



AGENDA

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

**WEDNESDAY, DECEMBER 19, 2018
9:00 A.M.**

**(Please note time change of meeting)
INLAND EMPIRE UTILITIES AGENCY*
AGENCY HEADQUARTERS
6075 KIMBALL AVENUE, BUILDING A
CHINO, CALIFORNIA 91708**

CALL TO ORDER OF THE CHINO BASIN REGIONAL FINANCING AUTHORITY

FLAG SALUTE

PUBLIC COMMENT

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

ADDITIONS TO THE AGENDA

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

1. ACTION ITEMS

A. The Commission will be asked to approve the minutes of January 17, 2018, Chino Basin Regional Financing Authority Commission meeting.

B. CHINO BASIN REGIONAL FINANCING AUTHORITY FISCAL YEAR 2017/18 ANNUAL FINANCIAL STATEMENTS

It is recommended that the Commissioners:

1. Approve the financial statements for the FY ended June 30, 2018; and

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

2. ADJOURN

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

PUBLIC COMMENT

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

ADDITIONS TO THE AGENDA

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

1. NEW EMPLOYEE INTRODUCTIONS

- Ms. Cathleen Pieroni, Manager of Government Relations, hired December 17, 2018, External Affairs Department

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 21, 2018 Board Meeting.

B. REPORT ON GENERAL DISBURSEMENTS

Staff recommends that the Board approve the total disbursements for the month of October 2018, in the amount of \$22,701,622.50.

C. RESOLUTION NO. 2018-12-8, AMENDING THE AGENCY'S SALARY SCHEDULE/MATRIX FOR ALL GROUPS

Staff recommends that the Board adopt Resolution No. 2018-12-8, amending the Agency's salary schedule/matrix for all groups.

D. ADOPTION OF RESOLUTIONS FOR THE RP-5 CONSTRUCTION EXPANSION AND RMPU PROJECTS STATE REVOLVING FUND APPLICATIONS

Staff recommends that the Board:

1. Adopt Resolution Nos. 2018-12-1 and 2018-12-2, authorizing the General Manager to sign and file the State Revolving Fund (SRF) loan applications with the SWRCB for construction of the subject projects;
2. Adopt Resolution Nos. 2018-12-3 and 2018-12-4, dedicating certain revenues in connection with the construction of the subject projects; and
3. Adopt Resolution Nos. 2018-12-5 and 2018-12-6, establishing IEUA's intention to pay for and be reimbursed for expenditures related to the construction of the subject projects.

E. FISCAL YEAR 2018/19 AMENDED ANNUAL AUDIT PLAN (Audit)

Staff recommends that the Board approve the Fiscal Year 2018/19 Annual Audit Plan Amendment to be consistent with the requirements of the IA Charter.

F. INTERNAL AUDIT DEPARTMENT CHARTER AND AUDIT COMMITTEE CHARTER (Audit)

Staff recommends that the Board:

1. Reconfirm the Audit Committee Charter and the Internal Audit Department Charter; and
2. Direct staff to implement the charters.

G. FISCAL YEAR (FY) 2017/18 SINGLE AUDIT REPORT FOR FEDERAL GRANT PROGRAMS (Audit)

Staff recommends that the Board:

1. Approve the Single Audit Report for FY 2017/18; 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. CONTRACT AWARD FOR BULK SUPPLY OF ALUMINUM SULFATE (Eng/Ops/WR)

Staff recommends that the Board:

1. Approve Contract No. 4600002660 to Thatcher Company of California, establishing a two-year contract for the supply of Aluminum Sulfate with options for three additional one-year extension, for a potential contract term of five years; and
2. Authorize the General Manager to execute the contract with three potential contract extensions.

- I. SAN SEVAINE BASIN IMPROVEMENT – CONDUIT INSTALLATION CONTRACT AWARD (Eng/Ops/WR)**
Staff recommends that the Board:
1. Award a construction contract for the San Sevaime Basin Improvement – Conduit Installation, Project No. EN13001, to W.A. Rasic Construction Co. Inc., in the amount of \$108,800; and
 2. Authorize the General Manager to execute the construction contract, subject to non-substantive changes.
- J. CONTRACT AWARD FOR REGIONAL WATER RECYCLING PLANT NO. 1 INTERIOR/EXTERIOR BUILDINGS AND STRUCTURES PAINTING (Eng/Ops/WR)**
Staff recommends that the Board:
1. Award a service contract for the RP-1 interior/exterior building and structures painting to Tony Painting, for a not-to-exceed amount of \$139,350; and
 2. Authorize the General Manager to execute the service contract.
- K. DOOR THRESHOLD AND RAILING CONSTRUCTION CONTRACT AWARD (Eng/Ops/WR)**
Staff recommends that the Board:
1. Award a construction contract for the Door Threshold and Railing, Project Nos. EN19032.01/EN19040, to AToM Engineering Construction, Inc., in the amount of \$345,398;
 2. Approve an increase in budget allocation for FY 2018/19 and total project budget for the RO Safety, Project No. EN19032, in the amount of \$100,000; and
 3. Authorize the General Manager to execute the budget amendment and contract, subject to non-substantive changes.
- L. PURCHASE OF NEW VEHICLES (Eng/Ops/WR)**
Staff recommends that the Board:
1. Authorize the purchase of 13 new fleet vehicles from National Auto Fleet Group for a not-to-exceed amount of \$500,000 (including tax and delivery); and
 2. Authorize the General Manager to execute the purchase.

M. MASTER SERVICES CONTRACT AMENDMENT FOR SUPERIOR ELECTRIC MOTOR SERVICES, INC. (Eng/Ops/WR)

Staff recommends that the Board:

1. Amend and increase the not-to-exceed amount of Contract No. 4600001868 to Superior Electric Motor Service, Inc. to provide repair, rebuild, or refurbishment services of rotating machinery for a total aggregate not-to-exceed amount of \$670,000 over the existing three-year period with a one-year option to extend; and
2. Authorize the General Manager to execute the amendment to the services contract.

N. IEUA FISCAL YEAR (FY) 2017/18 AUDITED COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) (Audit)

Staff recommends that the Board:

1. Approve the Inland Empire Utilities Agency Comprehensive Annual Financial Report for fiscal year ended June 30, 2018; 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.

O. AGENCY-WIDE HVAC EQUIPMENT SERVICE CONTRACT (Eng/Ops/WR)

Staff recommends that the Board:

1. Award a two-year service contract with three, one-year options to Carrier Corporation for an Agency-wide HVAC Equipment Service Contract for a not-to-exceed amount of \$750,000; and
2. Authorize the General Manager to execute the service contract, subject to non-substantive changes.

P. RP-1 HEADWORKS UPGRADES PROJECT CONSTRUCTION CHANGE ORDER (Eng/Ops/WR)

Staff recommends that the Board:

1. Approve a construction change order for the RP-1 Headworks, Primary and Secondary Upgrades, Project No. EN14019, to Myers & Sons, for the not-to-exceed amount of \$893,006; and
2. Authorize the General Manager to execute change order, subject to non-substantive changes.

3. **ACTION ITEM**

A. **CHINO BASIN PROGRAM PROFESSIONAL CONSULTING SERVICES**
(Eng/Ops/WR)

Staff recommends that the Board:

1. Award a sole source professional consulting services contract to GEI Consultants, Inc. for the not-to-exceed amount of \$1,953,680;
2. Award a sole source professional consulting services contract to Water Systems Consulting, Inc., for the not-to-exceed amount of \$833,415;
3. Authorize the General Manager to execute the contracts, subject to non-substantive changes.

4. **INFORMATION ITEMS**

A. **CAREER MANAGEMENT PROGRAM: TAKING CHARGE**
(POWERPOINT)

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

C. **MWD UPDATE (ORAL)**

D. **CBWM UPDATE (ORAL)**

E. **SAWPA UPDATE (ORAL)**

RECEIVE AND FILE INFORMATION ITEMS

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

G. **PUBLIC OUTREACH AND COMMUNICATION (WRITTEN)**

H. **LEGISLATIVE REPORT FROM INNOVATIVE FEDERAL STRATEGIES**
(WRITTEN)

I. **LEGISLATIVE REPORT FROM WEST COAST ADVISORS (WRITTEN)**

J. **CALIFORNIA STRATEGIES, LLC MONTHLY ACTIVITY REPORT**
(WRITTEN)

K. **FEDERAL LEGISLATIVE TRACKING MATRIX (WRITTEN)**

- L. FISCAL YEAR 2018/19 FIRST QUARTER BUDGET VARIANCE, PERFORMANCE GOAL UPDATES, AND BUDGET TRANSFERS (WRITTEN)
 - M. OPERATIONS DIVISION UPDATE
 - N. CONTRACT EXTENSION FOR AUDIT ADVISORY SERVICES FOR THE AUDIT COMMITTEE'S FINANCIAL ADVISOR (WRITTEN) *(Audit)*
 - O. CONTRACT EXTENSION FOR FINANCIAL AND SINGLE AUDITING SERVICES FOR IEUA AND CBRFA (WRITTEN) *(Audit)*
 - P. WATER CONNECTION FEES AUDIT – INTERIM AUDIT REPORT (WRITTEN/POWERPOINT) *(Audit)*
 - Q. INTERNAL AUDIT DEPARTMENT QUARTERLY STATUS REPORT FOR DECEMBER 2018 (WRITTEN) *(Audit)*
 - R. AGENCY VEHICLE OPERATIONAL FOLLOW-UP AUDIT: REVIEW OF VEHICLE INVENTORY PROCEDURES (WRITTEN/POWERPOINT) *(Audit)*
5. AGENCY REPRESENTATIVES' REPORTS
- A. SAWPA REPORT (WRITTEN)
December 18, 2018 Regular Commission meeting.
 - B. MWD REPORT (WRITTEN)
December 11, 2018 Board meeting.
 - C. REGIONAL SEWERAGE PROGRAM POLICY COMMITTEE REPORT (WRITTEN)
The December 6, 2018 Regional Sewerage Program Policy Committee meeting was cancelled. The next meeting is scheduled for January 3, 2019.
 - D. CHINO BASIN WATERMASTER REPORT (WRITTEN)
The next CBWM Board meeting is scheduled for December 29, 2018.
 - E. CHINO BASIN DESALTER AUTHORITY (WRITTEN)
December 6, 2018 Special Board meeting.
 - F. INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY (WRITTEN)
The next IERCA Board meeting is scheduled for February 4, 2019.
6. GENERAL MANAGER'S REPORT (WRITTEN)
7. BOARD OF DIRECTORS' REQUESTED FUTURE AGENDA ITEMS
8. DIRECTORS' COMMENTS

A. CONFERENCE REPORTS

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

9. CLOSED SESSION

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

1. Chino Basin Municipal Water District vs. City of Chino, Case No. RCV51010
2. Spicer vs. W.A. Rasic Construction, Case No. CIVDS 1711812

B. PURSUANT TO GOVERNMENT CODE SECTION 54956.9(d)(2) CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION

One Case

C. PURSUANT TO GOVERNMENT CODE SECTION 54954.5 – PUBLIC EMPLOYMENT

1. General Manager

10. ADJOURN

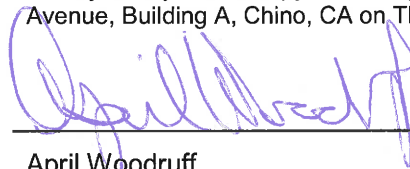
**A Municipal Water District*

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

Proofed by: 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 13, 2018.



April Woodruff

**ACTION
ITEM**

3A

Date: December 19, 2018

From: Halla Razak, General Manager

To: The Honorable Board of Directors

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

Subject: Chino Basin Program Professional Consulting Services

Executive Summary:

In November 2018, the IEUA Board established a planning budget of \$6.3M for the Chino Basin Program (CBP), subsequent to the conditional funding award from the California Water Commission (CWC) in the amount of \$206.9M. In order to secure the final funding agreement, a final report including refined project scope, environmental determination and institutional agreements need to be submitted to the CWC by 2020. Staff has identified four critical professional services contracts to achieve the milestone by 2020:

- **Program Management (PM) Services:** Serve as the Program Manager to coordinate all CBP activities and the CWC requirements cohesively to meet the funding agreement requirements. PM Services will also provide technical and coordination assistance with CWC, Department of Water Resources, State Water Resources Control Board, California Department of Fish and Wildlife and State Water Contractors; also develop CBP strategies to attain the various agreements and final report to meet the CWC requirements.
- **Technical Design Services:** Complete Preliminary Design Report (PDR) to initiate and adopt a Programmatic Environmental Impact Report.
- **Communication and Outreach:** Provide strategic communications, outreach materials and support for the CBP with elected officials, member agencies, and stakeholders through the decision-making process.
- **Institutional Agreements:** Facilitate the planning, engagement of the parties, policy support from local agencies, and strategic coordination with Metropolitan Water District and State Water Contractors.

Four contracts are envisioned to achieve this task:

1. **Technical Design Services:** Request for Proposal (RFP) was issued by Staff on December 3, 2018 with proposals due January 17, 2019. The item is expected to be presented for IEUA Board Consideration in February 2019.
2. **Institutional Agreements:** The Agency will be entering into professional services contract over the next several months.
3. **PM Services and Communication:** These services are proposed to be performed with sole source contracts to GEI and WSC as they provide the best value to the Agency as follows:
 - **GEI Consultants (GEI)** has been an integral part of the CBP Team since the Prop 1 application in June 2017. GEI helped craft the project and its operations during the application process and developed the scope of the project. The team consisting of expert GEI staff including Mark Cowin (Previous Director of DWR), Leo Winternitz (Former Deputy Director of CALFED/Nature Conservancy) and Delta fisheries experts and will be instrumental in managing this project and bring it to a successful conclusion.

- **Water Systems Consulting (WSC)** is currently on contract through the Agency’s master contract services for Professional Engineering Services and was selected through a competitive process. WSC provided services beginning August 2018 for the CBP. WSC has created the messaging and presentation materials and has developed the materials for the Local Agency Workshops.

GEI and WSC have been heavily engaged since the funding award to develop the strategy for the next phase; As proposed, GEI will serve as the Program Manager and be the lead for the various State Water Contractor negotiations and overall coordination; WSC will serve as the communication lead in developing the CBP materials. Therefore, collectively, GEI and WSC provide the best value to the Agency to support the CBP. The proposed GEI contract in the amount of \$1,953,680 and WSC contract in the amount of \$833,415 are for professional services through 2020.

Recommendation:

Option A:

1. Award a sole source professional consulting services contract to GEI Consultants, Inc. for the not-to-exceed amount of \$1,953,680;
2. Award a sole source professional consulting services contract to Water Systems Consulting, Inc., for the not-to-exceed amount of \$833,415;
3. Authorize the General Manager to execute the contracts, subject to non-substantive changes.

Option B:

1. Do not award the sole source professional consulting services to GEI Consultants, Inc.;
2. Do not award the sole source professional consulting services to Water Systems Consulting, Inc.; and
3. Initiate a competitive solicitation process for the PM Services and Communication.

Staff Recommendation:

Option A. The sole source contract awards to GEI and WSC provides the best value to the Agency; it will allow DWR, CALFED, MWD, State Water Contractors and Delta fisheries experts to continue their work on this project and will provide the least impact on the aggressive schedule to reach the CBP milestones for final funding award. Option B will delay the progress, impact the momentum of the project and most importantly, will preclude the participation of the critical experts identified in Option A that are needed to successfully meet the CWC requirements for final funding award.

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

Account/Project Name:

The contracts for the combined not-to-exceed amount of \$2,787,095 will be funded by Project No. PL19005 in the Water Resources (WW) fund.

Fiscal Impact (explain if not budgeted):

Full account coding (internal AP purposes only):

- - -
- - -

Project No.:

Prior Board Action:

On July 18, 2018, the IEUA's Board of Directors approved a Master Services Contract for On call Engineering Consulting Services to GHD, Kennedy-Jenks Consulting, Stantec, Arcadis, Michael Baker International, and WSC.

On August 15, 2018, IEUA's Board of Directors approved a contract amendment to GEI Consultants, Inc., for a not-to-exceed amount of \$235,085, increasing the total contract amount to \$557,749 for support services of the CBP.

On November 7, 2018, the IEUA's Board of Directors established a project budget of \$6.3M for the Chino Basin Program.

Environmental Determination:

Not Applicable

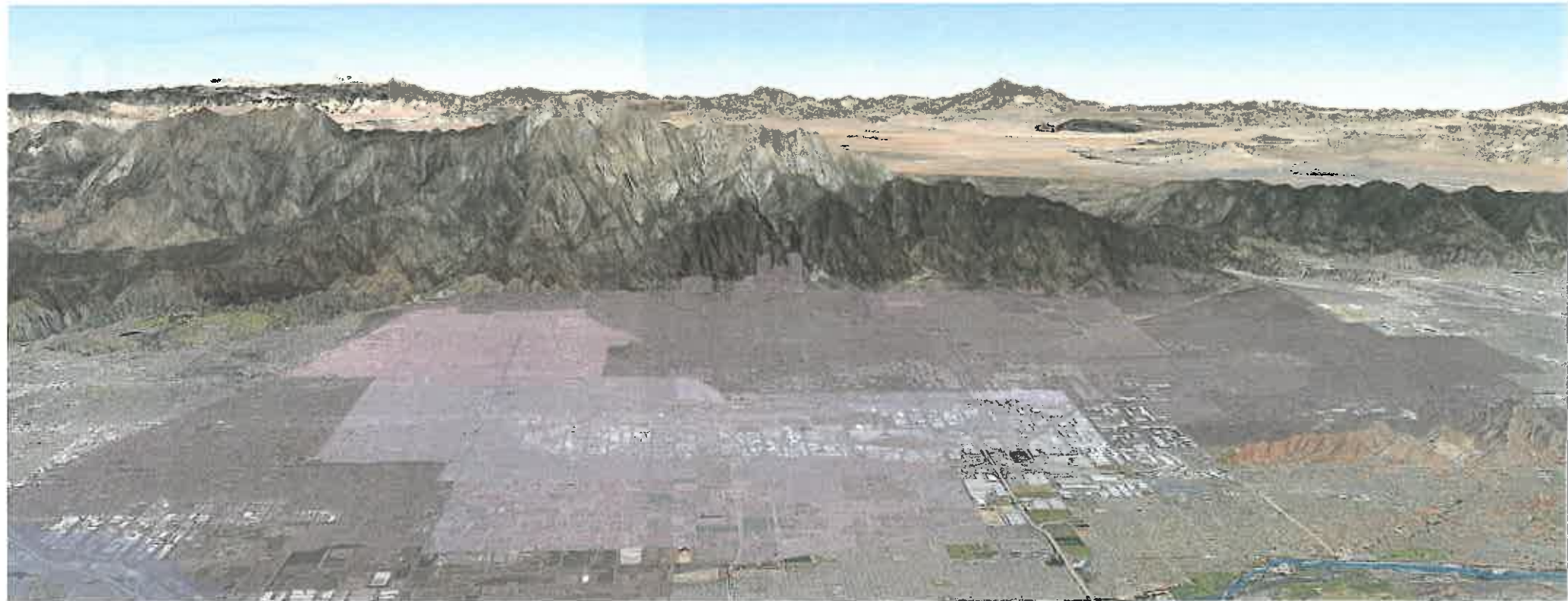
Business Goal:

The CBP supports IEUA's business goal of *Water Reliability*, of implementing an integrated water resources management plan providing a reliable and cost-effective water supply and promoting sustainable water use throughout the region.

Attachments:

Attachment 1 - PowerPoint

Attachment 2 - Consultant Contracts



Chino Basin Program
1water forward

Professional Services Contract Award

Sylvie Lee
December 2018





Chino Basin Program

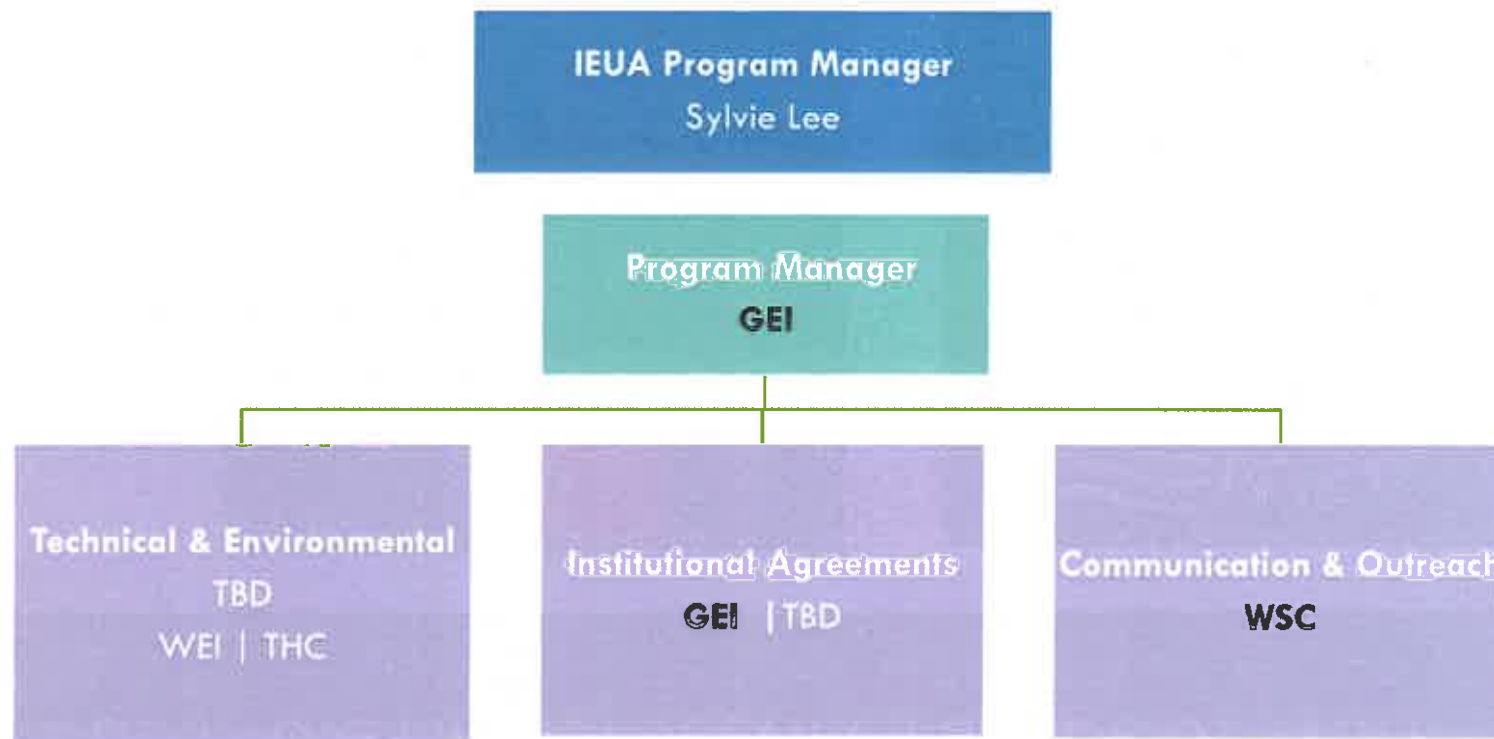
BACKGROUND

- Aug 2017 - Proposition 1 Application Submitted
- Jul 2018 - CBP received conditional award \$206.9M
- Nov 2018 - IEUA Board established CBP Planning budget \$6.3 million





Proposed CBP Team





CBP Professional Services Scope of Work



- Program Management
- Technical Assistance
- Strategy Development
- Institutional Agreements with:
Department of Water Resources,
Resource Agencies, State Water
Contractors

\$1.95M



- Project Communications
- Outreach Support
- Public Relations

\$833K

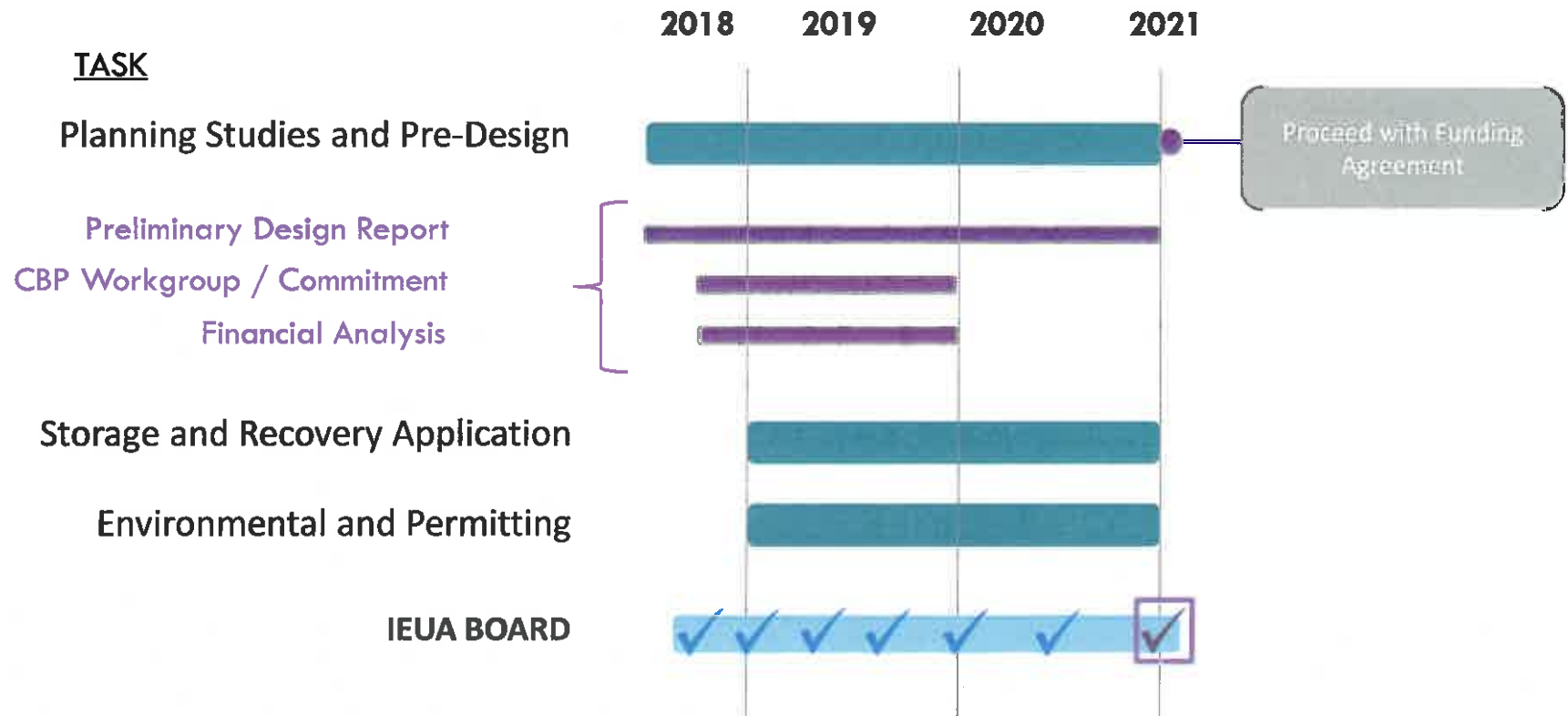
2018

2019

2020



CBP Schedule





Recommendation

Option A:

1. Award a sole source contract award to GEI for the not-to-exceed amount of \$1,953,680;
2. Award a sole source contract award to WSC for the not-to-exceed amount of \$833,415;
3. Authorize the General Manager to execute the contracts, subject to non-substantive changes.

Option B:

1. Do not award the sole source professional consulting services to GEI and initiate a competitive solicitation process for the PM Services;
2. Do not award the sole source professional consulting services to WSC and initiate a competitive solicitation process for the Communication and Outreach Services

Staff Recommendation:

Option A because it provides the best value to the Agency.



CBP supports IEUA's business goal of *Water Reliability*, of implementing an integrated water resources management plan providing a reliable and cost-effective water supply and promoting sustainable water use throughout the region.



Inland Empire Utilities Agency
A MUNICIPAL WATER DISTRICT

CONTRACT NUMBER: 4600002662

FOR PROFESSIONAL SERVICES

CHINO BASIN PROGRAM

THIS CONTRACT (the "Contract"), is made and entered into this ____ day of _____, 2018, by and between the Inland Empire Utilities Agency (IEUA), a Municipal Water Consultant, organized and existing in the County of San Bernardino under and by virtue of the laws of the State of California (hereinafter referred to as "Agency"), and GEI Consultants, Inc. of Woburn, MA (hereinafter referred to as "Consultant") to provide program management and technical support of the planning and preliminary design phase.

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: Sylvie Lee
Manager of Planning/Environmental Resources
Address: 6075 Kimball Avenue
Chino, California 91708
Telephone: (909) 993-1646
Email: slee@leua.org

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

Consultant: Roger Putty
Principal Water Resources Engineer
Address: 2868 Prospect Park Drive, Suite 400
Rancho Cordova, California 95670
Telephone: (916) 912-4792
Email: rputty@geiconsultants.com

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

- A. Amendments to Contract Number 4600002662.
- B. Contract Number 4600002662 General Terms and Conditions.
- C. Agency Scope of Work, Exhibit A
- D. Consultant Proposal dated September 20, 2018.

4. **SCOPE OF WORK AND SERVICES:** Consultant services and responsibilities shall be in accordance with the Consultant's detailed summary of scope of work and services, including a schedule and budget of work and services which is attached hereto as **Exhibit A**, GEI price (fee) schedule which is attached hereto as **Exhibit B**. Exhibit A and B are incorporated herein by reference, and includes, but is not limited to the following as needed tasks as detailed in Exhibit B:

- **Task 1 – Program Management Services** (Program Planning and Management, Senior Technical Advisory Committee, Information Management Tool, and Program Administration and Communication)
- **Task 2 – Technical Planning Services** (Review and Summarize Planning Studies, and New Grants and Loans Support)
- **Task 3 - Environmental Planning Support Services**
- **Task 4 – Institutional Agreements Planning Services** (Local Agencies Agreements, Storage and Recovery Application, Metropolitan Water District of Southern California and State Water Contractor Agreements, California Department of Water Resources Agreements, California Department of Fish and Wildlife Agreements, and State Water Resources Control Board Agreements)
- **Task 5 – Project Financial Impact Assessment** (Financial Analysis Planning Services). The Agency has the right to exercise the following optional tasks Capital Cost Review, and Rate and Fees Coordination and Review

The Consultant will not perform work beyond the attached scope without the prior written direction of IEUA.

NOTE: Consultant shall advise Agency within two (2) weeks of any changes to the written Scope of Work based upon discussions from any meetings. Any significant scope of work changes or project delays longer than 4 weeks must be made in writing by an Amendment to the Contract. Work initiated without written approval, shall be at the Consultant's own risk, and shall not be reimbursed by the Agency.

- 5. **TERM:** The term of this Contract shall extend from January 1, 2019 and terminate December 31, 2020 unless agreed to by both parties and amended to this contract.
- 6. **COMPENSATION:** Agency shall pay Consultant's properly executed invoice approved by the Project Manager within thirty (30) days following receipt of the invoice. Payment will be withheld for any service which does not meet or exceed Agency requirements or

have proven unacceptable until such service is revised, the invoice resubmitted, and accepted by the Project Manager. Invoices shall include Contract Number 4600002662.

To expedite payment, Consultant's invoices shall be submitted electronically with all required back-up to apgroup@ieua.org, copying the Agency's Project Manager.

Invoices should be submitted to the Project Manager and Accounts Payables no later than the 10th of each month.

In compensation for the work represented by this Contract, Agency shall pay Consultant's invoices in accordance with the attached fee schedule, which is attached hereto and made a part hereof, up to a maximum NTE total of **\$1,863,612.00 (Fixed-Fee)** for all services satisfactorily provided during the term of this Contract. Additionally, optional task is a maximum NTE total of **\$90,068 (fixed-fee)**. Payment shall be made only after review and acceptance of the work by the Agency's Project Manager.

7. **CONTROL OF THE WORK:** Consultant shall perform the Work in compliance with the work schedule. If performance of the Work falls behind schedule, the Consultant shall accelerate the performance of the Work to comply with the work schedule as directed by the Project Manager. If the nature of the Work is such that Consultant is unable to accelerate the Work, Consultant shall promptly notify the Project Manager of the delay, the causes of the delay, and submit a proposed revised work schedule.
8. **FITNESS FOR DUTY:**
 - A. **Fitness:** Consultant and its SubConsultant personnel on the Jobsite:
 1. Shall report for work in a manner fit to do their job
 2. Shall not be under the influence of or in possession of any alcoholic beverages or of any controlled substance (except a controlled substance as prescribed by a physician so long as the performance or safety of the Work is not affected thereby)
 3. Shall not have been convicted of any serious criminal offense which, by its nature, may have a discernible adverse impact on the business or reputation of Agency.
 - B. **Compliance:** Consultant shall advise all personnel and associated third parties of the requirements of this Contract ("Fitness for Duty Requirements") before they enter on the Jobsite and shall immediately remove from the Jobsite any employee determined to be in violation of these requirements. Consultant shall impose these requirements on its SubConsultants. Agency may cancel the Contract if Consultant violates these Fitness for Duty Requirements.

9. **INSURANCE:** During the term of this Contract, the Consultant shall maintain at Consultant's sole expense, the following insurance.

A. **Minimum Scope of Insurance:** 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.

B. **Deductibles and Self-Insured Retention:** Any deductibles or self-insured retention must be declared to and approved by the Agency. At the option of the Agency, either: the insurer shall reduce or eliminate such deductibles or self-insured retention as respects the Agency, its officers, officials, employees and volunteers; or the Consultant shall procure a bond guaranteeing payment of losses and related investigations, claims administration and defense expenses.

C. **Other Insurance Provisions:** The insurance policies are to contain, or be endorsed to contain, the following provisions:

1. **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
Attn: Angela Witte, Risk Specialist
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.
- B. **Observing Laws and Ordinances:** Consistent with the standard of skill and care set forth in 10.A, Professional Responsibility, the Consultant shall keep itself fully informed of all relevant existing state and federal laws and all relevant county and city ordinances and regulations which pertain to structural engineering services or tasks performed under this Contract, and of all such orders and decrees of bodies or tribunals having any jurisdiction or authority over the same. The Consultant shall at all times observe and comply with all such existing laws, ordinances, regulations, orders and decrees, and shall to the extent of Consultant's negligence, protect and indemnify, as required herein, the Agency, its officers, employees and agents against any claim or liability arising from or based on the violation of any such law, ordinance, regulation, order or decree, whether by the Consultant or its employees.
- C. **Subcontract Services:** Any subcontracts for the performance of any services under this Contract shall be subject to the written approval of the Project Manager.
- D. **Grant Funded Projects:** This is a grant funded project. The Consultant shall be responsible to comply with all grant requirements related to the Project. These may include, but shall not be limited to: Davis-Bacon Act, Endangered Species Act, Executive Order 11246 (Affirmative Action Requirements), Equal

Opportunity, Disadvantaged Business Enterprise (DBE) Requirements, Competitive Solicitation, Record Retention and Public Access to Records, and Labor Compliance and Compliance Review. Federal funds have additional requirements. Please reference the flow-down requirements attached hereto and made a part hereof as Exhibit C.]

- E. 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.
- F. Equal Opportunity and Unlawful Discrimination: During the performance of this Contract, the Consultant shall not unlawfully discriminate against any employee or employment applicant because of race, color, religion, sex, age, marital status, ancestry, physical or mental disability, sexual orientation, veteran status or national origin. The Agency is committed to creating and maintaining an environment free from harassment and discrimination. To accomplish these goals the Agency has established procedures regarding the implementation and enforcement of the Agency's Harassment Prohibition and Equal Employment Opportunity commitments. Please refer to Agency Policies A-29 (Equal Employment Opportunity) and A-30 Harassment Prohibition for detailed information or contact the Agency's Human Resources Administrator. A copy of either of these Policies can be obtained by contacting the Project Manager for your respective Contract. Please advise any of your staff that believes they might have been harassed or discriminated against while on Agency property, to report said possible incident to either the Project Manager, or the Agency's Human Resources Administrator. Please be assured that any possible infraction will be thoroughly investigated by the Agency.
- G. Non-Conforming Work and Warranty: Consistent with the standard of skill and care set forth in Section 10.A, Professional Responsibility, Consultant represents and warrants that the Work and Documentation shall be adequate to serve the purposes described in the Contract. If the Project Manager rejects all or any part of the Work or Documentation as unacceptable, and agreement to correct such Work or Documentation cannot be reached without modification to the Contract, Consultant shall notify the Project Manager, in writing, detailing the dispute and reason for Consultant's position. Any dispute that cannot be resolved between the Project Manager and the Consultant, shall be resolved in accordance with the Dispute Section of this Contract.
- H. Disputes:
1. All disputes arising out of or in relation to this Contract shall be determined in accordance with this section. The Consultant shall pursue the work to

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

2. Any and all disputes during the pendency of the work shall be subject to resolution by the Agency Project Manager and the Consultant shall comply, pursuant to the Agency Project Manager instructions. If the Consultant is not satisfied with any such resolution by the Agency Project Manager, they may file a written protest with the Agency Project Manager within seven (7) calendar days after receiving written notice of the Agency's decision. Failure by Consultant to file a written protest within seven (7) calendar days shall constitute waiver of protest, and acceptance of the Agency Project Manager's resolution. The Agency's Project Manager shall submit the Consultant's written protests to the General Manager, together with a copy of the Agency Project Manager's written decision, for his or her consideration within seven (7) calendar days after receipt of said protest(s). The General Manager shall make his or her determination with respect to each protest filed with the Agency Project Manager within ten (10) calendar days after receipt of said protest(s). If Consultant is not satisfied with any such resolution by the General Manager, they may file a written request for arbitration with the Project Manager within seven (7) calendar days after receiving written notice of the General Manager's decision.
3. In the event of arbitration, the parties hereto agree that there shall be a single neutral Arbitrator who shall be selected in the following manner:
 - a. The Demand for Arbitration shall include a list of five names of persons acceptable to the Consultant to be appointed as Arbitrator. The Agency shall determine if any of the names submitted by Consultant are acceptable and, if so, such person will be designated as Arbitrator.
 - b. In the event that none of the names submitted by Consultant are acceptable to Agency, or if for any reason the Arbitrator selected in Step (a) is unable to serve, the Agency shall submit to Consultant a list of five names of persons acceptable to Agency for appointment as Arbitrator. The Consultant shall, in turn, have seven (7) calendar days in which to determine if one such person is acceptable.
 - c. If after Steps (a) and (b), the parties are unable to mutually agree upon a neutral Arbitrator, the matter of selection of an Arbitrator shall

be submitted to the San Bernardino County Superior Court pursuant to Code of Civil Procedure Section 1281.6, or its successor. The costs of arbitration, including but not limited to reasonable attorneys' fees, shall be recoverable by the party prevailing in the arbitration. If this arbitration is appealed to a court pursuant to the procedure under California Code of Civil Procedure Section 1294, et. seq., or their successor, the costs of arbitration shall also include court costs associated with such appeals, including but not limited to reasonable attorneys' fees which shall be recoverable by the prevailing party.

- I. Joinder in Mediation/Arbitration: The Agency may join the Consultant in mediation or arbitration commenced by a Consultant on the Project pursuant to Public Contracts Code Sections 20104 et seq. Such joinder shall be initiated by written notice from the Agency's representative to the Consultant.
11. **INDEMNIFICATION:** Consultant shall indemnify the Agency, its directors, employees and assigns, and shall 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. The Consultant's indemnity requirements are limited to the conditions prescribed in California Civil Code 2782, as amended."
12. **OWNERSHIP OF MATERIALS AND DOCUMENTS/CONFIDENTIALITY:** The Agency retains ownership of any and all partial or complete reports, drawings, plans, notes, computations, lists, and/or other materials, documents, information, or data prepared by the Consultant and/or the Consultant's subConsultant(s) pertaining to this Contract. Said materials and documents are confidential and shall be available to the Agency from the moment of their preparation, and the Consultant shall deliver same to the Agency whenever requested to do so by the Project Manager and/or Agency. The Consultant agrees that same shall not be made available to any individual or organization, private or public, without the prior written consent of the Agency.

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

13. **TITLE AND RISK OF LOSS:**

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

14. PROPRIETARY RIGHTS:

- A. Rights and Ownership: Agency's rights to inventions, discoveries, trade secrets, patents, copyrights, and other intellectual property, including the Information and Documentation, and revisions thereto (hereinafter collectively referred to as "Proprietary Rights"), used or developed by Consultant in the performance of the Work, shall be governed by the following provisions:
 - 1. Proprietary Rights conceived, developed, or reduced to practice by Consultant in the performance of the Work shall be the property of Agency, and Consultant shall cooperate with all appropriate requests to assign and transfer same to Agency.
 - 2. If Proprietary Rights conceived, developed, or reduced to practice by Consultant prior to the performance of the Work are used in and become integral with the Work or Documentation, or are necessary for Agency to have complete enjoyment of the Work or Documentation, Consultant shall grant to Agency a non-exclusive, irrevocable, royalty-free license, as may be required by Agency for the complete enjoyment of the Work and Documentation, including the right to reproduce, correct, repair, replace, maintain, translate, publish, use, modify, copy or dispose of any or all of the Work and Documentation and grant sublicenses to others with respect to the Work and Documentation.
 - 3. If the Work or Documentation includes the Proprietary Rights of others, Consultant shall procure, at no additional cost to Agency, all necessary licenses regarding such Proprietary Rights so as to allow Agency the complete enjoyment of the Work and Documentation, including the right to reproduce, correct, repair, replace, maintain, translate, publish, use, modify, copy or dispose of any or all of the Work and Documentation and

grant sublicenses to others with respect to the Work and Documentation. All such licenses shall be in writing and shall be irrevocable and royalty-free to Agency.

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

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

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

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

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

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

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

Consultant: Naser Bateni
GEI Consultants, Inc.
2868 Prospect Park Drive, Suite 400
Rancho Cordova, California 95670

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

17. **SUCCESSORS AND ASSIGNS:** All of the terms, conditions and provisions of this Contract shall inure to the benefit of and be binding upon the Agency, the Consultant, and their respective successors and assigns. Notwithstanding the foregoing, no assignment of the duties or benefits of the Consultant under this Contract may be assigned, transferred or otherwise disposed of without the prior written consent of the Agency; and any such purported or attempted assignment, transfer or disposal without the prior written consent of the Agency shall be null, void and of no legal effect whatsoever.

18. **PUBLIC RECORDS POLICY:** Information made available to the Agency may be subject to the California Public Records Act (Government Code Section 6250 et seq.) The Agency's use and disclosure of its records are governed by this Act. The Agency shall use its best efforts to notify Consultant of any requests for disclosure of any documents pertaining to Consultant.

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

19. **RIGHT TO AUDIT:** The Agency reserves the right to review and/or audit all Consultants' records related to the Work. The option to review and/or audit may be exercised during the term of the Contract, upon termination, upon completion of the Contract, or at any time thereafter up to twelve (12) months after final payment has been made to Consultant. The Consultant shall make all records and related documentation available within three (3) working days after said records are requested by the Agency.

20. **INTEGRATION:** The Contract Documents represent the entire Contract of the Agency and the Consultant as to those matters contained herein. No prior oral or written understanding shall be of any force or effect with respect to those matters covered by the

Contract Documents. This Contract may not be modified, altered or amended except by written mutual agreement by the Agency and the Consultant.

21. **GOVERNING LAW:** This Contract is to be governed by and constructed in accordance with the laws of the State of California.
22. **TERMINATION FOR CONVENIENCE:** The Agency reserves and has the right to immediately suspend, cancel or terminate this Contract at any time upon written notice to the Consultant. In the event of such termination, the Agency shall pay Consultant for all authorized and Consultant-invoiced services up to the date of such termination.
23. **CHANGES:** The Agency may, at any time, make changes to this Contract's Scope of Work; including additions, reductions and other alterations to any or all of the work. However, such changes shall only be made via written amendment to this Contract. The Contract Price and Work Schedule shall be equitably adjusted, if required, to account for such changes and shall be set forth within the Contract Amendment.
24. **FORCE MAJEURE:** Neither party shall hold the other responsible for the effects of acts occurring beyond their control; e.g., war, riots, strikes, natural disasters, etcetera.
25. **NOTICE TO PROCEED:** No services shall be performed or furnished under this Contract unless and until this document has been properly signed by all responsible parties and a Notice to Proceed order has been issued to the Consultant.

[Remainder of Page Intentionally Left Blank; Signature Page To Follow]

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:

GEI CONSULTANTS, INC.:

Halla Razak (Date)
General Manager

Naser Bateni 12/5/2018

Naser Bateni (Date)
Senior Vice President

EXHIBIT A

Exhibit A
Scope of Services
For GEI PROGRAM MANAGEMENT AND PROFESSIONAL SERVICES
January 1, 2019 through December 31, 2020

BACKGROUND

Inland Empire Utilities Agency (IEUA) recently received a conditional grant award from the California Water Commission (CWC) for \$207 Million toward the Chino Basin Program (CBP). The CBP is a conglomeration of various local projects identified within the last several years – including, but not limited to, groundwater production wells, groundwater treatment, distribution pipelines (groundwater and recycled water), advanced recycled water treatment, groundwater injection, and regional pipeline interconnection/pumpback systems.

Final funding award by the CWC is predicated on IEUA meeting certain funding requirements (elements). These requirements are grouped by four elements: (1) Technical (planning studies); (2) Environmental; (3) Institutional (agreements); and (4) Financial (rates and financial commitments). The CWC deadline for meeting these conditions is January 1, 2022.

IEUA has identified the necessary planning and pre-design efforts to complete these four elements and has organized a project team to complete this first phase of work. Attachment 1 shows the CPB Team organized by these four elements as displayed under Achieving CWC Funding Requirements 2018 - 2020. IEUA will complete the next phase of work, shown in Attachment 1 as Design and Construction between 2021 and 2025. The details of that next phase of is not yet determined.

IEUA management has assembled a team of IEUA leaders and expert consultants, as shown in Attachment 1 - The CBP Team, to complete the first phase of work. The CBP Team has been working as an integrated and highly functioning group across much of 2018 to formulate the approach and work activities for this phase. Note that two highly technical elements of this first phase, "Rates and Fees" and "Preliminary Design Report" are labeled in the CBP Team as TBD (To Be Determined). Assignments for this specialized work will be made in early 2019.

GEI has prepared this scope of services to provide program management services of the CBP Team and associated elements of the first phase of work, and to provide expert technical support for the various elements as shown. The relationship of GEI to these assignments, and to the entire CBP Team, are depicted in Attachment 1 The CBP Team. Five tasks, listed below, are used to describe the GEI scope of services. These five tasks include the four elements of the first phase of work and program management services. These tasks are:

- Task 1. Program Management Services
- Task 2. Technical Planning Services
- Task 3. Environmental Planning Support Services
- Task 4. Institutional Agreements Planning Services
- Task 5. Financial Analysis Planning Services

SCOPE OF SERVICES

Task 1. Program Management Services

a) Program Planning and Management

GEI will plan for and implement program management services to support the planning and pre-design of the CBP. This task consists of the work activities listed below:

- Develop and implement a Program Management Plan (PMP) to provide program management, including tracking of work activities, staffing resources management, quality control, scheduling, budgeting, change management, subcontracts/subcontractors, invoicing, progress reporting, and status meetings. This includes deployment of a tool to support these program management responsibilities. (see Task 1c below for development of the tool)
- Communicate the items in the above bullet with the IEUA Program Manager and, as needed, IEUA staff, executive management, and the IEUA Board. Meet no less than quarterly with the IEUA Program Manager (and project managers as needed) to discuss the status of the program, existing and planned contracts, invoicing, budgeting, and other related activities for the program
- Provide program coordination support for IEUA to coordinate all project teams, including those external to IEUA. Track activities of all project teams and report on their progress. Establish a monthly schedule of Program Team Coordination meetings. Preparation for these meetings will include, preparing agendas and meeting materials, participating in meetings, and preparing meeting summary notes and action items. As needed, program coordination reports will be prepared to document program coordination efforts

Deliverables: PMP, program coordination reports, meeting agendas, summary notes, and action items list.

Assumptions: IEUA shall provide staff to work cooperatively with GEI to assist with advancement and review of program work activities, and access to non-confidential program information as appropriate and as needed to support GEI's program planning and management services. GEI will lead quarterly project status meetings (up to 8 total), which will be inclusive of meetings with IEUA program manager, IEUA executive management, and the IEUA Board and Special Board Committees. GEI will lead Program Team Coordination meetings (up to 24 total), and weekly check-in meetings with the IEUA program manager (up to 104 total). Changes to the program work plan, schedule, or budget will be discussed between the GEI Program Manager and IEUA Program Manager prior to any changes being implemented.

b) Senior Technical Advisory Committee

GEI will assist IEUA with the formation of a Senior Technical Advisory Committee (STAC). The STAC will provide independent review of pre-design activities. Periodic meetings will be held with the STAC at each pre-design level and special technical milestones to review work plans, the results of field and pre-design studies, reports, including the Project Design Report (PDR), pre-design drawings, and technical specifications. This task consists of the work activities listed below:

- Assist IEUA with identification, selection, and assignment of independent senior technical reviewers that will form the STAC
- Develop a Charter for the STAC members framed on the goal of providing independent review of pre-design efforts at key stages along the pre-design schedule
- Conduct a CBP orientation workshop for the STAC

- Coordinate with the pre-design team to set a schedule and hold STAC meetings scheduled at approximately four-month intervals and in alignment with significant pre-design milestone events
- Prepare and circulate for review draft meeting notes of STAC meeting findings, questions, and action items
- Prepare a summary report at the end of the STAC meetings

Deliverables: STAC member list, meeting objectives and agenda, meeting notes, and summary report.

Assumptions: It is anticipated that four STAC meetings (includes the orientation workshop) will be held at approximately four-month intervals, plus 8 pre-workshop meetings. It is expected that the STAC and pre-design team will review the meeting notes and summary report, and the pre-design team will respond accordingly. GEI will track and log required actions.

c) Information Management Tool

Review existing IEUA project tracking and reporting tools and include up to three meetings with IEUA staff to determine requirements and functionality needed in the project tracking tools. These tools will be developed to conform with IEUA IT standards and be hosted on internally-accessed servers.

- **Discovery and Assessment** – Collect information from IEUA users to understand business needs and requirements of the Document Management and Sharing System (DMSS) for the CBP. The assessment includes exploration and recommendation for the DMSS. Prior to the design and development of the DMSS, GEI will assess the IEUA's information infrastructure and software. The following activities will be conducted under this task:
 - Conduct user interview to collect, analyze, and document comments
 - Define user type, user roles and their functions
 - Assess document sources, type, and usage
 - Analyze and compile the business needs and requirements of the DMSS
 - Evaluate cost of software system options to support the business needs and requirements and compare them with ease of use, cost, level of maintenance, and other criteria
 - Develop discovery and assessment report of the DMSS, including recommendations for the DMSS, document storage, technology architecture and IT Infrastructure

Deliverables: System needs assessment report.

Assumptions: IEUA will provide data and information about non-confidential internal IT systems.

- **System Design, Customization, and Development** – Based on the system needs assessment report, GEI shall design the system. The following activities will be conducted under this task:
 - Create document and content management work flow
 - Develop system mock-up, screen layouts, process diagrams, business rules, and web page navigation
 - Create webpages and implement the system design
 - Configure back-end database server and/or file server

Deliverables: System design and layout document. Alpha test version of the system.

Assumptions: IEUA participation in Alpha testing and sharing of review comments.

- **Testing and Deployment** – This task is to test and deploy the system to production server. The following activities will be conducted under the task:

- Deploy the system to production server
- Configure database or file system in the production server
- Test the system, trouble shoot issues, and fix bugs
- Incorporate comments from end users if budget allows

Deliverables: Beta test version of the system.

Assumptions: IEUA participation in Beta testing and sharing of review comments.

- **Training and Documentation** – This task is to provide training and develop a user manual. The following activities will be conducted under the task:
 - Prepare training materials and provide training
 - Create system user manual for system admin and end users

Deliverables: System documentation

Assumptions: none

d) Program Administration and Communication

Provide support to help IEUA comply with CWC reporting and administration of the CBP. Coordinate with Communication and Engagement (C&E) team, led by Water Systems Consultants (WSC), as shown in Attachment 1 - The CBP Team. Provide support and review of executive briefing materials, local and regional agency engagement materials, public engagement materials, and assist with coordination and alignment with IEUA's goals for the program. This task consists of the following work activities:

- Prepare quarterly progress reports and supporting materials, as requested by the CWC
- Assist C&E team with external factsheets and other CBP materials.
- Assist C&E with standard templates and CBP branding

Deliverables: Quarterly Progress Reports, external fact sheets, other CBP materials.

Assumptions: Eight quarterly reports, two presentations to CWC, and 16 pre-planning meetings.

Task 2. Technical Planning Services

a) Review and Summarize Planning Studies (PDR, Chino Basin)

Project Refinement and Pre-Design – The CBP was defined as a conceptual project description level for the Prop 1 Water Storage Investment Program (WSIP) application. To complete the CBP Programmatic Environmental Impact Report (PEIR), the conceptual project description must be advanced to a detailed project description (defined as 20 percent pre-design level by IEUA). Getting to a 20 percent pre-design level will occur in two phases. The first phase involves completing planning and modeling analysis to refine the project configuration, location, and operation of project components. The second phase will include pre-design analysis of the infrastructure elements. As part of phase one, Wildermuth Environmental, Inc. (WEI) in coordination with Thomas Harder and Company, are working to complete the Project Refinement. GEI will collaborate with this team to provide needed technical support and review. The second phase, or pre-design analysis will be initiated in March of 2019 (responsible consultant team to be determined by February 2019). GEI will provide program management oversight of that effort. In summary, GEI services shall include:

- Collaborate with WEI and Thomas Harder and Company with Project Refinement efforts, including developing detail on CBP integration with the State Water Project (SWP) and Metropolitan Water District of Southern California (MWDSC) operations, facilitating coordinated discussions with the California Department of Water Resources (DWR), MWDSC, and other interested SWP contracting agencies, and reviewing and commenting on modeling and project refinements.
- Collaborate and coordinate the pre-design analysis, including providing input and review of the pre-design effort, and coordinate the STAC process (previously described under program management).

CBP Feasibility Summary Report – Section 6013(f)(2)(A) of the WSIP Regulation, which states, “All feasibility studies are complete...”, is one of several provisions that must be met for an applicant to enter into a Funding Agreement with the CWC. To support this effort, GEI shall:

- Prepare a CBP Feasibility Summary Report summarizing the CBP preferred configuration based on the Project Refinement and Pre-Design efforts.

Deliverables: CBP Feasibility Summary Report. Refinement to spreadsheet operations tool (prepared previously for IEUA’s CWC WSIP application). Review comments on Project Refinement and Pre-Design efforts.

Assumptions: Assume WEI, Thomas Harder and Company, and pre-design consultant will complete Project Refinement Report and Pre-Design Report (Project Design Report, or PDR). For the CBP Feasibility Summary no additional modeling or feasibility analysis will be done; the CBP Feasibility Summary Report will reference existing reports to provide a summary description for the feasibility of the CBP. For Project Refinement effort assume up to 3 workshops and 6 coordination meetings with WEI/Thomas Harder and Company, and 6 pre-planning meetings with the IEUA program manager. For the PDR report assume up to 6 workshops and 12 coordination meetings with pre-design consultant, and 12 pre-planning meetings with the IEUA program manager.

b) New Grants and Loans Support

Provide support to help IEUA pursue new grants and loans to provide additional funding of the CBP. Below is an initial short list of existing and future grant and loan programs that GEI plans to assist IEUA with tracking and review. Some of these programs are already underway, others are becoming active in 2019 and 2020.

- Prop 68 Fish and Wildlife Improvement Grant (application due December 2018)
- Prop 68 Chapter 10 Climate Preparedness, habitat resiliency, and resource enhancement and innovation (application due date tbd)
- Prop 68 Chapter 11.1 Groundwater Sustainability (application due date expected summer 2019)
- Prop 68 Chapter 11.6 Regional Sustainability for Drought and Groundwater, and Water Recycling (application due date tbd)
- Prop 68 Chapter 8 Natural Resource Conservation and Resiliency (application due date tbd)
- Water Infrastructure Improvement for the Nation (WIIN) Act (U.S. Bureau of Reclamation, application due date spring or summer 2019),
- Clean Water State Revolving Fund (CWSRF) and complementary funding programs

GEI will provide the following assistance to IEUA for the CBP:

- Track, collect, and review grant and loan information, and identify new opportunities based on eligibility and fit of the CBP Program to eligibility criteria. Maintain documentation of the financial outlook of targeted grant/loan opportunities
- Attend meetings with IEUA management to review new grant/loan opportunities
- Develop and update IEUA's grant and loan strategy
- Assist with preparation of grant/loan applications (up to 2 applications)

Deliverables: Matrix (or list) of targeted grant opportunities.

Assumptions: Assume GEI will assist IEUA with preparing up to four grant/loan applications, for instance two applications for Prop 68, two for the WIIN Act. If IEUA requires assistance preparing additional grant/loan applications, the IEUA and GEI program managers will discuss if changes to this scope of services and effort are required before proceeding.

Task 3. Environmental Planning Support Services

Over the next two years several documents, permits, compliance documents, and agreements will be required for the CBP to enable storage and recovery of water in the Chino Groundwater Basin, and to enable exchange water to be applied in the Feather River watershed for planned ecosystem benefits. To carry out the storage and recovery of water in the Chino Groundwater Basin, the Optimum Basin Management Plan update (OBMP), shown in Attachment 1, will be used to define a Storage and Recovery Agreement. To carry out the planned pulse flows in the Feather River, agreements with a variety of local and State agencies must be developed to define how SWP water conserved in Lake Oroville in northern California will be managed for this purpose.

Compliance with CEQA for the CBP will be met with a PEIR. The CBP storage and recovery environmental compliance will be addressed by the OBMP update (a PEIR will be prepared through a separate process). It is anticipated that the CBP storage and recovery operation is one of several planned programs that will be operated under the OBMP update paradigm, and for this reason IEUA is promoting the CBP PEIR and OBMP update be done concurrently to enable coordinated and more efficient impacts analyses. (The GEI scope of services assume these two PEIR's will meet environmental compliance requirements; as such, GEI support for NEPA compliance is not included. Should NEPA support be required, the IEUA and GEI program managers will discuss this need and warranted changes to the GEI scope of services).

As shown in Attachment 1, OBMP Update and CEQA PEIR related tasks are under the direction of Tom Dodson and Associates (TDA), with GEI acting in a support and coordination role to ensure consistency through all program elements. Agency contracts and related agreements (supported by GEI and discussed further below) will necessitate a high degree of support and coordination with these environmental planning and permitting efforts. GEI shall provide technical support accordingly:

- a) Support and review OBMP Update and the CBP PEIR, including project description and other pertinent sections to ensure consistency and accuracy
- b) Support and review of CBP permitting efforts

Deliverables: Review, edit, and comment on OBMP and CBP PEIR documents. Review, edit, and comment on permit applications (up to ten applications).

Assumptions: For OBMP Update assume 6 coordination meetings with regulatory agencies and 12 pre-coordination meetings with OBMP team. For CBP PEIR assume 6 coordination meetings with regulatory agencies and 12 pre-coordination meetings with CBP PEIR team. For CBP Permitting assume 4

coordination meetings with regulatory agencies and 8 pre-coordination meetings with CBP PEIR team. Attend up to 52 bi-weekly meetings (to support the three efforts of OBMP Update, CBP PEIR and permitting) with the IEUA program manager.

Task 4. Institutional Agreements Planning Services

As described in IEUA's CWC WSIP application, the CBP will provide the following benefits: ecosystem benefits north of the Delta; enhanced water quality and reduced land subsidence for the Chino Groundwater Basin; emergency response water supply for southern California; and local water supply improvement for IEUA. Agreements between IEUA and a number of parties, including participating IEUA member agencies, Chino Basin Watermaster (CBWM), DWR, MWDSC, the California Department of Fish and Wildlife (CDFW), the State Water Resources Control Board (SWRCB), and others will be necessary to secure the integration of CBP with SWP and MWDSC operations, and to document IEUA's commitment to deliver the public benefits described in its CWC WSIP application. Proposed GEI services to support the development of these agreements is described below.

a) Local Agencies Agreements

Over the next six months IEUA will engage in extensive discussions with potential participating IEUA member agencies to lay the groundwork for local agency commitment and participation in development of the CBP. Several workshops (assume five for this scope of services) will be conducted that will involve developing a common understanding of the project, the role IEUA member agencies will play, the cost and benefits of the program, refinement of project components (including the role of local vs. regional infrastructure), grant passthrough strategies (how much is passed through to which project participants), and performance requirements. IEUA will conduct a series of facilitated workshops that will ultimately lead to an agreement between IEUA and participating IEUA member agencies by June 2019. This Agreement is critical to enable IEUA to move forward with negotiations with DWR, MWDSC, other interested SWP water contracting agencies, and various State and federal resource agencies. GEI shall:

- Assist with formation and chartering of a CBP Workgroup consisting of about 20 local "internal" stakeholder agencies and 15 "external" stakeholder agencies. "Internal" signifies local stakeholders that could have a physical and/or financial connection to the CBP and would directly participate in the workgroup. "External" stakeholder agencies may be connected to the CBP as future partnering agencies and would be invited to participate in the workgroup meetings as interested parties upon consensus of CBP Workgroup members.
- Assist with designing and facilitating five CBP Workgroup workshops. The goal of the workshops is consensus among all CBP Workgroup members to support and participate in the CBP and empower IEUA to enter formal negotiations with DWR, MWDSC, and other interested SWP contracting agencies. This support will be recorded in three progressively more detailed documents:
 - MOU – one-page agreement for signature by "internal" stakeholder agencies, signifying general conceptual support for the CBP
 - Term Sheet documenting approved points of agreement by the Proposition 1 CBP Workgroup participants
 - Agreement – legal document for execution by "internal" stakeholder agencies that participate in the CBP

Deliverables: Review comments of CBP Workgroup charter and documentation. Review comments for up to five workshop design plans and agenda, workshop materials, and notes summary.

Assumptions: Attend up to 5 workshops, 15 pre-planning meetings with CBP Team, and 25 bi-weekly meetings with the IEUA program manager. Approximately 15 agreements.

b) Storage and Recovery Application

The CBP proposes to construct up to three Advanced Water Treatment Facilities (AWTFs) to treat and store up to 15,000 Acre-Feet Per Year (AFY) of recycled water into the Chino Groundwater Basin. The CBWM is completing the Chino Basin Storage Framework as part of the OBMP Update, which will facilitate the coordination of recharge and storage and withdrawal of water supplies from the Chino Groundwater Basin by various parties. IEUA, through the Chino Basin Water Bank (CBWB) Authority for which it is a member, will develop and submit a storage and recovery application to the CBWM for dedicated storage and operation of its CBP recycled water supply. The application will be developed by WEI and TDA. GEI will provide the following technical and review support services:

- Review the OBMP Update and Chino Basin Storage Framework
- Participate in meetings convened to develop and negotiate the storage and recovery application
- Provide input and review of draft operational parameters, terms, and other conditions developed for the storage and recovery application
- Review the draft and final versions of the storage and recovery application

Deliverables: Review comments for meeting agendas, meeting materials, meeting summary notes and action items, and draft and final storage and recovery application.

Assumptions: Storage and Recovery Application to be developed by IEUA, WEI, and TDA. Attend up to 10 workshops/coordination meetings, 20 pre-planning meetings with CBP Team, and 52 bi-weekly meetings with the IEUA program manager.

c) Metropolitan Water District of Southern California and State Water Contractor Agreements

The CBP will include agreements to provide for the exchange of water between IEUA and MWDSC. Other interested parties may be included in the exchange agreement. For every acre-foot of water committed for north of the Delta ecosystem benefits, IEUA would pump locally stored groundwater for local use in lieu of delivery of SWP water by MWDSC or deliver it to MWDSC for distribution to other MWDSC member agencies in lieu of delivery of SWP supplies. DWR would leave behind an equivalent amount of water in Lake Oroville to be dedicated and released down the Feather River for ecosystem benefits. IEUA recognizes that the CBP can only work with the full cooperation and partnership of DWR, MWDSC and other interested SWP water contracting agencies.

Engagement with MWDSC and other interested SWP contracting agencies will start in early 2019, with efforts ramping up in intensity around the spring of 2019 as the arrangements and commitments with participating IEUA member agencies are established. Work with MWDSC will involve several activities, listed below. The process for this interaction is under development and for this scope of services the process is assumed to mirror that used to develop agreements with participating IEUA member agencies, with the addition of operations analysis of connecting the CBP, MWDSC, and SWP systems. GEI shall:

- Complete operations analysis using a California Statewide Integrated Model (CALSIM) post-processing spreadsheet tool to complete the following:
 - Confirm operations can be accommodated by the SWP without impact to other SWP purposes or SWP contracting agencies

- Determine if operations can be accommodated by MWDSC without impacts to MWDSC member agencies
- Evaluate potential for other benefits through integration of project facilities and operations
- Assist with developing an engagement strategy
- Assist with designing and facilitating five meetings/workshops between IEUA, MWDSC, DWR, SWC, and other parties as appropriate. The goal of the meetings is to develop a common understanding of the benefits of the CBP and agree to support preparation of agreement documentation. This support will be recorded in three progressively more detailed documents:
 - MOU – one-page agreement for signature by IEUA, MWDSC, and other potentially interested agencies, signifying general concept support for the CBP
 - Term Sheet documenting general points of agreement
 - Agreement(s) – legal document(s) for execution by IEUA, MWDSC, and other potentially interested agencies

Deliverables: Review comments on engagement strategy. Review comments on MOU, Term Sheet, and draft Agreement(s). Summary notes and action items from meetings/workshops. Review comments of agreement(s) between IEUA, MWDSC, and other potentially interested agencies.

Assumptions: Means Consulting will develop the strategic approach and provide it to the CBP team for review and use. Attend up to 16 workshops/coordination meetings, 32 pre-planning meetings with CBP Team, and 52 bi-weekly meetings with the IEUA program manager.

d) California Department of Water Resources Agreements

As described above, the CBP will include agreements to provide for the exchange of water between IEUA and MWDSC. In exchange for delivery of water from the Chino Groundwater Basin, MWDSC will forgo delivery of an equal amount of SWP supply, such that those supplies can be used to provide ecosystem benefits north of the Delta. In addition, CBP supplies stored in the Chino Groundwater Basin will be available for emergency supplies in southern California in the event of severe drought or catastrophic incident. An agreement or agreements will be necessary between IEUA, DWR, MWDSC, and other potentially interested SWP water contracting agencies, to provide for the SWP operations necessary to realize these public benefits, as described in IEUA's CWC WSIP application. While DWR will be responsible for the SWP operations necessary to achieve the proposed CBP ecosystem benefits, these benefits will be administered by CDFW, as required by the CWC WSIP regulations (for associated CDFW agreement efforts see next section "e) CDFW Agreements").

- IEUA will work with DWR to establish necessary agreements and/or amendments to its SWP Water Supply Contract with MWDSC to provide for the substitution of blocks of water from the Chino Groundwater Basin to meet SWP delivery obligations while MWDSC forbears delivery of an equivalent amount of water from the California Aqueduct. DWR will release the same amount of water from Lake Oroville to provide pulse flows for benefits to Feather River fisheries as provided by a schedule administered by CDFW. As described in the CWC WSIP regulations, it is expected that DWR will lead these efforts
- As necessary, IEUA will work with DWR to petition SWRCB for change of DWR's water rights under Section 1707 of the California Water Code to dedicate use of SWP water for instream flow purposes as described in IEUA's CWC WSIP application. These agreements and SWRCB processes will assure that all regulatory obligations associated with the CBP in the Bay-Delta Watershed are met and that other

legal uses of water are not harmed. If DWR agrees that a Section 1707 petition is necessary, it is expected that DWR will lead these efforts

- Section 6014 of the WSIP Regulation states: "Pursuant to the requirements of Water Code section 79755, any project funded under the WSIP shall enter into a contract with each of the appropriate State (administering) agencies . . . to administer the public benefits . . . ". The CBP proposed to make emergency response water supply available during crises such as severe drought, flood, fire, or seismic events that disable imported water infrastructure. As described in the CWC WSIP regulations, the administering agency for this public benefit is DWR. Operational and monitoring elements will require IEUA and DWR to coordinate with MWDSC and possibly the SWRCB. GEI will work closely with IEUA to coordinate efforts to develop and obtain this agreement with DWR. This will be a collaborative process framed by coordination meetings involving managers from both policy and operational levels. For the purposes of this scope of services, GEI assumes the following process will be carried out:
 - Formulation of a technical and policy working group to support development of the agreement. Organizations in the working group are likely to include IEUA, DWR, MWDSC, SWC, CDFW, and SWRCB.
 - Bi-Monthly coordination meetings of the working group (assumed 12 total)
 - A charter describing the mission, function, and desired outcomes of the working group and workplan describing the approach to achieving these desired outcomes.
 - Per Section 6014 of the CWC WSIP regulations, the following must be developed: Adaptive Management Plan; Description of the benefits; Reporting Requirements between DWR and IEUA; Reporting Requirements to the CWC; Assurances regarding how the CBP will be operated, maintained, repaired, replaced, and rehabilitated; Inspection Provisions for DWR; Actions DWR may take if CBP fails to comply with contractual responsibilities; and other provisions deemed necessary by DWR.
 - Preparation of a draft contract between DWR and IEUA. CWC may comment or receive public comments on the draft contract. GEI will assist IEUA with review and consideration of these comments.
 - Submittal of an executed contract to CWC according to Section 6013(c), which describes provisions that must be met for the CWC to encumber funds and make funds available to IEUA through a funding agreement.

Deliverables: Charter and Work Plan. Contract between IEUA and DWR. Adaptive Management Plan. Technical memoranda in support of operations, monitoring and performance metrics, and reporting requirements. Petition prepared for DWR to seek water rights change per Water Code Section 1707. Executed 1707 Agreement.

Assumptions: Attend up to 16 work group coordination meetings (located in the Sacramento area), 32 pre-planning meetings with CBP Team, and 52 bi-weekly meetings with the IEUA program manager. DWR agrees to seek and lead the process of obtaining a water rights change under Section 1707 of the Water Code to provide the ability to dedicate water releases from Lake Oroville for instream flow purposes. DWR agrees to negotiate and lead the process of completing any needed agreements and/or amendments to its SWP Water Supply Contract with MWDSC and MWDSC and agrees to participate in this process. Services do not include any field work, field data collection, or elements required during the operational phase of the CBP such as required performance reports.

e) California Department of Fish and Wildlife Agreements

Consistent with the discussion above, the provisions of Section 6014 of the CWC WSIP regulations require IEUA to enter into contract with CDFW to administer the CBP proposed delivery of pulse flows to the Feather River to improve salmonid survival rates. Operational and monitoring elements of the pulse flow will also require coordination and institutional arrangements with DWR and SWRCB as discussed above. The process for coordinating the efforts to develop and obtain the necessary contracts and related institutional arrangements will be led by GEI in close coordination with IEUA and State agencies. This will be a collaborative process through coordination meetings involving managers from both policy and operational levels. For the purposes of this scope of services, GEI assumes the following process will be carried out:

- Formulation of a working group consisting of the key representatives from each organization
- Bi-Monthly coordination meetings of the working group (assumed 12 total)
- A charter describing the mission, function, and desired outcomes of the working group and workplan describing the approach to achieving these desired outcomes
- Per the Section 6014 of the CWC WSIP regulations, the following must be developed: Adaptive Management Plan; Description of the benefits; Reporting Requirements between CDFW and IEUA; Reporting Requirements to the CWC (can be same as previous); Assurances regarding how the CBP will be operated, maintained, repaired, replaced, and rehabilitated; Inspection Provisions for CDFW; Actions CDFW may take if CBP fails to comply with contractual responsibilities; and other provisions deemed necessary by CDFW
- Preparation of a draft contract between CDFW and IEUA, and consideration of review comments by CWC and other potential agencies, as appropriate
- Submittal of an executed contract to CWC according to Section 6013(c) which describes provisions that must be met for the CWC to encumber funds and make funds available to IEUA through a funding agreement
- Other provisions deemed necessary by the administering agency, such as potential federal involvement as it pertains to the Endangered Species Act (ESA), National Marine Fisheries Service (NMFS) consultation, and FERC coordination.

Deliverables: Charter and Work Plan. Contract between IEUA and CDFW. Adaptive Management Plan. Technical memoranda in support of operations, monitoring and performance metrics, and reporting requirements. Federal regulatory compliance documentation.

Assumptions: Attend up to 16 work group coordination meetings (located in the Sacramento area), 32 pre-planning meetings with CBP Team, and 52 bi-weekly meetings with the IEUA program manager. Services do not include any field work, field data collection, or elements required during the operational phase of the CBP such as required performance reports.

f) State Water Resources Control Board Agreements

This CBP will utilize advanced water treatment (AWT) to produce high-quality, low-total dissolved solids (TDS) recycled water (RW) for use as recharge to the groundwater basin, providing a water quality benefit to the Chino Groundwater Basin, and adjudicated basin with Basin TDS water quality objectives that IEUA and its partner agencies are responsible for complying with. Consistent with the discussion above, the provisions of Section 6014 of the CWC WSIP regulations require IEUA to enter into contracts with SWRCB to administer this CBP proposed water quality benefit. Like the above tasks, the process for coordinating efforts to develop and obtain the contract and related institutional arrangements will be led by GEI in

close coordination with IEUA and SWRCB. This will be a collaborative process involving coordination meetings with policy and operational level managers. For the purposes of this scope of services, GEI assumes the following process will be carried out:

- Formulation of a working group consisting of the key representatives from each organization
- Bi-Monthly coordination meetings of the working group (assumed 12 total)
- A charter describing the mission, function, and desired outcomes of the working group and workplan describing the approach to achieving these desired outcomes
- Per Section 6014 of the CWC WSIP regulations, the following must be developed: Adaptive Management Plan; Description of the benefits; Reporting Requirements between SWRCB and IEUA; Reporting Requirements to the CWC (can be same as previous); Assurances regarding how the CBP will be operated, maintained, repaired, replaced, and rehabilitated; Inspection Provisions for SWRCB; Actions SWRCB may take if CBP fails to comply with contractual responsibilities; and other provisions deemed necessary by SWRCB
- Preparation of a draft contract between SWRCB and IEUA, and consideration of review comments by CWC and other potential agencies, as appropriate
- Submittal of an executed contract to CWC according to Section 6013(c) which describes provisions that must be met for the CWC to encumber funds and make funds available to IEUA through a funding agreement

Deliverables: Charter and Work Plan. Contract between IEUA and SWRCB. Adaptive Management Plan. Technical memoranda in support of operations, monitoring and performance metrics, and reporting requirements. Federal Regulatory Compliance documentation.

Assumptions: Attend up to 16 work group coordination meetings (located in the Sacramento area), 32 pre-planning meetings with CBP Team, and 52 bi-weekly meetings with the IEUA program manager. Services do not include any field work, field data collection, or elements required during the operational phase of the CBP such as required performance reports.

Task 5. Financial Analysis Planning Services

a) Project Financial Impact Assessment

GEI will develop a *Project Financial Impact Assessment Model (PFIA Model)* in spreadsheet format to be used throughout the project development phase to assess the impact of the project cost, operation and maintenance cost, estimated future replacement costs on the water production facilities, water rates, and member agencies. This tool will be used throughout the project to ensure that the project's financial planning stays on track and to assess the impact of more refined and detailed cost estimates on the cost of water supply to participating IEUA member agencies.

The input to this model will be updated and the financial model will be refined with every development phase of the project and as more refined and detailed cost estimates become available. GEI shall:

- Develop the scope and objectives of the *PFIA Model*. That includes the model's reporting capabilities and format. GEI will work closely with IEUA staff to identify the capital cost component, operation and maintenance cost, etc., and build and maintain this model
- Collect the preliminary data for the model (e.g., preliminary capital cost, unit O&M cost, etc.)
- Develop, test, and debug the initial model

- Maintain and update the model input and refine the model components. This is seen as an ongoing task to keep the model up to date as more refined and detailed cost estimates become available to ensure that the financial planning stays on track

Deliverables: The *PFIA Model* developed as an Excel spreadsheet with reporting in pdf-format.

Assumptions: IEUA will provide all required non-confidential financial data to support GEI analysis.

b) Capital Cost Review OPTIONAL TASK

Assist IEUA with review the capital and O&M cost estimates during the development phases of the project and use the *PFIA Model* to evaluate the impact of the refined cost on the project financing plan, water production rates, and funding options. The *PFIA Model* will also be used to evaluate proposed project alternatives. GEI shall:

- Review the capital cost estimates submitted during various project development phases to ensure the completeness of these estimates and extract the applicable cost components to update the *PFIA Model*
- Using the updated cost, conduct a financial impact assessment and assist IEUA staff in developing presentation materials to report the finding to the IEUA Board of Directors

Deliverables: Cost review reports and presentation materials to report the findings of the financial impact assessments.

Assumptions: IEUA will provide all required non-confidential financial data to support GEI analysis, including the most current cataloging in publication (CIP) data.

c) Rate and Fees Coordination and Review OPTIONAL TASK

Assist IEUA with coordinating the assumptions and input of the *PFIA Model* with rate and fees analysis to review and update the IEUA water supply rate structure. GEI shall:

- Work with IEUA staff to ensure a coordinated effort in updating the water supply rate structure
- Review the rate study findings and recommendations

Deliverables: Review reports.

Assumptions: IEUA will provide all required non-confidential financial data to support GEI analysis, including rate study information as needed.

EXHIBIT B

SCHEDULE SUMMARY

CHINO BASIN PROGRAM

GEI SCHEDULE - PROGRAM MANAGEMENT AND TECHNICAL SERVICES

TASK	2019												2020											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Task 1. Program Management Services																								
a) Program Planning and Management																								
b) Senior Technical Advisory Committee																								
c) Information Management Tool																								
d) Program Administration and Communication																								
Task 2. Technical Planning Services																								
a) Review Planning Studies (PDR, Chino Basin)																								
b) New Grants and Loans Support																								
Task 3. Environmental Planning Support Services																								
a) OBMP and CBP PEIR Review																								
b) CBP Permitting Review																								
Task 4. Institutional Agreements Planning Services																								
a) Local Agencies Agreements																								
b) Storage and Recovery Agreement																								
c) MWDSC and SWC Agreements																								
d) DWR Agreements																								
e) CDFW Agreements																								
f) SWRCB Agreements																								
Task 5. Financial Analysis Planning Services																								
a) Project Financial Impact Assessment																								
b) Capital Cost Review OPTIONAL TASK																								
c) Rate and Fees OPTIONAL TASK																								

BUDGET AND LEVEL OF EFFORT SUMMARY

Estimated GEI budget and level of effort for CBP services are summarized in the two tables below. Estimates are subject to change as the CBP advances and understanding of activities to complete work improve. If new information becomes available that could change an estimated budget or level of effort, the GEI and IEUA program managers will review the new information and possible changes to scope, schedule, and level of effort.

CHINO BASIN PROGRAM

GEI ESTIMATED COSTS - PROGRAM MANAGEMENT AND TECHNICAL SERVICES

TASK	BUDGET	GEI STAFF (and subconsultants where noted)
Task 1. Program Management Services	\$394,888	Roger Putty, J.G. "Koos" Prins, Mark Ashenfelter, Donghai Wang, Maria Pascoal, Ashlee Casey, administrative support staff
Task 2. Technical Planning Services	\$329,592	Mark Cowin, Roger Putty, J.G. "Koos" Prins, Mark Ashenfelter, Satya Gala, Ashlee Casey
Task 3. Environmental Planning Support Services	\$170,803	Mark Ashenfelter, Leo Winternitz, Roger Putty, Phil Dunn, Cindy Davis,
Task 4. Institutional Agreements Planning Services	\$888,903	Mark Cowin, Roger Putty, Mark Ashenfelter, Leo Winternitz, Chris Petersen, Richard Meyerhoff, Chuck Hansen (sub), Terry Erlewine (sub)
Task 5. Financial Analysis Planning Services a) Project Financial Impact Assessment	\$79,426	J.G. "Koos" Prins, Roger Putty, Mark Cowin
TOTAL (without optional tasks) (costs inclusive of subconsultants and expenses)	\$1,863,612	
Task 5. Financial Analysis Planning Services b) Capital Cost Review c) Rate Study Coordination and Review	\$90,068	J.G. "Koos" Prins, Roger Putty, Mark Cowin
TOTAL (for optional tasks)	\$90,068	

CHINO BASIN PROGRAM

GEI ESTIMATED COST - PROGRAM MANAGEMENT AND TECHNICAL SERVICES		GEI LEVEL OF EFFORT BY LABOR CATEGORY (HOURS)													COMMENTS AND ASSUMPTIONS		
TASK (Items in Italics are optional tasks)	COST (\$)	GEI STAFF (and subconsultants where noted)											Admin				
		Putty	7 Putnam	9 Dunn	8 Winters	8 Wang	6 Price (Meyerhofer)	6 Lay	5 Adams (Pank)	5 Casey (Bishop)	5 Pascoal	3 Technical Staff	Staff	Sure			
Task 1. Program Management Services	\$394,838	Roger Putty, J.G. "Koo" Prins, Mark Ashenfelter, Douglas Wang, Charlie Lay, Maria Pascoal, Ashlee Casey, administrative support staff															
a) Program Planning and Management	\$148,500	480		24					48	24			10	535	8 quarterly mtgs	14 monthly mtgs	104 weekly mtgs
b) Senior Technical Advisory Committee	\$88,425	282		18	7	7			35				7	356	4 STAC workshops	8 pre-workshop mtgs	n/a
c) Information Management Tool Discovery and Assessment	\$79,289	10				12		20			24	30	0	86			
System Design and Development		10				12		50			12	120	80	264			
Testing and Deployment		4				6		12			8	24		54			
Training and Documentation		10				8					8	24		50			
d) Program Administration and Communication	\$80,335	144		20	10	10	10		10		56	40	40	380	8 reports - \$5k each	1 presentations \$5k each	16 pre-planning mtgs \$1k each
Task 2. Technical Planning Services	\$329,592	Satya Gale, Roger Putty, Mark Cowin, Leo Winternitz, J.G. "Koo" Prins, Mark Ashenfelter, Ashlee Casey, Erica Bishop, Cindy Davis															
a) Prepare Planning Studies Project Refinement Support and Review	\$187,330	48	240	24	12		96		48	240	24	120	72	924	3 workshops	6 meetings w/PR team	6 pre-planning meetings w/EUA
PDR Support and Review																	
CBP Feasibility Summary Report																	
b) New Grants and Loans Support Strategy	\$142,262	64	240	32	8		48		64	200		80	64	700	4 grants and related support at \$35k each		
SRE																	
Prop 6B																	
WNN Act																	
Other Grants/Loan																	
Task 3. Environmental Planning Support Services	\$170,805	Mark Ashenfelter, Leo Winternitz, Roger Putty, Phil Dunn, Cindy Davis, Richard Meyerhofer, J.G. "Koo" Prins															
a) PDR Support and Review OBMP Update	\$124,984	48	48	24					48	48	24		24	264	6 coordination mtgs w/reg agencies	12 pre-coordination mtgs	20 bi-weekly mtgs
CBP PDR		48	48	24			48		48	48	24		24	312	6 coordination mtgs w/reg agencies	12 pre-coordination mtgs	20 bi-weekly mtgs
b) CBP Permitting Support and Review	\$45,821	12	24	5			48		48	48	24		24	233	4 coordination mtgs w/reg agencies	1 pre-coordination mtgs	12 bi-weekly mtgs
Task 4. Institutional Agreements Planning Services	\$868,503	Mark Cowin, Roger Putty, Mark Ashenfelter, Leo Winternitz, J.G. "Koo" Prins, Ashley Casey, Chris Pateman, Richard Meyerhoff, Chuck Hansen (sub), Terry Erlevine (sub)															
a) Stakeholder Partner Agency Agreements	\$83,746	122	31	31	13		61		61	31			12	360	5 workshops	15 pre-workshop mtgs	25 bi-weekly mtgs
b) Storage and Recovery Application	\$90,856	53	106	21			53		53	106			21	415	10 workshops/coordination mtgs	20 pre-workshop mtgs	52 bi-weekly mtgs
c) MWDC and SWC Agreements	\$193,847	82	82	219	33		82		82	164			33	771	16 workshops/coordination mtg	32 pre-workshop mtgs	52 bi-weekly mtgs
d) DWR Agreements	\$190,847	82	82	212	33		82		164	82			33	771	16 work group mtgs	32 pre-workshop mtgs	52 bi-weekly mtgs
e) CDFW Agreements	\$203,812	82	33	82	66		164		246	246			33	851	16 work group mtgs	32 pre-workshop mtgs	52 bi-weekly mtgs
f) SWRCB Agreements	\$126,535	41	33	164	33		82		82	41			16	482	16 work group mtgs	32 pre-workshop mtgs	52 bi-weekly mtgs
Task 5. Financial Analysis Planning Services (Task 5 (b) and (c) are optional tasks in Italics below)	\$79,426	J.G. "Koo" Prins, Roger Putty, Mark Cowin, Erica Bishop															
a) Project Financial Impact Assessment	\$79,426	82		33			164						33	361			
TOTAL (without optional tasks) (costs inclusive of subconsultants and expenses)	\$1,863,612	1704	867	927	223	95	598	82	1037	1327	248	428	506	8388			
<i>Task 5. Financial Analysis Planning Services</i> <i>OPTIONAL TASKS</i>	<i>\$30,069</i>	<i>41%</i>	<i>21%</i>	<i>22%</i>	<i>3%</i>	<i>1%</i>	<i>23%</i>	<i>2%</i>	<i>23%</i>	<i>32%</i>	<i>6%</i>	<i>10%</i>	<i>12%</i>				
<i>b) Capital Cost Review</i>	<i>\$45,094</i>	<i>49</i>		<i>16</i>			<i>82</i>			<i>33</i>			<i>16</i>	<i>217</i>			
<i>c) Rate Study Coordination and Review</i>	<i>\$45,094</i>	<i>49</i>		<i>16</i>			<i>82</i>			<i>33</i>			<i>16</i>	<i>217</i>			
TOTAL (for optional tasks)	\$90,063	98		33			164			66			32	434			

FEE SCHEDULE

<u>Personnel Category</u>	<u>Hourly Billing Rate</u> \$ per hour
Staff Professional – Grade 1	\$ 113
Staff Professional – Grade 2	\$ 125
Project Professional – Grade 3	\$ 137
Project Professional – Grade 4	\$ 154
Senior Professional – Grade 5	\$ 181
Senior Professional – Grade 6	\$ 206
Senior Professional – Grade 7	\$ 245
Senior Consultant – Grade 8	\$ 275
Senior Consultant – Grade 9	\$ 335
Senior Principal – Grade 10	\$ 335

Senior CADD Drafter and Designer	\$ 137
CADD Drafter / Designer and Senior Technician	\$ 125
Field Professional	\$ 103
Technician, Word Processor, Administrative Staff	\$ 102
Office Aide	\$ 80

These rates are billed for both regular and overtime hours in all categories.
Rates will increase up to 5% annually, at GEI's option, for all contracts that extend beyond twelve (12) months after the date of the contract. Rates for Deposition and Testimony are increased 1.5 times.

OTHER PROJECT COSTS

Subconsultants, Subcontractors and Other Project Expenses - All costs for subconsultants, subcontractors and other project expenses will be billed at cost plus a 15% service charge. Examples of such expenses ordinarily charged to projects are subcontractors; subconsultants: chemical laboratory charges; rented or leased field and laboratory equipment; outside printing and reproduction; communications and mailing charges; reproduction expenses; shipping costs for samples and equipment; disposal of samples; rental vehicles; fares for travel on public carriers; special fees for insurance certificates, permits, licenses, etc.; fees for restoration of paving or land due to field exploration, etc.; state sales and use taxes and state taxes on GEI fees.

Billing Rates for Specialized Technical Computer Programs – Computer usage for specialized technical programs will be billed at a flat rate of \$10.00 per hour in addition to the labor required to operate the computer.

Field and Laboratory Equipment Billing Rates – GEI-owned field and laboratory equipment such as pumps, sampling equipment, monitoring instrumentation, field density equipment, portable gas chromatographs, etc. will be billed at a daily, weekly, or monthly rate, as needed for the project. Expendable supplies are billed at a unit rate.

Transportation and Subsistence - Automobile expenses for GEI or employee owned cars will be charged at the rate per mile set by the Internal Revenue Service for tax purposes plus tolls and parking charges or at a day rate negotiated for each project. When required for a project, four-wheel drive vehicles owned by GEI or the employees will be billed at a daily rate appropriate for those vehicles. Per diem living costs for personnel on assignment away from their home office will be negotiated for each project.

PAYMENT TERMS

Invoices will be submitted monthly or upon completion of a specified scope of service, as described in the accompanying contract (proposal, project, or agreement document that is signed and dated by GEI and CLIENT).

Payment is due upon receipt of the invoice. Interest will accrue at the rate of 1% of the invoice amount per month, for amounts that remain unpaid more than 30 days after the invoice date. All payments will be made by either check or electronic transfer to the address specified by GEI and will include reference to GEI's invoice number.

Exhibit A



**CONTRACT NUMBER: 4600002667
FOR
PROPOSITION 1 CONSULTING SUPPORT SERVICES**

THIS CONTRACT (the "Contract"), is made and entered into this ____ day of _____, 20____, by and between the Inland Empire Utilities Agency, a Municipal Water District, organized and existing in the County of San Bernardino under and by virtue of the laws of the State of California (hereinafter referred to as "Agency" or "IEUA"), and Water Systems Consulting, Inc., with offices in San Luis Obispo, California (hereinafter referred to as "Consultant"), to provide professional consulting environmental engineering services.

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

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

Project Manager: Sylvie Lee, Manager of Planning & Environmental Resources
Address: 6075 Kimball Avenue, Bldg "A"
Chino, CA 91708
Telephone: 909-993-1646
Facsimile: 909-993-1983
Email: slee@ieua.org

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

Consultant: Holly Tichenor, Project Manager
Address: 805 Aerovista Place
San Luis Obispo, CA 93403
Telephone: (503) 419-6336 ext. 401
Facsimile: (971) 275-1911
Email: htichenor@wsc-inc.com

3. ORDER OF PRECEDENCE: The documents referenced below represent the Contract Documents; each of which is hereby incorporated as an integral part of this Contract. Where any conflicts exist between the General Terms and Conditions, or addenda attached, then the governing order of precedence shall be as follows:
 1. Amendments to Contract Number 4600002667 and Approved Change Orders
 2. Contract Number 4600002667 General Terms and Conditions.
 3. Consultant's Proposal dated November 20, 2018.
4. SCOPE OF WORK AND SERVICES: Consultant services and responsibilities shall include and be in accordance with the following:
 - A. Consultant Scope of Work shall be in accordance with Consultant's Proposal dated November 20, 2018, **Exhibit A**, which is incorporated herein, and made a part hereof by this reference.
 - B. The Agency may, at any time, make changes to this Contract's Scope of Work; including additions, reductions, and other alterations to any or all of the Work. However, such changes shall only be made via written amendment to this Contract. The Contract compensation and Schedule of Work and Services shall be equitably adjusted, if required, to account for such changes and shall be set forth within the mutually approved Contract Amendment.
5. TERM: The term of this Contract shall extend from the date of the Notice to Proceed, and terminate upon completion of the Work, or December 31, 2020, whichever occurs first, unless agreed upon by both parties, reduced to writing, and amended to this Contract.
6. PAYMENT, INVOICING, AND COMPENSATION:
 - A. The Consultant may submit an invoice not more than once per month during the term of this Contract to the Agency's Accounts Payable Department. Agency shall pay Consultant's properly executed invoice, approved by the Project Manager, within thirty (30) days following receipt of the invoice.
 - B. In Compensation for the work represented by this Contract, Agency shall pay Consultant's invoices in accordance with the attached fee schedule, which is attached hereto, and made a part hereof, up to a maximum **NTE total of \$745,980.00 (Fixed-Fee)** for all services satisfactorily provided during the term of this Contract. Additionally, optional task is a maximum **NTE total of \$87,435.00 (fixed-fee)**. Payment shall be made only after review and acceptance of the work by the Agency's Project Manager.
 1. Invoicing shall be submitted electronically to apgroup@ieua.org. Payment shall be withheld for any service which does not meet the requirements of this Contract or the associated Task Order, until such service is revised, the invoice resubmitted, and accepted by the Project Manager.

- C. Concurrent with the submittal of the original invoice to the Agency's Accounts Payable Department, the Consultant shall forward (mail, fax, or email) a copy of the invoice to the designated Project Manager, identified in Section 1, on Page 1 of this Contract.
 - D. No Additional Compensation: Nothing set forth in this Contract shall be interpreted to require payment by Agency to Consultant of any compensation specifically for the assignments and assurances required by the Contract, other than the payment of expenses as may be actually incurred by Consultant in complying with this Contract, as approved by the Project Manager.
7. 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.
 - 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, claim administration and defense expenses.
 - C. Other Insurance Provisions: The insurance policies are to contain, or be endorsed to contain, the following provisions:
 - 1. Commercial General Liability and Automobile Liability Coverage

- a. Additional Insured Status: The Agency, its officers, officials, employees, and volunteers 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 supplied 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 **by either** CG 20 10, CG 20 26, CG 20 33, or CG 20 38 **and** CG 20 37 forms if later revisions are used).
- b. Primary Coverage: The 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 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

Consultant hereby grants to Agency a waiver of any right to subrogation which any insurer of the 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, or reduced in coverage or in limits except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given to the Agency pursuant to Section 14, page 12 of this Contract.

- D. Acceptability of Insurers: Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A minus:VII, and who are admitted insurers in the State of California.
- E. Verification of Coverage: Consultant shall provide the Agency with original certificates and amendatory endorsements or copies of the applicable policy language effecting coverage required by this clause. All certificates and endorsements are to be received and approved by the Agency before work commences. However, failure to obtain the required documents prior to the work beginning shall not waive the Consultant's obligation to provide them. The Agency reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by these specifications, at any time.
- 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, Risk Specialist
P.O. Box 9020
Chino Hills, CA 91709
Email: AWitte@ieua.org

8. FITNESS FOR DUTY:

- A. Fitness: Consultant and its Subconsultant personnel on the Jobsite:
 - 1. Shall report to work in a manner fit to do their job;
 - 2. Shall not be under the influence of or in possession of any alcoholic beverages or of any controlled substance (except a controlled substance as prescribed by a physician so long as the performance or safety of the Work is not affected thereby); and
 - 3. Shall not have been convicted of any serious criminal offense which, by its nature, may have a discernible adverse impact on the business or reputation of the Agency.

9. LEGAL RELATIONS AND RESPONSIBILITIES:

- A. Professional Responsibility: The Consultant shall be responsible, to the level of competency presently maintained by other practicing professionals performing the same or similar type of work.

- B. Status of Consultant: The Consultant is retained as an independent Consultant only, for the sole purpose of providing the services described herein, and is not an employee of the Agency.
- C. Observing Laws and Ordinances: The Consultant shall keep itself fully informed of all 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, its employees, or subconsultants.
- D. Subcontract Services: Any subcontracts for the performance of any services under this Contract shall be subject to the written approval of the Project Manager and shall comply with State of California, Department of Industrial Relations, SB 854 requirements.
- E. Hours of Labor: The Consultant shall comply with all applicable provisions of California Labor Code Sections 1810 to 1815 relating to working hours. The Consultant shall, as a penalty to the Agency, forfeit \$25.00 for each worker employed in the completion of the Contract by the Consultant or by any subconsultant for each calendar day during which such worker is required or permitted to work more than eight hours in any one calendar day and forty (40) hours in any one calendar week in violation of the provisions of the Labor Code.
- F. Travel and Subsistence Pay: The Consultant shall make payment to each worker for travel and subsistence payments which are needed to complete the work and/or service, as such travel and subsistence payments are defined in an applicable collective bargaining agreements with the worker.
- G. 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. The Consultant's indemnity requirements are limited to the conditions prescribed in California Civil Code 2782, as amended.
- H. 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.

- I. Equal Opportunity: 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.

- J. Disputes:
 1. All disputes arising out of or in relation to this Contract shall be resolved 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 a dispute. By entering into this Contract, both parties are obligated, and hereby agree, to submit all disputes arising under or relating to the Contract which remain unresolved after the exhaustion of the procedures provided herein, to independent arbitration. Except as otherwise provided herein, arbitration shall be conducted under California Code of Civil Procedure Sections 1280, et seq., or their successor.
 2. Any and all disputes prior to the work starting shall be subject to resolution by the Agency's Project Manager; and the Consultant shall comply, with the Agency Project Manager instructions. If the Consultant is not satisfied with the resolution directed by the Agency Project Manager, they may file a written protest with the Agency Project Manager within seven (7) calendar days after receiving written directive of the Project Manager's decision. Failure by Consultant to file a written protest within seven (7) calendar days shall constitute waiver of protest, and acceptance of the Project Manager's resolution. The Project Manager shall submit the Consultant's written protests to the General Manager, together with a copy of the Project Manager's written decision, for his or her consideration within seven (7) calendar days after receipt of the protest-related documents. The General Manager shall make his or her determination with respect to each protest filed with the Project Manager within ten (10) calendar days after receipt of the protest-related documents. If Consultant is not satisfied with any such resolution by the General Manager, they may file a written request for arbitration with the Project Manager within seven (7) calendar days after receiving written notice of the General Manager's decision.
 3. In the event of arbitration, the parties to this contract agree that there shall be a single neutral Arbitrator who shall be selected in the following manner:

- a. The Demand for Arbitration shall include a list of five names of persons acceptable to the Consultant to be appointed as Arbitrator. The Agency shall determine if any of the names submitted by Consultant are acceptable and, if so, such person will be designated as Arbitrator.
 - b. In the event that none of the names submitted by Consultant are acceptable to Agency, or if for any reason the Arbitrator selected in Step (a) is unable to serve, the Agency shall submit to Consultant a list of five names of persons acceptable to Agency for appointment as Arbitrator. The Consultant shall, in turn, have seven (7) calendar days in which to determine if one such person is acceptable.
 - c. If after Steps (a) and (b), the parties are unable to mutually agree upon a neutral Arbitrator, the matter of selection of an Arbitrator shall be submitted to the San Bernardino County Superior Court pursuant to Code of Civil Procedure Section 1281.6, or its successor. The costs of arbitration, including but not limited to reasonable attorneys' fees, shall be recoverable by the party prevailing in the arbitration. If this arbitration is appealed to a court pursuant to the procedure under California Code of Civil Procedure Section 1294, et seq., or their successor, the costs of arbitration shall also include court costs associated with such appeals, including but not limited to reasonable attorneys' fees which shall be recoverable by the prevailing party.
4. Association in Mediation/Arbitration: The Agency may join the Consultant in mediation or arbitration commenced by a Consultant on the Project pursuant to Public Contracts Code Sections 20104 et seq. Such association shall be initiated by written notice from the Agency's representative to the Consultant.
- K. Workers' Legal Status: For performance against this Contract, Consultant shall only utilize employees and/or subconsultants that are authorized to work in the United States pursuant to the Immigration Reform and Control Act of 1986.
 - L. Prevailing Wage Requirements: Pursuant to Section 1770 and following, of the California Labor Code, the Consultant shall not pay less than the general prevailing wage rates, as determined by the Director of the State of California Department of Industrial Relations for the locality in which the work is to be performed and for each craft or type of worker needed to execute the work contemplated under the Contract. The Consultant or any subconsultant performing part of said work shall strictly adhere to all provisions of the Labor Code, including, but not limited to, minimum wages,

work days, nondiscrimination, apprentices, maintenance and availability of accurate payroll records and any other matters required under all Federal, State and local laws related to labor.

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

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

11. TITLE AND RISK OF LOSS:

- A. Documentation: Title to the Documentation shall pass to the 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 the Agency or for the performance of Work related to the Scope of Work described in this Contract.
- B. Material: Title to all Material, field or research equipment, and laboratory models, procured or fabricated under the Contract shall pass to the 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 the Agency has title as directed, in writing, by the Project Manager and/or an Agency representative.

12. PROPRIETARY RIGHTS:

- A. Rights and Ownership: Agency's rights to inventions, discoveries, trade secrets, patents, copyrights, and other intellectual property, including the

Information and Documentation, and revisions thereto (hereinafter collectively referred to as "Proprietary Rights"), used or developed by Consultant in the performance of the Work, shall be governed by the following provisions:

1. Proprietary Rights conceived, developed, or reduced to practice by Consultant in the performance of the Work shall be the property of Agency, and Consultant shall cooperate with all appropriate requests to assign and transfer same to Agency.
 2. If Proprietary Rights conceived, developed, or reduced to practice by Consultant prior to the performance of the Work are used in and become integral with the Work, or are necessary for Agency to have complete control of the Work, Consultant shall grant to Agency a non-exclusive, irrevocable, royalty-free license, as may be required by Agency for the complete control of the Work, including the right to reproduce, correct, repair, replace, maintain, translate, publish, use, modify, copy or dispose of any or all of the Work and grant sublicenses to others with respect to the Work.
 3. If the Work includes the Proprietary Rights of others, Consultant shall procure, at no additional cost to Agency, all necessary licenses regarding such Proprietary Rights so as to allow Agency the complete control of the Work, including the right to reproduce, correct, repair, replace, maintain, translate, publish, use, modify, copy, or dispose of any or all of the Work; and to grant sublicenses to others with respect to the Work. All such licenses shall be in writing and shall be irrevocable and royalty-free to Agency.
13. **NOTICES:** Any notice may be served upon either party by delivering it in person, or by depositing it in a United States Mail deposit box with the postage thereon fully prepaid, and addressed to the party at the address set forth below:

Agency: Warren T. Green
Manager of Contracts and Procurement
Inland Empire Utilities Agency
P.O. Box 9020
Chino Hills, CA 91709

Consultant: Holly Tichenor
Project Manager
805 Aerovista Place
San Luis Obispo, CA 93403

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

14. SUCCESSORS AND ASSIGNS: All of the terms, conditions and provisions of this Contract shall take effect to the benefit of and be binding upon the Agency, the Consultant, and their respective successors and assigns. No assignment of the duties or benefits of the Consultant under this Contract may be assigned, transferred, or otherwise disposed of, without the prior written consent of the Agency; and any such purported or attempted assignment, transfer, or disposal without the prior written consent of the Agency shall be null, void, and of no legal effect whatsoever.
15. 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., Trade Secret, Confidential, or Proprietary) Agency shall act as a stakeholder only, holding the information until otherwise ordered by a court or other legal process. If Agency is required to defend an action arising out of a Public Records Act request for any of the information Consultant has marked "Confidential," "Proprietary," or "Trade Secret," Consultant shall defend and indemnify Agency from all liability, damages, costs, and expenses, in any action or proceeding arising under the Public Records Act.
16. 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 final payment has been made to the Consultant. The Consultant shall make all records and related documentation available within three (3) working days after said records are requested by the Agency.
17. INTEGRATION: The Contract Documents represent the entire Contract made and entered into by and between the Agency and the Consultant as to those matters contained in this contract. No prior oral or written understanding shall be of any force or effect with respect to those matters covered by the Contract Documents. This Contract may not be modified, altered, or amended except by written mutual agreement by the Agency and the Consultant.
18. GOVERNING LAW: This Contract is to be governed by and constructed in accordance with the laws of the State of California, in the County of San Bernardino.
19. TERMINATION FOR CONVENIENCE: The Agency reserves and has the right to immediately suspend, cancel or terminate this Contract at any time upon written notice to the Consultant. In the event of such termination, the Agency shall pay Consultant for all authorized and Consultant-invoiced services up to the date of such termination, as approved by the Project Manager.

20. **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.
21. **NOTICE TO PROCEED**: No services shall be performed or provided under this Contract unless and until this document has been properly signed by all responsible parties and a notice to proceed has been issued to the Consultant by the Project Manager.
22. **AUTHORITY TO EXECUTE CONTRACT**: The Signatories, below, each represent, warrant, and covenant that they have the full authority and right to enter into this Contract on behalf of the separate entities shown below.
23. **DELIVERY OF DOCUMENTS**: The Parties to this Contract and the individuals named to facilitate the realization of its intent, with the execution of the Contract, authorize the delivery of documents via facsimile, via email, and via portable document format (PDF) and covenant agreement to be bound by such electronic versions.

The parties hereto have caused the Contract to be entered as of the day and year written above.

INLAND EMPIRE UTILITIES AGENCY:
**A MUNICIPAL WATER DISTRICT*

WATER SYSTEMS CONSULTING, INC.:

 Halla Razak
 General Manager

 (Date)

 Jeffery Szybel
 President

 12/10/2018
 (Date)

Exhibit A



November 20, 2018

Sylvie Lee, P.E. Program Manager
Manager of Planning and Environmental Resources
Inland Empire Utilities Agency (IEUA)

Delivered via Email

SUBJECT: PROPOSAL TO PROVIDE COMMUNICATIONS AND OUTREACH SUPPORT SERVICES FOR THE CHINO BASIN PROGRAM

Dear Sylvie Lee,

This next stage of the Chino Basin Program (CBP) represents important advancements toward delivering more resilient and reliable water resources for the Region. In November 2018, the IEUA Board approved the initiation of the preliminary engineering and agreements stage of the CBP.

This critical next step in the program development involves efforts toward securing California Water Commission Prop 1 funding of \$207 million, in addition to defining commitments and terms with Member Agencies, Metropolitan Water Management District and other state agencies as well as Collaborative Basin Management with the Watermaster.

Over the next 24 months, timely and effective communications, coordination, education and outreach is essential to collaborate effectively with the regional and state stakeholders. The CBP Team also committed to regular updates with the IEUA Board for the continuation of the CBP, especially as it nears design and construction in 2021. A one water innovation program such as this will create significant interest and questions at the broadest community and state levels. Key to continued progression of the CBP is the ability to keep all interested audiences up to date on the CBP project goals, benefits and investment.

Water Systems Consulting, Inc. (WSC) is honored for the opportunity to continue our strategic communications partnership, especially after working closely with the CBP Team on two recent IEUA Board workshops and achieving Board approval for the work ahead. If you have any questions or would like clarification on any aspect of our proposal, please do not hesitate to contact us. We look forward to this continued partnership!

Sincerely,
Water Systems Consulting, Inc.

A black ink signature of Jeffery M. Szytel, consisting of a stylized 'J' and 'S'.

Jeffery M. Szytel, PE, MBA
Principal

A blue ink signature of Holly Tichenor, written in a cursive style.

Holly Tichenor
Communications/Outreach Project Manager

Chino Basin Program — 1water forward▶

Proposal to Provide Communications and Outreach Support Services

for Stage 1 of the

Chino Basin Program

Prepared for:

Inland Empire Utilities Agency (IEUA)



November 20, 2018



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Introduction

The CBP requires proactive and effective targeted outreach and communications to achieve the agreements and collaboration required to successfully implement the program.

The CBP is envisioned to be delivered in two Stages:

Stages	Program Schedule
Stage 1: Preliminary Engineering & Agreements for CWC Funding Support	December 2018 – December 2020
Stage 2 – Design & Construction	January 2021 – 2025

Stage 1 represents a big step forward and will position the CBP to achieve California Water Commission Prop 1 Funding of \$207 million, 54 percent of the program budget. Essential to CBP success, Stage 1 will include needed collaboration and agreements to fully develop the CBP concepts for design and construction, and interim IEUA Board approvals.

Stage 1 will further define the elements and benefits of the CBP and address unknowns to confirm the scope of the program. Continued coordination with multiple stakeholders, including the IEUA Member Agencies, DWR, and Metropolitan Water District, will inform the design and operation of the CBP. Stage 1 scope includes Preliminary Engineering to the extent needed to support environmental review and funding applications and will result in a certified EIR/EA and several completed funding applications. A key goal throughout Stage 1 is to achieve needed agreements, conditions and terms with regional, local and state stakeholders for the Chino Basin Program to be designed and constructed.

The Stage 1 Communications and Outreach Support Services scope and budget estimate is intended to cover a duration of approximately 24 months to complete the Stage 1 communications tasks outlined below. Additional scope and budget will be needed as the Program moves into the subsequent Stages, if substantial changes are made to Program scope or structure, or if the Stage 1 schedule is extended beyond the assumed 24 months.

The scope of work outlined below includes a detailed breakdown for Stage 1 Communications and Outreach Support Services. Given the nature of the CBP, it is conceivable that the tasks will undergo scope changes to reflect changing needs. Therefore, the budget allocations provided for each task are estimates and CBP IEUA Program Team will have the flexibility to reallocate budgets between tasks, as dictated by CBP needs.

Task 1.0 Project Management

1.1 General Administration

- Provide oversight, manage communications/outreach workload, assign resources, and coordinate work efforts of the WSC Team, working closely with the Consultant Program Manager and IEUA's Program Team.
- Prepare monthly invoices and progress reports for all communication/outreach support services.
- Compile and monitor communications/outreach budget and costs. Update budget and cash flow as required.
- Monitor and support communications/outreach priorities on the master Program schedule. Create a baseline communications/outreach related schedule and produce updated schedules as required.

1.2 Project Information Management

- Support document control and information sharing on the Management Information System (MIS), selected by the Program Team.
- Inform Program Team of pertinent new information and guide use of communications / outreach tools.

1.3 General Team Meetings

- Engage, collaborate and coordinate with Program Team. Update Team on relevant communications priorities / tasks and needs.
- Participate in impromptu meetings, phone/conference calls, and site visits.
- Participate in project team calls.

Task 1.0 Assumptions

Assumes two conference calls a week through June 2019 averaging 2 hours and one conference call a week after through 2020 completion. In-person meetings necessary for workshop or stakeholder meeting planning are incorporated into Tasks 2.0 and 3.0.

Task 2.0 Local Member Agency (MA) Communications

2.1 Local Agency Meetings / Workshops

- Assist with preparation and facilitation of meetings. It assumed that IEUA will be responsible for scheduling and coordinating these meetings.
 - (1) Support development of Workshop agendas and objectives.
 - (2) Identify material / presentation needs.
 - (3) Work with Program Team to capture follow-up needs and workshop results.

2.2 Program Information: Handouts and Information Graphics

- Support coordination among the Program Team regarding benefits sharing, funding, cost sharing, and operation and management for the various Program components.
- Lead creation of handouts to keep MA Workgroup up to date on Program and aware of new Program benefit details.
- Lead development of PowerPoint presentations for MA Workshops, MA Workgroup efforts.

Task 2.0 Assumptions

- Although every effort has been made to prepare a reasonable estimate of level of effort to support the CBP Team with coordination, the fee as presented is an estimate. WSC will monitor actual effort and progress relative to the estimated effort and provide monthly status updates to the CBP Team along with revised estimates to complete each task, if warranted.
- This budget estimates limited support for three (3) field trips, support for fifteen (15) presentations) and the same number of handouts, and eighteen (18) meetings / workshops, and one (1) chartering session.
- Costs includes the following over two-year timeframe for travel related expenses: \$10,000 for travel associated with MA Workshops.

Task 3.0 IEUA / MWD / State / Federal Communications Support

This Task provides an overview of state and federal related outreach, estimating at least one meeting a month with one or more of the following stakeholders: Metropolitan Water District, IEUA, and / or State Agencies including California Department of Water Resources and the California Fish and Wildlife, and Federal Regulators.

3.1 Meeting / Workshop Facilitation and Planning

- Work with Program Team to develop structure and agendas for state/federal meetings.

- Assist with preparation and facilitation of meetings. It assumed that IEUA will be responsible for scheduling and coordinating these meetings. (estimate 15 meetings / workshops)

3.2 Stakeholder Presentations and Materials

- Create state-agency specific and customized CBP handouts. (estimate 10)
- Presentation development including messaging, rehearsal and graphics.
- Provide strategic messaging and guidance / rehearsal for delivery of presentations.
- Assist in presentation / PowerPoint slide updates for the Board Meetings.
- Provide new handouts for Board use and education.

Task 3.0 Assumptions

- Cost includes the following over two-year timeframe for travel related expenses: \$8,000 for stakeholder workshops or meetings.
- Cost for handout production is included for Task 3.2 for \$600. The labor costs estimate includes ten (10) handouts.

Task 4.0 Public and Industry Outreach

4.1 Website Development

- Create vision and direction for website including use of photos/imagery and content in support of brand vision and goals.
- Develop CBP photography needs and support photo shoots as needed.
- Develop content and design of new program website, working with the IEUA communications team.
- Coordinate with IT leaders on security needs and background system decisions for the new program website.
- Research domain names and acquire proper domains.
- Lead review of website drafts and final launch of site. WSC can design and write content for most website platforms. In case that outside web-building support is needed, expense costs include \$3,000.
- Support IEUA team in keeping the website content up to date.
- Website pages to contents generally include:

- (1) Before CBP / WHY CBP
- (2) One Water Management in Chino Basin – How it Works
- (3) State-Wide and Delta CBP Benefits – How it Works
- (4) Advanced Water Treatment
- (5) Partners in the CBP and General Goals
- (6) News and Events
- (7) Media Kit (see Task 4.4)
- (8) Video (see Task 4.2)

4.2 Video

- Script videos (2-3 short videos) and work with team to create final scripts, including capturing quotes.
- Work with videographer to incorporate project photos, create appropriate style (voiceover and design).
- Provide guidance on video use.
- Expense costs of \$8,000 included.

4.3 Public Handout and Communications

- Create initial general CBP handout for use with broad general audiences.
- Additional handout to support later Stage program developments. Expense costs of \$500 included in expenses for handout production.
- WSC will explore creative ways to gain momentum and excitement about the CBP. Provide SWAG giveaway concepts and pricing.
- Coordinate in design and production of giveaways. Design and produce branded bag or folder for field trip / events. Expense cost of \$800 included for production of giveaway items.

4.4 Media Kit

- Support media outreach strategy.
- Develop electronic media kit, which includes Program content.
- The website will contribute to the Media Kit creation.

- The Media Kit will be a page from the website. Expense costs of \$1000 included for production of audio components, brand photos, and editing of video clips.
- Support Press Release creation as needed. (estimate 12)
- Contents of the Media Kit include:
 - (1) Brand photos
 - (2) Logo (PNG / files for use)
 - (3) The CBP story - we should think of the broader bigger story that hits various audience interests
 - (4) Quotes and headshots for those quoted
 - (5) Facilitate recording and scripting of audio sound bites
 - (6) Short video 2-3 minutes
 - (7) Sticker or other little SWAG (possibly)
 - (8) Featured articles (as we collect headlines)
 - (9) Updates
 - (10) Fun Facts
 - (11) Contact Information

4.5 Industry Outreach

- Research and prioritize articles in professional journals.
- Support gaining quotes / writing of articles with industry journal writers.
- Prepare and submit abstracts for industry presentations.
- Support writing of press releases and articles, as well as pre-publication review.

Task 4.0 Assumptions

- General production costs are estimated for giveaways and general handout. Media kit and website consider photography expense. Video production and editing are included in the expense cost. All expense costs associated with these items are listed above.

Task 5.0 Communications Plan and Brand Guidelines

5.1 Long-Term Stage 2 Communications Plan

- Work with team to develop guidelines, tools, goals of long-term outreach plan:
 - (1) Provide overview of 5-year / 8-year tools/tactics for Long-Term Outreach.
 - (2) Identification of Future Milestone Events / Outreach over the next 5 years.

Task 5.0 Assumptions

Assumes one plan is developed and updated throughout the Stage 1 efforts, while capturing opportunities for long-term outreach strategies.

OPTIONAL TASK 1.0 FUNDING / FINANCING

WSC has on-staff funding leadership support. We assume most funding/grant submittals will be identified and led by Program Manager. This optional task covers additional communications, review and graphics to support funding efforts.

Optional Task 1.1 Funding and Financing Communications

- Provide content and review support for funding applications.
- Edit existing graphics for use in funding applications.

OPTIONAL TASK 2.0 MA ELECTEDS UPDATE / EVENT SUPPORT

This optional task would provide additional tools and communications that promote MA representatives' efforts in educating their elected officials or representatives.

Optional Task 2.1 MA Elected Official Updates

- Provide guidance to MAs in presenting to their governing Boards.

Optional Task 2.2 Field Trips

- Outreach with MAs may include regional education-focused field trips. Support handout needs working with the IEUA Communications Team.
- Provide FAQs and / or talking points guides for use during field trips / events.
- Coordinate completion, printing of material.



Task No.	Task Description	WSC												ALL FIRMS	
		Principal	Project Manager / Snr Facilitator	Senior Engineer	Funding Agency Support	Visual Messaging	Graphics	Administration	Coordination and Comm	Media	WSC Labor Hours	WSC Labor Fee	Expenses	WSC Fee	Total Fee
		Jeffery Szytel	Holly Tichenor												
1	Project Management														
1.1	General Administration	40	192					35			267	\$ 57,640	\$ 3,500	\$ 61,140	\$ 61,140
1.2	Project Information Management		120								120	\$ 26,400	\$ 1,600	\$ 28,000	\$ 28,000
1.3	General Communications		240								240	\$ 52,800	\$ 3,200	\$ 56,000	\$ 56,000
	SUBTOTAL	40	552	0	0	0	0	35	0	0	627	\$ 136,840	\$ 8,300	\$ 145,140	\$ 145,140
2	Local MA Communications														
2.1	Local Agency Meetings / Workshops	15	200	20							325	\$ 67,450	\$ 10,000	\$ 77,450	\$ 77,450
2.2	Program Info: Handouts / Graphics	10	100	20							500	\$ 78,750	\$ 4,700	\$ 83,450	\$ 83,450
	SUBTOTAL	25	300	40	0	160	200	0	100	0	825	\$ 146,200	\$ 14,700	\$ 160,900	\$ 160,900
3	Targeted Communications (IEUA/MWD/State/Federal)														
3.1	Meeting / Wkshp Facilitation/Planning	20	200	20	15	125	30		30		440	\$ 84,600	\$ 5,100	\$ 89,700	\$ 89,700
3.2	Stakeholder Presentations & Material	20	240	20	15	60	130		100		585	\$ 103,875	\$ 3,000	\$ 106,875	\$ 106,875
	SUBTOTAL	40	440	40	30	185	160	0	130	0	1025	\$ 188,475	\$ 8,100	\$ 196,575	\$ 196,575
4	Public and Industry Outreach														
4.1	Website Development	2	30			120	100		100	25	377	\$ 54,210	\$ 3,300	\$ 57,510	\$ 57,510
4.2	Video	2	45			80	10		40	45	222	\$ 34,360	\$ 8,000	\$ 42,360	\$ 42,360
4.3	Gen Handout & Comm	1	25			80	50		35	30	221	\$ 32,880	\$ 2,800	\$ 35,680	\$ 35,680
4.4	Media Kit	2	40			60	25		50	50	227	\$ 33,635	\$ 1,000	\$ 34,635	\$ 34,635
4.5	Industry Outreach	5	60			35	45		60	40	245	\$ 37,450	\$ 2,200	\$ 39,650	\$ 39,650
	SUBTOTAL	12	200	0	0	375	230	0	285	190	1292	\$ 192,535	\$ 17,300	\$ 209,835	\$ 209,835
5	Communications Plan														
5.1	Long-term Communications Plan	1	40	5	5	45	20		70	25	211	\$ 31,630	\$ 1,900	\$ 33,530	\$ 33,530
	SUBTOTAL	1	40	5	5	45	20	0	70	25	211	\$ 31,630	\$ 1,900	\$ 33,530	\$ 33,530
	COLUMN TOTALS	118	1,532	85	35	765	610	35	585	215	3,980	\$ 695,680	\$ 50,300	\$ 745,980	\$ 745,980
OT 1	Funding / Financing														
OT 1.1	App Writing/Graphics Support	8	20	15	40	15	30				128	\$ 23,465	\$ 1,400	\$ 24,865	\$ 24,865
	Funding / Financing TOTAL	8	20	15	40	15	30	0	0	0	128	\$ 23,465	\$ 1,400	\$ 24,865	\$ 24,865
OT 2	MA Rep Comm / Events														
OT 2.1	MA Official Comm	2	76			35	25		34		172	\$ 30,170	\$ 1,800	\$ 31,970	\$ 31,970
OT 2.2	Field Trips	15	60			20	20		30	20	165	\$ 28,900	\$ 1,700	\$ 30,600	\$ 30,600
	MA Rep Comm / Events TOTAL	17	136	0	0	55	45	0	64	20	337	\$ 59,070	\$ 3,500	\$ 62,570	\$ 62,570
	OPTIONAL TASKS TOTAL	25	156	15	40	70	75	0	64	20	465	\$ 82,535	\$ 4,900	\$ 87,435	\$ 87,435

**INFORMATION
ITEM**

4A

Career Management Program: Taking Charge



Program Philosophy

- Managing your career is an on-going process of self-discovery and planning
- It will mean different things to different people
- Can be about advancement, a series of new assignments, or greater competence in one's current job



Program Elements



- Foster awareness and respect for diverse cultures
- Empower employees with options and opportunities
- Pursue multiple goals and on-the-job development assignments
- Introduce group mentoring

Ongoing Benefits

- Opportunity to be exposed to different parts of the organization and have discussions with senior leadership
- Also an opportunity to learn more about the Agency so that employees can make informed choices about their career goals



Application Process



Applications were sent out on October 15th



Advisory Committee formed to put participants in diverse learning groups



Initial training will take place with participants, managers and learning leaders at the end of November



First group meeting will be in December

Future Programs

- First group session will be led by our consultant, with Human Resources leading program in the future
- An important component of this program is teaching managers how to mentor their staff and keep employees' interests in mind
- Shifts the Agency culture to one of employee empowerment



INFORMATION
ITEM

4B

Engineering and Construction Management Project Updates



EN13016.04 – SCADA Enterprise System (RP5)

Project Goal: Enhance Reliability

Design-Build

Total Project Budget: \$3.0M

Project Completion: December 2018

Overall Percent Complete: 90%

Phase	Consultant/ Contractor	Current Contract	Amendments/ Change Orders
Design	CDM Constructors	\$271 K	0.56%
Construction (Current)	CDM Constructors	\$2.7 M	5.51%



EN17082 – RP-1 Mechanical Restoration and Upgrades

Project Goal: Improve efficiency



Total Project Budget: \$8.0 M
Project Completion: July 2020
Overall Percent Complete: 40%

Phase	Consultant/ Contractor	Current Contract	Amendments/ Change Orders
Design (Current)	Stantec	\$572 K	24.7%
Construction	-	\$0	0.0%

EN17110.01 – RP4 Trident Filters Rehabilitation & Replacement

Project Goal: Improve Reliability

Total Project Budget: \$4.8 M
Project Completion: January 2019
Percent Complete: 95%

Phase	Consultant/ Contractor	Current Contract	Amendments/ Change Orders
Design	Carollo	\$455 K	0.0%
Construction (Current)	J.F. Shea	\$4 M	6.58%



EN18039 – Agency-Wide Lighting Pole Replacements and Upgrades

Project Goal: Replace light poles at RP-1, CCWRF, and RP-4



Total Project Budget: \$342 K
Project Completion: January 2019
Overall Percent Complete: 70%

Phase	Consultant/Contractor	Current Contract	Amendments/Change Orders
Design	In-House	\$0	0.0%
Construction (Current)	Southern Contracting	\$237 K	0.0%

EN18057 – NRW Manhole Cover Removal

Project Goal: Improve Safety and Access

Total Project Budget: \$170 K
Project Completion: February 2019
Overall Percent Complete: 50%

Phase	Consultant/Contractor	Current Contract	Amendments/Change Orders
Design	In-House	\$0	0.0%
Construction (Current)	Sancon	\$31 K	0.0%



EN19022.01 – RP-4 Wet Well Cleaning Support

Project Goal: Improve Reliability



Total Project Budget: \$192 K
Project Completion: November 2018
Percent Complete: 100%

Phase	Consultant/ Contractor	Current Contract	Amendments/ Change Orders
Design	In-House	\$0	0.0%
Construction (Current)	Xylem/KVAC/ HDR/Downs Chemical	\$192 K	0.0%

INFORMATION
ITEM


4F



Date: January 16, 2019

To: The Honorable Board of Directors

Committee: Finance & Administration

From: ^{for} Halla Razak, General Manager 

01/09/19

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 November 30, 2018 is submitted in a format consistent with the State requirement.

For the month of November 2018, total cash, investments, and restricted deposits of \$220,767,609 reflects a slight decrease of \$99,270 compared to the total of \$220,866,879 reported for October 2018. The average days cash on hand for the month ended November 30, 2018 increased from 207 days to 221 days due to an increase in unrestricted cash and decrease in disbursements.

The unrestricted Agency investment portfolio yield in November 2018 was 2.377% which was slightly lower by 0.007% compared to the October 2018 yield of 2.384%. A temporary increase in the balance of the sweep account, that has a lower yield than our investments accounts, explain the small reduction in yield for this month.

Staff's Recommendation:

The Treasurer's Financial Affairs Report for the month ended November 30, 2018 is an information 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):

Interest earned on the Agency's investment portfolio increases the Agency's overall reserves.

Full account coding (internal AP purposes only):

- - -
- - -

Project No.:

Prior Board Action:

On December 19, 2018, the Board of Directors approved the Treasurer's Financial Affairs Report for the month ended October 30, 2018.

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 - Treasurer's Report Financial Affairs

Background

Subject: Treasurer's Report of Financial Affairs

The Treasurer's Report of Financial Affairs for the month ended October 31, 2018 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. 2018-2-5).

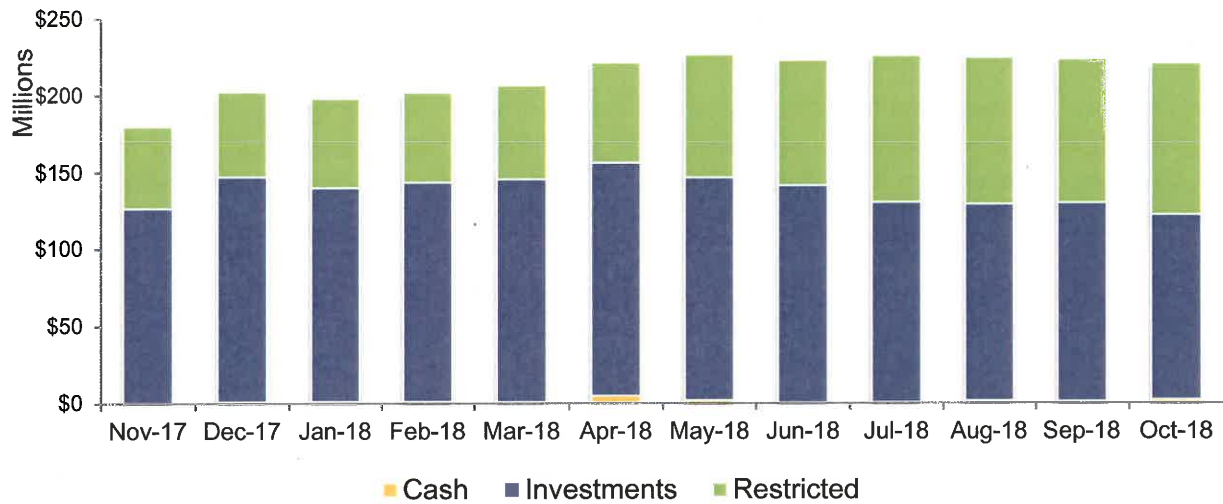
Agency total cash, investments, and restricted deposits for the month of October 31, 2018 was \$220.9 million, a decrease of \$2.8 million from the \$223.7 million reported for the month ended September 30, 2018. The decrease was primarily due to the \$4.5 million payment towards the Agency's CalPERS unfunded liability (UAL) offset by state revolving fund (SRF) loan proceeds.

Table 1 represents the unrestricted Agency investment portfolio, by authorized investment and duration, with total portfolio amount of \$120.3 million. The Agency portfolio excludes cash and restricted deposits in the amount of \$100.6 million held by member agencies and with fiscal agents.

Table 1: Agency Portfolio

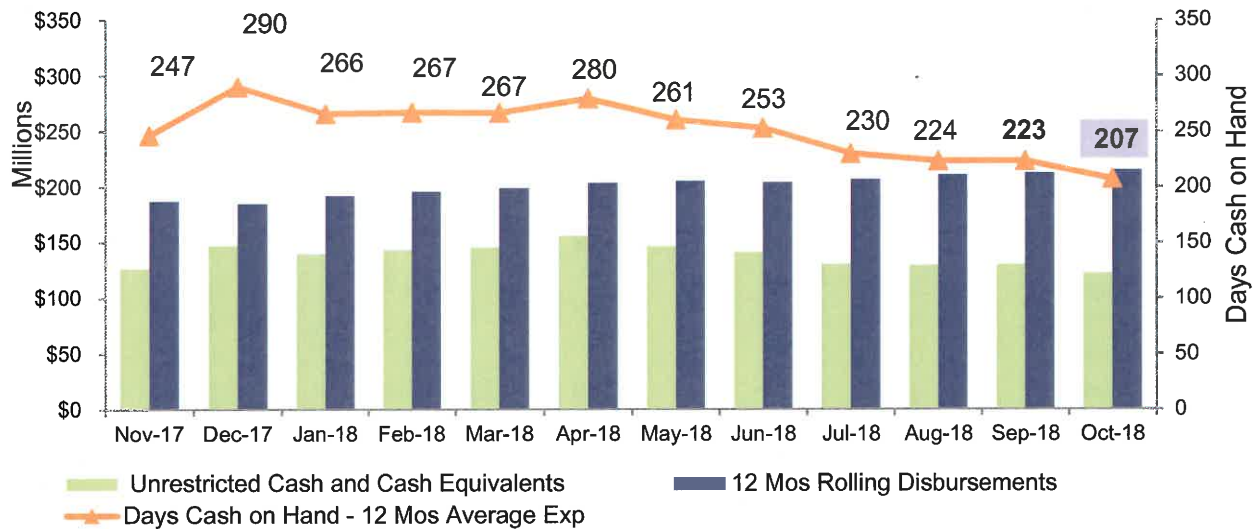
Authorized Investments	Allowable Threshold (\$ million or %)	Investment Value as of October 31, 2018 (\$ million)				Average Yield %	Portfolio% (Unrestricted)
		Under 1 Year	1-3 Years	Over 3 Years	Total		
LAIF- Unrestricted	\$65	\$12.6			\$12.6	2.14%	10.5%
CAMP - Unrestricted	n/a	23.7			23.7	2.27	19.7
Citizens Business Bank – Sweep	40%	3.2			3.2	0.90	2.7
Sub-Total Agency Managed		\$39.6	\$0.00	\$0.00	\$39.6	2.12%	32.9%
Brokered Certificates of Deposit	30%	\$0.5	\$3.8		\$4.3	2.94%	3.6
Commercial Paper	25%	1.0			1.0	2.43	0.9
Medium Term Notes	30%	2.6	2.7	7.7	13.0	2.77	10.8
Municipal Bonds	10%	1.0			1.0	1.75	0.8
US Treasury Notes	n/a		11.0	22.3	33.3	2.68	27.7
US Gov't Securities	n/a	10.0	15.0	3.1	28.1	2.16	23.3
Sub-Total PFM Managed		\$15.1	\$32.5	\$33.1	\$80.7	2.52%	67.1%
Total		\$54.7	\$32.5	\$33.1	\$120.3	2.38%	100.0%

Figure 1: Cash, Investments, and Restricted Deposits



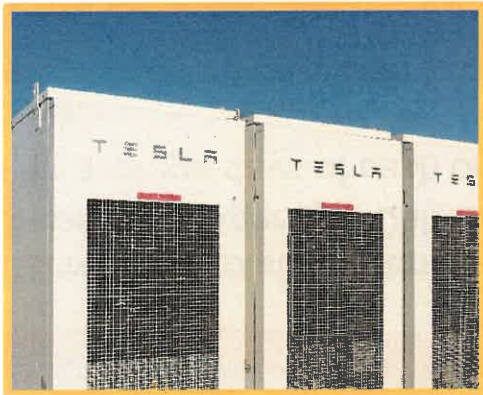
Average days cash on hand is calculated using the monthly ending balance of unrestricted cash and cash equivalents divided by disbursements associated with operating expenses, debt service, and capital expenditures as recorded in the Agency’s cash flow. The average days cash on hand for the month ended October 31, 2018 decreased from 223 days to 207 days as shown in Figure 2.

Figure 2: Days Cash on Hand – 12 Month Rolling Average



Monthly cash and investment summaries are available on the Agency’s website at www.ieua.org/fy-2018-19-cash-and-investment/.

Treasurer's Report of Financial Affairs for October 31, 2018



Agency Liquidity

- Decrease in total investment, cash and restricted deposits was primarily due to \$4.5 million payment towards the Agency's CalPERS unfunded liability (UAL) offset by SRF loan proceeds.
- The average days of cash on hand for the month ended October 31, 2018 decreased from 223 days to 207 days.

Description	October (\$ million)	September (\$ million)	Increase/ (Decrease) (\$ million)
Investment Portfolio	\$120.3	\$129.1	(\$8.8)
Cash and Restricted Deposits	\$100.6	\$94.6	\$6.0
Total Investments, Cash, and Restricted Deposits	\$220.9	\$223.7	(\$2.8)
Investment Portfolio Yield	2.384%	2.269%	0.115%
Weighted Average Duration (Years)	1.04	1.08	(0.04)
Average Cash on Hand (Days)	213	223	(16)

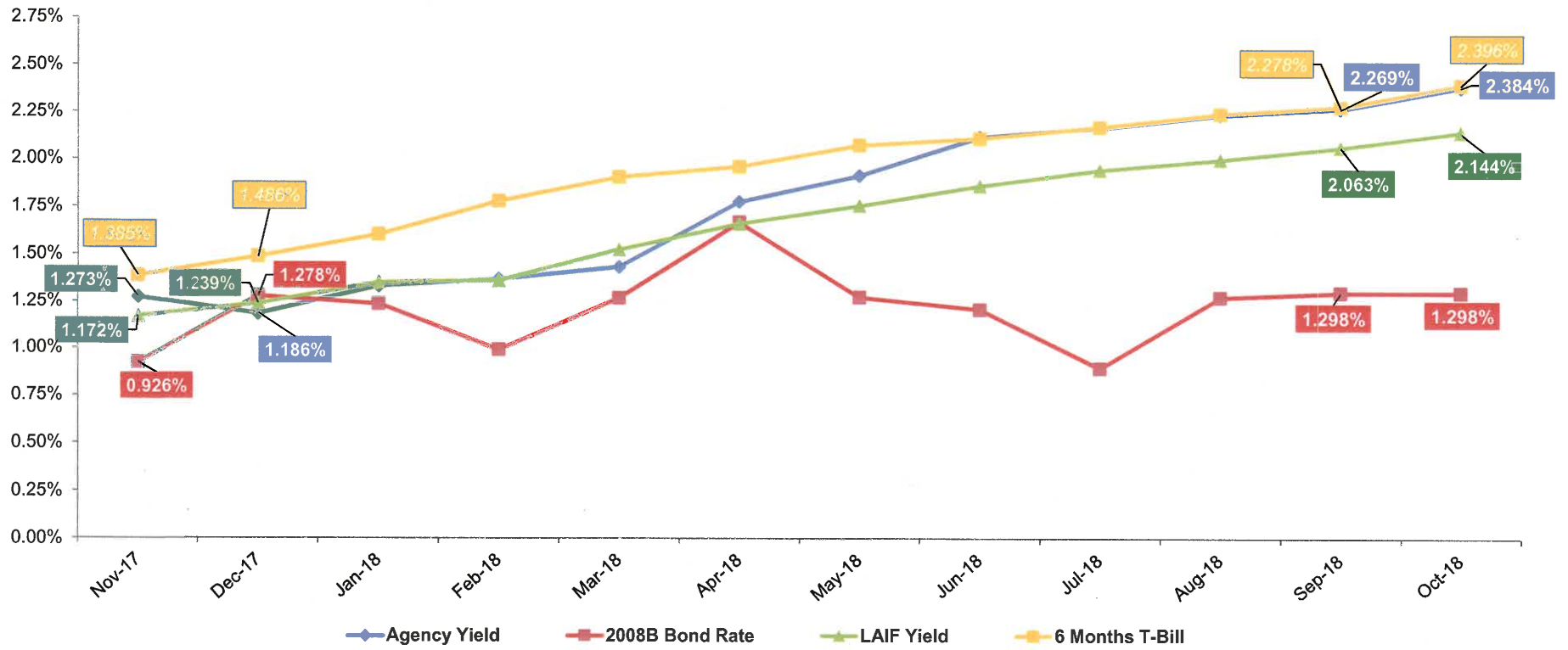
Monthly cash and investment summaries available at: www.ieua.org/fy-2018-19-cash-and-investment/



Agency Investment Position

Authorized Investments	Allowable Threshold (\$ million or %)	Under 1 Year	1 – 3 Years	Over 3 Years	Total	Average Yield %	Portfolio % (Unrestricted)
Local Agency Investment Fund	\$65	\$12.6	\$0	\$0	\$12.6	2.14%	10.5%
California Asset Management Program	n/a	23.7			23.7	2.27	19.7
Citizens Business Bank – Sweep	40%	3.2			3.2	0.90	2.7
Sub-Total Agency Managed		\$39.6	\$0	\$0	\$39.6	2.12%	32.9%
Brokered Certificate of Deposits (CD)	30%	0.5	3.8		4.3	2.94	3.6
Commercial Paper	25%	1.0			1.0	2.43	0.9
Medium Term Notes	30%	2.6	2.7	7.7	13.0	2.77	10.8
Municipal Bonds	10%	1.0			1.0	1.75	0.8
US Treasury Notes	n/a		11.0	22.3	33.3	2.68	27.7
US Government Securities	n/a	10.0	15.0	3.1	28.1	2.16	23.3
Sub-Total PFM Managed		\$15.1	\$32.5	\$33.1	\$80.7	2.52%	67.1%
Total		\$54.7	\$32.5	\$33.1	\$120.3	2.38%	100.0%

Month End Portfolio Yield Comparison



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, 2018



Inland Empire Utilities Agency

A MUNICIPAL WATER DISTRICT

All investment transactions have been executed in accordance with the criteria stated in the Agency's Investment Policy (Resolution No. 2018-2-5) adopted by the Inland Empire Utilities Agency's Board of Directors during its regular meeting held on February 21, 2018.

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, 2018

	October	September	Variance
<u>Cash, Bank Deposits, and Bank Investment Accounts</u>	<u>\$2,052,045</u>	<u>\$1,030,330</u>	<u>\$1,021,715</u>
<u>Investments</u>			
Agency Managed			
Citizens Business Bank (CBB) Repurchase (Sweep)	\$3,246,057	\$8,726,009	(\$5,479,952)
Local Agency Investment Fund (LAIF)	12,635,207	12,537,370	97,837
California Asset Management Program (CAMP)	23,683,510	27,133,980	(3,450,470)
Total Agency Managed Investments	<u>39,564,774</u>	<u>48,397,359</u>	<u>(8,832,585)</u>
PFM Managed			
Certificates of Deposit	\$4,349,568	\$4,349,546	22
Municipal Bonds	998,942	998,837	105
Commercial Paper	999,200	997,133	2,067
Medium Term Notes	12,978,522	12,981,250	(2,728)
U.S. Treasury Notes	33,317,006	32,302,855	1,014,151
U.S. Government Sponsored Entities	28,052,943	29,048,274	(995,331)
Total PFM Managed Investments	<u>80,696,181</u>	<u>80,677,895</u>	<u>18,286</u>
Total Investments	<u>\$120,260,955</u>	<u>\$129,075,254</u>	<u>(\$8,814,299)</u>
Total Cash and Investments Available to the Agency	<u>\$122,313,000</u>	<u>\$130,105,584</u>	<u>(\$7,792,584)</u>
<u>Restricted Deposits</u>			
CAMP Water Connection Reserve	\$10,988,901	\$10,967,726	\$21,175
LAIF Self Insurance Reserve	6,055,971	6,009,079	46,892
Debt Service Accounts	7,217,197	2,572,572	4,644,625
Capital Capacity Reimbursement Account (CCRA) Deposits Held by Member Agencies*	59,490,114	58,658,382	831,732
California Employers' Retirement Benefit Trust Account - CERBT (Other Post Employment Benefits - OPEB)	13,754,987	14,312,982	(557,995)
Escrow Deposits	1,046,709	1,030,578	16,131
Total Restricted Deposits	<u>\$98,553,879</u>	<u>\$93,551,319</u>	<u>\$5,002,560</u>
Total Cash, Investments, and Restricted Deposits	<u><u>\$220,866,879</u></u>	<u><u>\$223,656,903</u></u>	<u><u>(\$2,790,024)</u></u>

*Reported total as of September 2018

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

Month Ended
October 31, 2018

Cash, Bank Deposits, and Bank Investment Accounts

CBB Demand Account (Negative balance offset by CBB Sweep Balance)	\$1,122,185
CBB Payroll Account	-
CBB Workers' Compensation Account	45,476
Subtotal Demand Deposits	<u>\$1,167,661</u>
Other Cash and Bank Accounts	
Petty Cash	\$2,250
Subtotal Other Cash	<u>\$2,250</u>
US Bank Pre-Investment Money Market Account	<u>\$882,134</u>
Total Cash and Bank Accounts	\$2,052,045

Unrestricted Investments

CBB Repurchase (Sweep) Investments	
Freddie Mac Bond	\$3,246,057
Subtotal CBB Repurchase (Sweep)	<u>\$3,246,057</u>
Local Agency Investment Fund (LAIF)	
LAIF Fund	\$12,635,207
Subtotal Local Agency Investment Fund	<u>\$12,635,207</u>
California Asset Management Program (CAMP)	
Short Term	\$23,683,510
Subtotal CAMP	<u>\$23,683,510</u>
Subtotal Agency Managed Investment Accounts	<u>\$39,564,774</u>

INLAND EMPIRE UTILITIES AGENCY

Cash and Investment Summary

Month Ended
October 31, 2018

Unrestricted Investments Continued

Brokered Certificates of Deposit

Brokered Certificates of Deposit	\$4,349,568
Subtotal Brokered Certificates of Deposit	<u>\$4,349,568</u>

Commercial Paper

JP Morgan Securities	\$999,200
Subtotal Commercial Paper	<u>\$999,200</u>

Municipal Bonds

State and Local Municipal Bonds	\$998,942
Subtotal Municipal Bonds	<u>\$998,942</u>

Medium Term Notes

Exxon Mobil	1,101,345
Wells Fargo Bank	1,502,268
UPS of America Inc	781,295
Hershey Company	334,805
American Honda Finance	772,287
Boeing Co	786,222
Toyota Motor	981,596
Bank of NY Mellon	1,374,959
American Express	787,408
Walt Disney Company	800,851
Visa Inc	798,814
Bank of America	772,680
Oracle Corp	1,392,242
Burlington North Santa Fe Corp	791,750
Subtotal Medium Term Notes	<u>12,978,522</u>

INLAND EMPIRE UTILITIES AGENCY

Cash and Investment Summary

Month Ended
October 31, 2018

Unrestricted Investments Continued

U.S. Treasury Notes

Treasury Note	\$33,317,006
Subtotal U.S. Treasury Notes	<u>\$33,317,006</u>

U.S. Government Sponsored Entities

Fannie Mae Bank	\$7,862,970
Freddie Mac Bank	10,958,046
Federal Farm Credit Bank	1,759,939
Federal Home Loan Bank	7,471,988
Subtotal U.S. Government Sponsored Entities	<u>\$28,052,943</u>

Subtotal PFM Managed Investment Accounts \$80,696,181

Total Investments \$120,260,955

Restricted Deposits

Investment Pool Accounts

CAMP -Water Connection Reserves	\$10,988,901
LAIF - Self Insurance Fund Reserves	6,055,971
Subtotal Investment Pool Accounts	<u>\$17,044,872</u>

Debt Service

2008B Debt Service Accounts	\$2,574,898
2010A Debt Service Accounts	39
2017A Debt Service Accounts	4,642,260
Subtotal Debt Service	<u>\$7,217,197</u>

INLAND EMPIRE UTILITIES AGENCY

Cash and Investment Summary

Month Ended
October 31, 2018

Restricted Deposits Continued

CCRA Deposits Held by Member Agencies

City of Chino	\$11,168,213
Cucamonga Valley Water District	11,102,828
City of Fontana	6,668,830
City of Montclair	2,348,343
City of Ontario	18,390,487
City of Chino Hills	7,197,368
City of Upland	2,614,045
Subtotal CCRA Deposits Held by Member Agencies*	<u>\$59,490,114</u>

CalPERS

CERBT Account (OPEB)	<u>\$13,754,987</u>
Subtotal CalPERS Accounts	\$13,754,987

Escrow Deposits

Kemp Brothers Construction	\$901,839
Genesis Construction	144,870
Subtotal Escrow Deposits	<u>\$1,046,709</u>

Total Restricted Deposits

\$98,553,879

Total Cash, Investments, and Restricted Deposits as of September 30, 2018

\$220,866,879

Total Cash, Investments, and Restricted Deposits as of 10/31/18	\$220,866,879
Less: Total Cash, Investments, and Restricted Deposits as of 9/30/18	<u>223,656,903</u>
<i>Total Monthly Increase (Decrease)</i>	<u><u>(\$2,790,024)</u></u>

*Reported total as of September 2018

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary
Month Ended
October 31, 2018

	Credit Rating @ Purchase Date		CHANGES IN Credit Rating		Par	Cost Basis	Term	October	%	%	Maturity	Market
	S&P	Moody's	S&P	Moody's	Amount	Amount	(Days)	Value	Coupon	Yield to Maturity	Date	Value
<u>Cash, Bank Deposits, and Bank Investment Accounts</u>												
Citizens Business Bank (CBB)												
Demand Account*					\$1,122,185	\$1,122,185	N/A	\$1,122,185		N/A	N/A	\$1,122,185
Payroll Checking					0	0	N/A	0		N/A	N/A	0
Workers' Compensation Account					45,476	45,476	N/A	45,476		N/A	N/A	45,476
Subtotal CBB Accounts					\$1,167,661	\$1,167,661		\$1,167,661				\$1,167,661
US Bank (USB)												
Custodial Money Market (Investment Mgmt.)					\$818,533	\$818,533	N/A	\$818,533		1.70%	N/A	\$818,533
Custodial Money Market (Debt Service)					63,601	63,601	N/A	63,601		1.70%	N/A	63,601
Subtotal USB Account					\$882,134	\$882,134		\$882,134		1.70%		\$882,134
Petty Cash					\$2,250	\$2,250	N/A	\$2,250		N/A	N/A	\$2,250
Total Cash, Bank Deposits and Bank Investment Accounts					\$2,052,045	\$2,052,045		\$2,052,045				\$2,052,045
<i>*Negative demand checking balance is offset by the Daily Repurchase (Sweep) Account balance</i>												
<u>Investments</u>												
CBB Daily Repurchase (Sweep) Accounts												
Freddie Mac Bond					\$3,246,057	\$3,246,057	N/A	\$3,246,057		0.90%	N/A	\$3,246,057
Subtotal CBB Repurchase Accounts					\$3,246,057	\$3,246,057		\$3,246,057		0.90%		\$3,246,057
LAIF Accounts												
Non-Restricted Funds					\$12,635,207	\$12,635,207	N/A	\$12,635,207		2.144%	N/A	\$12,635,207
Subtotal LAIF Accounts					\$12,635,207	\$12,635,207		\$12,635,207		2.144%		\$12,635,207
CAMP Accounts												
Non-Restricted Funds					\$23,683,510	\$23,683,510	N/A	\$23,683,510		2.27%	N/A	\$23,683,510
Subtotal CAMP Accounts					\$23,683,510	\$23,683,510		\$23,683,510		2.27%		\$23,683,510
Subtotal Agency Managed Investment Accounts					\$39,564,774	\$39,564,774		\$39,564,774		2.12%		\$39,564,774
Brokered Certificates of Deposit (CDs)												
Ally Bank	N/R	N/R			\$243,000	\$243,000	722	\$243,000	1.45%	1.45%	03/11/19	\$242,297
Wells Fargo Bank	N/R	N/R			242,000	242,000	729	242,000	1.55%	1.55%	03/15/19	241,362
Bank of Nova Scotia Houston	A+	Aa2			1,410,000	1,409,464	730	1,409,568	3.08%	3.10%	06/05/20	1,414,567
Bank of Montreal Chicago	A+	Aa2			1,400,000	1,400,000	731	1,400,000	3.19%	3.23%	08/03/20	1,395,890
Synchrony Bank	N/R	N/R			240,000	240,000	1827	240,000	2.25%	2.25%	10/02/20	236,577
Royal Bank of Canada NY	AA-	Aa2			815,000	815,000	1095	815,000	3.24%	3.24%	06/07/21	817,227
Subtotal Brokered CDs					\$4,350,000	\$4,349,464		\$4,349,568		2.94%		\$4,347,920

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

Month Ended
October 31, 2018

	Credit Rating @ Purchase Date		CHANGES IN Credit Rating		Par Amount	Cost Basis Amount	Term (Days)	October	% Coupon	% Yield to Maturity	Maturity	Market
	S&P	Moody's	S&P	Moody's				Value			Date	Value
Investments (continued)												
US Treasury Note												
US Treasury Note	AA+	Aaa			\$3,000,000	\$2,937,305	819	\$2,952,112	1.500%	2.46%	07/15/20	\$2,932,266
US Treasury Note	AA+	Aaa			2,225,000	2,201,012	1019	2,205,565	2.125%	2.53%	01/31/21	2,187,540
US Treasury Note	AA+	Aaa			2,850,000	2,715,627	1153	2,735,976	1.125%	2.69%	06/30/21	2,720,080
US Treasury Note	AA+	Aaa			2,615,000	2,588,543	1201	2,592,801	2.250%	2.57%	07/31/21	2,568,422
US Treasury Note	AA+	Aaa			580,000	567,426	1202	568,503	2.000%	2.69%	10/31/21	564,435
US Treasury Note	AA+	Aaa			2,555,000	2,480,346	1323	2,491,105	1.750%	2.60%	11/30/21	2,465,774
US Treasury Note	AA+	Aaa			2,500,000	2,418,750	1436	2,429,020	1.875%	2.75%	03/31/22	2,412,500
US Treasury Note	AA+	Aaa			3,070,000	2,969,266	1336	2,975,784	1.875%	2.82%	03/31/22	2,962,550
US Treasury Note	AA+	Aaa			3,790,000	3,678,225	1332	3,682,857	1.875%	2.75%	04/30/22	3,657,350
US Treasury Note	AA+	Aaa			2,550,000	2,476,090	1474	2,485,518	1.875%	2.64%	04/30/22	2,458,560
US Treasury Note	AA+	Aaa			1,300,000	1,252,570	1456	1,256,239	1.750%	2.72%	06/30/22	1,245,562
US Treasury Note	AA+	Aaa			2,065,000	1,980,706	1577	1,988,230	1.750%	2.76%	09/30/22	1,972,075
US Treasury Note	AA+	Aaa			1,600,000	1,546,625	1641	1,552,157	2.000%	2.80%	10/31/22	1,541,626
US Treasury Note	AA+	Aaa			1,040,000	990,356	1580	991,183	1.750%	2.93%	01/31/23	989,057
US Treasury Note	AA+	Aaa			1,275,000	1,206,269	1699	1,210,830	1.500%	2.74%	02/28/23	1,198,649
US Treasury Note	AA+	Aaa			1,260,000	1,191,980	1778	1,199,126	1.500%	2.69%	02/28/23	1,184,547
Subtotal US Treasuries					\$34,275,000	\$33,201,096		\$33,317,006		2.68%		\$33,060,993
U.S. Government Sponsored Entities												
Federal Farm Credit Bank	AA+	Aaa			760,000	759,701	730	759,939	1.40%	1.42%	03/27/19	756,927
Federal Farm Credit Bank	AA+	Aaa			1,000,000	1,000,000	1,460	1,000,000	1.52%	1.52%	06/24/19	993,361
Freddie Mac Bond	AA+	Aaa			1,500,000	1,500,000	1,095	1,500,000	1.15%	1.15%	07/26/19	1,483,335
Fannie Mae Step Bond	AA+	Aaa			1,500,000	1,500,000	1,095	1,500,000	1.25%	1.33%	07/26/19	1,493,890
Fannie Mae Bond	AA+	Aaa			900,000	899,460	1,169	899,460	1.25%	1.27%	08/23/19	889,812
Fannie Mae Bond	AA+	Aaa			1,350,000	1,350,000	1,173	1,350,000	1.25%	1.25%	08/26/19	1,334,563
Freddie Mac Bond	AA+	Aaa			3,000,000	2,972,928	1,359	2,993,178	1.25%	1.50%	10/02/19	2,959,341
Federal Home Loan Bank	AA+	Aaa			5,000,000	4,965,250	658	4,975,168	2.13%	2.52%	02/11/20	4,956,330
Federal Home Loan Bank	AA+	Aaa			2,500,000	2,495,600	713	2,496,820	2.38%	2.47%	03/30/20	2,484,333
Freddie Mac Bond	AA+	Aaa			2,500,000	2,485,350	1,036	2,488,097	2.38%	2.59%	02/16/21	2,466,425
Freddie Mac Bond	AA+	Aaa			2,550,000	2,527,994	1,028	2,531,965	2.38%	2.70%	02/16/21	2,515,754
Fannie Mae Bond	AA+	Aaa			2,510,000	2,502,671	1,092	2,503,955	2.50%	2.60%	04/13/21	2,482,096
Fannie Mae Bond	AA+	Aaa			1,655,000	1,603,678	1,632	1,609,555	2.00%	2.74%	10/05/22	1,591,489
Freddie Mac Bond	AA+	Aaa			1,450,000	1,444,461	1,810	1,444,806	2.75%	2.83%	06/19/23	1,427,573
Subtotal U.S. Gov't Sponsored Entities					\$28,175,000	\$28,007,093		\$28,052,943		2.16%		\$27,835,229
(As of August 2011, all US GSE's have been downgraded to AA+ Rating by S&P)												
Commercial Paper												
JP Morgan Securities	A-1	P-1			\$1,000,000	\$987,867	182	\$999,200		2.43%	11/13/18	\$999,178
Subtotal Commercial Paper					\$1,000,000	\$987,867		\$999,200		2.43%		\$999,178

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary
 Month Ended
 October 31, 2018

	Credit Rating @ Purchase Date		CHANGES IN Credit Rating		Par Amount	Cost Basis Amount	Term (Days)	October Value	% Coupon	% Yield to Maturity	Maturity Date	Market Value
	S&P	Moody's	S&P	Moody's								
Investments (continued)												
Municipal Bonds												
San Diego Redevelopment Agency	AA	N/R			\$1,000,000	\$996,800	934	998,942	1.625%	1.75%	09/01/19	\$989,900
Subtotal State and Local Municipal Bonds					\$1,000,000	\$996,800		\$998,942		1.75%		\$989,900
Investments (continued)												
Medium Term Notes												
Exxon Mobil	AA+	Aaa			1,000,000	1,005,750	763	1,000,926	1.708%	1.43%	03/01/19	996,944
Exxon Mobil	AA+	Aaa			100,000	100,419	722	100,419	1.819%	1.60%	03/15/19	99,655
Wells Fargo Bank	A+	Aa2			1,500,000	1,511,655	1,075	1,502,268	1.75%	1.48%	05/24/19	1,490,271
UPS of America Inc	A+	A1			725,000	802,046	714	781,295	8.38%	2.75%	04/01/20	776,479
Hershey Company	A	A1			335,000	334,769	1,101	334,805	3.10%	3.12%	05/15/21	333,505
American Honda Finance	A+	A2			800,000	767,016	1,181	772,287	1.65%	3.00%	07/12/21	765,177
Boeing Co	A	A2			680,000	805,678	1,215	786,222	8.75%	2.88%	08/15/21	778,015
Toyota Motor	AA-	Aa3			1,000,000	978,790	1,355	981,596	2.60%	3.21%	01/11/22	976,118
Bank of NY Mellon	A	A1			1,400,000	1,371,048	1,391	1,374,959	2.60%	3.18%	02/07/22	1,362,176
American Express	A-	A2			800,000	785,488	1,415	787,408	2.70%	3.20%	03/03/22	775,695
Walt Disney Company	A+	A2			815,000	798,692	1,416	800,851	2.45%	3.00%	03/04/22	790,685
Visa Inc	A+	A1			825,000	795,407	1,611	798,814	2.15%	3.03%	09/15/22	787,960
Bank of America	A-	A3			800,000	769,264	1,647	772,680	2.50%	3.43%	10/21/22	759,989
Oracle Corp	AA-	A1			1,420,000	1,389,001	1,763	1,392,242	2.63%	3.11%	02/15/23	1,368,099
Burlington North Santa Fe Corp	A+	A3			800,000	790,800	1,792	791,750	3.00%	3.26%	03/15/23	782,051
Subtotal Medium Term Notes					\$13,000,000	\$13,005,823		\$12,978,522		2.77%		\$12,842,819
Subtotal PFM Managed Investment Accounts					\$81,800,000	\$80,548,144		\$80,696,181		2.52%		\$80,076,039
Total Investments					\$121,364,774	\$120,112,918		\$120,260,955				\$119,640,813
<i>(Source of Investment Amortized Cost: PFM)</i>												
Restricted Deposits												
Investment Pool Accounts												
CAMP - Water Connection Reserves					\$10,988,901	\$10,988,901	N/A	\$10,988,901		2.27%	N/A	\$10,988,901
LAIF - Self Insurance Reserves					6,055,971	6,055,971	N/A	6,055,971		2.144%	N/A	6,055,971
Total Investment Pool Accounts					\$17,044,872	\$17,044,872		\$17,044,872		2.23%		\$17,044,872
Debt Service and Arbitrage Accounts												
2008B Debt Service Accounts					\$2,574,898	\$2,574,898	N/A	\$2,574,898		1.65%		\$2,574,898
2010A Debt Service Accounts					39	39	N/A	39		0.31%		39
2017A Debt Service Accounts					4,642,260	4,642,260	N/A	4,642,260		0.30%		4,642,260
Total Debt Service Accounts					\$7,217,197	\$7,217,197		\$7,217,197		0.78%		\$7,217,197

INLAND EMPIRE UTILITIES AGENCY

Cash and Investment Summary

Month Ended
October 31, 2018

	Credit Rating @ Purchase Date		CHANGES IN Credit Rating		Par	Cost Basis	Term	October	%	%	Maturity	Market
	S&P	Moody's	S&P	Moody's	Amount	Amount	(Days)	Value	Coupon	Yield to Maturity	Date	Value
Restricted Deposits (continued)												
CCRA Deposits Held by Member Agencies												
City of Chino					\$11,168,213	\$11,168,213	N/A	\$11,168,213		N/A	N/A	\$11,168,213
City of Chino Hills					7,197,368	7,197,368	N/A	7,197,368		N/A	N/A	7,197,368
Cucamonga Valley Water District					11,102,828	11,102,828	N/A	11,102,828		N/A	N/A	11,102,828
City of Fontana					6,668,830	6,668,830	N/A	6,668,830		N/A	N/A	6,668,830
City of Montclair					2,348,343	2,348,343	N/A	2,348,343		N/A	N/A	2,348,343
City of Ontario					18,390,487	18,390,487	N/A	18,390,487		N/A	N/A	18,390,487
City of Upland					2,614,045	2,614,045	N/A	2,614,045		N/A	N/A	2,614,045
<i>Subtotal CCRA Deposits Held by Member Agencies*</i>					\$59,490,114	\$59,490,114		\$59,490,114				\$59,490,114
<i>*Reported total as of September 2018</i>												
CalPERS Deposits												
CERBT Account (OPEB)					\$13,000,000	\$13,000,000	N/A	\$13,754,987		N/A	N/A	\$13,754,987
Subtotal CalPERS Deposits					\$13,000,000	\$13,000,000		\$13,754,987				\$13,754,987
<i>CERBT Strategy 3 Performance as of July 31, 2018 based on 1 Year Net Return was 3.85%.</i>												
Escrow Deposits												
Kemp Brothers Construction Escrow					\$901,839	\$901,839	N/A	\$901,839		N/A	N/A	\$901,839
Genesis Construction Escrow					144,870	144,870	N/A	144,870		N/A	N/A	144,870
Subtotal Escrow Deposits					\$1,046,709	\$1,046,709		\$1,046,709				\$1,046,709
Total Restricted Deposits					\$97,798,892	\$97,798,892		\$98,553,879				\$98,553,879
Total Cash, Investments, and Restricted Deposits as of October 31, 2018					\$221,215,711	\$219,963,855		\$220,866,879				\$220,246,737

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

Month Ended
 October 31, 2018

October Purchases

No.	Date	Transaction	Investment Security	Type	Par Amount Purchased	Investment Yield to Maturity
1	10/04/18	Buy	US Treasury Notes	UST	\$1,040,000	1.75%
					<u>\$ 1,040,000</u>	

October Investment Maturities, Calls & Sales

No.	Date	Transaction	Investment Security	Type	Par Amount Matured/Sold	Investment Yield to Maturity
1	10/04/18	Sell	Federal Farm Credit Bank	GSE	\$1,000,000	1.52%
Total Maturities, Calls & Sales					<u>\$ 1,000,000</u>	

INLAND EMPIRE UTILITIES AGENCY

Cash and Investment Summary

Month Ended
October 31, 2018

Directed Investment Category

	<u>Amount Invested</u>	<u>Yield</u>
CBB Repurchase (Sweep)	\$3,246,057	0.900%
LAIF - Unrestricted	\$12,635,207	2.144%
CAMP - Unrestricted	\$23,683,510	2.270%
Brokered Certificates of Deposit	\$4,349,568	2.943%
Medium Term Notes	\$12,978,522	2.770%
Municipal Bonds	\$998,942	1.753%
Commercial Paper	\$999,200	2.430%
US Treasury Notes	\$33,317,006	2.682%
U.S. Government Sponsored Entities	\$28,052,943	2.163%
Total Investment Portfolio	\$120,260,955	
Investment Portfolio Rate of Return		2.384%

Restricted/Transitory/Other Accounts

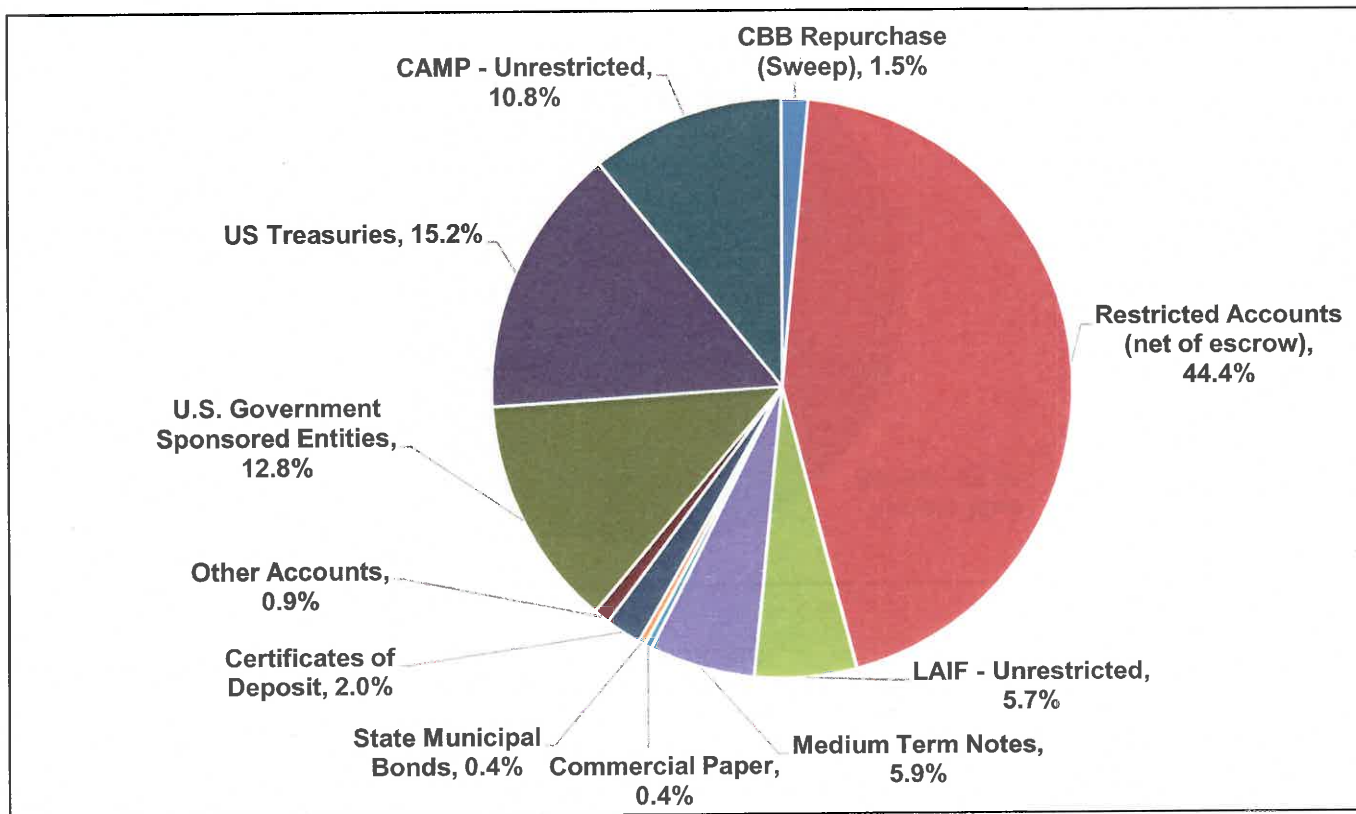
	<u>Amount Invested</u>	<u>Yield</u>
CCRA Deposits Held by Member Agencies	\$59,490,114	N/A
CalPERS OPEB (CERBT) Account	13,754,987	N/A
CAMP Restricted Water Connection Reserve	10,988,901	2.270%
LAIF Restricted Insurance Reserve	6,055,971	2.144%
US Bank - 2008B Debt Service Accounts	2,574,898	1.650%
US Bank - 2010A Debt Service Accounts	39	0.310%
US Bank - 2017A Debt Service Accounts	4,642,260	0.300%
US Bank - Pre-Investment Money Market Account	882,134	1.700%
Citizens Business Bank - Demand Account	1,122,185	N/A
Citizens Business Bank - Workers' Compensation Account	45,476	N/A
Other Accounts*	2,250	N/A
Escrow Account	1,046,709	N/A
Total Restricted/Transitory/Other Accounts	\$100,605,924	
Average Yield of Other Accounts		2.198%

Total Agency Directed Deposits

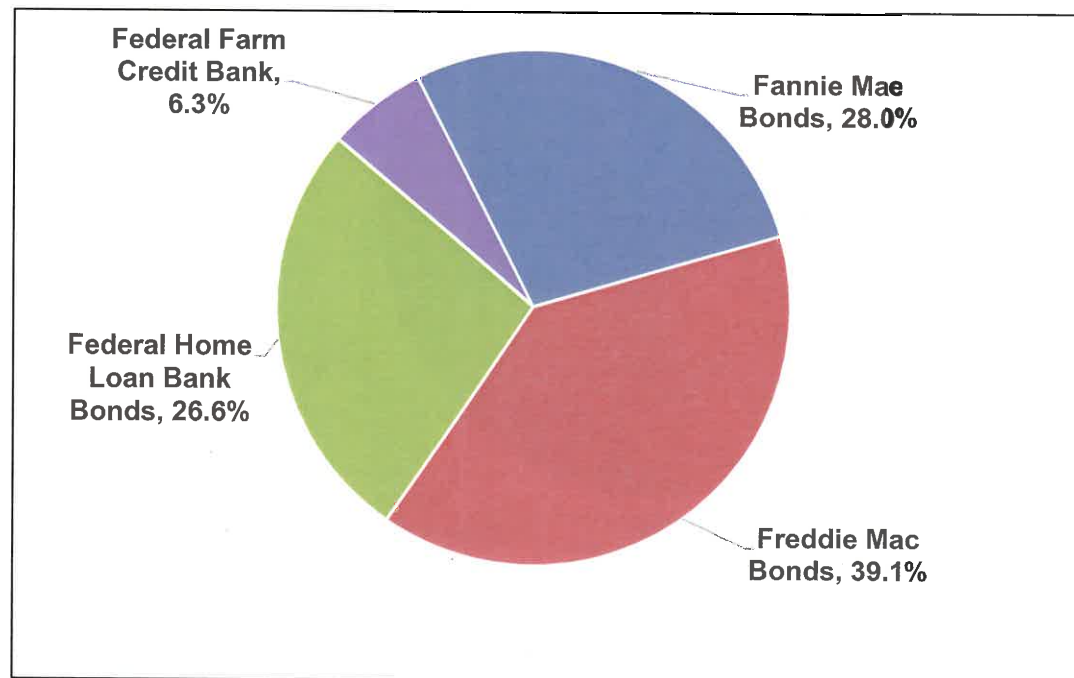
\$220,866,879

*Petty Cash

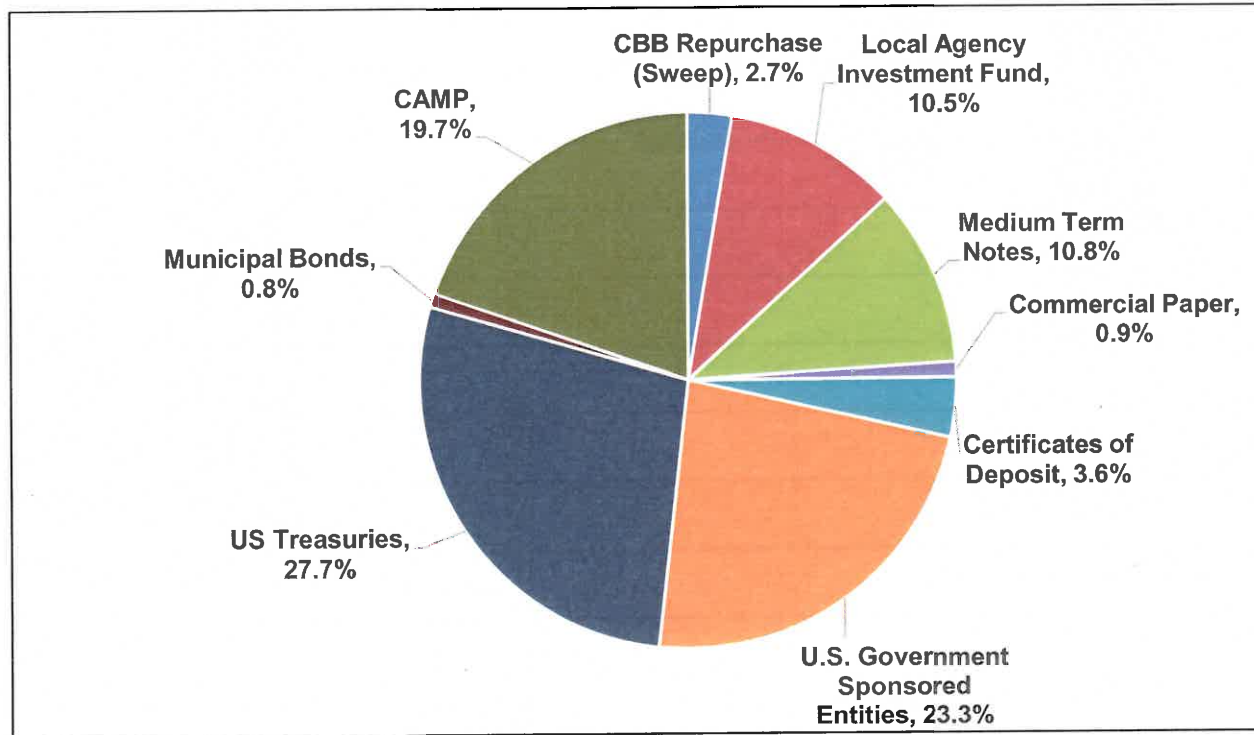
Inland Empire Utilities Agency
Treasurer's Report of Financial Affairs
 For the Month Ended October 31, 2018
 Agency Investment Portfolio (Net of Escrow Accounts)
\$219,820,170



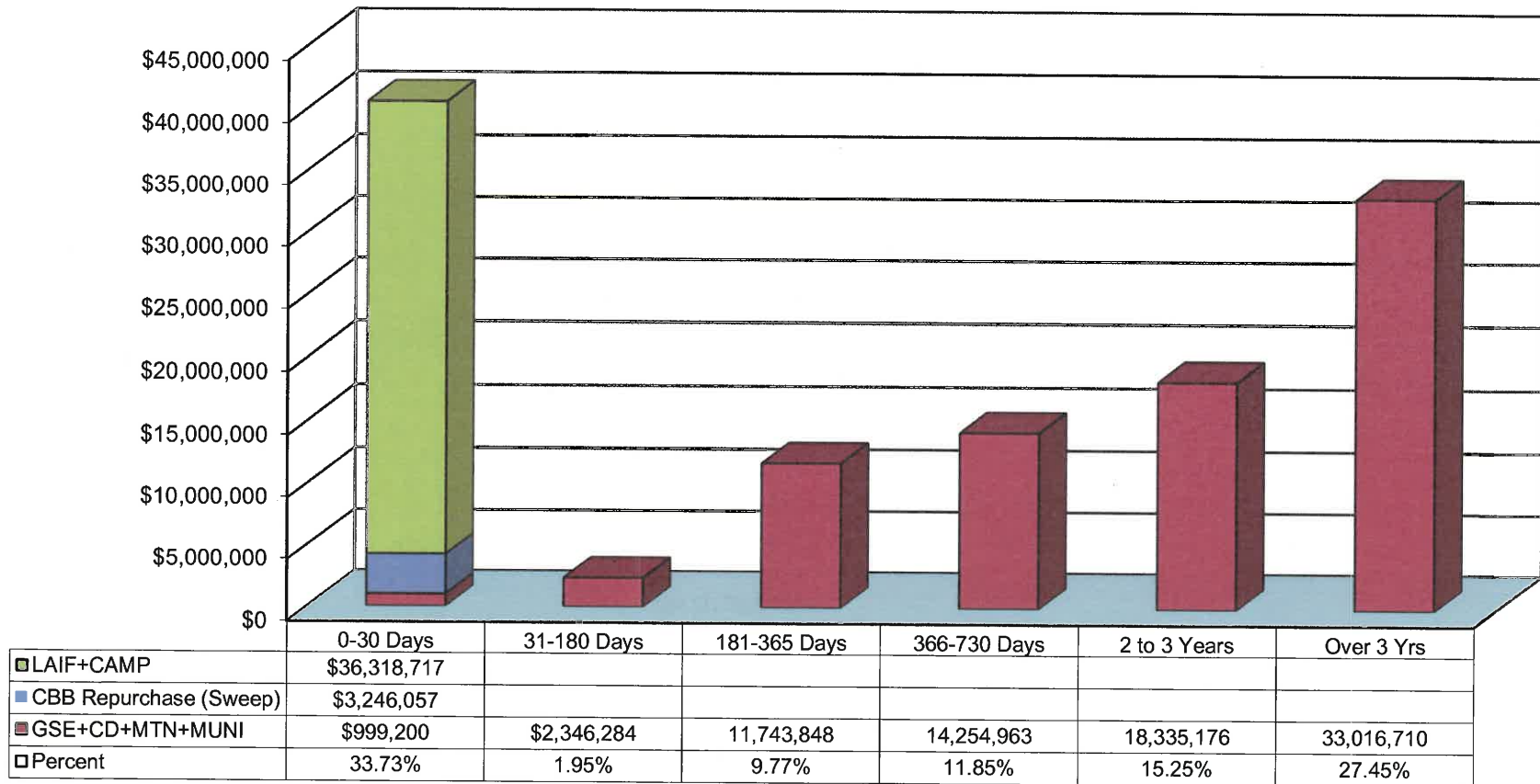
Inland Empire Utilities Agency
Treasurer's Report of Financial Affairs
For the Month Ended October 31, 2018
U.S. Government Sponsored Entities Portfolio
\$28,052,943



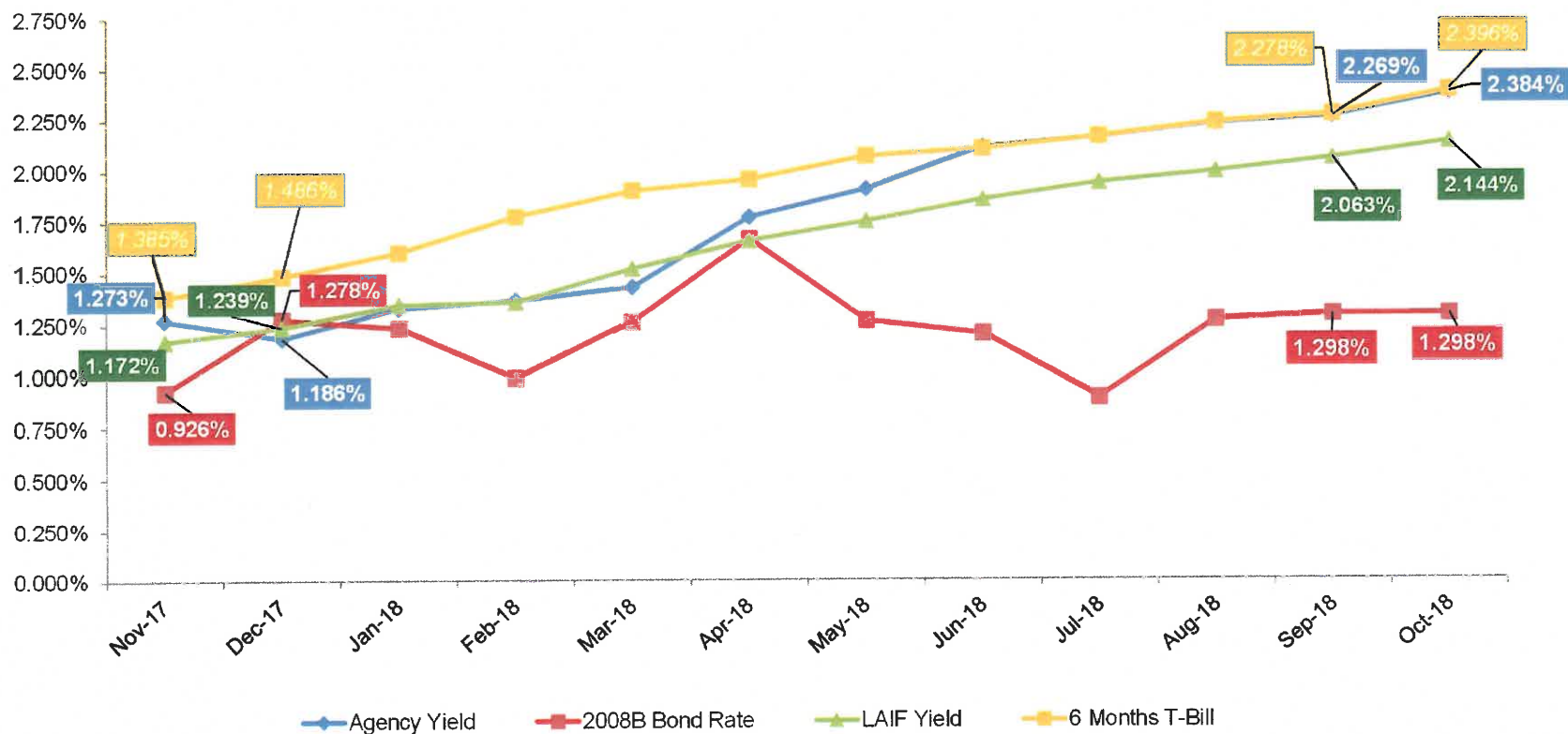
Inland Empire Utilities Agency
Treasurer's Report of Financial Affairs
For the Month Ended October 31, 2018
Unrestricted Agency Investment Portfolio
\$120,260,955



Inland Empire Utilities Agency
Treasurer's Report of Financial Affairs
For the Month Ended October 31, 2018
Agency Investment Portfolio Maturity Distribution (Unrestricted)
\$120,260,955



**Inland Empire Utilities Agency
Treasurer's Report of Financial Affairs
For the Month Ended October 31, 2018
Agency Investment Portfolio Yield Comparison**



INFORMATION
ITEM

4G

Date: December 19, 2018

To: The Honorable Board of Directors

From:  Halla Razak, General Manager 

Committee:

Executive Contact: Kathy Besser, Executive Manager of Ext. Aff. & Policy Dev./AGM

Subject: Public Outreach and Communication

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 13, IEUA's Water Association Leadership Breakfast (Keynote: Jim Green – MWD Group Manager of Water System Operations), DoubleTree Hotel, 222 North Vineyard Avenue, Ontario, 91764, 7:30 a.m. – 9:00 a.m.
- December 19, Employee Recognition Holiday Luncheon, Los Serranos Country Club, 15656 Yorba Avenue, Chino Hills, 11:00 a.m. – 3:00 p.m.

External Affairs staff held a regional meeting with member agency representatives on November 13 to plan messaging for the MWD Rialto Pipeline shutdown.

To date, 65 schools have made reservations to participate in the Water Discovery Program for SY 18/19.

Staff's Recommendation:

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

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

Environmental Determination:

Not Applicable

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.

Attachments:

Attachment 1 - Background

Background

Subject: Public Outreach and Communication

December

- December 13, IEUA's Water Association Leadership Breakfast (Keynote: Jim Green – MWD Group Manager of Water System Operations), DoubleTree Hotel, 222 North Vineyard Avenue, Ontario, 91764, 7:30 a.m. – 9:00 a.m.
- December 19, Employee Recognition Holiday Luncheon, Los Serranos Country Club, 15656 Yorba Avenue, Chino Hills, 11:00 a.m. – 3:00 p.m.

January

- January 4, Kiwanis Club of Ontario (IEUA staff to present on Water Softener Removal Rebate Program), Iron Skillet Restaurant, 805 N. Euclid Ave., Ontario, 12:00 p.m.
- January 24, Rotary Club of Upland, Landecena Community Center, 1325 E. San Bernardino Road, Upland, 12:00 p.m.

February

- Project WET (Water Education for Teachers) and Garden in Every School® Workshop, IEUA HQB, 8:00 a.m. – 3:00 p.m.

May

- May 17-19, MWD Solar Cup Competition, Lake Skinner, 37701 Warren Rd, Winchester, 92596

Media and Outreach

- External Affairs staff held a regional meeting with member agency representatives on November 13 to plan messaging for the MWD Rialto Pipeline shutdown. Staff developed a press release (sent out on November 19), fact sheet and a digital toolkit for member agencies to utilize for outreach during the shutdown. Agency staff also worked closely with MWD outreach staff to ensure communication was sent out to all interested parties.
- Staff received analytic reports back from the spring/summer *Kick the Habit* 15/20-week movie theater campaign (4/13/18-8/30/18). Harkins Theater (Chino Hills) played the Agency's ad over a 15-week period and had an estimated 300,000 attendees view the ad. Ontario Mills (Ontario), Ontario Palace (Ontario) and Victoria Gardens (Rancho Cucamonga) played the Agency's ad over a 20-week period and had an estimated 976,018 attendees view the ad.
- An ad will run in the *Chino Champion's* Holiday Greetings section on December 15.
- A *Kick the Habit* ad ran in the December issue of the *Inland Empire Magazine*.
- A *Kick the Habit* spadea ran on December 9 in the *Daily Bulletin*.
- A *Kick the Habit* ad ran in the *La Opinion* the first week of December.
- The *Kick the Habit* digital banner ad continues to run in the *Fontana Herald News*.
- External Affairs staff is working with Agency department leads to update the Agency's external website including the incorporation of new Brown Act requirements for agenda postings.

- Staff is continuing to schedule service club presentations highlighting IEUA's Water Softener Removal Rebate Program.
- November: 17 posts were published to the IEUA Facebook page, 17 posts were published to IEUA's Instagram and 17 tweets were sent on the @IEUAwater Twitter handle.
 - The top three Facebook posts, based on reach and engagement, in the month of November were:
 - 11/19: Rialto Pipeline Shutdown
 - 11/14: Press Release: Water Quality Lab Project Awarded Water/Wastewater Treatment Project of the Year
 - 11/1: Board of Directors were sworn in to the newly-created Chino Basin Water Bank JPA
 - The top three tweets, based on reach and engagement, in the month of November were:
 - 11/1: Solar Cup post
 - 11/1: Board of Directors were sworn in to the newly-created Chino Basin Water Bank JPA
 - 11/14: Water Quality Lab Project Awarded Water/Wastewater Treatment Project of the Year
 - The top three Instagram posts, based on reach and engagement, in the month of November were:
 - 11/1: Solar Cup post
 - 11/13: Randy Lee KVCR 2nd interview
 - 11/19: Halla Razak's panel participation at the Public Policy Institute of California Water Policy Center

Education and Outreach Updates

- Staff has begun scheduling Water Discovery Field Trips. To date, 65 schools have made reservations for the current school year.
- Staff has begun to build an interest list for Earth Day 2019. So far, we have received interest from four different schools with more than 246 students who are expecting to attend.
- WEWAC received 14 EduBucks (grant program) applications from schools within WEWAC's service area. Scoring criteria includes alignment with STEM Standards, number of students the activity reaches, integration of WEWAC goals (i.e. promotes the efficient use of water and increases public awareness of the importance of water), and promotes experimental/hands-on learning activities. Top ranking schools were selected at the November 27 WEWAC meeting.
- WEWAC members are promoting the 24th annual Water Media Contest. Broadcast media and digital art make up the two categories. The submittal deadline is February 14, 2019.

Association Member Outreach Updates

- On November 13, Randy attended the NRWI Operations Committee meeting.
- On November 15, Rick Mykitta attended the TAG meeting at OCSD.

INFORMATION
ITEM

4H

MEMORANDUM

To: Kathy Besser

From: Letitia White, Jean Denton, Drew Tatum, Shavenor Winters

Date: November 30, 2018

Re: November Monthly Legislative Update

FY19 Appropriations Action Needed Before December 7

As lawmakers returned to Washington for the lame duck session, the House and Senate must still act on the seven remaining FY19 appropriations bills that have not been enacted before the current continuing resolution expires on December 7, 2018. Lawmakers have completed work on five of the 12 annual appropriations bills, including: Defense; Energy and Water Development; Labor, Health and Human Services; Legislative Branch; and Military Construction and Veterans Affairs.

The remaining bills include the Agriculture; Commerce-Justice-Science; Financial Services and General Government; Homeland Security; Interior-Environment; State-Foreign Operations; and Transportation, Housing and Urban Development.

While we understand that many of the outstanding issues have been resolved, conversations surrounding President Donald Trump's proposed border wall have stalled negotiations on finalizing the Homeland Security Appropriations bill. In recent weeks, President Trump has told House and Senate Leadership and Appropriations leaders that he considers \$5 billion in appropriations a floor for negotiations over the wall.

When President Trump met with Senate Majority Leader Mitch McConnell (R-KY) and Senate Appropriations Committee Chairman Richard Shelby (R-AL) in November, the two Republican Senators said they believed they had a path forward to resolve the remaining appropriations bills. However, as recently as November 29, President Trump threatened a partial government shutdown on his way to the G20 summit in Buenos Aires, Argentina.

While Republicans have included \$5 billion for border security in the House version of the FY19 Homeland Security Appropriations bill (H.R.6776), the Senate bill (S.3109) only included \$1.6 billion in wall funding. Both bills have been advanced by their respective appropriations committees, but neither chamber has considered the legislation on the floor.

In response to the \$5 billion in funding for the wall, Senate Minority Leader Chuck Schumer (D-NY) said that Senate Democrats are holding their position that only \$1.6 billion should be appropriated in the current fiscal year. Sen. Shelby previously indicated that he would be open to a lesser funding level this year with an advanced appropriation for FY20 and reprogramming of

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unspent FY18 funds to reach a total of \$5 billion for the wall. Shelby has subsequently said that unspent funds from FY18 would not be used, meaning negotiators would need to fund an additional \$900 million in the current fiscal year and \$2.5 billion for next fiscal year to fund the wall.

While the current continuing resolution runs through December 7, a new short-term continuing resolution may be needed to give lawmakers an additional week to complete their work. According to the published schedules for the House and Senate, both chambers are scheduled to be in session through the week of December 10-14, 2018. Historically, lawmakers have provided week long extensions in order to keep pressure on their colleagues to finish the spending bills.

In addition to the controversy surrounding the border wall, Democrats have also indicated they may pursue a controversial rider as a condition of their support. The rider would address Special Counsel Robert Muller, who is overseeing the Russian investigation, and any other individuals appointed under the same statute. So far, Republicans have refused to bring up legislation that has advanced out of the Senate Judiciary Committee that would create a judicial review process if the special counsel were fired.

The status of the twelve annual appropriations bills is included in the table below:

Bill	Status
First Minibus Appropriations Bill including: <ul style="list-style-type: none">• Energy and Water• Legislative Branch• Military Construction and Veterans Affairs	Conference Report passed by the House and Senate; signed by President Trump Friday, September 21.
Second Minibus Appropriations bill including: <ul style="list-style-type: none">• Interior-Environment• Financial Services / General Govt.• Transportation-HUD• Agriculture	Conferees met on Thursday, September 13, but no agreement has been reached. These agencies are covered by a Continuing Resolution through December 7, 2018. These bills may be combined with the other remaining appropriations bills for one final spending bill.
Third Minibus Appropriations bill including: <ul style="list-style-type: none">• Defense• Labor, Health and Human Services• Continuing Resolution through December 7 for all other federal agencies	Conference Report passed by the House and Senate; the bill was signed by the President on September 28.

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Homeland Security Appropriations bill	The House and Senate Appropriations Committees have advanced the legislation out of Committee, but no floor action has been taken in either chamber. The agencies covered by these bills are funded by a Continuing Resolution through December 7 th . While appropriators hoped to package these bills together for a 4 th minibus, it is more likely that they will be packaged together with the bills that were not completed in the second minibus for a final appropriations package.
Commerce-Justice-Science Appropriations bill	
State-Foreign Operations Appropriations bill	

Supplemental Appropriations Eyed to Help After Large Fires in California

Senate Appropriations Committee Vice Chairman Patrick Leahy (D-VT) said that Democrats will push for \$720 million for wildfire relief amid the massive ongoing fires in California that have killed more than two dozen people and destroyed tens of thousands of homes.

Senator Leahy dismissed criticism from President Donald Trump blaming the fires on poor fire management in California and threatening to cut off federal dollars unless the supposed problems are remedied.

The push for funding to help California fight fires will come as Congress has reconvened for a post-election lame-duck session. First on the agenda is completing must-pass spending bills to keep the government operating ahead of a December 7 deadline when money for a handful of agencies – including the Department of Homeland Security, which provides grants to state and local governments – will run out absent action from Congress and the President. The wildfire money would likely be attached to the spending legislation.

Senator Leahy said there will need to be additional disaster relief money for ongoing hurricane recovery in Texas, Florida and elsewhere, including Puerto Rico. The administration has not made an official disaster funding request to Congress, but Leahy said Democrats would push for congressional action anyway.

Republicans, Democrats Pick Leaders for the 116th Congress

As Congress reconvened after the lame duck session, Members of Congress were joined by Members-elect who were participating in freshman orientation.

In addition to orientation, new members joined the Republican and Democratic conferences in selecting leaders for the next Congress. House Republicans, Senate Republicans, and Senate Democrats all held their elections in the week after the election while House Democrats had previously agreed to postpone their elections until after Thanksgiving.

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A full list of the leaders for both chambers is included below.

In the Senate, Democrats had no changes to their top leadership, as they do not institute term limits for their leaders. Senate Republicans had changes beginning with the number two position, the Whip, because Senator John Cornyn was term limited in his post. Other members of the leadership team moved up the ranks, and Senator Joni Ernst (R-IA) joined the leadership team as Vice Chairwoman of the Republican Conference.

With the retirement of House Speaker Paul Ryan (R-WI), Republicans did not have to drop a member of their leadership team moving into the minority. Current House Majority Leader Kevin McCarthy (R-CA) faced a challenge from the conservative House Freedom Caucus co-founder Jim Jordan (R-OH). McCarty defeated Jordan by a vote of 159-43. Current Majority Whip Steve Scalise (R-LA) did not face a challenge for the same position in the minority. Representative Liz Cheney (R-WY) replaces Representative Cathy McMorris Rogers (R-WA) as Chairwoman of the Republican Conference. McMorris Rogers opted not to run for a leadership post.

House Democrats faced the most drama going into their leadership elections. While the current slate of top leaders will take the top posts in the majority, the strongest challenge may still await House Minority Leader Nancy Pelosi (D-CA) when she is nominated by her party to serve as Speaker of the House in January. While Pelosi secured a substantial majority of the votes from her party to serve as its nominee, she did not secure the support of enough members to be elected Speaker unless those who did not support her change their vote or do not vote on the floor. To be elected Speaker of the House, one must secure an absolute majority of those present and voting. If all members vote, that is 218.

House Democrats are expected to hold their leadership elections during the week after Thanksgiving. At this time, the following individuals have announced they plan to run for leadership posts.

- House Democrats:
 - House Speaker: Current House Minority Leader Nancy Pelosi (D-CA).
 - House Majority Leader: Current House Minority Whip Stenny Hoyer (D-MD).
 - House Majority Whip: Current Assistant Democratic Leader Jim Clyburn (R-SC);
 - Assistant Democratic Leader: Current DCCC Chairman Ben Ray Lujan (D-NM)
 - House Democratic Conference Chairman: Hakeem Jeffries (D-NY)
 - House Democratic Conference Vice Chairman: Katherine Clark (D-MA)
- House Republican Leaders:
 - House Minority Leader: Current House Majority Leader Kevin McCarthy (R-CA).
 - House Minority Whip: Current House Majority Whip Steve Scalise (R-LA)
 - House Republican Conference Chairwoman: Representative Liz Cheney (R-WY).
- Senate Republican Leaders:
 - Senate President Pro-Tempore: Senator Chuck Grassley (R-IA). Grassley replaces retiring Senator Orrin Hatch as the Chamber's presiding officer in the absence of

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the Vice President. In recent history, the position has gone to the Senator with the most seniority in the majority party.

- Senate Majority Leader: Senator Mitch McConnell (R-KY).
- Senate Majority Whip: Senator John Thune (R-SD).
- Senate Republican Conference Chairman: Senator John Barrasso (R-WY).
- Senate Republican Policy Committee Chairman: Senator Roy Blunt (R-MO).
- Senate Republican Conference Vice Chairwoman: Senator Joni Ernst (R-IA)
- National Republican Senatorial Committee Chairman: Senator Todd Young (R-IN)
- Senate Democrats:
 - Senate Minority Leader: Senator Chuck Schumer (D-NY)
 - Senate Minority Whip: Senator Dick Durbin (D-IL)
 - Senate Minority Assistant Democratic Leader: Senator Patty Murray (D-WA)
 - Senate Minority Chairwoman of Policy and Communications: Senator Debbie Stabenow (D-MI)
 - Other members of the leadership team include: Senator Elizabeth Warren (D-MA), Senator Mark Warner (D-VA), Senator Amy Klobuchar (D-MN), Senator Bernie Sanders (I-VT), Senator Joe Manchin (D-WV), and Senator Tammy Baldwin (D-WI)

Budget Changes Not Adopted by Joint Select Committee

When Congress passed the FY18 omnibus appropriations bill, it included a provision that created two Joint Select Committees. One was created to deal with the long-term solvency of multi-employer pensions. The other committee, the Joint Select Committee on Budget and Appropriations Process Reform, was tasked with advancing solutions to solve issues related to the appropriations process in an effort to reduce the need for continuing resolutions and omnibus appropriations bills.

Both Committees have statutory deadlines of November 30 to send recommendations to the floor of the House and Senate. Legislation advanced by the committees are required by law to receive an up-or-down vote with expedited consideration in the Senate.

While the Committee heard testimony on moving to a two-year appropriations process, with half of the appropriations bills being considered in alternating calendar years, the proposal never gained traction.

The Committee did seriously consider the process of moving to a two-year budget resolution cycle that would have still preserved the ability of the Senate to use reconciliation instructions under expedited consideration every year. While the Committee began the markup of its proposals ahead of the Thanksgiving holiday, the markup was postponed over procedural concerns in the Senate.

When the Committee resumed its work after Thanksgiving, Democrats opposed the legislation not on its own merits but over concerns that Senate Majority Leader Mitch McConnell (R-KY) would allow senators to offer partisan amendments on the floor that would undermine its

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bipartisan support. Sen. Schumer had asked Sen. McConnell to agree to “fill the tree” to block consideration of floor amendments, and McConnell had not made any promises, Democrats said.

“The lack of an agreement between Senate leadership on a fair and bipartisan process for floor consideration opens up our final product to partisan mischief that could undo our work and, worse, actually make the budget process even more difficult,” panel Co-chair Nita Lowey (D-NY) said.

Five Republicans supported the measure while three opposed it. Two Democrats voted in favor, two voted against, and four voted present. The measure needed at least five votes in favor from members of each party.

While Congress could still consider a measure imposing biennial budget resolutions, the rejection ends the joint select committee’s efforts after months of work.

Funding Eyed for Infrastructure Package

Fixing the nation’s infrastructure is a top priority for both parties in the Senate, but getting Republicans and Democrats to agree on the types of projects and how to pay for them has been a source of contention among lawmakers.

The Senate will pass next year legislation that keeps the Highway Trust Fund solvent and relies on formula funding, Senate Environment and Public Works Chairman John Barrasso (R-WY) said Wednesday, November 28 during a hearing.

“I was hoping you would choose some magicians to come in here, perhaps some alchemists, to tell us how to stir a pot of lead, get it to the right temperature to turn it into silver and gold and we wouldn’t have to actually have to pay for infrastructure,” Sen. Roger Wicker (R-MS) said in his remarks. “If we want to build roads and bridges and infrastructure, we have to come up with some revenue solutions to actually pay for this.”

An infrastructure proposal from the White House did not move in Congress this year largely because no one could agree on how to fund it. Now a surface transportation bill reauthorization for the FAST Act (Pub. L. 114-94) and the looming insolvency of the Highway Trust Fund will push Congress to decide what gets funded, how and at what level.

A gasoline tax increase that, at minimum, keeps up with inflation, and federal pressure on states to create road usage-based fee systems will be key to reinvigorating the Highway Trust Fund, public and private transportation representatives told the committee.

“Existing formula funding systems allow flexibility for both rural and urban states to use federal money to its best advantage,” Barrasso said. “What works in Los Angeles or Chicago may not work for smaller communities like Cody or Riverton, Wyoming.”

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A point of tension around the gas tax is that it is charged on highway users who buy gas or diesel, but electric vehicles and transit riders benefit from the tax. An alternative favored by some Republicans is a usage-based fee or vehicle miles traveled, which several states are piloting by tracking odometers and charging distance-based fees. The panel said the technology and systems aren't sufficiently developed to abandon the gas tax in favor of a miles-based system.

"I don't think this is something that happens in the next five years. I think it's important to look at the gas tax, that's going to be the way we fund transportation, I believe, for the next 20 or so years. But we need to recognize the transition is taking place," Carlos Braceras, president of the American Association of State Highway and Transportation Officials, said.

Sen. Tom Carper (D-DE) raised the prospect of a gas tax increase during the hearing, mentioning a White House meeting in the spring during which President Donald Trump reportedly said he'd like to see a 25-cent increase, much to the dismay of Republicans in attendance and to Sen. Carper's surprise.

Sen. Carper could be bolstered next year by Democrats in the House who are planning to push for a gas tax increase to support the trust fund. Reps. Peter DeFazio and Earl Blumenauer, both Democrats from Oregon, convened a stakeholder meeting November 16 to begin a conversation about funding infrastructure. DeFazio is expected next year to become chairman of the Transportation and Infrastructure Committee. Blumenauer sits on Ways and Means and wants that committee to form an infrastructure funding subcommittee.

"We are a committee that gets things done," Barrasso said. "We are going to continue on that road and get a highway infrastructure bill passed next year."

Democrats' Revival of Earmarks Would be a Win for Appropriators

Lawmakers may reinstate the use of earmarks in the next Congress with the House under Democratic leadership, at least in a limited capacity, top appropriators have indicated. "It's on the table," Rep. Nita Lowey (D-NY), who is expected to become the House Appropriations Committee chairwoman when her party takes the majority in January.

An end to the ban on lawmaker's setting aside money for local projects, imposed by Republicans since 2011, would be a victory for appropriators who want more say in determining where federal dollars go. Lawmakers have argued that in the absence of earmarks, the executive branch takes more control over those decisions in a way that is no more transparent.

Lawmakers have discussed an end to the Republican ban on earmarks for about a year. In a September speech, House Minority Whip Steny Hoyer (D-MD), in line to serve as majority leader in the next Congress, said lawmakers should bring back earmarks in a House rules package that broadly aims for greater transparency and member input.

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“Republicans eliminated earmarks altogether, and the result has been an abdication of Congress’s power of the purse,” Rep. Hoyer said in those prepared remarks. “Let’s correct this mistake together.”

He has also touted rule changes Democrats made the last time they held the majority requiring members to disclose to the public their requests for earmarks, among other transparency directives.

House members discussed earmarks at a pair of House Rules Committee meetings in January 2018, though a change appeared unlikely under Speaker Paul Ryan (R-WI). President Donald Trump also raised the prospect of reviving earmarks that same month.

Some key Senate Republicans would also be on board with a change. Senate Appropriations Chairman Richard Shelby (R-AL) would also be on board, with one caveat, he said. Lawmakers would need a new name for the tactic. “They’d have to start with another name because that’s become pejorative,” Senator Shelby said.

The change would be part of a House Democratic rules package for the 116th Congress that could be released in the November-December lame-duck session. While Minority Leader Nancy Pelosi (D-CA) has not publicly commented on earmarks in recent days, she has expressed support for a return to earmarks in the past.

The executive branch’s increased control over money for infrastructure projects has frustrated some appropriators, particularly under the Trump administration. Chairman of the House Appropriations Energy and Water Subcommittee, Rep. Mike Simpson (R-ID), said the White House Office of Management and Budget has frequently removed projects from the Army Corps of Engineers annual work plan, especially under the Trump administration. The Financial Services spending bill for fiscal 2019, which is still under negotiation, may include a rider barring the OMB from making those changes.

Democrats Eye Rule Changes in the 116th Congress

The Democrats who are selected to chair House committees in the 116th Congress will have less power than the current Republican chairmen. Under an agreement announced Wednesday, November 28 committee members will be given tools for moving legislation that the chairman may not otherwise choose to move.

Under the proposed rules, a majority of the members of a committee will be able to request and schedule a markup of a bill on which the chairman hasn’t scheduled a meeting.

Additionally, a new rule has been proposed to create a special calendar for bills that have at least 290 cosponsors. Those bills will be placed on a “consensus calendar” if the primary committee of jurisdiction hasn’t reported them after 25 legislative days. The leadership will be required to bring up a bill from that calendar most weeks the House is in session.

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At the urging of the bipartisan Problem Solvers Caucus, the prospective leaders also agreed to create a Rules Committee protocol giving a preference to bipartisan amendments cosponsored by at least 20 members of each party.

Democratic leaders have also agreed to rely less on closed rules and allow more amendments to come up for floor debate.

The goal is to ‘clip the wings of top leadership so there is less top-down management,’ said Representative Ron Kind (D-WI). Under these changes “you are actually able to get bipartisan amendments or a bipartisan bill that has a path to the floor” and “won’t be stopped either at the speaker’s office or the committee chairman’s desk,” Kind added.

Tax Package Released, Extenders Seen As Likely Path Forward

House Ways and Means Committee Chairman Kevin Brady (R-TX) introduced a new tax package in the weeks after the midterm elections that would make technical fixes to the 2017 tax law and includes temporary tax breaks known as extenders. The House was originally scheduled to consider the bill on Friday, November 30, but House leaders pulled it from consideration without announcing when or if the House will consider the legislation.

The bill also includes measures that would expand retirement savings, retool the Internal Revenue Service, and provide temporary tax relief for victims of wildfires in California, hurricanes Florence and Michael, and storms and volcanoes in the Pacific.

“I look forward to swift action in the House to send these measures to the Senate,” Brady said in a Nov. 26 news release.

Senate Finance Committee Chairman Orrin Hatch (R-UT) said that his committee is still working on its own legislation in an effort to craft a bipartisan agreement that could pass before the end of the year. Hatch said he plans to release a plan “very soon”.

In previous years, lawmakers have used the end-of-year spending deal as a legislative vehicle for tax extenders legislation. If a bill is not passed before Congress considers the remaining FY19 appropriations bills, lawmakers may seek to attach expiring tax provisions to the spending legislation again this year.

Farm Bill Deal Reached by Dumping Work Rules

Democrats and Republicans say they have tentatively reached a deal on farm legislation after dropping controversial work requirements for food stamp recipients proposed by conservative House Republicans and President Donald Trump. The proposed deal comes after lawmakers failed to secure a deal before the legislation expired on September 30, 2018. Lawmakers largely acknowledged that the real deadline was December when many of the applicable crop years expire.

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Lawmakers said Thursday they expect both chambers to take up the legislation as soon as next week after House-Senate negotiators resolved differences between their versions of the agriculture measures. The bill would renew farm subsidies, federal crop insurance and food aid for low-income families for five years.

House Agriculture Chairman Mike Conaway (R-TX) and Senate Agriculture Chairman Pat Roberts (R-KS), along with Ranking Members Representative Collin Peterson (D-MN) and Senator Debbie Stabenow (D-MI), said they reached a tentative deal without detailing all the provisions.

The biggest stumbling block in the debate over the farm bill (H.R. 2) has been over expanding work requirements for many people who receive food stamps. House Republicans had proposed making older food stamp recipients and those with older children comply with work requirements, while Senate negotiators opposed those changes.

The House provisions were left out of the final bill, according to Roberts. He said the bill strengthens existing work requirements without adding new ones and without shifting food stamp funding into job training.

"It's more the Senate version than the House version," Conaway said, adding that the bill will include more provisions to root out food-stamp fraud. "Everything we had in the House bill was important but we made the compromises we needed to make to get this deal done."

Another snag resolved by negotiators was a push by Agriculture Secretary Sonny Perdue and Interior Secretary Ryan Zinke to enact more permissive logging regulations. Roberts said the compromise involves easing the ability of loggers to salvage wood from fire-damaged areas.

The bill includes a provision that would make hemp a legal agricultural commodity after Senate Majority Leader Mitch McConnell of Kentucky championed the proposal, even joining the farm bill conference committee to ensure it would be incorporated. Among other changes to existing law, hemp will be removed from the federal list of controlled substances and hemp farmers will be able to apply for crop insurance.

Lawmakers said the final version will be made public next week. Roberts said the deal hasn't yet been presented to Trump. In September, Trump tweeted: "Pass the Farm Bill with SNAP work requirements!" SNAP refers to the Supplemental Nutrition Assistance Program, formerly known as food stamps.

Judge to Rule on 2020 Citizenship Immigration Question

Three weeks of testimony in a federal courtroom about the 2020 census have focused on one question: Did the Trump administration add a citizenship question to the census for political gain?

On Tuesday, November 27 -the final day of the trial- opponents of the citizenship question accused the administration of deliberately trying to deter noncitizens from being counted.

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Lawyers representing the plaintiffs — state attorneys general, city governments and a host of civil-liberties advocacy groups — said the decision to add the question had been “reverse-engineered” to add a veneer of legality, then disguised in an official record that “likely was falsified.”

Judge Jesse M. Furman of the United States District Court for the Southern District of New York will decide, probably within a few weeks, which version of events is correct. He will almost certainly not have the last word. The citizenship case is expected to reach the Supreme Court next year, with the justices under pressure to rule before an early summer deadline to lock in the wording of 2020 census forms for printing.

A significant undercount of minorities would skew the allotment of hundreds of billions of dollars in federal money, distort business decisions based on census data and potentially alter the reapportionment of state and local political districts and the House of Representatives in 2021.

Watchdog Clears Zinke of Wrongdoing in National Monument Investigation

A government watchdog agency has cleared Interior Secretary Ryan Zinke of wrongdoing following an inquiry into whether he redrew the boundaries of a national monument in Utah to avoid the nearby land holdings of a Republican state lawmaker and supporter of President Donald Trump.

The Interior Department’s Inspector General, Mary Kendall, found “no evidence” that Mr. Zinke gave Utah State Representative Michael E. Noel preferential treatment when the agency last year shrank the size of Grand Staircase-Escalante National Monument in a way that excluded a parcel of land owned by Mr. Noel.

Investigators concluded there was also no evidence that Mr. Zinke or other Interior staff “were aware of Mr. Noel’s financial interest in the revised boundaries, or that they gave Noel any preferential treatment in the resulting proposed boundaries,” according to a November 21 letter Ms. Kendall wrote to David Bernhardt, the deputy secretary of the Interior.

Representative Raul Grijalva (D-AZ), who is expected to chair the House Natural Resources Committee next year, said in a statement he accepts the results of the investigation into Mr. Zinke. He also said that “the process he and President Trump used to destroy Bears Ears and Grand Staircase-Escalante will be front and center in our oversight and investigations efforts” when Democrats formally take control of the House.

Representative Rob Bishop (R-UT), the current Republican chairman of committee, noted in a statement that the Inspector General found Mr. Zinke acted in good faith. “This investigation’s closure marks the end of one politically-motivated attack against Secretary Zinke’s efforts to empower local communities against government overreach,” he said.

Shortly after taking office, President Trump launched a review of about two dozen national monuments. From the start, though, Bears Ears National Monument (created by former President

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Obama in 2016) and Grand Staircase-Escalante National Monument (created by President Clinton in 1996) were in the administration's cross hairs, with President Trump calling their creation an "egregious use of federal power."

In December, President Trump announced he would shrink Bears Ears by 85 percent and diminish Grand Staircase nearly by half, from its original 1.9 million acres to 1 million acres.

**INFORMATION
ITEM**

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November 29, 2018

To: Inland Empire Utilities Agency
From: Michael Boccadoro
Beth Olhasso
RE: November Report

Overview:

Sacramento remained in a post-election lull most of November. There have been virtually no announcements from the incoming Newsom administration as to who will be part of his team in Sacramento. Questions as to if Felicia Marcus will get re-appointed to the water board, who will lead the Natural Resources Agency, if Karla Nemeth will remain head of DWR, all remain unanswered as of the end of November.

As California moves deeper into winter, 100 percent of the state is now experiencing at least abnormally dry conditions, with 84 percent experiencing moderate drought conditions. One year ago, only 30 percent of the state was abnormally dry. Significant precipitation in Northern California recently has eased some worry about slipping deeper into drought conditions.

The State Water Resources Control Board (SWRCB) was expected to take action on Phase 1 of the Bay Delta Water Quality Control Plan earlier this month. However, the night before the hearing Governor Jerry Brown and Governor-elect Gavin Newsom sent a [letter](#) to the Board requesting a delay while Department of Water Resources (DWR) and Department of Fish and Wildlife (DFW) officials attempt to close out voluntary settlement agreements with water districts and other parties who would be affected by the change. The Board will once again consider the item on December 11. Rumors continue that Governor Brown could appoint a new board member prior to the vote.

Recently, the State Water Resources Control Board released an update to their recycled water policy. One of the most significant pieces of the update was the addition of a new goal. The goal is to “minimize the direct discharge of treated wastewater to enclosed bays, estuaries and coastal lagoons, and ocean waters, except where necessary to maintain beneficial uses.”

There was only one change in the IEUA legislative delegation after the election. Republican Assemblymember Mark Steinorth abdicated his seat in his unsuccessful run for San Bernardino County Supervisor. His seat was won by Democrat James Ramos. Democrats will hold a three-fourths majority in the Assembly for the first time since 1883, while Senate Democrats picked up at least three seats and will hold their strongest majority since 1962. Finally, Proposition 3 failed passage statewide. It is likely that unfavorable editorials, a water bond on the June ballot and Proposition W in LA County were all contributing factors to its failure.

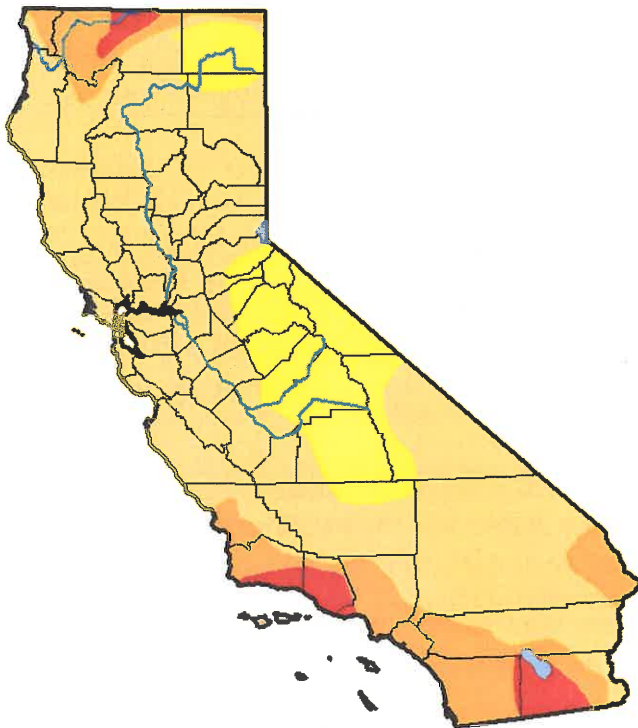
The Legislature returns briefly on December 3 to swear in newly elected members, but officially on January 7, starting with the inauguration of Governor Newsom, followed by his budget release on January 10. Members will introduce hundreds of bills before the February 22 bill introduction deadline.

Inland Empire Utilities Agency Status Report – November 2018

California Remains Dry, but the First Precipitation of the Season Arrives

As California moves deeper into winter, 100 percent of the state is now experiencing at least abnormally dry conditions, with 84 percent experiencing moderate drought conditions. One year ago, only 30 percent of the state was abnormally dry. At the same time, the first band of winter storms are rolling through Northern California, with nine feet of snow expected in some areas by the time the weather clears again. The much-needed precipitation is a good start to creating the snowpack needed to sustain the state throughout the summer.

U.S. Drought Monitor California



November 27, 2018

(Released Thursday, Nov. 29, 2018)

Valid 7 a.m. EST

Drought Conditions (Percent Area)

	None	D0-D4	D1-D4	D2-D4	D3-D4	D4
Current	0.00	100.00	83.66	18.33	3.78	0.00
Last Week 11-20-2018	0.00	100.00	77.62	18.36	3.78	0.00
3 Months Ago 08-28-2018	13.78	86.22	47.58	21.05	2.77	0.00
Start of Calendar Year 01-02-2018	55.70	44.30	12.69	0.00	0.00	0.00
Start of Water Year 05-25-2018	12.16	87.82	47.97	22.82	4.94	0.00
One Year Ago 11-26-2017	69.09	30.91	8.24	0.00	0.00	0.00

Intensity:

- D0 Abnormally Dry
- D1 Moderate Drought
- D2 Severe Drought
- D3 Extreme Drought
- D4 Exceptional Drought

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.

Author:

Richard Heim
NCEI/NOAA



<http://droughtmonitor.unl.edu/>

State Water Resources Control Board Delays Flows Vote at Governor's Request

The State Water Resources Control Board (SWRCB) was expected to take action on Phase 1 of the Bay Delta Water Quality Control Plan earlier this month. The plan proposes to increase unimpaired flows on major tributaries to the San Joaquin River, including the Stanislaus, Tuolumne, and Merced Rivers. However, the night before the hearing Governor Jerry Brown and Governor-elect Gavin Newsom sent a [letter](#) to the Board requesting a delay while Department of

Water Resources (DWR) and Department of Fish and Wildlife (DFW) officials attempt to close out voluntary settlement agreements with water districts and other parties who would be affected by the change. Boardmember Dorene D'Adamo had also published an [editorial](#) expressing her continued disappointment in the plan and her intention to propose an alternative if the board attempted to move forward with the existing proposal.

Board Chair, Felicia Marcus, opened the hearing by acknowledging the letter and her intention to consider the administration's request before making a decision. DFW Director Chuck Bonham and DWR Director Karla Nemeth made a presentation outlining the comprehensive plan they hope will be forth-coming from the ongoing negotiations, including predation control and habitat restoration from Redding to Fresno along with increased flow. Bonham and Nemeth also repeatedly assured the Board members that the "Brown Administration" would not ask for another extension.

Boardmembers Tam Doduc and Steven Moore, who recently resigned to take a job as General Manager of Ross Valley Sanitation District, expressed opposition to granting an extension and wanted to move the proposal forward. However, after Chair Marcus showed support for the Governor and Governor-elect's request the Board voted 3-0 to grant the extension. Moore and Douc abstained. The Board is scheduled to consider the plan on December 11.

SWRCB Releases Recycled Water Policy Update

Recently, the State Water Resources Control Board released an update to their recycled water policy. One of the most significant pieces of the update was the addition of a new goal. The goal is to "minimize the direct discharge of treated wastewater to enclosed bays, estuaries and coastal lagoons, and ocean waters, except where necessary to maintain beneficial uses." This language is similar to SB 163 (Hertzberg 2017) which would have eliminated ocean discharge of recycled water. It is clear that Senator Hertzberg will be introducing the bill in some form again this year.

Other changes outlined in the recycled water policy include:

- Recycled water reporting would change to an annual report to the SWRCB with additional monthly updates.
- All agencies must transition to the "General Order" permit within three years (for non-potable projects).
- Requires agencies to demonstrate compliance with the state's anti-degradation policy.

These are just a few highlights of the some of the changes made. The full policy can be found [here](#). WCA will work with WateReuse as the association works on its comments on the new policy. The Board will consider comments before releasing and voting on a final update.

Election Recap

The 2018 election is in the books with record campaign spending, breaking \$1 billion for the first time in California. As provisional and mail-in ballots continue to be counted, key takeaways from the election include:

- *Proposition 3 water bond fails* – by a margin of 50.9 percent to 49.1 percent. Only a handful of counties supported the proposition, including Fresno, Merced, Monterey, Tulare, Yolo and multiple Bay Area counties.

- *Gavin Newsom wins Governor's race* – as expected, Bay Area Democrat, Lieutenant Governor Newsom easily won the election for California's next Governor. California voters elected a governor who reflects their left leaning attitudes. This election marks the first time in 130 years that a Democrat Governor takes office following a fellow Democrat. Functionally, this means that there will likely be a less dramatic turnover of administration officials.
- *Assembly Democrats pick up five, likely six seats* – with almost all races now called, Assembly Democrats have added to their super majority, holding 60 seats for sure, and could add another soon. The Republicans will hold onto 20, possibly 19 seats. This will give Assembly Democrats a ¾ majority, the largest majority since 1883.
- *Senate Democrats likely pick up three seats* – Senate Democrats also made a strong showing picking up two seats with a third still a strong possibility, with Republican incumbent Janet Nguyen (Garden Grove) trailing her Democratic opponent, Tom Umberg, by a likely insurmountable margin. Democrats will hold 29 seats in the Senate, their largest margin since 1962.

Senator Ricardo Lara (D – Bell Gardens) and Senator Ted Gaines (R – El Dorado Hills) have also secured victories for Insurance Commissioner and Board of Equalization, respectively, leaving those two seats open for a special election in the coming months.

The IEUA delegation remains largely unchanged, with only one seat changing. Republican Assemblymember Mark Steinorth abdicated his seat in his unsuccessful run for San Bernardino County Supervisor. His seat was won by Democrat James Ramos.

Senate:

SD 20: Leyva (D) 69% Munson (R) 31%

Assembly:

AD 40 (former Steinorth seat): James Ramos (D) 59% Henry Gomez Nickel (R) 41%

AD 41: Holden (D) 64% Reynolds (R) 36%

AD 47: Reyes (D)- 100%

AD 52: Rodriguez (D) 68% Holle (R) 31%

AD 55: Chen (R) 55% Fritchle (D) 45%

Legislative Update

Sacramento remained in a post-election lull most of November. There have been virtually no announcements from the incoming Newsom administration as to who will be part of his team in Sacramento. Questions as to if Felicia Marcus will get re-appointed to the water board, who will lead the Natural Resources Agency, if Karla Nemeth will remain head of DWR, all remain unanswered as of the end of November. The only announcements that have been made are that Ann O'Leary, a former top Hillary Clinton advisor, will be Newsom's Chief of Staff. Newsom also named Ana Motosantos to be his cabinet secretary, the number two job in the governor's office, which oversees all of the state's executive branch agencies. Motosantos has served as Director of Finance for two governors, Schwarzenegger and Brown.

The Legislature returns for one day on December 3 to swear in new members, but will adjourn again until January 7 when the session opens, and the Governor is sworn in. Three days later, the new Governor will formally submit his proposed 2019-2020 budget.

There is very little change expected in leadership in both houses with exception of the Assembly Republican Leader. Assemblymember Brian Dahle (R, Bieber) stepped down and announced his candidacy along several current and former Assemblymembers running for the Senate seat that will be vacated by Ted Gaines, who is newly elected to the Board of Equalization. Marie Waldron (R- Escondido) has announced that she has the necessary votes from her caucus to assume the Leader position in January, although it is unclear if a formal vote has been taken.

While it is still a little early for serious bill language to be released, it is clear that there will be another attempt at establishing the "Safe and Affordable Drinking Water Fund." The proponents of SB 623 (Monning) have indicated that they will pick up where they left off at the end of session with an "opt-out" fee, while several statewide water organizations have proposed a few different ideas as potential alternatives.

With the devastating fires in both Northern and Southern California, there will be significant discussion about how utilities operate their systems during high wind events. Additional discussions on how to pay for the liability portion of the wildfire costs, potentially \$20 billion in PG&E territory, will be front and center come January.

**INFORMATION
ITEM**

4J



CALIFORNIA STRATEGIES, LLC

Date: November 27, 2018
To: Inland Empire Utilities Agency
From: John Withers, Jim Brulte
Re: November Activity Report

1. This month John Withers held the monthly meeting on November 12th with the senior staff of the agency to discuss various District activities.
2. Regional Contract
 - Meeting held 11/08.
3. Proposition One Grant Application
 - Further project discussion was carried over to the next meeting in December
4. Chino Basin Program
 - Board workshop held 11/08
 - \$6.3 mil in budget (EIR and PDR) Unanimous vote to support by IEUA BOD
 - Benefits-Accelerates delivery of the projects
 - Check in with IUEA BOD Feb '19
 - Pursuing federal funding (Title XVI/WIIN-Section 4007)
5. November Elections
 - Re election of Directors Hall and Elie
 - General discussion of various races and political updates.

**INFORMATION
ITEM**

4K

Federal Legislation of Significance

Bill Number	Sponsor	Title and/or Summary	Summary/Status
H.R. 8/ S.2800 (subsequently replaced by S.3021)	Rep. Bill Shuster(R-PA)/ Sen. John Barrasso (R-WY)	Water Resources Development Act/ America's Water Infrastructure Act of 2018 (America's Water Infrastructure Act of 2018)	<p>The bill authorizes proposed U.S. Army Corps of Engineers civil works activities and provides reforms to the Corps. WARDA authorizes locally driven, but nationally vital, investments in the Nation's water resources infrastructure. It strengthens economic growth and competitiveness, helps move goods throughout the country and abroad, and protects our communities. The legislation passed the House on June 6, 2018 by a vote of 408 to 2. It was received in the Senate and placed on the Senate Legislative Calendar under General Orders.</p> <p>The Senate version of the bill, America's Water Infrastructure Act of 2018 was introduced in May 8, 2018. The legislation was marked and reported favorably out of committee on Tuesday, May 22, 2018. Senator Barrasso filed a written report to accompany the bill on July 10, 2018.</p> <p>Since the Senate was unable to pass its own legislation, the House and Senate pre-conferenced legislation in a bipartisan manner, which was passed the House as a substitute amendment to S. 3021. It passed the Senate on October 10, 2018, and was signed by President Trump on October 23, 2018 (Public Law 115-270)</p>
H.R.5895	Rep. Mike Simpson (R-ID)	Fiscal 2019 Energy and Water Development, Legislative Branch, and MilCon-VA Appropriations "Minibus"	<p>Provides FY2019 appropriations for U.S. Army Corps of Engineers civil works projects, the Department of the Interior's Bureau of Reclamation, the Department of Energy (DOE), and independent agencies such as the Nuclear Regulatory Commission. The legislative branch section, would provide additional funds for the Office of Compliance for training and higher caseloads. The office handles workplace protection complaints for the legislative branch. It also would block the automatic cost-of-living increase for members of Congress. The legislation would also appropriate funding for military construction and the Department of Veteran's Affairs.</p> <p>The legislation was passed in both the House and the Senate and was conferenced to reconcile discrepancies. It became Public Law (PL-115-244) on September 21, 2018.</p>
H.R. 6147	Rep. Ken Calvert (R-CA)	Fiscal 2019 Interior-Environment, Financial Services	<p>The legislation includes funding for the Department of the Interior, the Environmental Protection Agency (EPA), the Forest Service, the Indian Health Service, and various independent and related agencies. These funds are targeted to</p>

		Appropriations "Minibus"	<p>important investments in the nation's natural resources, including \$3.4 billion for the Department of the Interior and U.S. Forest Service to prevent and combat devastating wildfires.</p> <p>The legislation also contains several policy provisions Republicans say will "rein in unnecessary regulations at the EPA and other agencies." The Financial Services bill would provide funding for the United States Department of the Treasury, as well as the United States federal courts, the Executive Office of the President of the United States,</p> <p>The legislation was passed in both the House and Senate and both chambers are conferencing together in order to reconcile discrepancies between each chamber's version. Since the final conference report has not been finalized. The agencies funded by the legislation will be funded under a continuing resolution through December 7, 2018.</p>
H.R. 5609	Rep. Keith Ellison (D-MN)	Water Affordability, Transparency, Equity, and Reliability Act of 2018	<p>The legislation would establish a trust fund to provide for adequate funding for water and sewer infrastructure, and for other purposes.</p> <p>The bill was referred to the Subcommittee on Commodity Exchanges, Energy, and Credit on Tuesday, May 22, 2018 and no further action has been taken.</p>
H.R. 5003	Rep. Randy Hultgren (R-IL)	To amend the Internal Revenue Code of 1986 to reinstate advance refunding bonds	<p>The legislation was referred to the House Committee on Ways and Means on Tuesday, February 13, 2018 and no further action has been taken.</p>
H.R.4902/ S. 2364	Rep. John Katko (R-NY)/ Sen. John Boozman (R-WY)	Securing Required Funding for Water Infrastructure Now Act	<p>The legislation would amend the Water Infrastructure Finance and Innovation Act of 2014 to provide to State infrastructure financing authorities additional opportunities to receive loans under that Act to support drinking water and clean water State revolving funds to deliver water infrastructure to communities across the United States.</p> <p>The bill was referred to the Subcommittee on Water Resources and Environment on January 31, 2018, and the Subcommittee on Environment on February 2, 2018. No further action has been taken.</p> <p>The Senate version of the bill, which would amend WIFIA in the same manner, was introduced on Tuesday, January 30, 2018 and was referred to the Committee on Environment and Public Works.</p>

S.2329	Sen. John Hoeven (R-ND)	Water Infrastructure Finance and Innovation Reauthorization Act of 2018	<p>This measure is designed to spur investments in water project development across the nation by supplementing federal funding of water infrastructure projects — including wastewater treatment, flood control and storm water management — with long-term, low-cost loans and loan guarantees, reauthorize and amend the Water Infrastructure Finance and Innovation Act of 2014, and double the Environmental Protection Agency’s fiscal year 19 WIFIA authorization to \$90 million and extend the program for five years, through 2024.</p> <p>The legislation was introduced Tuesday, January 23, 2018 was referred to the Committee on Environment and Public Works.</p>
H.R.4492	Rep. Brian Mast (R-FL)	Water Infrastructure Finance and Innovation Reauthorization Act of 2017	<p>H.R. 4492 is a companion bill to S.2329 and would spur investments in water project development across the nation by supplementing federal funding of water infrastructure projects.</p> <p>This bill was introduced Thursday, November 30, 2017, and was referred to the Subcommittee on Water Resources and Environment, and the Subcommittee on the Environment.</p>
H.R. 5127	Rep. Grace Napolitano (D-CA)	Water Recycling Investment and Improvement Act	<p>The legislation would assist water agencies with the expansion, planning, designing, and building of water recycling plants and modernizing water infrastructure by making changes to the WIIN Act Title XVI water recycling and reuse program by removing the requirement of funding projects that are in drought or disaster areas, increasing the authorization from \$50 million to \$500 million, making the program permanent rather than sun-setting in 2021, and taking away the requirement that the projects need to be designated in an appropriations legislation.</p> <p>The bill was introduced on Tuesday, February 27, 2018, and was referred to the Subcommittee on Water Resources and Environment, and the Subcommittee on Water, Power, and Oceans.</p>
H.R. 3711	Reps. Lamar Smith (R-TX)/Ken Calvert (R-CA) /Bob Goodlatte (R-VA)	Legal Workforce Act	<p>A bill that would require all U.S. employers to use the E-Verify electronic employment verification system. The requirement would be phased over a two-year period, starting with the largest employers. The agriculture industry would have an additional six months (or 30 months total) to come into compliance.</p> <p>H.R. 3711 was referred to the Committee on the Judiciary, and in addition to the Committees on Ways and Means, and Education and the Workforce on Friday, September 8th. On Wednesday, September 27th, H.R.3711 was referred to Judiciary Subcommittee on Immigration and Border Security. Judiciary Committee Consideration and Mark-up Session was held on Wednesday, October 25th. H.R.</p>

			3711 was ordered and reported (amended) by the yeas and nays: 20-10 on October 25, 2017.
H.R. 23	Rep. David Valadao (R-CA)	Gaining Responsibility on Water Act of 2017	<p>Among other things the legislation would require regulators to comply with the Bay-Delta Accord and make changes to the state's Central Valley and State Water projects and streamline permitting processes. The bill included provisions from multiple other bills previously passed by the House that sought to increase the flow of water to areas of California that have experienced drought over the past five years. The measure was referred to the House Committee on Natural Resources and the Committee on Agriculture.</p> <p>By a vote of 230-190, the House passed H.R. 23, as amended, on July 12, 2017. H.R. 23 was received in Senate, read twice and referred to the Committee on Energy and Natural Resources on July 18, 2017.</p>
H.R. 4/ S.1405 (replaced by H.R.302)	Rep. Bill Shuster (R-PA)/ Sen. John Thune (R-SD)	FAA Reauthorization Act of 2018/ Federal Aviation Administration Reauthorization Act of 2017	<p>Among other issues this legislation would reauthorizes the Federal Aviation Administration for five years. Among other things the FAA reauthorization funds aviation programs, Airport Planning and Development and Noise Compatibility Planning and Programs and authorizes FAA's Airport Improvement Program (AIP) account at \$3.350 billion annually for each of fiscal years 2018-2023.</p> <p>By a vote of 393 – 13, the House passed H.R.4. The Senate has received the bill and placed it on the Senate Legislative Calendar under General Orders but will likely vote to maintain the legislation through a short-term extension through October 7.</p> <p>The Senate version of the bill was favorably reported out of the Committee on Commerce, Science, and Transportation on May 5, 2018 and was then placed on the Senate Legislative Calendar.</p> <p>Since the Senate was unable to pass its own legislation, the House and Senate pre-conferenced legislation in a bipartisan manner, which was passed the House as a message / substitute amendment to H.R. 302. The Senate passed a short-term reauthorization that was passed by the House that allowed for an additional week to pass the 5-year authorization. H.R. 302 was passed by the Senate 93-6 on October 3, 2018. It was signed by President Trump on October 4, 2018 and became Public Law 115-254.</p>

H.R. 1663	Rep. Grace Napolitano (D-CA) / Rep. Rob Wittman (R-VA)	Water Resources Research Amendments Act	<p>This legislation would extend a Federal-State partnership aimed at addressing state and regional water problems, promoting distribution and application of research results, and providing training and practical experience for water-related scientists and engineers. H.R. 1663 would authorize \$9,000,000 annually over five years for grants to water resources research institutes and require two-to-one matching with non-federal funds. It would also promote exploration of new ideas, expand research to reduce energy consumption, and bolster reporting and accountability requirements.</p> <p>The bill has been introduced in the House Committee on Natural Resources and referred to the Subcommittee on Water, Power and Oceans on March 27, 2017.</p>
H.R. 497/ S.357	Rep. Paul Cook (R-CA)/ Sen. Dianne Feinstein (D-CA)	Santa Ana River Wash Plan Land Exchange Act	<p>This bill directs the Department of the Interior: (1) to quitclaim to the San Bernardino Valley Water Conservation District in California approximately 327 acres of identified federal land administered by the Bureau of Land Management, and (2) in exchange for such land, to accept from the Conservation District a conveyance of approximately 310 acres of its land.</p> <p>On April 27th H.R. 497 passed through the House Natural Resources Committee by unanimous consent and was scheduled for the House Floor Consideration on June 2nd.</p> <p>This bill was passed by the House on June 27th by a vote of 424-0. The bill was referred to the Senate Committee on Energy and Natural Resources on June 28th and no further action has been taken.</p> <p>The Senate Environment and Public Works Committee held a hearing on S. 357 on July 26, 2017. On May 15, 2018 the Senate Committee on Energy and Natural Resources ordered H.R. 497 to be reported without amendment favorably.</p> <p>On August 15, 2018 Senator Murkowski from the Senate Committee on Energy and Natural Resources filed a written report to accompany H.R. 497.</p> <p>House and Senate staff are working on a potential federal lands package for consideration in the lame duck session. The legislative vehicle could carry federal lands bills along with a reauthorization of the Land Water Conservation Fund.</p>
S. 32 / H.R. 857	Sen. Dianne Feinstein (D-CA) /	California Desert Protection and Recreation Act /	<p>This bill would designate wilderness in the California desert and protect lands for recreation, wildlife and tourism. Aspects of the bill include:</p>

	Rep. Paul Cook (R-CA)	California Off-Road Recreation and Conservation Act	<ul style="list-style-type: none"> • Mandate study and protection of Native American cultural trails along the Colorado River. • Designate 230,000 acres of additional wilderness area between the Avawatz Mountains near Death Valley to Imperial County's Milpitas Wash. • Add 43,000 acres to Death Valley and Joshua Tree national parks. • Create a 75,000-plus acre special management area at Imperial County's Vinagre Wash. • Designate Inyo County's Alabama Hills as a National Scenic Area. • Prohibit new mining claims on 10,000 acres in Imperial County considered sacred by the Quechan Tribe. <p>Additionally, the bill protects 140,000 acres of existing off-road vehicle riding areas from mining, energy development, military base expansion or other decisions that would close them to vehicle use.</p> <p>The Senate Committee on Energy and Natural Resources, Subcommittee on Public Lands, Forests and Mining held a hearing on S.32 on July 26, 2017. On October 2, 2018 the Committee on Energy and Natural Resources ordered S. 32 to be reported with an amendment in nature of a substitute favorably.</p> <p>H.R. 857, California Off-Road Recreation and Conservation Act, is a similar bill and largely aims to address similar issues. As the House has passed Congressman Cook's bill, staff from the House and Senate are attempting to work on a path forward. The Senate received the bill and on October 2, 2018 the Committee on Energy and Natural Resources ordered H.R. 857 to be reported with an amendment in nature of a substitute favorably.</p> <p>House and Senate staff are working on a potential federal lands package for consideration in the lame duck session. The legislative vehicle could carry federal lands bills along with a reauthorization of the Land Water Conservation Fund.</p>
H.R. 2510	Rep. Peter DeFazio (D-OR)	Water Quality Protection and Job Creation Act of 2017	<p>This bill would amend the Federal Water Pollution Control Act to authorize appropriations for State water pollution control revolving funds.</p> <p>This bill was introduced on May 19, 2017 and was referred to the Subcommittee on Water Resources and Environment.</p>
H.R. 1654	Rep. Tom McClintock (R- CA)	Water Supply Permitting Coordination Act	<p>This bill would allow water project sponsors the opportunity to use an expedited permitting process for new or expanded surface non-federal storage facilities</p>

			<p>through the Bureau of Reclamation, which would be the lead and central agency coordinating the review process.</p> <p>The House Natural Resources Committee approved the bill by a vote of 24-16 on April 27. The House Rules Committee on June 20th dictated final amendments for passage on the House Floor; this bill passed the House on June 22 by a vote of 233-180. H.R. 1654 was referred to the Senate Committee on Energy and Natural Resources on June 26 and no further action has been taken.</p>
H.R. 6804	Rep. Brian Babin (R-TX)/ Rep. Terri Sewell (D-AL)	Onsite Wastewater Recycling Efficiency Act	<p>This bill would allow for the provision of information and resources to fully use decentralized wastewater systems in the United States to provide affordable wastewater recycling and treatment.</p> <p>This bill was introduced on September 13, 2018 and referred to the Subcommittee on Water Resources and Environment (Transportation and Infrastructure) on September 14, 2018. It was referred to the Subcommittee on Commodity Exchanges, Energy, and Credit (Agriculture) on October 22, 2018.</p>
S. 3342/ H.R. 7050	Sen. Cory Booker (D-NJ) / Rep. Jim Clyburn (D-SC)	Housing, Opportunity, Mobility, and Equity Act of 2018	<p>This bill would require Community Development Block Grant recipients to develop a strategy to support inclusive zoning policies and would allow for a credit to support housing affordability.</p> <p>This is an identical bill that was introduced in both the House and the Senate. The Senate version was introduced on August 1, 2018 and referred to the Committee on Finance. The House version was introduced on October 9, 2018 and was referred to the Committees on ways and Means and Financial Services.</p>
H.R. 4921	Rep. Paul Mitchell (R-MI)	STB Information Security Improvement Act	<p>This bill requires the Surface Transportation Board (STB) to develop a timeline and plan to implement the recommendations of the Inspector General of the Department of Transportation in Report No. FI2018002 concerning information security. The STB must report annually to the House Committee on Transportation and Infrastructure and the Senate Committee on Commerce on progress in implementing the recommendations until the implementation is complete.</p> <p>This bill was passed by the House as a voice vote on April 10, 2018 and passed in the Senate on October 1, 2018. It was signed by President Trump on October 16, 2018 and became Public Law 115-269.</p>

**INFORMATION
ITEM**

4L

Date: December 19, 2018

To: The Honorable Board of Directors

From: Halla Razak, General Manager  

Committee:

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

Subject: Fiscal Year 2018/19 First Quarter Budget Variance, Performance Goal Updates, and Budget Transfers

Executive Summary:

The Budget Variance report presents the Agency's financial performance through the first quarter ended September 30, 2018 and various related analyses are provided in the attachments.

The Agency's total revenue and other funding sources were \$54.2 million, or 77.2 percent of the year to date budget of \$70.2 million. Lack of property tax receipts which commence in November of each fiscal year primarily account for the unfavorable variance in revenues and other funding sources.

The Agency's total expenses and uses of funds were \$56.4 million, or 80.4 percent of the \$70.2 million year to date budget. Timing of capital project execution and certain professional service primarily accounts for the positive variance.

The net change of the total revenues and other funding sources over the total expenses and other uses of funds for this quarter is a decrease of \$2.2 million.

Staff's Recommendation:

The Fiscal Year (FY) 2018/19 first quarter budget variance, performance goals updates, and budget transfers is an informational item for the Board of Directors to receive and file.

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 of the total revenues and other funding sources over the total expenses and other uses of funds is a decrease of \$2.2 million for the quarter ended September 30, 2018.

Full account coding (internal AP purposes only):

- - -
- - -

Project No.:

Prior Board Action:

None.

Environmental Determination:

Not Applicable

Business Goal:

The quarterly budget variance report is consistent with the Agency's business goal of fiscal responsibility to demonstrate the Agency has appropriately funded operational, maintenance, and capital costs.

Attachments:

Attachment 1 - Background

Exhibit A- Q1 Budget Variance Summary Report

Exhibit A- Q1 Budget Variance Detail Report

Exhibit B- Business Goals and Objectives Report by Initiatives

Exhibit C-1 Summary of Annual Budget Transfers in the first quarter

Exhibit C-2 Summary of the GM Contingency account activity

Exhibit D- Project Budget transfers for capital & non-capital projects

Attachment 2 - PowerPoint

Background

Subject: Fiscal Year 2018/19 First Quarter Budget Variance, Performance Goals Updates, and Budget Transfers

The Budget Variance report presents the Agency's financial performance through the first quarter ending September 30, 2018, includes the following highlights:

TOTAL REVENUES AND OTHER FUNDING SOURCES

Overall, the Agency's total revenue and other funding sources were \$54.2 million, or 77.2 percent of the year to date budget of \$70.2 million for the quarter ended September 30, 2018 (Exhibit A detail). The following section highlights key variances:

- **Recycled Water Sales** – Total recycled water direct sales were \$3.9 million for 8,367-acre feet (AF) and groundwater recharge sales were \$1.9 million for 2,572-acre feet (AF), for a combined total of \$5.8 million or 10,939 AF. Total deliveries of 36,700 AF (23,000 AF Direct and 13,700 AF Recharge) were budgeted for the fiscal year. Deliveries through the first quarter are consistent with deliveries for the same period last year. Sales demand for direct use and groundwater recharge varies depending on weather patterns, water use conservation efforts, reuse supply, and basin availability.
- **MWD Imported Water Sales** – Total Metropolitan Water District (MWD) pass-through imported water revenue was \$16.9 million or 157.0 percent of year to date budget for total deliveries of 22,174 AF compared to the annual budgeted quantity of 50,000 AF. The higher demand was mainly due to some member agencies use of imported water rather than other local supplies to meet compliance requirements.
- **Cost Reimbursement from JPA** – Total cost reimbursements were \$3.3 million, or 215.3 percent of the year to date budget. Category actuals include reimbursements of \$1.0 million from the Inland Empire Regional Composting Authority (IERCA) and \$0.2 million from Chino Basin Desalter Authority (CDA) for the Agency's operation & maintenance of the IERCA Composter and CDA Desalter facilities. Also included is \$2.1 million from Chino Basin Watermaster (CBWM) for the Pomona Extensometer projects (100 percent reimbursement) in the amount of \$1.5 million and another \$0.6 million for the operations & maintenance costs related to the groundwater recharge basins, net of the Agency's pro-rata shares for recycled water recharge costs.
- **Property Taxes** – General ad-valorem property tax receipts from the San Bernardino County Tax Assessor will commence in November 2018 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. The first property tax payment was received on November 9, 2018.
- **Connection Fees** – Total connection fees of \$5.9 million or 71.2 percent of the year to date budget, includes \$3.9 million for new regional system connections (EDU), and \$1.9 million

for new water connections (MEU). New connections reported through the first quarter were 598 EDU compared to the annual budget of 4,000 EDU and 670 MEU compared to the 4,000 budgeted MEU.

- **Grants & Loans** – Total grant and loan receipts were \$0.2 million, or 2.0 percent of the year to date budget. Included is \$23 thousand of grant receipts for the groundwater recharge conjunctive use project for stormwater capture and \$0.2 million of State Revolving Fund (SRF) loan for the regional water quality laboratory. Loan proceeds related to the Recharge Water and Regional Wastewater Operations and Maintenance programs are anticipated in the remainder of the fiscal year. Grants and loan receipts are primarily reimbursable in nature and as such are dependent upon related capital project expenditures.
- **Project Reimbursements and Other Revenues** – Total other revenues and project reimbursements were \$1.0 million, or 164.9 percent of the \$0.6 million of the year to date budget. Actual receipts include \$0.6 million from CBWM for their share of the 2008B variable bond debt service and fixed project costs and \$0.3 million in lease revenues.

TOTAL EXPENSES AND USES OF FUNDS

The Agency's total expenses and uses of funds were \$56.4 million, or 80.3 percent of the \$70.2 million year to date budget. Key expense variance highlights are:

Administrative Expenses

- **Professional Fees & Services** – Total expenses were \$1.2 million, or 42.2 percent of the year to date 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 notifications, battery projects at various plant locations and work to be performed by contractors and consultants for project management and administrative services.
- **O&M (Non-capital) Projects** – O&M and reimbursable project costs were \$2.2 million or 26.7 percent of their combined year to date budget. The favorable balance is mainly due to lower spending for water and drought related projects such as the Santa Ana River Conservation & Conjunctive Use Program (SARCCUP), South Archibald Trichlorethylene (TCE) Plume Cleanup, Collection System Asset Management and Agency-Wide Aeration Panel Replacement projects.

Operating Expenses

- **Biosolids Recycling** – Total Biosolids expenses were \$0.7 million or 60.9 percent of the year to date budget. Biosolids budget includes costs for hauling and disposal of biosolids and non-biological materials. Year to date tonnage of the agency's biosolids generated from all its water recycling facilities shipped to IERCA was 10,240 tons with a blended rate of \$56.00 per ton.

- **Utilities** – Total utilities expenses were \$2.6 million of the \$2.3 million year to date budget. This category includes the purchase of electricity from Southern California Edison (SCE), natural gas, and renewable energy generated on site from solar and wind. The unfavorable variance is due to higher than budgeted electricity expenses. Through the first quarter, the average rate for imported electricity was \$0.1265/kWh versus the \$0.125/kWh budgeted rate. The rate was expected to be above the budget as the first quarter contains the seasonal peak rates typical of the summer time months. Going forward the electricity rate should decrease as it moves into winter time rates.
- **MWD Water Purchases** – Total Metropolitan Water District (MWD) pass-through imported water purchases was \$16.9 million or 157.0 percent of year to date budget for total deliveries of 22,174 AF compared to the annual quantity of 50,000 AF.

Non-Operating Expenses

- **Capital Projects** – Total capital project expenditures through the end of the first quarter were \$9.2 million or 43 percent of the year to date budget of \$21.3 million. The amended annual budget is \$85.4 million which includes \$5.2 million of capital budget carried forward from FY 2017/18. The lower than anticipated expenditures are primarily due to contractor delays, design recommendation reviews, and extended request for proposals and related contract award delays. Capital project costs related to the regional wastewater program through the first quarter were \$4.1 million, or 13 percent of the \$31.1 million annual program budget. Recycled water capital projects accounted for \$1.0 million, or 6 percent of the \$17.0 million annual program budget.

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

FUND BALANCES AND RESERVES

The net change of the total revenues and other funding sources over the total expenses and other uses of funds for this quarter is a decrease of \$2.2 million.

Table 1 provides an overview of the fiscal year budget variance in revenues, expenses, and fund balance.

**Table 1: Fiscal Year and Year to Date (YTD)
Revenues, Expenses, and Fund Balance (\$Millions)**

Operating	FY 2018/19 Amended Budget	Budget YTD	Actual YTD	% Budget Used YTD
Operating Revenue	\$154.1	\$38.5	\$47.1	122.3%
Operating Expense	(\$172.3)	(\$43.1)	(\$40.5)	94.0%
Net Operating Increase/(Decrease)	(\$18.2)	(\$4.6)	\$6.6	
Non- Operating				
Non-Operating Revenue	\$126.6	\$31.7	\$7.1	22.4%
Non-Operating Expense	(\$108.4)	(\$27.1)	(\$15.9)	58.7%
Net Non-Operating Incr./(Decrease)	(\$18.2)	\$4.6	(\$8.8)	
Total Sources of Funds	\$280.7	\$70.2	\$54.2	77.2%
Total Uses of Funds	(\$280.7)	(\$70.2)	(\$56.4)	80.3%
Total Net Increase/(Decrease)	\$0.0	\$0.0	(\$2.2)	

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

Intra-fund O&M budget transfers for the first quarter accounted for \$0.1 million as detailed in Exhibit C-1.

Intra-fund Capital and O&M projects budget transfers accounted for approximately \$1.9 million as listed in Exhibit D.

The *General Manager (GM) Contingency Account* adopted budget of \$300,000 in the Administrative Services Fund, utilized \$50,000 in the first quarter to support unplanned but necessary expenses as listed in Exhibit C-2.

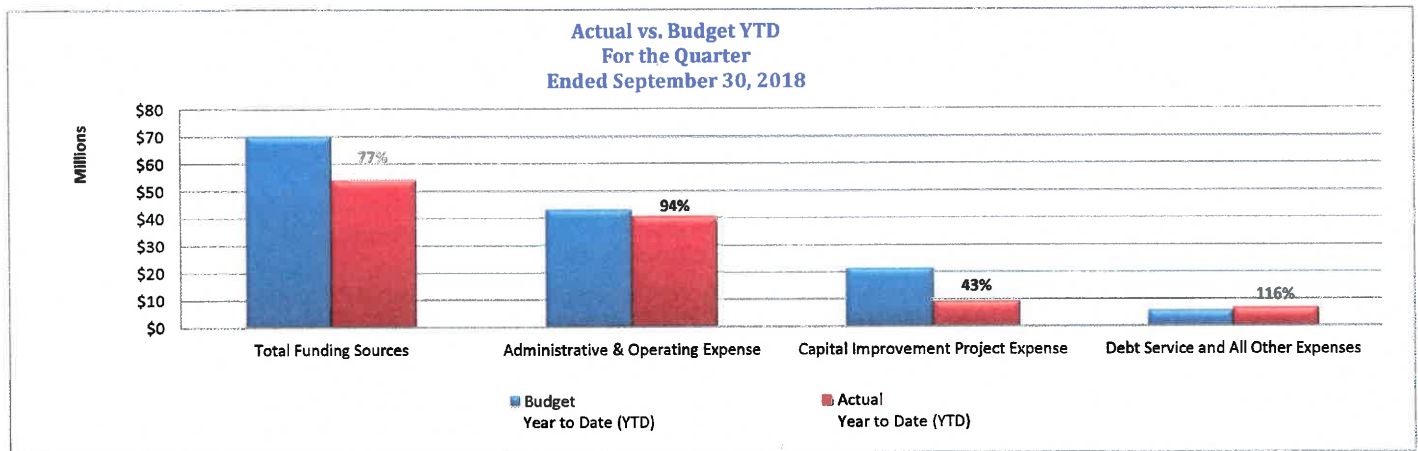
The budget variance analysis report is consistent with the Agency's business goal of fiscal responsibility: to demonstrate the Agency appropriately funded operational, maintenance, and capital costs.

IMPACT ON BUDGET

The net change of the total revenues and other funding sources over the total expenses and other uses of funds for this quarter is a decrease of \$2.2 million.

I. Actual vs. Budget Summary:

Quarter Ended September 30, 2018					% of the Year Elapsed: 25%
	Amended Budget	Budget Year to Date (YTD)	Actual Year to Date (YTD)	Budget YTD vs. Actual	% of Budget Used YTD
Operating Revenues	\$154,107,576	\$38,526,894	\$47,100,290	\$8,573,396	122.3%
Non-Operating (Other Sources of Fund)	126,618,589	31,654,647	7,093,072	(24,561,575)	22.4%
TOTAL FUNDING SOURCES	280,726,165	70,181,541	54,193,362	(15,988,179)	77.2%
Administrative & Operating Expense	(172,315,268)	(43,078,816)	(40,573,279)	2,505,537	94.2%
Capital Improvement Project Expense	(85,365,737)	(21,341,434)	(9,197,435)	12,143,999	43.1%
Debt Service and All Other Expenses	(23,067,507)	(5,766,877)	(6,669,197)	(902,320)	115.6%
TOTAL USES OF FUNDS	(280,748,512)	(70,187,127)	(56,439,911)	13,747,216	80.4%
Surplus/(Deficit)	(\$22,347)	(\$5,586)	(\$2,246,549)	(\$2,240,963)	



2. Actual Revenue vs. Budget:

Quarter Ended September 30, 2018

% of the Year
Elapsed:25%

	Amended Budget	Budget Year to Date (YTD)	Actual Year to Date (YTD)	Budget YTD vs. Actual	% of Budget Used YTD
Operating Revenues:					
User Charges	\$84,243,779	\$21,060,945	\$20,899,943	(\$161,002)	99.2%
Recycled Water Sales	18,188,000	4,547,000	5,839,995	\$1,292,995	128.4%
MWD Water Sales	42,996,000	10,749,000	16,879,656	\$6,130,656	157.0%
Cost Reimbursement	6,083,947	1,520,987	3,274,216	\$1,753,229	215.3%
Interest	2,595,850	648,963	206,478	(\$442,485)	31.8%
OPERATING REVENUES	154,107,576	38,526,895	47,100,288	8,573,393	122.3%
Non-Operating Revenues:					
Property Tax - Debt, Capital, Reserves	\$47,887,800	\$11,971,950	\$0	(\$11,971,950)	0.0%
Connection Fees	32,911,999	8,228,000	5,862,151	(\$2,365,849)	71.2%
Grants & Loans	43,367,567	10,841,892	220,629	(\$10,621,263)	2.0%
Other Revenue	2,451,224	612,804	1,010,293	\$397,489	164.9%
NON-OPERATING REVENUES	126,618,590	31,654,646	7,093,073	(24,561,573)	22.4%
Total Revenues	\$280,726,166	\$70,181,541	\$54,193,361	(\$15,988,180)	77.2%

- User Charges, 99.2%** User charges were \$20.9 million, or 99.2 percent of the year to date budget. The category includes \$16.7 monthly sewer charges based on equivalent dwelling units (EDU), \$2.5 million non-reclaimable wastewater fees paid by industrial and commercial users connected to the brine line system, and \$1.5 million of monthly meter equivalent unit charges (MEU) imposed on all potable water connections, and Readiness-to-Serve Ten Year Rolling Average (RTS TYRA) charges to meet our Readiness-to-Serve obligation from Metropolitan Water District (MWD).
- Property Tax/ AdValorem, 0%** General ad-valorem property tax receipts from the San Bernardino County Tax Assessor will commence in November 2018 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. The first property tax payment was received on November 9, 2018.
- Recycled Water Sales, 128.4%** Recycled water direct sales were \$3.9 million for 8,367 acre feet (AF) and groundwater recharge sales were \$1.9 million for 2,572 acre feet (AF), for a combined total of \$5.8 million or 10,939 AF. Total deliveries of 36,700 AF (23,000 AF Direct and 13,700 AF Recharge) were budgeted for the fiscal year. Deliveries through the first quarter are consistent with deliveries for the same period last 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, 31.8%** Interest Income is \$0.2 million or 31.8 percent of the year to date budget. The Agency earns interest income by investing funds not immediately required for daily operations. The Agency's average portfolio yield as of Sept 2018 was 2.269% and continues to increase as a result of rising market rates and more active management of the Agency's investment portfolio.
- MWD Water Sales, 157%** Total Metropolitan Water District (MWD) pass-through imported water revenue was \$16.9 million or 157.0 percent of year to date budget. Imported water sales at 22,174 AF compared to the annual budgeted quantity of 50,000 AF. The higher demand was mainly due to some member agencies use of imported water rather than other local supplies to meet compliance requirements.

Connection Fees, 71.2% Total connection fee receipts of \$5.9 million or 71 percent of the year to date budget. Receipts include \$3.9 million for new regional system connections (EDU), and \$1.9 million for new water connections (MEU). New EDU connections reported through the first quarter were 598 EDU compared to the annual budget of 4,000 EDU and the total new water connections were 670 MEU compared to the 4,000 budgeted MEU.

Grants and Loans, 2% Grant and loan receipts were \$0.2 million, or 2.0 percent of the year to date budget. Included is \$23 thousand of grant receipts for the groundwater recharge conjunctive use project for stormwater capture and \$0.2 million of State Revolving Fund (SRF) loan for the regional water quality laboratory. Loan proceeds related to the Recharge Water and Regional Wastewater Operations and Maintenance programs are anticipated in the remainder of the fiscal year. Grants and loan receipts are primarily reimbursable in nature and as such are dependent upon related capital project expenditures. The annual grants budget of \$14.8 million includes, \$6.7 million for Northeast/Southern project Recycled Water fund, \$5.4 million for the new water quality laboratory Regional Wastewater Operations and Maintenance fund and \$2.1 million for Santa Ana River Conservation & Conjunctive Use Program (SARCCUP) project Water fund. Grant receipts consist of reimbursements from federal and state programs may contain pass-through funding for other agencies. State Revolving Fund (SRF) loan proceeds annual budget of \$28.6 million includes \$9.0 million for Recharge Master Plan Update in the Recharge Water Fund, \$7.9 million for Northeast/Southern project Recycle Water Fund, \$7.7 million for the RP-5 Solids Treatment and Liquid Expansion projects Regional Wastewater Capital fund, and \$4.0 million for the new water quality laboratory Regional Wastewater Operations and Maintenance fund.

Cost Reimbursements JPA, 215.3% Total cost reimbursements were \$3.3 million, or 215.3 percent of the year to date budget. Category actuals include reimbursements of \$1.0 million from the Inland Empire Regional Composting Authority (IERCA) and \$0.2 million from Chino Basin Desalter Authority (CDA) for the Agency's operation & maintenance of the IERCA Composter and CDA Desalter facilities. Also included is \$2.1 million from Chino Basin Watermaster (CBWM) for the Pomona Extensometer projects (100% reimbursement) in the amount of \$1.5 million and another \$0.6 million for the operations & maintenance costs related to the groundwater recharge basins, net of the Agency's pro-rata share for the recycled water recharge costs. Annual total cost reimbursement budget of \$6.1 million includes: \$3.9 million from IERCA, \$1.2 million from CDA, and \$1.0 million from CBWM.

Other Revenues, 164.9% Total other revenues and project reimbursements were \$1.0 million, or 164.9 percent of the \$0.6 million of the year to date budget. Actual receipts include \$0.6 million from CBWM for their share of the 2008B variable bond debt service and fixed project costs and \$0.3 million in lease revenues.

3. Actual Operating and Capital Expense vs. Budget:

Quarter Ended September 30, 2018				% of the Year Elapsed: 25%	
	Amended Budget	Budget Year to Date (YTD)	Actual Year to Date (YTD)	Budget YTD vs. Actual	% of Budget Used YTD
Operating Expenses:					
Employment	\$45,722,019	\$11,430,504	\$11,356,879	\$73,625	99.4%
Admin & Operating	83,597,249	20,899,311	12,336,744	\$8,562,567	59.0%
MWD Water Purchases	42,996,000	10,749,000	16,879,656	(\$6,130,656)	157.0%
OPERATING EXPENSES	\$172,315,268	\$43,078,815	\$40,573,279	\$2,505,536	94.2%
Non-Operating Expenses:					
Capital	85,365,737	21,341,434	9,197,435	\$12,143,999	43.1%
Debt Service and All Other Expenses	23,067,507	5,766,878	6,669,197	(\$902,319)	115.6%
NON-OPERATING EXPENSES	\$108,433,244	\$27,108,312	\$15,866,632	\$11,241,680	58.5%
Total Expenses	\$280,748,512	\$70,187,127	\$56,439,911	\$13,747,216	80.4%

Employment Expenses net of allocation to projects

Employment, 99.4%

Employment expenses were \$11.4 million or 99.4 percent of the year to date budget. At the end of the first quarter, total filled regular positions were 265 compared to the 290 authorized positions and 13 limited term positions. Recruitment of key positions as part of the Agency's succession planning effort is expected to lower the vacancy factor going forward. The category budget includes \$7.2 million (\$1.9 million year to date) to be paid toward the agency employee retirement unfunded liabilities.

Administrative & Operating Expenses

Office and Administrative, 49%

Office and administrative for the fiscal year was \$0.3 million, the favorable variance was in part due to the inclusion of \$212 thousand for the GM contingency budget which represents 8% of the overall category budget. Also contributing to the positive variance are lower advertising, timing of election, and department training expenses. 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, 42.2%

Total expenses were \$1.2 million, or 42.2 percent of the year to date budget. The positive variance can be attributed to the timing of contracts and services that are anticipated in future quarters, such as Utilquest Dig Alert notifications and work to be performed by contractors and consultants for project management and administrative services.

Materials & Supplies/Leases/Contribution, 74%

Expenses through the end of first quarter were \$0.7 million or 74.8 percent of the year to date budget. The category includes spending of \$0.6 million for materials, supplies, and leases 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, 60.9%

Biosolids expenses were \$0.7 million or 60.9 percent of the year to date budget. Biosolids budget includes costs for hauling and disposal of biosolids and non-biological materials. Year to date tonnage of the agency's biosolids generated from all its water recycling facilities shipped to IERCA was 10,240 tons with a blended rate of \$56.00 per ton.

Chemicals, 88.4%

Chemical expenses were \$1.1 million, or 88.4 percent of the year to date budget. The slight favorable variance is mainly due to the reduction in consumption of sodium bisulfite which is added after disinfection and odor control to reduce residual chlorine before discharge. Carbon Canyon stopped effluent discharges of sodium bisulfite to Chino Creek to support increased recycled water demand. Chemicals are essential in meeting regulatory requirements, treatment process performance goals, and sustainment of high quality recycled water.

Administrative & Operating Expenses continued

Operating Fees, 88.2%

Spending in this category was \$2.9 million, or 88.2 percent of the year to date budget. The majority of the expense is Non-reclaimable wastewater system (NRWS) "pass-through" fees from Sanitation District of Los Angeles County (SDLAC) and Santa Ana Watershed Project Authority (SAWPA). The category also includes \$0.7 million of readiness-to-serve (RTS) obligation collected by MWD, budgeted at \$2.9 million.

MWD Water Purchases, 157%

Total Metropolitan Water District (MWD) pass-through imported water purchases was \$16.9 million or 157.0 percent of year to date budget. Imported water sales at 22,174 AF compared to the annual budgeted quantity of 50,000 AF. The higher demand was mainly due to some member agencies use of imported water rather than other local supplies to meet compliance requirements.

Utilities, 115.1%

Total utilities expenses were \$2.6 million of the \$2.3 million year to date budget. This category includes the purchase of electricity from Southern California Edison (SCE), natural gas, and renewable energy generated on site from solar and wind. The unfavorable variance is due to higher than budgeted electricity expenses. Through the first quarter, the average rate for imported electricity was \$0.1265/kWh versus the \$0.125/kWh budgeted rate. The rate was expected to be above the budget as the first quarter contains the seasonal peak rates typical of the summer time months. Going forward the electricity rate should decrease as it moves into winter time rates.

O&M and Reimbursable Projects, 28.2% and 1.9%

The combined O&M and reimbursable project costs were \$2.2 million or 26.7 percent of their combined year to date budget. The favorable balance is mainly due to lower spending for water and drought related projects such as the Santa Ana River Conservation & Conjunctive Use Program (SARCCUP), South Archibald Trichlorethylene (TCE) Plume Cleanup, Collection System Asset Management and Agency-Wide Aeration Panel Replacement projects.

Financial Expenses

Financial Expense, 111.8%

Total financial expenses were \$6.4 million through the end of the first quarter. Actual costs included \$5.9 million paid towards principal for the 2010A bond, Sanitation District of Los Angeles County (SDLAC) payment of Repair, Relocation, Reconstruction, and Rehabilitation (4Rs), and other SRF notes. Total interest payments were \$0.4 million and \$0.1 million for financial administration fees.

Other Expenses

Other Expenses, 384.6%

Total other expenses were \$0.3 million or 384.6 percent of the year to date budget, but expenses are in-line with the annual budget. This category included an annual contributions-in-aid to the Santa Ana Watershed Project Authority for \$0.3 million that was paid in the first quarter.

Capital Expenses

Capital Costs, 43.1%

Total capital project expenditures through the end of the fiscal year were \$9.2 million or 43.1 percent of the year to date budget of \$21.3 million. The amended annual budget is \$85.4 million which includes \$5.2 million of capital budget carried forward from FY 2017/18. The lower than anticipated expenditures are primarily due to contractor delays, design recommendation reviews, and extended request for proposals and related contract award delays. Capital project costs related to the regional wastewater program through the first quarter were \$4.1 million, or 13.3 percent of the \$31.1 million annual program budget. Recycled water capital projects accounted for \$1.0 million, or 5.7 percent of the \$17.0 million annual program budget.

Summary of major capital and non-capital project expenses and status as of September 30, 2018

Capital Projects		Annual Budget	Actual YTD	% of Budget Used YTD
EN15008	Water Quality Laboratory The scope of the project is the construction of a new, state of the art, 17,000 sq. laboratory and expansion of the existing central plant to supply chilled water for the laboratory air conditioning and heating system. The project is funded in part by State Revolving Fund (SRF) loan proceeds. The project is in the final phases of construction and progressed more quickly than anticipated for the fiscal year, project is projected to be complete in September of 2018. The current total project budget is \$26,645,000, as of June 30, 2018 total project expenses are 87.5% of total project budget.	2,500,000	459,291	18.4%
EN14019	RP-1 Headworks Gate Replacement 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, currently in the construction phase and remained behind schedule through the end of the fiscal year. Staff is currently working with the contractor on a recovery plan and project is scheduled for completion in FY 2018/19.	3,450,000	1,108,659	32.1%
EN13001	San Sevaïne Basin Improvements As part of the 2013 Amendment to the 2010 Recharge Master Plan Update (RMPU), this project will evaluate, design, and construct basin improvements needed to maximize infiltration and recharge capture at the San Sevaïne 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 with an estimated completion in early FY 2018/19.	547,574	306,295	55.9%
EN17110	RP-4 Process Improvements This project involves improvements to different processes and operational functional flexibility at RP-4. The project's scope of work was expanded during the charter phase and the technical preparation work was placed on hold in order to focus on the Emergency Trident Filter project for approximately 3 months. The Trident Filter contractor is having trouble procuring materials which will push some project expenditures into second quarter of FY 2018/19.	2,500,000	1,086,344	43.5%
O&M & Reimbursable Projects		Annual Budget	Actual YTD	% of Budget Used YTD
PA17006	Agency-Wide Aeration Panel Replacements 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. The RP-5 Aeration Panel construction contract was awarded in December 2017 and is estimated to be completed in December of 2018.	1,859,760	1,406,224	75.6%
EN16021	TCE Plume Cleanup 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. The projects timeline has been delayed due to difficulty in acquiring property needed to construct a groundwater well in the plume area. Pipeline design began in March 2018 and is estimated to be completed in the second quarter of FY 2018/19.	6,620,000	58,085	0.9%
WR16024	Santa Ana River Conservation and Conjunctive Use Program (SARCCUP) The Santa Ana River Conservation & Conjunctive Use Program is known as SARCCUP. Was created with various other water agencies to utilize funds from SAWPA Prop 84 grants to develop a watershed-scale conjunctive use program. The project has experienced delays as the project scope has changed significantly and is awaiting grant modification from the Department of Water Resources.	6,490,882	137,137	2.1%

INLAND EMPIRE UTILITIES AGENCY
Fiscal Year 2018/19
CONSOLIDATED BUDGET VARIANCE ANALYSIS REPORT
Quarter Ended September 30, 2018

	Amended Budget	Budget YTD	Actual YTD	Variance YTD	% Budget Used YTD
<u>OPERATING REVENUES</u>					
User Charges	\$84,243,779	\$21,060,945	\$20,899,943	(\$161,001)	99.2%
Recycled Water	18,188,000	4,547,000	5,839,995	1,292,995	128.4%
MWD Water Sales	42,996,000	10,749,000	16,879,656	6,130,656	157.0%
Cost Reimbursement from JPA	6,083,947	1,520,987	3,274,216	1,753,229	215.3%
Interest Revenue	2,595,850	648,963	206,478	(442,485)	31.8%
TOTAL OPERATING REVENUES	\$154,107,576	\$38,526,894	\$47,100,290	\$8,573,394	122.3%
<u>NON-OPERATING REVENUES</u>					
Property Tax	\$47,887,800	\$11,971,950	\$0	(\$11,971,950)	0.0%
Connection Fees	32,911,999	8,228,000	5,862,151	(2,365,848)	71.2%
Grants	14,781,667	3,695,417	23,247	(3,672,170)	0.6%
SRF Loan Proceeds	28,585,900	7,146,475	197,382	(6,949,093)	2.8%
Project Reimbursements	1,522,918	380,730	605,687	224,957	159.1%
Other Revenue	928,305	232,076	404,605	172,529	174.3%
TOTAL NON OPERATING REVENUES	\$126,618,589	\$31,654,647	\$7,093,072	(\$24,561,575)	22.4%
TOTAL REVENUES	\$280,726,166	\$70,181,541	\$54,193,361	(\$15,988,181)	77.2%
<u>ADMINISTRATIVE and OPERATING EXPENSES</u>					
EMPLOYMENT EXPENSES					
Wages	\$22,137,889	\$5,534,472	\$7,341,192	(\$1,806,720)	132.6%
Benefits	23,584,130	5,896,033	4,015,687	1,880,347	68.1%
TOTAL EMPLOYMENT EXPENSES	\$45,722,019	\$11,430,504	\$11,356,879	\$73,627	99.4%
ADMINISTRATIVE EXPENSES					
Office & Administrative	\$2,729,786	\$682,447	\$334,420	\$348,028	49.0%
Insurance Expenses	874,300	218,575	552,938	(334,363)	253.0%
Professional Fees & Services	11,616,067	2,904,017	1,226,317	1,677,698	42.2%
O&M Projects	30,324,712	7,581,178	2,137,741	5,443,437	28.2%
Reimbursable Projects	2,366,192	591,548	44,030	547,518	7.4%
TOTAL ADMINISTRATIVE EXPENSES	\$47,911,056	\$11,977,763	\$4,295,445	\$7,682,318	35.9%

INLAND EMPIRE UTILITIES AGENCY
Fiscal Year 2018/19
CONSOLIDATED BUDGET VARIANCE ANALYSIS REPORT
Quarter Ended September 30, 2018

	Amended Budget	Budget YTD	Actual YTD	Variance YTD	% Budget Used YTD
OPERATING EXPENSES					
Material & Supplies/Leases	\$3,571,052	\$892,763	\$660,957	\$231,806	74.0%
Biosolids Recycling	4,636,789	1,159,197	705,515	453,682	60.9%
Chemicals	4,946,883	1,236,721	1,093,537	143,184	88.4%
MWD Water Purchases	42,996,000	10,749,000	16,879,656	(6,130,656)	157.0%
Operating Fees/RTS Fees/Exp. Alloc.	13,391,072	3,347,768	2,952,116	395,652	88.2%
Utilities	9,140,398	2,285,099	2,629,175	(344,075)	115.1%
TOTAL OPERATING EXPENSES	\$78,682,193	\$19,670,548	\$24,920,955	(\$5,250,407)	126.7%
TOTAL ADMINISTRATIVE and OPERATING EXPENSES	\$172,315,268	\$43,078,816	\$40,573,279	\$2,505,538	94.2%
 <u>NON-OPERATING EXPENSES</u>					
CAPITAL OUTLAY	\$85,365,737	\$21,341,434	\$9,197,435	\$12,143,998	43.1%
FINANCIAL EXPENSES					
Principal, Interest and Financial Expenditures	22,742,348	5,685,587	6,356,569	(670,982)	111.8%
OTHER NON OPERATING EXPENSES	325,159	81,290	312,628	(231,338)	384.6%
TOTAL NON-OPERATING EXPENSES	\$108,433,244	\$27,108,311	\$15,866,632	\$11,241,678	58.5%
TOTAL EXPENSES	\$280,748,512	\$70,187,127	\$56,439,911	\$13,747,216	80.4%
REVENUES IN EXCESS/ (UNDER) EXPENSES	(\$22,346)	(\$5,586)	(\$2,246,550)	(\$2,240,964)	
<i>Totals may not add up due to rounding</i>					

Business Goals Status Updates – FY 2018/19 1st Quarter

Exhibit B

INITIATIVES	ASSET MANAGEMENT – CMMS	CAPITAL PROJECTS	CAREER DEVELOPMENT	AGENCY SECURITY	SAP TRAINING AND ENHANCEMENTS
DIVISION					
AGENCY MANAGEMENT			Generational Differences in the Workplace and Diversity trainings are scheduled for October. It will be mandatory training for management supervisors, and Human Resources staff.		
EXTERNAL AFFAIRS			Agency launched a career development program to provide employees an opportunity to explore and develop professional growth elements for managing one’s own career. The application period will end October 30th. Records Management provided training to staff on records management best practices and to new hires through webinars and lunch meetings		
FINANCE AND ADMINISTRATION			Received the Liebert Cassidy Whitmore (LCW) Employer Relations Consortium trainings schedule for FY 18/19. The first training is scheduled for October. The next Cal Poly Pomona Management	There were no significant security events to report. Boardroom security features were enhanced to include panic/emergency buttons. An Emergency Operations Plan is in place which incorporates	In response to overwhelming requests, the Business Information System department is enhancing the SAP user experience by: 1) improving the user interface; and 2) providing easily

Business Goals Status Updates – FY 2018/19 1st Quarter

Exhibit B

INITIATIVES DIVISION	ASSET MANAGEMENT – CMMS	CAPITAL PROJECTS	CAREER DEVELOPMENT	AGENCY SECURITY	SAP TRAINING AND ENHANCEMENTS
			<p>Leadership Academy is scheduled to begin January 2019. The next Cal Poly Pomona Supervisory Program is scheduled to begin April 2019.</p>	<p>response planning for all divisions, emergency contact information, the National incident Management System and Incident Command System. All Agency cell phones now have priority emergency access. An inventory has been completed for equipment available for use in an emergency at each facility. Disaster supplies are stocked for every employee at each location to support 3+ days. Initial drill training was completed, and future trainings are planned for 2019. All IEUA staff have completed NIMS training. New hires are required to complete NIMS training within 30 days of hire. In cooperation with the Department of Homeland Security, staff scheduled security assessments for all Agency facilities to be completed during November and</p>	<p>accessible, consistent training information on a variety of formats. Phase 1 User Interface: SAP Screen "Personas" will allow for screen simplifications, such as hiding unused buttons or fields, relabeling fields to Agency's business terms, etc. to compliment Agency's process flows and provide additional information that describes the transaction purpose and correct data entry formats. Completion of Phase 1 is targeted for December 2018. Phase 2 SAP Training: To better meet employee needs, video recordings (like YouTube) will be a major part of the new training format. The videos will be published on the Agency intranet using Microsoft Flow. The video development will focus more on role/position-based series, which will help address the</p>

Business Goals Status Updates – FY 2018/19 1st Quarter

Exhibit B

INITIATIVES	ASSET MANAGEMENT – CMMS	CAPITAL PROJECTS	CAREER DEVELOPMENT	AGENCY SECURITY	SAP TRAINING AND ENHANCEMENTS
DIVISION				December of 2018. Once completed, the consultant will issue a report for each facility.	onboarding process for new employees, and better meet the needs of legacy employees. These training series will be linked to common positions, such as supervisors, Operators, project managers, etc. This phase is planned to be completed by June 2019.
ENGINEERING		Two major capital projects are the focus of this initiative; 1) Chino Basin Project (CBP) and 2) Regional Plant No. 5 (RP-5) Expansion Project (RP-5 Project). In July 2018, the California Water Commission unanimously approved \$206.9 million in Prop 1 grant funding for the CBP. The CBP involves the construction of an advanced water treatment facility and distribution system to treat and store up to 15,000 acre-feet per year (AFY) of recycled water. In partnership with our			

Business Goals Status Updates – FY 2018/19 1st Quarter

Exhibit B

INITIATIVES	ASSET MANAGEMENT – CMMS	CAPITAL PROJECTS	CAREER DEVELOPMENT	AGENCY SECURITY	SAP TRAINING AND ENHANCEMENTS
DIVISION		<p>member agencies and Metropolitan Water District, this water will be exchanged in blocks of up to 50,000 AFY towards ecosystem benefits north of the Delta for 25 years. Board workshops are scheduled for November and December to provide an overview of the project and to move forward with regional stakeholders. The RP-5 Project promotes State planning priorities by utilizing existing infrastructure located at RP-5. The project protects all watersheds and parks adjacent to the project sites and supports population growth within IEUA’s service area. Additional facilities will be required to meet the expanded treatment capacity at RP-5 to comply with the waste discharge requirements. The project has a total</p>			

Business Goals Status Updates – FY 2018/19 1st Quarter

INITIATIVES	ASSET MANAGEMENT – CMMS	CAPITAL PROJECTS	CAREER DEVELOPMENT	AGENCY SECURITY	SAP TRAINING AND ENHANCEMENTS
DIVISION		estimated cost of \$325,000,000 and is expected to be completed by December 2022.			
OPERATIONS	<p>In partnership with Engineering and outside consultants, Operations will be updating the Agency's Asset Management Plan to prioritize the rehabilitation, replacement and repair of facility equipment and infrastructure. These projects will be included in the Agency's Ten-Year Capital Improvement Plan.</p> <p>Another key focus for Operations is enhancement of the Computerized Maintenance Management System (CMMS), including validation of master data and criticality assessment of equipment. Completion of these two phases will provide the basis for the Asset Management Plan</p>			<p>Cybersecurity - The Integrated System Services (ISS) was working with the United States Homeland Security to assess the existing Foxboro SCADA system. The assessment was completed in October 2018 and the ISS is currently reviewing the recommendations and develop an implementation plan.</p>	

Business Goals Status Updates – FY 2018/19 1st Quarter

Exhibit B

INITIATIVES DIVISION	ASSET MANAGEMENT – CMMS	CAPITAL PROJECTS	CAREER DEVELOPMENT	AGENCY SECURITY	SAP TRAINING AND ENHANCEMENTS
	and future implementation of a maintenance scheduling tool.				

**Inland Empire Utilities Agency
Inter-Departmental / Division O&M Transfers FY 2018/19
Budget Transfer**

Fund	Fund Name	Date	O&M Transfer From	Category	Amt Transfer Out	O&M Transfer To	Category	Amount Transfer In	Description	QTR
10200	Administrative Services	8/7/2018	521080	Other Contract Services	\$4,000	512610	Office Equipment	\$4,000	Transfer for the purchase of sit-to-stand desktop risers for department staff.	1
10200	Administrative Services	9/25/2018	520980	Prof Fees	\$50,000	520950	Prof Svcs - TrnCns	\$50,000	Transfer for funds needed for the Career Management Program Expenses	1
10200	Administrative Services	9/25/2018	519010	GM Contingency	\$50,000	520950	Prof Svcs - TrnCns	\$50,000	Transfer for funds needed for the Career Management Program Expenses	1
				Total O&M Transfers Out	\$104,000		Total O&M Transfers In	\$104,000		

Inland Empire Utilities Agency
FY 2018/19 GM Contingency Account Activity

Exhibit C-2

Date	Description	Account/Project No.	Requestor	GM Contingency		Balance
				Budget	Transfers	
7/1/2018	FY 2018/19 Adopted Budget	10200-112100-100000-519010		\$300,000		\$300,000
9/27/2018	Transfer for career management program expenses	10200-139100-100000-520950	A. Woodruff		\$50,000	\$250,000
GG Fund GM Contingency				\$300,000	\$50,000	\$250,000
GM CONTINGENCY GRAND TOTAL				\$300,000	\$50,000	\$250,000

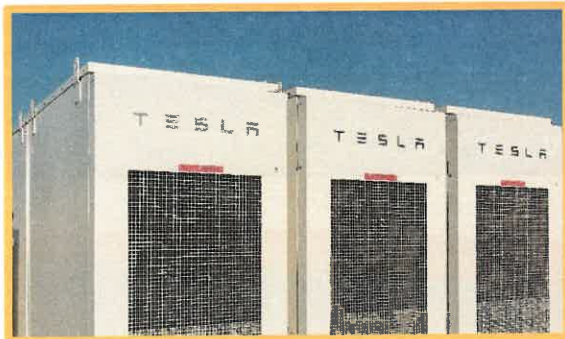
Inland Empire Utilities Agency
Changes in Total Project Budget: Inter-Departmental/Division Capital & O&M Transfers FY 2018/19

Fund	Transfer Date	Project Number	Project Title	Adopted Total Project (TP) Budget	Prior TP Changes in Current FY	Amt. of Transfer In / (Out)	New TP Budget	Annual Project Budget	Annual Proj. Budget Change	New Annual Project Budget	Project Transferred To/(From)	Justification
Capital Projects												
10200	9/24/18	EN16012	CIPO Enhancements	\$165,000	\$0	(\$12,000)	\$153,000	\$165,000	(\$12,000)	\$153,000	SR19001	Transfer to provide funding to purchase a PortaCount Respiratory Fit Test unit to allow Safety to complete face fit testing in-house.
		SR19001	Porta Count Respiratory Fit Test Unit	\$0	\$0	\$12,000	\$12,000	\$0	\$12,000	\$12,000	(EN16012)	
Subtotal Administrative Services fund:				\$165,000			\$165,000	\$165,000		\$165,000		
10900	7/26/18	EN18006	RP-1 Flare Improvements	\$5,380,000	\$0	(\$40,000)	\$5,340,000	\$4,000,000	(\$40,000)	\$3,960,000	EN14018	Transfer to pay the final change orders and IEUA labor for the project close-out of EN14018.
		EN14018	RP-4 Disinfection System Retrofit	\$2,678,042	\$0	\$40,000	\$2,718,042	\$0	\$40,000	\$40,000	(EN18006)	
Subtotal Regional Wastewater Capital fund:				\$8,058,042			\$8,058,042	\$4,000,000		\$4,000,000		
				Capital Total Project Budget		Capital Total Project Budget		Total Annual Capital Budget				
				Adopted	Adopted	Adopted	Adopted	Adopted	Adopted	Adopted	Adopted	
				\$8,223,042	\$8,223,042	\$4,165,000	\$4,165,000					

O&M Projects												
10500	9/4/18	EN19028	NRW Man Hole and Pipeline Condition Assessment	\$1,000,000	\$0	(\$85,000)	\$915,000	\$500,000	(\$85,000)	\$415,000	EN18057	Transfer to fund the removal of 42 interior manhole covers on the North System North Trunk NRW pipeline that have been corroded shut due to high amounts of hydrogen sulfide.
		EN18057	NRW Man Hole Cover Removal	\$85,000	\$0	\$85,000	\$170,000	\$0	\$85,000	\$85,000	(EN19028)	
Subtotal Non-Reclaimable Wastewater fund:				\$1,085,000			\$1,085,000	\$500,000		\$500,000		
10600	8/21/18	EN16035	WC Planning Documents	\$2,521,926	\$0	\$55,000	\$2,576,926	\$259,496	\$55,000	\$314,496	(O&M: 521080)	Transfer from O&M to EN16035 for Prop 1 to support communication and to develop PR strategy, tools and messages that can be used for outreach with existing stakeholders and new stakeholders.
Subtotal Recycled Water fund:				\$2,521,926			\$2,576,926	\$259,496		\$314,496		
10700	8/21/18	WR16025	WW Planning Documents	\$2,090,387	\$0	\$55,000	\$2,145,387	\$703,680	\$55,000	\$758,680	(O&M: 521080)	Transfer from O&M to EN16035 for Prop 1 to support communication and to develop PR strategy, tools and messages that can be used for outreach with existing stakeholders and new stakeholders.
	8/29/18	WR18028	Water Bank	\$1,410,000	\$0	\$450,000	\$1,860,000	\$403,646	\$450,000	\$853,646	N/a	Board approved amendment on 7/18/2018 to fund Phase II of Chino Basin Water Bank development expected to be completed in June 2019.
Subtotal Water Resources fund:				\$3,500,387			\$4,005,387	\$1,107,326		\$1,612,326		
10800	7/2/18	PL19002	Regional Contract Facilitation	\$0	\$0	\$390,000	\$390,000	\$0	\$390,000	\$390,000	N/a	Board approved amendment on 6/20/2018 to fund professional services contract with Kearns & West to help facilitate the Regional Sewage Service Contract negotiations.
Subtotal Regional Wastewater O&M fund:				\$0			\$390,000	\$0		\$390,000		
				O&M Total Project Budget		O&M Total Project Budget		Total Annual O&M Project Budget				
				Adopted	Adopted	Adopted	Adopted	Adopted	Adopted	Adopted	Adopted	
				\$7,107,313	\$8,057,313	\$1,866,822	\$1,866,822					

Total Capital and O&M Project Transfers:	\$1,087,000
Total Project Budget Change - Capital:	\$0
Total Project Budget Change - O&M Proj:	\$950,000
Total Project Budget - Net Change:	\$950,000

FY 2018/19 Budget Variance Report 1st Quarter Ended September 30, 2018



FY 2018/19 1st Quarter Ending September 30, 2018

(\$ Millions)

	Amended Budget	Budget YTD*	Actual YTD*	% Budget Used YTD
Total Sources of Funds	\$280.7	\$70.2	\$54.2	77.2%
Total Uses of Funds	280.7	70.2	56.4	80.3%
Net Increase/(Decrease)	\$0.0	\$0.0	(\$2.2)	

*YTD – Year to Date

Highlights

- Total Sources of Funds were below the YTD budget by 22.8%
- Total Uses of Funds were below YTD budget by 19.7%

FY 2018/19 1st Quarter Ending September 30, 2018

(\$ Millions)

Sources of Funds	Amended Budget	Budget YTD*	Actual YTD*	% Budget Used YTD
Operating Revenue				
User Charges	\$84.3	\$21.1	\$20.9	99.2%
Recycled Water Sales	18.2	4.5	5.8	128.4%
MWD Imported Water Sales	43.0	10.7	16.9	157.0%
Other Operating Revenues*	8.6	2.2	3.5	159.1%
Total Operating Revenues	\$154.1	\$38.5	\$47.1	122.3%

Highlights

- Metropolitan Water District imported water deliveries of 22,174 AF represents 44% of the annual budget of 50,000 AF. The higher demand was due to some member agencies use of imported water rather than local supplies.
- Other Operating Revenues exceeded YTD budget by 59.1% due to payment from Chino Basin Watermaster for the Pomona Extensometer projects.

*Other Operating Revenue includes contract cost reimbursements and interest revenue

FY 2018/19 1st Quarter Ending September 30, 2018

(\$ Millions)

Sources of Funds	Amended Budget	Budget YTD*	Actual YTD*	% Budget Used YTD
Non-Operating Revenue				
Property Tax	\$47.9	\$12.0	\$0.0	0.0%
Connection Fees	32.9	8.2	5.9	71.2%
Grants & Loans	43.4	10.9	0.2	2.0%
Other Non-Operating Revenues*	2.4	0.6	1.0	164.9%
Total Non-Operating Revenues	126.6	31.7	7.1	22.4%
Total Operating Revenues	154.1	38.5	47.1	122.3%
Total Sources of Funds	\$280.7	\$70.2	\$54.2	77.2%

Highlights

- New connections reported YTD:
 - 598 Equivalent Dwelling Units, and
 - 670 Meter Equivalent Units
- Grants and loan receipts are primarily reimbursable in nature and as such are dependent upon related capital project expenditures.
- Total other revenues include prepayment of \$0.6 million from CBWM for the annual share of the 2008B variable bond debt service and fixed project costs

*Other Non-Operating revenues includes project reimbursements, lease revenue, and realized gain on investments

FY 2018/19 1st Quarter Ending September 30, 2018

(\$ Millions)

Uses of Funds	Amended Budget	Budget YTD*	Actual YTD*	% Budget Used YTD
Operating Expense				
Employment Expense (net of allocation to projects)	\$45.7	\$11.4	\$11.3	99.1%
Professional Fees & Services	11.6	2.9	1.2	41.4%
Utilities	9.1	2.3	2.6	113.0%
MWD Water Purchases	43.0	10.7	16.9	157.9%
O&M and Reimb. Project Exp.	32.7	8.2	2.2	26.8%
Other Operating Expenses*	30.1	7.6	6.3	84.0%
Total Operating Expense	\$172.2	\$43.1	\$40.5	94.2%

* Other operating expense includes operating fees, chemicals, biosolids recycling, materials & supplies and office & administrative expenses

Highlights

- Professional fees & services were 58.6% below YTD budget due to contract award timing and deferral of services
- Higher electricity expense due to seasonal peak rates typical of the summer time months
- Higher demand of imported water supplies due to some member agencies use of imported water rather than local supplies
- O&M Projects under budget by 73.2% due to timing of project expense for repair and maintenance related projects

FY 2018/19 1st Quarter Ending September 30, 2018

(\$ Millions)

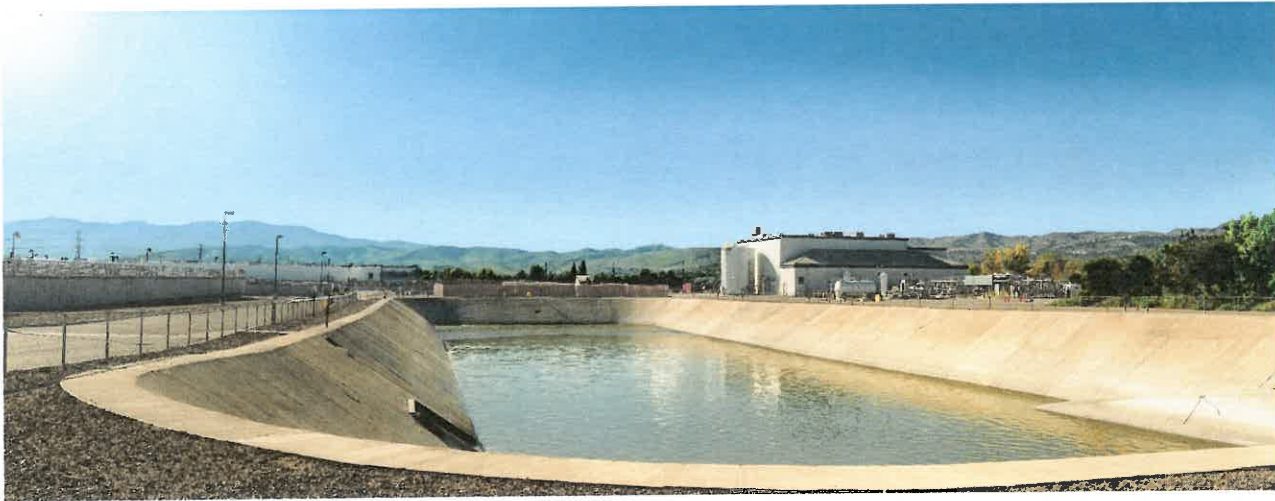
Uses of Funds	Amended Budget	Budget YTD*	Actual YTD*	% Budget Used YTD
Non-Operating Expense				
Capital Projects	\$85.4	\$21.3	\$9.2	43.2%
Financial Expense	22.7	5.7	6.4	112.3%
Other Non-Operating Expense*	0.3	0.1	0.3	300.0%
Total Non-Operating Expense	108.4	27.1	15.9	58.7%
Total Operating Expense	172.3	43.1	40.5	94.0%
Total Uses of Funds	280.7	70.2	56.4	80.3%

Highlights

- Total capital project expenditures were 56.8% below budget.
- Financial expenses includes: principal payment for the 2010A bond, Sanitation District of Los Angeles County (SDLAC) payment of Repair, Relocation, Reconstruction, and Rehabilitation (4Rs), and other SRF notes.

*Other Non-Operating Expense includes SAWPA member contributions and other miscellaneous expense

Questions



The Budget Variance Analysis report is consistent with the Agency's business goal of fiscal responsibility

INFORMATION
ITEM

4M

Operations Division Update



Safety

Recordable Injuries by Location

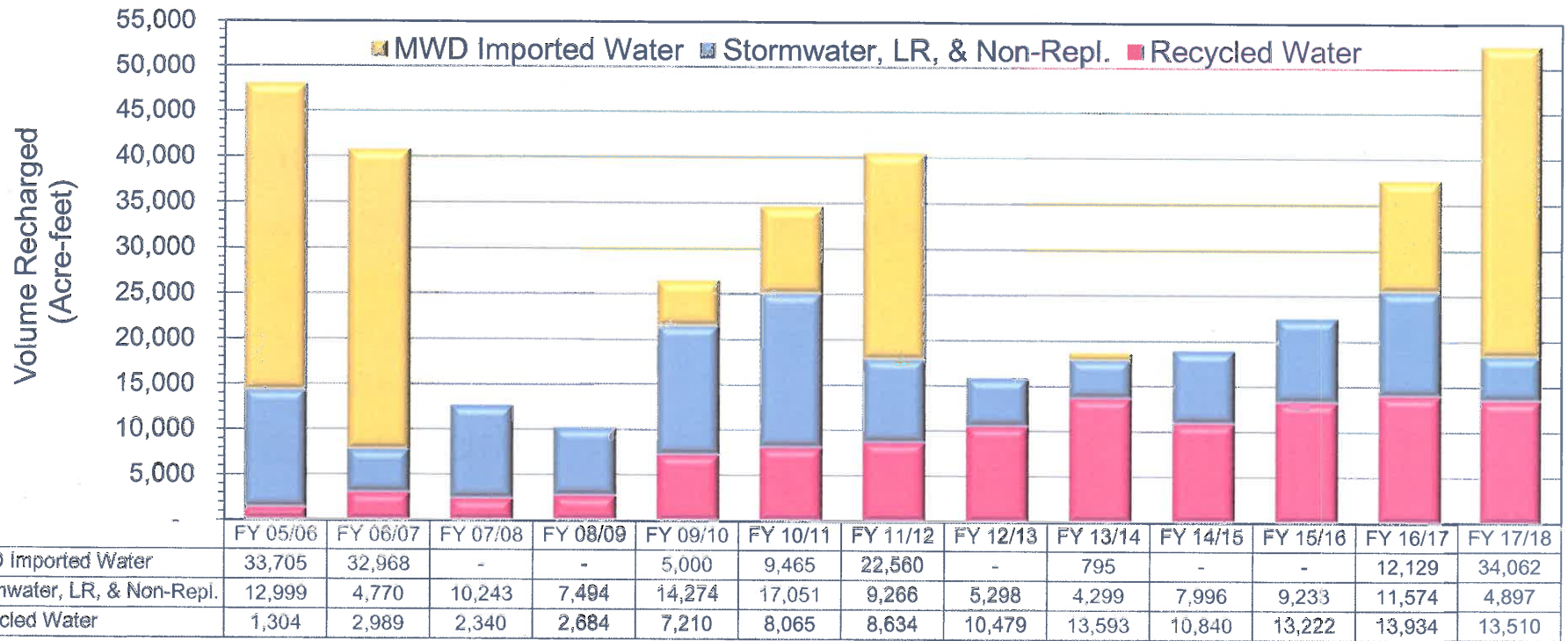


Compliance

- Effluent Toxicity
 - Intermittent in 2018
 - Prado Lake Discharge
 - RP-5 Creek Discharge
 - Consultant Hired to Identify and Resolve
- Coliform
 - November 2018
- RP-1 Flare
 - In Need of Replacing Existing Flare
 - Replacement Project is Currently in Design Phase
 - Air Quality Management District is Developing New Flare Rule

Groundwater Recharge

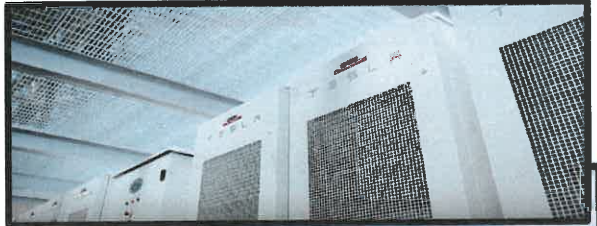
New Record!!!



IERCF Projects

IERCF/RP-4 Energy Project

- 1.5 MW Battery at RP-4
- 1.5 MW Additional Solar at IERCF
- Project Start-up in December 2018

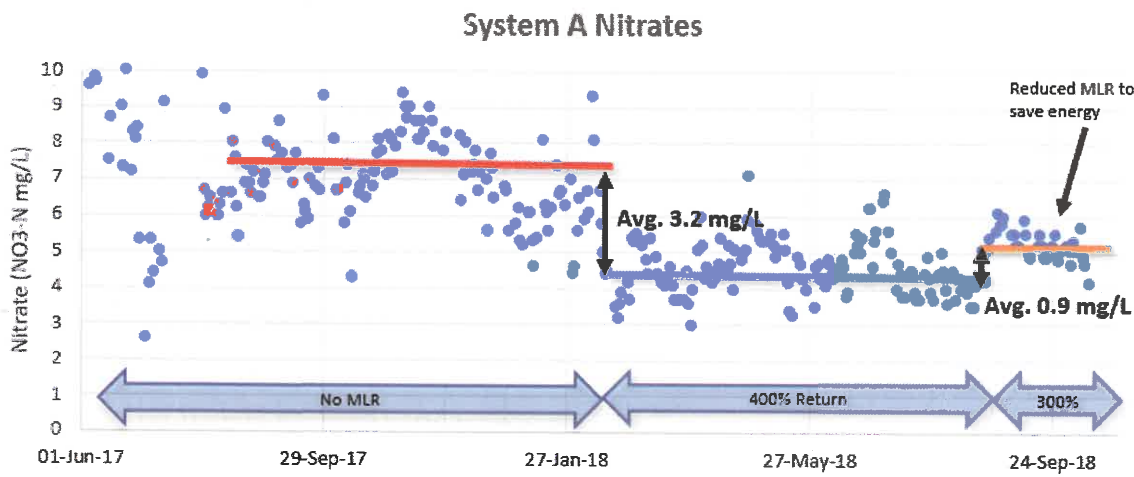


Trommel Screen Replacement Project



Project Update

East Basin Waste Wash Water

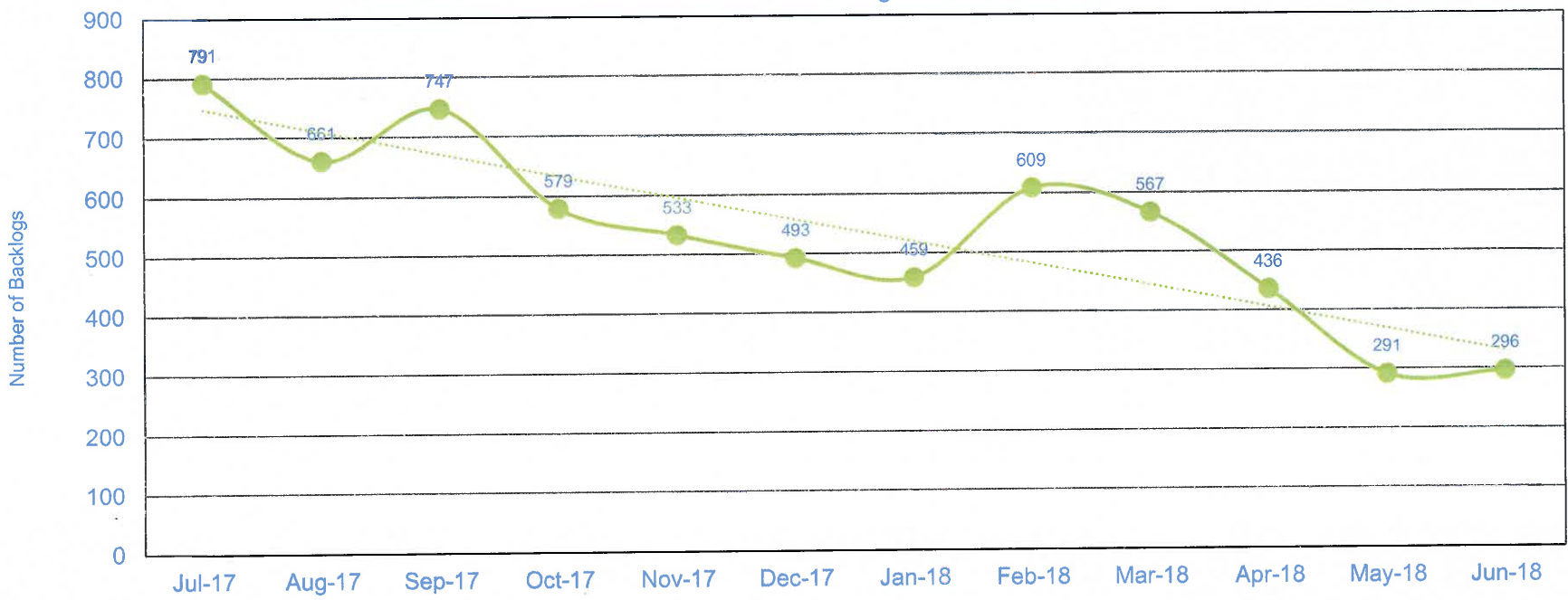


Mix Liquor Return Project



O&M—Maintenance

Agency Wide Maintenance
Work Order Backlog



Integrated Systems Services (ISS) Cybersecurity

IEUA Phishing Report

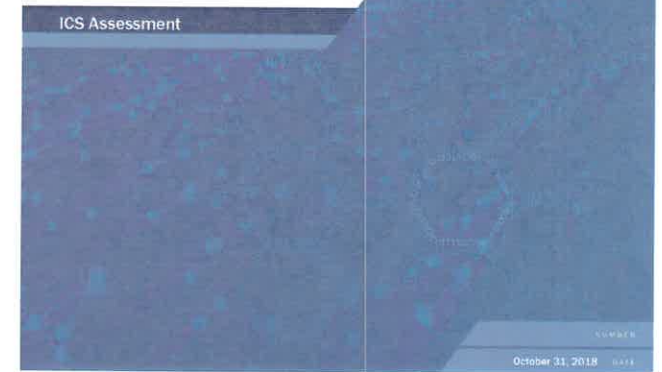


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ASSESSMENT SUMMARY



Inland Empire Utilities Agency Assessment Report

Outreach

Community Action Partnership of San Bernardino County



- Food Bank Packing Party
 - About 100 employees and their families volunteered for the event
 - Packed 1,004 boxes for distribution to food insecure families in our service area



**INFORMATION
ITEM**

4N

Date: December 19, 2018

To: The Honorable Board of Directors

From: Teresa Velarde, Manager of Internal Audit

Committee: Audit

12/11/18

Manager Contact: Teresa Velarde, Manager of Internal Audit



Subject: Contract Extension for Audit Advisory Services for the Audit Committee's Financial Advisor

Executive Summary:

The Audit Committee Charter states "The Audit Committee shall have access to at least one financial expert, an outside party with no voting rights, who will provide advisory and consulting duties and shall be compensated as agreed upon, in writing with the audit committee, the Board, Agency management and its designees." In 2018, Audit Committee members agreed that the services of the External Financial Advisor are consistent with best practices and considered a value to the Agency. The Audit Committee members provided direction to extend the consulting agreement for an additional calendar year. The contract falls within the approval authority of the General Manager for \$6,190 and extends the contract services through December 2019.

Since 2008, Mr. Travis C. Hickey, CPA has been the Audit Committee Financial Advisor. Mr. Hickey has provided accounting and auditing services to governmental agencies since 1997, including experience with water and wastewater activities. Mr. Hickey attends the Agency's Audit Committee Meetings and provides advisory services to both the Audit Committee and the Internal Audit Department to ensure their responsibilities, as outlined in the Board-approved Charters, are fulfilled. Mr. Hickey has gained extensive knowledge of the Agency's operations, and is a valuable asset to the organization.

Staff's Recommendation:

This is an information item for the Board of Directors.

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

Account/Project Name:

N/A

Fiscal Impact (explain if not budgeted):

N/A

Prior Board Action:

On December 20, 2017, the Board of Directors reconfirmed the approved Audit Committee and the Internal Audit Charters. The Audit Committee Charter describes the composition of the Audit Committee and includes the requirement to have an External Financial Audit Committee Advisor.

Environmental Determination:

Not Applicable

Business Goal:

The Contract for Audit Committee Financial Advisor services is consistent with the Agency's Business Goals of Fiscal Responsibility, Workplace Environment and Business Practices by ensuring that best practices as recommended by audit and accounting guidance are followed and the Board has a team of professionals to assist with fulfilling their oversight and governance responsibilities.

Attachments:

Attachment 1 - Contract Amendment Number 4600000886-007 for Audit Advisory Services



**CONTRACT AMENDMENT NUMBER: 4600000886-007
FOR
AUDIT ADVISORY SERVICES**

THIS AMENDMENT SIX is made and entered into this 19th day of November, 2018, 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 "Agency" and "IEUA") and Rogers, Anderson, Malody & Scott LLP with offices located in San Bernardino, California (hereinafter referred to as "Consultant"), to provide audit advisory services and shall revise the Contract as amended:

REVISE SECTION 5, TERM TO READ AS FOLLOWS:

The term of this Contract shall extend from the date of Notice to Proceed and terminate on December 31, 2019, unless agreed to by both parties, reduced to writing, and amended to this Contract.


REVISE SECTION 6, PAYMENT, INVOICING AND COMPENSATION, TO ADD:

This amendment represents a net increase of \$6,190.00 for a maximum contract total of \$58,560.00 for all services provided throughout the Contract duration.

ALL OTHER PROVISIONS OF THIS CONTRACT REMAIN UNCHANGED.

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

INLAND EMPIRE UTILITIES AGENCY:



Warren T. Green
Manager of Contracts

11/19/18
(Date)

ROGERS, ANDERSON, MALODY & SCOTT LLP:



Terry Shea
Partner

10-20-18
(Date)

**INFORMATION
ITEM**

40

Date: December 19, 2018


To: The Honorable Board of Directors

From: Teresa Velarde, Manager of Internal Audit

Committee: Audit

12/11/18

Manager Contact: Teresa Velarde, Manager of Internal Audit



Subject: Contract Extension for Financial and Single Auditing Services for IEUA and CBRFA

Executive Summary:

The Agency will exercise option one of two to extend the contract for Financial and Single Auditing services in the combined amount of \$39,680 for one year through Fiscal Year 2018/19 (to December 31, 2019) with the external audit firm, Lance, Soll, and Lunghard, LLP (LSL), for Inland Empire Utilities Agency (IEUA) and Chino Basin Regional Financing Authority (CBRFA). LSL's fees: \$30,660 Financial audit and \$4,710 Single audit for IEUA and \$4,310 for CBRFA.

As required by IEUA's Fiscal Ordinance Number 102, a financial and single audit must be completed annually by an independent Certified Public Accountant. LSL has been the Agency's external audit firm since FY 2015/2016. The firm is located in Brea, CA and has two other offices located in California. LSL has been providing auditing services to governmental agencies for the last 85 years and employs approximately 115 employees, including 18 partners. The firm's representatives are involved in the public sector industry through professional memberships, associations, and committees. LSL is committed to providing excellent government audit services and meeting all the time lines. The professional services provided thus far by LSL have met the Agency's requirements.

Staff's Recommendation:

This is an information item for the Board of Directors.

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

Account/Project Name:

N/A

Fiscal Impact (explain if not budgeted):

N/A

Prior Board Action:

On December 20, 2017, the Board reconfirmed the Audit Committee Charter that states it has the authority to recommend the auditing and consulting services for Board approval.

On March 16, 2016, the Board of Directors approved contract number 4600002079 for financial and single auditing services (IEUA) and 4600002081 for financial auditing services (CBRFA), each for three years with the option to extend two additional years (in single-year increments) with LSL.

Environmental Determination:

Not Applicable

Business Goal:

The Financial and Single Auditing services contract with LSL is consistent with the Agency's Business Goals of Fiscal Responsibility, Workplace Environment and Business Practices by following recommended practices for the procurement of such services to provide independent evaluations and oversight of the Agency financial statements.

Attachments:

Attachment 1 - Contract Amendment Number: 4600002079-001 for External Financial and Single Auditing Services

Attachment 2 - Contract Amendment Number: 4600002081-001 for Chino Basin Regional Financing Authority Financial Auditing Services



Inland Empire Utilities Agency
A MUNICIPAL WATER DISTRICT

**CONTRACT AMENDMENT NUMBER: 4600002079-001
FOR
EXTERNAL FINANCIAL AND SINGLE AUDITING SERVICES**

AMENDMENT NUMBER ONE is made and entered into this ___ day of _____, 2018, by and between the Inland Empire Utilities Agency, a Municipal Water District, organized and existing in the County of San Bernardino under and by virtue of the laws of the State of California (hereinafter referred to as "IEUA" and "Agency") and Lance, Soll & Lunghard, LLP, of Brea, California (hereinafter referred to as "Consultant"), shall revise the Contract as follows:


REVISE SECTION 3, TERM, ADDING A PARAGRAPH, TO READ: With the execution of Contract Amendment Number 4600002079-001, the termination date of this Contract shall be extended to December 31, 2019; unless agreed to by both parties, reduced to writing, and amended in this Contract.

ALL OTHER PROVISIONS OF THIS CONTRACT REMAIN UNCHANGED

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


INLAND EMPIRE UTILITIES AGENCY:
*A MUNICIPAL WATER DISTRICT

LANCE, SOLL & LUNGHARD, LLP:



Warren T. Green
Manager of Contracts and
Procurement

11-5-2018
(Date)



Deborah A. Harper
Partner

11/5/18
(Date)



**CONTRACT AMENDMENT NUMBER: 4600002081-001
FOR
CHINO BASIN REGIONAL FINANCING AUTHORITY
FINANCIAL AUDITING SERVICES**

AMENDMENT NUMBER ONE is made and entered into this ___ day of _____, 2018, by and between the Inland Empire Utilities Agency, a Municipal Water District, organized and existing in the County of San Bernardino under and by virtue of the laws of the State of California (hereinafter referred to as "IEUA" and "Agency") and Lance, Soll & Lunghard, LLP, of Brea, California (hereinafter referred to as "Consultant"), shall revise the Contract as follows:

REVISE SECTION 3, TERM, ADDING A PARAGRAPH, TO READ: With the execution of Contract Amendment Number 4600002081-001, the termination date of this Contract shall be extended to December 31, 2019; unless agreed to by both parties, reduced to writing, and amended in this Contract.

ALL OTHER PROVISIONS OF THIS CONTRACT REMAIN UNCHANGED

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

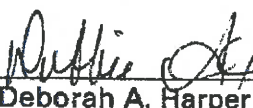
INLAND EMPIRE UTILITIES AGENCY:
*A MUNICIPAL WATER DISTRICT

LANCE, SOLL & LUNGHARD, LLP:



Warren T. Green
Manager of Contracts and
Procurement

11/5/2018
(Date)



Deborah A. Harper
Partner

11/5/18
(Date)

**INFORMATION
ITEM**

4P

Date: December 19, 2018

To: The Honorable Board of Directors

From: Teresa Velarde, Manager of Internal Audit

Committee: Audit

12/11/18

Manager Contact: Teresa Velarde, Manager of Internal Audit



Subject: Water Connection Fees Audit - Interim Audit Report

Executive Summary:

Internal Audit (IA) is in the process of completing an audit of water connection fees for the period from January 1, 2016 (inception) to June 30, 2018. The objective of the audit is to:

- Ensure adequate internal controls are in place
- Determine compliance with the Agency's Ordinance and Resolution, and Agency policies
- Evaluate the collection and recognition of revenue
- Identify opportunities for improvements for the effectiveness of fee collections

During this preliminary review, IA has observed the following:

- Revenues reported, since January 1, 2016 total \$14,304,223
- Various reports that record connection fees should be reconciled periodically
- Planning should finalize Standard Operating Procedures to provide guidance of processes
- The Agency should evaluate pursuing collection of delinquent fees through property taxes
- Planning should continue to work closely with all member agencies and the water district to ensure all information about water connections is communicated timely
- Staff should continue to work to determine a methodology to compare and reconcile wastewater connections to water connections.

This is an Interim Audit Report. A final report will be presented in March 2019.

Staff's Recommendation:

This is an information item.

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

Account/Project Name:

N/A

Fiscal Impact (explain if not budgeted):

N/A

Prior Board Action:

On June 20, 2018, the Board approved the Fiscal Year 2018/19 Annual Audit Plan. The Water Connection Fees Audit was scheduled in the Annual Audit Plan. The timetable was advanced due to Audit Committee request.

Environmental Determination:

Not Applicable

Business Goal:

The Water Connection Fees Audit is consistent with the Agency's Business Goals of Fiscal Responsibility, Workplace Environment and Business Practices by ensuring that IA's evaluations provide recommendations for improving and safeguarding the Agency's fiscal health, promoting a strong control environment and assisting management in achieving organizational goals.

Attachments:

Attachment 1 - Water Connection Fees Interim Audit Report
Attachment 2 - PowerPoint



Inland Empire Utilities Agency

A MUNICIPAL WATER DISTRICT

6075 Kimball Ave. • Chino, CA 91708
P.O. Box 9020 • Chino, Hills, CA 91709
TEL (909) 993-1600 • FAX (909) 597-8875
www.ieua.org

DATE: November 29, 2018

TO: Halla Razak
General Manager

FROM: Teresa V. Velarde
Manager of Internal Audit

SUBJECT: Water Connection Fees Audit – Interim Audit Report

This is an Interim Audit Report of the Water Connection Fees Audit for review and discussion. Internal Audit (IA) continues to work with staff to complete the audit procedures and finalize audit observations and recommendations. IA intends to present a final report at the March 2019 Audit Committee meeting.

Audit Objective:

Under the authority given by the IEUA Board of Directors and the Fiscal Year 2018/19 Annual Audit Plan and as requested by the Audit Committee, IA is finalizing the audit of water connection fees. The purpose of the audit is to:

- Ensure adequate internal controls are in place
- Determine compliance with the Agency’s Ordinance and Resolution
- Evaluate the collection and recognition of revenue
- Determine whether there are procedures to reconcile fees collected
- Determine compliance with Agency policies and procedures
- Identify opportunities for improvements for the effectiveness of fee collections

Background:

Beginning on January 1, 2016, the Agency began collecting fees for water connections as documented in the Board approved Ordinance. According to the Agency’s Ordinance, *“The water connection fees shall be established and collected by IEUA in order to proportionally recover the costs to create regional supplies that are available to meet the water demands of future development.”* Water connection fee transactions are collected and processed by the Planning and Environmental Resources Department (Planning) and recorded in the Agency’s records by the Finance and Accounting Department (FAD).

Water Connection Fees as Reported on the CAFR				
Fiscal Year	2015/16	2016/17	2017/18* draft	TOTAL
Amount	\$997,010	\$5,414,935	\$7,889,278	\$14,301,223

Water Smart – Thinking in Terms of Tomorrow

Audit Steps Completed and Preliminary Observations:

- IA observed several transactions with Planning staff, to evaluate the fee collection process, internal controls and recording of the transactions.
- IA obtained “crystal” reports from the Building Activity Tracking database, developed by the Business Information Systems Department (BIS) created for Planning staff to record water connection fee receipts. IA also obtained reports generated from the Agency’s financial system, SAP, to evaluate financial transactions recorded in the Agency’s accounting records. IA compared the transactions in both reports, additionally compared to the information recorded in the manual cash receipts journal maintained at the front desk by the receptionist who log all checks received. IA noted differences that should be resolved with periodic reconciliations and communication among the three areas.

The comparisons noted that IEUA has collected over \$14 million in water connection fees during the first 2 ½ years of implementation. During that period, the “crystal” reports show a difference of \$60,689 more than the SAP reports. The difference totals less than one-half of one percent of the funds collected. Differences are related to various reasons that are being evaluated, also due to collections on July 3, 2018 that were not included in the 2017-18 fiscal year for financial reporting.

Additional Audit Procedures to be Performed:

- IA is working with Planning and FAD to identify the reasons for the differences noted between the various reports for water connection fees. Staff is working on preparing reconciliations. IA will continue to work with Planning and FAD and review documentation of all reconciliations to determine their completeness, accuracy, the reasons for the reconciling items and how they have been mitigated and resolved going forward. A reconciliation will be completed by the final audit report date.
- IA will examine a sample of individual water connection fee transactions to determine whether the transactions are adequately supported with all required documentation and accurately recorded. Audit testing and verification will include observing the original source documentation from the developer and the member agency, the copy of the check, the deposit information and tracing the cash receipt to the relevant bank statement and the financial statements.

Potential Audit Recommendations Proposed and Discussed with staff

IA is working with staff to finalize the audit observations and recommendations:

- **Establish controls to ensure reconciliations are completed on a regular and timely basis:** Information about water connection fees is maintained in different sources and reports. Currently, reconciliations are not performed consistently and timely. Best practices require periodic reconciliations be completed so that any items that require attention are researched and resolved timely. The different recommended reconciliations include:

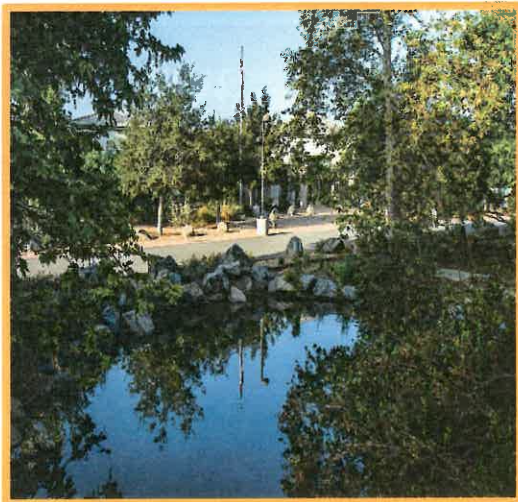
- Information in the Agency's building activity tracking database to information in SAP, the Agency's financial system (as described above), and
 - Water connection fees information in the Agency's building activity tracking database to the building permits and/or water meters that have been issued by member agencies and water districts, and
 - A potential automated tool comparing wastewater connections to water connections.
- **Updates to Agency Ordinance and Resolution:** Planning staff should propose updates to the water connection fee Ordinance and Resolution for Executive Management and the Board of Directors to consider and adopt. Planning staff already has suggestions to ensure the objective of the fees are met.
 - **Standard Operating Procedures (SOPs):** Planning should finalize SOPs related to connection fees and determine staffs responsibility for the various tasks and ensure that all tasks are performed on a timely basis. Planning indicated they are doing the best they can, given this is a new program among the many other responsibilities of staff. Collecting water connection fees and completing reconciliations has been a challenge with the resources of the department and hope additional resources are shifted for this program.
 - **Collection of delinquent fees through property tax rolls:** FAD and Planning should work to determine if the use of collection of delinquent fees through property tax should be pursued to collect delinquent fees, if deemed appropriate. Planning and FAD have written off fees because customers do not pay the related fees. Both departments have discussed the possibility of pursuing delinquent fees through property tax bills.
 - **Completeness of fees:** The Agency should pursue all possible approaches, including establishing contracts so as to ensure fees are complete and collected, including working with the related contracting agencies ultimately responsible for issuing building permits.

The Water Connection Fees Audit Report is consistent with the Agency's Business Goals of Fiscal Responsibility, Workplace Environment, and Business Practices by ensuring that IA's evaluations provide recommendations that foster a strong control environment, safeguard assets, promote a safe work environment and assist management in achieving organizational goals and objectives.

Acknowledgements

Internal Audit would like to extend our appreciation to the Planning and Environmental Resources and Finance and Accounting departments' staff for their cooperation and assistance during this review.

Water Connection Fees Audit Interim Report



Water Connection Fees Revenues to the Agency

Fiscal Year	2015/16	2016/17	2017/18	TOTAL
Amount	\$997,010	\$5,414,935	\$7,889,278	\$14,301,223

Water Connection Fee Rates

Meter Size of Connection	Fiscal Year & Effective Date					
	2015/16	2016/17		2017/18	2018/19	2019/20
	1/1/2016	7/1/2016	1/1/2017	7/1/2017	7/1/2018	7/1/2019
5/8"	\$693	\$693	\$1,455	\$1,527	\$1,604	\$1,684
3/4"	\$693	\$693	\$1,455	\$1,527	\$1,604	\$1,684
1"	\$1,733	\$1,733	\$3,638	\$3,818	\$4,011	\$4,211
1.5"	\$3,465	\$3,465	\$7,275	\$7,635	\$8,020	\$8,420
2"	\$5,544	\$5,544	\$11,640	\$12,216	\$12,832	\$13,472
3"	\$12,128	\$12,128	\$25,463	\$26,723	\$28,071	\$29,471
4"	\$21,830	\$21,830	\$45,833	\$48,101	\$50,527	\$53,047
6"	\$48,510	\$48,510	\$101,850	\$106,890	\$112,280	\$117,880
8"	\$83,160	\$83,160	\$174,600	\$183,240	\$192,480	\$202,080
10"	\$103,950	\$103,950	\$218,250	\$229,050	\$240,600	\$252,600
12"	\$121,275	\$121,275	\$254,625	\$267,225	\$280,700	\$294,700

RATES

The Agency's Board of Directors also approved Resolution No. 2015-5-6. The resolution provided a five-year rate schedule for fees based on the meter size of the water connection:

Water Connection Fee Audit

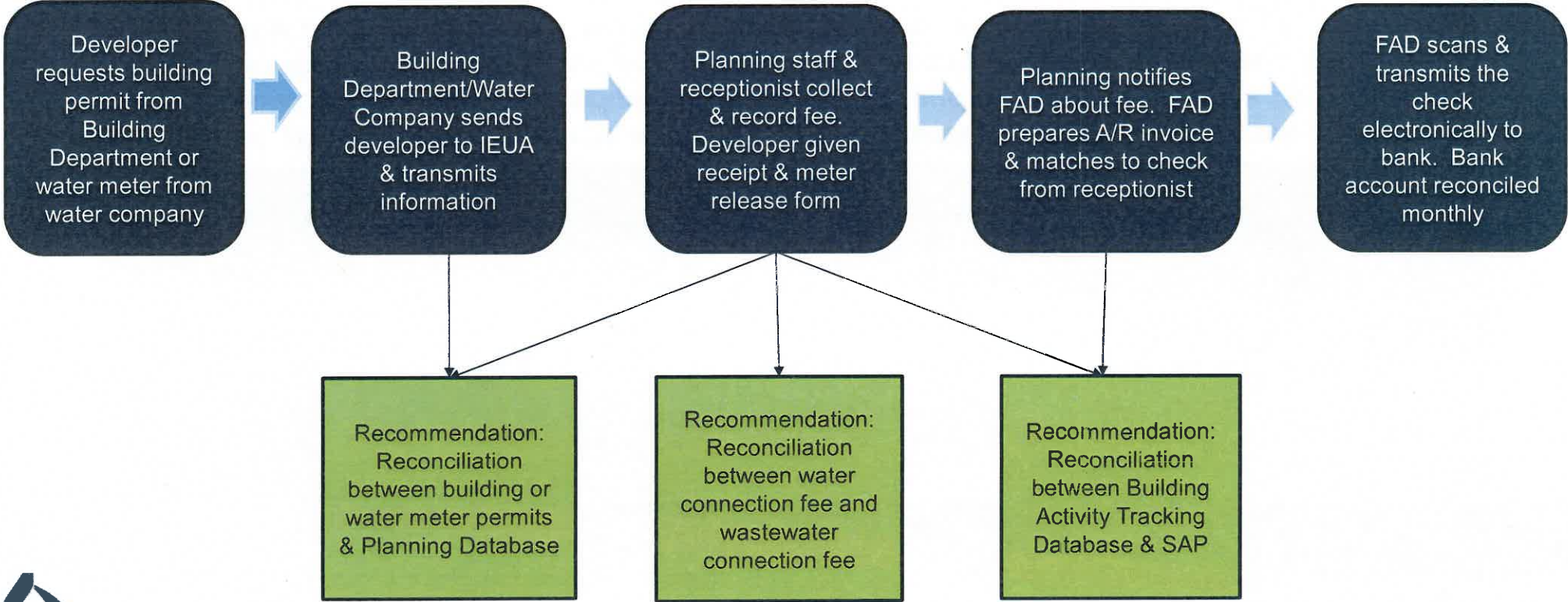
MEMBER AGENCIES

- City of Chino
- City of Chino Hills
- Cucamonga Valley Water District
- City of Ontario
- City of Upland

LOCAL WATER DISTRICTS

Fontana Water Company
Monte Vista Water District

INLAND EMPIRE UTILITIES AGENCY WATER CONNECTION FEE PROCESS FLOWCHART





Questions & Discussion

The Water Connection Fees audit is consistent with the Agency's Business Goals of Fiscal Responsibility, Workplace Environment, and Business Practices by ensuring that the recommendations provided foster a strong control environment, safeguard assets, provide a safe work environment and assist management in achieving organizational goals and objectives.

**INFORMATION
ITEM**

4Q

Date: December 19, 2018

To: The Honorable Board of Directors

From: Teresa Velarde, Manager of Internal Audit

Committee: Audit

12/11/18

Manager Contact: Teresa Velarde, Manager of Internal Audit



Subject: Internal Audit Department Quarterly Status Report for December 2018

Executive Summary:

The Audit Committee Charter requires that a written status report be prepared and submitted each quarter. The Internal Audit Department Status Report includes a summary of significant internal and external audit activities for the reporting period.

During this quarter, Internal Audit staff worked primarily on the Water Connection Fee audit, performed the last follow-up review of the 13 outstanding recommendations for the Agency Vehicle Operational audits, completed the quality control review of the Agency's Comprehensive Annual Financial Report, and had a primary participation role in evaluating the Agency's Sewer System Management Plan among other audit projects.

IA continues to assist with any requests for audit work, review of Agency policies and procedures and recommendations for internal controls as well as work on routine audit projects as specified in the Annual Audit Plan. The attached report provides highlights of the audit projects.

Staff's Recommendation:

This is an information item.

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

Account/Project Name:

N/A

Fiscal Impact (explain if not budgeted):

N/A

Prior Board Action:

On June 20, 2018, the Board of Directors approved the Fiscal Year 2018/19 Annual Audit Plan. The plan was in accordance with auditing standards and the Charter requirements.

On December 20, 2017, the Board of Directors reconfirmed the approved Audit Committee and the Internal Audit Department Charters.

Environmental Determination:

Not Applicable

Business Goal:

The Status Report is consistent with the Agency's Business Goals of Fiscal Responsibility, Workplace Environment and Business Practices by describing IA's progress in providing independent evaluations and audit services of Agency financial and operational activities and making recommendations for improvement, to promote a strong control environment, safeguarding assets and fiscal health and to assist management in achieving organizational goals and objectives.

Attachments:

Attachment 1 - Internal Audit Department Status Report for December 2018
Attachment 2 - Results of Internal Audit's Quality Control Review: Fiscal Year 2018
Comprehensive Annual Financial Report

Internal Audit Department Status Report for December 2018

Projects Completed This Period

Project: **Quality Control Review of the Comprehensive Annual Financial Report (CAFR) & coordination of the External Financial Audit**

Scope:

As required by the Agency's Fiscal Ordinance and State requirements, an Independent Certified Public Accountant should express an opinion on the fair presentation of the financial statements. Internal Audit performs a quality control review of the CAFR and provides comments for consideration.

Status: **Complete**

Lance, Soll & Lunghard, LLP (LSL), the Agency's external audit firm, completed final audit field work in September and has reviewed the financial statements and CAFR documents. Internal Audit (IA) coordinates with both Finance and Accounting and the External Auditors to review the financial statements and the CAFR. The role of IA is as an added level of quality control to double check totals, transfers of information and presentation. IA also reviews the requirements of the GFOA for the annual award and the disclosures required by the Agency's outstanding bonds.

IA's review includes a review of the trial balances for each fund, the individual fund statements, the combining/combined financial statements for fund groups (wastewater and nonmajor), Management's Discussion and Analysis (MD&A), the Introductory Section, the Basic Financial Statements and Notes, and the Statistical & Supplementary sections of the CAFR. IA applied the following procedures to conduct the quality control review of the CAFR:

- Reviewed the referencing of dollar amounts and totals among the narratives, notes and statements for math accuracy and consistency, and for overall professional presentation.
- Verified that the FY 2018 amounts and totals on the financial statements were transferred accurately from the FY 2018 Trial Balance.
- Verified that the FY 2017 amounts/totals for all financial statements were transferred accurately from the FY 2017 published CAFR to the FY 2018 CAFR.
- Recalculated the FY 2018 totals on all financial statements for mathematical accuracy.
- Checked titles and years to ensure updates were made for the years they correspond to.
- Reviewed narratives for completeness, spelling and grammatical accuracy.

IA compared the Continuing Disclosures required by the Agency's bond documents to the prior year (2017) CAFR for consistency and completeness and noted no exceptions.

IA also compared the 2018 CAFR information to the recommendations from GFOA from their review of the 2017 CAFR. IA noted that the GFOA had graded all 14 sections of the CAFR with a "proficient" rating. Their only comments were about the "covered payroll" amounts described in the "required supplementary information" about the Agency's pension liability. IA commented to FAD about ensuring that the "covered payroll" information be revised for all relevant prior years.

IA provided comments and recommendations to the Finance and Accounting department when items were identified for their review. The compilation of the CAFR is an Agency-wide team effort. Internal Audit's full report, with details of the CAFR review is included as an attachment.

Internal Audit Department Status Report for December 2018

Project: Agency Vehicle Operational Follow-Up Audit: Review of Vehicle Inventory Procedures

Scope:

IA completed a follow-up review to determine the status of 13 outstanding recommendations provided in the Vehicle Operational Audit Report - Review of Vehicle Inventory Procedures, completed in March 2014. The 13 recommendations reviewed are the responsibility of Facilities Management in the Operations and Maintenance Department.

Status: Complete

IA found that 4 recommendations have been implemented, 6 recommendations were restated into 3 new recommendations, 2 recommendations are no longer applicable, and 1 recommendation has been deferred to the Fuel Card (Voyager Card) audit to start in 2019.

IA noted that Facilities Management is in the process of:

- Reviewing and consolidating Agency's policies that relate to vehicles
- Implementing routine vehicle and safety inspections for vehicles, and
- Reconciling information in the department's records with SAP for accuracy and completeness.

Detailed observations and recommendations are included in the attached report.

Project: Report on Outstanding Recommendations as of December 2018 *

Scope: The Internal Audit Department Charter requires IA to follow-up on the status of outstanding recommendations to determine if corrective actions have been implemented. The follow-up reviews are scheduled through the Board-approved Annual Audit Plan. Executive Management supports the implementation efforts of the recommendations previously provided and/or the development of alternative controls to address the original risks identified.

Status: Complete - This is a status report of recommendations that are outstanding as of December 2018.

The table below provides the number of recommendations outstanding as of this Status Report. Additional details about each of the outstanding recommendations is submitted with the Annual Audit Plan in June each year. This summary provides an update on the status of follow up audits and the related outstanding recommendations. It includes new recommendations provided during this calendar year as well as considers any recommendations cleared during the year. Follow up reviews are part of the on-going monitoring activities IA performs according to the requirements of the IAD Charter. A follow up review is typically scheduled between 12 – 18 months from the date of the original audit, to allow time for full implementation. If a recommendation is deemed not to be implemented, the recommendation remains outstanding or alternate controls to mitigate any risks are evaluated to determine if the risk has been addressed and the recommendation is no longer applicable. A follow up review is also scheduled sooner, if requested by the Audit Committee or Executive Management. The audited business units are encouraged to submit additional information for IA review if they determine the recommendation has been satisfied.

Internal Audit Department Status Report for December 2018

Area Audited	Report Issued Date	No. of Recs. Remaining to be Verified by IA	Planned Follow-Up
Payroll Audit	August 24, 2010	1	Annually
Intercompany Receivables - Watermaster	August 30, 2011	1	FY 2019
SCE Utility Payments	August 28, 2013	1	FY 2019
Accounts Payable Follow-Up	August 29, 2013	9	FY 2019
Vehicle Security Procedures	March 3, 2014	2	FY 2020
Vehicle Inventory Procedures *	March 12, 2014	13	FY 2019
Follow-Up – IT Equipment Audit – ISS	February 29, 2016	2	FY 2020
Master Trade Contracts	September 1, 2016	6	FY 2020
Follow-Up – IT Equipment Audit – FAD	December 5, 2016	6	FY 2020
Audit of Master Services Contracts	December 5, 2016	3	FY 2020
2017 Petty Cash Audit & Follow-Up Review	June 5, 2017	7	FY 2020
Water Use Efficiency Programs Audit	June 5, 2017	6	FY 2020
Contracts and Procurement Follow-Up Audit	August 30, 2017	1	FY 2020
Payroll Operations Audit	August 30, 2017	6	FY 2020
Procurement Card Audit	March 1, 2018	7	FY 2021
Wire Transfers Audit	March 1, 2018	5	FY 2021
Garden in Every School	May 31, 2018	7	FY 2022
Warehouse Annual Physical Inventory – IA Inventory Observation Report	August 22, 2018	4	FY 2022
Inter-fund Transactions Audit	August 30, 2018	3	FY 2022
Total Outstanding Audit Recommendations		90	
Recommendations related to the Regional Contract Review (these recommendations are planned for full implementation with the renegotiation of the Regional Contract IA will not follow up on these items until the renegotiation has been finalized)			
Regional Contract Review – Final Audit Report	December 16, 2015	31	Pending – Renegotiation of the Regional Contract

**Table above does not include the status of and/or any new recommendations resulting from the two audit projects completed during this quarter (as noted in this Status Report). The status of those recommendations will be added to this table once all items have been received by the Audit Committee and the Board of Directors.*

Project: Contract Extension for External Financial and Single Auditing services with Lance, Soll & Lunghard, LLP (LSL) for IEUA

Scope:

State law and IEUA's Fiscal Ordinance require that an annual financial audit be completed by an independent Certified Public Accountant (CPA) to ensure the accountability of the annual financial statements, to assess the effectiveness of internal controls and to determine compliance with laws and regulations. Lance, Soll and Lunghard, LLP (LSL) the Agency's external audit firm, has been engaged by IEUA for the last three fiscal years to complete the external financial audit and single audit of the Agency's operations.

Status: Complete

LSL has served as the Agency's external audit firm since FY 2015/16. The Agency will exercise option one of two to extend the contract for the external financial audit and single audit services for one year through Fiscal Year 2018/19. The Audit Committee is responsible for oversight of the audit services. The external auditors were at the Agency in September 2018 to perform final field work related to the FY 2017/18 CAFR and will present the results of the audit at the Audit Committee meeting scheduled for December 2018.

Internal Audit Department Status Report for December 2018

Project: **Contract Extension of Financial Auditing services with LSL for the Chino Basin Regional Financing Authority (CBRFA)**

Scope:

The CBRFA is required to have an annual financial audit performed by an independent CPA.

Status: **Complete**

LSL has served as IEUA's external audit firm since FY 2015/16. The Agency will exercise option one of two to extend the contract for external financial auditing services with LSL for one year through Fiscal Year 2018/19. The Audit Committee is responsible for oversight of the audit services. Results of the audit will be presented at the Audit committee meeting scheduled for December 2018.

Project: **Contract Extension of Audit Advisory Services for the Audit Committee Financial Advisor**

Scope:

Execute a contract extension with Rogers, Anderson, Malody & Scott, LLP for a one-year consultant agreement for Mr. Travis Hickey, CPA to serve as the Audit Committee's external financial expert. The Audit Committee Charter states that: "The Audit Committee shall have access to at least one financial expert, an outside party, who will provide advisory and consulting duties and shall be compensated as agreed upon in writing with the audit committee, the Board, Agency management and its designees." Additionally, the Audit Committee Charter requires the financial expert to possess education and experience in understanding generally accepted accounting principles and financial statements; auditing comparable entities; application of accounting principles for estimates, accruals, and reserves; internal controls; and an understanding of audit committee functions.

Status: **Complete**

In 2018, the Audit Committee Members determined that the services of the External Financial Expert were consistent with best practices and considered a valuable resource to the Agency. The Audit Committee Members provided direction to extend the consulting agreement for an additional calendar year. The contract falls within the approval authority of the General Manager for \$6,190 and extends the contract services through December 2019.

Project: **Amended Annual Audit Plan for Fiscal Year 2018/19**

Scope:

Annually, as required by the Internal Audit Department Charter, the Manager of IA must submit a flexible schedule of proposed audit projects for the fiscal year. When new/different projects take priority due to unforeseen changes or are warranted and deviations from the approved plan are necessary, a formal amendment must be submitted for Audit Committee and Board approval.

Due to the priority of the Sewer System Management Plan (SSMP) project, the Audit Plan has been amended to reflect the time and resources provided to this project, as explained in this Status Report.

Additionally, the Audit Plan has been updated to reflect that the Water Connection Fees Audit was accelerated and moved up as requested by the Audit Committee.

Status: **Complete**

An amended annual audit plan is submitted as part of the Audit Committee Agenda.

Internal Audit Department Status Report for December 2018

Project: **Audit Committee and Internal Audit Department Charter Updates**

Scope:

Review IAD Charter and Audit Committee Charter and make updates according to changes proposed by best practices and professional guidance.

Status: **Complete**

The purpose of the Audit Committee and the Internal Audit Department (IAD) Charters is to document the purpose, authority and responsibilities of each. A role of the IAD is to further ensure that the responsibilities of the Audit Committee are fulfilled. According to best practices, the authority of the IAD should be documented in a Charter to align the role of the department in a way to provide independent assurance and assistance to the Board and Executive Management in ensuring organizational goals are achieved. Best practices and both Charters require that IA completes a review of the Charters annually and makes necessary edits. No changes are proposed at this time. IA requests feedback from the Audit Committee and if any changes in the IAD scope of work, responsibilities and authority is requested, the changes will be made and the charters will be brought back for additional discussion, review and/or approval.

Projects in Process

Project: **Assisting with the audit and revision of IEUA's Sewer System Management Plan**

Scope:

Assist the Operations Division in completing the State-required 2-year audit and submit for Board-approval the revised 5-year SSMP. The SSMP is a state-required plan for any wastewater agency with at least 100 miles of wastewater infrastructure. The plan contains 13 required elements that must be readily available to provide training and serve as a manual/guide to the Agency's employees in the event of a Sewer overflow.

Status: **In Progress**

IA was asked to assist in the project to review, revise and update the Agency's 5-year SSMP that must be Board approved and submitted to the State. The review includes auditing to determine if goals and the elements within each of the 13 areas were satisfied and met. Additionally, to make needed revisions to bring the SSMP current to ensure it is a "living document". IA has assisted with evaluating the document, conducted interviews, researched information from other SSMPs and guides and provided recommendations, changes and edits to the current version. This document is planned for completion by April 2019. The next steps are finalizing and providing a workshop to the Board before requesting full approval.

Project: **Water Connection Fees Audit**

Scope:

To purpose of the audit is to:

- Ensure adequate internal controls are in place
- Determine compliance with the Agency's Ordinance and Resolution
- Determine compliance with Agency policies and procedures
- Evaluate the collection and recognition of revenue
- Determine whether there are procedures to reconcile fees collected
- Identify opportunities for improvement for the effectiveness of fee collections.

Status: **In Progress**
Interim Report Complete for review and discussion

Internal Audit Department Status Report for December 2018

The Planning and Environmental Resources Department (Planning) has responsibility for processing water connection fee transactions and the Finance and Accounting Department (FAD) has responsibility for ensuring the transactions are recorded in the Agency's records. The audit is finding areas for improvement and has a total of seven preliminary recommendations:

- Three related to preparing regular and timely reconciliations to ensure completeness of water connection fee revenues
- Additional recommendations related to:
 - Updating the Agency's water connection fee Ordinance and Resolution
 - Finalizing Standard Operating Procedures and/or Policies that provide guidance and details about the different activities involved in collecting water connection fees
 - Pursuing all avenues of collection of delinquent fees, including the County property tax system
 - Pursuing alternate sources of information about water connections from contracting agencies where water service is provided separately by a water district

Detailed observations and recommendations are included in the interim audit report, presented separately.

Planned/Future/Additional Projects

Project: **Fuel Card (Voyager Card) Program Audit**

Scope:

To evaluate the internal controls over the Voyager Fuel Card program to ensure it meets the requirements of the Agency's policies, and safeguards are in place to protect the Agency from loss, theft, misuse, or abuse and the program is used in the most effective manner. In addition, to determine whether the program meets the Agency's business goals and identify opportunities to improve the effectiveness and efficiency of operations.

Status: **Initial Research in Progress**

A final report is anticipated to be completed by March 2019.

Project: **Management Requests**

Scope:

Assist Agency Management with requests for analysis, evaluations and verification of information, assist with the interpretation of policies and procedures, and/or provide review and feedback on new policies or procedures. These services are provided according to the IA Charter, the Annual Audit Plan, and best practices. The management request projects are short-term projects, typically lasting no more than 60 – 75 hours each where IA determines it has the necessary staff, skills and resources to provide the requested assistance without having to delay/defer scheduled audits and priority projects. The scope of each review is agreed upon between the department manager requesting the evaluation/review/analysis/assistance and the Manager of IA and when deemed appropriate by Executive Management.

During this quarter, IA was working on the following "Management Requests":

- Continue to assist with requests related to the findings and recommendations from the Regional Contract Review.
- Continued to assist with policy language interpretation.
- Participated in Safety Committee and IT Security Committee

Internal Audit Department Status Report for December 2018

Project: Special Projects

Scope:

Perform special reviews and projects including analyzing transactions, evaluating documents and policies, verifying information, assisting with interpretation of Agency Policies or other required procedures, and providing recommendations and feedback on results of the analysis, engaging necessary assistance if and/or when necessary, reporting to the General Manager and the Audit Committee. These services are provided according to the IA and Audit Committee Charters, the Annual Audit Plan, and/or best practices.

Special Projects can be short or long-term projects, typically requiring more than 80 hours of staff time and requiring setting aside or delaying work on scheduled audit projects. The scope of the review is not generally known, and the work must be handled with the highest degree of confidentiality and care, as with all audit projects. Special Projects are usually considered highly confidential.

Internal Audit Department Staffing:

The Internal Audit Department is staffed as follows:

- 1 Full-time Manager of Internal Audit
- 2 Full-time Senior Internal Auditors

Internal Audit Staff Professional Development Activities:

As required by the *International Standards for the Professional Practice of Internal Auditing*, and the IA Charter, auditors should continue to enhance their knowledge, skills, and other competencies through continuing professional development. During the past quarter, IA staff has continued to stay abreast of industry developments through review of industry periodicals and participation in free IIA sponsored, on-line webinars.

The Internal Audit Manager is a member of the governing board of the Inland Empire Chapter of the Institute of Internal Auditors (IIA). The governing board sets direction for the chapter.

All three IA members are preparing for the third exam of the 3-part Certified Internal Auditor (CIA) certification examination. The CIA is the only globally-recognized certification for internal audit professionals and is the highest certification that can be attained by an internal auditor.

The Manager of IA has a Master's degree in Public Administration and has obtained the Certification in Control Self-Assessment® (CCSA®). The CCSA® certification program is designed for auditors that have knowledge of CCSA fundamentals, processes and other topics such as risk, controls, and business objectives. One Senior Auditor is a Certified Public Accountant (CPA). The Manager of IA and One Senior Auditor are Certified Government Audit Professionals (CGAP®). The CGAP® certification program is designed for auditors working in the public sector and demonstrates government knowledge and expertise.

Future Audit Committee Meetings:

- Monday, March 11, 2019 – Regularly Scheduled Audit Committee Meeting
 - Monday, June 10, 2019 – Regularly Scheduled Audit Committee Meeting
 - Monday, September 9, 2019 – Regularly Scheduled Audit Committee Meeting
 - Monday, December 9, 2019 – Regularly Scheduled Audit Committee Meeting
-

Date: November 29, 2018

To: Christina Valencia, CFO/AGM
Javier Chagoyen-Lazaro, Manager of Finance and Accounting
Suresh Malkani, Principal Accountant

From: Teresa V. Velarde, Manager of Internal Audit *Teresa V. Velarde*
Peter Soelter, Senior Internal Auditor
Sapna Nangia, Senior Internal Auditor

Subject: Results of Internal Audit's Quality Control Review:
Fiscal Year 2018 Comprehensive Annual Financial Report (CAFR)

The Internal Audit Department (IA) performs an annual quality control review of the Agency's Comprehensive Annual Financial Report (CAFR) prepared by the Finance and Accounting Department (FAD). IA's review is performed on "working draft" sections of the CAFR as FAD continues to finalize the information presented in the financial statements and the various sections of the CAFR. For the Fiscal Year (FY) 2018 CAFR, IA completed the initial review prior to the December 11, Audit Committee Meeting and provided comments, edits and recommendations to FAD for consideration prior to finalizing the CAFR. This memo documents IA's quality control review and provides a general summary of the results.

IA's review includes a review of the trial balances for each fund, the individual fund statements, Management's Discussion and Analysis (MD&A), the Introductory Section, the Financial Statements and Notes, the Required Supplementary Information and the Statistical sections of the CAFR. IA applied the following procedures to conduct the quality control review of the CAFR:

- Reviewed for math accuracy and consistency in the referencing of dollar amounts and totals among the narratives, notes and statements, and for overall professional presentation.
- Verified that the FY 2018 amounts and totals on the financial statements were transferred accurately from the FY 2018 Trial Balance.
- Verified the consistency of the amounts between the overall basic combining Financial Statements and combining Non-Major Financial Statements as compared to the individual fund financial statements
- Verified that the FY 2017 amounts/totals for all financial statements were transferred accurately from the FY 2017 published CAFR to the FY 2018 CAFR.
- Recalculated for mathematical accuracy the FY 2018 totals on all financial statements.
- Checked titles and years to ensure updates were made for the years they correspond to.

- Reviewed narratives for consistency, completeness, spelling and grammatical accuracy.

IA also reviewed the Continuing Disclosure Compliance Report for the outstanding bonds owed by IEUA and compared them to the prior year's disclosures.

Additionally, IA reviewed the comments made by the Government Finance Officers Association (GFOA) on the prior year (FY 2017) CAFR to determine whether those comments had been addressed in the current year (FY 2018) CAFR.

Criteria and Observations

IA did not perform tests of financial transactions, nor audit the accounts or any financial information and did not assess the reliability or accuracy of the information reported in the financial statements. The Agency relies on the professional work of the External Auditors, Lance, Soll and Lunghard, LLP (LSL), who are the Agency's Certified Public Accountants, contracted to provide reasonable assurance that the financial statements are free of material misstatement. The External Auditors and IA rely on Agency's management for the completeness and reliability of the information presented in the CAFR. Consistent with the requirements of the IA Charter and the Audit Committee Charter requirements, IA's review is intended to provide an additional level of quality control.

During IA's quality control review, observations that IA noted were promptly communicated to FAD staff for appropriate corrective action. IA did not verify that all comments/recommendations were addressed or incorporated because FAD continues to finalize the CAFR. The observations IA considered most significant and requiring attention prior to finalizing and publishing the CAFR (details have been provided to FAD under separate correspondence, additional copies can be requested from IA) are:

- Noted rounding differences and inconsistencies between the 2017 CAFR and the 2018 CAFR within the financials and the narratives.
- Noted rounding differences and inconsistencies between and among the schedules and in the narratives.
- Noted some presentation differences in the financial statements compared to the prior year.
- Provided edits, made various comments and recommendations to all sections.
- Noted instances where there were differences in amounts between different sections of the CAFR, for example among the schedules.
- Noted some mathematical errors, including percentage calculations.

Bond Disclosure Compliance Review

For the 2018 CAFR, IA compared the Continuing Disclosures to the prior year (2017) CAFR to ensure consistency. Since IA's 2017 (prior year) review was based on multiple sources of information including: The Appendix D information on Continuing Disclosures for the 2010A and 2017A Revenue Bonds, and a comparison to the IEUA prepared Supplemental Disclosure filing dated January 12, 2017, IA did not repeat that original research. IA also did not perform a complete review of the various entire bond documents to determine the completeness of the required disclosures provided.

IA's comparison of the 2018 Continuing Disclosures to those of the prior year for consistency and completeness noted no exceptions.

Government Finance Officers Association (GFOA) comments

IA noted that the GFOA provided grades for 14 separate sections of the Agency's CAFR and all sections had received a grade of "proficient". The GFOA's only comments on the FY 2017 CAFR were about the "Required Supplementary Information" section and which amounts the Agency had included for "covered payroll" in the disclosures about the Agency's pension liability. IA commented to FAD about ensuring that the "covered payroll" information be revised for all relevant prior years.

Conclusion

IA appreciates the opportunity to provide the quality control review of the draft FY 2018 CAFR and looks forward to the final version of the FY 2018 CAFR that will be presented for Board of Directors' approval on December 19, 2018. IA appreciates staff's cooperation during this review.

IA looks forward to receiving the final CAFR documents for IA's regulatory filing purposes.

Please contact any member of the Internal Audit Department if you have questions.

**INFORMATION
ITEM**

4R

Date: December 19, 2018

To: The Honorable Board of Directors

From: Teresa Velarde, Manager of Internal Audit

Committee: Audit

12/11/18

Manager Contact: Teresa Velarde, Manager of Internal Audit



Subject: Agency Vehicle Operational Follow-Up Audit: Review of Vehicle Inventory Procedures

Executive Summary:

The Internal Audit Department Charter, requires Internal Audit (IA) follow-up on outstanding recommendations to determine if corrective actions have been taken. IA performed a follow-up review of 13 outstanding recommendations related to the Agency Vehicle Operational audits completed in 2014. Recommendations are the responsibility of Facilities Management within the Operations and Maintenance Department (South). As detailed in the attached audit report, this follow-up review found that of the original recommendations, four have been implemented, six were restated into three new recommendations, two are no longer applicable, and one has been deferred to the Voyager Card Audit already in progress. This review noted the following:

- Agency policies related to vehicles are under review to update, clarify & streamline processes,
- Internal controls and procedures for vehicle reservations and assignment of Agency-related travel requirements are monitored and continuously under review,
- Facilities Management now has a plan to periodically conduct vehicle inspections to evaluate the condition of vehicles as well as safety items, required documents and the overall condition,
- Periodic reconciliations of department vehicle records will be performed to compare the vehicle information on the Agency's accounting records, to ensure the accuracy and reliability of vehicle records, this will also serve as an inventory and verification control.

Staff's Recommendation:

This is an information item with 3 recommendations that staff agreed to implement.

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

Account/Project Name:

N/A

Fiscal Impact (explain if not budgeted):

N/A

Prior Board Action:

On June 20, 2018, the Board of Directors approved the Fiscal Year 2018/19 Annual Audit Plan. In the Annual Audit Plan, the Vehicle Follow-Up Audit was proposed for completion.

On December 20, 2017, the Board of Directors reconfirmed the approved Audit Committee and the Internal Audit Charters. Both charters require that IA implement the Annual Audit Plan of proposed audit projects and follow-up evaluation be completed on original recommendations.

Environmental Determination:

Not Applicable

Business Goal:

The Agency Vehicle Operational Follow-Up audit is consistent with the Agency's Business Goals of Fiscal Responsibility, Workplace Environment, and Business Practices by ensuring that the recommendations provided foster a strong control environment, safeguard assets, provide a safe work environment and assist management in achieving organizational goals and objectives.

Attachments:

Attachment 1 - Agency Vehicle Operational Follow-Up Audit: Review of Vehicle Inventory Procedures

Attachment 2 - PowerPoint



Inland Empire Utilities Agency

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DATE: November 29, 2018

TO: Halla Razak
General Manager

FROM: Teresa V. Velarde
Manager of Internal Audit

SUBJECT: Agency Vehicle Operational Follow-Up Audit: Review of Vehicle Inventory Procedures

Audit Authority

The follow-up audit was performed under the authority given by the Inland Empire Utilities Agency (IEUA or Agency) Board of Directors. The Internal Audit Department (IA) Charter and the Fiscal Year 2018/19 Annual Audit Plan require that IA follow-up on the status of audit recommendations to determine whether corrective actions have been taken. IA completed a follow-up review of 13 outstanding recommendations from the Review of Vehicle Inventory Procedures, dated March 12, 2014.

Audit Objective and Scope

The purpose of this follow-up review was to evaluate whether corrective actions were taken for the 13 outstanding recommendations from the 2014 audit, or if alternate controls have been implemented to mitigate the risks originally identified.

Audit Techniques:

Audit techniques included:

- Interviews of Agency staff
- Review of Agency policies, procedures, and practices
- Review of supporting documents
- Analysis of transactions
- Observations and inspections of Agency vehicles

Water Smart – Thinking in Terms of Tomorrow

Steven J. Elie
President

Michael E. Camacho
Vice President

Jasmin A. Hall
Secretary/Treasurer

Paul Hofer
Director

Kati Parker
Director

Halla Razak
General Manager

Audit Results – Executive Summary

Of the 13 outstanding recommendations, IA found that four recommendations have been implemented, six recommendations were restated into three new recommendations, two recommendations are no longer applicable, and one recommendation has been deferred to the Voyager Card Audit to begin in 2019. The attached report provides details of the follow-up audit. The bullet points below provide a summary of the audit observations:

- **Agency Policies:** The original audit found the Agency had multiple policies related to Agency vehicles, including refueling and washing procedures, the issuance, use, and payment processing of the fuel credit card. Additionally, information in the policies was either inconsistent and/or outdated. IA recommended the policies be reviewed, updated and/or consolidated to streamline processes and clarify guidelines. Facilities Management is in the process of reviewing, updating and consolidating six policies that relate to Agency vehicles.
- **Vehicle Reservation/Approval Process:** The prior audit noted instances where the vehicle reservation was not properly documented, and the appropriate approval was not obtained as required by policy, additionally some forms were missing for overnight travel with an Agency vehicle. IA recommended an online/electronic reservation system to account for all reservations and ensure proper approval is obtained. This review noted that the use of Microsoft Outlook Calendar has been effective in ensuring the proper documentation of vehicle reservations and is considered an effective tool and control for documenting vehicle reservations.
- **Mileage Limitations/Geographic Boundaries:** In the original audit, IA identified that Agency policies do not state any mileage limitations and/or geographic boundaries. IA recommended this information be included in the policies to strengthen internal controls over the use of vehicles. IA noted that the approval for training, whether it is within and/or out-of-the area, approves the use of an Agency vehicle through the Attendance and Advance Request Form, which is signed by a manager. All other out of the area business-related travel is approved through managers and supervisors who assign the work, meetings, training etc.; therefore, no additional controls are deemed necessary at this time.
- **Vehicle Information Form (VIF):** The previous audit found instances where the VIF was either not returned by the driver or was incomplete. IA provided three recommendations: to determine the overall purpose of the VIF, to determine if the VIF needed an area for supervisor approval, and to ensure the VIF is completed upon return of an Agency pool vehicle. Facilities Management evaluated the VIF form and determined necessary updates, it was also determined that supervisor approval is not required on the VIF because work is assigned through managers and supervisors. Lastly, the information recorded on the VIF's has been complete and Facilities Management considers it to be adequate and sufficient for the intended use of the VIF.

- Vehicle Inspections/Safety-related items: In the original audit, IA identified that vehicle and safety inspections were not regularly performed to ensure vehicles are operational and safety items are maintained as required. For the 2018 follow-up audit, IA along with Safety staff performed inspections on a sample of vehicles to evaluate the condition of the vehicle and safety-related items, including seatbelts, tires, first aid kit, fire extinguisher, contents of the glove compartment, etc. At the time of IA's inspections, the follow-up review found that vehicles and safety inspections were not being performed and several items required immediate attention. The audit also noted that recently Facilities Management implemented a process to perform routine vehicle and safety inspections. Facilities Management staff plans to team up with Safety staff and inspect all fleet vehicles during a 12-month period each year and address items requiring attention.
- Agency Logo/Bumper sticker: The prior audit noted there were some Agency vehicles with the logo that was either faded or peeling off. The updated Agency logo has now been added to all Agency vehicles.
- Reconciliation of Mileage Report to Agency's Financial System: The original audit found there was limited or no reconciliation performed to compare vehicle information and data between the "Mileage Report" (used by the Operations and Maintenance Department as their internal database for the inventory and tracking and recording of vehicles under their responsibility) and the Agency's accounting records in SAP, the Agency's financial system. IA recommended that periodic reconciliations be performed to ensure the accuracy and reliability of vehicle information and ensure asset information is reported on the accounting records correctly (for example, vehicle numbers, year and model, etc.) This helps serve as an inventory control and ensure all asset information is recorded accurately for accounting records. For the 2018 follow-up review, IA noted that reconciliations between the department's database and accounting records are not performed and found a few instances where vehicle information was missing or inaccurate on either record. Going-forward, staff plans to complete periodic reconciliations.

The Agency Vehicle Operational Follow-Up audit is consistent with the Agency's Business Goals of Fiscal Responsibility, Workplace Environment, and Business Practices by ensuring that the recommendations provided foster a strong control environment, safeguard assets, provide a safe work environment and assist management in achieving organizational goals and objectives.

Acknowledgements

IA would like to extend our appreciation to the Facilities Management staff for their cooperation and assistance during this review.

Discussions with Management

This audit report was provided to the Facilities Program Supervisor, Deputy Manager of Maintenance, Manager of Operations and Maintenance, and Executive Manager of Operations/Assistant General Manager on November 20th and 27th, 2018 for their review and input; their comments have been incorporated prior to finalizing this report.

Background

In 2014, Internal Audit (IA) completed three separate audit reports and provided 18 recommendations about Agency vehicle operations. The purpose of the original audits was to evaluate the processes and controls for the Agency's fleet/utility vehicles, determine whether operations are in accordance with established policies and procedures and identify opportunities to improve the efficiency and effectiveness of the program.

Two audit reports with 5 recommendations were under the responsibility of the Contracts and Procurement (CAP) Department and have already been evaluated in a separate report.

The third original audit report and the remaining 13 recommendations are the responsibility of Facilities Management within the Operations and Maintenance Department (South). Facilities Management formally took over the responsibilities to oversee and implement an effective "fleet program" as of January 2018. Prior to Facilities Management taking over the responsibility, there was no formal program with dedicated staff and resources to oversee all aspects of a fleet program. With the new Fleet Program in effect, Facilities Management had already been working on evaluating and formalizing various processes and procedures that had been previously identified through this audit. All original recommendations had been evaluated and corrective actions were addressed and/or are in progress of being fully implemented.

This follow-up audit report provides the status of the 13 recommendations that are the responsibility of Facilities Management.

IA refers readers to each of the respective Agency Vehicle Operational audit reports, which were received and filed by the Board of Directors at the time of issuing the audit reports, these reports can also be accessed through the Agency's Intranet or requested from the Manager of Internal Audit:

- Automobile Insurance Requirements dated March 3, 2014,
- Review of Vehicle Security Procedures dated March 3, 2014,
- Review of Vehicle Inventory Procedures dated March 12, 2014, and
- Agency Vehicle Operational Follow-Up Audit: Automobile Insurance Requirements and Review of Vehicle Security Procedures, dated August 30, 2018.

Facilities Management

Facilities Management is responsible for all operations related to the Agency's fleet, including inventory, maintenance, usage, replacement, and assist with the coordination of salvage and disposal of Agency vehicles. The focus of this follow-up audit was on the passenger/ commercial vehicles, which include automobiles, trucks and vans.

As of July 17, 2018, the Agency has a fleet of 111 vehicles with a majority assigned to Agency departments and staff. Seven of the fleet vehicles are designated as pool vehicles, which employees can check in/out to drive them to conduct Agency-related business. Facilities Management oversees the Agency's fleet management program.

Review of Vehicle Inventory Procedures Follow-up review to the Audit Report dated March 12, 2014

Agency Policy: Refueling Agency Vehicles

Original Recommendation #1:

Maintenance Department and the HR Department should work together to develop and/or consolidate into one updated policy, proper procedures for refueling Agency vehicles to streamline processes and clearly define the procedures for refueling Agency vehicles. Specifically, the policy should include: payment method, when to fuel, and specify if the requirement applies to assigned, pool or all vehicles.

Original Recommendation #2:

Update Agency Policy A-86, "Refueling Agency Vehicles" to include a clear definition of a "pool" versus an "assigned" vehicle and these definitions should be carried across all Agency policies that relate to Agency vehicle procedures.

Original Recommendation #3:

Revise Agency Policy A-86 to specifically address how Voyager fuel cards for Agency "pool" vehicles will be issued and used by employees in order to establish separate guidelines for Agency "pool" vehicles.

Status of #1, 2 and 3: Restated – See 2018 Recommendation #1

Recommendation #1

In the original audit, IA identified three Agency policies and one department-specific Standard Operating Procedure (SOP) that provided different or no guidelines on how an employee should refuel an Agency vehicle. The areas noted were as follows:

Agency Policy or SOP number	Name/Title of Policy	Date of last revision	Recommendation & Needed revision
A-14	Vehicle Use Policies and Procedures	September 11, 2008	Policy does not provide: <ul style="list-style-type: none"> • procedure for refueling vehicles • payment method to be used to pay for fuel, and • the frequency for mileage claim reimbursements
A-34	Maintenance, Washing and Fueling of Agency Vehicles	July 15, 2005	Describes an outdated process for fueling Agency vehicles and the current practice does not match the current policy.
CAP Department SOP, GSP 99007	Vehicle Refueling and Washing	June 15, 2010 (Version number: 003) As of October 2018, CAP will eliminate this procedure.	
A-86	Refueling Agency Vehicles	February 4, 2013	Provides procedures/guidelines for fueling assigned vehicles, but not for pool vehicles.

Policies and procedures that have different or outdated information create confusion and inconsistency because they provide different, unclear or outdated guidelines to employees.

Facilities Management has already identified all Agency policies related to Agency vehicle procedures and the review process has been initiated. Six policies have been identified. Agency Policy A-14 is currently under review, and, at their request, IA provided comments on the “draft” version for staff consideration. The six policies that Facilities Management is evaluating are the following:

Agency Policy #	Name/Title of Policy	Date of last revision
A-14	Vehicle Use Policies and Procedures	9/11/2008
A-17	Use and Insurance requirements for Vehicles and Equipment rented by the Agency	07/15/2005
A-25	Disposal of Surplus Agency Personal Property, Materials, and Equipment	9/1/2006
A-27	Department of Motor Vehicle Records Verification and Confidentiality	7/15/2005
A-34	Maintenance, Washing and Fueling of Agency Vehicles	7/15/2005
A-86	Refueling Agency Vehicles	2/4/2013

Facilities Management stated that Agency Policy A-14 will serve as the primary, all-inclusive Agency policy for all fleet operations. Consolidation of these policies will streamline and clarify all vehicle related operations and functions to provide clear guidelines for employees. Additionally, Facilities Management also plans to develop Standard Operating Procedures (SOP's) to address more specific procedures for their internal use. The revisions are planned for finalization in July 2019.

Recommendation #2 & #3

During the prior audit, IA noted that Agency Policy A-86 (Refueling Agency Vehicles, effective date February 4, 2013) does not make a distinction between a pool vehicle and an assigned vehicle, and the refueling procedures are different for each type of vehicle. No specific definition is provided for the terms. A clear definition would provide more specific guidelines and is important if there are different procedures for fueling and maintaining each type of vehicle. Additionally, the policy does not provide procedures on the issuance, use, and payment processing of Voyager fuel credit cards for pool vehicles, and the guidelines only apply to assigned vehicles.

In the 2018 follow-up review, IA noted that refueling procedures for assigned and pool vehicles are different, but the current policy A-86 does not address pool vehicles, only assigned vehicles. When a pool vehicle is checked out, a Voyager fuel credit card is provided with the Vehicle Information Form (VIF), which documents the condition and mileage of the vehicle. IA noted that no procedures are provided for how to use the Voyager card and/or how to refuel the vehicle. The information should be available in the vehicle's glove compartment, but IA noted that the one vehicle tested, did not have documented refueling procedures or they were missing from the glove compartment. Without guidance, an employee has no information about how to refuel an Agency pool vehicle.

As stated above, Facilities Management has begun a review process to consolidate the six Agency policies related to vehicles, which includes a review of fueling and washing procedures. Once the new policy has been approved and signed by Executive Management, and made available to all Agency employees, IA will review the updated policy to determine if the original recommendations have been addressed.

According to Facilities Management, the policy updates have been submitted to Operations Management for review and approval, and for adoption by July 2019. Therefore, the original Recommendations #1, 2 and 3 have been restated as 2018 Recommendation #1.

2018 Recommendation #1:

Facilities Management should continue to work with the appropriate departments to make necessary updates, and/or consolidate Agency policies and procedures for Agency vehicles and ensure the revised policy(ies) address refueling and washing procedures, security, safety items, insurance, license requirements, etc. The new and final policy should be approved by Executive Management and made available to all Agency employees for their reference.

Vehicle Reservation & Approval Process

Original Recommendation #4:

Maintenance Department should work with Business Information Systems (BIS) to develop an online/electronic "vehicle reservation and approval process". Approval should be obtained through the online/electronic process by either the employee's supervisor or manager. If the travel in an Agency "pool" vehicle will be for the calendar day only, online/electronic approval obtained from the employee's direct supervisor is sufficient. If travel utilizing an Agency "pool" vehicle will be overnight or several nights, or outside the service area, the employee should obtain online approval from the responsible manager and/or a member of Executive Management.

Status: No Longer Applicable

In the 2014 audit, IA noted two instances of a pool vehicle being checked-out for overnight use without documented approval from the General Manager (GM) as required by Agency Policy A-14 and/or required forms were missing. Without documented approval for overnight use of Agency vehicles it is difficult to determine whether the appropriate approval was obtained. Additionally, it was unclear whether there was enough accountability for the vehicle during the overnight travel.

Electronic reservation system

IA provided the original recommendation as an additional control to ensure all vehicle usage is properly recorded and approved, and to be consistent with the existing Agency Policy requirement. At the time, Outlook calendar was not used for vehicle reservations, making it difficult to track vehicle reservations, usage, timeframes and assignments. With the current process, the receptionist reserves the vehicle using an Outlook calendar and the system will block the availability of the vehicle for the time-period requested.

Facilities Management's position is that the current use of Outlook calendars to document vehicle reservations is a control that is working; therefore, no additional online/electronic vehicle reservation and approval process is deemed necessary. Through IA's review and discussions, it appears Outlook calendars have been working effectively, therefore, the original recommendation is considered No Longer Applicable.

Online/electronic approval by a supervisor

Currently, there is no requirement that an employee's supervisor provide an online/electronic approval for a pool vehicle reservation. Facilities Management noted that it is the responsibility of a supervisor to know where their employees are at all times; therefore, this recommendation is considered No Longer Applicable.

Travel: overnight or several nights, or outside Agency's service area

The original recommendation suggests an additional approval requirement when travel is for overnight or multiple nights/days, or longer distances.

For the 15-month period (July 2017-September 2017), there were approximately 1,200 vehicle reservations and IA noted the following instances of this type of travel:

- Overnight travel/multiple nights: 6 vehicle reservations where a vehicle was taken for overnight travel and/or multiple nights to Fullerton, Las Vegas, Long Beach, and Modesto.
- Outside Agency's service area and/or distance greater than 40 miles: 4 vehicle reservations where multiple vehicles were reserved for the same date, time and location and driven between 40 and 50 miles each way to locations outside the Agency's service area, such as Long Beach, Paramount and Temecula.

IA noted other types of vehicle reservations:

- Multiple vehicles: 3 vehicle reservations where multiple vehicles were reserved for the same date, time, and location by the same employee, and driven within the Agency's vicinity.
- Multiple vehicles/outside Agency's service area: 1 instance where multiple vehicles were reserved for the same date, time, and location, and driven outside the Agency's service area (Riverside).
- Multiple vehicles & days: 1 instance where multiple vehicles were reserved for multiple days by the same employee for local/on-site Agency events.

Additionally, IA observed there were many other single-day reservations where Agency vehicles were driven to locations outside the Agency's service area, but less than 40 miles each way from the Agency's Headquarters (such as Orange, Irvine, Redlands, Costa Mesa, Baldwin Park, West Covina, Monrovia, Buena Park, Los Angeles and so on.). Due to the distances and locations traveled, the recommendation was made to consider an additional approval level when driving outside the service area.

At times employees must travel outside the service area, for business-related purpose, such as meetings and/or training. Training is approved through the Attendance and Advance Request form, which requires compliance with Agency Policy A-37. Facilities Management stated that the approval obtained on A-37 is the approval that provides the control whether it is for overnight travel, multiple nights or locations outside the Agency's service area; therefore, no additional approval is required separately for the vehicle use since the first choice of travel for training, should always default to using an Agency vehicle. Facilities Management stated that travel to attend business meetings and/or other work-related activities, the respective manager/supervisor approves the travel through the assignment of work and therefore, the supervisor is aware of their employees' work location at all times. Adding a requirement for an additional documented approval on the VIF would not provide efficiency. Therefore, Recommendation #4 is considered No Longer Applicable.

Mileage Limitations/Geographic Boundaries

Original Recommendation #5:

Maintenance Department should work with the HR Department to incorporate mileage limitations and/or geographic boundaries (i.e. out-of-state) for Agency vehicles in updated Agency policies.

Status: No Longer Applicable

In the original audit, IA found that mileage restrictions and/or geographic boundaries are not identified or restricted in any of the existing/current Agency policies. Thus, there is no clear outline of how far an employee may or may not drive an Agency vehicle. IA recommended staff consider the need to strengthen controls and provide clear/defined mileage restrictions and/or geographic boundaries for the use of Agency vehicles to ensure consistency in use and require additional approvals when those would be exceeded.

For the 2018 follow-up review, IA identified reservations where a vehicle was driven 40 miles or more each way as discussed above. Of approximately 1,200 reservations during the 15-month period from July 2017 to September 2018, a total of 16 were for a vehicle driven between 40 and 350 miles each way, including driving to Orange County, San Diego and Modesto.

As discussed above, Facilities Management stated that supervisors assign work locations, meetings and training. Therefore, it is the responsibility of the manager/supervisor to know and understand where their employees are working at all times. For this reason, no additional controls will be incorporated into the policy at this time. IA considers this recommendation to be No Longer Applicable.

Vehicle Information Form (VIF)

Original Recommendation #6:

Evaluate the overall purpose of the VIF, to determine what elements are necessary to be reported by employees after use of an Agency vehicle, as well as determine what elements to hold the employee accountable for. Additionally, fewer incomplete forms may be returned if wording is revised to require only exceptions (an example might be: "Indicate damage to vehicle, if any").

Status: Implemented

During the 2014 audit, IA noted:

- VIF's were found to be incomplete, had missing information and were not approved, but the forms were accepted by the receptionist upon vehicle check in.
- Two vehicles were checked out by the same employee for the same time-frame, but the VIF's were missing and not provided for review.

Properly completing a VIF documents who last drove a vehicle and what condition it was taken and returned in. The VIF is used to document information related to anything unique/extraordinary that would require immediate attention (maintenance, service, cleaning, etc.). After the 2014 audit, minor updates were made to the VIF. Facilities Management continues to evaluate and update the form as necessary to ensure it captures needed information for their scheduling of preventive maintenance. For example, Facilities Management plans to update the VIF to remind staff to check if the vehicle is plugged into the electric vehicle charging station (applicable to five Hybrid pool vehicles). Therefore, this recommendation is considered Implemented.

Original Recommendation #7:

Determine the need to require that the VIF include an area for the employee's direct supervisor/manager to approve and sign, specifically acknowledging where the vehicle will be used and permitting the use of the Agency vehicle, prior to checking out the vehicle as an added control and accountability measure for the vehicle and the employee.

Status: Implemented

As noted, Facilities Management determined that this added control would not provide added benefit because it is ultimately up to the supervisor to know and understand where their employees are; therefore, no additional approval will be required on the VIF before a pool vehicle is checked out to an employee. IA determined that if a supervisor becomes aware of a problem, the respective manager/supervisor would take the appropriate action. The recommendation is considered No Longer Applicable.

Original Recommendation #8:

Ensure the recipients of the VIF (currently, the receptionists) no longer accept incomplete VIF forms from an employee upon the return of the vehicle to Headquarters. The receptionist should return the form to the employee and request they fill out the VIF completely before checking-in the vehicle.

Status: Implemented

The 2014 audit found VIF sheets that were incomplete, had missing information and were not approved, but the forms had been accepted by the receptionist at vehicle check-in.

During the 2018 follow-up review, IA noted the information collected on the VIF includes: employee name and number, date, department name, beginning and ending odometer reading, total miles driven, destination(s), vehicle inspection (damage noted), club attached, windows closed, doors locked, transponder returned, fuel (no fuel needed or refueled, and related fields), receptionist comments and initials.

IA examined 58 VIF's, from October 1st to 18th, 2018, and noted inconsistencies in the way the forms had been completed especially in instances where the item appeared to be not applicable. Responses varied from the item being initialed, to being left blank or to being marked "n/a". Based on IA's review, it was unclear whether the completed

responses on the VIF provide useful information to Facilities Management; however, Facilities Management stated that the VIF form serves only as a secondary control and all the information submitted is adequate for their use. Additionally, Facilities Management stated that they hope to transition to modern technology using an On-board diagnostics system where they can review vehicle diagnostics, mileage, usage, and other useful information remotely and real-time.

As noted above in the report, the VIF was revised and will continue to be in use; therefore, IA provides the following “soft recommendation” for consideration as Facilities Management transitions and migrates to other systems and/or platforms and implements additional controls. Recommendation is considered Implemented.

Facilities Management should continuously evaluate and consider the purpose of the VIF and determine what information should be recorded and whether a specific response is necessary. To ensure the appropriate information is obtained on the VIF, options to consider are specific instructions for completion, examples where responses are necessary, and/or boxes to check such as: “Yes”, “No” and “N/A” (with space for additional information, if necessary). Consider anything that will provide the needed information for the intended purpose of the VIF.

Voyager Fuel Card

Original Recommendation #9:

Maintenance Department should continue to work with “Voyager Fleet Systems” and U.S. Bank to review the card issuer’s reporting capabilities, in order to develop the reports needed with the appropriate inputs (e.g. odometer readings, date of purchase, amount, credit card number, cardholder name, number of gallons purchased at point-of-sale) so that the Agency can perform a thorough analysis of fuel consumption monthly.

Status: Deferred to Voyager Fuel Card Audit

According to the Fiscal Year 2018/19 Board-approved Annual Audit Plan, IA plans to complete an assessment of the Agency’s Fuel Card Program. IA will report on this recommendation under a separate cover and report.

Policies – Washing Agency Vehicles

Original Recommendation #10:

Maintenance Department should develop one policy or update the existing policy (ies) to outline the proper procedures for washing Agency vehicles.

Status: Restated – See 2018 Recommendation #1

In the 2014 audit, IA identified two policies (A-14 and A-34) and one department-specific SOP (CAP – GSP 99007) regarding vehicle washing procedures. The policies and SOP provide different and/or vague instructions for washing an Agency vehicle. Having

outdated or conflicting procedures does not provide clear direction to employees. As noted earlier in this report, Facilities Management is already reviewing all Agency policies related to the fleet vehicles; therefore the 2014 recommendation has been restated as 2018 Recommendation #1.

Vehicles Inspections & Safety-related Items

Original Recommendation #11:

Maintenance Department should perform a routine inventory as well as regular safety/maintenance inspections for all Agency vehicles at least annually. Physical inventories will verify the existence and operational condition of the vehicles, while routine inspections will evaluate necessary safety and emergency equipment is available. Issues identified should be addressed and corrected timely. Specifically, items required for safety reasons such as fire extinguishers, insurance information and accident instructions, etc. should be current and readily available in the vehicle. Documented maintenance and safety inspection results should be retained and placed in the vehicle's file as evidence of examination.

Status: Restated – See 2018 Recommendation #2

The 2014 audit found that vehicle and safety inspections were not performed consistently. This could result in non-compliance with Agency policies and requirements or other safety risks and concerns.

For the 2018 follow-up audit, IA and Safety personnel performed a physical observation of 16 vehicles. The inspections included an evaluation of compliance with existing Agency policies, the exterior and interior of the vehicles and review of safety-related items, such as, vehicle security, working seatbelts, tires, windshields, scratches, condition of the first-aid kit, status of the fire extinguisher (if applicable), and review of the documentation maintained in the glove compartment, etc. See table on the next page for the results of the inspections.

The results of the Vehicle Inspections are as follows:

Observations	Number of Vehicles	Issues
Vehicles left unattended and unlocked	5	<ul style="list-style-type: none"> 4 left unattended and unlocked 1 left unattended, unlocked, and keys left in the ignition
Vehicle not safe to operate or neglected	1	Passenger rear tire needed air. Dashboard noted low tire pressure and oil change required.
Agency Logo and/or Vehicle Number is not recognizable because it is peeling off	4	<ul style="list-style-type: none"> 2 Logos were peeling off 1 Vehicle number was peeling off 1 Logo was damaged
No Vehicle Number on the exterior of the vehicle	1	Did not have an assigned Agency vehicle number, identified for inspection using the license plate number
Use of the CLUB	8	CLUB was not securely in place at the time of inspection and/or vehicle does not have a CLUB
Interior of Vehicle – Unacceptable	1	Ripped seat, potential safety hazard (See Attachment 2)
Vehicles did not have necessary and/or up-to-date information	1	Did not have an owner's manual
	1	Did not have the DMV Registration
	16	15 had expired insurance cards, while 1 had no insurance information
	10	5 Vehicles had outdated Emergency Road Services information and 5 vehicles had no information at all.
Safety Equipment	6	3 had an expired Fire Extinguisher and 3 did not have a Fire Extinguisher
	15	First Aid Kit: <ul style="list-style-type: none"> 12 had a first aid kit, but had all expired items 2 had a first aid kit, but could not verify contents 1 unable to verify
Additional findings: Safety Equipment	Multiple	<p><u>Squeegee</u>: 11 missing, 2 unable to verify, and 3 have one, but 1 squeegee still required assembled.</p> <p><u>Gas Can</u>: 8 missing, 2 unable to verify</p> <p><u>Gloves (Work and/or Disposable)</u>: 3 do not have any, 1 unable to verify, and 12 have them, but 3 were in poor condition.</p> <p><u>CPR 2000</u>: 6 missing, 3 unable to verify, and 7 had expired.</p> <p><u>Flash Light</u>: 4 missing, 3 unable to verify, and 4 were not in working condition.</p> <p><u>Triangle Flare Kit</u>: 6 missing, 2 unable to verify, 1 noted not needed because it is unaccompanied by the Safety van, 3 only had either the flares or triangle but not both.</p>

Facilities Management stated that the department is in the process of scheduling routine vehicle inspections, beginning in Fiscal Year 2018/19. The department plans to inspect 25% of the vehicles each quarter, 100% each year. Facilities Management also noted that they will coordinate with Safety for an annual mutual inspection of the Agency's vehicles. As of the date of this report, Facilities Management had recently completed their first inspections. The 2014 recommendation has been restated as 2018 Recommendation #2.

2018 Recommendation #2:

Facilities Management should perform regular vehicle inspections on all Agency vehicles. Vehicle inspections should evaluate the overall operational condition of the vehicle and determine whether all safety-related items are current and operational, such as the first aid kit, fire extinguisher, glove compartment contents, flashlight, etc. Inspections should be documented. Additionally, employees should be reminded of their responsibilities for vehicle maintenance through training and/or policy updates.

Vehicle – Agency Logo/Bumper Sticker

Original Recommendation #12:

Maintenance Department should consider including a vehicle bumper sticker on all Agency vehicles that display the Agency's logo and a hotline or contact phone number where issues may be reported by any member of the public.

Status: Implemented

The original audit noted that the Agency name/logo sticker on several vehicles was unreadable and peeling off, along with not having a visible contact number to call and report problems/concerns. Pool and assigned vehicles now have the new Agency's logo located on the driver and/or passenger door of the vehicle. There are a few vehicles that are in the process of being updated/replaced, Facilities Management staff indicated that the new logo will be added. Since the Agency's logo has been placed on vehicles, and any individual from the public can research and locate the contact information having the Agency's full name from the logo, this recommendation is considered Implemented.

Reconciliations of Mileage Report to Agency's Financial System

Original Recommendation #13:

Periodic reconciliations for fleet (vehicles and equipment) should be performed by the Maintenance Department between any report(s) or system databases that are utilized by management to ensure accuracy when reporting fleet information and making decisions regarding fleet.

Status: Restated – See 2018 Recommendation #3

The original audit identified:

- Vehicles and equipment listed in the Agency's financial system (SAP) that did not reconcile with the Mileage report (used by the Maintenance Department for inventory purposes).
- Vehicle data in the Mileage report was not always complete with VIN # and license plate # information, making it difficult to identify an Agency vehicle.

Regular reconciliations and complete information in reporting ensure vehicles are accounted for and complete.

Vehicle information is currently maintained in an excel spreadsheet and the Geographic Information Systems (GIS) software (called the Fleet Inventory Database). IA found that reconciliations are not being performed between Facilities Management's records and the Agency's accounting records, SAP for the Agency's vehicles. Facilities Management ensures appropriate forms are completed and coordinated through Agency departments for new vehicle purchases and disposals.

IA compared the list of vehicles provided by Facilities Management to the asset listing retained in the Agency's financial system (SAP), and vice versa for the 2018 follow-up audit. IA noted:

Vehicles listed in Facilities Management's records that could not be identified in SAP:

Number	Vehicle Number	Description	License Plate	VIN or Serial #
1	9901	SD Chevy Lumina	1031003	2G1WL52M2X9175549
2	0001	SD Ford Taurus	1023418	1FAFP5220YA238878
3	0409	PU Ford F250 Shell Lightbar	1175270	3FTNF20L63MB40100
4	0420	PU F150X Cab 4x4	1192074	1FTRX14W44NC44931
5	0612	PU Ford F150 X-Cab	1202996	1FTRX12WX6KD28761
6	0613	PU Ford F150 X-Cab	1202997	1FTRX12W16KD28762
7	0702	SD Chevy Malibu LS	1256940	1G1ZS58N07F175234
8	0703	SD Chevy Malibu LS	1256939	1G1ZS58NX7F174298
9	0205	PU Chev 2500 Reg Cab Toolbox	1124371	1GCHC24U82E110819
10	0501	PU F150XCab 4X2	1183225	1FTRX12W15NA89050

Source: Facilities Management records traced to SAP.

Vehicles listed in SAP that could not be identified in Facilities Management's records:

Number	Asset	Make/Model	Vendor Part #	Serial Number	Invent. no	Asset Description
1	700002	GEM Electric	Chrysler Gem Electric	None	04CP04006	GEM Electric Vehicle
2	700025	None	None	5ASAG47411F0154	04OA03007	2001 ELECTRIC VEHICLE
3	700035	RAM 1500 4X4	RAM 1500 4X4	1B7HF16Y71S2322	02PA01006/02	RP1-2001 DODGE RAM 1500 4X4 P
4	700064	None	Ford	None	04PA04004/07	FORD TRUCK
5	700095	None	None	None	PA07015	PURCHASE VEHICLES
6	700098	None	None	None	EC08003.00	Collections Group Water Truck

Source: SAP (Vehicle Fixed Asset List) traced to Facilities Management's records.

Same vehicle in both records, but the VIN or Serial# in SAP was different:

Source:	Number	Description	License Plate	VIN or Serial#
Facilities Management	Vehicle # 1402	2014 Camera Van	1156352	1FDXE4FS9EDA91703 ⁽¹⁾
SAP	Asset # 700122	RP4 Ford E-450 CCTV Camera Video Inspection Van	None	1FDXE4F89EDA91703

(1) As a result of IA's review, the typo in the VIN or Serial # for this Vehicle #1402 has been corrected in the Agency's financial system, SAP.

Based on IA's review, regular reconciliations are not performed on Agency vehicles. Good business practices dictate that periodic reconciliations should be performed to ensure the accuracy, reliability, and completeness of information. Facilities Management should consider adding procedures to ascertain the list of vehicles and any other necessary information in the Agency's financial system. Since vehicle data is still inconsistent between different Agency records, the 2014 recommendation has been restated as 2018 Recommendation #3.

2018 Recommendation #3:

Facilities Management should work with Finance and Accounting to ensure periodic reconciliations of vehicle records are performed between Agency recordkeeping systems, reports and/or databases, such as SAP (financial system), GIS, etc.

Facilities Management indicated that with all the new current vehicle purchases, all the related and required vehicle documents and forms were submitted showing VIN's, license plate numbers, models, year of vehicle and other identifying information. It is with older vehicles that information either did not migrate completely from the old accounting system to the new accounting system or there was a miscommunication and miscoordination of the needed documents.

Facilities Management also indicated that they agree it would be good business practice to periodically reconcile both vehicle records to ensure accuracy and accountability. To assist with the reconciliations and tracking of the Agency vehicles, Facilities Management is currently looking into acquiring the On-Board Diagnostic systems to be in line with the Fleet Industry standards.

Facilities Management plans to work with Finance and Accounting to trace all the vehicles identified and to ensure they are on both systems.

Attachment 1

Status of Outstanding Recommendations: Review of Vehicle Inventory Procedures, dated March 12, 2014

Rec #	Recommendations	Implemented	Restated	No Longer Applicable	Deferred to the Voyager Fuel Card audit
1	Maintenance Department and the HR Department should work together to develop and/or consolidate into one updated policy, proper procedures for refueling Agency vehicles in order to streamline processes and clearly define the procedures for refueling Agency vehicles. Specifically, the policy should include: payment method, when to fuel, and specify if the requirement applies to assigned, pool or all vehicles.		X		
2	Update Agency Policy A-86, "Refueling Agency Vehicles" to include a clear definition of a "pool" versus an "assigned" vehicle and these definitions should be carried across all Agency policies that relate to Agency vehicle procedures.		X		
3	Revise Agency Policy A-86 to specifically address how Voyager fuel cards for Agency "pool" vehicles will be issued and used by employees in order to establish separate guidelines for Agency "pool" vehicles.		X		
4	Maintenance Department should work with Business Information Systems (BIS) to develop an online/electronic "vehicle reservation and approval process". Approval should be obtained through the online/electronic process by either the employee's supervisor or manager. If the travel in an Agency "pool" vehicle will be for the calendar day only, online/electronic approval obtained from the employee's direct supervisor is sufficient. If travel utilizing an Agency "pool" vehicle will be overnight or several nights, or outside the service area, the employee should obtain online approval from the responsible manager and/or a member of Executive Management.			X	
5	Maintenance Department should work with the HR Department to incorporate mileage limitations and/or geographic boundaries (i.e. out-of-state) for Agency vehicles in updated Agency policies.			X	
6	Evaluate the overall purpose of the VIF, to determine what elements are necessary to be reported by employees after use of an Agency vehicle, as well as determine what elements to hold the employee accountable for. Additionally, fewer incomplete forms may be returned if wording is revised to require only exceptions (an example might be: "Indicate damage to vehicle, if any").	X			
7	Determine the need to require that the VIF include an area for the employee's direct supervisor/manager to approve and sign, specifically acknowledging where the vehicle will be used and permitting the use of the Agency vehicle, prior to checking out the vehicle as an added control and accountability measure for the vehicle and the employee.	X			
8	Ensure the recipients of the VIF (currently, the receptionists) no longer accept incomplete VIF forms from an employee upon the return of the vehicle to Headquarters. The receptionist should return the form to the employee and request they fill out the VIF completely before checking-in the vehicle.	X			
9	Maintenance Department should continue to work with "Voyager Fleet Systems" and U.S. Bank to review the card issuer's reporting capabilities, in order to develop the reports needed with the appropriate inputs (e.g. odometer readings, date of purchase, amount, credit card number, cardholder name, number of gallons purchased at point-of-sale) so that the Agency can perform a thorough analysis of fuel consumption monthly.				X
10	Maintenance Department should develop one policy or update the existing policy (ies) to outline the proper procedures for washing Agency vehicles.		X		
11	Maintenance Department should perform a routine inventory as well as regular safety/maintenance inspections for all Agency vehicles at least annually. Physical inventories will verify the existence and operational condition of the vehicles, while routine inspections will evaluate necessary safety and emergency equipment is available. Issues identified should be addressed and corrected timely. Specifically, items required for safety reasons such as fire extinguishers, insurance information and accident instructions, etc. should be current and readily available in the vehicle. Documented maintenance and safety inspection results should be retained and placed in the vehicle's file as evidence of examination.		X		
12	Maintenance Department should consider including a vehicle bumper sticker on all Agency vehicles that display the Agency's logo and a hotline or contact phone number where issues may be reported by any member of the public.	X			
13	Periodic reconciliations for fleet (vehicles and equipment) should be performed by the Maintenance Department between any report(s) or system databases that are utilized by management to ensure accuracy when reporting fleet information and making decisions regarding fleet.		X		
Totals		4	6	2	1

Attachment 2

**Agency Vehicle Operational Follow-Up Audit
2018 Recommendations**

Rec #	Recommendations
1	Facilities Management should continue to work with the appropriate departments to make necessary updates, and/or consolidate Agency policies and procedures for Agency vehicles and ensure the revised policy(ies) address refueling and washing procedures, security, safety items, insurance, license requirements, etc. The new and final policy should be approved by Executive Management and made available to all Agency employees for their reference.
2	Facilities Management should perform regular vehicle inspections on all Agency vehicles. Vehicle inspections should evaluate the overall operational condition of the vehicle and determine whether all safety-related items are current and operational, such as the first aid kit, fire extinguisher, glove compartment contents, flashlight, etc. Inspections should be documented. Additionally, employees should be reminded of their responsibilities for vehicle maintenance through training and/or policy updates.
3	Facilities Management should work with Finance and Accounting to ensure periodic reconciliations of vehicle records are performed between Agency recordkeeping systems, reports and/or databases, such as SAP (financial system), GIS, etc.

Agency Vehicle Operational Follow-Up Audits



**Teresa Velarde, Manager of Internal Audit
December 2018**

Review of Vehicle Inventory Procedures

- Audit Scope
- Original Audit Results
- Agency Fleet
- Fleet Management

Original Recommendations & Follow-Up Observations

- Policies & Procedures
- Fueling procedures, washing, security, safety items, insurance documents, incident information and procedures
- Fleet Reservation System & check out procedures
- Out of area travel with Agency vehicle
- Vehicle inspections & maintenance checks

Audit Recommendations

2018 Recommendations:

- 1. Facilities Management should continue to work the appropriate departments to make necessary updates, and/or consolidate Agency policies and procedures for Agency vehicles and ensure the revised policy(ies) address refueling and washing procedures, security, safety items, insurance, license requirements, etc. The new and final policy should be approved by Executive Management and made available to all Agency employees for their reference.*
- 2. Facilities Management should perform regular vehicle inspections on all Agency vehicles. Vehicle inspections should evaluate the overall operational condition of the vehicle and determine whether all safety-related items are current and operational, such as the first aid kit, fire extinguisher, glove compartment contents, flashlight, etc. Inspections should be documented. Additionally, employees should be reminded of their responsibilities for vehicle maintenance through training and/or policy updates.*
- 3. Facilities Management should work with Finance and Accounting to ensure periodic reconciliations of vehicle records are performed between Agency recordkeeping systems, reports, and/or databases, such as SAP (financial system), GIS, etc.*



Questions & Discussion

The Agency Vehicle Operational Follow-Up audit is consistent with the Agency's Business Goals of Fiscal Responsibility, Workplace Environment, and Business Practices by ensuring that the recommendations provided foster a strong control environment, safeguard assets, provide a safe work environment and assist management in achieving organizational goals and objectives.

**AGENCY
REPRESENTATIVES'
REPORTS**

5A



S A W P A

SANTA ANA WATERSHED PROJECT AUTHORITY

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

REGULAR COMMISSION MEETING TUESDAY, DECEMBER 18, 2018 – 9:30 A.M.

AGENDA

1. **CALL TO ORDER/PLEDGE OF ALLEGIANCE** (Ronald W. Sullivan, Vice Chair)
2. **ROLL CALL**
3. **PUBLIC COMMENTS**
Members of the public may address the Commission on items within the jurisdiction of the Commission; however, no action may be taken on an item not appearing on the agenda unless the action is otherwise authorized by Government Code §54954.2(b).
4. **CONSENT CALENDAR**
All matters listed on the Consent Calendar are considered routine and non-controversial and will be acted upon by the Commission by one motion as listed below.
 - A. **APPROVAL OF MEETING MINUTES: DECEMBER 4, 2018**
Recommendation: Approve as posted.
 - B. **TREASURER'S REPORT – NOVEMBER 2018**
Recommendation: Approve as posted.
5. **NEW BUSINESS**
 - A. **SETTLEMENT AGREEMENT PROCEEDS (CM#2018.122)**
Presenter: Karen Williams
Recommendation: Review several options for the use of settlement proceeds in the amount of \$1,075,000, and direct staff on implementing one of the options.
 - B. **SEWER SYSTEM MANAGEMENT PLAN INTERNAL AUDIT (CM#2018.126)**
Presenter: Carlos Quintero
Recommendation: Receive and file.
 - C. **EMERGING CONSTITUENTS PROGRAM TASK FORCE STATUS (CM#2018.129)**
Presenter: Mark Norton
Recommendation: Receive and file.

**D. AUTHORIZATION TO DISTRIBUTE REQUEST FOR QUALIFICATIONS (RFQ)
(CM#2018.127)**

Presenter: Mike Antos

Recommendation: Authorize the release of a Request for Qualifications (RFQ) to create an on-call list of firms that can provide document translation and simultaneous and/or following meeting translation, a grant-funded task of the Disadvantaged Communities Involvement Program.

**E. AUTHORIZATION TO DISTRIBUTE REQUEST FOR PROPOSALS (RFP)
(CM# 2018.128)**

Presenter: Mike Antos

Recommendation: (1) Authorize the release of a Request for Proposals (RFP) to fill a collaboratively-funded Network Coordinator consultant for the California IRWM Roundtable of Regions; and, (2) Commit \$5,000 previously budgeted for consultant support and previously budgeted staff time valued at approximately \$5,000 from within Fund 373 (OWOW) to support the selection, contracting and management of a Roundtable of Regions Network Coordinator.

**F. CAPACITY TRANSFER AGREEMENT AND AGREEMENT TO DISCHARGE
RELATED TO CONNECTING CITY OF BEAUMONT TO THE INLAND EMPIRE
BRINE LINE (CM# 2018.130)**

Presenter: David Ruhl

Recommendation: Approve and authorize the General Manager to execute subject to minor, non-substantive changes contingent on concurrence by legal counsel: (1) a capacity transfer agreement to transfer pipeline capacity rights and treatment and disposal capacity rights in the Inland Empire Brine Line for 0.55 mgd at 200/mg/l BOD and 200 mg/L TSS from Western Municipal Water District to San Bernardino Valley Municipal Water District; and, (2) an agreement to discharge with the City of Beaumont with stated conditions.

**G. INLAND EMPIRE BRINE LINE LEASE CAPACITY POOL AGREEMENT AND
UPDATED RATE RESOLUTIONS (CM# 2018.131)**

Presenter: David Ruhl

Recommendation: Adopt Resolution No. 2018-13 Establishing the Rates and Discharges to the Inland Empire Brine Line; adopt Resolution No. 2018-14 Establishing the Purchase Price for Treatment and Disposal Rights in the Inland Empire Brine Line; and, approve and authorize the General Manager to execute an agreement for the creation of a lease capacity pool for the Inland Empire Brine Line, subject to minor, non-substantive changes contingent on concurrence by legal counsel.

6. INFORMATIONAL REPORTS

Recommendation: Receive for information.

A. CASH TRANSACTIONS REPORT – OCTOBER 2018

Presenter: Karen Williams

B. INTER-FUND BORROWING – OCTOBER 2018 (CM#2018.123)

Presenter: Karen Williams

**C. PERFORMANCE INDICATORS/FINANCIAL REPORTING – OCTOBER 2018
(CM#2018.124)**

Presenter: Karen Williams

D. BUDGET VS ACTUAL VARIANCE REPORT – FYE 2019 FIRST QUARTER – ENDING SEPTEMBER 30, 2018 (CM#2018.125)

Presenter: Karen Williams

E. FINANCIAL REPORT FOR THE FOURTH QUARTER ENDING SEPTEMBER 30, 2018

- Inland Empire Brine Line
- SAWPA

Presenter: Karen Williams

F. FIRST QUARTER FYE 2019 EXPENSE REPORTS

- General Manager
- Staff

Presenter: Karen Williams

G. GENERAL MANAGER REPORT

H. STATE LEGISLATIVE REPORT

Presenter: Rich Haller

I. CHAIR'S COMMENTS/REPORT

J. COMMISSIONERS' COMMENTS

K. COMMISSIONERS' REQUEST FOR FUTURE AGENDA ITEMS

7. CLOSED SESSION

There were no Closed Session items anticipated at the time of the posting of this agenda.

8. ADJOURNMENT

Americans with Disabilities Act: If you require any special disability related accommodations to participate in this meeting, call (951) 354-4230 or email kberry@sawpa.org. 48-hour notification prior to the meeting will enable staff to make reasonable arrangements to ensure accessibility for this meeting. Requests should specify the nature of the disability and the type of accommodation requested.

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

Declaration of Posting

I, Kelly Berry, Clerk of the Board of the Santa Ana Watershed Project Authority declare that on Wednesday, December 12, 2018, a copy of this agenda has been uploaded to the SAWPA website at www.sawpa.org and posted at the SAWPA office, 11615 Sterling Avenue, Riverside, California.

/s/

Kelly Berry, CMC

2019 SAWPA Commission Meetings/Events/Important Dates

First and Third Tuesday of the Month

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

January 1/1/19 Holiday – No Meeting 1/15/19 Regular Commission Meeting	February 2/5/19 Commission Workshop 2/19/19 Regular Commission Meeting
March 3/5/19 Commission Workshop 3/19/19 Regular Commission Meeting 3/29/19 OWOW Conference 2019, Cal State Fullerton	April 4/2/19 Commission Workshop 4/16/19 Regular Commission Meeting
May 5/7/19 Commission Workshop 5/7 – 5/10/19 ACWA Spring Conference, Monterey 5/21/19 Regular Commission Meeting	June 6/4/19 Commission Workshop 6/18/19 Regular Commission Meeting
July 7/2/19 Commission Workshop 7/16/19 Regular Commission Meeting	August 8/6/19 Commission Workshop 8/20/19 Regular Commission Meeting
September 9/3/19 Commission Workshop 9/17/19 Regular Commission Meeting	October 10/1/19 Commission Workshop 10/15/19 Regular Commission Meeting
November 11/5/19 Commission Workshop 11/19/19 Regular Commission Meeting	December 12/3/19 Commission Workshop 12/17/19 Regular Commission Meeting 12/3 – 12/6/19 ACWA Fall Conference, San Diego

**AGENCY
REPRESENTATIVES'
REPORTS**

5B



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

MWD MEETING AGENDA

REVISION NO. 1

Regular Board Meeting

December 11, 2018

12:00 p.m. – Boardroom

MWD Headquarters Building

• 700 N. Alameda Street

• Los Angeles, CA 90012

1. Call to Order

- (a) Invocation: Geraldine J. Walters, Senior Board Specialist,
Office of the Chief Administrative Officer
- (b) Pledge of Allegiance: Director Leticia Vasquez-Wilson

2. Roll Call

3. Determination of a Quorum

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

5. OTHER MATTERS

- A. Approval of the Minutes of the Adjourned Meeting for November 6, 2018 (A copy has been mailed to each Director)
Any additions, corrections, or omissions
- B. Report on Directors' events attended at Metropolitan expense for month of November 2018
- Deferred C. ~~Chair and Vice Chair of standing committee appointments for the term commencing on January 1, 2019~~
- Added C. Approve waiver of Administrative Code to extend the term of Committee Chairs and Vice Chairs for one month through the end of January 2019

- D. Approve committee assignments
- E. Chairman's Monthly Activity Report

6. DEPARTMENT HEADS' REPORTS

- A. General Manager's summary of activities for the month of November 2018
- B. General Counsel's summary of activities for the month of November 2018
- C. General Auditor's summary of activities for the month of November 2018
- D. Interim Ethics Officer's summary of activities for the month of November 2018

7. CONSENT CALENDAR ITEMS — ACTION

- 7-1 Award \$1,200,000 contract to J.F. Shea Construction, Inc. for urgent relining of prestressed concrete cylinder pipe on the Sepulveda Feeder; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA. (E&O)
- 7-2 Adopt and rename the Metropolitan Water District 457(b) and 401(k) employee deferred compensation and savings plans and approve amendments to the Metropolitan Water District Administrative Code Section 6780-6792 and 6800-6831 to facilitate administrative compliance of these plans; the General Manager has determined that the proposed actions are exempt or otherwise not subject to CEQA. (OP&T)
- 7-3 Approve amendments to the Metropolitan Water District Administrative Code to conform to current law, practices and regulations; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA. (L&C)

END OF CONSENT CALENDAR

8. OTHER BOARD ITEMS — ACTION

- 8-1** Adopt State Legislative Priorities and Principles for 2019; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA. (C&L)
- 8-2** Adopt Federal Legislative Priorities and Principles for 2019; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA. (C&L)
- 8-3** Consider nominations to name Metropolitan facilities after Carl Boronkay and Lois B. Krieger; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA. (FNA)
- 8-4** Adopt CEQA determination that the proposed action was previously addressed in the certified Programmatic Environmental Impact Report and related CEQA actions, and award a \$23,750,060 procurement contract to Ebara Corporation to provide conical plug isolation valves for the Second Lower Feeder. (E&O)
- 8-5** Adopt CEQA determination that the proposed action was previously addressed in the certified 2015 Environmental Impact Report, and award \$8,487,170 contract to J. F. Shea Construction, Inc. for chlorination system upgrades at the F. E. Weymouth Water Treatment Plant. Authorize an increase of \$520,000 to agreement with La Cañada Design Group, Inc., for a new not-to-exceed total of \$1.47 million for design services; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA. (E&O)
- 8-6** Award \$26,900,000 contract to Michels Pipeline Construction to rehabilitate the circulating water and sump discharge piping systems at each Colorado River Aqueduct pumping plant; and authorize agreement with Marrs Services, Inc. for a not-to-exceed amount of \$5.4 million for specialized construction management and inspection support; the General Manager has determined that the proposed actions are exempt or otherwise not subject to CEQA. (E&O)
- 8-7** Approve Resolution to hire retired annuitant and waive 180-day waiting period; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA. (OP&T)

- 8-8 Review and consider the Department of Water Resource's certified Final Environmental Impact Report and approve the State Water Project Contract Extension Amendment. (WP&S)
- 8-9 Approve Program for Increasing Conservation in Disadvantaged Communities; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA. (WP&S)
- Withdrawn 8-10 ~~Authorize staff to enter into funding agreements for Future Supply Actions Funding Program proposals; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA. (WP&S)~~
- 8-11 Authorize entering into seven agreements that would implement the Lower Basin Drought Contingency Plan (Lower Basin DCP); the General Manager has determined that the proposed actions are exempt or otherwise not subject to CEQA. (WP&S)
- 8-12 Authorize increase of \$100,000, to an amount not-to-exceed \$200,000, for existing General Counsel contract with Olson Hagel & Fishburn LLP to make recommendations to modify the Ethics Office policies, procedures, guidelines and applicable provisions of Metropolitan's Administrative Code; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA. (L&C)

9. BOARD INFORMATION ITEMS

- 9-1 Update on Conservation Program
- Added 9-2 Report on Recommended Funding of Proposals for Future Supply Actions Funding Program. (WP&S)

10. FOLLOW-UP ITEMS

11. FUTURE AGENDA ITEMS

12. ADJOURNMENT

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

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

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

**AGENCY
REPRESENTATIVES'
REPORTS**

5E

**SPECIAL BOARD MEETING OF
THE BOARD OF DIRECTORS
CHINO BASIN DESALTER AUTHORITY**

December 6, 2018
2:00 p.m.

Council Chambers, of the City of Ontario
303 E. "B" Street, Ontario, CA

*All documents available for public review are on file with the Authority's secretary
located at 2151 S. Haven Avenue, Suite 202, Ontario, CA 91761.*

AGENDA

Call to Order

Flag Salute

Public Comment: Members of the public may address the Board at this time on any non-agenda matter. *Please complete a Comment Card and give it to the Secretary. Comments are limited to three (3) minutes per individual. State your name and address for the record before making your presentation. This request is optional, but very helpful for the follow-up process.*

Under the provisions of the Brown Act, the CDA Board is prohibited from taking action on oral requests. However, Board Members may respond briefly or refer the communication to staff. The CDA Board may also request the Secretary to calendar an item related to your communication at a future CDA Board meeting.

ACTION ITEMS

Prior to action of the CDA Board, any member of the audience will have the opportunity to address the CDA Board on any item listed on the agenda, including those on any consent calendar. Please submit a comment card to the secretary with the agenda item number noted.

1. MINUTES OF NOVEMBER 12, 2018 SPECIAL BOARD MEETING

2. INTERIM GENERAL MANAGER SERVICES AGREEMENT

Report by: Allison Burns, CDA Deputy General Counsel

Staff Recommendation:

1. Approve the CDA Interim General Manager Services Agreement ("Agreement"); and
2. Authorize the Chairman to execute the Agreement, subject to non-substantive changes, on behalf of CDA.

3. PHASE 3 EXPANSION PROJECT: CALIFORNIA DEPARTMENT OF FISH & WILDLIFE MITIGATION FOR SANTA ANA RIVER HDD CONSTRUCTION.

Report by: Cindy Miller, Phase 3 Expansion Program Manager

Staff Recommendation:

1. Approve the purchase of \$79,500 in mitigation credits for the California Department of Fish & Wildlife for the construction of the Product Water Pipeline Santa Ana River HDD Crossing.

4. SOUTH ARCHIBALD PLUME PROJECT: CONSULTANT SELECTION FOR CONSTRUCTION MANAGEMENT & INSPECTION
Report by: Cindy Miller, South Archibald Plume Program Manager

Staff Recommendation:

1. Approve a professional services agreement with Vali Cooper & Associates for construction management and inspection services in the not-to-exceed amount of \$1,783,264; and
2. Authorize the Interim General Manager to finalize and execute the agreement, with subsequent authorizations up to a not-to-exceed total of \$1,980,000.

5. ELECTION OF OFFICERS OF THE BOARD OF DIRECTORS

Report by: Tom O'Neill, CDA Interim General Manager

Staff Recommendation:

1. Elect a Chairperson, Vice-Chairperson and Secretary of the Board of Directors of the Chino Basin Desalter Authority for the calendar year 2019.

6. BOARD OF DIRECTORS COMMITTEE APPOINTMENTS

Report by: Tom O'Neill, CDA Interim General Manager

Staff Recommendation:

1. Appoint members of the Board of Directors of the Chino Basin Desalter Authority to the Finance Committee for the calendar year 2019.

7. CONSIDERATION AND POSSIBLE ACTION ON SCHEDULING THE JANUARY 2019 BOARD MEETING

Report by: Tom O'Neill, CDA Interim General Manager

Staff Comments:

- (i) Deputy CDA General Counsel, Allison Burns
- (ii) CDA CFO/Treasurer, Michael Chung
- (iii) CDA Interim General Manager/Tom O'Neill

CLOSED SESSION

The Authority may adjourn to a Closed Session to consider litigation matters, personnel matters, or other matters as provided for in the Ralph M. Brown Act (Section 54950 et seq., of the Government Code).

8. CONFERENCE WITH REAL PROPERTY NEGOTIATORS

Property: APN 0218-231-13, 15, City of Ontario

CDA Negotiators: Tom O'Neill, Allison Burns

Negotiating parties: SC Ontario Development Company

Under negotiation: Price and terms of payment

9. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:
CONSIDERATION OF INITIATION OF LITIGATION PURSUANT TO GOVERNMENT
CODE SECTION 54956.9(D)(4)
(TWO POTENTIAL CASES)
10. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:
SIGNIFICANT EXPOSURE TO LITIGATION PURSUANT TO GOVERNMENT CODE
SECTION 54956.9(D)(2)
(ONE POTENTIAL CASE)
11. Pursuant to Government Code section 54957:
PUBLIC EMPLOYEE APPOINTMENT
Title: General Manager

Directors Comments:

ADJOURNMENT – To the Regular Meeting on January 3, 2019

Declaration of Posting

I, Casey Costa, Executive Assistant to the Chino Basin Desalter Authority, hereby certifies that a copy of this agenda has been posted by 2:00 p.m. at 2151 S. Haven Avenue, Ontario, CA on Monday, December 3, 2018.

Casey Costa
Executive Assistant

**GENERAL
MANAGER'S
REPORT**

Date: December 19, 2018

To: The Honorable Board of Directors

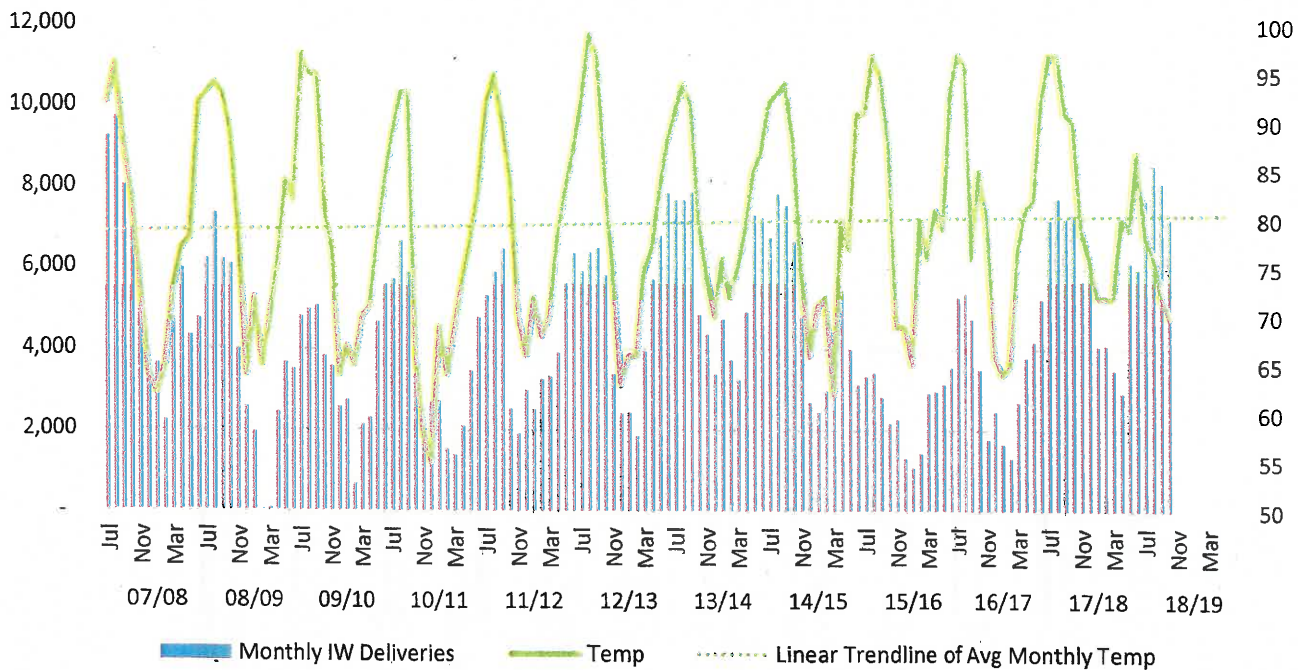
From: Halla Razak, General Manager *HAR*

Subject: General Manager's Report Regarding Agency Activities

PLANNING & ENVIRONMENTAL RESOURCES

Imported Water

Full Service Imported Water Deliveries Summary
(FY 2007/08 to 2018/19)



Reclamation System

Regional Plants 1, 4, 5 and Carbon Canyon Water Recycling Facility met all the NPDES requirements and effluent/recycled water limitations during the month of November 2018.

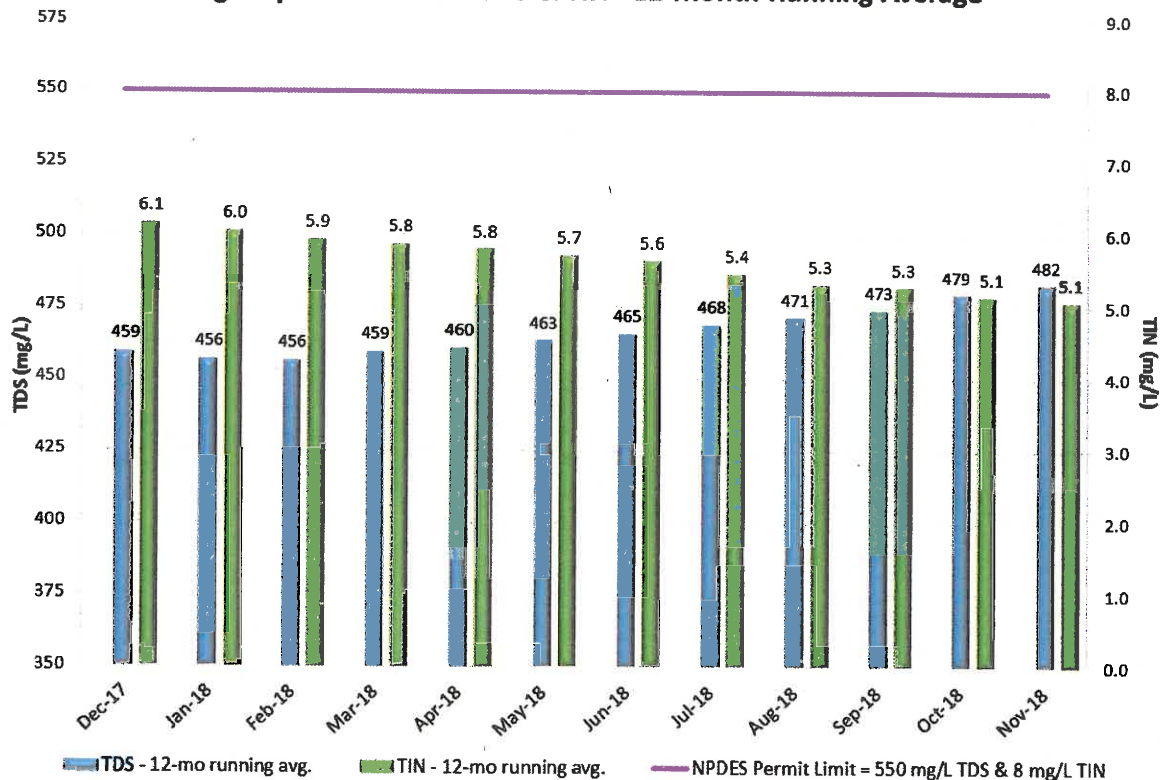
1. The Agency-wide average sewer influent flow for the month of November 2018 was 49.3 million gallons per day (mgd) (preliminary value), which is a 0.5 mgd increase from the October 2018 total influent flow.

IEUA Regional Influent Flows

INFLUENT FLOW	RP-1	RP-4	RP-5	CCWRF	ALL FACILITIES
Daily Average (mgd)	24.6	8.7	8.5	7.5	49.3
Monthly Total (million gal.)	761	269	265	234	1529

- The discharge permit effluent limit for total dissolved solids (TDS) is 550 mg/L. The 12-month running average TDS value for November 2018 was 482 mg/L (preliminary value).
- The discharge permit effluent limit for total inorganic nitrogen (TIN) is 8 mg/L. The 12-month running average TIN value for November 2018 was 5.1 mg/L (preliminary value).

Agency-Wide Effluent TDS & TIN - 12-Month Running Average



On October 14 and November 8, 2018, RP-1 effluent (M-001B) grab samples collected and tested for total coliform had confirmed results of 204.6 and 261.3 MPN/100mL, respectively. These sample results exceeded the NPDES permit limitation specifying that “the number of total coliform bacteria shall not exceed an MPN of 23 total coliform bacteria per 100 mL in more than one sample in any 30-day period.” The November 8, 2018 sample

also exceeded the NPDES permit limitation specifying that “no total coliform sample shall exceed an MPN of 240 total coliform bacteria per 100 mL.” The sample pump and sample line were cleaned following each exceedance. Additionally, Operations staff have been retrained on sample collection protocols for compliance samples.

Air Quality

There were no reportable incidents relating to air quality compliance during the month of November 2018. IEUA is awaiting notices from the SCAQMD Legal department for the Violations received in December 2017.

INLAND EMPIRE REGIONAL COMPOSTING FACILITY – UPDATE

Operational Comments – Facility throughput for November averaged approximately 92% of permitted capacity at an average of 435 tons per day of biosolids and 106 tons per day of amendments (based on the 30-day month-to-date). Biosolids volumes are slightly ahead of targets for the fiscal year. The facility is operating well with no violations or lost-time incidents.

Facility Biosolids Throughput

SOURCE	WET TONS MONTH	WET TONS YEAR TO DATE
Los Angeles County Sanitation District	6,214.61	65,292.00
Inland Empire Utilities Agency	5,906.28	60,506.94
Orange County Sanitation District	924.35	12,257.92
TOTAL	13,045.24	138,056.86

Compost Sales – Sales volumes were lower this fiscal year as the period started with zero inventory compared to the same time last year. Inventory has decreased to 3,500 cubic yards. We project maintaining an inventory of approximately 2,500 yards in December thru February to mitigate any interruptions with the installation of our new screen. Sales are expected to continue to match production through the winter to meet the demands of the landscape and agricultural market sectors.

Monthly Sales Summary

CUBIC YARD	\$/CUBIC YARD	TOTAL REVENUE
22,037.03	\$1.28	\$28,310.45

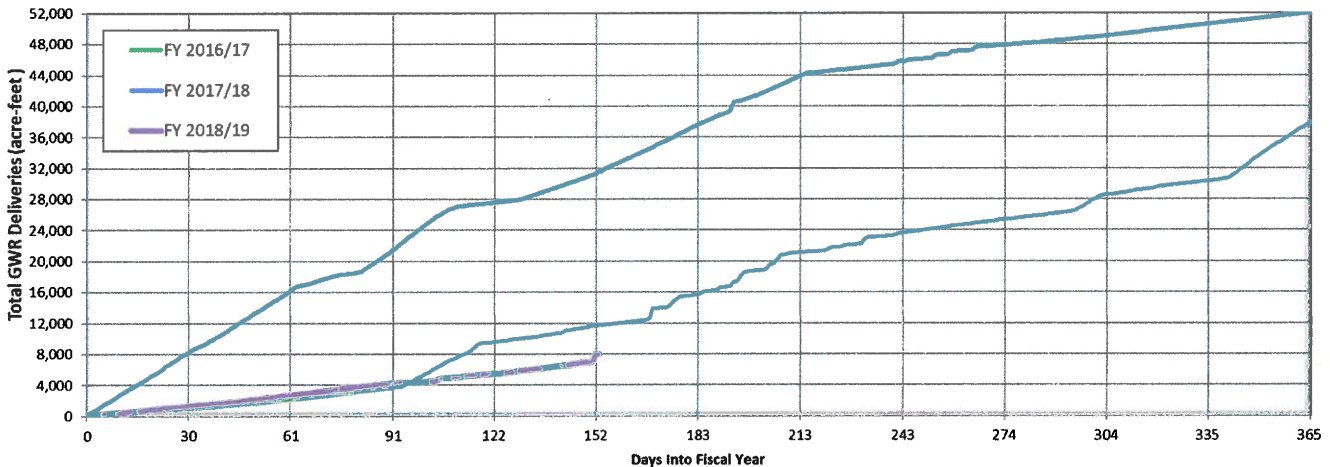
Fiscal Year-To-Date Sales Summary

MONTH	TOTAL YARDS 2018/2019	TOTAL YARDS 2017/2018	TOTAL REVENUE 2018/2019	TOTAL REVENUE 2017/2018
July	14,910.11	21,518.61	\$24,972.01	\$31,737.00
August	15,194.50	19,226.62	\$28,866.84	\$37,071.78
September	17,728.97	16,170.64	\$24,979.50	\$35,038.33
October	19,523.68	25,631.94	\$28,489.44	\$34,569.24
November	22,037.03	24,481.44	\$28,310.45	\$30,053.63
December				
January				
February				
March				
April				
May				
June				
TOTAL	89,394.29	107,029.25	\$135,618.24	\$168,469.98
AVERAGE	17,878.86	21,405.85	\$27,123.65	\$33,694.00

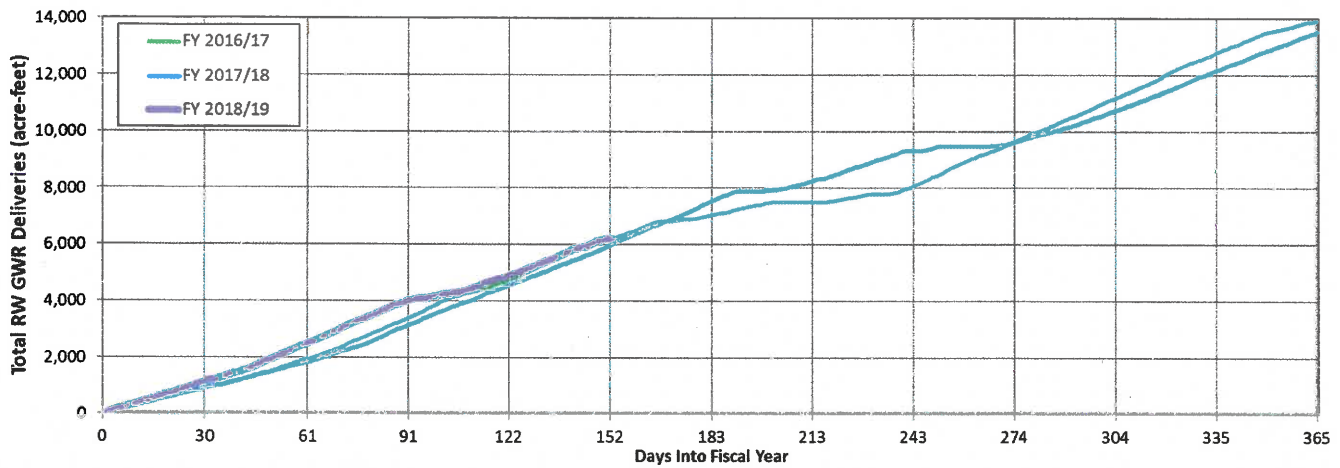
Groundwater Recharge – November 2018

During November 2018, recycled water delivered for recharge was approximately 1,254 acre-feet. Brooks and Hickory were out of service for maintenance activities. Miscellaneous dry weather flows and two rain events resulted in the diversion of approximately 1,200 acre-feet of local surface water. For supplemental water deliveries (imported and recycled), Chino Basin Watermaster will remove 1.5% for November evaporation losses. Considering evaporation, total recharge for the month was approximately 2,435 acre-feet.

Total Groundwater Recharge – through November 2018

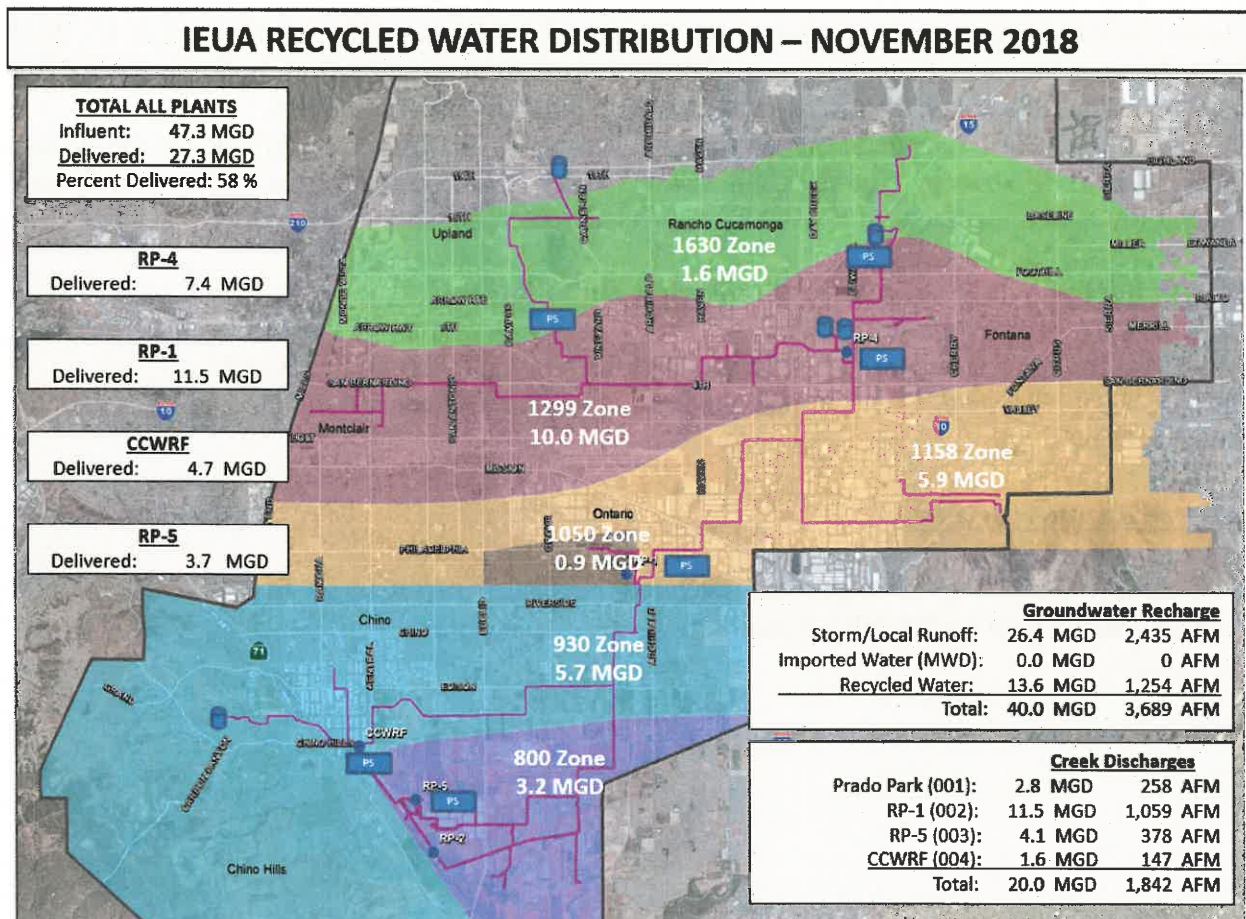


Recycled Water Delivered to Groundwater Recharge – through November 2018



RW Distribution – November 2018

During November 2018, 58% (27.3 MGD) of IEUA recycled water supply (47.3 MGD) was delivered into the distribution system for both direct use customers (13.7 MGD) and groundwater recharge (13.6 MGD). Plant discharge to creeks feeding the Santa Ana River averaged 20.0 MGD.



GRANTS UPDATE

A. Grant/Loan Applications Submitted:

1. None.

B. Grant/Loan Applications in Process:

1. SRF Loan Application for the RP-5 Expansion Project
2. SRF Loan Application for the Montclair Basin Improvement Project
3. SRF Loan Application for the Lower Day Basin Improvement Project
4. SRF Loan Application for the Wineville/Jurupa Basin/RP-3 Basins Improvement Project
5. SRF Loan Application for the IEUA/Pomona/MVWD Recycled Water Intertie Project
6. CA Natural Resources Agency for the Chino Creek Wetlands Educational Park Project- concept proposal due 2/13/19.
7. On November 1, 2018, EPA posted to their website that IEUA's RP-5 Expansion Project is eligible for a WIFIA Loan. The full application process can take up to a year.

C. Grant/Loan Agreement Negotiation:

1. State Water Resources Control Board (SWRCB) Prop 1 Groundwater Quality Grant (\$11.4M) for the TCE Plume Cleanup Project grant agreement has been received for execution on November 13, 2018. Due to CDA General Manager's resignation, additional information requests from both the SWRCB and CDA legal have caused a delay. This is expected to be resolved in December 2018.
2. Received a notice of consideration of award on October 4, 2018, from the USBR for the WaterSMART: Water Marketing Strategy Grants "Chino Basin Water Bank Strategic Plan." They anticipate awarding Federal funds in the amount of \$400,000. Expected agreement should arrive by early 2019.

D. Grant Reimbursements Processed and Reporting Activities:

1. SAWPA – Regional Residential Landscape Retrofit – Invoice #16 for \$12,313.82
2. USBR – Joint IEUA and CDA Ground Water Wells & Raw Water Intertie Pipelines Grant - Invoice #14 for \$ 15,969.47.

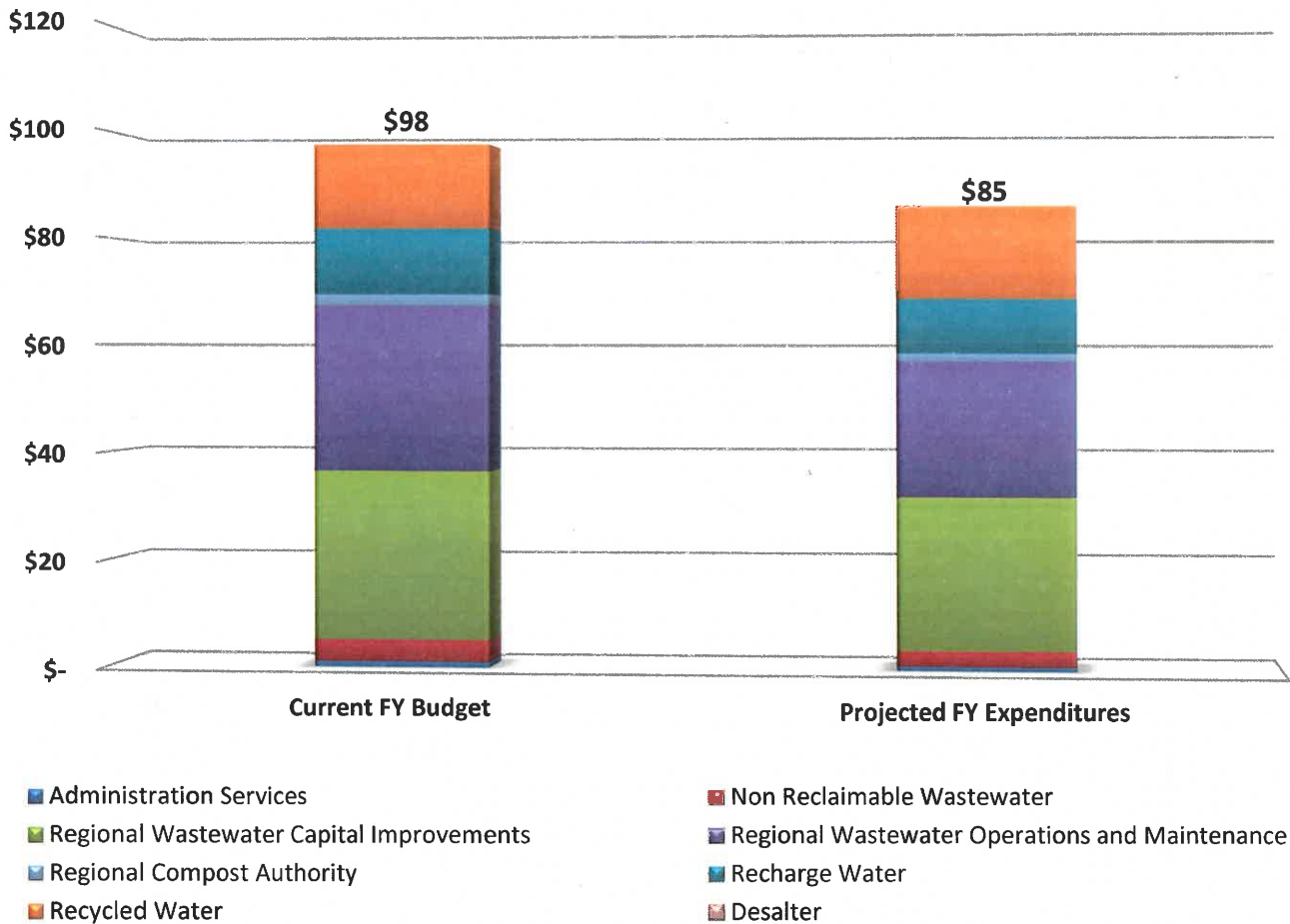
E. Other Department Activities:

1. On Tuesday, October 13th, Grants staff attended the PROPOSITION 1 - IRWM IMPLEMENTATION PUBLIC MEETING for SAWPA Funding.

ENGINEERING CONSTRUCTION MANAGEMENT DEPARTMENT UPDATE

Engineering and Construction Management's current FY 2018/19 budget is \$97,805,841. As of November 30th, staff has projected to spend \$84,610,181 (~ 87%).

Engineering and Construction Management FY 2018/19 Budget Status Update



The accompanying attachments have detailed information for IEUA's capital improvement program.

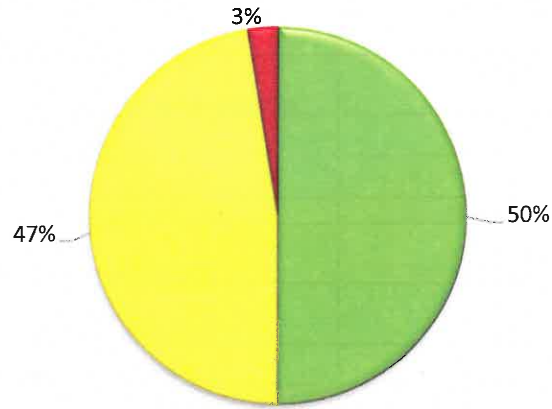
- Attachment A: Bid and Award Look Ahead Schedule
- Attachment B: Active Capital Improvement Project Status
- Attachment C: Emergency Projects

**Attachment A
Bid and Award Look Ahead Schedule**

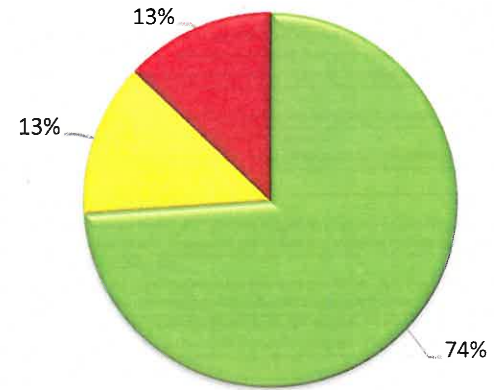
Bid and Award Look Ahead Schedule			
	Project Name	Projected Bid Opening Date	Projected Bid Award Date
	Feb-19		
1	EN17049.00 Baseline RWPL Extension	20-Dec-18	20-Feb-19
	Mar-19		
2	EN18038.00 RP-4 Operations and Maintenance Building	13-Feb-19	20-Mar-19
3	EN18042.00 RP-1 Civil Restoration and Upgrades	27-Dec-18	20-Mar-19
4	EN19029.00 RP-4 Outfall Pipeline Air Relief/Blow-Off Replacements	11-Jan-19	20-Mar-19
	Apr-19		
5	EN18006.00 RP-1 Flare Improvements	6-Mar-19	17-Apr-19
6	RW15003.06 Wineville/Jurupa/Force Main Improvements	6-Feb-19	17-Apr-19
7	RW15004.00 Lower Day Basin Improvements	6-Feb-19	17-Apr-19
8	RW15003.03 Montclair Basin Improvements	9-Jan-19	17-Apr-19
	May19		
9	EN16021.00 TCE Plume Cleanup	13-Jun-19	15-May-19
10	EN17041.00 Orchard Recycled Water Turnout Improvements	19-Apr-19	15-May-19
	Jun-19		
11	EN17082.00 Mechanical Restoration and Upgrades	29-Apr-19	19-Jun-19
12	EN22002.00 NRW East End Flowmeter Replacement	9-May-19	19-Jun-19
	Jul-19		
13	EN15012.01 RP-1 Plant No. 2 Effluent Conveyance Improvements	23-May-19	17-Jul-19
	Aug-19		
14	EN19014.00 NRWS Manhole Upgrades - 18/19	6-Aug-19	21-Aug-19
	Oct-19		
15	EN19010.00 RP-4 Influent Screen Replacement	14-Oct-19	16-Oct-19
16	EN23002.00 Philadelphia Lift Station Force Main Improvements	24-Sep-19	16-Oct-19
17	EN19025.00 Montclair and San Bernardino Force Main Cleanout Vaults	1-Oct-19	16-Oct-19
	Nov-19		
18	EN17043.00 RP4 Primary Clarifier Rehab	19-Sep-19	20-Nov-19
19	EN17110.00 RP-4 Process Improvements	19-Sep-19	20-Nov-19
	Dec-19		
20	EN19006.00 RP-5 Biosolids Facility	3-Dec-19	18-Dec-19
21	EN19001.00 RP-5 Expansion to 30 mgd	3-Dec-19	18-Dec-19

Attachment B
 Active Capital Improvement Project Status

Design Schedule Performance



Construction Schedule Performance



■ On-time ■ Recovery in Progress ■ Behind Schedule

■ On-time ■ Recovery in Progress ■ Behind Schedule

Agency-Wide							
No.	Project ID	Project Title	Total Expenditures thru 11/30/2018 (\$)	Total Project Budget (\$)	Project Schedule Performance	Status	Schedule Recovery Plan
1	EN19023	Asset Management Planning Document	8,282	750,000	On-time	Project Evaluation	
2	EN13016.05	SCADA Enterprise System - (Regional Water Recycling Plant No. 1) (Budget is shared among all subprojects for EN13016)	169,160	-	Recovery in Progress	Pre-Design	The project will be re-baselined when the consultant submits a revised project schedule.
3	EN13016.03	SCADA Enterprise System - (Regional Water Recycling Plant No. 4) (Budget is shared among all subprojects for EN13016)	1,392,032	-	On-time	Design	
4	EN19036	HQ Paving Safety Improvements	2,559	70,000	On-time	Bid and Award	
5	FM19001	Agency Wide Roofing	1,568	180,000	On-time	Construction	
6	EN17080	System Cathodic Protection Improvements	280,195	3,540,851	On-time	Construction	
7	EN13016.04	SCADA Enterprise System - (Regional Water Recycling Plant No. 5) (Budget is shared among all subprojects for EN13016)	3,421,091	-	Recovery in Progress	Construction	The schedule has been extended to August 1, 2019.
8	EN19037	RP-1 PRB and MCC Building Roof and Skylight Replacement	2,835	500,000	On-time	Construction	
Totals			5,277,721	5,040,851			

Carbon Canyon Wastewater Regional Facility (CCWRF)							
No.	Project ID	Project Title	Total Expenditures thru 11/30/2018 (\$)	Total Project Budget (\$)	Project Schedule Performance	Status	Schedule Recovery Plan
9	EN19032.02	CCWRF Electrical Piping Repair (Budget is shared among all subprojects for EN19032)	750	-	On-time	Construction	
Totals			750	-			
Chino Desalter Authority (CDA)							
No.	Project ID	Project Title	Total Expenditures thru 11/30/2018 (\$)	Total Project Budget (\$)	Project Schedule Performance	Status	Schedule Recovery Plan
10	EN16021	TCE Plume Cleanup	12,611,763	17,294,171	Recovery in Progress	Design	There are currently issues concerning property acquisition that will affect the project timeline, but the deadlines established in the Cleanup and Abatement Order were extended by the Regional Board to accommodate the delays. The project will be baselined once the well property is acquired and accurate schedules can be determined.
Totals			12,611,763	17,294,171			
Collections							
No.	Project ID	Project Title	Total Expenditures thru 11/30/2018 (\$)	Total Project Budget (\$)	Project Schedule Performance	Status	Schedule Recovery Plan
11	EN19027	NRW Pipeline Relining Along Cucamonga Creek	6,521	2,395,000	Recovery in Progress	Project Evaluation	There were delays in defining the scope and limits. Its possible time will be gained during construction. The project will be re-baselined after the contract is awarded and the contractor's schedule is received.
12	EN19025	Montclair and San Bernardino Force Main Cleanout Vaults	51,758	1,250,000	Recovery in Progress	Pre-Design	There were delays in defining alignment with the City of Ontario. Its possible time will be gained during construction. The project will be re-baselined after the contract is awarded and the contractor's schedule is received.
13	EN23002	Philadelphia Lift Station Force Main Improvements	97,106	6,000,000	Recovery in Progress	Pre-Design	There were delays in defining the alignment with the City of Ontario. Its possible time will be gained during construction. The project will be re-baselined after the contract is awarded and the contractor's schedule is received.
14	EN18014	NRWS Manhole Upgrades - 17/18 - Phase II	102,602	200,000	On-time	Design	
15	EN19014	NRWS Manhole Upgrade	582	200,000	Recovery in Progress	Design	The project scope of work has yet to be defined by the Maintenance department. The project will be re-baselined after the scope of work is defined.
16	EN19015	Collection System Upgrades 18/19	58,588	500,000	Recovery in Progress	Design	The project will be re-baselined after the contract is awarded and the contractor's schedule is received.
17	EN22002	Non-Reclaimable Wastewater East End Flowmeter Replacement	250,543	1,986,985	Recovery in Progress	Design	The final location of the new meter vault was not determined until recently which required relocating of existing utilities. As a result, the project will take longer than expected to complete and the schedule will be re-baselined after the contract is awarded.
18	EN18015	Collection System Upgrades 17/18	121,467	500,000	Recovery in Progress	Design	The project scope of work was combined with EN19015. The project will be re-baselined after the contract is awarded in January 2019.
19	EN18057	NRW Manhole Cover Removal	8,607	170,000	On-time	Construction	
Totals			697,775	13,201,985			
Groundwater Recharge							
No.	Project ID	Project Title	Total Expenditures thru 11/30/2018 (\$)	Total Project Budget (\$)	Project Schedule Performance	Status	Schedule Recovery Plan
20	RW15003.06	Wineville/Jurupa/Force Main Improvements (Budget is shared among all subprojects for RW15003)	965,987	-	On-time	Design	
21	RW15004	Lower Day Basin Improvements (RMPU PID 12)	492,259	4,008,000	On-time	Design	
22	RW15003.03	Montclair Basin Improvements (Budget is shared among all subprojects for RW15003)	193,189	-	On-time	Design	
23	RW15003.02	Victoria Basin Improvements (Budget is shared among all subprojects for RW15003)	179,597	-	On-time	Construction	
24	EN13001	San Sevaline Basin Improvements	5,362,330	6,460,001	On-time	Construction	
25	RW15003.05	RP-3 Basin Improvements (Budget is shared among all subprojects for RW15003)	344,959	-	On-time	Construction	
Totals			7,538,322	10,468,001			

Headquarters							
No.	Project ID	Project Title	Total Expenditures thru 11/30/2018 (\$)	Total Project Budget (\$)	Project Schedule Performance	Status	Schedule Recovery Plan
26	EN15008	Water Quality Laboratory	22,347,528	24,645,000	On-time	Project Acceptance	
27	EN18055	Headquarters Roofing Replacement	1,158,576	1,266,447	Behind	Project Acceptance	The skylights were a long lead time item which added 12 weeks to the project and the project is now complete.
Totals			23,506,104	25,911,447			
IERCF							
No.	Project ID	Project Title	Total Expenditures thru 11/30/2018 (\$)	Total Project Budget (\$)	Project Schedule Performance	Status	Schedule Recovery Plan
28	RA19002	IERCF Trommel Screen Improvements	149,301	1,600,000	Behind	Design	The project has been delayed as a result of two owner-initiated change orders. This resulted in additional time to procure new equipment. No recovery is possible.
Totals			149,301	1,600,000			
Regional Water Recycling Plant No. 1 (RP-1)							
No.	Project ID	Project Title	Total Expenditures thru 11/30/2018 (\$)	Total Project Budget (\$)	Project Schedule Performance	Status	Schedule Recovery Plan
29	EN19037	RP-1 PRB and MCC Building Roof and Skylight Replacement	2,835	500,000	On-time	Consultant Contract Award	
30	EN17042	Digester 6 and 7 Roof Repairs	1,543,139	3,868,387	On-time	Pre-Design	
31	EN24002	RP-1 Solids Treatment Expansion	658,129	48,050,000	On-time	Design	
32	EN14042	1158 Recycled Water Pump Station Upgrades	855,177	7,900,000	Recovery in Progress	Design	Upon approval of Contractors PCS Baseline Schedule, P6 will be re-baselined.
33	EN15012.01	RP-1 Plant No. 2 Effluent Conveyance Improvements (Budget is shared among all subprojects for EN15012)	140,091	-	Recovery in Progress	Design	The project design is at 100%. The project will be re-baselined after construction contract is awarded.
34	EN17082	Mechanical Restoration and Upgrades	513,083	7,945,844	Behind	Design	Recovery is not possible on this project. The project delays are due to the adjustment of scope by the Stakeholders. Additional scope will be requested to be added to the consultant's contract to replace both motor control centers in the process buildings at RP-1. The proposed schedule completion of the final design is February 25, 2019. The project will be re-baselined after the November 2018 contract amendment Board Approval.
35	EN19034	RP-1 Operations Building Paving Project	-	170,000	On-time	Design	
36	EN18042	RP-1 Civil Restoration and Upgrades	118,794	600,000	Recovery in Progress	Bid and Award	
37	EN24001	RP-1 Liquid Treatment Capacity Recovery	2,159,979	182,050,000	On-time	Design	
38	EN18006	RP-1 Flare Improvements	528,218	5,564,918	Recovery in Progress	Bid and Award	After completing the predesign phase, major design activities were pushed out by more than 11 months for further internal evaluation, additional scope, and flare preselection in coordination with the RP-5 Expansion Project. The project will be re-baselined after contract is awarded.
39	EN17044	RP-1 12 kV Switchgear and Generator Control Upgrades	361,264	5,870,248	On-time	Construction	
40	EN15012.00	RP-1 Primary Effluent Conveyance Improvements (Budget is shared among all subprojects for EN15012)	2,356,505	-	On-time	Construction	
41	EN18039	Agency-Wide Light Pole Replacements and Upgrades	68,527	342,210	On-time	Construction	
42	EN13048	RP-1 Power System Upgrades	813,982	1,599,000	Recovery in Progress	Construction	The project contained long lead time items which has increased the contract duration as well as work was rescheduled to a weekend in order to be good neighbors to the school nearby. A non-compensable time extension was issued and project is near complete as of this update.
43	EN14019	RP-1 Headworks Primary and Secondary Upgrades	5,515,606	9,750,000	Recovery in Progress	Construction	The project will be re-baselined upon approval of the time impact analysis of 113-days requested by the contractor. The contractor has been given a 113-day non-compensable time extension for delays associated with Motor Control Center procurement. A change order with time extension of 50 days is being recommended at the December Board meeting
Totals			15,635,328	274,210,607			

Regional Water Recycling Plant No. 4 (RP-4)							
No.	Project ID	Project Title	Total Expenditures thru 11/30/2018 (\$)	Total Project Budget (\$)	Project Schedule Performance	Status	Schedule Recovery Plan
44	EN19010	RP-4 Influent Screen Replacement	19,247	3,040,000	Recovery in Progress	Project Evaluation	Design activities were pushed in order to conduct field visits at nearby plants and fully investigate screen technologies. Additionally, the screen will be preselected in coordination with the RP-5 Expansion Project. The project will be re-baselined after contract is awarded.
45	EN17043	RP4 Primary Clarifier Rehab	248,923	7,681,542	On-time	Pre-Design	
46	EN17110.00	RP-4 Process Improvements (Budget is shared among all subprojects for EN17110)	658,484	-	On-time	Pre-Design	
47	EN18038	RP-4 Operations and Maintenance Building	141,363	450,000	On-time	Design	
48	EN19029	RP-4 Outfall Pipeline Air Relief/Blow-Off Replacements	28,367	665,000	On-time	Design	
49	EN17110.01	RP-4 Trident Filters Rehabilitation and Replacement (Budget is shared among all subprojects for EN17110)	3,755,920	-	On-time	Construction	
Totals			4,852,305	11,836,542			
Regional Water Recycling Plant No. 5 (RP-5)							
No.	Project ID	Project Title	Total Expenditures thru 11/30/2018 (\$)	Total Project Budget (\$)	Project Schedule Performance	Status	Schedule Recovery Plan
50	EN19001	RP-5 Expansion to 30 mgd	6,270,549	175,000,000	On-time	Design	
51	EN19006	RP-5 Biosolids Facility	5,158,369	165,000,000	On-time	Design	
52	EN14043	RP-5 Recycled Water Pipeline Bottleneck	464,977	3,137,169	On-time	Bid and Award	
53	EN11031	RP-5 Flow Equalization and Effluent Monitoring	2,103,602	3,397,200	Behind	Project Acceptance	The chemical pumps are experiencing signal interference. A Request for Deviation has been generated to add a remote I/O control panel at the Tertiary Chemical Facility. IEUA is working with the contractor on a non-compensable time extension. The project will be complete in November and no recovery is possible.
54	EN18028	RP-5 Facilities Improvements	220,194	350,000	On-time	Project Acceptance	
55	PA17006.02	Agency-Wide Aeration (Budget is shared among all subprojects for PA17006)	3,260,229	-	On-time	Construction	
Totals			17,477,920	346,884,369			
Recycled Water							
No.	Project ID	Project Title	Total Expenditures thru 11/30/2018 (\$)	Total Project Budget (\$)	Project Schedule Performance	Status	Schedule Recovery Plan
56	EN15002	1158 Reservoir Site Cleanup	33,360	1,300,000	Recovery in Progress	Project Evaluation	Based on the Facility Investigation Report, the area around the west 1158 Reservoir will require soil remediation. The project will be re-baselined when the scope of work is verified by the Department of Toxic Substances Control.
57	EN17041	Orchard Recycled Water Turnout Improvements	104,107	430,910	Recovery in Progress	Design	The Army Corps of Engineers has reviewed the plans and requested modified outlet at channel which requires re-design. Project schedule will be re-baselined once the contract is awarded and the Contractor's schedule is received.
58	EN17049	Baseline RWPL Extension	512,572	6,067,897	Recovery in Progress	Design	SRF Funding process is taking longer than what was originally estimated in the baseline schedule. Project schedule will be re-baselined once the project is awarded and the Contractor's schedule is received.
59	WR15021	Napa Lateral	917,169	7,247,717	Recovery in Progress	Design	Project delays are caused by the additional time needed to provide the double offset valves which have long lead items that must meet all SRF loan requirements. The project will be re-baselined after the final delivery date is established by the contractor and his vendor.
60	EN17039	8th St. Basin RW Turnout Discharge Retrofit	327,588	562,844	On-time	Project Acceptance	
61	RW19002	CBWM Pomona Extensometer Construction	-	1,463,581	On-time	Construction	
Totals			1,894,796	17,072,949			
Overall Totals			89,642,086	723,520,922			

Attachment C

FY18/19 Emergency Projects

	Project ID	Contractor	Task Order Description (Details of Circumstance and Cause of the Emergency)	Location	TO #	Original Not-to-Exceed /Estimate	Actual Cost thru 11/30/2018	Date of Award	Status
Agency Wide									
1	EN19019.07	W.A. Rasic Construction	21" VCP Pipeline Break - Airport Sewer Repair	Agencywide	TO-0007	41,200	865	11/15/2018	Complete
RP-1									
2	EN19019.02	W.A. Rasic Construction	RP-1 6 Inch Potable Water Leak	RP-1	TO-0001	8,900	11,835	8/23/2018	Complete
3	EN19017.01	W.A. Rasic Construction	RP-1 Utility Water Leak	RP-1	TO-0002	3,757	1,738	9/12/2018	Complete
RP-2									
4	EN19019.01	Genesis	RP-2 Dewatering of Decommissioned Structures	RP-2	TO-0001	12,325	17,132	8/7/2018	Complete
5	EN19019.04	Ferriera Construction	RP-2 Dewatering of Decommissioned Structures	RP-2	TO-0001	31,535	49,498	8/30/2018	Complete
6	EN19019.05	Ferriera Construction	RP-2 Dewatering of Decommissioned Structures	RP-2	TO-0003	500,000	6,556	8/30/2018	Active
7	EN19017.02	Ferriera Construction	RP-2 Utility Water Leak	RP-2	TO-0004	3,900	1,204	9/27/2018	Active
8	EN19019.06	W. A. Rasic Construction	RP-2 Screw Conveyor Liner Replacement	RP-2	TO-0005	4,488	1,518	10/31/2018	Active
RP-5									
9	EN19019.03	W.A. Rasic Construction	RP-5 6" Fire Water Leak	RP-5	TO-0002	7,400	9,916	8/31/2018	Complete
GWR									
10	N/A	JCE Equipment Inc.,	Brooks Basin Infiltration Restoration	Brooks Basin Montclair	10300-161203-410000-521080	274,058	288,539	9/4/2018	Active
Recycled Water									
11	EN19017.03	W.A. Rasic Construction	RW Pipeline Leak on Pine Avenue	RW	TO-0003	34,600	2,525	10/5/2018	Active
12	EN19017.04	Ferreira Construction	1630 East Pipeline Segment A Blow Off Leak	RW	TO-0005	28,879	85	10/24/2018	Active
13	EN19017.05	W.A. Rasic Construction	RW Blow Off - Chino Ave. East of Ontario	RW	TO-0004	22,000	3,810	10/19/2018	Active
NRWS									
14	EN19019.08	W.A. Rasic Construction	CT-005 Manhole Frame/Cover Replacement	NRWS	TO-0006	14,200	328	11/15/2018	Complete
Totals						987,242	395,549		

November 2018 Emergency Projects						
Contractor	Task Order Description	Details of the Circumstances/Cause of Emergency	Scope of Repair	Location	Date of Call Out	Not-to-Exceed /Estimate
W.A. Rasic Construction	TO-0005	RP-2 Personnel noticed the screw liner had deteriorated and had worn a hole in the metal trough.	W. A. Rasic removed the damaged liners and repaired the metal through. New liners are on order and expected to be on site in early January at which time W. A. Rasic will come back out and install	RP-2	10/31/2018	4,488
W.A. Rasic Construction	TO-0007	The collections crew was doing a routine check of the line when the camera noticed a pipe penetrated the 21" VCP sewer pipeline.	W.A. Rasic dug up and verified the leak on the 21" VCP sewer pipeline. A new piece of pipe was installed with repair couplings and placed back in service	Agencywide	11/15/2018	41,200
W.A. Rasic Construction	TO-0006	Collections crew was driving on S. Haven Ave. when they noticed the manhole cover was broken into several pieces.	W. A. Rasic setup traffic control removed the existing manhole frame and cover and installed a new composite frame and cover (Provided by IEUA).	NRWS	11/15/2018	14,200
Total						59,888