



Date: February 3, 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

The next Interagency Water Managers' meeting is scheduled for February 18, 2010, as part of the Watermaster Advisory Committee agenda. The MWD DYY meeting will also be held that morning at 8 AM at CBWM.

IERCF SALES UPDATE FOR ENDING DECEMBER 2009

Sales slowed during the month of December due to wet weather and holiday impacts typical during winter months. Approximately 10,000 cubic yards are currently being stored in the Compost Storage Facility where it will likely remain until next spring when normal sales conditions are expected to resume. There were no Premium Compost sales due to screening plant upgrades on the screen that produces that product type. All upgrades have been completed and the screen is operating normally at this time. Total annual sales for the calendar year 2009 exceeded \$500,000 dollars and are expected to increase to \$700,000 next calendar year.

Monthly Sales Results December 2009

Month	Product	Tons	Cyd's	Av. \$/cyd	Total \$
December	Premium	0	0	\$0.00	\$0.00
	Base	3,892.26	10,431.26	\$2.42	\$25,258.35
	Top Dressing	217.95	584.10	\$12.00	\$7,009.20
Total		4,110.21	11,015.36		\$32,267.55

YTD Sales Results through December 2009

Month	Total Tons	Total Cyd's	Total \$
January	3,286.36	9,255.93	\$15,310.83
February	5,772.64	16,740.66	\$31,604.91
March	11,064.67	32,087.54	\$56,598.52
April	11,165.53	32,380.04	\$59,957.21
May	8,705.35	25,245.52	\$47,496.68
June	8,692.49	25,158.28	\$62,692.08
July	6,534.94	18,951.33	\$45,197.40
August	5,468.76	15,859.40	\$48,548.83
September	6,459.94	18,733.83	\$62,378.10

General Manager's Report Regarding Agency Activities

February 3, 2010

Page 2 of 11

October	6,889.00	18,462.52	\$58,257.74
November	4,914.43	13,170.67	\$38,008.81
December	4,110.21	11,015.36	\$32,267.55
Total	83,064.32	237,061.08	\$558,318.66

HUMAN RESOURCES

Staff is working with the Internal Audit Department as they perform follow-up reviews of all outstanding recommendations resulting from the 2007 Human Resources Operations Audit and Response. The follow up audit will include several steps including review of employee personnel files, review of policies and procedures relating to Human Resources and survey of employees, manager/supervisors and new employees.

<u>CURRENT STAFFING</u>	
Regular Full-time Employees:	284
Contract/Limited Term Employees:	13
Interns:	15
TOTAL:	312

<u>CURRENT RECRUITMENT ACTIVITIES</u>	
Recruitments in Process/Offer Pending	1
Placement in Process:	3
No RFVP; Position on Hold:	20
Total Regular Vacancies (Excludes Contract & Intern Positions):	24

<u>RECRUITMENTS/PLACEMENT IN PROCESS</u>							
	Position	Department	RFVP Received	Closing Date	Salary Range	Tentative Placement Date	Notes
1	Electrical Technician II	553-RP2/CCWRF Electrical/ Instrument Maint.	10/7/09	10/30/09	GU093	1/10	Offer Pending
2	Environmental Compliance Officer/Sr. ECO	517-Technical Services and Environmental Compliance	11/4/09	Open Until Filled	UN097/ UN100	1/10	Begins 2/1/10
3	Operator III-V	550-Carbon Canyon Operations	12/09	Open Until Filled	OP094- OP095	3/10	Recruitment In Process
4	Manager of Planning and Environmental Compliance	Planning and Environmental Compliance	1/10	1/15/10	UN108	2/10	Begins 2/7/10

<u>POSITIONS ON HOLD (8% Vacancy Factor)</u>			
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
3	Human Resources Analyst	250-Human Resources	10/08
4	Sr. Water Resources Analyst	312-Planning & Water Resources	7/08
5	Manager of Program Funding	420-Engineering	12/09
6	Sr. Engineer	420-Engineering	12/08
7	Engineering Technician	420-Engineering	3/09
8	Assistant Engineer	420-Engineering	9/09
9	Deputy Manager of Construction Management	425-Construction Management	8/08
10	Construction Project Coordinator (Limited Term)	425-Construction Management	2/09
11	Construction Project Coordinator	425-Construction Management	12/09
12	Administrative Secretary (Limited Term)	425-Construction Management	12/08
13	Junior Operations Assistant	540-RP1 Operations	3/09
14	Sr. Operator	540-RP1 Operations	5/09
15	Operator	540-RP1 Operations	10/09
16	Operator	540-RP1 Operations	6/09
17	Sr. Maintenance Technician	552-RP2/CC Plant Maintenance	10/09
18	Electrician II	553-RP2/CC Elect/Instrument Maint	11/09
19	Junior Operations Assistant	580-RP2/RP5 Operations	5/09
20	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	UN999I	2/10	Recruitment in Process

CONSTRUCTION MANAGEMENT
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 Agency is reviewing submittals from the contractor and working on an access agreement to start construction. The contractor has mobilized to the site. Current issues being addressed by the Agency include a potential construction easement and renewal of a Streambed Alteration Agreement.

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

Field work for this project has begun related to required cleaning and pre-construction line video work. Construction Management is currently awaiting contractor submittal of video's for work, which is projected to be completed by June, 2010.

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

The contractor, SSC Inc., has continued pothole investigations which include exploratory excavations to determine the locations and type of existing underground facilities. This information shall be evaluated and incorporated into the project shop drawings. SSC continues to prepare and present submittal documents. SSC also held the Centrifuge Pre-Submittal Workshop and Subcontractor Coordination Workshop on January 4, 2010. The review of the preliminary submittal was completed and the contractor has adequate information and clarification to proceed with the formal submittal process. SSC will continue to prepare shutdown requests and other applicable documents in order to continue demolition and relocation requirements of the existing utilities. The contractor will also continue its pothole investigations and exploratory excavations.

REGIONAL PLANT NO. 1 DEWATERING FACILITY EXPANSION, PROJECT NO. EN06015.01

The contractor, Mike Bubalo Construction, has begun preparing submittals for equipment and materials for the new 8-inch diameter ductile iron pressurized pipeline from the Dewatering Building (existing and future) to an existing 21-inch RCP pipeline. Site activities were scheduled to begin late January, 2010.

REGIONAL PLANT NO. 1 DEWATERING LANDSCAPING, PROJECT NO. EN06015.02

The contractor, Sims Inc., has begun submitting plant material, equipment, and material submittals to install the tree screen west of Regional Plant No. 1 (RP-1) on the land of the Whispering Lakes Golf Course (City of Ontario) to serve as a buffer between them and the existing Agency facilities/future Dewatering Building expansion. Site activities were scheduled to begin late January, 2010.

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

The contractor, Coconstruction Inc., continues to work on the owner supplied VFDs in the IPS Building. Coconstruction has also installed and terminated all the new fiber optic cable associated with the new SBS Pump installation, and completed the installation of the cast iron sluice gate at Primary No. 1. During development of the shutdown procedures to remove and replace the SBS pumps, it was determined that there may be some potential issues with the pumps capacity to dose SBS in appropriate quantities at low flows. Since this was reported, the project team has completed the evaluation and is currently working on a course of action. There have also been some significant challenges coordinating network changes, which has hampered contractor progress.

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

The contractor, DenBoer Engineering and Construction Inc., has completed installation of the "O" Ring and is currently testing the installation. Preparations for final digester testing are also being made. Investigation of leaks on Digester 3 exterior wall is ongoing and will be evaluated by RMS, the consulting engineer, who will develop an action plan based on investigation results.

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

Tetra Tech's principal finding from the bio-filter performance evaluation is that actual blower discharge pressure is well below both specified requirements and the manufacturer's performance curves provided by the contractor. Sufficient operating head is critical to successful operation of the system. Griffith Construction's plan is to order a sheave to increase fan output. The delivery of the parts is expected to be within three weeks, at which time testing will be performed to verify satisfactory performance.

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

The contractor, Norstar Plumbing and Engineering, began berm improvements within Basin No. 5 as part of the Chino Basins Facilities Improvement Program, Phase II the week of January 11, 2010. Due to unfavorable weather conditions, Norstar was forced to secure and protect the work site and will continue to monitor weather conditions and plan their work accordingly. 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.

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

The County of San Bernardino has requested that additional items be included in the scope of work for the Contractor. A site meeting was held the first week in January to go through punch list items and move forward on project completion. The contractor proposal for additional work requested has been received and the Agency is preparing a Task Order to complete said approved work. Work is expected to be completed by the end of February, 2010.

1299 EAST RECYCLED WATER PIPELINE, PROJECT NO. WR08027

The contractor, Weka Inc., has submitted lay drawings for pipeline section located on Ilex Street for approval. Pipe has been delivered to the site on Day Canyon Drive and W. Liberty Parkway. The Agency and Weka had a meeting with Golden State Boring to discuss the boring methods to be used in the project and any required information to be submitted.

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

A blind flange was installed on the existing 30-inch CML&C Pipe just southwest of the steel reservoir. Additionally, Schueler installed the pump cans and has the concrete backfill in place.

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

The contractor, Weka Inc., has begun saw-cutting and trenching procedures on Victoria Street. Their pipe manufacturers have also delivered the pipe to the site. Weka began laying pipe on Victoria Street on December 21, 2009, and will continue to do so through the end of the year. The Agency and the contractor also had a meeting with Golden State Boring to discuss the boring methods to be used in the project and any required information to be submitted.

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

The contractor, Best Drilling, completed the installation of well casings and screens for MW-VCT2. PVC pipe was also installed as part of the monitoring well set-up. Best Drilling completed the well development process by flushing, swabbing, bailing, airlifting/swabbing, and pumping. No Lysimeter construction to report.

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

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

CIM RECYCLED WATER PIPELINE, PROJECT NO. EN08014.00

This project consists of the installation of less than 1,000 lf of pipe from RP-5, to the CIM Prison to provide recycled water for crop irrigation. Construction work is completed with Agency staff and the contractor negotiating extra work/change order work. Board close-out is scheduled for February 17, 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 providing the FeCl tank holding area a chemical proof coating to keep leakage of the tank, pipes, or pumps from flowing into the environment and install a gravity sewer line. Coating of the FeCl tank is completed with minor touch-up work pending. Rerouting of electrical conduit is completed. Programming for the pressure sensors is done. A shutdown meeting has been held for a shutdown and installation of a valve and pressure sensors the first week of February. Board close-out scheduled for March, 2010.

RP2 SLUDGE LINE LEAK AND SUBSEQUENT FERRIC LEAK DISCOVERY

Staff has prepared a RFP for the remaining work at this site, which includes importing fill material from RP5, installing double-walled Ferric piping, and placing all base material and asphalt paving. The job walk took place on January 21, 2010. This project is scheduled for completion by the end of February, 2010.

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

Following the installation of phase one and phase two pipe baffles in amendment hopper 2, no appreciable improvement was observed. Staff continued to work with the consultant (CDM) and the contractor to experiment with various baffle configurations. The latest configuration, which will effectively close the bottom two thirds of the hopper was tested on January 20, 2010. Following that test, Construction Management, Engineering, and CDM will meet to discuss further options.

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

The harmonic filters have been received and the contractor has poured both concrete pads. The filters were set in place during the week of January 25, 2010. The underground plumbing for the external restroom has been installed and the footings are being excavated. The Permit-To-Construct (PTC) for the generator is being finalized and is expected to be sent to the AQMD by the second week of February

PUBLIC INFORMATION

Calendar of Events

February 2010

- **February 23 - 25**, ACWA DC Conference
- **February 27**, Garden in Every School® Workshop, Event Room, 8:30 a.m.

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 17**, Project Learning Tree Workshop, Event Room, 8:30 a.m.
- **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

- IEUA and SAWA will be visiting a school in IEUA's service area to give a classroom presentation for World Wetlands Day.
- Ayala High School's (City of Chino Hills) Solar Cup boat is being built during an Engineering class. The students have discovered more efficient ways to test the speed and accuracy of the boat that will be competing at the Solar Cup in May.

FINANCE AND ADMINISTRATION

Investment Yield Comparables – 8 Week Run Rates

Investment Type	23-Nov	30-Nov	7-Dec	14-Dec	21-Dec	28-Dec	4-Jan	11-Jan
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%	1.11%	1.11%	1.11%	1.11%	1.11%
1 Yr CD – BofA	0.95%	0.95%	0.85%	0.85%	0.85%	0.85%	0.85%	0.75%
1 Yr CD – Wells Fargo	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%
1 Yr CD Citibank	1.14%	1.14%	1.05%	1.05%	1.05%	1.05%	1.05%	1.01%
LAIF	0.59%	0.59%	0.59%	0.59%	0.58%	0.55%	0.56%	0.57%
US. Treasuries:								
US. Treasuries – 3-Mos	0.04%	0.05%	0.06%	0.03%	0.04%	0.07%	0.08%	0.06%
US. Treasuries – 6 Mos	0.15%	0.14%	0.16%	0.15%	0.16%	0.18%	0.20%	0.16%
US. Treasuries – 12 Mos	0.29%	0.27%	0.29%	0.32%	0.37%	0.41%	0.47%	0.41%
US. Treasuries – 2 Yrs	0.76%	0.73%	0.73%	0.78%	0.84%	0.95%	1.10%	1.02%
US. Treasuries – 3 – Yrs	1.26%	1.22%	1.20%	1.25%	1.34%	1.49%	1.66%	1.60%
US. Treasuries 5 - Yrs	2.19%	2.12%	2.10%	2.18%	2.31%	2.50%	2.64%	2.60%

Investment /Market Update

Current investment (excludes LAIF) weighted average maturity is 860 days.

Current investment (includes LAIF with 2 days maturity average maturity is 465 days.

IEUA investment portfolio rate of return is estimated at 1.49% for the month of December, compared to 1.52% from prior month. The estimated 3 basis point decrease is due to continued decline in LAIF. The Average monthly effective LAIF yield is .56% as of 01/11/10, 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), the combined CDARs yields is 1.7%.

Various updates from Broker Bloomberg:

- (SIFMA) Securities Industry and Financial Markets Association economic outlook for 2010 on interest rates: Expected the Federal Reserve to continue maintaining its 0.0 to 0.25% federal funds target rate for some time to come. As of December 2, the end of the survey period, the 10-year U.S. Treasury yield was 3.32% , up 1 basis point (bps) from end-September and 21 bps from end- June. The median forecast for the December 2009 average 10 year Treasury note yield was 3.5% , rising to 3.7% in June and 4.0% at year-end 2010.

AGENCY BULLET BENCHMARK

- The benchmark yield on the Agency bullet for 2 years is 12 bps vs. 2 year T-Notes; 3 years is 20 bps vs. 3 year T-Notes; 4 years is 70 bps vs. 4 year T-Notes.

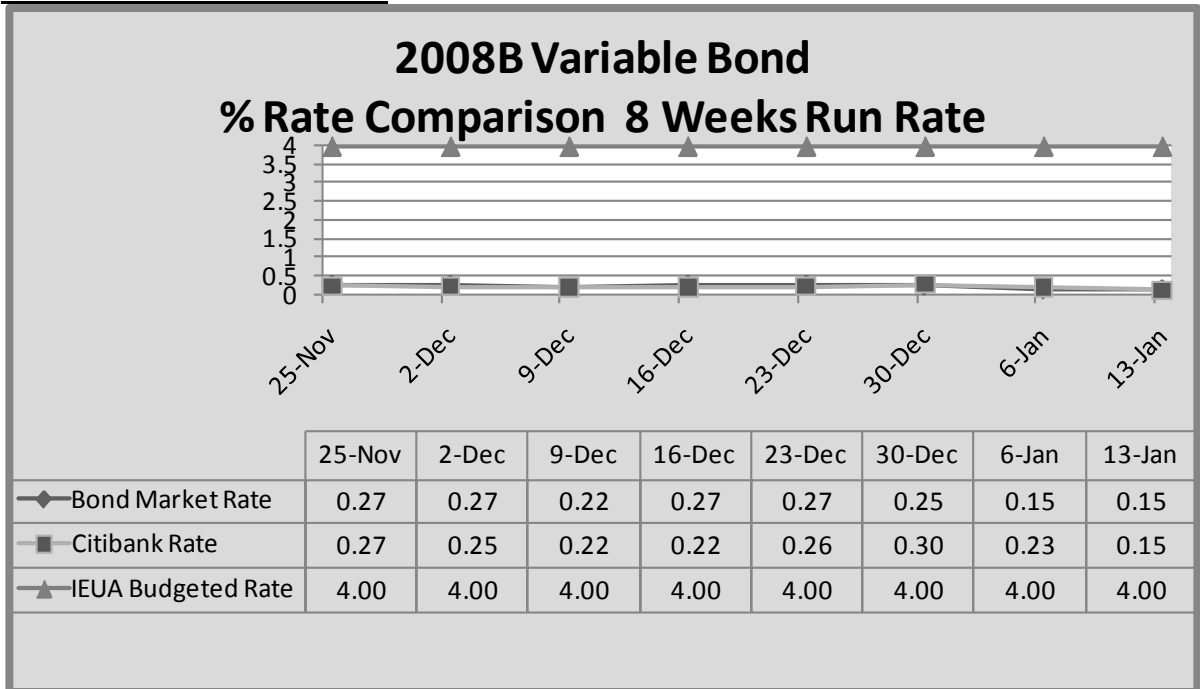
Jan 12(Bloomberg)

- U.S> 10 Year Yield Near Three Weeks Low; Demand to Rise at \$21 Billion Sale
Treasury 10-Year yields were near the lowest level in three weeks on speculation signs the global economic recovery is slowing will increase demand at a \$21 billion auction of the securities today.

Jan 13 (Bloomberg)

- Reports from the twelve Federal Reserve Districts indicated that while economic activity remains at a low level, conditions have improved modestly further, and those improvements are broader geographically than in the last report. Ten Districts reported some increased activity or improvement in conditions, while the remaining two –Philadelphia and Richmond – reported mixed conditions

2008B Variable Bond Trend



Other Division Updates on Significant Events:

FY-10-11 Budget Training

FY 2010-11 budget on both Operating budget and the TYCIP is underway, below is the upcoming budget related events in January and February 2010:

Date	Event
1/13/2010	Division and department staffing plans due to Finance for Labor Distribution Worksheet updates
1/14/2010	TYCIP kick-off meeting Capital and O&M TMP proposals due to IS
1/25/2010	Executive Team review & approval of proposed TMP
1/28/2010	Department O&M budget requests and Division goals & objectives due.
2/3-4/2010	<ul style="list-style-type: none"> • Workshop on Capital projects- all programs • Executive Team approved TMP due to Financial Planning • Executive Management review Division goals and objectives, O&M budget request, and make Presentation to Regional Committees on preliminary FY 2010/11 program forecast
2/9/2010	<ul style="list-style-type: none"> • Labor distribution worksheet training • Distribution of labor distribution worksheets to department • Budget Preparation Calendar – FY 2010/11 • Dates IEUA CDA/CBWM IERCA
2/12/2010	Department Goals & Objectives, revised Department O&M budget requests, and requests on capital projects due
2/15/2010	• First draft of TYCIP documents chapter due from responsible staff
2/26/2010	• Access to O&M and Capital Plan will be blocked (version 100) Labor distribution forms due

Prop1A Securitization Program Updates

On January 15, 2010 the Agency received the first of two installments for the property taxes from the State in the amount of \$1,070,028.00. This represents 50% of the \$2,140,056 Prop1A Receivable amount. The second installment will be paid on May 3, 2010.