

Date: January 19, 2011
To: The Honorable Board of Directors
From: Thomas A. Love
General Manager
Subject: General Manager's Report Regarding Agency Activities

INTERAGENCY WATER MANAGERS' MEETING

The next Interagency Water Managers' meeting is scheduled for January 20, 2011, as part of the Watermaster Advisory Committee agenda.

HUMAN RESOURCES

The Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 was signed into law on December 17, 2010 by President Obama. The Act provides a temporary, two-year extension on the provisions of the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) and the Jobs and Growth Tax Relief Reconciliation Act of 2003 (JGTRRA), which were set to expire at the end of 2010. The Act also extends some provisions from the American Recovery and Reinvestment Act of 2009 (ARRA) and includes several other tax and economy-related measures including an extension of unemployment benefits and a one-year reduction in the FICA payroll tax. In an official statement, the White House stated that the Act focuses on jumpstarting economic growth and job creation.

The Human Resources Department is happy to announce that it has finalized the implementation process for NEOGOV *Insight*, an online application/applicant tracking system specifically designed for public sector employers. NEOGOV is now 'live' on the Agency's website. The new system will allow the Agency to eliminate paper applications and offer increased service and information. All employees interested in promotional employment opportunities (**internal only**) with the Agency will be **required** to apply online effective immediately. External candidates will be strongly encouraged to use the online system for the next six months. Effective July 1, 2011, all candidates (internal and external) will be required to apply online.

A total of thirteen (13) STAR nominations were received for the first half of FY 10/11. Jonathan Florio (Operations), Rocky Welborn (Engineering) and Bill Tomlinson (Administration) were acknowledged at the Board of Director's regular meeting on December 15th. Winners are selected by a committee comprised of the previous year's recipients.

<u>CURRENT STAFFING</u>	
Regular Full-time Employees:	278
Contract/Limited Term Employees:	14
Interns:	16
TOTAL:	308

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CURRENT RECRUITMENT ACTIVITIES	
Recruitments in Process/Offer Pending	3
Placement in Process:	1
No RFVP; Position on Hold:	13
Total Regular Vacancies (Excludes Contract & Intern Positions):	17

RECRUITMENTS/PLACEMENT IN PROCESS							
	Position	Department	RFVP Received	Closing Date	Salary Range	Tentative Placement Date	Notes
1	Records Mgmt. Technician	250-Human Resources	9/10	10/29/10	GU086	1/11	Placement in Process
2	Asst. General Manager	110-Agency Management	10/10	OUF	EX105	01/11	Offer Pending
3	Administrative Assistant	238-Financial Planning	11/10	12/3/10	UN091	01/11	Interviews held 1/13
4	Electrical Technician I	553-RP2/CC Elect/Instr. Maint	12/10	1/21/11	GU090	2/11	Recruitment in Process

POSITIONS ON HOLD (5% Vacancy Factor)			
	Position	Department	Vacant Since
1	Human Resources Analyst	250-Human Resources	9/10
2	Sr. Water Resources Analyst	312-Planning & Water Resources	7/08
3	Manager of Financial Planning	238-Financial Planning	11/10
4	Operations Liaison	425-Construction Management	12/10
5	Deputy Manager of Construction Management	425-Construction Management	8/08
6	Construction Project Coordinator (Ltd Term)	425-Construction Management	1/10
7	Construction Project Coordinator (Ltd Term)	425-Construction Management	8/10
8	Construction Project Coordinator	425-Construction Management	3/10
9	Sr. Engineer	517-Technical Services	2/10
10	Laboratory Technician	525-Laboratory	12/10
11	Operator	540-RP1 Operations	8/10
12	Warehouse and Inventory Technician	546-Maint. Planning & Materials Mgmt	8/10
13	Electrical Technician II	553-RP2/CC Elect/Instrument Maint	11/09

CONTRACT/LIMITED TERM VACANCIES

None.

INTERN VACANCIES							
	Position	Department	RFVP Received	Closing Date	Salary Range	Tentative Placement Date	Notes
1	Intern	230-Fiscal Management	12/10	1/31/11	UN999I	2/11	Recruitment in Process

GFOA BUDGET AWARD

For the sixth consecutive year, the Agency's FY 2010/11 O&M Budget was awarded the Distinguished Budget Presentation Award by the Government Finance Officers Association of the United States and Canada (GFOA). In order to receive this award, a governmental unit must publish a budget document that satisfies nationally recognized guidelines for effective budget presentation and be rated "proficient" in all the following four categories, and the 14 mandatory criteria within those categories:

- a policy document,
- a financial plan
- an operations guide,
- a communication device

This award is the highest form of recognition in governmental budgeting and represents a significant achievement by the Agency. Special recognition is given to the Financial Planning Department primarily responsible for compiling and publishing the Agency's budget document. Their efforts are supported by contributions from Executive Management, Department Managers and key staff throughout the Agency who share in the definition, development, and finalization of the Agency's annual budget.

PLANNING AND WATER RESOURCES

IEUA has several pieces of equipment across its facilities that are required by the South Coast Air Quality Management District (SCAQMD) to undergo regular emissions source testing. In the past, separate contracts have been issued for each of these source tests as they were required. This method resulted in inconsistent testing performances, additional and redundant staff time, occasional delays in testing, which created an increased risk of non-compliance. To avoid these potential problems, IEUA issued a Request for Proposals (RFP) for a two-year contract for all source testing requirements within the Agency. The most time and cost intensive test in the contract scope is the Volatile Organic Compounds (VOC) emissions source test to be conducted at the IERCF biofilter in spring 2011. The contract also includes emissions source tests for the cogeneration engines and periodic accuracy testing for the Continuous Emissions Monitoring System (CEMS) units located at RP-1. The contract was awarded to SCEC Air Quality Specialists for \$68,000.

GROUNDWATER RECHARGE

December 2010 was a record month for rainfall and recharge. A series of storms hit the Chino Basin bringing about 15 inches of rain in the last two weeks. The preliminary estimates for the storm water capture total for December 2010 is approximately 6,700 AF. In comparison, storm water capture in all of FY2006/07 was 4,770 AF and in all of FY2008/09 was 7,484 AF. At an MWD imported water rate of \$366 per AF (replenishment rate), the value to the Chino Basin of this 6,700 AF of December storm recharge is \$2.45 million.

SUMMARY OF CHINO BASIN GROUNDWATER RECHARGE OPERATIONS					
December 2010 (Preliminary)					
Drainage System	Recharge Volume (AF)*			Management Zone Subtotals	
Basin	SW/LR	MW	RW		
San Antonio Channel Drainage System					
College Heights	315	-	N	MZ-1 2,508 AF**	
Upland	794	-	N		
Montclair 1, 2, 3 & 4	717	-	N		
Brooks	282	-	34		
West Cucamonga Channel Drainage System					
8th Street	381	-	20	MZ-2 3,268 AF**	
7th Street	92	-	-		
Ely 1, 2, & 3	536	-	12		
Minor Drainage					
Grove	91	N	N		
Cucamonga and Deer Creek Channel Drainage Systems					
Turner 1 & 2	365	-	-		
Turner 3 & 4	136	-	-		
Day Creek Channel Drainage System					
Lower Day	258	-	X		
Etiwanda Channel Drainage System					
Etiwanda Debris	661	-	X		
Victoria	294	-	42		
San Sevaine Channel Drainage System					
San Sevaine 1, 2, 3, & 4	383	-	N		
San Sevaine 5	309	-	32		
West Fontana Channel System					
Hickory	149	-	0	MZ-3 1,186 AF**	
Banana	70	-	0		
Declez Channel Drainage System					
RP3 Cells 1,3, & 4	582	-	122		
RP3 Cell 2	100	-	-		
Declez	312	-	-		
Non-Replenishment Recharge**					
Upland (SAWCo) MZ-1	(124)				
Montclair (MVWD) MZ-1	(3)				
Turner (SAWCO) MZ-2	-				
Ely (GE, Ontario) MZ-2	-				
Month Total = 6,962 AF	6,700	0	262		
Fiscal Year to Date Total					
Since July 1, 2010 = 13,329 AF	9,069	0	4,260		
SW : Storm Water, LR : Local Runoff (and GE, MVWD), MW : MWD Imported Water, RW : Recycled Water - : No stormwater/local runoff, or basin not in use due to maintenance or testing. X : Turnouts not available - to be installed during future projects. N : No turnout planned for installation. * : Data are preliminary based on the data available at the time of this report preparation. ** : Management Zone Subtotals have deducted from them any Non-Replenishment Recharge, which is recharge originating from pumped groundwater and is not new water.					

Printed: Jan. 05, 11



San Sevaine 5 with newly installed hardened spill point in conservation berm



Upland Basin with a 60-foot water depth (740 AF)



Turner Basin 4 at Capacity

IERCF SALES AND MARKETING UPDATE

Winter rains slowed compost sales during the month of December. Surplus materials were placed into the compost storage facility where they will remain until the spring planting. Annual sales ending December 31, 2010 totaled 222,151 cubic yards and provided revenue of over \$650,000.

Monthly Sales - December 2010

Month	Product	Tons	Cyds	Av. \$/cyd	Total \$
December	Premium	750.02	2,010.08	\$4.92	\$9,884.90
	Base	2,364.11	6,335.80	\$2.66	\$16,837.18
	Top Dressing	100.01	268.03	\$12.00	\$3,216.36
Total		3,214.14	8,613.91	\$3.48	\$29,938.44

YTD Sales through December 2010

Month	Total Tons	Total CYDs	Total \$
January	4,723.67	12,659.44	\$35,135.14
February	6,668.25	17,870.83	\$46,661.20
March	8,791.84	23,562.18	\$66,806.97
April	9,783.31	26,219.29	\$75,287.96
May	9,939.36	26,637.40	\$73,564.94
June	10,061.72	26,965.34	\$78,638.95
July	5,397.47	14,465.16	\$47,062.49
August	7,823.47	20,966.79	\$57,146.94
September	5,661.12	15,171.92	\$50,271.11
October	5,668.98	15,192.81	\$46,881.60
November	5,159.06	13,826.28	\$45,855.35
December	3,214.14	8,613.91	\$29,938.44
Total	82,892.39	222,151.35	\$653,251.09

RECYCLED WATER THREE YEAR BUSINESS PLAN UPDATE

To date for FY 10/11, eight new customers at 9,849 AFY have been connected to the recycled water system, which increases the total connected demand to 42,283 AFY. We anticipate connecting another 168 AFY within the next 120 days, increasing the total connected demand to 42,451.

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

Name	City	Demand (AFY)	Estimated Completion Date
Dorothy Gibson High School	Ontario	12	Mar 2011
Arroyo Elementary School	Ontario	25	Mar 2011
Ray Wiltsey Middle School	Ontario	70	Mar 2011
Mariposa Elementary School	Ontario	34	Mar2011
Etiwanda High School	CVWD	27	Mar 2011
Total Demand		168	

DWR Urban Drought Assistance Grant (\$1 Million): IEUA has met the 10,000 acre-foot non-potable use goal stated in the grant agreement. Final invoices and the final report were submitted to the Department of Water Resources for full reimbursement. IEUA will continue with the required five year monitoring period.

Southern Area: The project includes recycled water pipeline and reservoir in the 930 pressure zone in the southern service area, primarily serving the cities of Chino, Chino Hills and Ontario. The project is in the design stage. The 90 percent design for the pipeline and the 50 percent are due in January 2011. An agreement with the City of Chino Hills for IEUA to purchase a 2.0 million gallon of storage capacity is being finalized and is awaiting the approval of the City of Chino Hills Counsel. Work is in progress to secure the required permits and easements from private and public entities in order to obtain rights of future access to the facilities being designed.

In an effort to meet the peak summer demands by customers in the southern area, the the RP-1 930 Zone pump station and CCWRF recycled water pump station will be expanded to increase their overall pumping capability. The 33% design of CCWRF Recycled Water Pump Station expansion is complete. The final design of the RP-1 930 pump station will be completed by January 2011.

Project	Design	Construction Completion	Project Budget	Actual Cost To Date	Status
930 W. Pipeline & Reservoir	June 2011	Summer 2012	\$20,998,000,	\$3,754,131.13	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	\$1,400,263	\$492,093	Design
RP-1 S. Zone RWPS Expansion	Stantec	\$86,177	\$11,262.25	Design
CCWRF RWPS Expansion	Stantec	\$ 280,084	\$83,943.08	Design
RP-5 RWPS Expansion	Stantec	\$201,509	\$195,707	Startup Completed

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. All NW Area projects above are in the construction phase.

On December 15, 2010 the Agency’s Board of Director awarded a design built contract to Sun Wires for the 6B Reservoir, 1630 W. Pump Station, and 1630 W. Reservoir Communication Towers. Easements for each of the three sites are required and are being pursued with Cucamonga Valley Water District (CVWD) and the City of Ontario as needed. The legal Description of the 6B Reservoir site has been approved by CVWD. The aforementioned easement has been appraised for an amount of \$15,823. IEUA and CVWD finalized the terms of the grant of easement agreement in which CVWD will have the benefit of using the new tower. The grant of easement includes a one–time cost of **\$1.00** for use of the easement. It is anticipated that IEUA will construct the communication tower and pay for the metered power usage. CVWD will pay the cost of power usage related to their equipment at the 6B Reservoir. Additionally, space will be allocated for potential rental to either a cell phone company or other interested parties. The income from this rental will be shared equally between IEUA and CVWD.

The legal description for the Communication Tower at 1630 W. Reservoir has been prepared and forwarded to CVWD for approval and grant of easement. Both CVWD and IEUA agreed to use the existing Summary Part-Take Appraisal Report for the 1630 W. Reservoir performed by William Murphy and Associates on March 1, 2010 to calculate the value of the additional easement for the communication Tower. Easement \$40,192.20 (14,886 SF x \$2.70, rounded) = The partake of the easement is estimated at \$40,000.

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

Project	Construction Completion	Project Budget	Actual Cost To Date	Status
1630 W. Reservoir & 1630 W. Pipeline Segment C	Fall 2011	\$9,500,000	\$1,328,299.06	Construction
1630 W. Pump Station	Fall 2011	\$3,300,000	\$859,633.96	Construction
1630 W. Pipeline, Segment A	Fall 2011	\$7,500,000	\$2,192,105.29	Construction

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1630 W. Pipeline, Segment B	Fall 2011	\$8,700,000	\$1,182,696.25	Construction
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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	\$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
Amendment No. 1 to Task Order 2.4	\$2,750
Amendment No. 2 to Task Order 2.4	\$9,000
Amendment No. 3 to Task Order 2.4	\$25,750
Task Order 2.5 Final Design for the Southern Pipe Segment	\$851,501
Amendment No. 1 to Task Order 2.5	\$3,900
Amendment No. 2 to Task Order 2.5	\$45,650
Amendment No. 3 to Task Order 2.5	\$131,710
Amendment No. 4 to Task Order 2.5	\$75,850
Total Assigned:	\$2,000,000.00
Total Invoiced:	\$1,712,133

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
TO #1.13 Control Strategy	\$78,741
Total Assigned:	\$980,848.40
Total Invoiced:	\$786,679.75
Remaining Unassigned:	\$1,019,151.60

Central Area: The Central Area Recycled Water Project includes 4.6 miles of 24 inch pipe which will primarily build the Regional Recycled Water distribution system in the southern part of the City of Fontana and the eastern part of the City of Ontario. The pipeline will allow for the connection of commercial, industrial customers, parks and schools within the cities of Ontario and Fontana and also utilize RP-3 and Declez Basins for Recycled Water recharge. The Agency has

issued an RFP for design services in November 2010 and has received 10 proposals on December 16th, 2010 for the design services at Wineville Avenue. The project will approximately connect 3,000 - 4,000 AFY of recycled water. The SRF Loan application for the Central Area has been initiated and it is in process. The recommendation for award of contract will be made to the Board of Directors in March 2011.

Project	Design	Construction Completion	Project Budget	Status
Wineville Pipeline Extension	Spring 2011	Fall 2012	\$12,600,000	Pre-Design

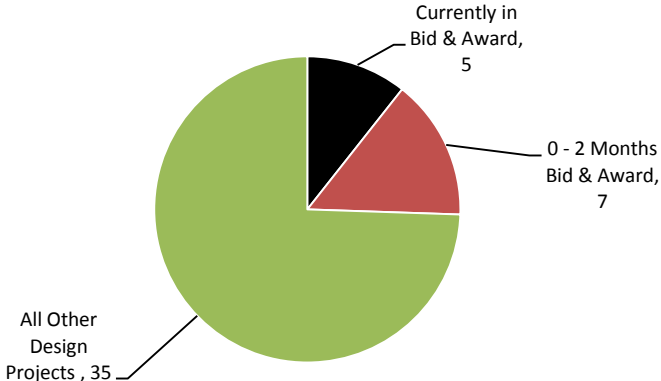
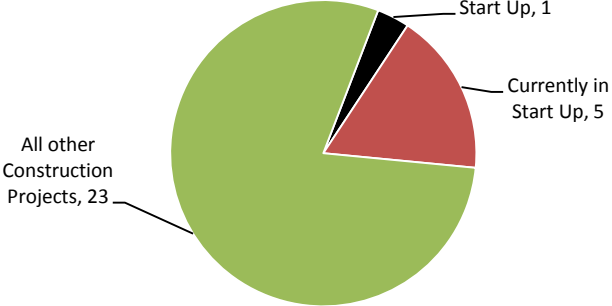
Turner Basin Turnout Projects: The Turner Basins are capable of receiving up to 10 cubic feet per second of recycled water flow for ground water recharge. The existing recycled water recharge facilities at the Turner Basins are not capable of fully utilizing the basins potential. Two projects are currently underway to expand the recharge capabilities at Turner Basins.

Temporary Turner Basin Turnout- A temporary project will be constructed to supply additional water to the basins in the short term by installing a 4 inch PVC pipeline. The project design and construction schedule is much shorter than the permanent solution and will allow supplemental water to be supplied to the basins while the permanent facility is being designed and constructed. *Status: Design is complete and finalizing permits. Expected construction award is in January 2011.*

Turner Basin Turnout Capacity Improvements- This project is the long term, permanent solution to the recharge limitations at the Turner Basins. The turnout will be approximately 200 linear feet of 20 inch steel pipe and supply 10 cubic feet per second of water to the basins. An automated control valve and flow metering will also be provided. In order to equally supply all 4 of the recharge basins at the site a bypass must also be constructed underneath the Deer Creek Channel. *Status: Preliminary Design Stage. Design completion expected in July 2011.*

ENGINEERING

Engineering Division Project Status Summary

<p style="text-align: center;">Engineering Project Status Summary</p>  <p style="text-align: right;">Currently in Bid & Award, 5</p> <p style="text-align: right;">0 - 2 Months Bid & Award, 7</p> <p style="text-align: left;">All Other Design Projects , 35</p>	<p><u>Currently in Bid & Award</u></p> <ul style="list-style-type: none"> • PU06407.08 Dorothy Gibson Continuation School • PU06407.09 Ray Wiltsey Middle School • PU06407.11 Arroyo Elementary • PU06407.10 Mariposa Elementary • DL11101.00 SARI Line Cleaning (Chino 1)
<u>0-2 Months Bid & Award</u>	
<ul style="list-style-type: none"> • EN08013.05 CCWRF Aeration Basin Air Ducting Replacement Project • EN11033.00 Temporary Turner Basin Turnout • EN11041.00 CCWRF Trty Fltr Media Replacement & Rehab • EN11045.00 CCWRF Secondary Clarifiers Rehab Phase 1 	<ul style="list-style-type: none"> • EN11046.00 RP-1 930 PS Fifth Pump • EN07010.03 800 Zone Flow Meter Installation • EN11028.00 RP-4 Pond Repair
<p style="text-align: center;">Construction Project Status Summary</p>  <p style="text-align: right;">0-2 Months Anticipated Start Up, 1</p> <p style="text-align: right;">Currently in Start Up, 5</p> <p style="text-align: left;">All other Construction Projects, 23</p>	<p><u>Currently in Start-Up</u></p> <ul style="list-style-type: none"> • WR08028.00 1299 E Res Conv & 1630 E Pump Station • EN09019.00 IS Service Room Modifications and Air Conditioning • RA11003.00 IERCF Amendment Hopper Sliding Plates • PL03006.00 RP1 Odor Control - Phase I RDSV • EN09022.00 SCADA Service Room Modifications and Air Conditioning
<u>0-2 Months Anticipated Start Up</u>	
<ul style="list-style-type: none"> • DL07104.00 Chino I Landscape Improvements 	

Engineering Division Construction Aggregate Metric

(Information is based on projects in "active" status during FY 2010/11. Information is through January 4, 2011)

Total Projects	Total Original Contracts	Change Order Amount	Change Order Ratio by Type	Total Adjusted Contracts
28	\$56,784,983	\$2,653,500	Added or Omitted	2.47%
				\$59,438,483

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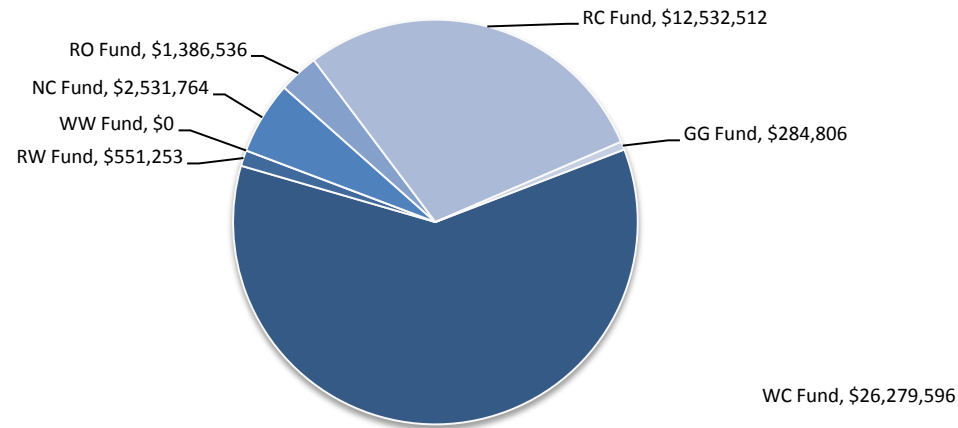
All Other Change Orders	2.20%
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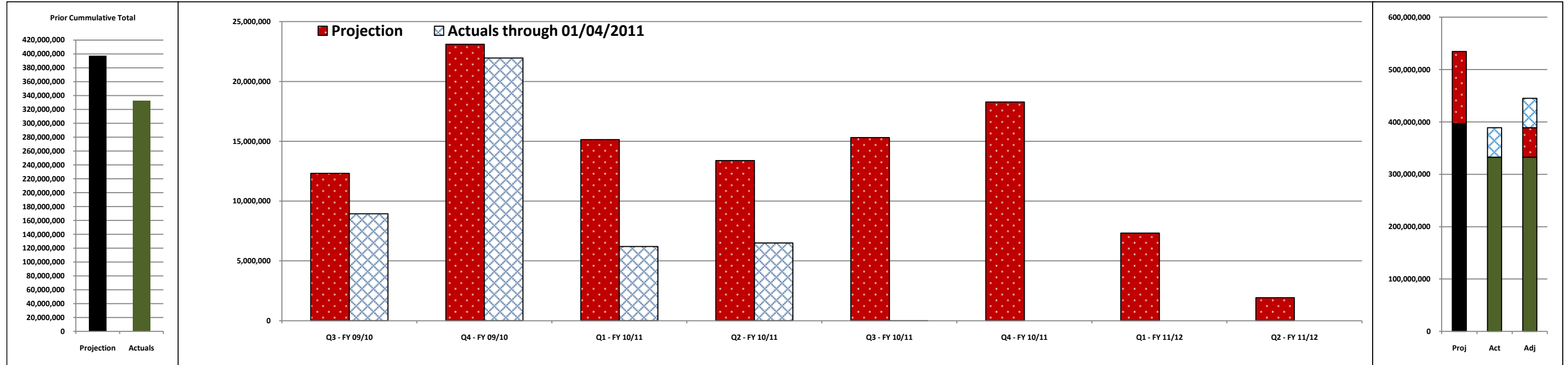
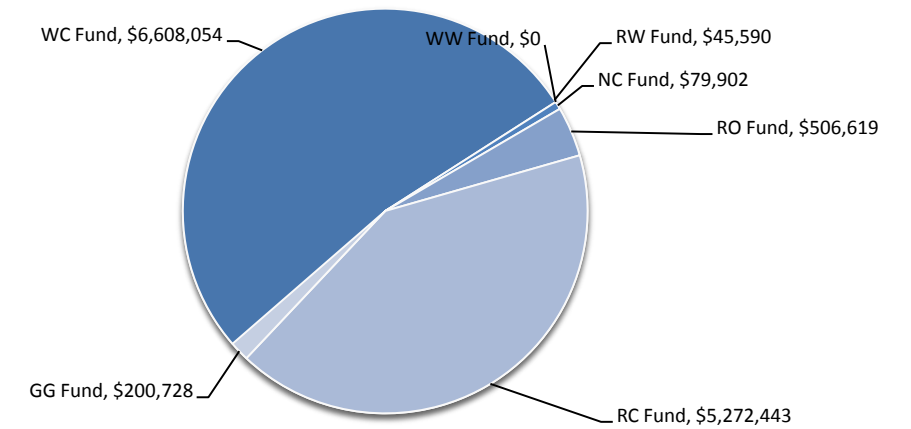
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Project Costs Forecast By Fund (Data Through 01/04/2011)

Total Actuals for FY09/10 = \$43,566,466



Total Actuals for FY10/11 = \$12,713,337



Fund	Prior Cumulative Total Through Jun 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		Q1 - FY 11/12 July 11 - Sep 11		Q2 - FY 11/12 Oct 11 - Dec 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	8,160,137	6,318,745	14,745,448	13,530,273	6,288,819	3,031,995	5,762,516	3,576,060	9,135,821	0	6,929,097	0	2,163,411	0	174,666	0	190,164,713	103,718,214
RW Fund	17,613,391	30,695,556	169,842	88,039	115,922	176,544	0	54	6,046	45,535	26,000	0	300	0	300	0	200	0	18,684,831	31,292,399
WW Fund	8,466,937	4,064,888	88,409	0	88,409	0	298,146	0	298,146	0	298,146	0	298,146	0	0	0	0	0	10,013,158	4,064,888
NC Fund	17,279,882	10,121,357	0	118,599	0	2,187,118	919,455	55,286	3,014,389	24,616	168,552	0	145,750	0	105,750	0	70,500	0	21,704,278	12,733,023
RO Fund	6,057,728	179,804	531,564	258,495	543,528	191,451	1,082,075	233,248	725,711	273,045	770,182	326	893,357	0	923,500	0	599,000	0	14,824,106	2,072,960
RC Fund	224,488,694	207,053,441	3,327,816	2,130,990	7,458,304	5,684,240	6,194,828	2,719,820	3,264,989	2,529,230	4,620,725	23,394	9,884,953	0	4,118,716	0	1,066,738	0	273,668,559	224,858,396
GG Fund	3,941,611	9,737,621	35,556	21,032	165,000	196,293	350,278	158,054	321,244	42,673	285,930	0	128,760	0	12,000	0	8,000	0	5,449,378	10,223,154
Total Projections	396,925,715	332,683,231	12,313,324	8,935,901	23,116,611	21,965,920	15,133,602	6,198,458	13,393,041	6,491,160	15,305,356	23,719	18,280,363	0	7,323,677	0	1,919,104	0	534,509,024	388,963,034

-64,242,484	-3,377,423	-1,150,691	-8,935,144	-6,901,881	-15,281,637	-18,280,363	-7,323,677	-1,919,104	-145,545,990
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CHINO I LANDSCAPE IMPROVEMENTS, PROJECT NO. DL07104

This project constructed a sidewalk in front of the CDA Desalter Facility, placed landscaping, and installed irrigation for these new facilities. Construction is complete as of November 30, 2010. As built drawings are expected to be submitted by the end of December.

Budget (Master Project Budget)	Total Project Expenditures to Date (11/30/10)	CM Cost (11/30/10)	A/O CO (11/30/10)	Other CO (11/30/10)	Original Contract Completion Date	Anticipated Contract Completion Date (Primavera)
\$60,000	\$29,983.97	68.77%	\$0.00	\$0.00	11/30/2010	3/30/2011

REGIONAL PLANT NO. 1 FILTRATE/CENTRATE PIPELINE IMPROVEMENT, PROJECT NO. EN06015.00

SSC Inc. completed concrete wall placement of the dewatering building to elevation 868.67 and proceeded with shoring, fabrication/installation of formwork, reinforcement, and concrete placement of the decks of the operations and electrical rooms. Factory acceptance testing of key components such as the centrifuges, DCS system, conveyance, and silo systems are tentatively scheduled for January and February 2011. The switchgear (SWG) and motor control centers (MCC) are currently in productions and scheduled to be shipped the later part of January 2011. The project remains on schedule and Construction Management staff is carefully monitoring progress to assist the contractor in identifying any potential delays.

Budget (Master Project Budget)	Total Project Expenditures to Date (11/30/10)	CM Cost (11/30/10)	A/O CO (11/30/10)	Other CO (11/30/10)	Original Contract Completion Date	Anticipated Contract Completion Date (Primavera)
\$27,800,000	\$9,613,805	8.28%	\$58,222	\$10,490	1/8/2012	2/28/2012

MAGNOLIA CHANNEL, PROJECT NO. EN06020.03

The contractor has completed work on Flowers which includes reconstructing an un-identified SARI MH not shown on Plans. The temporary irrigation piping in Area 2 has been installed and all holes for planting dug. The irrigation tie-in to the recycled water supply has been completed. Cost related to extended delays, prolonged inspection, and design changes necessitated by the errors and omissions in the plans and environmental constraints are currently being evaluated by Construction Management and Engineering. Construction Management is working to facilitate critical completions to reduce/eliminate rainfall events related to storm events. An informational item is complete and has been sent to Engineering for review. The Carson Companies' 3-inch and 10-inch sewer main and fire lines have been constructed.

Budget (Master Project Budget)	Total Project Expenditures to Date (11/30/10)	CM Cost (11/30/10)	A/O CO (11/30/10)	Other CO (11/30/10)	Original Contract Completion Date	Anticipated Contract Completion Date (Primavera)
\$32,276,648	\$1,739,525	2.15%	\$3,173	\$231,699	9/19/2010	8/30/2011

REGIONAL PLANT NO. 5 SHF MANURE PROJECT DIGESTER CLEANING, PROJECT NO. EN06020.27

Viramontes Express has completed cleaning of the digesters. Engineering and the new operator are assessing repair work required within the digesters. It is anticipated that the new operator will affect repairs prior to reinstallation of access panels.

Budget (Master Project Budget)	Total Project Expenditures to Date (11/30/10)	CM Cost (11/30/10)	A/O CO (11/30/10)	Other CO (11/30/10)	Original Contract Completion Date	Anticipated Contract Completion Date (Primavera)
\$32,276,648	\$97,495	32.99%	\$0.00	\$0.00	11/14/2010	2/24/2011

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

Construction activities during the last several weeks were limited to the redesign and the relocation of the SBS diffusers. This work was performed due to potential safety issues identified during the testing. Close-out activities have begun and punch list review and completion is ongoing. Close-out activities includes final submission of O&M manuals, training and testing documentation, and finalization of all pay estimates and closing documentation.

Budget (Master Project Budget)	Total Project Expenditures to Date (11/30/10)	CM Cost (11/30/10)	A/O CO (11/30/10)	Other CO (11/30/10)	Original Contract Completion Date	Anticipated Contract Completion Date (Primavera)
\$31,482,222	\$4,446,801	7.96%	\$91,913	\$174,028	11/18/2009	6/13/2011

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

Doty Bros successfully completed start-up activities related to the PRV control system. Additional programming is being considered for the Ground Water Recharge system and a remote reset for the Recycled Water pump station will begin shortly. The contractor, Engineering, and CM Staff will continue additional start-up and programming integration with subcontractors Trimax; Invensys and Doty Bros. at RP-1 and the Agencies Carbon Canyon Facility.

Budget (Master Project Budget)	Total Project Expenditures to Date (11/30/10)	CM Cost (11/30/10)	A/O CO (11/30/10)	Other CO (11/30/10)	Original Contract Completion Date	Anticipated Contract Completion Date (Primavera)
\$20,648,598	\$386,516	8.74%	\$0.00	\$29,331	6/2/2010	2/2/2011

TP-1 SBS PUMP IMPROVEMENTS, PROJECT NO. EN07006.04 AND PRADO LAKE DISCHARGE MODIFICATIONS, PROJECT NO. EN07010.04

A pre-construction conference was held on December 9, 2010, with Agency Staff and R.C. Foster to review and discuss the project requirements, contact information, and general construction procedures. Following the conference the "Notice to Proceed" was issued to the contractor and the contractor received CIPO training. Construction progress meeting occurred on December 14, 2010, and continue for the duration of the project. The contractor will begin submittals during the next several weeks and they will also refine their schedule.

EN07010.04 Budget (Master Project Budget)	EN07010.04 Total Project Expenditures to Date (11/30/10)	EN07010.04 CM Cost (11/30/10)	EN07010.04 A/O CO (11/30/10)	EN07010.04 Other CO (11/30/10)	EN07010.04/EN07006.04 Original Contract Completion Date	EN07010.04/EN07006.04 Anticipated Contract Completion Date (Primavera)
\$20,648,598	\$64,567	64.39%	\$0.00	\$0.00	6/15/2011	6/15/2011
EN07006.04 Budget (Master Project Budget)	EN07006.04.RDSV Total Project Expenditures to Date (11/30/10)	EN07006.04.RDSV CM Cost (11/30/10)				
\$31,482,222	\$0.00	0.00%				

1630 WEST RESERVOIR, PROJECT NO. EN08018.01

The contractor is in the final stages of preparing and submitting initial submittals. Potholing has been completed and they will be submitting their proposal (means and methods) for the relocation of the SCE power line on the eastside for SCE/CVWD verification and approval. They will also submit their proposed plan of trench shoring that will be used on the east and west sides for construction. After approval, the first phase of project demolition can begin.

Budget (Master Project Budget)	Total Project Expenditures to Date (11/30/10)	CM Cost (11/30/10)	A/O CO (11/30/10)	Other CO (11/30/10)	Original Contract Completion Date	Anticipated Contract Completion Date (Primavera)
\$9,637,000	\$530,018	30.11%	\$0.00	\$0.00	7/23/2011	11/1/2011

1630 WEST RECYCLED WATER PIPELINE SEGMENT C, PROJECT NO. EN08018.02

The contractor has completed the submittal process for the most part. The contractor has decided not to mobilize until all of the pending design changes have been finalized. We anticipate final CVWD analysis, and approval of the proposed changing of alignment of the pipe over the SBCFCD channel, and verification of a few other changes very soon.

Budget (Master Project Budget)	Total Project Expenditures to Date (11/30/10)	CM Cost (11/30/10)	A/O CO (11/30/10)	Other CO (11/30/10)	Original Contract Completion Date	Anticipated Contract Completion Date (Primavera)
\$9,637,000	\$457,896	17.22%	\$0.00	\$0.00	4/17/2011	10/21/2011

1630 WEST RECYCLED WATER PIPELINE SEGMENT B, PROJECT NO. EN09003.01

The contractor continues to submit submittal revisions for review by Construction Management staff and the Design Engineer. The Engineer has provided revised drawings per the contractor's submitted potholing data. Main line pipe production is in progress, and IEUA staff has performed manufacturing inspection for ARRA compliance.

Budget (Master Project Budget)	Total Project Expenditures to Date (11/30/10)	CM Cost (11/30/10)	A/O CO (11/30/10)	Other CO (11/30/10)	Original Contract Completion Date	Anticipated Contract Completion Date (Primavera)
\$8,030,001	\$927,817	11.99%	\$0.00	\$0.00	4/17/2011	8/10/2011

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

This project is complete. Minor cycling problems are currently being analyzed by the AC supplier. Other minor changes requested by Operations are also being addressed.

EN09019 Budget (Master Project Budget)	EN09019 Total Project Expenditures to Date (11/30/10)	EN09019 CM Cost (11/30/10)	EN09019/EN09022 A/O CO (11/30/10)	EN09019/EN09022 Other CO (11/30/10)	EN09019/EN09022 Original Contract Completion Date	EN09019/EN09022 Anticipated Contract Completion Date (Primavera)
\$388,000	\$370,590	1.68%	\$0.00	\$18,748	8/15/2010	2/16/2011
EN09022 Budget (Master Project Budget)	EN09022 Total Project Expenditures to Date (11/30/10)	EN09022 CM Cost (11/30/10)				
\$105,000	\$72,497	3.54%				

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

This project was accepted by the Board of Directors on October 20, 2010. All activities are complete. Operations have requested removal of materials left over after construction. Minor warranty items have also been negotiated with the contractor to facilitate project follow-up.

Budget (Master Project Budget)	Total Project Expenditures to Date (11/30/10)	CM Cost (11/30/10)	A/O CO (11/30/10)	Other CO (11/30/10)	Original Contract Completion Date	Anticipated Contract Completion Date (Primavera)
\$1,698,492	\$1,559,809	10.54%	\$34,712	\$140,374	9/8/2010	10/20/2010

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

Coconstruction Inc. successfully placed all filter media and smoke tested the entire bio-filter system under normal operating conditions which was successfully completed. Air balance and vibration testing was completed on December 23, 2010, and results are pending. Preliminary test results appear to be in compliance with the specification requirements but will be reviewed when test results are formally submitted.

Budget (Master Project Budget)	Total Project Expenditures to Date (11/30/10)	CM Cost (11/30/10)	A/O CO (11/30/10)	Other CO (11/30/10)	Original Contract Completion Date	Anticipated Contract Completion Date (Primavera)
\$11,566,801	\$8,760,518	3.31%	\$403,362	\$185,595	12/17/2010	1/17/2011

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

The project is complete.

Budget (Master Project Budget)	Total Project Expenditures to Date (11/30/10)	CM Cost (11/30/10)	A/O CO (11/30/10)	Other CO (11/30/10)	Original Contract Completion Date	Anticipated Contract Completion Date (Primavera)
\$107,500	\$89,287.75	3.20%	0.00	0.00	4/30/2010	3/8/2011

IERCF BACKUP GENERATOR, EMERGENCY LIGHTING, AND EXTERNAL RESTROOM INSTALLATION RA08003.00

The contractor is currently awaiting delivery of the back-up generator, which is scheduled for January 30, 2011. Work is ongoing on shop submittals and RFI's related to generator control and programming.

Budget (Master Project Budget)	Total Project Expenditures to Date (11/30/10)	CM Cost (11/30/10)	A/O CO (11/30/10)	Other CO (11/30/10)	Original Contract Completion Date	Anticipated Contract Completion Date (Primavera)
\$2,810,000	\$1,570,086	9.26%	\$4,479	\$3,515	5/27/2011	5/27/2011

IERCF AMENDMENT HOPPER SLIDING PLATES, PROJECT NO. RA11003.00

The contractor has completed installation and start-up of both hopper plates.

Budget (Master Project Budget)	Total Project Expenditures to Date (11/30/10)	CM Cost (11/30/10)	A/O CO (11/30/10)	Other CO (11/30/10)	Original Contract Completion Date	Anticipated Contract Completion Date (Primavera)
\$200,000	\$6,253	0.00%	\$0.00	\$6,500	1/8/2011	2/28/2011

1630 WEST RECYCLED WATER PIPELINE SEGMENT A, PROJECT NO. WR08023

The contractor is preparing to mobilize the second week of January. The pipe has been manufactured and is ready for delivery to the site. The SWPPP has been entered into the SMARTS database and will be updated as required. The contractor has requested weather days and also maintained the potholes that had minor shrinkage due to the rain. The project is currently on schedule.

Budget (Master Project Budget)	Total Project Expenditures to Date (11/30/10)	CM Cost (11/30/10)	A/O CO (11/30/10)	Other CO (11/30/10)	Original Contract Completion Date	Anticipated Contract Completion Date (Primavera)
\$14,970,000	\$2,142,841	10.23%	\$0.00	\$29,331	7/16/2011	9/28/2011

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

The project is in the final phases of close out documentation. The construction portion of the project is complete.

Budget (Master Project Budget)	Total Project Expenditures to Date (11/30/10)	CM Cost (11/30/10)	A/O CO (11/30/10)	Other CO (11/30/10)	Original Contract Completion Date	Anticipated Contract Completion Date (Primavera)
\$11,016,079	\$7,177,052	4.42%	\$0.00	\$0.00	5/1/2010	1/14/2011

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

This project went to the Board of Directors on 1-5-11 for project acceptance.

Budget (Master Project Budget)	Total Project Expenditures to Date (11/30/10)	CM Cost (11/30/10)	A/O CO (11/30/10)	Other CO (11/30/10)	Original Contract Completion Date	Anticipated Contract Completion Date (Primavera)
\$12,832,555	\$8,385,859	3.86%	\$0.00	\$0.00	6/30/2010	1/5/2011

1630 WEST RECYCLED WATER PUMP STATION, PROJECT NO. WR08032

The contractor has been requested to provide a recovery schedule due to his delays. The sound wall redesign was completed and approved for construction. The majority of submittals are complete and approved. The control strategy is in review by IEUA for the complete RFD to the contractor. The site has been staked for the temporary fencing and the contractor is expected to mobilize in early January.

Budget (Master Project Budget)	Total Project Expenditures to Date (11/30/10)	CM Cost (11/30/10)	A/O CO (11/30/10)	Other CO (11/30/10)	Original Contract Completion Date	Anticipated Contract Completion Date (Primavera)
\$10,323,000	\$719,795	38.09%	\$0.00	\$0.00	7/23/2011	10/10/2011

MAIN OFFICE BUILDING SETTLING ISSUES

A scope of work was developed to test for settling and evaluate soil conditions. Construction Management is coordinating and providing field assistance with Engineering on this work. The soil report is being evaluated by CM and Engineering as well as recommendations for site mitigation. The original Structural Engineer is being consulted on the findings of the soil report.

EL PRADO SARI CLEAN-OUT MANHOLE FAILURE

The four clean-outs manholes on the SARI Line that had failed due to subsidence have been repaired and fixed. Operations requested that two additional lids be raised on Chino Avenue. The Traffic Control Plan was approved by Cal-Trans as well as an extension for the Chino Hills permit. Work has begun on raising these Manholes.

CCWRF SLUDGE PIPING REROUTING

This work is complete. Start-up is pending Operations approval for start-up which is in process. As-built drawings are expected to be completed by mid-January.

REGIONAL PLANT NO. 4 LAGOON SINK-HOLE AND BULGING

CM staff have met with the Design Engineer to outline design recommendations identified as part of temporary repair. Final design is in review by staff for bidding in January.

MAIN OFFICE PARKING LOT REPAIR

An RFP is has been prepared to begin to repair cracked and broken parking stalls and replace selected trees which are causing said damage with deep rooted alternatives. This RFP is expected to be issued after the New Year.

REGIONAL PLANT NO. 1 SAFETY IMPROVEMENTS

An RFP has been prepared to relocate/dispose of miscellaneous material and selected areas of RP-1. Bollards, conduit lid, and relocated removal of site materials, has been made part of this RFP to meet safety considerations. RFP is currently in review by Engineering. It is expected that this RFP will be issued the first part of January to facilitate a thorough repair and addition of other minor maintenance items.

REGIONAL PLANT NO. 2 GRAVITY THICKENER CLEANOUTS

The first Gravity Thickener at RP-2 had become plugged. Maintenance could not gain access to clean this line. As a result, cleanouts were placed on the center, riser pipe to allow cleaning. This work has been successfully completed; however, it has been requested that a second access way be installed at the underground bend. This additional work is currently underway with pipe being exposed.

BICKMORE AND EUCLID SUBSIDENCE

The City of Chino contacted IEUA to facilitate repairs on a subsidence of and Agency Recycled Water Pipeline. Given traffic concerns, Engineering and CM are working to obtain an emergency permit from Cal-Tans for a lane closure to Bickmore Avenue. Any repair will need to take place on the weekend to keep from affecting morning and evening traffic.

KIMBALL AVENUE MANHOLE RAISING

The City of Chino contacted IEUA to facilitate adjustments to the height of three Agency manholes, related to expansion of Kimball Avenue, east of Euclid. This work is completed; however, the city has requested that a guard rail be placed on a manhole adjacent to street to keep cars from hitting it. The city is working on a detail to provide IEUA to protect manhole in place.

DESALTER PLUGS

CM is working with Engineering and Operations to facilitate cleaning of Desalter pipeline during January shut-down.

PUBLIC INFORMATION

Calendar of Events

January 2011

- January 22, Volunteer Day, 8:00 a.m. Chino Creek Park
- January 26, Project Learning Tree Workshop, 8:00 a.m. HQB Event Room

February 2011

- February 2, World Wetlands Day, Chino Creek Park

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

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.

Educational Updates

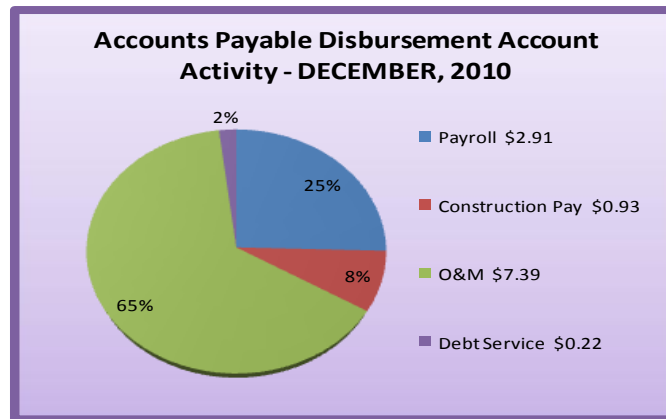
- IEUA will be participating in the planning of the Spring DWR Education Quarterly Meeting which will take place in the Inland Empire. Cucamonga Valley Water District and IEUA will be hosting the event.
- A Project learning Tree Workshop will be taking place on January 26th. This workshop is for educators to become more familiar with educational activities that focus on the environment: water, animals, pollution, compost, etc.

FINANCE AND ADMINISTRATION

Major Revenues for the Period Ended Dec 31, 2010			
(millions) Target is 50%			
A	B	C	D
Major Revenue Categories	Amended Budget	Actual to Date (DEC 2010)	% of Actual Vs Budget (Col B/Col C)
User Charges	\$50.1	\$22.8	45%
Recycled Water Sales	\$3.5	\$1.5	43%
Recycled Water Rebates	\$2.1	\$0.8	40%
Property Tax	\$33.8	\$11.9	35%
Connection Fees	\$5.2	\$1.9	36%
Grants	\$10.5	\$5.4	51%
SRF Loans	\$21.3	\$6.2	29%
	\$126.50	50.46	40%

EXPLANATION:

“Actual To Date” includes one month of accruals based on previous billings for “User Charges” and “Recycled Water Sales,” all other categories are based on actual.



For the month of December, 2010 the Accounts Payable staff processed:

- ❖ 86 ACH Remittances
- ❖ 15 Wire Remittances
- ❖ 748 Check Remittances
- ❖ 1472 Vendor Invoices and Credit Memos

Account Receivables

IEUA Aging Report – As of 12/31/2010

IEUA Customer's (Note: Excludes IERCA, CDA, and Grant customers)

Total Outstanding	Current	No. of Days Past Due Between				
		1-30	31-60	61-90	91-120	>120
\$5, 280,080	\$5,270,079	\$10,001	\$	\$	\$	\$

Notes:

1. Aging 1-30 days; balance for invoices that were recently due (NRW customers).

Customer CDA (Due to IEUA)

Total Outstanding	Current	No. of Days Past Due Between				
		1-30	31-60	61-90	91-120	>120
\$375,091		\$105,869	\$269,222			

Notes:

1. Aging 1-30 days; Pertains to expenses (system due from /due to) Posted in December '10, billable in January and payable in February
2. Aging 31-60 days; Pertains to expenses (system due from/due to) posted in November '10, billable in December and payable in January.
 - ❖ Aging 31-60days; pertains to expenses (system due from/due to) posted in October '10, billable in November and payable in December.

Customer IERCA (Due to IEUA)

Total Outstanding	Current	No. of Days Past Due Between				
		1-30	31-60	61-90	91-120	>120
\$431,394		\$152,024	\$279,370	-	-	-

Notes:

1. Aging 1-30 days; pertains to expenses (system due from/due to) posted in December '10, billable in January and payable in February.
2. Aging 31-60 days; pertains to expenses (systems due from/due to) posted in November '10, billable in December and payable in January.

Customer San Bernardino Co. Reg. Parks (Retrofit)

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Total Outstanding	Current	1-30	31-60	61-90	91-120	>120
\$401	\$401	-	-	-	-	-

Notes:

Current column: invoice billed, but not due yet.

Market Updates:

Investment Yield Comparables – 8 Week Run Rates

Investment Type	15-Nov	22- Nov	29-Nov	6-Dec	13-Dec	20-Dec	27-Dec	3-Jan
SWEEP ACCOUNT –CBB	0.70%	0.70%	0.70%	0.60%	0.60%	0.60%	0.60%	0.60%
CDARS (1 YR) –CBB	0.60%	.60%	0.60%	0.40%	0.40%	0.40%	0.40%	0.40%
1 Yr CD – BofA	0.45%	0.45%	0.45%	0.45%	0.45%	0.45%	0.45%	0.45%
1 Yr CD – Wells Fargo	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%
1 Yr CD Citibank	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
LAIF	0.46%	0.45%	0.45%	0.44%	0.45%	0.45%	0.45%	0.45%
US Treasuries:								
US Treasuries – 3-Mos	0.13%	0.14%	0.16%	0.16%	0.14%	0.14%	0.14%	0.14%
US Treasuries – 6 Mos	0.16%	0.19%	0.20%	0.20%	0.18%	0.19%	0.19%	0.20%
US Treasuries – 12 Mos	0.24%	0.27%	0.27%	0.28%	0.29%	0.30%	0.30%	0.30%
US Treasuries – 2 Yrs	0.46%	0.52%	0.52%	0.51%	0.57%	0.64%	0.64%	0.67%
US Treasuries – 3 – Yrs	0.65%	0.78%	0.78%	0.80%	0.92%	1.03%	1.05%	1.08%
US Treasuries 5 – Yrs	1.25%	1.51%	1.51%	1.59%	1.80%	2.03%	2.02%	2.07%
US Government Sponsored Entities Benchmark Bullets								
2 yr Agency Bullets	0.66%	0.62%	0.65%	0.55%	0.80%	.75%	0.77%	0.87%
3 yr Agency Bullets	0.83%	0.91%	0.90%	0.95%	0.15%	1.25%	1.23%	1.30%
5 yr Agency Bullets	1.37%	1.71%	1.70%	1.80%	2.15%	2.20%	2.29%	2.38%

Investment /Bank/Market Update:

The average maturity is 656 days for current investments exclusive of LAIF and SWEEP. Including LAIF and SWEEP accounts, the average maturity is 253 days, (assuming 2 days to liquidate the LAIF investment and SWEEP account).

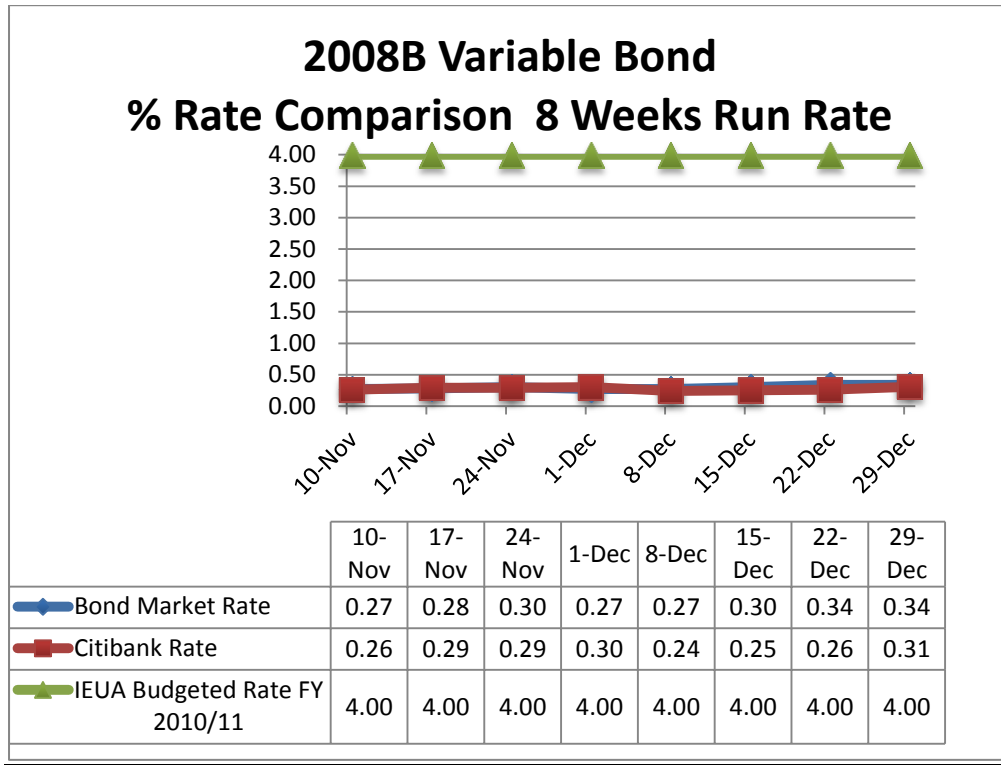
IEUA investment portfolio rate of return is estimated at 0.87% for the month of November compared to 0.91% as reported in November Treasurer's Report of Financial Affairs. The estimated 4 basis points decrease is due to decline in the SWEEP account and in the LAIF yields. The average monthly effective yield for LAIF is 0.60% as of December 31, 2010, compared to 0.70% for the month of November. The average monthly effective yield for LAIF is 0.44% as of December 31, 2010 compared to 0.46% for the month of November. The Agency's current investments includes GSE with an average yield to maturity of 1.8%, Municipal Bonds at 1.9%, Medium Term Notes at 1.1%, two accounts in CDARS at 0.60% APY (Oct'11 maturity) & 0.75%APY(July'11 maturity). The combined CDARS yield is 0.69%

Deposit \$1M with Wells Fargo bank at a preferred rate of .45% annual yield and the CBB Sweep account yield has further decreased from .6% to .5% as of Jan 4th.

Various Updates from Brokers:

- **Jan 3 (Wedbush)** – Selling to Start the Year: Treasury yields are higher to start the New Year as equity futures show strong gains. Yields across the curve are sharply higher with the 7- and 10 yr up close to 11bps each. Selling is the strongest in the long bond as it trades lower by more than a point. Yields are still trading below their best levels in this recent move higher, with some traders suggesting higher yields are indicative of a recovering economy, while others are thinking the boost in yield is a warning sign of increased credit risk.
- **Dec. 30 (Higgins Capital)** – Both stocks and treasuries are trading lower. Pending sales of existing homes rose 3.5% in November, 92.2 vs. a revised 89.1 in October (previously reported 89.3). This exceeded forecasts. A Bloomberg survey had the median increase of 0.8% for November. The range was from -5.0% to +5.0%.
- **Dec. 22 (CNNMoney.com)** – Economist forecast a 3.1% annual growth rate for the final three months of the year. That estimate is up from the 2.5% growth rate economists were predicting just three months ago. It's also an improvement over the third quarter, when the economy grew by 2.6%, according to the government's final reading released Wednesday. Economist now expect 2011 growth to be stronger as well – 3.3%, up from their earlier estimate of 2.8% and they expect to continue that trajectory into 2012, predicting growth of 3.4% but the recovery will continue to be painful for job seekers and homeowners. Economists are expecting the unemployment to be about 9.7% in December, little improved from the current unemployment rate of 9.8%. They expect it to improve to just below 9% by the end of next year, little changed from earlier forecast, and they're looking for unemployment to drop to about 8.2% by the end of 2012.

2008B Variable Bond Trend:



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GRANTS:

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

~ December 2010 ~

Account Type	Total Number of Active Accounts	Total Award Amount	Total Amount Invoiced	Total Award Balance
IEUA Grants	16	52,429,064	42,113,437	10,315,627
IEUA Loans	6	71,086,736	50,371,542	20,715,194
Grants for CDA	1	2,800,000	1,120,000	1,680,000
TOTAL:	23	\$ 126,315,800	\$ 93,604,979	\$ 32,710,821

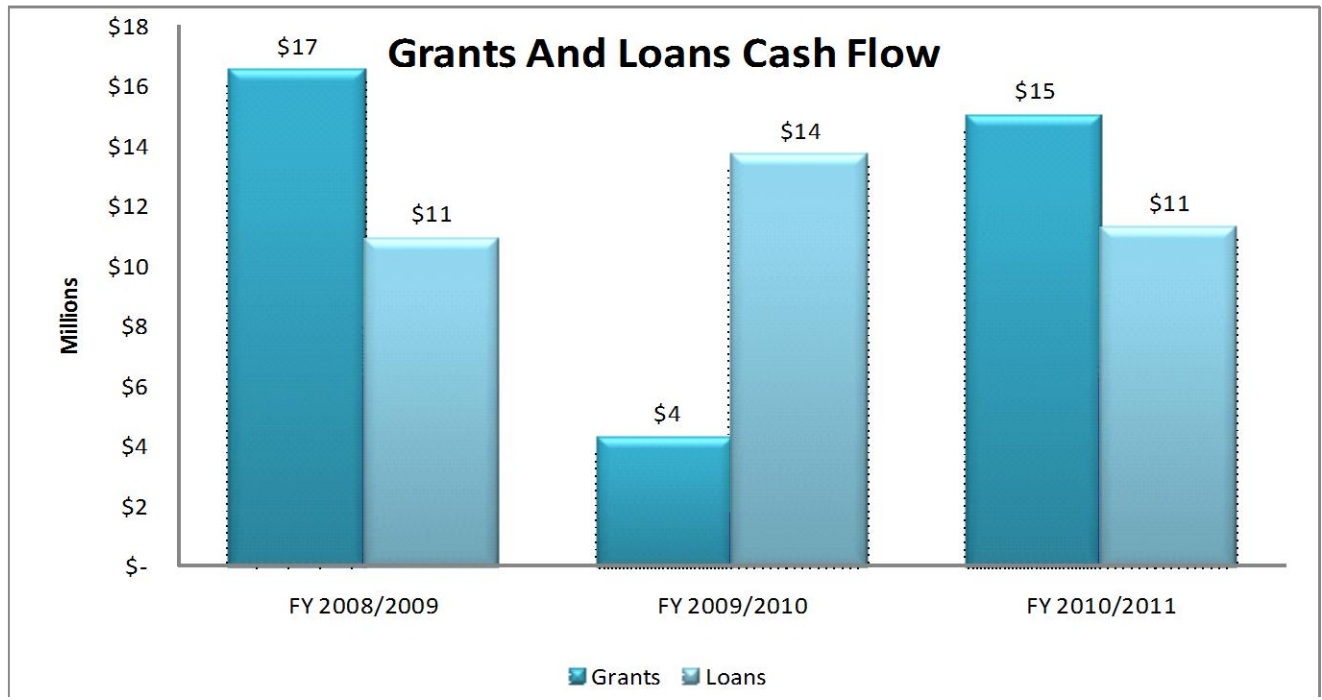
GRANT INVOICE AGING REPORT FOR DECEMBER 2010

Agency	Total Outstanding	Total Past Due	60 To 90 Days	Over 90 Days	Retention
DWR-\$15.5M Conjunctive Program <i>12/14/10 - Received final payment of \$1.5M Retention release. This grant is now officially closed.</i>	-	-			
SWRCB - All SWRCB Invoices are current.	1,965,951	-		-	-
DWR - Urban Drought/ULFT/Landscape Audit <i>DWR- Landscape Audit Past due Invoices are approved, but funding is still not available.</i>	357,600	357,600	49,040	83,028	225,532
USBR-Northeast Area Recycled Water Program	310,087	-	-	-	-
WaterReuse Foundation - Payment is pending review of the final agreement.	28,578	28,578	10,385	18,193	-
CDA- Chino II Desalter Expansion - Costs are Incurred by Western Municipal Water District. Payment is pending approval of revised Contract. 12/ Received revised contract, will re-submit Invoice#1 in January.	1,120,000	1,120,000		1,120,000	-
TOTAL AMOUNT	\$ 3,782,216	\$ 1,506,178	\$ 59,425	\$ 1,221,221	\$ 225,532

Active Application Information

Account Type	Total Number of Active Applications	Amount Requested
IEUA Grants	2	\$ 3,711,179
IEUA Loans - Final Applications		
SRF Loan Submitted Application - Phase 6 Central Area Recycled Water - Wineville	1	\$ 11,812,500
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
Subtotal Final Applications	4	\$ 70,982,500

CASH FLOW SUMMARY			
Fiscal Year	Grants	Loans	Total Receipts
FY 2008/2009	\$ 16,509,726	\$ 10,923,966	\$ 27,433,692
FY 2009/2010	\$ 4,285,985	\$ 13,688,239	\$ 17,974,224
FY 2010/2011	\$ 15,023,535	\$ 11,285,162	\$ 26,308,697
TOTAL CASH FLOW:	\$ 35,819,246	\$ 35,897,367	\$ 71,716,613

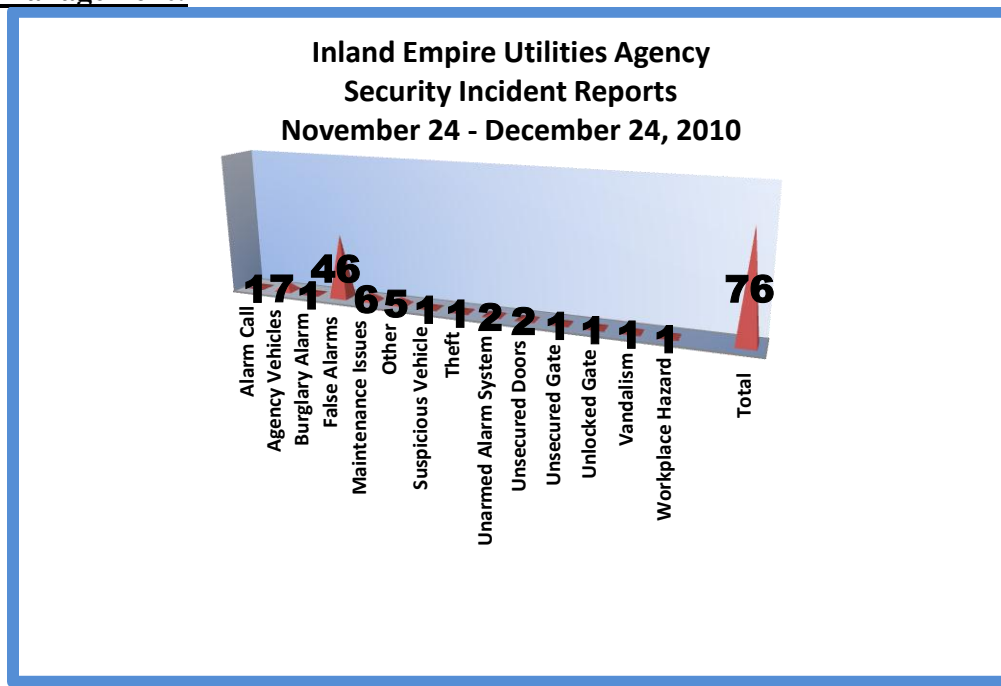


CONTRACTS AND PROCUREMENT:

Procurement Activities:

	TOTAL NUMBERS December 2010 Procurement Actions	TOTAL VALUE December 2010
Purchase Requisitions (PRs)	232	\$761,043
Purchase Orders (POs)	172	\$1,191,935
Contracts/Agreements	12	N/A
Posted Solicitations	4	N/A

Security Management:



Following the first quarter security team review, provided Universal Protection Services (UPS), with a written performance assessment. Led by a strong management team, as expected, the UPS team has performed exceptionally well.

The RP-1 fuel cell project is moving forward on a number of fronts. The following list illustrates the progress being made. Please let me know if you have any comments or would like more information. Can I anticipate that this will be a monthly request?

- Work has begun on the CEQA Categorical Exemption (CE) filing. Tom Dodson is under contract with HDR to prepare the filing
- We have completed pre and post fuel cell emissions profile for the CEQA CE with data provided by IEUA staff
- Geotechnical Investigation, Survey, and Potholing will take place during the second week of January
- The SGIP application has been submitted, we received verbal notification that we'll receive the grant
- IEUA staff communicated that electrical option B was chosen, HDR has designed on that basis
- Fuel Cells have been ordered from Fuel Cell Energy.
- The gas treatment system design has been finalized with ESC. Will be ordered soon as it has a much shorter lead time than the fuel cell.
- The Cain Heat exchanger design has been finalized with the vendor. This is not a long lead item but will be ordered soon.

- HDR completed the 10% design drawings and PDR tech memos, which we are reviewing now and will submit to IEUA by end of this week. We will coordinate a review meeting with IEUA staff.

OTHER FINANCE DIVISION UPDATES ON SIGNIFICANT EVENTS:

FINANCIAL PLANNING:

FY2011/12 Budget Training

- Completed the O&M Budget training with the planners during the week of December 9-14, 2010. Upcoming O&M budget training for the approver/reviewer on January 4, 2011.

FY 2011/12 Proposed Rates for the Agency Regional Wastewater and Recycles Water

- A presentation to the Regional Committees is scheduled in January 2011 regarding the rate proposal for the FY 2011/12 Regional Wastewater and Recycled Water programs. The focus will be on the key drivers for the proposed rate increases and various options on the property tax allocation percentage between the Regional O&M and Recycled Water Funds. Related documents are available on the Agency's Website, www.ieua.org.

GRANTS:

Grant Cash Receipt FY 2010/11 Status

- The Agency has received \$26.3M grants and SRF loan payments in the first 6 months of FY 2010/11 from State and Federal grantors. This amount includes the final payment of \$1.5M for the release of retention withheld from the DWR Conjunctive Use Grant. Below is a brief summary of payments received by month and by major funding programs:

By Month FY 2010/11	Amount Collected
July	\$ 3,205,640
August	\$ 5,464,736
September	\$ 10,147,316
October	\$ 2,533,410
November	\$ 2,838,291
December	\$ 2,119,304
TOTAL	\$26,308,697

By Major Funding Programs:	Amount Received
SWRCB ARRA	\$ 5,992,089
SRF Loan NE Project	
SWRCB ARRA Loan	\$ 5,293,074
RP-1 Dewatering Project	
USBR ARRA Grant	\$ 5,006,805
Northeast and Northwest Projects	
DWR Conjunctive Use Grant	\$ 5,171,577
Other State and Federal Grants	\$ 4,845,152
TOTAL	\$26,308,697

CONTRACTS AND PROCUREMENT:

- Realized cost savings in the amount of \$44,820.68 during November, bringing the fiscal year-to-date total to \$161,840.59.
- In conjunction with Groundwater recharge staff, facilitated a contract for emergency storm-related earth work in the Etiwanda Basin complex.
- Issued a five year lease agreement and accepted delivery of nine replacement multi-function copiers throughout the Agency. Leasing the copiers allows for a savings of approximately \$55,900 over the five year term.
- Collaborated with Maintenance staff to complete specifications and RFP for the RP-1 asphalt repair project.
- Issued emergency purchase order to Royal Electric for technical services related to down DCS equipment at IERCF.

General Manager's Report Regarding Agency Activities

January 19, 2011

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- Distributed for evaluation, ten proposals received for the Wineville Recycled Water Extension Project.
- Contract issued to Lee & Ro for the design of the Operation Improvements at IERCF.
- Generated IDS Group Contract to relocate electrical conduits and pull boxes at the Carbon Canyon Wastewater Recycling Facility (CCWRF) for the CCWRF Aeration Blower Ducting Replacement, Project No. EN08013.05. Project Manager's competitive bidding as per Ordinance 85 yielded \$37,800.00 in cost avoidance.
- Completed contracts for auction with Richie Bros Auction for eight HoneyVacs and five Vacuum Trailers.



Equipment loaded at RP-5 and transported to auction yard, December 2010