



AGENDA

MEETING OF THE BOARD OF DIRECTORS

WEDNESDAY, AUGUST 20, 2014
10:00 A.M.

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

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

FLAG SALUTE

PUBLIC COMMENT

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

ADDITIONS TO THE AGENDA

NEW HIRE INTRODUCTIONS

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. CONSENT CALENDAR

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

A. MINUTES

The Board will be asked to approve the minutes from the July 16, 2014 Board meeting, and the August 6, 2014 Board meeting/workshop.

B. TREASURER'S REPORT ON GENERAL DISBURSEMENTS

It is recommended that the Board approve the total disbursements for the month of June 2014, in the amount of \$22,291,758.38.

C. ADOPTION OF RESOLUTION NO. 2014-8-1 FOR THE SAWPA 2.0 PLAN GRANT FUNDING

It is recommended that the Board:

1. Adopt Resolution No. 2014-8-1, ratifying the SAWPA One Water One Watershed 2.0 Integrated Regional Water Management Plan (OWOW 2.0 Plan); and
2. Authorize the General Manager or his designees to execute financial assistance agreements with SAWPA for Proposition 84 grant funding through the Department of Water Resources (DWR).

D. MINOR CONSTRUCTION, MAINTENANCE, AND EMERGENCY MASTER CONTRACT AWARD

It is recommended that the Board:

1. Approve a two-year master contract for Minor Construction, Maintenance, and Emergency Contract Program to the following companies with three one-year extensions; and
 - 1) ACS Engineering, Inc.
 - 2) Atom Engineering Construction
 - 3) BH Electric, Inc.
 - 4) Big Sky Electric, Inc.
 - 5) Braughton Construction
 - 6) C.P. Construction
 - 7) Cico Electric Contractors
 - 8) Coconstruction, Inc.
 - 9) David T. Wasden, Inc.
 - 10) Ferreira Construction
 - 11) Genesis Construction
 - 12) GJR Electric
 - 13) Goodwest Lining & Coating
 - 14) Humphrey Constructors
 - 15) Jeremy Harris Construction
 - 16) JR Filanc
 - 17) Manley's Boiler, Inc.
 - 18) Mike Bubalo Construction
 - 19) Mladen Buntich Construction
 - 20) Norman Olsson Construction
 - 21) Paulus Engineering

- 22) Sancon Engineering, Inc.
- 23) Trautwein Construction
- 24) VCI Construction
- 25) W.A. Rasic

2. Authorize the General Manager to execute and issue said contracts.

E. LABOR COMPLIANCE CONTRACT AMENDMENT

It is recommended that the Board:

1. Approve a contract amendment to Golden State Labor Compliance, LLC for labor compliance services, for an additional \$300,000; and
2. Authorize the General Manager to execute the consultant contract amendment.

F. DIG ALERT UTILITY LOCATING SERVICES CONTRACT AMENDMENT

It is recommended that the Board:

1. Approve a contract amendment to UtiliQuest, LLC, for dig alert locating services, for a not-to-exceed amount of \$335,000 and extend the contract term two years through March 2017; and
2. Authorize the General Manager to execute the contract amendment.

G. CONSTRUCTION CONTRACT FOR THE NRW COLLECTION SYSTEM REPAIRS PHASE IV AND FOR THE SEWER COLLECTION SYSTEM MANHOLE REHABILITATION

It is recommended that the Board:

1. Approve the construction contract award for the NRW Collection System Repairs Phase IV, Project No. EN14035 and for the Sewer Collection System Manhole Rehabilitation, Project No. EN14037, to Genesis Construction for their low bid of \$495,777; and
2. Authorize the General Manager to execute the contract.

H. WATEREUSE RESEARCH FUNDING PLEDGE

It is recommended that the Board:

1. Pledge to contribute \$50,000 to WateReuse Research Foundation to assist in completion of the California Direct Potable Reuse Initiative; and
2. Authorize the General Manager to execute the pledge confirmation.

I. APPROVAL OF A MEMORANDUM OF UNDERSTANDING FOR THE DEVELOPMENT OF A RECYCLED WATER INTERCONNECTION

It is recommended that the Board:

1. Approve the Memorandum of Understanding between Inland Empire Utilities Agency, Jurupa Community Services District, and Western Municipal Water District of Riverside County for the development of a Recycled Water Interconnection; and
2. Authorize the General Manager to make non-substantive changes and execute the final MOU.

J. RP-1 PRELIMINARY TREATMENT REHABILITATION PROJECT REJECTION OF PROPOSALS

It is recommended that the Board approve the rejection of both proposals for the RP-1 Preliminary Treatment Rehabilitation Project submitted by Coonstruction, Inc. and Environmental Construction, Inc.

K. AQUA BEN CORPORATION CONTRACT AMENDMENT

It is recommended that the Board:

1. Approve a contract amendment to Aqua Ben Corporation, for a two-year period through October 31, 2016, for supply of Hydrofloc 748E polymer at a firm-fixed price of \$1.085/pound, inclusive of all sales tax and delivery charges; and
2. Authorize the General Manager to execute the contract amendment.

L. ROYAL WHOLESALE ELECTRIC CONTRACT AMENDMENT

It is recommended that the Board:

1. Approve a contract amendment to Royal Wholesale Electric, for a two-year period, not-to-exceed amount of \$400,000 through June 30, 2016; and
2. Authorize the General Manager to execute the contract amendment.

M. CONSTRUCTION INSPECTION, SOILS TESTING, AND MATERIAL TESTING SERVICES MASTER CONTRACT AWARD

It is recommended that the Board:

1. Approve a three-year contract for construction inspection, soils testing, and material testing services on an "as needed" basis to Heider Engineering Services, Inc., for a not-to-exceed amount of \$2,100,000 with two optional one-year extensions;
2. Approve a three-year contract for construction inspection, soils testing, and material testing on an "as needed" basis to RMA

Group, for a not-to-exceed amount of \$2,100,000 with two optional one-year extensions; and

3. Authorize the General Manager to execute the consultant contracts.

N. IEUA/CBWM COST SHARING TASK ORDERS FOR COLLABORATIVE CHINO BASIN RECHARGE PROJECTS

It is recommended that the Board:

1. Approve the new recharge project, the Lower Day Basin Improvements RMPU, Project No. RW15004, within the Recharge Water Fund with a total budget of \$2,480,000 and a \$70,000 allocation in FY 2014/15 to initiate the design and construction activities under Task Order No. 2 of the Master Cost Sharing Agreement; and
2. Authorize the General Manager to make non-substantive changes and execute the eight new Task Orders under the Master Cost Sharing Agreement between Inland Empire Utilities Agency and Chino Basin Watermaster.

2. ACTION ITEMS

A. RP-1 OUTFALL RELOCATION AND UPSIZING BUDGET AMENDMENT

It is recommended that the Board:

1. Approve an amendment to the FY 2014/15 Recycled Water Capital (WC) Fund to increase the budget for the RP-1 Outfall Relocation and Upsizing, Project No. EN13038, from \$2,000,000 to \$5,200,000; and
2. Authorize the General Manager to execute the Holding Escrow Agreement with Forestar Development Company and Foremost Communities for the project.

3. INFORMATION ITEMS

A. 2014 STATE LEGISLATIVE TRACKING MATRIX (WRITTEN)

B. MWD UPDATE (ORAL)

RECEIVE AND FILE INFORMATION ITEMS

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

D. PUBLIC OUTREACH AND COMMUNICATION (WRITTEN)

E. LEGISLATIVE REPORT FROM INNOVATIVE FEDERAL STRATEGIES (WRITTEN)

- F. LEGISLATIVE REPORT FROM THE DOLPHIN GROUP (WRITTEN)
- G. LEGISLATIVE REPORT FROM AGRICULTURAL RESOURCES (WRITTEN)
- H. CALIFORNIA STRATEGIES, LLC MONTHLY ACTIVITY REPORT (WRITTEN)
- I. 2014 FEDERAL LEGISLATIVE TRACKING MATRIX (WRITTEN)
- J. ENGINEERING AND CONSTRUCTION MANAGEMENT FY 2013/14 MONTHLY UPDATE (POWERPOINT)
- K. LABORATORY SEMI-ANNUAL UPDATE (POWERPOINT)

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

4. AGENCY REPRESENTATIVES' REPORTS

- A. SAWPA REPORT (WRITTEN)
- B. MWD REPORT (WRITTEN)
- C. REGIONAL SEWERAGE PROGRAM POLICY COMMITTEE REPORT
(August 7 meeting was cancelled. Next meeting scheduled September 4)
- D. CHINO BASIN WATERMASTER REPORT (WRITTEN)

5. GENERAL MANAGER'S REPORT (WRITTEN)

6. BOARD OF DIRECTORS' REQUESTED FUTURE AGENDA ITEMS

7. DIRECTORS' COMMENTS

A. CONFERENCE REPORTS

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

8. CLOSED SESSION

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

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

- 2) Martin vs. IEUA, Case No. CIVRS 1000767
- 3) Sheilds vs. IEUA, Case No. CIVRS 1301638
- 4) Desaddi vs. IEUA, Case No. CIVRS 1304617
- 5) Kaveh Engineering and Construction Inc. Corp. vs. IEUA, Case No. CIVRS 1402048

B. PURSUANT TO GOVERNMENT CODE SECTION 54956.9 – CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION
Three (3) Cases

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

- 1) Property: 117.509036, 34.076044 (Prologis Lagoon)
Negotiating Parties: General Manager P. Joseph Grindstaff
Under Negotiation: Price and Terms of Purchase
- 2) Supplemental Water Transfer/Purchase
Negotiating Parties: General Manager P. Joseph Grindstaff
Under Negotiation: Price and Terms of Purchase

D. PURSUANT TO GOVERNMENT CODE SECTION 54957 – PERSONNEL MATTERS – PUBLIC EMPLOYEE PERFORMANCE EVALUATION
Title: General Manager

9. ADJOURN

*A Municipal Water District

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

Proofed by: CRJ

Declaration of Posting

I, April Woodruff, Board Secretary of the Inland Empire Utilities Agency*, A Municipal Water District, hereby certify that a copy of this agenda has been posted by 5:30 p.m. at the Agency's main office, 6075 Kimball Avenue, Building A, Chino, CA on Thursday, August 14, 2014.

for April Woodruff #853
April Woodruff

**ACTION
ITEM**

2A



Date: August 20, 2014

To: The Honorable Board of Directors

Through: Engineering, Operations, and Biosolids Management Committee
(08/13/14)

Finance, Legal, and Administration Committee (08/13/14)

From: *for* P. Joseph Grindstaff
General Manager

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

Majid Karim *MK*
Acting Manager of Engineering

Subject: RP-1 Outfall Relocation and Upsizing Budget Amendment

RECOMMENDATION

It is recommended that the Board of Directors:

1. Approve an amendment to the FY 2014/15 Recycled Water Capital (WC) Fund to increase the budget for the RP-1 Outfall Relocation and Upsizing, Project No. EN13038, from \$2,000,000 to \$5,200,000; and
2. Authorize the General Manager to execute the Holding Escrow Agreement with Forestar Development Company and Foremost Communities for the project.

BACKGROUND

On March 20, 2013, the IEUA Board of Directors approved the creation of the RP-1 Outfall Relocation and Upsizing project (Project), Project No. EN13038, with a budget of \$2,000,000 and the execution of a reimbursement agreement with Forestar Development Company (Owner) and Foremost Communities (Developer). The purpose of the Project is to remove approximately 3,000 linear feet of the existing 30-inch recycled water pipeline to enable the development of the property for the Developer and Owner. The Developer will construct a new 72-inch recycled water pipeline to meet the future recycled water demands in the 800 and 930 pressure zones between RP-1 and RP-5. The larger diameter pipeline will overcome existing hydraulic issues, and eliminate the need to build a parallel pipeline in the future. IEUA will reimburse the

Developer the difference between the cost of the upsized 72-inch pipeline and the original proposed 32-inch pipeline (a mutually-agreed upon cost of \$1,087,962).

As a condition of the reimbursement agreement, the Developer has committed to IEUA's prevailing wage and competitive bid requirements. The executed reimbursement agreement stipulating these conditions is attached for the Board's information.

In June 2013, a proposal for the prequalification for prospective bidders was issued by the Developer. Out of the ten proposals received, two contractors, LH Woods and WA Rasic, were prequalified for the Project based on experience with large diameter pipeline construction.

The majority of the alignment of the proposed 72-inch cement mortar lined and coated welded steel pipe will be located in a 20-foot easement recently acquired from the San Bernardino County Flood Control District in April 2014.

In June 2014, the Project was advertised for construction bids to the two prequalified contractors.

On July 9, 2014, the following bids were received:

CONTRACTOR	BID AMOUNT
LH Woods	\$5,757,777
WA Rasic	\$5,975,000
Engineer's Estimate	\$3,000,000

The bids received were higher than the Engineer's Estimate as noted above. This is due to the lower unit price assumptions in preparing the cost estimate in 2012 for the 72-inch welded steel pipe, the two 72-inch triple offset butterfly valves, shoring and mobilization. In addition, the original cost estimate did not account for costs associated with consulting fees for testing/survey services and the removal of the existing 30-inch steel pipe.

Following the receipt of bids, IEUA staff further evaluated the escalated project costs to ensure that the defined scope was necessary and appropriate. Following this evaluation, staff concluded that any reduction in scope would not meet future planned needs for the recycled water system in this region as defined within current planning documents. Staff also prepared a line item bid take-off and the results showed that the bids were within current industry prices.

Based on the reimbursement agreement, the Developer's allocable share of the construction cost is \$1,087,962 and IEUA's allocable share is as follows:

IEUA ALLOCABLE SHARE	AMOUNT
Construction	\$4,669,815
10% Contingency	\$466,982
IEUA Labor	\$63,203
Total	\$5,200,000
IEUA Approved Budget	\$2,000,000
Budget Amendment	\$3,200,000

The RP-1 Outfall Relocation and Upsizing project is part of the Agency's Water Reliability Business Goal to maximize the beneficial reuse of recycled water to enhance reliability and reduce dependence on imported water. The construction of the 72-inch RP-1 Outfall pipeline will support the projected demands in IEUA's southern service area and the goal of achieving 50,000 acre-feet/year by 2025.

PRIOR BOARD ACTION

On March 13, 2013, the Board approved the RP-1 Outfall Relocation and Upsizing project with a budget of \$2,000,000 for the reimbursement of the pipeline construction and the execution of the Reimbursement Agreement.

IMPACT ON BUDGET

The current available total project budget is \$2,000,000. The total original project budget needs to be amended in the amount of \$3,200,000 resulting in a total revised budget of \$5,200,000. If approved, the budget amendment will reduce the Recycled Water (WC) Fund reserves by \$3,200,000. There is currently no approved budget in FY 2014/15 and this action requires a carry forward of the prior year available budget of \$2,000,000.

PJG:CB:MK:lm

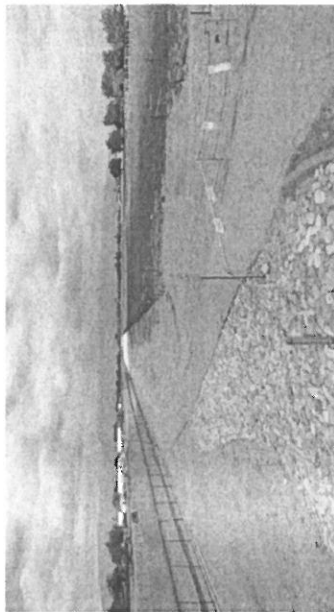


Inland Empire Utilities Agency

A MUNICIPAL WATER DISTRICT

RP-1 Outfall Relocation and Upsizing Budget Amendment

Project No. EN13038
August 2014



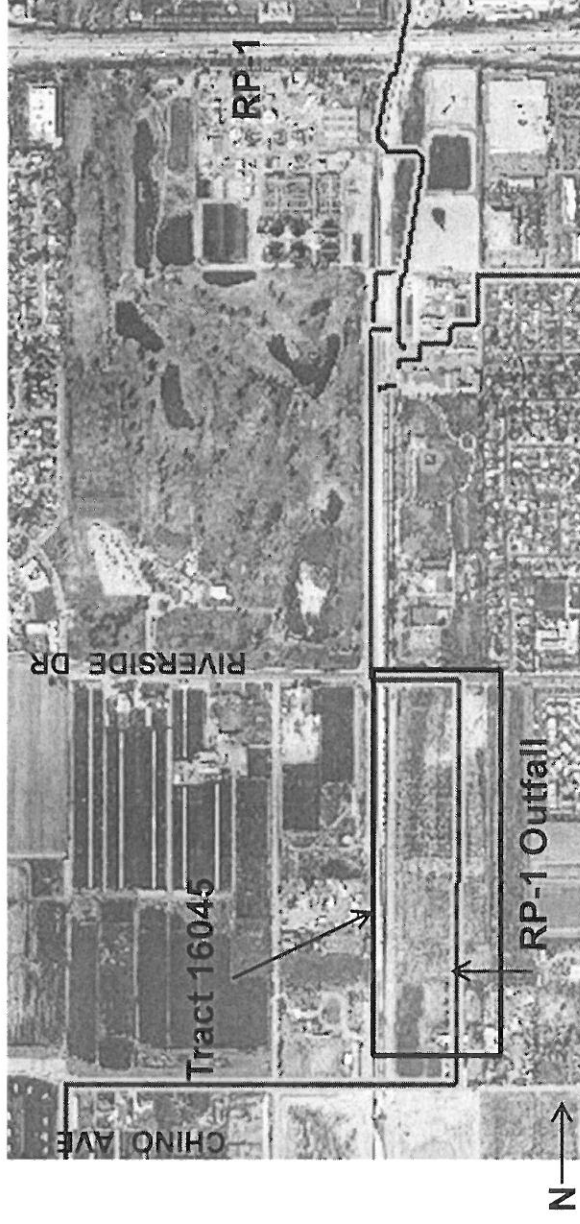
Majid Karim, P.E.
Acting Manager of Engineering

David Mendez
Deputy Manager of Construction Management

Liza Muñoz, P.E.
Project Manager

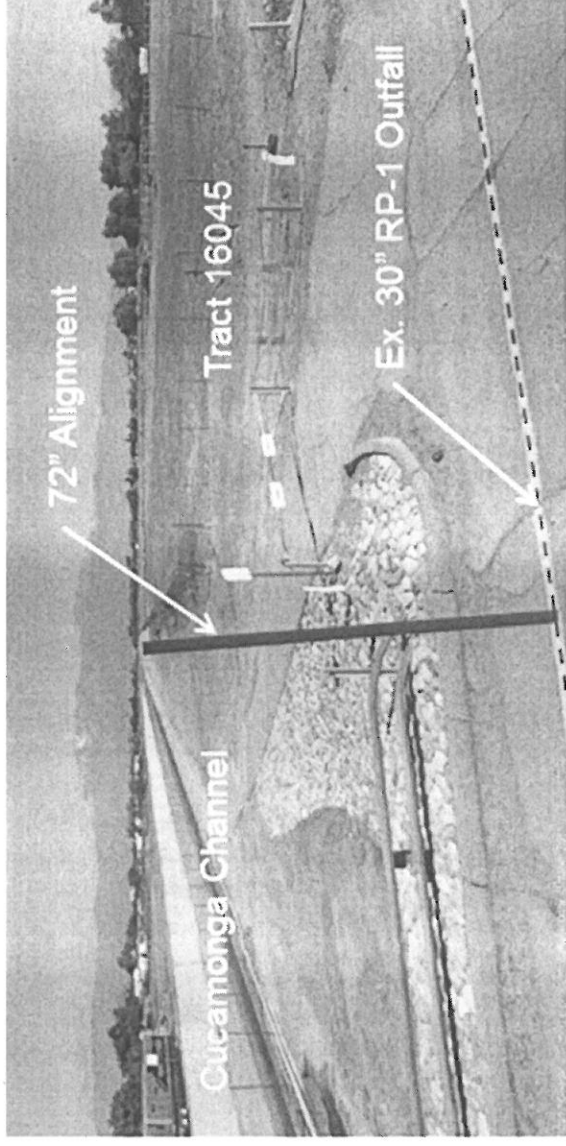
Project Background

- ❖ 2011: Tentative Tract Map 16045 (Ontario) for Forestar Countryside
- ❖ Developer to install approved 32-inch pipeline in public right-of-way
- ❖ 2012: 32-inch RP-1 Outfall exceeds normal operating conditions
- ❖ Upsize to 72-inch pipe to meet projected demands
- ❖ Narrow 60-foot public right-of-way for all utilities
- ❖ Revised alignment into Cucamonga Channel right-of-way



Project Background

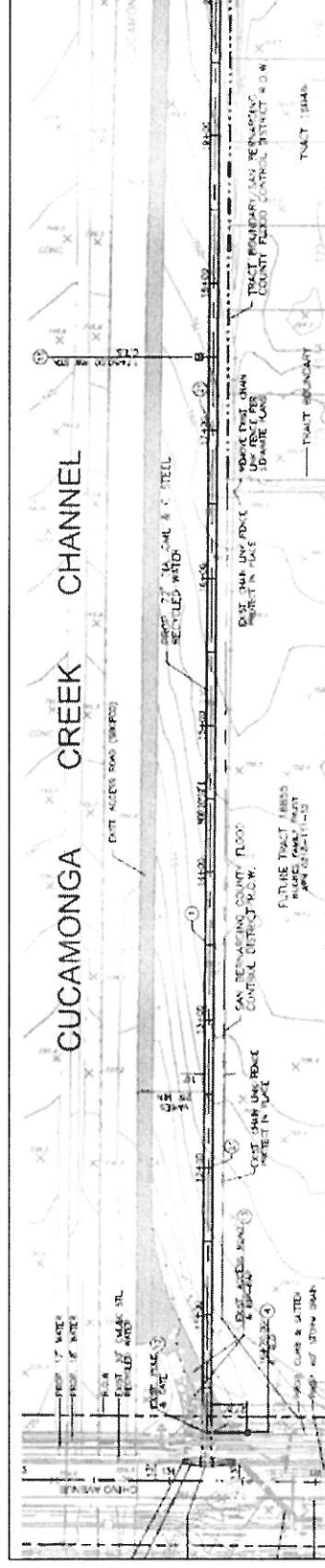
- ❖ IEUA drafted reimbursement agreement in May 2012
- ❖ IEUA/Developer construction allocable shares were developed
- ❖ Reimbursement agreement executed March 2013
- ❖ Pipeline easement acquired from County in April 2014
- ❖ Developer advertised to two prequalified contractors in May 2014
- ❖ Bid opening held in July 2014



Chino Avenue looking North

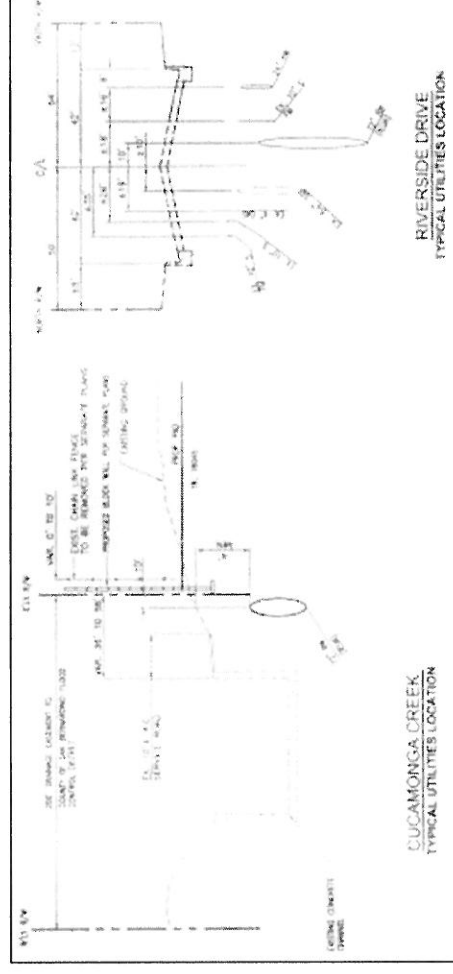
Project Scope

- ❖ Construct 3,000 feet of 72-inch welded steel pipe
- ❖ Install two 72-inch triple offset butterfly valves and appurtenances
- ❖ Connect to existing 30-inch RP-1 Outfall at both ends
- ❖ Developer to administer construction contract
- ❖ Developer to manage the pipeline construction
- ❖ IEUA to reimburse upsizing and construction cost



Project Evaluation

- ❖ Hydraulic model run to evaluate alternate pipe sizes
- ❖ 72-inch meets projected demands and operational parameters
- ❖ Original cost estimate did not account for:
 - Extensive pipe installation, shoring, and mobilization costs
 - Higher 72-inch valve material and installation cost
 - Testing, surveys, pipe removal, SWPPP
- ❖ Prepared 2014 construction cost estimate comparison to bids
- ❖ Current cost estimate corresponds with bid amounts



Project Cost

COST	AMOUNT
Construction (IEUA portion)	\$4,669,815
Contingency	\$466,982
IEUA Labor	\$63,203
Total Cost	\$5,200,000
FY 2014 Approved Budget	\$2,000,000
Budget Amendment	\$3,200,000

Project Schedule

PROJECT PHASE	DATE
Begin Construction	September 2014
Construction Completion	May 2015



Chicago Title Company

701 "B" Street, Suite 1700, San Diego, CA. 92101

Chicago Title Company, is licensed by the Department of Insurance of the State of California

Escrow No: _____
Date: _____, 2014

Officer: Renee Marshall
Fax Number: 619-230-6368
Phone Number: 619-230-6356

HOLDING ESCROW AGREEMENT Interest Earnings Allocated

THIS HOLDING ESCROW AGREEMENT with the Addendum (this "**Agreement**") is entered into and effective as of _____, 20__ by and between CHICAGO TITLE COMPANY, a California corporation ("**Escrow Holder**"), 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 ("**IEUA**"), FORESTAR DEVELOPMENT COMPANY, a Delaware corporation ("**Owner**"), and FOREMOST COMMUNITIES, INC., a California corporation ("**Developer**"). IEUA, Owner and Developer are sometimes individually referred to herein as "**each Customer**" or "**such Customer**" or jointly referred to herein as "**Customer**." Customer and Escrow Holder are each sometimes hereinafter referred to as a "**Party**" and jointly as the "**Parties**."

RECITALS

- A. An Addendum is attached hereto (the "**Addendum**") and incorporated herein by reference. Defined terms not defined in the body of this Agreement shall have the definitions set forth in the Addendum.
- B. This Agreement is intended to establish a procedure, pursuant to which certain payments (the "**Payments**") shall be disbursed as specifically specified in the Addendum. IEUA and Owner shall deposit with Escrow Holder funds in the amount specified in the Addendum, which shall be maintained and disbursed as provided in this Agreement.

IT IS HEREBY AGREED, on the basis of the foregoing facts and for valuable consideration, as follows:

AGREEMENT

1. **Escrow.** Escrow Holder shall establish a separate escrow for this Agreement (the "**Escrow**"). Escrow Holder shall maintain a record of deposits and disbursements regarding the Escrow.
2. **Disbursement Procedures.** Escrow Holder is authorized and instructed, subject to available Escrow Funds, to disburse the Payments in accordance with the provisions set forth below.
 - 2.1 **Payment Information.** Information regarding the Payments is set forth in the Addendum (the "**Payment Information**"). Each Customer represents and warrants to Escrow Holder that the Payment Information is complete and accurate in all respects and is not subject to qualification. Escrow Holder is authorized to conclusively presume (without any obligation to investigate or verify) that the Payment Information is complete and accurate in all respects.
 - 2.2 **Documentation.** Escrow Holder is not required to obtain any receipts, acknowledgment of payment from any payee or any documentation of any kind prior to making the Payments except only to the extent specifically set forth on the Addendum. Escrow Holder shall have no obligation to verify documents or signatures and shall incur no liability regarding forged or false documents, signatures, or documents inadequately prepared for recordation.
 - 2.3 **Disbursements.** Escrow Holder is authorized and instructed to disburse funds for the Payments in accordance with the Addendum without further authorization or consent of any third party. Escrow Holder shall incur no liability in making Payments pursuant to the foregoing. Escrow Holder shall make Payments prior to the due date of each Payment. However, Escrow Holder shall incur no liability for late fees, delinquency charges or other amounts arising from any Payment not made by the applicable due date if such failure is due to force majeure events specified in Section 10.4 below. Escrow Holder's obligations are limited to disbursing Payments, and Escrow Holder is not responsible or liable in any manner for events and circumstances occurring after the Payments are disbursed by Escrow Holder or for matters beyond the reasonable control of Escrow Holder.

- 2.4 **Limitation on Disbursements.** Escrow Holder shall not be obligated to disburse Payments (a) which exceed the balance of funds in the Escrow, or (b) for which it does not possess the necessary and/or required Payment Information, if any.
- 2.5 **Termination of Disbursements.** When the Escrow Funds are insufficient to make a Payment, Escrow Holder is authorized to disburse any remaining funds in the Escrow as specified in the Addendum.
- 2.6 **Covenant.** Each Customer agrees to cooperate with Escrow Holder including providing such documents and forms as may be reasonably requested by Escrow Holder from time to time to effect the transaction contemplated by this Agreement.
3. **Escrow Holder Fees.**
- 3.1 **Basic and Additional Fees.** Escrow Holder shall receive, as compensation for its basic services and additional services as specified in the Addendum.
- 3.2 **Extraordinary Costs.** In the event Escrow Holder is required or requested by a Customer to (a) produce, duplicate, or record documents; (b) utilize messengers or delivery services other than first-class U.S. mail; and/or (c) provide testimony or take action in any court, arbitration or other proceeding, such Customer must provide such additional sums as required by Escrow Holder as a condition for providing such service and, if such additional deposit is insufficient to cover the actual costs incurred or if Escrow Holder agrees to accommodate such request without such additional deposit, then such Customer shall promptly reimburse Escrow Holder for all costs and expenses in connection therewith, including but not limited to, duplicating cost, mileage, overnight delivery/courier services, wire transfers, recording fees, notary fees, labor-personnel charges (at Escrow Holder's then prevailing rate) and reasonable attorneys' fees. The foregoing amounts are in addition to the Escrow Holder's Fees, and Escrow Holder shall not be required to act under this paragraph until such funds are deposited with Escrow Holder. Escrow Holder is authorized to disburse such amounts to itself from any additional deposit provided in accordance with this paragraph.
4. **Conflicting Instructions & Disputes.** Should any dispute arise in connection with this Agreement including, but not limited to, conflicting instructions, Escrow Holder may, in its sole discretion, either (i) make the Payments in accordance with Section 2 notwithstanding any demand by any Customer to the contrary, or (ii) withhold disbursements until the dispute is resolved by legal process or an agreement acceptable to Escrow Holder. Prior to resolution of the dispute, Escrow Holder may, but shall not be obligated to (a) continue to make the Payments in accordance with Section 2; (b) hold the funds then in the Escrow and not make Payments, or (c) interplead the funds with the court. Escrow Holder may make the election to act under (a), (b) or (c) from time to time in its sole discretion during the dispute. If Escrow Holder interpleads the funds with the court after making the election to act under (c), Escrow Holder shall be fully discharged and relieved from all liability in connection with such funds and shall be entitled to recover its costs and reasonable attorneys' fees in connection therewith.
5. **Escrow Holder's Obligations.** The obligations of Escrow Holder are limited solely to disbursing the Payments as specified in the Addendum.
6. **Limitation on Liability.** Under no circumstances (other than fraud, willful misconduct or negligence by Escrow Holder) shall Escrow Holder incur any liability in connection with this Agreement in excess of the amount of the Basic Fee set forth in this Agreement. This section is of key importance to Escrow Holder, and Escrow Holder would not enter into this Agreement in the absence of this section. This section shall survive termination of this Agreement.
7. **Lack of Activity.** In the event there is no disbursement from the Escrow for a continuous period of five (5) years, Escrow Holder may interplead the Escrow Funds into the appropriate court and Escrow Holder shall have the right to recover its reasonable attorneys fees incurred from the Escrow Funds.
8. **Indemnity.** Each Customer agrees to indemnify, defend (with counsel approved by Escrow Holder) and hold Escrow Holder harmless from and against all claims, actions, suits, judgments, awards, liabilities, damages, costs, expenses and reasonable attorneys' fees in connection with or allegedly in connection with this Agreement and/or the Escrow except to the extent such matters arise out of the breach by Escrow Holder of its obligations under this Agreement and/or the fraud, willful misconduct or negligence of Escrow Holder (collectively, "**Claims**"). Each Customer shall promptly reimburse Escrow Holder for any costs, expenses and attorneys' fees incurred in connection with the foregoing (with or without the filing of any proceeding). This section is of key importance to Escrow Holder, and Escrow Holder would not enter into this Agreement in the absence of this section. It is the intent of each Customer that this section shall be broadly construed to protect Escrow Holder from all Claims for which such Customer is liable to indemnify Escrow Holder as described above. As used in this section, "Escrow Holder" includes each officer, director, employee and shareholder of Escrow Holder. This section shall survive any termination of this Agreement.

9. **Maintenance of Records.** Escrow Holder shall keep accurate records as to (a) amounts deposited in the Escrow; and (b) amounts disbursed from the Escrow. As required by California law, original documents shall remain at Escrow Holder's office and, upon reasonable notice, shall be available for inspection by either Customer.
10. **Interest Bearing Accounts.** If the Parties are desirous of the Escrow Funds being placed in an interest bearing account, Escrow Holder shall do so at their joint, written direction in a form acceptable to Escrow Holder and upon receipt of a duly executed IRS Form W-9 or W-8 applicable to the beneficiary of the interest ("IRS Form") and any other documentation required by the bank. The Parties acknowledge: (a) that any such account will be only opened in US banks acceptable to Escrow Holder; (b) that accounts earning interest for the benefit of non-U.S. taxpayers may be subject to backup tax withholding; (c) that accounts may incur bank wire fees to be deducted from the account balance; (d) Escrow Holder shall have no obligation to inquire or otherwise determine whether the interest rate being paid by the bank is competitive with rates of other similarly sized and ranked depository institutions; (e) Escrow Holder shall not be responsible for any interest, except interest that is actually credited to the account by the bank, nor shall it be responsible for interest on Escrow Funds provided to it without information accompanying any deposit thereof to sufficiently identify it to this Escrow; (f) Escrow Holder shall be allowed a commercially reasonable time to open the account and deposit the Escrow Funds upon receipt of the required documentation and (g) that an additional fee as specified in the Addendum shall be payable to Escrow Holder. In the absence of compliance with the foregoing including required documentation, Escrow Holder shall place the Escrow Funds in its general escrow account.
- The Parties acknowledge that the FDIC coverages apply only to a maximum amount for each individual depositor as set by the FDIC. Escrow Holder assumes no responsibility for, nor will it be liable for, any loss occurring which arises from the fact that the amount of the Escrow Funds may cause the aggregate amount of any individual depositor's accounts to exceed the maximum amount of coverage, and that the excess amount is not insured by the FDIC, or that FDIC insurance is not available on certain types of bank instruments, or for any loss in value of securities or investment accounts in which the Escrow Funds are invested. (For an explanation of FDIC coverage and its limits, please go to the FDIC website at www.FDIC.gov.)
11. **Miscellaneous.**
- 11.1 **Amendments.** This Agreement may only be amended or modified by a written amendment executed by Escrow Holder and Customer.
- 11.2 **Notices.** All notices in connection with this Agreement must be in writing. Any notice to be given or other document to be delivered hereunder shall be delivered in person or may be deposited in the United States mail in the State of California, duly certified or registered, with postage prepaid and addressed to said party to whom intended as set forth on the Addendum. Any party hereto may from time to time, by written notice, designate a different address which shall be substituted for the one above. If any notice or other document is sent by certified or registered mail, as aforesaid, the same shall be deemed served or delivered forty-eight (48) hours after mailing thereof as above provided. If e-mail addresses are provided in the "Address for Notice" section or later provided by the Customer in writing, then notice by electronic mail is also acceptable and the notice shall be deemed delivered when the sender has received back a received receipt.
- 11.3 **Attorneys' Fees.** In any action regarding this Agreement or the Escrow, the prevailing party in that action shall be entitled to recover its reasonable costs and expenses, including reasonable attorneys' fees. All reasonable attorneys' fees incurred by Escrow Holder in connection with this Agreement, whether or not an action is filed, may (at Escrow Holder's choice) be immediately reimbursed from the funds in Escrow.
- 11.4 **Force Majeure.** In the event an act of the government, war conditions, fire, flood, or other act of God prevents Escrow Holder from performing in accordance with the provisions of this Agreement, such nonperformance shall be excused and shall not be considered a breach or default for so long as the said conditions prevail.
- 11.5 **Interpretation.** This Agreement shall be interpreted and construed in accordance with California law. Any action against Escrow Holder involving this Agreement shall be maintained in the appropriate court in Orange County, California.
- 11.6 **No Third-Party Beneficiary.** This Agreement is made and intended to be for the benefit of Customer and Escrow Holder only and is not intended to be for the benefit of any payee or anyone else.
- 11.7 **Merger.** This Agreement, together with the Addendum, sets forth the full agreement among the Customer regarding the Escrow and the obligations of Escrow Holder. All prior agreements and understandings are terminated and of no further force or effect.
- 11.8 **Severability.** In the event any provision of this Agreement should be determined by a court of competent jurisdiction as unenforceable or void under applicable law, that provision shall be deleted; but the remaining provisions of this Agreement shall remain in full force and effect.
- 11.9 **Execution in Counterpart.** This Agreement and any amendments may be executed in one or more counterparts, each of which shall be deemed an original, and all of which taken together shall constitute the same instruction.

- 11.10 **Reliance on Copies.** Customer specifically authorizes Escrow Holder to accept and rely on Copies (as defined below) and Electronic Signatures (as defined below) as originals, to open escrow and for other purposes of this Escrow. "Copies" means a copy by any means including photocopy, facsimile and electronic. "Electronic Signatures" means an electronic signature or Copy of a signature complying with California law. Customer and Escrow Holder agree that electronic means will not be used by either party to modify or alter the content or integrity of this Agreement without the knowledge and consent of the other party.
- 11.11 **Captions.** The caption headings for the sections of this Agreement are for convenience only and shall not be considered to limit, expand or define the content of the sections.
- 11.12 **Binding Effect.** This Agreement shall be binding upon and shall inure to the benefit of the Customer to this Agreement and their respective successors and assigns.
- 11.13 **Warranty of Authority.** Each person executing this Agreement represents and warrants that he or she has full power and authority to do so and that no other authorizations or approvals of any kind are necessary.
- 11.14 **No Legal Advice.** Escrow Holder does not provide any legal or tax advice regarding this Agreement and advises Customer to consult their own legal or tax representative.

12. Special Disclosures

- 12.1 **Disbursements.** All disbursements shall be made by Escrow Holder's check or by wire transfer unless otherwise instructed in writing. California law mandates that Escrow Holder may not disburse funds until the funds are, in fact, available in Escrow Holder's account. Wire transfers are disburseable twenty-four (24) hours after the confirmation of receipt. Funds deposited by a cashier's or certified check are generally available on the next banking day following deposit. Funds deposited by a personal check and other types of instruments may not be available until after confirmation from Escrow Holder's bank which can vary from two (2) to ten (10) days.
- 12.2 **Disclosure of Possible Benefits to Escrow Holder.** As a result of Escrow Holder maintaining its general escrow accounts, special accounts and trust accounts with the depositories, Escrow Holder may receive certain financial benefits such as an array of bank services, accommodations, interest income, loans or other business transactions from the depositories ("collateral benefits"). Except as may otherwise be designated in this Agreement, all collateral benefits shall accrue to the sole benefit of Escrow Holder and Escrow Holder shall have no obligation to account to the Customer to this Escrow for the value of any such collateral benefits.

IN WITNESS WHEREOF, the Customer has executed and Escrow Holder has accepted this Agreement as of the date of this Agreement.

"IEUA"
 INLAND EMPIRE UTILITIES AGENCY,
 a Municipal Water District

"Owner"
 FORESTAR DEVELOPMENT COMPANY,
 a Delaware corporation

 P. Joseph Grindstaff
 Interim General Manager

 Steve Cameron
 President

"Developer"
 FOREMOST COMMUNITIES, INC.,
 a California corporation

ACCEPTED by Escrow Holder
 CHICAGO TITLE COMPANY, a California
 corporation

 Steve Cameron
 President

By _____
 Print Name _____
 Its _____

ADDENDUM TO HOLDING ESCROW AGREEMENT

This Addendum constitutes a part of the foregoing Agreement between Escrow Holder and Customer.

Please be sure to complete all open fields so that Escrow Holder has complete contact and payment information necessary for disbursements. An automated email from Escrow Holder regarding file setup and outgoing payments may be received by Customer provided an email address is provided below.

A. ESCROW PURPOSE. The purpose of this Escrow is as follows:

To hold and disburse funds for costs related to relocating and upsizing a pipeline located between Riverside Drive and Chino Avenue in Ontario, CA, which is estimated to be \$_____ Dollars (the "**Facilities Costs**") pursuant to that certain Reimbursement Agreement Number 4600001403_____ entered into by IEUA, Owner and Developer dated March 20_____, 2014____ (as the same may be amended from time to time, the "**Reimbursement Agreement**"). All capitalized terms not defined herein shall have the same meanings assigned to them in the Reimbursement Agreement.

Escrow Holder is not a party to the Reimbursement Agreement and is not responsible for any duties or obligations therein. Escrow Holder shall be solely governed by the specific terms of this Escrow as to Escrow Holder's obligations.

B. ESCROW FUNDS. IEUA and Owner shall deposit funds ("**Escrow Funds**") with Escrow Holder as follows:

- a. Initial Deposits for Facilities Costs. IEUA and Owner shall deposit with Escrow Holder their respective Allocable Shares of the estimated Facilities Costs, which is _____ percent (_____ %) of the Facilities Costs for Owner and _____ percent (_____ %) of the Facilities Costs for IEUA. All deposits after the Initial Deposits shall be deposited to Escrow by Owner and IEUA in accordance with the applicable Allocable Shares ratio.
- b. Additional Deposits for Facilities Costs. If IEUA and Owner reasonably determine that there are additional funding needs, IEUA and Owner shall make additional deposits ("**Additional Deposits**") in accordance with their respective Allocable Shares within thirty (30) days after such determination is made.
- c. Deposits for Escrow Fees and Charges. IEUA and Owner shall deposit their respective Allocable Shares of the estimated fees and costs to be charged by Escrow Holder, which is _____ percent (_____ %) of the Basic Fee for Owner and _____ percent (_____ %) of the Basic Fee for IEUA, within ten (10) business days after receipt of an estimate thereof to be provided by Escrow Holder to IEUA and Owner. If at any time such estimate is determined by Escrow Holder to be inadequate, Escrow Holder shall deliver a revised estimate to IEUA and Owner and each of them shall deposit their respective Allocable Shares of the additional estimated amount of such fees and costs within ten (10) business days after receipt of such revised estimate.

C. DISBURSEMENT REQUIREMENTS.

- a. Escrow Holder is directed to make payments from the Escrow Funds as follows:

Prior to each disbursement of funds in payment of Facilities Costs, Developer shall submit a disbursement request to the IEUA and Owner and a copy to Escrow Holder for review in the form attached hereto as Exhibit 1 ("**Disbursement Request**"), together with reasonable supporting documents as necessary for the IEUA and Owner to verify the total amount of Facilities Costs requested for disbursement from the Escrow Funds. Such supporting documents shall include invoices from the parties to be paid ("**Disbursement Recipients**") and lien releases (conditioned only on receipt of payment) for each requested disbursement to a Disbursement Recipient in excess of \$10,000. Developer shall also indicate whether a Disbursement Request is a final request. IEUA and Owner shall complete such review within fifteen (15) calendar days after receipt of the Disbursement Request. Upon the reasonable determination of IEUA and Owner that 1) the work for which disbursement is requested has been completed satisfactorily and is a Facilities Cost and 2) the Disbursement Request is approved for payment, IEUA and Owner shall each forward an executed copy of the

Disbursement Request to Escrow Holder for payment. If IEUA or Owner disapproves a Disbursement Request, then IEUA or Owner, as applicable, shall provide Developer and a copy to Escrow Holder with written notice detailing with specificity the reasons for such disapproval. In addition, IEUA and Owner shall approve for payment any portion of the Disbursement Request which is not disputed. If Escrow Holder does not receive any written objection from IEUA or Owner within such fifteen (15) day period, then such Disbursement Request shall be deemed approved. Within 1 business day upon 1) the full or partial approval of a Disbursement Request or 2) deemed approval of a Disbursement Request, Escrow Holder shall disburse the specified amount of funds directly to each Disbursement Recipient. Escrow Holder is not responsible for reviewing any of the supporting documents provided with the Disbursement Request nor shall it be obligated to verify if the works completed as specified in the Disbursement Request are sufficient for payment.

Escrow Holder's Duties under this Escrow: Escrow Holder is not responsible to perform any Fund Control functions including but not limited to lien release, invoices, mechanics lien release collection/review, budget tracking, and job site inspection to verify if work is completed. Escrow Holder's Duties is limited as disbursing agent only. Escrow Holder shall be solely governed by the specific terms of this Escrow as to Escrow Holder's obligations.

- b. Any remaining portion of the Escrow Funds shall be disbursed as follows:

If there are any Escrow Funds remaining after the payment has been made for the final Disbursement Request, then such remaining funds shall be disbursed to IEUA and Owner in accordance with their respective Allocable Shares.

D. INTEREST-BEARING ACCOUNT ("Account").

- a. Customer specifically directs Escrow Holder to deposit all funds into an interest-bearing demand account at an FDIC federally insured bank. Customer recognizes that the FDIC insurance on this account may not be sufficient to cover all of the funds deposited, but requests that Escrow Holder maintain all funds in such account(s). Interest shall be allocated as set forth below in section E.
- b. Set up fees to Escrow Holder for creating the Account are as follows: **(Choose one of the following options by checking below):**
- i. An "**Activation Fee**" of One Hundred and Fifty Dollars **(\$150)** and a "**Monthly Maintenance Fee**" of Twenty Five Dollars **(\$25)**. (Note: These fees are in addition to the fees referenced in Section E below.)
- ii. No set up fees applicable.

E. ESCROW FEES.

Fixed Fees: The sum of Two Thousand Seven Hundred Dollars **(\$2,700)** for Account set up and Thirty Five Dollars **(\$35)** for each check or ACH payment processed and Forty-Five Dollars **(\$45)** for each wire (the "**Basic Fee**"), which fees are fully earned, non-refundable and payable in full upon the first deposit of funds with Escrow Holder. If Escrow Holder takes any action beyond its basic services, including but not limited to, reconciling conflicting Payment Information, Escrow Holder shall be immediately entitled to additional compensation (an "**Additional Fee**") at the rate of Fifty Dollars **(\$50)** per hour for time spent by any Escrow Holder. Escrow Holder is authorized and instructed to immediately disburse the Basic Fee and any Additional Fee to itself from the funds in the Escrow. For tax reporting purposes, all interest earned on the Account will be reported under Owner's and IEUA's tax I.D. number and credited to this Escrow in accordance with their respective Allocable Shares.

- F. NOTICES TO CUSTOMER. Please complete the addresses next to the signature lines below. * If you wish to receive notification of file activation and outgoing payment, please provide your email address.**

G. NOTICES TO ESCROW HOLDER:

CHICAGO TITLE COMPANY
701 B Street, Suite 760
San Diego, CA 92101
Attn: Renee Marshall
Telephone: 619-230-6356
FAX: 619-230-6356

IN WITNESS WHEREOF, the Customer has executed and Escrow Holder has accepted this Addendum as of the date of this Agreement.

"IEUA"

INLAND EMPIRE UTILITIES AGENCY,
a Municipal Water District

P. Joseph Grindstaff
Interim General Manager

Address for Notice:

Inland Empire Utilities Agency
6075 Kimball Avenue
Chino, California 91708
Attention: ~~Cameron B. Langner~~ Warren Green
Manager of Contracts and
~~Procurement~~ Facilities Services
Telephone: (909) 993-1600
Fax: (909) 993-1983
Email: elangnerwgreen@IEUA.org

"Owner"

FORESTAR DEVELOPMENT COMPANY,
a Delaware corporation

Steve Cameron
President

Forestar Development Company
4590 MacArthur Blvd., Suite 600
Newport Beach, California 92660
Attention: Steve Cameron
President
Telephone: (949) 748-6714, x 201
Fax: (949) 748-8488
Email:
stevec@foremostcommunities.com

"Developer"

FOREMOST COMMUNITIES, INC.,
a California corporation

Steve Cameron
President

Foremost Communities, Inc.
4590 MacArthur Blvd., Suite 600
Newport Beach, California 92660
Attention: Steve Cameron
President
Telephone: (949) 748-6714, x 201
Fax: (949) 748-8488
Email: stevec@foremostcommunities.com

ACCEPTED by Escrow Holder

CHICAGO TITLE COMPANY, a California
corporation

By _____
Print Name _____
Its _____

EXHIBIT 1

Form of Disbursement Request

(Reimbursement Agreement Number _____)

The undersigned, FOREMOST COMMUNITIES, INC., a California corporation ("**Developer**"), hereby requests funds disbursement in the categories and amounts specified in Attachment I hereto. Terms used herein shall have the terms set forth in the Holding Escrow Agreement and/or Reimbursement Agreement among Developer, 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 ("**IEUA**" or "**Agency**") and FORESTAR DEVELOPMENT COMPANY, a Delaware corporation ("**Owner**").

In connection with this Disbursement Request, Developer hereby represents and warrants to IEUA and Owner as follows:

1. The representative of Developer executing this Disbursement Request is a duly authorized officer or representative of Developer, is qualified to execute this Disbursement Request on behalf of Developer and is knowledgeable as to the matters set forth herein.

2. All costs for which disbursement is requested hereby are Facilities Costs and have not been inflated in any respect. The Facilities Costs for which disbursement is requested have not been the subject of any prior disbursement request submitted to IEUA and Owner.

3. Invoices for all requested disbursements and lien releases (conditioned only on receipt of payment) for requested disbursements to Disbursement Recipients in excess of \$10,000 are attached to this Disbursement Request. Additional supporting documentation with respect to each cost for which disbursement is requested shall be furnished to IEUA and Owner upon request.

4. The work or improvements for which disbursement is requested have been constructed in accordance with the approved plans and specifications for such work or improvements.

Developer hereby requests disbursement of funds in the amounts specified on Attachment I hereto to the Disbursement Recipients specified on such Attachment I.

By its signature below IEUA and Owner each hereby authorizes disbursement of funds in the amounts specified on Attachment I to the Disbursement Recipients specified on such Attachment I.

Signature Page

Form of Disbursement Request

"DEVELOPER"

FOREMOST COMMUNITIES, INC.,
a California corporation

Steve Cameron
President

"IEUA"

INLAND EMPIRE UTILITIES AGENCY,
a Municipal Water District

P. Joseph Grindstaff
~~Interim~~ General Manager

"OWNER"

FORESTAR DEVELOPMENT COMPANY,
a Delaware corporation

Steve Cameron
President

ATTACHMENT I

SUMMARY OF IMPROVEMENTS AND REQUESTED DISBURSEMENTS

Improvement

Facilities Cost

Disbursement Requested

[List here all improvements for which disbursement is requested and attach supporting documentation]



REIMBURSEMENT AGREEMENT NUMBER: 4600001403
FOR

RELOCATING AND UPSIZING OF EXISTING 30-INCH PIPELINE FROM 32 INCHES
TO 72 INCHES LOCATED BETWEEN RIVERSIDE DRIVE
AND CHINO AVENUE IN ONTARIO

THIS REIMBURSEMENT AGREEMENT (the "**Agreement**"), is made and entered into this 30th day of March, 2013, by and among 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**" or "**Agency**"), FORESTAR DEVELOPMENT COMPANY, a Delaware corporation (hereinafter referred to as "**Owner**"), and FOREMOST COMMUNITIES, INC., a California corporation (hereinafter referred to as "**Developer**") for the reimbursement of the cost(s) for relocating and upsizing a pipeline from 32 inches to 72 inches located between Riverside Drive and Chino Avenue in Ontario, California. IEUA, Owner and Developer shall collectively be referred to as "**the parties**," and singularly as "**the party**."

RECITALS

WHEREAS, IEUA has an existing 30 inch Regional Recycling Plant Number 1 outfall pipeline which is located between Riverside Drive and Chino Avenue in Ontario, California; and,

WHEREAS, The 30 inch pipeline alignment located within an IEUA easement is in conflict with the residential development plans for the property more fully described on Exhibit A attached hereto (hereinafter referred to as the "**Owner's Property**"); and,

WHEREAS, Developer is an affiliate of Owner who is developing the Owner's Property; and

WHEREAS, Originally, Developer planned to relocate the existing 30 inch pipeline in support of the residential development project on the Owner's Property with a 32 inch pipeline and,

WHEREAS, IEUA desires to have the pipeline upsized to a 72 inch pipeline (hereinafter referred to as "**FACILITIES**") and constructed along San Bernardino County Flood Control Channel, further described in Exhibit B attached hereto; and,

WHEREAS, Developer and Owner shall acquire all environmental documents and permits before the FACILITIES can be advertised for construction; and,

WHEREAS, Developer has agreed to advertise for bids consistent with public contract code and construct the FACILITIES, provided Owner reimburses Developer for the cost of relocating the 32 inch pipeline and IEUA reimburses Developer for the cost differential to upsize the pipeline from 32 inches to the 72 inches; and,

WHEREAS, IEUA, Owner and Developer have agreed to the terms contained herein.

COVENANTS

NOW, THEREFORE, the following mutual promises and obligations set forth herein are agreed to as follows:

1. Reimbursement, Payment, Terms and Conditions

- A. Owner and IEUA shall each pay a portion (hereinafter referred to as an "**Allocable Share**") of the cost to relocate and construct the FACILITIES. The Owner, IEUA and the Developer prefer to have the FACILITIES constructed using one lump sum public bid. Owner's Allocable Share of the cost of the FACILITIES and IEUA's Allocable Share of the cost of the FACILITIES, estimated to be \$1,900,000, will be determined as described below

The cost of the 32" pipeline will be \$1,087,962, which was determined by using the bid prices obtained from the low bidder's cost for the IEUA project, 930 Zone Pipeline. The 72" pipeline cost will be based on the bid price resulting from the responsive low bidder of the FACILITIES. The formulas for the Allocable Shares are as follows:

- 32" Cost = \$1,087,962
 - 72" Cost = Responsive Low Bidder of 72" Pipeline Installation and Material Cost
 - IEUA's Allocable Share (%) = (72" Cost minus \$1,087,962 divided by 72" Cost) times 100%
 - Owner's Allocable Share (%) = 100 % minus IEUA's Allocable Share
- B. Owner hereby agrees to reimburse Developer an amount equal to Owner's Allocable Share of Developer's documented cost for the cost of the FACILITIES and IEUA hereby agrees to reimburse Developer an amount equal to IEUA's Allocable Share of Developer's documented cost for the cost of the FACILITIES.
- C. The documented cost of the FACILITIES is estimated to be comprised of

the Plans and Specifications as described on Exhibit C attached hereto. Developer agrees to include IEUA on the review of the design submittal packages for the FACILITIES.

- D. IEUA and Owner shall mutually agree on the prequalification selection criteria for bidders before it is publicly advertised consistent with the public contract code.
- E. IEUA shall approve the final design before bid issuance. Construction bid documents will require public advertisement and prevailing wage requirements and selection of award will be based upon the lowest, responsive bidder. IEUA and Owner shall mutually approve the selection of the contractor before the contract is awarded to the contractor by Developer.
- F. IEUA and Owner shall mutually approve all change orders prior to issuance to the contractor. Approval shall not be unreasonably withheld. The cost of all change orders will be divided per the Allocable Share percentages as defined in Section 1.A above.
- G. IEUA, Owner and Developer shall execute that certain Holding Escrow Agreement substantially in the form of Exhibit D attached hereto (hereinafter referred to as the "**Escrow Agreement**") within fifteen (15) days after the bid is obtained from the lowest, responsive bidder of the FACILITIES and IEUA and Owner have mutually agreed upon the cost of the FACILITIES. IEUA, Owner and Developer thereafter shall cause the Escrow Agreement to be executed by the "**Escrow Holder**" (as such term is defined in the Escrow Agreement).
- H. After the cost of the FACILITIES is obtained from the lowest, responsive bidder of the 72" pipeline installation and material cost bid and the Allocable Shares are calculated, Owner shall deposit with Escrow Holder as "**Escrow Funds**" (as such term is defined in the Escrow Agreement) Owner's Allocable Share of the cost of the FACILITIES and IEUA shall deposit with Escrow Holder as Escrow Funds IEUA's Allocable Share of the cost of the FACILITIES no later than one week prior to the construction contract award to the lowest, responsive bidder of the FACILITIES bid. The cost of the FACILITIES shall include a 10% contingency amount for cost overruns.
- I. Disbursements for the cost of the FACILITIES shall be made by Escrow Holder to or as directed by Developer after a review and approval by IEUA from the Escrow Funds. Developer may request disbursements from Escrow Holder as the work progresses after a review and approval by IEUA. Each request for disbursement sent to Escrow Holder shall be

accompanied by invoices documenting the actual cost(s) incurred for the FACILITIES.

- J. Upon final completion of the FACILITIES, Developer shall facilitate the delivery of the as-built drawings from the contractor to IEUA.
 - K. Each request for disbursement shall reference Agreement No. 4600001403. A copy of each request for disbursement shall be mailed to IEUA's Accounts Payable at P.O. Box 9020, Chino Hills, CA 91709, with a copy to IEUA's Project Manager – Liza Muñoz.
 - L. If the Escrow Funds are insufficient to pay for the costs expended to complete the FACILITIES due to cost overruns or mutually approved change orders, then IEUA and Owner shall each deposit its Allocable Share of the required additional Escrow Funds. Any such additional funds required pursuant to an approved change order shall be deposited with Escrow Holder within thirty (30) days after the approval of that change order.
 - M. In the event there is a surplus of funds in the Escrow Funds after the FACILITIES are completed, then IEUA and Owner shall each be returned its Allocable Share of the surplus Escrow Funds within fifteen (15) days after Project Acceptance. Project Acceptance is generally defined as successful construction completion with inspection of the FACILITIES by IEUA, successful testing and operation of the FACILITIES, completion of punch list items for the FACILITIES, delivery of the as-builts and material catalog for the FACILITIES, a recorded grant of easement for the FACILITIES, and a filed Notice of Completion.
 - N. In the event the Escrow Holder resigns or is otherwise unavailable to act as Escrow Holder, then IEUA, Owner and Developer shall mutually appoint a successor to act as Escrow Holder and shall confirm the same in writing. IEUA, Owner and Developer also reserve the right, in their sole discretion by delivery of mutually executed instructions to such effect to the Escrow Holder, to replace the Escrow Holder with another party to act as Escrow Holder. Any such replacement shall be confirmed in writing by IEUA, Owner and Developer.
2. TERM: The term of this Agreement shall extend from the date of its execution, and remain in effect until full payment has been received by Developer as described in this Agreement.
 3. ADDITIONAL DOCUMENTS: The parties agree to execute any further documents, and take any further actions, as may be reasonable and appropriate in order to carry out the purpose and intent of this Agreement, including without limitation IEUA shall execute and deliver to Owner a quitclaim deed or other

recordable instrument satisfactory to Owner and its title company to terminate the easement for the 30 inch recycled water line which encumbers the Owner's Property within thirty (30) days after the Project Acceptance of the FACILITIES by IEUA. Owner shall execute and deliver a recorded grant of easement deed for the segment of 72 inch pipeline crossing Owner's property south of Riverside Drive satisfactory to IEUA prior to IEUA's quitclaim of its easement to Owner.

4. **DISPUTE RESOLUTION:** All disputes arising out of or in relation to this Agreement shall be determined in accordance with this section. Notice shall be given in accordance with Section 6, below. The parties agree to make every effort to resolve any disputes collectively, and in a mutually beneficial manner, prior to submitting disputes to Arbitration. By entering into this Agreement, however, the parties are obligated, and hereby agree, to submit all disputes arising under or relating to this Agreement that remain unresolved after ninety (90) days from the initial time of notice, and after the exhaustion of attempts to mutually resolve, to independent arbitration. Except as otherwise provided herein, arbitration shall be conducted under California Code of Civil Procedure Section 1280, et. seq, or their successor.
5. **NOTICES:** Any notice may be served upon a 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: Cameron B. Langner
Manager of Contracts and Procurement
Inland Empire Utilities Agency
6075 Kimball Avenue
Chino, California 91708

Owner: Steve Cameron
President
Forestar Development Company
2151 Michelson Drive, Suite 250
Irvine, California 92612

Developer: Steve Cameron
President
Foremost Communities, Inc.
2151 Michelson Drive, Suite 250
Irvine, California 92612

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.

6. **INDEMNIFICATION:** Developer shall indemnify and ensure that language to the same effect is included in all contracts related to the subject project, to hold IEUA, its elected officials, officers, employees, agents, and volunteers free and

harmless from and against any and all claims, demands, including but not limited to property damage, bodily injury or death, or any other element of damage of any kind or nature, arising out of or incident to any negligent act or omission of Developer, its' employees, contractors, subcontractor, agents, under or in connection with any work, authority or jurisdiction delegated under this Agreement. Indemnification by Developer includes, without limitation, the payment of all penalties, fines, judgments, awards, decrees, attorneys' fees, and related costs or expenses, and the reimbursement of IEUA, its elected officials, officers, employees, agents, and/or representatives for any and all legal expenses and costs incurred by each of them. Developer's obligation to indemnify shall not be restricted to insurance proceeds, if any, received by IEUA.


7. **RIGHT TO AUDIT:** The IEUA reserves the right to review and/or audit all Developer's' records related to the FACILITIES. The option to review and/or audit may be exercised during the term of this Agreement, upon termination, upon completion of this Agreement, or at any time thereafter up to twelve (12) months after final payment has been made to Developer. Developer shall make all records and related documentation available within three (3) working days after said records are requested by the Agency.
8. **SUCCESSORS AND ASSIGNS:** All of the terms, conditions and provisions of this Agreement shall inure to the benefit of and be binding upon the Agency, Owner, Developer, and their respective successors and assigns. Notwithstanding the foregoing, (a) Owner and Developer may assign their duties and benefits under this Agreement and the other Agreement Documents (as hereinafter defined) in conjunction with the sale or transfer by Owner of all or any portion of the Owner's Property by giving written notice thereof to IEUA, and (b) except as provided in subsection (a) hereof, no assignment of the duties or benefits of the Developer under this Agreement may be assigned, transferred or otherwise disposed of without the prior written consent of the Agency. Except as otherwise provided in subsection (a) of the preceding sentence, 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.
9. **INTEGRATION:** This Agreement and the documents attached hereto which are executed in connection herewith (hereinafter collectively referred to as the "**Agreement Documents**") represent the entire agreement of the Agency, Owner and Developer as to those matters contained therein. No prior oral or written understanding shall be of any force or effect with respect to those matters covered by the Agreement Documents. This Agreement and the other Agreement Documents may not be modified, altered or amended except by written mutual agreement by the Agency, Owner and Developer. The written approval of Escrow Holder shall also be required to modify, alter or amend any Agreement Document to which Escrow Holder is a party.

10. GOVERNING LAW: This Agreement is to be governed by and constructed in accordance with the laws of the State of California and under the jurisdiction of the Superior Court of the State of California located in San Bernardino County.
11. FORCE MAJEURE: No party shall hold another party responsible for the effects of acts occurring beyond their control; e.g., war, riots, strikes, natural disasters.
12. COUNTERPARTS: This Agreement may be executed in counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument, and shall become effective when one or more counterparts have been signed by each of the parties hereto and delivered to the other parties.
13. EXHIBITS: All Exhibits attached hereto are by this reference incorporated herein.

CONTRACTORS ARE REQUIRED BY LAW TO BE LICENSED AND REGULATED BY THE CONTRACTORS' STATE LICENSE BOARD WHICH HAS JURISDICTION TO INVESTIGATE COMPLAINTS AGAINST CONTRACTORS IF A COMPLAINT REGARDING A PATENT ACT OR OMISSION IS FILED WITHIN FOUR YEARS OF THE DATE OF THE ALLEGED VIOLATION. A COMPLAINT REGARDING A LATENT ACT OR OMISSION PERTAINING TO STRUCTURAL DEFECTS MUST BE FILED WITHIN 10 YEARS OF THE DATE OF THE ALLEGED VIOLATION. ANY QUESTIONS CONCERNING A CONTRACTOR MAY BE REFERRED TO THE REGISTRAR, CONTRACTORS' STATE LICENSE BOARD, P.O. BOX 26000, SACRAMENTO, CA 95826.


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

INLAND EMPIRE UTILITIES AGENCY


_____ 3/19/13


P. Joseph Grindstaff (Date)
Interim General Manager

FORESTAR DEVELOPMENT
COMPANY,
a Delaware corporation


_____ 2-28-13

Steve Cameron (Date)
President

FOREMOST COMMUNITIES, INC.,
a California corporation


_____ 2-28-13

Steve Cameron (Date)
President

State Contractor's License
Number 939537

INFORMATION
ITEM

3A

**IEUA
2014 Legislation Tracking Matrix**

State Bills	Description	Status	IEUA	Notes
<p><u>AB 1499</u> Skinner</p>	<p>Electricity: Self-Generation Incentive Program This bill would extend the authority of the CPUC to authorize electrical corporations to continue making the annual collections through December 31, 2017 to fund the Self-Generation Incentive Program. The bill would extend the CPUC's administration of the program to January 1, 2019.</p>	<p>5/1/2014- pass as amended from Nat. Resources Committee on Appropriations.</p>	<p>Support 4/14</p>	<p>4/21 and 5/1 amendments bring the bill more in line with AB 1624, but this bill is still a shorter extension of the program. The author wants the short extension to determine if the new performance criteria established by the PUC are actually working, before a longer extension of the program is considered.</p>
<p><u>AB 1624</u> (Gordon)</p>	<p>Electricity: Self-Generation Incentive Program Would require the CPUC to require electrical corporations to administer the self-generation incentive program for distributed energy through December 31, 2021. The bill would require the CPUC to allocate \$83 million from the specified-described greenhouse gas allowance revenues for the self-generation incentive program.</p>	<p>5/1/2014- pass as amended from Nat. Resources Committee on Appropriations.</p>	<p>Support 4/14</p>	<p>Amendments taken on 4/24 add eligibility requirements consistent with recent modifications of the Self-Generation Incentive Program to account reduced GHG emission and other benefits. Amendments also add program performance metrics to be tracked by the CPUC. Amendments taken 5/1 require the program to decrease by 10% every year.</p>

<p><u>AB 1699</u> (Bloom)</p>	<p>Waste Management: Microplastics Would prohibit, after January 1, 2016, the sale of personal care products containing microplastics. The bill would exempt products containing less than 1 part per million (ppm) by weight of microplastic..</p>	<p>4/30/2014- Pass from Env. Safety and Toxic Materials, to Appropriations</p>	<p>Watch 4/14</p>	
<p><u>AB 1874</u> (Gonzalez)</p>	<p>Integrated Regional Water Management Plans - Funding. This bill would require the Department of Water Resources to develop a streamlined application process for qualifying regional water management groups. In order to receive integrated regional water management grant funds through this streamlined application process, the department must approve the streamlined application that includes specific qualifying information and reporting requirements.</p>	<p>4/30/2014- pass from Water, Parks and Wildlife to APPR.</p>	<p>Watch 4/14</p>	<p>Sponsored by San Diego County Water Authority</p>
<p><u>AB 2417</u> (Nazarian)</p>	<p>CEQA Recycled Water Pipelines Exemption The California Environmental Quality Act (CEQA) requires lead agencies to complete environmental impact reports on proposed projects. This bill would exempt specified pipeline projects from the above</p>	<p>4/28/2014-Pass from Natural Resources to Appropriations.</p>	<p>Support 4/14</p>	<p>Bill passed, 4/28, with amendments. Amendments add a provision that only allows for the projects to work in one mile segments to be eligible. Stakeholders are working to change this provision.</p>

<p><u>AB 2712</u> (Daly)</p>	<p>requirements. Hazardous materials, OCWD This bill would impose requirements on the Orange County Water District when conducting a remediation project at a hazardous waste release site located in the district and would prohibit the district from implementing a remediation project unless the plan for the proposed remediation project is approved pursuant to the specified procedures. The bill would require the district to develop a plan for a proposed remediation project and to submit the plan, for review and approval, to the Department of Toxic Substances Control, a California regional water quality control board, or a certified unified program agency</p>	<p>5/1/2014-Pass from Local Government to Appropriations</p>	<p>Watch 4/14</p>	<p>Author met with all parties and accepted amendments. Amendments remove opposition from all parties except Sierra Club</p>
<p><u>SB 1014</u> (Jackson)</p>	<p>Pharmaceutical Waste – Home This bill would require the Department of Resources, Recycling and Recovery to adopt regulations establishing a program to collect and properly dispose of home-generated pharmaceutical waste, based upon the model guidelines developed by the department. The program would be paid for by the pharmaceutical</p>	<p>4/22/2014-From business, professions and Economic Development Committee to Appropriations. Appr. 5/12</p>	<p>Support 4/14</p>	

<p><u>SB 1390</u> (Correa)</p>	<p>industry.</p> <p>Santa Ana River Conservancy Would establish the Santa Ana River Conservancy to acquire specified lands within 1/2 mile on either side of the riverbed of the Santa Ana River and would prescribe the management, powers, and duties of the conservancy. The bill would also create the Santa Ana River Conservancy Fund, but would prohibit the conservancy from implementing the funding authorization until the Legislature appropriates the necessary funds.</p>	<p>4/22/2014-From Natural Resources and Water, to Appropriations. Scheduled for 5/12</p>	<p>Watch 4/14</p>	<p>Amendment requested by SAWPA Workgroup 4/25</p> <p>Sec. 33842 (f) The conservancy may not impact the ownership, acquisition, or use of any water, water rights, or interests in water and may not impact the use, operation, maintenance, repair, construction, installation, expansion, or replacement of any water resource facility within or adjacent to the Territory or the Santa Ana River.</p>
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**INFORMATION
ITEM**


3C


Date: August 20, 2014

To: The Honorable Board of Directors

Through: Finance, Legal, and Administration Committee (08/13/14)

From:  P. Joseph Grindstaff
General Manager

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

 Javier Chagoyen-Lazaro
#882 Manager of Finance and Accounting

Subject: Treasurer's Report of Financial Affairs

RECOMMENDATION

The Treasurer's Report of Financial Affairs for the month ended June 30, 2014, is an informational item for the Board's review. The Treasurer's Financial Affairs report denotes investment transactions that have been executed in accordance with the criteria stated in the Agency's Investment Policy (Resolution No. 2013-6-1).

BACKGROUND

The Treasurer's Report of Financial Affairs for the month ended June 30, 2014, is submitted in a format consistent with State requirements.

Total cash, investments, and restricted deposits of \$149,578,950 reflects a decrease of \$2,970,274 compared to the total reported for May 2014. The decrease can be attributed to payment of pass through payments of California Department of Public Health (CDPH) grant receipts to the Chino Basin Desalter Authority.

The Agency's investment portfolio average rate of return in June 2014 was 0.433%, 0.048% higher than the yield of 0.385% reported for May 2014. The slight increase in yield was due to the maturity of lower yielding investments and subsequent purchase of higher yield instruments.

Average days cash on hand for the month ended June 30, 2014 was 206, average days of cash on hand is a financial ratio used to measure cash readily availability to pay expenses. Average days of cash on hand is calculated using the monthly ending balance of unrestricted cash and cash equivalents divided by disbursements associated with operating expense, debt principal reduction and capital expense as recorded in the Agency's cash flow.

PRIOR BOARD ACTION

The Board reviewed the Financial Affairs Report for the month of May 2014 on July 16, 2014.

IMPACT ON BUDGET

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

Attachment: June 2014 Treasurer's Report of Financial Affairs

TREASURER'S REPORT OF FINANCIAL AFFAIRS

For the Month Ended June 30, 2014



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. 2013-6-1) adopted by the Inland Empire Utilities Agency's Board of Directors during its regular meeting held on June 19, 2013.

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
June 30, 2014

	June	May
<u>Cash, Bank Deposits, and Bank Investment Accounts</u>		
<u>Investments</u>		
Local Agency Investment Fund (LAIF)	\$38,759,672	\$38,759,672
CalTrust	3,528,371	3,527,270
Certificates of Deposit	4,150,000	4,150,000
Municipal Bonds	4,120,488	6,131,657
Medium Term Notes	6,343,716	6,343,976
U.S. Treasury Notes	999,557	999,543
U.S. Government Sponsored Entities	10,085,398	10,505,597
Total Investments	\$67,987,202	\$70,417,715
Total Cash and Investments Available to the Agency	\$104,597,701	\$111,464,115
<u>Restricted Deposits</u>		
Debt Service Accounts	\$4,754,224	\$4,754,224
CCRA Deposits Held by Member Agencies	35,945,133	35,607,843
OPEB (CERBT) Account	3,517,679	-
Escrow Deposits	764,213	723,042
Total Restricted Deposits	\$44,981,249	\$41,085,109
Total Cash, Investments, and Restricted Deposits	\$149,578,950	\$152,549,224

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

*Month Ended
 June 30, 2014*

Cash, Bank Deposits, and Bank Investment Accounts

Demand (Checking) Accounts

Citizens Business Bank Demand/Sweep Account	\$26,362,623
Citizens Business Bank Workers' Compensation Account	27,393
Bank of America Payroll Account	45,734
Bank of America Payroll Taxes Account	40,407
Subtotal Demand Deposits	\$26,476,157

Other Cash and Bank Accounts

Petty Cash	\$2,250
Subtotal Other Cash	\$2,250

Bank of the West Money Market Account

\$10,042,438

US Bank Pre-Investment Money Market Account

\$89,654

Total Cash and Bank Accounts

\$36,610,499

Investments

Local Agency Investment Fund (LAIF)

LAIF Non-Restricted Fund	\$32,919,986
LAIF Insurance Sinking Fund	5,839,686
Subtotal Local Agency Investment Fund	\$38,759,672

CalTrust

Short Term	\$3,528,371
Subtotal CalTrust	\$3,528,371

Certificates of Deposit

Citizens Business Bank	\$4,150,000
Subtotal Certificates of Deposit	\$4,150,000

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

*Month Ended
June 30, 2014*

Investments Continued

Municipal Bonds

State and Local Municipal Bonds
Subtotal State Municipal Bonds

\$4,120,488
\$4,120,488

Medium Term Notes

Arden Realty/GE
Toyota Motor Corporation
General Electric Capital Corporation
JP Morgan Securities
John Deere Capital Corp
Subtotal Medium Term Notes

\$344,210
1,002,541
996,300
2,997,933
1,002,732
\$6,343,716

U.S. Treasury Notes

Treasury Note
Subtotal U.S. Treasury Notes

\$999,557
\$999,557

U.S. Government Sponsored Entities

Fannie Mae Bonds
Freddie Mac Bonds
Federal Home Loan Bank Bonds
Subtotal U.S. Government Sponsored Entities

\$2,505,398
3,580,000
4,000,000
\$10,085,398

Total Investments

\$67,987,202

Restricted Deposits

Debt Service Reserves

05A Debt Service Accounts
08B Debt Service Accounts
10A Debt Service Accounts
Subtotal Debt Service Reserves

\$2,209,475
2,544,710
39
\$4,754,224

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

*Month Ended
 June 30, 2014*

CCRA Deposits Held by Member Agencies

City of Chino	\$9,182,013
Cucamonga Valley Water District	8,854,634
City of Fontana	6,021,921
City of Montclair	3,005,460
City of Ontario	4,833,669
City of Chino Hills	1,384,760
City of Upland	2,662,676
Subtotal CCRA Deposits Held by Member Agencies	<u>\$35,945,133</u>

CalPERS

OPEB (CERBT) Account	<u>\$3,517,679</u>
Subtotal CalPERS Accounts	<u>\$3,517,679</u>

Escrow Deposits

First Enterprise Bank (Paso Robles Tank, Inc)	\$270,347
Community Bank (MNR Construction)	320,389
Community Bank (MS Construction)	92,798
Bank of the West (Mladen Buntich)	27,018
Fresno First Bank (WM Lyles)	53,661
Subtotal Escrow Deposits	<u>\$764,213</u>

Total Restricted Deposits

\$44,981,249

Total Cash, Investments, and Restricted Deposits as of June 30, 2014

\$149,578,950

Total Cash, Investments, and Restricted Deposits as of 6/30/14
 Less: Total Cash, Investments, and Restricted Deposits as of 5/31/14

\$149,578,950
 152,549,224

Total Monthly Increase (Decrease)

(\$2,970,274)

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

Month Ended
 June 30, 2014

Investments	Credit Rating @ Purchase		CHANGES IN Credit Rating		Par Amount	Cost-Basis Amount	Term (Days)	June Amortization	June Value	% Coupon	% Yield to Maturity	Maturity Date	Market Value
	S&P	Moody's	S&P	Moody's									
Cash, Bank Deposits, and Bank Investment Accounts													
Citizens Business Bank													
Demand/Sweep Account					\$26,362,623	\$26,362,623	N/A	N/A	\$26,362,623		0.25%	N/A	\$26,362,623
Subtotal CBB					\$26,362,623	\$26,362,623			\$26,362,623		0.25%		\$26,362,623
Workers' Compensation Account					\$27,393	\$27,393	N/A	N/A	\$27,393		N/A	N/A	\$27,393
Subtotal CBB					\$27,393	\$27,393			\$27,393				\$27,393
Bank of America													
Payroll Checking					\$45,734	\$45,734	N/A	N/A	\$45,734		N/A	N/A	\$45,734
Payroll Tax Checking					40,407	40,407	N/A	N/A	40,407		N/A	N/A	40,407
Subtotal B of A					\$86,141	\$86,141			\$86,141		N/A		\$86,141
Bank of the West													
Money Market Plus - Business Account					\$10,042,438	\$10,042,438	N/A	N/A	\$10,042,438		0.29%	N/A	\$10,042,438
Subtotal Bank of the West Money Market					\$10,042,438	\$10,042,438			\$10,042,438		0.29%		\$10,042,438
US Bank													
Federated Automated MMA					\$89,654	\$89,654	N/A	N/A	\$89,654		0.01%	N/A	\$89,654
Subtotal USB Money Market					\$89,654	\$89,654			\$89,654		0.01%		\$89,654
Petty Cash					\$2,250	\$2,250	N/A	N/A	\$2,250		N/A	N/A	\$2,250
Total Cash, Bank Deposits and Bank Investment Accounts					\$36,610,499	\$36,610,499			\$36,610,499				\$36,610,499
Investments													
LAIIF Accounts													
Non-Restricted Funds					\$32,919,986	\$32,919,986	N/A	N/A	\$32,919,986		0.23%	N/A	\$32,919,986
LAIIF Sinking Fund					5,839,686	5,839,686	N/A	N/A	5,839,686		0.23%	N/A	5,839,686
Subtotal LAIIF Accounts					\$38,759,672	\$38,759,672			\$38,759,672		0.23%		\$38,759,672
CALTRUST Accounts													
Short-Term					\$3,528,371	\$3,528,371	N/A	N/A	\$3,528,371		0.40%	N/A	\$3,528,371
Subtotal CalTrust Accounts					\$3,528,371	\$3,528,371			\$3,528,371		0.40%		\$3,528,371
Certificates of Deposit													
CBB Certificate of Deposit					\$4,150,000	\$4,150,000	425	N/A	\$4,150,000		0.45%	09/19/14	\$4,150,000
Subtotal Certificate of Deposits					\$4,150,000	\$4,150,000			\$4,150,000		0.45%		\$4,150,000

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

Month Ended
June 30, 2014

Investments	Credit Rating @ Purchase		CHANGES IN Credit Rating		Par Amount	Cost Basis Amount	Term (Days)	June Amortization	June Value	% Coupon	% Yield to Maturity	Maturity Date	Market Value
	S&P	Moody's	S&P	Moody's									
US Treasury Note	N/A	AAA			\$1,000,000	\$999,463		15	\$999,557	0.64%	0.64%	12/15/16	\$999,450
Subtotal Treasuries					\$1,000,000	\$999,463		15	\$999,557	0.64%	0.64%		\$999,450
U.S. Government Sponsored Entities (As of August 2011, all US GSE's have been downgraded to AA+ Rating by S&P)													
Fannie Mae Bond	AA+	AAA			\$1,500,000	\$1,507,455	1,080	(\$204)	\$1,505,571	1.20%	1.03%	09/26/16	\$1,503,075
Freddie Mac Bond	AA+	AAA			1,000,000	1,000,000	1,080		\$1,000,000	0.75%	0.75%	12/19/16	999,670
Freddie Mac Bond	AA+	AAA			1,000,000	1,000,000	1,280		\$1,000,000	1.00%	1.00%	02/27/17	1,001,400
Federal Home Loan Bank	AA+	AAA			2,000,000	2,000,000	1,800		\$2,000,000	1.15%	1.15%	04/28/17	2,001,400
Fannie Mae Bond	AA+	AAA			1,000,000	999,750	1,800	4	\$999,827	0.75%	0.76%	12/18/17	999,570
Federal Home Loan Bank	AA+	AAA			2,000,000	2,000,000	1,800		\$2,000,000	1.25%	1.25%	04/24/19	2,007,420
Freddie Mac Bond	AA+	AAA			1,580,000	1,580,000	1,779		\$1,580,000	1.12%	1.12%	05/28/19	1,583,176
Subtotal U.S. Gov't Sponsored Entities					\$10,080,000	\$10,087,205		(200)	\$10,085,398		1.06%		\$10,095,711
Municipal Bonds													
Riverside County CA Asset Leasing Corp	AA-	N/R			\$515,000	\$531,176		(\$1,028)	\$519,250	3.00%	0.55%	11/01/14	\$519,959
California State General Obligation Bond	A-	A1	A		1,000,000	1,117,280		(3,322)	\$1,023,921	5.00%	0.89%	02/01/15	1,028,570
California State General Obligation Bond	A-	A1	A		1,500,000	1,673,955		(4,740)	\$1,543,449	5.45%	1.50%	04/01/15	1,556,985
California State General Obligation Bond	A-	A1	A		1,000,000	1,089,000		(2,078)	\$1,033,868	3.95%	1.35%	11/01/15	1,046,740
Subtotal State and Local Municipal Bonds					\$4,015,000	\$4,411,411		(\$11,168)	\$4,120,488		1.19%		\$4,152,254
Medium Term Notes													
Arden Realty/General Electric	AA+	AA2	A1		\$340,000	\$364,691	1,431	(\$518)	\$344,210	5.25%	3.26%	03/01/15	\$345,981
JP Morgan Securities	A	A2	A3		2,000,000	1,993,460	659	(294)	\$1,997,102	0.80%	0.98%	04/23/15	2,000,360
Toyota Motor Credit Corp	AA-	AA3			1,000,000	1,006,293	934	(200)	\$1,002,541	0.88%	0.87%	07/17/15	1,005,900
General Electric Floating Rate (75 bp over Libor -1% floor)	AA+	AA2	A1		1,000,000	988,500	1,265	273	\$996,300	1.26%	1.26%	08/11/15	1,007,170
JP Morgan Securities	A	A2	A3		1,000,000	1,001,500	1,079	(41)	\$1,000,831	1.125%	1.07%	02/26/16	1,004,700
John Deere Capital Corp	A	A2			1,000,000	1,004,000	1,729	(68)	\$1,002,732	1.85%	1.11%	10/10/17	996,760
Subtotal Medium Term Notes					\$6,340,000	\$6,358,444		(\$848)	\$6,343,716		1.17%		\$6,360,871
Total Investments					\$67,873,043	\$68,294,566			\$67,987,202				\$68,046,329

Source of Investment Market Value: US Bank

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

Month Ended
 June 30, 2014

Investments	Credit Rating @ Purchase		CHANGES IN Credit Rating		Par Amount	Cost Basis Amount	Term (Days)	June Amortization	June Value	% Coupon	% Yield to Maturity	Maturity Date	Market Value	
	S&P	Moody's	S&P	Moody's									Value	Value
Restricted Deposits														
Debt Service and Arbitrage Accounts														
05A Debt Service Accts														
US Bank Debt Serv. Accounts					\$2,209,475	\$2,209,475	N/A	N/A	\$2,209,475		0.00%	N/A	\$2,209,475	
Subtotal '05A Debt Service Accts					\$2,209,475	\$2,209,475			\$2,209,475		0.00%		\$2,209,475	
08B Debt Service Accounts														
US Bank Debt Serv. Accounts					\$2,544,710	\$2,544,710	N/A	N/A	\$2,544,710		0.00%	N/A	\$2,544,710	
Subtotal '08B Debt Service Accts					\$2,544,710	\$2,544,710			\$2,544,710		0.00%		\$2,544,710	
10A Debt Service Accounts														
US Bank Debt Serv. Accounts					\$39	\$39	N/A	N/A	\$39		0.03%	N/A	\$39	
Subtotal '10A Debt Service Accts					\$39	\$39			\$39		0.03%		\$39	
Total Debt Service Accounts					\$4,754,224	\$4,754,224			\$4,754,224				\$4,754,224	

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

Month Ended
 June 30, 2014

Investments	Credit Rating @ Purchase		CHANGES IN Credit Rating		Par Amount	Cost Basis Amount	Term (Days)	June Amortization	June Value	% Coupon	% Yield to Maturity	Maturity Date	Market Value
	S&P	Moody's	S&P	Moody's									
CCRA Deposits Held by Member Agencies													
City of Chino					\$9,182,013	\$9,182,013	N/A	N/A	\$9,182,013	N/A	N/A	N/A	\$9,182,013
Cucamonga Valley Water District					8,854,634	8,854,634	N/A	N/A	\$8,854,634	N/A	N/A	N/A	8,854,634
City of Fontana					6,021,921	6,021,921	N/A	N/A	\$6,021,921	N/A	N/A	N/A	6,021,921
City of Montclair					3,005,460	3,005,460	N/A	N/A	\$3,005,460	N/A	N/A	N/A	3,005,460
City of Ontario					4,833,669	4,833,669	N/A	N/A	\$4,833,669	N/A	N/A	N/A	4,833,669
City of Chino Hills					1,384,760	1,384,760	N/A	N/A	\$1,384,760	N/A	N/A	N/A	1,384,760
City of Upland					2,662,676	2,662,676	N/A	N/A	\$2,662,676	N/A	N/A	N/A	2,662,676
Subtotal CCRA Deposits Held by Member Agencies					\$35,945,133	\$35,945,133			\$35,945,133				\$35,945,133
(Totals as reported through May 31, 2014)													
CaLPERS Deposits													
OPEB (CERBT) Account					3,517,679	3,517,679	N/A	N/A	3,517,679		N/A	N/A	3,517,679
Subtotal Escrow Deposits					\$3,517,679	\$3,517,679			\$3,517,679				\$3,517,679
Escrow Deposits													
MNR Construction					\$320,389	320,389	N/A	N/A	320,389		N/A	N/A	320,389
MS Construction Management Group					92,798	92,798	N/A	N/A	92,798		N/A	N/A	92,798
Mladen Buntich Construction					27,018	27,018	N/A	N/A	27,018		N/A	N/A	27,018
WM Lyles					53,661	53,661	N/A	N/A	53,661		N/A	N/A	53,661
Paso Robles Tank					270,347	270,347	N/A	N/A	270,347		N/A	N/A	270,347
Subtotal Escrow Deposits					\$764,213	\$764,213			\$764,213				\$764,213
Total Restricted Deposits					\$44,981,249	\$44,981,249			\$44,981,249				\$44,981,249
Total Cash, Investments, and Restricted Deposits as of June 30, 2014													
					\$149,464,791	\$149,886,314			\$149,578,950				\$149,638,077

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

*Month Ended
 June 30, 2014*

June Purchases

No.	Date	Transaction	Investment Security	Par Amount Purchased	Investment Yield
1	06/19/14	Purchase	Freddie Mac Government Security	\$ 1,580,000	1.124%

Total Purchases

\$ 1,580,000

June Investment Maturities, Calls & Sales

No.	Date	Transaction	Investment Security	Par Amount Matured/Sold	Investment Yield to Maturity
1	06/01/14	Maturity	Riverside Pension Obligation Bond	\$ 2,000,000	0.650%
2	06/06/14	Full Call	Federal Home Loan Bank Gov't Security	2,000,000	0.850%

Total Maturities, Calls & Sales

\$ 4,000,000

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

Month Ended
June 30, 2014

Directed Investment Category

<u>Directed Investment Category</u>	<u>Amount Invested</u>	<u>Yield</u>
Investment in the Local Agency Investment Fund	\$38,759,672	0.228%
CalTrust	3,528,371	0.400%
Medium Term Notes	6,343,716	1.165%
Municipal Bonds	4,120,488	1.189%
US Treasury Notes	999,557	0.643%
U.S. Government Sponsored Entities	10,085,398	1.055%
	\$63,837,202	0.576%
Bank Investment Accounts		
Citizens Business Bank - Demand/Sweep Account	\$26,362,623	0.250%
Citizens Business Bank - Certificate of Deposit	4,150,000	0.450%
Bank of the West Money Market Account	10,042,438	0.290%
	\$40,555,061	0.261%

Total Portfolio

Investment Portfolio Rate of Return

\$104,392,263
0.433%

Restricted/Transitory/Other Demand Accounts

<u>Restricted/Transitory/Other Demand Accounts</u>	<u>Amount Invested</u>	<u>Yield</u>
US Bank - 2005A Debt Service Account	\$2,209,475	0.000%
US Bank - 2008B Debt Service Accounts	2,544,710	0.000%
US Bank - 2010A Debt Service Accounts	39	0.030%
CCRA Deposits Held by Member Agencies	35,945,133	N/A
Citizens Business Bank - Workers' Compensation Account	27,393	N/A
US Bank - Pre-Investment Money Market Account	89,654	0.010%
CalPERS OPEB (CERBT) Account	3,517,679	N/A
Other Accounts*	88,391	N/A
	\$44,422,474	0.000%

Total Other Accounts

Average Yield of Other Accounts

0.000%

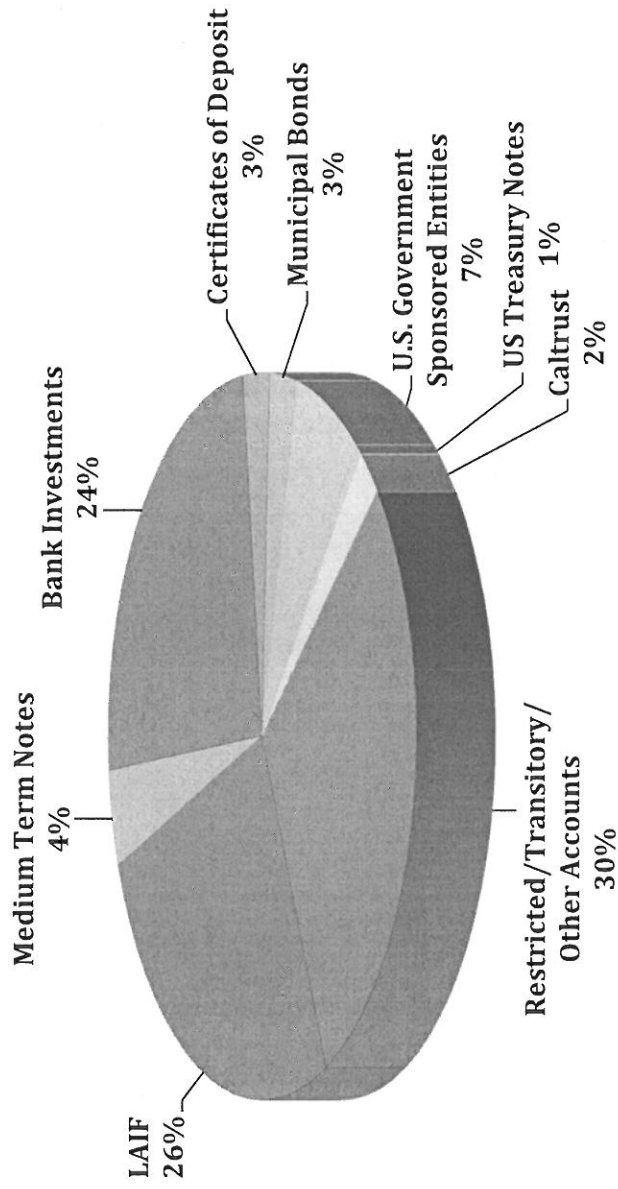
Total Agency Directed Deposits

\$148,814,737

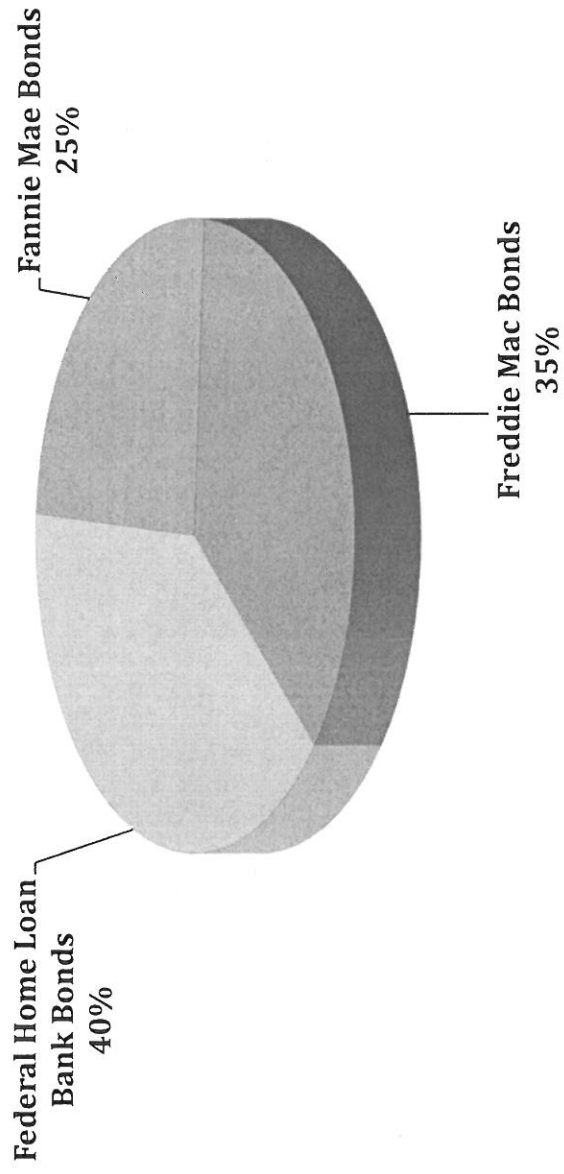
* Note: Bank of America Payroll Deposits used as compensating balances for bank services.

Inland Empire Utilities Agency
Treasurer's Report of Financial Affairs

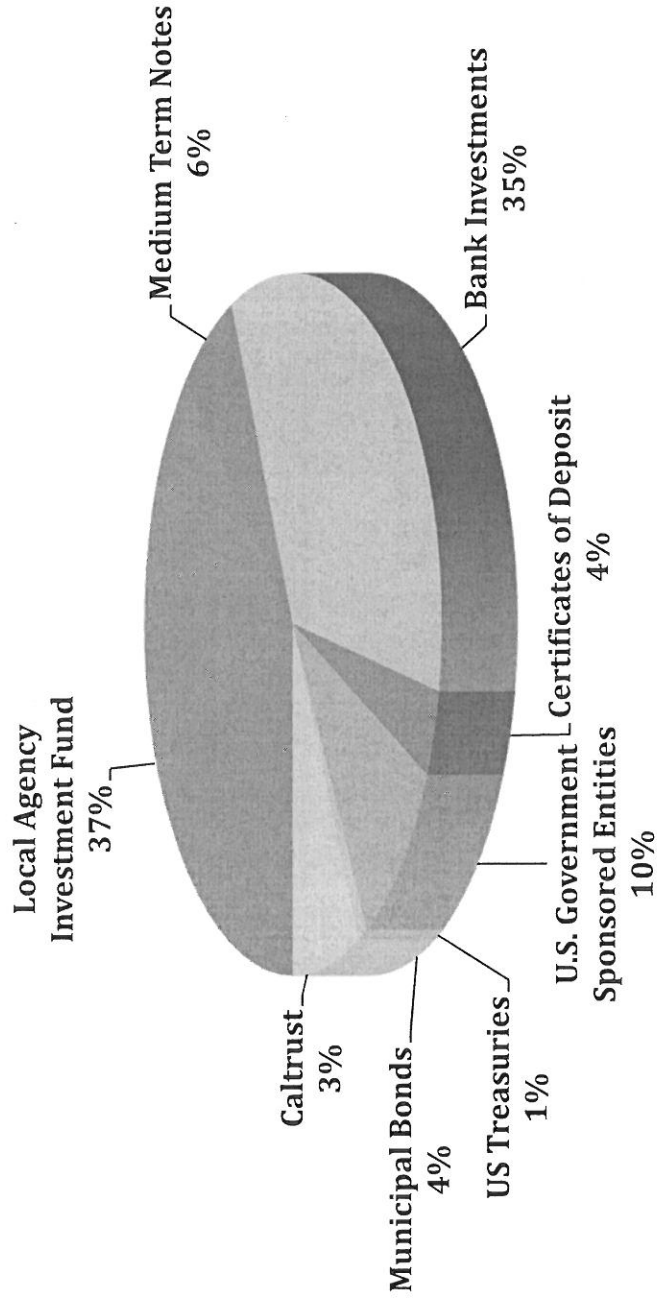
For the Month Ended June 30, 2014
Combined Agency Portfolio (net of escrow deposits)
\$148,814,737



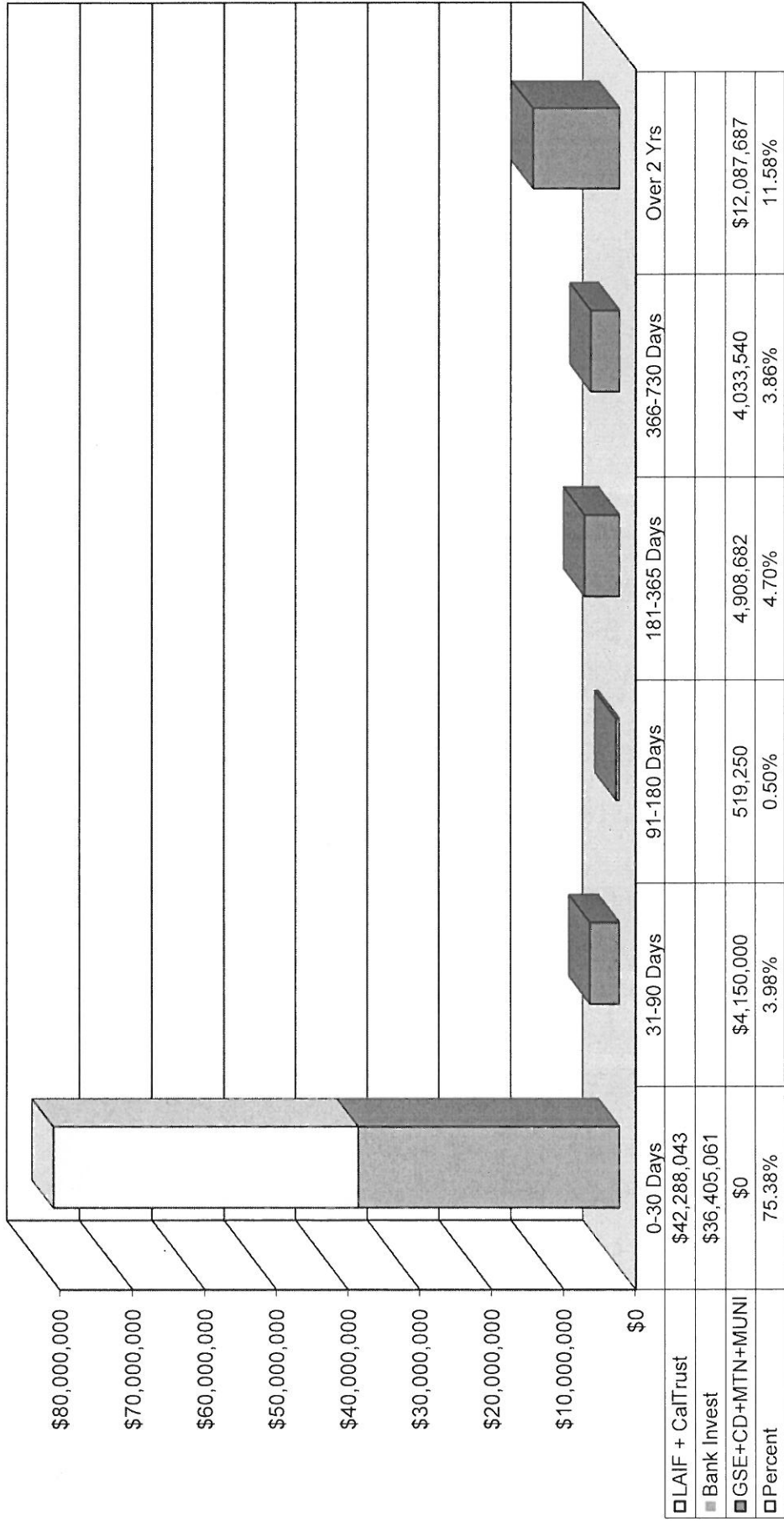
Inland Empire Utilities Agency
Treasurer's Report of Financial Affairs
For the Month Ended June 30, 2014
U.S. Government Sponsored Entities Portfolio
\$10,085,398



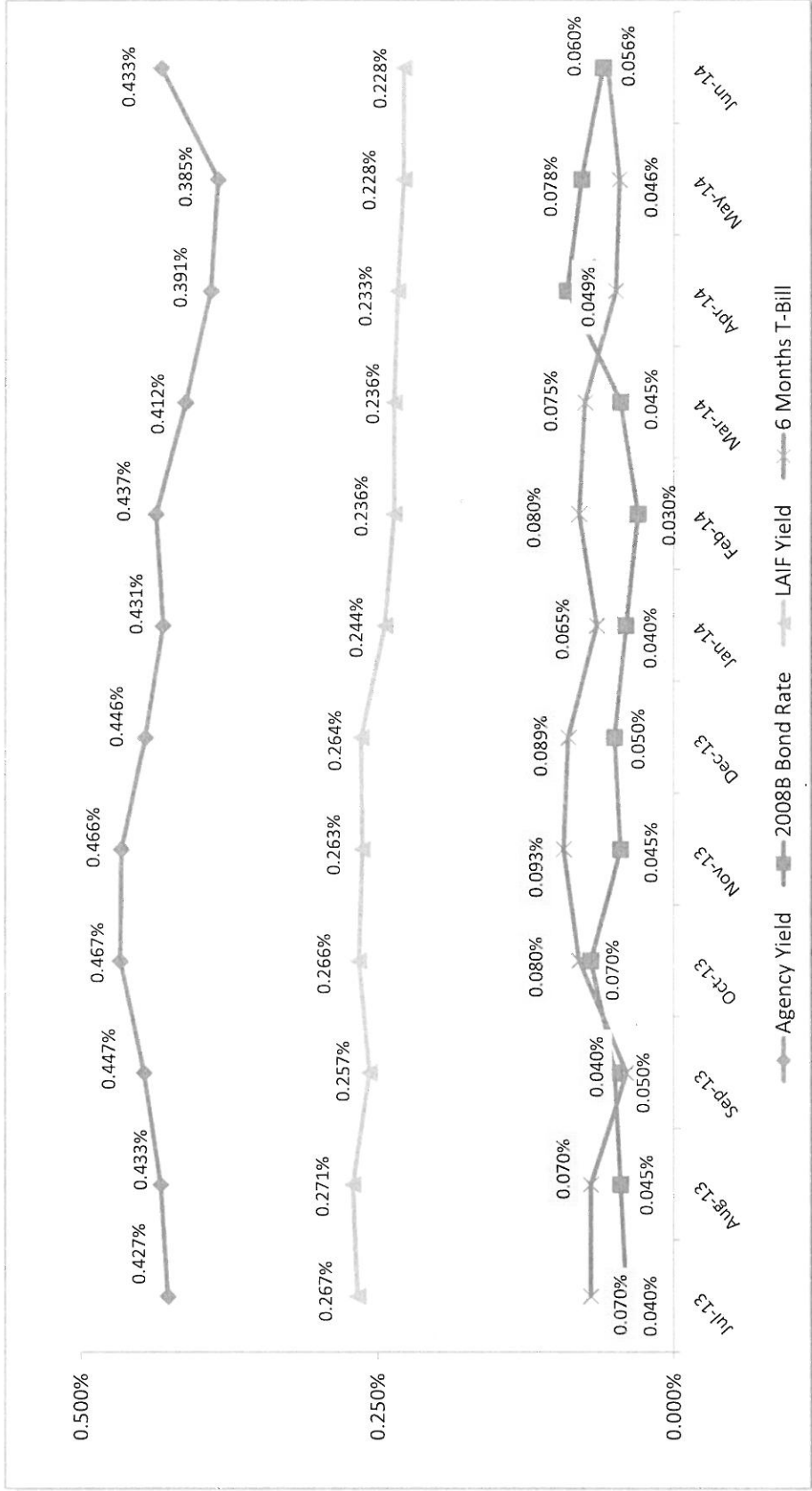
Inland Empire Utilities Agency
Treasurer's Report of Financial Affairs
For the Month Ended June 30, 2014
Unrestricted Agency Investment Portfolio
\$104,392,263



Inland Empire Utilities Agency
Treasurer's Report of Financial Affairs
 For the Month Ended June 30, 2014
Directed Investment Portfolio Maturity Distribution
\$104,392,263



Inland Empire Utilities Agency
Treasurer's Report of Financial Affairs
 For the Month Ended June 30, 2014
Agency Yield Comparison





Inland Empire Utilities Agency

A MUNICIPAL WATER DISTRICT

Treasurer's Report of Financial Affairs

for June 30, 2014

**Finance, Legal, and Administration
Committee**

August 13, 2014

Report of Financial Affairs



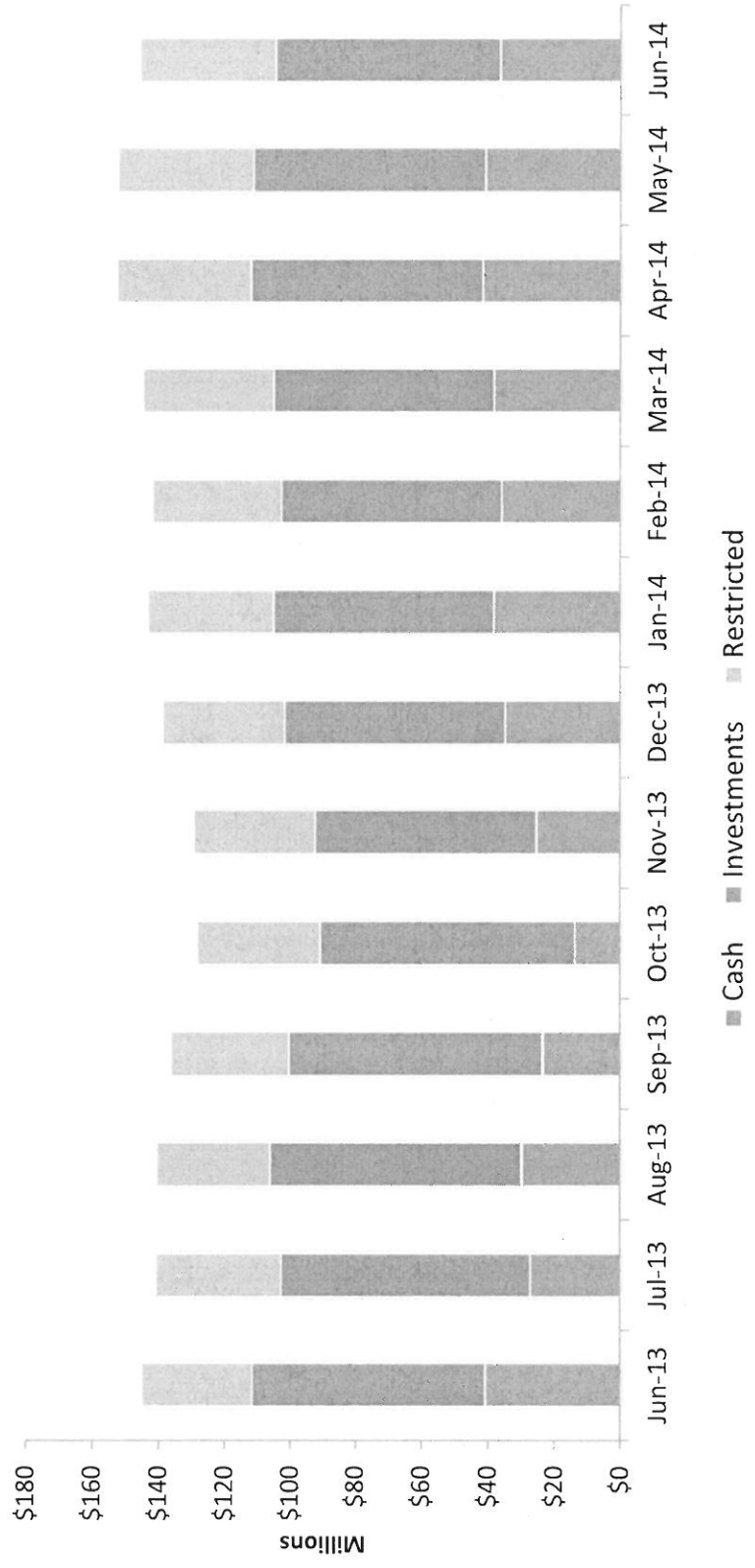
Liquidity

Description	June 2014	May 2014	Increase (Decrease)
Cash, Investments, Restricted Deposits	\$149.6M	\$152.5M	(\$2.9M)
Investment Portfolio Yield	0.433%	0.385%	0.048%

Portfolio

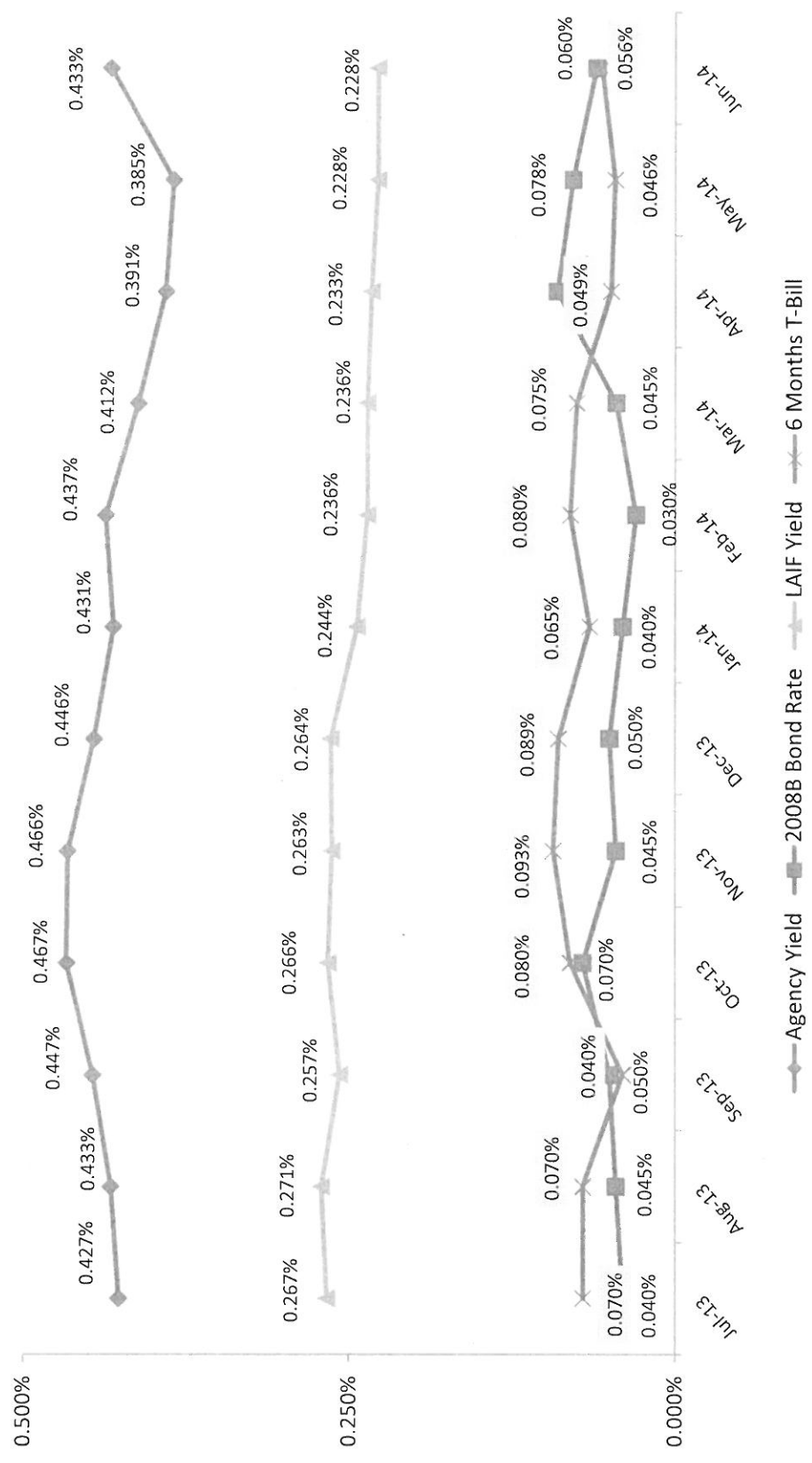
Description	Allowable Threshold	Investment Value (\$ million)	Yield	Current Portfolio %
Short Term, Under 1 Year				
LAIIF	\$50M	\$38.8	0.228%	37%
CalTrust	\$20M	\$ 3.5	0.400%	3%
Citizens Business –Sweep	40%	\$26.4	0.250%	25%
CBB – Certificate of Deposit	20%	\$4.2	0.450%	4%
Bank of the West – MMA	20%	\$10.0	0.290%	10%
1 to 3 Years				
Medium Term Notes	20%	\$6.3	1.165%	6%
US Treasury Note	n/a	\$1.0	0.630%	1%
Over 3 Years				
State Municipal Bonds	10%	\$4.1	1.189%	4%
US Government Securities	n/a	\$10.1	1.077%	10%

Cash, Investments and Restricted Deposits



Month End Portfolio Yield Comparison

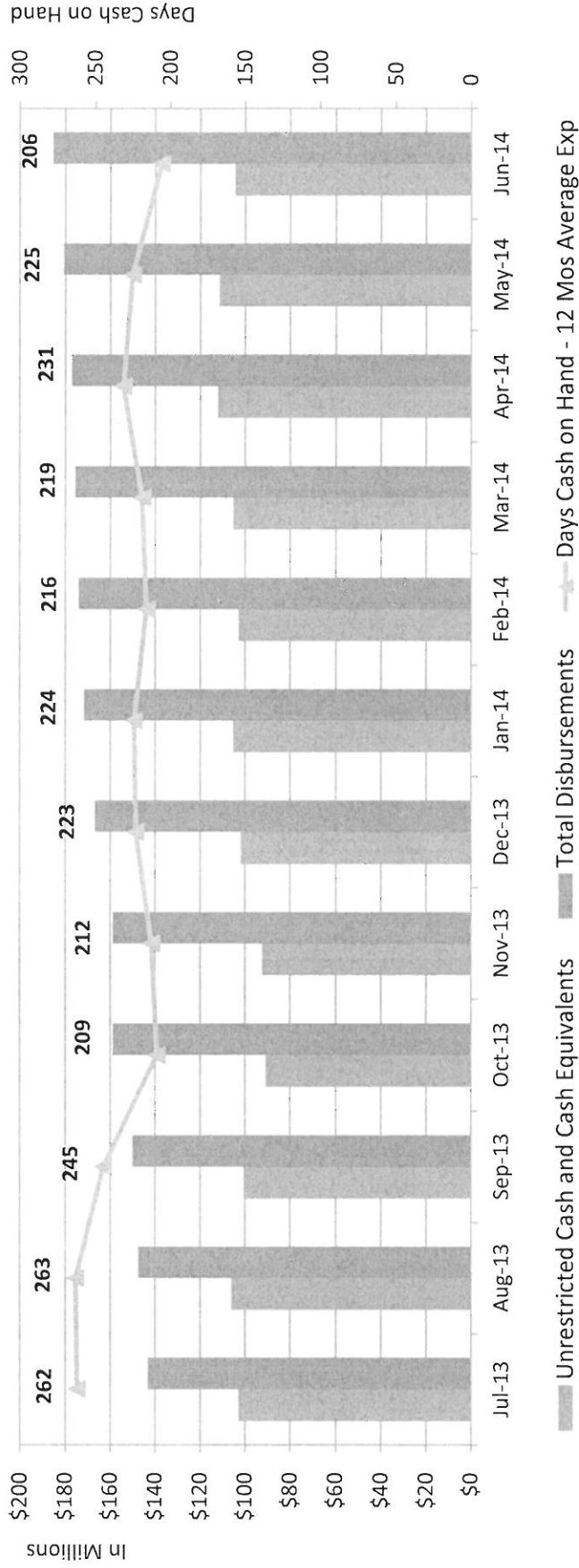
Inland Empire Utilities Agency
MUNICIPAL WATER DISTRICT



Day Cash On Hand 12 Months Rolling Average



Days Cash on Hand - 12 Mos Rolling





Inland Empire Utilities Agency

A MUNICIPAL WATER DISTRICT

QUESTIONS?



INFORMATION
ITEM


3D

Date: August 20, 2014

To: The Honorable Board of Directors

Through: Public, Legislative Affairs, and Water Resources Committee (08/13/14)

From:  P. Joseph Grindstaff 
General Manager

Submitted by: Kathryn Besser 
Manager of External Affairs

Subject: Public Outreach and Communication

RECOMMENDATION

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

BACKGROUND

August 2014

- August 22, BIA San Bernardino County Water Conference, Cal State San Bernardino (5500 University Parkway, San Bernardino), 8:00 a.m.-12:00 p.m.

September 2014

- September 4, Upland Day at the LA County Fair, Fairplex (1101 W. McKinley Avenue, Pomona)
- September 10, Montclair and Ontario Day at the LA County Fair, Fairplex (1101 W. McKinley Avenue, Pomona)
- September 19, Chino Hills Day at the LA County Fair, Fairplex (1101 W. McKinley Avenue, Pomona)
- September 25, Chino Day at the LA County Fair, Fairplex (1101 W. McKinley Avenue, Pomona)
- September 26, Rancho Cucamonga Day at the LA County Fair, Fairplex (1101 W. McKinley Avenue, Pomona)
- September 26-28, Director Camacho's MWD Inspection Trip: Hoover Dam and Colorado River Aqueduct

October 2014

- October 18, Landscape and Water Conservation Fair, Chino Basin Water Conservation District (4594 San Bernardino Street, Montclair), 9:00 a.m.-2:00 p.m.

Public Outreach and Communication

August 20, 2014

Page 2

- October 28, Project WET (Water Education for Teachers) Workshop, Chino Basin Water Conservation District (4594 San Bernardino Street, Montclair), 8:00 a.m.-3:00 p.m.

December 2014

- December 17, Employee Holiday Luncheon, Los Serranos Country Club (15656 Yorba Avenue, Chino Hills 91709), 11:00 a.m.-2:00 p.m.

Outreach/Education- Civic Publications Newspaper Campaign

- Civic Publications is working with staff to develop simple water-saving ads to place in the Daily Bulletin as reminders of the State's water supply conditions and ways to easily save water. Quarter page ads will run twice a week for the month of July featuring water saving tips and drought information. Three ads will run that focus on showerheads and faucets; toilets and washers; and sprinklers.

Media and Outreach

- Ongoing monthly ¼-page ads in the Inland Valley Daily Bulletin, Champion Newspaper, Fontana Herald News and La Opinion.
- On August 9, 2014, IEUA ran a water saving ad in the Champion Newspaper's Back-to-School section. That section will be delivered to all schools within the Champion's service area.
- Content of the outreach ads has focused on water supply information and water saving tips. IEUA is incorporating ACWA's "Californians Don't Waste" logo and messaging into our content.
- MWD's drought outreach campaign is underway featuring radio ads and television commercials. The commercials were rolled out on July 7, 2014, and will run for six weeks.
- On August 4, 2014, External Affairs staff met with member agency public affairs and conservation representatives to discuss consistent drought messaging and future outreach goals.
- IEUA is working with Tripepi Smith & Associates for the redesign of the IEUA website. A new site map and home page wire frame have been developed thus far. IEUA staff is currently working on the content migration phase of the project. Managers are working on updates with the website committee and all content is on track to be delivered to the consultant by the end of August.

Water Use Efficiency Outreach and Activities

- The State Water Resources Control Board adopted Emergency Drought Regulations on July 15, 2014. Subsequently, IEUA staff scheduled an Emergency Drought Response Planning Meeting on July 24, 2014 with member agencies to provide more information on the rules and regulations and to offer regional support in complying with the requirements.
- On July 16, 2014, staff re-launched the Landscape Transformation Program and the Residential Landscape Retrofit Program after contract approval by the Board.

Education and Outreach Updates

- The Water Education water Awareness Committee (WEWAC) will be hosting/sponsoring the annual water-wise garden at the LA County Fair. The goal of the garden is to provide the community with a visual understanding of what climate appropriate plants look like and the benefits of using water-wise gardens versus “water hungry” plants.
- Staff is in the process of preparing outreach materials for the upcoming school year. Staff will be scheduling meetings with school superintendents as well as principals to inform them on IEUA’s educational opportunities for the community.
- Staff has been working with various educators to expand the Garden in Every School® Program. Currently, Cal Aero Preserve Academy in Chino is the only school signed on for the upcoming school year.

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

The above-mentioned activities are budgeted in the FY 2014/15 Administrative Service Fund, Public Information Services budget.

INFORMATION
ITEM

3E

Innovative Federal Strategies LLC

Comprehensive Government Relations

MEMORANDUM

To: Joe Grindstaff, Martha Davis and Kathy Besser, IEUA

From: Letitia White and Heather Hennessey

Date: July 31, 2014

Re: July Monthly Legislative Update

Election year politics took an extreme toll on Capitol Hill during July, preventing even crisis legislation from moving forward. At the time of this writing, none of the must-do items for the month have been accomplished. State transportation departments are going to start receiving reduced distributions from the Highway Trust Fund beginning on August 1st, but the House and Senate have not finalized a funding patch. The ongoing border crisis continues to capture headlines and stress the resources of the agencies responsible for housing and transporting the migrant children, but Congress has not taken the first vote on funding or policy changes to address the problem. Against this backdrop, the arrival of the August recess on Friday the 1st will come as a tremendous relief.

Drought Legislation Fails to Advance during July

It was disappointing to see July come and go with no progress on the California drought legislation. As you recall from our previous reports, outside pressures from environmentalists as well as disputes within the California Congressional delegation were problematic during May and June. But we had still been hopeful that Senator Feinstein and House Republicans would be able to hash out an agreement before the beginning of August recess. As the month of July drew to a close, we heard rumors of increased behind-the-scenes activity that might be leading to a new drought proposal. If Senator Feinstein and House Republicans are able to come to an agreement of any kind, then perhaps they will use the August recess to brief stakeholders and other lawmakers about the plan. The best option now is that a conference can move forward with a conference agreement during September. But with Congress only in session very briefly during September, the timetable for action will be limited.

Federal Funding Outlook

Congress will need to enact a Continuing Resolution (CR) to fund the government past the end of the Fiscal Year on September 30th. As you recall, this year began on a high note, with a budget agreement already in place which removed the need for a contentious and protracted fight over funding levels. Both the House and Senate Appropriations Committees began work in the spring under aggressive schedules with the goal of passing all of the FY 2015 funding bills before October 1st. However, hot-button issues in this election year became problematic early and have remained troublesome for some bills. Also, Democrats have maintained that funding levels are too low, even though they conform to the budget agreement. "I've got a full plate and a

Innovative Federal Strategies LLC

wallet that's more like a Lean Cuisine," Senate Chairwoman Barbara Mikulski (D-MD) told reporters several weeks ago.

Consequently, none of the Senate bills have come to the floor for consideration, mostly due to amendments that would be offered by Republicans which would be problematic for vulnerable Senate Democrats who are up for reelection in November. Senate leadership had previously announced that two weeks of July would be devoted to spending bills on the Senate floor. And in the House, work has stalled now that the Interior and Environment bill was due for consideration. While it was passed by the full committee two weeks ago, it has not yet come to the House floor. In all, the House has passed seven of the twelve annual spending bills so far. We understand that the House will devote part of its floor schedule in September to appropriations, some of which will be consumed by debate on the CR.

Appropriators are also currently distracted from work on the FY 2015 regular bills because of the White House's request for emergency funding due to the ongoing child migrant crisis. Having said all of this, a CR will be the top legislative priority for September. Most likely, it will last for about two months to allow the November elections to come and go and give some weeks for negotiations to take place on the spending bills. The House will likely go first in passing the CR, as is customary.

EPA's Waters of the US Rulemaking Continues to Draw Fire from Congress

Congress has held at least half a dozen hearings this year regarding the EPA's ongoing efforts to expand its jurisdiction under the Clean Water Act. The House is working on a bill to stop the rulemaking and start again using a different process, and it has also included a funding prohibition for the rule in the EPA's appropriations bill. With public comments on the rulemaking due to the EPA by October 15th, this issue will remain on the front burner for the next few months. Even some Democrats are critical of EPA in this situation. Ranking Member of the House Transportation and Infrastructure Committee Peter DeFazio (R-OR) told reporters, "[EPA keeps] telling us what it doesn't do. If you write a rule and have to keep telling people what it doesn't do, then maybe your rule needs a lot of work." Agriculture groups have been especially critical of the rule, to the point that rural Democrats are beginning to worry about consequences on election day. The Obama Administration has already withdrawn this rulemaking once because of political fears from stakeholders.

Outlook for August

Congress will be in recess from August 1st until September 8th.

INFORMATION
ITEM

3F

July 25, 2014

To: Inland Empire Utilities Agency
From: Michael Boccadoro
President
RE: July Legislative Report



Overview:

In July, the Legislature was on summer recess, so no official work took place on any legislation. Members return August 4 for the final four weeks of the two-year session. The Legislature will need to move very quickly in order to put a new water bond on the ballot and/or remove the current bond from the ballot.

Three proposals continue to be discussed concerning groundwater management legislation. Two policy bills, SB 1168 by Senator Fran Pavley and AB 1739 by Assemblyman Roger Dickinson, are still in “working form” as the authors have been working together and with stakeholders to ultimately combine into one vehicle. The third proposal is from the Governor’s office. Over the summer recess, the administration has conducted several stakeholder meetings to try to come to a consensus among all parties and the authors, with the hopes of moving one bill when the legislature returns in August.

The State Water Resources Control Board outlined a plan that will result in the release of a “Stormwater Strategic Initiative” that will lay out a statewide policy for addressing numerous problems plaguing existing stormwater permits. The goal of the collaborative process, which is expected to take about six months, is to make stormwater permits much more streamlined with statewide policies and procedures to guide regional board efforts.

The State Water Resources Control Board also recently released a draft desalination policy which addresses some of the potentially adverse impacts of desal seawater intakes and brine discharges on aquatic life. The policy includes implementation procedures for conducting evaluations of the best site, design, technology and mitigation measures feasible to minimize the intake and mortality of all forms of marine life at new or expanded desal facilities.

The California Public Utilities Commission has initiated a proceeding to create the next version of Net-Energy Metering (NEM). The proceeding will craft a tariff that will be in effect for renewable energy projects interconnecting to the grid after January 1, 2017.

Climate change continues to be a hot topic in Sacramento. A group of environmental stakeholders are asking that the Brown Administration release an emission reduction target for 2030. The 2030 target would be an interim goal for the 2050 goal of reducing greenhouse gasses by 80 percent from 1990 levels. The Administration has stated that they are working on a 2030 plan. Another set of stakeholders have introduced a bill that would delay fuels from coming under the Cap and Trade Program cap until 2017. Fuels are currently set to be regulated in 2015.

They argue that fuel costs will rise to levels that will affect disadvantaged communities at a disproportionate level.

Southern California Edison (SCE) recently filed their Phase Two General Rate Case Proposal to establish marginal costs, allocate revenues, design rates and implement additional dynamic pricing rates starting in 2015. The proposed increase for the entire system is 0.2%, however, the increase for Ag and Water Pumping customers is proposed at 6.2%. Specifically TOU-PA 2 (small pumpers) has a 3.6% proposed increase and TOU-PA 3 (large pumpers) has an 11.2% increase (by far the largest increase of any class). This could adversely affect many water agencies by significantly driving up water pumping, recycling, and treatment costs.

Inland Empire Utilities Agency

Status Report – July 2014

Water Bond

With the Legislature on summer recess for the month of July, only conversation and speculation has occurred on the water bond. Two bills still in the legislature, SB 848 (Wolk) and AB 2686 (Perea), are poised to move should the votes matriculate. The Governor also has a \$6 billion proposal that has yet to be put into bill form. With the date for anything to be added or removed from the November ballot rapidly approaching, it is believed that the Legislature must act by the middle to the end of the second week of August to ensure that the current \$11.14 billion bond is removed from the ballot. If a new bond is to be placed on the ballot, either by supplemental ballot or on the regular ballot, it is believed that action needs to happen by beginning of the third week in August, at the very latest.

There is concern that the current bond will remain on the ballot and the Governor has already stated that he does not support the \$11.14 billion bond. Lack of support from the Governor greatly increases the threat of defeat should there be funded opposition and all indications suggest there will be.

Groundwater

The concept of groundwater management continues to be a hot topic in Sacramento. Two pieces of legislation aim to monitor and regulate groundwater, SB 1168 by Senator Fran Pavley and AB 1739 by Assemblyman Roger Dickinson are still moving in the Legislature. In addition, the Governor has released a framework for groundwater management legislation. The authors, along with the Governor's office, have convened a broad stakeholder group that is working to try to craft one piece of legislation that all parties can support. The broad stakeholder meetings that have taken place while the legislature is on summer recess have not yielded any sort of consensus among the parties. A smaller group that has been pulled together by the Governor's office has been making headway on the issue, and recently released a set of amendments that will go into print at the beginning of August.

Concern over how to treat adjudicated basins is a very hot topic in the discussions. Some environmentalists insist that not all adjudications are sufficient and that the Department of Water Resources should review all adjudications to ensure that they are compliant with whatever legislation is passed. Others state that the adjudication, by design, is sufficient and that no further review is necessary. The latest draft of the legislation includes a list of adjudicated basins, including the Chino and Cucamonga basins, that are exempt from having to submit an alternate plan. These basins will have to submit their adjudication for review.

When the Legislature returns to Sacramento on August 4, they will have one month to get a bill through the process in both houses before the end of session.

Stormwater

The State Water Resources Control Board outlined a plan that will result in the release of a “Stormwater Strategic Initiative” designed to lay out a statewide policy for addressing numerous problems plaguing existing stormwater permits. Concerns over how numeric pollutant limits are implemented in permits, the varying processes for how municipal stormwater permits are issued, and the effects the drought is having are several of the catalysts for the new initiative.

A collaborative stakeholder process will take place to identify issues and approaches to address those issues that will result in a list of potential prioritized water board actions. The intent is to bring stormwater regulatory issues for consideration at a fall 2014 board meeting. Potential actions are policy, permit or guidance documents as vehicles to resolving identified issues.

Once the initial report is complete, another phase will begin to create workplans to identify specific resources that will be needed to reach the identified goals.

State Board Desalination Policy Challenged

The State Water Resources Control Board recently released a draft desal policy (to be implemented through a NPDES permit) which addresses some of the potentially adverse impacts of desal seawater intakes and brine discharges on aquatic life. The policy includes implementation procedures for conducting evaluations of the best site, design, technology and mitigation measures feasible to minimize the intake and mortality of all forms of marine life at new or expanded desal facilities. The draft policy also includes a receiving water limit for salinity to ensure that brine discharges to the ocean do not cause adverse impacts on aquatic life and includes procedures for alternative methods for discharge. The policy requires marine life monitoring program requirements as well.

Environmentalists are concerned and have argued that the components of the draft policy are weak and do not meet the Clean Water Act or state Water Code standards, but are happy with the discharge provisions, noting that the preference for dilution with wastewater or high pressure diffusers is an acceptable policy. As of this report, the environmental community is still reviewing the draft.

There will be a public workshop on the draft on August 9 with written comments due by August 19.

Net-Energy Metering

The California Public Utilities Commission opened a new proceeding recently to craft the successor to the current Net-Energy Metering (NEM) program for smaller renewable energy projects. The case will focus on a successor tariff to the current “full-retail” rate that NEM customers currently get (and will continue to receive for 20 years from the point of project interconnection). The commission must adopt a successor net-energy metering program by the end of 2015 and will implement the new tariffs in 2017.

Climate Change Updates

There are several issues that are gaining more attention in Sacramento recently concerning climate change and future greenhouse gas regulations. Environmentalists are pushing the Governor to cut greenhouse gas emissions by 50 to 60 percent by 2030 as an interim goal to meeting the goal of 80 percent reductions from 1990 levels by 2050.

The Brown administration states that administration officials are already working on setting a GHG reduction target for 2030 which will be the subject of a public process over the coming year.

On the other side of the issue, industry stakeholders are working to delay the next phase of cap and trade and to create a concrete process for the next set of reduction goals.

An effort in the Legislature that would have required the state to draft an energy plan for 2030 and 2050 failed in the Senate earlier this year. However, supporters of that legislation are strongly advocating that the Legislature create a comprehensive statewide energy plan that goes beyond just GHG emissions or climate change.

AB 69 (Perea, D-Fresno), recently gutted and amended in the Senate, aims to delay the second phase of Cap and Trade. The Cap and Trade plan calls for motor fuels and natural gas to come under the cap in 2015. The backers of the legislation have also started an intense letter-writing campaign by lawmakers and industry stakeholders that highlights the impacts bringing fuels under the cap would have on gas prices. The letter, signed by sixteen lawmakers, urges CARB Chair Mary Nichols to reconsider the design of the Cap and Trade program to limit the costs on fuel. Many of the lawmakers noted that they represent areas still struggling with double digit unemployment where the increased fuel costs would be devastating.

AB 69, calls for delaying the inclusion of fuels under the cap until January 1, 2018. The author states that fuel costs could rise as much as 15 cents per gallon, and likely higher. The bill will face a tough road as a gut and amend bill in the final four weeks of the legislative session.

Southern California Edison Seeks Large Agricultural and Water Pumping Rate Increase

Southern California Edison (SCE) recently filed their Phase Two General Rate Case Proposal to establish marginal costs, allocate revenues, design rates and implement additional dynamic pricing rates starting in 2015. As you will see in the chart below, the proposed increase for the entire system is 0.2%, however, the increase for Ag and Water Pumping customers is proposed at 6.2%. Specifically TOU-PA 2 (small pumpers) has a 3.6% proposed increase and TOU-PA 3 (large pumpers) has an 11.2% increase (by far the largest increase of any class).

SCE’s Phase One overall rate request asks for a base revenue requirement of \$6.462 billion (3.3% increase), a \$206 million increase in 2015, another \$318 million in 2016 and an additional \$317 million in 2017. They have cited electric line undergrounding, reinforcing the system for load growth, infrastructure replacement, and distribution pole replacement as the primary basis for the requested increase.

Proposed Bundled Service Average Rates			
	Apr-2014	Proposed Rate	Proposed Change
Total Domestic	16.3	16.7	2.4%
GS-1	18.1	17.3	-4.8%
TC-1	18.4	20.3	10.7%
GS-2	17.7	17.3	-1.7%
TOU-GS-3	15.6	15.3	-1.5%
Total LSMP	17.2	16.8	-2.3%
TOU-8-SEC	14.3	13.8	-3.2%
TOU-8-PRI	12.9	12.7	-1.2%
TOU-8-SUB	8.8	9.0	2.1%
Total Large Power	12.3	12.1	-1.5%
PA-1	?	(SAPC)	0.0%
PA-2	?	(SAPC)	0.0%
TOU-PA-2	14.9	15.4	3.6%
TOU-PA-3	11.5	12.8	11.2%
Total Ag.&Pumping	13.5	14.4	6.2%
Total Street Lighting	18.0	18.8	4.6%
Standby-SEC	13.2	12.9	-1.9%
Standby-PRI	13.2	13.0	-1.6%
Standby-SUB	9.1	9.4	3.1%
Total Standby	10.4	10.5	1.3%
Total System	15.6	15.6	0.2%

The increase in TOU-PA-3 could negatively affect water pumping, treatment and recycling programs through significantly higher water pumping costs.

Legislative Update

The Legislature has been on summer recess for the month of July so no action has taken place on legislation this month. When they return, Appropriations committees will work to get bills to the floor by the August 15 deadline, and the last day of the two-year session is August 31.

Below are bills that IEUA has taken positions on.

INFORMATION
ITEM

3G

Agricultural Resources

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

July 31, 2014

Legislative Report

TO: Joe Grindstaff
General Manager, Inland Empire Utility Agency

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

SU: Legislative Report, July 2014

Snapshot – What occurred in July as Congress readied for the traditional August break.

July finally came to a close and a six-week congressional recess is about to begin, but not without a flurry of activity, much of it unanticipated, some of it surprising and elements of it downright startling. This report, given the level of activity, will begin with a discussion of issues typically not of direct concern to IEUA to provide you with a greater context and broader context for what's occurring today.

- Congress begins a six-week traditional August recess (on August 1, a day late).
- When Congress reconvenes after Labor Day, there will be only a handful of days left in the Session before they adjourn for the 2014 mid-term election (the target adjournment date is in early October – but remains unannounced).
- In September, the major legislative activity will be the passage, conference and enactment of a Continuing Resolution to fund the Federal Government – all Departments and agencies – at the beginning of the October 1 2015 fiscal year. The length of the CR (how many weeks/months)? Unknown at this time.
- Two issues were addressed as July came to a close. First, a VA reform bill was enacted.

This was the product of a bipartisan, House-Senate effort designed to address the reports and problems throughout the VA system. Second, a short-term (only for several months) highway funding “fix” was adopted and has been submitted to the President (it will be approved). Little else was accomplished and few other bills of consequence were enacted. Gridlock overwhelms the House and Senate on almost every other issue.

- Majority Leader Cantor stepped down on July 31 as Leader and then immediately announced that he would resign from Congress on August 18. After being defeated in his primary (a political shock), he indicated he would remain in Congress through the end of the term. He skipped the last votes and is functionally gone.
- In the Senate, early this year, when Baucus stepped down to become Ambassador to China, four Senate Committees changed leadership – the ripple effect. With Cantor’s primary defeat, resignation as Leader and now, decision to immediately step down from the House, the House Rs have had a major change in leadership with Rep. Kevin McCarthy (R-CA) becoming Majority Leader and Rep. Steve Scalise (R-LA) becoming Majority Whip – the ripple effect. McCarthy is from Bakersfield.
- On the last day before going out on recess, a GOP proposed border bill went through a complete melt-down within the House R conference. Their own bill was taken down shortly before bringing it to the House Floor, delaying the recess, and then forcing the leadership to redraft the border bill to accommodate (and energize) the Tea Party caucus. Debate was emotional, intense and sometimes angry.
- With the situations in Gaza, Ukraine, Syria and others, plus the circumstances involving children at the Mexican border, foreign affairs (of one kind and another) are now *front and center* competing with domestic issues for time, attention and money.
- A wildcard amidst all this – the financial default in Argentina. No one yet knows what the repercussions might be, but potentially, they could be far reaching. A scramble is underway to steady global financial markets and keep this situation from upsetting or destabilizing international markets even more.
- According to a new study, published in July, on the Best Places to Work in the Federal Government, Interior and its subagencies received very low marks. Out of 19 large Departments, Interior was #18, one from the bottom. It’s departmental agencies – in a ranking of 300 small federal agencies – also received poor grades. The highest Interior agency score went to USGS (#150), BOEM (#160) and the USFWS (#167). However, eight other agencies were all in the 200s with the BuRec (#220), NPS at (#269) and bringing up the rear, the Interior Department’s Office of the Solicitor was ranked #297 out of 300 agencies.
- Earlier this year, Senator Feinstein, in her capacity as Chair, Senate Intelligence Committee went public and accused the CIA of spying on the Senate by hacking secure

Senate Intelligence Committee computers. The CIA unleashed a torrent of vigorous denials and publicly attacked her. On the last day of the session before the August recess, the CIA admitted that Feinstein was right. CIA did spy on the Senate. As you might imagine, this is raising a host of issues. Senator Mark Udall (D-CO) and others are already calling for resignations.

- In spite of everything, the economy continues to improve -- albeit slowly. Unemployment is down, jobs are up, the stock market is near its all-time high. The economy added more than 200,000 jobs each month for the past six months.

Snapshot on Water and Related issues.

- **Blunt Message to CA from AZ at NWRA Conference – Mead Levels Dropping To All-Time Lows – Implications for Power-Water.** National Water Resources Association (NWRA) met during the last week of July in Arizona. David Modeer, GM, CAP, delivered a blunt message to California. Hoover (Mead) is down and dropping to levels not seen since 1937 (FDR was President). If it drops to 1000, power production for Southern California could be down 25-30%. With LA DWP not getting Navaho Power and Santa Onofre offline, losing hydro power from Hoover would cut power deliveries. He went on to say that if Hoover dropped that to 1000 or lower, water deliveries would be curtailed as well with shortage criteria being activated. According to reports from MWD and ACWA, when discussing California, he didn't mention the Imperial Irrigation District, but he talked about significant reductions to MWD's system. He called for negotiations now – and before a crisis overwhelms the various states and parties. Reportedly, this message was presented in a constructive manner – and, as reported, received in that spirit.
- **Drought Conditions, End of July.** The Drought Monitor at the end of July reveals that 85% of California is in Extreme Drought and almost 60% is in Exceptional Drought – the highest or worst category. This drought is now being called the worst on record.
- **Feinstein-Valadao Drought Bill.** An emergency drought bill has been under consideration in the House and Senate since early this year – six months or so. It was rumored that a “conferenced” bill would emerge prior to the August recess. It didn't happen. Rep. David Valadao issued a statement on July 31 saying that discussions and negotiations would continue throughout August (during the recess). Conflicts remain.
- **Water Efficiency Bill Introduced by Senators Feinstein and Boxer, Reps. Napolitano and DeFazio.** On July 31, Senators Feinstein and Boxer, and Rep. Pete DeFazio (ranking D on House Resources) and Rep. Grace Napolitano (Ranking D, Subcommittee on Water and Power, House Resources Committee) introduced a comprehensive water efficiency and drought response bill. According to a joint statement issued when the bill was introduced, “*W21: Water in the 21st Century,*” *legislation that would help communities nationwide better prepare for the future by providing new incentives and*

investments to help residents, businesses and local water agencies to conserve, recycle and manage limited water supplies. The legislation would expand rebates and grants for water conservation and efficiency; support local investments in water recycling and improved groundwater management and storage; invest in research into water-saving technologies and desalination; and establish an open water data system. The measure would also help local communities take steps to become better prepared for drought.” The bill authorizes \$400 million in grants and loan guarantees for recycling and related programs. It will not be considered in this Congress, but was introduced to “position” the bill next year (unless a drought bill moves – and this gets amended into it).

- **Status of El Nino.** Reports early this year indicated that an El Nino is forming in the Pacific. These reports predicted (preliminarily) that significant precipitation would be forthcoming. As the year progressed, these predictions have changed. The US Climate Prediction Center (NOAA) issued an update this past month. An El Nino – a warming of the surface waters in the Pacific – likely will occur, but is now expected to be “*weak to moderate*” – in terms of producing precipitation for California. The implications for the 2014-15 water year in California are dire.

- **Energy and Water Development Appropriations – Title XVI Amendment Advanced in House – Rejected.** The House brought the Fiscal Year 2015 Energy and Water Development Appropriations bill to the floor and allowed unlimited amendments. Rep. Jared Huffman (D-Marin County) offered an amendment to add \$52 million to the Title XVI account, but no one was told the amendment was being offered – not his colleagues, not his Committee Chairs, not MWD or ACWA and not even his local water agencies. It was considered and rejected on a voice vote. He did not ask for a recorded vote.

- **NASA – University of California Study on Colorado River Basin – Groundwater In Basin Disappearing.** According to a summary published in National Geographic, “*when Stephanie Castle of the University of California-Irvine and her colleagues analyzed GRACE data for the whole Colorado River Basin over the period December 2004 – November 2013, what they found stunned them: the Colorado Basin had lost nearly 53 million acre-feet of water (65 billion cubic meters) – equivalent to two full Lake Meads.*” This report has been an “eye-opener” throughout the Colorado Basin, in California – and in the media.

- **Hardest Working River in the West – New Report on Colorado River – Proposes More than 4 MAF of Water Savings.** According to a newly released report by two conservation groups there are “*...five feasible, affordable, common-sense solutions that can be implemented now to protect the flow of the river, ensure greater economic vitality, and secure water resources for millions of Americans.*”
 - * Municipal conservation, saving 1 million acre-feet
 - * Municipal reuse, saving 1.2 million acre-feet
 - * Agricultural efficiency and water banking, saving 1 million acrefeet
 - * Clean, water-efficient energy supplies, saving 160 thousand acrefeet

* Innovative water opportunities, generating up to 1 million acrefeet
By mid-century, this study predicts that the Colorado River will have an annual deficit of almost 4 MAF and then offers a blueprint to produce replacement water. Unlike most reports, the focus is not on facilities or projects, at least not directly, but on how much “*wet water*” can be produced in various sectors and by different means. Like Rep. Napolitano, here’s a group that believes water recycling can produce another 1 MAF to existing water supplies. More and more, the 1 MAF target is being discussed, considered and advanced.

- **BuRec, Four Municipal Water Utilities Sign Pact to Initiate Water Conservation Projects on the Colorado River Basin – BuRec Advances \$11 Million for First Projects to Address “Worst Drought in 1,200 Years.** On July 31, the Denver Water Board, Las Vegas Water Authority, Metropolitan Water District of Southern California and Central Arizona Project, along with BuRec, reached what was described as a “landmark collaborative agreement” for what they called was “greater water security.” BuRec is providing \$11 million for this program, *“In support of the Colorado River basin states drought contingency planning to address a long-term imbalance on the Colorado River caused by years of drought conditions, municipal water providers in Arizona, California, Nevada and Colorado and the federal government signed a landmark water conservation agreement this week called the Colorado River System Conservation program.”* These partnership projects are intended to *“...demonstrate the viability of cooperative, voluntary compensated measures for reducing water demand in a variety of areas, including agricultural, municipal and industrial uses.”* The BuRec statement went on to declare that, *“for more than a decade, a severe drought — one of the worst in the last 1,200 years — has gripped the Colorado River, causing the world's most extensive storage reservoir system to come closer and closer to critically low water levels.”*

News and Notes. Presidential nominee, **Ken Kopocis**, nominated to serve as Assistant Administrator, Water, EPA continues to have his nomination blocked – now more than a 1,000 days. This past month, the current Acting Administrator for Water, Nancy Stoner, announced that she is departing (for technical reasons, she had to – there’s a limit one can serve in an “acting” capacity. The office will be left, once again, without a leader. **David Wegner**, staff to the water Subcommittee on Water and Power (Resources) and to the Subcommittee on Water (Transportation and Infrastructure) and a key advisor to Rep. Grace Napolitano, stepped down and returned to the West. **Camille Calimlim Touton**, professional staff, Subcommittee on Water and Power (Resources) departed to join the staff of Ann Castle, Assistant Secretary of the Interior for Water and Science. **Nancy Sutley**, former Chair, Council on Environmental Quality (CEQ) joined the staff of LA Department of Water and Power (LA). Former Senators and Majority Leaders, **Sen. Tom Daschle (D-SD)** and **Sen. Trent Lott (R-MS)** issued a report addressing the gridlock in the Senate. According to press accounts, *“The situation is so alarming that former Senate leaders, including Thomas Daschle (D-S.D.) and Trent Lott (R-Miss.), are mounting a public intervention to try to steer the chamber back toward effectiveness and maybe even some of its grand traditions. “The Senate has degenerated into a polarized mess,” the former majority leaders recently wrote in a report that criticized both sides.”*

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CALIFORNIA STRATEGIES, LLC

Date: July 25, 2014
To: Inland Empire Utilities Agency
From: John Withers, Jim Brulte
Re: July Activity Report

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

- Attended monthly meeting with IEUA Executive staff to review priority issues (7/7).
- Participated in follow up discussions with County of San Bernardino and IEUA to discuss coordination of County and District legislative agendas.
- We continue to monitor Lafoo staff on the status and key issues related to the MSR process currently underway for water conservation districts Countywide
- Support and advise on IEUA/SBVWD transfer transaction on an as needed basis.
- Provided an update on the recent filing of a Sphere of Influence amendment filing by the CVWRD.
- Facilitated Grindstaff contact and follow up with IRWD regarding facility master planning and fiscal modeling
- Continue to monitor statewide water issues including the BDCP, water bond, and drought relief act activities.
- Outreach to Board Directors as needed on issues of interest
- Monitor Santa Ana Regional Board agenda and issues of interest to IEUA.

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**IEUA
2014 Legislation Tracking Matrix**

Federal Bills

Bill ID	Description	Status	IEUA Position	Notes
HR 4923 and S 1245	Energy and Water Appropriations for FY 2015	Passed House floor the week of July 7th. The Senate bill has passed full committee.		The Senate bill is stalled due to expected Republican floor amendments on EPA issues, which are an election-year problem for vulnerable Senate Dems.
<u>HR 3964</u> (Valadao)	The Sacramento-San Joaquin Valley Emergency Water Delivery Act. This bill would ensure that water is available to the Central Valley Project, provides for the restoration of the San Joaquin River, and protects state water rights law, including water rights senior to those belonging to CVP.	Passed House (229-191). Read twice in Senate and place on Senate legislative calendar - 2/10/14		MWD opposed 3/14; this is the bill that is being conferenced with the Senate bill S 2198
<u>HR 3980</u> McClintock.	The Water Supply Permitting Coordination Act. This bill would authorize the Secretary of the Interior to coordinate Federal and State permitting processes related to the construction of new surface water	Heard in Subcommittee on Water and Power on 2/5/14 but no further action has been taken		

	storage projects on lands under the jurisdiction of the Secretary of the Interior and the Secretary of Agriculture and to designate the Bureau of Reclamation as the lead agency for permit processing.	as of August 2014		
<u>HR 3981</u> (Hastings)	The Accelerated Revenue, Repayment, and Surface Water Storage Enhancement Act. This bill would direct the Secretary of the Interior to convert certain existing water service contracts between the United States and water users' associations to repayment contracts to allow for prepayment of such contracts, upon the request of the contractor. It specifies the manner of conversion and the terms and conditions of prepayment.	Hearing held in Subcommittee on Water and Power - 2/5/14 but no further action has been taken as of August 2014		
<u>HR 3988</u> (Huffman)	The Fixing Operations of Reservoirs to Encompass Climatic and Atmospheric Science Trends Act, or the FORECAST Act This bill would supplement the Secretary of the Army's existing authorities to review the operations of reservoirs.	Referred to the Subcommittee on Water Resources and Environment - 2/5/14 but no further action taken as of August 2014		
<u>HR 4039</u> (Costa)	The California Emergency Drought Relief Act of 2014	Referred to the Subcommittee	Watch	

	<p>This bill would authorize actions to provide additional water supplies and disaster assistance to the State of California due to drought. Provides max quantity of water possible by approving projects to provide additional water supplies to the state; makes financial assistance available; minimizes time spent on environmental reviews; provides drought planning assistance; makes emergency supplemental agriculture disaster appropriations. See SR 2016.</p>	<p>on Environment and the Economy – 2/14/14 but no further action taken as of August 2014</p>	<p>4/14</p>
<p><u>HR 4126</u> (Costa)</p>	<p>The San Luis Reservoir Expansion Act of 2014 This bill would authorize the construction of the expansion of San Luis Reservoir</p>	<p>Referred to the Subcommittee on Water and Power – 3/7/14 but no further action taken as of August 2014</p>	<p>MWD support if amended 3/14</p>
<p><u>HR 4239</u> (Huffman)</p>	<p>Drought Assistance to California and other Western States In response to the declaration of a state of drought emergency by the Governor of the State, the Secretaries shall provide the maximum quantity of water supplies possible to Central Valley Project and Klamath Project agricultural, municipal and industrial, and refuge service and</p>	<p>Referred to the Committee on Natural Resources, and in addition to the Committees on Transportation and Infrastructure, the Budget,</p>	

	<p>repayment contractors, State Water Project contractors, and any other locality or municipality in the State consistent with existing law, including among other things applicable laws and regulations, water quality standards, biological opinions, and court orders.</p>	<p>Agriculture, Energy and Commerce, and the Judiciary. Referred to four subcommittees on 3/14/14 and 4/16/14 but no further action taken as of August 2014</p>		
<p>S. 2198 (Feinstein)</p>	<p>The Emergency Drought Relief Act of 2014 To direct the Secretary of the Interior, the Secretary of Commerce, and the Administrator of the Environmental Protection Agency to take actions to provide additional water supplies and disaster assistance to the State of California and other Western States due to drought</p>	<p>Passed the Senate on May 23rd and will now go to conference with the House bill</p>		<p>This bill is a revision of the Senator's earlier California Emergency Drought legislation. She expanded the bill to include western states and dropped the funding provisions. Feinstein</p>
<p>S. 601 (Boxer) H.R. 3080 (Shuster)</p>	<p>Water Resources and Development Act of 2013 Provides funding for projects and programs authorized by Congress and the U.S. Army Corps of Engineers. Amends and redefines major elements of WRDA program.</p>	<p>Signed into law by President Obama</p>		<p>Agreement on final legislation expected to be announced in May. Bill is expected to include the proposed Water Finance and Innovation Act (WIFIA) provisions to provide the option of low interest loans or loan guarantees.</p>

<p>Boxer, Feinstein, Napolitano and DeFazio</p>	<p>Water in the 21st Century (W21)</p>	<p>Introduced on August 1, 2014; no bill number yet</p>		<p>This bill includes provisions addressing the EPA WaterSense program and funding to promote urban and agricultural water efficiency. It also changes some USACE reservoir operations practices.</p>
<p>U.S. Tax Code Reform Act of 2014</p>	<p>Proposal by House Ways and Means Chairman David Camp to achieve a national 25% tax cut. Proposal would have eliminated or reduced new tax-exempt Private Activity Bonds, eliminated the tax-exemption for advance refunding, and taxed some interest on currently tax-exempt bonds.</p>		<p>Watch 4/14</p>	<p>Not moving forward. David Camp will retire this year. Comprehensive reform of the tax code not likely this year. Paul Ryan expected to take up the initiative next year. Staff working on an “all-water-industry” letter to oppose modification of tax exempt bonds that are used to help financial infrastructure projects.</p>
<p>S 2225 Udall</p>	<p>Smart Water Resources and Conservation and Efficiency Act</p>	<p>Introduced April 9, 2014 and referred to committee; subcommittee hearings held July 2014</p>		<p>This will be a package of 4 bills intended to promote water conservation and efficiency. The bills will (1) provide for the development/installation of a “smart grid” to measure and minimize water losses; (2) permanently authorize the EPA WaterSense Program, (3) provide a 30% taxcut up to</p>

					\$2,000 for taxpayers that install WaterSense devices; and (4) provide grants to rural communities for water efficiency projects and programs.
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Inland Empire Utilities Agency

A MUNICIPAL WATER DISTRICT

Engineering and Construction Management FY 2013/14 Monthly Update

August 2014



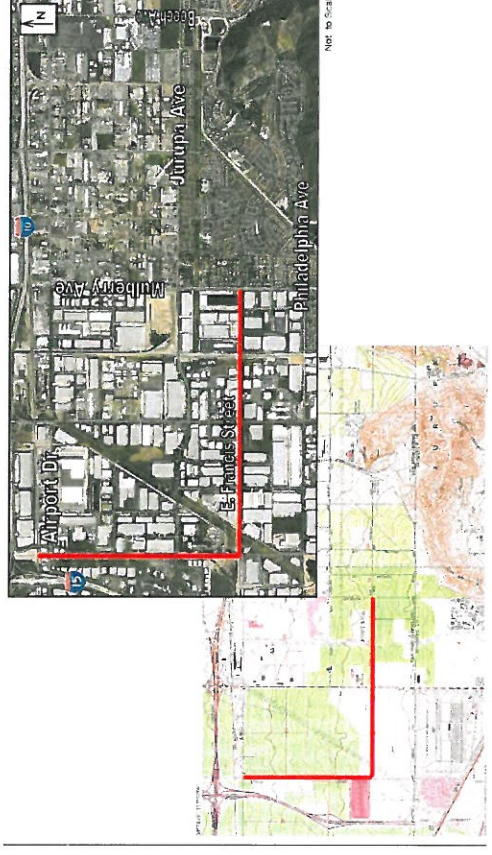
Hydro-Seeding at 930 Reservoir

Majid Karim, P.E.,
Acting Manager of Engineering

David Mendez,
Deputy Manager of Construction Management

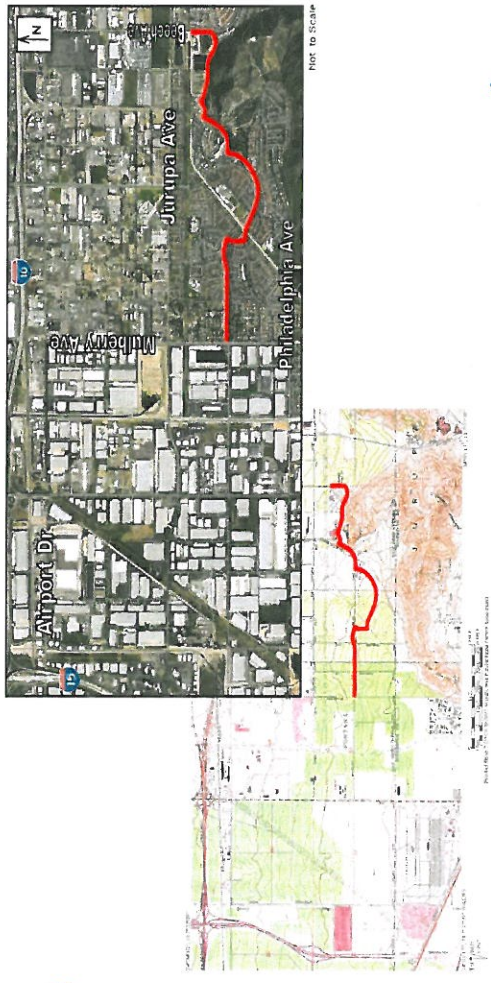
EN06025 - Wineville Recycled Water Pipeline Extension Segment A

- Contractor: CCL Contracting, Inc.
- Current Contract Value: \$10,197,000
- Scope of Work: Construct 2.0 miles of 36-inch RW Pipeline and 1.0 mile of 24-inch RW Pipeline
- Current Activities:
 - Potholing
 - Submittals review
- Estimated Complete: February 2016
- Percent Complete: 5%
- Challenges:
 - Long lead time: 3 Way Valves



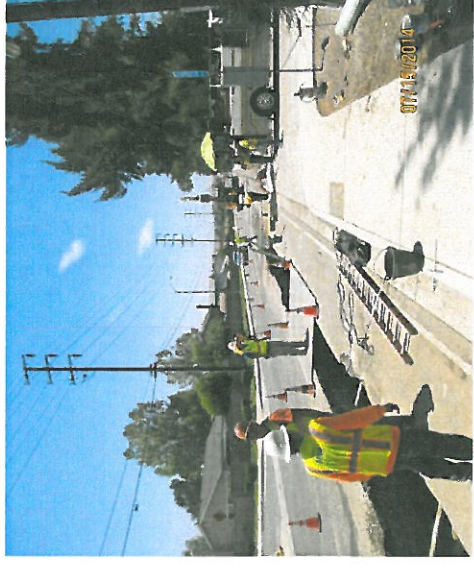
EN13045 - Wineville Recycled Water Pipeline Extension Segment B

- Contractor: Mike Bubalo Construction
- Current Contract Value: \$8,900,000
- Scope of Work: Construct 2.8 miles of 36-inch RW Pipeline
- Current Activities:
 - Bubalo re-alignment evaluation
 - Submittal review
- Estimated Completion: August 2015
- Percent Complete: 12%
- Challenges:
 - Long lead time: 3 Way Valves
 - Re-alignment approval



EN13023 - 930 Zone Recycled Water Pipeline

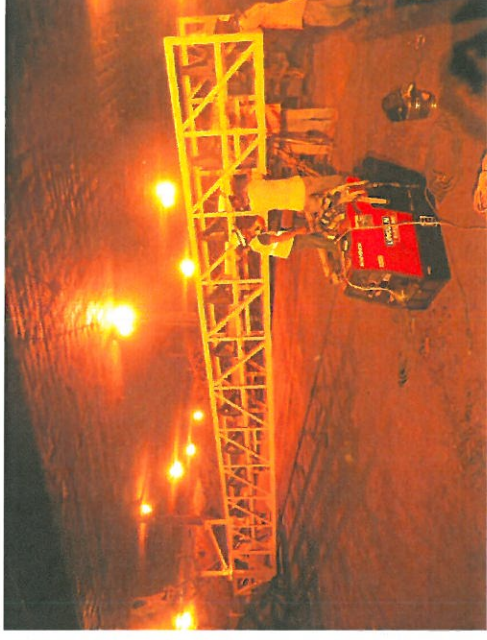
- Contractor: MNR Construction, Inc
- Current Contract Value: \$9,013,129
- Scope of Work: Construct 2.4 miles of 30-inch RW Pipeline
- Current Activities:
 - Jack boring at Eucalyptus & Pipeline
 - Placement of pipeline on Eucalyptus
 - Dewatering system installation
- Estimated Complete: February 2015
- Percent Complete: 74%
- Challenges
 - Complex Dewatering Systems
 - Pipe zone sub-grade remediation efforts
 - Complete Eucalyptus work by August 2014



Eucalyptus Avenue RW Pipe tie-in point 4

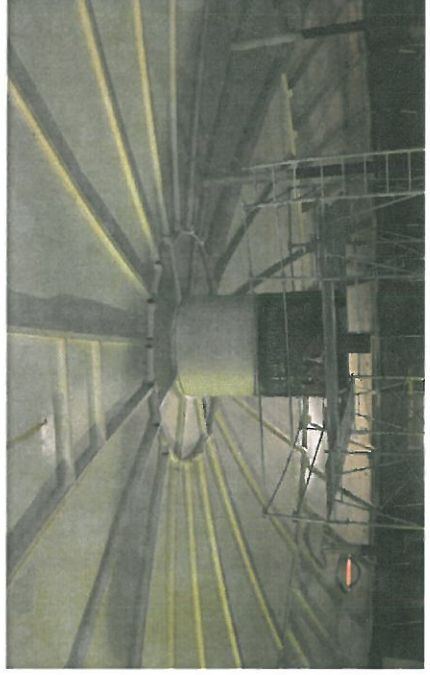
RA11004 - IERCF Conveyance Improvements

- Contractor: Olsson Construction
- Current Contract Value: \$3,265,888
- Scope of Work: Belt conveyor modifications
- Current Activities:
 - Relocating conveyors
 - Factory functional testing
- Estimated Completion: February 2015
- Percent Complete: 68%
- Challenges
 - Custom Conveyor Corporation
 - Quality control
 - Production & delivery schedules
 - Testing delays



EN13049 – RP-2 Digester No. 4 Dome Improvements

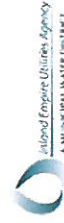
- Contractor: WM Lyles
- Current Contract Value: \$1,113,083
- Scope: Convert the floating dome to a fixed dome
- Current Activities:
 - Project Close-Out
- Construction Completion: July 2014 (two months ahead of schedule)
- Percent Complete: 100%
- Challenges:
 - None to report



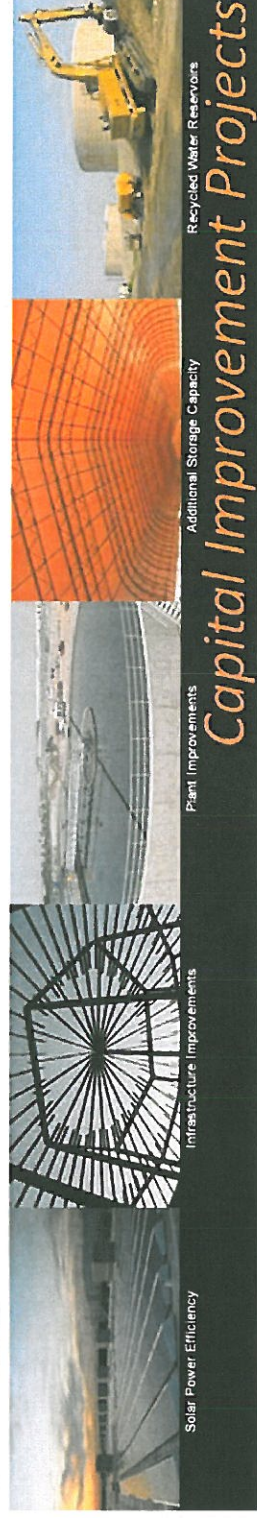
RP-2 Digester #4 Dome Improvements

Capital Improvement Program Office (CIPO)

- Increased efficiency and accuracy in project documentation
- Agency/Contractor requested enhancements implemented
- Approximately 400 unique users over the last 6 years
- 76 Projects delivered using CIPO
- 15 Projects currently using CIPO



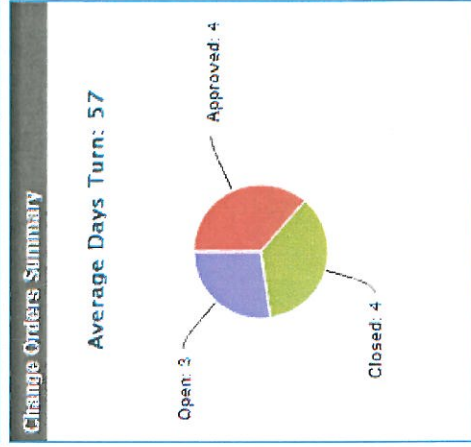
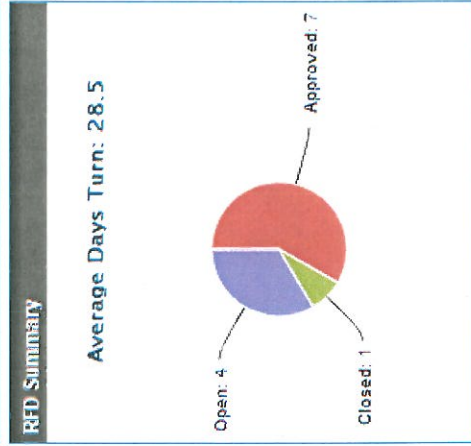
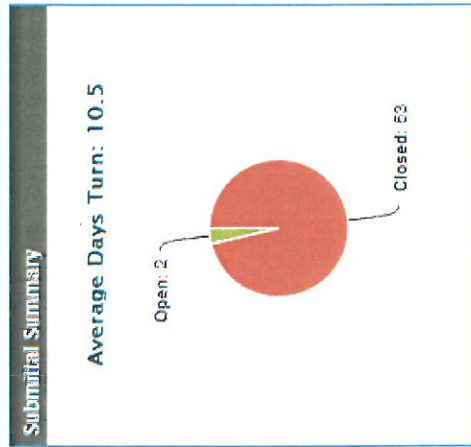
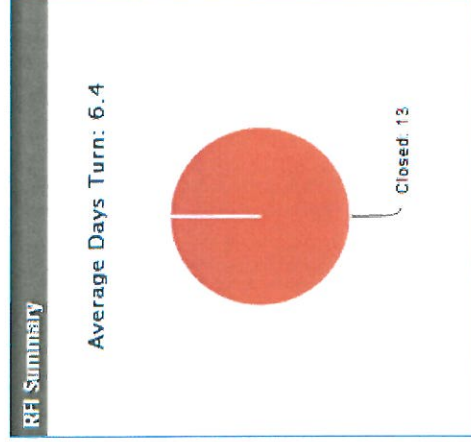
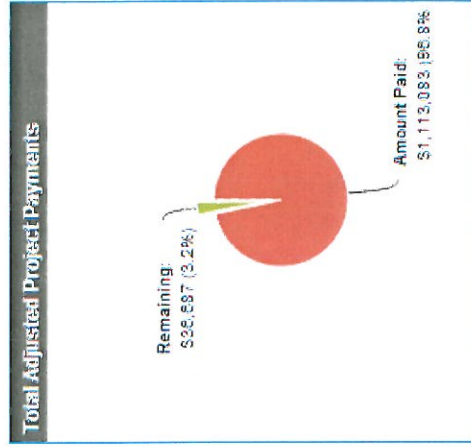
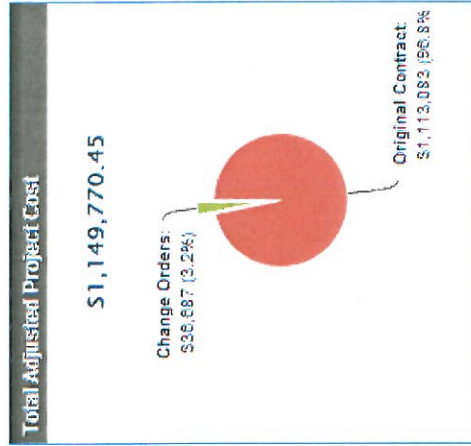
Login



Capital Improvement Program Office (CIPO)

- Project dashboard

Project Summary	
Project No	EN13049
Time Spent	238 days (85.0%)
Cost Spent	\$1,113mil (96.8%)
Work Completed	64.00%
Start Date	12/04/2013
Completion Date	09/07/2014
Total RFI	13
Total Submittal	55
Total RFD	11
Total Change Orders	7



Change Order Percentages

Code	Amount	Share
100	\$24,033.00	2.16%
200	\$8,876.83	0.80%
300	\$3,777.62	0.34%
400	\$0.00	0.00%
500	\$0.00	0.00%
600	\$0.00	0.00%

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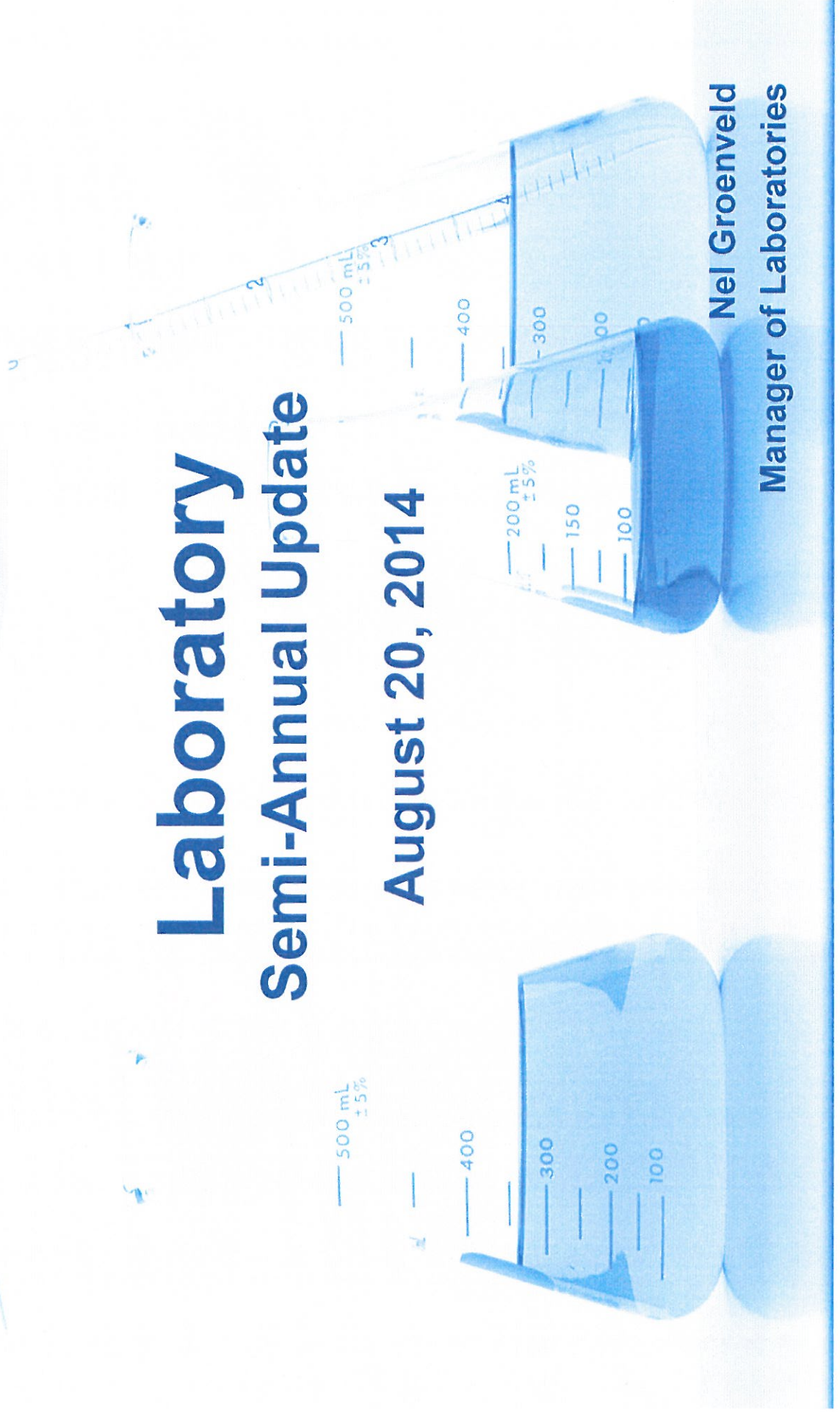
Inland Empire Utilities Agency

A MUNICIPAL WATER DISTRICT

Laboratory Semi-Annual Update

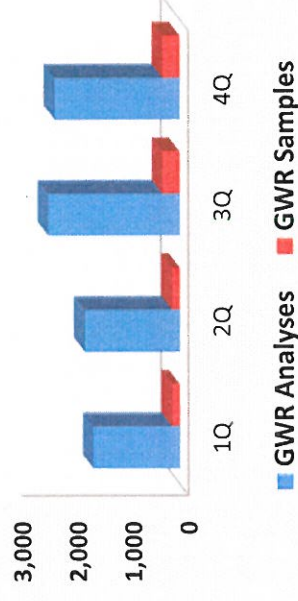
August 20, 2014

Nel Groenveld
Manager of Laboratories



Laboratory Activities

- **Pretreatment and Source Control Projects**
 - Completed: NNRW Solids Discrepancy project, 1st half of FY13/14 a 45% increase in samples received from PTSC
 - Upcoming: Local Limits study
- **GWR 3D Fluorescence Project**
 - Additional 172 samples and 650 analyses
- **Laboratory Certification**
 - Annual Performance Evaluation samples have been analyzed, awaiting final results
 - Submitted renewal application, requesting 2 additional analyses for certification



Customer Service – Meeting IEUA Needs

Performance Indicators:

Report Samples within Established Turn Around Times (TAT):

- Compliance (28 days)
- Process Control Samples (24 hours).



Compliance Sample TAT

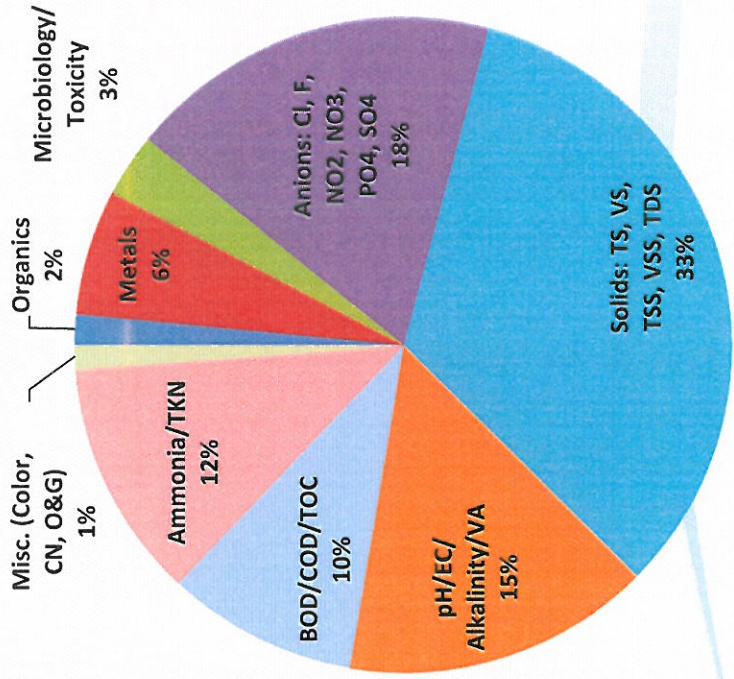
	10/11	11/12	12/13	13/14
Average TAT (days)	25	20	22	17
Maximum TAT (days)	63	44	43	56
# reported >28 days	181	87	221	91
Compliance Samples	8,623	7,086	6,809	7,080
Performance %	98%	99%	97%	99%

Samples & Analyses

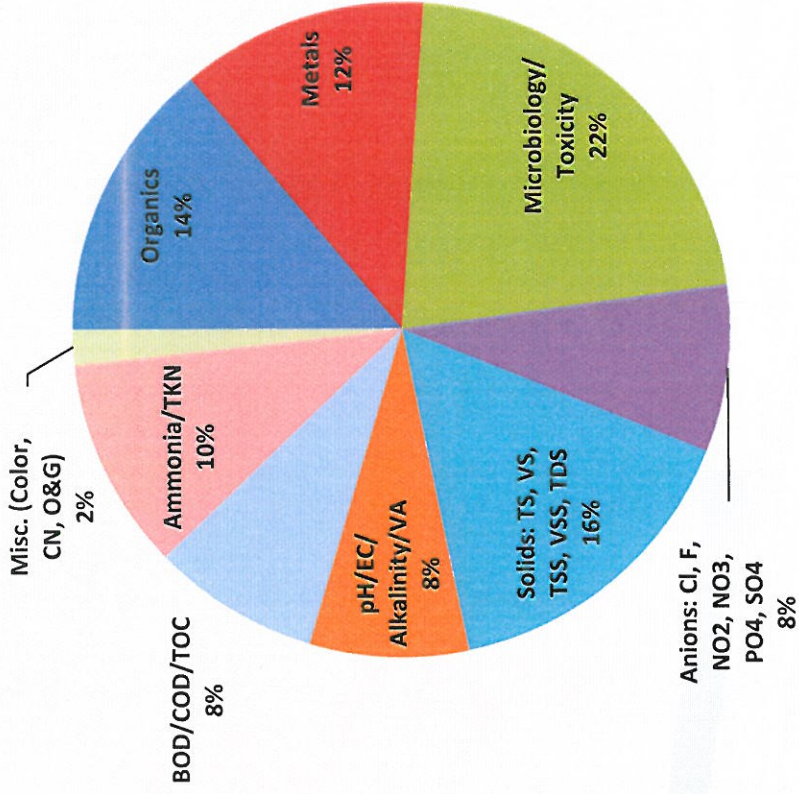
- **FY1314**
- Samples: 17,873 (7,080 Compliance, 10,793 Process)
- Analyses: 62,940 (34,033 Compliance, 28,907 Process)

Analyses Workload Distribution

Analyses



Analyst Time



**AGENCY
REPRESENTATIVES'
REPORTS**

4A



SAWPA

SANTA ANA WATERSHED PROJECT AUTHORITY
11615 Sterling Avenue, Riverside, California 92503 • (951) 354-4220

REGULAR COMMISSION MEETING TUESDAY, AUGUST 19, 2014 – 9:30 A.M.

AGENDA

1. CALL TO ORDER/PLEDGE OF ALLEGIANCE (Phil Anthony, 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. There will be no separate discussion on items prior to the time the Commission votes, unless Commission members, staff, or the public requests one or more specific items be discussed and/or removed from the Consent Calendar for separate action.

A. APPROVAL OF MEETING MINUTES: JULY 15, 2014

Recommendation: Approve as posted.

B. APPROVAL OF MEETING MINUTES: AUGUST 5, 2014

Recommendation: Approve as posted.

C. TREASURER'S REPORT – JUNE AND JULY 2014

Recommendation: Approve as posted.

5. NEW BUSINESS

None.

6. OLD BUSINESS

None.

7. INFORMATIONAL REPORTS

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

A. GENERAL PRETREATMENT PROGRAM UPDATE

Presenter: Rich Haller

B. REACH 4A UPPER MAS CORROSION PROTECTION (CM#8918)

Presenter: Carlos Quintero

C. STATE WATER BOND REPORT (CM#8921)

Presenter: Larry McKenney

- D. STATE LEGISLATIVE REPORT
Presenter: Celeste Cantú
- E. CASH TRANSACTIONS REPORT – JUNE 2014
Presenter: Karen Williams
- F. INTER-FUND BORROWING – JUNE 2014 (CM#8919)
Presenter: Karen Williams
- G. PERFORMANCE INDICATORS/FINANCIAL REPORTING –JUNE 2014 (CM#8920)
Presenter: Karen Williams
- H. FOURTH QUARTER FYE 2014 EXPENSE REPORTS.
 - Staff
 - General Manager
Presenter: Karen Williams
- I. BUDGET VS. ACTUAL VARIANCE REPORT – FYE 2014 FOURTH QUARTER (CM#8922)
Presenter: Karen Williams
- J. FINANCIAL REPORT FOR THE FOURTH QUARTER ENDING JUNE 30, 2014
 - Inland Empire Brine Line
 - SAWPA
Presenter: Karen Williams
- K. GENERAL MANAGER’S REPORT
- L. CHAIR’S COMMENTS/REPORT
- M. COMMISSIONERS’ COMMENTS

8. CLOSED SESSION

There were no Closed Session items anticipated at the time of the posting of this agenda.

9. ADJOURNMENT

PLEASE NOTE:

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Clerk of the Board at (951) 354-4230. Notification at least 48 hours prior to the meeting will enable staff to make reasonable arrangements to ensure accessibility to this meeting.

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, CMC, Clerk of the Board of the Santa Ana Watershed Project Authority declare that on Wednesday, August 13, 2014, a copy of this agenda has been uploaded to the SAWPA website at www.sawpa.org and posted in SAWPA’s office at 11615 Sterling Avenue, Riverside, California.

2014 - SAWPA Commission Upcoming Meetings/Events

(NOTE: All Commission Workshops/Meetings begin at 9:30 a.m., unless otherwise noted)

September 9/2/14 Commission Workshop 9/16/14 Regular Commission Meeting	November 11/4/14 Commission Workshop 11/18/14 Regular Commission Meeting
October 10/7/14 Commission Workshop 10/14/14 Sixth Annual OWOW Conference – <i>Keeping Our Cool</i> , Riverside, CA 10/21/14 Regular Commission Meeting	December Dark?? 12/2 – 12/5/14 ACWA Fall Conference

**AGENCY
REPRESENTATIVES'
REPORTS**

4B



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

MWD MEETING AGENDA

Adjourned Regular Board Meeting

August 19, 2014

12:00 p.m. -- Board Room

Tuesday, August 19, 2014 Meeting Schedule		
7:00-8:00 a.m.	Rm. 2-413	Dirs. Computer Training
8:30 a.m.	Rm. 2-456	Asset Financing
9:00 a.m.	Rm. 2-145	L&C
10:30 a.m.	Rm. 2-456	RP&AM
12:00 p.m.	Board Room	Board Meeting
1:00 p.m.	Board Room	Executive

MWD Headquarters Building

• 700 N. Alameda Street

• Los Angeles, CA 90012

1. Call to Order

- (a) Invocation: Sr. Angela Faustina, CSJ, Major Superior, Los Angeles Province
- (b) Pledge of Allegiance: Director Richard Atwater

2. Roll Call

3. Determination of a Quorum

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

5. OTHER MATTERS

- A. Approval of the Minutes of the Meeting for July 8, 2014. (A copy has been mailed to each Director)
Any additions, corrections, or omissions

Date of Notice: August 6, 2014

- B. Report on Directors' events attended at Metropolitan expense for month of July
- C. Presentation of five-year service pin to Director Kristine Murray, representing city of Anaheim
- D. Presentation of Commendatory Resolution to past Director Aaron Grunfeld, representing city of Los Angeles
- E. Approve Commendatory Resolutions for past Directors Jennifer Fitzgerald and Leticia Vasquez
- F. Approve naming of Metropolitan's Courtyard to Colonel John V. Foley Memorial Courtyard
- G. Approve committee assignments
- H. Chairman's Monthly Activity Report
- I. Presentation on Department Head Salary Comparison with Comparator Agencies
- J. Tax Levy for fiscal year 2014/15. (F&I)
 - 5J-1 Report on list of certified assessed valuations for fiscal year 2014/15 and tabulation of assessed valuations, percentage participation, and vote entitlement of member public agencies as of August 15, 2014. **(To be distributed at meeting)**
 - 5J-2 Adopt (1) the resolution finding that continuing an ad valorem tax rate up to the rate levied for fiscal year 2013/14 is essential to Metropolitan's fiscal integrity; and (2) the resolution establishing the tax rate for fiscal year 2014/15. **(Roll call vote—two-thirds vote required) (To be mailed separately)**

6. DEPARTMENT HEADS' REPORTS

- A. General Manager's summary of Metropolitan's activities for the month of July
- B. General Counsel's summary of Legal Department activities for the month of July

- C. General Auditor's summary of activities for the month of July
- D. Ethics Officer's summary of activities for the month of July

7. CONSENT CALENDAR ITEMS — ACTION

- 7-1 Appropriate \$680,000; and award \$428,280 contract to Kaveh Engineering & Construction, Inc. for solids handling area improvements at the Robert A. Skinner Water Treatment Plant (Approp. 15365). (E&O)

Recommendation:

Option #1:

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

- a. Appropriate \$680,000; and
- b. Award \$428,280 contract to Kaveh Engineering & Construction, Inc. for the Skinner Solids Handling Area Improvements.

- 7-2 Appropriate \$980,000; and authorize: (1) final design of an operations and maintenance service center for the Orange County region; and (2) agreement with La Cañada Design Group for architectural design services (Approp. 15480). (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not subject to CEQA and is categorically exempt, and

- a. Appropriate \$980,000;
- b. Authorize final design of an operations and maintenance service center for the Orange County region; and
- c. Authorize an agreement with La Cañada Design Group in an amount not to exceed \$347,000 for architectural design services.

- 7-3 Appropriate \$1.6 million; and award \$858,000 contract to Kiewit Infrastructure West Co. to rehabilitate Service Connection G-01 on the Santa Monica Feeder (Approp. 15441). (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination that the project is categorically exempt from CEQA, and

- a. Appropriate \$1.6 million; and
- b. Award \$858,000 contract to Kiewit Infrastructure West Co. to rehabilitate Service Connection G-01 on the Santa Monica Feeder.

- 7-4 Appropriate \$1.68 million; and authorize three rehabilitation projects at the Joseph Jensen Water Treatment Plant (Approps. 15486 and 15442). (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed actions are categorically exempt, and

- a. Appropriate \$1.68 million; and
- b. Authorize three rehabilitation projects at the Jensen plant.

- 7-5 Authorize granting a 1,440-square-foot permanent easement to Southern California Edison on Metropolitan-owned property located in Orange County. (RP&AM)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action was considered in the previously certified 2011 Final EIR and MMRP and 2013 Addendum No. 2, and adopt the Lead Agency's findings and MMRP related to the easement; and authorize the General Manager to grant a permanent easement to Southern California Edison.

- 7-6 Authorize granting a 3.42-acre permanent easement to the city of Fontana on Metropolitan-owned property located in San Bernardino County. (RP&AM)

Recommendation:

Option #1:

Review and consider the information in the Lead Agency's adopted 2013 MND and mitigation measures, adopt the Lead Agency's findings, and authorize the General Manager to grant a permanent easement to the city of Fontana.

- 7-7 Authorize granting a 2,477-square-foot permanent easement to Southern California Edison on Metropolitan-owned property at the Chemical Unloading Facility in the city of Perris, Riverside County. (RP&AM)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action was previously determined to be categorically exempt, and authorize the General Manager to grant a permanent easement to Southern California Edison.

(END OF CONSENT CALENDAR)

8. OTHER BOARD ITEMS — ACTION

- 8-1 Authorize agreement with the Municipal Water District of Orange County for credit in the amount of \$8,145,566.18 due to overcharges on deliveries through Service Connection OC-88. (F&I) **(To be mailed separately)**
- 8-2 Appropriate \$13.6 million; and authorize: (1) design and permitting to address right-of-way and erosion issues throughout the distribution system; and (2) amendments to agreements with Carollo Engineers, Inc., CH2M Hill, Inc., Dudek, Inc., and Riggs and Riggs, Inc. (Approp. 15474). (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is categorically exempt and is not subject to CEQA, and

- a. Appropriate \$13.6 million;
- b. Authorize design of pipeline and access improvements throughout Metropolitan's distribution system;
- c. Authorize permitting and right-of-way planning within the Los Angeles and Riverside/San Diego County operating regions;
- d. Authorize increase of \$2.1 million to the existing agreement with Carollo Engineers, Inc., for a new not-to-exceed total of \$2.5 million;
- e. Authorize increase of \$2.1 million to the existing agreement with CH2M Hill, Inc., for a new not-to-exceed total of \$2.35 million;
- f. Authorize increase of \$2.4 million to the existing agreement with Dudek, Inc., for a new not-to-exceed total of \$3,375,000; and
- g. Authorize increase of \$290,000 to the existing agreement with Riggs and Riggs, Inc., for a new not-to-exceed total of \$390,000.

9. BOARD INFORMATION ITEMS

- 9-1 Update on solar power generation opportunities for the F. E. Weymouth and Joseph Jensen Water Treatment Plants. (E&O)
- 9-2 Report on federal rulemaking regarding definition of “waters of the United States” under the Clean Water Act. (C&L)

10. FUTURE AGENDA ITEMS

11. ADJOURNMENT

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

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

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

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

**AGENCY
REPRESENTATIVES'
REPORTS**

4D

**CHINO BASIN WATERMASTER
WATERMASTER BOARD MEETING**

11:00 a.m. – July 24, 2014

WITH

Mr. Robert "Bob" Craig – Chair

Mr. Steve Elie – Vice-Chair

At The Offices Of

Chino Basin Watermaster

9641 San Bernardino Road

Rancho Cucamonga, CA 91730

AGENDA

CALL TO ORDER

PLEDGE OF ALLEGIANCE

PUBLIC COMMENTS

AGENDA - ADDITIONS/REORDER

I. CONSENT CALENDAR

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

A. MINUTES

1. Minutes of the Watermaster Board meeting held June 26, 2014 *(Page 1)*

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of May 2014 *(Page 5)*
2. Watermaster VISA Check Detail for the month of May 2014 *(Page 19)*
3. Combining Schedule for the Period July 1, 2013 through May 31, 2014 *(Page 22)*
4. Treasurer's Report of Financial Affairs for the Period May 1, 2014 through May 31, 2014 *(Page 26)*
5. Budget vs. Actual Report for the Period July 1, 2013 through May 31, 2014 *(Page 30)*

C. WATER TRANSACTIONS

1. Notice of Sale or Transfer - The purchase of 1,200,000 acre-feet of water from Santa Ana River Water Company by Jurupa Community Services District. This purchase is made from Santa Ana River Water Company's Annual Production Right / Operating Safe Yield first, then any additional from storage. Date of application: March 11, 2014 *(Page 46)*
2. Notice of Sale or Transfer – The purchase of 6,500 acre-feet of water from The Nicholson Trust by Fontana Water Company. This purchase is made from The Nicholson Trust's Annual Production Right. Date of application: May 1, 2014 *(Page 56)*

- 3. Notice of Sale or Transfer – The purchase of 1,000,000 acre-feet of water from San Antonio Water Company by Fontana Water Company. This purchase is made from San Antonio Water Company's storage account. Date of application: May 5, 2014 (Page 66)
- 4. Notice of Sale or Transfer – The permanent transfer of 300,000 acre-feet of Safe Yield from Aqua Capital Management by Ontario City Non-Ag, effective as of the beginning of fiscal year 2014/15. Date of application: June 3, 2014 (Page 76)

D. 2013 LAND SUBSIDENCE COMMITTEE ANNUAL REPORT (Page 88)

Adopt the 2013 Annual Report of the Land Subsidence Committee, along with filing a copy with the Court.

The draft 2013 Annual Report of the Land Subsidence Committee can be found at the following link:

[http://www.cbwm.org/FTP/Land%20Subsidence%20Committee%20\(LSC\)/2013%20Draft%20LSC%20Annual%20Report/Final%20Draft%202013%20Annual%20Report%20of%20the%20Land%20Subsidence%20Committee-posted%20to%20FTP%20for%20review%20on%2020140711/2013%20Annual%20Report%20draft%20v3%20lsc%20FINAL.pdf](http://www.cbwm.org/FTP/Land%20Subsidence%20Committee%20(LSC)/2013%20Draft%20LSC%20Annual%20Report/Final%20Draft%202013%20Annual%20Report%20of%20the%20Land%20Subsidence%20Committee-posted%20to%20FTP%20for%20review%20on%2020140711/2013%20Annual%20Report%20draft%20v3%20lsc%20FINAL.pdf)

E. RESOLUTION 2014-04 – NONQUALIFIED DEFERRED COMPENSATION PLAN 457(f)

Adopt Resolution 2014-04 approving a Nonqualified Deferred Compensation Plan 457(f) (Resolution 2014-04 will be provided separately) (Page 90)

II. BUSINESS ITEMS

A. SAFE YIELD RECALCULATION – PRESENTATION OF MODELING RESULTS (DISCUSSION ONLY)

B. MASTER AGREEMENT FOR COLLABORATIVE RECHARGE PROJECTS (Page 92)

Approve Watermaster's entrance into the Master Agreement between Watermaster and Inland Empire Utilities Agency regarding the Management of Collaborative Recharge Projects, subject to non-substantive changes to be made by staff.

III. REPORTS/UPDATES

A. LEGAL COUNSEL REPORT

- 1. Motion for Approval of Watermaster Board Compensation Policy
- 2. July 11, 2014 Hearing

B. CFO REPORT

None

C. ENGINEER REPORT

None

D. GM REPORT

- 1. FY 2013/14 Production Information
- 2. Form 9 Consideration
- 3. Response to Question on CDA Expansion Requirements
- 4. City of Fontana's Request to Review Draft EIR on Vulcan Project
- 5. Other

IV. INFORMATION

1. Cash Disbursements for June 2014 (*Page 103*)

V. BOARD MEMBER COMMENTS

VI. OTHER BUSINESS

VII. CONFIDENTIAL SESSION - POSSIBLE ACTION

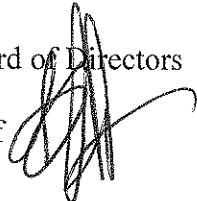
Pursuant to Article 2.6 of the Watermaster Rules & Regulations, a Confidential Session may be held during the Watermaster committee meeting for the purpose of discussion and possible action.

VIII. FUTURE MEETINGS AT WATERMASTER

7/22/14	Tue	9:00 a.m.	GRCC (at Watermaster)
7/24/14	Thu	11:00 a.m.	Watermaster Board
8/14/14	Thu	9:00 a.m.	Appropriative Pool
8/14/14	Thu	11:00 a.m.	Non-Ag Pool
8/14/14	Thu	1:30 p.m.	Agricultural Pool
8/21/14	Thu	8:00 a.m.	Joint IEUA/CBWM Recharge Improvement Projects (New Time)
8/21/14	Thu	9:00 a.m.	Advisory Committee
8/28/14	Thu	11:00 a.m.	Watermaster Board

ADJOURNMENT



Date: August 20, 2014
To: The Honorable Board of Directors
From: P. Joseph Grindstaff
General Manager 
Subject: General Manager's Report Regarding Agency Activities

PROPOSITION 1E GRANT OPPORTUNITY

Background

The Vulcan Project (Project) was developed by the City of Fontana (City) and is listed as an active project in their most recent Capital Improvement Plan (Plan). As noted within the Plan, *"The project involves the construction of a stormwater and recharge facility. The project will capture stormwater and recycled water to be stored in the Chino Basin Aquifer for resale. The project will include acquisition of property, grading, storm drain improvements and water recharge."*

The Plan identifies that the Project is expected to be \$19.9M; including major components such as \$4.5M in land acquisition and \$12.9M in design/construction costs. The Plan also identifies that \$9.95M in Department of Water Resources 1E grant (DWR grant) funding has been secured, with the remaining \$9.95M in additional funding (matching funds for DWR grant) to be identified at a later date.

Based on discussions with the City and grant documents, the Project was anticipated to improve flood control and enhance water conservation by diverting stormwater flows (3,000 AFY) and recycled water (3,000 AFY) to the aquifer through the recharge basin. All construction related activities associated with this project are to be complete by December 2016.

Current Status of Project

In July 2014, the City provided IEUA and the Chino Basin Watermaster (CBWM) the Draft Environmental Review (DEIR) for evaluation. IEUA and CBWM are currently reviewing these documents to evaluate the viability of the site for recharge considering the historical land use and the potential presence of contaminants within the site soil.

A preliminary/tentative determination was made by CBWM on 8/8/14. In summary, it identified the need for further evaluation (potential remediation) of onsite soil contaminants, modeling to characterize potential mounding due to the large anticipated recharge volume and modeling to ensure that the recharge will not adversely impact the direction/speed of existing contamination plumes within the vicinity of the Project. A preliminary/tentative determination from IEUA is expected to be complete by 8/20/14.

Alternative Project Proposal

If the Project cannot be implemented at this time due to site conditions and/or time constraints associated with the DWR grant, it is recommended that an alternative project proposal be developed by IEUA and CBWM in close coordination with the City. Any alternative project proposal would have to provide similar benefits to the region with regards to flood protection and water conservation. In order to receive the total \$9.95M in DWR grants, the project would have to be at least \$19.9M in total project costs. If the City desires to pursue the alternative proposal, IEUA must receive written documentation by the City stating their desire to transfer grant responsibilities to IEUA. Currently, DWR will not have any discussions with IEUA since the grant is in the City's name. Detailed communication with DWR is necessary to ensure that project specifics are defined and the grant is not forfeited.

With the recent adoption of the 2013 Chino Basin Recharge Master Plan Update (RMPU), the region is in a good position to find alternative projects that have similar costs and benefits. The attached table provides a summary of several RMPU projects that provide similar stormwater and recycled water recharge benefits. In addition to providing storm system benefits by reducing stormwater flows to downstream facilities, this list also includes the Beech Ave. Storm Drain project identified by the City. It should also be noted that the first five projects are either located within the City or within their sphere of influence. The provided list is a preliminary list of projects, and will have to be coordinated with the CBWM to finalize the selection of the projects for the alternative proposal.

Project	SW (AFY)	RW (AFY)	Capital
Sierra Basin	64	-	\$ 490,000
Beech Ave. Storm Drain Undercrossing	-	-	\$ 2,500,000
CSI Basin	81	300	\$ 440,000
Declez Basin	241	-	\$ 4,070,000
Wineville Basin	2,157	-	\$ 4,890,000
San Sevaime Basin	642	1,911	\$ 3,550,000
Victoria Basin	43	120	\$ 150,000
Lower Day Basin	789	-	\$ 2,480,000
Turner Basin	66	-	\$ 890,000
Montclair Basin	248	-	\$ 1,440,000
Total	4,331	2,331	\$ 20,900,000

Recommendation

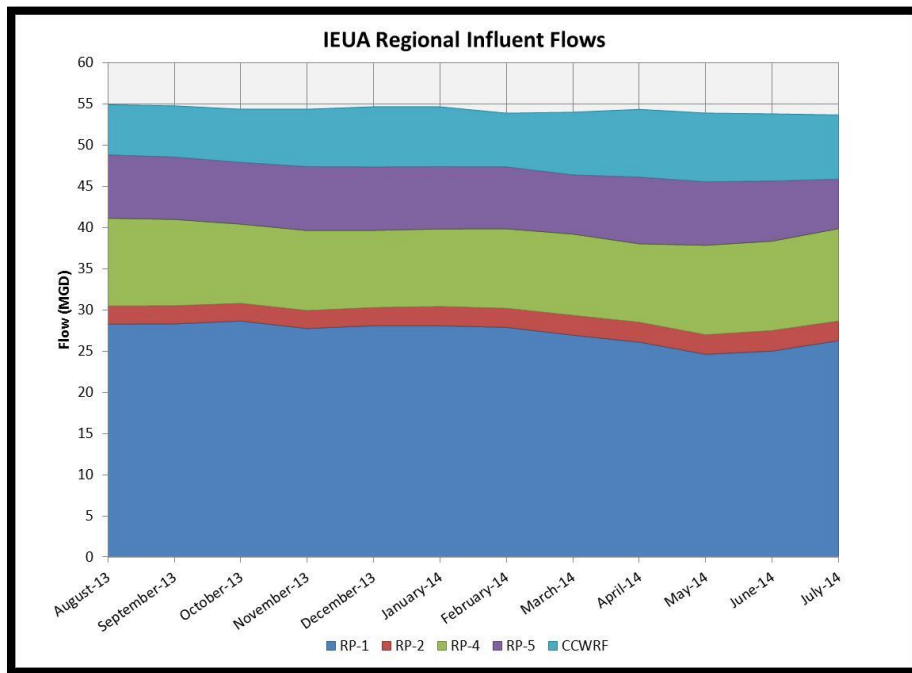
If it is determined that the Project cannot move forward on a schedule consistent with grant requirements (i.e. due to funding, site acquisition, site conditions, project development, etc.), it is recommended that the region consider the following:

1. The City should assign IEUA the legal rights to work with DWR to negotiate a revised grant Agreement (alternative project proposal).
2. If successfully negotiated, the City should formally assign the DWR grant to IEUA for implementation of the above listed local and RMPU projects.

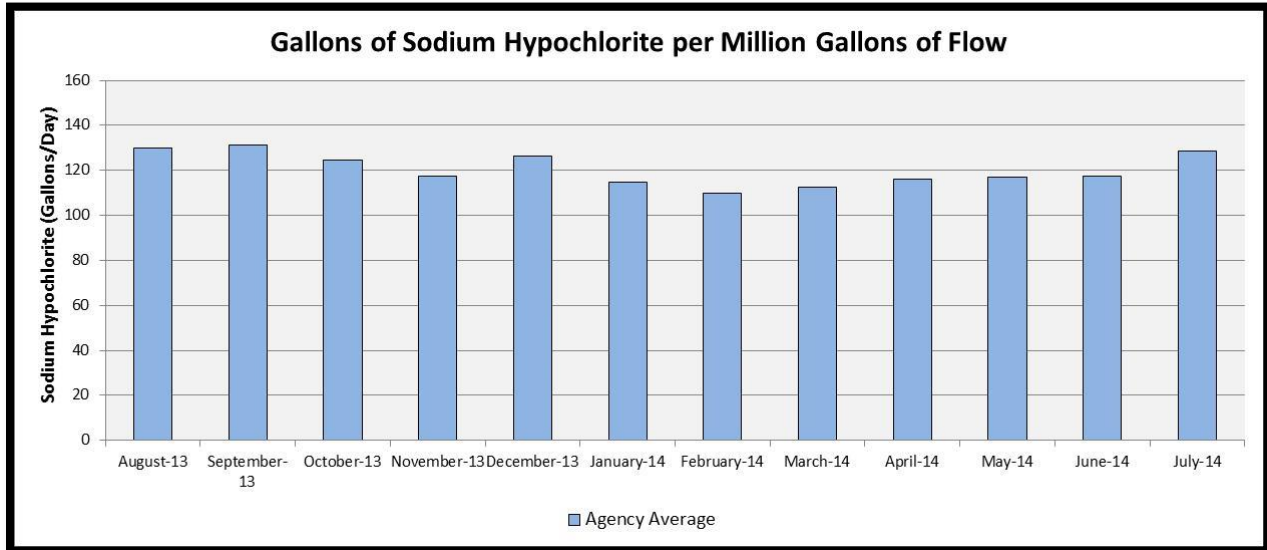
3. If reassigned, IEUA/CBWM should formally adopt matching share funding commitments and design/construction schedules for these projects consistent with the timeline required by the DWR grant.

OPERATIONS UPDATE

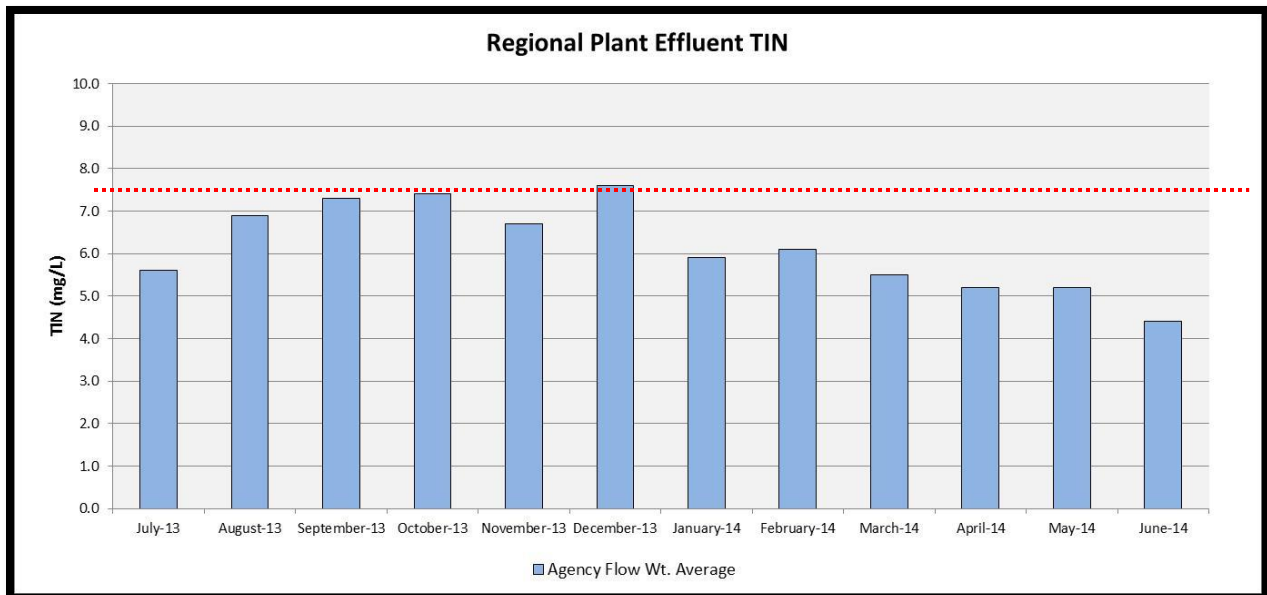
Regional Plant influent flows during the month of July continue to be consistent with the flow received during the previous month. Agency wide average daily flow for the month of July was approximately 54 million gallons per day.



In July 2014, Regional Plant sodium hypochlorite consumption averaged 129 gallons per million gallons of treated flows.



Agency flow weighted Total Inorganic Nitrogen (TIN) was 4.4 mg/L for the month of June.



MAINTENANCE UPDATE

- Warehouse physical inventory was posted on June 26, 2014. The inventory deviation was minimal. This is an excellent reflection on the warehouse staff, established procedures, and protocols within the warehouse operation.
- Technology Master Plan user satisfaction survey and staff interviews are complete; recommendations are being developed by the consultants.
- Completed the RP-1 GT rehabilitation project.
- The RP-1 chemical odor scrubber media has been replaced.

IERCF UPDATE

Operational Comments

Facility throughput for June averaged approximately 97% of permitted capacity at an average of 424.44 tons per day of biosolids and 174 tons per day of amendments (based on a 30 day month). The facility is operating well with no violations or lost time incidents.

Facility Throughput

POTW	Wet Tons Month	Wet Tons Year to Date
LACSD	8,337.60	56,993.78
IEUA	4,395.71	30,520.36
Total	12,733.31	87,514.14

Compost Sales

July sales volumes increased by over 5,300 cubic yards compared to last year. Compost inventory in the storage facility is at approximately 33,000 cubic yards with capacity for an additional 17,000 cubic yards. Sales are expected to remain on pace to remove 20,000 cubic yards from inventory by November of this year.

FYTD Sales Summary through July 2014

Month	Total Cyds 2014/2015	Total Cyds 2013/2014	Total \$ 2014/2015	Total \$ 2013/2014
July	23,882.49	18,501.14	\$39,474.57	\$47,324.52
Total	23,882.49	18,501.14	\$39,474.57	\$47,324.52
Average	23,882.49	18,501.14	\$339,474.57	\$47,324.52

Groundwater Recharge

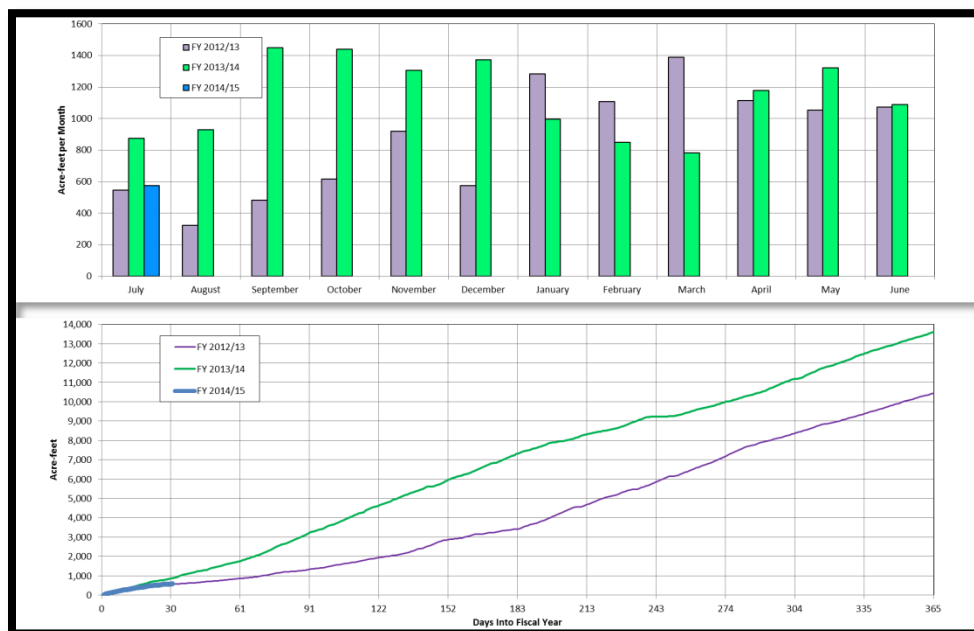
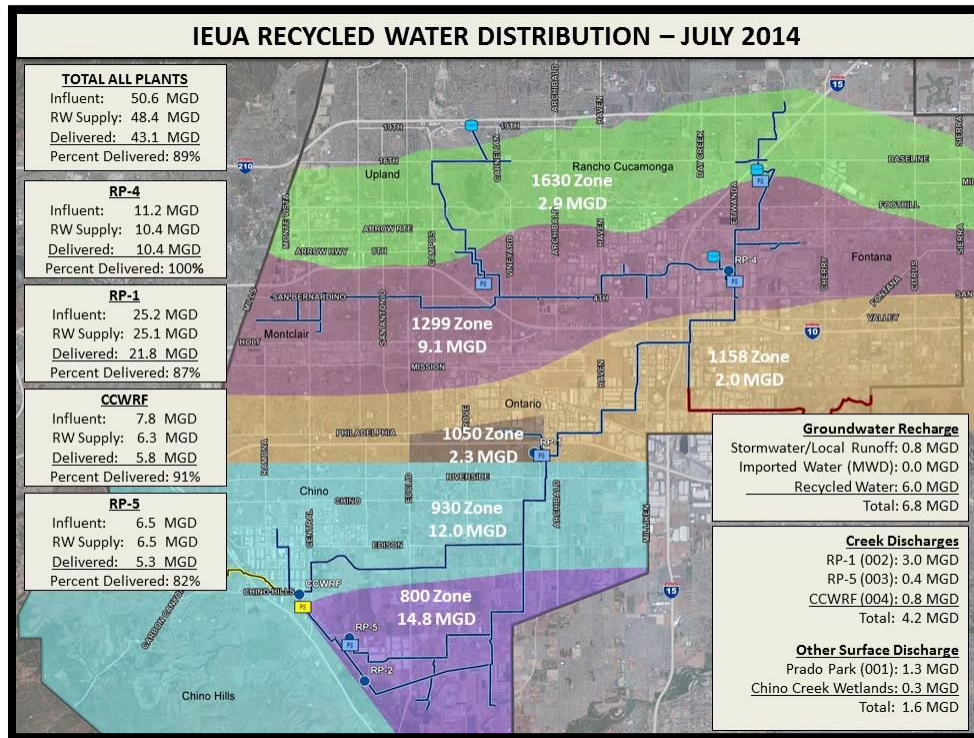
During July, recycled water recharge totaled 574 acre-feet and there was no imported water delivered for recharge. July's captured dry weather creek flows totaled 73 acre-feet (there were no rain events).

SUMMARY OF CHINO BASIN GROUNDWATER RECHARGE OPERATIONS					
July 2014					
Drainage System	Recharge Volume (AF)*			Management Zone Subtotals	
	SW/LR	MW	RW		
San Antonio Channel Drainage System					
College Heights	-	-	N	MZ-1 111 AF**	
Upland	-	-	N		
Montclair 1, 2, 3 & 4	6	-	N		
Brooks	-	-	72		
West Cucamonga Channel Drainage System					
8th Street	25	-	8	MZ-2 341 AF**	
7th Street	-	-	-		
Ely 1, 2, & 3	16	-	101		
Minor Drainage					
Grove	2	N	N		
Cucamonga and Deer Creek Channel Drainage Systems					
Turner 1 & 2	-	-	-		
Turner 3 & 4	11	-	-		
Day Creek Channel Drainage System					
Lower Day	-	-	X		
Etiwanda Channel Drainage System					
Etiwanda Debris	-	-	X		
Victoria	2	-	91		
San Sevaine Channel Drainage System					
San Sevaine 1, 2, 3, & 4	-	-	-		
San Sevaine 5	-	-	-		
West Fontana Channel System					
Hickory	-	-	118		
Banana	-	-	-		
Declez Channel Drainage System					
RP3 Cells 1,3, & 4	6	-	184	MZ-3 195 AF**	
RP3 Cell 2	3	-	-		
Declez	2	-	-		
Non-Replenishment Recharge**					
Brooks (MVWD) MZ-1	-				
Montclair (MVWD) MZ-1	-				
Turner (SAWCO) MZ-2	-				
Month Total = 647 AF	73	0.0	574	July 2014	
Fiscal Year to Date Total					
Since July 1, 2014 = 647 AF	73	0.0	574	Fiscal Year to Date	
Calendar Year to Date Total					
Since Jan. 1, 2014 = 9,752 AF	2,161	0.0	7,591	Calendar Year to Date	
SW : Storm Water, LR : Local Runoff (and GE, MVWD), MW : MWD Imported Water, RW : Recycled Water - : No stormwater/local runoff, or basin not in use due to maintenance or testing. X : Turnouts not available - to be installed during future projects. N : No turnout planned for installation. * : Data are preliminary based on the data available at the time of this report preparation. ** : Management Zone Subtotals have deducted from them any Non-Replenishment Recharge, which is recharge originating from pumped groundwater and is not new water.					

Printed: Aug. 04, 14

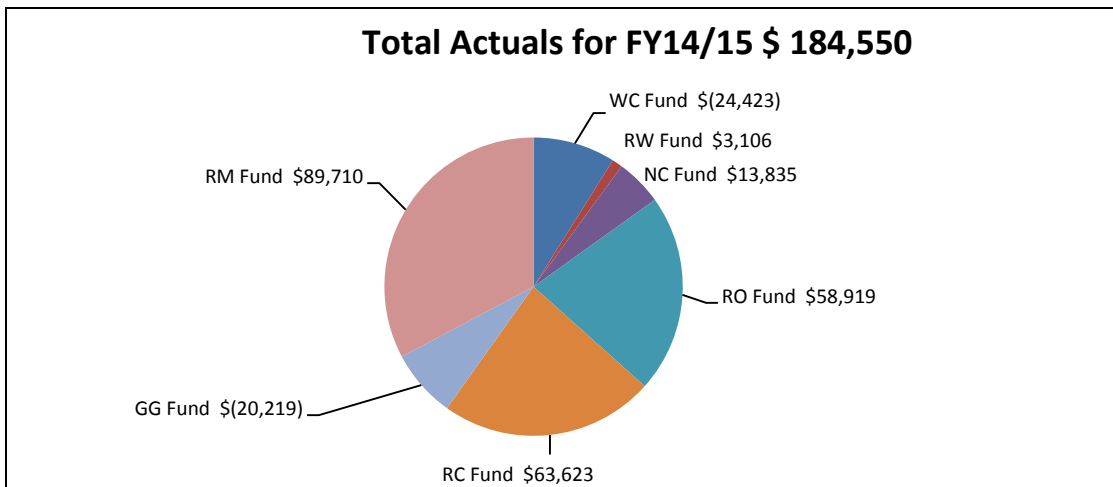
RW Distribution

During July 2014, 88% (43.2 MGD) of IEUA recycled water supply (49.2 MGD) was delivered into the distribution system for both direct use customers (37.2 MGD) and groundwater recharge (6.0 MGD). Plant discharge to creeks feeding the Santa Ana River averaged 4.2 MGD.



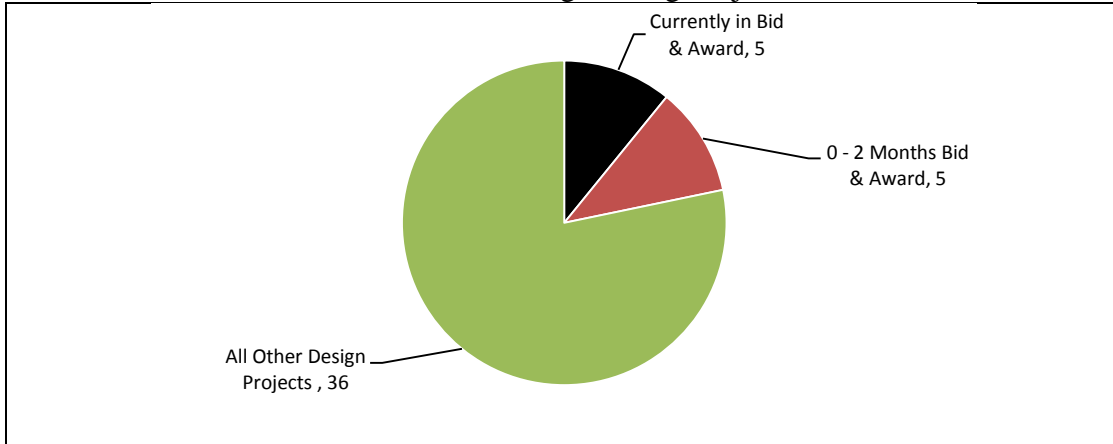
ENGINEERING AND CONSTRUCTION MANAGEMENT

Engineering and Construction Management's FY14/15 budget is \$24,684,000, Engineering expects to rollover approximately \$3,000,000 of funds not expended during FY1314 for an estimated FY14/15 budget of \$27,684,000. Staff has projected to spend \$27,461,906 during FY14/15 of which \$181,017 has been expended. The following charts summarize the Engineering and Construction Management project status update.



Engineering Project Status

46 Active Engineering Projects



5 Projects Currently in Bid & Award

- | | |
|---|--|
| <ul style="list-style-type: none"> • EN13038.00 RP-1 Outfall Relocation & Upsizing • EN14035.00 NRW Collection System Repair Phase 4 - Rehabilitation of the Existing 22-in • EN14037.00 Sewer Collection System Manhole Rehabilitations | <ul style="list-style-type: none"> • EN14012.00 RP-2 Drying Beds Rehabilitation • RA14004.00 IERCF Harmonic Filters Air Conditioning |
|---|--|

5 Projects Currently in 0-2 Months Bid & Award

- | | |
|--|---|
| <ul style="list-style-type: none"> • EN13016.00 SCADA Enterprise System • EN12019.00 GWR and RW Comm. Sys. Upgrades • EN15037.00 NRW Manhole Upgrades | <ul style="list-style-type: none"> • EN15038.00 Collection System Manhole Upgrades • EN12020.00 Chino Creek Invert Repair |
|--|---|

Construction Project Status

	Project ID	Project Title	Description	Total Project Budget (\$)	Total Cost to Date (\$)	FY Budget (\$ 2015)	FY Cost to Date 2015 (\$)	June's CO's Processed (\$)	Total Project CO's (%)	% Project Complete	Original Operational Date	Estimated Operational Date
1	EN06025	Wineville Ext Recy Wtr Pipline Seg A	Construct RWP along Wineville to RP-3, Declaz and two turnout	17,965,518	2,311,275	3,236,749	8,241	0	0.00%	21.88%	9/23/2015	2/5/2016
2	EN09021	RP-4 Headworks Retrofit	Improve access @ Headworks for Ops and Maint & replace gates	2,185,900	870,539	987,528	5,066	0	0.00%	35.59%	6/30/2015	7/17/2015
4	EN11010	Headquarters Central Plant Improvements	HQ building and central plant HVAC upgrades and modifications	745,600	742,233	603	1,268	1,789,885	3.77%	99.76%	6/13/2014	6/27/2014
5	EN11035	Philadelphia Pump Station Upgrades	Upgrade Force Main to 12-inch and replace surge protection pipe	2,381,100	566,377	1,410,742	-806	1,374,700	0.00%	62.73%	2/16/2015	12/30/2014
6	EN11051	Central Plant for the New Operations Laboratory	Central Plant (HVAC) improvements in the Lab	2,130,000	1,879,421	0	2,637	0	0.00%	99.20%	6/13/2014	8/1/2014
8	EN12022	RP-1 Aeration Ducting	Replacement of leaking air pipe coupling for RP-1 Aeration Basin	1,256,000	463,051	617,775	598	984,000	0.00%	76.71%	5/25/2014	1/2/2015
9	EN13022	930 Zone RW Reservoir Construction	5-MG RW welded steel storage reservoir in Chino Hills	8,025,750	6,312,708	0	-36,459	5,067,176	9.20%	83.81%	4/1/2014	8/11/2014
10	EN13023	930 Zone RW Pipeline Construction	13,000 linear feet of 30-inch Recycled Water Pipeline	11,219,538	7,695,991	3,014,582	-30,006	6,007,300	50.04%	67.01%	7/1/2014	1/6/2015
11	EN13029	Turner 1 Turnout & Deer Creek Drop-Inlet Mods	Turnout within Basin 1 of approx. 200 LF of 16-inch steel pipe	1,025,000	500,741	6,180	542	0	0.00%	99.88%	7/8/2014	7/2/2014
12	EN13045	Wineville RW Extension Segment B	Install 2.8 miles of 30" RWP & to the associated appurtenances	11,880,300	94,888	3,000,000	-9,360	0	0.00%	11.13%	10/15/2014	10/30/2015
13	EN13047	RP-5 Standby Generators Control Mods	Design, procure & install new control components, programming	417,000	88,937	270,000	3,099	0	0.00%	59.01%	1/15/2015	11/25/2014
14	EN13049	RP-2 Digester No. 4 Dome Improvements	Convert the floating dome to a fixed dome	1,900,000	1,407,647	400,000	1,904	1,113,083	0.00%	85.69%	8/17/2014	7/30/2014
15	EN13053	RP-2 GT Splitter Box Gates Replacement	Replacement of existing slide gates and frames	175,000	29,152	0	1,310	0	0.00%	31.64%	-	9/23/2014
16	EN13054	Montclair Lift Station Upgrades	Eliminate the ragging problem due to diverted flows from RP1	3,591,600	659,801	2,575,000	1,762	1,779,100	0.00%	48.62%	5/1/2015	3/2/2015
17	EN13056	Agency-Wide HVAC Improvements- Pckg No. 2	Design, procurement and installation of all necessary HVAC equip	1,086,500	40,627	600,981	4,151	0	0.00%	14.25%	-	4/2/2015
19	EN14027	CCWRF Secondary Clarifier No. 3 Rehab	Rehab Secondary Clarifier at CCWRF	1,540,600	41,700	800,404	6,611	0	0.00%	13.68%	7/20/2015	5/29/2015
20	EN14040	Jurupa Pump Station HVAC Improvements	Design, procure & install new conditioning sys at Electrical Room	300,000	24,140	120,975	3,021	0	0.00%	77.64%	10/16/2014	7/25/2014
21	EN14050	Collection System Repairs Phase V , Westside Interceptor	Repair a total of 960 lf of PL	561,800	64,341	407,868	4,748	0	0.00%	17.01%	-	10/13/2014
22	EN14051	RP1 Centrifuge Stair and Catwalk Installation	New stairway access, catwalk, connecting bridge and portable lift	532,000	76,781	10,393	5,838	165,000	0.00%	77.68%	5/30/2014	10/2/2014
23	EN14052	RP1 Primary Clarifier West Effluent Pipeline Replacement	Replace effluent pipeline w\vitrified clay pipe and extend life	945,000	502,664	813,698	3,140	432,300	0.00%	79.12%	5/30/2014	9/1/2014
24	EN15040	RP-1 North lagoon Water Line Repair	Saw cutting concrete lagoon to expose 4" water main, repair, & slurry backfilling the trench.	14,000	0	14,000	0	0	0.00%	97.73%	-	-
25	RA11004	IERCF Process Improvements	Upgrading the conveyor belts at IERCF	4,800,000	3,461,556	2,020,885	62,676	3,173,000	2.93%	88.92%	11/26/2014	1/26/2015
26	RA14002	IERCF Locker Room A/C System Upgrade	Ducting installation , electrical, and A/C	87,300	87,282	2,009	7,026	32,400	9.62%	99.37%	7/8/2014	6/18/2014
27	WR11017	Turner Basin Recharge Improvements	Recharge improvements	1,623,550	905,889	40,557	5,093	1,095,000	5.43%	99.00%	7/8/2014	7/31/2014
				76,389,056	28,827,742	20,350,929	52,098	23,012,944				

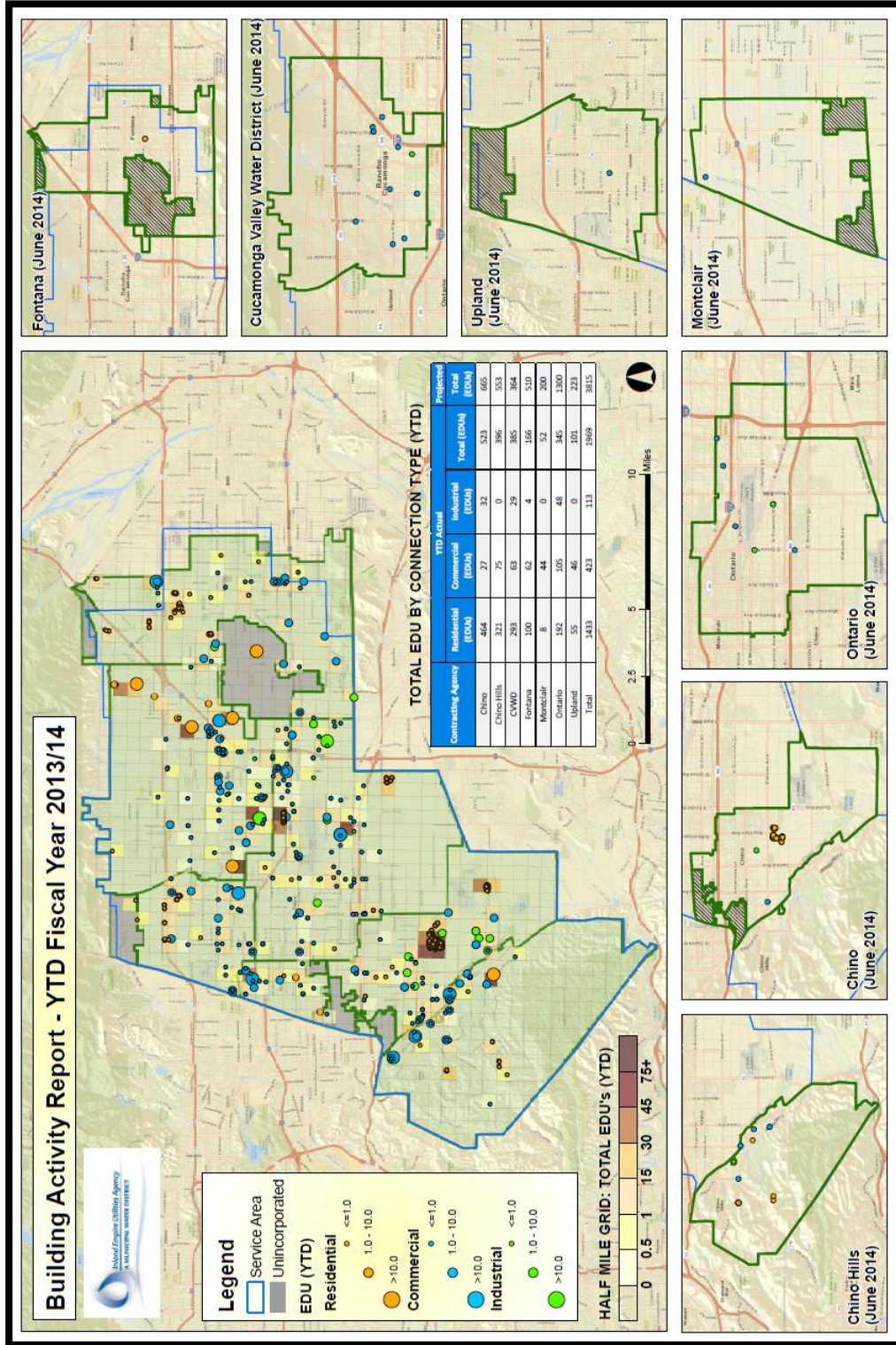
- Total construction contract payments for July 2014: \$1,324,608.27

High Level Construction Activities/Information

Emergency repair work was done for three areas; Grand Avenue sink hole, IERCF double check valve assemble and caustic soda line chemical leak the Chino Desalter. The work was completed on the Grand Avenue sink whole, and the IERCF double check valve assemble, however the work on the chemical leak at the Desalter is ongoing. During the leak repair at the Desalter, two additional leaks were found and it was discovered that the entire drain system was clogged. CDA requested all lines be replaced. On August 5, 2014, a new leak was discovered on the sulfuric acid line and the contractor was directed to perform a temporary bypass while staff performs an assessment

PLANNING AND ENVIRONMENTAL COMPLIANCE

The following graphic shows the total connections to date within the service area for FY 2013/14.



Finance & Accounting Updates

- Worked with CalPERS and CERBT in processing the pay down of the Agency's pension unfunded accrued liabilities

Grants Key Activities:

USBR Title XVI Desalinization and Reclamation Grant Agreement

IEUA and the U. S. Department of Interior, Bureau of Reclamation (USBR) have started the grant agreement negotiation process for the Lower Chino Dairy Area Desalinization and Reclamation Well Field and Pipeline Project (Project). The USBR will provide \$3,000,000 in grant funding for the Project. The Project will construct 2 groundwater wells and 8 segments, or 42,550 feet, and raw water transmission pipelines to deliver groundwater to CDA I and II for treatment. This project is part of the CDA II Expansion Phase III project. It has a total estimated project cost of \$21 million.

In addition to creating maximum flexibility for blending water quality for Total Dissolved Solids (TDS), nitrates and Volatile Organic Compounds (VOC) to optimize removal at the Chino II Desalter, this Project will also provide groundwater extraction wells and a conveyance system necessary for the removal of the Trichloroethylene (TCE) plume contaminants found near the Ontario Airport groundwater aquifer.

SRF Loan Reimbursement Submitted To SWRCB For The Laboratory Expenditures

The \$17.1 SRF loan agreement for the Agency's Water Quality Lab Construction Project was signed in March 2014. The SRF loan includes a \$1 million principal forgiveness loan with a 2.1% interest rate and 30-year term. A reimbursement request for \$630,551 was submitted to the SWRCB for the planning, design and administration expenditures incurred since July 2009. IEUA expects to receive the payment in August 2014.

State Water Resources Control Board (SWRCB) Infrastructure Funding Fair

On July 30, 2014, Grant Staff attended the California Financing Coordinating Committee (CFCC) Funding Fair at the Los Angeles County Department of Public Works. The CFCC is made up of seven funding members: The State Water Board, California Department of Public Health, California Department of Water Resources, California Department of Housing and Community Development, U.S. Department of Agriculture Rural Development, USBR, and California Infrastructure and Economic Development Bank. Each participating agency provided information on available infrastructure grant, loan, bond financing programs and options.

General Manager's Report Regarding Agency Activities

August 20, 2014

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Inland Empire Utilities Agency
Active Grant and SRF Loan Summary
As of July 31, 2014

Funding Agency	Project Name	Award Amount	Invoiced Through (6/30/13)	Invoiced FY13/14 (07/01/13 - 6/30/14)	Invoiced FY14/15 (07/01/14 - 6/30/15)	Award Balance
FEDERAL GRANTS						
United States Bureau of Reclamation (USBR)	Turner Basin Improvement Project	406,712	227,453	179,260	-	(0)
	Regional Residential Landscape Surveys and Retrofit Program	199,000	67,926	91,098	11,093	28,883
FEMA/Cal-EMA	FEMA Winter Storm 2010 Disaster	585,831	585,831	-	-	0
Active Federal Grants		\$ 1,191,543	\$ 881,209	\$ 270,358	\$ 11,093	\$ 28,883
STATE GRANTS						
Department of Water Resources (DWR)	Multi-Family ULF Toilet Program	1,650,133	1,614,066	36,067	-	(0)
	Landscape Water Audit Program	194,476	194,418	58	-	(0)
Department of Parks & Recreation (DPR)	Water Discovery Field Trip & Bus	207,900	59,333	12,206	-	136,361
	Earth Day program	38,500	35,584	2,916	-	-
State Water Resources Control Board (SWRCB)	Southern Area Recycled Water	4,000,000	521,739	3,063,393	27,213	387,655
State Water Resources Control Board (SWRCB)	Central Area Recycled Water Wineville	4,000,000	-	-	-	4,000,000
MWD	Pilot Scale 3-D Fluorescence Excitation-Emission Matrix	50,000	-	-	7,524	42,476
MWD	Recycled Water Intertie Study	25,000	-	-	8,038	16,962
Active State & Local Grant		\$ 10,166,009	\$ 2,425,141	\$ 3,114,640	\$ 42,775	\$ 4,583,454
Total Active Federal, State & Local Grant		\$ 11,357,552	\$ 3,306,350	\$ 3,384,998	\$ 53,868	\$ 4,612,337
SRF LOANS						
SWRCB (SRF Loans)	RP-1 Dewatering Facility	27,434,811	27,434,809	-	-	2
	Southern Area Recycled Water	20,608,638	5,194,535	11,011,187	304,318	4,098,598
	Central Area Recycled Water Wineville	26,500,000	-	-	-	26,500,000
	New Water Quality Laboratory	17,100,000	-	630,551	-	16,469,449
Sub-total Active SRF Loans		\$ 91,643,449	\$ 32,629,344	\$ 11,641,738	\$ 304,318	\$ 47,068,049
CDA GRANTS						
United States Bureau of Reclamation (USBR)	CDA Wellfield (Wells 1, 2, 3)	\$ 1,516,095	533,307	-	-	982,788
United States Bureau of Reclamation (USBR)	1010 Zone Pump Station and New Product Water Pipelines	3,950,000	448,196	757,963	371,363	2,372,479
California Department Of Public Health	CDA Phase III Expansion Projects	52,005,716	-	17,088,141	2,524,480	32,393,095
MWD	Pilot Testing of a Biological Treatment Process (BIOTTTATM)	414,216	-	-	129,783	284,433
Sub-total Active CDA Grants		\$ 57,886,027	\$ 981,503	\$ 17,846,103	\$ 3,025,626	\$ 36,032,794
GRAND TOTAL ACTIVE GRANTS & LOANS		\$ 160,887,028	\$ 36,917,196	\$ 32,872,839	\$ 3,383,812	\$ 87,713,180
Active Grants & Loans		\$ 160,887,028	\$ 36,917,196	\$ 32,872,839	\$ 3,383,812	\$ 87,713,180
Closed grants and SRF loans		\$ 238,276,907				
Total Active and Closed Grants & Loans since 2002		\$ 399,163,935				

Human Resources Updates:

Safety Update

The Annual Safety Inspection of the Desalter well sites was conducted on June 30, 2014. The two main issues were signage and weeds. IEUA will replace signage as needed and the CDA will handle weed abatement. Annual Safety Inspections for Regional Plant 5 and the Laboratory at Regional Plant 1 were completed in July. No major issues were found.

The City of Ontario Fire Department conducted a follow-up inspection on July 8, 2014, at Regional Plant 1. The initial inspection was back in February. Items requiring correction had been completed, there were no violations.

Cal-OSHA conducted an inspection at the IERCF in April and returned in May to complete the inspection. Results were received in July. Cal-OSHA found no violations related to the initial reason for inspection, air quality and ventilation. However, a citation will be issued to the IERCF for improper respirator maintenance and inspection. The employee whose equipment was found in poor condition has now had additional training in proper maintenance, inspection and storage.

Star Award Recipients

The Annual Employee Appreciation Picnic was held on Wednesday, July 16, 2014 at Butterfield Park in Chino Hills. The goal of the event is to recognize employees and show appreciation for their hard work and dedication throughout the year. The picnic included the announcement of the STAR award recipients, great raffle prizes and many fun games such as the tug-of-war and water balloon toss.

A total of eleven STAR nominations were received for the second half of FY 2013/14. The three recipients were: Victor Rodriguez (Operations), Julio Im (Planning/Engineering) and Robert Wallin (Administration). Victor Rodriguez was named Employee of the Year for FY 2013/14. The employees were announced at the Employee Picnic. Winners are selected by a committee consisting of the previous year's STAR awards recipients, through a democratic voting process. All six STAR recipients for FY 2013/14 were considered for the Employee of the Year award.

General Manager's Report Regarding Agency Activities

August 20, 2014

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<u>CURRENT STAFFING</u>	
Regular Full-time Employees:	255
Contract/Limited Term Employees:	14
Interns:	14
TOTAL:	283
<u>CURRENT REGULAR RECRUITMENT ACTIVITIES</u>	
Recruitments in Process/Offer Pending:	5
Placement in Process:	0
No RFVP; Position on Hold 6.78% Vacancy Factor:	20
No RFVP; Vacant Position:	15
Total Regular Vacancies (Excludes Limited Term & Intern Positions = 13.79 % Vacancy Factor):	40
<u>CURRENT OTHER RECRUITMENT ACTIVITIES</u>	
Limited Term Position on Hold:	0
Limited Term Recruitments in Process/Offer Pending:	1
Intern Recruitments in Process/Offer Pending:	2