



Date: February 17, 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.

HUMAN RESOURCES

As part of the Internal Audit Department's follow-up review of the 2007 Human Resources Operations Audit and Response, an employee survey was sent out to all employees on February 1st. The survey will assist in determining the effectiveness of services provided (customer assistance, training opportunities, information sessions, etc.) by the Human Resources Department. Employees have until February 18th to respond to the survey.

In February, the TEAMS Personal Development Program topic will be on Personal Assessment. Employees new to the Agency and previous TEAMS participants needing to make-up missed classes may attend the course. Agency participants in the Southern California Local Government Supervisory Program at Cal Poly Pomona will focus on the subjects of Leading the Team, and Motivational Strategies. The Agency will also host the Southern California Local Government Leadership Academy course on The Impact of Budget and Finance.

<u>CURRENT STAFFING</u>	
Regular Full-time Employees:	285
Contract/Limited Term Employees:	13
Interns:	15
TOTAL:	313

<u>CURRENT RECRUITMENT ACTIVITIES</u>	
Recruitments in Process/Offer Pending	1
Placement in Process:	1
No RFVP; Position on Hold:	21
Total Regular Vacancies (Excludes Contract & Intern Positions):	23

<u>RECRUITMENTS/PLACEMENT IN PROCESS</u>							
Position		Department	RFVP Received	Closing Date	Salary Range	Tentative Placement Date	Notes
1	Operator OIT-V	550-Carbon Canyon Operations	12/09	Open Until Filled	OP094-OP095	3/10	Interviews scheduled for 2/4/10
2	Deputy Manager of Technical Services	517 Technical Services	2/10	2/2/10	UN104	2/10	Recruitment in Process

<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 & Admin	1/10
3	Human Resources Analyst	250-Human Resources	10/08
4	Sr. Water Resources Analyst	312-Planning & Water Rsrcls	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 Mgmt	425-Construction Mgmt	8/08
10	Construction Project Coordinator (Limited Term)	425-Construction Mgmt	2/09
11	Construction Project Coordinator (Limited Term)	425-Construction Mgmt	1/10
12	Construction Project Coordinator	425-Construction Mgmt	12/09
13	Administrative Secretary (Limited Term)	425-Construction Mgmt	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 Maint	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	UN999I	2/10	Recruitment in Process
2	Intern	238 Financial Planning	2/10	OUF	UN999 I	2/10	Recruitment in Process

RECYCLED WATER THREE YEAR BUSINESS PLAN UPDATE

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, with a total connected demand of 32,097 AFY. We anticipate on connecting another potentially 255 AFY within the next 30 to 90 days, increasing the total connected demand. 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	February 2010
Lehigh ES	Montclair	16	February 2010
Elderberry ES	Ontario	12	February 2010
Total Demand		255	

DWR Urban Drought Assistance Grant (\$1 Million): IEUA has completed and submitted the Site Selection Disbursement Strategy for State approval. IEUA has met the 10,000 acre-foot non potable use goal stated in the grant agreement. Invoices are being submitted to the Department of Water Resources. Remaining and unspent monies 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 March 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	\$1,954,500	Construction
1299 E Reservoir & 1630 E PS	Summer 2010	\$10,875,000	\$1,966,500	Construction
1630 E Pipeline, Segment A	Summer 2010	\$10,500,000	\$2,775,800	Construction
Monitoring Wells & Lysimeters	Feb 2010	\$1,500,000	\$634,300	Construction

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

Project	Design Contract	Contract Amount	Invoiced To date
1299 E Pipeline	CVWD	\$299,999	\$162,000
1299 E Reservoir & 1630 E PS	CVWD	\$5,700,000*	\$900,800
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 The 33% design in the 930-Zone Pipeline is on-going. The geotechnical investigations of the reservoir's site will start on February 8th 2010. 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, South Zone, 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	Spring 2012	\$20,251,000	\$734,000	Design

General Manager's Report Regarding Agency Activities

February 17, 2010

Page 5 of 19

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	\$230,000	Design
RP-5 RWPS Expansion	Stantec	1,600,000	28,000	Pre-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 partnered with Upland and CVWD through Memorandum of Understanding(s) (MOU) prior to authorizing the final design for the NW Area Project.

Both MOUs have been fully executed.

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	\$90,841	Preliminary Design
1630 W Pump Station	Spring 2010	Fall 2011	\$8,500,000	\$52,670	Preliminary Design
1630 W Pipeline, Phase 1	Spring 2010	Fall 2011	\$15,600,000	\$1,146,524	Preliminary Design
1630 W Pipeline, Phase 2	Spring 2010	Fall 2011	\$4,250,000	\$66,889	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
Total Invoiced:	\$264,229.57
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 Sevaire	\$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

Recycled Water Supervisory Control and Data Acquisition (SCADA) Master Plan:

The intent of this project is to develop a Master Plan for a coordinated and integrated Recycled Water SCADA system. The Master Plan will include the infrastructure and planned growth of the Recycled Water SCADA System as the recycled water distribution system expands. The existing system currently being analyzed and an outline will be prepared to identify the necessary steps to modify, upgrade and install the SCADA system & associated software to cost effectively integrate the future systems as part of the Recycled Water SCADA System Master Plan. Several workshops have taken place and the project is currently 10% complete. The project is scheduled for completion by June 30, 2010.

ENGINEERING

Status of RP-5 Recycled Water Pumping Station Equipment Pre-Purchase

The Agency received proposals on pumps, electrical equipment, piping, and valves on February 4, 2010. Agency staff will evaluate the proposals and is striving to issue purchase orders by February 12, 2010.

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 contractor has mobilized to the site and has started to grub the southern portion of the channel. Access issues for construction of the channel wall encroachment on the adjacent property have been resolved. Staff is currently coordinating with Carson Development on issues related to utilities to serve their site.

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, Engineering, NRWS staff, and the Design Engineers have reviewed the video's of the lines to be repaired and have recommended additional repairs, not originally identified in the design, based on videos that were five years old. Construction Management has negotiated a discount below unit values bid with the Contractor. A change order is being prepared for this recommended additional work. Relining and Link-Seal work in Ontario will begin in the third week of February, 2010. Work will be completed by June, 2010.

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

The contractor, SSC Inc., has completed pothole investigations and this information is being evaluated by the Design Engineer, Malcolm Pirnie, and shall be incorporated into the project shop drawings. SSC continues to prepare and present submittal documents. SSC also began excavation activities on January 29, 2010, for the pump station. SSC will continue to prepare shutdown requests and other applicable documents in order to continue demolition and relocation requirements of the existing utilities. Meetings were held the week of February 1, 2010, with SSC and the Agencies Operations, Technical Services, and Maintenance staff to evaluate and prepare a compressive detailed shut down/tie in plan to relocate the communications system that is currently in the footprint of the new dewatering facility. This work is tentatively scheduled to begin on the week of February 15, 2010.

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

The contractor, Mike Bubalo Construction, continues 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.

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. Plant material is being delivered to the project site and clearing and grubbing activities have begun. Sims Inc. plans on completing the work by the week of February 22, 2010, at which time the Contractor shall begin a 90 day maintenance period and maintain all planting in a healthy condition as determined by the Agency representative.

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 have resulted in a test plan development for the pressure relief valves located at the bottom of the digester. Test results were to be available by February 8, 2010.

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

The Agency has received an additional site evaluation from Environmental Engineering & Contracting, Inc which supports Tetra Tech's principal finding from the bio-filter performance evaluation. Additional testing of the blowers was scheduled for Thursday February 4, 2010, 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 the week of January 11, 2010, within Basin No. 5 as part of the Chino Basins Facilities Improvement Program, Phase II. Due to unfavorable weather conditions, Norstar was forced to secure, protect the work site, and will continue to monitor weather conditions while planning 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. As work has progressed, it has become apparent that over-excavation and compaction will be required due to unconsolidated soils.

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's 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, completed the pipe installation on Liberty Avenue and begun installing the pipe sections running along the flood control channel. Heavy rains prevented any construction work for duration of one week. They will also be installing the blow-offs on

Liberty before proceeding with paving on Liberty Ave. Weka anticipates starting welding the pipe sections on Liberty, Day Canyon Dr, and the flood control channel. The contractor is still working on the balance of submittals which include paddle markers, pressure testing procedures, and the final set of lay drawings.

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

Schuler was not able to work for duration of one week due to heavy rains. SWPPP provisions were in place for the past week's storm event. The contractor is currently waiting on the delivery of the 36-inch pipe which was expected to arrive by mid-February. Once that is received, Schuler will begin the installation of the pipe.

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

Due to heavy rain, minimal pipe work occurred for a period of one week. The contractor, Weka, was able to install a 90 degree fitting and approximately 80 linear feet of pipe on Victoria Ave. Work is currently being coordinated with the scheduling of an active Agency construction work on Victoria Basin (Monitoring Wells installation). Once the driller's rig is demobilized, Weka will proceed to install the pipe sections at Victoria Basin.

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-VCT1. A secondary aquifer was discovered which required a change in design of the well MW-VCT1 – a PVC piezometer was included in the design to measure the water levels of this secondary aquifer. Best Drilling is currently developing the well by flushing, swabbing, bailing, airlifting/swabbing, and pumping. Once completed, ground water samples shall be taken by the Agency for quarterly analysis. No Lysimeter construction to report. Boart Longyear has submitted a construction schedule, mitigation report program, and payment set-up for review. They anticipate to start drilling by the third week of February.

CHURCH STREET LATERAL, PROJECT NO. EN09002

The construction yard has been set up at the North West corner of Foothill and Etiwanda Ave. The Pre-construction video has been completed. The cost loaded schedule has been submitted to the state for review along with the AARA compliance documents

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. Agency staff and the contractor, Murrieta Development, are currently negotiating extra work/change order work. The Board close-out is scheduled for March 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 completed. A shutdown was scheduled for February 8th, 2010, for the installation of an isolation valve and pressure sensor. Board close-out scheduled for April, 2010, pending some additional electrical work that needs to be completed.

RP2 SLUDGE LINE LEAK AND SUBSEQUENT FERRIC LEAK DISCOVERY

Staff has received four bids 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 final report was issued to the San Bernardino County HAZMAT inspector and he stated that we would receive a final approval by February 8. Once this written approval is received, the contractor will begin to return the site to its normal conditions. This project is scheduled for completion by the end of February, 2010.

IERCF AMENDMENT HOPPER PIPE BAFFLES 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 last configuration, which was installed on January 20 and effectively closed the bottom two thirds of the hopper, has failed to improve performance. Construction Management, Engineering, and CDM are currently meeting to discuss further options.

IERCF BACKUP GENERATOR, EMERGENCY LIGHTING, AND EXTERNAL RESTROOM INSTALLATION 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 end 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.
- **March 16**, Water Agencies of the Inland Empire Hosted Legislative Reception, 5:00 p.m. to 7:00 p.m. at Chops Restaurant in Sacramento.
- **March 30**, **Annual Blood Drive, IEUA Event Room, 9:00 a.m. to 2:00 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

The Conservation Partners have decided to use ACWA's Save our Water logo. We are developing an ad campaign to be shown in local movie theatres beginning May 28 and running through the end of September.

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, solar and HQ were given to a delegation of Koreans visiting UCR, SCAP participants, and Inland Empire Urban Forest Council during January

Educational Updates

- IEUA and SAWA distributed packets to a school in IEUA's service area 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. There are a total of 37 teams participating in this year's Solar Cup competition.
- IEUA will be hosting the Travelling Art Show March 30-April 5. This is the time where all the winners within MWD's service area will be displayed in the HQA Lobby.

FINANCE AND ADMINISTRATION

Major Revenue

(000's in millions)

Major Revenue Categories	Adopted Budget	Amended Budget	Actual to Date (December)	% Actual Consumed	Fav/(Unf) Variance
User Charges	\$ 46.16	\$ 46.16	\$ 21.26	46.06%	\$ (24.90)
Connection Fees	4.77	4.77	5.57	116.77%	.80
Property Tax	34.44	34.44	12.19	35.39%	(22.25)
Recycled Water Sales	5.47	5.47	2.24	40.95%	(3.23)
Grants	19.82	19.82	2.19	11.05%	(17.63)
SRF Loans	35.92	35.92	7.14	19.88%	(28.78)
TOTAL	146.58	146.58	50.59	34.51%	\$ (95.99)

Significant variance:

- User charges – In line with budget, on an annual basis
- Property Taxes – Primary due to timing of property tax receipts, the majority of the payments from San Bernardino County are received in Qtr2 and Qtr 3.

Account/Receivables

IEUA Aging Report – As of 01/28/2010

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
6,647,922.37	6,553,032.33	92,754.08	0.00	0.00	0.00	2,135.96

Notes:

- 1) Aging over 120 days, Robo One Plumbing (customer is financial distress), total owed is \$2,135.96. (Customer's business status is unknown, unable to obtain functional phone number).

Customer CDA (on IEUA Books)

Total Outstanding	Current	1-30	31-60	61-90	91-120	>120
161,630.83	0.00	77,708.03	83,922.80			0.00

Notes:

- 1) Aging 31-60 days, pertains to expense (system due from/due to) posted in December '09, billable in January and payable in February.

Customer RCA (on IEUA Books)

Total Outstanding	Current	1-30	31-60	61-90	91-120	>120
627,651.72	645.80	208,430.74	418,575.18	0.00	0.00	0.00

Notes:

- 1) Aging 31-60 days, pertains to expense (system due from/due to) posted in December '09, billable in January and payable in February.

Customer CBWM (on IEUA Books)

Total Outstanding	Current	1-30	31-60	61-90	91-120	>120
537,548.09	662.74	161,886.25	0.00	375,000.00	0.00	0.00

Notes:

- 1) Aging 1-30 days, balance of \$161,886.25 pertains to the third quarter O&M invoice (21 days outstanding).

- 2) 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.

Investment Yield Comparables – 8 Week Run Rates

Investment Type	7-Dec	14-Dec	21-Dec	28-Dec	4-Jan	11-Jan	18-Jan	25-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%	1.11%	1.11%	1.11%	1.11%	1.11%	1.11%	1.11%
1 Yr CD – BofA	0.85%	0.85%	0.85%	0.85%	0.85%	0.75%	0.75%	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	1.05%	1.05%	1.05%	1.05%	1.05%	1.01%	1.01%	1.01%
LAIF	0.59%	0.59%	0.58%	0.55%	0.56%	0.56%	0.57%	0.56%
US. Treasuries:								
US. Treasuries – 3-Mos	0.06%	0.03	0.04%	0.07%	0.08%	0.06%	0.05%	0.06%
US. Treasuries – 6 Mos	0.16%	0.15%	0.16%	0.18%	0.20%	0.16%	0.14%	0.14%
US. Treasuries – 12 Mos	0.29%	0.32%	0.37%	0.41%	0.47%	0.41%	0.35%	0.31%
US. Treasuries – 2 Yrs	0.73%	0.78%	0.84%	0.95%	1.10%	1.02%	.93%	0.89%
US. Treasuries – 3 – Yrs	1.20%	1.25%	1.34%	1.49%	1.66%	1.60%	1.50%	1.44%
US. Treasuries 5 - Yrs	2.10%	2.18%	2.31%	2.50%	2.64%	2.60%	2.51%	2.42%
GSE BENCHMARKS BULLETS								
2 yr Agency Bullets						1.04%	0.95%	0.95%
3 yr Agency Bullets						1.70%	1.69%	1.65%
5 yr Agency Bullets						2.79%	2.65%	2.65%

Investment /Market Update

The average maturity is 860 days for current investments exclusive of LAIF. Including LAIF, the average maturity is 470 days, (assuming 2 days to liquidate the LAIF investment).

IEUA investment portfolio rate of return is estimated at 1.42% for the month of January compared to 1.5% from prior month. The estimated 8 basis point decrease was due to one of the CDAR's yielding 2%, had matured in late January, and renewed to 26 weeks term at .9%. Our portfolio continues to experience the steady decline in LAIF. The average monthly effective LAIF yield is .56% as of 01/25/10, compared to .61% for the month of November and .65% from October 2009. Our current investment includes GSE with an average yield to market of 2.5%, and two accounts in CDARS at 1.26% APY (1 yr maturity) & .9% APY (to mature in Dec 2010), the combined CDARS yields is .95%.

Various updates from Broker Bloomberg:

- Jan 29 (Citigroup Global Market) – Home Prices: the home prices weakened modestly in November. The Case Shiller 20 city composite index registered a 0.22% decrease from the previous month on a non-seasonally adjusted basis, down from the last month decrease of 0.07%. Office of Federal Housing Enterprise Oversight (OFHEO) showed a month to month increase of 0.7% compared to 0.4% in the previous month. We expect further weakening in the coming months.

- Housing Activity:** The Freddie Mac 30 yr and 5x1 Survey rate tightened by about 15bps and 17bps respectively. The single family housing starts for the month stood at 0.46M, compared to 0.49M in the previous month. The number of existing home sales remained almost flat at 3M, which represents a 6.9 month supply at the current sales pace. Single family existing homes sales fell by 17% in December, reaching 4.8M. The distressed sales as a % of the existing home sales stand at about 33% as of November. The total distresses inventory stands at about 5.8M as of Q3 2009.

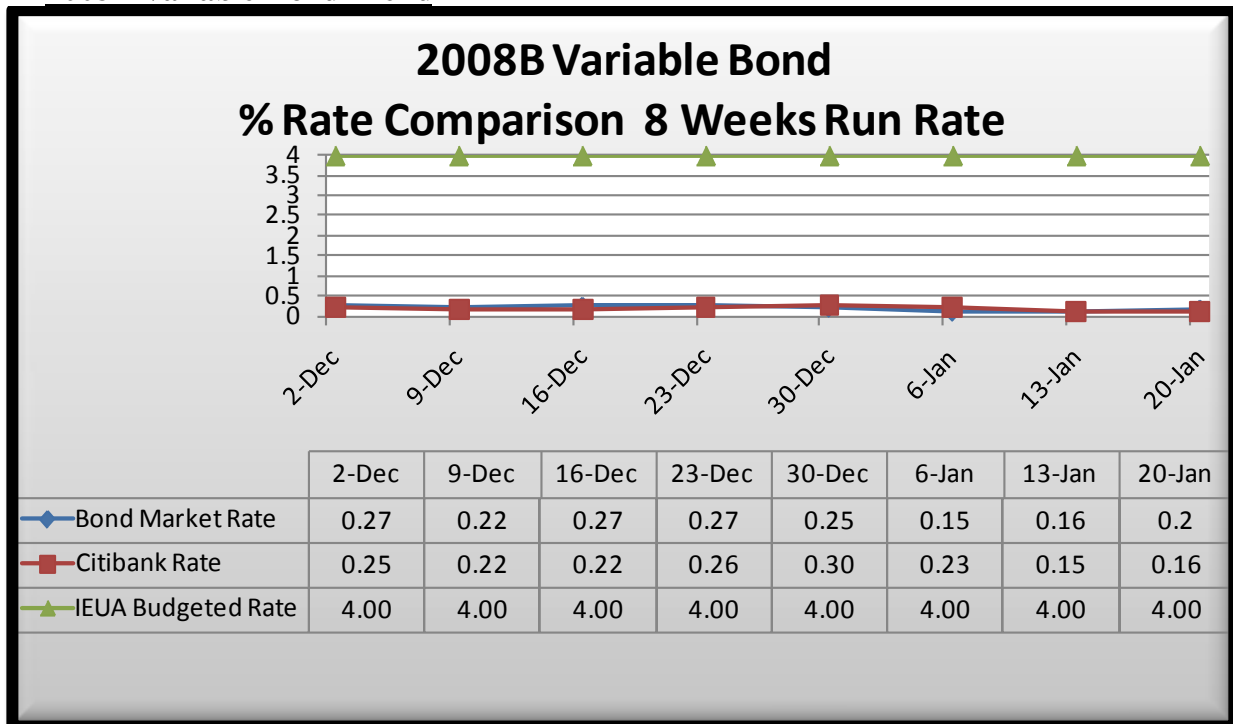
Jan 26 (Laffer Associates)

- The Commercial Paper Funding Facility (CPFF) and the liquidity swap program with foreign central banks are scheduled to expire on February 1, 2010. The Feds have not set a deadline for the TAF- and will most likely keep the facility open indefinitely – but the available amount of funds auctioned has already been reduced.

Jan 22 (JP Morgan)

There has been plenty of covered bond rhetoric but legislation would need to be out in place which will take at least 6-12 months. If you believe Smith Barney then this shouldn't be a widening event for the senior debt. The debt would be defeased and grandfathered and the GSE spread curve should flatten. However, all they are doing lately is creating more and more uncertainty which isn't good. The street is long agency debt, portfolio managers are underweight and probably won't buy until we get some widening of spreads or higher rates, uncertainty will cause bid hitting from the street.

2008B Variable Bond Trend



PROCUREMENT

- A total of 6 solicitations were posted on *The Network* during December, the same as during the same period last fiscal year. A total of 68 solicitations during the first half of FY 2009/10, compared to 64 solicitations during the same period last fiscal year.
- A total of 336 purchase requisitions (PR's) were fully approved for processing during December for a total value of \$1,909,217, compared to 303 for a total value of \$1,454,159 during same period last fiscal year. Year-to-date: 1,914 PR's totaling \$52,677,603.
- A total of 192 purchase orders (PO's) were awarded in December, for a total value of \$556,159; compared to 190 for a total value of \$1,471,868 during same period last fiscal year. Year-to-date: 1,376 POs totaling \$32,253,613.
- A total of 14 Contract/Agreements were created during December, compared to 16 during the same period last year; year – to – date, 167.

SITE ADMINISTRATION

GARDEN IN THE PARK – DEMONSTRATION GARDEN

SAWA and IEUA have hosted 8 work parties for the Garden In Every School® Demonstration Garden Project from October 2009 to December 2009. A total of 80 high school and elementary student volunteers participated in the continued planting effort for the garden with the help of student mentors from Cal Poly Pomona's Student Chapter American Society of Landscape Architects. Students are currently monitoring the progress of the garden and will be submitting artwork and testimonials describing their experience designing and building the garden. The artwork and testimonials will be displayed throughout the garden. This project is partially funded by a grant from Project Learning Tree through the American Forest Foundation awarded to SAWA.

VOLUNTEER PROGRAM

The Agency's Volunteer Program is now a participant on the Disney's network for "Give a day Get a Day" program through Hands on Inland Empire. All Agency volunteer work days will be posted on the website for the 2010 calendar year. To date the Agency has seen a significant increase in participants signing up through the Disney network.

IEUA and SAWA will be hosting the fifth Volunteer Work Party on February 6th, 2010 volunteers will have the opportunity to participate in building bat boxes and restoration in the southern zone of the Chino Creek Wetlands and Educational Park. Currently the Agency has 50 community members signed up to participate in the work party.

General Manager's Report Regarding Agency Activities

February 17, 2010

Page 16 of 19

GRANTS

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

~ January 2010 ~

Account Type	Total Number of Active Accounts	Total Award Amount	Total Amount Invoiced	Total Award Balance
IEUA Grants	21	56,903,474	36,918,368	19,985,106
IEUA Loans	10	71,324,910	32,525,204	38,799,706
Grants for CDA	1	2,800,000	-	2,800,000
TOTAL:	32	\$ 131,028,384	\$ 69,443,572	\$ 61,584,812

GRANT INVOICE AGING REPORT FOR JANUARY 2010

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. Invoice #8 for \$996k sent to DWR Accounting Office on 1/11/10.</i>	5,171,578	5,171,578		4,023,976	1,147,602
State Water Resources Control Board <i>RP-1 Dewatering Invoice #2 \$653k lost in the mail will be resubmitted in February.</i>	2,452,961	684,524	653,869	30,655	
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>	1,148,641	1,131,863	682,034	330,670	119,159
USBR - Recycled Water Northeast Area	745,158	-	-	-	-
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	31,835	-	-	-	-
MWD - Water Softener Rebate Program	56,138	47,675	-	47,675	-
TOTAL AMOUNT	\$ 9,737,214	\$ 7,166,543	\$ 1,335,903	\$ 4,518,564	\$ 1,312,076

Active Application Information

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

RISK & SAFETY MANAGEMENT

- **Worker's Compensation Claims**
 - No new workers' compensation claims have been reported since the previous report.
- **Lost Time & Light Duty Assignments**
 - Currently there is only one employee off work under workers' compensation. Currently there is only one employee classified on light duty requiring accommodations.
- **Vehicle Accidents**
 - No new information to report.

Other Division Updates on Significant Events:

- Realized cost savings in the amount of \$22,242 during January, bringing the year-to-date total to \$917,827. 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.
- Scheduled bid opening for 2/8/10 for the wind power project.
- Attended the pre-proposal meeting with 12 participants for the RP-5 Recycled Water Pump Station Expansion project – equipment pre-purchase.
- The process for renewing the Agency's Property, Boiler and Machinery insurance is underway. Staff is currently reviewing the Agency's property schedule to make any corrections or adjustments to the Agency's Total Insured Value. The renewal is for July 1, 2010.
- **UNITED STATES BUREAU OF RECLAMATION SITE VISIT**
On January 26, 2010, the United States Bureau of Reclamation (USBR), conducted their first mandatory site visit at Inland Empire Utilities Agency (IEUA). The quarterly site visit is a requirement for our American Reinvestment and Recovery Act (ARRA) grants of \$14 Million dollars.
- The following items were presented to USBR by IEUA Engineering, Construction Management and the Grants Department Staff:
 - Project Overview – Northeast & Northwest Area Recycled Water
 - Project Status
 - Grant Reporting Requirements
 - Davis Bacon Act Requirements
 - Buy American Provision Regulations
 - Environmental Issues
 - Review of IEUA Financial Accounting System
 - Review of NBC Indirect Cost
- The site visit also included a tour of the Northeast and Northwest area Recycled Water construction sites. The feedback we received from USBR was very positive. The inspectors were impressed by the efforts that IEUA has put forth in complying with the ARRA requirements. This indicates a good starting point of the IEUA/USBR grantor-grantee relationship.
- **STATE WATER RESOURCES CONTROL BOARD PROJECT INSPECTION**
On January 28, 2010 the State Water Resources Control Board (SWRCB) and the United States Environmental Protection Agency (EPA) jointly conducted a Project Inspection of IEUA's ARRA funded Clean Water State Revolving Fund (CWSRF) projects of \$16 Million dollars. The SWRCB selected five of IEUA's projects to inspect, the Northeast Recycled Water Projects and the Chino Creek Clean Up and Restoration Project.
The inspection consisted of a Desk Review of supporting documents and records and a visit to the project construction sites. The inspection focused on the following three compliance issues:
 - Jobs Created and Retained Reporting Requirements

General Manager's Report Regarding Agency Activities

February 17, 2010

Page 19 of 19

- Davis Bacon Act Requirements
- Buy American Provision Regulations
- The response we received from SWRCB and the EPA was that IEUA has met all expected ARRA compliance requirements. The EPA and SWRCB appreciated the support and cooperation that IEUA provided. The EPA & SWRCB inspectors commented that IEUA is ahead of most of the governmental agencies with the ARRA compliance regulations.
- **FY-10-11 Budget Training**
FY 2010-11 budget on both Operating budget and the TYCIP is underway, below are the up-coming budget related events for January and February 2010:

Date	Event
1/28/2010	<ul style="list-style-type: none">● Department O&M budget requests and Division goals & objectives due.
2/3/2010	<ul style="list-style-type: none">● Workshop on labor distribution
2/4/2010	<ul style="list-style-type: none">● Executive Management review of Division goals and objectives, O&M budget requests, and make recommendations for revisions.● Capital projects workshop
2/12/2010	<ul style="list-style-type: none">● Department Goals & Objectives, revised Department O&M budget requests, and requests on capital project due
2/15/2010	<ul style="list-style-type: none">● First draft of TYCIP documents chapter due from responsible staff
2/8/2010	<ul style="list-style-type: none">● Department labor distribution due
2/10/2010	<ul style="list-style-type: none">● Access to O&M (Version 100) will be blocked