

Date: October 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 October 20, 2011, as part of the Watermaster Advisory Committee agenda.

HUMAN RESOURCES

The Employee Service Recognition luncheon was held on Wednesday, October 5, 2011, in the Event Center. The event recognizes employees who reached service anniversaries of 5, 10, 20 and 25 years of service during the Fiscal Year 2011-2012; cut-off date for service calculation was September 2011. Thirty five employees reached a career milestone. Twenty eight employees attended the luncheon and were presented with a plaque and service pin to mark the milestone. Employees not in attendance received their service pin after the luncheon.

<u>CURRENT STAFFING</u>	
Regular Full-time Employees:	276
Contract/Limited Term Employees:	10
Interns:	13
TOTAL:	299

<u>CURRENT RECRUITMENT ACTIVITIES</u>	
Recruitments in Process/Offer Pending	4
Placement in Process:	1
No RFVP; Position on Hold:	15
Total Regular Vacancies (Excludes Contract & Intern Positions= 6.44% Vacancy Factor):	20

<u>RECRUITMENTS/PLACEMENT IN PROCESS</u>							
	Position	Department	RFVP Received	Closing Date	Salary Range	Tentative Placement Date	Notes
1	Operator OIT-Grade V*	540-RP1 Operations	6/13/11	7/22/11	OP088-OP095	11/11	Placement pending

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2	Manager of Financial Planning	238-Financial Planning	7/27/11	8/19/11	UN104	12/11	Interviews scheduled for 10/25
3	Senior Associate Engineer	420-Engineering	9/1/11	9/23/11	UN100	11/11	Recruitment in process
4	Control Systems Analyst	554-Integrated Systems Services	9/6/11	9/23/11	GU097	11/11	Recruitment in process
5	Compost Operator/Senior Compost Operator	590-Organics Management	8/4/11	8/19/11	GU090/093	11/11	Interviews scheduled for 10/13

* Multiple positions

<u>POSITIONS ON HOLD</u>			
	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	Associate Engineer	420-Engineering	1/10
4	Administrative Assistant	420-Engineering	7/11
5	Operations Liaison	425-Construction Management	12/10
6	Deputy Manager of Construction Management	425-Construction Management	8/08
7	Construction Project Coordinator (Ltd Term)	425-Construction Management	1/10
8	Construction Project Coordinator (Ltd Term)	425-Construction Management	8/10
9	Construction Project Coordinator (Ltd Term)	425-Construction Management	1/10
10	Administrative Secretary (Ltd Term)	425- Construction Management	2/11
11	Laboratory Technician	525-Laboratory	12/10
12	Mechanic II	542-RP1/RP4 Plant Maintenance	4/11
13	Industrial Engine Technician	544-Energy Conservation & Admin.	4/11
14	Warehouse and Inventory Technician	546-Maint. Plng. & Materials Mgmt	8/10
15	Electrical Technician II	553-RP2/CC Elect/Instrument Maint	11/09

CONTRACT/LIMITED TERM VACANCIES

None.

<u>INTERN VACANCIES</u>							
	Position	Department	RFVP Received	Closing Date	Salary Range	Tentative Placement Date	Notes
1	Intern	112-Planning & Environmental Compliance	6/27/11	OUF	UN9991	11/11	Interviews held on 10/7
2	Intern	420-Engineering	8/29/11	9/16/11	UN9991	11/11	Offer Pending
3	Intern*	425-Construction Management	8/11/11	8/26/11	UN9991	11/11	Placement pending

* 2 vacancies will be filled from this recruitment

ENGINEERING

Engineering Division Project Status Summary



Engineering Division Construction Aggregate Metrics

(Information is based on projects in "active" status during FY 2011/12. Information is through October 4, 2011)

Total Projects	Total Original Contracts	Change Order Amount	Change Order Ratio by Type		Total Adjusted Contracts
30	\$41,785,814	\$3,552,688	Added or Omitted	5.37%	\$45,338,502
			All Other Change Orders	3.14%	

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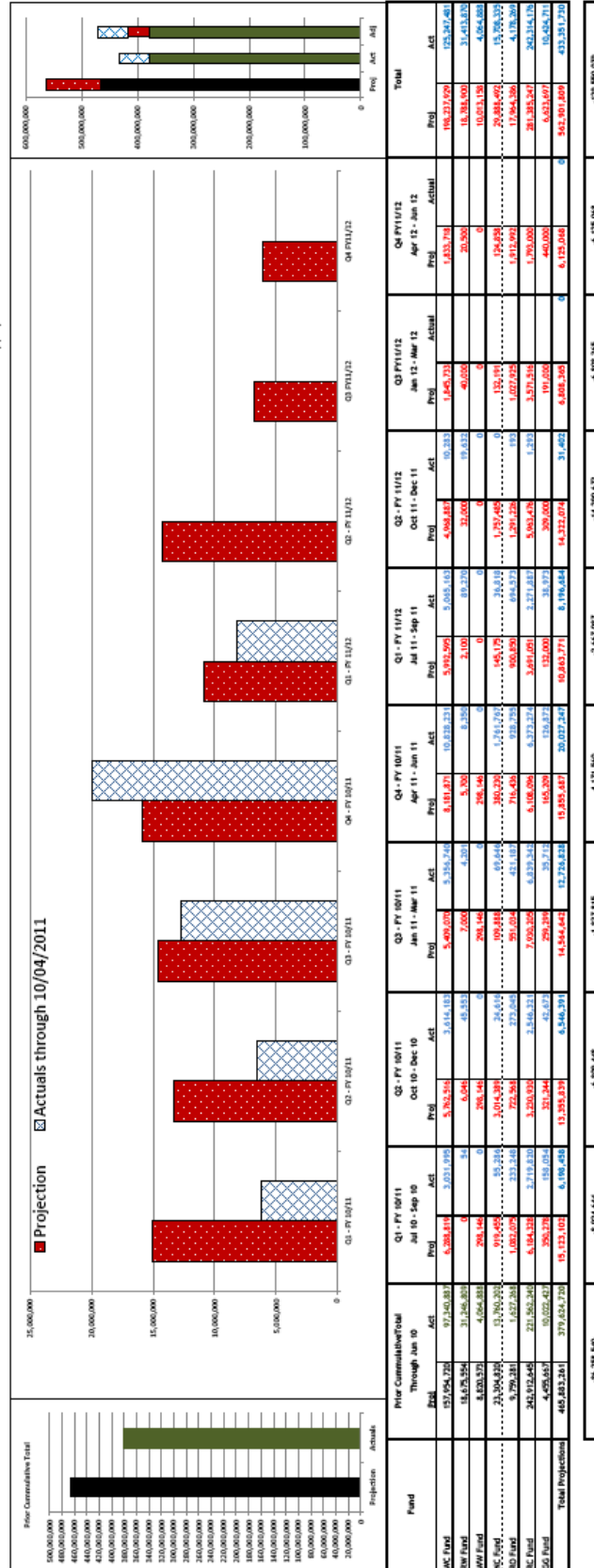
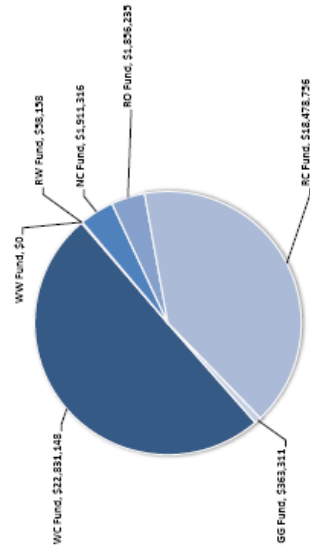
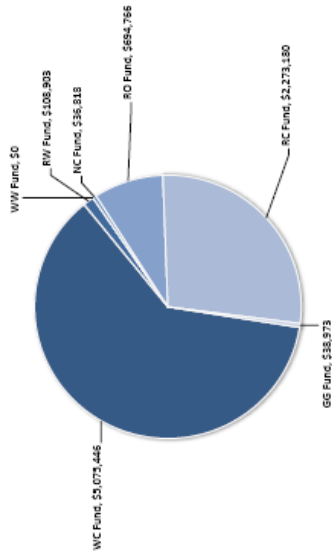
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Project Costs Forecast By Fund (Data Through 10/04/2011)

Total Actuals for FY11/12 = \$8,238,066

Total Actuals for FY10/11 = \$45,498,924



Fund	Prior Commitment Total Through Jun 10		Q1 - FY 10/11		Q2 - FY 10/11		Q3 - FY 10/11		Q4 - FY 10/11		Q1 - FY 11/12		Q2 - FY 11/12		Q3 - FY 11/12		Q4 - FY 11/12		Total		
	Est	Act	Proj	Act	Proj	Act	Proj	Act	Proj	Act	Proj	Act	Proj	Act	Proj	Act	Proj	Act	Proj	Act	
WC Fund	27,024,728	27,024,728	6,268,131	6,268,131	6,268,131	6,268,131	6,268,131	6,268,131	6,268,131	6,268,131	6,268,131	6,268,131	6,268,131	6,268,131	6,268,131	6,268,131	6,268,131	6,268,131	6,268,131	6,268,131	6,268,131
RW Fund	18,079,334	18,079,334	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
NC Fund	8,020,378	8,020,378	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
RC Fund	21,000,000	21,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
GG Fund	9,799,481	9,799,481	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
WC Fund	242,012,448	242,012,448	6,184,132	6,184,132	6,184,132	6,184,132	6,184,132	6,184,132	6,184,132	6,184,132	6,184,132	6,184,132	6,184,132	6,184,132	6,184,132	6,184,132	6,184,132	6,184,132	6,184,132	6,184,132	6,184,132
GG Fund	4,025,817	4,025,817	350,230	350,230	350,230	350,230	350,230	350,230	350,230	350,230	350,230	350,230	350,230	350,230	350,230	350,230	350,230	350,230	350,230	350,230	350,230
Total Projections	465,283,261	465,283,261	15,173,102	15,173,102	15,173,102	15,173,102	15,173,102	15,173,102	15,173,102	15,173,102	15,173,102	15,173,102	15,173,102	15,173,102	15,173,102	15,173,102	15,173,102	15,173,102	15,173,102	15,173,102	15,173,102
			-5,924,644	-5,924,644	-6,809,448	-6,809,448	-1,832,815	-1,832,815	-4,171,560	-4,171,560	-2,642,087	-44,260,673	-4,808,305	-4,808,305	-6,125,048	-6,125,048	-121,900,039				

RECYCLED WATER THREE YEAR BUSINESS PLAN UPDATE

For FY 11/12, three new customers at 63AFY were connected to the recycled water system, increasing the total connected demand to 42,714 AFY. The following are some of the upcoming priority customers and their current status:

Name	City	Demand (AFY)	Estimated Completion Date
Etiwanda High School	CVWD	27	Dec 2011
Total Demand		27	

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. An agreement with the City of Chino Hills for IEUA to purchase 2.0 million gallons of storage capacity has been executed. 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. The permits and future rights to access the facilities will be obtained by November 30th, 2011.

Status: Changes to the reservoir design at the City of Chino Hills per the request of the City are being implemented. The final design of the pipeline and reservoir will be completed in October 2011. The easement agreements with the City of Chino Hills will be executed by November 2011.

In an effort to meet the peak summer demands by customers in the southern area, the RP-1 930 Zone pump station and CCWRF recycled water pump station will be expanded to increase their overall pumping capability. *Status: The RP-1 930 Pump Station Expansion project is in the construction phase and the work will be completed by the end of October, 2011. The design of CCWRF Recycled Water Pump Station expansion will be completed by October 2011.*

Project	Design	Construction Completion	Project Budget	Actual Cost To Date	Status
930 W. Pipeline & Reservoir	September 2011	Spring 2013	\$20,998,000	\$3,545,329	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	\$1,586,004	\$1,133,982	Design
RP-1 S. Zone RWPS Expansion	Stantec	\$90,663	\$78,974	Construction
CCWRF RWPS Expansion	Stantec	\$ 291,366	\$219,004	Design

Northwest Area: The Northwest Area Recycled Water Project will primarily build the Regional Recycled Water distribution system in the City of Ontario and the western service areas of CVWD.

Status: All NW Area projects described below are in the construction phase except for the Northwest Recycled Water SCADA Upgrades with an anticipated completion date of March 2012 due to the recent theft of the electrical switch gears at the pump station.

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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	Dec 2011	\$9,500,000	\$7,236,025	Construction
1630 W. Pump Station	Mar 2012	\$3,300,000	\$3,557,428	Construction
1630 W. Pipeline, Segment A	Dec 2011	\$7,500,000	\$5,477,931	Construction
1630 W. Pipeline, Segment B	Dec 2011	\$8,700,000	\$5,025,390	Construction
NW Communication Towers	Dec 2011	\$758,700	\$483,370	Construction
NW Recycled Water SCADA Upgrades	Dec 2011	\$580,000	\$253,349	Design

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

Northwest Project Area - \$2,000,000 (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
Amendment No. 1 to Task Order 2.2	\$15,000
Task Order 2.3 Surveying, Geotechnical Investigation, Potholing	\$76,350
Amendment No.1 to Task Order 2.3	\$14,703
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
Amendment No. 4 to Task Order 2.4	\$12,250
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
Amendment No. 5 to Task Order 2.5	\$5,970
Amendment No. 6 to Task Order 2.5	\$35,000
Amendment No. 7 to Task Order 2.5	\$6,600
Amendment No. 8 Task Order 2.5	\$17,495
Contract Amendment No. 3 Start-up and Commissioning Assistance	\$105,520
Contract Amendment No. 4 program Management	\$37,755
Contract Amendment No. 5 Engineering Design Services	\$37,230
Contract Amendment No. 6 (Pending)	\$118,850
Contract Amendment No. 7	\$39,625
Total Assigned:	\$2,353,980,
Total Invoiced	\$1,953,824

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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)	\$76,990
TO # 1.8 - Monitoring Well & Lysimeter Permit for Victoria and San Sevaive	\$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	\$128,141
TO # 1.14 CADD Assistance	\$10,000
Total Assigned:	\$972,603.40
Remaining Unassigned:	\$688,416.06
Transfer of Funds to Task Order 2 (MC Amendment 3)	\$105,520.00
Transfer of Funds to Task Order 2 (MC Amendment 4)	\$37,755
Transfer of Funds to Task Order 2 (MC Amendment 5)	\$37,230.00
Transfer of Funds to Task Order 2 (MC Amendment 7)	\$39,625
Transfer of Funds to Task Order 2 (MC Amendment 6) - Pending	\$118,850
Remaining Unassigned:	\$688,416.06
New Task Order Authorization:	\$1,819,495

Central Area: The Central Area Recycled Water Project includes 4.6 miles of pipeline, 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 and will allow for the connection of commercial, industrial customers, parks and schools and also RP-3 and Declez Basins for Recycled Water recharge. The project will approximately connect 3,000 - 4,000 AFY of recycled water. The pipeline sizing and alignment options are currently being evaluated and will be addressed in the Pre-Design Report that Winzler and Kelly is in the process of preparing.

Status: *The Project is in the preliminary design stage.*

Project	Design	Construction Completion	Project Budget	Status
Wineville Pipeline Extension	Spring 2012	Summer 2013	\$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: The construction was awarded in May 2011 and project is expected to be completed by October 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 December 2011.

PUBLIC INFORMATION

Calendar of Events

October 2011

- October 15, Parking lot event and sale at all Home Depots in the area for Inland Empire Garden Friendly
- October 17, Oxford Prep Academy Garden Dedication.
- October 19, USBR Government Alliance Pillar for OWOW 2.0 Update Process, IEUA Anza Conference Room
- October 22, Landscape and Water Conservation Fair, CBWCD
- October 31, Employee Association Halloween Luncheon, IEUA Event Center, 11:30 a.m. – 1:00 p.m.

November 2011

- November 3, IEUA Leadership Breakfast, IEUA Event Center, 7:30 a.m. – 9:00 a.m.
- November 5, SAWA Bird Festival, Chino Creek Wetlands and Educational Park

December 2011

- December 3, 2011, Sustainable Holiday Crafts Workshop, IEUA Event Center, 10:00 a.m. – 1:00 p.m.
- December 6, 2011, Dept of Water Resources Process Improvement Workshop, IEUA Board Room
- December 7, MWD “Water is Life” Poster Recognition Event, MWD Board Room
- December 10, Employee Association Holiday Dinner, Sierra La Verne Country Club
- December 22, Holiday Luncheon, Los Serranos Country Club

2012 Calendar of Events

March 2012

- March 9-10, Director Camacho's IEUA/MWD Educational Tour for the SWP

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.
- Water Controller “Control Your Controller” 6-part series, ¼ page ad in the Inland Valley Daily Bulletin every Sunday from September 18, 2011 thru October 23, 2011.
- Ongoing water wise gardening classes.
- Sale and parking lot event on October 15, 2011 at all Home Depots for Inland Empire Garden Friendly plants.

Staff Updates

- The Water Discovery Field Trip Program has booked over 400 students to visit the Park so far for this school year.
- Teachers throughout IEUA’s service area have sent in “request for information” letters regarding IEUA’s educational programs.
- WEWAC held a Project WET (Water Education for Teachers) workshop on October 6th. Over 20 educators attended learning about water-related classroom activities. Project WET has updated their curriculum guide for this year adding additional activities and improvement to the guide. All educators that attend a workshop will receive the new guide.
- IEUA’s member agencies, along with IEUA, will be promoting MWD’s new middle school program, “Conservation Connection”. This program has both a student workbook and teacher workbook and focuses on water and energy. MWD has created an online survey for students to take, and MWD will be providing service area statistics to their member agencies.

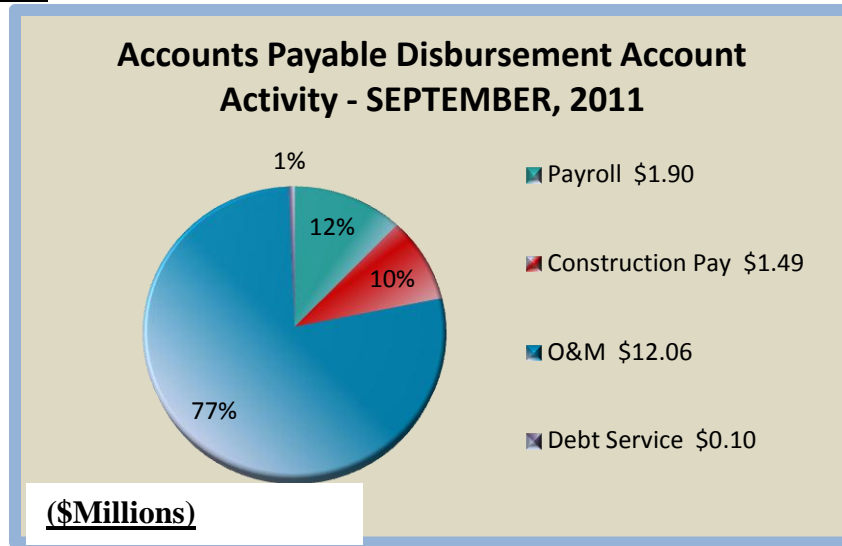
FINANCE AND ADMINISTRATION

Major Revenue

Major Revenues for the Service Period Ended August 31, 2011			
(millions) Target is 17%			
A	B	C	D
Major Revenue Categories	Budget	Actual to Date (AUG 2011)	% of Actual Vs Budget (Col B/Col C)
User Charges	\$48.0	\$7.9	17%
Recycled Water Sales	\$4.9	\$1.2	24%
Recycled Water Rebates	\$2.1	\$0.1	4%
Property Tax	\$32.9	\$0.0	0%
Connection Fees	\$5.7	\$0.4	8%
Grants	\$7.7	\$0.7	9%
SRF Loans	\$20.3	\$2.1	10%
	\$121.7	12.50	10%

Note: August 2011 service period is billed in the month of September.

Accounts Payable



For the Period September 1 through September 30, 2011, the Accounts Payable staff processed:

90 ACH Remittances 35 Wire Remittances
 742 Check Remittances 1,306 Vendor Invoices and Credit Memos

Accounts Receivable

IEUA Aging Report – As of 10/3/2011

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

1) *Aging 1-30 days; invoice recently due.*

No. of Days Past Due Between						
Total Outstanding	Current	1-30	31-60	61-90	91-120	>120
\$8,978,146	\$8,966,099	\$12,047	-	-	-	-

Customer: CDA (on IEUA Books)

No. of Days Past Due Between						
Total Outstanding	Current	1-30	31-60	61-90	91-120	>120
\$182,501	\$182,501	-	-	-	-	-

Customer: IERCA (On IEUA Books)

No. of Days Past Due Between						
Total Outstanding	Current	1-30	31-60	61-90	91-120	>120
\$572,702	\$572,702	-	-	-	-	-

Customer : Chino Basin Watermaster

No. of Days Past Due Between						
Total Outstanding	Current	1-30	31-60	61-90	91-120	>120
\$3,040,956	\$3,040,956				-	

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

1) *Per Athea Franklin (Accountant) on 08/15/11, FY11/12 budget has not been funded yet, as soon as it is, the invoice will be paid. (Invoice relates to Recycle Water Retrofit project)*

No. of Days Past Due Between						
Total Outstanding	Current	1-30	31-60	61-90	91-120	>120
\$52,000					-	\$52,000

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Customer: Ontario- Montclair School Districts (Retrofit)

No. of Days Past Due Between						
Total Outstanding	Current	1-30	31-60	61-90	91-120	>120
\$63,950	\$63,950					

Customer: Delta Stewardship Council)

1) **Aging 31-60 days; Delta Stewardship Council is currently processing payment.**

No. of Days Past Due Between						
Total Outstanding	Current	1-30	31-60	61-90	91-120	>120
\$20,901	\$18,103		\$2,798			

Market Updates:

Investment Yield Comparables - 8 Week Run Rates									
Investment Type	1-Aug	8-Aug	15-Aug	22-Aug	29-Aug	5-Sep	12-Sep	19-Sep	26-Sep
SWEEP ACCOUNT - CBB	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%
CDARS (1 Yr) - CBB	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%
1 Yr CD - BofA	0.40%	0.40%	0.40%	0.35%	0.35%	0.35%	0.35%	0.45%	0.45%
1 Yr CD - Wells Fargo	0.10%	0.10%	0.10%	0.10%	0.10%	0.05%	0.05%	0.05%	0.05%
1 Yr CD - Citibank	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.25%	0.25%
LAIF	0.38%	0.37%	0.37%	0.37%	0.37%	0.38%	0.37%	0.37%	0.36%
Wells Fargo	0.42%	0.42%	0.42%	0.42%	0.42%	0.37%	0.37%	0.37%	0.37%
US TREASURIES:									
US Treasuries - 3 Mos	0.09%	0.04%	0.03%	0.02%	0.01%	0.02%	0.01%	0.01%	0.01%
US Treasuries - 6 Mos	0.12%	0.09%	0.07%	0.06%	0.02%	0.07%	0.02%	0.04%	0.01%
US Treasuries - 12 Mos	0.21%	0.16%	0.11%	0.11%	0.09%	0.13%	0.09%	0.08%	0.10%
US Treasuries - 2 Yrs	0.41%	0.32%	0.21%	0.20%	0.20%	0.21%	0.20%	0.16%	0.20%
US Treasuries - 3 Yrs	0.66%	0.50%	0.35%	0.33%	0.33%	0.33%	0.33%	0.30%	0.35%
US Treasuries - 5 Yrs	1.50%	1.23%	0.99%	0.93%	0.94%	0.88%	0.94%	0.85%	0.91%
US GOVERNMENT SPONSORED ENTITIES BENCHMARK BULLETS:									
2 yr Agency Bullets	0.46%	0.25%	0.30%	0.35%	0.35%	0.30%	0.34%	0.30%	0.30%
3 Yr Agency Bullets	0.72%	0.43%	0.52%	0.55%	0.55%	0.50%	0.54%	0.55%	0.55%
5 Yr Agency Bullets	1.55%	1.15%	1.25%	1.20%	1.30%	1.18%	1.12%	1.30%	1.20%

Investment /Bank/Market Update:

The average maturity is 536 days for current investments exclusive of LAIF and SWEEP. Including LAIF and SWEEP accounts, the average maturity is 111 days, (assuming 2 days to liquidate the LAIF investment and SWEEP account). The Agency invested an additional \$1.5 million in the CalTrust Medium Term account on 9/30/11 with an average annual yield of 1.24%. If needed, this investment can be liquidated at the end of any month.

Investment Yields:

The rate of return on the Agency's portfolio to be reported in the August Treasurer's Report of Financial Affairs is estimated at 0.632% an increase of 2 bp compared to July's rate of return.

Financial Market Update:

Market Outlook - FOMC (9/21):

Information received since the Federal Open Market Committee met in August indicates that economic growth remains slow. Recent indicators point to continuing weakness in overall labor market conditions, and the unemployment rate remains elevated. Household spending has been increasing at only a modest pace in recent months despite some recovery in sales of motor vehicles as supply-chain disruptions eased. Investment in nonresidential structures is still weak, and the housing sector remains depressed. However, business investment in equipment and software continues to expand. Inflation appears to have moderated since earlier in the year as prices of energy and some commodities have declined from their peaks. Longer-term inflation expectations have remained stable. To support a stronger economic recovery and to help ensure that inflation, the Committee decided to extend the average maturity of its holdings of securities.

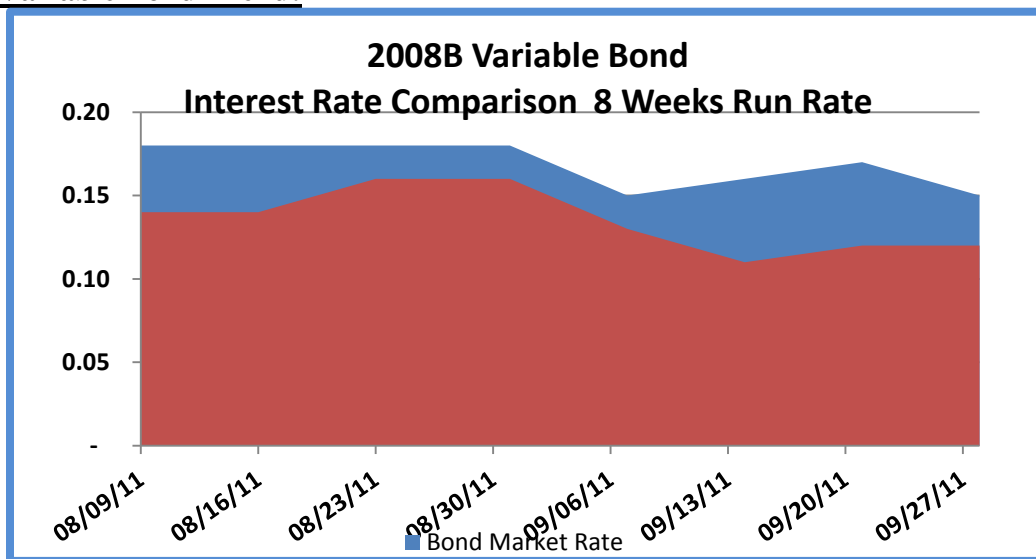
Federal Reserve Policy Update - LA Times (9/20):

The Federal Chairman has signaled that the central bank could resurrect a move it undertook in the 1960s known as Operation Twist. The Fed, which owns \$1.6 trillion in Treasuries, could shift that portfolio by selling shorter term debt and using the proceeds to buy longer term bonds. The net effect would be to twist the so called yield curve, meaning the level of longer term interest rates compared with short term rates. In theory, by adding to the demand for longer term Treasury bonds, the Fed could pull those rates down that could translate into lower rates on corporate, municipal, and mortgage bonds.

Economic Update - LA Times (9/20)

The US growth rate is expected to pick up from 0.9% to 2.5% - 3% by mid-2012. The outlook for Inland Empire is clouded by the threat of population decline in these areas which would exacerbate the slump in housing. A combination of economic and demographic factors in these areas means the demand for new housing will remain weak for years. The Inland Empire's full recovery to 2006 levels is projected to occur around 2016 / 2017, according to the Claremont McKenna College/UCLA economists. The term for economic comparison between "two California's" was used to distinguish between northern and southern, now the term is more relevant to "coastal" (Bay Area, LA, Orange County and San Diego County) and "Inland."

2008B Variable Bond Trend:



General Manager's Report Regarding Agency Activities

October 19, 2011

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Grants

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

~ September 2011 ~

Account Type	Total Number of Active Accounts	Total Award Amount	Total Amount Invoiced	Total Award Balance
IEUA Grants	13	37,107,934	27,330,771	9,777,163
IEUA Loans	7	65,959,602	38,660,089	27,299,513
Grants for CDA	1	2,800,000	2,800,000	-
TOTAL:	21	\$ 105,867,536	\$ 68,790,860	\$ 37,076,676

GRANT INVOICE AGING REPORT FOR SEPTEMBER 2011

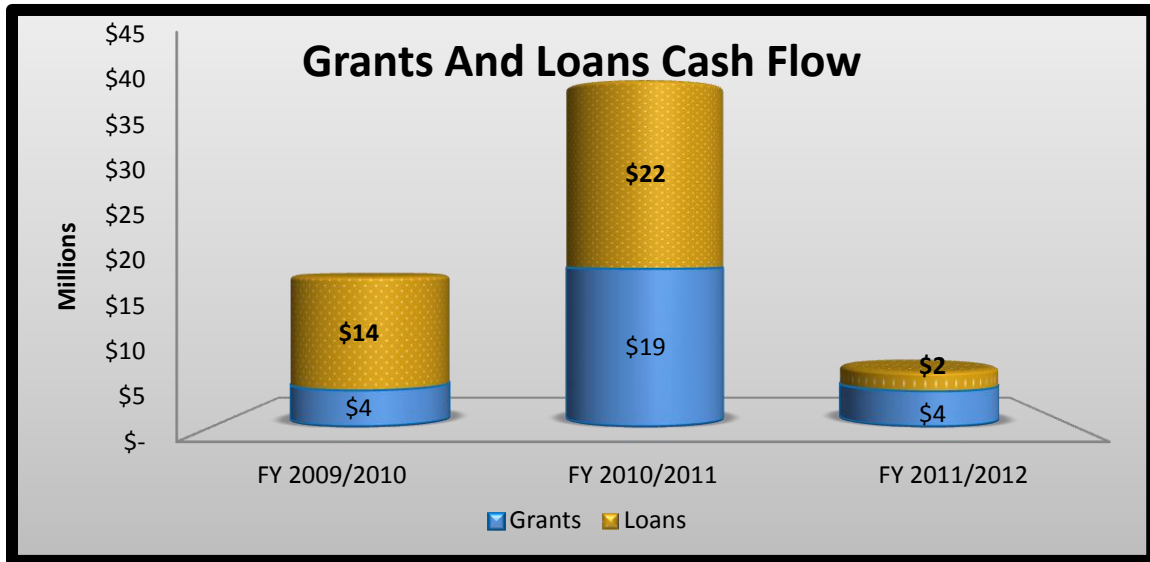
Agency	Total Outstanding	Total Past Due	60 To 90 Days	Over 90 Days	Retention
<i>SWRCB - All Invoices are current.</i>	2,084,994	-			-
DWR - Urban Drought/ULFT/Landscape Audit <i>DWR Landscape Audit program received \$27k in past due payments. On 9/8/11 notified the DWR ULFT program's past due invoices of \$77k have been approved and sent to DWR accounting office. The retention is held until projects are completed.</i>	219,572	219,572	68,646	8,141	142,785
Cal EMA / FEMA <i>Retention is held until project is completed.</i>	279	279	-		279
USBR-NorthWest Area Recycled Water Program - All invoices are current.	594,035	-	-	-	-
WaterReuse Foundation- All invoices are current.	26,541	-			-
DWR - CDA Chino II Desalter Expansion- <i>Costs are incurred by Western Municipal Water District. Release of retention payment is pending approval of final report.</i>	280,000	280,000			280,000
TOTAL AMOUNT	\$ 3,205,421	\$ 499,851	\$ 68,646	\$ 8,141	\$ 423,064

Active Application Information

Account Type	Total Number of Active Applications	Amount Requested
IEUA Grants	1	\$ 22,023
IEUA Loans - Final Applications		
SRF Loan Submitted Application - Phase 6 Central Area Recycled Water - Wineville	1	\$ 11,812,500
SRF Loan Submitted Application - RP-5 Main Operations Laboratory	1	\$ 14,830,000
Grants for CDA Submitted by IEUA- Final Application	2	\$ 48,130,000
Subtotal Final Applications	4	\$ 74,772,500

CASH FLOW SUMMARY

Fiscal Year	Grants	Loans	Total Receipts
FY 2009/2010	\$ 4,285,985	\$ 13,688,239	\$ 17,974,224
FY 2010/2011	\$ 18,825,564	\$ 22,494,892	\$ 41,320,456
FY 2011/2012	\$ 4,176,843	\$ 2,439,736	\$ 6,616,579
TOTAL CASH FLOW:	\$ 27,288,391	\$ 38,622,867	\$ 65,911,258



Other Finance Division Updates on Significant Events:

Financial Planning

- Presented the FY 2012/13 rate proposals presentation timeline to the Finance Committee and the Board in September. A preliminary review of the rate proposals will be presented to the Finance Committee and the Board in October, and the Regional Technical Committee in November, followed by a budget workshop for IEUA and Regional Committees in December.
- Collaborate with Enterprise System Service staff in forming a planning committee to explore and develop enhancements for the FY 2012/13 capital and O&M budgeting process and reporting

Fiscal Management:

- Continued coordination with external auditors and developed the IEUA Annual Audit Closing Schedule. The IEUA Annual Audit will be conducted October 10 through October 28, 2011.
- Completed the recruitment process for Fiscal Management Department Intern.
- Completed the Chino Basin Watermaster Accounts Receivable Audit.

Key Activities in Process:

- The California State Board of Equalization electronic Sales & Use Tax Audits of IEUA and the IERCA that began April 12, 2011 are on-going as of this reporting period.
- Working with the Chino Basin Desalter Authority on the transition of the record keeping and future administration of the Chino Desalter Expansion Phase 3 Program.
- Continuing to work with legal counsel and IEUA Management on the City of Ontario outstanding RDA tax issue.

Grants:

Grants Cash Receipts FY 2011/12 Status

- The Agency has received \$6.6 million in grants and State Revolving Fund (SRF) Loan cash receipts year to date. This amount includes \$4.1 million in grants and \$2.5M in SRF Loan receipts. The grant amount includes \$2.6 million in IEUA receipts and \$1.5 million in CDA grant receipts. Please see the table below.

FY 2011/2012 Grant Cash Receipts			
Agency	Program	Amount (\$Millions)	Grant Receipt %
SWRCB	RP-1 Dewatering Loan	\$ 2.4	36.4%
USBR	Northwest Area Recycled Water Grants	\$ 2.1	31.8%
Various	Other Grants/Loans	\$ 0.6	9.1%
DWR	Chino II DeSalter Expansion	\$ 1.5	22.7%
Total		\$ 6.6	100.0%

Grant Award

- On September 22, 2011, Inland Empire Utilities Agency received the executed financial assistance agreement from the U.S. Bureau of Reclamation - CALFED Water Use Efficiency Grant program. This federal grant of \$406,712 will help to fund the Turner Basin Recharge Improvements Project (TBRI). The proposed TBRI Project is part of an integrated strategy to increase local water supplies and minimize purchases of water from the Bay-Delta. Existing facilities at the Turner Basin recharge site will be expanded and improved to more efficiently capture and recharge local rainfall runoff and recycled water that is currently not recoverable.

Contracts and Procurement:

Procurement Activities:

	TOTAL NUMBERS August 2011 Procurement Actions	TOTAL VALUE August 2011
Purchase Requisitions (PRs)	315	\$2,368,224
Purchase Orders (POs)	203	\$2,719,094
Contracts/Agreements	23	N/A
Posted Solicitations	15	N/A

Contracts and Procurement:

- For the past several months, CAP staff, in coordination with the PIO, has been marketing the Agency's Small Business Outreach Program; most recently making a presentation to the Chino Valley Chamber of Commerce. Engaging small businesses will have a direct link to strengthening the local economy. Currently, the program presentation schedule includes two

additional Chamber of Commerce presentations in the near term. A quarterly report to the Board is scheduled for November 2011.

- CAP staff is reviewing its training materials in order to reach out, educate, and increase customer service to the end-users. CAP has to provide a balance between public policy and efficiency. . Our new training program will be launched after the first of the year and will focus on how we can further improve efficiency while still maintaining the public trust. The workshops will include some training exercises and a presentation on procurement ethics.
- Realized cost savings in the amount of \$862,090 during September; YTD total \$1,391,165. Savings were primarily accomplished through the competitive award solicitation process utilizing The Network for ferric chloride.