



Date: January 20, 2010

To: The Honorable Board of Directors

From: Richard W. Atwater
Chief Executive Officer/General Manager

Subject: General Manager's Report Regarding Agency Activities

INTERAGENCY WATER MANAGERS' MEETING

On January 6, the Agency hosted a meeting with all the retail water agencies and Watermaster to discuss the proposed MWD rates and charges effective January 2011 and the current drought conditions. The next Interagency Water Managers' meeting is scheduled for January 21, 2010, as part of the Watermaster Advisory Committee agenda.

GFOA BUDGET AWARD

For the fifth consecutive year, the Agency's FY 2009/10 O&M Budget was awarded the Distinguished Budget Presentation Award by the Government Finance Officers Association of the United States and Canada (GFOA). In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communication device. This award is the highest form of recognition in governmental budgeting and represents a significant achievement by the Agency.

BUILDING ACTIVITY REPORT

Contracting Agency	Projected Activity* (EDU's)	Actual Activity To Date (EDU's)	Monthly Reported EDU's	Percent of Projected EDU's
Chino	92	42	November	45%
Chino Hills	31	12	October	40%
C.V.W.D	308	512	November	166%
Fontana	500	294	November	59%
Montclair	158	82	November	52%
Ontario	318	195	October	61%
Upland	52	17	November	33%
TOTAL	1,459	1,155		79%

RECYCLED WATER THREE YEAR BUSINESS PLAN UPDATE

Recycled Water Connected Demand: The following new connections were made through December 2009:

Retail Agency	Customers	AFY
ONTARIO	Chaffey High School	165
	CCC North – 300 S Milliken	17
Total		182

The total potential annual recycled water usage from these customers is 182 AFY. The actual total connected capacity has increased to 32,060. To date for FY 09/10, a total of thirty one new customers at 4,519 AFY have been connected to the recycled water system. We anticipate on connecting another potentially 243 AFY within the next 30 to 90 days, increasing the total connected demand to over 33,000 AFY. The connected demand for FY 09/10 is expected to surpass the fiscal year goals of 36,000 AFY for FY 09/10.

The following are some of the upcoming priority customers and their current status.

Name	City	Demand (AFY)	Estimated Completion Date
Kellogg on Schaefer Ave	Ontario	200	February 2010
Euclid Median	Ontario	27	January 2010
Lehigh ES	Montclair	16	January 2010
Total Demand		243	

DWR Urban Drought Assistance Grant (\$1 Million): IEUA has completed and submitted the Site Selection Disbursement Strategy for State approval. Cucamonga Valley Water District, City of Chino and the City of Ontario have approved the reimbursement agreements. IEUA has met the 10,000 acre-foot non potable use goal stated in the grant agreement. Invoices are been submitted to the Department of Water Resources. Remaining and unspent are being allocated to near term projects that can be completed by June 30, 2010.

Northeast Area Project Updates: The Northeast Area Projects are in the construction phase. The pipelines, pump station and reservoir are expected to be completed in Summer 2010. The monitoring wells and lysimeters are expected to be completed by February 2010. The Agency has received the modified loan contracts from the State Water Resources Control Board for the Northeast Area projects with the exception of the Monitoring Wells and Lysimeters, which is currently in progress.

The summary of the NE Area RW Regional Facilities is provided below:

Project	Construction Completion	Project Cost	Actual Cost	Status
1299 E Pipeline	Summer 2010	\$6,750,000	\$1,176,298	Construction
1299 E Reservoir & 1630 E PS	Summer 2010	\$10,875,000	\$1,444,944	Construction
1630 E Pipeline, Segment A	Summer 2010	\$10,500,000	\$2,096,728	Construction
Monitoring Wells & Lysimeters	Feb 2010	\$1,500,000	\$409,332	Construction

Following is a summary of the Design Contracts for the NE Area Projects:

Project	Design Contract	Contract Amount	Invoiced ToDate
1299 E Pipeline	CVWD	\$299,999	\$122,000
1299 E Reservoir & 1630 E PS	CVWD	\$5,700,000*	\$560,000
1630 E Pipeline, Segment A	RMC	\$1,056,294	\$950,000
Monitoring Wells & Lysimeters	Tom Harder	\$139,985	\$22,500

*Includes design and construction of the project

Southern Area: A design kick off meeting was held on October 22, 2009 with Stantec, Inc. The pipeline alignment, reservoir site & hydraulic grade line are finalized after discussing them with the City of Chino Hills. The work in the 30% design is on-going. An agreement with the City of Chino Hills for IEUA to purchase a 2.0 million gallon of storage capacity is being finalized.

In an effort to meet the peak summer demands by customers in the southern area, the recycled water pump stations at RP-1, RP-5 and CCWRF will be expanded to increase their overall pumping capability. The RP-1 and CCWRF projects are in the evaluation phase while the RP-5 pump station is in the pre-design phase.

Project	Design	Construction Completion	Project Budget	Actual Cost	Status
930 W. Pipeline & Reservoir	Summer 2010	Winter 2011	\$20,251,000	\$734,000	Design

Following is a summary of the Design Contracts for the Southern Area Projects:

Project	Design Contract	Contract Amount	Invoiced To Date	Status
930 W. Reservoir & Pipeline	Stantec	\$1,456,882	\$166,000	Design

Northwest Area: The Northwest Area Recycled Water Project will primarily build the Regional Recycled Water distribution system in the City of Upland and the western service areas of the CVWD. The capital projects in the Northwest area are in the Preliminary Design Stage by MWH Americas. Currently, IEUA, Upland and CVWD are working together to finalize the alignments and the Preliminary Design Report.

IEUA intends to partner with Upland and CVWD through Memorandum of Understanding(s) (MOU) prior to authorizing the final design for the NW Area Project. On November 23, 2009, Upland's City Council and Redevelopment Agency approved MOU. On December 16, 2009 CVWD's Board of Directors approved (MOU) for recycled water infrastructure design, construction and financing. Summary of the NW Area RW Regional Facilities is provided below:

Project	Design	Construction Completion	Project Budget	Actual Cost	Status
1630 W Reservoir	Spring 2010	Fall 2011	\$8,100,000	\$73,525	Preliminary Design
1630 W Pump Station	Spring 2010	Summer 2011	\$8,500,000	\$51,604	Preliminary Design
1630 W Pipeline, Phase 1	Spring 2010	Summer 2011	\$15,600,000	\$1,063,865	Preliminary Design
1630 W Pipeline, Phase 2	Spring 2010	Summer 2011	\$4,250,000	\$50,069	Preliminary Design

Following is a summary of the Task Orders associated with the Master Contract for the design services for the NW Area with MWH Americas:

Northwest Project Area - \$2,000,000.00 (Task Order 2.0)	
Description	Amount
Task Order 2.1 - Seismic Evaluation Upland Reservoir	\$80,800
Task Order 2.2 Prelim Design Report NW Phase I	\$242,870.00
Amendment No. 1 to Task Order 2.2	\$15,000
Total Assigned:	\$338,670

General Manager's Report Regarding Agency Activities

January 20, 2010

Page 5 of 26

Total Invoiced:	\$262,011.51
Remaining Unassigned:	\$1,676,330

In addition to the Regional Facilities, MWH Americas was contracted by the Agency in May 2008 to provide Program Management Services for the Recycled Water Program. Following is a summary of the Task Orders associated with the Master Contract:

Program Management - \$2,000,000.00 (Task Order 1.0)	
Description	Amount
Task Order 1.1 - CADD Assistance Service for RW Retrofits	\$49,998
Task Order 1.2- On Call RW Hydraulic Model	\$100,000
Task Order 1.3 - RW Database Assistance	\$147,858
Task Order 1.4 - Construction Management Reorganization Memo	\$76,779
Task Order 1.5 - MWD LRP Application Assistance	\$88,120
Task Order 1.6 - NRWS Philadelphia Pump Station RW Retrofit	\$27,951
TO # 1.7 RW Implementation Program Management (Staff Assistance)	\$105,435
TO # 1.8 - Monitoring Well & Lysimeter Permit for Victoria and San Sevaine	\$29,266.40
TO # 1.9 - Guasti Park & Temple Inland RW Retrofit	\$32,000
TO # 1.10 Construction Management Augmentation (Resident Engineer)	\$74,500
TO # 1.11 Green Team Engineering Support	\$50,000
TO #1.12 CM Implementation Support	\$81,000
Total Assigned:	\$862,907.40
Total Invoiced:	\$680,973.34
Remaining Unassigned:	\$1,137,092.60

HUMAN RESOURCES

In response to the continued high unemployment rate, on December 19, 2009, the Fiscal Year 2010 Department of Defense (DOD) Appropriations Act was approved. The bill extends and expands the COBRA subsidy program under the American Recovery and Reinvestment Act (ARRA). The changes include extending the eligibility period from December 31, 2009 to February 28, 2010 as well as the subsidy period from nine months to fifteen months. Similarly, the bill includes a provision to extend the maximum period for traditional COBRA coverage (non-ARRA) from 18 months to 24 months. The DOD bill also provides an extension to the application period for Federal Emergency Unemployment Compensation (EUC) through February 28, 2010 and extends the period for payment through July 31, 2010.

In January, the first course of the TEAMS Personal Development Program will be offered. The topic will be the Agency's Vision/Mission and Values. Employees new to the Agency that did not participate in the original two year program will be eligible for the new program as well as TEAMS participants needing to make-up missed classes. The winter session of the Southern California Local Government Supervisory Program at Cal Poly Pomona also begins with eight new Agency participants.

General Manager's Report Regarding Agency Activities

January 20, 2010

Page 6 of 26

The Agency has a budgeted 308 FTE and is currently at an 8 percent (25 vacant positions) with 283 regular full-time employees currently filled.

CURRENT STAFFING	
Regular Full-time Employees:	283
Contract/Limited Term Employees:	13
Interns:	17
TOTAL:	313

CURRENT RECRUITMENT ACTIVITIES	
Recruitments in Process/Offer Pending	3
Placement in Process:	1
No RFVP; Position on Hold:	21
Total Regular Vacancies (Excludes Contract & Intern Positions):	25

RECRUITMENTS/PLACEMENT IN PROCESS							
	Position	Department	RFVP Received	Closing Date	Salary Range	Tentative Placement Date	Notes
1	Mechanic I/II	590-Organics Management	8/6/09	10/2/09	GU089/ GU091	1/10	Placement in Process
2	Electrical Technician II	553-RP2/CCWRF Electrical/ Instrument Maint.	10/7/09	10/30/09	GU093	1/10	Offer Pending
3	Environmental Compliance Officer/Sr. ECO	517-Technical Services and Environmental Compliance	11/4/09	Open Until Filled	UN097/ UN100	1/10	Offer Pending
4	Operator III-V	550-Carbon Canyon Operations	12/09	Open Until Filled	OP094- OP095	3/10	Recruitment In Process

POSITIONS ON HOLD (8% Vacancy Factor)			
	Position	Department	Vacant Since
1	Staff Internal Auditor	107-Internal Audit	3/09
2	Chief Financial Officer	210-Office of Finance and Administration	1/10

General Manager's Report Regarding Agency Activities

January 20, 2010

Page 7 of 26

3	Human Resources Analyst	250-Human Resources	10/08
4	Manager of Planning and Water Resources	312-Planning & Water Resources	8/09
5	Sr. Water Resources Analyst	312-Planning & Water Resources	7/08
6	Manager of Program Funding	420-Engineering	12/09
7	Sr. Engineer	420-Engineering	12/08
8	Engineering Technician	420-Engineering	3/09
9	Assistant Engineer	420-Engineering	9/09
10	Deputy Manager of Construction Management	425-Construction Management	8/08
11	Construction Project Coordinator (Limited Term)	425-Construction Management	2/09
12	Construction Project Coordinator	425-Construction Management	12/09
13	Administrative Secretary (Limited Term)	425-Construction Management	12/08
14	Junior Operations Assistant	540-RP1 Operations	3/09
15	Sr. Operator	540-RP1 Operations	5/09
16	Operator	540-RP1 Operations	10/09
17	Operator	540-RP1 Operations	6/09
18	Sr. Maintenance Technician	552-RP2/CC Plant Maintenance	10/09
19	Electrician II	553-RP2/CC Elect/Instrument Maint	11/09
20	Junior Operations Assistant	580-RP2/RP5 Operations	5/09
21	Operator	580-RP2/RP5 Operations	2/09

CONTRACT/LIMITED TERM VACANCIES

None.

<u>INTERN VACANCIES</u>							
Position		Department	RFVP Received	Closing Date	Salary Range	Tentative Placement Date	Notes
1	Intern	238 Financial Planning	12/09	OUF	UN999 I	2/10	Recruitment in Process

CONSTRUCTION MANAGEMENT

REGIONAL PLANT NO. 4 SAN BERNARDINO AVENUE LIFT STATION AND FORCE MAIN, PROJECT NO. EN03023

CDM Engineering staff has evaluated the system in its entirety, and made some recommendations that will be implemented to make the plant more efficient with regards to the plugging problems currently being experienced. The first phases of the recommendations are in place and being monitored. Additional control changes will be made in the coming week and results will be monitored.

MAGNOLIA CHANNEL, PROJECT NO. EN06020.03

This project is an ARRA funded project to enhance the Magnolia Channel which flows through the RP-5 site. At this time the Contractor, Mike Bubalo Construction, is preparing submittals for the Agency to review along with a Storm Water Pollution Prevention Plan.

NRW COLLECTION SYSTEM ASSET MANAGEMENT, PHASE II, PROJECT NO. EN07011.05, EN07011.07 AND EN06011.02

Work for this project involves rehabilitation/repairs to existing NRW conveyance lines and manholes. Of particular importance are restrictions on construction activities from Thanksgiving through Christmas at Victoria Gardens and Ontario Mills Mall. Construction activities have been scheduled by the Contractor, Sancon Engineering, to begin after January 1, 2010. Construction Management is working with the Cities on work hours and notifications of affected parties through each City's Public Communication Staff. After successful review of the pre-construction video, work is expected to commence.

IERCF AMENDMENT HOPPER PIPE BAFFLES, PROJECT NO. RA02041.02

This contractor has the material for the first two phases has been received. Phase one will be installed during the week of January 4. Testing of this first phase will occur on January 11. If it is decided to continue to phase two, that work will begin on January 12 and will be tested on January 18.

IERCF BACKUP GENERATOR, EMERGENCY LIGHTING, AND EXTERNAL RESTROOM INSTALLATION, PROJECT NO. RA08003.00

The contractor has installed the electrical duct bank from the northern high voltage switchgear to the southern location. Excavation of the low voltage duct bank is currently underway. The contractor has completed most of the underground conduit installation. The Harmonic Filters

have been factory tested and will be shipped on January 4. Installation will begin the week following receipt.

REGIONAL PLANT NO. 1 ASSET MANAGEMENT ITEMS, PHASE II AND DECHLORINATION STATION UPGRADES, PROJECT NO. EN07006.04

The contractor, Coconstruction Inc., has completed work on the SBS line heat tape and insulation. In addition, the contractor has completed the work associated with power distribution modifications, which will provide a new feeder, transformer, and panel for circuits to the RP-1 SBS building to address insufficient electrical power distribution to that section of the plant. Issues related to the pump capacity to dose SBS in appropriate quantities at low flows have been evaluated. Four options are currently being reviewed and a course of action will be selected.

REGIONAL PLANT NO. 1 DIGESTER 3 ROOF REHABILITATION, PROJECT NO. EN08024.00

The contractor, DenBoer Engineering and Construction, has experienced delays in the procurement of the correct o-ring size and schedule impacts are being evaluated. Early estimates of delays could be between six to eight weeks. These delays could change the scheduled completion date from November 16, 2009, to January 18, 2010.

REGIONAL PLANT NO. 1 ODOR CONTROL, PHASE 1B AND SOLIDS BYPASS, PROJECT NO. PL03006.00

The contractor, Griffith Company, has completed construction activities associated with the odor control header modifications and the relocation of the water system. The biofilter has been constructed, but is not performing as intended. Construction Management is working with Technical Services, Operations, Consulting Engineer, and Engineering staff to make modifications so that the biofilter will meet AQMD permit requirements.

REGIONAL PLANT NO. 1 CHINO BASIN FACILITIES IMPROVEMENTS, PHASE II -PKG-C (TURNOUT SERVICE PIPELINE CONNECTIONS & SCADA IMPROVEMENT), PROJECT NO. TS07004.03

Berm improvements within Basin No. 5, as part of the Chino Basins Facilities Improvement Program, Phase II, are pending final permit approval from the San Bernardino County Flood Control District, and Agency Management. This construction task was originally under Landmark Site Contractors, but it was removed and deferred, due to a lengthy regulatory approval from Fish and Wildlife, Army Corp, and SWRCB. However, with the recent approvals from these Agencies and the District's acceptance of the environmental documents, both IEUA and CBWM requested that this task continue under Norstar's existing contract.

REGIONAL PLANT NO. 1 DEWATERING FACILITY EXPANSION, PROJECT NO. EN06015.00

A preconstruction conference was convened by the Agency regarding the project on November 19, 2009. A notice to proceed was issued on November 23, 2009, giving the Contractor ten (10) working days to start the work. The contractor began moving on to the site November 30, 2009, and is currently planning his scheduled activities.

REGIONAL PLANT NO. 4 RECYCLED WATER PUMP STATIONS, PROJECT NO. WR04441

The contractor, Griffith Company, has removed the final two zone 2B VTP and sent them out for modifications. Griffith Company has completed the deliverables and majority of the punch list.

RECYCLED WATER RETROFIT-GUASTI PARK, PROJECT NO. PU06507.01

The original scope of this project has been completed and was taken to the Board of Directors on November 18, 2009. The County of San Bernardino has requested that additional items be included in the scope of work for the contractor. There is no funding for this additional work at this time and the County is working with the Agency to identify monies to be utilized for this work. Major work issues to be approved by the County include installation of a sodium bisulfate system for treating recycled water for discharge to the fish pond, hose bibs, miscellaneous quick couplers, PRV, and bypass. The meter relocation cannot occur until a PRV is installed. Once approved, a change order will be prepared and a contractor will be mobilized to the site to complete said additional work.

1299 EAST RECYCLED WATER PIPELINE, PROJECT NO. WR08027

The contractor, Weka, Inc., submitted their pothole information and steel pipe lay drawings to their pipe vendors and the Agency for review. The City of Rancho Cucamonga and the City of Fontana have approved the traffic control plans. Weka has also notified all residents along the pipe alignment of any impacts the 1299 pipeline construction may have on traffic, noise, etc.

1630 EAST RECYCLED WATER PUMP STATION AND 1299 EAST RESERVOIR CONVERSION, PROJECT NO. WR08028

Schuler's subcontractors began saw cutting, trenching, and installation of 1-inch conduits just west of the electrical room. Schuler is also flushing out chlorine traces in the 12-inch CML&C Pipe that is tied to the existing 30-inch line. A blind flange was installed on the existing 30-inch CML&C Pipe just southwest of the steel reservoir.

1630 EAST RECYCLED WATER PIPELINE, SEGMENT A, PROJECT NO. WR08031

The contractor, Weka Inc., began potholing on Victoria Street on October 24, 2009 and completed on November 7, 2009. The IC/Electrical Workshop was held on November 11, 2009. Weka has received the Cal-Trans traffic control review with comments and will be making the revisions accordingly. Weka received the approval on their traffic control plan from the City of Rancho Cucamonga.

MONITORING WELLS AND LYSIMETERS AT VICTORIA AND SAN SEVAINE BASINS, PROJECT NO. EN09012

The contractor, Best Drilling, mobilized to the site and began drilling the boreholes for their conductor casing. Best Drilling also completed drilling operations and will begin installing actual well casing and screens once the Design Engineer completes the geophysical logs and designs the screen placement.

CIM RECYCLED WATER PIPELINE, PROJECT NO. EN08014.00

This project consists of the installation of less than 1,000 L.F. of pipe from RP-5 to the CIM prison to provide recycled water for crop irrigation. Issues of concern are the transition/crossing of Kimball Avenue, which is a heavily used right-of-way between the east and west side of Chino as well as access to IEUA. Currently the contractor, Murrieta Development Co., Inc., has submitted all submittals and performed required potholing. Construction Management and the engineer are reviewing this information and will provide approval to begin work upon establishing a revised grade line to place the pipe. Also under consideration, is a reduction in lateral length due to an existing pipe found in the vicinity which may be used instead of a new pipe. The design engineer is currently reviewing this alternative. Work is scheduled to be completed by the first part of January, 2010.

PHILADELPHIA PUMP STATION ADDITIONAL UPGRADES, PROJECT NO. EN07011.04

This project will replace an isolation valve, three pressure sensors, and provide related DCS functionality, as well as provide the FeCl tank holding area a chemical proof coating to keep leakage of the tank, pipes, or pumps from flowing into the environment. A project kick-off meeting was held on November 19 2009. The submittals are being prepared by the contractor and reviewed by IEUA.

RP2 SLUDGE LINE LEAK AND SUBSEQUENT FERRIC LEAK DISCOVERY

The site remediation efforts were reviewed by the San Bernardino County HAZMAT inspector and he was pleased with our efforts. A final report is being completed and once they receive and approve it, we can begin to return the site to normal conditions. CM Staff is currently preparing an RFP to solicit bids on this work.

PUBLIC INFORMATION

Calendar of Events

February 2010

- **February 23 - 25**, ACWA DC Conference

March 2010

- **March 7 - 9**, WaterReuse Annual Conference, San Diego
- **March 8 - 10**, CASA DC Conference
- **March 15**, IEUA hosted Special District Dinner, Panda Inn, 6:00 p.m.

April 2010

- **April 7**, Employee Service Award luncheon, Event Room, noon
- **April 22**, IEUA Earth Day in the Park, 4:00 p.m. to 6:00 p.m.

Outreach/Educational Inland Valley Daily Bulletin Newspaper Campaign

The five tips on ways to help conserve water ad will appear in the Daily Bulletin on the first Sunday of each month.

Water Conservation Outreach

IEUA is continuing to work with conservation partners to plan the Regional Conservation message. The slogan is *Saving Water...It's the Right Thing to Do.*

Regional Conservation Outreach Campaign

- Ongoing monthly ¼-page ads in the Inland Valley Daily Bulletin, Champion Newspaper, Fontana Herald News, La Opinion, and Inland Empire Magazine.
- Ongoing water wise gardening classes.
- Billboards.

Agency Tours

Tours of RP-5 were given to high school students during December.

Educational Updates

- The planting has been completed on the GIES Demonstration Garden. SAWA has scheduled monitoring days for volunteers. In addition, SAWA has distributed the deadline to submit a testimonial and art piece for the contest tied in with the volunteer experience. Winner's art pieces may be placed on informational kiosks around the garden. The site is scheduled for a "Ribbon Cutting" on earth Day, April 22, 2010.
- WEWAC reviewed the EduGrant applications and there were a total of 16 applications accepted. Nine applications accepted are within IEUA's service area.

FINANCE AND ADMINISTRATION DIVISION

Major Revenue Update:

(000's in millions)

Major Revenue Categories	Adopted Budget	Amended Budget	Actual to Date (December)	% Actual Consumed	Fav/(Unf) Variance
User Charges	\$ 46.86	\$ 46.86	\$ 21.34	46.23%	\$ (24.82)
Connection Fees	4.77	4.77	8.18	171.49%	3.41
Property Tax	34.44	34.44	12.2	35.42%	(22.24)
Recycled Water Sales	5.47	5.47	1.85	33.82%	(3.62)
Grants	19.82	19.82	2.12	10.7%	(17.70)
SRF Loans	35.92	35.92	7.14	19.88%	(28.78)
TOTAL	146.58	\$ 146.58	\$ 52.83	23.26%	\$ (93.75)

Significant variance:

- ◆ User charges - In line with budget, on an annual basis
- ◆ Property Taxes - Primarily due to timing of property tax receipts, the majority of the payments from San Bernardino County are in Qtr2 and Qtr3.

A/R Update:

IEUA Aging Report – As of 01/05/2010

IEUA Customer's (Note, excludes RDA customers, Grant Customers, Customer CDA, and customer RCA)

Total Outstanding	Current	1-30	31-60	61-90	91-120	>120
4,046,320.70	4,027,970.78	18,999.75	14.21	0.00	0.00	2,135.96

Notes:

- 1) Current column, invoices billed, but not due yet.
- 2) Aging 1-30 days, balance pertains to invoices that are past due for four (4) customers.
- 3) Aging 31-60 days, balance pertains to a late fee billed to West Coast Sanitation.
- 4) Aging over 120 days, Robo One Plumbing (customer is financial distress), total owed is \$2,135.96.

Customer CDA (on IEUA Books)

Total Outstanding	Current	1-30	31-60	61-90	91-120	>120
300,806.79	1,819.70	83,355.04	99,589.45	116,042.60	0.00	0.00

Notes:

- 1) Current column pertains to expense (system due from/due to) posted on current day.
- 2) Aging 1-30 days, pertains to expense (system due from/due to) posted in December '09, billable in January and payable in February.
- 3) Aging 31-60 days, pertains to expense (system due from/due to) posted in November '09, billable in December and payable in January.
- 4) Aging 61-90 days, pertains to expense (system due from/due to) posted) posted in October '09, billable in November and payable in December.

Customer RCA (on IEUA Books)

Total Outstanding	Current	1-30	31-60	61-90	91-120	>120
1,037,929.28	2,625.98	381,494.91	247,878.26	405,930.13	0.00	0.00

Notes:

- 1) Current column pertains to expense (system due from/due to) posted on current day.
- 2) Aging 1-30 days, pertains to expense (system due from/due to) posted in December '09, billable in January and payable in February.
- 3) Aging 31-60 days, pertains to expense (system due from/due to) posted in November '09, billable in December and payable in January.
- 4) Aging 61-90 days, pertains to expense (system due from/due to) posted) posted in October '09, billable in November and payable in December.

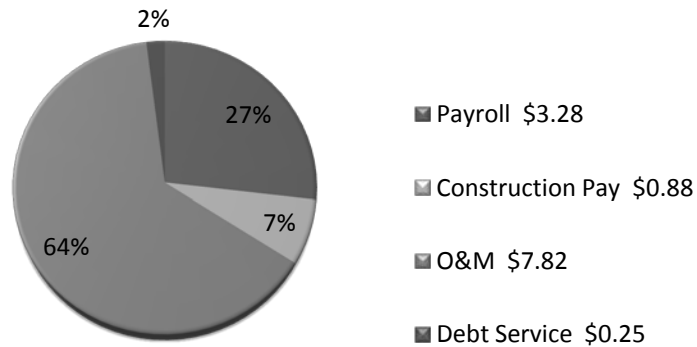
Customer CBWM (on IEUA Books)

Total Outstanding	Current	1-30	31-60	61-90	91-120	>120
375,000.00	0.00	0.00	375,000.00	0.00	0.00	0.00

Notes: Aging 31-60 days, balance of \$375,000 pertains to CBWM for the Phrase II Recharge Cost Sharing Invoice; Per Tom Love he will be resolving final payment with CBWM.

A/P Disbursement:

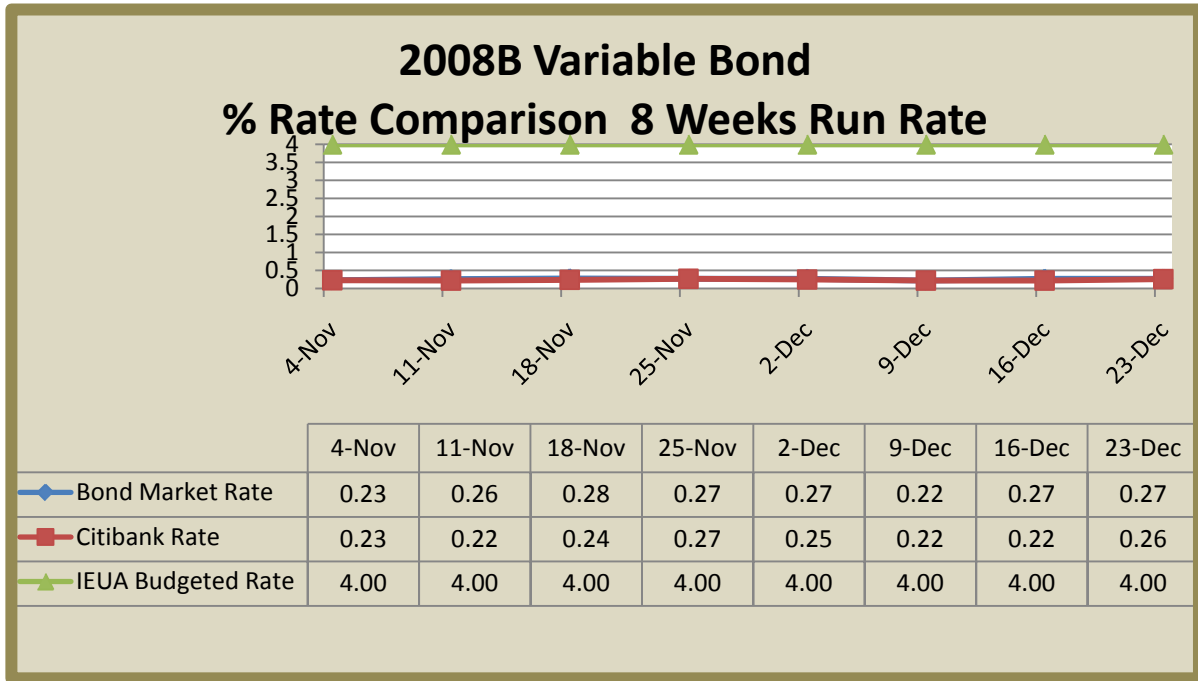
**Accounts Payable Disbursement Account Update
December, 2009**



During the Period December 1 through December 31, 2009, the Accounts Payable staff processed:

- 76 ACH Remittances
- 4 Wire Remittances
- 618 Check Remittances
- 1140 Vendor Invoices and Credit Memos

Debt Service:



Investment Yield Comparables – 8 Week Run Rates

Investment Type	2-Nov	9-Nov	16-Nov	23-Nov	30-Nov	7-Dec	14-Dec	23-Dec
SWEEP ACCOUNT -CBB	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
CDARS (1 YR) -CBB	1.26%	1.26%	1.26%	1.26%	1.26%	1.26%	1.10%	1.10%
1 Yr CD – BofA	0.95%	0.95%	0.95%	0.95%	0.95%	0.85%	0.85%	0.85%
1 Yr CD – Wells Fargo	0.50%	0.50%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%
1 Yr CD Citibank	1.40%	1.40%	1.20%	1.14%	1.14%	1.05%	1.05%	1.05%
LAIF	0.63%	0.63%	0.61%	0.59%	0.59%	0.59%	0.59%	0.58%
US. Treasuries:								
US. Treasuries – 3-Mos	0.07%	0.05%	0.07%	0.04%	0.05%	0.06%	0.03%	0.04%
US. Treasuries – 6 Mos	0.16%	0.16%	0.17%	0.15%	0.14%	0.16%	0.15%	0.16%
US. Treasuries – 12 Mos	0.39%	0.36%	0.33%	0.29%	0.27%	0.29%	0.32%	0.37%
US. Treasuries – 2 Yrs	0.98%	0.90%	0.84%	0.76%	0.73%	0.73%	0.78%	0.84%
US. Treasuries – 3 – Yrs	1.51%	1.44%	1.37%	1.26%	1.22%	1.20%	1.25%	1.34%
US. Treasuries 5 - Yrs	2.41%	2.35%	2.30%	2.19%	2.12%	2.10%	2.18%	2.31%

Investment/Market Update:

- Current investments (excludes LAIF) weighted average maturity is 881 days.
- Current investments (includes LAIF with 2 days maturity) weighted average maturity is 479 days.
 - IEUA investment portfolio rate return is estimated at 1.50% for the month of December, compared to 1.52% from prior month. The estimated 2 basis point decrease is due to continued decline in LAIF. The average monthly effective LAIF yield is .59% as of 12/15/09, compared to .61% for the month of November and .65% from October. Our current investment includes GSE with an average yield to market of 2.5%, and two accounts in CDARS at 2% APY (to mature in Jan 2010) & 1.26% APY (1 yr maturity).
- **12/21/2009 – Various Brokers & Bloomberg Updates:**
 - *The yield on the benchmark 10-year note climbed six basis points to 3.60 percent at 8:49 a.m. in New York, according to BGCantor Market Data. It touched 3.62 percent on Dec 15, the highest level since Aug. 13.
 - Government securities declined as Chinese central banker Zhu Min on Dec. 17 said that the U.S. can't expect other nations to increase purchases of Treasuries to fund its entire fiscal shortfall.
 - *The gap between yields on Treasuries and so-called TIPS due in 10 Years, a measure of the outlook for consumer prices, closed above 225 basis points for four days last week, the longest stretch since August 2008.
 - *Agency outlook for 2010 – Spreads will likely widen early next year as the Fed ceases its purchases of agency debt and FNMA's and FHLMC's funding needs increase due to buyouts of delinquent loans form pools.

General Manager's Report Regarding Agency Activities

January 20, 2010

Page 17 of 26

GRANTS:

**INLAND EMPIRE UTILITIES AGENCY
GRANT ADMINISTRATION ACTIVITIES REPORT**

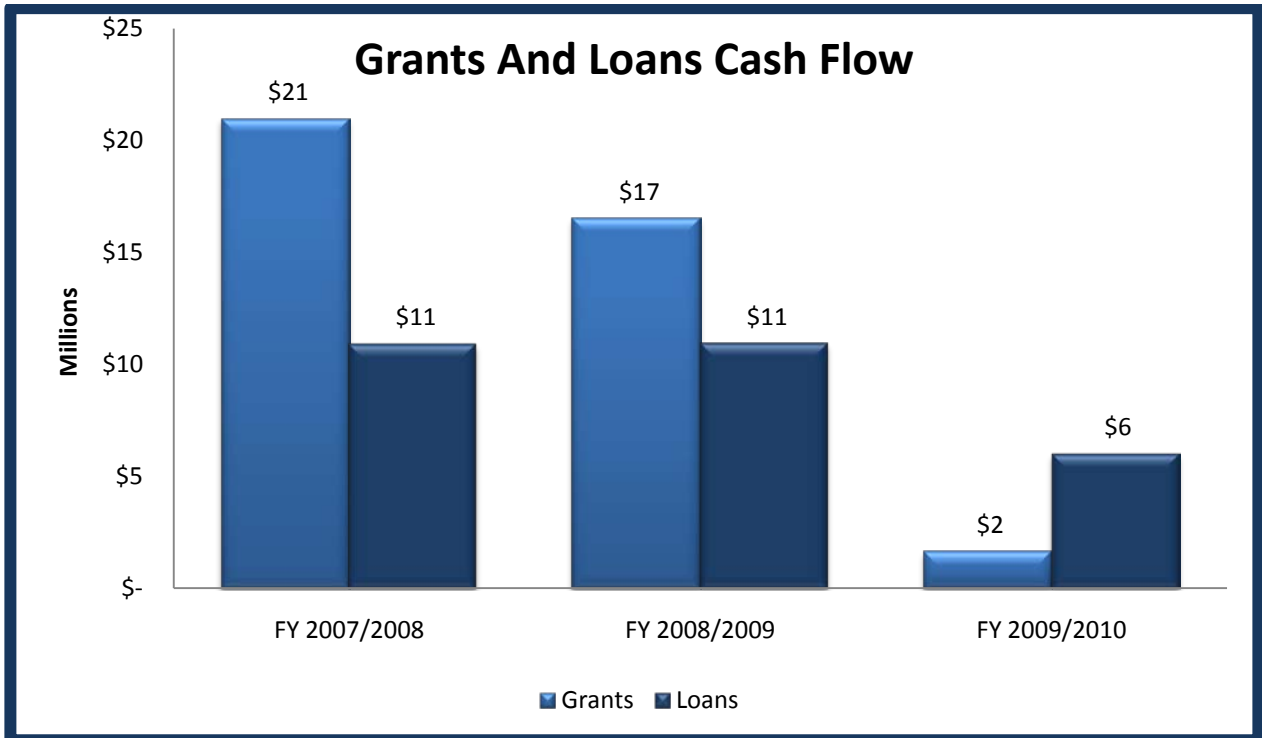
~ December 2009 ~

Account Type	Total Number of Active Accounts	Total Award Amount	Total Amount Invoiced	Total Award Balance
IEUA Grants	21	56,903,474	36,041,323	20,862,151
IEUA Loans	10	71,324,910	32,035,343	39,289,567
Grants for CDA	1	2,800,000	-	2,800,000
TOTAL:	32	\$ 131,028,384	\$ 68,076,666	\$ 62,951,718

GRANT INVOICE AGING REPORT FOR DECEMBER 2009					
Agency	Total Outstanding	Total Past Due	60 To 90 Days	Over 90 Days	Retention
DWR-\$15.5M Conjunctive Program <i>Delayed due to State Grant Payment Suspension. Requested payment Status for Invoice #7 for \$1.9M. Review completed for Invoice #8 for \$996k.</i>	5,171,578	5,171,578		4,023,976	1,147,602
State Water Resources Control Board <i>SAWPA - 12/22/09 received State approval of final report; Expect \$490k retention payment in January.</i>	3,513,720	520,655	30,655	-	490,000
DWR - Urban Drought/ULFT/Landscape Audit <i>Delayed due to State Grant Payment Suspension. Urban Drought Grant -DWR notified us that Invoices for \$233k were sent to DWR Accounting Office in November, payment is pending.</i>	1,131,863	449,830	15,158	315,513	119,159
CA Office of Emergency Services <i>State review of Closeout in process; pending Federal review.</i>	130,903	130,903	-	85,588	45,315
WaterReuse Foundation	36,211	-	-	-	-
MWD - Water Softener Rebate Program	56,138	47,675	47,675		-
TOTAL AMOUNT	\$ 10,040,413	\$ 6,320,641	\$ 93,488	\$ 4,425,077	\$ 1,802,076

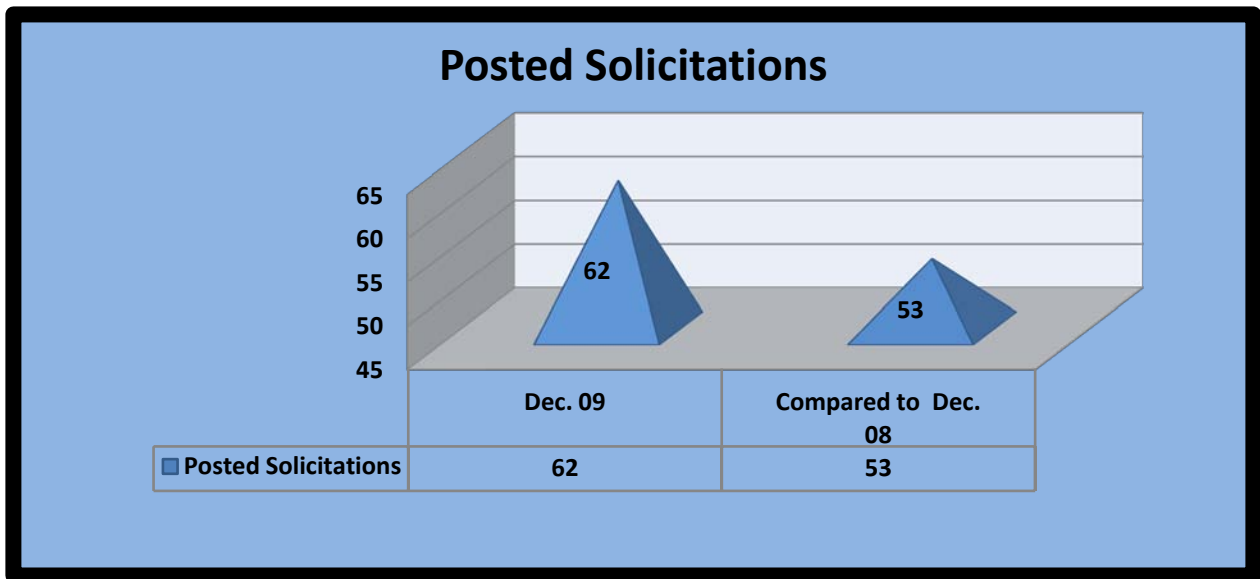
Active Application Information		
Account Type	Total Number of Active Applications	Amount Requested
IEUA Grants	3	\$ 1,096,800

CASH FLOW SUMMARY			
Fiscal Year	Grants	Loans	Total Receipts
FY 2007/2008	\$ 20,972,433	\$ 10,882,243	\$ 31,854,676
FY 2008/2009	\$ 16,509,726	\$ 10,923,966	\$ 27,433,692
FY 2009/2010	\$ 1,621,385	\$ 5,986,790	\$ 7,608,175
TOTAL CASH FLOW:	\$ 39,103,544	\$ 27,792,999	\$ 66,896,543

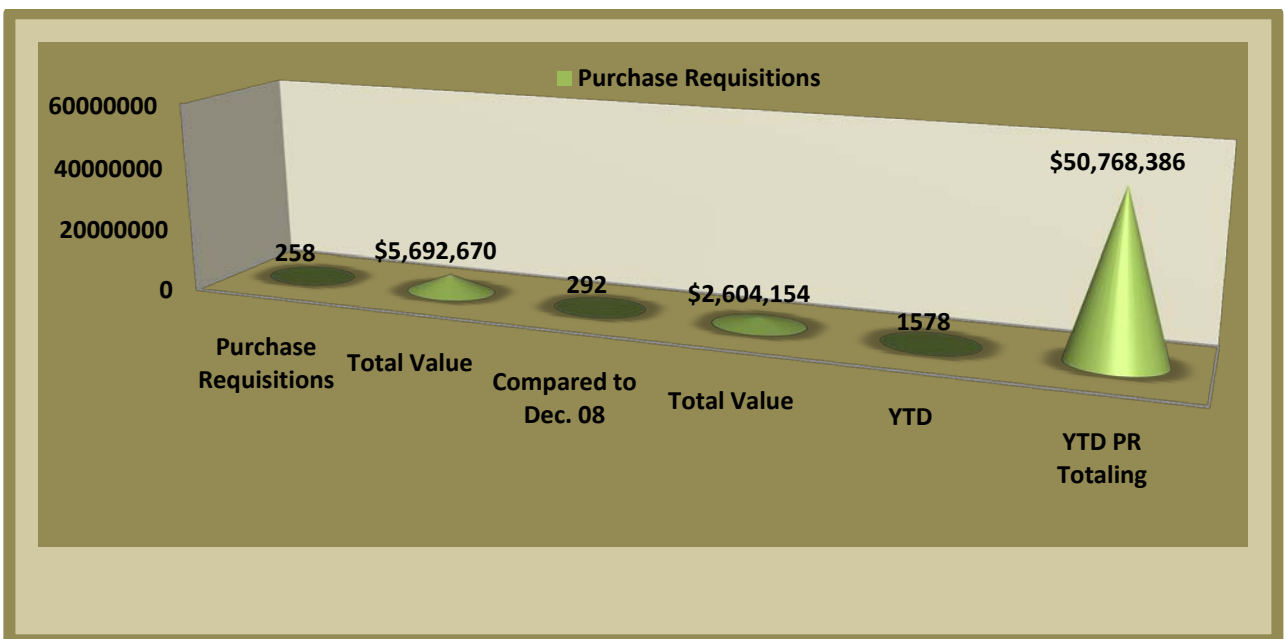


PROCUREMENT/CONTRACT MANAGEMENT:

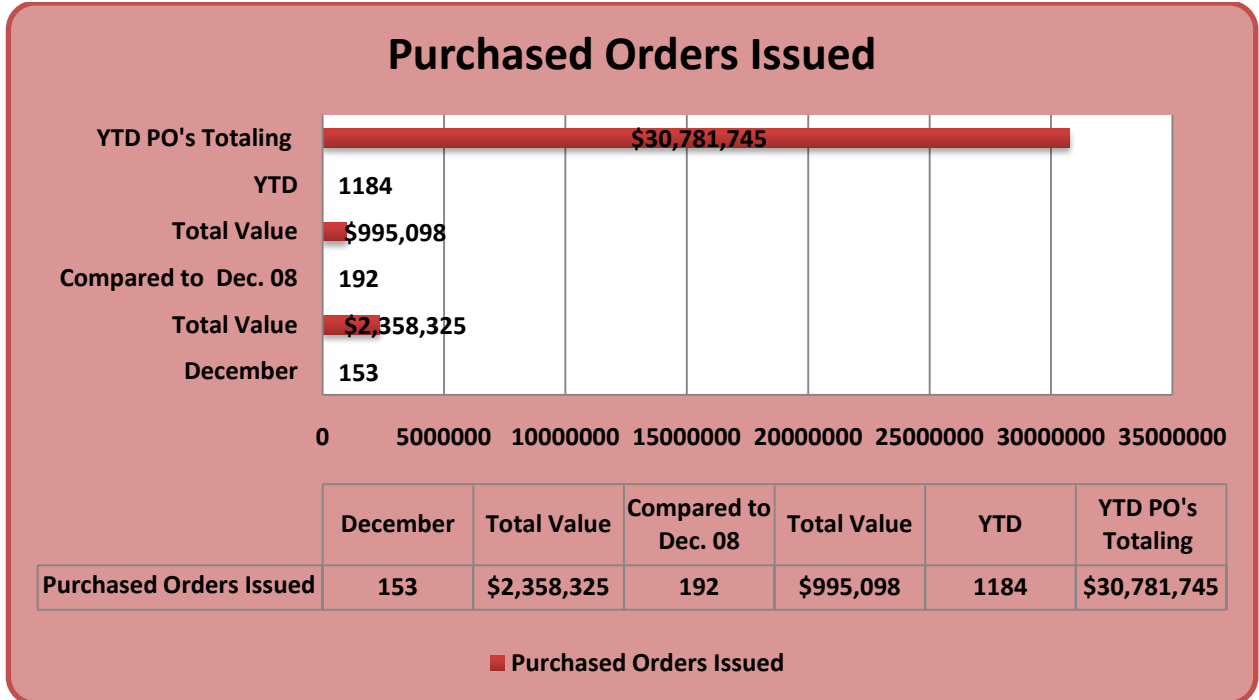
- A total of 9 solicitations were posted on *The Network* during December, the same as during the same period last fiscal year. A total of 62 solicitations during the first half of FY 2009/10, compared to 53 solicitations during the same period last fiscal year.



- A total of 258 purchase requisitions (PR's) were fully approved for processing during December for a total value of \$5,692,670, compared to 292 for a total value of \$2,604,154 during same period last fiscal year. Year-to-date, 1,578 PR's totaling \$50,768,386.



- A total of 153 purchase orders (PO's) were awarded in December, for a total value of \$2,358,325; compared to 192 for a total value of \$995,098 during same period last fiscal year. Year-to-date, 1,184 POs totaling \$30,781,745.



- A total of 10 contracts/agreements were created during December, compared to 11 during the same period last year; Year-to-date, 153.



SECURITY MANAGEMENT:

The eighteenth and final Security Awareness/Workplace Violence training session was held in December. A total of 14 employees attended this training. A third “de-confliction” training session was also held in December for staff who routinely interacts with the general public.

The process for releasing security-related incident reports has been refined to ensure broader distribution to all key stakeholders. Additionally, reports are now posted on a common site for easy access and review.

Results from the recently –completed CAP Department survey, found that 44.8% and 38.8% if the responders rated CAP’s efforts and initiatives to improve their security as excellent and good, respectively. Additionally, 37.9% and 47.0% of the responders rated the security training provided by CAP as excellent and good, respectively. Notwithstanding the significant reduction in the security budget, staff believe these responses demonstrate that effective training, coupled with the distribution of information provide the backbone of the Security Program.



SAFETY AND RISK MANAGEMENT:

- **Worker's Compensation Claims**

- There has been five minor workplace injuries reported Fiscal Year-to-Date. Two at Agency Headquarters, one at Regional Plant No. 2, one at Carbon

Canyon and one Regional Plant No. 1. One employee is currently receiving treatment for a shoulder strain.

- **Lost Time & Light Duty Assignments**

- Currently there is only one employee off work under workers' compensation. There are two employees currently classified on light duty requiring accommodations.

- **Vehicle Accidents**

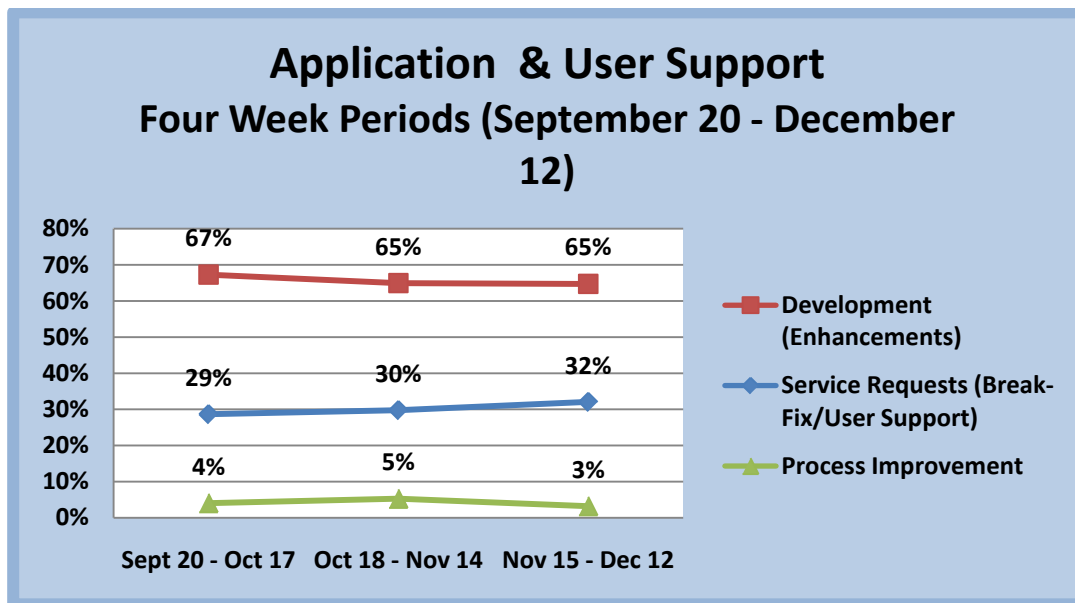
- No new information to report.

INFORMATION SERVICES:

IS Business Systems Support & Application Development:

As noted in the following chart, 65% of the Information Services Business Systems Analyst and Application Development Teams' resources were identified as Value Added Activities (i.e., application enhancements, report development, and process improvement support). Only 32% of the time reported was allocated to resolving system issues and providing 1:1 support to users.

It is expected that there will be a more pronounced increase in time allocated to "Service Requests" from mid-December to mid-January. During that period, the Business Systems Analysts will be spending a significant amount of time testing transactions to ensure that the SAP Support Updates will not adversely affect the production environment. The application of these updates is typically performed on an annual basis.



Key Business Systems Functionality Completed In the Past Month:

- New SAP Report: Accounts Receivables Aging by Fund
 - ❖ Report will reduce Accounting staff time spent compiling data by approximately 170 hours per year (~ 1 man month).
 - ❖ A single source document, processed directly from the SAP, alleviates the possibility of human error in transposition of data and/or omissions of data.
 - ❖ Management and audit staff will be able to make business decisions in real time, thereby maintaining tighter control of receivables and Fund balances.
- New SAP functionality: Ability to record shift differential and overtime via automated timesheet recording.
 - ❖ Improved labor data capture will more accurately record costs allocated to projects, orders, programs and funds.
 - ❖ It is estimated that \$600K of documented costs per year were not allocated to the appropriate funds in the last fiscal year. The new functionality enables recording differential labor costs charged to and collected from the appropriate funds.

Key Infrastructure Team Activities during the Past Month:

- Identified, trained and implemented a file saving function for Records Management Department that significantly streamlines their file conversion and storage process. The new function allows Records Management staff to convert files in a matter of minutes - instead of hours. Records Management staff estimated that they spent 25% of their time performing the filing process using the old method. The new solution reduces that workload by roughly 90%, thus reducing their total workload by 20%.
- Conducted an offsite disaster recovery test for the SAP ERP, Payroll, and email applications.
- Implemented a Service Level Dashboard to provide real-time visibility of Agency's Business Systems Network and System availability and performance characteristics.

Key Activities in Process:

- The Business Systems Analysts (BSA) and Infrastructure staff prepared for the update of the AWSM/SAP system with new support and enhancements delivered by SAP. Testing is progressing, with the goal of completing the SAP update and testing early January.

- Met with various department managers to describe the IT budget (Technology Master Plan – TMP) process and encourage input.
- Supporting Asset Management Team by educating participants on new functions and integration capabilities between three of the Agency's strategic applications (AutoCAD Engineering Design, ArcINFO Geographic Information System, and SAP) and how they can be used together in support of Asset Management initiatives.
- Working with Operations to automate the collection, compilation, and submission of the NPDES report to State regulatory authorities.
- In response to a RFP, the IS Department working in conjunction with the Maintenance Department selected Vesta Partners to perform a maintenance process review. Vesta, which specializes in SAP and Enterprise Asset Management, provided an impressive list of customers that Agency staff interviewed. The objective of the process review is to identify how the maintenance process and SAP configuration can be optimized to increase overall process performance.
- In response to an RFP created by the Agency, 12 vendors submitted proposals to provide expertise and support services for the SAP system. One of the opportunities offered by many of the vendors is for the Agency to take advantage of lower cost consulting support offered by firms with "off-shore" consulting support staff.
- Held the bimonthly Power Users meeting. In addition to demonstrating some of the new functionality, the meeting offered the opportunity for key staff across the Agency to discuss business process challenges and possible solutions.
- Reviewing IS Infrastructure Quality Improvement Program statistics being captured with the intent on updating to improve reporting and root cause analysis.

Infrastructure Performance Statistics for FY09/10 (2nd Quarter and YTD)

	FY 09/10 Target	FY 09/10 Quarter 2 Actual	FY 09/10 YTD Actual
Response time to critical user requests during business hours	15 min. from receipt of request	10.41 minutes (mean) 4.5 minutes (median)	8.5 minutes (mean) 7 minutes (median)
Agency Wide Area Network Availability during Business Hours (by location)	Goal: 99%	RP1: 100% CCWRF: 100% RP2: 100% RP4: 100% IERCA: 100%	RP1: 100% CCWRF: 100% RP2: 100% RP4: 100% IERCA: 100%
HQ Local Area Network Availability during Business Hours	Goal: 99.5%	100%	100%
Primary Agency Business System Availability during Business Hours (by server group)	Goal: 99.9%	SAP ERP Servers: 99.974% Thin Client Servers: 100% File Servers: 99.487% Email/Voice Mail: 99.836% Blackberry Svc: 100% Telephone Svc 100%	SAP ERP Servers: 99.993% Thin Client Servers: 100% File Servers: 99.487% Email/Voice Mail: 99.989% Blackberry Svc: 100% Telephone Svc: 99.687%
Perform nightly backups of all core business systems and weekly backups of all Agency data repositories and file servers (% completed)	Goal: 99.5% of nightly backups; 100% of weekly backups	Nightly backups: 99.968% Weekly backups: 99.970%	Nightly backups: 99.992% Weekly backups: 99.993%

Note: Unless otherwise noted, statistics cover Agency business hours (7:30am-5:30pm M-F).

Other Finance and Administration Division Updates on Significant Events:

- Realized cost savings in the amount of \$71,650 during December, bringing the year-to-date total to \$895,585. Savings primarily attributed to competitive bids solicitations; i.e., bleach tanks, polymer, ferric chloride, etc., and negotiated price reductions; i.e., salt, aluminum sulfate, vehicle maintenance services, etc.
- Banking services contract was awarded to Citizens Bank.
- Staff attended the RP-5 SHF/REEP meeting to discuss offers submitted by the two down-selected offerors.
- Request for Proposals issued for the RP-5 Recycled Water Pump Station Expansion project. Proposals are due January 18, 2010

- **Encumbrance Carry Forward Budget Returns**

As of December 15, 2009, a total of \$ 1.58 million in budget encumbrances for IEUA have been identified and returned unexpanded purchase orders carried forward from the prior fiscal year. This accounts for approximately 27.7% if the encumbrances (purchase orders) approved by Board in September 2009 to be carried forward from FY 2008/09. The budget return is in accordance with Agency Policy A-81 approved by Executive Management, which calls for any budget encumbrances carried forward, but not expended by December 31st in the current fiscal year, or approved by Executive Management to extend through the end of the fiscal year.

- **RFP- Banking Update**

As of December 15, 2009, the Agency executed a three year banking services contract with CBB an option to extend doe additional 3 years.