



Date: June 16, 2010  
To: The Honorable Board of Directors  
From: Thomas A. Love  
Interim Chief Executive Officer/General Manager  
Subject: Interim General Manager's Report Regarding Agency Activities

**INTERAGENCY WATER MANAGERS' MEETING**

The next Interagency Water Managers' meeting is scheduled for June 17, 2010, as part of the Watermaster Advisory Committee agenda.

**HUMAN RESOURCES**

In June, the TEAMS Personal Development Program topic will be on Teambuilding. Agency participants in the Southern California Local Government Supervisory Program at Cal Poly Pomona will focus on the subjects of Resolving Conflicts, and Effective Delegation Strategies.

Thursday, June 17<sup>th</sup> is the fifth annual National Dump the Pump Day. Sponsored by the American Public Transportation Association (APTA), the 2010 National Dump the Pump Day encourages people to ride public transportation (instead of driving) to save money. The latest APTA Savings Report shows that a two car household that downsizes to one car can save, on average, more than \$9,000 a year. Additional benefits include conserving gasoline and helping reduce the harmful greenhouse gases emitted into the environment. For more information regarding participating transit systems and incentives offered to participate in this event, visit the APTA website at [www.apta.com](http://www.apta.com).

| <b><u>CURRENT STAFFING</u></b>   |            |
|----------------------------------|------------|
| Regular Full-time Employees:     | 283        |
| Contract/Limited Term Employees: | 15         |
| Interns:                         | 17         |
| <b>TOTAL:</b>                    | <b>315</b> |

| <b><u>CURRENT RECRUITMENT ACTIVITIES</u></b>                               |           |
|--|-----------|
| Recruitments in Process/Offer Pending                                      | 2         |
| Placement in Process:  | 0         |
| No RFVP; Position on Hold:   | 23        |
| <b>Total Regular Vacancies (Excludes Contract &amp; Intern Positions):</b> | <b>25</b> |

Interim General Manager's Report Regarding Agency Activities

June 16, 2010

Page 2 of 22

| <b><u>RECRUITMENTS/PLACEMENT IN PROCESS</u></b> |   |                             |                      |                     |                     |                                 |                              |
|---|---|-----------------------------|----------------------|---------------------|---------------------|---------------------------------|------------------------------|
| <b>Position</b>                                 |   | <b>Department</b>           | <b>RFVP Received</b> | <b>Closing Date</b> | <b>Salary Range</b> | <b>Tentative Placement Date</b> | <b>Notes</b>                 |
| 1   | Senior Maintenance Technician             | RP-1/RP-4 Plant Maintenance | 03/10                | Open Until Filled   | GU096               | 5/10                            | Offer Pending                |
| 2   | Deputy Manager of Construction Management | 425-Construction Management | 04/14/10             | 5/21/10             | UN103               | 7/10                            | Applications sent for review |

| <b><u>POSITIONS ON HOLD (9% Vacancy Factor)</u></b> |   |                                   |                     |
|---|---|-----------------------------------|---------------------|
| <b>Position</b>                                     |   | <b>Department</b>                 | <b>Vacant Since</b> |
| 1   | Staff Internal Auditor                      | 107-Internal Audit                | 3/09                |
| 2   | Chief Executive Officer                     | 110-Agency Management             | 5/10                |
| 3   | Chief Financial Officer                     | 210-Office of Finance & Admin     | 1/10                |
| 4   | Human Resources Analyst                     | 250-Human Resources               | 10/08               |
| 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 (Ltd Term) | 425-Construction Management       | 2/09                |
| 12  | Construction Project Coordinator (Ltd Term) | 425-Construction Management       | 1/10                |
| 13  | Construction Project Coordinator (Ltd Term) | 425-Construction Management       | 3/10                |
| 14  | Construction Project Coordinator            | 425-Construction Management       | 12/09               |
| 15  | Administrative Secretary (Ltd Term)         | 425-Construction Management       | 12/08               |
| 16  | Sr. Engineer                                | 517-Technical Services            | 2/10                |
| 17  | Junior Operations Assistant                 | 540-RP1 Operations                | 3/09                |
| 18  | Sr. Operator                                | 540-RP1 Operations                | 5/09                |
| 19  | Operator                                    | 540-RP1 Operations                | 10/09               |
| 20  | Operator                                    | 540-RP1 Operations                | 6/09                |
| 21  | Electrician II                              | 553-RP2/CC Elect/Instrument Maint | 11/09               |
| 22  | Junior Operations Assistant                 | 580-RP2/RP5 Operations            | 5/09                |
| 23  | Operator                                    | 580-RP2/RP5 Operations            | 2/09                |

**CONTRACT/LIMITED TERM VACANCIES**

None.

**INTERN VACANCIES**

None.

## **OPERATIONS**

### **PRETREATMENT AND SOURCE CONTROL**

During the month of May the collections group completed work on the Edison Pressure Pipeline. The 21-inch pipeline is part of the IEUA North Non-Reclaimable Waste System which transports brine wastewater generated from large industrial customers such as RRI Energy out of the IEUA service area to the Los Angeles County Sanitation Districts for treatment and disposal in the Pacific Ocean. The rehabilitation project included the removal and reconditioning of 53 pressure lids along eight miles of pipeline. The project required confined space entries into each of the manhole structures to remove the pressure lids. Each lid was cleaned to remove scale and rust and epoxy coated to inhibit corrosion. New stainless steel bolts and gaskets were fabricated to withstand the harsh environment in the NRWS. All seats for the lids were resurfaced to ensure a secure fit and the lids were reinstalled. The collections team also replaced all of the air/vacuum release valves along the pipeline. The devices are very similar to those used throughout our recycled water system. The pipeline is ready to be placed back in service just in time for the summer months when discharges into the NRWS are greatest.

### **ENTERPRISE SYSTEMS SERVICES**

The following is a status of some of the key SAP initiatives underway.

#### **Maintenance Process & Configuration Improvement**

Based upon the consultant best practices recommendations and new SAP functions, the Maintenance organization identified and prioritized 50 changes to Agency processes and the supporting SAP configuration. Some process changes were implemented in May and the first phase of roughly 20 SAP enhancements will be implemented by Fall. Other phases are planned over the next year and a half.

#### **Grant Process & Configuration Improvement**

ESS and Grants Office are documenting the grants process, including level of effort to perform tasks, and identifying functional and contract requirements. Best practice research is also being performed. The recommendations will be presented in June/July, with the implementation being completed in the August/September timeframe.

#### **Procure-to-Pay Process Improvement**

The Procure-to-Pay User Group prioritized a list of enhancements to the Agency procurement process and SAP. The top five objectives include making it easier to process purchase requisitions and workflow approval, providing easier access to frequently asked procurement process and SAP function questions, and addressing various process issues. The team will address these top 5 issues by Fall, based upon a schedule agreed to with the User Group.

#### **Labor Recording & Reporting**

Users require a more detailed picture of Agency labor costs. Payroll, time & attendance, and select MOU related reporting is limited to those reports produced by the legacy IFAS Payroll system. The team agreed to focus on the lowest cost, fastest to implement solution, which will allow users to enter both their primary and secondary labor data into SAP (currently, 50 of the 300 employees enter their secondary labor data into SAP). A project plan will be presented in June for review and

approval. The proposed solution eliminates manual hardcopy timesheets. Payroll will continue to be processed in the IFAS system.

**CONTRACTS AND PROCUREMENT**

| MAY                   | NUMBER PROCESSED | VALUE       | TOTAL NUMBER YEAR-TO-DATE | TOTAL VALUE YEAR-TO-DATE |
|-----------------------|------------------|-------------|---------------------------|--------------------------|
| Purchase Reqs (PRs)   | 237              | \$2,849,393 | 2,757                     | \$63,046,971             |
| Purchase Orders (POs) | 158              | \$735,562   | 2,093                     | \$38,933,118             |
| Contracts/Agreements  | 14               |             | 223                       |                          |

Contracts for the New Lab Feasibility Study, the Fuel Cell Project Business Case Evaluation, and the National Theater for Children Water Conservation Program are in various stages of completion. A request for proposal (RFP) for uniformed security services is to be issued sometime in June.

The Agency's Security Program Policy (A-05) is currently being updated and a Security Awareness/Workplace Violence make-up training session was held for staff on June 1.

**RECYCLED WATER THREE YEAR BUSINESS PLAN UPDATE**

To date for FY 09/10, over seventy seven new customers at 5,306 AFY have been connected to the recycled water system, with a total connected demand of 32,350 AFY. We anticipate on connecting another potentially 195 AFY within the next 90 days, increasing the total connected demand to 32,545.

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

| Name                                       | City    | Demand (AFY) | Estimated Completion Date |
|--|---------|--------------|---------------------------|
| Valley View High School                    | Ontario | 27           | Sept 2010                 |
| Alt Education Center – Chaffey School Dist | Ontario | 27           | Sept 2010                 |
| Dorothy Gibson High School                 | Ontario | 12           | Sept 2010                 |
| Arroyo Elementary School                   | Ontario | 25           | Sept 2010                 |
| Ray Wiltsey Middle School                  | Ontario | 70           | Sept 2010                 |
| Mariposa Elementary School                 | Ontario | 34           | Sept 2010                 |
| <b>Total Demand</b>                        |         | <b>195</b>   |                           |

**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 funds are being allocated to near term projects that can be completed by the City of Chino and CVWD.

**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 have been completed. The Agency has received the modified loan contracts from the State Water Resources Control Board for all of Northeast Area projects.

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

| Project                       | Construction Completion | Project Budget | Actual Cost To Date | Status       |
|-------------------------------|-------------------------|----------------|---------------------|--------------|
| 1299 E Pipeline               | Summer 2010             | \$6,750,000    | \$4,768,621         | Construction |
| 1299 E Reservoir & 1630 E PS  | Summer 2010             | \$10,875,000   | \$4,921,396         | Construction |
| 1630 E Pipeline, Segment A    | Summer 2010             | \$10,500,000   | \$5,330,066         | Construction |
| Monitoring Wells & Lysimeters | Completed               | \$1,500,000    | \$1,208,714         | Completed    |

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       | \$246,900        |
| 1299 E Reservoir & 1630 E PS  | CVWD            | \$5,700,000*    | \$2,048,000      |
| 1630 E Pipeline, Segment A    | RMC             | \$1,260,951     | \$1,184,800      |
| Monitoring Wells & Lysimeters | Tom Harder      | \$139,985       | \$133,000        |

\*Includes design and construction of the project

**Southern Area** The 33% design of the 930-Zone Pipeline is complete. The 50% design package will be delivered to IEUA for review by May 31, 2010. Geotechnical investigations of the reservoir's site, were completed. 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. An amendment to Stantec's contract for the Southern Area was executed to provide engineering services for the expansion of the RP-1 South Zone Recycled Water Pump Station. CCWRF Recycled Water Pump Station Expansion Project is in the evaluation phase. RP-5 pump station is in the construction phase. All of the equipment has been delivered and construction is anticipated for completion by May 31, 2010. Startup activities are scheduled to commence by June 1<sup>st</sup>, 2010.

| Project                     | Design    | Construction Completion | Project Budget | Actual Cost To Date | Status |
|-----------------------------|-----------|-------------------------|----------------|---------------------|--------|
| 930 W. Pipeline & Reservoir | Fall 2010 | Spring 2012             | \$20,251,000   | \$325,000           | 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         | \$1,460,982     | \$467,907        | Design     |
| RP-5 RWPS Expansion         | Stantec         | \$186,509       | 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 Bid Phase.

IEUA already partnered with Upland and CVWD through Memorandum of Understanding for the NW Area Project.

Summary of the NW Area RW Regional Facilities is provided below:

| Project                                       | Design      | Construction Completion | Project Budget | Actual Cost To Date | Status |
|---|-------------|-------------------------|----------------|---------------------|--------|
| 1630 W Reservoir & 1630 W. Pipeline Segment C | Spring 2010 | Fall 2011               | \$9,500,000    | \$272,481           | Bid    |
| 1630 W. Pump Station                          | Spring 2010 | Fall 2011               | \$3,300,000    | \$64,717            | Bid    |
| 1630 W Pipeline, Segment A                    | Spring 2010 | Fall 2011               | \$7,500,000    | \$1,516,930         | Bid    |
| 1630 W Pipeline, Segment B                    | Spring 2010 | Fall 2011               | \$8,700,000    | \$391,570           | Bid    |

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

| <b>Northwest Project Area - \$2,000,000.00 (Task Order 2.0)</b> |                       |
|---|-----------------------|
| Description   | Amount                |
| Task Order 2.1 - Seismic Evaluation Upland Reservoir            | \$25,081.00           |
| Task Order 2.2 Prelim Design Report NW Phase I                  | \$257,870.00          |
| Amendment No. 1 to Task Order 2.2                               | \$15,000              |
| Task Order 2.3 Surveying, Geotechnical Investigation, Potholing | \$76,350              |
| Task Order 2.4 Final Design for the Northern Pipe Segment       | \$402,570             |
| Task Order 2.5 Final Design for the Southern Pipe Segment       | \$851,501             |
| <b>Total Assigned:</b>  | <b>\$1,625,710.08</b> |
| <b>Total Invoiced:</b>  | <b>\$1,202,254.32</b> |
| <b>Remaining Unassigned:</b>                                    | <b>\$330,909</b>      |

Interim General Manager's Report Regarding Agency Activities

June 16, 2010

Page 7 of 22

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:

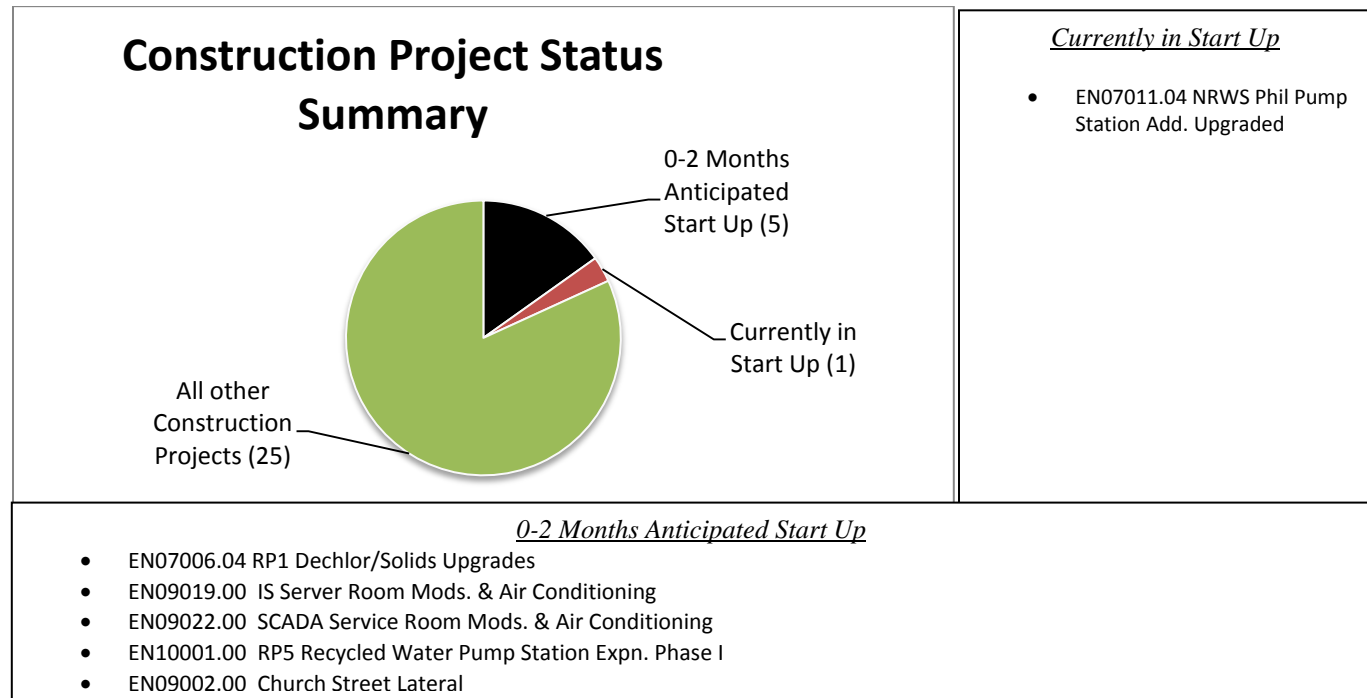
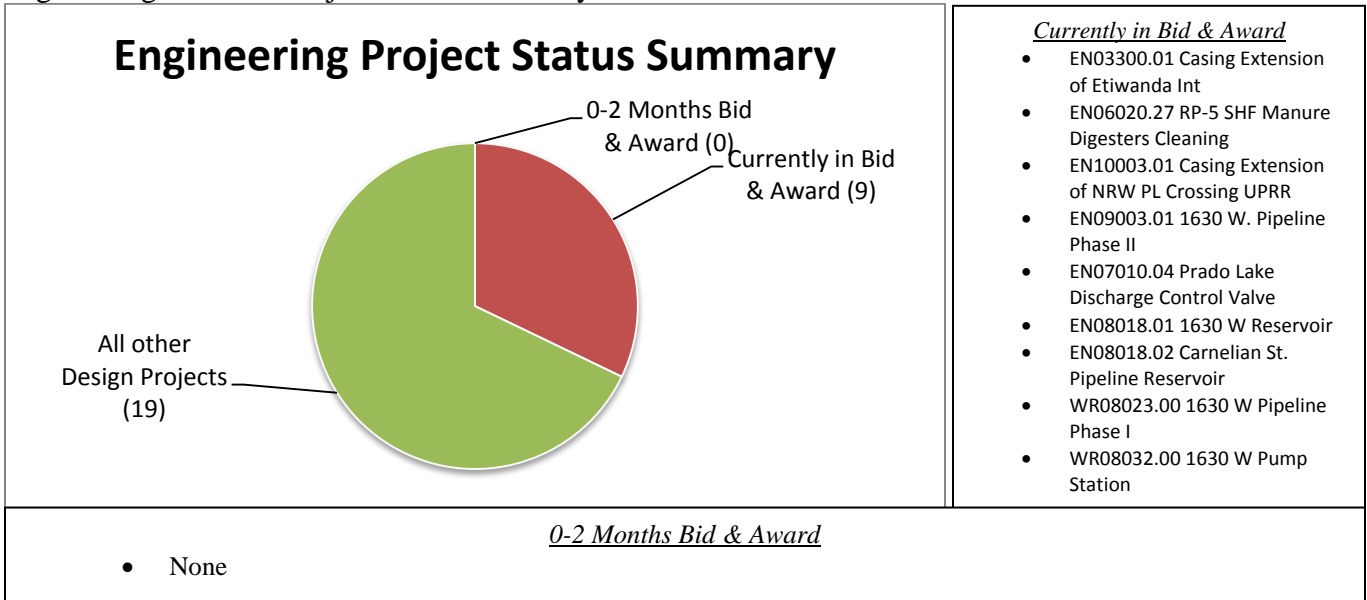
| <b>Program Management - \$2,000,000.00 (Task Order 1.0)</b>                |                       |
|--|-----------------------|
| <b>Description</b>   | <b>Amount</b>         |
| Task Order 1.1 - CADD Assistance Service for RW Retrofits                  | \$49,998              |
| Task Order 1.2- 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              |
| TO #1.13 Control Strategy  | \$78,741              |
| <b>Total Assigned:</b>   | <b>\$941,648.40</b>   |
| <b>Total Invoiced:</b>   | <b>\$724,092.15</b>   |
| <b>Remaining Unassigned:</b>   | <b>\$1,137,092.60</b> |

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

The intent of this project was to develop a Master Plan for a coordinated and integrated Recycled Water SCADA system. The Master Plan includes the infrastructure and planned growth of the Recycled Water SCADA System as the recycled water distribution system expands. The existing system was analyzed and an outline was 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. The project was completed in May 2010.

**ENGINEERING**

**Engineering Division Project Status Summary**



Engineering Division Construction Aggregate Metrics (Information is based on project in "active" status during FY 2009/10 and at least one change order)

| Total Projects | Total Original Contracts | Change Order Amount | Change Order Ratio by Type |      | Total Adjusted Contracts |
|----------------|--------------------------|---------------------|----------------------------|------|--------------------------|
| 39             | \$120,173,167            | \$7,972,433         | Added or Omitted           | 5.9% | \$128,145,600            |
|                |                          |                     | All Other Change Orders    | 0.7% |                          |

Interim General Manager's Report Regarding Agency Activities

June 16, 2010

Page 9 of 22

**INSERT ENGINEERING 11x17 HERE**

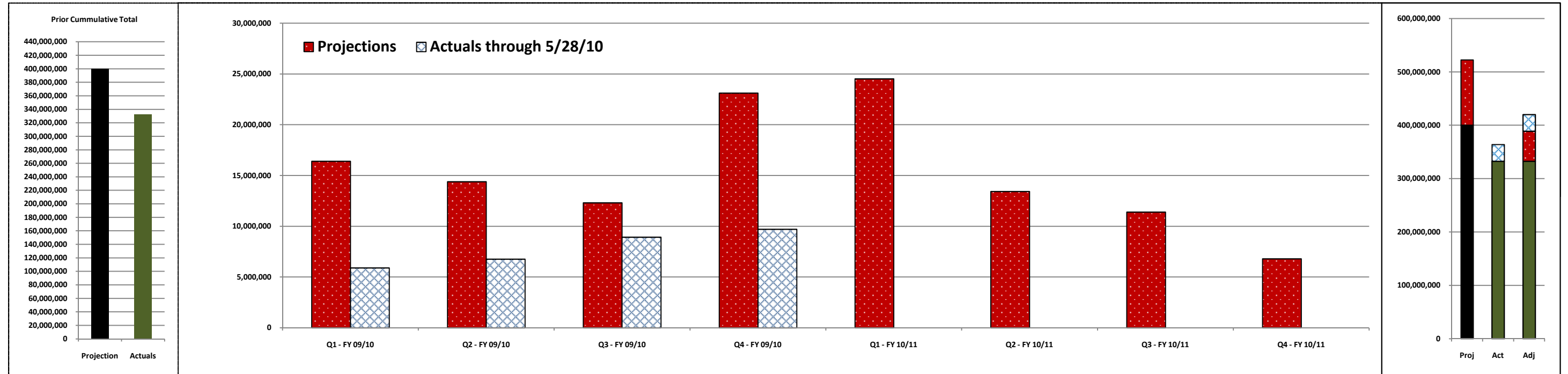
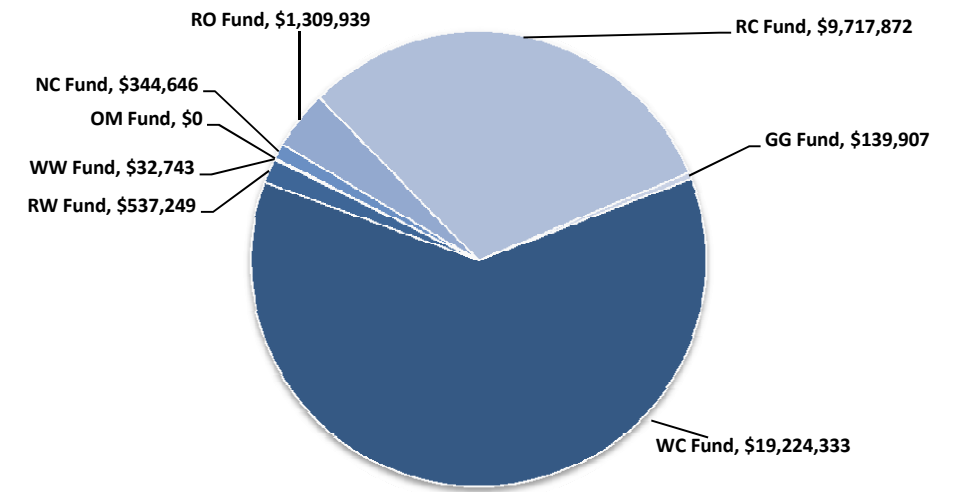
**[10254 Attach A.pdf](#)**



# Capital Call by Fund

(Data Through 5/28/10)

Total Actuals for FY09/10 = \$31,306,690



| Fund                     | Prior Cumulative Total Through Jun 09 |                    | Q1 - FY 09/10 Jul 09 - Sep 09 |                  | Q2 - FY 09/10 Oct 09 - Dec 09 |                  | Q3 - FY 09/10 Jan 10 - Mar 10 |                  | Q4 - FY 09/10 Apr 10 - Jun 10 |                  | Q1 - FY 10/11 Jul 10 - Sep 10 |                   | Q2 - FY 10/11 Oct 10 - Dec 10 |                  | Q3 - FY 10/11 Jan 11 - Mar 11 |                    | Q4 - FY 10/11 Apr 11 - Jun 11 |     | Total |     |
|--------------------------|---------------------------------------|--------------------|-------------------------------|------------------|-------------------------------|------------------|-------------------------------|------------------|-------------------------------|------------------|-------------------------------|-------------------|-------------------------------|------------------|-------------------------------|--------------------|-------------------------------|-----|-------|-----|
|                          | Proj                                  | Act                | Proj                          | Act              | Proj                          | Act              | Proj                          | Act              | Proj                          | Act              | Proj                          | Act               | Proj                          | Act              | Proj                          | Act                | Proj                          | Act | Proj  | Act |
| WC Fund                  | 119,077,472                           | 70,830,564         | 7,539,681                     | 1,935,226        | 10,187,645                    | 4,495,351        | 8,160,137                     | 6,318,745        | 14,745,448                    | 6,475,011        | 2,866,855                     | 6,832,931         | 7,939,341                     | 5,580,000        | 182,929,510                   | 90,054,897         |                               |     |       |     |
| RW Fund                  | 17,613,391                            | 30,695,556         | 661,430                       | 168,949          | 91,400                        | 117,720          | 169,842                       | 88,039           | 115,922                       | 162,541          | 0                             | 0                 | 0                             | 0                | 18,651,985                    | 31,232,805         |                               |     |       |     |
| WW Fund                  | 8,466,937                             | 4,064,888          | 88,409                        | 0                | 88,409                        | 0                | 88,409                        | 0                | 88,409                        | 32,743           | 0                             | 0                 | 0                             | 8,820,573        | 4,097,631                     |                    |                               |     |       |     |
| OM Fund                  | 3,196,981                             | 23,501             | 0                             | 0                | 0                             | 0                | 0                             | 0                | 0                             | 0                | 0                             | 0                 | 0                             | 3,196,981        | 23,501                        |                    |                               |     |       |     |
| NC Fund                  | 17,279,882                            | 10,121,357         | 0                             | 110,042          | 0                             | 116,005          | 0                             | 118,599          | 0                             | 0                | 820,771                       | 25,000            | 25,000                        | 18,175,653       | 10,466,003                    |                    |                               |     |       |     |
| RO Fund                  | 6,057,728                             | 179,804            | 1,648,638                     | 706,297          | 1,048,823                     | 230,294          | 531,564                       | 258,495          | 543,528                       | 114,854          | 669,001                       | 594,334           | 195,000                       | 11,294,616       | 1,489,743                     |                    |                               |     |       |     |
| RC Fund                  | 224,488,694                           | 207,053,441        | 6,298,396                     | 2,932,319        | 2,944,400                     | 1,784,963        | 3,327,816                     | 2,130,990        | 7,458,304                     | 2,869,600        | 20,066,410                    | 5,978,574         | 3,235,020                     | 274,985,114      | 216,771,313                   |                    |                               |     |       |     |
| GG Fund                  | 3,941,611                             | 9,737,621          | 171,000                       | 55,819           | 30,000                        | 11,662           | 35,556                        | 21,032           | 165,000                       | 51,394           | 100,000                       | 0                 | 0                             | 4,443,167        | 9,877,528                     |                    |                               |     |       |     |
| <b>Total Projections</b> | <b>400,122,696</b>                    | <b>332,706,732</b> | <b>16,407,554</b>             | <b>5,908,652</b> | <b>14,390,677</b>             | <b>6,755,994</b> | <b>12,313,324</b>             | <b>8,935,901</b> | <b>23,116,611</b>             | <b>9,706,144</b> | <b>24,523,037</b>             | <b>13,430,839</b> | <b>11,394,361</b>             | <b>6,798,500</b> | <b>522,497,599</b>            | <b>364,013,422</b> |                               |     |       |     |

|             |             |            |            |             |             |             |             |            |              |
|-------------|-------------|------------|------------|-------------|-------------|-------------|-------------|------------|--------------|
| -67,415,964 | -10,498,902 | -7,634,683 | -3,377,423 | -13,410,467 | -24,523,037 | -13,430,839 | -11,394,361 | -6,798,500 | -158,484,177 |
|-------------|-------------|------------|------------|-------------|-------------|-------------|-------------|------------|--------------|

### **CONSTRUCTION MANAGEMENT**

#### **MAGNOLIA CHANNEL, PROJECT NO. EN06020.03**

The contractor trenched approximately 130LF of the proposed 36-inch HDPE storm drain line. Additionally, the contractor continued cutting, mixing, and drying out materials which were borrowed from the East Borrow Site. The contractor is currently working on over-excavating, scarifying, and compacting underneath the northeast section of the proposed basin. The contractor is borrowing materials from the East Borrow Site which is located just southeast of the proposed basin. This work was not part of the original construction activities. Submittals for the proposed sewer and fire line for the Carson Companies have been approved. The environmental survey concluded the presence of selected nesting bird species along Area 1 and Vireo Bells on Flower Street. This will delay the ability of the contractor to do this work and obtain borrow from this location creating a change in condition. The East Borrow site is being used to make up the difference in dirt, to address this change in condition. The contractor will not be able to work in either area during the nesting season which is expected to last until mid September.

#### **NRW COLLECTION SYSTEM ASSET MANAGEMENT, PHASE II, PROJECT NOS. EN07011.05, EN07011.07 AND EN06011.02**

Sancon has completed the rehabilitation of three manholes located on Philadelphia Ave. Work included clearing all roots, raising the manhole to grade, and applying a cementations liner. Work will be completed by June 2010. Sancon anticipates beginning the installation of the link-pipe and sectional liner inside the NRW line on Philadelphia Ave. by the first week of June. This project is scheduled to go to the Board of Directors on July 21, 2010.

#### **INSTALLATION OF PRV BETWEEN 1158 AND 1050, PROJECT NO. EN07010.01**

The contractor continues to submit submittals and is coordinating field activities with his fabricators, vendors, and suppliers. The mechanical piping has been released for fabrication. The contractor coordinated shutdown and tie-in details with subcontractors Trimax and Invensys during the last week of May. In addition, several RP-1 screen development meetings have been held to satisfy the needs of the operations staff. It has been recently reported that the ABB meter delivery may be delayed. The contractor is working with their supplier to remedy the delay and will report shortly. Manifold modifications are scheduled for the last week of June and staff is currently working on development of the SDTI.

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

SSC Construction continues with submittals which includes major components such as the centrifuges, truck scale system, inline grinders, bridge crane, and monorail and hoisting equipment. Field activities include installation of the centrate line, drain lines, form, reinforce and place column foundations, and continue activities at the tote storage area. SSC completed installation of the 12-inch, 18-inch, 24-inch and 36-inch foul air connection to the existing dewatering facility and bio-filter; in addition, SSC has completed the foundation for the silo structure. Scheduled field activities include: completion of the centrate line, drain lines, form, reinforce, and place column foundations and continue activities at the tote storage area. During the course of over-excavation at the new Tote Storage area, the contractor uncovered four duct banks and a couple of unidentified process pipe. CM and Engineering staff have reviewed the conflicts and have developed additional foundation details to correct the conflicts.

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

Mike Bubalo Construction Company (MBCC) has completed all construction activities within the RP-1 Facility, the Ontario Soccer complex and the Whispering Lakes Golf Course. MBCC continues restoration activities of the landscape at the soccer complex, golf course, and street restoration within the plant area.

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

SIMS Construction has completed all construction activities and the project is in a 90 day maintenance period which ends May 19, 2010.

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

No site construction activities have been performed over the last two weeks. A meeting was recently held to discuss SDTI's with the contractor and Agency DCS /Operations staff. Shutdown and tie-in activities will begin the first week of June, and be completed by June 18. The teams also reviewed the schedule and plan to complete the subject project. It appears that all work related to the contract shall be completed by June 30, 2010.

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

IEUA staff and RMS completed a confined space entry into Digester No. 3 and assessed the condition of the digester's interior. RMS has completed its evaluation and has submitted their condition assessment. The results were discussed on May 17, 2010, with Agency staff. Engineering staff is preparing a RFP for distribution and has scheduled completion of the additional repairs for June, 2010.

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

IEUA is in receipt of the specifications from the Engineer-of-Record. Currently IEUA is preparing the front-end documents and also drafting the revised plans to bid this project. A review meeting was held between IEUA Construction Management, Operations, and Engineering to review and approve the proposed design. Final design is anticipated to be completed by the end of May. Engineering shall formally bid this project in June.

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

Norstar Plumbing and Engineering has completed the construction of the spillway on the north side of the improved berm. Additionally, all cut, fill, and grading for the improved berm is complete. A job walk was held by Construction Management, Engineering, and the contractor to compile a punch list. The contractor also completed the installation of additional rip rap located at the upstream portion of the spillway. This project is in close-out.

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

The only item remaining on this project is completion of as-built drawings by Engineering. This is expected to be completed by the end of June.

**PHILADELPHIA PUMP STATION RECYCLED WATER RETROFIT, PROJECT NO. PU09709.01**

This project will retrofit the Philadelphia Lift Station for the use of recycled water. Engineering submitted a third revision plan set to Construction Management which was forwarded to the contractor for costing. The contractor submitted their permit application with the City of Ontario. Electrical Integration Systems (EIS), cut into the existing conduit designated for new pressure transducer, and installed a 1-inch galvanized tee to run conduit across the ceiling to the western wall of the Philadelphia Lift Station Pump Room. The contractor installed the 1-inch galvanized conduit and terminated it near the location of the future transducer. Power and communication wire was pulled to the transducer location. With receipt of the permit, the contractor is expected to be done by the end of June.

**1299 EAST RECYCLED WATER PIPELINE, PROJECT NO. WR08027**

The contractor, WEKA, has flushed and loaded the pipeline in preparation for the hydrostatic testing. Air-Vac and blow off installation is also complete with the exception of setting the valve cans. The subcontractor, Tunnel Vision, completed video of the pipeline bores. WEKA is scheduled to cross East Avenue at Day Canyon for the final stretch into the reservoir property. There is also some minor fence restoration left to complete. WEKA is also scheduled to install a short section of pipe near the "T" connection at Arrow Route and Etiwanda Avenue once the hydrostatic testing is complete.

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

The contractor, Schuler Engineering, poured the footings and slab for the booster station and completed the slump stone. The contractor also tied the feed line into the reservoir, set the two Edison vaults, and completed the hydrostatic testing of the two 36-inch CML&C pipelines. The contractor will be setting the roof trusses, and installing the roof system along with setting the switch gear cabinets, and pulling wire to them. The Agency and the contractor have been working together closely with Edison to ensure power in June.

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

Golden State Boring has completed all 450 feet of the bore under the 210 freeway, pushing the casing the entire length. Approximately 260 feet of the carrier pipe has been installed with welding and welding inspection ongoing during this operation. Golden State has almost completed the bore under the flood control channel near the San Sevaine turnout connection location. Golden State Boring is scheduled to complete the remainder of the 450 feet carrier pipe installation under the 210 freeway, as well as, pushing the carrier pipe through the bore under the flood control channel at the top of Access Road. Another crew is scheduled to complete installation of the 36-inch pipe on East Avenue between Baseline Avenue and Victoria to complete this portion of pipeline installation.

**CHURCH STREET LATERAL, PROJECT NO. EN09002**

The service at the Animal Hospital was installed and the blow off at Victory and Arrow Route was abandoned. The Etiwanda portion of the 12-inch line was successfully hydrostatically tested and advance notice signs were posted on Baseline Avenue for the upcoming pipeline installation. The contractor, CP Construction, supplied a cost credit for the work within the Caltrans right of way that will be transferred to the 1630 pipeline contractor to install this portion of pipeline. Due to the realignment of the pipeline along Baseline Avenue, a median island is to be removed and replaced. The cost for this work was reviewed and approved as a not to exceed amount. The 30-inch pipe has arrived to the jobsite and installation of the pipe will begin in June.

**REGIONAL PLANT NO. 5 RECYCLED WATER PUMP STATION EXPANSION, PROJECT NO. EN10001.00**

The contractor has completed the RP-5 Pump Station. Factory certification and testing have been scheduled for the first two weeks of June. The period of June 7 through June 11 will be utilized to certify installation and performance. The period of June 14 through June 21 will be utilized for the required seven day test. Upon successful completion of this testing, final painting and packing of pedestals will take place to complete project. Project is expected to go to the Board of Directors on July 21, 2010 for project acceptance.

**IS/SCADA SERVER ROOM AND AIR CONDITIONING MODIFICATION, PROJECT NOS. EN09019 AND EN09022**

Construction work on the project began on May 18, 2010. The contractor has begun installing new air conditioning duct work and electrical conduit in Headquarters Building A (HQA). Wood framing for the new air conditioning units is being built on the roof of HQA. This work will continue at HQA and at Headquarters Building B (HQB) through the next two weeks. The contractor has submitted electrical shutdown requests for HQA on June 5 and June 6, 2010, and HQB on June 12, 2010, to complete the electrical tie-in for the air conditioning units. The anticipated delivery date of the approved AC units is June 12, 2010, based on correspondence with the construction contractor.

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

Additional electrical work requested by NRWS, Operations, and Maintenance have been completed. The scope of work includes cutting and removing existing electrical conduits, installation of new electrical conduits, pulling and terminating new power cables, and re-coating the interior south walls of the ferric chloride secondary containment area. A change order will be prepared for this change. This project is expected to be completed by the middle of June.

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

The contractor's quote for fabrication and installation of the baffles is expected during the week of June 5, 2010. Upon receipt, CM will prepare the COR for review and approval for the contractor to proceed. The contractor will have one baffle fabricated, installed, and tested in Amendment Hopper No. 2. Upon successful testing, the second baffle will be fabricated and installed in Amendment Hopper No.1. Upon successful performance of both baffles, this project will be completed. Completion is still anticipated within the next 30 days.

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

The contractor completed pulling the 15Kv conductors between the north and south generator switchgear panels on May 19, 2010. We are still waiting on the contractor to submit responses to the exceptions made on the second generator submittal. It is anticipated once received the generator submittal will be approved by the B&V Engineer. This approval will allow the contractor to submit the plan for the generator pad and conduit layouts and when approved, the contractor will proceed with construction of the generator pad. The only item remaining to complete Phase I of this project is the outstanding items on the Harmonic Filters including replacement of components, full testing and completion of the test reports. Upon completion of these activities, the contractor will be off-site until the generator unit is delivered.

**REGIONAL PLANT NO. 2 SLUDGE LINE LEAK AND SUBSEQUENT FERRIC LEAK DISCOVERY**

This work is completed. Staff is currently addressing minor changes in work encountered by the contractor. All paperwork is expected to be completed by June.

**REGIONAL PLANT NO. 4 LAGOON SINK-HOLE AND BULGING**

The RP-4 Lagoon liner was noted to be bulging after a rainstorm. An evaluation by the Engineer has identified a solution and cost to repair this problem. The recommendation on these findings has been forwarded to Engineering and Executive Management for approval of an implementation plan. A temporary patching system has been put into place, which is protecting this area until a more permanent solution can be completed.

**REGIONAL PLANT NO. 1 LAGOON SINK-HOLE AND BULGING**

The RP-1 Lagoon liner was noted to be bulging due to water cannon leakage and subsidence. An evaluation by the Engineer has identified a temporary and permanent solution to make repairs. Bids were scheduled to be received by May 28, 2010, to make emergency repairs. This work is expected to be completed by the end of June. Long-term repairs have been given to Engineering to incorporate into the Ten Year Capital Improvement Program.

**REGIONAL PLANT NO. 4 FERRIC LINE REROUTING**

This project reroutes the chemical lines up through the wall of the chemical building to minimize the potential for underground breakage under the containment area. Work has been completed except for the tracing of the sodium hypochlorite line. It has been determined that the control panel within sludge building does not meet the atmospheric conditions within the building and the tracer lines were not continuous in installation. This will require a change order to replace a NEMA enclosure and clip, and reinstall the tracer wire which has failed at each manhole location. Additional repairs will be addressed if indicated after trace testing is completed. Work is not expected to be completed until July.

**REGIONAL PLANT NO. 4 VALVE AND GAUGE INSTALLATION**

This project will install blow-off and gauges on the RP-4 pump station to relieve cavitations/vapor lock issues and monitor system operations. This project was bid by CAP. Work is scheduled to begin the first week in June.

### **IECRF DRAINAGE ISSUES**

This project resolves drainage issues on the west side of the IECRF Building and corrects access issues. Completion is pending operational test of the north access ramps. This includes adjusting ramp length and slope to facilitate entrance of trucks. CM staff is working with Engineering to address this issue.

### **MAIN OFFICE BUILDING SETTLING ISSUES**

A meeting has been scheduled with Engineering and Executive Management to schedule repairs and integrate cost into the Ten Year Capital Improvement Plan.

### **REGIONAL PLANT NO. 1 DIGESTER CROSS CONNECTION**

An apparent cross-connection was noted in the digester area related to abandoned lines running to the primaries. As a result, the contractor was mobilized to the site, the cross connection was separated, and blind flanges were placed on both pipes. It is expected that this seldom used connection will be abandoned versus attempting to find this pipe.

### **EL PRADO SARI CLEAN-OUT MANHOLE FAILURE**

Four of the lids for the clean-outs on the SARI Line have failed due to subsidence. Engineering and CM are designing a solution for these lids. This work is expected to be bid in June.

### **PUBLIC INFORMATION**

#### **Calendar of Events**

##### **June 2010**

- June 3, Three Valleys Leadership Breakfast, Sheraton Fairplex, 7:30 a.m.
- June 3, Chino State of the City Address, Chaffey Chino Campus 11:30 a.m.
- June 24, Chino Hills State of the City Address, Los Serranos Country Club, 5:00 p.m.

##### **August 2010**

- August 12, County of San Bernardino Water Conference, Ontario Convention Center

### **Outreach/Educational Inland Valley Daily Bulletin Newspaper Campaign**

The monthly tips on ways to help conserve water continue to appear in our local newspapers 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*. The movie theatre campaign will begin appearing at the end of May, and run 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.

MWD's conservation ad campaign, "Water Conservation a Way of Life" will begin running on May 17 through June 30, 2010. They will have 30 second spots on TV and 60 second spots on radio.

**Agency Tours**

Numerous tours of RP-5 wastewater plant were given to Cal Poly Students during the month of May.

**Educational Updates**

- MWD held their Annual Solar Cup Competition at Lake Skinner on May 14-16. Ayala High School from the City of Chino Hills placed 14<sup>th</sup> out of 36 boats.
- The Water Discovery program in the Chino Creek Park is slowing down due to summer months and schools being off; however many tours are booked for the summer and some field trips are booked as well for year around schools.
- IEUA received a bussing grant in order to assist schools in transportation to and from the park. The marketing for the grant will begin early August.

**FINANCE AND ADMINISTRATION**

**Major Revenue**

| <b>Major Revenues for the Period Ended May 31st 2010</b> |                       |                                  |  |
|--|-----------------------|----------------------------------|--|
| <b>(millions) Target is 92%</b>                          |                       |                                  |  |
| <b>A</b>   | <b>B</b>              | <b>C</b>                         | <b>D</b>                                   |
| <b>Major Revenue Categories</b>                          | <b>Amended Budget</b> | <b>Actual to Date (May 2010)</b> | <b>% of Actual Vs Budget (Col B/Col C)</b> |
| User Charges   | \$45.0                | \$39.6                           | 88%  |
| Recycled Water Sales                                     | \$5.5                 | \$3.4                            | 62%  |
| Property Tax   | \$34.4                | \$32.7                           | 95%  |
| Connection Fees  | \$4.8                 | \$7.3                            | 153%                                       |
| Grants   | \$19.8                | \$4.6                            | 23%  |
| SRF Loans  | \$35.9                | \$11.9                           | 33%  |
|  | \$145.42              | 99.50                            | 68%  |

**Explanation:**

- 1) User Charges – In line with budget, on an annual basis
- 2) Recycled Water Sales – Primarily due to rainy season causing low demand
- 3) Property Taxes – Primarily due to timing of property tax receipts, the balance of the revenue will come in during the 4<sup>th</sup> quarter of the fiscal year.

Interim General Manager's Report Regarding Agency Activities

June 16, 2010

Page 17 of 22

**Accounts/Receivables**

**IEUA Aging Report – As of 06/1/2010**

**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 |
|-------------------|----------------|-------------|----------|------------|--------|------|
| \$5,026,451.42    | \$5,010,037.68 | \$13,668.78 | \$200.75 | \$2,544.21 | -      |      |

Notes:

- 1) Current column, invoices billed, but not due yet.
- 2) Aging 1-30 days, balance pertains to invoices that were recently due.
- 3) Aging 31-60 days, balance pertains to domestic waste customer behind on payment (JCPE and Sam's Enterprises).
- 4) Aging over 61-90 balance pertains to domestic waste customer (JCPE); denied entrance to IEUA plants until payment is received.

**Customer CDA (Due to IEUA)**

| Total Outstanding | Current | 1-30         | 31-60        | 61-90 | 91-120 | >120 |
|-------------------|---------|--------------|--------------|-------|--------|------|
| \$248,639.61      |         | \$100,629.12 | \$148,010.49 | -     | -      | -    |

Notes:

- 1) Current column, pertains to expense (system due from/due to) posted today.
- 2) Aging 1-30 days, pertains to expense (system due from/due to) posted in May '10, billable in June and payable in July.
- 3) Aging 31-60 days, pertains to expense (system due from/due to) posted in April'10, billable in May and payable in June.

**Customer RCA (Due to IEUA)**

| Total Outstanding | Current  | 1-30         | 31-60        | 61-90 | 91-120 | >120 |
|-------------------|----------|--------------|--------------|-------|--------|------|
| \$615,154.71      | \$467.58 | \$210,871.74 | \$403,815.39 | -     | -      | -    |

Notes:

- 1) Current column, pertains to expense (system due from/due to) posted today.
- 2) Aging 1-30 days, pertains to expenses (system due from /due to) posted in May '10, billable in June payable in July.
- 3) Aging 31-60 days, pertains to expense (system due from/due to) posted in April'10, billable in May and payable in June.

**Customer CBWM (On IEUA Books)**

| Total Outstanding | Current      | 1-30          | 31-60 | 61-90 | 91-120 | >120 |
|-------------------|--------------|---------------|-------|-------|--------|------|
| \$133,044.54      | \$185,080.54 | (\$52,036.00) | -     | -     | -      |      |

Notes:

- 1) Current column, invoices billed, but not due yet.
- 2) Aging 1-30 days, pertains to credit memo for reconciliation of debt service for FY08/09.

**Customer San Bernardino Co. Reg. Parks (Retrofit)**

| Total Outstanding | Current | 1-30 | 31-60        | 61-90 | 91-120 | >120 |
|-------------------|---------|------|--------------|-------|--------|------|
| \$260,000.00      | -       |      | \$260,000.00 | -     | -      | -    |

# Interim General Manager's Report Regarding Agency Activities

June 16, 2010

Page 18 of 22

## Notes:

- 1) Aging 31-60 days, pertains to invoice no. 1800001630, Public Retrofit Project; customer is reviewing IEUA billing (cost). Per Mir Fattahi, Bryan from S.B. Co. Reg. Parks will research the invoice (5/17/2010). IEUA Accounts Receivable has placed a call to Bryan reminding him to provide update (5/17/2010).

## Investment Yield Comparables – 8 Week Run Rates

| Investment Type   | 12-Apr       | 19-Apr       | 26-Apr       | 3-May        | 10-May       | 17-May       |              |              |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>SWEEP ACCOUNT –CBB</b>                                 | <b>0.90%</b> | <b>0.90%</b> | <b>0.90%</b> | <b>0.90%</b> | <b>0.90%</b> | <b>0.90%</b> | <b>0.90%</b> | <b>0.90%</b> |
| <b>CDARS (1 YR) –CBB</b>                                  | <b>0.85%</b> | <b>0.85%</b> | <b>0.85%</b> | <b>0.85%</b> | <b>0.85%</b> | <b>0.85%</b> | <b>0.85%</b> | <b>0.85%</b> |
| <b>1 Yr CD – BofA</b>                                     | <b>0.65%</b> | <b>0.65%</b> | <b>0.65%</b> | <b>0.65%</b> | <b>0.65%</b> | <b>0.65%</b> | <b>0.65%</b> | <b>0.65%</b> |
| <b>1 Yr CD – Wells Fargo</b>                              | <b>0.30%</b> | <b>0.30%</b> | <b>0.30%</b> | <b>0.30%</b> | <b>0.30%</b> | <b>0.30%</b> | <b>0.30%</b> | <b>0.30%</b> |
| <b>1 Yr CD Citibank</b>                                   | <b>0.80%</b> | <b>0.80%</b> | <b>0.80%</b> | <b>0.80%</b> | <b>0.80%</b> | <b>0.80%</b> | <b>0.80%</b> | <b>0.80%</b> |
| <b>LAIF</b>   | <b>0.55%</b> | <b>0.55%</b> | <b>0.55%</b> | <b>0.54%</b> | <b>0.52%</b> | <b>0.52%</b> | <b>0.52%</b> | <b>0.53%</b> |
| <b>US Treasuries:</b>                                     |              |              |              |              |              |              |              |              |
| <b>US Treasuries – 3-Mos</b>                              | <b>0.17%</b> | <b>0.16%</b> | <b>0.16%</b> | <b>0.16%</b> | <b>0.14%</b> | <b>0.16%</b> | <b>0.17%</b> | <b>0.17%</b> |
| <b>US Treasuries – 6 Mos</b>                              | <b>0.25%</b> | <b>0.24%</b> | <b>0.24%</b> | <b>0.24%</b> | <b>0.22%</b> | <b>0.22%</b> | <b>0.23%</b> | <b>0.23%</b> |
| <b>US Treasuries – 12 Mos</b>                             | <b>0.47%</b> | <b>0.44%</b> | <b>0.44%</b> | <b>0.43%</b> | <b>0.39%</b> | <b>0.38%</b> | <b>0.35%</b> | <b>0.35%</b> |
| <b>US Treasuries – 2 Yrs</b>                              | <b>1.11%</b> | <b>1.05%</b> | <b>1.05%</b> | <b>1.03%</b> | <b>0.88%</b> | <b>0.85%</b> | <b>0.78%</b> | <b>0.78%</b> |
| <b>US Treasuries – 3 – Yrs</b>                            | <b>1.71%</b> | <b>1.63%</b> | <b>1.63%</b> | <b>1.58%</b> | <b>1.41%</b> | <b>1.36%</b> | <b>1.24%</b> | <b>1.24%</b> |
| <b>US Treasuries 5 – Yrs</b>                              | <b>2.67%</b> | <b>2.57%</b> | <b>2.56%</b> | <b>2.50%</b> | <b>2.29%</b> | <b>2.25%</b> | <b>2.10%</b> | <b>2.10%</b> |
| <b>US Government Sponsored Entities Benchmark Bullets</b> |              |              |              |              |              |              |              |              |
| <b>2 yr Agency Bullets</b>                                | <b>1.18%</b> | <b>1.11%</b> | <b>1.13%</b> | <b>1.13%</b> | <b>1.05%</b> | <b>1.12%</b> | <b>0.94%</b> | <b>1.05%</b> |
| <b>3 yr Agency Bullets</b>                                | <b>1.84%</b> | <b>1.75%</b> | <b>1.76%</b> | <b>1.76%</b> | <b>1.55%</b> | <b>1.74%</b> | <b>1.40%</b> | <b>1.54%</b> |
| <b>5 yr Agency Bullets</b>                                | <b>2.80%</b> | <b>2.70%</b> | <b>2.70%</b> | <b>2.70%</b> | <b>2.55%</b> | <b>2.68%</b> | <b>2.30%</b> | <b>2.54%</b> |

## Investment /Market Update

The average maturity is 831 days for current investments exclusive of LAIF and SWEEP. Including LAIF and SWEEP account, the average maturity is 348 days, (assuming 2 days to liquidate the LAIF investment and SWEEP account).

IEUA investment portfolio rate of return is estimated at 1.14% for the month of May compared to 1.19% from prior month as reported in April Treasurer's Report of Financial Affairs. The estimated 6 basis points decrease is primarily due to the continued yield decline in the LAIF investment. The average monthly effective yield for LAIF yield is .52% as of May 25, 2010, compared to .58% for the month of April and .54% for March. Our current investment includes GSE with an average yield to market of 2.01%, two accounts in CDARS at 1.26% APY (1 yr maturity) & .9% APY (to mature in Dec 2010), the combined CDARS yield is .95%, LAIF at .55% and SWEEP at .90%.

## Various updates from Brokers & Bloomberg:

- June 1 (Bloomberg) – The Treasury two year note 's yield increased from a one-week low as a report showed America's manufacturing expanded in May for a tenth straight month, reducing demand for the safety of government debt.

Bond yields fell earlier on concern China's slower manufacturing and Europe's bank writedowns will hamper global economic growth. U.S. employers added the most positions to payrolls last month since 1997, according to the median forecast of economist before the labor Department's June 4 report. "The Treasury market has lots to look forward to this week, culminating in the jobs report," said Paul Hormann, a broker in New York at Tradition Asiel Securities Inc., an interdealer firm. "Still, we are stuck with a lot of headline risk, which has us going in circles."

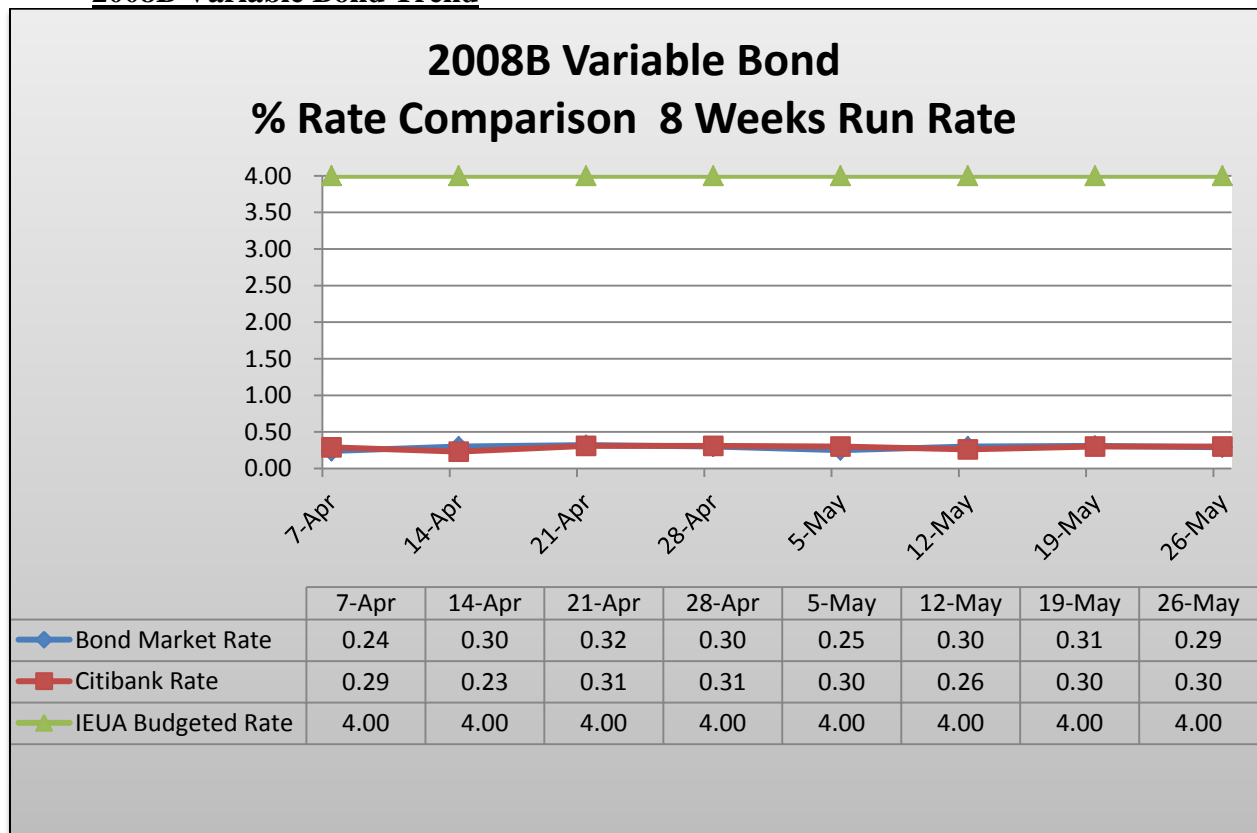
The Yield on the two-year note was little changed at 0.77 percent after decreasing to 0.73 percent, the lowest level since May 25. The price of the 0.75 percent security maturing in May 2010 was 99 30/32.

- May 27 (Higgins Capital) – Treasuries plunge as stocks surge higher. Stocks rallied and the euro came back from a three-day decline as China states it remains a long-term investor in Europe. The flight-to-quality ends in treasuries as market participants put their money to work in the U.S. equity markets.

Yields in the credit markets have soared on concern that Europe’s sovereign debt crisis will slow global economics.

U.S. home prices fell 3.1 percent in the first quarter from a year ago (not seasonally adjusted), as record foreclosures added inventory to an already weak market. It is supply and demand: foreclosures are adding to inventory, driving prices down. Given the modest improvement in the housing market over the last year, home prices in the US are now down 30.6 percent from their peak. (Saporta/SMR)

- **2008B Variable Bond Trend**



Interim General Manager's Report Regarding Agency Activities

June 16, 2010

Page 20 of 22

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

~ May 2010 ~

| Account Type   | Total Number of Active Accounts | Total Award Amount    | Total Amount Invoiced | Total Award Balance  |
|----------------|---------------------------------|-----------------------|-----------------------|----------------------|
| IEUA Grants    | 17                              | 57,111,374            | 38,394,086            | 18,717,288           |
| IEUA Loans     | 6                               | 71,086,736            | 37,495,741            | 33,590,995           |
| Grants for CDA | 1                               | 2,800,000             | -                     | 2,800,000            |
| <b>TOTAL:</b>  | <b>24</b>                       | <b>\$ 130,998,110</b> | <b>\$ 75,889,827</b>  | <b>\$ 55,108,283</b> |

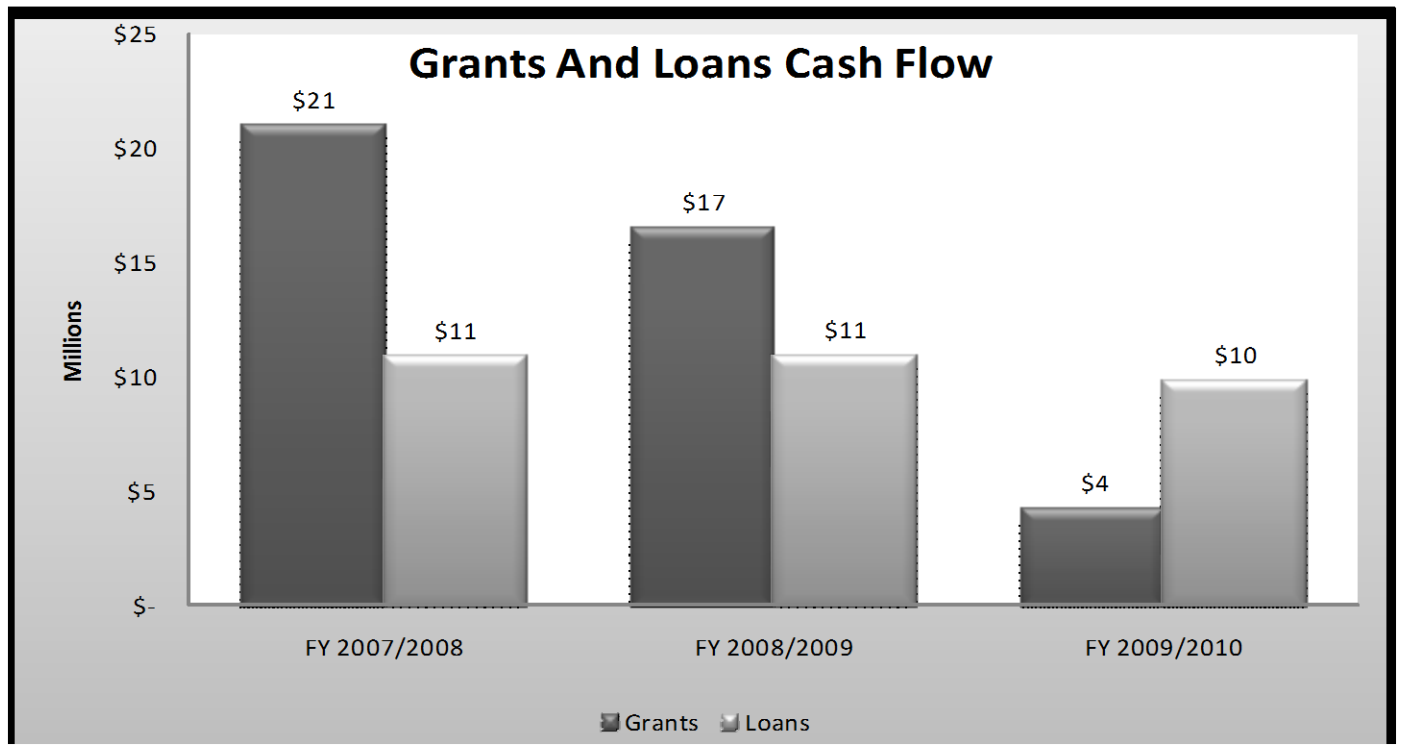
**GRANT INVOICE AGING REPORT FOR MAY 2010**

| Agency  | Total Outstanding    | Total Past Due      | 60 To 90 Days       | Over 90 Days        | Retention           |
|---|----------------------|---------------------|---------------------|---------------------|---------------------|
| <b>DWR-\$15.5M Conjunctive Program</b><br><i>Delayed due to State Grant Payment Suspension. 5/19/10--DWR is working daily with the State Treasurer's Office to secure release of Oct. 2009 State Bond Sales allocation.</i> | 5,171,578            | 5,171,578           |                     | 4,023,976           | 1,147,602           |
| <b>State Water Resources Control Board</b><br><i>SRF Loan Invoices \$3.8M have been approved for payment in June. Recycled Water Prop. 13 Grant Payment \$1.6M, pending allocation of State Bond Sales.</i>                 | 5,764,523            | 3,853,260           | 2,152,613           | 1,700,647           |                     |
| <b>DWR - Urban Drought/ULFT/Landscape Audit</b><br><i>Contacted DWR on ULFT Proposition 50 payment delay.</i>   | 288,402              | 276,178             | -                   | 50,646              | 225,532             |
| <b>CA Office of Emergency Services</b><br><i>State review of Closeout in process; pending Federal review.</i>   | 130,903              | 130,903             | -                   | 85,588              | 45,315              |
| <b>USBR Irrigation Demo Projects</b>  | 13,430               | -                   | -                   | -                   | -                   |
| <b>WaterReuse Foundation</b>  | 13,398               | 7,505               | 7,505               | -                   | -                   |
| <b>TOTAL AMOUNT</b>   | <b>\$ 11,382,234</b> | <b>\$ 9,439,424</b> | <b>\$ 2,160,118</b> | <b>\$ 5,860,857</b> | <b>\$ 1,418,449</b> |

**Active Application Information**

| Account Type  | Total Number of Active Applications | Amount Requested     |
|---|-------------------------------------|----------------------|
| IEUA Grants   | 4                                   | \$ 1,080,503         |
| <b>IEUA Loans - Final Applications</b>                                |                                     |                      |
| SRF Loan Submitted Application - Phase 8 Southern Area Recycled Water | 1                                   | \$ 24,340,000        |
| SRF Loan Submitted Application - RP-5 Main Operations Laboratory      | 1                                   | \$ 14,830,000        |
| Grants for CDA Submitted by IEUA- Final Application                   | 1                                   | \$ 20,000,000        |
| <b>Subtotal Final Applications</b>                                    | <b>3</b>                            | <b>\$ 59,170,000</b> |

| 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            | \$ 4,257,166         | \$ 9,810,585         | \$ 14,067,751        |
| <b>TOTAL CASH FLOW:</b> | <b>\$ 41,739,325</b> | <b>\$ 31,616,794</b> | <b>\$ 73,356,119</b> |



**Other Division Updates on Significant Events:**

- The Southern Area Recycled Water Project SRF loan application package for **\$14,830,000** was hand delivered to the State Water Resources Control Board (SWRCB). Inland Empire Utilities Agency Staff will meet with the SWRCB’ environmental, legal, financial and project management staff in June to discuss the application.
- **FY 2010/11 O&M Budget and TYCIP review and approval schedule:**

| Date      | Event   |
|-----------|---|
| 6/2/2010  | Public Hearing on FY 2010/11 Proposed Budget and Rate Increase for the Regional Wastewater, Recycled Water, Non-reclaimable Wastewater and Water Resources Programs |
| 6/16/2010 | Board approval of FY 2011 Appropriation Limits  |
| 6/16/2010 | Board reviews, approves, and adopts the FY 2010/11 Budget, services rates and resolutions, LRPF, and the TYCIP  |
| 6/16/2010 | Post/Update adopted documents (Budget, TYCIP & LRPF) in the Agency Website  |
| 6/18/2010 | Board Secretary to mail Appropriation Limit to State Controller Office upon adoption of the new budget  |

- **1994 Revenue Bond Refunding (2010A Bonds) Timeline:**

| <b>Date</b> | <b>Event</b>  |
|-------------|---|
| 6/2/2010    | Board to authorize legal documents and Preliminary Official Statement (POS).    |
| 6/14/2010   | Credit rating interviews with S&P and Moody's                                   |
| 6/17/2010   | Final Official Statement (OS) posted  |
| 6/24/2010   | Pricing: Execution of Bond Purchasing Agreement.                                |
| 6/25/2010   | End of 30 day challenge period  |
| 7/7/2010    | Board meeting update pre-closing, 30-day challenge and credit ratings, final OS |
| 7/8/2010    | Closing   |
| 8/4/2010    | Final wrap up provided to the Board   |

- **Fiscal Year End Activities**

| <b>Date</b> | <b>Event</b>  |
|-------------|---|
| 6/2/2010    | Encumbrance carry-forward process overview conducted at the Manager's meeting |
| 6/17/2010   | Hands on training on the Encumbrance carry-forward process (Sadie)            |
| 6/23/2010   | Hands on training on the Encumbrance carry-forward process (Sadie)            |
| 6/30/2010   | Carry-forward of APPROVED Purchase Requisition ONLY                           |
| 7/15/2010   | Final day to enter prior year (FY 2009/10) receipts                           |