



Date: January 7, 2009

To: The Honorable Board of Directors

From: Richard W. Atwater
Chief Executive Officer/General Manager

Subject: General Manager’s Report Regarding Agency Activities

INTERAGENCY WATER MANAGERS’ MEETING

On December 12, 2008, IEUA hosted a joint Water Supply Strategy / Dry-Year Yield Program Operating Committee Meeting to discuss the Draft IEUA “Strawman” Drought Plan, the DYY Program expansion Project Development Report and CEQA documentation. The next Water Supply Strategy meeting is scheduled for January 15, 2009 at 2:30 p.m. at IEUA. The next DYY Operating Committee is scheduled for January 22, 2009 at 8:00 a.m. and the next Watermaster Advisory Committee meeting is scheduled for January 22, 2009 at 9:00 a.m. (both will be held at Watermaster).

OPERATIONS PLANT FLOW CHART – October 2008

Facility	Influent Flow		Residuals	
	MGD	Total MG	Biosolids	Manure
			Wet Tons	
RP-1	33	1003	3,839	
RP-4	7	201		
RP-2	-	-	1,725	3061
RP-5	9	282		
CCWRF	11	322		
Totals	60	1,807	5,564	3,061

PLANNING AND WATER RESOURCES

Landscape Alliance

On December 11, 2008, the Draft Regional Model Water Efficient Landscape Ordinance (IEUA Model Ordinance) was presented to the Landscape Alliance Board by its Technical Committee. The Ordinance is being prepared by IEUA stakeholders in connection with AB 1881 outdoor landscaping requirements. The final version of the Ordinance will be presented to the Landscape Alliance Board for endorsement in February, 2009.

On November 26, 2008, DWR released a revised version of its Model Landscape Ordinance. The Landscape Alliance Technical Committee hosted a workshop with DWR

at IEUA on December 18 to review the DWR Ordinance. The public comment deadline for the DWR was December 30.

Water Conservation

The California Urban Water Conservation Council (CUWCC) approved revisions to the Conservation Best Management Practices (BMPs) on December 10, 2008, with a near unanimous vote. The CUWCC is expected to vote upon the "gallons per capita daily" alternative compliance methodology in June 2009. DWR will rely upon the revised BMP's for its Demand Management Measures and AB1420 (grant eligibility) requirements.

On December 15, 2008, the City of Chino Hills received a MWD Enhanced Conservation Program check for \$997,325 for 302 Centralized Computer Irrigation Controllers that will save the City 200 acre-feet per year with an estimated lifetime savings of 1,995 AF.

MWD initiated its Integrated Water Resources Planning (IRP) process in December, holding workgroup meetings on Groundwater, Recycled Water, Conservation, Stormwater/Runoff, Ocean Desalination, and gray water. IEUA is participating in all of these committees.

On December 2, 2008, a Conservation Partnership Workgroup Meeting was held at Cucamonga Valley Water District with member agencies to consider and provide recommendations on the proposed CUWCC BMP revisions. In addition, the workgroup discussed regional conservation program updates, FY 2009-10 conservation program planning, MWD approved enhanced conservation program and funding, and the proposed conservation legislation being developed through the SAWPA 20 X 2020 Committee.

Staff has completed discussions with MWD to transition the successful IEUA Water Wise Residential Landscape Program into MWD's Turf Removal Pilot Program effective January 1, 2009. The program will continue to be administered by IEUA and member agencies for the reduced MWD rebate amount of \$1 per square foot grass removed.

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**Inland Empire Utilities Agency
GRANT ADMINISTRATION ACTIVITIES REPORT**

~ November 2008 ~

Account Type	Total Number of Active Accounts	Total Award Amount	Total Amount Invoiced	Total Award Balance
IEUA Grants	22	\$ 71,156,661.00	\$ 57,779,920.00	\$ 13,376,741.00
IEUA Loans	4	\$ 25,735,772.00	\$ 20,140,583.00	\$ 5,595,189.00
Grants for CDA	1	\$ 2,800,000.00	\$ -	\$ 2,800,000.00
TOTAL:	27	\$ 99,692,433.00	\$ 77,920,503.00	\$ 21,771,930.00

~ GRANT ADMINISTRATION ACTIVITIES FOR NOVEMBER 2008 ~

INVOICE INFORMATION	
Project Name	Amount
SWRCB-Recycled Water Distribution System-Phase 2-Loan Invoice #9	\$ 501,822.00
MWD-Chino Basin Groundwater Storage Project Phase 1, Invoice #154	\$ 682,658.95
SWRCB-Recycled Water Distribution System-Phase 2-Grant Invoice #9	\$ 238,602.00
WRF-WaterReuse Foundation- Invoice #2	\$ 131,574.76
MWD-Chino Basin Groundwater Storage Project Phase 2 - Study, Invoice #9	\$ 71,940.00
SWRCB-Greater Prado Clean-up- Invoice # 7	\$ 25,733.72
TOTAL INVOICES	\$ 1,652,331.43

PAYMENT RECEIVED	
Project Name	Amount
SWRCB-Recycled Water Distribution System-Phase 3-Loan 120 Invoice #2	\$ 469,833.00
MWD-Chino Basin Groundwater Storage Project, Phase 2 Study Grant, Invoice #8	\$ 254,196.02
SWRCB-Recycled Water Distribution System-Phase 3-Loan 130 Invoice #2	\$ 180,402.00
DWR- Large Landscape Water Audit- Phase 3, Invoice #1	\$ 22,658.22
SWRCB-Magnolia Channel - Invoice # 7	\$ 20,229.87
SWRCB-Greater Prado Clean-up- Invoice # 6	\$ 8,554.01
TOTAL PAYMENTS:	\$ 955,873.12

ACTIVE APPLICATION INFORMATION		
Account Type	Total Number of Active Applications	Amount Requested
IEUA Grants	4	\$ 20,135,300.00
SRF Loan Application - Phase 4 (Red Team)	1	\$ 38,000,000.00
SRF Loan Application - Phase 5 Wells & Lysimeters	1	\$ 1,500,000.00
SRF Loan Application - Phase 6 RP-1 Dewatering Facility Expansion	1	\$ 27,579,000.00
SRF Loan Priority List (Not an Application) for IEUA	16	\$ 288,271,826.00
SRF Loan Priority List (Not an Application) Submitted for Member Agencies	3	\$ 25,000,000.00
Grants for CDA Submitted by IEUA- Final Application	1	\$ 20,000,000.00
TOTAL ACTIVE APPLICATIONS:	27	\$ 420,486,126.00

CASH FLOW SUMMARY			
Fiscal Year	IEUA Receipts	CDA Receipts	Total Receipts
FY 2004/2005	\$ 31,763,191.51	\$ 38,017,916.14	\$ 69,781,107.65
FY 2005/2006	\$ 11,707,929.46	\$ -	\$ 11,707,929.46
FY 2006/2007	\$ 11,315,406.95		\$ 11,315,406.95
FY 2007/2008	\$ 31,854,676.05	\$ -	\$ 31,854,676.05
FY 2008/2009	\$ 12,917,954.38	\$ -	\$ 12,917,954.38
TOTAL CASH FLOW:	\$ 99,559,158.35	\$ 38,017,916.14	\$ 137,577,074.49

RECYCLED WATER THREE YEAR BUSINESS PLAN UPDATE

IEUA has completed the plan to disburse funds for IEUA's Irrigation System Retrofits DWR Grant for \$1 million for non-potable water customers.

IEUA received approval for an additional \$215,000 in retrofit rebates in November from the MWD Public Sector Rebate Program.

The State of California has begun workshops on our expected release of Proposition 84 funds in response to Governor Schwarzenegger declaration of drought. Water conservation, recycled water and flood control projects are potentially eligible.

The Capital Projects on the Northeast Project Area are awaiting permits in their final design stage. The project will be advertised for construction December 18, 2008 through the end of January 2009. Encroachment permits from the San Bernardino County Flood Control District are being processed during this period. State Revolving Fund (SRF) loan funding is expected in the next three months.

The Northwest Area Recycled Water Project will primarily build the Regional Recycled Water distribution system in the City of Upland. The Southern Area Recycled Water Project will primarily build the Regional Recycled Water distribution system in the City of Chino Hills. The capital projects in the Northwest and Southern areas are in the Preliminary Design Stage. Staff is working on accelerating the project schedule for both areas in anticipation of funding from USBR that can potentially be expedited as part of the economic stimulus package. Following is the anticipated schedule for the Northwest and Southern Area RW projects:

- Preliminary Design Report: January 2009
- CEQA Plus for SWRCB Funding: February 2009
- SRF Loan Application Submission to SWRCB: February 2009
- Design Completion: July 2009
- Construction Completion: September 2010

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The following new connections were made through December 2008:

Retail Agency	Customers	AFY
Chino	Preserve Master Community	10
	Universal Molding Corp.	5
	K-8 School (Preserve)	15
Total		30 AFY

The total potential annual recycled water usage from these customers is 30 AFY. The actual connected capacity has increased to 21,153 AFY.

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

Name	City	Demand (AFY)	Estimated Completion Date
Bellevue Cemetery	Ontario	220	March 2009
Guasti Park	Ontario	240	March 2009
Ontario-Montclair School District	Ontario	177	January 2009
Montclair Parks	Montclair	90	February 2009
Chaffey High School	Ontario	164	March 2009
Chad Farms (5 connections)	Ontario	1,605	March 2009
Li Farm	Ontario	2,500	June 2009
Kellogg Farm (Schaefer)	Ontario	120	June 2009
Cintas I	Ontario	70	March 2009
Kaiser Hospital Cooling Tower	Ontario	30	March 2009
Total Demand		5,216	

HUMAN RESOURCES

In December, the following TEAMS classes were taught: Level 1, IEUA Financial Systems (make-up); Level 2, Presentation Skills (make-up) and Capstone Supervisor Prep Course (make-up). Seniors, supervisors, and managers were educated on methods to detect the signs and symptoms of substance abuse with Drug & Alcohol Free Workplace training.

In November, the Department of Labor issued final regulations amending the Family Medical Leave Act (FMLA). These are the first significant changes since 1994, and will impact all eligible employers. The changes implement new military family leave entitlements and cover various areas including intermittent leave, substitution of paid leave, employer and employee notice requirements, and recertification. Changes become effective on January 16, 2009.

On September 25, 2008, President Bush signed the Americans with Disabilities Act Amendments Act of 2008. While the amendment retains the ADA's basic definition of "disability", it revises the term "substantially limits" and expands the definition of "major life activities". Changes become effective on January 1, 2009.

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CURRENT STAFFING

Regular Full-time Employees: 298

Contract/Limited Term Employees: 16

Interns: 35

TOTAL: 349

CURRENT RECRUITMENT ACTIVITIES

Since the last report, the following activities have occurred in the Agency's recruitment efforts:

REGULAR VACANCIES

	Position	Department	RFVP Received	Closing Date	Salary Range	Tentative Placement Date	Notes
1	Business Systems Analyst II	240 – Info Svs. (AWSM)	7/24/08	8/21/08	UN097	1/09	2 nd Interviews Scheduled for 12/18/08
2	Operations Supervisor	540-RP1	10/15/08	10/31/08 (1 st review)	SU100	1/09	Recruitment in Process
3	Junior Operations Assistant	540-RP1	11/12/08	12/05/08 (1 st review)	UN097	1/09	Interviews Scheduled for 12/19/08
4	Industrial Engine Technician	544-Energy Conservation & Administration	10/8/08	10/24/08 (1 st review)	GU93	11/08	Offer Pending
5	Compost Worker	590-Org Mgmt	9/23/08	10/10/08	GU84	11/08	Offer Pending

Recruitments in Process: 3
 Placement in Process: 2
 No RFVP; Position on Hold: 5
 Total Regular Vacancies (Excludes Contract & Intern positions): 10

CONTRACT/LIMITED TERM VACANCIES

	Position	Department	RFVP Received	Closing Date	Salary Range	Tentative Placement Date	Notes
1	Compliance Accountant (2 yr Ltd Term)	238-Financial Planning	9/16/08	Until Filled	UN091	11/08	Offer Pending
2	Plant Maintenance Technician I (1 Year Ltd Term)	580-RP5	10/30/08	11/21/08	GU85	12/08	Offer Pending

INTERN VACANCIES

None.

REGIONAL PLANT NO. 4 SAN BERNARDINO AVENUE LIFT STATION AND FORCE MAIN, PROJECT NO. EN03023

The Force Main contractor continues to work on the punch list items of the project. The Lift Station contractor has completed installing the Final T-Lok within the Wet-Well at the revised Tie-In connection at the eastside along with the slide gate at that same location and has also completed most of the electrical equipment in the New Electrical building and has pulled most of the wire. They have completed the footings for the pilasters, grading for the sidewalk, grading for the driveway area, and placement of the asphalt. The Lift Station contractor has installed the Seal Water System, installed six inches of crushed rock around building.

RENEWABLE ENERGY EFFICIENCY PROJECT, PROJECT NO. EN03029

The engine exhaust modification work is ongoing with work scheduled to be completed near the end of January 2009. Startup/commissioning activities will begin once the modifications have been completed.

REGIONAL PLANT NO. 4 EXPANSION TO 14 MGD, PROJECT NO. EN04011.00

The contractor is continuing to wash down the walls of Aeration Basin No. 2 and prepare for the wall modifications to begin. The chlorine detection system is operational and being monitored. The head works structure has been reinstalled and the electrical and roll up doors are being installed.

REGIONAL PLANT NO. 1 THREE PHASE DIGESTION IMPROVEMENTS NO. EN04036.00

This project is complete. Warranty work related to an apparent bad computer drive/Allen Bradley unit in the Power Energy building was followed up on and corrected. Additionally, a spare valve replacement was completed and delivered.

REGIONAL PLANT NO. 1 AERATION BASIN MODIFICATIONS, PROJECT NO. EN05007.00

Gate replacement was completed on System C, Train 6 and is in process on Train 5. Shutdown for System B, Train 3 is pending. All Basin work and gate placement is being coordinated with Maintenance/Operations so that Maintenance staff can replace aeration panels at the same time.

REGIONAL PLANT NO. 1 2007 REGIONAL AND NRW COLLECTION SYSTEM REPAIRS, PROJECT NOS. EN06011.00 AND EN07011.02.

The project job walk and punch list was completed and prepared for project close out. A number of new repair items discovered during work will be incorporated into next NRWS repair project.

REGIONAL PLANT NO. 2 SOLIDS HANDLING FACILITY IMPROVEMENTS, PHASE I, PROJECT NOS. EN06014 AND EN07117

The contractor and engineers have been processing project submittals related to equipment and materials for the project. Potholing activities are completed. The contractor has trenched and is installing process piping around the Gravity Thickeners. The other

construction activities to date are soil relocation for the SARI dump station and the removal of shrubbery and trees.

**REGIONAL PLANT NO. 5 RECYCLE WATER LINE/ 12 KV/ GAS SYSTEM
PROJECT NO. EN06020.01**

Agency Staff, Universal Air Products Corporation (UAPC) service technicians and engineering staff completed the rebuilding of the Bio-Gas compressors. Engineering staff is currently analyzing the efficiency and dependability of existing gas compressors. The gas regulating system has been modified for testing and results have been positive. System finalization will be determined at the end of the testing

**REGIONAL PLANT NO. 1 ASSET MANAGEMENT ITEMS AND DIGESTER 6 &
7 REPAIRS, PROJECT NO. EN07006.01**

Digester 6 cleaning was completed and Lagoon 1 is being cleaned of solids. The contractor is setting up scaffolding in Digester 6 to facilitate inspection by the Engineer and allow sandblasting to occur. Rehabilitation work is expected to be completed by June.

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

Work continues on the RP-1 Chlorine tank effluent modification. The Outfall Chlorine structure has been completed. Control and DCS work is currently being reviewed by the Agency. Inspection of the headworks is being scheduled for taking measurements to allow ordering replacement gates. Currently this job is ahead of schedule and below cost.

**REGIONAL PLANT NO. 1-DIGESTER 6 & 7 EMERGENCY STRUCTURAL
REPAIRS, PROJECT NO. EN07006.07**

Structural rehabilitation assessment work will begin after Digester 6 is drained and cleaned.

**REGIONAL PLANT NO. 1 NON RECLAIMABLE WASTEWATER SYSTEM
(NRWS) PHILADELPHIA PUMP STATION UPGRADES, PROJECT NO.
EN07011.01**

Loop checks have been completed and training scheduled. A 12-inch replacement meter has been ordered to replace unit which no longer works in station. This will allow remote monitoring. This is needed to allow line access points to be placed on the primary 18-inch force main by allowing flow to be transferred to the 12-inch force main line. Spark test of Wet Well is scheduled for January along with project close-out.

REGIONAL PLANT NO. 1 NRW MANHOLES, PROJECT NO. EN07011.06.

A lab evaluation of material build-up on the 18-inch force main indicates a non-grease material which will not lend itself to chemical cleaning. As such, Construction Management has asked the Engineer to prepare cleanout details at an interval of 1,200 L.F. to allow mechanical cleaning in the future. The use of cleanouts versus access manholes is expected to save the Agency \$500,000. This work is pending completion of the Philadelphia Pump Station.

REGIONAL PLANT NO. 1 DIGESTER 3 EVALUATION, PROJECT NO. EN07804.00

Design Engineering is currently working on a bid package for repair of the lid. Completion of new roof plans were reviewed by the Construction Management and Technical Services departments and the project will be bid in January.

REGIONAL PLANT NO. 2 AND 5 IPS OVERFLOW PROTECTION, PROJECT NO. EN08006.00

The contractor has mobilized onsite and completed potholing activities. Submittals have been submitted to the Engineer for review. The contractor has started trenching and installing pipe. The project is currently on schedule for completion in January 2009.

REGIONAL PLANT NO. 1 DIGESTER 5 AND 7 FLAME TRAP INSTALLATION, PROJECT NO. EN08013.01.

The Flame trap has been installed on Digester No. 7. Digester No. 5 will be installed by the end of December.

REGIONAL PLANT NO. 1 AUTOMATED PRESSURE RELIEF VALVE, PROJECT NO. EN08013.02.

Construction Management is currently waiting on amendments from IEUA Engineering for DCS related work so this work can be bid.

REGIONAL PLANT NO. 1 SOLAR PROJECT AREAS 4 AND 5, PROJECT NOS. EN08022.00 AND EN08022.04

The shutdown/tie-in for the 12kV high voltage cable installation and Main Breaker testing was completed for Area 4. Contractor continues connect the PV Panel Strings to the homerun wires which are pulled from the wire tray to the combiner boxes for each array. This process must be done to ALL PV Panels. The canopy for the equipment pad still needs to be constructed for Area 5. Area 4 work is almost complete with the construction of the canopy. Final AC, relay switch, and Edison tie-in still need to be completed prior to the site clean-up at Area 4.

REGIONAL PLANT NO. 2 SOLIDS HANDLING FACILITY, PHASE II, PROJECT NO. PL03005

The 125 kW Flare Standby Generator has been installed and the startup date was December 2, 2008. Construction Management staff is working with JPS to complete this assignment. The Phase II boiler startup on Bio-gas commenced on December 1, 2008. Source testing for the Phase II Boiler will be completed after the startup on Bio-gas. The Buffer tank roof hatch is due onsite the second week of December. The contractor will install roof hatch, complete the interior coating and Hydro test after installation is completed.

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

The Headwork's odor building extension is scheduled for completion by the end of November. Agency provided Grit Washer's are currently being reconfigured to meet

Operations requirements for the control of water is ongoing. Concrete walk around Bio-filter was completed. Asphalt work is pending along with Training and Start-up book completion. As-Building is currently in progress by the project's engineers. On-going start-up issues are being addresses by Construction Management and the engineer.

IERCF AMENDMENT HOPPERS MODIFICATION, PROJECT NO. RA02041.02

The project is complete and the newly modified Hoppers are in service. The Contractor is currently working on completing their list of deliverables at project completion.

IERCF LATERAL CONNECTION TO NRW PIPELINE, PROJECT NO. RA08004.00

The contractor has received and installed the ABB Mag Meter in line of the 10-inch force main. The trench excavation for two 1 inch conduits is under way and was completed by the second week of December.

REGIONAL PLANT NO. 4 CHINO BASIN FACILITIES IMPROVEMENTS PHASE II – BERM HARDENING, PROJECT NO. TS07004.02

The required clean-up activities within the basin to assist groundwater recharge are complete. Soil cement at Hickory Basin and 8th St Basin is near complete. Rip rap at Declez Basin has been replaced.

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

The contractor is currently working on installation of storm drain in Upland which is expected to be completed by January to facilitate other contractor's work in the area. The contractor is beginning to install gates at each of the Basins. This work is being coordinated with Basin Management/Conservation District/San Bernardino Flood Control.

REGIONAL PLANT NO. 4 RECYCLED WATER PUMP STATIONS, PROJECT NO. WR04441

The contractor has completed the installation of the RTU 5B cabinet. The installation of the 20-inch CML&C pipe to the 1158 surge tank was complete. The contractor has pulled cable to the 1299 zone pumps and certified the S&C switches and the Cooper transformers.

REGIONAL PLANT NO. 4 SAN ANTONIO RECYCLED WATER PIPELINE, SEGMENT B, PROJECT NO. WR04446.00

Coordination of the FAT procedure for the Discharge Station has been completed by the electrical subcontractor. The FAT was scheduled for December 18, 2008. The City of Montclair punch list has been updated and items are being completed and prepared for final sign off from the city. All remaining instrumentation is being installed at the Discharge Station.

**REGIONAL PLANT NO. 4 RECYCLED WATER DISTRIBUTION FACILITIES,
PHASE 2, PZ 1158 ZONE RESERVOIRS MODIFICATIONS, PROJECT NO.
WR04448**

The contractor has begun with the removal of the oil drum residual from the reservoir cleaning to approved offsite disposal facility. Currently, we are modifying the pipe supports for inlet piping for seismic retrofit conditions with completion scheduled to be by the end of the year. Start up and testing of reservoirs are scheduled to begin in mid January.

**REGIONAL PLANT NO. 1 SMALL CAP SOCCER COMPLEX SERVICE
CONNECTIONS**

Work is progressing toward completion with no major issues or actions to report at this time.

PUBLIC INFORMATION

Calendar of Events

December 2008

- **December 10**, DWR Grant Funding Workshop 1:30 p.m.

January 2009

- **January 12**, Chino Basin Desalination Case Study (UCSC), Event Room, 9 AM to Noon
- **January 23-24**, MWD/IEUA State Water Project Trip
- **January 30**, NRWI Workshop, Event Center, 9:30 a.m.

February 2009

- **February 25**, A Day at the Chino Creek Wetlands and Educational Park as part of National Wetlands Month, 3:30 p.m. to 5:30 p.m.

March 2009

- **March 16**, IEUA hosts Special District Dinner at the Panda Inn in Ontario, 6:00 p.m.

April 2009

- **April 22**, Earth Day at the Chino Creek Wetlands and Educational Park, 3:30 p.m. to 5:30 p.m.

**OUTREACH/EDUCATIONAL INLAND VALLEY DAILY BULLETIN
NEWSPAPER CAMPAIGN**

The five tips on ways to help conserve water ad will appear in the Daily Bulletin on the first Sunday of each month.

WATER CONSERVATION OUTREACH

In January 2009, IEUA will be meeting with its conservation partners to plan its 2009 Daily Bulletin Community Outreach Conservation ads.

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AGENCY TOURS

During the past month staff has provided one tour of the HQ.