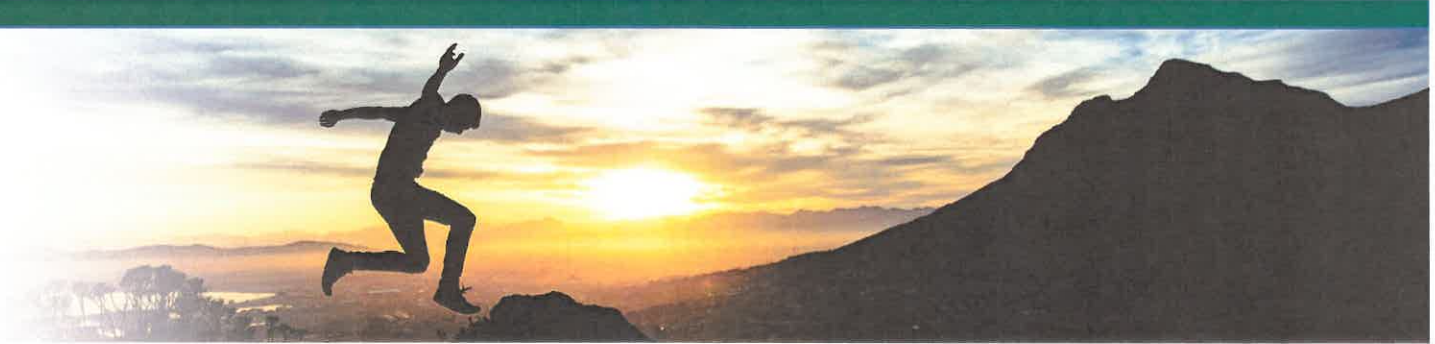
## Other Matters Noted

- Large adjustments made during the audit is required to be disclosed as part of the results of our audit.
- Not considered a material weakness or significant deficiency since this is considered a one time occurrence due to the infrequency in nature and complexity of the transaction.
- Large adjustment related to the Advance refunding of the 2008A Revenue Bond, required a decrease to cash with fiscal agent of \$5.5 million during our audit.



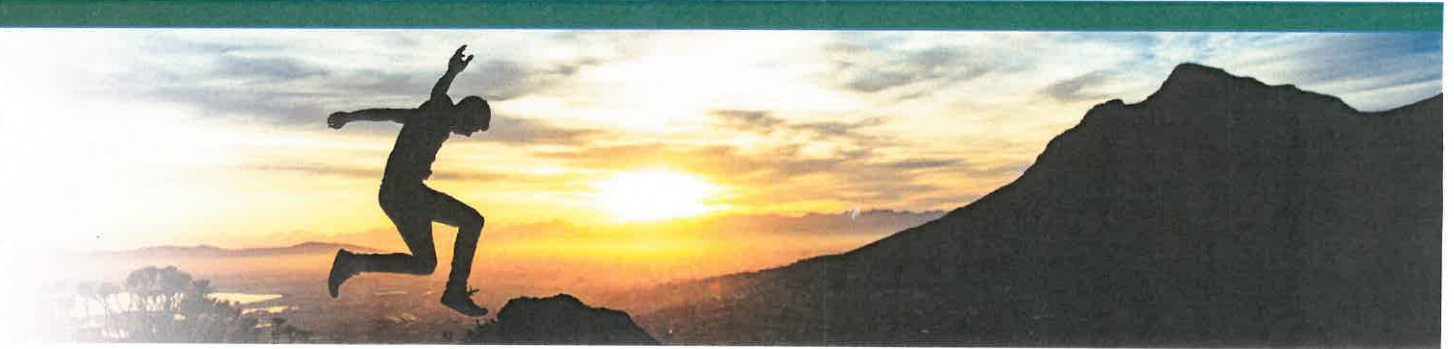
## Audit Communication Letter (SAS 114 – conclusion)

- Significant Audit Findings
  - Accounting Practices
    - Significant and Appropriate Estimates: OPEB and Pension Liabilities
  - No Difficulties Encountered in Performing the Audit
  - Corrected and Uncorrected Misstatements
    - Bond defeasance corrected
  - No Disagreements with Management to disclose
  - Management Representation includes a letter to the auditors regarding their acceptance of responsibilities and disclosures of no known errors or fraudulent activities to communicate to auditors



## Audit Communication Letter (SAS 114 – conclusion)

- Other items
  - As of result of moving up the audit dates, several journal entries were received during and after our audit fieldwork, which increases the audit risk. We recommended re-evaluating the dates and year-end process.
- **FUTURE YEAR – New Accounting Pronouncements**
  - OPEB Liability and Plan Funding Reporting – GASB 75
  - Possibly change from your OPEB Net Asset to an OPEB Net Liability
  - Changing the actuarial valuation on OPEB to mirror Pension and required to recognize the full liability.



## Single Audit

- Federal Expenditures of \$11.8 million.
  - Title XVI Water Reclamation and Reuse \$11.1 million
  - Water State Revolving Fund .7 million
- No findings noted



Thank you

- Contact information:
  - [Deborah.harper@lslcpas.com](mailto:Deborah.harper@lslcpas.com)
  - 714-672-0022
- Any Questions



*Inland Empire Utilities Agency*

**A MUNICIPAL WATER DISTRICT**



**ACTION  
ITEM**

**4A**



**Date:** December 20, 2017

**To:** The Honorable Board of Directors

**From:**  Halla Razak, General Manager

**Committee:** Engineering, Operations & Water Resources

12/13/17

Finance & Administration

12/13/17

**Executive Contact:** Chris Berch, Executive Manager of Engineering/AGM

**Subject:** RP-1 Capacity Recovery Project Consultant Contract Award

**Executive Summary:**

In March 2017, the RP-1 and RP-5 Expansion Preliminary Design Report was approved. The Preliminary Design Report established the plan for the capacity recovery at RP-1, including restoring the liquids treatment capacity to 40 MGD and solids treatment capacity to 60 MGD. Staff has been actively searching federal, state, and grant opportunities as well as exploring project delivery methods including progressive design build, construction management at risk, and public private partnerships. These funding opportunities typically require further developed project plans; and therefore, the project schedule has been accelerated to initiate the 30% design.

Four design consultants responded to the project solicitation and were evaluated to determine which proposal offered the best value to IEUA. A selection committee comprised of IEUA and Contracting Agency staff determined that Carollo Engineers Inc., provided the best value for this project. Carollo has the technical experience and responsiveness to make this project a success. Carollo's fee proposal is within the project budget and was determined to be comprehensive and reasonable.

**Staff's Recommendation:**

1. Award a consultant contract for the RP-1 Capacity Recovery, Project Nos. EN24001 and EN24002, to Carollo Engineers Inc., for the not-to-exceed amount of \$13,637,633; and
2. Authorize the General Manager to execute the consultant contract subject to non-substantive changes.

**Budget Impact** Budgeted (Y/N): Y Amendment (Y/N): N Amount for Requested Approval:

Account/Project Name:

EN24001/RP-1 Liquids Capacity Recovery

EN24002/RP-1 Solids Capacity Recovery

Fiscal Impact (explain if not budgeted):

N/A

**Prior Board Action:**

On March 15, 2017, the Board of Directors adopted the RP-1 and RP-5 Expansion Preliminary Design Report.

---

**Environmental Determination:**

Program Environmental Impact Report (Finding of Consistency)

Staff is currently completing a Finding of Consistency with IEUA's Program Environmental Impact Report and a CEQA Plus evaluation for SRF Loan Funding.

---

**Business Goal:**

The RP-1 Capacity Recovery Project is consistent with the Agency's Business Goal of Wastewater Management specifically the Water Quality objective that IEUA will ensure that Agency systems are planned, constructed, and managed to protect public health, the environment, and meet anticipated regulatory requirements.

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**Attachments:**

Attachment 1 - Background

Attachment 2 - PowerPoint

Attachment 3 - Consultant Contract [Click to download](#) (hard copies available upon request)

# Background

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Subject: RP-1 Capacity Recovery Project Consultant Contract Award

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The existing Regional Water Recycling Plant No. 1 (RP-1) capacity is limited to approximately 32 MGD due to limitations in the secondary treatment system caused by increased wastewater strength coming into the plant. Beginning in June 2013, IEUA started a planning initiative to update the Wastewater Facilities Master Plan (WFMP). As part of the WFMP, IEUA planned facilities for growth and optimization of wastewater collection, treatment, and recycled water systems. The WFMP incorporated the wastewater flow projections, developed by the Integrated Water Resources Plan (IRP) and operational knowledge of the existing treatment systems, to develop a comprehensive facilities and operations plan. The WFMP confirmed the need to recover treatment capacity (defined as MGD of flow) in the RP-1 Liquids and Solids Treatment Systems due to increased wastewater strength observed in the RP-1 influent flow.

To investigate the current systems and detail system requirements, IEUA completed the RP-1 and Regional Water Recycling Plant No. 5 (RP-5) Expansion Preliminary Design Report (PDR) in March 2017. The PDR established the plan for the capacity recovery at RP-1, liquids treatment expansion at RP-5, the RP-5 Solids Treatment Facility, and the decommissioning required at RP-2. Additionally, the PDR details a project budget and schedule for each project component. The two main objectives of the RP-1 Capacity Recovery Project are:

1. Rehabilitate the RP-1 Liquids Treatment Systems to allow for the treatment of the ultimate influent sewer flow of 40 MGD.
2. Rehabilitate the RP-1 Solids Treatment Systems to allow for the treatment of the solids produced from both RP-1 and RP-4 at the total ultimate influent sewer flow of 60 MGD.

Based on the major recommendations resulting from the RP-1 Capacity Recovery Project PDR, the Project will consist of the following major components:

- Rehabilitate preliminary and primary treatment
- Expand the Intermediate Pump Station
- Convert the existing conventional activated sludge secondary system to a membrane bio-reactor (MBR) system including fine screening consistent with RP-5 Liquid Treatment Expansion
- Modify Lagoon No. 3 piping system to allow for secondary effluent equalization
- Replace the existing solids thickening systems with new rotary drum thickeners to improve solids thickening
- Construct three new smaller acid phase digesters to improve operational performance
- Add recuperative thickening to the digestion process to increase performance and eliminate the need to construct one additional digester
- Replace the existing odor control with a new two-stage bioscrubber with carbon polishing

In addition to the project components listed above, this contract award will include an alternative funding opportunities evaluation and a site master plan of RP-1.

The current Ten-Year Capital Improvement Plan (TYCIP) schedule for the project has the design beginning in 2023 with a construction completion date in 2029 to meet the WFMP 2030 requirement for capacity recovery. IEUA has been actively searching federal, state, and grant opportunities as well as exploring project delivery methods including progressive design build, construction management at risk, and public private partnerships. These funding opportunities typically require further developed project plans. For this reason, the TYCIP included budget in FY 2017/18 to complete the RP-1 Capacity Recovery Project 30% design; completion of the 30% design will position IEUA to compete for funding should it become available.

On August 15, 2017, IEUA issued a Request for Proposals for Design Services for the RP-1 Capacity Recovery Project on *PlanetBids*. On October 12, 2017, four proposals were received from the qualified firms listed below:

- Black & Veatch/AECOM
- Carollo
- CDM Smith
- CH2M

The proposals were reviewed by a selection committee consisting of IEUA staff from Engineering and Construction Management, Operations and Maintenance, and Contracts and Procurement as well as representatives from Cucamonga Valley Water District, the City of Montclair, and the City of Ontario. IEUA greatly appreciates the support and dedication provided by these representatives in reviewing over 1,400 pages of proposal documentation. The proposals were evaluated based on project team qualifications, experience with MBR systems, construction management at risk project delivery, understanding of the project scope, ability to provide innovative alternatives, and ability to meet the project schedule. Based on these criteria, the committee selected two consultants for interviews as listed below:

- Carollo
- CH2M

The selection committee conducted interviews on November 14, 2017. Each interview included a consultant presentation to introduce the project team as well as highlight noteworthy aspects of their proposal, a question-and-answer session to allow the selection committee to ask specific questions of each consultant as it pertained to their proposal, and a consultant final statement. Based upon the written proposal and interview, the selection committee unanimously determined that Carollo provided the best value to IEUA for this project. The major reasons for this selection included:

1. The proposal provided a clear vision for the RP-1 site master plan as the facility evolved from current conditions through ultimate build-out including impacts of major expansions and future repair and rehabilitation projects.
2. The project team created a comprehensive scope of work, project plan, and provided a detailed month-by-month schedule of all work efforts, workshops, and deliverables to complete the 30% design on schedule.
3. The project approach included innovative and cost savings ideas, especially the consolidation of the primary effluent and return activated sludge pump stations to mitigate hydraulic constraints through the secondary treatment system.

4. The project team has proven experience with the design and construction of large MBR systems as well as successfully completing projects through the construction management at risk project delivery method.

The anticipated cost for the RP-1 Capacity Recovery Project is provided in the table below:

Description	Estimated Cost
<b>Design Services</b>	<b>\$20,637,633</b>
Design Consultant (this item/not-to-exceed)	\$13,637,633
Other Design Services (4%)	\$7,000,000
<b>Construction Services</b>	<b>\$ 14,100,000</b>
Engineering Services During Construction (3%)	\$5,300,000
Other Construction Services (5%)	\$8,800,000
<b>Construction</b>	<b>\$ 176,000,000</b>
Construction	\$135,400,000
Contingency (30%)	\$40,600,000
<b>Total Project Cost</b>	<b>\$210,737,633</b>
<b>Total Project Budget</b>	<b>\$ 230,100,000</b>
<b>Remaining Budget</b>	<b>\$19,362,367</b>

IEUA staff is currently in negotiations with Carollo to finalize the scope of work and fee. Carollo's fee proposal of \$13,637,633 is within the project budget and the engineer's estimate of 8% of the construction value of the project. The contract award will be for the entirety of the design; however, a notice-to-proceed will only be issued for an alternative funding evaluation, site master plan, and the 30% design. Additionally, to maintain consistency in the project, it is staff's intention to amend Carollo's contract at the conclusion of the final design to include engineering services during construction, an estimated amendment value of \$5,300,000, contingent upon Carollo's excellent performance throughout the final design.

A more detailed project schedule is provided below:

Project Milestone	Date
Design Contract Board Award/Approval	December 2017
Funding Evaluation	March 2018
RP-1 Site Master Plan	June 2018
30% Design Completion	December 2018
50%, 85%, 100% Design Completion	TBD

The RP-5 Liquids Expansion and Solids Treatment Facility projects are consistent with IEUA's *Business Goal of Wastewater Management* specifically the Water Quality objective that IEUA will ensure that systems are planned, constructed, and managed to protect public health, the environment, and meet anticipated regulatory requirements.

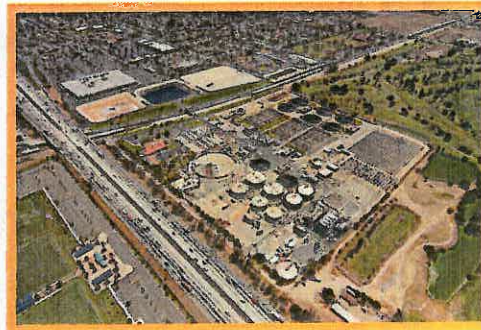
Fiscal Impact:

If approved, the consultant contract for the RP-1 Capacity Recovery Project Nos. EN24001 and EN24002, for the not-to-exceed amount of \$13,637,633, will be within the combined total project budgets of \$230,100,000 in the Regional Wastewater Capital (RC) and the Regional Wastewater

O&M (RO) Funds. An estimated combined amount of \$2,350,000 will be spent on both projects this fiscal year, within the combined FY 2017/18 budget of \$4,000,000. The future year funding will be re-appropriated accordingly during the FY 2017/18 review of the Ten-Year Capital Improvement Plan.

# RP-1 Capacity Recovery Project Consultant Contract Award

Project Nos. EN24001 and EN24002



Jason Marseilles, P.E.  
December 2017

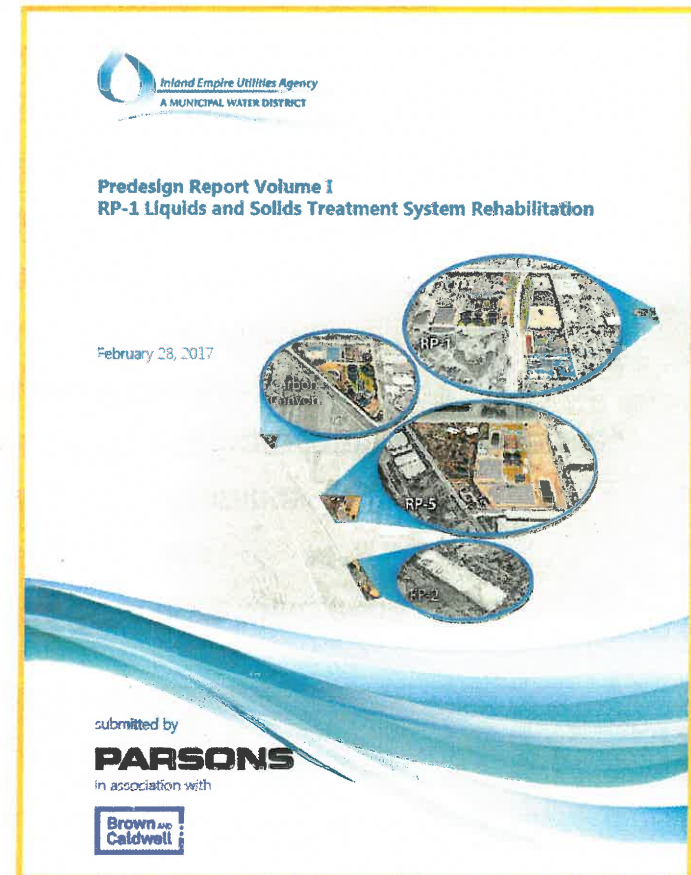


# Project Location



# Project Background

- Wastewater Facilities Master Plan created from 2013 – 2015
- RP-1 and RP-5 Expansion Preliminary Design Report (PDR) created from 2016 – 2017
- TYCIP scheduled RP-1 Capacity Recovery design to begin in 2023 with construction being completed by 2030
- Potential future funding opportunities are more attainable with further developed project plans
- Staff has initiated the RP-1 Capacity Recovery Project 30% Design



# Project Scope

## Major Tasks



**Site Master Plan**



**Liquids Capacity Recovery**



**Solids Capacity Recovery**

- Existing Structure Utilization
- Site Master Plan
- Funding Opportunities
- Primary Effluent Equalization Conversion
- Headworks Improvements
- Primary Clarifier Rehab
- Intermediate Pump Station Expansion
- Aeration Basin Modifications
- Membrane Bio-Reactor
- Rotary Drum Thickening
- Phased Digestion
- Liquids & Solids Odor Control
- Electrical System Improvements
- Utility System Rehabilitation

# Consultant Selection

- Request for Proposals issued on August 15, 2017
- Four Proposals Received on October 12, 2017

Proposals Received
Black & Veatch/AECOM
Carollo
CDM Smith
CH2M

- Evaluation and Selection Committee
  - Engineering and Construction Management, Operations and Maintenance, Contracts and Procurement, Cucamonga Valley Water District, the City of Montclair, and the City of Ontario

## Consultant Selection Continued

- Two Consultants invited for interviews on November 14, 2017

Consultant Interviews
Carollo
CH2M

- Carollo unanimously selected for the RP-1 Capacity Recovery Project:
  - Clear vision for RP-1 site master plan
  - Comprehensive scope of work, project plan, and detailed deliverable schedule
  - Project approach including innovative and cost saving alternatives
  - Project team experience with MBR and construction management at risk

# Project Budget and Schedule

Description	Estimated Cost
<b>Design Services</b>	<b>\$20,637,633</b>
Consultant Design Contract (this item/NTE)	\$13,637,633
Other Design Services (4%)	\$7,000,000
<b>Construction Services</b>	<b>\$14,100,000</b>
Engineering Services During Construction (3%)	\$5,300,000
Other Construction Services (5%)	\$8,800,000
<b>Construction</b>	<b>\$176,000,000</b>
Construction (estimate)	\$135,400,000
Contingency (30%)	\$40,600,000
<b>Total Project Cost:</b>	<b>\$210,737,633</b>
<b>Total Project Budget:</b>	<b>\$230,100,000</b>
<b>Remaining Budget:</b>	<b>\$19,362,367</b>

Project Milestone	Date
<b>Design</b>	
Consultant Design Contract Award	December 2017
Funding Evaluation	March 2018
RP-1 Site Master Plan	June 2018
30% Design Completion	December 2018
50%, 85%, 100% Design Completion	TBD
<b>Construction</b>	
Construction Contract Award	TBD
Construction Completion	TBD

# Recommendation

- Award a consultant contract for the RP-1 Capacity Recovery, Project Nos. EN24001 and EN24002, to Carollo Engineers Inc., for the not-to-exceed amount of \$13,637,633; and
- Authorize the General Manager to execute the contract subject to non-substantive changes.

The RP-1 Capacity Recovery Project is consistent with **IEUA's Business Goal of Wastewater Management** specifically the Water Quality objective that IEUA will ensure that systems are planned, constructed, and managed to protect public health, the environment, and meet anticipated regulatory requirements.

**ACTION  
ITEM**

**4B**



**Date:** December 20, 2017

**To:** The Honorable Board of Directors

**From:**  Halla Razak, General Manager

**Committee:** Engineering, Operations & Water Resources

12/13/17

**Contact:** Chris Berch, Executive Manager of Engineering/AGM

**Subject:** Baseline Recycled Water Pipeline Extension Consultant Contract Award

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**Executive Summary:**

The Baseline Recycled Water Pipeline Extension Project will extend an existing 24-inch recycled water pipeline in Baseline Avenue from American Way to Cherry Avenue in the City of Fontana. In December 2015, IEUA submitted an application for the State Water Resources Control Board (SWRCB) Proposition 1 Water Recycling Grant Program which included the Baseline Recycled Water Pipeline Extension project. The SWRCB notified IEUA of a pending State Revolving Fund (SRF) principle forgiveness and loan award for the project in early 2018. Therefore, staff proceeded with the solicitation for consulting engineering services to design the project and issued a Request for Proposal (RFP) in October 2017. Additionally, staff has begun extensive coordination on local laterals with the Cucamonga Valley Water District (CVWD) and the City of Fontana.

On November 9, 2017, IEUA received seven proposals. A review committee consisting of staff from IEUA Engineering and CVWD reviewed the proposals. Based on the firm's qualifications, experience, capability, and understanding of the scope, the committee unanimously concurred that Carollo Engineers, Inc. was the most qualified to perform the work.

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**Staff's Recommendation:**

1. Award a consultant contract for the Baseline Recycled Water Pipeline Extension, Project No. EN17049, to Carollo Engineers, Inc., for the not-to-exceed amount of \$394,766; and
2. Authorize the General Manager to execute the consultant contract subject to non-substantive changes.

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**Budget Impact** *Budgeted (Y/N):* Y *Amendment (Y/N):* N *Amount for Requested Approval:*

*Account/Project Name:*

EN17049/Baseline Recycled Water Pipeline Extension

*Fiscal Impact (explain if not budgeted):*

N/A

**Prior Board Action:**

None

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**Environmental Determination:**

Addendum to

IEUA prepared an Addendum to the original Program Environmental Impact Report for this project and a copy of the Addendum is attached for information.

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**Business Goal:**

The Baseline Recycled Water Pipeline Extension Project is consistent with IEUA's Business Goal of Water Reliability, specifically the Recycled Water objective that IEUA will maximize the use of recycled water to enhance regional water reliability.

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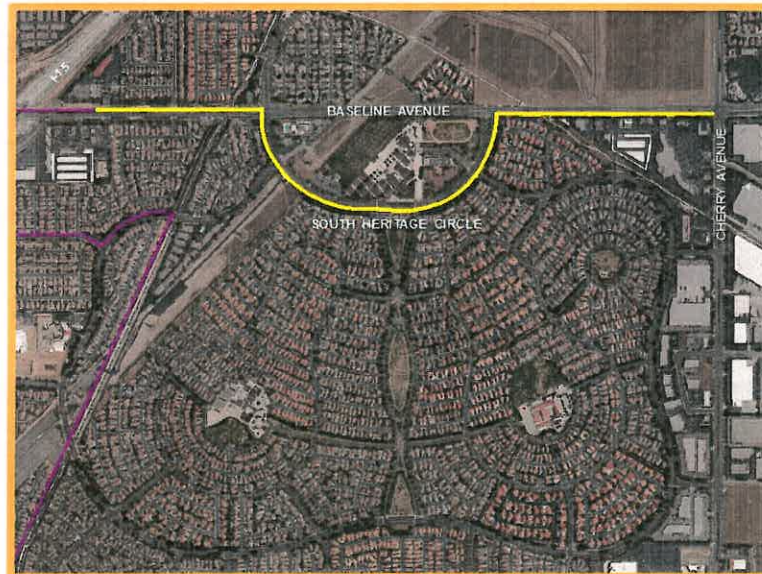
**Attachments:**

Attachment 1 - PowerPoint

Attachment 2 - Consultant Contract

Attachment 3 - EIR Addendum [Click to download](#) (hard copies available upon request)

# Baseline Recycled Water Pipeline Extension Consultant Contract Award Project No. EN17049



Liza Muñoz, P.E.  
December 20, 2017

# The Project

- 8,200 feet of 24-inch recycled water pipeline will be designed
- 105 acre-feet per year of new recycled water use in the City of Fontana



Park Landscaping



Median and Parkway Landscaping

# Consultant Selection

- Seven proposals received on November 9, 2017
- Evaluation and Selection Committee
  - Engineering and Construction Management Department and Cucamonga Valley Water District
- Evaluation criteria for selection:
  - Qualifications and experience
  - Project scope understanding
  - Ability to meet project schedule
  - SWRCB Disadvantage Business Enterprise Good Faith Effort completion
- Justification for unanimously selecting Carollo
  - Success in similar past projects
  - Comprehensive understanding of project scope and expectation

Proposals Received
Carollo
CWE
GHD
Infrastructure Engineering
Lee & Ro
Michael Baker International
Stantec

# Project Budget and Schedule

Description	Estimated Cost
<b>Design Services</b>	<b>\$611,266</b>
Design Consultant (9%) (this action)	\$394,766
IEUA Design Services (5%)	\$216,500
<b>Construction Services</b>	<b>\$649,500</b>
Engineering Services During Construction (4%)	\$173,200
IEUA Construction Services (7%)	\$303,100
Construction Services Contingency (4%)	\$173,200
<b>Construction</b>	<b>\$4,763,000</b>
Construction	\$4,330,000
Contingency (10%)	\$433,000
<b>Total Project Cost:</b>	<b>\$6,023,766</b>
<b>Total Project Budget:</b>	<b>\$4,950,000</b>
<b>Remaining Budget</b>	<b>(\$1,073,766)</b>

Project Milestone	Date
<b>Design</b>	
Consultant Design Contract Award	December 2017
Design Completion	July 2018
<b>Construction</b>	
Construction Contract Award	October 2018
Construction Completion	August 2019

Pending State Water Resources Control Board State Revolving Fund Principle Forgiveness and Low Interest Loan Award – Early 2018

# Recommendation

- Award a consultant contract for the Baseline Recycled Water Pipeline Extension, Project No. EN17049, to Carollo Engineers, Inc., for the not-to-exceed amount of \$394,766; and
- Authorize the General Manager to execute the consultant contract subject to non-substantive changes.

The Baseline Recycled Water Pipeline Extension Project is consistent with **IEUA's Business Goal of Water Reliability**, specifically the Recycled Water objective that IEUA will maximize the use of recycled water to enhance regional water reliability.



**CONTRACT NUMBER: 4600002451**  
**CONSULTING ENGINEERING SERVICES**  
**FOR THE**  
**BASELINE RECYCLED WATER PIPELINE EXTENSION PROJECT NO. EN17049**

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 interchangeably as "IEUA" and "Agency") and Carollo Engineers, Inc. with offices located in Riverside, Irvine, and Los Angeles (hereinafter referred to as "Consultant"), for professional design services for the Baseline Recycled Water Pipeline Extension Project EN17049.

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

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

Project Manager: Liza Muñoz, P.E., Senior Engineer  
Address: 6075 Kimball Avenue, Building "B"  
Chino, California 91708  
Telephone: (909) 993-1522  
Facsimile: (909) 993-1982  
Email: [lmunoz@ieua.org](mailto:lmunoz@ieua.org)

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

Consultant: Miko Aivazian, P.E.  
Principal Infrastructure Engineer/Vice President  
Address: 707 Wilshire Blvd., Suite 3920  
Los Angeles, CA 90017  
Telephone: P: (213) 279-3319  
C: (626) 379-2370  
Email: [maivazian@carollo.com](mailto:maivazian@carollo.com)  
Facsimile: (213) 572-0361



3. **ORDER OF PRECEDENCE:** The documents referenced below represent the Contract Documents. Where any conflicts exist between the General Terms and Conditions, or addenda attached, then the governing order of precedence shall be as follows:
  - A. Amendments to Contract Number 4600002451
  - B. Contract Number 4600002451 General Terms and Conditions.
  - C. Project Manager's Request for Proposals (RFP) RFP-RW-17-024 and germane Addenda, incorporated herein by reference.
  - D. Consultant's Proposal dated November 9, 2017, incorporated herein by reference.
  
4. **SCOPE OF WORK AND SERVICES:** Consultant's services and responsibilities shall be in accordance with Project Manager's Request for Proposals (RFP) RFP-RW-17-024 and germane Addenda, incorporated herein by reference.
  
5. **TERM:** The term of this Contract shall extend from the date of the Notice to Proceed, and terminate within one (1) year upon acceptance of the design's construction by the Agency's Board of Directors, cognizant Engineering & Construction Management Department personnel, and project management, unless agreed to by both parties, reduced to writing, and amended to this Contract.
  
6. **COMPENSATION:** Agency shall pay Consultant's once-monthly, properly-executed invoice, approved by the Project Manager (basis Consultant's Fee Schedule attached hereto, referenced herein, and made a part hereof as **Attachment 1**) within thirty (30) days following receipt of the invoice by IEUA Accounts Receivable, utilizing Consulting Services Invoice Template **Attachment 2**, attached hereto and made a part hereof, for the submittal of each invoice. (The template in Excel format will be furnished to Consultant by the cognizant IEUA Project Manager.) Invoices shall include the name of assigned personnel, fully-burdened hourly billing rate, dates worked, a brief description of work, as well as the Contract Number 4600002451 for payment. Payment shall be withheld for any service which does not meet Agency requirements or have proven unacceptable until such service is revised, the invoice resubmitted and accepted by the Project Manager. Consultant's original invoice shall be submitted electronically to [apgroup@ieua.org](mailto:apgroup@ieua.org). Should Consultant engage in any public works activity in excess of \$25,000.00 in billing value, Consultant shall provide with all public works invoicing certified payroll verifying that Consultant has paid prevailing wage in accordance with the Department of Industrial Relations requirements as stipulated in SB-854 [ <http://www.dir.ca.gov/Public-Works/Certified-Payroll-Reporting.html> ]

In compensation for the work represented by this Contract, Agency shall pay Consultant NOT-TO-EXCEED a maximum total of **\$394,766.00** for all services provided in accordance with **Attachment 1**, referenced herein, attached hereto, and made a part hereof.

Agency may, at any time, make changes to the Scope of Work, including additions, reductions, and changes to any or all of the Work, as directed in writing by the Agency. Such changes shall be made by an Amendment to the Contract. Any changes shall be made by a written Amendment to the Contract. Consultant's invoice must be submitted according to milestones achieved by Consultant and accepted by the Agency's Project

Manager, and shall include a breakdown by items completed, all associated labor provided, labor hours supplied and associated hourly rates, dates worked, the current monthly amount due, and the cumulative amount invoiced to-date against this Contract, using the Agency's standard Excel-based invoicing template **Attachment 2**. Invoice shall not be submitted in advance and shall not be dated earlier than the actual date of submittal.

7. **CONTROL OF THE WORK:** The Consultant shall perform the Work in compliance with the Work Schedule. If performance of the Work falls behind schedule, the Consultant shall accelerate the performance of the Work to comply with the Work Schedule as directed by the Project Manager. If the nature of the Work is such that Consultant is unable to accelerate the Work, Consultant shall promptly notify the Project Manager of the delay, the causes of the delay, and submit a proposed revised Work Schedule.

8. **FITNESS FOR DUTY:**

A. **Fitness:** Consultant 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.
4. **Compliance:** Consultant shall advise all Consultant and subcontractor personnel and associated third parties of the requirements of this Contract ("Fitness for Duty Requirements") before they enter on the Jobsite and shall immediately remove from the Jobsite any employee determined to be in violation of these requirements. Consultant shall impose these requirements on its Subcontractors. Agency may cancel the Contract if Consultant violates these Fitness for Duty Requirements.

B. California Department of Industrial Relations: **For all public works performed in excess of \$1,000.00, SB854 is applicable:**  
**Effective January 1, 2015:** The call for bids and contract documents must include the following information:

1. No contractor or subcontractor may be listed on a bid proposal for a public works project (submitted on or after March 1, 2015) unless registered with the Department of Industrial Relations pursuant to Labor Code section 1725.5 [with limited exceptions from this requirement for bid purposes only under Labor Code section 1771.1(a)].

2. No contractor or subcontractor may be awarded a contract for public work on a public works project (awarded on or after April 1, 2015) unless registered with the Department of Industrial Relations pursuant to Labor Code section 1725.5.
  3. This project is subject to compliance monitoring and enforcement by the Department of Industrial Relations. As such, a PWC-100 shall be generated under the direction of the IEUA Project Manager or their designee.
9. **INSURANCE:** During the term of this Contract, the Consultant shall maintain at Consultant's sole expense, the following insurance.
- A. **Minimum Scope of Insurance:** 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 policies are to contain, or be endorsed to contain, the following provisions:
1. 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 be endorsed to state that coverage shall not be suspended, voided, canceled by either party, reduced in

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

- D. Acceptability of Insurers: All insurance is to be placed with insurers with a current A.M. Best's rating of no less than A-VII, and who are admitted insurers in the State of California.
- E. Verification of Coverage: Consultant shall furnish 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.
- F. Submittal of Certificates: Consultant shall submit all required certificates and endorsements to the following:

Inland Empire Utilities Agency, a Municipal Water District  
Attn: Angela Witte  
P.O. Box 9020  
Chino Hills, California 91709

10. LEGAL RELATIONS AND RESPONSIBILITIES

- A. Professional Responsibility: The Consultant shall be responsible, to the level of competency presently maintained by other practicing professionals performing the same or similar type of work.
- B. Status of Consultant: The Consultant is retained as an independent Consultant only, for the sole purpose of rendering the services described herein, and is not an employee of the Agency.
- C. Observing Laws and Ordinances: The Consultant 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 Consultant 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 Consultant or its employees.

D. Subcontract Services: Any subcontracts for the performance of any services under this Contract shall be subject to the written approval of the Project Manager. For this project subcontractor list law shall apply.

E. Grant-Funded Projects: This is a grant-funded (e.g., Federal Grant and State Revolving Funds combined) 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. Grant requirement flow-down language is attached hereto, referenced herein, and made a part hereof as **Attachment 3**.

F. Conflict of Interest: No official of the Agency who is authorized in such capacity and on behalf of the Agency to negotiate, make, accept or approve, or to take part in negotiating, making, accepting or approving this Contract, or any subcontract relating to services or tasks to be performed pursuant to this Contract, shall become directly or indirectly personally interested in this Contract.

G. Equal Opportunity and Unlawful Discrimination: During the performance of this Contract, the Consultant shall not unlawfully discriminate against any employee or employment applicant because of race, color, religion, sex, age, marital status, ancestry, physical or mental disability, sexual orientation, veteran status or national origin. The Agency is committed to creating and maintaining an environment free from harassment and discrimination. To accomplish these goals the Agency has established procedures regarding the implementation and enforcement of the Agency's Harassment Prohibition and Equal Employment Opportunity commitments. Please refer to Agency Policies A-29 (Equal Employment Opportunity) and A-30 Harassment Prohibition for detailed information or contact the Agency's Human Resources Administrator. A copy of either of these Policies can be obtained by contacting the Project Manager for your respective Contract. Please advise any of your staff that believes they might have been harassed or discriminated against while on Agency property, to report said possible incident to either the Project Manager, or the Agency's Human Resources Administrator. Please be assured that any possible infraction shall be thoroughly investigated by the Agency.

H. Non-Conforming Work and Warranty: Consultant represents and warrants that the Work and Documentation shall be adequate to serve the purposes described in the Contract. For a period of not less than one (1) year after acceptance of the completed Work, Consultant shall, at no additional cost to Agency, correct any and all errors in and shortcomings of the Work or Documentation, regardless of whether any such errors or shortcoming is brought to the attention of Consultant by Agency, or any other person or entity. Consultant shall within three (3) calendar days, correct any error or shortcoming that renders the Work or Documentation dysfunctional or unusable and shall correct other errors within thirty (30) calendar days after Consultant's receipt of notice of the error. Upon request of Agency, Consultant shall correct any such error deemed important by Agency in its sole discretion to Agency's

continued use of the Work or Documentation within seven (7) calendar days after Consultant's receipt of notice of the error. If the Project Manager rejects all or any part of the Work or Documentation as unacceptable and agreement to correct such Work or Documentation cannot be reached without modification to the Contract, Consultant shall notify the Project Manager, in writing, detailing the dispute and reason for the Consultant's position. Any dispute that cannot be resolved between the Project Manager and Consultant shall be resolved in accordance with the provisions of this Contract.

The total amount of all claims the Agency may have against the Consultant under this Contract or arising from the performance or non-performance of the Work under any theory of law, including but not limited to claims for negligence, negligent misrepresentation and breach of contract, shall be strictly limited to the lesser of the fees or \$500,000. As the Agency's sole and exclusive remedy under this Contract any claim, demand or suit shall be directed and/or asserted only against the Consultant and not against any of the Consultant's employees, officers or directors.

The Consultant's liability with respect to any claims arising out of this Contract shall be absolutely limited to direct damages arising out of the Work and the Consultant shall bear no liability whatsoever for any consequential loss, injury or damage incurred by the Agency, including but not limited to, claims for loss of use, loss of profits and loss of markets.

I. Disputes:

- (1). All disputes arising out of or in relation to this Contract shall be determined in accordance with this section. The Consultant shall pursue the work to completion in accordance with the instruction of the Agency's Project Manager notwithstanding the existence of dispute. By entering into this Contract, both parties are obligated, and hereby agree, to submit all disputes arising under or relating to the Contract, which remain unresolved after the exhaustion of the procedures provided herein, to independent arbitration. Except as otherwise provided herein, arbitration shall be conducted under California Code of Civil Procedure Sections 1280, et. seq, or their successor.
- (2). Any and all disputes during the pendency of the work shall be subject to resolution by the Agency Project Manager and the Consultant shall comply, pursuant to the Agency Project Manager instructions. If the Consultant is not satisfied with any such resolution by the Agency Project Manager, they may file a written protest with the Agency Project Manager within seven (7) calendar days after receiving written notice of the Agency's decision. Failure by Consultant to file a written protest within seven (7) calendar days shall constitute waiver of protest, and acceptance of the Agency Project Manager's resolution. The Agency's Project Manager shall submit the Consultant's written protests to the General Manager, together with a copy of the Agency Project

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

- (3). In the event of arbitration, the parties hereto agree that there shall be a single neutral Arbitrator who shall be selected in the following manner:
  - a. The Demand for Arbitration shall include a list of five names of persons acceptable to the Consultant to be appointed as Arbitrator. The Agency shall determine if any of the names submitted by Consultant are acceptable and, if so, such person 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). Joinder in Mediation/Arbitration: The Agency may join the Consultant in mediation or arbitration commenced by a subcontractor on the Project pursuant to Public Contracts Code Sections 20104 et seq. Such joinder shall be initiated by written notice from the Agency's representative to the Consultant.

11. **INDEMNIFICATION:** Consultant shall indemnify the Agency, its directors, employees and assigns, and shall 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 Consultant, its directors, employees, agents and assigns, in the performance of work under this Contract, to the



extent caused by Consultant's negligence or willful misconduct. Notwithstanding the foregoing, to the extent that this Contract includes design professional services as addressed under Civil Code Section 2782.8, as may be amended from time to time, such duties of Consultant to defend and to indemnify Agency shall only be to the full extent permitted by Civil Code Section 2782.8.

Consultant shall have no duty to defend Agency, but Consultant shall pay as damages to Agency all reasonable attorney's fees and costs incurred by Agency to the extent incurred by Agency arising out of Consultant's actual or alleged negligent acts, errors, or omissions. Further, Consultant shall assume sole responsibility for the investigation, analysis, and defense of any and all issues alleged against Agency or Consultant to the extent alleged, based on, or arising out of Consultant's scope of work, or Consultant's actual or alleged negligent acts, errors, or omissions.

Notwithstanding the foregoing, for any claim alleging Consultant's negligent performance of professional services, Consultant's obligations regarding the Agency's defense under this paragraph include only the reimbursement of the Agency's reasonable defense costs incurred to the extent of Consultant's negligence as expressly determined by a final judgment, arbitration, award, order, settlement, or other final resolution. Consultant shall not be responsible for warranties, guarantees, fitness for a particular purpose, breach of fiduciary duty, or loss of anticipated profits. Additionally, Consultant shall not be responsible for acts and decisions of third parties, including governmental agencies, other than Consultant's subconsultants, that impact project completion and/or success.

12. OWNERSHIP OF MATERIALS AND DOCUMENTS/CONFIDENTIALITY: The Agency retains ownership of any and all partial or complete reports, drawings, plans, notes, computations, lists, and/or other materials, documents, information, or data prepared by the Consultant and/or the Consultant's 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.
13. TITLE AND RISK OF LOSS:
  - A. Documentation: Title to the Documentation shall pass 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, and laboratory models, procured or fabricated under the Contract shall pass to Agency when procured or

fabricated, and such title shall be free and clear of any and all encumbrances. Consultant shall have risk of loss of any Material or Agency-owned equipment of which it has custody.

- C. Disposition: Consultant shall dispose of items to which Agency has title as directed in writing by the Agreement Administrator and/or Agency.

14. PROPRIETARY RIGHTS:

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

1. Proprietary Rights conceived, developed, or reduced to practice by Consultant in the performance of the Work shall be the property of Agency, and Consultant shall cooperate with all appropriate requests to assign and transfer same to Agency.
2. If Proprietary Rights conceived, developed, or reduced to practice by Consultant prior to the performance of the Work are used in and become integral with the Work or Documentation, or are necessary for Agency to have complete enjoyment of the Work or Documentation, Consultant shall grant to Agency a non-exclusive, irrevocable, royalty-free license, as may be required by Agency for the complete enjoyment of the Work and Documentation, including the right to reproduce, correct, repair, replace, maintain, translate, publish, use, modify, copy or dispose of any or all of the Work and Documentation and grant sublicenses to others with respect to the Work and Documentation.
3. If the Work or Documentation includes the Proprietary Rights of others, Consultant shall procure, at no additional cost to Agency, all necessary licenses regarding such Proprietary Rights so as to allow Agency the complete enjoyment of the Work and Documentation, including the right to reproduce, correct, repair, replace, maintain, translate, publish, use, modify, copy or dispose of any or all of the Work and Documentation and grant sublicenses to others with respect to the Work and Documentation. All such licenses shall be in writing and shall be irrevocable and royalty-free to Agency.

- B. No Additional Compensation: Nothing Set forth in this Contract shall be deemed to require payment by Agency to Consultant of any compensation specifically for the assignments and assurances required hereby, other than the payment of expenses as may be actually incurred by Consultant in complying with this Contract.

15. INFRINGEMENT: Consultant represents and warrants that the Work and Documentation shall be free of any claim of trade secret, trade mark, trade name, copyright, or patent infringement or other violations of any Proprietary Rights of any person.

Consultant shall defend, indemnify and hold harmless, Agency, its officers, directors, agents, employees, successors, assigns, servants, and volunteers free and harmless from any and all liability, damages, losses, claims, demands, actions, causes of action, and costs including reasonable attorney's fees and expenses arising out of any claim that use of the Work or Documentation infringes upon any trade secret, trade mark, trade name, copyright, patent, or other Proprietary Rights.

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

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

Agency: Warren T. Green  
Manager of Contracts and Procurement  
Inland Empire Utilities Agency, a Municipal Water District  
P.O. Box 9020  
Chino Hills, California 91709

Consultant: Mr. Balakrishnan Narayanan  
Chief Executive Officer  
Carollo Engineers, Inc.  
2700 Ygnacio Valley Road, Suite 300  
Walnut Creek, CA 94598

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

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

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

19. **RIGHT TO AUDIT:** The Agency reserves the right to review and/or audit all Consultant'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 termination of the Contract. The Consultant shall make all records and related documentation available within three (3) working days after said records are requested by the Agency.
20. **INTEGRATION:** The Contract Documents represent the entire Contract of the Agency and the Consultant as to those matters contained herein. No prior oral or written understanding shall be of any force or effect with respect to those matters covered by the Contract Documents. This Contract may not be modified, altered or amended except by written mutual agreement by the Agency and the Consultant.
21. **GOVERNING LAW:** This Contract is to be governed by and constructed in accordance with the laws of the State of California, County of San Bernardino.
22. **TERMINATION FOR CONVENIENCE:** The Agency reserves and has the right to immediately suspend, cancel or terminate this Contract at any time upon written notice to the Consultant. In the event of such termination, the Agency shall pay Consultant for all authorized and Consultant-invoiced services up to the date of such termination.
23. **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.
24. **NOTICE TO PROCEED:** No services shall be performed or furnished under this Contract unless and until this document has been properly signed by all responsible parties and a Notice to Proceed order has been issued to the Consultant.
25. **AGENCY-PROVIDED INFORMATION AND SERVICES:** The Agency shall furnish Consultant available studies, reports and other data pertinent to Consultant's services; obtain or authorize Consultant to obtain or provide additional reports and data as required; furnish to Consultant services of others required for the performance of Consultant's services hereunder, all subject to Agency's prior approval, and Consultant shall be entitled to use and rely upon all such information and services provided by the Agency or others in performing Consultant's services under this Agreement.

26. ESTIMATES AND PROJECTIONS: Consultant has no control over the cost of labor, materials, equipment or services furnished by others, over the incoming water quality and/or quantity, or over the way the Agency's plant and/or associated processes are operated and/or maintained. Data and cost projections are based on Consultant's opinion based on experience and judgment. Consultant cannot and does not guarantee that actual base unit quantities realized and/or costs will not vary from the data and cost projections prepared by Consultant and Consultant does not and will be not liable to and/or indemnify the Agency and/or any third party related to any inconsistencies between Consultant's data and/or cost projections and actual base unit quantities and/or associated energy cost savings realized by the Agency and/or any third party in the future. However, nothing herein shall relieve Consultant from liability for its failure to perform the work to the standard of skill and care expected of a consultant under the same or similar circumstances.
27. THIRD PARTIES: The services to be performed by Consultant are intended solely for the benefit of the Agency. No person or entity not a signatory to this Agreement shall be entitled to rely on Consultant's performance of its services hereunder, and no right to assert a claim against Consultant by assignment of indemnity rights or otherwise shall accrue to a third party as a result of this Agreement or the performance of Consultant's services hereunder.

[ Signature Page Immediately Follows ]

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

INLAND EMPIRE UTILITIES AGENCY:  
(A Municipal Water District)

CAROLLO ENGINEERS, INC.:

\_\_\_\_\_  
Halla Razak  
General Manager

(Date)

  
\_\_\_\_\_  
Dr. Graham Juby, P.E.  
Vice President

11/28/17  
(Date)

  
\_\_\_\_\_  
Eric M. Mills, P.E.  
Senior Vice President

11/28/17  
(Date)

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# Attachment 1

**Inland Empire Utilities Agency**  
**Carollo Fee Estimate**  
**Consulting Engineering Services for Baseline Recycled Water Pipeline Extension (EN17049)**

Task No.	TASK DESCRIPTION	Hourly Billing Rate	\$284	\$252	\$252	\$230	\$194	\$159	\$126	\$105	TOTAL HOURS	LABOR COST	Project Equipment and Communication Expense [PECE] (\$11.70 per labor hour)	OTHER DIRECT COSTS	Subconsultants	Markup on ODCs and Subconsultants	TOTAL PROJECT FEE
		Senior Company Officer	Project Manager	Lead Professional QA/QC	Project Professional	Professional	Assistant Professional	CAD Technician	Clerical								
<b>A</b>	<b>Kickoff Meeting</b>	0	2	0	8	0	8	0	0	1	19	\$ 3,721	\$ 222	\$ -	\$ -	\$ -	\$ 3,943
a.1	Review and assess existing documents, reports, and other relevant documents		2		8		8			1	19	\$ 3,721	\$ 222	\$ -	\$ -	\$ -	\$ 3,943
a.2	Attend a kickoff meeting (see Task I)				8		8										\$ -
<b>B</b>	<b>Environmental Review</b>	0	2	0	4	2	2	2	2	1	13	\$ 2,487	\$ 152	\$ 200	\$ -	\$ 20	\$ 2,859
b.1	Provide engineering support needed to incorporate the environmental review into final design		2		4	2	2	2	2	1	13	\$ 2,487	\$ 152	\$ 200	\$ -	\$ 20	\$ 2,859
<b>C</b>	<b>Preliminary Design (10% Design)</b>	0	26	24	40	38	0	104	4	4	236	\$ 42,696	\$ 2,761	\$ 1,000	\$ 78,800	\$ 7,980	\$ 133,237
c.1	Prepare and submit four (4) Technical Memorandums		8	16	12	12		24			72	\$ 14,160	\$ 842	\$ 200	\$ -	\$ 20	\$ 15,222
c.2	Permit coordination		2	8	8				32		18	\$ 4,360	\$ 211				\$ 4,571
c.3	Alternative options (develop 3 pipeline alternative alignments)		2		4	4					10	\$ 2,200	\$ 117				\$ 2,317
c.4	Description of recommended alignment option		2		4	4					6	\$ 1,424	\$ 70				\$ 1,494
c.5	Geotechnical Baseline Report (GBR)		2		4	4			24		30	\$ 4,304	\$ 351	\$ 200	\$ 40,000	\$ 4,000	\$ 45,494
c.6	Utility research		2		4	4			16	1	23	\$ 3,545	\$ 269			\$ 20	\$ 3,814
c.7	Surveying		2		4	4					0	\$ -	\$ -		\$ 38,800	\$ 3,880	\$ 42,680
c.8	Right-Of-Way Acquisition (see optional task J)		2		4	8					15	\$ 3,081	\$ 176				\$ 3,257
c.9	Construction cost estimate		2		2	2			8	1	21	\$ 3,629	\$ 246	\$ 400			\$ 4,275
c.10	Prepare and submit design review package		2		4	8				1	7	\$ 1,457	\$ 82			\$ 40	\$ 1,539
c.11	Meet with IEUA staff to receive the design review comments		2		2	8			8	1	21	\$ 3,629	\$ 246	\$ 400			\$ 4,275
<b>D</b>	<b>30% Design</b>	0	14	40	24	58	24	108	4	4	272	\$ 48,224	\$ 3,182	\$ 600	\$ 18,500	\$ 1,910	\$ 72,416
d.1	Prepare and submit 30% design drawings and specifications		8	40	12	24	24	100	1	1	209	\$ 36,033	\$ 2,445	\$ 400		\$ 40	\$ 38,918
d.2	Prepare and submit engineer's estimate		1		8	8					9	\$ 1,804	\$ 105				\$ 1,909
d.3	Prepare and submit 30% calculations package		1		8	8				1	18	\$ 3,749	\$ 211				\$ 3,960
d.4	Prepare and submit required permits list		1		8	8					9	\$ 1,804	\$ 105				\$ 1,909
d.5	Potholing (assume 20 potholes); Unit price add/deduct is \$2,000		1		2	8		8	1	20	\$ 3,377	\$ 234		\$ 18,500	\$ 1,850		\$ 23,961
d.6	Meet with IEUA staff to receive the design review comments		2		2	2				1	7	\$ 1,457	\$ 82			\$ 20	\$ 1,759
<b>E</b>	<b>50% Design</b>	0	13	12	32	34	16	80	5	5	192	\$ 33,405	\$ 2,246	\$ 600	\$ -	\$ 60	\$ 36,311
e.1	Prepare and submit 50% design drawings and specifications		8	12	24	16	16	80	1	1	157	\$ 26,393	\$ 1,837	\$ 400		\$ 40	\$ 28,670
e.2	Preprepare and submit engineer's estimate		1		8	8				1	10	\$ 1,909	\$ 117				\$ 2,026
e.3	Prepare and submit 50% calculations package		1		4	4				1	10	\$ 2,053	\$ 117				\$ 2,170
e.4	Preprepare and submit required permits list		1		2	4				1	8	\$ 1,593	\$ 94				\$ 1,687
e.5	Meet with IEUA staff to receive the design review comments		2		2	2				1	7	\$ 1,457	\$ 82	\$ 200		\$ 20	\$ 1,759
<b>F</b>	<b>85% Design</b>	0	14	8	34	36	16	100	3	3	211	\$ 35,807	\$ 2,439	\$ 600	\$ 39,000	\$ 3,960	\$ 81,836
f.1	Prepare and submit 85% design drawings and specifications		8	8	24	24	16	100	1	1	181	\$ 29,457	\$ 2,118	\$ 400		\$ 40	\$ 32,015
f.2	Preprepare and submit engineer's estimate		1		2	4					7	\$ 1,488	\$ 82				\$ 1,570
f.3	Prepare and submit 85% calculations package		1		2	4					7	\$ 1,488	\$ 82				\$ 1,570
f.4	Prepare and submit traffic control plans		2		2	2				1	1	\$ 105	\$ 12				\$ 117
f.5	Preprepare and submit required permits list		2		2	2					6	\$ 1,352	\$ 70	\$ 39,000	\$ 3,900		\$ 43,017
f.6	Meet with IEUA staff to receive the design review comments		2		4	2				1	9	\$ 1,917	\$ 105	\$ 200		\$ 20	\$ 2,242
<b>G</b>	<b>Final Design</b>	0	15	12	24	34	0	80	3	3	168	\$ 29,316	\$ 1,966	\$ 600	\$ -	\$ 60	\$ 31,941
g.1	Preprepare and submit 100% design drawings and specifications		8	12	8	16		80	1	1	125	\$ 20,169	\$ 1,463	\$ 400		\$ 40	\$ 22,072
g.2	Preprepare and submit final engineer's estimate		1		4	4				1	10	\$ 2,053	\$ 117				\$ 2,170
g.3	Prepare and submit final calculations package		1		2	2					7	\$ 1,488	\$ 82				\$ 1,570
g.4	Preprepare and submit final required permits list		1		2	2					5	\$ 1,100	\$ 59				\$ 1,159
g.5	Preprepare and submit final asset list		2		4	4					10	\$ 2,200	\$ 117				\$ 2,317
g.6	Preprepare and submit shop drawing list		2		4	4					10	\$ 2,200	\$ 117				\$ 2,317
<b>H</b>	<b>Bid and Award Administration Assistance</b>	0	12	0	12	4	0	16	3	3	47	\$ 8,891	\$ 550	\$ 200	\$ -	\$ 20	\$ 9,661
h.1	Bid interpretation		4		4	4		4	1	1	17	\$ 3,313	\$ 199				\$ 3,512
h.2	Interpret contract documents and prepare addenda		4		4	4		4	1	1	13	\$ 2,537	\$ 152				\$ 2,689



**Inland Empire Utilities Agency**  
**Carollo Fee Estimate**  
**Consulting Engineering Services for Baseline Recycled Water Pipeline Extension (EN17049)**

		Hourly Billing Rate	\$284	\$252	\$252	\$230	\$194	\$159	\$126	\$105								
Task No.	TASK DESCRIPTION	Senior Company Officer	Project Manager	Lead Professional QA/QC	Project Professional	Professional	Assistant Professional	CAD Technician	Clerical	TOTAL HOURS	LABOR COST	Project Equipment and Communication Expense [PECE] (\$11.70 per labor hour)	OTHER DIRECT COSTS	Subconsultants	Markup on ODCs and Subconsultants	TOTAL PROJECT FEE		
h.3	Attend a pre-bid meeting		4					8	1	4	\$ 1,008	\$ 47	\$ 200		\$ 20	\$ 1,275		
h.4	Prepare conformed set of plans and specifications				4					13	\$ 2,033	\$ 152			\$ -	\$ 2,185		
I	<b>Project Management, Meetings, Quality Assurance and Quality Control</b>	2	34	20	12	18	0	0	4	90	\$ 20,848	\$ 1,053	\$ 600	\$ -	\$ 60	\$ 22,561		
i.1	Attend a kickoff meeting	2	2		2				1	7	\$ 1,637	\$ 82	\$ 200		\$ 20	\$ 1,939		
i.2	Attend monthly progress meetings (assume 10 meetings)		20		10	10			1	41	\$ 9,385	\$ 480	\$ 400		\$ 40	\$ 10,305		
i.3	Prepare and submit meeting agenda and meeting minutes for all meetings with IEUA		8			8			1	17	\$ 3,673	\$ 199			\$ -	\$ 3,872		
i.4	Quality Assurance and Quality Control		4	20					1	25	\$ 6,153	\$ 293			\$ -	\$ 6,446		
<b>TOTAL FOR ALL TASKS</b>		<b>2</b>	<b>132</b>	<b>116</b>	<b>190</b>	<b>224</b>	<b>66</b>	<b>490</b>	<b>28</b>	<b>1,248</b>	<b>\$ 225,394</b>	<b>\$ 14,502</b>	<b>\$ 4,400</b>	<b>\$ 136,300</b>	<b>\$ 14,070</b>	<b>\$ 394,766</b>		

		Hourly Billing Rate	\$284	\$252	\$252	\$230	\$194	\$159	\$126	\$105								
Task No.	TASK DESCRIPTION	Senior Company Officer	Project Manager	Lead Professional QA/QC	Project Professional	Professional	Assistant Professional	CAD Technician	Clerical	TOTAL HOURS	LABOR COST	Project Equipment and Communication Expense [PECE] (\$11.70 per labor hour)	OTHER DIRECT COSTS	Subconsultants	Markup on ODCs and Subconsultants	TOTAL PROJECT FEE		
<b>ADDITIONAL OPTIONAL TASKS</b>																		
J	<b>Right-Of-Way Property Acquisition</b>	0	2	0	2	0	0	0	0	16	\$ 964	\$ 187	\$ -	\$ 2,500	\$ 250	\$ 3,901		
j.1	Provide preliminary plans for any required right-of-way acquisition including approximate area of each of the required parcels. Assume \$2,500 per parcel.		2		2					16	\$ 964	\$ 187		\$ 2,500	\$ 250	\$ 3,901		
K	<b>Engineering Services During Construction</b>	0	34	0	50	44	0	60	5	193	\$ 36,889	\$ 2,258	\$ 800	\$ -	\$ 20	\$ 39,767		
k.1	Attend a Pre-construction meeting		4		4				1	9	\$ 2,033	\$ 105	\$ 200		\$ 20	\$ 2,358		
k.2	Review and respond to RFI's (assume 10 RFI's)		8		16	16			1	41	\$ 8,905	\$ 480			\$ -	\$ 9,385		
k.3	Review and respond to submittals and shop drawings (assume 20 submittals and resubmittals)		12		24	24			1	61	\$ 13,305	\$ 714	\$ 200		\$ 20	\$ 14,239		
k.4	Review and respond change orders (assume 2 CO's)		8		4	4			1	17	\$ 3,817	\$ 199			\$ -	\$ 4,016		
k.5	Prepare As-Built drawings		2		2			60	1	65	\$ 8,629	\$ 761	\$ 400		\$ 40	\$ 9,830		
<b>TOTAL FOR OPTIONAL TASKS</b>		<b>0</b>	<b>36</b>	<b>0</b>	<b>52</b>	<b>44</b>	<b>0</b>	<b>60</b>	<b>5</b>	<b>209</b>	<b>\$ 37,653</b>	<b>\$ 2,445</b>	<b>\$ 800</b>	<b>\$ 2,500</b>	<b>\$ 270</b>	<b>\$ 43,668</b>		

**CAROLLO ENGINEERS, INC.  
FEE SCHEDULE**

**As of January 1, 2017  
California**

	<u>Hourly Rate*</u>
<b>Engineers/Scientists</b>	
Senior Professional	\$284.00
Project Manager	252.00
Lead Professional	252.00
Project Professional	230.00
Professional	194.00
Assistant Professional	159.00
<b>Technicians</b>	
Senior Technicians	176.00
CAD Technicians	140.00
Technicians	126.00
<b>Support Staff</b>	
Document Processing / Clerical	105.00

\*Individual hourly rates include salary, overhead, and profit.

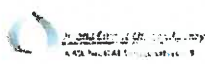
Non-salary expenses and outside services attributable to the project shall include:

- Mileage at IRS established guidelines, currently \$0.535/mile (effective January 1, 2017);
- The identifiable costs of reproduction, printing, and binding applicable to the project;
- The actual cost of outside and subcontracted services, and other direct costs identifiable to the Project, will be charged at the above-stated cost plus 10% markup, to cover overhead, administration, other indirect costs and profit;
- All Carollo labor hours will incur a Project Equipment Communication Expense (PECE) of \$11.70 per hour;
- Rates subject to annual revisions January 1 due to labor adjustments.

Compensation is based on a single not-to-exceed fee based on the following contract terms:

1. Payment of the invoiced amount for the professional engineering services shall be based on monthly invoices describing the work performed and expenses incurred during the preceding month.
2. Payment shall be due within 30 days after date of monthly invoice describing the work performed and expenses incurred during the preceding month.

# **Attachment 2**



**INLAND EMPIRE UTILITIES AGENCY  
CONSULTING SERVICES INVOICE**

<b>Company:</b> ABC Company	<b>Pay Est. No.:</b>	<b>Contract Date:</b>	<b>Invoice Date:</b> #####
<b>Address:</b>	<b>Contract No.:</b> 46-xxxx	<b>IEUA Project Manager:</b> Jamal Zughbi	<b>This Period:</b> From: 9/1/2015 To: 9/30/2015
<b>Phone No.:</b>	<b>Proj. Name &amp; No:</b> RP-1 Improvements Project, EN15xxx		<b>Invoice No. /Consult Ref:</b> XXXXXX

**ORIGINAL CONTRACT:**

PO No.	SAP Line Item No.	WBS Element No.	Item Description	Original Contr. Value	Total This Period		Total to Date		Progress to Date	Remaining Contract Value
				Amount (\$)	% Complete	Amount (\$)	% Complete	Amount (\$)	% Complete	Amount (\$)
45-xxxxx	1	EN15xxx.00.F.DN50	50% Design Services	\$0.00	#DIV/0!	\$0.00	#DIV/0!	\$0.00	#DIV/0!	\$0.00
	2	EN15xxx.00.F.DN85	85% Design Services	\$0.00	#DIV/0!	\$0.00	#DIV/0!	\$0.00	#DIV/0!	\$0.00
	3	EN15xxx.00.F.DFLP	Final Design	\$0.00	#DIV/0!	\$0.00	#DIV/0!	\$0.00	#DIV/0!	\$0.00
	4	EN15xxx.00.G.CNSW.00.	Constr Support Services		#DIV/0!	\$0.00	#DIV/0!	\$0.00	#DIV/0!	\$0.00
<b>Subtotal Original Contra</b>				<b>\$0.00</b>		<b>\$0.00</b>		<b>\$0.00</b>		<b>\$0.00</b>

**CONTRACT AMENDMENTS:**

PO No.	SAP Line Item No.	WBS Element No.	Amendment Description	Amended Contract Value	Total This Period		Total to Date		Progress to Date	Remaining Contract Value
				Amount (\$)	% Complete	Amount (\$)	% Complete	Amount (\$)	% Complete	Amount (\$)
						\$0.00		\$0.00	0%	0%
						\$0.00		\$0.00	0%	0%
						\$0.00		\$0.00	0%	0%
<b>Subtotal Contr. Amendm</b>				<b>\$0.00</b>		<b>\$0.00</b>		<b>\$0.00</b>		<b>\$0.00</b>
<b>Total Cont. with Amendr</b>				<b>\$0.00</b>		<b>\$0.00</b>		<b>\$0.00</b>		<b>\$0.00</b>

**PAYMENT SUMMARY FOR THIS PERIOD:**

**PRIOR PAYMENT SUMMARY:**

	From: 9/1/2015 To: 9/30/2015		From: To:
Amount Earned Original Contract	\$0.00	Amount Earned Orig Contract	\$0.00
Amount Earned Amendments	\$0.00	Amount Earned Amendments	\$0.00
Back Charges	\$0.00	Back Charges	\$0.00
<b>Amount Due This Period</b>	<b>\$0.00</b>	<b>Prior Payments</b>	<b>\$0.00</b>

**TOTAL PAYMENT SUMMARY:**

**CONTRACT SCHEDULE SUMMARY:**

<b>Total Contract</b>		<b>Contract Start Date:</b>	10/9/2014
Total Original Contract	\$0.00	<b>Contract Duration:</b>	365
Total Contract Amendments	\$0.00	<b>Contract Completion Date:</b>	10/9/2015
Total Payments to Date	\$0.00	<b>Authorized Time Extension:</b>	0
Back Charges	\$0.00	<b>Revised Completion Date:</b>	10/9/2015
Payment this period	\$0.00	<b>PROJECT COMPLETION SUMMARY:</b>	
<b>Balance of Contract</b>	<b>\$0.00</b>	<b>Contract Time Expired:</b>	102%
		<b>Contract Work Complete:</b>	#DIV/0!

**Consultant Approval:**  
 Title: \_\_\_\_\_ Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**Inland Empire Utilities Agency Approvals:**  
 Proj. Engineer: \_\_\_\_\_ Date: \_\_\_\_\_ Exec Mgr. / Assistant GM: \_\_\_\_\_ Date: \_\_\_\_\_  
 Deputy Manager: \_\_\_\_\_ Date: \_\_\_\_\_ General Manager: \_\_\_\_\_ Date: \_\_\_\_\_  
 Dept. Manager: \_\_\_\_\_ Date: \_\_\_\_\_

# **Attachment 3**

## GRANTS AND SRF LOAN REQUIREMENTS

Baseline Extension Project will be funded by a State Water Resources Control Board (SWRCB) State Revolving Fund Loan (Agreement).

The Agreement has regulatory requirements that the Inland Empire Utilities Agency (IEUA) is required to include in all contracts for work related to the performance of the Agreements. The contractors must assist IEUA in meeting the federal and state requirements that apply to the scope stated in their contracts. These requirements include, but are not limited to, the State Prevailing Wages, Federal Davis-Bacon requirements, Federal Disadvantaged Business Enterprise (DBE), Single Audit, Records, etc. If a sub is hired, the grant requirements language must be included in the sub's contract in its entirety. The following attachments provide more details about the specific requirements and must be included in all contracts for this project. Please note that some of the exhibits are not included as they are only relevant to the agreement between SWRCB and IEUA.

1. **Article I, II, IV, V - Loan Provisions**
2. **Exhibit A- Signage**
3. Exhibit B- Intentionally not included
4. Exhibit C- Intentionally not included
5. Exhibit D- Intentionally not included
6. **Exhibit E- Programmatic Conditions & Cross-Cutters**
7. **American Iron and Steel (AIS) Products subject to AIS**
8. Exhibit F- Intentionally not included
9. **Exhibit G- Davis Bacon Labor Compliance Requirements**
10. **Wage Determination**
11. **Exhibit H- Compliance with Cross-Cutting State Authorities**
12. **DBE instructions/forms**

SWRCB Loan Language

**Baseline Extension Project**

*IEUA is in the process of obtaining a State Water Resources Control Board (SWRCB) State Revolving Fund (SRF) Construction Loan. IEUA has not yet received the actual contract. Requirements may change when the executed contract is received. The consultants and contractors must assist IEUA in meeting the requirements that apply to the type of work that they are performing.*

ARTICLE I DEFINITIONS

1.1 Definitions.

Unless otherwise specified, each capitalized term used in this Agreement has the following meaning:

"Additional Payments" means the Additional Payments described in Section 3.2(c) of this Agreement.

"Agreement" means this Installment Sale Agreement, including all exhibits and attachments.

"Allowance" means an amount based on a percentage of the accepted bid for an eligible project to help defray the planning, design, and construction engineering and administration costs of the Project.

"Authorized Representative" means the duly appointed representative of the Recipient as set forth in the certified original of the Recipient's authorizing resolution that designates the authorized representative by title.

"Bank" means the California Infrastructure and Economic Development Bank.

"Bond Funded Portion of the Project Funds" means any portion of the Project Funds which was or will be funded with Bond Proceeds.

"Bond Proceeds" means original proceeds, investment proceeds, and replacement proceeds of Bonds.

"Bonds" means any series of bonds issued by the Bank, the interest on which is excluded from gross income for federal tax purposes, all or a portion of the proceeds of which have been, are, or will be applied by the State Water Board to fund all or any portion of the Project Costs or that are secured in whole or in part by Installment Payments paid hereunder.

"Code" as used in Article V of this Agreement means the Internal Revenue Code of 1986, as amended, and any successor provisions and the regulations of the U.S. Department of the Treasury promulgated thereunder.

"Completion of Construction" means the date, as determined by the Division after consultation with the Recipient, that the work of building and erection of the Project is substantially complete.

"CWSRF" means the Clean Water State Revolving Fund.

"Days" means calendar days unless otherwise expressly indicated.

"Debt Service" means, for any Fiscal Year, the sum of:

- (a) The interest payable during such Fiscal Year on all outstanding System Obligations, assuming that all outstanding serial System Obligations are retired as scheduled and that all outstanding term System Obligations are prepaid or paid from sinking fund payments as scheduled (except to the extent that such interest is capitalized or is reasonably anticipated to be reimbursed to the Recipient by the United States of America pursuant to Section 54AA of the Code (Section 1531 of

Title I of Division B of the American Recovery and Reinvestment Act of 2009 (Pub. L. No. 111 5, 23 Stat. 115 (2009), enacted February 17, 2009), or any future similar program);

- (b) Those portions of the principal amount of all outstanding serial System Obligations maturing in such Fiscal Year (but excluding Excluded Principal);
- (c) Those portions of the principal amount of all outstanding term System Obligations required to be prepaid or paid in such Fiscal Year (but excluding Excluded Principal); and
- (d) Those portions of any other payments under System Obligations required to be made during such Fiscal Year (except to the extent the interest evidenced and represented thereby is capitalized or is reasonably anticipated to be reimbursed to the Recipient by the United States of America pursuant to Section 54AA of the Code (Section 1531 of Title I of Division B of the American Recovery and Reinvestment Act of 2009 (Pub. L. No. 111 5, 23 Stat. 115 (2009), enacted February 17, 2009), or any future similar program); provided that, as to any such System Obligations bearing or comprising interest at other than a fixed rate, the rate of interest used to calculate Debt Service shall, for all purposes, be assumed to bear interest at a fixed rate equal to the higher of 1) the actual rate on the date of calculation, or if such System Obligation is not yet outstanding, the initial rate (if established and binding), and 2) the highest average variable rate borne over a six month period during the preceding 24 months by outstanding variable rate debt issued by the Recipient or, if no such variable rate debt is at the time outstanding, by variable rate debt of which the interest rate is computed by reference to an index comparable to that to be utilized in determining the interest rate for the debt then proposed to be issued;

And provided further that if any series or issue of such System Obligation has twenty-five percent (25%) or more of the aggregate principal amount of such series or issue due in any one year (and such principal is not Excluded Principal), Debt Service shall be determined for the Fiscal Year of determination as if the principal of and interest on such series or issue of such System Obligation were being paid from the date of incurrence thereof in substantially equal annual amounts over a period of forty (40) years from the date of calculation;

And provided further that, as to any such System Obligation or portions thereof bearing no interest but which are sold at a discount and which discount accretes with respect to such System Obligations or portions thereof, such accreted discount shall be treated as interest in the calculation of Debt Service in the Fiscal Year when due;

And provided further that if the System Obligations constitute Paired Obligations, the interest rate on such System Obligations shall be the resulting linked rate or the effective fixed interest rate to be paid by the Recipient with respect to such Paired Obligations;

And provided further that for System Obligations which are interest rate swap agreements which do not constitute Paired Obligations but for which an Independent Financial Consultant certifies that such System Obligation has a fixed spread component payable to the Recipient, Debt Service shall be credited by an amount equal to the lesser of (a) the average of the actual payment received by the Recipient over the last three Fiscal Years (or if outstanding less than three years, over the period outstanding) and (b) the fixed spread component.

"Division" means the Division of Financial Assistance of the State Water Board or any other segment of the State Water Board authorized to administer this Agreement.

"Eligible Start Date" means the date set forth in Exhibit B, establishing the date on or after which construction costs may be incurred and eligible for reimbursement hereunder, subject to the 60-day look back period established in the Reimbursement Resolution.



"Enterprise Fund" means (i) all revenue accounts maintained by the Recipient as of the date of this Agreement other than the Water Resources Fund and (ii) any revenue account created after the date of this Agreement and designated by the Chief Financial Officer of the Recipient as a part of the Enterprise Fund.

"Event of Default" means the occurrence of any of the following events: (a) the failure of the Recipient to pay principal or interest or any fee or any other amount when due to be paid or performed under the terms of this Agreement, and such failure to pay continuing after the applicable grace period, (b) any representation or warranty made by the Recipient under this Agreement proves to be incorrect in any material respect, (c) the Recipient's failure to observe or perform any covenant, condition, or agreement contained in Section 3.7 or any financial special condition in Exhibit D to this Agreement, (d) the failure of the Recipient to perform any covenant or condition under this Agreement and such failure shall remain unremedied for a period of 30 days, unless expressly waived by the Division, (e) the failure of the Recipient to keep in full force and effect its legal existence and any rights, licenses, permit, or privileges to conduct its business, or the occurrence of any material restraint on Recipient's business by a government agency or by court order (f) initiations of proceedings seeking liquidation, reorganization, or other relief with respect to the Recipient or its debts, or for the appointment of a receiver, trustee, custodian or conservator with respect to the Recipient or any part of its assets, or similar event, (g) the failure of the Recipient to make any payment with respect to any System Obligation, when such becomes due and payable, and such failure continuing or anticipated to continue beyond any applicable grace period, (h) any event or condition occurs that results in the acceleration of any System Obligation, or of such System Obligation becoming due prior to its scheduled maturity or that enables or permits (with or without the giving of notice, the lapse of time or both) the holder or holders of any System Obligation or any trustee or agent on its or their behalf to cause any System Obligation to become due, or to require the prepayment, repurchase, redemption or defeasance thereof, prior to its scheduled maturity, (i) any event that results a material impairment in the perfection or priority of the State Water Board's security interest in the Collateral or in the value of such Collateral, (j) initiation of litigation related to the Revenues, the System, or the Project, or (k) a material adverse change in the business, operations, or condition (financial or otherwise) of Recipient.

"Excluded Principal" means each payment of principal of System Obligations with a maturity of less than 42 months and which the Recipient specifies in a certificate signed by the General Manager of the Recipient and filed with the trustee for the System Obligation that the Recipient intends to pay from the proceeds of System Obligations, other bonds, notes or other obligations of the Recipient or moneys other than Revenues or Net Revenues. No such determination shall affect the security for such System Obligations or the obligation of the Recipient to pay such System Obligations from Net Revenues.

"Final Disbursement Request Date" means the date after which date no further Project Funds disbursements may be requested.

"Fiscal Year" means the period beginning on July 1 of each year and ending on the last day of June of the next succeeding year, or any other twelve-month period selected and designated as the official Fiscal Year of the Recipient.

"Force Account" means the use of the Recipient's own employees or equipment.

"GAAP" means generally accepted accounting principles, [the uniform accounting and reporting procedures set forth in publications of the American Institute of Certified Public Accountants or its successor, or by any other generally accepted authority on such procedures, and includes, as applicable, the standards set forth by the Governmental Accounting Standards Board or its successor.](#)

"Initiation of Construction" means the date that notice to proceed with work is issued for the Project, or, if notice to proceed is not required, the date of commencement of building and erection of the Project.

"Installment Payments" means Installment Payments due and payable by the Recipient to the State Water Board under this Agreement, the amounts of which are set forth as Exhibit C hereto.

"Listed Event" means, so long as the Recipient has outstanding any System Obligation subject to Rule 15c2-12, any of the events required to be reported pursuant to Rule 15c2-12(b)(5).

"Loan Repayments" means repayments due and payable by the Recipient to the State Water Board under this Agreement, the amounts of which are set forth as Exhibit C hereto.

"Material Event" means the failure of the Recipient to observe or perform any covenant in this Agreement, including any of the following: (a) revenue shortfalls; (b) unscheduled draws on the Reserve Fund, if any, or the Enterprise Fund; (c) substitution of liquidity providers, or their failure to perform; (d) adverse findings by the Regional Water Quality Control Board; (e) litigation related to the Revenues, the System, or the Project, whether pending or anticipated; (f) any false warranty or representation made by the Recipient relevant to this Agreement; (g) loss, theft, damage, or impairment to the Revenues or the System; (h) seizure of, or levy on any collateral securing this Agreement; (i) dissolution or cessation of operations by the Recipient, termination of Recipient's existence, insolvency of Recipient, or filing of a voluntary or involuntary bankruptcy petition by or on behalf of Recipient; (j) any event set forth in section 2.10 of this Agreement.

"Maximum Annual Debt Service" means the maximum amount of Debt Service that is due on System Obligations in any Fiscal Year during the period commencing with the Fiscal Year for which such calculation is made and terminating with the last Fiscal Year in which such Debt Service for any System Obligations will become due.

"Net Revenues" means, for any Fiscal Year, all Revenues received by the Recipient less the Operations and Maintenance Costs for such Fiscal Year.

"Obligation" means the obligation of the Recipient to make Installment Payments and Additional Payments as provided herein, as evidenced by the execution of this Agreement, proceeds of such obligations being used to fund the Project as specified in the Project Description in Exhibit A and Exhibit A-FBA and in the documents thereby incorporated by reference.

"Operations and Maintenance Costs" means (1) costs spent or incurred for maintenance and operation of the System calculated in accordance with Generally Accepted Accounting Principles, including (among other things) the reasonable expenses of management and repair and other expenses necessary to maintain and preserve the System in good repair and working order, and including administrative costs of the Recipient that are charged directly or apportioned to the System, including but not limited to salaries and wages of employees, payments to the Public Employees Retirement System, overhead, insurance, taxes (if any), fees of auditors, accountants, attorneys, consultants or engineers and insurance premiums, and including all other reasonable and necessary costs of the Recipient or charges required to be paid by it to comply with the terms of this Agreement or any other Parity Contract or Senior Contract or of any resolution or indenture authorizing the issuance of any Parity Bonds or Senior Bonds or of such Parity Bonds or Senior Bonds, and (2) all payments under Operation and Maintenance Obligations, but excluding in all cases depreciation, replacement and obsolescence charges or reserves therefor and amortization of intangibles, including amortization of water rights, unrealized losses on investments, write offs of the value of any impaired assets or other bookkeeping entries of a similar nature.

"Operation and Maintenance Obligation" means any contractual obligation with respect to any facilities, properties, structures, works, services, water or rights to receive water, or any loan of credit to or guaranty of debts, claims or liabilities of any other person (including a joint powers agency of which the Recipient is a member) with respect to any facilities, properties, structures, works, services, water or rights to receive water, so long as in each case the payments thereunder are designated as Operation and Maintenance Costs by the Board of Directors of the Recipient; provided however System Obligations shall not constitute Operation and Maintenance Obligations, and in no instance will an Operation and Maintenance Obligation include provisions for the financing of construction or acquisition of any of the Recipient's facilities, structures, or works.

"Paired Obligations" means any System Obligation (or portion thereof) designated as Paired Obligations in the resolution, indenture or other document authorizing the issuance or execution and delivery thereof, which are simultaneously issued or executed and delivered (i) the principal of which is of equal amount maturing and to be redeemed or prepaid (or cancelled after acquisition thereof) on the same dates and in the same amounts, and (ii) the interest rates which, taken together, are reasonably expected to result in a fixed interest rate obligation of the Recipient for the term of such System Obligation, as determined by an Independent Financial Consultant in writing.

"Parity Bonds" means all revenue bonds or notes of the Recipient authorized, executed, issued and delivered by the Recipient, the payments of which are payable from Net Revenues on a parity with the Installment Payments.

"Parity Contracts" means this Agreement and any amendments and supplements hereto, and all contracts of the Recipient previously or hereafter authorized and executed by the Recipient, the Parity Installment Payments under which are payable from Net Revenues on a parity with the Installment Payments, but excluding contracts entered into for operation and maintenance of the System.

"Parity Debt Service" means, for any Fiscal Year, the sum of:

- (a) The interest payable during such Fiscal Year on all outstanding Parity Bonds, assuming that all outstanding serial Parity Bonds are retired as scheduled and that all outstanding term Parity Bonds are prepaid or paid from sinking fund payments as scheduled (except to the extent that such interest is capitalized or is reasonably anticipated to be reimbursed to the Recipient by the United States of America pursuant to Section 54AA of the Code (Section 1531 of Title I of Division B of the American Recovery and Reinvestment Act of 2009 (Pub. L. No. 111 5, 23 Stat. 115 (2009), enacted February 17, 2009), or any future similar program);
- (b) Those portions of the principal amount of all outstanding serial Parity Bonds maturing in such Fiscal Year (but excluding Excluded Principal);
- (c) Those portions of the principal amount of all outstanding term Parity Bonds required to be prepaid or paid in such Fiscal Year (but excluding Excluded Principal); and
- (d) Those portions of the Parity Installment Payments required to be made during such Fiscal Year (except to the extent the interest evidenced and represented thereby is capitalized or is reasonably anticipated to be reimbursed to the Recipient by the United States of America pursuant to Section 54AA of the Code (Section 1531 of Title I of Division B of the American Recovery and Reinvestment Act of 2009 (Pub. L. No. 111 5, 23 Stat. 115 (2009), enacted February 17, 2009), or any future similar program); provided that, as to any such Parity Bonds or Parity Installment Payments bearing or comprising interest at other than a fixed rate, the rate of interest used to calculate Parity Debt Service shall, for all purposes, be assumed to bear interest at a fixed rate equal to the higher of 1) the actual rate on the date of calculation, or if such Parity Contract or Parity Bond is not yet outstanding, the initial rate (if established and binding), and 2) the highest average variable rate borne over a six month period during the preceding 24 months by outstanding variable rate debt issued by the Recipient or, if no such variable rate debt is at the time outstanding, by variable rate debt of which the interest rate is computed by reference to an index comparable to that to be utilized in determining the interest rate for the debt then proposed to be issued;

And provided further that if any series or issue of such Parity Bonds or Parity Installment Payments have twenty-five percent (25%) or more of the aggregate principal amount of such series or issue due in any one year (and such principal is not Excluded Principal), Parity Debt Service shall be determined for the Fiscal Year of determination as if the principal of and interest on such series or issue of such Parity Bonds or Parity Installment Payments were being paid from

the date of incurrence thereof in substantially equal annual amounts over a period of forty (40) years from the date of calculation;

And provided further that, as to any such Parity Bonds or Parity Installment Payments or portions thereof bearing no interest but which are sold at a discount and which discount accretes with respect to such Parity Bonds or Parity Installment Payments or portions thereof, such accreted discount shall be treated as interest in the calculation of Parity Debt Service in the Fiscal Year when due;

And provided further that if the Parity Bonds or Parity Contracts constitute Paired Obligations, the interest rate on such Parity Bonds or Parity Contracts shall be the resulting linked rate or the effective fixed interest rate to be paid by the Recipient with respect to such Paired Obligations;

And provided further that for Parity Contracts which are interest rate swap agreements which do not constitute Paired Obligations but for which an Independent Financial Consultant certifies that such Parity Contracts has a fixed spread component payable to the Recipient, Parity Debt Service shall be credited by an amount equal to the lesser of (a) the average of the actual payment received by the Recipient over the last three Fiscal Years (or if outstanding less than three years, over the period outstanding) and (b) the fixed spread component.

"Parity Installment Payments" means the payments of interest and principal or other scheduled payments scheduled to be paid by the Recipient under and pursuant to the Parity Contracts.

"Policy" means the State Water Board's "Policy for Implementing the Clean Water State Revolving Fund," as amended from time to time, and the WRFPP Guidelines.

"Project" means the Project financed by this Agreement as described in Exhibit A, Exhibit A-FBA, and in the documents incorporated by reference herein.

"Project Completion" means the date, as determined by the Division after consultation with the Recipient, that operation of the Project is initiated or is capable of being initiated, whichever comes first.

"Project Costs" means the incurred costs of the Recipient which are eligible for financial assistance under this Agreement, which are allowable costs as defined under the Policy, and which are reasonable, necessary and allocable by the Recipient to the Project under GAAP, plus capitalized interest.

"Project Funds" means all moneys disbursed to the Recipient by the State Water Board pursuant to this Agreement.

"Recipient" means **Inland Empire Utilities Agency.**

"Regional Water Quality Control Board" or "Regional Water Board" means the appropriate Regional Water Quality Control Board.

"Reimbursement Resolution" means the Recipient's reimbursement resolution identified in Exhibit A of this Agreement.

"Reserve Fund" means the reserve fund required pursuant to Section 3.7 of this Agreement.

"Revenues" means all income, rents, rates, fees, charges and other moneys derived from the ownership or operation of the System, including, without limiting the generality of the foregoing,

- (a) All income, rents, rates, fees, charges, business interruption insurance proceeds or other moneys derived by the Recipient from the sale, furnishing and supplying of sewer services, composting services or other services, facilities, and commodities sold, furnished or supplied through the facilities of or in the conduct or operation of the business of the System, including the Recipient's share of the County of San Bernardino's 1% ad valorem property tax (to the extent allocated to the Enterprise Fund), determined in accordance with Generally Accepted Accounting Principles, plus
- (b) The earnings on and income derived from the investment of the amounts described in clauses (1) hereof, including the Recipient's share of the County of San Bernardino's 1% ad valorem property tax (to the extent allocated to the Enterprise Fund), and the general unrestricted funds of the Recipient,

But excluding in all cases revenues derived from ownership or operation of the Water System, customer deposits or any other deposits or advances subject to refund until such deposits or advances have become the property of the Recipient, and excluding any proceeds of taxes restricted by law to be used by the Recipient to pay bonds hereafter issued.

"Rule 15c2-12(b)(5)" means Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended.

"Senior Bonds" means all revenue bonds or notes of the Recipient authorized, executed, issued and delivered by the Recipient, the payments of which are payable from Net Revenues on a basis senior to the Installment Payments.

"Senior Contracts" means this Agreement and any amendments and supplements hereto, and all contracts of the Recipient previously or hereafter authorized and executed by the Recipient, the Senior Installment Payments under which are payable from Net Revenues on a basis senior to the Installment Payments, but excluding contracts entered into for operation and maintenance of the System.

"Senior Debt Service" means, for any Fiscal Year, the sum of:

- (a) The interest payable during such Fiscal Year on all outstanding Senior Bonds, assuming that all outstanding serial Senior Bonds are retired as scheduled and that all outstanding term Senior Bonds are prepaid or paid from sinking fund payments as scheduled (except to the extent that such interest is capitalized or is reasonably anticipated to be reimbursed to the Recipient by the United States of America pursuant to Section 54AA of the Code (Section 1531 of Title I of Division B of the American Recovery and Reinvestment Act of 2009 (Pub. L. No. 111 5, 23 Stat. 115 (2009), enacted February 17, 2009), or any future similar program);
- (b) Those portions of the principal amount of all outstanding serial Senior Bonds maturing in such Fiscal Year (but excluding Excluded Principal);
- (c) Those portions of the principal amount of all outstanding term Senior Bonds required to be prepaid or paid in such Fiscal Year (but excluding Excluded Principal); and
- (d) Those portions of the Senior Installment Payments required to be made during such Fiscal Year (except to the extent the interest evidenced and represented thereby is capitalized or is reasonably anticipated to be reimbursed to the Recipient by the United States of America pursuant to Section 54AA of the Code (Section 1531 of Title I of Division B of the American Recovery and Reinvestment Act of 2009 (Pub. L. No. 111 5, 23 Stat. 115 (2009), enacted February 17, 2009), or any future similar program);

Provided that, as to any such Senior Bonds or Senior Installment Payments bearing or comprising interest at other than a fixed rate, the rate of interest used to calculate Senior Debt Service shall, for all purposes, be assumed to bear interest at a fixed rate equal to the higher of 1) the actual rate on the date of calculation, or if such Senior Contract or Senior Bond is not yet outstanding, the initial rate (if established and binding), and 2) the highest average variable rate borne over a six month period during the preceding 24 months by outstanding variable rate debt issued by the Recipient or, if no such variable rate debt is at the time outstanding, by variable rate debt of which the interest rate is computed by reference to an index comparable to that to be utilized in determining the interest rate for the debt then proposed to be issued.

"Senior Installment Payments" means the payments of interest and principal or other scheduled payments scheduled to be paid by the Recipient under and pursuant to the Senior Contracts.

"SRF" means the Clean Water State Revolving Fund.

"State" means State of California.

"State Water Board" means the State Water Resources Control Board.

"System" means all facilities, land, and property rights of the Recipient, including the Project, and including all properties, structures or works hereafter acquired or constructed by the Recipient and determined to be part of the System, together with all additions, betterments, extensions and improvements to such facilities, properties, structures or works, or any part thereof hereafter acquired or constructed, other than the Water System.

"System Obligation" means any obligation of the Recipient secured by or payable from Revenues or Net Revenues, including this Obligation and obligations listed in Exhibit F or Exhibit J, and including without limitation Senior Bonds, Senior Contracts, Parity Bonds, Parity Contracts, and such obligations that are payable on a subordinate basis to this Obligation, Parity Bonds, or Parity Contracts, and additional such obligations as may hereafter be issued in accordance with the provisions of such obligations and this Agreement.

"Water System" means the whole and each and every part of the imported water system of the Recipient, including the portion thereof existing on the date hereof, and including all additions, betterments, extensions and improvements to such imported water system or any part thereof hereafter acquired or constructed.

"WRFPP Guidelines" means the Water Recycling Funding Program Guidelines, as amended by the State Water Board on June 16, 2015.

"Year" means calendar year unless otherwise expressly indicated.

## 1.2 Exhibits and Appendices Incorporated.

All exhibits and appendices to this Agreement, including any amendments and supplements hereto, are hereby incorporated herein and made a part of this Agreement.

## ARTICLE II REPRESENTATIONS, WARRANTIES, AND COMMITMENTS

The Recipient represents, warrants, and commits to the following as of the Eligible Start Date set forth on the first page hereof and continuing thereafter for the term of this Agreement.

### 2.1 General Recipient Commitments.

The Recipient shall comply with all terms, provisions, conditions, and commitments of this Agreement, including all incorporated documents, and to fulfill all assurances, declarations, representations, and commitments in its application, accompanying documents, and communications filed in support of its request for financial assistance.

### 2.2 Authorization and Validity.

The execution and delivery of this Agreement, including all incorporated documents, has been duly authorized by the Recipient. This Agreement constitutes a valid and binding obligation of the Recipient, enforceable in accordance with its terms, except as such enforcement may be limited by law.

### 2.3 No Violations.

The execution, delivery, and performance by Recipient of this Agreement, including all incorporated documents, do not violate any provision of any law or regulation in effect as of the date set forth on the first page hereof, or result in any breach or default under any contract, obligation, indenture, or other instrument to which Recipient is a party or by which Recipient is bound as of the date set forth on the first page hereof.

### 2.4 No Litigation.

There are no pending or, to Recipient's knowledge, threatened actions, claims, investigations, suits, or proceedings before any governmental authority, court, or administrative agency which materially affect the financial condition or operations of the Recipient, the System, the Revenues, and/or the Project.

### 2.5 Solvency.

None of the transactions contemplated by this Agreement will be or have been made with an actual intent to hinder, delay, or defraud any present or future creditors of Recipient. As of the date set forth on the first page hereof, Recipient is solvent and will not be rendered insolvent by the transactions contemplated by this Agreement. Recipient is able to pay its debts as they become due.

### 2.6 Legal Status and Eligibility.

Recipient is duly organized and existing and in good standing under the laws of the State of California, and will remain so during the term of this Agreement. Recipient shall at all times maintain its current legal existence and preserve and keep in full force and effect its legal rights and authority. Recipient shall maintain its eligibility for funding under this Agreement for the term of this Agreement.

### 2.7 Financial Statements and Continuing Disclosure.

The financial statements of Recipient previously delivered to the State Water Board as of the date(s) set forth in such financial statements: (a) are materially complete and correct; (b) present fairly the financial condition of the Recipient; and (c) have been prepared in accordance with GAAP. Since the date(s) of such financial statements, there has been no material adverse change in the financial condition of the Recipient, nor have any assets or properties reflected on such financial statements been sold, transferred, assigned, mortgaged, pledged or encumbered, except as previously disclosed in writing by Recipient and approved in writing by the State Water Board.

The Recipient is current in its continuing disclosure obligations associated with its material debt.

#### 2.8 Completion of Project.

The Recipient shall expeditiously proceed with and complete construction of the Project in substantial accordance with Exhibit A and Exhibit A-FBA.

#### 2.9 Award of Construction Contracts.

(a) The Recipient shall award the prime construction contract timely in order to meet the start of construction date specified in Exhibit A.

(b) The Recipient shall promptly notify the Division in writing both of the award of the prime construction contract for the Project and of Initiation of Construction of the Project. The Recipient shall make all reasonable efforts to complete construction in substantial conformance with the terms of the contract by the Completion of Construction date established in Exhibit A. Such date shall be binding upon the Recipient unless modified in writing by the Division upon a showing of good cause by the Recipient. The Recipient shall deliver any request for extension of the Completion of Construction date no less than 90 days prior to the Completion of Construction date. The Division will not unreasonably deny a timely request, but the Division may deny requests received after this time.

#### 2.10 Notice.

(a) The Recipient shall notify the Division in writing within five (5) working days of the occurrence of the following:

- (1) Material defaults on this Obligation;
- (2) Unscheduled draws on debt service reserves held for this Obligation, if any, reflecting financial difficulties;
- (3) Bankruptcy, insolvency, receivership or similar event of the Recipient;
- (4) Actions taken pursuant to state law in anticipation of filing for bankruptcy;
- (5) Listed Events or Material Events, except as set forth in subdivisions (b) or (c) of this section;



- (6) Change of ownership of the Project or change of management or service contracts, if any, for operation of the Project; or
- (b) The Recipient shall notify the Division in writing within 10 working days of the following:
- (1) Material defaults on System Obligations, other than this Obligation;
  - (2) Unscheduled draws on debt service reserves held for System Obligations, other than this Obligation, if any, reflecting financial difficulties;
  - (3) Unscheduled draws on credit enhancements on System Obligations, if any, reflecting financial difficulties;
  - (4) Substitution of credit or liquidity providers, if any, or their failure to perform;
  - (5) Any litigation pending or threatened against Recipient regarding its water or wastewater capacity or its continued existence, circulation of a petition to challenge rates, consideration of dissolution, or disincorporation, or any other material threat to the Recipient's Revenues;
  - (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of any tax-exempt bonds;
  - (7) Rating changes on outstanding System Obligations, if any; or
  - (8) Issuance of additional parity obligations.
- (c) The Recipient shall notify the Division promptly of the following:
- (1) Any substantial change in scope of the Project. The Recipient shall undertake no substantial change in the scope of the Project until written notice of the proposed change has been provided to the Division and the Division has given written approval for the change;
  - (2) Cessation of all major construction work on the Project where such cessation of work is expected to or does extend for a period of thirty (30) days or more;
  - (3) Any circumstance, combination of circumstances, or condition, which is expected to or does delay Completion of Construction for a period of ninety (90) days or more beyond the estimated date of Completion of Construction as specified in Exhibit A;
  - (4) Discovery of any potential tribal cultural resource and/or archeological or historical resource. Should a potential tribal cultural resource and/or archeological or historical resource be discovered during construction of the Project, the Recipient agrees that all work in the area of the find will cease until a qualified archeologist has evaluated the situation and made recommendations regarding preservation of the resource, and the Division has determined what actions should be taken to protect and preserve the resource. The Recipient shall implement appropriate actions as directed by the Division;
  - (5) Discovery of any unexpected endangered or threatened species, as defined in the federal Endangered Species Act. Should a federally protected species be unexpectedly encountered during construction of the Project, the Recipient agrees to promptly notify the Division. This notification is in addition to the Recipient's obligations under the federal Endangered Species Act;

- (6) Any Project monitoring, demonstration, or other implementation activities such that the State Water Board Regional Water Quality Control Board staff may observe and document such activities;
- (7) Any public or media event publicizing the accomplishments and/or results of this Agreement and provide the opportunity for attendance and participation by state representatives with at least ten (10) working days' notice [to the Division](#); or
- (8) Completion of Construction of the Project, and actual Project Completion.

#### 2.11 Findings and Challenge

Upon consideration of a voter initiative to reduce Revenues, the Recipient shall make a finding regarding the effect of such a reduction on the Recipient's ability to satisfy the rate covenant set forth in Section 3.7 of this Agreement. The Recipient shall make its findings available to the public and shall request, if necessary, the authorization of the Recipient's decision-maker or decision-making body to file litigation to challenge any such initiative that it finds will render it unable to satisfy the rate covenant set forth in Section 3.7 and its obligation to operate and maintain the Project for its useful life. The Recipient shall diligently pursue and bear any and all costs related to such challenge. The Recipient shall notify and regularly update the State Water Board regarding the status of any such challenge.

#### 2.12 Project Access.

The Recipient shall ensure that the State Water Board, the Governor of the State, the United States Environmental Protection Agency, the Office of Inspector General, any member of Congress, the President of the United States, or any authorized representative of the foregoing, will have safe and suitable access to the Project site at all reasonable times during Project construction and thereafter for the term of the Obligation. The Recipient acknowledges that, except for a subset of information regarding archaeological records, the Project records and locations are public records, including but not limited to all of the submissions accompanying the application, all of the documents incorporated by Exhibit A and Exhibit A-FBA, and all reports, disbursement requests, and supporting documentation submitted hereunder.

#### 2.13 Project Completion; Initiation of Operations.

Upon Completion of Construction of the Project, the Recipient shall expeditiously initiate Project operations.

#### 2.14 Continuous Use of Project; Lease, Sale, Transfer of Ownership, or Disposal of Project.

The Recipient agrees that, except as provided in this Agreement, it will not abandon, substantially discontinue use of, lease, sell, transfer of ownership, or dispose of all or a significant part or portion of the Project during the useful life of the Project without prior written approval of the Division. Such approval may be conditioned as determined to be appropriate by the Division, including a condition requiring repayment of all disbursed Project Funds or all or any portion of all remaining funds covered by this Agreement together with accrued interest and any penalty assessments that may be due.

2.15 Project Reports.

- (a) **Status Reports.** The Recipient shall provide expeditiously status reports no less frequently than quarterly, starting with the execution of this Agreement. These reports must accompany any disbursement request and are a condition precedent to any disbursement. At a minimum the reports will contain the following information:
- (1) A summary of progress to date including a description of progress since the last report, percent construction complete, percent contractor invoiced, and percent schedule elapsed;
  - (2) A description of compliance with environmental requirements;
  - (3) A listing of change orders including amount, description of work, and change in contract amount and schedule; and
  - (4) Any problems encountered, proposed resolution, schedule for resolution, and status of previous problem resolutions.
- (b) **Project Completion Report.** The Recipient shall submit a Project Completion Report to the Division with a copy to the appropriate Regional Water Quality Control Board on or before the due date established by the Division and the Recipient at the time of final project inspection. The Project Completion Report must address the following:
- (1) Describe the Project,
  - (2) Describe the water quality problem the Project sought to address,
  - (3) Discuss the Project's likelihood of successfully addressing that water quality problem in the future, and
  - (4) Summarize compliance with environmental conditions, if applicable.
  - (5) If the Recipient fails to submit a timely Project Completion Report, then the State Water Board may stop processing pending or future applications for new financial assistance, withhold disbursements under this Agreement or other agreements, and begin administrative proceedings.
- (c) **As Needed Reports.** The Recipient shall provide expeditiously, during the term of this Agreement, any reports, data, and information reasonably required by the Division, including but not limited to material necessary or appropriate for evaluation of the funding program or to fulfill any reporting requirements of the state or federal government.
- (d) **Recycled water reports.** Commencing with the date of Project Completion, the Recipient shall submit annual reports for five (5) consecutive calendar years or until the Project's actual total annual recycled water deliveries equal the Project's planned total recycled water deliveries.

- (1) The Recipient shall submit annual reports in hard copy and/or electronically.
- (2) The first annual report is due on February 28th following the first full calendar year of operation and shall cover the period from the Project Completion through the end of the first full calendar year thereafter. Subsequent annual reports are due by February 28th following the calendar year covered. The annual reports shall be prepared in accordance with the "Water Recycling Funding Program Guidelines."
- (3) The annual reports shall include the following:
  - (a) The planned total recycled water deliveries from the Recipient's funding application/user-connection schedule;
  - (b) A breakdown of the actual total annual recycled water deliveries by month and type of use, presented in a table showing month vs. type of use. If the Recipient supplements recycled water deliveries with potable or fresh water, the annual report shall include the monthly and total amounts;
  - (c) The Project's operation and maintenance costs for the year;
  - (d) The costs to Recipient's end users of recycled water vs. potable/fresh water during the year; and
  - (e) If the Project's actual total recycled water deliveries are less than the planned total recycled water deliveries, the Recipient shall provide a brief discussion on its progress toward achieving the remaining system capacity.

#### 2.16 Federal Disadvantaged Business Enterprise (DBE) Reporting.

The Recipient shall report DBE utilization to the Division on the DBE Utilization Report, State Water Board Form DBE UR334. The Recipient must submit such reports to the Division annually within ten (10) calendar days following October 1 until such time as the "Notice of Completion" is issued. The Recipient shall comply with 40 CFR § 33.301.

#### 2.17 Records.

- (a) Without limitation of the requirement to maintain Project accounts in accordance with GAAP, the Recipient shall:
  - (1) Establish an official file for the Project which adequately documents all significant actions relative to the Project;
  - (2) Establish separate accounts which will adequately and accurately depict all amounts received and expended on the Project, including all assistance funds received under this Agreement;
  - (3) Establish separate accounts which will adequately depict all income received which is attributable to the Project, specifically including any income attributable to assistance funds disbursed under this Agreement;
  - (4) Establish an accounting system which will accurately depict final total costs of the Project, including both direct and indirect costs;
  - (5) Establish such accounts and maintain such records as may be necessary for the State to fulfill federal reporting requirements, including any and all reporting requirements under federal tax statutes or regulations; and

- (6) If Force Account is used by the Recipient for any phase of the Project, other than for planning, design, and construction engineering and administration provided for by allowance, accounts will be established which reasonably document all employee hours charged to the Project and the associated tasks performed by each employee. Indirect Force Account costs are not eligible for funding.
  
- (b) The Recipient shall maintain separate books, records and other material relative to the Project. The Recipient shall also retain such books, records, and other material for itself and for each contractor or subcontractor who performed or performs work on this project for a minimum of thirty-six (36) years after Project Completion. The Recipient shall require that such books, records, and other material are subject at all reasonable times (at a minimum during normal business hours) to inspection, copying, and audit by the State Water Board, the Bureau of State Audits, the United States Environmental Protection Agency (USEPA), the Office of Inspector General, the Internal Revenue Service, the Governor, or any authorized representatives of the aforementioned. The Recipient shall allow and shall require its contractors to allow interviews during normal business hours of any employees who might reasonably have information related to such records. The Recipient agrees to include a similar duty regarding audit, interviews, and records retention in any contract or subcontract related to the performance of this Agreement. The provisions of this section shall survive the discharge of the Recipient's Obligation and the term of this Agreement.

2.18 Audit.

- (a) The Division may call for an audit of financial information relative to the Project if the Division determines that an audit is desirable to assure program integrity or if an audit becomes necessary because of state or federal requirements. If an audit is called for, the audit shall be performed by a certified public accountant independent of the Recipient and at the cost of the Recipient. The audit shall be in the form required by the Division
  
- (b) Audit disallowances will be returned to the State Water Board.

## ARTICLE IV MISCELLANEOUS PROVISIONS

### 4.1 Amendment.

No amendment or variation of the terms of this Agreement shall be valid unless made in writing, signed by the parties and approved as required. No oral understanding or agreement not incorporated in this Agreement is binding on any of the parties.

### 4.2 Assignability.

The Recipient consents to any pledge, sale, or assignment to the Bank or a trustee for the benefit of the owners of the Bonds, if any, at any time of any portion of the State Water Board's estate, right, title, and interest and claim in, to and under this Agreement and the right to make all related waivers and agreements in the name and on behalf of the State Water Board, as agent and attorney-in-fact, and to perform all other related acts which are necessary and appropriate under this Agreement, if any, and the State Water Board's estate, right, title, and interest and claim in, to and under this Agreement to Installment Payments (but excluding the State Water Board's rights to Additional Payments and to notices, opinions and indemnification under each Obligation). This Agreement is not assignable by the Recipient, either in whole or in part, without the consent of the State Water Board in the form of a formal written amendment to this Agreement.

### 4.3 Bonding.

Where contractors are used, the Recipient shall not authorize construction to begin until each contractor has furnished a performance bond in favor of the Recipient in the following amounts: faithful performance (100%) of contract value; labor and materials (100%) of contract value. This requirement shall not apply to any contract for less than \$25,000.00.

### 4.4 Competitive Bidding

Recipient shall adhere to any applicable state law or local ordinance for competitive bidding and applicable labor laws.

### 4.5 Compliance with Law, Regulations, etc.

The Recipient shall, at all times, comply with and require its contractors and subcontractors to comply with all applicable federal and state laws, rules, guidelines, regulations, and requirements. Without limitation of the foregoing, to the extent applicable, the Recipient shall:

- (a) Comply with the provisions of the adopted environmental mitigation plan, if any, for the term of this Agreement;
- (b) Comply with the State Water Board's Policy;
- (c) Comply with and require compliance with the list of state laws attached as Exhibit H.
- (d) Comply with and require its contractors and subcontractors on the Project to comply with federal DBE requirements; and
- (e) Comply with and require its contractors and subcontractors to comply with the list of federal laws attached as Exhibit E.

### 4.6 Conflict of Interest.

The Recipient certifies that its owners, officers, directors, agents, representatives, and employees are in compliance with applicable state and federal conflict of interest laws.

#### 4.7 Damages for Breach Affecting Tax-Exempt Status or Federal Compliance

In the event that any breach of any of the provisions of this Agreement by the Recipient shall result in the loss of tax-exempt status for any bonds of the State or any subdivision or agency thereof, including Bonds issued on behalf of the State Water Board, or if such breach shall result in an obligation on the part of the State or any subdivision or agency thereof to reimburse the federal government by reason of any arbitrage profits, the Recipient shall immediately reimburse the State or any subdivision or agency thereof in an amount equal to any damages paid by or loss incurred by the State or any subdivision or agency thereof due to such breach. In the event that any breach of any of the provisions of this Agreement by the Recipient shall result in the failure of Project Funds to be used pursuant to the provisions of this Agreement, or if such breach shall result in an obligation on the part of the State or any subdivision or agency thereof to reimburse the federal government, the Recipient shall immediately reimburse the State or any subdivision or agency thereof in an amount equal to any damages paid by or loss incurred by the State or any subdivision or agency thereof due to such breach.

#### 4.8 Disputes.

- (a) The Recipient may appeal a staff decision within 30 days to the Deputy Director of the Division or designee, for a final Division decision. The Recipient may appeal a final Division decision to the State Water Board within 30 days. The Office of the Chief Counsel of the State Water Board will prepare a summary of the dispute and make recommendations relative to its final resolution, which will be provided to the State Water Board's Executive Director and each State Water Board Member. Upon the motion of any State Water Board Member, the State Water Board will review and resolve the dispute in the manner determined by the State Water Board. Should the State Water Board determine not to review the final Division decision, this decision will represent a final agency action on the dispute.
- (b) This clause does not preclude consideration of legal questions, provided that nothing herein shall be construed to make final the decision of the State Water Board, or any official or representative thereof, on any question of law.
- (c) Recipient shall continue with the responsibilities under this Agreement during any dispute.
- (d) This section 4.8 relating to disputes does not establish an exclusive procedure for resolving claims within the meaning of Government Code sections 930 and 930.4.

#### 4.9 Governing Law.

This Agreement is governed by and shall be interpreted in accordance with the laws of the State of California.

#### 4.10 Income Restrictions.

The Recipient agrees that any refunds, rebates, credits, or other amounts (including any interest thereon) accruing to or received by the Recipient under this Agreement shall be paid by the Recipient to the State Water Board, to the extent that they are properly allocable to costs for which the Recipient has been reimbursed by the State Water Board under this Agreement.

#### 4.11 Indemnification and State Reviews.

The parties agree that review or approval of Project plans and specifications by the State Water Board is for administrative purposes only, including conformity with application and eligibility criteria, and expressly not for the purposes of design defect review or construction feasibility, and does not relieve the Recipient of its responsibility to properly plan, design, construct, operate, and maintain the Project. To the extent permitted by law, the Recipient agrees to indemnify, defend, and hold harmless the State

Water Board, the Bank, and any trustee, and their officers, employees, and agents for the Bonds, if any (collectively, "Indemnified Persons"), against any loss or liability arising out of any claim or action brought against any Indemnified Persons from and against any and all losses, claims, damages, liabilities, or expenses, of every conceivable kind, character, and nature whatsoever arising out of, resulting from, or in any way connected with (1) the System or the Project or the conditions, occupancy, use, possession, conduct, or management of, work done in or about, or the planning, design, acquisition, installation, or construction, of the System or the Project or any part thereof; (2) the carrying out of any of the transactions contemplated by this Agreement or any related document; (3) any violation of any applicable law, rule or regulation, any environmental law (including, without limitation, the Federal Comprehensive Environmental Response, Compensation and Liability Act, the Resource Conservation and Recovery Act, the California Hazardous Substance Account Act, the Federal Water Pollution Control Act, the Clean Air Act, the Toxic Substances Control Act, the Occupational Safety and Health Act, the Safe Drinking Water Act, the California Hazardous Waste Control Law, and California Water Code Section 13304, and any successors to said laws), rule or regulation or the release of any toxic substance on or near the System; or (4) any untrue statement or alleged untrue statement of any material fact or omission or alleged omission to state a material fact necessary to make the statements required to be stated therein, in light of the circumstances under which they were made, not misleading with respect to any information provided by the Recipient for use in any disclosure document utilized in connection with any of the transactions contemplated by this Agreement. The Recipient shall also provide for the defense and indemnification of the Indemnified Parties in any contractual provision extending indemnity to the Recipient in any contract let for the performance of any work under this Agreement, and shall cause the Indemnified Parties to be included within the scope of any provision for the indemnification and defense of the Recipient in any contract or subcontract. To the fullest extent permitted by law, the Recipient agrees to pay and discharge any judgment or award entered or made against Indemnified Persons with respect to any such claim or action, and any settlement, compromise or other voluntary resolution. The provisions of this section shall survive the term of this Agreement and the discharge of the Recipient's Obligation hereunder.

#### 4.12 Independent Actor.

The Recipient, and its agents and employees, if any, in the performance of this Agreement, shall act in an independent capacity and not as officers, employees, or agents of the State Water Board.

#### 4.13 Leveraging Covenants.

- (a) Tax Covenant. Notwithstanding any other provision hereof, the Recipient covenants and agrees that it will comply with the Tax Covenants set forth in Article V of this Agreement.
- (b) Disclosure of Financial Information, Operating Data, and Other Information. The Recipient covenants to furnish such financial, operating and other data pertaining to the Recipient as may be requested by the State Water Board to: (i) enable the State Water Board to cause the issuance of Bonds and provide for security therefor; or (ii) enable any underwriter of Bonds issued for the benefit of the State Water Board to comply with Rule 15c2-12(b)(5). The Recipient further covenants to provide the State Water Board with copies of all continuing disclosure reports and materials concerning the System required by the terms of any financing other than this Agreement and to submit such reports to the State Water Board at the same time such reports are submitted to any dissemination agent, trustee, nationally recognized municipal securities information repository, the Municipal Securities Rulemaking Board's Electronic Municipal Market Access (EMMA) website or other person or entity.

#### 4.14 Non-Discrimination Clause.

- (a) During the performance of this Agreement, Recipient and its contractors and subcontractors shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex, race, color, ancestry, religious creed, national origin, sexual orientation, physical disability (including HIV and AIDS), mental disability, medical condition



(cancer), age (over 40), marital status, denial of family care leave, or genetic information, gender, gender identity, gender expression, or military and veteran status.

- (b) The Recipient, its contractors, and subcontractors shall ensure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment.
- (c) The Recipient, its contractors, and subcontractors shall comply with the provisions of the Fair Employment and Housing Act and the applicable regulations promulgated thereunder. (Gov. Code, §12990, subds. (a)-(f) et seq.; Cal. Code Regs., tit. 2, § 7285 et seq.) Such regulations are incorporated into this Agreement by reference and made a part hereof as if set forth in full.
- (d) The Recipient, its contractors, and subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement.
- (e) The Recipient shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under this Agreement.

#### 4.15 No Third Party Rights.

The parties to this Agreement do not create rights in, or grant remedies to, any third party as a beneficiary of this Agreement, or of any duty, covenant, obligation, or undertaking established herein.

#### 4.16 Operation and Maintenance; Insurance.

The Recipient agrees to sufficiently and properly staff, operate and maintain all portions of the System during its useful life in accordance with all applicable state and federal laws, rules, and regulations.

The Recipient will procure and maintain or cause to be maintained insurance on the System with responsible insurers, or as part of a reasonable system of self-insurance, in such amounts and against such risks (including damage to or destruction of the System) as are usually covered in connection with systems similar to the System. Such insurance may be maintained by a self-insurance plan so long as such plan provides for (i) the establishment by the Recipient of a separate segregated self-insurance fund in an amount determined (initially and on at least an annual basis) by an independent insurance consultant experienced in the field of risk management employing accepted actuarial techniques and (ii) the establishment and maintenance of a claims processing and risk management program.

In the event of any damage to or destruction of the System caused by the perils covered by such insurance, the net proceeds thereof shall be applied to the reconstruction, repair or replacement of the damaged or destroyed portion of the System. The Recipient shall begin such reconstruction, repair or replacement as expeditiously as possible, and shall pay out of such net proceeds all costs and expenses in connection with such reconstruction, repair or replacement so that the same shall be completed and the System shall be free and clear of all claims and liens. If such net proceeds are insufficient to enable the Recipient to pay all remaining unpaid principal portions of the Installment Payments/Loan Repayments, if any, the Recipient shall provide additional funds to restore or replace the damaged portions of the System.

Recipient agrees that for any policy of insurance concerning or covering the construction of the Project, it will cause, and will require its contractors and subcontractors to cause, a certificate of insurance to be issued showing the State Water Board, its officers, agents, employees, and servants as additional insured; and shall provide the Division with a copy of all such certificates prior to the commencement of construction of the Project.

#### 4.17 Permits, Subcontracting, and Remedies.

The Recipient shall comply in all material respects with all applicable federal, state and local laws, rules and regulations. Recipient shall procure all permits, licenses and other authorizations necessary to accomplish the work contemplated in this Agreement, pay all charges and fees, and give all notices necessary and incidental to the due and lawful prosecution of the work. Signed copies of any such permits or licenses shall be submitted to the Division before construction begins.

The Recipient shall not contract or allow subcontracting with excluded parties. The Recipient shall not contract with any party who is debarred or suspended or otherwise excluded from or ineligible for participation in any work overseen, directed, funded, or administered by the State Water Board program for which this funding is authorized. For any work related to this Agreement, the Recipient shall not contract with any individual or organization on the State Water Board's List of Disqualified Businesses and Persons that is identified as debarred or suspended or otherwise excluded from or ineligible for participation in any work overseen, directed, funded, or administered by the State Water Board program for which funding under this Agreement is authorized. The State Water Board's List of Disqualified Businesses and Persons is located at

[http://www.waterboards.ca.gov/water\\_issues/programs/enforcement/fwa/dbp.shtml](http://www.waterboards.ca.gov/water_issues/programs/enforcement/fwa/dbp.shtml)

#### 4.18 Prevailing Wages.

The Recipient agrees to be bound by all applicable provisions of State Labor Code regarding prevailing wages. The Recipient shall monitor all agreements subject to reimbursement from this Agreement to ensure that the prevailing wage provisions of the State Labor Code are being met. In addition, the Recipient agrees to comply with the provisions of Exhibit G (Davis-Bacon).

#### 4.19 Public Funding.

This Project is publicly funded. Any service provider or contractor with which the Recipient contracts must not have any role or relationship with the Recipient, that, in effect, substantially limits the Recipient's ability to exercise its rights, including cancellation rights, under the contract, based on all the facts and circumstances.

#### 4.20 Recipient's Responsibility for Work.

The Recipient shall be responsible for all work and for persons or entities engaged in work performed pursuant to this Agreement, including, but not limited to, contractors, subcontractors, suppliers, and providers of services. The Recipient shall be responsible for responding to any and all disputes arising out of its contracts for work on the Project. The State Water Board will not mediate disputes between the Recipient and any other entity concerning responsibility for performance of work.

#### 4.21 Related Litigation.

Under no circumstances may the Recipient use funds from any disbursement under this Agreement to pay costs associated with any litigation the Recipient pursues against the State Water Board or any Regional Water Quality Control Board. Regardless of the outcome of any such litigation, and notwithstanding any conflicting language in this Agreement, the Recipient agrees to repay all of the disbursed funds plus interest in the event that Recipient does not complete the project.

#### 4.22 Rights in Data.

The Recipient agrees that all data, plans, drawings, specifications, reports, computer programs, operating manuals, notes, and other written or graphic work produced in the performance of this Agreement are subject to the rights of the State as set forth in this section. The State shall have the right to reproduce, publish, and use all such work, or any part thereof, in any manner and for any purposes whatsoever and to authorize others to do so. If any such work is copyrightable, the Recipient may copyright the same, except that, as to any work which is copyrighted by the Recipient, the State reserves a royalty-free,

nonexclusive, and irrevocable license to reproduce, publish, and use such work, or any part thereof, and to authorize others to do so, and to receive electronic copies from the Recipient upon request.

#### 4.23 State Water Board Action; Costs and Attorney Fees.

Any remedy provided in this Agreement is in addition to and not in derogation of any other legal or equitable remedy available to the State Water Board as a result of breach of this Agreement by the Recipient, whether such breach occurs before or after completion of the Project, and exercise of any remedy provided by this Agreement by the State Water Board shall not preclude the State Water Board from pursuing any legal remedy or right which would otherwise be available. In the event of litigation between the parties hereto arising from this Agreement, it is agreed that each party shall bear its own costs and attorney fees.

#### 4.24 Termination; Immediate Acceleration; Interest.

- (a) This Agreement may be terminated by written notice during construction of the Project, or thereafter at any time prior to complete satisfaction of the Obligation by the Recipient, at the option of the State Water Board, upon violation by the Recipient of any material provision of this Agreement after such violation has been called to the attention of the Recipient and after failure of the Recipient to bring itself into compliance with the provisions of this Agreement within a reasonable time as established by the Division.
- (b) In the event of such termination, the Recipient agrees, upon demand, to immediately repay to the State Water Board an amount equal to Project Funds disbursed hereunder, accrued interest, penalty assessments, and Additional Payments. In the event of termination, interest shall accrue on all amounts due at the highest legal rate of interest from the date that notice of termination is mailed to the Recipient to the date all monies due have been received by the State Water Board.
- (c) Where the Recipient is a private entity that has been determined to have violated an applicable prohibition in this paragraph or has an employee who is determined by USEPA to have violated an applicable prohibition in this paragraph that is either associated with performance under this Agreement or imputed to the Recipient using the standards and due process for imputing the conduct of an individual to an organization pursuant to 2 CFR Part 180, the Recipient acknowledges and agrees that any funds disbursed under this Agreement may become immediately due and payable and that penalties up to the amount of the federal capitalization grant may be due by the Recipient to the State Water Board, in addition to any other criminal or civil penalties that may become due. The Recipient, its employees, its contractors, and any subrecipients or subcontractors may not engage in trafficking in persons, procure a commercial sex act, or use forced labor.

#### 4.25 Timeliness.

Time is of the essence in this Agreement.

#### 4.26 Unenforceable Provision.

In the event that any provision of this Agreement is unenforceable or held to be unenforceable, then the parties agree that all other provisions of this Agreement have force and effect and shall not be affected thereby.

#### 4.27 Useful Life.

The Recipient warrants that the economic useful life of the Project, commencing at Project Completion, is at least equal to the term of this Agreement, as set forth in Exhibit B.

#### 4.28 Venue.

Any action arising out of this Agreement shall be filed and maintained in the Superior Court in and for the County of Sacramento, California.

4.29 Waiver and Rights of the State Water Board.

Any waiver of rights by the State Water Board with respect to a default or other matter arising under this Agreement at any time shall not be considered a waiver of rights with respect to any other default or matter.

Any rights and remedies of the State Water Board provided for in this Agreement are in addition to any other rights and remedies provided by law.

## ARTICLE V TAX COVENANTS

### 5.1 Purpose.

The purpose of this Article V is to establish the reasonable expectations of the Recipient regarding the Project and the Project Funds, and is intended to be and may be relied upon for purposes of Sections 103, 141 and 148 of the Code and as a certification described in Section 1.148-2(b)(2) of the Treasury Regulations. This Article V sets forth certain facts, estimates and circumstances which form the basis for the Recipient's expectation that neither the Project nor the Bond Funded Portion of the Project Funds is to be used in a manner that would cause the Obligation to be classified as "arbitrage bonds" under Section 148 of the Code or "private activity bonds" under Section 141 of the Code.

### 5.2 Tax Covenant.

The Recipient agrees that it will not take or authorize any action or permit any action within its reasonable control to be taken, or fail to take any action within its reasonable control, with respect to the Project which would result in the loss of the exclusion of interest on the Bonds from gross income for federal income tax purposes under Section 103 of the Code.

### 5.3 Governmental Unit.

The Recipient is a state or local governmental unit as defined in Section 1.103-1 of the Treasury Regulations or an instrumentality thereof (a "Governmental Unit") and is not the federal government or any agency or instrumentality thereof.

### 5.4 Financing of a Capital Project.

The Recipient will use the Project Funds to finance costs it has incurred or will incur for the construction, reconstruction, installation or acquisition of the Project. Such costs shall not have previously been financed with the proceeds of any other issue of tax-exempt obligations.

### 5.5 Ownership and Operation of Project.

The Recipient exclusively owns and, except as provided in Section 5.12 hereof, operates the Project.

### 5.6 Temporary Period.

The Recipient reasonably expects that at least eighty-five percent (85%) of the Bond Funded Portion of the Project Funds will be allocated to expenditures for the Project within three (3) years of the earlier of the effective date of this Agreement or the date the Bonds are issued ("Applicable Date"). The Recipient has incurred, or reasonably expects that it will incur within six (6) months of the Applicable Date, a substantial binding obligation (i.e., not subject to contingencies within the control of the Recipient or a related party) to a third party to expend at least five percent (5%) of the Bond Funded Portion of the Project Funds on Project Costs. The completion of acquisition, construction, improvement and equipping of the Project and the allocation of the Bond Funded Portion of the Project Funds to Project Costs will proceed with due diligence.

### 5.7 Working Capital.

No operational expenditures of the Recipient or any related entity are being, have been or will be financed or refinanced with Project Funds.

#### 5.8 Expenditure of Proceeds.

The Bond Funded Portion of the Project Funds shall be used exclusively for the following purposes: (i) Reimbursement Expenditures (as defined in Section 5.20 below), (ii) Preliminary Expenditures (as defined in Section 5.20 below) in an aggregate amount not exceeding twenty percent (20%) of the Bond Funded Portion of the Project Funds, (iii) capital expenditures relating to the Project originally paid by the Recipient on or after the date hereof, (iv) interest on the Obligation through the later of three (3) years after the Applicable Date or one (1) year after the Project is placed in service, and (v) initial operating expenses directly associated with the Project in the aggregate amount not more than five percent (5%) of the Bond Funded Portion of the Project Funds.

#### 5.9 Private Use and Private Payments.

No portion of the Project Funds or the Project is being, has been or will be used in the aggregate for any activities that constitute a Private Use (as defined below). No portion of the principal of or interest with respect to the Installment Payments will be secured by any interest in property (whether or not the Project) used for a Private Use or in payments in respect of property used for a Private Use, or will be derived from payments in respect of property used for a Private Use. "Private Use" means any activity that constitutes a trade or business that is carried on by persons or entities, other than a Governmental Unit. The leasing of the Project or the access by or the use of the Project by a person or entity other than a Governmental Unit on a basis other than as a member of the general public shall constitute a Private Use. Use by or on behalf of the State of California or any of its agencies, instrumentalities or subdivisions or by any local Governmental Unit and use as a member of the general public will be disregarded in determining whether a Private Use exists. Use under an arrangement that conveys priority rights or other preferential benefits is generally not use on the same basis as the general public. Arrangements providing for use that is available to the general public at no charge or on the basis of rates that are generally applicable and uniformly applied do not convey priority rights or other preferential benefits. For this purpose, rates may be treated as generally applicable and uniformly applied even if (i) different rates apply to different classes of users, such as volume purchasers, if the differences in rates are customary and reasonable; or (ii) a specially negotiated rate arrangement is entered into, but only if the user is prohibited by federal law from paying the generally applicable rates, and the rates established are as comparable as reasonably possible to the generally applicable rates. An arrangement that does not otherwise convey priority rights or other preferential benefits is not treated, nevertheless, as general public use if the term of the use under the arrangement, including all renewal options, is greater than 200 days. For this purpose, a right of first refusal to renew use under the arrangement is not treated as a renewal option if (i) the compensation for the use under the arrangement is redetermined at generally applicable, fair market value rates that are in effect at the time of renewal; and (ii) the use of the financed property under the same or similar arrangements is predominantly by natural persons who are not engaged in a trade or business.

#### 5.10 No Sale, Lease or Private Operation of the Project.

The Project (or any portion thereof) will not be sold or otherwise disposed of, in whole or in part, to any person who is not a Governmental Unit prior to the final maturity date of the Obligation. The Project will not be leased to any person or entity that is not a Governmental Unit prior to the final maturity date of the Obligation. Except as permitted under Section 5.12 hereof, the Recipient will not enter any contract or arrangement or cause or permit any contract or arrangement to be entered with persons or entities that are

not Governmental Units if that contract or arrangement would confer on such persons or entities any right to use the Project on a basis different from the right of members of the general public. The contracts or arrangements contemplated by the preceding sentence include but are not limited to management contracts, take or pay contracts or put or pay contracts, and capacity guarantee contracts.

**5.11 No Disproportionate or Unrelated Use.**

No portion of the Project Funds or the Project is being, has been, or will be used for a Private Use that is unrelated or disproportionate to the governmental use of the Project Funds.

**5.12 Management and Service Contracts.**

The Recipient represents that, as of the date hereof, it is not a party to any contract, agreement or other arrangement with any persons or entities engaged in a trade or business (other than Governmental Units) that involve the management or operation of property or the provision of services at or with respect to the Project that does not comply with the standards of the Treasury Regulations, Revenue Procedure 97-13, as modified by Revenue Procedure 2001-39 and IRS Notice 2014-67, or Revenue Procedure 2017-13, as applicable. The Recipient represents that it will not be party to any such contract, agreement or arrangement with any person or entity that is not a Governmental Unit for the management of property or the provision of services at or with respect to the Project, while the Obligation (including any obligation or series thereof issued to refund the Obligation, as the case may be) is outstanding, except: (a) with respect to any contract, agreement or arrangement that does not constitute "private business use" of the Project under Code §§141(b), or (b) with respect to any contract, agreement or arrangement that complies with (i) Revenue Procedure 97-13, 1997-1 C.B. 632, as amended by Revenue Procedure 2001-39, 2001-2 C.B. 38, and as amplified by Notice 2014-67, with respect to contracts entered into before August 18, 2017 and not materially modified or extended after August 18, 2017, or (ii) Revenue Procedure 2017-13, with respect to contracts entered into or materially modified or extended on or after August 18, 2017, or (c) with respect to any contract, agreement or arrangement that does not give rise to use of the Bond Funded Portion of the Project Funds or the Project by a non-Governmental Unit of more than the amount of such non-qualified use permitted by the Code, or (d) in the event that the Recipient receives an opinion of counsel, satisfactory to the State Water Board and the Bank and expert in the issuance of state and local government bonds the interest on which is excluded from gross income under Section 103 of the Code ("Nationally-Recognized Bond Counsel"), that such contract, agreement or arrangement will not adversely affect the exclusion of the interest on the Obligation from gross income for federal income taxation purposes.

**5.13 No Disposition of Financed Property.**

As of the date hereof, the Recipient does not expect to sell or otherwise dispose of any portion of the Project, in whole or in part, prior to the final maturity date of the Obligation.

**5.14 Useful Life of Project.**

As of the date hereof, the Recipient reasonably expects that the economic useful life of the Project, commencing at Project Completion, will be at least equal to the term of this Agreement, as set forth on Exhibit B hereto.

**5.15 Installment Payments.**

Installment Payments generally are expected to be derived from assessments, taxes, fees, charges or other current Revenues of the Recipient in each year, and such current Revenues are expected to equal or

exceed the Installment Payments during each payment period. Any amounts accumulated in a sinking fund or bona fide debt service fund to pay Installment Payments (whether or not deposited to a fund or account established by the Recipient) will be disbursed to pay Installment Payments within thirteen months of the initial date of accumulation or deposit. Any such fund used for the payment of Installment Payments will be depleted once a year except for a reasonable carryover amount not exceeding earnings on such fund or one-twelfth of the Installment Payments in either case for the immediately preceding year.

#### 5.16 No Other Replacement Proceeds.

The Recipient will not use any of the Bond Funded Portion of the Project Funds to replace or substitute other funds of the Recipient that were otherwise to be used to finance the Project or which are or will be used to acquire securities, obligations or other investment property reasonably expected to produce a yield that is materially higher than the yield on the Bonds.

#### 5.17 No Sinking or Pledged Fund.

Except as set forth in Section 5.18 below, the Recipient will not create or establish any sinking fund or pledged fund which will be used to pay Installment Payments on the Obligation within the meaning of Section 1.148-1(c) of the Treasury Regulations. If any sinking fund or pledged fund comes into being with respect to the Obligation before the Obligation has been fully retired which may be used to pay the Installment Payments, the Recipient will invest such sinking fund and pledged fund moneys at a yield that does not exceed the yield on the Bonds.

#### 5.18 Reserve Amount.

The State Water Board requires that the Recipient maintain and fund a separate account in an amount equal to one (1) year of debt service with respect to the Obligation (the "Reserve Amount") as set forth in Section 3.7. The Recipient represents that the Reserve Amount is and will be available to pay debt service with respect to the Obligation, if and when needed. The Reserve Amount consists solely of revenues of the Recipient and does not include any proceeds of any obligations the interest on which is excluded from gross income for federal income tax purposes or investment earnings thereon. The aggregate of the Reserve Amount, up to an amount not exceeding the lesser of (i) ten percent of the aggregate principal amount of the Obligation, (ii) the maximum annual debt service with respect to the Obligation, or (iii) 125 percent of the average annual debt service with respect to the Obligation, will be treated as a reasonably required reserve fund.

#### 5.19 Reimbursement Resolution.

The "reimbursement resolution" adopted by the Recipient is incorporated herein by reference, pursuant to Exhibit A.

#### 5.20 Reimbursement Expenditures.

Reimbursements are disallowed, except as specifically authorized in Exhibit B or Exhibit D of this Agreement. To the extent so authorized, a portion of the Bond Funded Portion of the Project Funds may be applied to reimburse the Recipient for Project Costs paid before the date hereof, so long as the Project Cost was (i) not paid prior to sixty (60) days before the Recipient's adoption of a declaration of official intent to finance the Project, (ii) not paid more than eighteen (18) months prior to the date hereof or the date the Project was placed-in-service, whichever is later, and (iii) not paid more than three (3) years prior to the date hereof (collectively, "Reimbursement Expenditures"), unless such cost is attributable to a



“preliminary expenditure.” Preliminary expenditure for this purpose means architectural, engineering, surveying, soil testing and similar costs incurred prior to the commencement of construction or rehabilitation of the Project, but does not include land acquisition, site preparation and similar costs incident to the commencement of acquisition, construction or rehabilitation of the Project. Preliminary expenditures may not exceed 20% of the Bond Funded Portion of the Project Funds.

#### 5.21 Change in Use of the Project.

The Recipient reasonably expects to use all Project Funds and the Project for the entire stated term to maturity of the Obligation. Absent an opinion of Nationally-Recognized Bond Counsel to the effect that such use of the Bond Funded Portion of the Project Funds will not adversely affect the exclusion from federal gross income of interest on the Bonds pursuant to Section 103 of the Code, the Recipient will use the Bond Funded Portion of the Project Funds and the Project solely as set forth in this Agreement.

#### 5.22 Rebate Obligations.

If the Recipient satisfies the requirements of one of the spending exceptions to rebate specified in Section 1.148-7 of the Treasury Regulations, amounts earned from investments, if any, acquired with the Bond Funded Portion of the Project Funds will not be subject to the rebate requirements imposed under Section 148(f) of the Code. If the Recipient fails to satisfy such requirements for any period, it will notify the State Water Board and the Bank immediately and will comply with the provisions of the Code and the Treasury Regulations at such time, including the payment of any rebate amount calculated by the State Water Board or the Bank.

#### 5.23 No Federal Guarantee.

The Recipient will not directly or indirectly use any of the Bond Funded Portion of the Project Funds in any manner that would cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code, taking into account various exceptions including any guarantee related to investments during an initial temporary period until needed for the governmental purpose of the Bonds, investments as part of a bona fide debt service fund, investments of a reasonably required reserve or replacement fund, investments in bonds issued by the United States Treasury, investments in refunding escrow funds or certain other investments permitted under the Treasury Regulations.

#### 5.24 No Notices or Inquiries from IRS.

Within the last 10 years, the Recipient has not received any notice of a final action of the Internal Revenue Service that determines that interest paid or payable on any debt obligation of the Recipient is or was includable in the gross income of an owner or beneficial owner thereof for federal income tax purposes under the Code.

#### 5.25 Amendments.

The provisions in this Article may be amended, modified or supplemented at any time to reflect changes in the Code upon obtaining written approval of the State Water Board and the Bank and an opinion of Nationally-Recognized Bond Counsel to the effect that such amendment, modification or supplement will not adversely affect the exclusion from federal gross income of interest on the Bonds pursuant to Section 103 of the Code.

**5.26 Reasonable Expectations.**

The Recipient warrants that, to the best of its knowledge, information and belief, and based on the facts and estimates as set forth in the tax covenants in this Article, the expectations of the Recipient as set forth in this Article are reasonable. The Recipient is not aware of any facts or circumstances that would cause it to question the accuracy or reasonableness of any representation made in the provisions in this Article V.

## EXHIBIT A – Signage

The Recipient shall place a sign at least four feet tall by eight feet wide made of ¼ inch thick exterior grade plywood or other approved material in a prominent location on the Project site and shall maintain the sign in good condition for the duration of the construction period. The sign must include the following disclosure statement and color logos (available from the Division):



“Funding for this \$x.x million [name of ]project has been provided in full or in part by the Proposition 1 – the Water Quality, Supply, and Infrastructure Improvement Act of 2014 and the Clean Water State Revolving Fund through an agreement with the State Water Resources Control Board. California's Clean Water State Revolving Fund is capitalized through a variety of funding sources, including grants from the United States Environmental Protection Agency and state bond proceeds.”

The Project sign may include another agency's required promotional information so long as the above logos and disclosure statement are equally prominent on the sign. The sign shall be prepared in a professional manner.

The Recipient shall include the following disclosure statement in any document, written report, or brochure prepared in whole or in part pursuant to this Agreement:

“Funding for this project has been provided in full or in part through an agreement with the State Water Resources Control Board. California’s Clean Water State Revolving Fund is capitalized through a variety of funding sources, including grants from the United States Environmental Protection Agency and state bond proceeds. The contents of this document do not necessarily reflect the views and policies of the foregoing, nor does mention of trade names or commercial products constitute endorsement or recommendation for use.”

## EXHIBIT E – PROGRAMMATIC CONDITIONS & CROSS-CUTTERS

The Recipient agrees to comply with the following federal conditions:

(A) Federal Award Conditions

- (1) **American Iron and Steel.** Unless the Recipient has obtained a waiver from USEPA on file with the State Water Board or unless this Project is not a project for the construction, alteration, maintenance or repair of a public water system or treatment work, the Recipient shall not purchase "iron and steel products" produced outside of the United States on this Project. Unless the Recipient has obtained a waiver from USEPA on file with the State Water Board or unless this Project is not a project for the construction, alteration, maintenance or repair of a public water system or treatment work, the Recipient hereby certifies that all "iron and steel products" used in the Project were or will be produced in the United States. For purposes of this section, the term "iron and steel products" means the following products made primarily of iron or steel: lined or unlined pipes and fittings, manhole covers and other municipal castings, hydrants, tanks, flanges, pipe clamps and restraints, valves, structural steel, reinforced precast concrete, and construction materials. "Steel" means an alloy that includes at least 50 percent iron, between .02 and 2 percent carbon, and may include other elements.
- (2) **Wage Rate Requirements (Davis-Bacon).** The Recipient shall include in full the language provided in Exhibit G of this Agreement in all contracts and subcontracts.
- (3) **Signage Requirements.** The Recipient shall comply with the USEPA's Guidelines for Enhancing Public Awareness of SRF Assistance Agreements, dated June 3, 2015, as otherwise specified in this Agreement.
- (4) **Public or Media Events.** The Recipient shall notify the State Water Board and the EPA contact as provided in the notice provisions of this Agreement of public or media events publicizing the accomplishment of significant events related to this Project and provide the opportunity for attendance and participation by federal representatives with at least ten (10) working days' notice.
- (5) **EPA General Terms and Conditions (USEPA GTCs).** The Recipient shall comply with applicable EPA general terms and conditions found at <http://www.epa.gov/oqgd>, including but not limited to the following:
  - (a) **DUNS.** No Recipient may receive funding under this Agreement unless it has provided its DUNS number to the State Water Board.
  - (b) **Executive Compensation.** The Recipient shall report the names and total compensation of each of its five most highly compensated executives for the preceding completed fiscal year, as set forth in the USEPA GTCs.
  - (c) **Contractors, Subcontractors, Debarment and Suspension, Executive Order 12549; 2 CFR Part 180; 2 CFR Part 1532.** The Recipient shall comply with Subpart C of 2 CFR Part 180 and shall ensure that its contracts include compliance. The Recipient shall not subcontract with any party who is debarred or suspended or otherwise excluded from or ineligible for participation in federal assistance programs under Executive Order 12549, "Debarment and Suspension". The Recipient shall not subcontract with any individual or organization on USEPA's List of Violating Facilities. The Recipient shall obtain certification from its contractors as to themselves and their principals as to the following, and hereby certifies as to itself and its principals:

- i. Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded by any federal department or agency;
  - ii. Have not within a three (3) year period preceding this Agreement been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; violation of federal or state antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
  - iii. Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (federal, state or local) with commission of any of the offenses enumerated in paragraph (ii) of this section; and
  - iv. Have not within a three (3) year period preceding this application/proposal had one or more public transactions (federal, state or local) terminated for cause or default.
  - v. Suspension and debarment information can be accessed at <http://www.sam.gov>. The Recipient represents and warrants that it has or will include a term or conditions requiring compliance with this provision in all of its contracts and subcontracts under this Agreement. The Recipient acknowledges that failing to disclose the information as required at 2 CFR 180.335 may result in the termination, delay or negation of this Agreement, or pursuance of legal remedies, including suspension and debarment.
- (d) **Conflict of Interest.** To the extent applicable, the Recipient shall disclose to the State Water Board any potential conflict of interest consistent with USEPA's Final Financial Assistance Conflict of Interest Policy at <https://www.epa.gov/grants/epas-final-financial-assistance-conflict-interest-policy>. A conflict of interest may result in disallowance of costs.
- (e) **Copyright and Patent.**
  - i. USEPA and the State Water Board have the right to reproduce, publish, use and authorize others to reproduce, publish and use copyrighted works or other data developed under this assistance agreement.
  - ii. Where an invention is made with Project Funds, USEPA and the State Water Board retain the right to a worldwide, nonexclusive, nontransferable, irrevocable, paid-up license to practice the invention owned by the Recipient. The Recipient must utilize the Interagency Edison extramural invention reporting system at <http://iEdison.gov> and shall notify the Division when an invention report, patent report, or utilization report is filed.
- (f) **Credit.** The Recipient agrees that any reports, documents, publications or other materials developed for public distribution supported by this Agreement shall contain the following statement:

"This project has been funded wholly or in part by the United States Environmental Protection Agency and the State Water Resources Control Board. The contents of this document do not necessarily reflect the views and policies of the Environmental Protection Agency or the State Water Resources Control Board, nor does the EPA or the Board endorse trade names or recommend the use of commercial products mentioned in this document."

- (g) **Electronic and Information Technology Accessibility.** The Recipient is encouraged to follow guidelines established under Section 508 of the Rehabilitation Act, codified at 36 CFR Part 1194, with respect to enabling individuals with disabilities to participate in its programs supported by this Project.
  - (h) **Trafficking in Persons.** The Recipient, its employees, contractors and subcontractors and their employees may not engage in severe forms of trafficking in persons during the term of this Agreement, procure a commercial sex act during the term of this Agreement, or use forced labor in the performance of this Agreement. The Recipient must include this provision in its contracts and subcontracts under this Agreement. The Recipient must inform the State Water Board immediately of any information regarding a violation of the foregoing. The Recipient understands that failure to comply with this provision may subject the State Water Board to loss of federal funds. The Recipient agrees to compensate the State Water Board for any such funds lost due to its failure to comply with this condition, or the failure of its contractors or subcontractors to comply with this condition. The State Water Board may unilaterally terminate this Agreement if the Recipient that is a private entity is determined to have violated the foregoing. Trafficking Victims Protection Act of 2000.
- (B) **Super Cross-Cutters - Civil Rights Obligations.** The Recipient must comply with the following federal non-discrimination requirements:
- (1) Title VI of the Civil Rights Act of 1964, which prohibits discrimination based on race, color, and national origin, including limited English proficiency (LEP).
  - (2) Section 504 of the Rehabilitation Act of 1973, which prohibits discrimination against persons with disabilities.
  - (3) The Age Discrimination Act of 1975, which prohibits age discrimination.
  - (4) Section 13 of the Federal Water Pollution Control Act Amendments of 1972, which prohibits discrimination on the basis of sex.
  - (5) 40 CFR Part 7, as it relates to the foregoing.
- (C) **WRRDA Conditions**
- (1) **Architectural and engineering contracts.** Where the Recipient contracts for program management, construction management, feasibility studies, preliminary engineering, design, engineering, surveying, mapping, or architectural related services, the Recipient shall ensure that any such contract is negotiated in the same manner as a contract for architectural and engineering services is negotiated under chapter 11 of title 40, United States Code, or an equivalent State qualifications-based requirement as determined by the State Water Board.
  - (2) **Fiscal sustainability.** The Recipient certifies that it has developed and is implementing a fiscal sustainability plan for the Project that includes an inventory of critical assets that are a

part of the Project, an evaluation of the condition and performance of inventoried assets or asset groupings, a certification that the recipient has evaluated and will be implementing water and energy conservation efforts as part of the plan, and a plan for maintaining, repairing, and, as necessary, replacing the Project and a plan for funding such activities.

(D) Cross-Cutters

- (1) Executive Order No. 11246. The Recipient shall include in its contracts and subcontracts related to the Project the following provisions:

*"During the performance of this contract, the contractor agrees as follows:*

*"(a) The contractor will not discriminate against any employee or applicant for employment because of race, creed, color, or national origin. The contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, creed, color, or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of this nondiscrimination clause.*

*"(b) The contractor will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to race, creed, color, or national origin.*

*"(c) The contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the agency contracting officer, advising the labor union or workers' representative of the contractor's commitments under Section 202 of Executive Order No. 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.*

*"(d) The contractor will comply with all provisions of Executive Order No. 11246 of Sept. 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.*

*"(e) The contractor will furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the contracting agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.*

*"(f) In the event of the contractor's noncompliance with the nondiscrimination clauses of this contract or with any of such rules, regulations, or orders, this contract may be cancelled, terminated or suspended in whole or in part and the contractor may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order No. 11246 of Sept 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order No. 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.*

*"(g) The contractor will include the provisions of Paragraphs (1) through (7) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order No. 11246 of Sept. 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The contractor will take such action with respect to any subcontract or purchase order as the contracting agency may direct as a means of enforcing such provisions including sanctions for noncompliance: Provided, however, That in the event the contractor*

*becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the contracting agency, the contractor may request the United States to enter into such litigation to protect the interests of the United States."*

- (2) Disadvantaged Business Enterprises (40 CFR Part 33). The Recipient agrees to comply with the requirements of USEPA's Program for Utilization of Small, Minority and Women's Business Enterprises. The DBE rule can be accessed at [www.epa.gov/osbp](http://www.epa.gov/osbp) . The Recipient shall comply with, and agrees to require its prime contractors to comply with 40 CFR Section 33.301, and retain all records documenting compliance with the six good faith efforts. (IUP)
- (3) Procurement Prohibitions under Section 306 of the Clean Air Act and Section 508 of the Clean Water Act, including Executive Order 11738, Administration of the Clean Air Act and the Federal Water Pollution Control Act with Respect to Federal Contracts, Grants, or Loans; 42 USC § 7606; 33 USC § 1368. Except where the purpose of this Agreement is to remedy the cause of the violation, the Recipient may not procure goods, services, or materials from suppliers excluded under the federal System for Award Management: <http://www.sam.gov/> .
- (4) Uniform Relocation and Real Property Acquisition Policies Act, Pub. L. 91-646, as amended; 42 USC §§4601-4655. The Recipient must comply with the Act's implementing regulations at 49 CFR 24.101 through 24.105.
- (5) Debarment and Suspension Executive Order No. 12549 (1986). The Recipient certifies that it will not knowingly enter into a contract with anyone who is ineligible under the 40 CFR Part 32 to participate in the Project. Contractors on the Project must provide a similar certification prior to the award of a contract and subcontractors on the project must provide the general contractor with the certification prior to the award of any subcontract.
- (6) The Recipient agrees that if its network or information system is connected to USEPA networks to transfer data using systems other than the Environmental Information Exchange Network or USEPA's Central Data Exchange, it will ensure that any connections are secure.

**(E) Geospatial Data Standards**

All geospatial data created pursuant to this Agreement that is submitted to the State Water Board for use by USEPA or that is submitted directly to USEPA must be consistent with Federal Geographic Data Committee endorsed standards. Information on these standards may be found at [www.fgdc.gov](http://www.fgdc.gov).



### American Iron and Steel (AIS) Products Subject to AIS

Note: Products to be considered subject to the AIS requirements must be (1) made of greater than 50% iron or steel, measured by cost (based on the material cost) and; (2) permanently incorporated into the public water system or treatment works. The list of products subject to the AIS requirement are:

- Lined or unlined pipes or fittings;
- Manhole Covers;
- Hydrants;
- Tanks;
- Flanges;
- Pipe clamps and restraints;
- Valves;
- **Structural steel**
  - Structural steel is rolled flanged shapes, having at least one dimension of their cross-section three inches or greater, which are used in the construction of bridges, buildings, ships, railroad rolling stock, and for numerous other constructional purposes. Such shapes are designated as wide-flange shapes, standard I-beams, channels, angles, tees and zees. Other shapes include H-piles, sheet piling, tie plates, cross ties, and those for other special purposes.
- **Reinforced precast concrete**
  - While reinforced precast concrete may not be comprised of 50% iron or steel, in this particular case, the reinforcing bar and wire must be produced in the US and meet the same standards as for any other iron or steel product. Additionally, the casting of the concrete product must take place in the US. The cement and other raw materials used in concrete production are not required to be of domestic origin. If the reinforced concrete is cast at the construction site, the reinforcing bar and wire are considered to be a construction material and must be produced in the US.
- **Construction materials**
  - Construction materials are those articles, materials, or supplies made primarily of iron and steel, that are permanently incorporated into the project, not including mechanical and/or electrical components, equipment and systems. Some of these products may overlap with what is also considered "structural steel". This includes, but is not limited to, the following products: wire rod, bar, angles, concrete reinforcing bar, wire, wire cloth, wire rope and cables, tubing, framing, joists, trusses, fasteners (i.e., nuts and bolts), welding rods, decking, grating, railings, stairs, access ramps, fire escapes, ladders, wall panels, dome structures, roofing, ductwork, surface drains, cable hanging systems, manhole steps, fencing and fence tubing, guardrails, doors, and stationary screens.
  - NOTE: Mechanical and electrical components, equipment and systems are not considered construction materials. Mechanical equipment is typically that which has motorized parts and/or is powered by a motor. Electrical equipment is typically any machine powered by electricity and includes components that are part of the electrical distribution system.
- **Municipal castings** are cast iron or steel infrastructure products that are melted and cast. They typically provide access, protection, or housing for components incorporated into utility owned drinking water, storm water, wastewater, and surface infrastructure. They are typically made of grey or ductile iron, or steel. Examples of municipal castings are:
  - Inlets;
  - Junction Boxes;
  - Lampposts;
  - Manhole Covers, Rings and Frames, Risers;
  - Meter Boxes;
  - Service Boxes;
  - Steel Hinged Hatches, Square and Rectangular;
  - Steel Riser Rings;
  - Trash receptacles;
  - Tree Grates;
  - Tree Guards;
  - Trench Grates; and
  - Valve Boxes, Covers and Risers
- Access Hatches;
- Ballast Screen;
- Benches (Iron or Steel);
- Bollards;
- Cast Bases;
- Cast Iron Hinged Hatches, Square and Rectangular;
- Cast Iron Riser Rings;
- Catch Basin Inlet;
- Cleanout/Monument Boxes;
- Construction Covers and Frames;
- Curb and Corner Guards;
- Curb Openings;
- Detectable Warning Plates;
- Downspout Shoes (Boot, Inlet);
- Drainage Grates, Frames and Curb

## EXHIBIT G – DAVIS-BACON REQUIREMENTS

For purposes of this Exhibit only, "subrecipient" or "sub recipient" means the Recipient as defined in this Agreement.

For purposes of this Exhibit only, "recipient" means the State Water Board.

### I. Requirements For Sub recipients That Are Governmental Entities:

If a sub recipient has questions regarding when Davis-Bacon (DB) applies, obtaining the correct DB wage determinations, DB provisions, or compliance monitoring, it may contact the State Water Board. The recipient or sub recipient may also obtain additional guidance from DOL's web site at <http://www.dol.gov/whd/>

#### 1. Applicability of the Davis- Bacon (DB) prevailing wage requirements.

DB prevailing wage requirements apply to the construction, alteration, and repair of treatment works carried out in whole or in part with assistance made available by a State water pollution control revolving fund and to any construction project carried out in whole or in part by assistance made available by a drinking water treatment revolving loan fund. If a sub recipient encounters a unique situation at a site that presents uncertainties regarding DB applicability, the sub recipient must discuss the situation with the recipient State before authorizing work on that site.

#### 2. Obtaining Wage Determinations.

(a) Sub recipients shall obtain the wage determination for the locality in which a covered activity subject to DB will take place prior to issuing requests for bids, proposals, quotes or other methods for soliciting contracts (solicitation) for activities subject to DB. These wage determinations shall be incorporated into solicitations and any subsequent contracts. Prime contracts must contain a provision requiring that subcontractors follow the wage determination incorporated into the prime contract.

(i) While the solicitation remains open, the sub recipient shall monitor [www.wdol.gov](http://www.wdol.gov) weekly to ensure that the wage determination contained in the solicitation remains current. The sub recipients shall amend the solicitation if DOL issues a modification more than 10 days prior to the closing date (i.e. bid opening) for the solicitation. If DOL modifies or supersedes the applicable wage determination less than 10 days prior to the closing date, the sub recipients may request a finding from the State recipient that there is not a reasonable time to notify interested contractors of the modification of the wage determination. The State recipient will provide a report of its findings to the sub recipient.

(ii) If the sub recipient does not award the contract within 90 days of the closure of the solicitation, any modifications or supersedes DOL makes to the wage determination contained in the solicitation shall be effective unless the State recipient, at the request of the sub recipient, obtains an extension of the 90 day period from DOL pursuant to 29 CFR 1.6(c)(3)(iv). The sub recipient shall monitor [www.wdol.gov](http://www.wdol.gov) on a weekly basis if it does not award the contract within 90 days of closure of the solicitation to ensure that wage determinations contained in the solicitation remain current.

(b) If the sub recipient carries out activity subject to DB by issuing a task order, work assignment or similar instrument to an existing contractor (ordering instrument) rather than by publishing a solicitation, the sub recipient shall insert the appropriate DOL wage determination from [www.wdol.gov](http://www.wdol.gov) into the ordering instrument.

(c) Sub recipients shall review all subcontracts subject to DB entered into by prime contractors to verify that the prime contractor has required its subcontractors to include the applicable wage determinations.

(d) As provided in 29 CFR 1.6(f), DOL may issue a revised wage determination applicable to a sub recipient's contract after the award of a contract or the issuance of an ordering instrument if DOL

determines that the sub recipient has failed to incorporate a wage determination or has used a wage determination that clearly does not apply to the contract or ordering instrument. If this occurs, the sub recipient shall either terminate the contract or ordering instrument and issue a revised solicitation or ordering instrument or incorporate DOL's wage determination retroactive to the beginning of the contract or ordering instrument by change order. The sub recipient's contractor must be compensated for any increases in wages resulting from the use of DOL's revised wage determination.

### 3. Contract and Subcontract provisions.

(a) The Recipient shall insure that the sub recipient(s) shall insert in full in any contract in excess of \$2,000 which is entered into for the actual construction, alteration and/or repair, including painting and decorating, of a treatment work under the CWSRF or a construction project under the DWSRF - financed in whole or in part from Federal funds or in accordance with guarantees of a Federal agency or financed from funds obtained by pledge of any contract of a Federal agency to make a loan, grant or annual contribution (except where a different meaning is expressly indicated), and which is subject to the labor standards provisions of any of the acts listed in § 5.1 or, for CWSRF projects, the FY 2015 Water Resource Reform and Development Act, or for DWSRF projects, the Consolidated Appropriations Act, 2016, the following clauses:

#### (1) Minimum wages.

(i) All laborers and mechanics employed or working upon the site of the work will be paid unconditionally and not less often than once a week, and without subsequent deduction or rebate on any account (except such payroll deductions as are permitted by regulations issued by the Secretary of Labor under the Copeland Act (29 CFR part 3)), the full amount of wages and bona fide fringe benefits (or cash equivalents thereof) due at time of payment computed at rates not less than those contained in the wage determination of the Secretary of Labor which is attached hereto and made a part hereof, regardless of any contractual relationship which may be alleged to exist between the contractor and such laborers and mechanics. Contributions made or costs reasonably anticipated for bona fide fringe benefits under section 1(b)(2) of the Davis-Bacon Act on behalf of laborers or mechanics are considered wages paid to such laborers or mechanics, subject to the provisions of paragraph (a)(1)(iv) of this section; also, regular contributions made or costs incurred for more than a weekly period (but not less often than quarterly) under plans, funds, or programs which cover the particular weekly period, are deemed to be constructively made or incurred during such weekly period. Such laborers and mechanics shall be paid the appropriate wage rate and fringe benefits on the wage determination for the classification of work actually performed, without regard to skill, except as provided in § 5.5(a)(4). Laborers or mechanics performing work in more than one classification may be compensated at the rate specified for each classification for the time actually worked therein: Provided that the employer's payroll records accurately set forth the time spent in each classification in which work is performed. The wage determination (including any additional classification and wage rates conformed under paragraph (a)(1)(ii) of this section) and the Davis-Bacon poster (WH-1321) shall be posted at all times by the contractor and its subcontractors at the site of the work in a prominent and accessible place where it can be easily seen by the workers. Sub recipients may obtain wage determinations from the U.S. Department of Labor's web site, [www.dol.gov](http://www.dol.gov).

(ii)(A) The sub recipient(s), on behalf of EPA, shall require that any class of laborers or mechanics, including helpers, which is not listed in the wage determination and which is to be employed under the contract shall be classified in conformance with the wage determination. The State award official shall approve a request for an additional classification and wage rate and fringe benefits therefore only when the following criteria have been met:

- (1) The work to be performed by the classification requested is not performed by a classification in the wage determination; and
- (2) The classification is utilized in the area by the construction industry; and

(3) The proposed wage rate, including any bona fide fringe benefits, bears a reasonable relationship to the wage rates contained in the wage determination.

(B) If the contractor and the laborers and mechanics to be employed in the classification (if known), or their representatives, and the sub recipient(s) agree on the classification and wage rate (including the amount designated for fringe benefits where appropriate), documentation of the action taken and the request, including the local wage determination shall be sent by the sub recipient (s) to the State award official. The State award official will transmit the request, to the Administrator of the Wage and Hour Division, Employment Standards Administration, U.S. Department of Labor, Washington, DC 20210 and to the EPA DB Regional Coordinator concurrently. The Administrator, or an authorized representative, will approve, modify, or disapprove every additional classification request within 30 days of receipt and so advise the State award official or will notify the State award official within the 30-day period that additional time is necessary.

(C) In the event the contractor, the laborers or mechanics to be employed in the classification or their representatives, and the sub recipient(s) do not agree on the proposed classification and wage rate (including the amount designated for fringe benefits, where appropriate), the award official shall refer the request and the local wage determination, including the views of all interested parties and the recommendation of the State award official, to the Administrator for determination. The request shall be sent to the EPA DB Regional Coordinator concurrently. The Administrator, or an authorized representative, will issue a determination within 30 days of receipt of the request and so advise the contracting officer or will notify the contracting officer within the 30-day period that additional time is necessary.

(D) The wage rate (including fringe benefits where appropriate) determined pursuant to paragraphs (a)(1)(ii)(B) or (C) of this section, shall be paid to all workers performing work in the classification under this contract from the first day on which work is performed in the classification.

(iii) Whenever the minimum wage rate prescribed in the contract for a class of laborers or mechanics includes a fringe benefit which is not expressed as an hourly rate, the contractor shall either pay the benefit as stated in the wage determination or shall pay another bona fide fringe benefit or an hourly cash equivalent thereof.

(iv) If the contractor does not make payments to a trustee or other third person, the contractor may consider as part of the wages of any laborer or mechanic the amount of any costs reasonably anticipated in providing bona fide fringe benefits under a plan or program, Provided, That the Secretary of Labor has found, upon the written request of the contractor, that the applicable standards of the Davis-Bacon Act have been met. The Secretary of Labor may require the contractor to set aside in a separate account assets for the meeting of obligations under the plan or program.

(2) Withholding. The sub recipient(s), shall upon written request of the EPA Award Official or an authorized representative of the Department of Labor, withhold or cause to be withheld from the contractor under this contract or any other Federal contract with the same prime contractor, or any other federally-assisted contract subject to Davis-Bacon prevailing wage requirements, which is held by the same prime contractor, so much of the accrued payments or advances as may be considered necessary to pay laborers and mechanics, including apprentices, trainees, and helpers, employed by the contractor or any subcontractor the full amount of wages required by the contract. In the event of failure to pay any laborer or mechanic, including any apprentice, trainee, or helper, employed or working on the site of the work, all or part of the wages required by the contract, the (Agency) may, after written notice to the contractor, sponsor, applicant, or owner, take such action as may be necessary to cause the suspension of any further payment, advance, or guarantee of funds until such violations have ceased.

(3) Payrolls and basic records.

(i) Payrolls and basic records relating thereto shall be maintained by the contractor during the course of the work and preserved for a period of three years thereafter for all laborers and mechanics working at

the site of the work. Such records shall contain the name, address, and social security number of each such worker, his or her correct classification, hourly rates of wages paid (including rates of contributions or costs anticipated for bona fide fringe benefits or cash equivalents thereof of the types described in section 1(b)(2)(B) of the Davis-Bacon Act), daily and weekly number of hours worked, deductions made and actual wages paid. Whenever the Secretary of Labor has found under 29 CFR 5.5(a)(1)(iv) that the wages of any laborer or mechanic include the amount of any costs reasonably anticipated in providing benefits under a plan or program described in section 1(b)(2)(B) of the Davis-Bacon Act, the contractor shall maintain records which show that the commitment to provide such benefits is enforceable, that the plan or program is financially responsible, and that the plan or program has been communicated in writing to the laborers or mechanics affected, and records which show the costs anticipated or the actual cost incurred in providing such benefits. Contractors employing apprentices or trainees under approved programs shall maintain written evidence of the registration of apprenticeship programs and certification of trainee programs, the registration of the apprentices and trainees, and the ratios and wage rates prescribed in the applicable programs.

(ii)(A) The contractor shall submit weekly, for each week in which any contract work is performed, a copy of all payrolls to the sub recipient, that is, the entity that receives the sub-grant or loan from the State capitalization grant recipient. Such documentation shall be available on request of the State recipient or EPA. As to each payroll copy received, the sub recipient shall provide written confirmation in a form satisfactory to the State indicating whether or not the project is in compliance with the requirements of 29 CFR 5.5(a)(1) based on the most recent payroll copies for the specified week. The payrolls shall set out accurately and completely all of the information required to be maintained under 29 CFR 5.5(a)(3)(i), except that full social security numbers and home addresses shall not be included on the weekly payrolls. Instead the payrolls shall only need to include an individually identifying number for each employee (e.g., the last four digits of the employee's social security number). The required weekly payroll information may be submitted in any form desired. Optional Form WH-347 is available for this purpose from the Wage and Hour Division Web site at <http://www.dol.gov/whd/forms/wh347instr.htm> or its successor site. The prime contractor is responsible for the submission of copies of payrolls by all subcontractors. Contractors and subcontractors shall maintain the full social security number and current address of each covered worker, and shall provide them upon request to the sub recipient(s) for transmission to the State or EPA if requested by EPA, the State, the contractor, or the Wage and Hour Division of the Department of Labor for purposes of an investigation or audit of compliance with prevailing wage requirements. It is not a violation of this section for a prime contractor to require a subcontractor to provide addresses and social security numbers to the prime contractor for its own records, without weekly submission to the sub recipient(s).

(B) Each payroll submitted shall be accompanied by a "Statement of Compliance," signed by the contractor or subcontractor or his or her agent who pays or supervises the payment of the persons employed under the contract and shall certify the following:

(1) That the payroll for the payroll period contains the information required to be provided under § 5.5 (a)(3)(ii) of Regulations, 29 CFR part 5, the appropriate information is being maintained under § 5.5 (a)(3)(i) of Regulations, 29 CFR part 5, and that such information is correct and complete;

(2) That each laborer or mechanic (including each helper, apprentice, and trainee) employed on the contract during the payroll period has been paid the full weekly wages earned, without rebate, either directly or indirectly, and that no deductions have been made either directly or indirectly from the full wages earned, other than permissible deductions as set forth in Regulations, 29 CFR part 3;

(3) That each laborer or mechanic has been paid not less than the applicable wage rates and fringe benefits or cash equivalents for the classification of work performed, as specified in the applicable wage determination incorporated into the contract.

(C) The weekly submission of a properly executed certification set forth on the reverse side of Optional Form WH-347 shall satisfy the requirement for submission of the "Statement of Compliance" required by paragraph (a)(3)(ii)(B) of this section.

(D) The falsification of any of the above certifications may subject the contractor or subcontractor to civil or criminal prosecution under section 1001 of title 18 and section 231 of title 31 of the United States Code.

(iii) The contractor or subcontractor shall make the records required under paragraph (a)(3)(i) of this section available for inspection, copying, or transcription by authorized representatives of the State, EPA or the Department of Labor, and shall permit such representatives to interview employees during working hours on the job. If the contractor or subcontractor fails to submit the required records or to make them available, the Federal agency or State may, after written notice to the contractor, sponsor, applicant, or owner, take such action as may be necessary to cause the suspension of any further payment, advance, or guarantee of funds. Furthermore, failure to submit the required records upon request or to make such records available may be grounds for debarment action pursuant to 29 CFR 5.12.

#### (4) Apprentices and trainees

(i) Apprentices. Apprentices will be permitted to work at less than the predetermined rate for the work they performed when they are employed pursuant to and individually registered in a bona fide apprenticeship program registered with the U.S. Department of Labor, Employment and Training Administration, Office of Apprenticeship Training, Employer and Labor Services, or with a State Apprenticeship Agency recognized by the Office, or if a person is employed in his or her first 90 days of probationary employment as an apprentice in such an apprenticeship program, who is not individually registered in the program, but who has been certified by the Office of Apprenticeship Training, Employer and Labor Services or a State Apprenticeship Agency (where appropriate) to be eligible for probationary employment as an apprentice. The allowable ratio of apprentices to journeymen on the job site in any craft classification shall not be greater than the ratio permitted to the contractor as to the entire work force under the registered program. Any worker listed on a payroll at an apprentice wage rate, who is not registered or otherwise employed as stated above, shall be paid not less than the applicable wage rate on the wage determination for the classification of work actually performed. In addition, any apprentice performing work on the job site in excess of the ratio permitted under the registered program shall be paid not less than the applicable wage rate on the wage determination for the work actually performed. Where a contractor is performing construction on a project in a locality other than that in which its program is registered, the ratios and wage rates (expressed in percentages of the journeyman's hourly rate) specified in the contractor's or subcontractor's registered program shall be observed. Every apprentice must be paid at not less than the rate specified in the registered program for the apprentice's level of progress, expressed as a percentage of the journeymen hourly rate specified in the applicable wage determination. Apprentices shall be paid fringe benefits in accordance with the provisions of the apprenticeship program. If the apprenticeship program does not specify fringe benefits, apprentices must be paid the full amount of fringe benefits listed on the wage determination for the applicable classification. If the Administrator determines that a different practice prevails for the applicable apprentice classification, fringes shall be paid in accordance with that determination. In the event the Office of Apprenticeship Training, Employer and Labor Services, or a State Apprenticeship Agency recognized by the Office, withdraws approval of an apprenticeship program, the contractor will no longer be permitted to utilize apprentices at less than the applicable predetermined rate for the work performed until an acceptable program is approved.

(ii) Trainees. Except as provided in 29 CFR 5.16, trainees will not be permitted to work at less than the predetermined rate for the work performed unless they are employed pursuant to and individually registered in a program which has received prior approval, evidenced by formal certification by the U.S. Department of Labor, Employment and Training Administration. The ratio of trainees to journeymen on the job site shall not be greater than permitted under the plan approved by the Employment and Training Administration. Every trainee must be paid at not less than the rate specified in the approved program for the trainee's level of progress, expressed as a percentage of the journeyman hourly rate specified in the applicable wage determination. Trainees shall be paid fringe benefits in accordance with the provisions of

the trainee program. If the trainee program does not mention fringe benefits, trainees shall be paid the full amount of fringe benefits listed on the wage determination unless the Administrator of the Wage and Hour Division determines that there is an apprenticeship program associated with the corresponding journeyman wage rate on the wage determination which provides for less than full fringe benefits for apprentices. Any employee listed on the payroll at a trainee rate who is not registered and participating in a training plan approved by the Employment and Training Administration shall be paid not less than the applicable wage rate on the wage determination for the classification of work actually performed. In addition, any trainee performing work on the job site in excess of the ratio permitted under the registered program shall be paid not less than the applicable wage rate on the wage determination for the work actually performed. In the event the Employment and Training Administration withdraws approval of a training program, the contractor will no longer be permitted to utilize trainees at less than the applicable predetermined rate for the work performed until an acceptable program is approved.

(iii) Equal employment opportunity. The utilization of apprentices, trainees and journeymen under this part shall be in conformity with the equal employment opportunity requirements of Executive Order 11246, as amended and 29 CFR part 30.

(5) Compliance with Copeland Act requirements. The contractor shall comply with the requirements of 29 CFR part 3, which are incorporated by reference in this contract.

(6) Subcontracts. The contractor or subcontractor shall insert in any subcontracts the clauses contained in 29 CFR 5.5(a)(1) through (10) and such other clauses as the EPA determines may be appropriate, and also a clause requiring the subcontractors to include these clauses in any lower tier subcontracts. The prime contractor shall be responsible for the compliance by any subcontractor or lower tier subcontractor with all the contract clauses in 29 CFR 5.5.

(7) Contract termination; debarment. A breach of the contract clauses in 29 CFR 5.5 may be grounds for termination of the contract, and for debarment as a contractor and a subcontractor as provided in 29 CFR 5.12.

(8) Compliance with Davis-Bacon and Related Act requirements. All rulings and interpretations of the Davis-Bacon and Related Acts contained in 29 CFR parts 1, 3, and 5 are herein incorporated by reference in this contract.

(9) Disputes concerning labor standards. Disputes arising out of the labor standards provisions of this contract shall not be subject to the general disputes clause of this contract. Such disputes shall be resolved in accordance with the procedures of the Department of Labor set forth in 29 CFR parts 5, 6, and 7. Disputes within the meaning of this clause include disputes between the contractor (or any of its subcontractors) and sub recipient(s), State, EPA, the U.S. Department of Labor, or the employees or their representatives.

(10) Certification of eligibility.

(i) By entering into this contract, the contractor certifies that neither it (nor he or she) nor any person or firm who has an interest in the contractor's firm is a person or firm ineligible to be awarded Government contracts by virtue of section 3(a) of the Davis-Bacon Act or 29 CFR 5.12(a)(1).

(ii) No part of this contract shall be subcontracted to any person or firm ineligible for award of a Government contract by virtue of section 3(a) of the Davis-Bacon Act or 29 CFR 5.12(a)(1).

(iii) The penalty for making false statements is prescribed in the U.S. Criminal Code, 18 U.S.C. 1001.

4. Contract Provision for Contracts in Excess of \$100,000.

(a) Contract Work Hours and Safety Standards Act. The sub recipient shall insert the following clauses set forth in paragraphs (a)(1), (2), (3), and (4) of this section in full in any contract in an amount in excess

of \$100,000 and subject to the overtime provisions of the Contract Work Hours and Safety Standards Act. These clauses shall be inserted in addition to the clauses required by Item 3, above or 29 CFR 4.6. As used in this paragraph, the terms laborers and mechanics include watchmen and guards.

(1) Overtime requirements. No contractor or subcontractor contracting for any part of the contract work which may require or involve the employment of laborers or mechanics shall require or permit any such laborer or mechanic in any workweek in which he or she is employed on such work to work in excess of forty hours in such workweek unless such laborer or mechanic receives compensation at a rate not less than one and one-half times the basic rate of pay for all hours worked in excess of forty hours in such workweek.

(2) Violation; liability for unpaid wages; liquidated damages. In the event of any violation of the clause set forth in paragraph (a)(1) of this section the contractor and any subcontractor responsible therefore shall be liable for the unpaid wages. In addition, such contractor and subcontractor shall be liable to the United States (in the case of work done under contract for the District of Columbia or a territory, to such District or to such territory), for liquidated damages. Such liquidated damages shall be computed with respect to each individual laborer or mechanic, including watchmen and guards, employed in violation of the clause set forth in paragraph (a)(1) of this section, in the sum of \$10 for each calendar day on which such individual was required or permitted to work in excess of the standard workweek of forty hours without payment of the overtime wages required by the clause set forth in paragraph (a)(1) of this section.

(3) Withholding for unpaid wages and liquidated damages. The sub recipient, upon written request of the EPA Award Official or an authorized representative of the Department of Labor, shall withhold or cause to be withheld, from any moneys payable on account of work performed by the contractor or subcontractor under any such contract or any other Federal contract with the same prime contractor, or any other federally-assisted contract subject to the Contract Work Hours and Safety Standards Act, which is held by the same prime contractor, such sums as may be determined to be necessary to satisfy any liabilities of such contractor or subcontractor for unpaid wages and liquidated damages as provided in the clause set forth in paragraph (b)(2) of this section.

(4) Subcontracts. The contractor or subcontractor shall insert in any subcontracts the clauses set forth in paragraph (a)(1) through (4) of this section and also a clause requiring the subcontractors to include these clauses in any lower tier subcontracts. The prime contractor shall be responsible for compliance by any subcontractor or lower tier subcontractor with the clauses set forth in paragraphs (a)(1) through (4) of this section. (b) In addition to the clauses contained in Item 3, above, in any contract subject only to the Contract Work Hours and Safety Standards Act and not to any of the other statutes cited in 29 CFR 5.1, the Sub recipient shall insert a clause requiring that the contractor or subcontractor shall maintain payrolls and basic payroll records during the course of the work and shall preserve them for a period of three years from the completion of the contract for all laborers and mechanics, including guards and watchmen, working on the contract. Such records shall contain the name and address of each such employee, social security number, correct classifications, hourly rates of wages paid, daily and weekly number of hours worked, deductions made, and actual wages paid. Further, the Sub recipient shall insert in any such contract a clause providing that the records to be maintained under this paragraph shall be made available by the contractor or subcontractor for inspection, copying, or transcription by authorized representatives of the USEPA and the Department of Labor and the State Water Board, and the contractor or subcontractor will permit such representatives to interview employees during working hours on the job.

## 5. Compliance Verification

(a) The sub recipient shall periodically interview a sufficient number of employees entitled to DB prevailing wages (covered employees) to verify that contractors or subcontractors are paying the appropriate wage rates. As provided in 29 CFR 5.6(a)(6), all interviews must be conducted in confidence. The sub recipient must use Standard Form 1445 (SF 1445) or equivalent documentation to memorialize the interviews. Copies of the SF 1445 are available from EPA on request.



(b) The sub recipient shall establish and follow an interview schedule based on its assessment of the risks of noncompliance with DB posed by contractors or subcontractors and the duration of the contract or subcontract. Sub recipients must conduct more frequent interviews if the initial interviews or other information indicated that there is a risk that the contractor or subcontractor is not complying with DB. Sub recipients shall immediately conduct interviews in response to an alleged violation of the prevailing wage requirements. All interviews shall be conducted in confidence."

(c) The sub recipient shall periodically conduct spot checks of a representative sample of weekly payroll data to verify that contractors or subcontractors are paying the appropriate wage rates. The sub recipient shall establish and follow a spot check schedule based on its assessment of the risks of noncompliance with DB posed by contractors or subcontractors and the duration of the contract or subcontract. At a minimum, if practicable, the sub recipient should spot check payroll data within two weeks of each contractor or subcontractor's submission of its initial payroll data and two weeks prior to the completion date the contract or subcontract. Sub recipients must conduct more frequent spot checks if the initial spot check or other information indicates that there is a risk that the contractor or subcontractor is not complying with DB. In addition, during the examinations the sub recipient shall verify evidence of fringe benefit plans and payments there under by contractors and subcontractors who claim credit for fringe benefit contributions.

(d) The sub recipient shall periodically review contractors' and subcontractors' use of apprentices and trainees to verify registration and certification with respect to apprenticeship and training programs approved by either the U.S Department of Labor or a state, as appropriate, and that contractors and subcontractors are not using disproportionate numbers of, laborers, trainees and apprentices. These reviews shall be conducted in accordance with the schedules for spot checks and interviews described in Item 5(b) and (c) above.

(e) Sub recipients must immediately report potential violations of the DB prevailing wage requirements to the EPA DB contact listed above and to the appropriate DOL Wage and Hour District Office listed at <http://www.dol.gov/whd/america2.htm>.

General Decision Number: CA170037 10/13/2017 CA37

Superseded General Decision Number: CA20160037

State: California

Construction Types: Building, Heavy (Heavy and Dredging) and Highway

County: San Bernardino County in California.

BUILDING CONSTRUCTION PROJECTS; DREDGING PROJECTS (does not include hopper dredge work); HEAVY CONSTRUCTION PROJECTS (does not include water well drilling); HIGHWAY CONSTRUCTION PROJECTS

Note: Under Executive Order (EO) 13658, an hourly minimum wage of \$10.20 for calendar year 2017 applies to all contracts subject to the Davis-Bacon Act for which the contract is awarded (and any solicitation was issued) on or after January 1, 2015. If this contract is covered by the EO, the contractor must pay all workers in any classification listed on this wage determination at least \$10.20 (or the applicable wage rate listed on this wage determination, if it is higher) for all hours spent performing on the contract in calendar year 2017. The EO minimum wage rate will be adjusted annually. Additional information on contractor requirements and worker protections under the EO is available at [www.dol.gov/whd/govcontracts](http://www.dol.gov/whd/govcontracts).

Modification Number	Publication Date
0	01/06/2017
1	01/27/2017
2	02/17/2017
3	02/24/2017
4	03/10/2017
5	03/31/2017
6	04/07/2017
7	05/12/2017
8	05/26/2017
9	06/02/2017
10	07/07/2017
11	07/14/2017
12	08/04/2017
13	09/08/2017
14	09/29/2017
15	10/13/2017

ASBE0005-002 07/03/2017

Rates Fringes

Asbestos Workers/Insulator  
(Includes the application of all insulating materials, protective coverings, coatings, and finishes to all

types of mechanical systems).....\$ 39.72	20.81
Fire Stop Technician (Application of Firestopping Materials for wall openings and penetrations in walls, floors, ceilings and curtain walls).....\$ 26.96	17.81

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ASBE0005-004 07/03/2017

	Rates	Fringes
Asbestos Removal worker/hazardous material handler (Includes preparation, wetting, stripping, removal, scrapping, vacuuming, bagging and disposing of all insulation materials from mechanical systems, whether they contain asbestos or not)....\$ 19.26		11.27

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BOIL0092-003 10/01/2012

	Rates	Fringes
BOILERMAKER.....\$ 41.17		28.27

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\* BRCA0004-011 05/01/2017

	Rates	Fringes
BRICKLAYER; MARBLE SETTER.....\$ 39.07		14.57

\*The wage scale for prevailing wage projects performed in Blythe, China lake, Death Valley, Fort Irwin, Twenty-Nine Palms, Needles and 1-15 corridor (Barstow to the Nevada State Line) will be Three Dollars (\$3.00) above the standard San Bernardino/Riverside County hourly wage rate

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\* BRCA0018-004 07/01/2017

	Rates	Fringes
MARBLE FINISHER.....\$ 30.93		12.95
TILE FINISHER.....\$ 25.98		11.23
TILE LAYER.....\$ 37.76		16.37

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\* BRCA0018-010 09/01/2017

	Rates	Fringes
TERRAZZO FINISHER.....\$ 30.53		12.27
TERRAZZO WORKER/SETTER.....\$ 37.57		13.14

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CARP0409-001 07/01/2016

	Rates	Fringes
CARPENTER		
(1) Carpenter, Cabinet Installer, Insulation Installer, Hardwood Floor Worker and acoustical installer.....	\$ 39.83	15.50
(2) Millwright.....	\$ 40.90	15.50
(3) Piledrivermen/Derrick Bargeman, Bridge or Dock Carpenter, Heavy Frammer, Rock Bargeman or Scowman, Rockslinger, Shingler (Commercial).....	\$ 40.53	15.50
(4) Pneumatic Nailer, Power Stapler.....	\$ 40.09	15.50
(5) Sawfiler.....	\$ 39.83	15.50
(6) Scaffold Builder.....	\$ 31.60	15.50
(7) Table Power Saw Operator.....	\$ 40.93	15.50

FOOTNOTE: Work of forming in the construction of open cut sewers or storm drains, on operations in which horizontal lagging is used in conjunction with steel H-Beams driven or placed in pre- drilled holes, for that portion of a lagged trench against which concrete is poured, namely, as a substitute for back forms (which work is performed by piledrivers): \$0.13 per hour additional.

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CARP0409-002 07/01/2016

	Rates	Fringes
Diver		
(1) Wet.....	\$ 712.48	17.03
(2) Standby.....	\$ 356.24	17.03
(3) Tender.....	\$ 348.24	17.03
(4) Assistant Tender.....	\$ 324.24	17.03

Amounts in "Rates" column are per day

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CARP0409-005 07/01/2015

	Rates	Fringes
Drywall		
DRYWALL INSTALLER/LATHER....	\$ 40.40	15.03
STOCKER/SCRAPPER.....	\$ 10.00	7.17

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CARP0409-008 08/01/2010

Rates	Fringes
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Modular Furniture Installer.....\$ 17.00 7.41

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ELEC0440-004 12/26/2016

COMMUNICATIONS AND SYSTEMS WORK

	Rates	Fringes
Communications System		
Installer.....	\$ 30.54	4%+13.75
Technician.....	\$ 30.18	4%+11.45

SCOPE OF WORK:

Installation, testing, service and maintenance of systems utilizing the transmission and/or transference of voice, sound, vision and digital for commercial, educational, security and entertainment purposes for the following: TV monitoring and surveillance, background-foreground music, intercom and telephone interconnect, inventory control systems, microwave transmission, multi-media, multiplex, nurse call systems, radio page, school intercom and sound, burglar alarms, fire alarms, and low voltage master clock systems in commercial buildings. Communication Systems that transmit or receive information and/or control systems that are intrinsic to the above listed systems; inclusion or exclusion of terminations and testings of conductors determined by their function; excluding all other data systems or multiple systems which include control function or power supply; excluding installation of raceway systems, conduit systems, line voltage work, and energy management systems. Does not cover work performed at China Lake Naval Ordnance Test Station.

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ELEC0477-002 05/29/2017

	Rates	Fringes
Electricians:.....	\$ 37.29	3%+23.29

CABLE SPLICER: \$1.50 per hour above Electrician rate.

TUNNEL WORK: 10% above Electrician rate.

ZONE PAY:

Zone A - 80 road miles from Post Office, 455 Orange Show Lane, San Bernardino, will be a free zone for all contractors

Zone B - Any work performed outside Zone A's 80 road miles, shall add \$12.00 per hour to the current wage scale.

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ELEC1245-001 06/01/2017

	Rates	Fringes
LINE CONSTRUCTION		
(1) Lineman; Cable splicer..	\$ 55.49	3%+17.65

(2) Equipment specialist  
 (operates crawler  
 tractors, commercial motor  
 vehicles, backhoes,  
 trenchers, cranes (50 tons  
 and below), overhead &  
 underground distribution  
 line equipment).....\$ 44.32            3%+17.65  
 (3) Groundman.....\$ 33.89            3%+17.65  
 (4) Powderman.....\$ 49.55            3%+17.65

HOLIDAYS: New Year's Day, M.L. King Day, Memorial Day,  
 Independence Day, Labor Day, Veterans Day, Thanksgiving Day  
 and day after Thanksgiving, Christmas Day

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 ELEV0018-001 01/01/2017

	Rates	Fringes
ELEVATOR MECHANIC.....	\$ 52.21	31.585

FOOTNOTE:

PAID VACATION: Employer contributes 8% of regular hourly  
 rate as vacation pay credit for employees with more than 5  
 years of service, and 6% for 6 months to 5 years of service.  
 PAID HOLIDAYS: New Years Day, Memorial Day, Independence Day,  
 Labor Day, Veterans Day, Thanksgiving Day, Friday after  
 Thanksgiving, and Christmas Day.

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 \* ENGI0012-003 07/01/2017

	Rates	Fringes
OPERATOR: Power Equipment (All Other Work)		
GROUP 1.....	\$ 44.00	24.25
GROUP 2.....	\$ 44.78	24.25
GROUP 3.....	\$ 45.07	24.25
GROUP 4.....	\$ 46.56	24.25
GROUP 5.....	\$ 47.66	24.25
GROUP 6.....	\$ 46.78	24.25
GROUP 8.....	\$ 46.89	24.25
GROUP 9.....	\$ 47.99	24.25
GROUP 10.....	\$ 48.01	24.25
GROUP 11.....	\$ 48.11	24.25
GROUP 12.....	\$ 47.18	24.25
GROUP 13.....	\$ 47.28	24.25
GROUP 14.....	\$ 47.31	24.25
GROUP 15.....	\$ 47.39	24.25
GROUP 16.....	\$ 47.51	24.25
GROUP 17.....	\$ 47.68	24.25
GROUP 18.....	\$ 47.78	24.25
GROUP 19.....	\$ 47.89	24.25
GROUP 20.....	\$ 48.01	24.25
GROUP 21.....	\$ 48.18	24.25

GROUP 22.....	\$ 48.28	24.25
GROUP 23.....	\$ 48.39	24.25
GROUP 24.....	\$ 48.51	24.25
GROUP 25.....	\$ 48.68	24.25
OPERATOR: Power Equipment (Cranes, Piledriving & Hoisting)		
GROUP 1.....	\$ 45.35	24.25
GROUP 2.....	\$ 46.13	24.25
GROUP 3.....	\$ 46.42	24.25
GROUP 4.....	\$ 46.56	24.25
GROUP 5.....	\$ 46.78	24.25
GROUP 6.....	\$ 46.89	24.25
GROUP 7.....	\$ 47.01	24.25
GROUP 8.....	\$ 47.18	24.25
GROUP 9.....	\$ 47.35	24.25
GROUP 10.....	\$ 48.35	24.25
GROUP 11.....	\$ 49.35	24.25
GROUP 12.....	\$ 50.35	24.25
GROUP 13.....	\$ 51.35	24.25
OPERATOR: Power Equipment (Tunnel Work)		
GROUP 1.....	\$ 41.80	23.35
GROUP 2.....	\$ 42.58	23.35
GROUP 3.....	\$ 42.87	23.35
GROUP 4.....	\$ 43.01	23.35
GROUP 5.....	\$ 43.23	23.35
GROUP 6.....	\$ 43.34	23.35
GROUP 7.....	\$ 43.46	23.35

PREMIUM PAY:

\$3.75 per hour shall be paid on all Power Equipment Operator work on the following Military Bases: China Lake Naval Reserve, Vandenberg AFB, Point Arguello, Seely Naval Base, Fort Irwin, Nebo Annex Marine Base, Marine Corp Logistics Base Yermo, Edwards AFB, 29 Palms Marine Base and Camp Pendleton

Workers required to suit up and work in a hazardous material environment: \$2.00 per hour additional. Combination mixer and compressor operator on gunite work shall be classified as a concrete mobile mixer operator.

SEE ZONE DEFINITIONS AFTER CLASSIFICATIONS

POWER EQUIPMENT OPERATORS CLASSIFICATIONS

GROUP 1: Bargeman; Brakeman; Compressor operator; Ditch Witch, with seat or similar type equipment; Elevator operator-inside; Engineer Oiler; Forklift operator (includes load, lull or similar types under 5 tons; Generator operator; Generator, pump or compressor plant operator; Pump operator; Signalman; Switchman

GROUP 2: Asphalt-rubber plant operator (nurse tank operator); Concrete mixer operator-skip type; Conveyor operator; Fireman; Forklift operator (includes load, lull or similar

types over 5 tons; Hydrostatic pump operator; oiler crusher (asphalt or concrete plant); Petromat laydown machine; PJU side dum jack; Screening and conveyor machine operator (or similar types); Skiploader (wheel type up to 3/4 yd. without attachment); Tar pot fireman; Temporary heating plant operator; Trenching machine oiler

GROUP 3: Asphalt-rubber blend operator; Bobcat or similar type (Skid steer); Equipment greaser (rack); Ford Ferguson (with dragtype attachments); Helicopter radioman (ground); Stationary pipe wrapping and cleaning machine operator

GROUP 4: Asphalt plant fireman; Backhoe operator (mini-max or similar type); Boring machine operator; Boxman or mixerman (asphalt or concrete); Chip spreading machine operator; Concrete cleaning decontamination machine operator; Concrete Pump Operator (small portable); Drilling machine operator, small auger types (Texoma super economatic or similar types - Hughes 100 or 200 or similar types - drilling depth of 30' maximum); Equipment greaser (grease truck); Guard rail post driver operator; Highline cableway signalman; Hydra-hammer-aero stomper; Micro Tunneling (above ground tunnel); Power concrete curing machine operator; Power concrete saw operator; Power-driven jumbo form setter operator; Power sweeper operator; Rock Wheel Saw/Trencher; Roller operator (compacting); Screed operator (asphalt or concrete); Trenching machine operator (up to 6 ft.); Vacuum or much truck

GROUP 5: Equipment Greaser (Grease Truck/Multi Shift).

GROUP 6: Articulating material hauler; Asphalt plant engineer; Batch plant operator; Bit sharpener; Concrete joint machine operator (canal and similar type); Concrete planer operator; Dandy digger; Deck engine operator; Derrickman (oilfield type); Drilling machine operator, bucket or auger types (Calweld 100 bucket or similar types - Watson 1000 auger or similar types - Texoma 330, 500 or 600 auger or similar types - drilling depth of 45' maximum); Drilling machine operator; Hydrographic seeder machine operator (straw, pulp or seed), Jackson track maintainer, or similar type; Kalamazoo Switch tamper, or similar type; Machine tool operator; Maginnis internal full slab vibrator, Mechanical berm, curb or gutter (concrete or asphalt); Mechanical finisher operator (concrete, Clary-Johnson-Bidwell or similar); Micro tunnel system (below ground); Pavement breaker operator (truck mounted); Road oil mixing machine operator; Roller operator (asphalt or finish), rubber-tired earth moving equipment (single engine, up to and including 25 yds. struck); Self-propelled tar pipelining machine operator; Skiploader operator (crawler and wheel type, over 3/4 yd. and up to and including 1-1/2 yds.); Slip form pump operator (power driven hydraulic lifting device for concrete forms); Tractor operator-bulldozer, tamper-scraper (single engine, up to 100 h.p. flywheel and similar types, up to and including D-5 and similar types); Tugger hoist operator (1



drum); Ultra high pressure waterjet cutting tool system operator; Vacuum blasting machine operator

GROUP 8: Asphalt or concrete spreading operator (tamping or finishing); Asphalt paving machine operator (Barber Greene or similar type); Asphalt-rubber distribution operator; Backhoe operator (up to and including 3/4 yd.), small ford, Case or similar; Cast-in-place pipe laying machine operator; Combination mixer and compressor operator (gunite work); Compactor operator (self-propelled); Concrete mixer operator (paving); Crushing plant operator; Drill Doctor; Drilling machine operator, Bucket or auger types (Calweld 150 bucket or similar types - Watson 1500, 2000 2500 auger or similar types - Texoma 700, 800 auger or similar types - drilling depth of 60' maximum); Elevating grader operator; Grade checker; Gradall operator; Grouting machine operator; Heavy-duty repairman; Heavy equipment robotics operator; Kalamazoo balliste regulator or similar type; Kolman belt loader and similar type; Le Tourneau blob compactor or similar type; Loader operator (Athey, Euclid, Sierra and similar types); Mobark Chipper or similar; Ozzie padder or similar types; P.C. slot saw; Pneumatic concrete placing machine operator (Hackley-Presswell or similar type); Pumpcrete gun operator; Rock Drill or similar types; Rotary drill operator (excluding caisson type); Rubber-tired earth-moving equipment operator (single engine, caterpillar, Euclid, Athey Wagon and similar types with any and all attachments over 25 yds. up to and including 50 cu. yds. struck); Rubber-tired earth-moving equipment operator (multiple engine up to and including 25 yds. struck); Rubber-tired scraper operator (self-loading paddle wheel type-John Deere, 1040 and similar single unit); Self-propelled curb and gutter machine operator; Shuttle buggy; Skiploader operator (crawler and wheel type over 1-1/2 yds. up to and including 6-1/2 yds.); Soil remediation plant operator; Surface heaters and planer operator; Tractor compressor drill combination operator; Tractor operator (any type larger than D-5 - 100 flywheel h.p. and over, or similar-bulldozer, tamper, scraper and push tractor single engine); Tractor operator (boom attachments), Traveling pipe wrapping, cleaning and bending machine operator; Trenching machine operator (over 6 ft. depth capacity, manufacturer's rating); trenching Machine with Road Miner attachment (over 6 ft depth capacity); Ultra high pressure waterjet cutting tool system mechanic; Water pull (compaction) operator

GROUP 9: Heavy Duty Repairman

GROUP 10: Drilling machine operator, Bucket or auger types (Calweld 200 B bucket or similar types-Watson 3000 or 5000 auger or similar types-Texoma 900 auger or similar types-drilling depth of 105' maximum); Dual drum mixer, dynamic compactor LDC350 (or similar types); Monorail locomotive operator (diesel, gas or electric); Motor patrol-blade operator (single engine); Multiple engine tractor operator (Euclid and similar type-except Quad 9

cat.); Rubber-tired earth-moving equipment operator (single engine, over 50 yds. struck); Pneumatic pipe ramming tool and similar types; Prestressed wrapping machine operator; Rubber-tired earth-moving equipment operator (single engine, over 50 yds. struck); Rubber tired earth moving equipment operator (multiple engine, Euclid, caterpillar and similar over 25 yds. and up to 50 yds. struck), Tower crane repairman; Tractor loader operator (crawler and wheel type over 6-1/2 yds.); Woods mixer operator (and similar Pugmill equipment)

GROUP 11: Heavy Duty Repairman - Welder Combination, Welder - Certified.

GROUP 12: Auto grader operator; Automatic slip form operator; Drilling machine operator, bucket or auger types (Calweld, auger 200 CA or similar types - Watson, auger 6000 or similar types - Hughes Super Duty, auger 200 or similar types - drilling depth of 175' maximum); Hoe ram or similar with compressor; Mass excavator operator less tha 750 cu. yards; Mechanical finishing machine operator; Mobile form traveler operator; Motor patrol operator (multi-engine); Pipe mobile machine operator; Rubber-tired earth- moving equipment operator (multiple engine, Euclid, Caterpillar and similar type, over 50 cu. yds. struck); Rubber-tired self- loading scraper operator (paddle-wheel-auger type self-loading - two (2) or more units)

GROUP 13: Rubber-tired earth-moving equipment operator operating equipment with push-pull system (single engine, up to and including 25 yds. struck)

GROUP 14: Canal liner operator; Canal trimmer operator; Remote- control earth-moving equipment operator (operating a second piece of equipment: \$1.00 per hour additional); Wheel excavator operator (over 750 cu. yds.)

GROUP 15: Rubber-tired earth-moving equipment operator, operating equipment with push-pull system (single engine, Caterpillar, Euclid, Athey Wagon and similar types with any and all attachments over 25 yds. and up to and including 50 yds. struck); Rubber-tired earth-moving equipment operator, operating equipment with push-pull system (multiple engine-up to and including 25 yds. struck)

GROUP 16: Rubber-tired earth-moving equipment operator, operating equipment with push-pull system (single engine, over 50 yds. struck); Rubber-tired earth-moving equipment operator, operating equipment with push-pull system (multiple engine, Euclid, Caterpillar and similar, over 25 yds. and up to 50 yds. struck)

GROUP 17: Rubber-tired earth-moving equipment operator, operating equipment with push-pull system (multiple engine, Euclid, Caterpillar and similar, over 50 cu. yds. struck); Tandem tractor operator (operating crawler type tractors in tandem - Quad 9 and similar type)

GROUP 18: Rubber-tired earth-moving equipment operator, operating in tandem (scrapers, belly dumps and similar types in any combination, excluding compaction units - single engine, up to and including 25 yds. struck)

GROUP 19: Rotex concrete belt operator (or similar types); Rubber-tired earth-moving equipment operator, operating in tandem (scrapers, belly dumps and similar types in any combination, excluding compaction units - single engine, Caterpillar, Euclid, Athey Wagon and similar types with any and all attachments over 25 yds. and up to and including 50 cu. yds. struck); Rubber-tired earth-moving equipment operator, operating in tandem (scrapers, belly dumps and similar types in any combination, excluding compaction units - multiple engine, up to and including 25 yds. struck)

GROUP 20: Rubber-tired earth-moving equipment operator, operating in tandem (scrapers, belly dumps and similar types in any combination, excluding compaction units - single engine, over 50 yds. struck); Rubber-tired earth-moving equipment operator, operating in tandem (scrapers, belly dumps, and similar types in any combination, excluding compaction units - multiple engine, Euclid, Caterpillar and similar, over 25 yds. and up to 50 yds. struck)

GROUP 21: Rubber-tired earth-moving equipment operator, operating in tandem (scrapers, belly dumps and similar types in any combination, excluding compaction units - multiple engine, Euclid, Caterpillar and similar type, over 50 cu. yds. struck)

GROUP 22: Rubber-tired earth-moving equipment operator, operating equipment with the tandem push-pull system (single engine, up to and including 25 yds. struck)

GROUP 23: Rubber-tired earth-moving equipment operator, operating equipment with the tandem push-pull system (single engine, Caterpillar, Euclid, Athey Wagon and similar types with any and all attachments over 25 yds. and up to and including 50 yds. struck); Rubber-tired earth-moving equipment operator, operating with the tandem push-pull system (multiple engine, up to and including 25 yds. struck)

GROUP 24: Rubber-tired earth-moving equipment operator, operating equipment with the tandem push-pull system (single engine, over 50 yds. struck); Rubber-tired earth-moving equipment operator, operating equipment with the tandem push-pull system (multiple engine, Euclid, Caterpillar and similar, over 25 yds. and up to 50 yds. struck)

GROUP 25: Concrete pump operator-truck mounted; Rubber-tired earth-moving equipment operator, operating equipment with the tandem push-pull system (multiple engine, Euclid,

Caterpillar and similar type, over 50 cu. yds. struck)

#### CRANES, PILEDIVING AND HOISTING EQUIPMENT CLASSIFICATIONS

GROUP 1: Engineer oiler; Fork lift operator (includes loed, lull or similar types)

GROUP 2: Truck crane oiler

GROUP 3: A-frame or winch truck operator; Ross carrier operator (jobsite)

GROUP 4: Bridge-type unloader and turntable operator; Helicopter hoist operator

GROUP 5: Hydraulic boom truck; Stinger crane (Austin-Western or similar type); Tugger hoist operator (1 drum)

GROUP 6: Bridge crane operator; Cretor crane operator; Hoist operator (Chicago boom and similar type); Lift mobile operator; Lift slab machine operator (Vagtborg and similar types); Material hoist and/or manlift operator; Polar gantry crane operator; Self Climbing scaffold (or similar type); Shovel, backhoe, dragline, clamshell operator (over 3/4 yd. and up to 5 cu. yds. mrc); Tugger hoist operator

GROUP 7: Pedestal crane operator; Shovel, backhoe, dragline, clamshell operator (over 5 cu. yds. mrc); Tower crane repair; Tugger hoist operator (3 drum)

GROUP 8: Crane operator (up to and including 25 ton capacity); Crawler transporter operator; Derrick barge operator (up to and including 25 ton capacity); Hoist operator, stiff legs, Guy derrick or similar type (up to and including 25 ton capacity); Shovel, backhoe, dragline, clamshell operator (over 7 cu. yds., M.R.C.)

GROUP 9: Crane operator (over 25 tons and up to and including 50 tons mrc); Derrick barge operator (over 25 tons up to and including 50 tons mrc); Highline cableway operator; Hoist operator, stiff legs, Guy derrick or similar type (over 25 tons up to and including 50 tons mrc); K-crane operator; Polar crane operator; Self erecting tower crane operator maximum lifting capacity ten tons

GROUP 10: Crane operator (over 50 tons and up to and including 100 tons mrc); Derrick barge operator (over 50 tons up to and including 100 tons mrc); Hoist operator, stiff legs, Guy derrick or similar type (over 50 tons up to and including 100 tons mrc), Mobile tower crane operator (over 50 tons, up to and including 100 tons M.R.C.); Tower crane operator and tower gantry

GROUP 11: Crane operator (over 100 tons and up to and including 200 tons mrc); Derrick barge operator (over 100 tons up to and including 200 tons mrc); Hoist operator, stiff legs, Guy derrick or similar type (over 100 tons up

to and including 200 tons mrc); Mobile tower crane operator (over 100 tons up to and including 200 tons mrc)

GROUP 12: Crane operator (over 200 tons up to and including 300 tons mrc); Derrick barge operator (over 200 tons up to and including 300 tons mrc); Hoist operator, stiff legs, Guy derrick or similar type (over 200 tons, up to and including 300 tons mrc); Mobile tower crane operator (over 200 tons, up to and including 300 tons mrc)

GROUP 13: Crane operator (over 300 tons); Derrick barge operator (over 300 tons); Helicopter pilot; Hoist operator, stiff legs, Guy derrick or similar type (over 300 tons); Mobile tower crane operator (over 300 tons)

#### TUNNEL CLASSIFICATIONS

GROUP 1: Skiploader (wheel type up to 3/4 yd. without attachment)

GROUP 2: Power-driven jumbo form setter operator

GROUP 3: Dinkey locomotive or motorperson (up to and including 10 tons)

GROUP 4: Bit sharpener; Equipment greaser (grease truck); Slip form pump operator (power-driven hydraulic lifting device for concrete forms); Tugger hoist operator (1 drum); Tunnel locomotive operator (over 10 and up to and including 30 tons)

GROUP 5: Backhoe operator (up to and including 3/4 yd.); Small Ford, Case or similar; Drill doctor; Grouting machine operator; Heading shield operator; Heavy-duty repairperson; Loader operator (Athey, Euclid, Sierra and similar types); Mucking machine operator (1/4 yd., rubber-tired, rail or track type); Pneumatic concrete placing machine operator (Hackley-Presswell or similar type); Pneumatic heading shield (tunnel); Pumpcrete gun operator; Tractor compressor drill combination operator; Tugger hoist operator (2 drum); Tunnel locomotive operator (over 30 tons)

GROUP 6: Heavy Duty Repairman

GROUP 7: Tunnel mole boring machine operator

#### ENGINEERS ZONES

\$1.00 additional per hour for all of IMPERIAL County and the portions of KERN, RIVERSIDE & SAN BERNARDINO Counties as defined below:

That area within the following Boundary: Begin in San Bernardino County, approximately 3 miles NE of the intersection of I-15 and the California State line at that point which is the NW corner of Section 1, T17N, R14E, San Bernardino Meridian. Continue W in a straight line to that point which is

the SW corner of the northwest quarter of Section 6, T27S, R42E, Mt. Diablo Meridian. Continue North to the intersection with the Inyo County Boundary at that point which is the NE corner of the western half of the northern quarter of Section 6, T25S, R42E, MDM. Continue W along the Inyo and San Bernardino County boundary until the intersection with Kern County, as that point which is the SE corner of Section 34, T24S, R40E, MDM. Continue W along the Inyo and Kern County boundary until the intersection with Tulare County, at that point which is the SW corner of the SE quarter of Section 32, T24S, R37E, MDM. Continue W along the Kern and Tulare County boundary, until that point which is the NW corner of T25S, R32E, MDM. Continue S following R32E lines to the NW corner of T31S, R32E, MDM. Continue W to the NW corner of T31S, R31E, MDM. Continue S to the SW corner of T32S, R31E, MDM. Continue W to SW corner of SE quarter of Section 34, T32S, R30E, MDM. Continue S to SW corner of T11N, R17W, SBM. Continue E along south boundary of T11N, SBM to SW corner of T11N, R7W, SBM. Continue S to SW corner of T9N, R7W, SBM. Continue E along south boundary of T9N, SBM to SW corner of T9N, R1E, SBM. Continue S along west boundary of R1E, SMB to Riverside County line at the SW corner of T1S, R1E, SBM. Continue E along south boundary of T1S, SBM (Riverside County Line) to SW corner of T1S, R10E, SBM. Continue S along west boundary of R10E, SBM to Imperial County line at the SW corner of T8S, R10E, SBM. Continue W along Imperial and Riverside county line to NW corner of T9S, R9E, SBM. Continue S along the boundary between Imperial and San Diego Counties, along the west edge of R9E, SBM to the south boundary of Imperial County/California state line. Follow the California state line west to Arizona state line, then north to Nevada state line, then continuing NW back to start at the point which is the NW corner of Section 1, T17N, R14E, SBM

\$1.00 additional per hour for portions of SAN LUIS OBISPO, KERN, SANTA BARBARA & VENTURA as defined below:

That area within the following Boundary: Begin approximately 5 miles north of the community of Cholame, on the Monterey County and San Luis Obispo County boundary at the NW corner of T25S, R16E, Mt. Diablo Meridian. Continue south along the west side of R16E to the SW corner of T30S, R16E, MDM. Continue E to SW corner of T30S, R17E, MDM. Continue S to SW corner of T31S, R17E, MDM. Continue E to SW corner of T31S, R18E, MDM. Continue S along West side of R18E, MDM as it crosses into San Bernardino Meridian numbering area and becomes R30W. Follow the west side of R30W, SBM to the SW corner of T9N, R30W, SBM. Continue E along the south edge of T9N, SBM to the Santa Barbara County and Ventura County boundary at that point which is the SW corner of Section 34. T9N, R24W, SBM, continue S along the Ventura County line to that point which is the SW corner of the SE quarter of Section 32, T7N, R24W, SBM. Continue E along the south edge of T7N, SBM to the SE corner to T7N, R21W, SBM. Continue N along East side of R21W, SBM to Ventura County and Kern County boundary at the NE corner of T8N, R21W. Continue W along the Ventura County and Kern County boundary to the SE corner of T9N, R21W. Continue North along the East edge

of R21W, SBM to the NE corner of T12N, R21W, SBM. Continue West along the north edge of T12N, SBM to the SE corner of T32S, R21E, MDM. [T12N SBM is a think strip between T11N SBM and T32S MDM]. Continue North along the East side of R21E, MDM to the Kings County and Kern County border at the NE corner of T25S, R21E, MDM, continue West along the Kings County and Kern County Boundary until the intersection of San Luis Obispo County. Continue west along the Kings County and San Luis Obispo County boundary until the intersection with Monterey County. Continue West along the Monterey County and San Luis Obispo County boundary to the beginning point at the NW corner of T25S, R16E, MDM.

\$2.00 additional per hour for INYO and MONO Counties and the Northern portion of SAN BERNARDINO County as defined below:

That area within the following Boundary: Begin at the intersection of the northern boundary of Mono County and the California state line at the point which is the center of Section 17, T10N, R22E, Mt. Diablo Meridian. Continue S then SE along the entire western boundary of Mono County, until it reaches Inyo County at the point which is the NE corner of the Western half of the NW quarter of Section 2, T8S, R29E, MDM. Continue SSE along the entire western boundary of Inyo County, until the intersection with Kern County at the point which is the SW corner of the SE 1/4 of Section 32, T24S, R37E, MDM. Continue E along the Inyo and Kern County boundary until the intersection with San Bernardino County at that point which is the SE corner of section 34, T24S, R40E, MDM. Continue E along the Inyo and San Bernardino County boundary until the point which is the NE corner of the Western half of the NW quarter of Section 6, T25S, R42E, MDM. Continue S to that point which is the SW corner of the NW quarter of Section 6, T27S, R42E, MDM. Continue E in a straight line to the California and Nevada state border at the point which is the NW corner of Section 1, T17N, R14E, San Bernardino Meridian. Then continue NW along the state line to the starting point, which is the center of Section 18, T10N, R22E, MDM.

REMAINING AREA NOT DEFINED ABOVE RECIEVES BASE RATE

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 ENGI0012-004 08/01/2015

	Rates	Fringes
OPERATOR: Power Equipment		
(DREDGING)		
(1) Leverman.....	\$ 49.50	23.60
(2) Dredge dozer.....	\$ 43.53	23.60
(3) Deckmate.....	\$ 43.42	23.60
(4) Winch operator (stern winch on dredge).....	\$ 42.87	23.60
(5) Fireman-Oiler, Deckhand, Bargeman,		

Leveehand.....	\$ 42.33	23.60
(6) Barge Mate.....	\$ 42.94	23.60

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IRON0377-002 07/01/2016

	Rates	Fringes
Ironworkers:		
Fence Erector.....	\$ 28.33	20.64
Ornamental, Reinforcing and Structural.....	\$ 34.75	29.20

PREMIUM PAY:

\$6.00 additional per hour at the following locations:

China Lake Naval Test Station, Chocolate Mountains Naval Reserve-Niland, Edwards AFB, Fort Irwin Military Station, Fort Irwin Training Center-Goldstone, San Clemente Island, San Nicholas Island, Susanville Federal Prison, 29 Palms - Marine Corps, U.S. Marine Base - Barstow, U.S. Naval Air Facility - Sealey, Vandenberg AFB

\$4.00 additional per hour at the following locations:

Army Defense Language Institute - Monterey, Fallon Air Base, Naval Post Graduate School - Monterey, Yermo Marine Corps Logistics Center

\$2.00 additional per hour at the following locations:

Port Hueneme, Port Mugu, U.S. Coast Guard Station - Two Rock

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LABO0300-005 01/01/2017

	Rates	Fringes
Asbestos Removal Laborer.....	\$ 31.88	16.82

SCOPE OF WORK: Includes site mobilization, initial site cleanup, site preparation, removal of asbestos-containing material and toxic waste, encapsulation, enclosure and disposal of asbestos- containing materials and toxic waste by hand or with equipment or machinery; scaffolding, fabrication of temporary wooden barriers and assembly of decontamination stations.

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LABO0345-001 07/02/2017

	Rates	Fringes
LABORER (GUNITE)		
GROUP 1.....	\$ 41.08	17.39
GROUP 2.....	\$ 40.13	17.39



GROUP 3.....\$ 36.59 17.39

FOOTNOTE: GUNITE PREMIUM PAY: Workers working from a Bosn'n's Chair or suspended from a rope or cable shall receive 40 cents per hour above the foregoing applicable classification rates. Workers doing gunite and/or shotcrete work in a tunnel shall receive 35 cents per hour above the foregoing applicable classification rates, paid on a portal-to-portal basis. Any work performed on, in or above any smoke stack, silo, storage elevator or similar type of structure, when such structure is in excess of 75'-0" above base level and which work must be performed in whole or in part more than 75'-0" above base level, that work performed above the 75'-0" level shall be compensated for at 35 cents per hour above the applicable classification wage rate.

GUNITE LABORER CLASSIFICATIONS

GROUP 1: Rodmen, Nozzlemen

GROUP 2: Gunmen

GROUP 3: Reboundmen

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LABO0783-002 07/03/2017

	Rates	Fringes
LABORER (TUNNEL)		
GROUP 1.....	\$ 39.04	18.24
GROUP 2.....	\$ 39.36	18.24
GROUP 3.....	\$ 39.82	18.24
GROUP 4.....	\$ 40.51	18.24
LABORER		
GROUP 1.....	\$ 33.19	18.24
GROUP 2.....	\$ 33.74	18.24
GROUP 3.....	\$ 34.29	18.24
GROUP 4.....	\$ 35.84	18.24
GROUP 5.....	\$ 36.19	18.24

LABORER CLASSIFICATIONS

GROUP 1: Cleaning and handling of panel forms; Concrete screeding for rough strike-off; Concrete, water curing; Demolition laborer, the cleaning of brick if performed by a worker performing any other phase of demolition work, and the cleaning of lumber; Fire watcher, limber, brush loader, piler and debris handler; Flag person; Gas, oil and/or water pipeline laborer; Laborer, asphalt-rubber material loader; Laborer, general or construction; Laborer, general clean-up; Laborer, landscaping; Laborer, jetting; Laborer, temporary water and air lines; Material hose operator (walls, slabs, floors and decks); Plugging, filling of shee bolt holes; Dry packing of concrete; Railroad maintenance, repair track person and road beds; Streetcar and railroad

construction track laborers; Rigging and signaling; Scaler; Slip form raiser; Tar and mortar; Tool crib or tool house laborer; Traffic control by any method; Window cleaner; Wire mesh pulling - all concrete pouring operations

GROUP 2: Asphalt shoveler; Cement dumper (on 1 yd. or larger mixer and handling bulk cement); Cesspool digger and installer; Chucktender; Chute handler, pouring concrete, the handling of the chute from readymix trucks, such as walls, slabs, decks, floors, foundation, footings, curbs, gutters and sidewalks; Concrete curer, impervious membrane and form oiler; Cutting torch operator (demolition); Fine grader, highways and street paving, airport, runways and similar type heavy construction; Gas, oil and/or water pipeline wrapper - pot tender and form person; Guinea chaser; Headerboard person - asphalt; Laborer, packing rod steel and pans; Membrane vapor barrier installer; Power broom sweeper (small); Riprap stonepaver, placing stone or wet sacked concrete; Roto scraper and tiller; Sandblaster (pot tender); Septic tank digger and installer(lead); Tank scaler and cleaner; Tree climber, faller, chain saw operator, Pittsburgh chipper and similar type brush shredder; Underground laborer, including caisson bellower

GROUP 3: Buggymobile person; Concrete cutting torch; Concrete pile cutter; Driller, jackhammer, 2-1/2 ft. drill steel or longer; Dri-pak-it machine; Gas, oil and/or water pipeline wrapper, 6-in. pipe and over, by any method, inside and out; High scaler (including drilling of same); Hydro seeder and similar type; Impact wrench multi-plate; Kettle person, pot person and workers applying asphalt, lay-kold, creosote, lime caustic and similar type materials ("applying" means applying, dipping, brushing or handling of such materials for pipe wrapping and waterproofing); Operator of pneumatic, gas, electric tools, vibrating machine, pavement breaker, air blasting, come-alongs, and similar mechanical tools not separately classified herein; Pipelayer's backup person, coating, grouting, making of joints, sealing, caulking, diapering and including rubber gasket joints, pointing and any and all other services; Rock slinger; Rotary scarifier or multiple head concrete chipping scarifier; Steel headerboard and guideline setter; Tamper, Barko, Wacker and similar type; Trenching machine, hand-propelled

GROUP 4: Asphalt raker, lute person, ironer, asphalt dump person, and asphalt spreader boxes (all types); Concrete core cutter (walls, floors or ceilings), grinder or sander; Concrete saw person, cutting walls or flat work, scoring old or new concrete; Cribber, shorer, lagging, sheeting and trench bracing, hand-guided lagging hammer; Head rock slinger; Laborer, asphalt- rubber distributor boot person; Laser beam in connection with laborers' work; Oversize concrete vibrator operator, 70 lbs. and over; Pipelayer performing all services in the laying and installation of pipe from the point of receiving pipe in the ditch until completion of operation, including any and all forms of

tubular material, whether pipe, metallic or non-metallic, conduit and any other stationary type of tubular device used for the conveying of any substance or element, whether water, sewage, solid gas, air, or other product whatsoever and without regard to the nature of material from which the tubular material is fabricated; No-joint pipe and stripping of same; Prefabricated manhole installer; Sandblaster (nozzle person), water blasting, Porta Shot-Blast

GROUP 5: Blaster powder, all work of loading holes, placing and blasting of all powder and explosives of whatever type, regardless of method used for such loading and placing; Driller: All power drills, excluding jackhammer, whether core, diamond, wagon, track, multiple unit, and any and all other types of mechanical drills without regard to the form of motive power; Toxic waste removal

TUNNEL LABORER CLASSIFICATIONS

GROUP 1: Batch plant laborer; Changehouse person; Dump person; Dump person (outside); Swamper (brake person and switch person on tunnel work); Tunnel materials handling person; Nipper; Pot tender, using mastic or other materials (for example, but not by way of limitation, shotcrete, etc.)

GROUP 2: Chucktender, cabletender; Loading and unloading agitator cars; Vibrator person, jack hammer, pneumatic tools (except driller); Bull gang mucker, track person; Concrete crew, including rodder and spreader

GROUP 3: Blaster, driller, powder person; Chemical grout jet person; Cherry picker person; Grout gun person; Grout mixer person; Grout pump person; Jackleg miner; Jumbo person; Kemper and other pneumatic concrete placer operator; Miner, tunnel (hand or machine); Nozzle person; Operating of troweling and/or grouting machines; Powder person (primer house); Primer person; Sandblaster; Shotcrete person; Steel form raiser and setter; Timber person, retimber person, wood or steel; Tunnel Concrete finisher

GROUP 4: Diamond driller; Sandblaster; Shaft and raise work

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LAB00783-005 07/01/2017

	Rates	Fringes
Brick Tender.....	\$ 31.36	17.82

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LAB01184-001 07/01/2017

	Rates	Fringes
Laborers: (HORIZONTAL DIRECTIONAL DRILLING)		
(1) Drilling Crew Laborer...	\$ 34.65	13.20
(2) Vehicle Operator/Hauler.	\$ 34.82	13.20

(3) Horizontal Directional		
Drill Operator.....	\$ 36.67	13.20
(4) Electronic Tracking		
Locator.....	\$ 38.67	13.20
Laborers: (STRIPING/SLURRY SEAL)		
GROUP 1.....	\$ 35.86	16.21
GROUP 2.....	\$ 37.16	16.21
GROUP 3.....	\$ 39.17	16.21
GROUP 4.....	\$ 40.91	16.21

LABORERS - STRIPING CLASSIFICATIONS

GROUP 1: Protective coating, pavement sealing, including repair and filling of cracks by any method on any surface in parking lots, game courts and playgrounds; carstops; operation of all related machinery and equipment; equipment repair technician

GROUP 2: Traffic surface abrasive blaster; pot tender - removal of all traffic lines and markings by any method (sandblasting, waterblasting, grinding, etc.) and preparation of surface for coatings. Traffic control person: controlling and directing traffic through both conventional and moving lane closures; operation of all related machinery and equipment

GROUP 3: Traffic delineating device applicator: Layout and application of pavement markers, delineating signs, rumble and traffic bars, adhesives, guide markers, other traffic delineating devices including traffic control. This category includes all traffic related surface preparation (sandblasting, waterblasting, grinding) as part of the application process. Traffic protective delineating system installer: removes, relocates, installs, permanently affixed roadside and parking delineation barricades, fencing, cable anchor, guard rail, reference signs, monument markers; operation of all related machinery and equipment; power broom sweeper

GROUP 4: Striper: layout and application of traffic stripes and markings; hot thermo plastic; tape traffic stripes and markings, including traffic control; operation of all related machinery and equipment

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LABO1414-003 08/02/2017

	Rates	Fringes
LABORER		
PLASTER CLEAN-UP LABORER....	\$ 35.50	18.29
PLASTER TENDER.....	\$ 38.05	18.29

Work on a swing stage scaffold: \$1.00 per hour additional.  
Work at Military Bases - \$3.00 additional per hour:

Coronado Naval Amphibious Base, Fort Irwin, Marine Corps Air Station-29 Palms, Imperial Beach Naval Air Station, Marine Corps Logistics Supply Base, Marine Corps Pickle Meadows, Mountain Warfare Training Center, Naval Air Facility-Seeley, North Island Naval Air Station, Vandenberg AFB.

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PAIN0036-001 07/01/2017

	Rates	Fringes
Painters: (Including Lead Abatement)		
(1) Repaint (excludes San Diego County).....	\$ 27.59	13.94
(2) All Other Work.....	\$ 31.12	13.94

REPAINT of any previously painted structure. Exceptions: work involving the aerospace industry, breweries, commercial recreational facilities, hotels which operate commercial establishments as part of hotel service, and sports facilities.

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\* PAIN0036-008 10/01/2017

	Rates	Fringes
DRYWALL FINISHER/TAPER.....	\$ 38.58	18.57

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PAIN0036-015 06/01/2017

	Rates	Fringes
GLAZIER.....	\$ 40.95	24.40

FOOTNOTE: Additional \$1.25 per hour for work in a condor, from the third (3rd) floor and up Additional \$1.25 per hour for work on the outside of the building from a swing stage or any suspended contrivance, from the ground up

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PAIN1247-002 05/01/2017

	Rates	Fringes
SOFT FLOOR LAYER.....	\$ 32.35	14.56

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PLAS0200-008 08/02/2017

	Rates	Fringes
PLASTERER.....	\$ 41.26	14.46

FORT IRWIN; MARINE CORPS AIR STATION 29 PALMS, AND MARINE CORPS LOGISTICS SUPPLY BASE: \$3.00 additional per hour.

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PLAS0500-002 07/01/2016

	Rates	Fringes
CEMENT MASON/CONCRETE FINISHER...\$	33.30	23.33

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PLUM0016-002 07/01/2017

	Rates	Fringes
PLUMBER, PIPEFITTER, STEAMFITTER		
Plumber and Pipefitter All other work except work on new additions and remodeling of bars, restaurant, stores and commercial buildings not to exceed 5,000 sq. ft. of floor space and work on strip malls, light commercial, tenant improvement and remodel work.....\$	49.28	21.61
Work at Edwards AFB.....\$	56.28	21.61
Work at Fort Irwin Army Base, Marine Corps Logistic Base at Nebo, Marine Corps Logistic Base at Yermo and Twenty-Nine Palms Marine Base.....\$	56.28	21.61
Work ONLY on new additions and remodeling of bars, restaurants, stores and commercial buildings, not to exceed 5,000 sq. ft. of floor space.....\$	47.76	20.63
Work ONLY on strip malls, light commercial, tenant improvement and remodel work.....\$	36.91	18.96

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PLUM0345-001 07/01/2014

	Rates	Fringes
PLUMBER		
Landscape/Irrigation Fitter..\$	29.27	19.75
Sewer & Storm Drain Work....\$	33.24	17.13

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ROOF0036-002 08/01/2017

	Rates	Fringes
ROOFER.....\$	37.07	16.17

FOOTNOTE: Pitch premium: Work on which employees are exposed to pitch fumes or required to handle pitch, pitch base or pitch impregnated products, or any material containing coal tar pitch, the entire roofing crew shall receive \$1.75 per hour "pitch premium" pay.

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 SFCA0669-009 04/01/2017

Does not include the northern part of the City of Chino, or the Cities of Montclair and Ontario

	Rates	Fringes
SPRINKLER FITTER.....	\$ 39.07	15.84

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 SFCA0709-004 07/01/2015

THE NORTHERN PART OF THE CITY OF CHINO, AND THE CITIES OF MONTCLAIR AND ONTARIO:

	Rates	Fringes
SPRINKLER FITTER (Fire).....	\$ 42.93	24.04

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 SHEE0105-003 07/01/2016

LOS ANGELES (South of a straight line drawn between Gorman and Big Pines) and Catalina Island, INYO, KERN (Northeast part, East of Hwy 395), MONO ORANGE, RIVERSIDE, AND SAN BERNARDINO COUNTIES

	Rates	Fringes
SHEET METAL WORKER		
(1) Commercial - New Construction and Remodel work.....	\$ 41.86	26.88
(2) Industrial work including air pollution control systems, noise abatement, hand rails, guard rails, excluding aritechatural sheet metal work, excluding A-C, heating, ventilating systems for human comfort...	\$ 41.86	26.88

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 TEAM0011-002 07/01/2017

	Rates	Fringes
TRUCK DRIVER		
GROUP 1.....	\$ 29.59	27.74

GROUP 2.....	\$ 29.74	27.74
GROUP 3.....	\$ 29.87	27.74
GROUP 4.....	\$ 30.06	27.74
GROUP 5.....	\$ 30.09	27.74
GROUP 6.....	\$ 30.12	27.74
GROUP 7.....	\$ 30.37	27.74
GROUP 8.....	\$ 30.62	27.74
GROUP 9.....	\$ 30.82	27.74
GROUP 10.....	\$ 31.12	27.74
GROUP 11.....	\$ 31.62	27.74
GROUP 12.....	\$ 32.05	27.74

WORK ON ALL MILITARY BASES:

PREMIUM PAY: \$3.00 per hour additional.

[29 palms Marine Base, Camp Roberts, China Lake, Edwards AFB, El Centro Naval Facility, Fort Irwin, Marine Corps Logistics Base at Nebo & Yermo, Mountain Warfare Training Center, Bridgeport, Point Arguello, Point Conception, Vandenberg AFB]

TRUCK DRIVERS CLASSIFICATIONS

GROUP 1: Truck driver

GROUP 2: Driver of vehicle or combination of vehicles - 2 axles; Traffic control pilot car excluding moving heavy equipment permit load; Truck mounted broom

GROUP 3: Driver of vehicle or combination of vehicles - 3 axles; Boot person; Cement mason distribution truck; Fuel truck driver; Water truck - 2 axle; Dump truck, less than 16 yds. water level; Erosion control driver

GROUP 4: Driver of transit mix truck, under 3 yds.; Dumpcrete truck, less than 6-1/2 yds. water level

GROUP 5: Water truck, 3 or more axles; Truck greaser and tire person (\$0.50 additional for tire person); Pipeline and utility working truck driver, including winch truck and plastic fusion, limited to pipeline and utility work; Slurry truck driver

GROUP 6: Transit mix truck, 3 yds. or more; Dumpcrete truck, 6-1/2 yds. water level and over; Vehicle or combination of vehicles - 4 or more axles; Oil spreader truck; Dump truck, 16 yds. to 25 yds. water level

GROUP 7: A Frame, Swedish crane or similar; Forklift driver; Ross carrier driver

GROUP 8: Dump truck, 25 yds. to 49 yds. water level; Truck repair person; Water pull - single engine; Welder

GROUP 9: Truck repair person/welder; Low bed driver, 9 axles or over



GROUP 10: Dump truck - 50 yds. or more water level; Water pull - single engine with attachment

GROUP 11: Water pull - twin engine; Water pull - twin engine with attachments; Winch truck driver - \$1.25 additional when operating winch or similar special attachments

GROUP 12: Boom Truck 17K and above

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WELDERS - Receive rate prescribed for craft performing operation to which welding is incidental.  
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Note: Executive Order (EO) 13706, Establishing Paid Sick Leave for Federal Contractors applies to all contracts subject to the Davis-Bacon Act for which the contract is awarded (and any solicitation was issued) on or after January 1, 2017. If this contract is covered by the EO, the contractor must provide employees with 1 hour of paid sick leave for every 30 hours they work, up to 56 hours of paid sick leave each year. Employees must be permitted to use paid sick leave for their own illness, injury or other health-related needs, including preventive care; to assist a family member (or person who is like family to the employee) who is ill, injured, or has other health-related needs, including preventive care; or for reasons resulting from, or to assist a family member (or person who is like family to the employee) who is a victim of, domestic violence, sexual assault, or stalking. Additional information on contractor requirements and worker protections under the EO is available at [www.dol.gov/whd/govcontracts](http://www.dol.gov/whd/govcontracts).

Unlisted classifications needed for work not included within the scope of the classifications listed may be added after award only as provided in the labor standards contract clauses (29CFR 5.5 (a) (1) (ii)).

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The body of each wage determination lists the classification and wage rates that have been found to be prevailing for the cited type(s) of construction in the area covered by the wage determination. The classifications are listed in alphabetical order of "identifiers" that indicate whether the particular rate is a union rate (current union negotiated rate for local), a survey rate (weighted average rate) or a union average rate (weighted union average rate).

#### Union Rate Identifiers

A four letter classification abbreviation identifier enclosed in dotted lines beginning with characters other than "SU" or

"UAVG" denotes that the union classification and rate were prevailing for that classification in the survey. Example: PLUM0198-005 07/01/2014. PLUM is an abbreviation identifier of the union which prevailed in the survey for this classification, which in this example would be Plumbers. 0198 indicates the local union number or district council number where applicable, i.e., Plumbers Local 0198. The next number, 005 in the example, is an internal number used in processing the wage determination. 07/01/2014 is the effective date of the most current negotiated rate, which in this example is July 1, 2014.

Union prevailing wage rates are updated to reflect all rate changes in the collective bargaining agreement (CBA) governing this classification and rate.

#### Survey Rate Identifiers

Classifications listed under the "SU" identifier indicate that no one rate prevailed for this classification in the survey and the published rate is derived by computing a weighted average rate based on all the rates reported in the survey for that classification. As this weighted average rate includes all rates reported in the survey, it may include both union and non-union rates. Example: SULA2012-007 5/13/2014. SU indicates the rates are survey rates based on a weighted average calculation of rates and are not majority rates. LA indicates the State of Louisiana. 2012 is the year of survey on which these classifications and rates are based. The next number, 007 in the example, is an internal number used in producing the wage determination. 5/13/2014 indicates the survey completion date for the classifications and rates under that identifier.

Survey wage rates are not updated and remain in effect until a new survey is conducted.

#### Union Average Rate Identifiers

Classification(s) listed under the UAVG identifier indicate that no single majority rate prevailed for those classifications; however, 100% of the data reported for the classifications was union data. EXAMPLE: UAVG-OH-0010 08/29/2014. UAVG indicates that the rate is a weighted union average rate. OH indicates the state. The next number, 0010 in the example, is an internal number used in producing the wage determination. 08/29/2014 indicates the survey completion date for the classifications and rates under that identifier.

A UAVG rate will be updated once a year, usually in January of each year, to reflect a weighted average of the current negotiated/CBA rate of the union locals from which the rate is based.

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WAGE DETERMINATION APPEALS PROCESS

1.) Has there been an initial decision in the matter? This can be:

- \* an existing published wage determination
- \* a survey underlying a wage determination
- \* a Wage and Hour Division letter setting forth a position on a wage determination matter
- \* a conformance (additional classification and rate) ruling

On survey related matters, initial contact, including requests for summaries of surveys, should be with the Wage and Hour Regional Office for the area in which the survey was conducted because those Regional Offices have responsibility for the Davis-Bacon survey program. If the response from this initial contact is not satisfactory, then the process described in 2.) and 3.) should be followed.

With regard to any other matter not yet ripe for the formal process described here, initial contact should be with the Branch of Construction Wage Determinations. Write to:

Branch of Construction Wage Determinations  
Wage and Hour Division  
U.S. Department of Labor  
200 Constitution Avenue, N.W.  
Washington, DC 20210

2.) If the answer to the question in 1.) is yes, then an interested party (those affected by the action) can request review and reconsideration from the Wage and Hour Administrator (See 29 CFR Part 1.8 and 29 CFR Part 7). Write to:

Wage and Hour Administrator  
U.S. Department of Labor  
200 Constitution Avenue, N.W.  
Washington, DC 20210

The request should be accompanied by a full statement of the interested party's position and by any information (wage payment data, project description, area practice material, etc.) that the requestor considers relevant to the issue.

3.) If the decision of the Administrator is not favorable, an interested party may appeal directly to the Administrative Review Board (formerly the Wage Appeals Board). Write to:

Administrative Review Board  
U.S. Department of Labor  
200 Constitution Avenue, N.W.  
Washington, DC 20210

4.) All decisions by the Administrative Review Board are final.

=====  
END OF GENERAL DECISION

## EXHIBIT H – COMPLIANCE WITH CROSS-CUTTING STATE AUTHORITIES

### 1. EMERGENCY DROUGHT REGULATIONS

The Recipient certifies that it complies with and shall continue to comply with the State Water Board's Drought Emergency Water Conservation regulations in Article 22.5 of Chapter 2 of Division 3 of Title 23 of the California Code of Regulations. The Recipient will include a discussion of its implementation in reports submitted pursuant to Section 2.15 of this Agreement.

### 2. CALIFORNIA DEBT INVESTMENT ADVISORY COMMISSION (CDIAC)

Where Recipient is a public entity, Recipient acknowledges its responsibility to file debt obligations with the CDIAC. Recipient understands that CDIAC has waived filing fees for State Water Board SRF debt.

### 3. COMPLIANCE WITH STATE REQUIREMENTS

Recipient represents that it is in compliance with the following conditions precedent and agrees that it will continue to maintain compliance during the term of this Agreement:

#### (a) Monthly Water Diversion Reporting

If Recipient is a water diverter, Recipient must maintain compliance with Water Code section 5103, subdivision (e)(2)(A) by submitting monthly diversion reports to the Division of Water Rights of the State Water Resources Control Board.

#### (b) Public Works Contractor Registration with Department Of Industrial Relations

To bid for public works contracts, Recipient and Recipient's subcontractors must register with the Department of Industrial Relations as required by Labor Code sections 1725.5 and 1771.1.

#### (c) Volumetric Pricing & Water Meters

If Recipient is an "urban water supplier" as defined by Water Code section 10617, Recipient must charge each customer for actual water volume measured by water meter according to the requirements of Water Code sections 526 and 527. Section 527 further requires that such suppliers not subject to section 526 install water meters on all municipal and industrial service connections within their service area by 2025.

#### (d) Urban Water Management Plan

If Recipient is an "urban water supplier" as defined by Water Code section 10617, the Recipient certifies that this Project complies with the Urban Water Management Planning Act (Water Code, § 10610 et seq.). This shall constitute a condition precedent to this Agreement.

#### (e) Urban Water Demand Management

If Recipient is an "urban water supplier" as defined by Water Code section 10617, Recipient must comply with water conservation measures established by SBx7-7. (Water Code, Sec. 10608.56.)

#### (f) Delta Plan Consistency Findings

If Recipient is a state or local public agency and the proposed action is covered by the Delta Plan, Recipient must submit certification of project consistency with the Delta Plan to the Delta Stewardship Council according to the requirements of Water Code section 85225 and California Code of Regulations, title 23, section 5002.

**(g) Agricultural Water Management Plan Consistency**

**If Recipient is an agricultural water supplier as defined by Water Code section 10608.12, Recipient must comply with Agricultural Water Management Planning requirements as mandated by Water Code section 10852.**

**ACTION  
ITEM**

**4C**

---

**Date:** December 20, 2017

**To:** The Honorable Board of Directors

**Committee:**



**From:** Hala Razak, General Manager

**Contact:** Jean Cihigoyenette, General Counsel

**Subject:** Adoption of Resolution No. 2017-12-3, Establishing a Policy for Rotation of Board Officers

---

**Executive Summary:**

Earlier this year, Director Hofer requested that the Board consider establishing a new policy for the election of Board Officers. He offered an example from a neighboring agency where Board officers are appointed on a rotation system. General Counsel has prepared a resolution which details a system for appointing Board Officers on a rotation basis.

---

**Staff's Recommendation:**

Adopt Resolution No. 2017-12-3, establishing a policy for rotation of Board Officers.

---

**Budget Impact** *Budgeted (Y/N):* N *Amendment (Y/N):* N *Amount for Requested Approval:*

*Account/Project Name:*

*Fiscal Impact (explain if not budgeted):*

**Prior Board Action:**

None.

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**Environmental Determination:**

Not Applicable

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**Business Goal:**

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**Attachments:**

Attachment 1 - Resolution No. 2017-12-3

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**RESOLUTION NUMBER 2017- 12-3**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND  
EMPIRE UTILITIES AGENCY, A MUNICIPAL WATER DISTRICT, SAN  
BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING A POLICY  
FOR ROTATION OF BOARD OFFICERS**

**WHEREAS**, Inland Empire Utilities Agency (“IEUA”) is a municipal water district established pursuant to Section 71000 et seq. of the California Water Code;

**WHEREAS**, pursuant to California Water Code § 71273, the IEUA Board of Directors (“Board”) shall elect one of its members as President at least every January of each odd-numbered year. In addition, Water Code Section 71273 permits the Board to elect, at any meeting of the Board, one of its members as Vice President who shall exercise the powers of the President, if the President is absent or unable to act;

**WHEREAS**, pursuant to California Water Code Section 71340, the IEUA Board is required to appoint persons to certain offices including, without limitation, a Secretary and a Treasurer. Water Code Section 71342 permits the Board to consolidate the offices of Secretary and Treasurer;

**WHEREAS**, the IEUA Board of Directors now desires to enact a procedure by which certain Board Officers are elected and appointed

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors that:

**SECTION 1.** The election and appointment of Board members to the positions of President, Vice President, and Secretary-Treasurer shall be implemented as follows:

The positions of President, Vice President, and Secretary/Treasurer shall be rotated among the Board members as follows:

- a. The member of the Board serving as President before the first meeting of the Board in January shall rotate out of that position and into the fifth position in the rotation among the Board members.

- b. The member of the Board serving as Vice President before the first meeting of the Board in January shall be appointed to the position of President.
- c. The member of the Board serving as Secretary-Treasurer before the first meeting of the Board in January shall be appointed to the position of Vice President.
- d. The member of the Board who is in the fourth position in the rotation among the Board members before the first meeting of the Board in January shall be appointed to the position of Secretary-Treasurer.
- e. The member of the Board who is in the fifth position in the rotation among the Board members before the first meeting of the Board in January shall rotate to the fourth position in the rotation schedule.
- f. The fourth and fifth positions in the Board's rotation schedule shall be allocated based on the Board members' tenure with the Board; Should the service time of multiple Board members be identical for purposes of setting the rotation schedule described above, the affected positions in the rotation schedule of Board members with identical amounts of service time shall be decided by lot.

**SECTION 2.** Board members serving in the fourth and fifth positions in the rotation as described above shall be selected based on length of service time with the Board with the longer serving Board member taking the fourth position. Should two or more new Board members be elected to the Board at the same time, the affected positions in the rotation schedule shall be decided by lot.

**SECTION 3.** Any Board member who takes office as a new member of the Board, as opposed to taking office upon reelection, shall take the fifth position in the rotation among the Board members. At the time of such an event, the other Board members shall then be rotated to one higher position in the rotation and the Board shall then conduct the election/appointment pursuant to the rotation and procedure set forth in Section 1 of this Resolution. A Board member who is reelected shall maintain his or her position in the rotation schedule held prior to the reelection.

**SECTION 4.** At the first meeting of the Board in January of every year, the Board shall elect and appoint Board members to the positions of Board officers pursuant to IEUA Bylaws and the rotation schedule set forth in this Resolution. Separate votes may be taken on the positions of President, Vice President, and Secretary Treasurer in order to elect/appoint each position pursuant to the rotation. In the alternative, one vote may be taken on the positions of President, Vice President, and Secretary-Treasurer in order to elect/appoint each position pursuant to the rotation.

**SECTION 5.** At any time prior to any particular election/appointment of officers pursuant to IEUA Bylaws and this Resolution, the Board may determine, by

motion/Minute Order, to waive or otherwise suspend the implementation of this Resolution. In that event, that particular election shall take place pursuant to nomination and majority vote. Any such motion/Minute Order may also address what impact, if any, the suspension of the rotation procedures will have on the position of Board members in the rotation for future elections/appointments.

**SECTION 6.** This Resolution shall take effect and be in force according to law on the date of adoption set forth below.

**SECTION 7.** The purpose and intent of this Resolution is to implement procedures for the election and appointment of the President, Vice President, and Secretary-Treasurer in addition to, and in conjunction with, the applicable procedures set forth in IEUA Bylaws. However, in the event of any conflict between the provisions of this Resolution and the provisions of IEUA's Bylaws, the procedures of this Resolution shall be controlling.

**SECTION 8.** The President of the Board shall sign this Resolution and the Secretary-Treasurer of the Board shall attest thereto.

**ADOPTED** this 20<sup>th</sup> day of December, 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 SAN BERNARDINO )

I, JASMIN A. HALL, Secretary/Treasurer of the Inland Empire Utilities Agency\*, DO HEREBY CERTIFY that the foregoing Resolution being No. 2017-12-3, was adopted at a regular meeting on December 20, 2017, of said Agency by the following vote:

AYES:

NOYES:

ABSTAIN:

ABSENT:

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Jasmin A. Hall  
Secretary/Treasurer

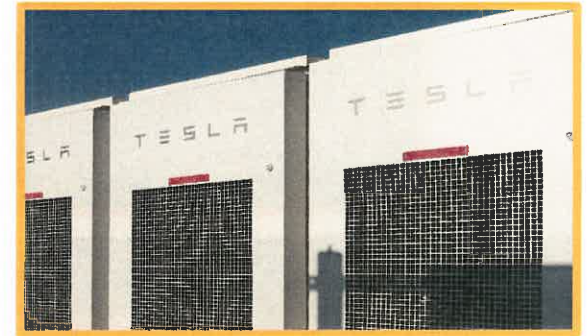
(SEAL)

\*A Municipal Water District

**INFORMATION  
ITEM**

**5A**

# Engineering and Construction Management Project Updates



# EN13048 – RP-1 Power System Upgrades

- Design Engineer: Tetra Tech
- Current Contract (Design): \$435 K
- Total Project Budget: \$1.6 M
- Project Completion: August 2018
- Percentage Complete: Design is 95% complete
- Scope of Work:
  - Upgrade and install power capacity to the RP-1 Site
  - Replace switchboard and disconnects
- Current Activities:
  - Finalize the construction bid package
- Focus Points:
  - Finalizing the plan for the tie-in and temporary shutdown



480V Switchgear To be Replaced



Two 12kV Switchboard Sections Will Be Added

# EN14018 – RP-4 Disinfection Facility Improvements

- Construction Contractor: W. A Rasic
- Current Contract (Construction): \$1.8 M
- Total Project Budget: \$2.7 M
- Project Completion: February 2018
- Percentage Complete: 85%
- Scope of Work:
  - Relocate the chemical disinfection facility
  - Install new chemical metering pumps, tanks, and pipelines
- Current Activities:
  - Installation of the electrical components
  - Paving around the secondary clarifiers
- Focus Points:
  - Plan the demolition of the existing facility
  - Plan the start-up of the new facility



New Chemical Area with Tank Pad



New Electrical Conduits to the Chemical Pumps



# EN15008 – Water Quality Laboratory

- Construction Contractor: Kemp Bros Construction
- Current Contract (Construction): \$17.5 M
- Total Project Budget: \$24.6 M
- Project Completion: August 2018
- Percentage Complete: 66%
- Scope of Work:
  - Construction of new Water Quality Laboratory
  - Central Chiller Plant Expansion
  - Construction of new 25-stall parking lot
- Current Activities:
  - Composite siding, aluminum framing, glass, and coating
  - Process, heating, cooling, and refrigerant piping installation and insulation
  - Pull main electrical feeders to lab and office electrical panels
- Focus Points:
  - Central Plant cooling tower installation
  - Shutdown for electrical tie-in at existing pull box and switch board



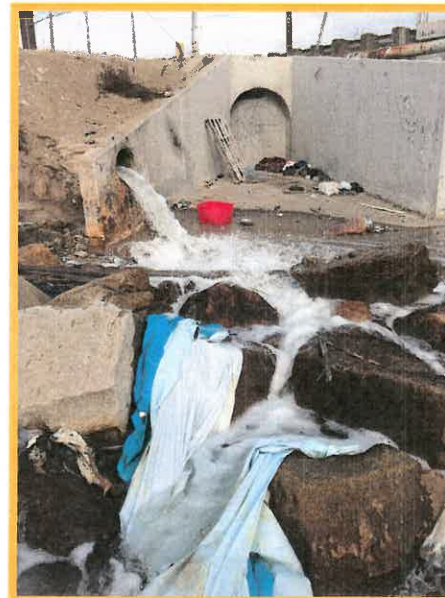
Lab Building North Side



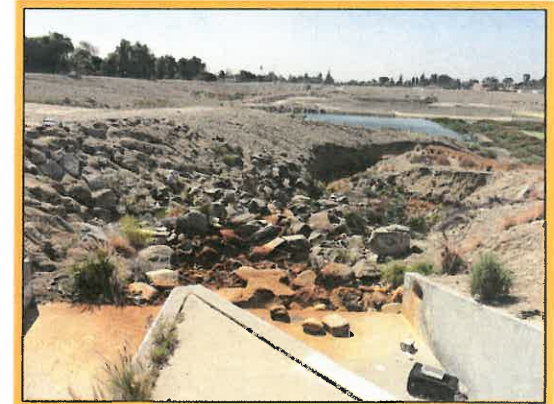
Lab Building Entrance Canopy

# EN17039 - 8th St. Basin RW Turnout Discharge Retrofit

- Design Engineer: LEE & Ro
- Current Contract (Design): \$23 K
- Total Project Budget: \$275 K
- Project Completion: January 2019
- Percentage Complete: 60%
- Scope of Work:
  - Relocate 12" recycled water pipeline from unlined channel to lined channel
  - Grade the eroded slope
- Current Activities:
  - San Bernardino Flood Control District permitting
  - Receive the final design from LEE & Ro
- Focus Points:
  - Prepare the specifications for advertisement



Trash Left by Homeless



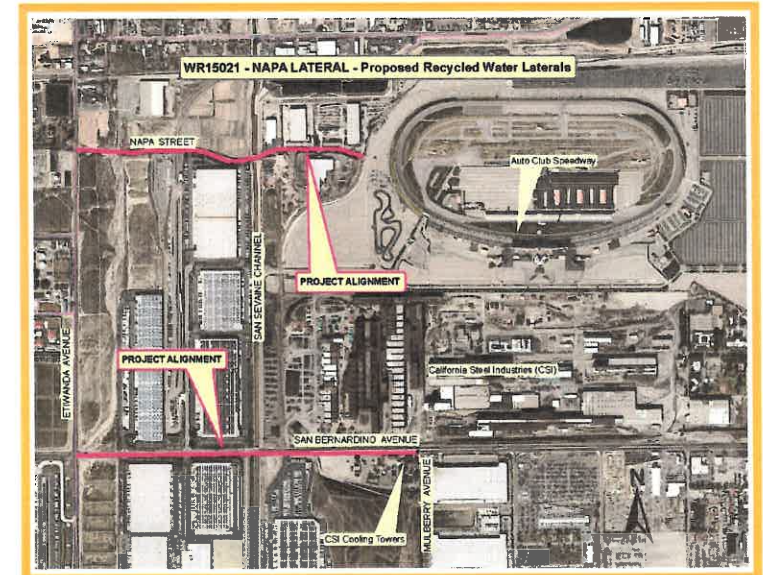
Existing Pipeline Discharge



Eroded Slopes at Unlined Channel

# WR15021 – Napa Lateral

- Design/Build: TBD
- Current Contract (Design/Build): TBD
- Total Project Budget: \$6 M
- Project Completion: November 2019
- Percentage Complete: 2%
- Scope of Work:
  - Design-build approximately 10,000 linear feet of 12/16/24-inch recycled water pipelines
- Current Activities:
  - Finalize design-build specifications
  - Include updated SWRCB State Revolving Fund (SRF) requirements
- Focus Points:
  - Finalize pipe sizing
  - Coordinate SRF requirements



Plan View of Pipe Alignment

INFORMATION  
ITEM

**5C**

**Date:** December 20, 2017

**To:** The Honorable Board of Directors

**Committee:** Finance & Administration

  
**From:** Hala Razak, General Manager

12/13/17

**Executive Contact:** Christina Valencia, Executive Manager of Finance & Administration/AGM

**Subject:** Treasurer's Report of Financial Affairs

---

**Executive Summary:**

The Treasurer's Report of Financial Affairs for the month ended October 31, 2017 is submitted in a format consistent with the State requirement.

For the month of October 2017, total cash, investments, and restricted deposits of \$178,384,209 reflects an increase of \$2,078,896 compared to the total of \$176,305,313 reported in September 2017. The increase is primarily due to an increase in total restricted deposits in the form of connection fees held by member agencies on behalf of the Agency, from \$33.5 million reported last month to \$36.4 million. A transfer of \$4.5 million from unrestricted to restricted for the 2017A Bond principal payment due on November 1, 2017 caused the average days of cash on hand for the month ended October 31, 2017 to decrease from 268 days to 246 days. Not included in the days of cash on hand calculation are the connection fees mentioned above.

The Agency's investment portfolio rate in October 2017 was 1.203%, an increase of 0.02% compared to the September yield of 1.183% due to raising yields in the Local Agency Investment Fund (LAIF) account from 1.110% in September to 1.143% in October and the CalTrust investment accounts from 1.295% to 1.315%.

---

**Staff's Recommendation:**

The Treasurer's Financial Affairs Report for the month ended October 31, 2017 is an informational item for the Board of Director's review.

---

**Budget Impact** Budgeted (Y/N): N Amendment (Y/N): N Amount for Requested Approval:

Account/Project Name:

*Fiscal Impact (explain if not budgeted):*

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

**Prior Board Action:**

On November 15, 2017, the Board of Directors approved the Treasurer's Financial Affairs Report for the month ended September 30, 2017.

---

**Environmental Determination:**

Not Applicable

---

**Business Goal:**

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.

---

**Attachments:**

- Attachment 1 - Background
- Attachment 2 - Powerpoint
- Attachment 3 - October 2017 Financial Affairs Report

# Background

Subject: Treasurer's Financial Affairs Report

The Treasurer's Report of Financial Affairs for the month ended October 31, 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. 2017-4-1) with one noted exception. As of October 31, 2017, the medium-term note portfolio was 10.4% which exceeds the 10% allowable threshold established under the Agency's Investment Policy.

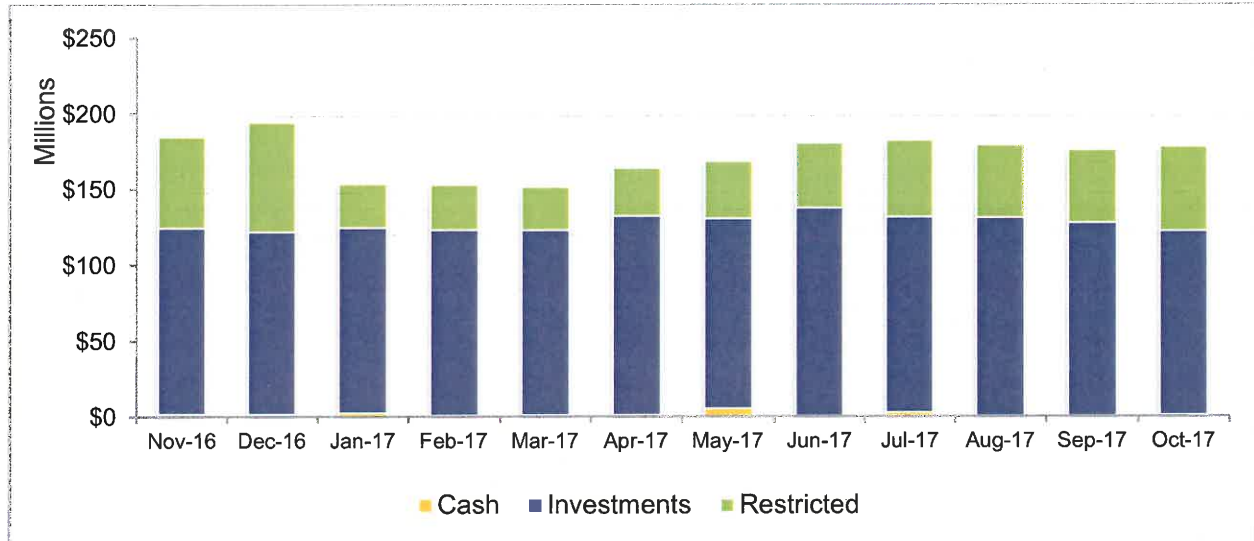
The medium-term notes portfolio exceeded the 10% threshold defined in the Investment Policy but below the 30% threshold established under the California Government Code (CGC). This exception was initially reported in May 2017 on the March Financial Affairs Report, a recommendation was made to approve the medium-term investments and to allow for those investments to be held until maturity.

**Table 1: Agency Portfolio**

Authorized Investments	Allowable Threshold (\$ million or %)	Investment Value as of October 31, 2017 (\$ million)				Average Yield	Portfolio % (Unrestricted)
		Under 1 Year	1-3 Years	Over 3 Years	Total		
LAIF	\$65	\$32.3			\$32.3	1.14%	26.6%
CalTrust	n/a	\$15.2	\$6.0		\$21.2	1.32%	17.5%
CAMP	n/a	\$18.2			\$18.2	1.17%	15.0%
Citizens Business Bank – Sweep	40%	\$11.4			\$11.4	0.70%	9.4%
Brokered CD's	30%	\$1.7	\$0.7		\$2.4	1.50%	2.0%
Medium Term Notes	10%	\$4.5	\$8.1		\$12.6	1.34%	10.4%
Municipal Bonds	10%		\$1.0		\$1.0	1.75%	0.8%
US Treasury Notes	n/a		\$2.0		\$2.0	1.35%	1.6%
US Gov't Securities	n/a		\$20.3		\$20.3	1.33%	16.7%
<b>Total</b>		<b>\$83.3</b>	<b>\$38.1</b>	<b>\$0.0</b>	<b>\$121.4</b>	<b>1.203%</b>	<b>100%</b>

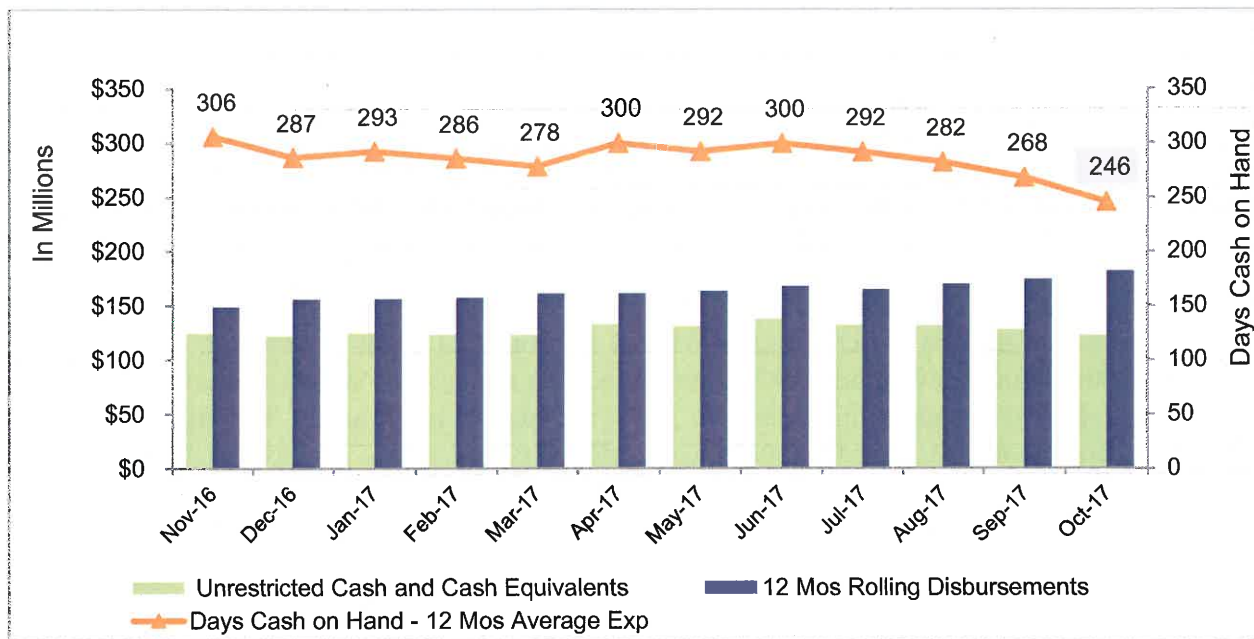
The Agency portfolio shown above in Table 1 of \$121.4 million does not include the restricted accounts of \$57.0 million which totals to \$178.4 million total cash, investment, and restricted deposits for the month of October 2017. This reflects an increase of \$2,078,896 compared to the total of \$176,305,313 reported in September 2017, as reported in Figure 1. This increase in total cash, investment, and restricted deposits was primarily due to an increase of \$2,887,581 in connection fees held by member agencies on behalf of the Agency.

**Figure 1: Cash, Investments, and Restricted Deposits**



Average days 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. Connection fees held by member agencies are not included in the calculation of days cash on hand. Average days cash on hand decreased from 268 days at the end of September to 246 days at the end of October as shown in Figure 2. This drop was due to the transfer of cash from an unrestricted account to the restricted debt service accounts for the principal payment of the 2017A Bonds.

**Figure 2: Days Cash on Hand – 12 Month Rolling Average**





# Treasurer's Report of Financial Affairs for October 31, 2017

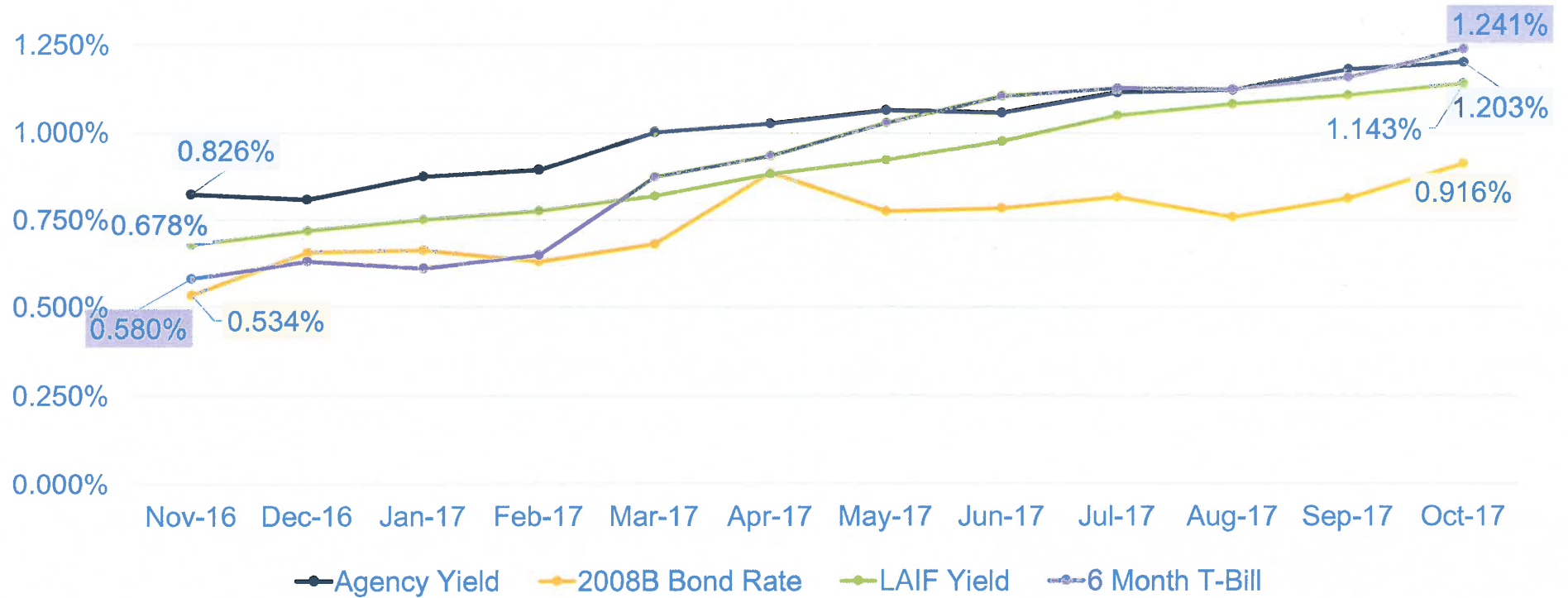


# Agency Liquidity

- Decrease in total portfolio mainly due to withdrawal of funds from the Local Agency Investment Fund (LAIF) to pay for the \$4.6M principal payment of the 2017A Bonds
- Decrease in average cash on hand is due to the movement of cash from unrestricted to restricted funds available

Liquidity			
Description	October (\$ million)	September (\$ million)	Increase (Decrease) (\$ million)
Total Cash, Investments, and Restricted Deposits	\$178.4	\$176.3	\$2.1
Total Investment Portfolio	\$121.4	\$127.5	(\$6.1)
Investment Portfolio Yield	1.203%	1.183%	0.020%
Weighted Average Duration (years)	0.82	0.81	0.1
Average Cash on Hand (days)	246	268	(22)

# Month End Portfolio Yield Composition



# Questions



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

## TREASURER'S REPORT OF FINANCIAL AFFAIRS

For the Month Ended October 31, 2017



All investment transactions have been executed in accordance with the criteria stated in the Agency's Investment Policy (Resolution No. 2017-4-1) adopted by the Inland Empire Utilities Agency's Board of Directors during its regular meeting held on April 19, 2017.

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  
October 31, 2017

	<b>October</b>	<b>September</b>
<b><u>Cash, Bank Deposits, and Bank Investment Accounts</u></b>	<u>\$903,166</u>	<u>\$300,724</u>
<b><u>Investments</u></b>		
Citizens Business Bank (CBB) Repurchase (Sweep)	\$11,439,294	\$11,713,869
Local Agency Investment Fund (LAIF)	32,268,927	37,176,305
CalTrust	21,222,865	21,210,264
California Asset Management Program (CAMP)	18,239,537	18,221,459
Certificates of Deposit	2,421,000	2,421,000
Municipal Bonds	997,705	997,596
Medium Term Notes	12,585,489	13,588,189
U.S. Treasury Notes	1,992,955	1,992,576
U.S. Government Sponsored Entities	20,234,976	20,234,313
<b>Total Investments</b>	<u>\$121,402,748</u>	<u>\$127,555,571</u>
 <b>Total Cash and Investments Available to the Agency</b>	 <u>\$122,305,914</u>	 <u>\$127,856,295</u>
 <b><u>Restricted Deposits</u></b>		
Debt Service Accounts	\$7,141,702	\$2,559,709
CCRA Deposits Held by Member Agencies	36,401,533	33,513,952
OPEB (CERBT) Account	12,044,921	11,962,541
Escrow Deposits	490,139	412,816
<b>Total Restricted Deposits</b>	<u>\$56,078,295</u>	<u>\$48,449,018</u>
 <b>Total Cash, Investments, and Restricted Deposits</b>	 <u><u>\$178,384,209</u></u>	 <u><u>\$176,305,313</u></u>

# INLAND EMPIRE UTILITIES AGENCY

## Cash and Investment Summary

Month Ended  
October 31, 2017

### Cash, Bank Deposits, and Bank Investment Accounts

CBB Demand Account (Negative offset by CBB Sweep Balance)	\$764,971
CBB Workers' Compensation Account	25,698
Subtotal Demand Deposits	<u>\$790,669</u>

### **Other Cash and Bank Accounts**

Petty Cash	<u>\$2,250</u>
Subtotal Other Cash	\$2,250

<b>US Bank Pre-Investment Money Market Account</b>	\$110,247
--	-----------

<b><i>Total Cash and Bank Accounts</i></b>	<u>\$903,166</u>
--	------------------

### Investments

### **CBB Repurchase (Sweep) Investments**

FNMA	<u>\$11,439,294</u>
Subtotal CBB Repurchase (Sweep)	\$11,439,294

### **Local Agency Investment Fund (LAIF)**

LAIF Fund	<u>\$32,268,927</u>
Subtotal Local Agency Investment Fund	\$32,268,927

### **CalTrust**

Short Term	\$15,223,958
Medium Term - Restricted	<u>5,998,907</u>
Subtotal CalTrust	\$21,222,865

### **California Asset Management Program (CAMP)**

Pool	<u>\$18,239,537</u>
Subtotal CAMP	\$18,239,537

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

Month Ended  
October 31, 2017

**Investments Continued**

**Brokered Certificates of Deposit**

Brokered Certificates of Deposit	\$2,421,000
Subtotal Brokered Certificates of Deposit	\$2,421,000

**Municipal Bonds**

State and Local Municipal Bonds	\$997,705
Subtotal Municipal Bonds	\$997,705

**Medium Term Notes**

John Deere Capital Corp.	\$1,500,693
Toyota Motor Credit Corp.	999,811
JP Morgan Chase & Co.	2,010,529
Johnson & Johnson	2,060,242
Microsoft	1,003,663
Exxon Mobil	3,010,551
Wells Fargo Bank N.A.	2,000,000
Subtotal Medium Term Notes	\$12,585,489

**U.S. Treasury Notes**

Treasury Note	\$1,992,955
Subtotal U.S. Treasury Notes	\$1,992,955

**U.S. Government Sponsored Entities**

Fannie Mae Bank	\$3,749,695
Freddie Mac Bank	5,487,567
Federal Farm Credit Bank	7,999,166
Federal Home Loan Bank	2,998,548
Subtotal U.S. Government Sponsored Entities	\$20,234,976

<b><i>Total Investments</i></b>	<b>\$121,402,748</b>
---------------------------------	----------------------



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

Month Ended  
October 31, 2017

**Restricted Deposits**

**Debt Service**

08B Debt Service Accounts	\$2,549,446
10A Debt Service Accounts	155
17A Debt Service Accounts	4,592,101
Subtotal Debt Service	\$7,141,702

**CCRA Deposits Held by Member Agencies**

City of Chino	\$5,598,746
Cucamonga Valley Water District	3,500,021
City of Fontana	5,777,272
City of Montclair	1,087,229
City of Ontario	12,369,379
City of Chino Hills	6,538,447
City of Upland	1,530,439
Subtotal CCRA Deposits Held by Member Agencies	\$36,401,533

**CalPERS**

OPEB (CERBT) Account	\$12,044,921
Subtotal CalPERS Accounts	\$12,044,921

**Escrow Deposits**

Kemp Brothers Construction	\$490,139
Subtotal Escrow Deposits	\$490,139

***Total Restricted Deposits***

\$56,078,295

***Total Cash, Investments, and Restricted Deposits as of October 31, 2017***

\$178,384,209

Total Cash, Investments, and Restricted Deposits as of 10/31/17

\$178,384,209

Less: Total Cash, Investments, and Restricted Deposits as of 09/30/17

176,305,313

***Total Monthly Increase (Decrease)***

\$2,078,896

# INLAND EMPIRE UTILITIES AGENCY

## Cash and Investment Summary

Month Ended  
October 31, 2017

	Credit Rating @ Purchase		CHANGES IN Credit Rating		Par	Cost Basis	Term	October	October	% Coupon	% Yield to Maturity	Maturity	Market
	S&P	Moody's	S&P	Moody's	Amount	Amount	(Days)	Amortization	Value		Date	Value	
<b>Cash, Bank Deposits, and Bank Investment Accounts</b>													
<b>Citizens Business Bank (CBB)</b>													
Demand Account*					\$764,971	\$764,971	N/A	N/A	\$764,971		N/A	N/A	\$764,971
Payroll Checking					0	0	N/A	N/A	0		N/A	N/A	0
Workers' Compensation Account					25,698	25,698	N/A	N/A	25,698		N/A	N/A	25,698
Subtotal CBB Accounts					<u>\$790,669</u>	<u>\$790,669</u>			<u>\$790,669</u>				<u>\$790,669</u>
<b>US Bank (USB)</b>													
Federated Automated MMA					\$110,247	\$110,247	N/A	N/A	\$110,247		0.60%	N/A	\$110,247
Subtotal USB Account					<u>\$110,247</u>	<u>\$110,247</u>			<u>\$110,247</u>		0.60%		<u>\$110,247</u>
<b>Petty Cash</b>					<u>\$2,250</u>	<u>\$2,250</u>	N/A	N/A	<u>\$2,250</u>		N/A	N/A	<u>\$2,250</u>
<b>Total Cash, Bank Deposits and Bank Investment Accounts</b>					<u>\$903,166</u>	<u>\$903,166</u>			<u>\$903,166</u>				<u>\$903,166</u>
<i>*Negative demand checking balance is offset by the Daily Repurchase (Sweep) Account balance</i>													
<b>Investments</b>													
<b>CBB Daily Repurchase (Sweep) Accounts</b>													
FNMA					\$11,439,294	\$11,439,294			\$11,439,294		0.70%		\$11,439,294
Subtotal CBB Repurchase Accounts					<u>\$11,439,294</u>	<u>\$11,439,294</u>			<u>\$11,439,294</u>		0.70%		<u>\$11,439,294</u>
<b>LAIF Accounts</b>													
Non-Restricted Funds					\$32,268,927	\$32,268,927	N/A	N/A	\$32,268,927		1.143%	N/A	\$32,268,927
Subtotal LAIF Accounts					<u>\$32,268,927</u>	<u>\$32,268,927</u>			<u>\$32,268,927</u>		1.143%		<u>\$32,268,927</u>
<b>CALTRUST Accounts</b>													
Short-Term					\$15,223,958	\$15,223,958	N/A	N/A	\$15,223,958		1.23%	N/A	\$15,223,958
Medium-Term (Self Insurance Reserves)					5,998,907	5,998,907	N/A	N/A	5,998,907		1.53%	N/A	5,998,907
Subtotal CalTrust Accounts					<u>\$21,222,865</u>	<u>\$21,222,865</u>			<u>\$21,222,865</u>		1.315%		<u>\$21,222,865</u>
<b>CAMP Accounts</b>													
Short-Term					\$18,239,537	\$18,239,537	N/A	N/A	\$18,239,537		1.17%	N/A	\$18,239,537
Subtotal CAMP Accounts					<u>\$18,239,537</u>	<u>\$18,239,537</u>			<u>\$18,239,537</u>		1.17%		<u>\$18,239,537</u>

# INLAND EMPIRE UTILITIES AGENCY

## Cash and Investment Summary

Month Ended  
October 31, 2017

	Credit Rating @ Purchase		CHANGES IN Credit Rating		Par	Cost Basis	Term	October	October	% Coupon	% Yield to Maturity	Maturity	Market
	S&P	Moody's	S&P	Moody's	Amount	Amount	(Days)	Amortization	Value			Date	Value
<b>Investments (continued)</b>													
<b>Brokered Certificates of Deposit (CDs)</b>													
Sallie Mae Bank	N/A				\$248,000	\$248,000	743		\$248,000	1.15%	1.15%	11/06/17	\$248,007
Key Bank National Association	N/A				248,000	248,000	732		248,000	1.10%	1.10%	11/13/17	248,015
Capital One Bank	N/A				240,000	240,000	916		240,000	1.35%	1.35%	01/16/18	240,120
Goldman Sachs Bank USA	N/A				240,000	240,000	916		240,000	1.40%	1.40%	01/16/18	240,144
BMW Bank of North America	N/A				240,000	240,000	915		240,000	1.40%	1.40%	01/17/18	240,144
American Express Bank	N/A				240,000	240,000	1097		240,000	1.70%	1.70%	07/16/18	240,247
American Express Centurion	N/A				240,000	240,000	1097		240,000	1.70%	1.70%	07/16/18	240,247
Ally Bank	N/A				243,000	243,000	722		243,000	1.45%	1.45%	03/11/19	242,560
Wells Fargo Bank	N/A				242,000	242,000	729		242,000	1.55%	1.55%	03/15/19	241,879
Synchrony Bank	N/A				240,000	240,000	1827		240,000	2.25%	2.25%	10/02/20	242,018
Subtotal Brokered CDs					\$2,421,000	\$2,421,000		\$0	\$2,421,000		1.50%		\$2,423,381
<b>US Treasury Note</b>													
US Treasury Note					\$2,000,000	\$1,990,000	808	379	\$1,992,955	1.125%	1.35%	05/31/19	\$1,987,180
Subtotal US Treasuries					\$2,000,000	\$1,990,000		\$379	\$1,992,955		1.35%		\$1,987,180
<b>U.S. Government Sponsored Entities</b>													
Federal Home Loan Bank	AA+	Aaa			1,000,000	1,000,380	713	(16)	1,000,233	1.25%	1.23%	01/18/19	996,080
Federal Farm Credit Bank	AA+	Aaa			3,000,000	3,000,000	1,079		3,000,000	1.15%	1.15%	02/22/19	2,974,500
Freddie Mac Bond	AA+	Aaa			1,000,000	1,003,132	1,023	(95)	1,001,531	1.25%	1.14%	03/15/19	995,710
Federal Farm Credit	AA+	Aaa			1,500,000	1,499,411	720	25	1,499,587	1.40%	1.42%	03/27/19	1,496,355
Federal Farm Credit	AA+	Aaa			1,500,000	1,499,400	720	25	1,499,579	1.40%	1.42%	03/27/19	1,496,355
Federal Home Loan Bank	AA+	Aaa			2,000,000	1,997,600	801	92	1,998,315	1.375%	1.43%	05/24/19	1,993,280
Federal Farm Credit Bank	AA+	Aaa			2,000,000	2,000,000	1,460		2,000,000	1.52%	1.52%	06/24/19	1,996,300
Freddie Mac Bond	AA+	Aaa			1,500,000	1,500,000	1,080		1,500,000	1.15%	1.15%	07/26/19	1,484,580
Fannie Mae Step Bond	AA+	Aaa			1,500,000	1,500,000	1,080		1,500,000	1.00%	1.33%	07/26/19	1,488,330
Fannie Mae Bond	AA+	Aaa			900,000	899,460	1,153	14	899,695	1.25%	1.27%	08/23/19	889,173
Fannie Mae Bond	AA+	Aaa			1,350,000	1,350,000	1,157		1,350,000	1.25%	1.25%	08/26/19	1,340,267
Freddie Mac Bond	AA+	Aaa			3,000,000	2,972,928	1,359	618	2,986,036	1.25%	1.50%	10/02/19	2,977,950
Subtotal U.S. Gov't Sponsored Entities					\$20,250,000	\$20,222,311		\$663	\$20,234,976		1.33%		\$20,128,880
(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  
October 31, 2017

	Credit Rating @ Purchase		CHANGES IN Credit Rating		Par	Cost Basis	Term	October	October	% Coupon	% Yield to Maturity	Maturity	Market
	S&P	Moody's	S&P	Moody's	Amount	Amount	(Days)	Amortization	Value			Date	Value
<b>Municipal Bonds</b>													
San Diego Redevelopment Agency	AA	N/R			\$1,000,000	\$996,800	934	\$106	\$997,705	1.625%	1.75%	09/01/19	\$989,710
Subtotal State and Local Municipal Bonds					\$1,000,000	\$996,800		\$106	\$997,705		1.75%		\$989,710
<b>Medium Term Notes</b>													
Wells Fargo Bank	AA-	Aa2			1,500,000	1,502,565	301	(259)	1,500,693	1.65%	1.44%	01/22/18	1,500,510
Toyota Motor Credit Corp	AA-	Aa3			2,000,000	2,000,000	1,045		2,000,000	1.10%	1.10%	04/25/18	1,989,720
JP Morgan Chase & Co	A-	A3			1,000,000	999,000	1,037	30	999,811	1.625%	1.66%	05/15/18	999,670
Johnson & Johnson	AAA	Aaa			2,000,000	2,027,480	1,044	(816)	2,010,529	1.65%	1.16%	12/05/18	2,002,020
Microsoft	AAA	Aaa			2,050,000	2,076,691	1,045	(792)	2,060,242	1.625%	1.16%	12/06/18	2,050,144
Exxon Mobil	AA+	Aaa			1,000,000	1,005,750	763	(234)	1,003,663	1.708%	1.43%	03/01/19	1,000,880
Exxon Mobil	AA+	Aaa			1,500,000	1,506,285	712	(271)	1,504,371	1.819%	1.59%	03/15/19	1,503,720
Wells Fargo Bank	AA-	Aa2			1,500,000	1,511,655	1,061	(336)	1,506,180	1.75%	1.48%	05/24/19	1,496,805
Subtotal Medium Term Notes					\$12,550,000	\$12,629,426		(2,678)	\$12,585,489		1.34%		\$12,543,469
<b>Total Investments</b>					<b>\$121,391,623</b>	<b>\$121,430,160</b>			<b>\$121,402,748</b>				<b>\$121,243,243</b>
<i>(Source of Investment Market Value: US Bank)</i>													
<b>Restricted Deposits</b>													
<b>Debt Service and Arbitrage Accounts</b>													
08B Debt Service Accounts					\$2,549,446	\$2,549,446	N/A	N/A	\$2,549,446		0.50%		\$2,549,446
10A Debt Service Accounts					155	155	N/A	N/A	155		0.20%		155
17A Debt Service Accounts					4,592,101	4,592,101	N/A	N/A	4,592,101		0.20%		4,592,101
<b>Total Debt Service Accounts</b>					<b>\$7,141,702</b>	<b>\$7,141,702</b>			<b>\$7,141,702</b>		<b>0.31%</b>		<b>\$7,141,702</b>

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

Month Ended  
October 31, 2017

	Credit Rating @ Purchase		CHANGES IN Credit Rating		Par	Cost Basis	Term	October	October	% Coupon	% Yield to Maturity	Maturity	Market
	S&P	Moody's	S&P	Moody's	Amount	Amount	(Days)	Amortization	Value			Date	Value
<b>CCRA Deposits Held by Member Agencies</b>													
City of Chino					\$5,598,746	\$5,598,746	N/A	N/A	\$5,598,746		N/A	N/A	\$5,598,746
City of Chino Hills					6,538,447	6,538,447	N/A	N/A	6,538,447		N/A	N/A	6,538,447
Cucamonga Valley Water District					3,500,021	3,500,021	N/A	N/A	3,500,021		N/A	N/A	3,500,021
City of Fontana					5,777,272	5,777,272	N/A	N/A	5,777,272		N/A	N/A	5,777,272
City of Montclair					1,087,229	1,087,229	N/A	N/A	1,087,229		N/A	N/A	1,087,229
City of Ontario					12,369,379	12,369,379	N/A	N/A	12,369,379		N/A	N/A	12,369,379
City of Upland					1,530,439	1,530,439	N/A	N/A	1,530,439		N/A	N/A	1,530,439
<i>Subtotal CCRA Deposits Held by Member Agencies</i>					<u>\$36,401,533</u>	<u>\$36,401,533</u>			<u>\$36,401,533</u>				<u>\$36,401,533</u>
<i>Reported total as of September 2017</i>													
<b>CalPERS Deposits</b>													
OPEB (CERBT) Account					\$11,000,000	\$11,000,000	N/A	N/A	\$12,044,921		N/A	N/A	\$12,044,921
Subtotal CalPERS Deposits					<u>\$11,000,000</u>	<u>\$11,000,000</u>			<u>\$12,044,921</u>				<u>\$12,044,921</u>
<i>As of September 30th, the 1 year net return is 4.30%</i>													
<b>Escrow Deposits</b>													
Kemp Brothers Construction Escrow					\$490,139	\$490,139	N/A	N/A	\$490,139		N/A	N/A	\$490,139
Subtotal Escrow Deposits					<u>\$490,139</u>	<u>\$490,139</u>			<u>\$490,139</u>				<u>\$490,139</u>
<b>Total Restricted Deposits</b>					<u>\$50,441,273</u>	<u>\$50,441,273</u>			<u>\$56,078,295</u>				<u>\$51,486,194</u>
<b>Total Cash, Investments, and Restricted Deposits as of October 31, 2017</b>					<u>\$172,736,062</u>	<u>\$172,774,599</u>			<u>\$178,384,209</u>				<u>\$173,632,603</u>

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

Month Ended  
 October 31, 2017

**October Purchases**

No.	Date	Transaction	Investment Security	Type	Par Amount Purchased	Investment Yield
<i>None</i>						
<b>Total Purchases</b>					<u><u>\$ -</u></u>	

**October Investment Maturities, Calls & Sales**

No.	Date	Transaction	Investment Security	Type	Par Amount Matured/Sold	Investment Yield to Maturity
1	10/10/17	Matured	John Deere Capital Corp	MTN	\$ 1,000,000	1.110%
<b>Total Maturities, Calls &amp; Sales</b>					<u><u>\$ 1,000,000</u></u>	

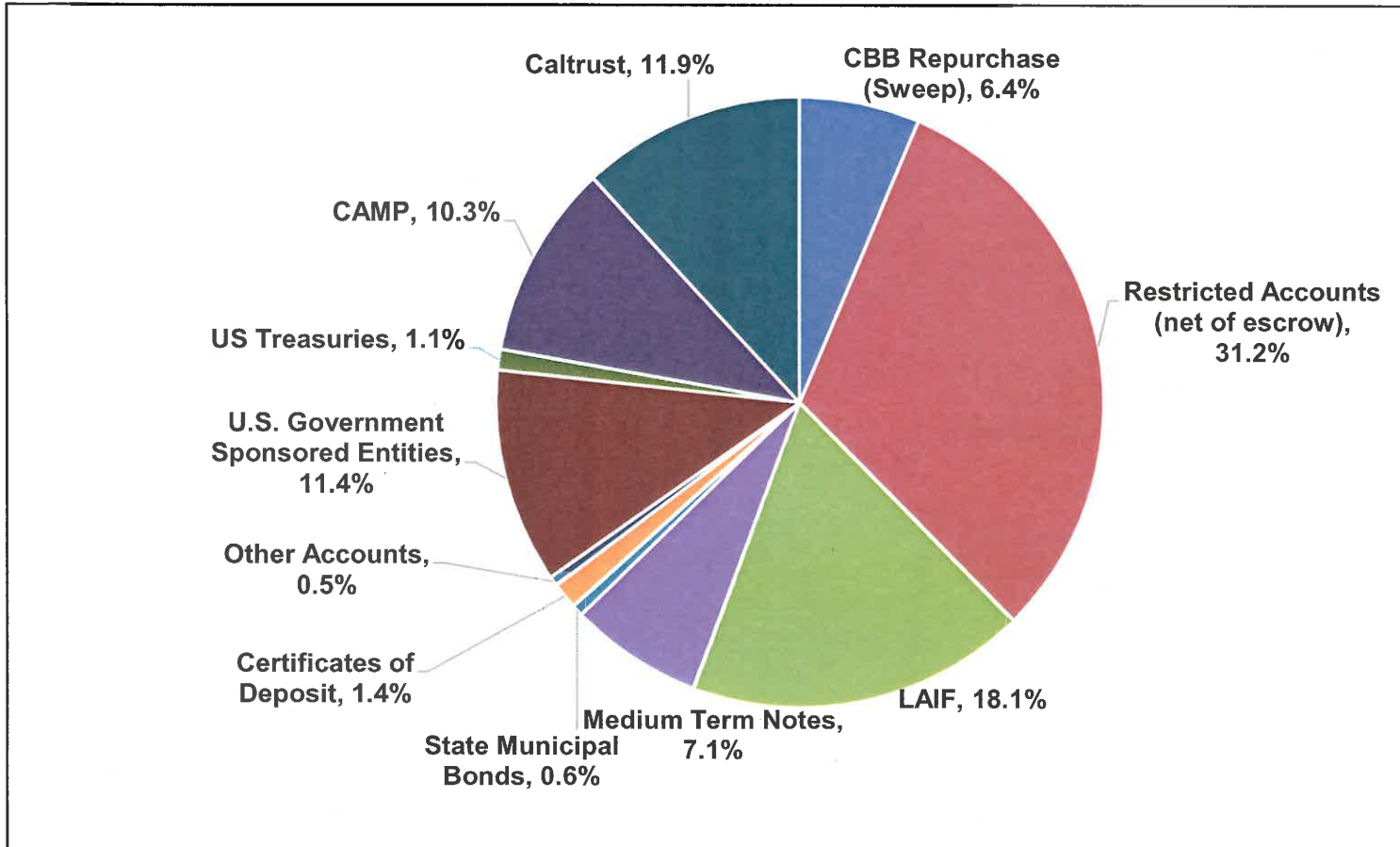
**INLAND EMPIRE UTILITIES AGENCY**  
**Cash and Investment Summary**

Month Ended  
October 31, 2017

<u>Directed Investment Category</u>	<u>Amount Invested</u>	<u>Yield</u>
CBB Repurchase (Sweep)	\$11,439,294	0.700%
LAIF	32,268,927	1.143%
CalTrust	21,222,865	1.315%
CAMP	18,239,537	1.170%
Brokered Certificates of Deposit	2,421,000	1.502%
Medium Term Notes	12,585,489	1.336%
Municipal Bonds	997,705	1.753%
US Treasury Notes	1,992,955	1.352%
U.S. Government Sponsored Entities	20,234,976	1.335%
<b>Total Investment Portfolio</b>	<b>\$121,402,748</b>	
<b>Investment Portfolio Rate of Return</b>		<b>1.203%</b>
<u>Restricted/Transitory/Other Accounts</u>	<u>Amount Invested</u>	<u>Yield</u>
CCRA Deposits Held by Member Agencies	\$36,401,533	N/A
CalPERS OPEB (CERBT) Account	\$12,044,921	N/A
US Bank - 2008B Debt Service Accounts	\$2,549,446	0.500%
US Bank - 2010A Debt Service Accounts	\$155	0.200%
US Bank - 2017A Debt Service Accounts	\$4,592,101	0.200%
US Bank - Pre-Investment Money Market Account	\$110,247	0.600%
Citizens Business Bank - Demand Account	\$764,971	N/A
Citizens Business Bank - Workers' Compensation Account	\$25,698	N/A
Other Accounts*	\$2,250	N/A
Escrow Account	\$490,139	N/A
<b>Total Restricted/Transitory/Other Accounts</b>	<b>\$56,981,461</b>	
<b>Average Yield of Other Accounts</b>		<b>0.849%</b>
<b>Total Agency Directed Deposits</b>	<b>\$178,384,209</b>	

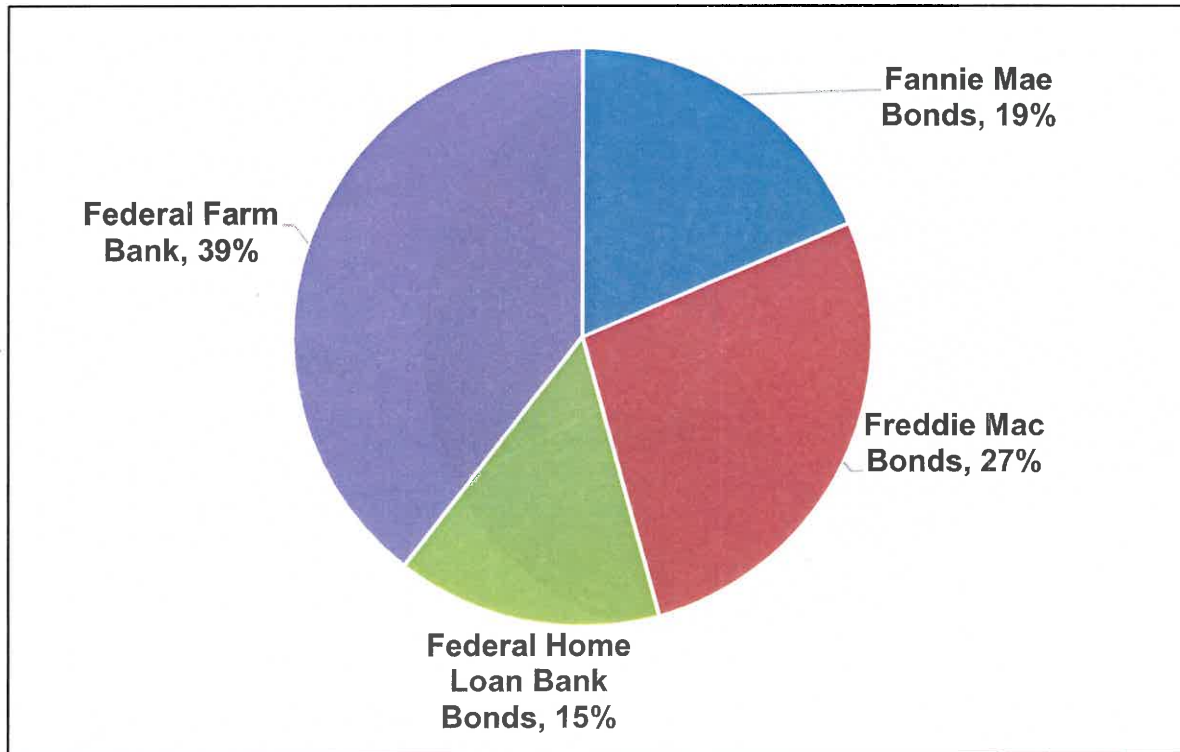
\*Petty Cash

**Inland Empire Utilities Agency**  
**Treasurer's Report of Financial Affairs**  
 For the Month Ended October 31, 2017  
 Agency Investment Portfolio (Net of Escrow Accounts)  
**\$177,894,070**

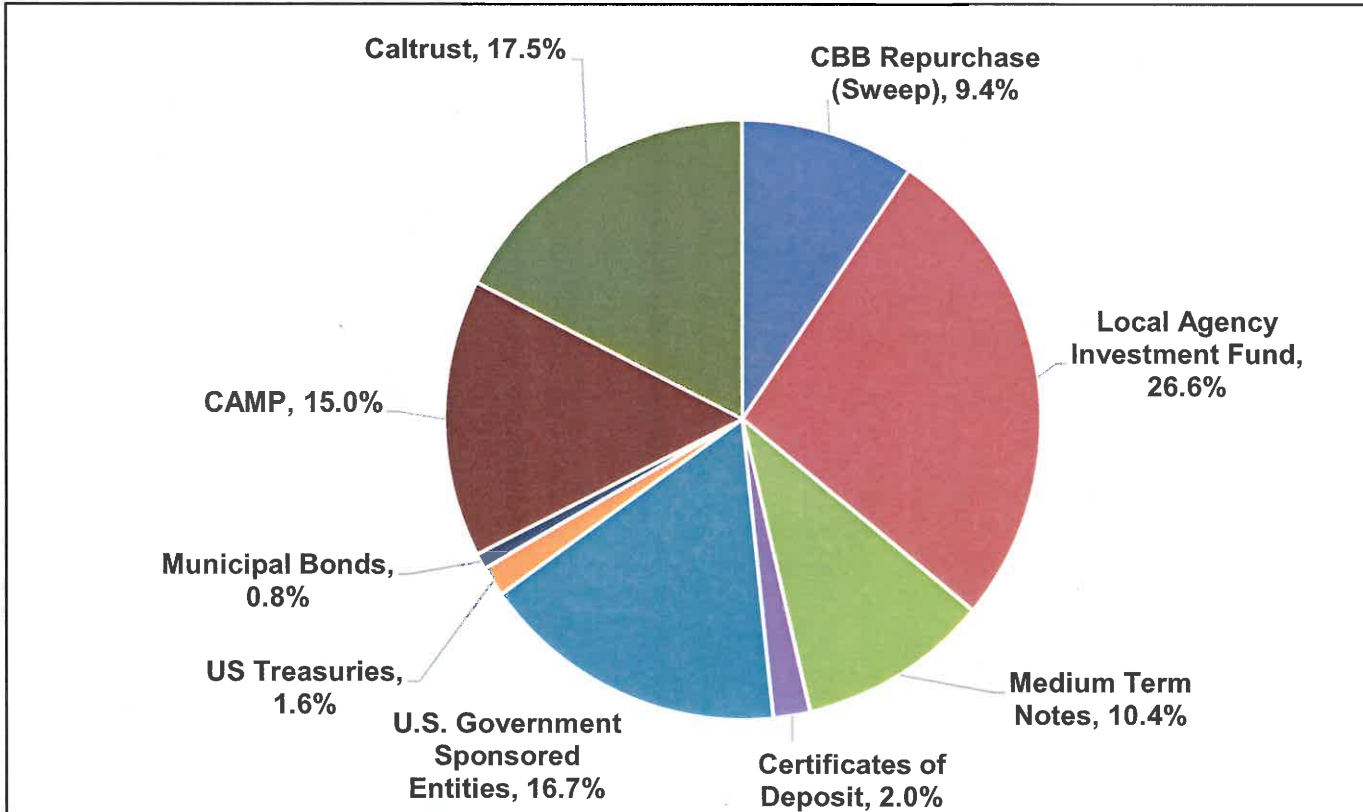




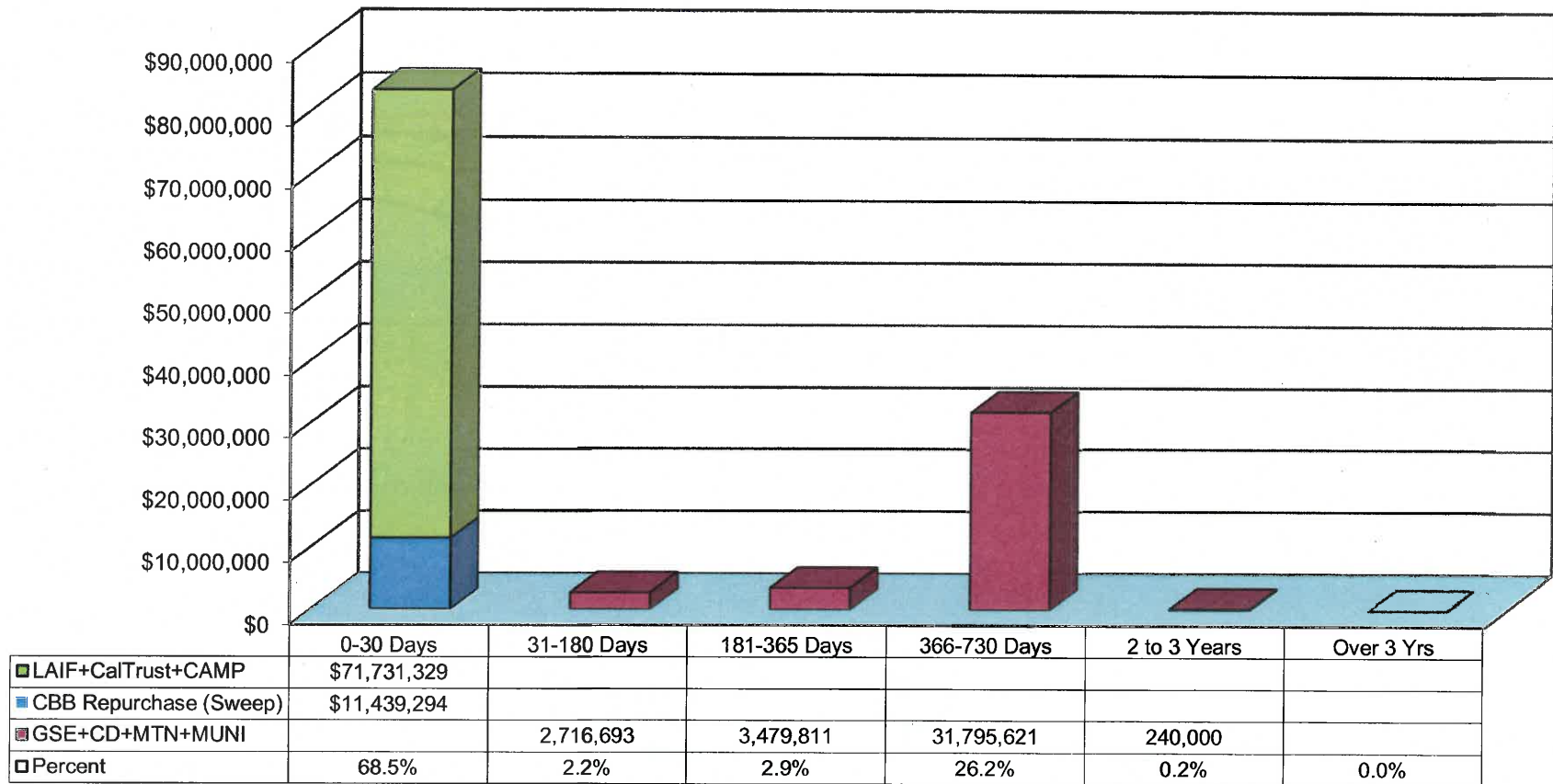
**Inland Empire Utilities Agency**  
**Treasurer's Report of Financial Affairs**  
For the Month Ended October 31, 2017  
U.S. Government Sponsored Entities Portfolio  
**\$20,234,976**



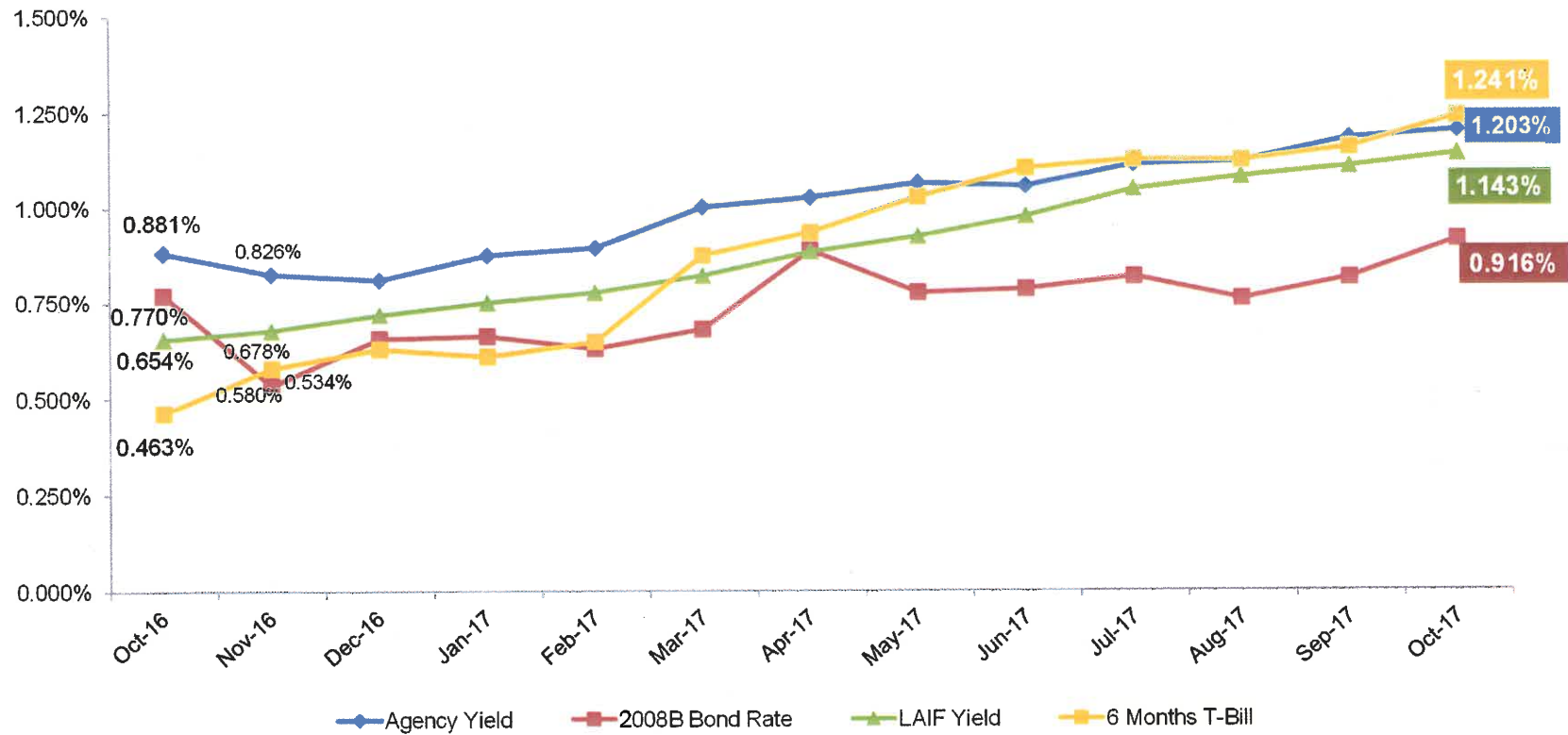
**Inland Empire Utilities Agency**  
**Treasurer's Report of Financial Affairs**  
For the Month Ended October 31, 2017  
Unrestricted Agency Investment Portfolio  
**\$121,402,748**



**Inland Empire Utilities Agency**  
**Treasurer's Report of Financial Affairs**  
For the Month Ended October 31, 2017  
**Agency Investment Portfolio Maturity Distribution (Unrestricted)**  
**\$121,402,748**



**Inland Empire Utilities Agency  
Treasurer's Report of Financial Affairs  
For the Month Ended October 31, 2017  
Agency Investment Portfolio Yield Comparison**



INFORMATION  
ITEM

**5D**

**Date:** December 20, 2017

**To:** The Honorable Board of Directors

**Committee:** Finance & Administration

**From:**  for Hafsa Razak, General Manager

12/13/17

**Executive Contact:** Christina Valencia, Executive Manager of Finance & Administration/AGM

**Subject:** Fiscal Year 2017/18 First Quarter Budget Variance, Performance Goal Updates, and Budget Transfers

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**Executive Summary:**

The Budget Variance report presents the Agency's financial performance through the first quarter ended September 30, 2017, and various analyses provided in the attachments.

The Agency's total revenues and other funding sources were \$50.7 million, or 22.7% of the amended budget of \$223.6 million. Lack of property tax receipts which commence in November of each fiscal year primarily account for the slightly unfavorable variance in revenues and other funding sources.

The Agency's total expenses and uses of funds were \$53.7 million, or 21.8% of the amended budget of \$246.2 million. Timing of capital project execution and certain professional service primarily accounts for the slightly positive variance.

The net change of the Agency's total revenues and other funding sources over the total expenses and other uses of funds for the first quarter is a deficit of \$3.0 million.

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**Staff's Recommendation:**

The Fiscal Year (FY) 2017/18 First Quarter Budget Variance, Performance Goals Updates, and Budget Transfers is an informational item for the Board of Directors to receive and file.

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**Budget Impact** Budgeted (Y/N): N Amendment (Y/N): N Amount for Requested Approval:

Account/Project Name:

*Fiscal Impact (explain if not budgeted):*

The net change in total expenses over total revenues in the amount of \$3.0 million resulted in a total estimated fund balance of \$178.1 million for the quarter ended September 30, 2017.

**Prior Board Action:**

None.

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**Environmental Determination:**

Not Applicable

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**Business Goal:**

The quarterly budget variance report is consistent with the Agency's Business Goal of Fiscal Responsibility to demonstrate the Agency appropriately funded operational, maintenance, and capital costs.

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**Attachments:**

Attachment 1 - Background

Exhibit A - Q1 Budget Variance Summary Report: provides a comparison of actual revenues and expenses against the FY 2017/18 amended budget including a discussion of major categories with significant variances.

Exhibit A - Detail: detail items on revenue and expense categories.

Exhibit B - Business Goals and Objectives Report by Department: progress status of Division and Department Goals and Objectives as established in the FY 2017/18 adopted budget.

Exhibit C-1 - Summary of Annual Budget Transfers in the first quarter.

Exhibit C-2 - Summary of the GM Contingency account activity.

Exhibit D - Total Project Budget transfers for capital and O&M projects in the first quarter.

Exhibit E - Financial overview of individual Agency's funds for FY 2017/18.

Attachment 2 - PowerPoint

## Background

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Subject: Fiscal Year 2017/18 First Quarter Budget Variance, Performance Goals Updates, and Budget Transfers

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The Budget Variance report presents the Agency's financial performance through the end of first quarter ending September 30, 2017, includes the following highlights:

### TOTAL REVENUES AND OTHER FUNDING SOURCES

Overall, the Agency received total revenues and other funding sources for the first quarter of FY 2017/18 of \$50.7 million, or 22.7% of the amended budget (Exhibit A detail). The following section highlights key variances:

- **User Charges** – Total user charges were \$18.7 million or 24.0% of the amended budget. The category includes equivalent dwelling unit (EDU) volumetric charges of \$15.7 million, \$2.5 million of non-reclaimable wastewater fees paid by industrial and commercial users, and \$0.4 million of water related charges.
- **Property Taxes** – There were no property tax receipts in the first quarter. This is in line with past fiscal years as property tax receipts commence in November. The amended budget of \$46.0 million is expected from November 2017 through June 2018.
- **MWD Imported Water Sales** – Total MWD pass-through imported water revenue was \$14.9 million or 43.5% of amended budget. A total of 28,914 Acre Feet (AF) of pass through water was delivered compared to 50,000 AF budgeted for the fiscal year. Typically, water sales are high in dry months from July through September. Last year 37% of actual water sales of 42,096 AF occurred in the first quarter.
- **Connection Fees** – Total connection fee receipts of \$6.5 million, or 28.1% of the amended budget, included \$4.7 million for new EDU connections, and \$1.8 million for new water connections. There were 746 new EDU connections in the first quarter, compared to the adopted budget of 3,000 for the fiscal year. The budget will be amended to 4,000 EDU connections based on updated member agency forecasts. The 558 new water connections recorded in the first quarter account for 43% of the \$4.2 million water connection fee budget for FY 2017/18.
- **Other Revenues** – Total other revenues were \$0.9 million, or 34.8% of the \$2.5 million amended budget. Total other revenues include \$0.2 million from lease, and \$0.6 million in project reimbursements. The project reimbursement receipts are 36.6% of the amended budget.

### TOTAL EXPENSES AND USES OF FUNDS

The Agency's total expenses and uses of funds through the end of the first quarter were \$53.7 million, or 21.8% of the amended budget. The amended budget includes \$14.0 million of



encumbrances and commitments carried forward from FY 2016/17 comprised of \$2.0 million for O&M expenses, \$6.9 million for special projects (non-capital), and \$5.1 million for capital projects.

Key expense variance highlights are:

- **Employment Expenses** – Employment expenses were \$11.2 million or 24.6% of the amended budget of \$45.5 million, net of \$6.2 million allocation to project labor. The category amended budget of \$45.4 million includes \$7 million for the Agency’s other post-employment benefits (OPEB) and unfunded accrued liability (UAL) retirement accounts, of which 25 percent, or \$1.75 million of expense has been accrued to the first quarter. Recruitment of key positions as part of the Agency’s succession planning effort will continue in the future quarters.
- **Professional Fees & Services** – Total expenses were \$1.2 million, or 9.2% of the amended budget. The positive variance can be attributed to the timing of contracts and services that are anticipated to be executed in the future quarters.
- **Debt Service** – Debt service in the first quarter totaled \$7.9 million or 35.6% of the amended budget. Actual expenses include \$4.2 million paid towards the principal of the 2010A Revenue bonds, \$2.2 million for other bond and loan principal payments, and \$1.5 million for interest and financial administration fees.
- **O&M (Non-capital) Projects** – O&M and reimbursable project costs were \$3.8 million or 15.8% of the amended budget. The favorable variance is mainly due to lower spending for Santa Ana River Conservation & Conjunction Use Program (SARCCUP) and other water related projects. The category expenses include \$2.5 million of pass through grant proceeds that were remitted to the Chino Basin Desalter Authority.
- **Capital Projects** – Total capital project expenditures through the end of first quarter were \$6.3 million or 8.7% when compared to the amended budget of \$71.9 million. The amended budget includes encumbrances of \$5.1 million of budget carried forward from FY 2016/17. Capital project costs and budget related to the regional wastewater program were \$5.5 million, or 10.6% of \$51.8 million budget. Recycled water capital projects accounted for \$0.4 million of expenses, or 3.2% of \$12.9 million budget.

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

## FUND BALANCES AND RESERVES

The net decrease of \$3.0 million in total fund balance in the first quarter resulted in an unaudited ending fund balance of \$178.1 million.

Table 1 provides an overview of the fiscal year budget variance in revenue, expense, and fund balance.

**Table 1: Fiscal Year Revenues, Expenses, and Fund Balance (\$Millions)**

<b>Operating</b>	<b>FY 2017/18 Amended Budget</b>	<b>Quarter Ended 9/30/17</b>	<b>Actual % of Amended Budget</b>
Operating Revenue	\$138.6	\$40.2	29.0%
Operating Expense	\$151.9	\$39.3	25.9%
<b>Operating Net Increase/(Decrease)</b>	<b>(\$13.3)</b>	<b>\$0.9</b>	
<b>Non- Operating</b>			
Non-Operating Revenue	\$85.0	\$10.5	12.3%
Non-Operating Expense	\$94.3	\$14.4	15.3%
<b>Non-Operating Net Increase/(Decrease)</b>	<b>(\$9.3)</b>	<b>(\$3.9)</b>	
Total Sources of Funds	\$223.6	\$50.7	22.7%
Total Uses of Funds	\$246.2	\$53.7	21.8%
<b>Total Net Increase/(Decrease)</b>	<b>(\$22.6)</b>	<b>(\$3.0)</b>	
Beginning Fund Balance	\$181.1	\$181.1	
<b>Ending Fund Balance</b>	<b>\$158.6</b>	<b>\$178.1</b>	

## 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 first 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 use the performance 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 \$356 thousand as detailed in Exhibit C-1.

The *General Manager (GM) Contingency Account* adopted budget of \$300,000 was in the Administrative Services Fund. At the end of the first quarter, \$1,880 was utilized to support the unexpected but necessary expenses as listed in Exhibit C-2.

*Capital and O&M projects* total project budget transfers accounted for approximately \$340,000 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.

**IMPACT ON BUDGET**

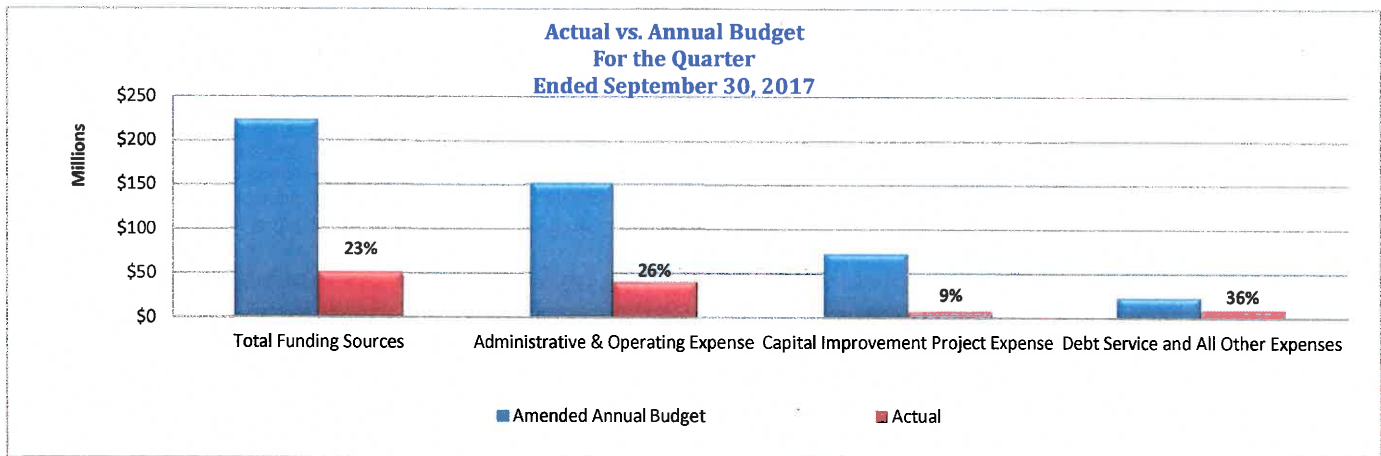
The net change in total expenses over total revenues in the amount of \$3.0 million resulted in a total estimated fund balance of \$178.1 million for the first quarter ended September 30, 2017.

I. Actual vs. Budget Summary:

Quarter Ended September 30, 2017

% of the Year  
Elapsed: 25%

	Adopted Annual Budget	Amended Annual Budget	Actual	Amended vs. Actual	% of Amended Budget
Operating Revenues	\$138,657,646	\$138,657,646	\$40,199,749	(\$98,457,897)	29.0%
Non-Operating (Other Sources of Fund)	84,970,077	84,970,077	10,477,775	(74,492,302)	12.3%
<b>TOTAL FUNDING SOURCES</b>	<b>223,627,723</b>	<b>223,627,723</b>	<b>50,677,524</b>	<b>(172,950,199)</b>	<b>22.7%</b>
Administrative & Operating Expense	(143,803,515)	(151,861,545)	(39,287,618)	112,573,927	25.9%
Capital Improvement Project Expense	(69,150,198)	(71,855,243)	(6,274,817)	65,580,426	8.7%
Debt Service and All Other Expenses	(23,681,051)	(22,455,617)	(8,154,272)	14,301,345	36.3%
<b>TOTAL USES OF FUNDS</b>	<b>(236,634,764)</b>	<b>(246,172,405)</b>	<b>(53,716,707)</b>	<b>192,455,698</b>	<b>21.8%</b>
Surplus/(Deficit)	(\$13,007,041)	(\$22,544,682)	(\$3,039,183)	\$19,505,499	



2. Actual Revenue vs. Budget:

Quarter Ended September 30, 2017					% of the Year Elapsed: 25%
	Adopted Annual Budget	Amended Annual Budget	Actual	Amended vs. Actual	% of Amended Budget
<b>Operating Revenues:</b>					
User Charges	\$77,755,499	\$77,755,499	\$18,664,536	(\$59,090,963)	24.0%
Recycled Water Sales	17,245,000	17,245,000	4,818,255	(12,426,745)	27.9%
MWD Water Sales	34,167,480	34,167,480	14,870,581	(19,296,899)	43.5%
Property Tax - O&M	1,972,200	1,972,200	0	(1,972,200)	0.0%
Cost Reimbursement	6,355,334	6,355,334	1,829,296	(4,526,038)	28.8%
Interest	1,162,133	1,162,133	17,081	(1,145,052)	1.5%
<b>OPERATING REVENUES</b>	<b>138,657,646</b>	<b>138,657,646</b>	<b>40,199,749</b>	<b>(98,457,897)</b>	<b>29.0%</b>
<b>Non-Operating Revenues:</b>					
Property Tax - Debt, Capital, Reserves	\$44,073,800	\$44,073,800	\$0	(\$44,073,800)	0.0%
Connection Fees	23,095,710	23,095,709	6,493,328	(16,602,381)	28.1%
Grants & Loans	15,284,858	15,284,858	3,107,960	(12,176,898)	20.3%
Other Revenue	2,515,709	2,515,710	876,487	(1,639,223)	34.8%
<b>NON-OPERATING REVENUES</b>	<b>84,970,077</b>	<b>84,970,077</b>	<b>10,477,775</b>	<b>(74,492,302)</b>	<b>12.3%</b>
<b>Total Revenues</b>	<b>\$223,627,723</b>	<b>\$223,627,723</b>	<b>\$50,677,524</b>	<b>(\$172,950,199)</b>	<b>22.7%</b>

- User Charges, 24%** User charges were \$18.7 million, or 24.0% of the amended budget. The category includes equivalent dwelling unit (EDU) volumetric charges of \$15.7 million, \$2.5 million non-reclaimable wastewater fees paid by industrial and commercial users connected to the brine line system, and \$0.4 million of monthly meter charges (Meter Equivalent Unit - MEU) imposed on all potable water connections, Readiness-to-Serve Ten Year Rolling Average (RTS TYRA) charges to meet our Readiness-to-Serve obligation from Metropolitan Water District (MWD), and water use efficiency program receipts.
- Property Tax/ AdValorem, 0%** General ad-valorem property tax receipts from the San Bernardino County Tax Assessor will commence in November 2017 as collection on the first installment from property owners will be due on November 1st to the County. Payment of incremental pass through taxes are due from the County in January and June.
- Recycled Water Sales, 27.9%** Recycled water direct sales were \$3.8 million for 8,249 acre feet (AF) and groundwater recharge sales were \$1.0 million for 1,884 AF, for a combined total of \$4.8 million. Recycled water sales through the first quarter show a slight decline from previous year's first quarter delivery of 11,495 AF of recycled and recharge water comined deliveries. Total deliveries of 35,500 AF f (22,000 AF Direct and 13,500 AF Recharge) are budgeted for the current fiscal year. Sales demand for direct use and groundwater recharge varies depending on weather patterns, water use conservation efforts, reuse supply, and basin availability.
- Interest Income, 1.5%** Interest Income is \$0.2 million or 1.5% of the annual budget. The Agency's yield on its portfolio is anticipated to increase after the appointment of an investment advisor.
- MWD Water Sales, 43.5%** Total Metropolitan Water District (MWD) pass-through imported water revenue was \$14.9 million or 43.5% of amended budget. A total of 28,914 AF of pass through water was delivered compared to 50,000 AF budgeted for FY 2017/18 exceeding last year's first quarter deliveries of 15,382 AF.
- Connection Fees, 28.1%** Total connection fees were \$6.5 million, or 28.1% of the amended budget. This category includes \$4.7 million for 746 new EDU connections compared to the 3,000 budgeted for the fiscal year. This category also includes water connection fees implemented in FY 2015/16. A total of \$1.8 million for 558 new water (MEU) connections or 43% of the \$4.2 million budget. Water connection fees are a one-time fees paid directly to the Agency for any new or upsized water meter connection to the Agency's regional water distribution system.
- Grants and Loans, 20.3%** Grant and loan receipts were \$3.1 million, or 20.3% of the amended budget. Included is \$2.5 million of grant receipts pass-through to the Chino Basin Desalter Authority for the South Archibald Trichlorethylene (TCE) Plume Cleanup project and \$0.6 million of State Revolving Fund (SRF) loan for the regional water quality laboratory. Additional loan proceeds related to the Recharge Water and Regional Wastewater Operations and Maintenance programs are anticipated in the remainder of the fiscal year.
- Cost Reimbursements JPA, 28.8%** Total cost reimbursements were \$1.8 million, or 28.8% of the amended budget. Category actuals include reimbursements of \$0.9 million from the Inland Empire Regional Composting Authority (IERCA) and \$0.4 million from Chino Basin Desalter Authority (CDA) for the Agency's operation & maintenance of the IERCA Composter and CDA Desalter facilities. Also included is \$0.5 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 \$6.4 million includes: \$3.8 million from IERCA, \$1.5 million from CDA, and \$1.1 million from CBWM.
- Other Revenues, 34.8%** Total other revenues were \$0.9 million, or 34.8% of the \$2.5 million amended budget. Total other revenues include \$0.2 million from lease revenue, and \$0.6 million in project reimbursements. Project reimbursement receipts are approximately 36.6% of the amended budget.

3. Actual Operating and Capital Expense vs. Budget:

Quarter Ended September 30, 2017

% of the Year  
Elapsed: 25%

	Adopted Annual Budget	Amended Annual Budget	Actual	Amended vs. Actual	% of Amended Budget
<b>Operating Expenses:</b>					
Employment	\$45,456,563	\$45,456,563	\$11,164,796	\$34,291,767	24.6%
Admin & Operating	98,346,952	106,404,982	28,122,822	\$78,282,160	26.4%
<b>OPERATING EXPENSES</b>	<b>\$143,803,515</b>	<b>\$151,861,545</b>	<b>\$39,287,618</b>	<b>\$112,573,927</b>	<b>25.9%</b>
<b>Non-Operating Expenses:</b>					
Capital	69,150,198	71,855,243	6,274,817	\$65,580,426	8.7%
Debt Service and All Other Expenses	23,681,051	22,455,617	8,154,272	\$14,301,345	36.3%
<b>NON-OPERATING EXPENSES</b>	<b>\$92,831,249</b>	<b>\$94,310,860</b>	<b>\$14,429,089</b>	<b>\$79,881,771</b>	<b>15.3%</b>
<b>Total Expenses</b>	<b>\$236,634,764</b>	<b>\$246,172,405</b>	<b>\$53,716,707</b>	<b>\$192,455,698</b>	<b>21.8%</b>

Employment Expenses net of allocation to projects

**Employment, 24.6%**

Employment expenses were \$11.2 million or 24.6% of the amended budget. Succession planning hiring is expected to ramp up in the remainder of the fiscal year which should bring employment expenses in line with the budget at the end of the fourth quarter. The category budget also includes \$7.0 million paid toward the agency employee retirement unfunded liabilities.

Administrative & Operating Expenses

**Office and Administrative, 15.7%**

The favorable variance was in part due to the inclusion of \$298,120 GM contingency budget which represents 12% of the overall category budget. Also contributing to the positive variance are lower advertising and department training expense. A portion of the department training budget is reserved for specific conferences and events that will occur in the future quarters of the fiscal year.

**Professional Fees & Services, 9.2%**

Total expenses were \$1.2 million, or 9.2% of the amended budget. The positive variance can be attributed to the timing of contracts and services that are anticipated in future quarters, such as Utiliquest Dig Alert Consultant and Dig Alert Notifications.

**Materials & Supplies/Leases/Contribution, 17.8%**

Expenses through the end of first quarter were \$0.7 million or 17.8% of the budget. The category includes spending of \$0.68 million for materials and supplies, and \$.01 million 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. As a result, operations-related repairs required fewer corrective tasks than were budgeted.

**Biosolids Recycling, 21.5%**

Biosolids expenses were \$1.0 million or 21.5% of the budget. Year to date total tonnage shipped to IERCA was 14,625 tons at an IERCA rate of \$56 per ton. Total tonnage hauled from IEUA was 13,370 tons at a blended rate of \$5.80 per ton.

**Chemicals, 18.8%**

Chemical expenses were \$0.9 million, or 18.8% of budget. The majority of the category spending, \$0.4 million or 32% of budget, was for Sodium Hypochlorite which cost \$0.59 per gallon. High spending on Sodium Hypochlorite was offset by low usage of Sodium Bisulfite. This chemical was not in demand during the first quarter because it was peak recharge water season so discharging of regional wastewater decreased.

**Operating Fees, 22.4%**

Spending in this category was \$2.7 million, or 22.4% of the amended budget. Non-reclaimable wastewater system related operating fees of \$2.0 million account for the majority of the category expenses. The category also includes \$0.7 million of expenses for readiness-to-serve obligation collected by MWD, budgeted at \$3.0 million.

**MWD Water Purchases, 46.7%**

Total MWD pass-through imported water purchases were \$14.9 million for 28,914 AF or 46.7% of 50,000 AF budgeted for the fiscal year. Demand for water typically declines in the winter months, so the unfavorable variance in this category is expected to decrease in the next two quarters.

**Utilities, 25.7%**

Total category expenses were \$2.5 million of the \$9.8 million amended budget. The slight unfavorable variance is due to higher than budgeted electricity expenses offset by low solar power and disposal service expenses. Electricity expense is higher than anticipated at RP-5 since the REEP has been offline since August 2017.

**O&M and Reimbursable Projects, 15.7% and 18.1%**

The combined O&M and reimbursable project costs were \$3.8 million or 15.8% of their combined amended budget. The amended budget includes \$6.9 million of encumbrances carried forward from FY 2016/17. The favorable variance is mainly due to lower spending for Santa Ana River Conservation & Conjunction Use Program (SARCCUP) and other water efficiency and planning document projects related to the Water Resources fund, and maintenance and repair projects such as Agency-Wide Aeration Panel Replacement. The category expenses include \$2.5 million of pass through grant proceeds that were remitted to the Chino Basin Desalter Authority (CDA).

**Financial Expenses** **Financial Expense, 35.6%**

Total financial expenses were \$7.9 million through the end of the first quarter. Actual costs included \$4.2 million paid towards the principal of the 2010A bonds. Other bond and loan principal payments were \$2.2 million, and the remaining \$1.5 million was for interest and financial administration fees.

**Other Expenses** **Other Expenses, 73.4%**

Total other expenses were \$302 thousand or 73.4% compared to budget through the end of the first quarter. Other expenses includes annual contributions-in-aid to the Santa Ana Watershed Project Authority.

**Capital Expenses** **Capital Costs, 8.7%**

Total capital project expenditures through the end of first quarter were \$6.3 million or 8.7% when compared to the amended budget of \$71.9 million. The amended budget includes encumbrances of \$5.1 million of budget carried forward from FY 2016/17. Capital project costs and budget related to the regional wastewater program through the first quarter were \$5.5 million, or 10.6% of the \$51.8 million program budget. Recycled water capital projects accounted for \$0.4 million, or 3.2% of \$12.9 million budget. The execution of multiple recycled water projects was delayed due to delayed notification of the Proposition 1 State Revolving Fund (SRF) loan award. The schedule of these projects will be revised.

**Summary of major capital and special project expenses and status as of September 30, 2017**

Capital Projects		Amended FY 2017/18	YTD Expenditure	Budgeted Amount Remaining
EN15008	<b>Water Quality Laboratory</b> 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 is funded in part by State Revolving Fund (SRF) loan proceeds. Currently, the project is in the construction phase and is progressing according to schedule and is projected to be completed near the end of 2018.	11,300,000	1,738,818	9,561,182
EN14019	<b>RP-1 Headworks Gate Replacement</b> This project includes the full replacement of the 17 existing headworks gates at RP-1 with new stainless steel gates. These gates were deemed significantly deficient during a full condition assessment conducted in July of 2009. The project is currently in the construction phase.	5,200,256	106,124	5,094,132
EN13001	<b>San Sevaine Basin Improvements</b> 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. This project is currently in construction.	4,320,000	21,799	4,298,201
EN17110	<b>RP-4 Process Improvements</b> This project involves improvements to different processes and operational functional flexibility at RP-4. The project is currently in pre-design and is performing on time in relation to the project's schedule.	2,962,350	124,148	2,838,202

O&M & Reimbursable Projects		Amended FY 2017/18	YTD Expenditure	Budgeted Amount Remaining
PA17006	<b>Agency-Wide Aeration Panel Replacements</b> The project scope involves the replacement of aeration panels at RP-1, RP-4, RP-5, and CCWRF. The aeration panel replacement will improve oxygen transfer efficiency and operational effectiveness of the wastewater treatment process.	4,048,511	155,937	3,892,574
EN16021	<b>TCE Plume Cleanup</b> In June 2015, IEUA entered into an agreement with the Chino Basin Desalter Authority (CDA) to fund a project designed to remediate the South Archibald Plume. Currently the project faces issues concerning property acquisition that have caused delays in the project's timeline. Mitigation of these delays will be attempted during the design and/or construction phases of the project. The project's budget was amended in the second quarter by \$2.5 million to account for a pass-thru grant remitted to CDA of the same dollar amount.	1,350,000	2,475,357	(1,125,357)
WR16024	<b>SARCCUP</b> 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.	3,138,398	1,298	3,137,100



**INLAND EMPIRE UTILITIES AGENCY**  
**Fiscal Year 2017/18**  
**CONSOLIDATED BUDGET VARIANCE ANALYSIS REPORT**  
**Quarter Ended September 30, 2017**

	Adopted FY 2017/18 Annual Budget	Amended FY 2017/18 Annual Budget	YTD Actual	YTD Variance	YTD % Budget Used
<b><u>OPERATING REVENUES</u></b>					
User Charges	\$77,755,499	\$77,755,499	\$18,664,536	(\$59,090,963)	24.0%
Recycled Water	17,245,000	17,245,000	4,818,255	(12,426,745)	27.9%
MWD Water Sales	34,167,480	34,167,480	14,870,581	(19,296,899)	43.5%
Property Tax - O&M	1,972,200	1,972,200	-	(1,972,200)	0.0%
Cost Reimbursement from JPA	6,355,334	6,355,334	1,829,296	(4,526,038)	28.8%
Interest Revenue	1,162,133	1,162,133	17,081	(1,145,052)	1.5%
<b>TOTAL OPERATING REVENUES</b>	<b>\$138,657,646</b>	<b>\$138,657,646</b>	<b>\$40,199,749</b>	<b>(\$98,457,897)</b>	<b>29.0%</b>
<b><u>NON-OPERATING REVENUES</u></b>					
Property Tax	\$44,073,800	\$44,073,800	\$0	(\$44,073,800)	0.0%
Connection Fees	23,095,710	23,095,709	6,493,328	(16,602,381)	28.1%
Grants	5,970,459	5,970,459	2,510,967	(3,459,492)	42.1%
SRF Loan Proceeds	9,314,399	9,314,399	596,993	(8,717,406)	6.4%
Project Reimbursements	1,637,073	1,607,074	588,397	(1,018,677)	36.6%
Other Revenue	878,636	908,636	288,090	(620,546)	31.7%
<b>TOTAL NON OPERATING REVENUES</b>	<b>\$84,970,077</b>	<b>\$84,970,077</b>	<b>\$10,477,775</b>	<b>(\$74,492,302)</b>	<b>12.3%</b>
<b>TOTAL REVENUES</b>	<b>\$223,627,723</b>	<b>\$223,627,723</b>	<b>\$50,677,524</b>	<b>(\$172,950,199)</b>	<b>22.7%</b>
<b><u>ADMINISTRATIVE and OPERATING EXPENSES</u></b>					
<b>EMPLOYMENT EXPENSES</b>					
Wages	\$24,670,593	\$24,670,593	\$7,310,294	\$17,360,299	29.6%
Benefits	20,785,970	20,785,970	3,854,502	16,931,468	18.5%
<b>TOTAL EMPLOYMENT EXPENSES</b>	<b>\$45,456,563</b>	<b>\$45,456,563</b>	<b>\$11,164,796</b>	<b>\$34,291,767</b>	<b>24.6%</b>
<b>ADMINISTRATIVE EXPENSES</b>					
Office & Administrative	\$1,577,192	\$2,388,733	\$375,802	\$2,012,931	15.7%
Insurance Expenses	850,000	845,752	210,500	635,252	24.9%
Professional Fees & Services	11,233,702	12,705,599	1,174,135	11,531,464	9.2%
O&M Projects	15,932,563	22,935,183	3,605,306	19,329,877	15.7%
Reimbursable Projects	775,000	969,058	175,473	793,585	18.1%
<b>TOTAL ADMINISTRATIVE EXPENSES</b>	<b>\$30,368,457</b>	<b>\$39,844,325</b>	<b>\$5,541,216</b>	<b>\$34,303,109</b>	<b>13.9%</b>

**INLAND EMPIRE UTILITIES AGENCY**  
**Fiscal Year 2017/18**  
**CONSOLIDATED BUDGET VARIANCE ANALYSIS REPORT**  
**Quarter Ended September 30, 2017**

	Adopted FY 2017/18 Annual Budget	Amended FY 2017/18 Annual Budget	YTD Actual	YTD Variance	YTD % Budget Used
<b>OPERATING EXPENSES</b>					
Material & Supplies/Leases	\$3,224,862	\$3,875,427	\$688,171	\$3,187,256	17.8%
Biosolids Recycling	4,359,942	4,442,798	956,145	3,486,653	21.5%
Chemicals	4,549,446	4,657,195	877,154	3,780,041	18.8%
MWD Water Purchases	34,167,480	31,856,220	14,870,581	16,985,639	46.7%
Operating Fees/RTS Fees/Exp. Alloc.	11,908,272	11,894,780	2,666,059	9,228,721	22.4%
Utilities	9,768,493	9,834,237	2,523,496	7,310,741	25.7%
<b>TOTAL OPERATING EXPENSES</b>	<b>\$67,978,495</b>	<b>\$66,560,657</b>	<b>\$22,581,606</b>	<b>\$43,979,051</b>	<b>33.9%</b>
<b>TOTAL ADMINISTRATIVE and OPERATING EXPENSES</b>	<b>\$143,803,515</b>	<b>\$151,861,545</b>	<b>\$39,287,618</b>	<b>\$112,573,927</b>	<b>25.9%</b>
<b><u>NON-OPERATING EXPENSES</u></b>					
<b>CAPITAL OUTLAY</b>	<b>\$69,150,198</b>	<b>\$71,855,243</b>	<b>\$6,274,817</b>	<b>\$65,580,426</b>	<b>8.7%</b>
<b>FINANCIAL EXPENSES</b>					
Principal, Interest and Financial Expenditures	22,043,492	22,043,492	7,851,830	14,191,662	35.6%
<b>OTHER NON OPERATING EXPENSES</b>	<b>1,637,559</b>	<b>412,125</b>	<b>302,442</b>	<b>109,683</b>	<b>73.4%</b>
<b>TOTAL NON-OPERATING EXPENSES</b>	<b>\$92,831,249</b>	<b>\$94,310,860</b>	<b>\$14,429,089</b>	<b>\$79,881,771</b>	<b>15.3%</b>
<b>TOTAL EXPENSES</b>	<b>\$236,634,764</b>	<b>\$246,172,405</b>	<b>\$53,716,707</b>	<b>\$192,455,698</b>	<b>21.8%</b>
<b>REVENUES IN EXCESS/ (UNDER) EXPENSES</b>	<b>(\$13,007,041)</b>	<b>(\$22,544,682)</b>	<b>(\$3,039,183)</b>	<b>\$19,505,499</b>	
<b>FUND BALANCE SUMMARY</b>					
Beginning Balance, July 01	\$156,653,284	181,121,852	\$181,121,852	\$0	
Surplus/ (Deficit)	(13,007,041)	(22,544,682)	(3,039,183)	19,505,499	
<b>ENDING BALANCE, June 30</b>	<b>\$143,646,243</b>	<b>\$158,577,170</b>	<b>\$178,082,669</b>	<b>\$19,505,499</b>	

## Business Goals & Objectives Report By Department

FY 2017/18 – 1<sup>st</sup> Quarter

Department: ALL

Report Month: July, August, September: Year:2017

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
11/15/2017														
<b>Agency Management</b>														
313	FY 2017/18	Monthly	Agency Management	B	Ensure staff is fully trained on administrative functions and policies included in Administrative Code	In the process of developing the Administrative Handbook and Board of Director Bylaws	Administrative Code will be completed by December 2017	Monthly meetings are held to review/revise the policies. Six to eight policies are reviewed monthly	April Woodruff	November	2017	On Schedule		The IEUA handbook is scheduled for the 12/06/17 Board workshop and is 100% complete
314	FY 2017/18	Monthly	Agency Management	C	Provide support for positions that would enable the implementation of the Agency's goals.	Develop a standard operating procedure handbook for the Executive Management Department.	To be completed by June 2018	Complete 3 - 4 SOPs per month	April Woodruff	November	2017	On Schedule		Several SOPs were created. This is anticipated to be 45% complete.
315	FY 2017/18	Monthly	Agency Management	C	Provide support for positions that would enable the implementation of the Agency's goals.	Update and maintain Board Secretary Handbook	To be completed by June 2018	Monthly handbook review	April Woodruff	November	2017	On Schedule		Several SOPs were created. This is anticipated to be 75% complete.
317	FY 2017/18	Monthly	Agency Management	E	Continue the process of collaborative negotiations in support of reaching mutually agreeable terms for the new Regional Contract.	Renegotiate the Regional Contract set to expire in 2023	Member agencies and the Technical Committee are working towards a development plan. TAC meetings are held monthly.	Track Technical Committee meeting minutes for status updates throughout fiscal year.	April Woodruff	November	2017	On Schedule		The Technical Committee contracted with a facilitator for the Regional Contract negotiations. The facilitator has met with most of the member agencies and completed phase 1. The results of their assessment interviews will be provided prior to the end of 2017.
<b>Business Information Services</b>														
318	FY 2017/18	Quarterly	Agency Management	A	Continue commitment to sustainable cost containment for operating and capital costs.	Maintain SAP professional services expenses within annual budget amount	To continue throughout fiscal year	Monitoring department budget with budget variance report	Kanes Pantayatiwong	September	2017	On Schedule		Support cost in this quarter was \$5,440, which is less than the quarterly average budget of \$22,700.
320	FY 2017/18	Quarterly	Agency Management	A	Advocate for continued receipt of property taxes and optimize grants and other funding sources to support Agency and regional investments	Optimize grant administration through process improvements and/or SAP enhancements and provide recommendation report	Deliver recommendation report by August 15, 2017	Reduction in grant processing time (will require baseline) report to be developed based on the number of tasks required	Kanes Pantayatiwong	September	2017	On Schedule		Completed the high-level grant administration assessment with the consultant. Met with executives to provide the assessment results and recommendations.
321	FY 2017/18	Quarterly	Agency Management	A	Advocate for continued receipt of property taxes and optimize grants and other funding sources to support Agency and regional investments	Implement approved changes to grants administration process improvements and/or SAP enhancements	Complete by December 1, 2017	Reduction of grant processing time (will require baseline) to be implemented based on report findings	Kanes Pantayatiwong	September	2017	On Schedule		Minor updates to SAP Grant Management module were made and training provided to users. New grants were entered into the system.
322	FY 2017/18	Quarterly	Agency Management	A	Integrate projects identified in the long range financial planning documents, such as the Asset Management Plan, Facilities Wastewater Master Plan, Technology Master Plan, Energy Plan, and the Integrated Resources Plan, into the operating and capital budgets.	Complete Master Plan by FY 2018	GIS Master Plan to be completed by June 30, 2018	Monitor progress then obtain final GIS Master Plan report through consultant	Kanes Pantayatiwong	September	2017	On Schedule		Draft of GIS Master Plan RFP began in this quarter. The plan was to publish the RFP, complete the evaluation and present the final recommended vendor for the assessment in Q2.
323	FY 2017/18	Quarterly	Agency Management	A	Integrate projects identified in the long range financial planning documents, such as the Asset Management Plan, Facilities Wastewater Master Plan, Technology Master Plan, Energy Plan, and the Integrated Resources Plan, into the operating and capital budgets.	Complete a needs assessment for enhancing ESS/MSS with additional functionality by FY 2018	ESS/MSS Enhancements to be completed by June 30, 2018	Manager will meet with staff quarterly to obtain status updates until needs assessment is finalized.	Kanes Pantayatiwong	September	2017	On Schedule		A series of meetings held with HR, Accounting and key users to solicit for root causes of delayed timesheet submittal and approval, as well as ideas and requests for improvements to the overall timesheet entry and approval processes.

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
<b><u>Business Information Services (continued):</u></b>														
324	FY 2017/18	Quarterly	Agency Management	A	Integrate projects identified in the long range financial planning documents, such as the Asset Management Plan, Facilities Wastewater Master Plan, Technology Master Plan, Energy Plan, and the Integrated Resources Plan, into the operating and capital budgets.	Provide support to Operations and Maintenance division on the 8-phase improvement project.	Quarterly until completion.	The Maintenance Project Plan	Kanes Pantayatiwong	September	2017	On Schedule		Provided assistance with the RFP draft, pre-bid meeting and proposal evaluation. Served as a member of the project steering committee.
325	FY 2017/18	Quarterly	Agency Management	A	Expand dashboard development to enhance financial reporting	Promote business data-driven decision making in all business areas	Quarterly	Deploy one to two new dashboards or significantly enhance one to two existing dashboards quarterly	Kanes Pantayatiwong	September	2017	On Schedule		Completed the delayed timesheet dashboard to help monitor the Agency's progress with timesheet approval. In process of developing the General Manager dashboard. In process of developing the database design for extracting labor data for reports and dashboards.
326	FY 2017/18	Quarterly	Agency Management	B	Draft a new consolidated Personnel Rules and Regulations for the Agency across all bargaining units, streamlining individual Unit MOUs by December 2017.	Provide SAP test environment by 4/1/2018 to validate the technical feasibility of any proposed MOU changes in preparation for and during the negotiation	1/1/2018 – Complete review of existing rules and configurations, 4/1/2018 – SAP test environment ready for testing proposed changes	By January 2018 complete review of existing rules and configurations. By April of 2018 provide an SAP test environment to HR.	Kanes Pantayatiwong	September	2017	On Schedule		Worked with ISS to determine the best options for hosting the SAP test systems needed for the MOU negotiation. Solution included a procurement of a hardware, which is planned to be purchased in Q2.
328	FY 2017/18	Quarterly	Agency Management	B	Uphold a strong internal control environment by conducting independent objective internal and external audits of Agency's business practices.	Establish SOPs for key business functions within the department by end of FY2018	Quarterly - Report to be provided by 10/1/17 on SOPs to complete, Complete all recommended SOPs by 6/30/18	Complete 1/3 of proposed SOPs quarterly in Q2, Q3, and Q4	Kanes Pantayatiwong	September	2017	On Schedule		Completed several key business processes procedures: benefits reconciliation process, HR-to-payroll process and IERCFC billing automation process.
329	FY 2017/18	Quarterly	Agency Management	B	Uphold a strong internal control environment by conducting independent objective internal and external audits of Agency's business practices.	Assess and implement, if deemed necessary, the testing automation system to address the testing needs for SAP changes by end of FY2018	Provide assessment report and, if needed, complete implementation of testing automation system by 6/30/2018	Reduction in testing cycle time and/or increase in test cases	Kanes Pantayatiwong	September	2017	On Schedule		Engaged with two potential vendors with solutions for automating SAP testing as a preparation for the MOU negotiation.
332	FY 2017/18	Quarterly	Agency Management	C	Evaluate cutting-edge, innovative projects to ensure the implementation will benefit customers, water supplies and environmental stewardship.	Document Change Request Management (ChaRM) to include justifications, key objectives, targeted improvements and obtain key stakeholders' approval for all projects requiring more than 80 hours of work by BIS staff	Quarterly	Schedule meetings with requestors to confirm document change needs. Significant enhancements will be monitored on Sharepoint.	Kanes Pantayatiwong	September	2017	On Schedule		SAP Grant Management module will undergo a significant change to support the new functional requirements. A project charter is being developed and scheduled to be completed in Q2.
248	FY 2015/16	Quarterly	Agency Management	A	Continue commitment to cost containment for operating and capital costs.	Maintain cost of external SAP support to be within contracted amounts for all vendors	Meet the set KPI	Actuals <= quarterly average of the contracted amounts	Kanes Pantayatiwong	September	2017	On Schedule		Support cost in this quarter was \$5,440, which is less than the quarterly average budget of \$22,700.
<b><u>Engineering</u></b>														
465	FY 2017/18	Monthly	Engineering, Planning and Science	B	Develop and implement a plan to mentor and prepare the next generation of the IEUA team.	Enhance communication and development during a monthly mentoring meeting with Senior and Junior staff.	Ongoing	Conduct mentoring meetings at least 10 times per year.	Shaun Stone	November	2017	On Schedule		Staff conducted two Mentoring Sessions in July; "Estimating Training" and "Design Guidelines".
467	FY 2017/18	Monthly	Engineering, Planning and Science	C	Conduct lessons learned sessions to evaluate key program implementation.	Review and evaluate all projects for best practices that can be applied to future	Ongoing	At a minimum of 10 times per year	Shaun Stone	November	2017	On Schedule		Staff conducted two Lessons Learned in July; "What I have learned as a new member of the Eng. Dept" and

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
<b>Engineering (continued):</b>														
469	FY 2017/18	Semi-Annual	Engineering, Planning and Science	E	Develop a monitoring and assessment program to support the implementation of the Asset Management Plan.	Complete Asset Management Plan by November 2019.	Ongoing	Submit progress updates every six months, planned completion by November 2019.	Shaun Stone	November	2017	On Schedule		There is nothing to report at this time, since the goal is to submit a progress update every six months.
471	FY 2017/18	Monthly	Engineering, Planning and Science	E	Implement projects in a timely and cost-effective manner.	Provide high quality project management	Ongoing	Capital spending within Fiscal Year Budget = 90%, Actual expenditures as a percentage of forecasted expenditures = 90%, Project costs within 110% of the Total Project Budget established in the Project Charter = 90%	Shaun Stone	November	2017	On Schedule		Capital spending within Fiscal Year Budget = 83%, Actual expenditures as a percentage of forecasted expenditures = 73%, Project costs within 110% of the Total Project Budget established in the Project Charter = 2 of 3 projects, 67%
473	FY 2017/18	Monthly	Engineering, Planning and Science	E	Implement energy efficient projects and efficiencies into existing facilities and equipment.	Staff are actively reviewing projects for Southern California Edison (SCE) savings programs.	Ongoing over two years	All applicable projects will be sent to SCE for incentives.	Shaun Stone	November	2017	On Schedule		In September, staff attended a meeting with SCE and The Energy Networked "Introduction of SCE's Energy Efficiency Programs". The meeting went over the types of rebates available and how to apply for rebates. As a result of that meeting, staff is continually looking for opportunities.
<b>External Affairs</b>														
439	FY 2017/18	Quarterly	External Affairs and Policy Development	B	Ensure staff upholds their role in achieving the Agency's Mission, Vision, and Values.	Provide staff with opportunities for technical and professional training classes.	Obtain Gold Standard in Laserfiche Management Certified Computer Professional (CCP) by December 2017. Attend ARMA International training by October 2017. Attend Laserfiche Conference by February 2018.	Measure the percentage of Records Management staff trained in Records and Information Management disciplines.	Linda Johnson	November	2017	Behind Schedule		Records Management has had a turnover in 2 FTE staff both of which were obtaining the CCP Certification from Laserfiche. This G&O will be reassigned when FTE staff is replaced for the Laserfiche Administration.
441	FY 2017/18	Quarterly	External Affairs and Policy Development	B	Ensure staff upholds their role in achieving the Agency's Mission, Vision, and Values.	Conduct Agency training on department processes that in support of managing electronic records	Staff to train Agency employees on Laserfiche software for Phases 2-3 by June 30, 2018	Measure the percentage of agency staff trained in records management best practices and management of electronic records.	Linda Johnson	November	2017	On Schedule		The Laserfiche Implementation Team continues the migration of records from the LibertyNet legacy system into the Laserfiche system. Records Management trained 201 Agency-wide employees on the implementation of the Laserfiche Search and Retrieve platform. Laserfiche is on currently on schedule to complete Phases 2-3 by June 30, 2018. Records Management has trained 8 new hire employees in records management procedures and best practices; 17 employees attended records management open house; 16 department records management liaisons attended records management SmartWeb Storetrieve System Training for offsite storage of records.

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
<b>External Affairs (continued):</b>														
443	FY 2017/18	Quarterly	External Affairs and Policy Development	C	Conduct lessons learned sessions to evaluate key program implementation.	Hold department lessons learned meetings to evaluate and improve the effectiveness and efficiency of Agency events and educational programs	Ongoing	Hold 3 per year on major programs/events.	Kathryn Besser	November	2017	On Schedule		Following the Agency's Summer Picnic, External Affairs staff evaluated the success of the picnic and assessed any areas that could be improved. Staff evaluated how changes were received by attendees, such as the location being moved to headquarters. Staff has also continued to review and conduct lessons learned from park tours experiences including staffing, curriculum, and outreach methods and materials.
445	FY 2017/18	Monthly	External Affairs and Policy Development	C	Translate complex water/environmental regulations and the IEUA role in protecting regional programs, economy and environment for the general public and elected officials.	Continue to work with community groups and the regional technical and policy committees to relay information and updates on the complex issues that impacting the region.	Ongoing	Attend monthly Regional Policy and Technical Committee meetings. Attend and present 1 community event per quarter.	Kathryn Besser	November	2017	On Schedule		The Executive Manager of External Affairs and Policy Development/AGM has attended each Regional Policy and Technical committees this quarter. In efforts to build and maintain relationships with the communities of our Member Agencies the Executive Manager of External Affairs and Policy Development/AGM has also attended city hall/Board meetings and given presentations on current topics. This includes the city of Montclair and Monte Vista Water District in September.
447	FY 2017/18	Quarterly	External Affairs and Policy Development	C	Provide support for positions that would enable the implementation of the Agency's goals.	Continue to cultivate strong working relationships with elected officials and governmental agencies to help ensure IEUA continues to be a regional leader in water, wastewater and renewable energy issues.	Ongoing	Invite elected officials to Agency events and hold a minimum of 3 VIP tours per year.	Kathryn Besser	November	2017	On Schedule		Staff held a second tour for Assemblymember Eloise Reyes in July. Staff continues to reach out to elected officials in efforts to build and maintain crucial relationships. In August, staff sent out tour invite letters to all Federal State elected officials within the service area. In response to these letters, tours have been scheduled for future dates within FY 17/18.
451	FY 2017/18	Monthly	External Affairs and Policy Development	E	Develop and analyze processes related to salinity management.	Continue to audit big box stores' inventory of water softeners and continue to work with planning staff to pass ordinances in remaining cities.	Ongoing	Audit 36 stores per year and present findings at city council meetings.	Kathryn Besser	November	2017	On Schedule		Audits and finding presentations will be completed in future quarters of FY 17/18.
455	FY 2017/18	Monthly	External Affairs and Policy Development	F	Conduct educational and outreach programs and activities related to the Agency's key areas of business.	Continue to grow and advance the Agency's educational and outreach programs including increasing the number of students participating in the Water Discovery Program, Water is Life Poster Contest, and Garden in Every School® Program. Continue to expand the Agency's social media presence to increase outreach to community members in the region.	Ongoing	Increase outreach to schools within the region. Increase IEUA's posts on social media to continue to increase the Agency's social media following - post 2-3 times per week	Kathryn Besser	November	2017	On Schedule		On average, the External Affairs department has posted 36 times a month, approximately 7 to 9 posts per week on both Facebook and Twitter accounts. Staff has continued to increase IEUA's social media following and works to create new media content to bring awareness to current water matters.

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
<b>Finance and Accounting</b>														
386	FY 2017/18	Semi-Annual	Finance and Administration	A	Monitor the Agency's cost of service for key Agency programs to ensure rate efficiency related to Non-Reclaimable Wastewater (NRW) System, Regional Wastewater, Recycled Water, Water Resources, Groundwater Recharge, and Organics Management.	Adopt rates that fully meet the cost of service for key Agency programs to ensure rate efficiency related to Non-Reclaimable Wastewater (NRW) System, Regional Wastewater, Recycled Water, Water Resources.	Ongoing	Adopt rates that meet cost of service.	Javier Chagoyen-Laz	November	2017	On Schedule		Staff monitors each fund's revenue, expenditures, and reserve balances. For example, increase the new connection units forecast for next 10 year, based on updated projection from Planning Department and member agencies.
388	FY 2017/18	Semi-Annual	Finance and Administration	A	Continue commitment to sustainable cost containment for operating and capital costs.	Monitoring cost containment for operating and capital costs through budget variance analysis for operating and capital costs.	Ongoing	Verify via analysis and reporting that operating and capital expenditures are on track with annual program fund budgets and adjust if necessary to meet program needs.	Javier Chagoyen-Laz	November	2017	On Schedule		Revenue and expenditures items are monitoring through the budget variance reporting. Departments provide explanation and justification according to the budget variance reporting requirements.
390	FY 2017/18	Semi-Annual	Finance and Administration	A	Advocate for continued receipt of property taxes and optimize grants and other funding sources to support Agency and regional investments.	Monitor the receipt of property taxes, optimize grants and other funding sources to support Agency and regional investments.	Ongoing	Review via analysis and reporting that operating and capital revenues are on track with annual program fund budgets.	Javier Chagoyen-Laz	November	2017	On Schedule		Monitoring the Agency's revenue and funding source; property tax, connection fees, recycled water sales, and grants, as well as operations and maintenance expenses, debt service, and capital spending.
396	FY 2017/18	Semi-Annual	Finance and Administration	A	Integrate projects identified in the long range financial planning documents, such as the Asset Management Plan, Facilities Wastewater Master Plan, Technology Master Plan, Energy Plan, and the Integrated Resources Plan, into the operating and capital budgets.	Update Long Range Plan of Finance (LRPF) and Ten-Year Capital Improvements Plan (TYCIP).	LRPF December 2017	Present to the Board by June 2018.	Javier Chagoyen-Laz	November	2017	On Schedule		Working with Planning and Engineering department; review and discussion on the FY 2017/18 TYCIP, projected funding and debt financing, in preparation of the FY 2018/19 TYCIP update.
398	FY 2017/18	Monthly	Finance and Administration	A	Optimize the Agency's investment of surplus funds in accordance with the Agency's investment policy.	Monitor Agency's cash flow and invest surplus funds in accordance with the Agency's investment policy.	Ongoing	Review cash flow bi-weekly.	Javier Chagoyen-Laz	November	2017	On Schedule		Biweekly review of the Agency's cash flow.
400	FY 2017/18	Semi-Annual	Finance and Administration	A	Continue to monitor market opportunities to reduce cost of outstanding debt.	Monitor market opportunities for retirement, refunding, or restructuring of outstanding debt to reduce costs.	Ongoing	Verify with Agency's financial advisor at least two times a year.	Javier Chagoyen-Laz	November	2017	On Schedule		Continue to work with financial advisor in reviewing and updating the Agency's debt financing strategies that best fit to support the projected capital expenditures.
406	FY 2017/18	Monthly	Finance and Administration	A	Monitor the performance of deferred contribution programs.	Monitor and review monthly reports on deferred contribution.	Ongoing	Review performance monthly.	Javier Chagoyen-Laz	November	2017	On Schedule		Review and monitor performance monthly
408	FY 2017/18	Monthly	Finance and Administration	B	Promote a safer work environment by administering and monitoring required safety and regulatory trainings and increase field presence of Safety staff.	Complete assigned safety tailgate training as provided on the department tracker by the Safety department.	Ongoing	Complete 21 safety tailgates annually and provide safety tailgate sign in sheets to the Safety department to keep safety tailgate tracker updated.	Javier Chagoyen-Laz	November	2017	On Schedule		Staff attends required safety and compliance related training regularly.
104	FY 2017/18	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 by FY 2017/18	Continue to monitor the Agency's debt coverage ratio and credit rating metrics to ensure the Agency is on track to improving its long term	July-2018	Completed by June 2018	Javier Chagoyen -	November	2017	On Schedule	No	Continue to monitor the Agency credit rating and collaborate with financial advisor in developing financing strategies for supporting the Agency's ten year capital improvement plan (TYCIP).

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
						credit rating.								
<b>Grants Administration</b>														
459	FY 2017/18	Monthly	External Affairs and Policy Development	A	Advocate for continued receipt of property taxes and optimize grants and other funding sources to support Agency and regional investments.	Recommend and pursue potential grant opportunities that align with the Agency mission and financial goals.	Ongoing	Provide update on grant opportunities to Executive Management via the monthly General Manager's board report.	Kathryn Besser	November	2017	On Schedule		Update was provided via the monthly General Manager's board report in July, August, and September.
461	FY 2017/18	Quarterly	External Affairs and Policy Development	A	Advocate for continued receipt of property taxes and optimize grants and other funding sources to support Agency and regional investments.	Collaborate with the member agencies, JPA's and regional leaders on projects that can be partially funded by grant or SRF loan programs.	Ongoing	Attend regular meetings and participate in conference calls with member agencies and JPA partners to discuss grant and loan opportunities.	Kathryn Besser	November	2017	On Schedule		Conference calls and coordination emails occurred with staff from CVWD, MVWD, City of Montclair, and City of Upland, regarding potential applications for their agencies. Coordination continued with JCSD/Webb on the Joint IEUA-JCSD WRRCWA Intertie project. The Grants Officer has attended most Board and Committee meetings internally, and the "Grants Department Semi-Annual Update" was presented at the September/October Technical and Policy Committee meetings, which include representatives from each of our member agencies.
463	FY 2017/18	Quarterly	External Affairs and Policy Development	A	Advocate for continued receipt of property taxes and optimize grants and other funding sources to support Agency and regional investments.	Manage congressional grant authorizations for water desalination projects in the Chino Basin.	Ongoing	Work in conjunction with the Chino Basin Desalter Authority to fulfill applications for funding and manage grants received.	Kathryn Besser	November	2017	On Schedule		Regarding the SWRCB/Division of Drinking Water Proposition 50 grant award of \$53.8 million, the final invoice of \$13.8 million was submitted in September 2017 to close-out the project. A final funding project inspection by SWRCB will be scheduled soon.
<b>Human Resources</b>														
410	FY 2017/18	Quarterly	Finance and Administration	B	Ensure staff 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 creating and maintaining respectful and positive work relationships.	Ongoing	Number of onsite visits, lunch and learns and other educational sessions held.	Shameen Bhojani	September	2017	On Schedule		The employee engagement survey was completed in August 2017 with an 81% participation rate. Harassment Training for all employees is scheduled for December 4th.
412	FY 2017/18	Quarterly	Finance and Administration	B	Ensure staff 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 benefits programs and services.	Ongoing	Number of onsite visits, lunch and learns and other educational sessions held.	Shameen Bhojani	September	2017	On Schedule		ICMA 457 on site visit (8/2/17), Lincoln 457 on site visit (8/2/17), CalPERS 457 on site visit (9/7/17); Benefits Fair. An Open House was held on 9/27/17 in lieu of a benefits fair due to construction in the event center. It was an all day event. Employees stopped by throughout the day. eighty (80+) people stopped by the HQA lunch room to learn about Agency benefits and ask about open enrollment. thirty-six (36) employees stopped by for a flu shot. Twenty-four (24) employees stopped by the Sadie Training Room to get one on one information regarding retirement, ask questions about CalPERS, Social Security and Agency specific information such as health benefits after retirement.



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
<b>Human Resources (continued):</b>														
414	FY 2017/18	Annual	Finance and Administration	B	Develop and implement a plan to mentor and prepare the next generation of the IEUA team.	Prepare Retirement Risk Assessment to identify employee retirement forecasting and timelines. Identify critical Agency positions. Use vacant position pool to mentor and increase knowledge transfer for critical positions	July 2017 and annually thereafter	Percent of internal advancements and promotions per FY and report to Executive Management as applicable.	Sharmeen Bhojani	September	2017	On Schedule		This quarter, 2 employees were promoted and a total of 14 employees advanced to a higher level via reclassification (2 Operators, 6 E&I Technicians, 6 mechanics)
416	FY 2017/18	Semi-Annual	Finance and Administration	B	Conduct a feedback study to measure employee satisfaction in areas including benefits, work life balance, training, job satisfaction, etc. in 2017 and every two years thereafter.	Identify strengths and areas of improvement and develop action plans from 2017 survey results. Design, conduct, analyze employee engagement survey in 2019.	December 2017	Percent change in employee engagement index in comparison to 2017 survey	Sharmeen Bhojani	September	2017	On Schedule		Decision Wise will be onsite on 11/29 & 11/30th to present the results to employees. Consultants will help prioritize critical themes and help develop an action plan and milestones for the Agency over the next year. Employee feedback is invaluable and will be used as the basis for ongoing discussion. On 11/30, all employees will be invited to participate in a focus group, give additional feedback, and suggest improvements
418	FY 2017/18	Monthly	Finance and Administration	B	Draft a new consolidated Personnel Rules and Regulations for the Agency across all bargaining units, streamlining individual Unit MOUs by December 2017.	Analyze and identify MOU items requiring revisions or streamlining. Create draft MOUs and Personnel Rules.	Identify revisions by July 2017. Create drafts by October 2017	Number of MOU drafts created	Sharmeen Bhojani	September	2017	On Schedule		Draft MOUs for all units were completed in August, 2017.
419	FY 2017/18	Monthly	Finance and Administration	B	Review and update the employee recognition program by December 2017.	Promote a culture that recognizes employees for job related accomplishments.	December 2017	Updated Policy A-75	Sharmeen Bhojani	September	2017	On Schedule		Policy A-75 was reviewed during July and September as part of the Agency wide administrative policy handbook review. The changes are pending executive manager review and implementation.
420	FY 2017/18	Quarterly	Finance and Administration	B	Promote positive labor relations by conducting routine informal labor/management meetings with unit representatives.	Hold quarterly Labor Management meetings to address concerns and issues on an ongoing basis	Ongoing	Number of grievances filed and number of grievances resolved informally.	Sharmeen Bhojani	September	2017	On Schedule		3 labor management meetings held during this quarter (1 with all units and 2 with the General unit).
422	FY 2017/18	Quarterly	Finance and Administration	B	Promote positive labor relations by conducting routine informal labor/management meetings with unit representatives.	Promote and sustain open communication with all levels of staff to effectively resolve work related issues in harmonious manner.	Ongoing	Number of grievances filed and number of grievances resolved informally.	Sharmeen Bhojani	September	2017	On Schedule		1 grievance was filed during this quarter and was resolved/closed.
427	FY 2017/18	Quarterly	Finance and Administration	B	Prepare a plan and timeline to meet the standards of the Cal Star Award program from OSHA.	Work with Departments to further implement Cal/OSHA required programs outlined on the Cal-VPP Action Log, ensuring an inclusive, supportive, safer work environment.	Ongoing	Monitor 'Action Log' progress by updating the VPP committee and management as appropriate.	Sharmeen Bhojani	September	2017	On Schedule		A Cal-Star action log is available on Agency portal. Meetings have taken place to update VPP committee. Plans continue to make progress toward a safe environment.
429	FY 2017/18	Quarterly	Finance and Administration	B	Annually review and revise the Workplace Injury Illness Prevention Program to prevent work related injuries/illness and reduce loss of time worked.	Include the Injury Illness Prevention Program as a standing item on the Safety & Health Committee (SHC) Agenda ensuring bimonthly review by members. Integrate additional SHC member safety participation in various areas to promote fewer work related injuries.	Bi-Monthly/Annual	Review SHC participation periodically ensuring all members are provided the opportunity to contribute.	Sharmeen Bhojani	September	2017	On Schedule		The IIPP review will be added to the December safety committee agenda. Safety committee members have participated in the annual safety facility inspections.

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
<b><u>Human Resources (continued):</u></b>														
431	FY 2017/18	Monthly	Finance and Administration	B	Promote a safer work environment by administering and monitoring required safety and regulatory trainings and increase field presence of Safety staff.	Expand employee/management reporting options for incidents, near miss and safety observations. Conduct independent field reviews on staff's knowledge of Safety topics, continuing to provide compulsory and supplemental trainings as requested.	Ongoing	Review reports as submitted providing feedback and follow up. Monitor staff knowledge level of applicable Safety topics.	Sharmeen Bhojani	September	2017	On Schedule		An online near miss/safety observations reporting system is available to all Agency employees on the portal. Safety completed training for departments on the submittal process and added training to new hire orientation. Safety has received submissions with corrective action and follow up with employee.
433	FY 2017/18	Monthly	Finance and Administration	B	Ensure staff is fully trained on administrative functions and policies included in the Administrative Code.	Identify policies which are most relevant to employees. Create a training plan, schedule and conduct training for all staff.	June 2018	Number of training participants	Sharmeen Bhojani	September	2017	On Schedule		Completed phase 2 of 3 of Agency policy draft revisions. Once all revisions have been completed and approved, training plan will be developed for Agency staff.
<b><u>Integrated Systems Services</u></b>														
335	FY 2017/18	Annual	Agency Management	B	Develop and implement a plan to mentor and prepare the next generation of the IEUA team.	Conduct "Team Training" sessions for Process Automation and Control (SCADA) staff. A minimum of 8 sessions will be held during the year to improve staff knowledge	Annual by fiscal year end	Two training sessions per quarter monitored by sign-in sheets	David Malm	November	2017	On Schedule		Team training conducted on July 27th and September 28th.
339	FY 2017/18	Annual	Agency Management	C	Annually update Emergency Response and Operational Plans for all facilities.	Annually update the technology disaster recovery plans, contingency plans, and cyber security incident response plans	Annual completed by calendar year end	Update plans annually based on test results. Test results and plans will be presented to management for tracking purposes.	David Malm	November	2017	On Schedule		Conducted disaster recovery test in lab on July 26th
<b><u>Internal Audit</u></b>														
341	FY 2017/18	Quarterly	Agency Management	A	Continue commitment to sustainable cost containment for operating and capital costs.	Promote a strong control environment by conducting independent and objective audits of Agency operations where the focus and audit scope includes identifying areas and providing recommendations for cost containment, effectiveness and efficiency in operations and opportunities to improve and areas of cost containment and make the Agency's processes and programs more efficient.	Report to the Audit Committee on completed audit projects Quarterly: March, June, September, and December	Completed audit projects and feedback from the Audit Committee and audited business units.	David Malm	November	2017	On Schedule		Completed audit projects for Q1 and Ongoing. IA, through the Annual Audit Plan has proposed projects for this goal. During this reporting period, IA presented the reports for the Water Conservation Audit, the Contracts and Procurement Follow Up and the Payroll Follow Up, all of which provided recommendations.

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
<b>Internal Audit (continued):</b>														
343	FY 2017/18	Quarterly	Agency Management	B	Ensure staff upholds their role in achieving the Agency's Mission, Vision, and Values.	Promote a strong control environment by conducting independent, objective audits of Agency operations where the focus and the audit scope includes evaluating that Agency processes and systems comply with the Agency's Mission, Vision, Values, best practice operations, processes and programs, Agency policies and procedures, as well as senior management input, as the criteria against which to measure performance and results of the audited business areas.	Report to the Audit Committee on completed audit projects Quarterly: March, June, September, and December	Internal Audits are to provide an independent and objective opinion, and feedback or recommendations for improvement and measure on how closely the criteria (Agency policies, procedures, including Mission, Vision and Values) are met, followed or understood. Provide recommendations to the appropriate personnel where to address gaps identified.	Teresa Velarde	November	2017	On Schedule		Completed audit projects for Q1 and other projects are Ongoing. IA, through the Annual Audit Plan has proposed projects for this goal. During this reporting period, IA presented the reports for the Water Conservation Audit, the Contracts and Procurement Follow Up and the Payroll Follow Up. Currently, IA is working on the PCard audit, the SCE Follow Up review and the Payroll Survey review and the CAFR quality control review, all of which provided recommendations.
349	FY 2017/18	Quarterly	Agency Management	B	Uphold a strong internal control environment by conducting independent objective internal and external audits of Agency's business practices.	Promote a strong control environment by conducting independent objective internal and external audits of Agency operations where the focus and scope includes identifying areas and providing recommendations for strong internal controls, effectiveness and efficiency in operations, improving customer service at all levels, ensuring safeguarding of Agency Assets, identifying ways to be effective and efficient.	Report to the Audit Committee on completed audit projects Quarterly: March, June, September, and December	Completed audit projects and feedback from the Audit Committee and audited business units.	Teresa Velarde	November	2017	On Schedule		Completed audit projects for Q1 and other projects are Ongoing. IA, through the Annual Audit Plan has proposed projects for this goal. During this reporting period, IA presented the reports for the Water Conservation Audit, the Contracts and Procurement Follow Up and the Payroll Follow Up and other miscellaneous audit projects. Currently, IA is working on the PCard audit, the SCE Follow Up review and the Payroll Survey review and the CAFR quality control review, all of which provided recommendations. IA provides updates to the Audit Committee and plans projects according to the risk assessment and other priorities of management and the Board.

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
<b>Internal Audit (continued):</b>														
353	FY 2017/18	Quarterly	Agency Management	B	Ensure staff is fully trained on administrative functions and policies included in the Administrative Code.	Maintain knowledgeable, skilled and experienced audit staff and promote continuous professional development and professional certifications and higher education, as recommended and required under the auditing standards and the IAD Charter to ensure continuous IAD improvement and to stay abreast of developing trends as well as training and knowledge of the Internal Audit Departments Standard Operating Procedures, ensure those procedures as well as the IAD Charter is updated annually, hold staff accountable for understanding their responsibilities under the SOPs, the Charters, Agency Policies and Directives and other policy documents.	Training provided continuously and ongoing, reported quarterly to the Audit Committee.	Completed Training, demonstration of application of the policies	Teresa Velarde	November	2017	On Schedule		Completed. IA staff members follow the Institute of Internal Auditors (IIA) guidance and professional standards and Ethics Code. IA staff are also held responsible for following the Board approved IA Charter, all Agency policies, department operating procedures and requirements. IA staff attend regular training to continue to develop and promote professional knowledge and skills as required under all policies and guidance named above.
355	FY 2017/18	Quarterly	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.	Report quarterly to the Audit Committee and the Board. March, June, September and December.	Resourcefulness of networks.	Teresa Velarde	November	2017	On Schedule		Completed. IA staff as uphold a professional demeanor at all times with all levels of staff. IA staff are required to maintain professional relationships and networks within and outside the organization and leverage the professional relationships, skills and knowledge to improve the service provided to the Agency.

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
<b>Internal Audit (continued):</b>														
359	FY 2017/18	Quarterly	Agency Management	C	Provide support for positions that would enable the implementation of the Agency's goals.	Promote support for the achievement of Agency goals, objectives, mission and values through audit areas where the goal and scope of the reviews 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 where the focus and the audit scope would be to identify opportunities for improvement and provide support for positions, processes, developments and initiatives at any level of the Agency, that would enable the implementation and support of the Agency goals and the achievement of those goals.	Report quarterly to the Audit Committee and the Board. March, June, September and December.	Completed audit projects and feedback/comments from Agency management and or the Audit Committee and the Board.	Teresa Velarde	November	2017	On Schedule		Complete and on-going. IA staff through the reporting relationship to Management and the Board and through the effective implementation of the Board-approved Charter and Annual Audit Plan and through the professionalism displayed IA staff accomplish this goal. IA follow a strict Code of Ethics and professional standards set by the IIA. It is important for auditors to remain neutral and professional at all times.
<b>Laboratory</b>														
537	FY 2017/18	Annual	Engineering, Planning and Science	B	Ensure staff upholds their role in achieving the Agency's Mission, Vision, and Values.	Ensure all activities align and are consistent with the Agency's Objectives	Ongoing	Laboratory policies and procedures updated as needed.	Nel Groenveld	November	2017	On Schedule		On going, some Lab Technical SOPs have been updated to reflect new EPA regulations, others are in revision now
540	FY 2017/18	Annual	Engineering, Planning and Science	B	Uphold a strong internal control environment by conducting independent objective internal and external audits of Agency's business practices.	Conduct annual internal audits of Laboratory practices to meet Environmental Laboratory Accreditation Program (ELAP) requirements	Annual July 31	Meet 100% of criteria	Nel Groenveld	November	2017	On Schedule		Laboratory Internal QC Audit scheduled for May 2018
543	FY 2017/18	Annual	Engineering, Planning and Science	B	Prepare a plan and timeline to meet the standards of the Cal Star Award program from OSHA.	Update Laboratory Chemical Hygiene Plan (CHP)	Annual - June 30	CHP reviewed and updated to incorporate program award requirements	Nel Groenveld	November	2017	On Schedule		Lab CHP updates to be completed in June 2018
545	FY 2017/18	Monthly	Engineering, Planning and Science	B	Promote a safer work environment by administering and monitoring required safety and regulatory trainings and increase field presence of Safety staff.	Conduct all bi-weekly training per Agency policies	Bi-Weekly	All Laboratory staff to attend all required meetings, at month end review of tailgate sign-in sheets	Nel Groenveld	November	2017	On Schedule		To be completed Dec. 2018
547	FY 2017/18	Quarterly	Engineering, Planning and Science	C	Evaluate cutting-edge, innovative projects to ensure the implementation will benefit customers, water supplies and environmental stewardship.	Support Engineering during construction phase of Water Quality Laboratory	Ongoing, expected completion August 2018	Respond to CM RFIs in timely manner, causing no delays in construction	Nel Groenveld	November	2017	On Schedule		Attend weekly Water Quality Lab construction meetings.
548	FY 2017/18	Monthly	Engineering, Planning and Science	C	Evaluate cutting-edge, innovative projects to ensure the implementation will benefit customers, water supplies and environmental stewardship.	Minimal disruption to Laboratory customers during transition from old Laboratory at RP-1 to Water Quality Laboratory located at HQ	August 2018	During month of move from old lab sample turnaround times are met 90% of the time.	Nel Groenveld	November	2017	On Schedule		Not applicable until FY 18/19

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
<b>Laboratory</b>														
549	FY 2017/18	Monthly	Engineering, Planning and Science	C	Evaluate cutting-edge, innovative projects to ensure the implementation will benefit customers, water supplies and environmental stewardship.	Evaluate new technologies in water analyses, implementing after completion of Water Quality Laboratory	Ongoing	Document implementation with reports	Nel Groenveld	November	2017	On Schedule		Not applicable until FY 18/19
551	FY 2017/18	Quarterly	Engineering, Planning and Science	D	Meet basin plan requirements and objectives in support of the recycled water program.	Meet sample turnaround times in support of recycled water program requirements	Ongoing	100% acceptable TATs	Nel Groenveld	November	2017	On Schedule		Ongoing, met schedule for 1Q
553	FY 2017/18	Monthly	Engineering, Planning and Science	E	Monitor treatment plant performance to meet regulatory requirements.	Meet sample turnaround times in support of Operations process control and NPDES permit requirements.	Ongoing	1 day for "Process Control" samples 10 days after end of month for NPDES compliance samples	Nel Groenveld	November	2017	On Schedule		Ongoing, met timelines for 1Q
555	FY 2017/18	Quarterly	Engineering, Planning and Science	E	Develop a plan to continue maximizing recycled water use by meeting Basin Plan and regulatory water quality requirements such as TOC and, TIN objectives.	Support analyses requests for Basin Plan water quality requirements.	Quarterly	100% acceptable TATs	Nel Groenveld	November	2017	On Schedule		Ongoing, met schedule for Q1
557	FY 2017/18	Semi-Annual	Engineering, Planning and Science	E	Proactively track and manage constituents of emerging concerns.	Purchase and install LCMSMS instrument to begin analysis of emerging constituents in Water Quality Laboratory	Ongoing, Expected completion in FY 2018/19	Laboratory SOP completed, and complete Initial Demonstration of Capability (IDC)	Nel Groenveld	November	2017	On Schedule		Not applicable in Q1
559	FY 2017/18	Monthly	Engineering, Planning and Science	E	Operate effective pre-treatment programs to minimize treatment plant upsets.	Support analyses requests for pre-treatment program	Ongoing	100% acceptable TATs	Nel Groenveld	November	2017	On Schedule		Ongoing, currently meeting
561	FY 2017/18	Annual	Engineering, Planning and Science	F	Comply with all regulatory requirements.	Maintain ELAP certification by meeting Performance Evaluation sample requirements, and Laboratory SOP and Quality Assurance Manual documentation updates.	Ongoing	ELAP certificates renewed	Nel Groenveld	November	2017	On Schedule		Current ELAP certificate is active to Oct. 2018, all PE samples were acceptable to maintain certification
563	FY 2017/18	Quarterly	Engineering, Planning and Science	F	Comply with all regulatory requirements.	Meet analysis method QC and holding time requirements	Ongoing	>99% acceptable QC	Nel Groenveld	November	2017	On Schedule		Ongoing, QA/QC requirements are met at >99%
565	FY 2017/18	Quarterly	Engineering, Planning and Science	F	Comply with all regulatory requirements.	Begin process of updating Laboratory to new ELAP regulations which will be implemented over the next 6 years	FY 2018/19	IEUA Lab analysis SOP format meeting new ELAP requirements finalized by July 2018, all analysis SOPs updated with new format by July 2023	Nel Groenveld	November	2017	On Schedule		Lab SOPs are being updated on schedule to be completed by July 2018
<b>Operations</b>														
512	FY 2017/18	Quarterly	Operations & Maintenance	A	Continue commitment to sustainable cost containment for operating and capital costs.	Work within fiscal year budget.	Quarterly	Work within FY 2017/18 and FY 2018/19 Operations budget. Review and report quarterly via the budget variance report.	Randy Lee	September	2017	On Schedule		Monitor budget variance during bi-weekly Operations Division Manager meetings and complete quarterly Budget Variance reports for Finance.

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
<b>Operations (continued):</b>														
514	FY 2017/18	Quarterly	Operations & Maintenance	B	Ensure staff upholds their role in achieving the Agency's Mission, Vision, and Values.	Clearly communicate the Agency's Mission, Vision, & Values to staff and align their goals accordingly.	Ongoing	Communication with staff through all hands meetings and various staff meetings, and during annual appraisals.	Randy Lee	November	2017	On Schedule		Held All Hands Meeting on 11/1/17. Met with direct reports to review their annual appraisals. Continue to have bi-weekly meetings and 1-on-1 meetings with staff. In addition, the O&M Departments meet daily for Yesterday-Today-Tomorrow (YTT) to discuss scheduling and operational requirements.
516	FY 2017/18	Quarterly	Operations & Maintenance	B	Develop and implement a plan to mentor and prepare the next generation of the IEUA team.	Develop pilot mentoring program with the Human Resources department, continue with the Trades Intern Program, continue to hire prior to FTE retirements to provide smooth transition.	Complete by June 30, 2018	Develop a Trades Intern program update spread sheet and replacement intern/volunteer positions will be filled within three months. Fully Initiate pilot program by the end of FY 2017/18.	Chander Letulle	September	2017	On Schedule		Initial meetings with the GU to discuss the program have gone well. Anticipate gaining GU support and launching the program in early 2018.
517	FY 2017/18	Quarterly	Operations & Maintenance	D	Meet basin plan requirements and objectives in support of the recycled water program.	Ground water recharge (GWR) compliance with water quality and recharge standards.	Quarterly and Ongoing	Meet Chino Basin Desalter Authority (CDA) assigned production goals.	Chander Letulle	September	2017	On Schedule		Chino I Desalter has met all of the production goals set by CDA.
519	FY 2017/18	Quarterly	Operations & Maintenance	D	Maintain water quality to meet customer needs, optimize recycled water use and minimize service interruptions and complaints (fruit labels, debris, etc.).	GWR to meet NPDES/RW Title 22 permit requirements for Reservoir management. Maintain equipment (uptime) by performing predictive and preventative maintenance.	Ongoing	Meeting 100% permit compliance	Andy Campbell	November	2017	On Schedule		No RW GWR compliance issues occurred the quarter.
521	FY 2017/18	Quarterly	Operations & Maintenance	D	Maximize the recharge of all sources of water.	GWR - ensure optimization of transmission and capture systems. Update the 2005 GWR Operations Plan and maintain optimal basin maintenance. Appropriately prioritize deliveries of storm, recycled, and imported water.	Ongoing	GWR Operations Plan to be completed December 2017.	Andy Campbell	November	2017	On Schedule		Draft of updated ops plan submitted to CBWM. Dry Year Yield goals met at approx. 7,000 AF per month with maintaining RW GWR flows.
525	FY 2017/18	Quarterly	Operations & Maintenance	E	Monitor treatment plant performance to meet regulatory requirements.	100% Permit compliance	Ongoing	Meeting 100% Permit compliance.	Chander Letulle/Rick	September	2017	On Schedule		South Exceedances: 7/6 CCWRF Coliform Exceedance (>240 MPN) 7/31 CCWRF Chlorodibromomethane (avg monthly) 7/31 CCWRF Dichlorobromomethane (avg monthly) 8/19 RP-5 Coliform Exceedance (>240 MPN) North Exceedance: RP-1 Flare average heat input exceeded 85 out of 92 days.
527	FY 2017/18	Quarterly	Operations & Maintenance	E	Develop a plan to continue maximizing recycled water use while meeting Basin Plan and regulatory water quality requirements such as TOC and TIN objectives.	GWR - Continue basin sampling for water quality.	Ongoing	Quarterly GWR water quality sampling.	Andy Campbell	November	2017	On Schedule		Compliance sampling of wells, lysimeters, basins, and pipelines were completed as planned.

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
<b><u>Operations (continued):</u></b>														
535	FY 2017/18	Quarterly	Operations & Maintenance	F	Comply with all regulatory requirements.	Comply with all Agency regulatory requirements.	Ongoing	Meet 100% compliance throughout the fiscal year.	Chander Letulle/Rick	September	2017	On Schedule		South Exceedances: 7/6 CCWRF Coliform Exceedance (>240 MPN) 7/31 CCWRF Chlorodibromomethane (avg monthly) 7/31 CCWRF Dichlorobromomethane (avg monthly) 8/19 RP-5 Coliform Exceedance (>240 MPN) North Exceedance: RP-1 Flare average heat input exceeded 85 out of 92 days.
<b><u>Planning and Environmental Compliance</u></b>														
475	FY 2017/18	Quarterly	Engineering, Planning and Science	A	Integrate projects identified in the long range financial planning documents, such as the Asset Management Plan, Facilities Wastewater Master Plan, Technology Master Plan, Energy Plan, and the Integrated Resources Plan, into the operating and capital budgets.	Integrate projects identified in the various planning documents into the TYCIP.	Ongoing	The TYCIP detailed report is prepared every other year. Planning for the FY2018/19 report will commence in the fall of 2017.	Sylvie Lee	November	2017	On Schedule		Project kick-off was fall 2017 and is currently underway
477	FY 2017/18	Quarterly	Engineering, Planning and Science	A	Complete rate study for wastewater EDU allocation.	Redefine the sewage factors currently used to determine the equivalent dwelling unit (EDU) as defined in Exhibit J of the Regional Contract.	June 2018	Revised Exhibit J Formula	Sylvie Lee	November	2017	On Schedule		Project is currently ongoing and is expected to be complete pending input and discussion from Technical Committee via a series of workshops. Anticipated completion date is June 2018.
480	FY 2017/18	Monthly	Engineering, Planning and Science	B	Promote a safer work environment by administering and monitoring required safety and regulatory trainings and increase field presence of Safety staff.	Conduct all monthly training required to meet Agency policies.	Monthly	100% employee completion	Sylvie Lee	November	2017	On Schedule		Continue monthly safety and regulatory trainings.
496	FY 2017/18	Quarterly	Engineering, Planning and Science	D	Develop plans for regional low-impact development.	Collaborate with local agencies to identify and implement Low-Impact Development (LID) methods and practices	Complete by June 2018	Adoption of local Ordinances and Resolutions incorporating LID methods.	Sylvie Lee	November	2017	On Schedule		Collaborations are underway with local agencies in conjunction with San Bernardino County Regional Stormwater Management Plan, which includes LID Projects



**Inland Empire Utilities Agency  
Inter-Departmental / Division Transfers FY 2017/18  
Budget Transfer**

Fund	Date	O&M Transfer From	Category	Amt Transfer Out	O&M Transfer To	Category	Amount Transfer In	Description	QTR
10200	8/9/17	520930	Prof Svcs-Pub In	\$75,600	520980	Prof Svcs - Other	\$75,600	Transfer to cover four multi-year legislative consulting contracts that were previously budgeted in 112100.	1
10200	8/14/17	519010	GM Contingency	\$180	513010	Meeting Expenses	\$180	Transfer to cover Agency's share of SAWPA's new director's reception costs	1
10200	8/29/17	519010	GM Contingency	\$1,700	521410	Computer System Maintenance	\$1,700	Transfer to cover sales tax associated with Oracle Primavera annual maintenance fee.	1
10200	8/28/17	512010	Office Supplies - General	\$3,000	512610	Equipment - Office	\$3,000	Transfer to cover the purchase of spare and maintenance items to ensure the back-up generation control system functions correctly.	1
10600	8/9/17	521080	Other Contract Svcs	\$124,000	520980	Prof Svcs - Other	\$124,000	Transfer to cover four multi-year legislative consulting contracts that were previously budgeted in 112100.	1
10700	8/9/17	515030	Contributions/Publ	\$50,000	520980	Prof Svcs - Other	\$50,000	Transfer to cover four multi-year legislative consulting contracts that were previously budgeted in 112100.	1
10800	8/9/17	521080	Other Contract Svcs	\$5,000	520980	Prof Svcs - Other	\$5,000	Transfer to cover four multi-year legislative consulting contracts that were previously budgeted in 112100.	1
10900	8/9/17	521080	Other Contract Svcs	\$97,000	520980	Prof Svcs - Other	\$97,000	Transfer to cover four multi-year legislative consulting contracts that were previously budgeted in 112100.	1
			<b>Total O&amp;M Transfers Out</b>	<b>\$356,480</b>		<b>Total O&amp;M Transfers In</b>	<b>\$356,480</b>		

Fund	Date	Project	Project Description	Amt Transfer Out	Project	Project Description	Amt Transfer In	Justification	QTR
10900	9/26/17	EN16024	RP-1 Mixed Liquor Return Pumps	\$763,309	0	RC Reserves	\$763,309	Reduction of EN16024 annual budget to match remaining total project budget available	1
			<b>Total Project Transfers Out</b>	<b>\$763,309</b>		<b>Total Project Transfers In</b>	<b>\$763,309</b>		

Inland Empire Utilities Agency  
 FY 2017/18 GM Contingency Account Activity

Exhibit C-2

Date	Description		Account/Project No.	Requestor	GM Contingency Budget	Transfers	Balance
7/1/2017	FY 2017/18 Adopted Budget	GG Fund	10200-112100-100000-519010		\$300,000		\$300,000
8/15/2017	Transfer to cover IEUA's portion of new SAWPA director's reception costs	GG Fund	10500-112100-160000-513010	P. Joseph Grindstaff		\$180	\$299,820
8/29/2017	Transfer to cover sales tax associated with Oracle Primavera annual maintenance fee	GG Fund	10900-118100-500000-521410	K. Pantayatiwong		\$1,700	\$298,120
<b>GG Fund GM Contingency</b>					<b>\$300,000</b>	<b>\$1,880</b>	<b>\$298,120</b>
<b>GM CONTINGENCY GRAND TOTAL</b>					<b>\$300,000</b>	<b>\$1,880</b>	<b>\$298,120</b>

cc: Joe Grindstaff, Christina Valencia

Inland Empire Utilities Agency

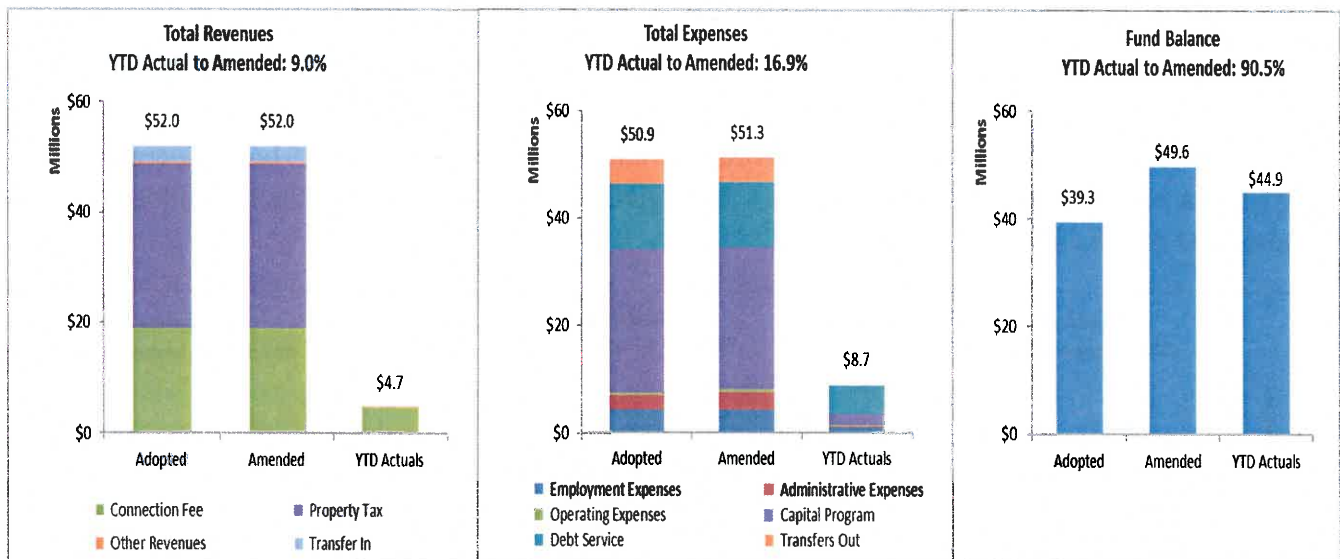
Changes in Total Project Budgets: Inter-Departmental/Division Transfers FY 2017/18

Fund	Capital or Spec Proj?	Transfer 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	
10900	Capital	9/13/17	Yes	Yes	No	EN14019	RP-1 Headworks Primary and Secondary Upgrades	\$10,440,000	\$0	\$10,440,000	(\$90,000)	\$10,350,000	\$5,290,256	(\$90,000)	\$5,200,256	EN17063	Transfer from EN14019 to increase the budget of EN17063 for which the internal estimate prepared for the catwalk extension was lower than the bids received.	
						EN17063	RP-4 Anoxic Splitter Box Gates	\$60,000	\$0	\$60,000	\$90,000	\$150,000	\$18,000	\$90,000	\$108,000	(EN14019)		
<b>Subtotal Regional Capital (RC):</b>								<b>\$10,500,000</b>		<b>\$10,500,000</b>		<b>\$10,500,000</b>	<b>\$5,308,256</b>		<b>\$5,308,256</b>			
								<b>Capital Total Project Budget</b>		<b>Capital Total Project Budget</b>		<b>Total Annual Capital Budget</b>						
								<b>Adopted</b>		<b>Adopted</b>		<b>Adopted</b>		<b>Adopted</b>		<b>Adopted</b>		
								<b>\$10,500,000</b>		<b>\$10,500,000</b>		<b>\$10,500,000</b>		<b>\$5,308,256</b>		<b>\$5,308,256</b>		
10600	O&M Proj	8/22/17	Yes	Yes	No	EN16035	WC Planning Documents	\$2,771,926	\$0	\$2,771,926	(\$250,000)	\$2,521,926	\$512,706	(\$250,000)	\$262,706	PL18002	Funds will be used to develop an amendment to the current Basin Plan for the Chino Groundwater Basin. This will include support for updating the Recycled Water Discharge and Reuse Permit, Groundwater Recharge Permit, and Maximum Benefit Salinity Mgmt Plan.	
						PL18002	Basin Plan Amendment	\$300,000	\$0	\$300,000	\$250,000	\$550,000	\$250,000	\$250,000	\$500,000	(EN16035)		
<b>Subtotal Recycled Water (WC):</b>								<b>\$3,071,926</b>		<b>\$3,071,926</b>		<b>\$3,071,926</b>	<b>\$762,706</b>		<b>\$762,706</b>			
								<b>O&amp;M Total Project Budget</b>		<b>O&amp;M Total Project Budget</b>		<b>Total Annual O&amp;M Project Budget</b>						
								<b>Adopted</b>		<b>Adopted</b>		<b>Adopted</b>		<b>Adopted</b>		<b>Adopted</b>		
								<b>\$3,071,926</b>		<b>\$3,071,926</b>		<b>\$3,071,926</b>		<b>\$762,706</b>		<b>\$762,706</b>		
											<b>Total Capital and O&amp;M Project Transfers:</b>	<b>\$340,000</b>						
											<b>Total Project Budget Change - Capital:</b>	<b>\$0</b>						
											<b>Total Project Budget Change - O&amp;M Proj:</b>	<b>\$0</b>						
											<b>Total Project Budget - Net Change:</b>	<b>\$0</b>						

**Financial Overview of Agency's Programs  
FY 2017/18 quarter ended September 30, 2017  
Total Revenues, Expenses, and Fund Balance  
(Unaudited)**

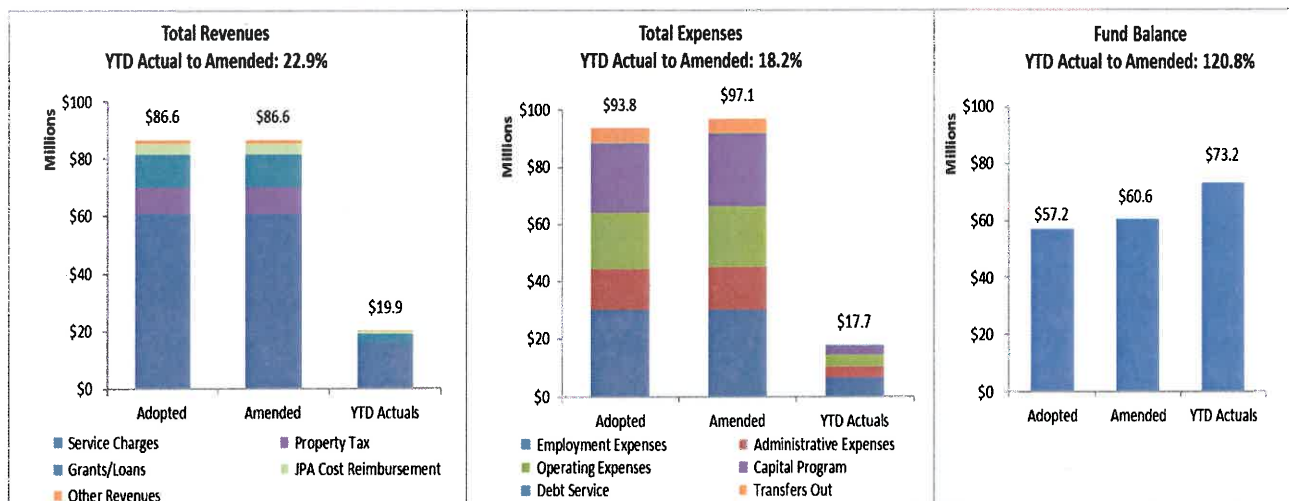
***Regional Wastewater Capital Improvement Fund***

Actual revenues through the end of first quarter were \$4.7 million compared to the \$52.0 million amended budget. The variance was primarily due to schedule of property tax receipts which will commence in the second quarter. The actual expenses were \$8.7 million compared to the \$51.3 million amended budget. The positive variance in expenses was mainly due to a delay in capital project execution due to changes in project schedules. The aggregate change of \$4.7 million is reflected in the unaudited ending fund balance.



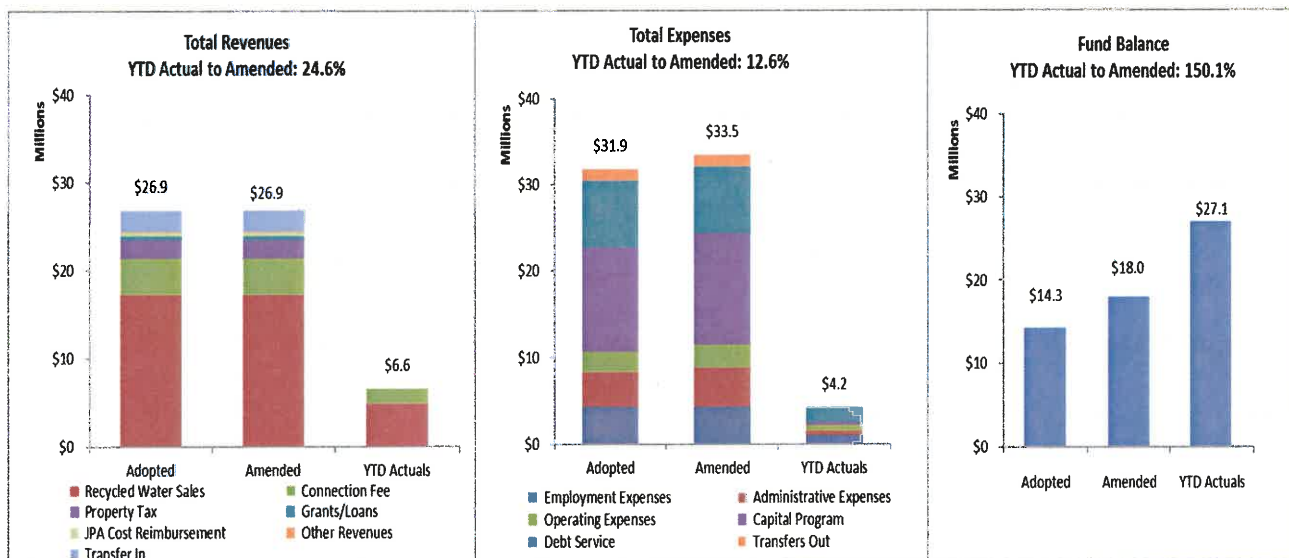
***Regional Wastewater Operations and Maintenance Fund***

Actual revenues through the end of first quarter were \$19.9 million compared to the \$86.6 million amended budget. The slight negative variance in revenue was again due to the anticipation of property tax receipts in the second quarter. The actual expenses were \$17.7 million compared to the \$97.1 million amended budget. The favorable variance in expenses was due to the timing of execution of capital replacement and rehabilitation projects. The aggregate change of \$12.6 million is reflected in the unaudited fund balance.



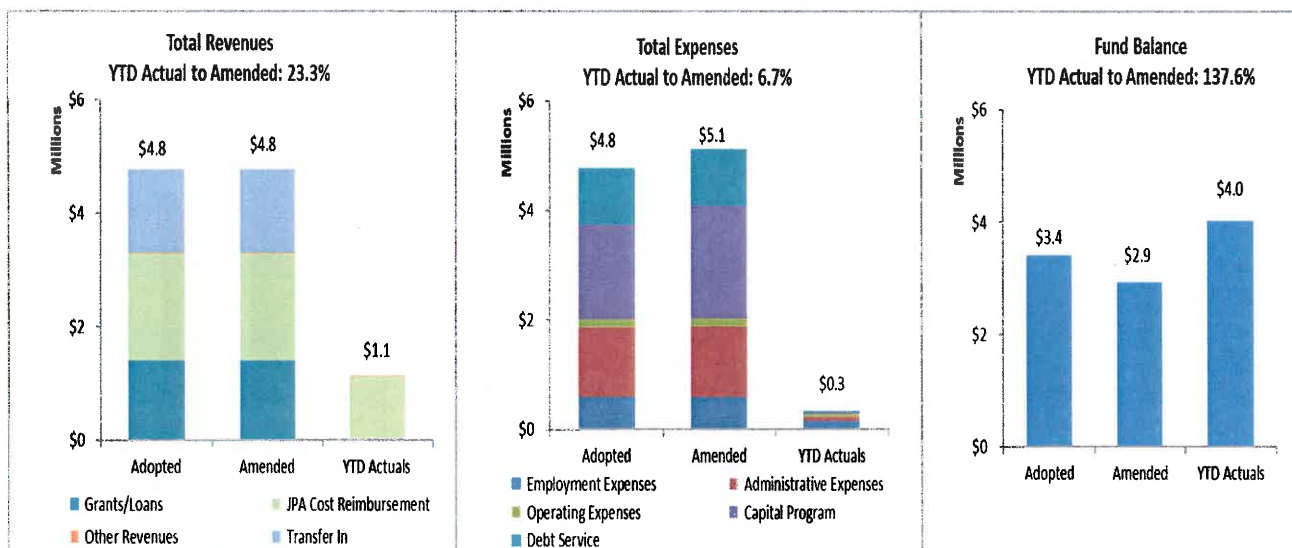
### Recycled Water Fund

Actual revenues through the end of first quarter were \$6.6 million compared to the \$26.9 million amended budget. The actual expenses were \$4.2 million compared to the \$33.5 million amended budget. The decrease in expenses was primarily due to the timing of execution of both Operations and Maintenance (O&M) and capital projects. The aggregate change of \$9.0 million is reflected in the unaudited fund balance.



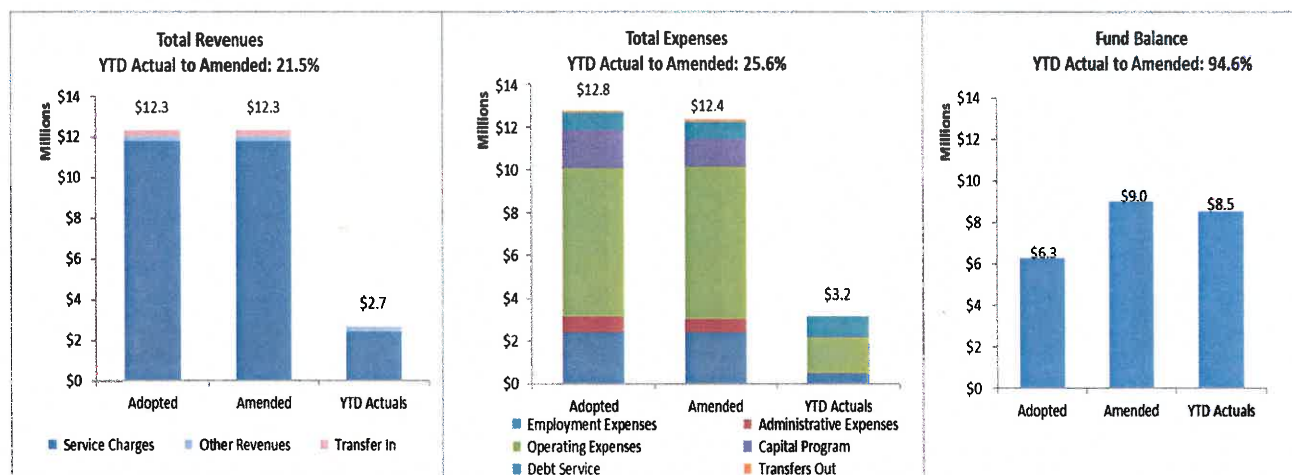
### Recharge Water Fund

Actual revenues through the end of first quarter were \$1.1 million compared to the \$4.8 million amended budget. The decrease in revenues was mainly due to delay in anticipated State Revolving Fund (SRF) loan receipts. The actual expenses were \$0.3 million compared to the \$5.1 million amended budget. The decrease in expenses was mainly due to low operational spending & delays in capital project execution. The aggregate change of \$1.1 million is reflected in the unaudited fund balance.



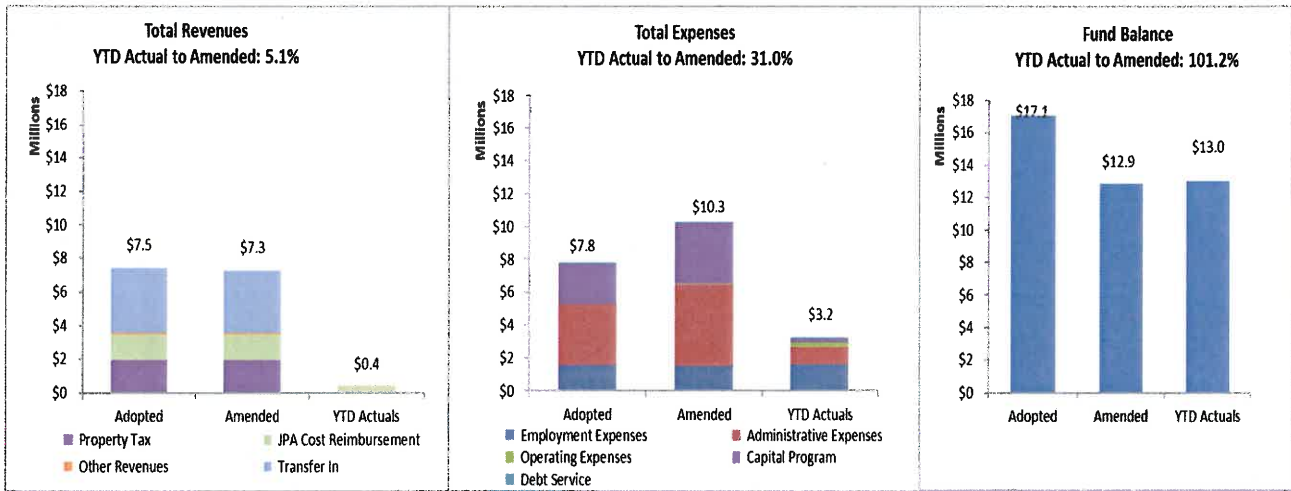
**Non-Reclaimable Wastewater Fund**

Actual revenues through the end of first quarter were \$2.7 million compared to the \$12.3 million amended budget. The variance was due to low service charge revenue, of which excess use imbalance receipts are charged to the customers at fiscal year-end. The actual expenses were \$3.2 million compared to \$12.4 million amended budget. Expense variance is on track for the quarter at 25.6%. The aggregate change of \$0.5 million is reflected in the unaudited fund balance.



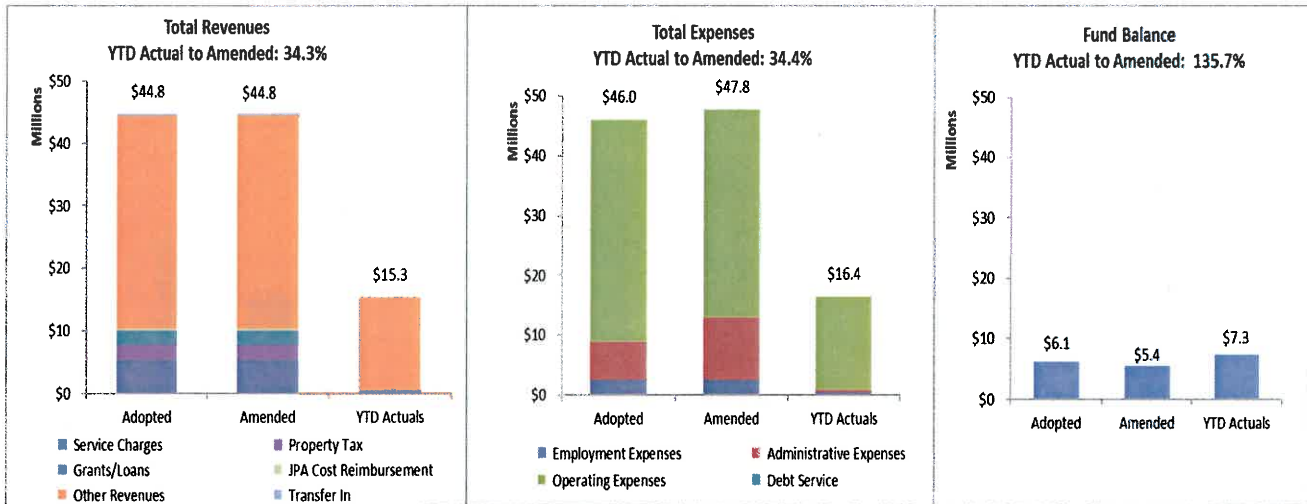
**Administrative Services Fund**

Actual revenues through the end of first quarter were \$0.4 million compared to the \$7.3 million amended budget. The decrease in revenues was mainly due to property tax receipts anticipated to commence in November. The actual expenses were \$3.2 million compared to the \$10.2 million amended budget. The aggregate change of \$0.1 million is reflected in the unaudited fund balance.



**Water Resources Fund**

Actual revenues through the end of first quarter were \$15.3 million compared to the \$44.8 million amended budget. The actual expenses were \$16.4 million compared to the \$47.8 million amended budget. The variance in the revenues and expenses is due to higher than anticipated MWD water purchases and related sales. The aggregate change of \$1.9 million is reflected in the unaudited fund balance.



# FY 2017/18 Budget Variance Report 1<sup>st</sup> Quarter Ended September 30, 2017

Board Meeting





# FY 2017/18 Q1 Consolidated Fund Balance

<b>Consolidated</b>	<b>FY 2017/18 Amended Budget</b>	<b>First Quarter Ended 9/30/2017</b>	<b>Actual % of Amended Budget</b>
Total Sources of Funds	\$223.6	\$50.7	22.7%
Total Uses of Funds	\$246.2	\$53.7	21.8%
<b>Total Net Increase/(Decrease)</b>	<b>(\$22.5)</b>	<b>(\$3.0)</b>	
Beginning Fund Balance	\$181.1	\$181.1	
<b>Ending Fund Balance</b>	<b>\$158.6</b>	<b>\$178.1</b>	

# Sources of Funds Variance Highlights

## YTD\* Actual vs. Amended Budget

### On Track

- Wastewater/Water Connection Fees \$6.5M, 28.1%, vs. \$23.1M amended budget
  - 746 new EDU connections vs. 3,000 budgeted
  - 558 new water connections vs. 2,730 budgeted
- Recycled Water Sales \$4.8M, 27.9%, vs. \$17.2M amended budget
  - 8,249 Acre Feet (AF) direct sales & 1,884 AF recharge sales vs. 11,495 AF budgeted
- User Charges \$18.7M, 24.0%, vs. \$77.8M amended budget
  - \$15.7M volumetric EDU charges vs. \$60.5M budgeted

### Behind

- Property Tax, \$0M, vs. \$44.1M amended budget
  - Receipts occur from November through June of each fiscal year

\*YTD – Fiscal Year to Date

# Uses of Funds Variance Highlights

## YTD\* Actual vs. Amended Budget

### Behind

- Capital Projects \$6.3M, 8.7%, vs. \$71.9M amended budget
  - Delayed project execution primarily due to changes in project schedules
- Professional Fees & Services \$1.2M, 9.2%, vs. \$12.7M amended budget
  - Delays or deferral of contract materials & service execution

### On Track or Above

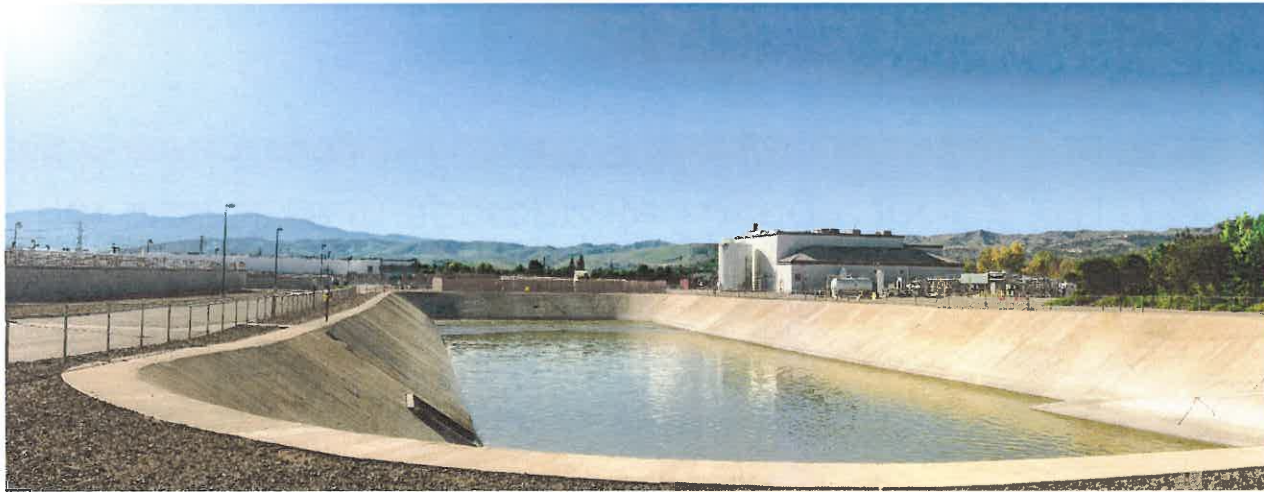
- Financial Expenses \$7.9M, 35.6%, vs. \$22.0M amended budget
  - Includes \$4.2M principal payment for 2010A bond
- Employment Expenses \$11.2M, 24.6% vs. \$45.5M amended budget
  - Vacancy factor of 7.2% in Q1 to be offset by succession planning hiring in future quarters

# Project Budget Updates

- Total Project Budget Change in First Quarter
  - \$340,000 transferred between 4 projects within the same funds\*
    - \$90,000 transferred between capital projects
    - \$250,000 transferred between O&M projects
  - \$763,309 net decrease in appropriated budget for FY 2017/18
    - Reduction in annual budget of EN16024 to match remaining Total Project Budget

\*Transfer details provided in Exhibit D

# Questions



The Budget Variance Analysis report is consistent with the Agency's business goal of fiscal responsibility

INFORMATION  
ITEM

**5E**

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**Date:** December 20, 2017

**To:** The Honorable Board of Directors

**From:** Halla Razak, General Manager

**Committee:** Community & Legislative Affairs

12/13/17

**Executive Contact:** Kathy Besser, Executive Manager of Ext. Aff. & Policy Dev./AGM

**Subject:** Public Outreach and Communication

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**Executive Summary:**

This is an informational item that provides highlights of the External Affairs team's monthly outreach, education and communication programs and updates.

December 20, IEUA Holiday Luncheon, Los Serranos Country Club: 15656 Yorba Avenue, Chino Hills.

IEUA staff has provided Water Discovery field trips and/or scheduled approximately 3,178 students from July 2017 through May 2018.

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**Staff's Recommendation:**

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

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**Budget Impact:** N    *Budgeted (Y/N):* N    *Amendment (Y/N):* N    *Requested Amount:*

*Account/Project Name:*

*Fiscal Impact (explain if not budgeted):*

**Prior Board Action:**

N/A

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**Environmental Determination:**

Not Applicable

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**Business Goal:**

IEUA is committed to providing a reliable and cost-effective water supply and promoting sustainable water use throughout the region.

IEUA is committed to enhancing and promoting environmental sustainability and the preservation of the region's heritage.

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**Attachments:**

Attachment 1 - Background



# Background

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Subject: Public Outreach and Communication

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## December

- December 20, IEUA Holiday Luncheon, Los Serranos Country Club: 15656 Yorba Avenue, Chino Hills, 11:00 a.m. – 3:00 p.m.

## Outreach/Education - Civic Publications Newspaper Campaign

- IEUA staff will be distributing an email blast at the end of December focusing on resolutions to kick the water wasting habit.

## Media and Outreach

- IEUA ran an ad in the *Champion Newspaper's* Thanksgiving Guide on November 23.
- IEUA continues to run banner ads with *Fontana Herald News*.
- IEUA sent the *Kick the Habit* campaign ad: "Give Thanks for Water this Season" email blast to 953 recipients through the Agency's email interest list.
- In November, 18 posts were published to the IEUA Facebook page and 18 tweets were sent on the @IEUAWater Twitter handle.
  - The top three Facebook posts, based on reach and engagement, in the month of November were:
    - 11/9: #ThursdayThoughts: Inspirational Water Quote
    - 11/7: Purple Sage Feature
    - 11/5: Daylight savings post #2
  - The top three tweets, based on reach and engagement, in the month of November were:
    - 11/10: #chinocreekwetlands post
    - 11/9: #ThursdayThoughts: Inspirational Water Quote
    - 11/3: Daylight savings post #1

## Education and Outreach Updates

- Staff is continuing to schedule Water Discovery field trips for program year 2017/18. To date, staff has provided field trips and/or scheduled approximately 3,178 students from July 2017 to May 2018.
- Staff is beginning to schedule schools for Earth Day 2018. Student Earth Day is scheduled for Wednesday, April 18, 2018.
- Upland High School and Chino High School Solar Cup Teams attended the technical workshop on Saturday, December 2 at MWD Headquarters from 8:00 a.m. – 12:30 p.m. Los Osos High School did not attend.
- MWD selected two student art winners out of 15 submitted by IEUA for their 2017 "Water is Life" student art poster contest. MWD's "Water is Life" Student Art Recognition Event was held on December 7. Student winners were unable to attend the event. Student artwork will be featured in the 2018 "Water is Life" calendar.
  - Student winners: Sunny Lin, 7<sup>th</sup> grade student at Robert O. Townsend Junior High School (Chino Hills) and Alyssa Vallejo, 9<sup>th</sup> grade student at Don Antonio Lugo High School (Chino).

INFORMATION  
ITEM

**5F**

# *Innovative Federal Strategies* LLC

Comprehensive Government Relations

## MEMORANDUM

**To:** Joe Grindstaff, Kathy Besser

**From:** Letitia White, Jean Denton, Annie Wake, Shavenor Winters

**Date:** December 1, 2017

**Re:** November Monthly Legislative Update

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### ***Congress Advances Tax Reform Legislation***

On the last day of November the Senate was still debating an amended version of its tax reform bill following the Finance Committee's November 16 approval. The Committee voted 14-12 on the amended version which would increase the deficit by a net \$1.41 trillion from fiscal 2018 through 2027, according to the Joint Committee on Taxation (JCT). Republicans are pursuing an ambitious timeline for the legislation. The House passed its bill by a vote of 227-205 on November 16. Negotiators want to send a final bill to President Trump by Christmas.

The Senate bill is being considered under budget reconciliation, which allows for expedited consideration and requires only a simple majority in the Senate. The fiscal 2018 budget resolution (H. Con. Res. 71) directed the committees to produce legislation that would increase the deficit by no more than \$1.5 trillion from fiscal 2018 through 2027. The bill can't affect the deficit outside the 10-year budget window.

Both plans would follow the principles established in Republicans' September 27 unified framework by lowering rates, streamlining the tax code, and shifting away from the worldwide corporate income tax system.

Some of the biggest differences between the plans include the number of individual income tax brackets, the timing of a corporate tax rate cut, the future of the estate tax, the taxation of pass-through business, and the process for taxing business' international income.

Almost all of the Senate's individual tax changes would be temporary, while most of the House's changes would be permanent. Republican leaders expect the Senate's temporary provisions would be extended in the future.

### Rate Changes

Both bills would lead to lower income tax rates for many, but not all, taxpayers. The Senate plan departs from the unified framework by retaining seven brackets, as under current law, as well as the estate tax. It would also take an extra year to lower the corporate income tax.

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Going forward, both bills would adjust brackets based on the chained consumer price index for all-urban consumers (“C-CPI-U”), which may result in a smaller measure of inflation than the current CPI-U calculation. The Senate bill would retain the use of chained CPI after its other individual provisions expire in 2026.

Both proposals would establish new tax benefits for businesses organized as passthroughs, but limit which types of entities could qualify. The House bill would provide a special rate for a portion of passthroughs active income, while the Senate would provide a deduction. Sen. Ron Johnson (R-Wisc.) was the first senator to announce opposition to the bill because he considers the passthrough changes “inadequate.” He later voted to push the amended version of the bill through.

Before approving the measure, the Senate Finance Committee adopted a provision from the House bill that would limit access to the “carried interest” benefit. It would establish a new holding requirement for hedge fund and other investment managers to have a portion of their earnings taxed as a capital gain instead of ordinary income.

### Individual Provisions

Both bills would consolidate the current standard deduction and personal exemption into a larger standard deduction.

They differ on two controversial provisions. The Senate measure would fully repeal individuals’ ability to deduct their state and local property and income or sales tax through 2025, while the House would retain the deduction for as much as \$10,000 in property tax. The House plan would cap the deduction for mortgage interest on future home purchases at \$500,000, while the Senate would retain the existing \$1 million cap.

Neither proposal would change 401(k) contribution limits, which had also been considered as a way to generate revenue.

Both bills would streamline the individual side of the tax code by eliminating a variety of credits, deductions, and income exclusions. The Senate’s repeals would be temporary through 2025.

The Senate plan would retain two provisions that the House has met resistance in proposing to repeal: a \$7,500 credit for the purchase of an electric vehicle, and a deduction for medical expenses that exceed 10 percent of an individual’s adjusted gross income.

### Business Provisions

Both bills would allow companies to fully and immediately deduct their capital investments for a period of slightly more than five years.

They would both limit businesses’ ability to deduct interest payments, although the limit wouldn’t apply to certain small companies, real estate businesses, and public utilities.

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The limit would also be waived for car dealers in the House bill and farms in the Senate plan.

Both bills would require businesses to amortize their spending on research and experimentation over five years. The House bill's provision would begin in 2023, while the Senate's would begin in 2026. Currently, businesses can deduct such spending immediately.

As part of the shift away from the worldwide corporate income tax system -- which taxes companies' foreign earnings when they are brought back to the U.S. -- the bills would set repatriation rates for earnings held offshore, with a higher rate in the House bill than the Senate measure.

The bills also include several base-erosion measures to prevent international companies from gaming the system. The House bill includes a tax on "foreign high returns" and a 20 percent excise tax on transfers from U.S. companies to their offshore affiliates; both could be reduced by an 80 percent credit for foreign taxes paid. The Senate plan would limit the deductibility of U.S. corporations' interest if they are part of a worldwide group, and includes provisions that would amount to a 12.5 percent tax on "global intangible low taxed income" received by offshore units.

The Senate plan would modify the base erosion provisions after 2025, and repeal them - and several other unfavorable business provisions -- if tax revenue exceeded a certain threshold in the period beginning October 1, 2017, and ending September 30, 2026. The House and Senate would make interest on advance refunding bonds issued by state and local governments taxable. The House would also end the tax exclusion for private activity bonds used for privately run projects such as airports and toll roads. As with individuals, the proposals would streamline many other corporate tax provisions. Notably, the House plan would eliminate a credit for 50 percent of drug manufacturers' expenses for testing drugs for rare diseases and conditions, while the Senate plan would reduce it.

The Senate plan would also retain a credit for 25 percent of the cost of child care expenses paid by an employer, and several other smaller credits that the House legislation would eliminate. The manager's amendment adopted by the Finance Committee prior to approval on November 16 would:

- Reduce the credit available for orphan drug development expenses, instead of limiting qualifying expenses as in the chairman's mark.
- Provide a 20 percent credit for the rehabilitation of historic structures, as under current law. The credit would be claimed over five years beginning in the year the rehab is completed. The manager's amendment would have reduced the historic structure credit to 10 percent.
- Eliminate a deduction for businesses' local government lobbying expenses.

### Other Changes

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Both bills would impose a 1.4 percent tax on the investment income of endowments of at least \$250,000 per full-time student at private colleges and universities with at least 500 students.

The House bill would allow tax-exempt organizations to engage in political speech, which is barred under current law by the “Johnson amendment,” during tax years 2019 through 2023. The speech would have to be conducted in the ordinary course of the organization’s business, with de minimis expenses.

### Revenue Effects

To pass the tax overhaul under reconciliation rules in the Senate, the legislation can only increase the deficit by \$1.5 trillion through fiscal 2027, with no deficit effects beyond the 10-year window.

The House bill would reduce revenue by \$1.44 trillion over fiscal years 2018 through 2027, according to JCT. The plan would continue to lose revenue in its tenth year, suggesting its deficit effects would continue outside the budget window.

While JCT hasn’t published an estimate of the Finance Committee-approved measure, it estimated on November 14 that the modified chairman’s mark would have reduced revenue by \$1.41 trillion over a decade. That version would have increased revenue by \$30 billion in 2027, suggesting it wouldn’t affect the deficit outside the budget window.

The final legislation will also have to comply with the Statutory Pay-As-You-Go Act (PAYGO) of 2010, which bars the cumulative legislation enacted in a congressional session from increasing the deficit. Under the House bill, Congress would have to reduce spending in fiscal year 2018 by \$136 billion, according to an estimate from the Congressional Budget Office (CBO). As much as \$25 billion could come from Medicare, while the remainder would have to be sequestered from other mandatory accounts. CBO said the mandatory accounts that could be subject to sequestration only have annual resources of between \$85 billion and \$90 billion.

Congress could waive the requirement, but it would require 60 votes in the Senate, Bloomberg’s Erik Wasson reported.

CBO hasn’t released an analysis of the Senate bill’s implications under PAYGO.

### Distribution Effects

In calendar year 2019, the House bill would reduce revenue from individual income tax returns of all sizes, JCT estimated in a November 14 distributional analysis. By 2027, returns with individual income of \$10,000 to \$50,000 and \$200,000 to \$500,000 would pay more tax than under current law.

JCT said in a November 16 analysis that the modified Senate chairman’s mark, which was subsequently amended, would reduce revenue from individual income tax returns of all sizes in 2019. In 2025, returns of \$40,000 or less would generate more revenue

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than under current law, while in 2027 returns of all sizes would generate more revenue than under current law.

### ***House Members Concerned Regarding Private Activity Bond Provision***

Two weeks after the House passed its sweeping tax-cut bill, a small group of Republicans are having second thoughts about how it will roll back the subsidies given to a massive segment of the state and local government bond market.

In a letter released Wednesday, November 29, 21 House members asked Republican leaders to reconsider measures that would pull the tax breaks for bonds issued for some refinancings or projects such as hospitals, toll roads and others run by businesses. That's threatening to make public works more expensive because investors would demand higher yields on the debt, putting the tax bill at odds with President Donald Trump's stated goal of pumping more money into America's infrastructure.

The risk has led to a blitz of planned bond sales by states and cities rushing to borrow before the end of the year. Prices of the securities have slid this month as investors brace for a wave of new tax-exempt debt to hit the market, though if the legislation is enacted sales would be dramatically reduced starting next year.

It's unclear how successful the group's push will be, given that it doesn't include key leaders. And their concerns about the municipal-bond market didn't keep most of them from signing off on the bill: Only five members of the group were among the Republicans who voted against the legislation.

### ***President Promises Infrastructure Bill 'Soon After Taxes'***

President Trump joined the chorus of administration voices promising Monday, November 20 that a long-awaited infrastructure package would come "soon" after he signs a tax bill. "We'll be submitting plans on health care, plans on infrastructure, and plans on welfare reform—which is desperately needed in our country—soon after taxes," President Trump said during a press availability before a Cabinet meeting.

President Trump first called for a \$1 trillion infrastructure package during a February appearance before Congress. Later, his proposed budget included \$200 billion in direct federal spending and called for an additional \$800 billion in investments from private, state and local sources.

Since the self-proclaimed infrastructure week, when Transportation Secretary Elaine Chao promised a package by the fall or the third quarter, the Trump Administration has offered few concrete details on what an infrastructure package would look like and how to fund it.

Kevin Hassett, chairman of White House Council of Economic Advisers, pushed back against criticism that infrastructure has gone "nowhere."

"Infrastructure has been a massive effort within the administration," Hassett said.

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Hassett announced that the Trump Administration has had about six meetings between principals and Cabinet secretaries to follow up on the president's campaign promises, including infrastructure. "Infrastructure has been a major focus of this administration since before I got there. It's been a major occupation of people at CEA since I got there. Infrastructure is definitely on the agenda to come out soon after tax reform," Hassett said.

Administration officials have been meeting with congressional leaders to talk about taking up a legislative package on infrastructure, as recently as the week of Monday, November 13.

"We're ready to go, we're working closely with the White House to get something going," House Transportation and Infrastructure Committee Chairman Bill Shuster (R-PA) stated.

### ***Federal Funding At the Forefront of Congressional Agenda***

With the current stopgap spending bill running through Friday, December 8, Congress will need to pass another funding patch to give lawmakers more time to negotiate. Appropriators said the window is closing for them to be able to wrap up a spending deal by the end of the year, raising the possibility of a continuing resolution into January. Congressional leaders will need to agree to top-line defense and non-defense discretionary funding numbers by the end of this week if they hope to pass a full omnibus by the end of the year, Representative Hal Rogers (R-KY), a member and former chairman of the House Appropriations Committee, told reporters yesterday. Senator Roy Blunt (R-MO) said a top-line deal must materialize soon, but did not say it needs to be this week.

While Speaker Paul Ryan (R-WI) has said he hopes to see a spending deal by the end of the year, some lawmakers have complained that a deadline to fund the government shortly before Christmas could cause lawmakers to rush.

"There is general agreement that a CR coming due before Christmas is not the best negotiating position to be in," said House Freedom Caucus Chairman Mark Meadows (R-NC) Tuesday, November 28.

If the spending-deal negotiations extend into January, some lawmakers may want to attach a provision raising the debt ceiling to the omnibus package. Treasury Secretary Steven Mnuchin has said lawmakers have until January to raise the ceiling. Before the Tuesday, November 28 dispute between President Trump and Democrats, lawmakers planned to pass a two-week continuing resolution to Friday, December 22 along with disaster funds, and then go to work on an omnibus. However, an omnibus by the end of the year is looking increasingly out of reach.

[Defense FY18 Senate Mark](#)



## *Innovative Federal Strategies LLC*

The Senate Appropriations Committee set the stage for bicameral talks to raise spending caps with its release last week of \$581.3 billion fiscal 2018 defense legislation, \$59.3 billion above the legal ceiling set for Pentagon funding.

The proposed measure would exceed the \$516.1 billion fiscal 2017 Pentagon spending and would be \$15.4 billion above President Donald Trump's request for fiscal 2018.

While the Senate Appropriations Committee does not plan to hold a markup on its defense measure, the numbers will serve as a marker for congressional leaders seeking to hammer out a spending package for the rest of fiscal 2018.

Leaders will have to secure some Democratic support to raise spending above the \$522 billion cap for the Pentagon as a result of the 2011 Budget Control Act (Public Law 112-25). The Budget Control Act sets a cap of \$549 billion for all national security programs, and Pentagon spending makes up the bulk of that.

The spending bill also recommends \$65 billion in war funds, the so-called Overseas Contingency Operations account, which is not subject to caps, bringing the total amount for the Defense Department to \$646 billion for the fiscal year that started Sunday, October 1. Under the House-passed fiscal 2018 defense spending measure (H.R. 3219), the Pentagon would receive \$658.1 billion.

### Homeland Security FY18 Senate Mark

Senate Republicans are following through on a promise to fund portions of a wall on the U.S.-Mexico border, a measure Democrats have warned could sink a year-end spending deal.

It will take bipartisan support to reach the 60 votes necessary to pass a spending deal through the Senate, and Democrats have criticized Republicans' insistence on including funding for the wall. Democrats also want a year-end spending deal to include legislation (S. 1615) allowing undocumented immigrants brought to the U.S. as children to stay.

The \$51.6 billion Homeland Security appropriations bill "funds a costly and ineffective border wall that is wasting taxpayers' money and blocking a bipartisan debate on this important legislation," Senator Jon Tester (D-MT), ranking member on the Homeland Security subcommittee, said in a statement.

The Senate Homeland Security bill, would provide \$51.6 billion in discretionary funding, a \$9.2 billion increase over fiscal 2017 levels and \$7.3 billion higher than the House's bill.

### Financial Services FY18 Senate Mark

## *Innovative Federal Strategies LLC*

Senate Republican appropriators bashed the Internal Revenue Service (IRS) in the committee report tied to their Financial Services appropriations bill, saying the agency does not make taxpayer services a high enough priority.

While the bill keeps IRS funding level at \$11.1 billion, it emphasizes taxpayer services and reduces funds elsewhere. The measure would appropriate \$2.5 billion for IRS taxpayer services, up from \$2.2 billion in fiscal 2017. The agency's enforcement and business systems modernization accounts would be cut.

### Interior/EPA FY18 Senate Mark

The Senate's Interior-Environment appropriations bill would slash money for managing renewable-energy resources on federal lands, while increasing funds for oil, gas and coal management. Released Monday, November 20, the legislation includes \$188 million for energy and minerals management, \$15.2 million higher than in fiscal 2017.

The bill also provides \$30,000,000 for the Water Infrastructure Finance and Innovation Act (WIFIA) Program. This level is equal to the fiscal year 2017 level when compared to funding provided from both the Consolidated Appropriations Act, 2017 (Public Law 115- 31) and the Further Continuing and Security Assistance Appropriations Act (Public Law 114-254). From within the amount provided, the Committee directs \$5,000,000 to assist with the administrative expenses for the WIFIA program.

Greater investment in the replacement of aging infrastructure will help mitigate nationwide issues the Committee is tracking related to contaminants such as lead and arsenic, help address Combined Sewer Overflows and Sanitary Sewer Overflows, and allow systems to improve water delivery for residents. Of the recommended amount, \$25,000,000 is provided for direct loan subsidization which may translate into a potential loan capacity in excess of \$3,000,000,000 to eligible entities for water infrastructure projects. The Committee expects that EPA will issue loans for the first time in fiscal year 2018 and the Committee intends to closely monitor implementation.

### Disaster Funds

Senator Blunt said House and Senate appropriators may add a disaster relief package to the next continuing resolution that's expected to move through both chambers the first week of December.

The last week of November the House appropriators began a series of eight hearings on disaster relief. The hearings are a result of Appropriations Committee Chairman Rodney Frelinghuysen's (R-NJ) decision to document how federal agencies are using the more than \$50 billion provided by the two supplemental spending measure Congress passed this fall.

***Goodbye Gang: Exodus of U.S. House Chairmen Is Most Since 2006***

House Republicans are on the cusp of a brain drain as experienced chairmen prepare to end their congressional careers in numbers unseen in more than a decade. One chairman quit early. The chairmen of four other full committees plus at least eight subcommittee chairmen are retiring or seeking other office.

With still a year to go until the election, that is the biggest exodus of the House members in charge of setting priorities and writing legislation since the 109th Congress in 2005-2006, when five Republican committee chairmen did not seek re-election. Democrats won a majority of House seats that year.

“The good effect of term limits is that they prevent seniority infarction. The pipeline keeps flowing, and there are opportunities for ambitious younger members,” Jack Pitney, a political scientist at Claremont McKenna College in California, said. “The downside is that they limit the committees’ institutional memory. That’s a particularly serious problem when it comes to oversight.”

The departing full-committee chairmen of the 115th Congress are Representative Diane Black (R-TN) of the Budget Committee, who is running for governor; Representative Bob Goodlatte (R-VA) of the Committee on Judiciary; Representative Jeb Hensarling (R-TX) of the Committee on Financial Services; Representative Lamar Smith (R-TX) of the Committee on Science, Space, and Technology; and Representative Jason Chaffetz (R-UT), who led the Committee on Oversight and Government Reform before resigning in June. All were favored to win re-election, though some could not return as top Republican on the committee daises.

House Republican Conference rules restrict service as chairman or ranking member of a committee or subcommittee to three Congresses or six years total. House Republican leaders imposed the limits in the mid-1990s, following four decades in the minority watching Democratic committee chairmen “build their own fiefdoms,” as Pitney described it.

Reversely, there are not committee term limits for Democrats.

***White House Seeks Disaster Aid, With a Hitch: Spending Offsets***

The Trump Administration asked Congress today to provide another \$44 billion in emergency aid for areas hit by hurricanes this year and joined some conservatives in suggesting spending cuts to offset some of the cost.

The White House Office of Management and Budget (OMB) request disappointed some lawmakers who wanted a more substantial disaster-relief bill in December. Puerto Rico called for \$94 billion and Texas sought \$61 billion.

The request includes:

- \$25.2 billion for the Federal Emergency Management Agency and the Small Business Administration.
- \$1 billion for agriculture assistance.

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- \$1.2 billion for an education recovery fund.
- \$4.6 billion to repair federal property.
- \$12 billion for Community Development Block Grants.

The request also called on lawmakers to offset at least some of the bill's cost by cutting spending, suggesting "cancellation of unobligated balances that are no longer needed for the purposes for which they were appropriated, as well as for projects and activities that are not as high of a priority as responding to this year's hurricanes in a fiscally responsible manner."

The request for offsets aligns with conservatives who have said they will make a more significant push this time to include spending cuts in a disaster-relief package, House Freedom Caucus Chairman Mark Meadows (R-NC) said Thursday, November 16. Conservatives have called for a more austere approach to disaster aid packages as they shift their focus from immediate aid to long-term rebuilding.

Congress previously passed disaster-relief packages totaling \$15.3 billion and \$36.5 billion. Lawmakers are in recess for the Thanksgiving break, but could start work on a disaster relief bill sometime soon after returning Monday, November 27. Representative Meadows said lawmakers should be able to find "tens of billions, not single billions" in spending cuts in the next bill. "That's a fraction of what we're going to spend," Representative Meadows said.

Representative Meadows and the Trump Administration may face some pushback. Democrats unanimously supported both previous bills, which did not include spending cuts. So did a majority of Republicans, including all 14 House Republicans from Florida and 19 of 25 from Texas.

In October, the House passed the \$36.5 billion measure 353-69, with 164 Republicans and 189 Democrats in favor. In September, the House passed a \$15.3 billion measure, which included a debt-ceiling hike, 316-90, with 133 Republicans and 183 Democrats voting in favor.

The House will review the Trump Administration's new request and "help the victims get the resources they need to recover and rebuild," Speaker Paul Ryan (R-WI) said in a statement.

Representative Mario Diaz-Balart (R-FL) said members from areas hit by hurricanes were hoping to get a substantial disaster relief package in December, before conservatives get "supplemental fatigue" and become less willing to appropriate funds for long-term rebuilding.

### Budget Control Act

Congressional leaders have discussed a two-year increase in spending caps under the Budget Control Act (Public Law 112-25) to increase combined defense and non-defense

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spending by about \$200 billion, according to a Democratic aide. That would increase defense spending by \$54 billion in fiscal 2018.

Lawmakers have said they will have to finish work on tax legislation before striking a final agreement on top-line spending numbers. Otherwise, busting spending caps might make it tougher to negotiate revenue-cutting tax legislation. Senator Bob Corker (R-TN), who has threatened to oppose a tax measure if it adds too much to the debt, criticized talk of a \$200 billion deal. "We're \$20 trillion in debt and it's party like there's no tomorrow time in Washington," Senator Corker stated.

### ***Trump Administration Nominations in the Department of Interior and the Department of Health and Human Services*** Department of Interior

The Senate continued their efforts to confirm and review leadership nominations last week. This included the confirmation of Brenda Burman to be Commissioner of the Bureau of Reclamation under the Department of Interior. A veteran of the Bureau having served as the Deputy Commissioner for External and Intergovernmental Affairs and the Deputy Assistant Secretary from 2006 to 2008, Burman will now lead the Bureau as the first women Commissioner.

"I am deeply honored for the opportunity to lead this organization," said Brenda Burman. "The employees of Reclamation are dedicated to working through the most difficult water issues and managing water in the West. I look forward to working with Secretary Zinke, the Administration, and our many partners, contractors, and customers to solve our most pressing water issues."

Earlier this month, Senator Minority Whip, Dick Durbin (D-IL) agreed to remove holds on Interior nominations for Brenda Burman's nomination as Commissioner of the Bureau of Reclamation and Joseph Balash's nomination to be Assistant Secretary for Land and Minerals Management. This followed a meeting between the Senator, five other Senate Democrats and EPA Secretary Ryan Zinke regarding Secretary Zinke's national recent monument designations.

And on Wednesday, November 29, the Senate Environment and Public Works Committee approved two of President Trump's nominees for top environmental posts within the Department of Interior, although the timing of their final confirmation votes is unclear. Senators approved the nominations of Kathleen Hartnett White for director of the White House Commission on Environmental Quality and Andrew Wheeler for Environmental Protection Agency deputy administrator. Both nominees were approved on a party-line vote, 11-10

### Department of Health and Human Services

President Trump named former drug industry executive Alex Azar to lead the U.S. Department of Health and Human Services.

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Azar, who worked at Eli Lilly & Co., would be the administration's point person on running -- or dismantling -- the Affordable Care Act, the health program enacted by President Trump's predecessor that insures millions of Americans. He will also oversee Medicare and Medicaid, along with dozens of public health programs and sub-agencies.

Before spending a decade in Indianapolis-based Lilly's executive ranks, Azar was a deputy secretary under former George W. Bush's HHS secretary Michael Leavitt. A lawyer by training, Azar previously clerked for Antonin Scalia on the Supreme Court.

During the last week of November, Senators on the Senate Committee on Health, Education, Labor and Pensions grilled Azar about his close ties to the pharmaceutical industry and plans tackling high drug prices. Azar told the committee, one of two committees Azar will face as part of the nomination process, in opening remarks that drug prices are a primary concern he will focus on. "I believe I can bring the skills and experiences to the table that can help us address these issues, while still encouraging discovery so Americans have access to high quality care," he said.

Azar takes over after President Trump's first HHS secretary, Tom Price, resigned in September after his extensive use of private and military jets at taxpayer expense was revealed. Azar, 50, must be approved by the Senate.

### ***Trump Rejects Adding 'Dreamer' Protections to Spending Bill***

President Trump on Thursday, November 2 complicated negotiations over end-of-year spending legislation by rejecting the possibility of shielding certain immigrants from deportation -- setting up a likely clash with Democrats that could lead to a government shutdown.

The President told a group of Republican lawmakers who met with him at the White House that he opposes any effort to include in the legislation deportation protections for 800,000 people, known as Dreamers, who entered the U.S. illegally as children, according to several who attended the meeting. Democratic leaders in both chambers have called for protections for Dreamers by the end of the year, and the spending bill is the most likely place to settle an otherwise complicated debate.

Immigration and several other divisive topics in Congress are hanging over talks on the spending legislation that's needed to keep the government open after Friday, December 8.

The President said he wants Congress to adopt separate border security legislation that includes an extension of the immigrant protections established under former President Barack Obama known as the Deferred Action for Childhood Arrivals program, or DACA.

"Decoupling DACA from any year-end deal was a prime statement of the president," said Senator David Perdue (R-GA), one of seven senators who met with President Trump.

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Senator Thom Tillis (R-NC), said the lawmakers who met with the President plan to create an immigration-border security bill that can get the 60 votes needed to clear the Senate.

"What we're really trying to do is make sure we marry up the treatment for DACA and the treatment for interior enforcement of border security that gets a significant squad of our conference," Senator Tillis said. "And then we start negotiating and working with the other side to get to 60 votes."

Senator John Cornyn (R-TX), the No. 2 Senate Republican, said immigration legislation could come early next year. He also said it is possible the legislation could be attached to another measure instead of passing on its own.

President Trump earlier agreed with Senate Minority Leader Chuck Schumer (R-NY) and House Minority Leader Nancy Pelosi (D-CA) to move a border security bill by year's end, and pair it with legislation that would provide deportation protections for the young immigrants. The young immigrants, who were brought to the U.S. by their parents as children, would also see a pathway to citizenship under the deal with Democrats.

Senator Schumer declined to comment on Trump's GOP meeting. He said protections for the Dreamers could still clear Congress, and soon. "We have a lot of Republican support for this bill and I think it's going to do better than people think, no matter what Donald Trump says on any given day or another," he said.

Republican Senator Jeff Flake (R-AZ), a top advocate for the young immigrants, said President Trump's effort to detach the protections from the must-pass spending bill is a mistake. "These kids are going to get tied down," he said. "It's terrible with them to have to live with that kind of uncertainty. We should deal with it now. We shouldn't wait on it."

### ***The Department of Homeland Security Changes Multiple Temporary Protected Statuses for Foreign Countries***

Some 5,300 nationals of Nicaragua living and working in the U.S. will have to return home now that the federal government has terminated their temporary protected status (TPS).

Acting Homeland Security Secretary Elaine Duke late Monday, November 6 announced that TPS for Nicaraguans is ending, although they will be allowed to remain in the U.S. through Jan. 5, 2019, to allow for an "orderly transition."

At the same time, TPS for approximately 86,000 Hondurans is being extended for another six months, until July 5, 2018, Acting Secretary Duke said. A final decision on whether to extend it beyond that has not been made.

The program allows the citizens and nationals of designated countries to remain in the U.S. and receive work permits if conditions in their home countries make it unsafe for

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them to return. Although the program is temporary, some foreign nationals have remained in the U.S. for decades, as DHS has continued to extend TPS for 18-month periods as allowed under the law.

The Trump Administration has taken a different approach and has been much more willing to terminate TPS than prior administrations. Nicaragua is the second termination since President Trump was inaugurated. TPS was terminated for Sudan in October.

But Acting Secretary Duke said Congress should take action to provide some other kind of status for TPS holders who have been in the U.S. for a long period of time. “Recognizing the difficulty facing citizens of Nicaragua—and potentially citizens of other countries—who have received TPS designation for close to two decades, Acting Secretary Duke calls on Congress to enact a permanent solution for this inherently temporary program,” she announced in a statement.

On Monday, November 20, President Trump announced the U.S. would not renew TPS for 60,000 Haitians with provisional legal residency. The President announced they would have 18 months to leave, a deadline which Acting Secretary Duke said would facilitate an orderly transition allowing Haitians to arrange U.S. departure and Haitian arrival. The 18 month grace period afforded is to help those with U.S.-born children the time to find accommodations amid departure from the U.S.; those protected under TPS in all have over 270,000 U.S.-born children and grandchildren

TPS guidelines are explicit in terms of conditions on the ground, and if those conditions are met, the secretary must terminate the designation. In her statement following the removal of Haitians from TPS, Acting Secretary Duke stated she met with Haiti’s foreign minister, Haiti’s ambassador to the United States and consulted with related U.S. government agencies in making this decision.

Before the removal of Nicaraguans and Hondurans, Secretary of State Rex Tillerson told Ms. Duke that TPS was no longer necessary for Haitians and Central Americans. Haitians may seek residency in Canada, potentially the French-speaking Quebec, instead of returning to Haiti.



INFORMATION  
ITEM

**5G**



**December 1, 2017**

**To:** Inland Empire Utilities Agency  
**From:** Michael Boccadoro  
Beth Olhasso  
**RE:** November Legislative Report

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**Overview:**

The Legislature remained quiet in November, with members spending time in their districts getting ready to return to the Capitol in January.

As California enters the wet-season, reservoir conditions in the State Water Project (SWP) system are at levels not seen since before the drought. While Lake Oroville levels remain intentionally low, spillway construction seems to be on track to be ready for winter storms. There is still some concern that officials will keep Oroville low as they continue to repair the emergency spillway, which could result in decreased SWP allocations in 2018.

The State Water Resources Control Board recently released draft regulations and held a public hearing on permanent measures to eliminate water waste. The proposed regulation would permanently prohibit practices that waste potable water such as washing cars without a shut-off nozzle, and watering lawns after measurable rain. Water agencies were generally supportive of the proposed regulations, but offered some detailed suggestions on implementation. Comments are due December 26.

The California Energy Commission (CEC) recently released their draft Integrated Energy Policy Report (IEPR). A major focus of the report is implementing SB 350, the 2016 bill that accelerated the Renewable Portfolio Standard (RPS) to 50 percent by 2030 and called for a doubling of energy efficiency by 2030. To help meet these goals, the report discussed a move to use more renewable natural gas. Among other recommendations, the IEPR recommends that the CPUC and other state agencies continue efforts and adopt policies and incentives, as appropriate, to significantly increase the sustainable production and use of renewable gas. Developing mechanisms for long-term market certainty for renewable gas is also identified as an important step.

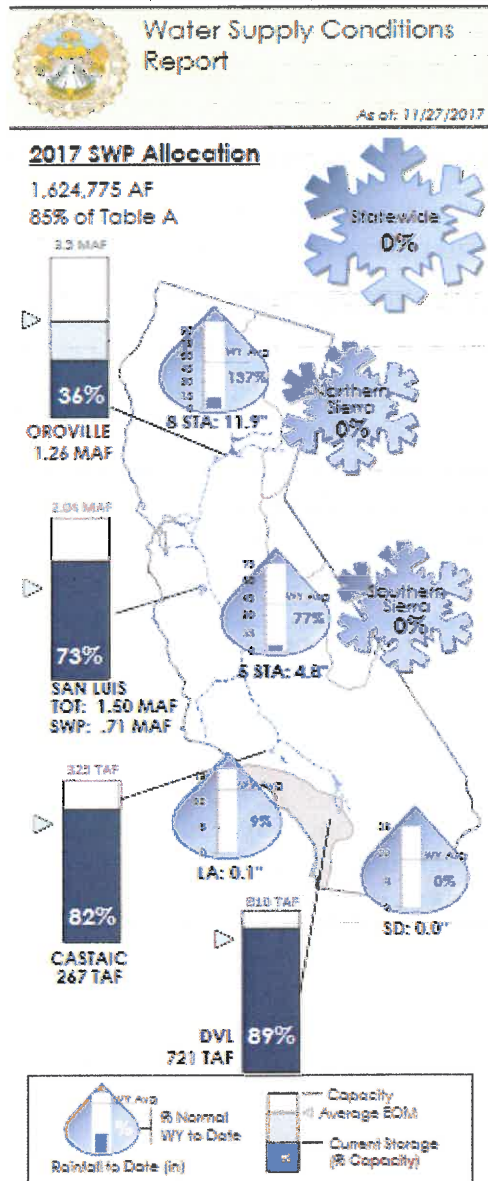
The latest Cap-and-Trade greenhouse gas allowance auction sold out at record prices. The auction generated \$862 million in revenue for California, to be invested in GHG reduction programs, such as organics diversion, through the Greenhouse Gas Reduction Fund (GGRF).

Salmon populations on the Mokelumne River are on track for record highs after years of suffering through drought, thanks to efforts by East Bay Municipal Utility District and the Department of Water Resources. The success may shed light on how to increase California's struggling salmon runs.

A report from the California Public Utilities Commission to the Legislature on renewables portfolio standard progress shows that the IOUs not only met the 25 percent goal that was set for 2016, but are on track to meet the 33 percent by 2020 goal, and will likely meet the 50 percent by 2030 goal early.

## Inland Empire Utilities Agency Status Report – November 2017

### Water Supply Conditions



#### Highlights

- Upper Colorado River Basin snowpack at 70% of normal
- San Luis Reservoir has 137 TAF more in SWP storage than this time last year
- Precipitation as indicated by the 8-Station index is at 176% of normal for the month of November.

As California officially enters the rainy season, Metropolitan Water District of Southern California (MWD) has released information about where State Water Project (SWP) storage sits at the start of the winter season with November storms bringing significant rain to the Sacramento, American and Feather River watersheds.

SWP reservoirs, with the exception of Oroville, are all sitting at or above two-thirds full. The Department of Water Resources (DWR) reports that the construction of the spillway at Oroville is on schedule and, while still ongoing, the spillway will be operational this year, albeit likely at decreased capacity. DWR plans to operate the reservoir very conservatively this winter and spring, leading to some concern that low storage levels at Oroville could lead to a reduced SWP allocation in the Spring.

While the November storms have brought some Sierra snow, and ski resorts are open, there isn't a measurable snowpack yet.

On November 29, DWR announced an initial water allocation of 15 percent for most of its State Water Project contractors for 2018. Last year at this time, the DWR announced an initial 20 percent allocation. By the end of the 2017 water year, the department's allocation had risen to 85 percent because of plentiful rainfall. Lake Oroville is only holding 59 percent of its historical

average at this time because water was released from Oroville Dam starting in the spring. San Luis Reservoir is at 124 percent of its historical average as of November 30. Its storage is at 1.5 million acre-feet, which is 74 percent of its 2 million acre-feet capacity.

Historical December 1 SWP allocations:

2017: 20%	2016: 10%	2015: 10%	2014: 5%	2013: 30%
2012: 60%	2011: 25%	2010: 5%	2009: 15%	2008: 25%

***SWRCB holds public hearing on permanent water-use practices***

Between July 2014 and February 2017, the State Water Resources Control Board (SWRCB) adopted, expanded, updated, extended and readopted prohibitions against certain wasteful water use practices. When the Governor ended the drought emergency, he also issued executive orders to make “Conservation a California Way of Life” and to set forth actions to use water more wisely, eliminate water waste, strengthen local drought resilience and to permanently prohibit practices that waste water.

The SWRCB recently released draft regulations and held a public workshop on permanent measures to eliminate water waste. The proposed regulation would permanently prohibit practices that waste potable water, such as:

- Hosing off sidewalks, driveways and other hardscapes;
- Washing automobiles with hoses not equipped with a shut-off nozzle;
- Using non-recirculated water in a fountain or other decorative water feature;
- Watering lawns in a manner that causes runoff, or within 48 hours after measurable precipitation; and
- Irrigating ornamental turf on public street medians.

At the public hearing, most water agencies were very supportive of most of the proposed regulation, noting that many individual agencies have adopted many of these measures, locally. However, there was significant discussion about the provision prohibiting the irrigation of turf on public medians. The emergency regulations allowed for recycled water to be used on public medians and many agencies believe that recycled water should be an allowed source of irrigation for public medians. Many argued that cities and counties made the investment to switch to irrigating with recycled water during the drought and that should continue to be allowed. The other provision that raised some concern was the prohibition of watering lawns during and within 48 hours of rainfall of at least one-tenth of an inch of rain. The dissenting agencies did not oppose the prohibition generally, but are concerned at the implementation, noting that most automatic sprinkler systems automatically shut off when one-eighth of an inch of rain is detected. Some stakeholders suggested that the SWRCB allow local agencies to set their own requirements.

The board members were very conversational with the stakeholders and seemed very interested in making the regulations workable. The comment period on the proposed regulations ends on December 26.

### ***CEC IEPR Released***

The California Energy Commission (CEC) recently released their draft Integrated Energy Policy Report (IEPR). Statute requires CEC to prepare a biennial integrated energy policy report that assesses major energy trends and issues facing the state's electricity, natural gas, and transportation fuel sectors and provides policy recommendations to conserve resources; protect the environment; ensure reliable, secure, and diverse energy supplies; enhance the state's economy; and protect public health and safety.

The draft reports on how the growth in community choice aggregation and distributed energy generation is leading to fundamental changes in the structure of the electricity sector. These changes affect a wide range of public policies including efforts to increase energy efficiency, access to advanced technologies for all customers, and how research and development is handled.

A major focus of the report is implementing SB 350, the 2016 bill that accelerated the Renewable Portfolio Standard (RPS) to 50 percent by 2030 and called for a doubling of energy efficiency by 2030. To help meet these goals, the report discussed efforts to use more renewable natural gas from wastewater, landfill and dairy operations.

The IEPR recommends that the CPUC and other state agencies continue efforts and adopt policies and incentives, as appropriate, to significantly increase the sustainable production and use of renewable gas. Developing mechanisms for long-term market certainty for renewable gas is also identified as an important step.

There has been an ongoing effort to create a Renewable Gas Standard (RGS). A RGS, which would require utilities and end-use natural gas customers to purchase a certain amount of renewable gas, would increase natural gas rates significantly. We anticipate that as the IEPR process continues, there will be attempts by proponents to get a RGS recommendation inserted into the document. WCA is actively participating in the public participation process at the CEC.

### ***Latest Cap-and-Trade Auction Sells Out***

The latest Cap-and-Trade greenhouse gas allowance auction sold all 79.5 million current vintage allowances at a record price of \$15.06 apiece, 31 cents higher than the clearing price at the last auction. Additionally, 9.7 million 2020 vintage allowances were also sold. The auction generated \$862 million in revenue for California, to be invested in GHG reduction programs through the Greenhouse Gas Reduction Fund (GGRF). Statute requires 60 percent of the funds to automatically be allocated to programs such as high-speed rail and sustainable communities. The remaining 40 percent will be added to the funds from the three other quarterly auctions and be allocated by the Governor and Legislature to programs such as CalRecycle's organics diversion program. The Governor will likely propose a broad GGRF spending plan in his January 10 budget proposal, and a revision after the final auction before the May Revision in the Spring.

### ***Salmon Populations on Track for Record Highs***

Salmon populations on the Mokelumne River are on track for record highs after years of suffering through drought, thanks to efforts by the East Bay Municipal Utility District and the Department of Water Resources (DWR). The success may shed light on how to increase California's struggling salmon runs.

Salmon hatched in the drought three years ago are returning this fall to the Mokelumne River in big numbers. East Bay water officials said they believe a combination of new measures is producing more fish for the Mokelumne River's fall salmon run, which supplies an estimated 10 to 15 percent of the California salmon caught in the ocean.

More than 15,200 adult salmon have migrated into the Upper Mokelumne River since early October, on pace to break the recent record of 18,000 returning adults in 2011. The run may last weeks longer.

To help juvenile salmon, the water district and its partners have transported many hatchery fish by barge to San Francisco Bay in three of the last four years. This intervention gets the young fish past bass and other predators, confusing flows and water pumps in the Delta. The barge technique is also less stressful for the fish than "trucking" method often used.

In the past few years, EBMUD has also released extra water from its dams into the Mokelumne in early fall through pulse flows to attract returning salmon to their home river rather than straying to other local rivers. Cold water from the Mokelumne signals the salmon to come home to spawn as 3-year-old fish. Mokelumne River fish also have benefited from a state water operation change that helps fish from other rivers as well.

This fall DWR closed the Delta Cross Channel Gates — a barrier near Walnut Grove — more frequently to steer migrating salmon home instead of getting lost in the Delta. The gates were closed on all weekdays in early fall, opening on weekends to accommodate boaters.

The salmon relief measures have been planned by the water district in collaboration with the state Department of Fish and Wildlife, which operates the Mokelumne River hatchery, federal regulators and other groups and organizations.

This success is an important study that can be shared with similar efforts taking place on other rivers throughout California and supports arguments for opponents of the SWRCB's proposed unimpaired flows plan.

### ***California Well Ahead of Renewable Goal***

A report from the California Public Utilities Commission to the Legislature on renewables portfolio standard progress shows that the IOUs not only met the 25 percent goal that was set for 2016, but are on track to meet the 33 percent by 2020 goal, and will likely meet the 50 percent by 2030 goal early. The report also noted that the RPS program has lowered renewable energy costs significantly.

Southern California Edison (SCE) reports a 28.2 RPS percentage, with Pacific Gas & Electric reporting 32.9 percent and San Diego Gas & Electric reporting 43.2 percent.

When the Legislature returns, it is likely that there will be a significant effort to move SB 100 (de Leon) through the process. The bill would accelerate and increase RPS and zero carbon energy goals, and could contain language to create a Western regional energy grid.