

Date: February 1, 2012  
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 February 16, 2012, as part of the Watermaster Advisory Committee agenda.

**HUMAN RESOURCES**

Agency participants in the Southern California Local Government Leadership Academy will attend a course on The Impact of Budget and Finance on February 22<sup>nd</sup>. The results of the annual training needs assessment sent to every supervisor and manager in January will be analyzed to design and develop the Agency's training needs for the remainder of the year.

In early February, employees will receive the Employee Data Form (EDF) for the annual update. During this year's process, employees with dependents enrolled under the "Parent-Child Relationship" provision will be required to submit an updated HBD-40, Affidavit of Parent-Child Relationship, along with supporting documentation. This is in compliance with standards set by the CalPERS Health Plan. Additionally, any employee who does not maintain health insurance coverage through the Agency will be required to submit verification of other health insurance to continue opting out.

Alliant, the Agency's benefit broker, finalized negotiations with Delta Dental for 2012 rates, the only plan up for renewal. Delta Dental increased its rates by 4% with a 1 year rate guarantee with no change to the current plan. Additionally, there are no increases or changes to Western Dental, EyeMed Vision, Standard Life/AD&D, and Standard LTD. Western Dental has a rate guarantee in effect until 2013 and the remaining plans have a rate guarantee through 2014. Detailed information regarding rates will be distributed to employees in early March during the Agency's dental and vision open enrollment period.

<b><u>CURRENT STAFFING</u></b>	
Regular Full-time Employees:	274
Contract/Limited Term Employees:	11
Interns:	16
<b>TOTAL:</b>	<b>301</b>

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<b>CURRENT RECRUITMENT ACTIVITIES</b>	
Recruitments in Process/Offer Pending	2
Placement in Process:	0
No RFVP; Position on Hold:	19
<b>Total Regular Vacancies (Excludes Contract &amp; Intern Positions= 7.2% Vacancy Factor):</b>	<b>21</b>

<b>RECRUITMENTS/PLACEMENT IN PROCESS</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	Control Systems Analyst	554-Integrated Systems Services	9/6/11; re-posted on 12/6/11	Open Until Filled	GU097	02/12	Interviews held on 1/18/12
2	Compost Worker	590-Organics Management	11/8/11	11/25/11	GU085	01/12	Interviews held on 1/19/12

<b>POSITIONS ON HOLD</b>			
	<b>Position</b>	<b>Department</b>	<b>Vacant Since</b>
1	Human Resources Analyst	250-Human Resources	9/10
2	Sr. Water Resources Analyst	312-Planning & Water Resources	7/08
3	Administrative Assistant	420-Engineering	7/11
4	Associate Engineer	420-Engineering	1/10
5	Associate Engineer	420-Engineering	4/11
6	Operations Liaison	425-Construction Management	12/10
7	Deputy Manager of Construction Management	425-Construction Management	8/08
8	Construction Project Coordinator (Ltd Term)	425-Construction Management	1/10
9	Construction Project Coordinator (Ltd Term)	425-Construction Management	8/10
10	Construction Project Coordinator (Ltd Term)	425-Construction Management	1/10
11	Construction Project Coordinator (Ltd Term)	425-Construction Management	1/12
12	Administrative Secretary (Ltd Term)	425- Construction Management	2/11
13	GWR Operations & Maintenance Assistant	524-Groundwater Recharge	12/11
14	Laboratory Technician	525-Laboratory	12/10
15	Mechanic II	542-RP1/RP4 Plant Maintenance	4/11
16	Industrial Engine Technician	544-Energy Conservation & Admin	4/11
17	Warehouse and Inventory Technician	546-Maint. Planning & Materials Mgmt	8/10
18	Mechanic II	552-RP2/CC Plant Maintenance	12/11
19	Compost Worker	590-Organics Management	12/11

**CONTRACT/LIMITED TERM VACANCIES**

None.

**INTERN VACANCIES**

None.

**OPERATIONS**

**IERCF COMPOST SALES UPDATE**

Compost sales revenue increased by approximately \$3,000 this December compared to the same month last year. IERCF returned to full capacity production processing 99% of its permitted throughput in December. There are approximately 20,000 cubic yards of finished compost inventory in the compost storage facility. It is anticipated that the inventory will be sold during the spring planting season.

**Monthly Sales Summary December 2011**

Month	Product	Cyds	Av. \$/cyd	Total \$
December	Premium	5,108.81	\$3.40	\$17,358.52
	Base	4,156.80	\$2.66	\$11,068.92
	Top Dressing	382.44	\$12.00	\$4,589.28
<b>Total</b>		<b>9,648.05</b>	<b>\$3.42</b>	<b>\$33,016.72</b>

**YTD Sales Summary through December 2011**

Month	Total Cyds 2011	Total Cyds 2010	Total \$ 2011	Total \$ 2010
July	14,979.62	14,465.16	\$47,896.70	\$47,062.49
August	18,309.19	20,966.79	\$51,630.35	\$57,146.94
September	17,594.07	15,171.92	\$49,629.03	\$50,271.11
October	16,046.73	15,192.81	\$48,327.40	\$46,881.60
November	14,333.03	13,826.28	\$42,700.43	\$45,855.35
December	9,648.05	8,613.91	\$33,016.72	\$29,938.44
<b>Total</b>	<b>90,910.69</b>	<b>88,236.87</b>	<b>\$273,200.63</b>	<b>\$277,155.93</b>
<b>Average</b>	<b>15,151.78</b>	<b>14,706.15</b>	<b>\$45,533.44</b>	<b>\$46,192.66</b>

**GROUNDWATER RECHARGE**

December 2011 was a warm and dry month with several periods of Santa Ana winds. There were two small rain events in December which brought approximately 0.5 inches of rain total. Storm water capture was 565 AF for the month. RW recharge aggressively followed these rain events and totaled 870 AF for the month. No imported water was purchased for recharge in December.

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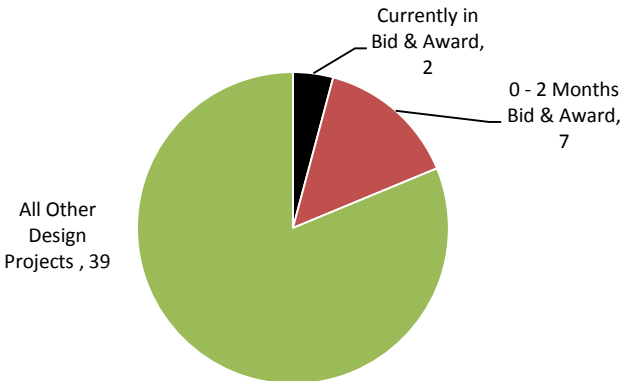
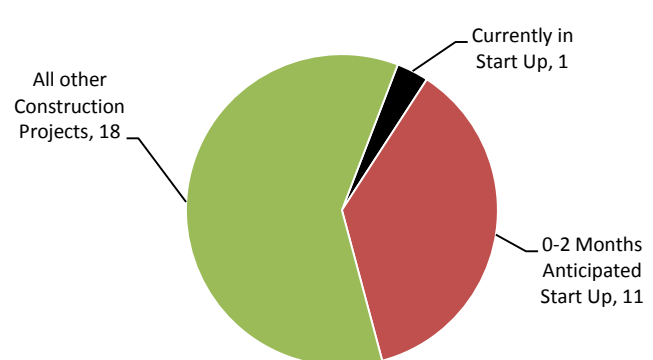
<b>SUMMARY OF CHINO BASIN GROUNDWATER RECHARGE OPERATIONS</b>					
December 2011					
Drainage System Basin	Recharge Volume (AF)*			Management Zone Subtotals	
	SW/LR	MW	RW		
<b>San Antonio Channel Drainage System</b>					
College Heights	-	-	N	MZ-1 247 AF**	
Upland	35	-	N		
Montclair 1, 2, 3 & 4	22	-	N		
Brooks	16	-	98		
<b>West Cucamonga Channel Drainage System</b>					
8th Street	71	-	-	MZ-2 627 AF**	
7th Street	5	-	-		
Ely 1, 2, & 3	36	-	-		
<b>Minor Drainage</b>					
Grove	23	N	N		
<b>Cucamonga and Deer Creek Channel Drainage Systems</b>					
Turner 1 & 2	88	-	60		
Turner 3 & 4	69	-	52		
<b>Day Creek Channel Drainage System</b>					
Lower Day	11	-	X		
<b>Etiwanda Channel Drainage System</b>					
Etiwanda Debris	7	-	X		
Victoria	9	-	25		
<b>San Sevaine Channel Drainage System</b>					
San Sevaine 1, 2, 3, & 4	14	-	-		
San Sevaine 5	6	-	-		
<b>West Fontana Channel System</b>					
Hickory	1	-	226		
Banana	18	-	245		
<b>Declez Channel Drainage System</b>					
RP3 Cells 1,3, & 4	67	-	164	MZ-3 561 AF**	
RP3 Cell 2	11	-	-		
Declez	56	-	-		
<b>Non-Replenishment Recharge**</b>					
Upland (SAWCo) MZ-1	-				
Montclair (MVWD) MZ-1	-				
Turner (SAWCO) MZ-2	-				
<b>Month Total = 1,435 AF</b>					
	<b>565</b>	<b>0</b>	<b>870</b>		
<b>Fiscal Year to Date Total</b>					
Since July 1, 2011 = 29,963 AF	<b>3,130</b>	<b>22,560.1</b>	<b>4,273</b>		
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.					

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**ENGINEERING**

**Engineering Division Project Status Summary**

<p style="text-align: center;"><b>Engineering Project Status Summary</b></p>  <p>Currently in Bid &amp; Award, 2</p> <p>0 - 2 Months Bid &amp; Award, 7</p> <p>All Other Design Projects , 39</p>	<p><u>Currently in Bid &amp; Award</u></p> <ul style="list-style-type: none"> <li>• EN12025.00 Hickory Basin - Arizona Crossing</li> <li>• EN11057.00 HQ Perimeter Drainage Improvements</li> </ul>
<p><u>0-2 Months Bid &amp; Award</u></p> <ul style="list-style-type: none"> <li>• EN08023.05 RP-1 Primary Clarifier Rehab 1-6</li> <li>• EN11031.00 RP-5 Flow Equalization and Effluent Monitoring</li> <li>• EN07010.00 930 W. Reservoir &amp; Pipeline</li> <li>• EN12022.00 RP-1 Aeration Ducting</li> <li>• EN11050.00 Turner Basin Turnout Capacity Improvements</li> <li>• EN11044.00 Casing Ext for Reg and NRW Crossing UPRR North</li> <li>• EN07010.03 800 Zone Flow Meter Installation</li> </ul>	
<p style="text-align: center;"><b>Construction Project Status Summary</b></p>  <p>Currently in Start Up, 1</p> <p>0-2 Months Anticipated Start Up, 11</p> <p>All other Construction Projects, 18</p>	<p><u>Currently in Start-Up</u></p> <ul style="list-style-type: none"> <li>• RA08003.00 Install Backup Generator RP-4</li> </ul>
<p><u>0-2 Months Anticipated Start Up</u></p> <ul style="list-style-type: none"> <li>• EN06015.00 RP1 Dewatering Facility Expansion</li> <li>• EN11038.00 RP-1 Digester Gas Condensate Sump Improvement</li> <li>• EN09003.01 1630 W. Recycled Water Pipeline Segment B</li> <li>• EN08013.05 CCWRF Aeration Basin Air Ducting Replacement Project</li> <li>• WR08032.00 1630 W. Recycled Water Pump Station</li> <li>• EN08018.02 1630 W. Recycled Water Pipeline Segment</li> <li>• EN08018.01 1630 W Reservoir</li> <li>• EN11059.00 RP-4 Odor Control Backup Blower</li> <li>• EN11030.00 Northwest Communication Tower</li> <li>• EN11048.00 1630 W. Pump Station Communication Tower</li> <li>• EN11049.00 1630 W. Reservoir Communication Tower</li> </ul>	

**Engineering Division Construction Aggregate Metrics**

(Information is based on projects in "active" status during FY 2011/12. Information is through January 17, 2012)

Total Projects	Total Original Contracts	Change Order Amount	Change Order Ratio by Type		Total Adjusted Contracts
32	\$41,381,565	\$4,566,757	Added or Omitted	7.65%	\$45,948,322
			All Other Change Orders	3.38%	



**CONSTRUCTION MANAGEMENT**

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

The contractor, SSC Inc., Malcolm Pirnie/Arcadis, and IEUA Staff continue meeting and discussing start-up activities. Activities include preliminary scheduling and system test plan implementation. Test plan number one will be completed in four phases: drainage pumps, centrate wet well pumps, sludge grinders and sludge feed pumps. Testing plan one began the week of December 19, 2011 and will continue through January 2012.

Budget (Master Project Budget)	Total Project Expenditures to Date (11/30/11)	CM Cost (11/30/11)	A/O CO (11/30/11)	Other CO (11/30/11)	Original Contract Completion Date	Anticipated Contract Completion Date (Primavera)
\$27,000,000	\$23,915,630	5.90%	\$299,425	\$36,839	1/27/2012	4/12/2012

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

The contractor has completed all construction activities. At this time Construction Management is awaiting backup for claims and extra work costs submitted after completion of the project. This is expected in the first week of January, 2012. The project was scheduled to be submitted to the Board of Directors for closure during the first board meeting of August, 2011; however, a change order and claim review has delayed the project closure until after the claim can be assessed. Construction Management has met with the contractor to discuss documentation related to the claim. All documentation has been transferred to the Deputy Manager of Construction Management, who will be working to complete a thorough assessment of the claim. Construction Management has replaced the fencing along the Orange County Flood Control District property line. This fence was found to be cut and the Agency is pursuing getting it repaired. This is scheduled to be completed prior to the end of January 2012.

Budget (Master Project Budget)	Total Project Expenditures to Date (11/30/11)	CM Cost (11/30/11)	A/O CO (11/30/11)	Other CO (11/30/11)	Original Contract Completion Date	Anticipated Contract Completion Date (Primavera)
\$33,276,648	\$2,759,024	4.83%	\$120,178	\$648,712	12/15/2011	2/28/2012

**REGIONAL PLANT NO. 5 SOLIDS HANDLING FACILITY MANURE PROJECT DIGESTER CLEANING, PROJECT NO. EN06020.27**

We extended the contract to April 27, 2012 to allow the contractor to finish the work. Construction Management has approved all work completed to this point and is moving to close out the contract for Aqua Wesco. Construction Management is awaiting a response from Aqua Wesco as to when they will close the south digester.

Budget (Master Project Budget)	Total Project Expenditures to Date (11/30/11)	CM Cost (11/30/11)	A/O CO (11/30/11)	Other CO (11/30/11)	Original Contract Completion Date	Anticipated Contract Completion Date (Primavera)
\$33,276,648	\$194,000	6.30%	\$0.00	\$804	11/14/2010	2/21/2012

**CCWRF AERATION BASINS AIR DUCTING REPLACEMENT & ODOR CONTROL WASTE LINES REPLACEMENT, PROJECT NO. EN08013.05**

The engineer has currently redesigned a section of ducting to avoid electrical conflicts. The cost proposal has been approved and a change order is in the approval process. Change orders have been issued to change the flexible coupling type and the traffic plate material. The contractor has demobilized pending changes made to the project design. Electrical conduits are not located as

indicated on the plans. Agency staff is scheduled to visit the site to try and located the conduits with a locating device.

Budget (Master Project Budget)	Total Project Expenditures to Date (11/30/11)	CM Cost (11/30/11)	A/O CO (11/30/11)	Other CO (11/30/11)	Original Contract Completion Date	Anticipated Contract Completion Date (Primavera)
\$12,275,839	\$263,246	15.17%	\$10,284	14,169	3/25/2012	5/8/2012

**1630 WEST RESERVOIR, PROJECT NO. EN08018.01**

The contractor has completely finished the interior coating and cleaning of the tank reservoir, but still needs to complete the power washing before filling the tank for testing. They have completed painting the outside exterior and roof of the tank. They have completed pouring the west wall foundation up to the point where it will connect to the tank's reservoir. They have poured the foundation and have begun to construct the wall forms on the middle part of west side while also excavating for the rest of the foundation and started installing the re-bar for some of this as well. Installation of the connection of the 18-inch storm drain piping into the 42-inch storm drain on both the north and south side of 19th Street, along with most of the mainline, still needs to complete the installation of four junction structures.

Budget (Master Project Budget)	Total Project Expenditures to Date (11/30/11)	CM Cost (11/30/11)	A/O CO (11/30/11)	Other CO (11/30/11)	Original Contract Completion Date	Anticipated Contract Completion Date (Primavera)
\$10,137,000	\$4,435,806	5.83%	\$3,875	(\$5,589)	8/3/2011	6/12/2012

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

The contractor has installed approximately 4,280 linear feet of 30-inch steel pipeline within the San Bernardino County Flood Control District's channel. Construction Management has given the redesign of now the west and east side pier support to the contractor for their evaluation and proposal. This was recently finalized and is being constructed now along with the final asphalt and cap paving on Baseline Road, at 19th Street and Sapphire Avenue. Once completed then we can look forward to the testing of our pipeline, final connection to the reservoir site and Segment-B

Budget (Master Project Budget)	Total Project Expenditures to Date (11/30/11)	CM Cost (11/30/11)	A/O CO (11/30/11)	Other CO (11/30/11)	Original Contract Completion Date	Anticipated Contract Completion Date (Primavera)
\$10,137,000	\$4,132,283	6.85%	\$836,914	\$26,518	11/24/2011	6/22/2012

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

The YMCA greenbelt parking lot sprinkler repair is almost completed. YMCA's palm trees have been relocated per the City of Upland's layout and the watering of trees is ongoing. The contractor has installed 24-inch main pipeline on the supports in the concrete drainage enclosure under Foothill Boulevard with fence gate access repair being scheduled. The contractor has installed the concrete driveway entry to the Recreational Vehicle Storage access on 14<sup>th</sup> Street along with asphalt base paving and capping. Slurring of 14<sup>th</sup> Street patchwork is complete. The contractor has cracked sealed Oakwood Avenue, storage facility, and car wash with adjacent business. Slurry sealing of these areas has also been completed with the exception of the car wash due to curing times required of the slurry. Slurry sealing of the car wash area is being discussed. Oakwood Avenue paint stripping has begun. Additional laterals have been installed on Campus Avenue with coordination between the City of Upland, the contractor and the Agency. The last 24-inch recycled water laterals with appurtenances are almost completed at the

intersection of Baseline and Campus Avenue. Installation of slurry on Campus Avenue is being scheduled.

Budget (Master Project Budget)	Total Project Expenditures to Date (11/30/11)	CM Cost (11/30/11)	A/O CO (11/30/11)	Other CO (11/30/11)	Original Contract Completion Date	Anticipated Contract Completion Date (Primavera)
\$8,030,001	\$6,121,834	5.16%	\$1,329,509	\$36,073	12/20/2011	5/31/2012

**1630 WEST COMMUNICATION TOWERS, PROJECT NOS. EN11030.00, EN11048.00 AND EN11049.00**

Cucamonga Valley Water District (CVWD) has procured a power meter for the 6B tower's equipment. A specially called meeting was held with the CVWD and installation has been rescheduled by CVWD. Electrical equipment installation in the control room is ongoing. The shutdown tie-in request at 6B of CVWD's existing switchboard to power the new tower has been submitted and has been rescheduled with CVWD. The contractor has installed the Monopole Tower and the stainless steel cabinet at 1630 West Reservoir and its antenna alignment to 6B will take place when power to 6B is completed. The contractor has completed the electrical duct bank installation that goes from the 1630 West Reservoir tower's stainless steel cabinet to the site RTU (Remote Terminal Unit) area pending exact location of the RTU pad. Federal Aviation Administration (FAA) approved radio licensing of 4.9GHZ and 18GHZ. American Reinvestment Recovery Act (ARRA) issues have been resolved by obtaining funding from another source while circumventing ARRA documentation requirements. The contractor has submitted claims due to differing soil conditions at 1630 West Reservoir which was discussed, negotiated and resolved by the Agency.

Budget (Master Project Budget)	Total Project Expenditures to Date (11/30/11)	CM Cost (11/30/11)	A/O CO (11/30/11)	Other CO (11/30/11)	Original Contract Completion Date	Anticipated Contract Completion Date (Primavera)
\$945,000	\$630,285	5.16%	\$0.00	\$0.00	8/17/11	6/13/2012

**CARBON CANYON 12Kv SWITCHGEAR REPAIR, PROJECT NO. EN11032.00**

The Agency performed a shutdown of Southern California Edison (SCE) power and transferred plant power to the backup generator while the Contractor performed the initial evaluation of the switchgear to be repaired as well as the switchgear that will be used for landing the backup generator during the repair work. This work is tentatively scheduled for the last week in January.

Budget (Master Project Budget)	Total Project Expenditures to Date (11/30/11)	CM Cost (11/30/11)	A/O CO (11/30/11)	Other CO (11/30/11)	Original Contract Completion Date	Anticipated Contract Completion Date (Primavera)
\$215,000	\$37,810	0%	\$0.00	\$0.00	1/27/2012	2/9/2012

**REGIONAL PLANT NO. 1 DIGESTER GAS CONDENSATE SUMP IMPROVEMENTS, PROJECT NO. EN11038.00**

Mike Bubalo Construction Inc. continues with procurement of equipment and material submittals. The contractor's electrical sub-contractor, US Controls Incorporated, continues electrical site work.

Budget (Master Project Budget)	Total Project Expenditures to Date (11/30/11)	CM Cost (11/30/11)	A/O CO (11/30/11)	Other CO (11/30/11)	Original Contract Completion Date	Anticipated Contract Completion Date (Primavera)
\$550,000	\$204,381	1.78%	\$21,917	\$0.00	2/13/2012	5/10/2012

**REGIONAL PLANT NO. 1 OUTDOOR LIGHTING REPLACEMENT, PROJECT NO. EN11040.00**

California Professional Engineering, Inc. has completed all construction & testing activities. Project close-out activities have begun.

Budget (Master Project Budget)	Total Project Expenditures to Date (11/30/11)	CM Cost (11/30/11)	A/O CO (11/30/11)	Other CO (11/30/11)	Original Contract Completion Date	Anticipated Contract Completion Date (Primavera)
\$350,000	\$95,328	1.87%	\$14,586	\$0.00	1/5/12	1/18/12

**CARBON CANYON WATER RECLAMATION FACILITY TERTIARY FILTER MEDIA REPLACEMENT AND REHABILITATION, PROJECT NO. EN11041.00**

Construction is complete. The traveling bridge filter manufacturer visited the site to certify that the tracking alignment on the bridge filter meets the design specified by the manufacturer. The punch list items are nearing completion and the project acceptance is expected in January 2012.

Budget (Master Project Budget)	Total Project Expenditures to Date (11/30/11)	CM Cost (11/30/11)	A/O CO (11/30/11)	Other CO (11/30/11)	Original Contract Completion Date	Anticipated Contract Completion Date (Primavera)
\$477,159	\$447,261	4.21%	\$0.00	\$1,377	10/23/2011	12/30/2011

**CARBON CANYON WATER RECLAMATION FACILITY SECONDARY CLARIFIERS REHABILITATION PHASE I, PROJECT NO. EN11045.00**

Due to procurement issues work has been delayed until after the wet season flows. Work is anticipated to start in March, 2012 and to be completed by June, 2012. Currently, work and weekly meetings have been placed on hold pending start-up of work activities.

Budget (Master Project Budget)	Total Project Expenditures to Date (11/30/11)	CM Cost (11/30/11)	A/O CO (11/30/11)	Other CO (11/30/11)	Original Contract Completion Date	Anticipated Contract Completion Date (Primavera)
\$851,000	\$111,952	40.48%	\$0.00	\$0.00	7/13/2012	9/27/2012

**REGIONAL PLANT NO. 4 BACKUP BLOWER, PROJECT NO. EN11059.00**

The contractor has satisfied all insurance requirements and has begun site activities associated with the work.

Budget (Master Project Budget)	Total Project Expenditures to Date (11/30/11)	CM Cost (11/30/11)	A/O CO (11/30/11)	Other CO (11/30/11)	Original Contract Completion Date	Anticipated Contract Completion Date (Primavera)
\$0	\$0	0%	\$0.00	\$0.00		

**INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY FACILITY BACKUP GENERATOR, EMERGENCY LIGHTING, AND EXTERNAL RESTROOM INSTALLATION, PROJECT NO. RA08003.00**

The contractor completed the final shutdown to separate the Regional Plant No. 4 generator from the Inland Empire Regional Composting Authority Facility on September 14, 2011. During this shutdown, Construction Management was going to test the full operation of the Regional Plant No. 4 and the Inland Empire Regional Composting Authority Facility emergency generators, however; it was pointed out that the dirty power produced by Regional Plant No. 4 generator would damage the new variable frequency drives at the Regional Plant No. 4 facility. This test was not performed. The training for the new generator and switchgear was conducted on August 20, 2011. Issues still to be addressed include: Warranty issues with the harmonic filters, which were pre-purchased as part of this project but are failing in shutdown due to the cabinet heating

dissipation problems. Corrective action for the harmonic filters has begun as of January 17, 2012. Meanwhile, the power quality testing for the generator has been pushed back to January 26, 2012 to accommodate scheduling. Hence, this project will be taken to the IERCF Board of Directors for closure in February, 2012 pending completion of full shutdown testing in January, 2012.

Budget (Master Project Budget)	Total Project Expenditures to Date (11/30/11)	CM Cost (11/30/11)	A/O CO (11/30/11)	Other CO (11/30/11)	Original Contract Completion Date	Anticipated Contract Completion Date (Primavera)
\$2,810,000	\$2,501,508	6.11%	(\$25,828)	\$54,780	8/28/2011	1/19/12

**INLAND EMPIRE REGIONAL COMPOSTING FACILITY PROCESS IMPROVEMENT AMENDMENT HOPPERS UPGRADES, PROJECT NO. RA11004.00**

Construction Management issued the first notice to proceed in December 2011 (e.g. three notice to proceed will be issued on each increment of work) and the contractor is currently providing equipment and material submittals in Capital Improvement Program Office (CIPO) for review. A certified welding inspector will be utilized to assure the fabrication of the troughs and bracing are manufactured per plan. Mobilization and construction will begin January 30, 2012.

Budget (Master Project Budget)	Total Project Expenditures to Date (11/30/11)	CM Cost (11/30/11)	A/O CO (11/30/11)	Other CO (11/30/11)	Original Contract Completion Date	Anticipated Contract Completion Date (Primavera)
\$3,200,000	\$174,550	100%	\$0	\$0	5/10/2012	7/30/13

**RECHARGE ENHANCEMENT, PROJECT NO. TS07004.00**

The final payment and project close out is all that remains to complete this work.

Budget (Master Project Budget)	Total Project Expenditures to Date (11/30/11)	CM Cost (11/30/11)	A/O CO (11/30/11)	Other CO (11/30/11)	Original Contract Completion Date	Anticipated Contract Completion Date (Primavera)
\$11,083,883	\$747,266	8.26%	\$0.00	\$3,660	12/30/2011	1/10/2012

**1630 WEST RECYCLED WATER PUMP STATION, PROJECT NO. WR08032**

The contractor has begun witnessed loop tests along with completing check list items. The surge tank system is scheduled for testing along with the air conditioning units. The contractor is compiling the final operational and maintenance manuals for Agency review. The contractor is pursuing the replacement of the storage unit portion of the restroom facility with his insurance.

Budget (Master Project Budget)	Total Project Expenditures to Date (11/30/11)	CM Cost (11/30/11)	A/O CO (11/30/11)	Other CO (11/30/11)	Original Contract Completion Date	Anticipated Contract Completion Date (Primavera)
\$10,323,000	\$3,685,308	2.37%	\$357,095	\$73,793	8/19/2011	3/30/2012

**REGIONAL PLANT NO. 4 WINDTURBINE**

Foundation Wind Power has satisfied all construction, inspection documentation and site remediation requirements and a "Letter of Completion" was issued.

**REGIONAL PLANT NO. 1 FUEL CELL**

Construction Management staff continues to coordinate construction activities with UTC/HDR on the construction of the Fuel Cell project.

### **REGIONAL PLANT NO. 1 AND REGIONAL PLANT NO. 2 BOILERS**

Construction Management staff continues to coordinate construction activities with Southern California Boiler and the Agencies Engineering staff in the construction of the Regional Plant No. 1 and Regional Plant No. 2 Boiler Design and Build Project. Design is complete and secondary work from an outside contractor is required to facilitate job completion.

### **TASK ORDER NO. 031 REGIONAL PLANT NO. 1 ODOR CONTROL MODIFICATIONS**

Preliminary testing still indicates some sealant problems areas within the main plenum that need to be corrected. Engineering and Construction Management staff will continue its investigation through January, 2012.

### **INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY FACILITY EMERGENCY COLUMN REPAIR**

Construction Management responded to an emergency request to stabilize the Inland Empire Regional Composting Authority Facility roof due to a collision with a support column that caused considerable damage. Construction Management is working with Operations, Engineering, County Sanitation District of Los Angeles County, and RMS Structural Engineers to facilitate repairs with the contractor. The Agency is also coordinating with the insurance adjuster. Work is complete with the Agency processing the final billing that has been submitted by the contractor, inspection services and other cost centers. Final costs are being compiled by Construction Management to present to Risk Management during a meeting on January 24, 2012. Once all project costs are approved, Risk Management will coordinate the claim and cost reimbursement from the insurance company. Staff will be compiling a board letter to close the project.

### **MAIN OFFICE/CHINO CREEK POND REHABILITATION**

A contract was issued on December 5, 2011 to Project Line. A Notice to Proceed has been issued. The manhole, concrete, and pipeline cleaning methods submittals have been approved. Work is expected to begin by the third week in January 2012.

### **REGIONAL PLANT NO. 2 GAS LINE CAPPING**

Mike Bubalo Construction Company (MBCC) was the successful bidder on this project, a preconstruction meeting was held January 10, 2012. Construction has begun. The contractor exposed the line to be capped in two different locations. To maintain natural gas flow to the flare, and boiler, the contractor is required to supply temporary gas for this equipment. Work will be coordinated with Regional Pant No.2 and El Prado storm improvements, which were also awarded to MBCC. Construction Management has requested a cost from the contractor and has scheduled an internal meeting to discuss replacement with Engineering and Maintenance.

### **RECYCLED WATER VAULT COVER REPLACEMENT ON ONTARIO MILLS PARKWAY**

Construction Management had originally called an emergency contractor to secure an existing recycled water meter vault in the roadway on Ontario Mills Parkway in February, 2011. It was noticed that the vault had a warped spring which would need to be severed so that the vault cover

could be secured into the frame. While researching a replacement cover for the vault, Construction Management decided that it would be safer and more cost effective to have a contracted structural engineer research the damage and provide drawings for the repair. A Request for Proposal (RFP) has been completed and is currently in review with management staff. The RFP will be issued for bid under the Minor Construction contracts list by the end of January 2012.

#### **NON-RECLAIMABLE WASTE LINE REPAIR ON SIERRA AVENUE IN FONTANA, CA.**

While conducting a maintenance review video on the non-reclaimable waste systems lines on November 30, 2011, IEUA collections group came across a 4-inch PVC conduit that had been bored through the bottom of an 8-inch clay NRW line on Sierra Avenue just south of Slover Avenue. It was determined that AT&T had bored this facility through the Agency's line. Construction Management called out an emergency contractor to make repairs. Risk Management for the Agency will notify AT&T that cost for said repair and any Regional Board penalties will be AT&T's cost responsibility. All cost is being tracked and billing will be compiled for Risk Management to make a recovery claim with AT&T. Costs were received from the emergency contractor mid-January. Construction Management is currently reviewing this billing along with internal labor related to this work to calculate accurate costs for the recovery claim.

#### **WATER INTRUSION AT REGIONAL PLANT NO. 2 DIGESTER NO. 3 VAULT**

Water had been discovered adjacent to the vault area of Digester No. 3 on December 1, 2011 during testing of the digester. An emergency contractor was called out to access the situation on December 5, 2011. It was determined that differential settlement had separated or would soon separate each sludge line at the point between where the piping enters the Digester Control Building and exits the vault from Digester No. 3. Construction Management worked with the contractor to relay each line and replace connections to the pipe. A buried drain line discovered during excavation was also rehabilitated at operations request. A blind flange was placed on the line during the first week of January, 2012. The digester lines which were repaired are currently in service for Digester No. 3. Construction Management is currently awaiting billing from the contractor so that the task order may be completed.

#### **DESALTER EMERGENCY REPAIRS**

A power failure caused water hammer to occur at the Regional De-Salter Authority. This caused extensive damage to inlet piping. An emergency request was received and damaged piping was repaired/replaced, to bring facility back on line. Still waiting for completion is the back-ordered grating and a stem actuator, that were bent during said failure. These remaining repairs will not hinder water production at the facility. All work is expected to be completed by the end of January of 2012.

#### **REGIONAL PLANT NO. 2 AND EL PRADO STORM IMPROVEMENTS**

Mike Bubalo Construction Company was awarded this project and we had a preconstruction meeting on January 10, 2012. This project will place storm improvements at Regional Plant No.2 and the El Prado outfall to minimize run-off and flooding issues at these facilities. This job

and the gas capping job will be coordinated to minimize cost and manpower expenses to these jobs.

### **CCWRF UNDERGROUND FUEL TANK REPAIR**

The fuel tank for the standby generator was determined through testing not to be able to meet pressure requirements indicating a possible leak. A Request for Proposal (RFP) has been issued and award is imminent to assess and make any indicated repairs.

### **NRWS GENON VALVE REPLACEMENT**

The Non Reclaimable Waste (NRW) connection to Genon has a bad valve which needs replacement during yearly non-flow period of February. This work was bid and award is expended by the end of January to complete said work.

### **PUBLIC INFORMATION**

#### 2012 Calendar of Events

##### February 2012

- February 2, Lunch and Learn (American Heart Association), IEUA Event Room
- February 11, Volunteer Day in the Chino Creek Park
- February 16, Three Valleys MWD Leadership Breakfast, Avalon at the Pomona Fairplex
- February 21, IEUA Leadership Breakfast
- February 21, Lunch n' Learn Workshop (sponsored by MWD and IEUA), IEUA Event Room
- February 25, Garden in Every School® Mandatory Workshop
- February 28, Centennial High School Service Learning in the Garden in the Park

##### March 2012

- March 1, Inland Empire Garden Friendly will showcase program at Home Depot's annual road show
- March 1-2, Project Wild Facilitator Training Workshop
- March 9-10, Director Camacho's IEUA/MWD Educational Tour for the SWP
- March 10, Volunteer Day in the Chino Creek Park
- March 21, World Water Day (w/ Scout Troops), Chino Creek Park

##### April 2012

- April 19, IEUA Annual Earth Day Event, Chino Creek Wetlands and Educational Park

##### May 2012

- May 7-12, International Compost Awareness Week
- May 18-20, MWD Solar Cup Competition, Lake Skinner

#### 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.

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Water Conservation Outreach

Regional Conservation Outreach Campaign

- Ongoing monthly ¼-page ads in the Inland Valley Daily Bulletin, Champion Newspaper, Fontana Herald News.
- Ongoing water wise gardening classes.

Educational Updates

- Outreach has begun for the “Water is Life” 2012 Student/Art Poster Contest. All schools within IEUA’s service area will be eligible to enter the contest.
- Outreach has begun for schools interested in participating in the 2012 Earth Day Event to be held at the Chino Creek Wetlands and Educational Park. The schools will be eligible to apply for a Bussing Mini-Grant to receive transportation funding. The Event will be open to participating schools from 10am to 2pm and open to the public from 3pm to 6pm.

**FINANCE AND ADMINISTRATION**

**Accounts Receivable:**

**IEUA Aging Report – As of 01/12/2012**

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

- 1) Aging 1-30 days; NRW Invoice recently due.
- 2) Aging 31-60 days; Rainforest Café (NRW) - Payment of \$526 was received on 01/17/2012.

No. of Days Past Due Between						
Total Outstanding	Current	1-30	31-60	61-90	91-120	>120
\$5,003,364	\$5,000,572	\$2,266	\$	\$526	-	-
<b>Customer: CDA (on IEUA Books)</b>						
No. of Days Past Due Between						
Total Outstanding	Current	1-30	31-60	61-90	91-120	>120
\$752,190	\$752,190	-	-	-	-	-
<b>Customer: IERCA (On IEUA Books)</b>						
No. of Days Past Due Between						
Total Outstanding	Current	1-30	31-60	61-90	91-120	>120
\$909,906	\$909,906	-	-	-	-	-
<b>Customer: Chino Basin Watermaster</b>						
No. of Days Past Due Between						
Total Outstanding	Current	1-30	31-60	61-90	91-120	>120
\$553	\$553	-	-	-	-	-
<b>Customer: Delta Stewardship Council</b>						
No. of Days Past Due Between						
Total Outstanding	Current	1-30	31-60	61-90	91-120	>120
\$13,773	\$13,773	-	-	-	-	-

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**Major Revenue:**

<b>Major Revenues for the Service Period Ended November 30, 2011</b>			
(millions) Target is 42%			
A	B	C	D
Major Revenue Categories	Budget	Actual to Date (OCT 2011)	% of Actual Vs Budget (Col B/Col C)
User Charges	\$48.0	\$19.3	40%
Recycled Water Sales	\$4.9	\$1.9	39%
Recycled Water Rebates	\$2.1	\$1.3	64%
Property Tax	\$32.9	\$13.4	41%
Connection Fees	\$5.7	\$3.6	63%
Grants	\$7.7	\$1.8	23%
SRF Loans	\$20.3	\$3.9	19%
	\$121.7	45.26	37%

**(Note: November 2011 service period is billed in the month of December)**

**Market Updates:**

**Investment Yield Comparables - 8 Week Run Rates**

Investment Type	28-Nov	5-Dec	12-Dec	19-Dec	26-Dec	2-Jan	9-Jan	16-Jan
SWEEP ACCOUNT - CBB	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%
1 Yr CD - BofA	0.35%	0.35%	0.35%	0.35%	0.35%	0.35%	0.35%	0.35%
1 Yr CD - Wells Fargo	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%
1 Yr CD - Citibank	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
LAIF	0.38%	0.38%	0.38%	0.38%	0.38%	0.38%	0.38%	0.38%
<b>US TREASURIES:</b>								
US Treasuries - 3 Mos	0.02%	0.02%	0.01%	0.01%	0.01%	0.02%	0.02%	0.02%
US Treasuries - 6 Mos	0.06%	0.06%	0.06%	0.05%	0.05%	0.04%	0.06%	0.06%
US Treasuries - 12 Mos	0.12%	0.13%	0.11%	0.11%	0.12%	0.12%	0.12%	0.12%
US Treasuries - 2 Yrs	0.27%	0.26%	0.24%	0.25%	0.27%	0.28%	0.26%	0.23%
US Treasuries - 3 Yrs	0.41%	0.40%	0.38%	0.36%	0.40%	0.41%	0.40%	0.35%
US Treasuries - 5 Yrs	0.91%	0.94%	0.90%	0.85%	0.90%	0.90%	0.88%	0.81%
<b>US GOVERNMENT SPONSORED ENTITIES BENCHMARK BULLETS:</b>								
2 yr Agency Bullets	0.49%	0.44%	0.44%	0.44%	0.44%	0.42%	0.37%	0.35%
3 Yr Agency Bullets	0.69%	0.67%	0.67%	0.67%	0.67%	0.66%	0.61%	0.58%
5 Yr Agency Bullets	1.27%	1.29%	1.29%	1.29%	1.29%	1.27%	1.16%	1.19%

**Investment /Bank/Market Update:**

The average maturity is 672 days for current investments exclusive of LAIF and SWEEP. Including LAIF and SWEEP accounts, the average maturity is 166 days, (assuming 2 days to liquidate the LAIF investment and SWEEP account

**Investment Yields:**

The current rate of return on the Agency's portfolio as of January 17, 2012 is estimated at 0.54% an increase of 1 basis point compared to the November Treasurer's Report of Financial Affairs rate of return due to a slight increase in higher yield with GSE's (.92% in Nov vs. 1.15% in Jan).

**Financial Market Update:**

**S&P downgrades France, spares Germany, 3 others - Jan. 13 (PTI)**

Standard & Poor's downgraded France's top-notch credit rating but spared Germany, Belgium, Luxembourg and the Netherlands for now. "France loses its triple-A rating," the source said on condition of anonymity, adding that the credit ratings agency, one of the world's top three, has notified the governments of its decision. France along with Germany, Luxembourg and the Netherlands was among the six eurozone nations with a AAA rating. S&P warned last month that the credit ratings of 15 of the eurozone's 17 member states were at risk of a downgrade due to the ongoing debt crisis

**Jobless Claims in U.S. Climb More Than Forecast Last Week - Jan. 12 (Bloomberg)**

More Americans than forecasted filed applications for unemployment benefits last week, raising the possibility that a greater-than-usual increase in temporary holiday hiring boosted December payrolls. Jobless claims climbed by 24,000 to 399,000 in the week ended Jan. 7, Labor Department figures showed today in Washington. The median forecast of 46 economists in a Bloomberg News survey projected 375,000. The number of people on unemployment benefit rolls rose, while those receiving extended payments decreased. Hiring by package delivery companies and retailers during the holidays to meet demand for gifts may now be giving way to an increase in dismissals. At the same time, claims figures are subject to greater volatility during this time of year, as the government has trouble adjusting the data for the seasonal swings in employment. "Labor demand is still not strong enough to support a complete jobs recovery," Henry Mo, an economist at Credit Suisse in New York, said before the report. Even so, "the labor market is heading in the right direction."

**California Proving No Greece Outperforming Market: Muni Credit - Jan. 12 (Bloomberg)**

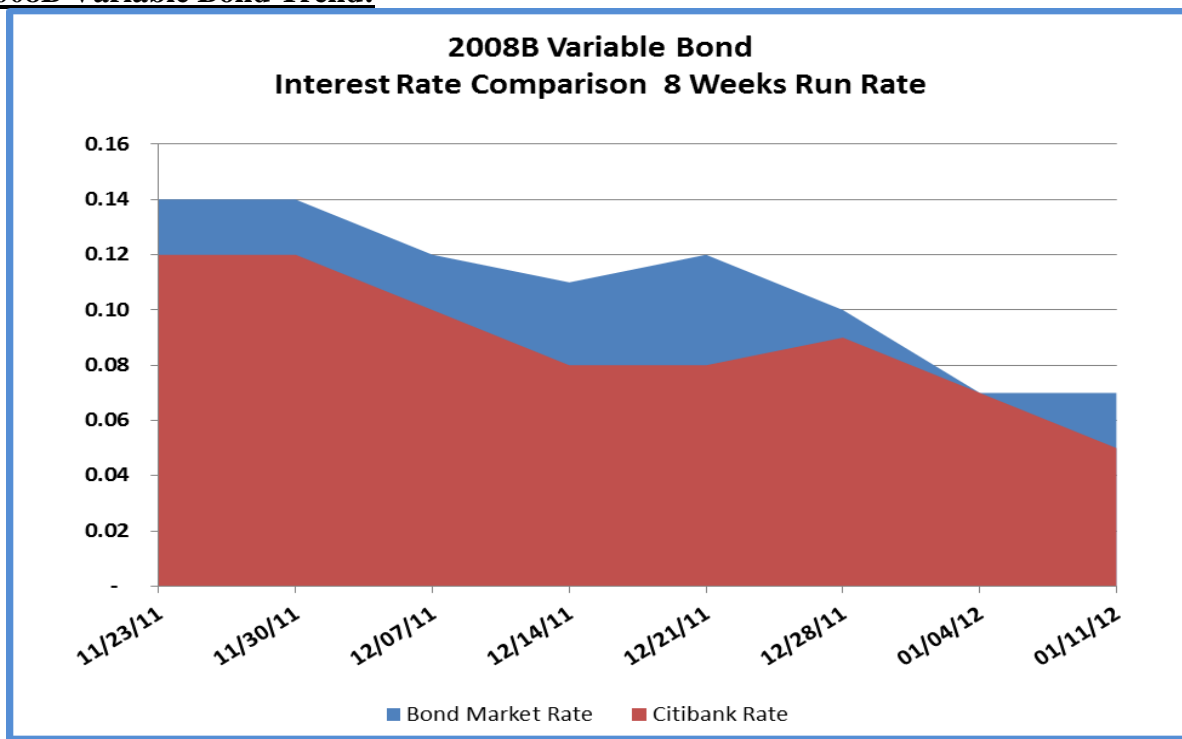
California bonds are poised to outperform the \$3.7 trillion U.S. municipal market for a fourth straight year after the state sold the least debt since 2007 and as Governor Jerry Brown seeks higher taxes on millionaires to close a budget gap. California state and local debt returned 14.8 percent last year, according to a Bank of America Merrill Lynch index that measures price changes and interest payments. That's more than the 11.2 percent earned by the overall market, 9.8 percent for U.S. Treasuries and 7.5 percent for investment-grade company debt. It was the third straight year the State's securities beat all munis since 2007, when they lost 7 percent.

**California Bond Sales - Jan. 12 (Bloomberg)**

Governor Brown's proposed budget calls for \$5.2 billion of general- obligation bond sales in 2012. That's up from \$3.3 billion last year, according to Treasurer Bill Lockyer, when the governor imposed a nine-month moratorium on sales to cut costs. The two-year total would lag behind the \$10.4 billion of general obligations sold in 2010 and the \$20.5 billion in 2009, when issuance swelled because of the federally subsidized Build America Bonds program. The state sold \$5 billion in 2008 and \$12.1 billion in 2007, Lockyer's office said. California state and local bond sales declined to \$50.9 billion in 2011 that pushed the state into second place behind New York, which sold \$52.4 billion. Last year's California sales were the lowest since the \$48.7 billion in 2008, according to data compiled by Bloomberg.

Governor Brown will deliver his State of the State address on January 18, 2012 at 10:00 am and will report on the status of California's affairs to a joint session of the State Legislature. The Governor is expected to focus on spending cutbacks, raising taxes and increasing investment in the State's infrastructure, (CSDA e-News, January 17, 2012).

**2008B Variable Bond Trend:**



**Contracts and Procurement:**

- On January 17, 2012, staff kicked-off the “2012 Contracts and Procurement Overview” training with a presentation to the Planning & Environmental Compliance Department. Presentations to other departments will follow. These presentations provide insight on the CAP Department’s value-added services of assessing issues, risks, best value, fairness, and accountability when conducting business on behalf of the Agency. The presentation is

appropriately called "The 3 C's of the Contract and Procurement Process," which are communication, competition, and contracting.

- Realized cost savings in the amount of \$15,911 during December; YTD total \$1,492,202.26. Savings were primarily accomplished through the competitive award solicitation process utilizing The Network.
- On January 12, 2012, the CAP team received our ninth annual Achievement of Excellence in Procurement (AEP) award while attending the California Association of Public Purchasing Officials conference.
- In order to provide emergency response to the San Bernardino Lift Station, staff drafted a cooperative agreement between IEUA and the City of Fontana.
- The Small Business Outreach Program is in full swing with a presentation held at the Upland Chamber of Commerce on January 8, 2012. A program progress report will be presented to the Public and Legislative Affairs Committee on February 8, 2012.
- Currently accepting nominations from Agency staff for the 2011 Supplier/Contractor of the Year award. Following selection by the independent evaluation committee, a presentation by the Board is tentatively scheduled for March 21, 2012.

#### **Financial Planning:**

- Continue to work on the proposed multi-year rates for FYs 2012/13 – 2014/15 for the Regional Wastewater and Recycled
- Scheduled FY 2012/13 budget training sessions to start in the January for capital budgeting
- Collaborated with Enterprise System Service staff in the development, testing and implementation of the following reports for the FY 2012/13 budget preparation process:
  - Ten Year Capital Improvement Plan report (Summary/Details)
  - New O&M budget reports (Summary/Details)
  - New TYCIP crystal report (Summary/Details)

#### **Fiscal Management:**

- Timely filed the FY 2010/11 Comprehensive Annual Financial Report's for IEUA, CDA with EMMA Continuing Disclosure Service, via the Municipal Securities Rulemaking Board (MSRB).
- CDA has finally agreed to eliminate the 1.7 billing factor on IEUA labor. The recommendation is to work through the FY12/13 budget process so that IEUA will pass through actual cost, starting July 1, 2012. Key Business Systems Functionality Completed:
- Completed the conversion and related testing of the IFAS data from the IEUA HP box, to the Bi-Tech Server. Payroll processing is now being performed in the new "cloud" environment.
- In collaboration with the Business System Analysts (BSA), completed the review and adjustment to the configuration of the process of assessment cycles for the allocation of indirect labor and O&M costs.

**Key Activities in Process:**

- Data review is in progress for the preparation of annual Forms W-2, due to be distributed on or before January 26, 2012.
- Data review is in progress for the preparation and annual filing of federal Forms 1099, which must be mailed on or before January 31, 2012.
- Established a cross functional task team to begin the archiving of legacy system (IFAS) data.
- 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.
- Continue to work with the Chino Basin Desalter Authority on the transition of the record keeping and future administration of the Chino Desalter Expansion Phase 3 Program.