

Date: October 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

The next Interagency Water Managers' meeting is scheduled for October 15, 2009, as part of the Watermaster Advisory Committee agenda.

OPERATIONS

INLAND EMPIRE REGIONAL COMPOSTING FACILITY (IERCF)

The IERCF is continuing to operate at full capacity and there have been no lost-time accidents or compliance issues during this reporting period. As previously reported, prices were increased for all SoilPro customers excluding Kellogg Garden Products who remain under contract through February 2011. Despite the price increase, all compost produced continues to be sold.

Trommel Screens

The screen manufacturer (Wildcat) completed the installation of the replacement drum for the 1/2" screen on August 19. Wildcat engineers studied the IERCF application and the old failed drum and determined that some modifications were in order. The new drum was engineered with far more structural support to ensure that it spins smoother. The old drum was slightly out of round which is thought to have contributed to the stress on the carrier wheels. Since the new drum has been placed into service, there have been no carrier wheel failures on that unit. Wildcat and IERCF staff are continuing to monitor the new drum to ensure that further improvements are not needed. Wildcat intends to begin production of a new drum and carrier assist system for the 3/8" screen by the end of the year. We are all hopeful that the Wildcat screen issues have been resolved by these changes. All work has been performed under warranty at no cost to the Authority.

Amendment Hoppers

The pipe baffle design provided by the amendment hopper consultant CDM was sent out to bid in August. The bidding closed on September 9 with the low bidder coming in at \$78,000 which was fairly close to the consultant's estimate of \$70,000. It is expected that the work will be completed by the end of this year. The baffles are a series of pipes intended to reduce the load onto the augers which should allow compost staff to fill the amendment hoppers up to full storage capacity.

Variance and Source Test Update

As previously reported, IERCA submitted the source test report to SCAQMD staff by the June 24 deadline listing 3 alternatives to calculate the VOC mass emissions. SCAQMD staff is currently reviewing the report, therefore, the Board approved authorization to purchase any required Emission Reduction Credits to offset excess VOC emissions, has not yet been executed.

SITE ADMINISTRATION

VOLUNTEER PROGRAM FOR THE CHINO CREEK WETLANDS AND EDUCATIONAL PARK

The Volunteer Program is facilitated through the Chino Creek Wetlands and Educational Park partnership between the Santa Ana Watershed Association (SAWA) and the Inland Empire Utilities Agency (IEUA). The Volunteer Work Parties will reoccur bimonthly, with the next one scheduled for October 3, 2009, at the park.

INLAND EMPIRE UTILITIES AGENCY AND GREENLEE NURSERY LANDSCAPE WORKSHOPS

Within the past year, the Agency and Greenlee Nursery have hosted free workshops once a month to community members. A total of 9 workshops have been held with an average of 10-20 community members attending each workshop. The next set of workshops will be held on September 11, 2009 and September 12, 2009.

ENGINEERING

NEW MAIN LABORATORY PROJECT NO. EN08009.00

Staff is in the process of assembling a technical panel comprised of experts in laboratories. The goal is to have the technical panel review the Feasibility Study that was prepared in September 2006. The technical panel will identify all long shelf items and provide recommendations to update the Feasibility Study. This process will be kicked off in October and is expected to be completed by April 2010.

CONSTRUCTION MANAGEMENT

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

The San Bernardino Lift Station was successfully placed in service in June/July 2009. The required changes identified are currently being implemented. When completed, the Agency, in cooperation with the City of Fontana, will divert the remaining flows to the facility.

RENEWABLE ENERGY EFFICIENCY PROJECT, PROJECT NO. EN03029.00

All work on this project is now on hold, pending the results of the third party review.

CCWRF CHLOR/DECHLOR STORAGE TANKS, PROJECT NO. EN05054.01

The new SHC and SBS system has been placed into service and the leak detection system is currently being tested. The contractor is pursuing the sealing of the entire containment area, which was not included in the original project.

REGIONAL PLANT NO. 5 SOLIDS HANDLING FACILITY IMPROVEMENTS, PHASE I, PROJECT NO. EN06014/EN07117

The SARI Septic Dump Station has not been placed into service due to continuing issues with the control cabinet and ambient heating. Staff is also working with the consultant to resolve issues with low discharge piping levels of some delivery trucks.

REGIONAL PLANT NO. 5 RECYCLED WATER LINE/ 12 KV/ GAS SYSTEM, PROJECT NO. EN06020.01

All construction is currently on hold due to the REEP project suspension.

REGIONAL PLANT NO. 5 SOLIDS HANDLING FACILITY, PHASE II, PROJECT NO. EN06020.04

All construction is currently on hold while the Agency conducts an independent evaluation of the digestion project and assesses the options for re-operating the digesters and related facilities.

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

This project is in the close-out phase and is tentatively scheduled to be accepted by the Agency's Board of Directors in October 2009.

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

A meeting was held on August 27, 2009, to determine a course of action and to define the scope of work for the influent channel gate replacement. An action log was developed and related cost and schedule are being evaluated by Engineering. During installation of the VFD's provided by the Agency, missing portions of the control wiring were identified as being incomplete. A change order is being executed to remedy this situation. Impacts to the schedule will be assessed to determine what impacts will be realized.

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

All construction activities have been completed. Related project close-out activities are ongoing and acceptance of the project is currently scheduled for October 2009. No significant problems related to construction have occurred. The contractor has submitted claims related to the project and a "meet & confer" meeting has taken place. The contractor and the Agency have reached a tentative agreement regarding the contractor's claim.

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

DenBoer's sub-contractor, RPI/ COR-RAY, has applied and completed interior ceiling and wall coatings which include an additional 42-inches of wall height directly below the newly completed concrete wall area. IEUA inspection staff completed Holiday Testing of wall to verify and confirm quality requirements. DenBoer has completed the installation of reinforcing material for the Digester #3 roof and poured the concrete roof. Scaffolding

removal has begun from inside the digester. Some pipe preparation has begun for partial pipe painting. Survey located all concrete pedestals on roof.

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

Construction issues related to the installation of the odor control header have been reviewed and resolved. The contractor has continued re-fabrication of the header manifold, re-routing of irrigation piping, etc., and was on schedule to complete the work by September 30, 2009.

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

The contractors, Mike Bubalo Construction and Norstar Plumbing & Engineering, have completed all punch list items provided by Metropolitan Water District (MWD). A site-walk was performed by the MWD Inspector and the IEUA Project Coordinator to get the punch list officially signed off. Norstar, their subcontractors, FM Electric & QVERSA, and the Agency have been testing the communication lines between the new radio towers at RP-1 & RP-4 to the new facilities located at San Sevaine Basin, CB-14, & CB-20. Communication was successfully established at San Sevaine and CB-14; stable communication between RP-1 & CB-20 has yet to be established. Lastly, acceptance testing for San Sevaine and Turner Basin level transmitters was completed. MWD will complete the installation of their equipment at the turnouts once Verizon resolves their communication issues. The Agency is currently waiting for MWD's official response to the Activation Request Letter to test the turnout facilities.

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

The contractor has completed the testing of the modified pumps for RP-1 and RP-4. With the successful testing of these pumps, the contractor will remove the remaining two zone 2B pumps located at RP-1 and send them to the manufacture for modifications for the new 1158 zone system.

IERCF GRADING AND DRAINAGE IMPROVEMENTS, PROJECT NO. RA09005.00

The contractor has submitted revised pricing for the RFD's #5 & #6 and they are currently being reviewed for pricing and approval.

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

This projects original scope has been completed. Cross connection testing was completed successfully on September 8, 2009, and the contractor has been demobilized from the site. The County of San Bernardino has requested that additional items be included in the work scope for the contractor. These additional items have been placed on the agenda for the County Board of Supervisors' September 16, 2009 meeting for approval. Major work issues to be approved by the County include installation of a sodium bisulfate system for treating recycled water for discharge to the fish pond, hose bibs and miscellaneous quick couplers and PRV bypass. If approved, a change order will be prepared and the contractor will be

remobilized to the site to complete said additional work. This additional work is expected to be completed by the end of September.

1299 EAST RECYCLED WATER PIPELINE, PROJECT NO. WR08027

The contractor has submitted their revisions to the construction baseline schedule, schedule of values, project signs and many materials for the construction of the project. They have also mobilized to the field site and are currently locating field site yards for the production of the work through the alignment of the project.

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

The contractor has submitted their revisions to the construction baseline schedule, schedule of values, project signs and many materials for the construction of the project. They have also mobilized to the field site and are currently setting up the field site yard for the production of the work at the reservoir conversion and new pump station building on the project.

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

The contractor has submitted their revisions to the construction baseline schedule, schedule of values, project signs and many materials for the construction of the project. They have also mobilized to the field site and are currently locating field site yards for the production of the work through the alignment of the project.

HUMAN RESOURCES

In September, Level 4 employees are also scheduled to complete an online course on Fundamentals of Business Management, while Level 1 employees will attend a facilitated course on Leadership Skills. Level 2 and 3 employees, who have yet to complete their TEAMS requirements, will continue their coursework with the e-learning curricula.

The annual Benefits Fair was held on September 16th and was well attended. Approximately 120 employees stopped by and visited the various booths, collected informational brochures and free items. Employees were entered into a raffle for the opportunity to win a variety of prizes provided by the various vendors in attendance. Prizes included gift cards, movie tickets and other novelty items. A total of 19 gifts were raffled.

October 5th-9th is the annual Rideshare Week. During this time employees are encouraged to pledge to carpool, vanpool, walk, or take public transportation at least one day during Rideshare Week. Employees who submit a pledge form will be entered into a drawing for an opportunity to win great prizes. An IEUA employee won a \$500 gift card last year. Winners are announced on October 29th.

<u>CURRENT STAFFING</u>	
Regular Full-time Employees:	291
Contract/Limited Term Employees:	15
Interns:	16
TOTAL:	322

CURRENT RECRUITMENT ACTIVITIES

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

REGULAR VACANCIES

None.

<u>CURRENT RECRUITMENT ACTIVITIES</u>	
Recruitments in Process/Offer Pending	0
Placement in Process:	0
No RFVP; Position on Hold:	17
Total Regular Vacancies (Excludes Contract & Intern Positions):	17

<u>POSITIONS ON HOLD (5.7% Vacancy Factor)</u>			
	Position	Department	Vacant Since
1	Staff Internal Auditor	107-Internal Audit	3/09
2	Human Resources Analyst	250-Human Resources	10/08
3	Manager of Planning and Water Resources	312-Planning & Water Resources	8/09
4	Sr. Water Resources Analyst	312-Planning & Water Resources	7/08
5	Sr. Engineer	420-Engineering	12/08
6	Engineering Technician	420-Engineering	3/09
7	Deputy Manager of Construction Management	425-Construction Management	8/08
8	Construction Project Coordinator (Limited Term)	425-Construction Management	2/09
9	Administrative Secretary (Limited Term)	425-Construction Management	12/08
10	Junior Operations Assistant	540-RP1 Operations	3/09
11	Sr. Operator	540-RP1 Operations	5/09
12	Operator II	540-RP1 Operations	6/09
13	Office Assistant	543-RP1/RP4 Elect/Inst. Maintenance	4/09
14	Plant Maintenance Technician I	552-RP-2/CC Plant Maintenance	8/09

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15	Electrical Technician II	553-RP2/CC Electrical/ Instrument Maintenance	12/08
16	Junior Operations Assistant	580-RP2/RP5 Operations	5/09
17	Operator I	580-RP2/RP5 Operations	2/09

CONTRACT/LIMITED TERM VACANCIES

Position		Department	RFVP Received	Closing Date	Salary Range	Tentative Placement Date	Notes
1	Engineering Technician	420-Engineering	9/2/09		UN089	10/09	Placement in Process

INTERN VACANCIES

Position		Department	RFVP Received	Closing Date	Salary Range	Tentative Placement Date	Notes
1	Intern	115-Public Information	8/18/09	OUF	UN999I	9/09	Recruitment in Progress
2	Intern	312-Planning and Water Resources	9/9/09		UN999I	10/09	Offer Pending

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Inland Empire Utilities Agency				
GRANT ADMINISTRATION ACTIVITIES REPORT				
~ August 2009 ~				
Account Type	Total Number of Active Accounts	Total Award Amount	Total Amount Invoiced	Total Award Balance
IEUA Grants	24	\$ 74,458,836.00	\$ 63,048,244.00	\$ 11,410,592.00
IEUA Loans	10	\$ 88,573,138.00	\$ 25,617,775.00	\$ 62,955,363.00
Grants for CDA	1	\$ 2,800,000.00	\$ -	\$ 2,800,000.00
TOTAL:	35	\$ 165,831,974.00	\$ 88,666,019.00	\$ 77,165,955.00
~ GRANT ADMINISTRATION ACTIVITIES FOR AUGUST 2009 ~				
INVOICE INFORMATION				
Project Name				Amount
SWRCB-Recycled Water Northeast Area- Phase 4-Loan 130 Invoice #1				\$ 947,301.00
SWRCB-Recycled Water Northeast- Phase 4-Loan 120 Invoice #1				\$ 828,785.00
DWR- \$15.5M Conjunctive Use Expansion Program Invoice # 9				\$ 603,328.69
SWRCB-Recycled Water Northeast- Phase 4-Loan 110 Invoice #1				\$ 367,392.00
DWR- Urban Drought - Irrigation System Retrofits Invoice # 2				\$ 79,714.56
TOTAL INVOICES				\$ 2,826,521.25
PAYMENT RECEIVED				
Project Name				Amount
WRF-WaterReuse Foundation Invoice #8				\$ 57,972.42
WRF-WaterReuse Foundation Invoice #7				\$ 36,076.54
WRF-WaterReuse Foundation Invoice #6				\$ 18,323.26
WURD- Dairy Power Production Program, Invoice #7				\$ 8,416.48
TOTAL PAYMENTS:				\$ 120,788.70
ACTIVE APPLICATION INFORMATION				
Account Type	Total Number of Active Applications	Amount Requested		
IEUA Grants	5	\$ 14,525,800.00		
IEUA Loans		\$ -		
SRF Loan Pre-Application - Phase 6 Wineville Recycled Water Pipeline Extension	1	\$ 11,212,500.00		
SRF Loan Pre-Application - Phase 7 Northwest Area Recycled Water Package	2	\$ 36,882,000.00		
SRF Loan Pre-Application - Phase 8 Southern Area Recycled Water Package	1	\$ 18,951,000.00		
SRF Loan Pre-Application - Phase 9 Baseline Heritage Area Recycled Water Package	1	\$ 6,785,000.00		
SRF Loan Pre-Application - RP-5 Main Operations Laboratory	1	\$ 14,600,000.00		
Grants for CDA Submitted by IEUA- Final Application	1	\$ 20,000,000.00		
TOTAL ACTIVE APPLICATIONS:	12	\$ 122,956,300.00		
SRF Loan Priority List (Not an Application) for IEUA	14	\$ 202,648,421.00		
SRF Loan Priority List (Not an Application) Submitted for Member Agencies	3	\$ 25,000,000.00		

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	\$ 27,433,692.13	\$ -	\$ 27,433,692.13
FY 2009/2010	\$ 1,462,663.97	\$ -	\$ 1,462,663.97
TOTAL CASH FLOW:	\$ 115,537,560.07	\$ 38,017,916.14	\$ 153,555,476.21

PUBLIC INFORMATION

Calendar of Events

October 2009

- **October 15**, Three Valleys Municipal Water District Leadership Breakfast, Fairplex Sheraton, 7:30 a.m.
- **October 24**, Regional Water Fair, Chino Basin Water Conservation District, 9:00 a.m. to 2:30 p.m.
- **October 26**, Project Webfoot Workshop, IEUA Event Room, 9:00 a.m. to 3:00 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. The Agency's annual report ran in the Daily Bulletin and the Champion Newspaper. It is scheduled to run in the Fontana Herald News soon. IEUA has three pages in the Inland Valley Daily Bulletin's Almanac - one an IEU overview, one thanking our federal delegation and one with conservation tips.

Water Conservation Outreach

The first GIES dedication was at Ontario Center Elementary School on Wednesday, August 26. The rest are scheduled to take place this fall to coincide with each participating school's Back-to-School night.

Beginning June 12, 2009, IEUA began running MWD's 30 second conservation ad on 71 screens in our local movie theatres. The ad will continue to run through October 18, 2009.

Regional Conservation Outreach Campaign

- Ongoing monthly ¼-page conservation ads will run in the Inland Valley Daily Bulletin, Champion Newspaper, Fontana Herald News, La Opinion, and the Inland Empire Magazine.
- Ongoing water wise gardening classes.
- 30 second PSA's on community TV/movie theaters/radio/internet with conservation tips
- Two billboard donated by Lamar will have ACWA's Save Our Water message. One is on Foothill in the City of Upland and the other on the 10 freeway near the Cherry exit in Fontana.

Agency Tours

A tour of the HQ was provided on Thursday, August 20 to a European-based company that is interested in building a LEED building in the City of Chino. Tours were also provided to interested parties during the month of August.

Educational Updates

- WEWAC's garden at the LA Fair is being displayed.
- The EduGrant applications are due to IEUA by November 5, 2009.
- IEUA has submitted its interest form to participate in sponsoring two schools for Solar Cup 2010: City of Upland and City of Chino Hills are co-sponsoring with IEUA.