

Date: May 18, 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 May 28, 2009, as part of the Watermaster Advisory Committee agenda. Staff are working closely with all the retail agencies on DYY operating plans, Drought Plan administration, and discussions with CBWM on replenishment deliveries in May and June prior to the implementation of the Drought Plan. In addition, meetings with MWD are being held to finalize the Dept of Finance growth factors in the IEUA Drought Plan Allocation from MWD. Staff are also working closely with CBWCD and CBWM on the technical studies for the Recharge Master Plan and scheduling a tour of the recharge facilities in June to identify opportunities to enhance recharge operations to capture more stormwater and increase recycled water recharge.

Work group meetings on DYY expansion agreement terms and conditions are also ongoing with Western MWD, TVMWD, CBWM and key representatives of the DYY participants (CVWD, Ontario, and MVWD).

RECYCLED WATER THREE YEAR BUSINESS PLAN UPDATE

DWR Urban Drought Assistance Grant (\$1 Million): IEUA has completed and submitted the Site Selection Disbursement Strategy for State approval. Monte Vista Water District and the City of Ontario have approved the reimbursement agreements, IEUA is awaiting final approval of the three remaining agreements (Cities of Chino, Upland and CVWD); these agreements are expected to be approved and executed in April, 2009.

Northeast Area Project Updates:

The 1299 E Reservoir & 1630 E Pump Station was advertised for construction by CVWD on April 10, 2009 with a bid opening date scheduled for May 14, 2009. The 1299 E Pipeline bid opening date is scheduled for May 21, 2009. The 1630 E Pipeline Segment A was advertised for construction on April 16, 2009, and bid opening is scheduled for May 19, 2009. Summary of the NE Area RW Regional Facilities is provided below:

General Manager's Report Regarding Agency Activities

May 18, 2009

Page 2 of 11

Project	Design	Construction Completion	Project Budget	Actual Cost	Status
1299 E Pipeline	Completed	Spring 2010	\$11,169,925	\$438,032	Bid Period
1299 E Reservoir & 1630 E PS	Completed	Spring 2010	\$13,600,000	\$834,432	Bid Period
1630 E Pipeline, Segment A	Completed	Spring 2010	\$12,832,555	\$1,345,770	Bid Period
Monitoring Wells & Lysimeters	Completed	Fall 2009	\$1,500,00	\$66,097	Ready to Bid Pending Funding

Following is a summary of the Design Contracts for the NE Area Projects:

Project	Design Contract	Contract Amount	Invoiced Todate
1299 E Pipeline	CVWD	\$299,999	\$98,350.50
1299 E Reservoir & 1630 E PS	CVWD	\$5,700,000*	\$319,953.29
1630 E Pipeline, Segment A	RMC	\$1,056,294	\$889,184.82
Monitoring Wells & Lysimeters	Tom Harder	\$139,985	\$16,679

*Includes design and construction of the project

Southern Area:

The Agency requested Stantec to cease all design efforts on the project until an MOU is executed with the City of Chino Hills that outlines future obligations of both Agencies towards the Capital Project. The project's business case evaluation and MOU is scheduled to be presented as an info item during May's Board Meeting.

Project	Design	Construction Completion	Project Budget	Actual Cost	Status
930 W. Pipeline & Reservoir	Preliminary Design Report Completed	Dec 2010	\$20,251,000	\$561,905	On Hold

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	\$1,456,882	\$83,397	Preliminary Design

General Manager's Report Regarding Agency Activities

May 18, 2009

Page 3 of 11

Northwest Area:

The Northwest Area Recycled Water Project will primarily build the Regional Recycled Water distribution system in the City of Upland and the western service areas of the CVWD. The capital projects in the Northwest area are in the Preliminary Design Stage by MWH Americas. A draft Preliminary Design Report (PDR) has been submitted and circulated, for review and comments, to the internal staff at IEUA as well as to the City of Upland and CVWD staff. MWH will later be tasked with the final design of the 1630 W Pipeline, Phase 1 and the 1630 W Pump Station. A joint design team of the IEUA/CVWD will conduct the final design efforts for the 1630 W Pipeline Phase 2 and the 1630 W Reservoir. IEUA intends to partner with Upland and CVWD through Memorandum of Understanding (s) prior to authorizing the final design for the NW Area Project. Staff has submitted draft MOU's with both agencies as Informational Items for the March 18, 2009 Board Meeting. Staff anticipates finalizing the agreements in May/June. Staff is revising the project schedule to incorporate the time required to receive approval from both agencies on MOU's regarding the financial obligations to IEUA, should Upland and CVWD request assistance from IEUA, for the design and construction of the local laterals and on-site retrofits. Summary of the NW Area RW Regional Facilities is provided below:

Project	Design	Construction Completion	Project Budget	Actual Cost to Date	Status
1630 W Reservoir	Dec 2009	Jan 2011	\$8,100,000	\$50,525	Preliminary Design
1630 W Pump Station	Dec 2009	Jan 2011	\$8,500,000	\$24,271	Preliminary Design
1630 W Pipeline, Phase 1	Dec 2009	Jan 2011	\$15,600,000	\$704,011	Preliminary Design
1630 W Pipeline, Phase 2	Dec 2009	Jan 2011	\$4,250,000	\$9,602	Preliminary 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 - \$2,000,000.00 (Task Order 2.0)	
Description	Amount
Task Order 2.1 - Seismic Evaluation Upland Reservoir	\$80,800
Task Order 2.2 Prelim Design Report NW Phase I	\$242,870.00
Total Assigned:	\$323,670
Total Invoiced:	\$223,176
Remaining Unassigned:	\$1,676,330

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:

General Manager's Report Regarding Agency Activities

May 18, 2009

Page 4 of 11

Program Management - \$2,000,000.00 (Task Order 1.0)	
Description	Amount
Task Order 1.1 - CADD Assistance Service for RW Retrofits	\$49,998
Task Order 1.2- On Call RW Hydraulic Model	\$100,000
Task Order 1.3 - RW Database Assistance	\$147,858
Task Order 1.4 - Construction Management Reorganization Memo	\$76,779
Task Order 1.5 - MWD LRP Application Assistance	\$88,120
Task Order 1.6 - NRWS Philadelphia Pump Station RW Retrofit	\$27,951
TO # 1.7 RW Implementation Program Management (Staff Assistance)	\$105,435
TO # 1.8 - Monitoring Well & Lysimeter Permit for Victoria and San Sevaire	\$29,266.40
TO # 1.9 - Guasti Park & Temple Inland RW Retrofit	\$32,000
TO # 1.10 Construction Management Augmentation (Resident Engineer)	\$74,500
TO # 1.11 Green Team Engineering Support	\$50,000
TO #1.12 CM Implementation Support	\$81,00
Total Assigned:	\$862,907.40
Total Invoiced:	\$620,436.60
Remaining Unassigned:	\$1,137,092.60

The following new connections were made through April 2009:

Retail Agency	Customers	AFY
Chino	College Park Community Association (2 connections)	30
	Viramontes Express	65
CVWD	City of Rancho Cucamonga (4 th St & Archibald)	1
Ontario	Grove Memorial Park	10
	Roshan LLC – La Galleria at the Mills	2
	Vineyard Plaza	1
	CCC-N (2 connections)	11
Chino Hills	City of Chino Hills (2 connections)	10
	Los Serranos Ranch Community Association	5
Total	135 AFY	

The total potential annual recycled water usage from these customers is 135 AFY. The actual connected capacity has increased to 21,590 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	June 2009
Chad Farms (5 Connections)	Ontario	1,605	June 2009
Chaffey High School	Ontario	164	August 2009
Cintas I	Ontario	120	June 2009
Elderberry ES	Ontario	12	June 2009
Guasti Park	Ontario	224	July 2009
James Galvin Park	Ontario	15	June 2009

General Manager's Report Regarding Agency Activities

May 18, 2009

Page 5 of 11

John Galvin Park	Ontario	90	June 2009
Kaiser Hospital Cooling Tower	Ontario	30	June 2009
Kellogg Farm (Schaefer)	Ontario	120	August 2009
Li Farm	Ontario	2,500	August 2009
Mariposa ES	Ontario	34	June 2009
Montclair City Hall	Montclair	5	June 2009
Montclair Hospital	Montclair	10	June 2009
Montclair Parks	Montclair	111	June 2009
Munoz Park	Ontario	32	June 2009
Ontario-Montclair School District	Ontario	177	June 2009
Our Lady of Lourdes School/Church	Montclair	8	June 2009
Total Demand		5477	

HUMAN RESOURCES

In May, Level 4 employees are scheduled for online courses on Elements of Powerful Communication, Persuasive Appeals, and Modes of Persuasion. Level 1 employees will attend a facilitated course on Problem Solving. Level 2 and 3 employees, who have yet to complete their TEAMS requirements, will continue their coursework with the e-learning curricula.

The annual Employee Service Recognition luncheon was held on Wednesday, May 6, 2009 in the Event Center. The event served to recognize employees who reached service anniversaries of 5, 10, 20, and 30 years of service during the Fiscal Year 08-09; cut-off date for service calculation was March 2009. A total of twenty-four (24) employees were recognized at the luncheon and received a plaque and service pin to mark the milestone.

<u>CURRENT STAFFING</u>	
Regular Full-time Employees:	292*
Contract/Limited Term Employees:	17
Interns:	29**
TOTAL:	338

* 1 employee is retiring 6/1/09, which will decrease regular full-time employees to 291

** 1 intern is resigning 5/20/09, which will decrease intern employees to 28

CURRENT RECRUITMENT ACTIVITIES

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

General Manager's Report Regarding Agency Activities

May 18, 2009

Page 6 of 11

<u>REGULAR VACANCIES</u>							
	Position	Department	RFVP Received	Closing Date	Salary Range	Tentative Placement Date	Notes
1	Administrative Secretary	541-Energy Production & Maintenance	4/20/09	5/8/09	GU088	6/09	Recruitment in Process

<u>CURRENT RECRUITMENT ACTIVITIES</u>	
Recruitments in Process/Offer Pending	1
Placement in Process:	0
No RFVP; Position on Hold:	15
Total Regular Vacancies (Excludes Contract & Intern Positions):	16

<u>POSITIONS ON HOLD (5% 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	Sr. Water Resources Analyst	312-Planning & Water Resources	7/08
4	Sr. Engineer	420-Engineering	12/08
5	Sr. Engineer	420-Engineering	3/09
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	Process Control Coordinator	517-Tech Svs and Env Comp	3/09
11	Junior Operations Assistant	517-Tech Svs and Env Comp	4/09
12	Junior Operations Assistant	540-RP1 Operations	3/09
13	Inventory Control Technician	546-Maintenance Planning & Materials Management	4/09
14	Electrical Technician II	553-RP2/CC Electrical/Instrument Maintenance	12/08
15	Operator I	580-RP2/RP5 Operations	2/09

CONTRACT/LIMITED TERM VACANCIES

None.

INTERN VACANCIES

None.

CONSTRUCTION MANAGEMENT

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

IEUA, BEC, and Camp, Dresser & McKee (CDM) performed the Functional Acceptance Testing (FAT), Operational Readiness Testing (ORT), and Operations training. As a result of this testing and subsequent evaluation of the results, it was determined that delays will be experienced and a schedule update has been prepared. Deficiencies identified during FAT and ORT has resulted in a delay estimated to be 20 working days. The revised tentative commissioning date will be May 27, 2009.

RENEWABLE ENERGY EFFICIENCY PROJECT, PROJECT NO. EN03029.00

Staff has met with Johnson Power Systems and has received a proposal to place the REEP engines into long term storage that will protect the engines and preserve our 5 year warranty. In addition, all temporary 12kV switchgear that was installed to commission the project will be removed on May 30, 2009. This will require an outage of the HQ buildings.

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

Taisei-T&K continues to complete punch list items at the project site and has tentatively scheduled their paving contractor to complete remaining paving the week of May 18, 2009. The evaluation and calibration of the ultra-sonic measure equipment at the facilities chlorine contact basin are also scheduled for completion.

CCWRF FILTER TEST, PROJECT NO. EN05061.00

The testing has been completed, but with mixed results. All rental equipment will remain in place until a determination has been made by the consultant. This may require additional testing to produce a defining result once the current information is analyzed.

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

The contractor has begun to provide submittals and has mobilized some equipment to the site. Preliminary review of the site by CM staff exposed a conflict with the proposed tank elevations and the existing ventilation system. An RFI has been submitted to resolve the issue.

CCWRF SEC CLARIFIER GATE REPLACEMENT, PROJECT NO. EN08013.04

The gates have been received and a shut down request is being developed with Operations to facilitate the necessary duration of flow stoppage. A total of three gates will be replaced in three separate outages.

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

Construction Management went to the Board of Directors on February 18, 2009 for the project acceptance. A Notice of Completion was filed with the County on February 23, 2009.

A final claim letter on accrued liquidated damages has been prepared for distribution to the contractor. The Agency is currently dealing with two sub-contractor's stop notices related to the contractors' apparent bankruptcy.

YORBA AVE RECYCLED WATER LINE LEAK REPAIR

On the afternoon of April 27, 2009, City of Chino staff notified IEUA of a possible RW line leak at Yorba & Edison Avenue at Union Pacific tracks in the City of Chino. CM staff notified various contractors on the emergency contractor list to mobilize as soon as possible. AW Davies responded to the emergency and contacted the City of Chino regarding traffic control permit issuance. The Recycled Water staff contacted all customers north of the leak and advised them regarding the temporary shutdown. The contractor mobilized and began to excavate on the north side of the railroad tracks on Yorba Avenue. The leak was determined to be a 12-inch IEUA RW line encased under the railroad tracks. The contractor was directed to excavate the south side of the Railroad tracks to determine if the leak truly originated from within the encased area. The excavation determined that the leak was coming from the 12-inch encased RW line under the railroad tracks. Staff then contacted Union Pacific and received clearance to begin the corrective repairs as soon as possible. Contractor expenditures to date equal approximately \$15,600. AW Davies provided an estimate for a not-to-exceed \$45,000 to complete the repairs by replacing the existing 12-inch RW pipe, backfill and pave, and cap the holes on both sides of railroad tracks. AW Davies completed pipe replacement, blow sand and backfill paving on May 8, 2009.

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

The SARI Septic Dump Station has been completed and was scheduled to be placed into service on May 15, 2009. Staff is working with the design consultant to resolve a storm water collection issue that was recently discovered in the design.

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

All other 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

The Agency has received proposals for DCL cleaning. CM has negotiated work with the apparently low bidding contractor. This cleaning work is pending the change order approval/authorization. Digester 6 is currently being sandblasted. Cracks and structural repairs are currently in progress with the structural engineer monitoring work and making recommendations. Rehabilitation work is expected to be complete by June 2009.

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

Work is complete on the chlorine contact tank effluent structure. An assessment is underway to determine where leakage may be occurring from inside the chlorine contact tank. The sodium bisulfate pump shutdown is currently under review, and will require a temporary control panel to be constructed to facilitate new motor installation. The coordination of the shut down for the change out of the MCC at the intermediate pump station is in process. A standby generator will be procured to facilitate storm water pump station activation. The headwork gates are also under review by the engineer. An assessment is due by mid-May. Electrical rerouting of sensors for the filter banks is in process in order to avoid the influent channel, as well as installation of an additional breaker for the heat tape on the sodium bisulfate line.

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

Structural rehabilitation assessment work is ongoing. An assessment of the extensive outside wall spalling has been reviewed by the engineer and rehabilitation work is currently in progress under the engineer's review. This work is expected to be complete by June 2009.

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

Final job walk is scheduled for the first week of May. Close-out negotiation of change orders is expected by the end of May, with the project going to the Board of Directors by the second meeting in June for closure.

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

A revised scope of work has been prepared for cleaning and minimal access to these two force mains. This work is expected to be complete by the end of 2009.

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

The contractor has completed the majority of onsite work and has moved outside of the facility for the manhole repairs.

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

The flame traps have been installed on Digester 5 and Digester 7. An additional cost proposal has been requested by Construction Management to complete insulation of the flame traps.

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

Contractor has mobilized to the site and work has begun.

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

Punch list items are currently in process of completion. Additional work to address the bio-filter drainage issues is being assessed. Additional items found by Operations to meet operational and access issues will be addressed in the next fiscal year. Construction Management plans to close out this project by the end of May 2009.

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

The contractor has completed all of the construction activities and the project punch list.

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 completing the installation of MWD CB-14 and 20. This work is being coordinated with MWD with all remaining flood control work being coordinated through the County. With the addition of telemetry and relocation of pedestals at San Sevaine Basin, work in progress is estimated to be complete by August, with completion of environmental restoration by December. At this time, telemetry reception towers at RP-1 and RP-4 are being installed. Construction Management is continuing to coordinate with the City of Upland on residential action items needed for job completion.

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

The contractor is continuing with the testing of the sodium hypochlorite feed pumps for the 1158 Zone Recycled Water Line Distribution. Calibration and tuning of parameters of the dosing systems is ongoing with pump compliance of flow monitoring, leak detection, and accuracy. The site restoration has also begun with the contractor performing work over the excavation for underground installation by removal of the structural section of two feet below finish grade and re-compaction of these sub-grade areas. Start up activities have begun and all nine of the new pumps are in service. The new 1158 Zone System is currently supplying water to the new 1299 Zone and the recently installed reservoirs, along with the service area between RP-1 and RP-4. The 1299 Zone is supplying all northern service areas demands north of RP-4 and is operating well.

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

The contractor has completed all contract work and the project is scheduled for acceptance.

PUBLIC INFORMATION

Calendar of Events

May 2009

- **May 18 - 19**, 13th Annual WateReuse & Desalination Research Conference, Hilton Waterfront Beach Resort, Huntington Beach.

General Manager's Report Regarding Agency Activities

May 18, 2009

Page 11 of 11

- **May 19 – 22**, ACWA Spring Conference & Exhibition Water Infrastructure 911, Sacramento.
- **May 21**, Fontana Police and Fire Recognition Awards, Steelworkers Auditorium, 6:00 p.m.
- **May 22**, Cucamonga Valley Water District Open House for Water Awareness Day, 11:00 a.m. to 2:00 p.m.

June 2009

- **June 6**, Montclair Family Fun Festival, Alma Hofman Park, 11:00 a.m. to 5:00 p.m.
- **June 14 – 18**, American Water Works Association, The World's Water Event, San Diego.

August 2009

- **August 20**, BIA, San Bernardino Water Conference, Ontario Convention Center.

October 2009

- **October 24**, Regional Water Fair, Chino Basin Water Conservation District, 9:00 a.m. to 2:30 p.m.

Outreach/Educational Inland Valley Daily Bulletin Newspaper Campaign

The 5 tips on ways to help conserve water ad will appear in the Daily Bulletin on the first Sunday of each month. The May Water Awareness two-page advertisement ran at the end of May.

Water Conservation Outreach

IEUA is continuing to work with conservation partners to plan the Regional Conservation message. The new slogan is *Saving Water...It's the Right Thing to Do*. IEUA and its local water agencies will be showing MWD's conservation commercials in local movie theaters. Chris Lancaster is working on putting together print ads that can also be used for billboard ads.

Regional Conservation Outreach Campaign

- Ongoing ads in the Inland Valley Daily Bulletin, Champion Newspaper, Fontana Herald News, and La Opinion.
- Ongoing water wise gardening classes.
- 30 second public service announcements (PSA's) on community TV/ movie theaters/ radio/ internet with conservation tips.
- Billboards.

Agency Tours

During the month of April, staff provided a couple of tours of the HQ, RP-5. Numerous tours of the Chino Creek Wetlands and Educational Park were provided by SAWA.