



**AGENDA  
MEETING OF THE  
BOARD OF DIRECTORS**

**WEDNESDAY, OCTOBER 16, 2013  
10:00 A.M.**

**INLAND EMPIRE UTILITIES AGENCY\*  
AGENCY HEADQUARTERS  
6075 KIMBALL AVENUE, BUILDING A  
CHINO, CALIFORNIA 91708**

**CALL TO ORDER  
OF THE INLAND EMPIRE UTILITIES AGENCY BOARD OF DIRECTORS MEETING**

**FLAG SALUTE**

**PUBLIC COMMENT**

Members of the public may address the Board on any item that is within the jurisdiction of the Board; however, no action may be taken on any item not appearing on the agenda unless the action is otherwise authorized by Subdivision (b) of Section 54954.2 of the Government Code. Those persons wishing to address the Board on any matter, whether or not it appears on the agenda, are requested to complete and submit to the Board Secretary a "Request to Speak" form which are available on the table in the Board Room. Comments will be limited to five minutes per speaker. Thank you.

**ADDITIONS TO THE AGENDA**

In accordance with Section 54954.2 of the Government Code (Brown Act), additions to the agenda require two-thirds vote of the legislative body, or, if less than two-thirds of the members are present, a unanimous vote of those members present, that there is a need to take immediate action and that the need for action came to the attention of the local agency subsequent to the agenda being posted.

- 1. NEW HIRE INTRODUCTION**
- 2. CONSENT CALENDAR**

**NOTICE:** All matters listed under the Consent Calendar are considered to be routine and non-controversial and will be acted upon by the Board by one motion in the form listed below. There will be no separate discussion on these items prior to the time the Board votes unless any Board members, staff or the public requests specific items be discussed and/or removed from the Consent Calendar for separate action.

**A. MINUTES**

The Board will be asked to approve the minutes from the September 18, 2013 and October 2, 2013 Board meeting.

**B. TREASURER'S REPORT ON GENERAL DISBURSEMENTS**

It is recommended that the Board approve the total disbursements for the month of September 2013 in the amount of \$14,564,536.84.

**C. CONSTRUCTION CONTRACT AWARD FOR THE NRW COLLECTION SYSTEM REPAIRS PHASE III AND RAMONA SIPHON REPAIRS AND MANHOLES MODIFICATION**

It is recommended that the Board:

1. Award the construction contract for the NRW Collection System Repairs Phase III, Project No. EN11034, and Ramona Siphon Repairs and Manholes Modifications, Project No. EN12027, to Mladen Buntich for their low bid of \$529,000; and
2. Authorize the General Manager to execute the contract

**D. PROJECT ACCEPTANCE FOR THE TURNER BASIN TURNOUT CAPACITY IMPROVEMENTS, PROJECT NO. EN11050**

It is recommended that the Board:

1. Accept the work as performed by Mike Bubalo Construction Co., Inc. as complete under the construction contract for the Turner Basin Turnout Capacity Improvements, Project No. EN11050; and
2. Authorize the General Manager to execute the Notice of Completion.

**E. HYDROFLOC 750A POLYMER CONTRACT AWARD**

It is recommended that the Board:

1. Approve the issuance of a one-year, firm-fixed price contract (Contract No. 4600001544), with four one-year CPI-based renewal options to Aqua Ben Corporation for supply of Hydrofloc 750A polymer, at an initial firm-fixed unit price of \$1.2852/pound, which includes all sales tax and delivery charges; and
2. Authorize the General Manager to execute the contract.

**F. REGIONAL PLANT NO. 1 DIGESTER NO. 4 CLEANING PROJECT CONTRACT AWARD**

It is recommended that the Board:

1. Award the services contract (Contract No. 4600001553) to clean Digester No. 4 at Regional Plant No. 1 (RP-1) to Synagro-WWT, Inc., for a not-to-exceed amount of \$357,875; and
2. Authorize the General Manager to execute the contract.

**G. ADOPTION OF RESOLUTION NO. 2013-10-2, IN SUPPORT OF THE MWD FOUNDATIONAL ACTIONS FUNDING PROGRAM**

It is recommended that the Board adopt Resolution No. 2013-10-2, authorizing the General Manager to sign and file the grant application and agreement with Metropolitan Water District of Southern California (MWD) for the Foundational Actions Funding Program.

**H. FY 2012/13 FOURTH QUARTER BUDGET VARIANCE, PERFORMANCE GOALS UPDATES, AND BUDGET TRANSFERS**

It is recommended that the Board approve reclassification of FY 2012/13 costs, pursuant to the Agency's Fiscal Ordinance No. 90, as part of the year-end reconciliation resulting from the annual audit process. The costs to be reclassified are:

1. \$5.0 million of capital expenditures to operation and maintenance costs (O&M) primarily due to reimbursable costs from the City of Chino for the restoration of the Magnolia Channel (EN06020 – RP-5 Upgrade) and from Carson Company for street improvements performed in the city's right of way (EN12012 – El Prado Road Improvements); and
2. \$2.4 million of O&M costs to capital expenditures primarily from professional fees and services expenses to Capital Project EN08018, 1630 W. Recycled Water Pipeline in the Recycled Water (WC) Fund.

**I. ADOPTION OF RESOLUTION NOS. 2013-10-3 AND 2013-10-4, CONGRATULATING THE CITY OF CHINO AND THE LEWIS GROUP OF COMPANIES, RESPECTIVELY, FOR RECEIVING THE SOUTHERN CALIFORNIA WATER COMMITTEE'S HARRIETT WIEDER WATER LEADERSHIP AWARD**

It is recommended that the Board adopt Resolution Nos. 2013-10-3 and 2013-10-4, congratulating the City of Chino and the Lewis Group of Companies, respectively, for receiving the Southern California Water Committee's Harriett Wieder Water Leadership Award.

**3. ACTION ITEMS**

**A. APPROVAL OF THE 2013 AMENDMENT TO THE 2010 CHINO BASIN RECHARGE MASTER PLAN UPDATE**

It is recommended that the Board:

1. Approve the 2013 Amendment to the 2010 Chino Basin Recharge Master Plan Update;
2. Adopt Resolution No. 2013-10-1, adopting the 2013 Amendment to the 2010 Chino Basin Recharge Master Plan Update; and

3. Approve the Joint Filing, with Chino Basin Watermaster, to the court.

**B. ADOPTION OF 2013 BUSINESS GOALS**

It is recommended that the Board review and formally adopt the 2013 IEUA Business Goals.

**4. INFORMATION ITEMS**

**A. MWD UPDATE (ORAL)**

**B. CONSTRUCTION MANAGEMENT PROJECTS QUARTERLY UPDATE (POWERPOINT)**

**C. REGIONAL PLANT NO. 1 NET ENERGY METERING AND REGIONAL PLANT NO. 5 BIOGAS NET ENERGY METERING INTERCONNECTION AGREEMENT REJECTION (WRITTEN)**

**D. RECEIVE, REVIEW, AND DISCUSS BOARD APPOINTMENT APPLICATIONS**

**RECEIVE AND FILE INFORMATION ITEMS**

**E. TREASURER'S REPORT OF FINANCIAL AFFAIRS (WRITTEN/ POWERPOINT)**

**F. PUBLIC OUTREACH AND COMMUNICATION (WRITTEN)**

**G. LEGISLATIVE REPORT FROM INNOVATIVE FEDERAL STRATEGIES (WRITTEN)**

**H. LEGISLATIVE REPORT FROM THE DOLPHIN GROUP (WRITTEN)**

**I. LEGISLATIVE REPORT FROM AGRICULTURAL RESOURCES (WRITTEN)**

**J. CALIFORNIA STRATEGIES, LLC MONTHLY ACTIVITY REPORT (WRITTEN)**

**K. STATUS REPORT OF AGENCY'S TRAINING DEVELOPMENT PROGRAM (WRITTEN)**

**L. 1<sup>ST</sup> QUARTER PLANNING AND ENVIRONMENTAL COMPLIANCE UPDATE (POWERPOINT)**

**M. IEUA QUARTERLY WATER NEWSLETTER (WRITTEN)**

Materials related to an item on this agenda submitted to the Agency, after distribution of the agenda packet, are available for public inspection at the Agency's office located at 6075 Kimball Avenue, Chino, California during normal business hours.

5. **AGENCY REPRESENTATIVES' REPORTS**
  - A. **SAWPA REPORT (WRITTEN)**
  - B. **MWD REPORT (WRITTEN)**
  - C. **REGIONAL SEWERAGE PROGRAM POLICY COMMITTEE REPORT  
(Meeting was cancelled in October)**
  - D. **CHINO BASIN WATERMASTER REPORT**
6. **GENERAL MANAGER'S REPORT (WRITTEN)**
7. **BOARD OF DIRECTORS' REQUESTED FUTURE AGENDA ITEMS**
8. **DIRECTORS' COMMENTS**
  - A. **CONFERENCE REPORTS**

This is the time and place for the Members of the Board to report on prescheduled Committee/District Representative Assignment meetings, which were held since the last regular Board meeting, and/or any other items of interest.

9. **CLOSED SESSION**
  - A. **PURSUANT TO GOVERNMENT CODE SECTION 54956.9(a) –  
CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION**
    - 1) Chino Basin Municipal Water District vs. City of Chino, Case No. RCV51010
    - 2) Martin vs. IEUA, Case No. CIVRS 1000767
    - 3) Dezham vs. IEUA, Case No. CIVRS 1109761
    - 4) Sheilds vs. IEUA, Case No. CIVRS 1301638
    - 5) Desaddi vs. IEUA, Case No. CIVRS 1304617
  - B. **PURSUANT TO GOVERNMENT CODE SECTION 54956.9 –  
CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION**

One (1) Case
  - C. **PURSUANT TO GOVERNMENT CODE SECTION 54956.8 –  
CONFERENCE WITH REAL PROPERTY NEGOTIATOR**

Property: 117.509036, 34.076044 (Prologis Lagoon)  
Negotiating Parties: General Manager P. Joseph Grindstaff  
Under Negotiation: Price and Terms of Purchase

D. PURSUANT TO GOVERNMENT CODE SECTION 54957.6 –  
CONFERENCE WITH LABOR NEGOTIATOR

Meet and Confer Negotiations – Professional’s Unit  
Negotiating Parties: Mr. Mark Meyerhoff  
Liebert, Cassidy, Whitmore

E. PURSUANT TO GOVERNMENT CODE SECTION 54957 – PERSONNEL  
MATTERS

Various Positions – Agency Restructure

10. ADJOURN

\*A Municipal Water District

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Board Secretary (909) 993-1736, 48 hours prior to the scheduled meeting so that the Agency can make reasonable arrangements.

Proofed by: CRJ

**Declaration of Posting**

I, April Woodruff, Board Secretary of the Inland Empire Utilities Agency\*, A Municipal Water District, hereby certify that a copy of this agenda has been posted by 5:30 p.m. at the Agency’s main office, 6075 Kimball Avenue, Building A, Chino, CA on Thursday, October 10, 2013.


for April Woodruff #853  
April Woodruff


**CONSENT  
CALENDAR  
ITEM**

**21**

Date: October 16, 2013

To: The Honorable Board of Directors

From:  Steven J. Elie  
Director

Submitted by: April Woodruff   
Board Secretary/Office Manager

Subject: Adoption of Resolution Nos. 2013-10-3 and 2013-10-4, Congratulating the City of Chino and the Lewis Group of Companies, respectively, for receiving the Southern California Water Committee's Harriett Wieder Water Leadership Award

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### **RECOMMENDATION**

It is recommended that the Board of Directors adopt Resolution Nos. 2013-10-3 and 2013-10-4, congratulating the City of Chino and the Lewis Group of Companies, respectively, for receiving the Southern California Water Committee's Harriett Wieder Water Leadership Award.

### **BACKGROUND**

Each year, the Southern California Water Committee (SCWC) selects an individual or organization that has demonstrated an extraordinary commitment to advancing California's water supply issues. Improving water use efficiency is an essential aspect of California's water supply reliability. The SCWC has announced that the City of Chino and Lewis Group of Companies will be awarded the SCWC's prestigious Harriett Wieder Water Leadership Award for their collaboration on the 8,000-home master planned community, The Preserve at Chino, demonstrating excellence in promoting regional self-sufficiency and water-use efficiency. The award will be presented at SCWC's upcoming 29<sup>th</sup> Annual Dinner on October 24. The Agency has purchased a table to this event.

The Preserve utilizes local water provided by the City of Chino, purchased from the Chino Basin Desalter Authority, and local recycled water for outdoor landscaping, purchased from the Inland Empire Utilities Agency. No imported water will be required for the community, and reclaimed water is used to irrigate all parks, street parkways, trail systems and common areas in the community.



The City of Chino and the Lewis Group of Companies have spearheaded a thoughtful and innovative approach to sustainable development in Southern California, which I believe we should formally recognize.

**PRIOR BOARD ACTION**

None.

**IMPACT ON BUDGET**

None.

SE:aw

**RESOLUTION 2013-10-3**

**RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE INLAND EMPIRE UTILITIES AGENCY\*,  
SAN BERNARDINO COUNTY CALIFORNIA,  
CONGRATULATING THE CITY OF CHINO FOR  
RECEIVING THE SOUTHERN CALIFORNIA  
WATER COMMITTEE'S HARRIETT WIEDER  
WATER LEADERSHIP AWARD**

**WHEREAS**, the Southern California Water Committee awarded the City of Chino the Harriett Wieder Water Leadership Award for their collaboration with the Lewis Group of Companies on the new 8,000-home master plan community The Preserve at Chino; and

**WHEREAS**, the City of Chino has demonstrated excellence in promoting regional self-sufficiency and water-use efficiency; and

**WHEREAS**, the Preserve utilizes local water provided by the City of Chino, purchased from the Chino Basin Desalter Authority, and local recycled water for outdoor landscaping, purchased from the Inland Empire Utilities Agency; and

**WHEREAS**, the City of Chino has shown extraordinary commitment to advancing California's water supply issues through a thoughtful and innovative approach to a sustainable development in the region.

**NOW, THEREFORE, BE IT RESOLVED**, that the Board of Directors of the Inland Empire Utilities Agency does hereby recognize and congratulate the City of Chino for receiving the Southern California Water Committee's prestigious Harriett Wieder Water Leadership Award.

ADOPTED this 16<sup>th</sup> day of October, 2013

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Terry Catlin  
President of the Inland Empire Utilities Agency\*  
and on behalf of the Board of Directors thereof.

ATTEST:

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Steven J. Elie  
Secretary/Treasurer of the Inland Empire Utilities Agency\*  
and on behalf of the Board of Directors thereof.

(SEAL)



**RESOLUTION 2013-10-4**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
INLAND EMPIRE UTILITIES AGENCY\*, SAN  
BERNARDINO COUNTY CALIFORNIA,  
CONGRATULATING THE LEWIS GROUP OF  
COMPANIES FOR RECEIVING THE SOUTHERN  
CALIFORNIA WATER COMMITTEE'S HARRIETT  
WIEDER WATER LEADERSHIP AWARD**

**WHEREAS**, the Southern California Water Committee awarded the Lewis Group of Companies the Harriett Wieder Water Leadership Award for their collaboration with the City of Chino on the new 8,000-home master plan community The Preserve at Chino; and

**WHEREAS**, the Lewis Group of Companies has demonstrated excellence in promoting regional self-sufficiency and water-use efficiency; and

**WHEREAS**, the Preserve utilizes local water provided by the City of Chino, purchased from the Chino Basin Desalter Authority, and local recycled water for outdoor landscaping, purchased from the Inland Empire Utilities Agency; and

**WHEREAS**, the Lewis Group of Companies has shown extraordinary commitment to advancing California's water supply issues through a thoughtful and innovative approach to a sustainable development in the region.

**NOW, THEREFORE, BE IT RESOLVED**, that the Board of Directors of the Inland Empire Utilities Agency does hereby recognize and congratulate the Lewis Group of Companies for receiving the Southern California Water Committee's prestigious Harriett Wieder Water Leadership Award.

ADOPTED this 16<sup>th</sup> day of October, 2013

\_\_\_\_\_  
Terry Catlin  
President of the Inland Empire Utilities Agency\*  
And on behalf of the Board of Directors thereof.

ATTEST:

\_\_\_\_\_  
Steven J. Elie  
Secretary/Treasurer of the Inland Empire Utilities Agency\*  
and on behalf of the Board of Directors thereof.

(SEAL)

STATE OF CALIFORNIA                    )  
COUNTY OF                                )SS  
SAN BERNARDINO                         )

I, Steven J. Elie, Secretary/Treasurer of the Inland Empire Utilities Agency\*, DO  
HEREBY CERTIFY that the foregoing Resolution being No. 2013-10-4 was adopted at a  
regular Board Meeting on October 16, 2013, of said Agency by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

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Secretary/Treasurer

(SEAL)

\*A Municipal Water District

**ACTION  
ITEM**

**3A**

Date: October 16, 2013

To: The Honorable Board of Directors

Through: Public, Legislative Affairs, and Water Resources Committee (10/09/13)  
Finance, Legal, and Administration Committee (10/09/13)

From: *for* P. Joseph Grindstaff *dal*  
General Manager

Submitted by: *for* Chris Berch *CB*  
Manager of Planning and Environmental Compliance

Subject: Approval of the 2013 Amendment to the 2010 Chino Basin Recharge Master Plan Update

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### **RECOMMENDATION**

It is recommended that the Board of Directors:

1. Approve the 2013 Amendment to the 2010 Chino Basin Recharge Master Plan Update;
2. Adopt Resolution No. 2013-10-1, adopting the 2013 Amendment to the 2010 Chino Basin Recharge Master Plan Update; and
3. Approve a Joint Filing, with Chino Basin Watermaster, to the court.

### **BACKGROUND**

Inland Empire Utilities Agency (IEUA), Chino Basin Watermaster (CBWM), Chino Basin Water Conservation District (CBWCD), and their respective member agencies have prepared a 2013 Amendment to the 2010 Recharge Master Plan Update (Update), per the direction of the Court.

The 2013 Amendment evaluated 27 yield enhancement projects (i.e. capital projects) and recommends implementing 11 of the yield enhancement projects over the next 6 years. These 11 projects are estimated to develop approximately 6,781 AFY of stormwater recharge and 4,936 AFY of recycled water recharge, at an estimated capital cost of \$57 million. The 2013 Amendment also evaluated 9 production sustainability projects (i.e. in-lieu projects), and recommends individual parties develop the necessary agreements to implement these projects.

Both IEUA and CBWM are required to approve and submit the 2013 Amendment to the Court in October 2013. The CBWM Board of Directors approved the 2013 Amendment at their September 26, 2013 Board meeting. The full document can be found at [www.cbwm.org](http://www.cbwm.org).

*Peace II Agreement, Article 8.1.b*

Within the Peace II Agreement, there are provisions that describe cost sharing requirements between IEUA and CBWM, for projects identified in the Chino Basin Recharge Master Plan. Specifically, Article 8.1.b of the Peace II Agreement describes cost sharing on capital projects:

*Mutually approved capital improvements for recharge basins that do or can receive recycled water constructed pursuant to the court approved Recharge Master Plan, if any, will be financed through the use of third party grants and contributions if available, with any unfunded balance being apportioned 50 percent each to IEUA and Watermaster.*

*Implementation and Financing Plan*

Section 8 of the 2013 Amendment includes a detailed implementation schedule for both yield enhancement projects and sustainability projects. It also includes a detailed schedule and process on how a financing plan will be developed in order to fund the recommended yield enhancement projects.

As one of the first milestones in the schedule, IEUA and CBWM will be required to develop a yield enhancement project implementation agreement in 2014. This agreement will determine the implementation responsibilities of IEUA, such as developing preliminary design reports or preparing environmental documentation. The agreement will also determine the financing responsibilities, if any, by IEUA above and beyond the cost sharing requirements described in the Peace II Agreement. Currently, the 2013 Amendment does not require IEUA to finance any of the recommended yield enhancement projects.

*Recommended Cost Sharing Projects*

Attached is a memo addressed to the Steering Committee summarizing IEUA’s recommendations. The memo recommends that IEUA cost-share 3 of the 11 recommended yield enhancement projects, as they include a recycled water capital component (see table below). These 3 projects are estimated to yield 4,936 AFY of recycled water recharge at a capital cost of \$4.5 million. This equates to an average unit cost of \$273/AF for all 3 projects.

The memo also recommends that the region continues to evaluate and pursue the other cost-sharing projects with the intent of implementing them once the required proof-of-concept/investigative work determines the project is viable.

**2013 Amendment to the 2010 Recharge Master Plan Update – IEUA Cost-Sharing Projects**

Project ID	Project Name	Included in IEUA FY 13/14 TYCIP	Management Zone	Estimated RW Yield (AF)	IEUA Funding Support
7	San Sevaine Basin	Yes	2	1,911	\$1,775,000
11	Victoria Basin	No	2	120	\$75,000
22	RP3 Basin Improvements	No	3	2,905	\$2,645,000
<b>TOTAL</b>				<b>4,936</b>	<b>\$4,495,000</b>



Staff vetted the attached memo with the IEUA water/wastewater member agencies at the July 2013 Water Managers/Technical Committee Workshop, with the Technical Committee at the August and October 2013 meeting, and with the IEUA Committee/Board in August and September 2013.

**PRIOR BOARD ACTION**

None.

**IMPACT ON BUDGET**

None.

Attachments:

1. Resolution No. 2013-10-1
2. Filing to the Court – Motion for Approval of Amendment to RMPU
3. IEUA Memo to Chino Basin Recharge Master Plan Update Steering Committee

**RESOLUTION NO. 2013-10-1**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
INLAND EMPIRE UTILITIES AGENCY\* (IEUA), SAN  
BERNARDINO COUNTY, CALIFORNIA, ADOPTING THE 2013  
AMENDMENT TO THE 2010 UPDATE TO THE CHINO BASIN  
RECHARGE MASTER PLAN**

**WHEREAS**, in 2000, the Chino Basin Watermaster adopted a Recharge Master Plan which established the technical foundation for the development of the recharge facilities and practices in the Chino Basin; and

**WHEREAS**, in 2001, Watermaster, in cooperation with the Inland Empire Utilities Agency (“IEUA”), initiated the Chino Basin Facilities Improvement Project (“CBFIP”) which implemented facilities recommendations in the Recharge Master Plan; and

**WHEREAS**, in 2006, Watermaster, in cooperation with IEUA, initiated Phase II of the CBFIP in order to implement additional facilities recommendations in the Recharge Master Plan; and

**WHEREAS**, on December 21, 2007, the Court approved the Peace II Measures which set forth a modified approach to management of the Chino Basin known as Basin Re-Operation, the ultimate goal of which is the achievement of Hydraulic Control; and

**WHEREAS**, Section 8.1 of the Peace II Agreement, the relevant portions for purposes of this Resolution are attached as Exhibit A hereto, approved by the Court, included the requirement that Watermaster and IEUA must each approve the Recharge Master Plan; and

**WHEREAS**, during 2009 through 2010, Watermaster staff and technical consultants, in cooperation with IEUA and the Chino Basin Water Conservation District, developed an updated Recharge Master Plan (“2010 RMPU”); and

**WHEREAS**, during the spring of 2010, Watermaster staff and technical consultants held numerous technical workshops and recognized that changing conditions within the Chino Basin including the impacts of the economic recession, drought, mandatory regional conservation, increased recycled water recharge capability and the adoption of new regulatory requirements for stormwater capture significantly modified planning assumptions in the 2010 RMPU; and

**WHEREAS**, due to intervening state legislation enacted subsequent to the Court’s December 2007 Order, a delay in finalizing the Update was required. The legislation extended the time for completion of 2010 Urban Water Management Plans (“UWMPs”) until July of 2011; and

**WHEREAS**, IEUA deferred its right to approval of the 2010 RMPU until after the completion of the appropriators' UWMPs, because IEUA believed that the water demand and production assumptions were overly conservative and should be re-evaluated with the completion of the parties UWMPs to avoid unnecessary expense to the parties; and

**WHEREAS**, on June 30, 2010, Watermaster submitted its 2010 RMPU to the Court; and

**WHEREAS**, on October 8, 2010, the Court issued an *Order Approving Watermaster's Compliance with Condition Subsequent Number Eight and Approving Procedures to be Used to Allocate Surplus Agricultural Pool Water in the Event of a Decline in Safe Yield*, attached hereto as Exhibit B, finding the 2010 RMPU was responsive to its prior Orders. The October 8, 2010 Order ordered Watermaster to convene the committee described in Item 3 of Section 7.1 of the 2010 RMPU to develop the monitoring, reporting, and accounting practices that will be required to estimate local project stormwater recharge and new yield (October 8, 2010 Order, at 4:9-11); and

**WHEREAS**, the Court also ordered Watermaster to conduct further analyses, as described in section 7.2 of the 2010 RMPU, of the Phase I through III recharge projects to refine the projects, to develop a financing plan, and to develop an implementation plan. The Court further ordered Watermaster to report to the Court on any changes to the 2010 RMPU Update necessitated by information received through the UWMPs by December 17, 2011, and to report on the status of IEUA's approval of the updated Recharge Master Plan (October 8, 2010 Order, at 4:12-18); and

**WHEREAS**, at its November 15, 2012 regular meeting, after reviewing progress made toward completion of the amendment of the 2010 RMPU, the Board unanimously approved a schedule providing for the completion of compliance with Court's October 2010 Order, and its filing with the Court by October 2013; and

**WHEREAS**, since mid-2011, the Steering Committee has generally met twice each month, and includes stakeholders, inclusive of IEUA as required by the Peace II Agreement. The evaluation by the Steering Committee has incorporated updated groundwater production estimates and replenishment obligation projections, calculations of water in storage, and information regarding the projected availability of replenishment water; and

**WHEREAS**, the Steering Committee developed criteria by which the Sustainability Projects and Yield Enhancement Projects were analyzed and ranked for potential implementation, and, pursuant to such ranking, certain projects were recommended for implementation. The Yield Enhancement Projects selected by the Steering Committee for recommended implementation through the 2013 Amendment are estimated to increase stormwater recharge to the Basin by up to 6,781 acre-feet per year and recycled water recharge to the Basin by up to 4,936 acre-feet per year; and,

**WHEREAS**, the Steering Committee has developed an implementation and financing plan for the implementation of the recommended projects as part of the 2013 Amendment, which the Court will be asked to approve and with which it will be asked to direct Watermaster to proceed in accordance; and

**WHEREAS**, in its May 2012 Recharge Master Plan Status Report, Watermaster reported that because IEUA had been an active participant in the Amendment process, Watermaster reasonably anticipated that IEUA would be more readily disposed to approve the Amendment. Since that time, IEUA has continued to participate in the development of the Amendment and it is reasonably expected that the IEUA Board of Directors will approve the 2013 Amendment at its October 16, 2013 regular meeting.

**NOW, THEREFORE**, the Board of Directors of the Inland Empire Utilities Agency\* does hereby RESOLVE, DETERMINE AND ORDER as follows:

1. There exists sufficient recharge capacity to meet future replenishment obligations identified in the 2010 Recharge Master Plan Update. If Basin Re-Operation were terminated prior to 2030, Watermaster would be able to increase its replenishment activity in order to maintain hydrologic balance within the Basin, in compliance with the Recharge Master Plan.
2. Watermaster and interested parties, through the Steering Committee, thoroughly evaluated changed circumstances (legislative, regulatory, etc.) that were not addressed in the 2010 Recharge Master Plan Update and how these changes affect the Recharge Master Plan, and this evaluation is included in section 2 of the 2013 Amendment.
3. The Steering Committee's recommended Yield Enhancement Projects are estimated to increase stormwater recharge to the Basin by up to 6,781 acre-feet per year and recycled water recharge to the Basin by up to 4,936 acre-feet per year.
4. The Steering Committee developed an implementation and financing plan for the 2013 Amendment's recommended projects, as described in section 8 of the 2013 Amendment, that will further the goals and requirements of the Recharge Master Plan.
5. The 2013 Amendment to the 2010 Recharge Master Plan Update is based on sound technical analysis and adequately amends the 2010 Recharge Master Plan Update in light of changed economic, legislative, and hydrologic conditions within the State of California.
6. The 2013 Amendment to the 2010 Recharge Master Plan Update is responsive to the Court's order to develop the monitoring, reporting, and accounting practices that will be required to estimate local project stormwater recharge

and new yield, and contains sufficient analysis responsive to the Court's direction to develop a financing plan and an implementation plan.

7. IEUA adopts the 2013 Amendment to the 2010 Recharge Master Plan Update as the guidance document for the further development of the recharge facilities within the Chino Basin.
8. Pursuant to the Peace II Agreement Section 8.1, Watermaster and IEUA will update the Recharge Master Plan not less frequently than once every five years. As the development of the 2013 Amendment was, in effect, an update to the Plan, the Plan will be updated no later than 2018.

**ADOPTED** this 16<sup>th</sup> day of October 2013.

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Terry L. Catlin  
President of the Inland Empire Utilities  
Agency\* and of the Board of Directors  
thereof

ATTEST:

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Steven J. Elie  
Secretary/Treasurer of the Inland  
Empire Utilities Agency\* and of the  
Board of Directors thereof

(SEAL)

\*A Municipal Water District



**EXHIBIT "A"**

October 25, 2007

**PEACE II AGREEMENT:  
PARTY SUPPORT FOR WATERMASTER'S OBMP  
IMPLEMENTATION PLAN, -  
SETTLEMENT AND RELEASE OF CLAIMS  
REGARDING FUTURE DESALTERS**

**WHEREAS**, paragraph 41 of the Judgment entered in *Chino Basin Municipal Water District v. City of Chino* (San Bernardino Superior Court Case No. 51010) grants Watermaster, with the advice of the Advisory and Pool Committees, "discretionary powers in order to implement an Optimum Basin Management Program ("OBMP") for the Chino Basin";

**WHEREAS**, the Parties to the Judgment executed an agreement resolving their differences and pledging their support for Watermaster actions in accordance with specific terms in June of 2000 ("Peace Agreement");

**WHEREAS**, Watermaster approved Resolution 00-05, and thereby adopted the goals and objectives of the OBMP, the OBMP Implementation Plan and committed to act in accordance with the terms of the Peace Agreement;

**WHEREAS**, pursuant to Article IV, paragraph 4.2, each of the parties to the Peace Agreement agreed not to oppose Watermaster's adoption and implementation of the OBMP Implementation Plan attached as Exhibit "B" to the Peace Agreement;

**WHEREAS**, the Peace Agreement, the OBMP Implementation Plan and the Chino Basin Watermaster Rules and Regulations contemplate further actions by Watermaster in furtherance of its responsibilities under paragraph 41 of the Judgment and in accordance with the Peace Agreement and the OBMP Implementation Plan;

**WHEREAS**, the Parties to the Peace Agreement made certain commitments regarding the funding, design, construction and operation of Future Desalters;

**WHEREAS**, after receiving input from its stakeholders in the form of the Stakeholder's Non-Binding Term Sheet, Watermaster has proposed to adopt Resolution 07-05 attached as Exhibit "1" hereto to further implement the OBMP through a suite of measures commonly referred to and herein defined as "Peace II Measures", including but not limited to the 2007 Supplement to the OBMP, the Second Amendment to the Peace Agreement, amendments to Watermaster's Rules and Regulations, the purchase and sale of water within the Overlying (Non-Agricultural) Pool and certain Judgment amendments; and

**NOW, THEREFORE**, in consideration of the mutual promises specified herein and by conditioning their performance under this Agreement upon the conditions precedent set forth in Article III herein, the Watermaster Approval, and Court Order, and for other good and valuable consideration, the Parties agree as follows:



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- 7.5 Allocation of Losses. Any losses from storage assessed as a Leave Behind in excess of actual losses ("dedication quantity") will be dedicated by Watermaster towards groundwater Production by the Desalters to thereby avoid a Desalter replenishment obligation that may then exist *in the year* of recovery. Any dedication quantity which is not required to offset Desalter Production in the year in which the loss is assessed, will be made available to the members of the Appropriative Pool. The dedication quantity will be pro-rated among the members of the Appropriative Pool in accordance with each Producer's combined total share of Operating Safe Yield and the previous year's actual production. However, before any member of the Appropriative Pool may receive a distribution of any dedication quantity, they must be in full compliance with the 2007 Supplement to the OBMP Implementation Plan and current in all applicable Watermaster assessments.

## ARTICLE VIII RECHARGE

- 8.1 Update to the Recharge Master Plan. Watermaster will update and obtain Court approval of its update to the Recharge Master Plan to address how the Basin will be contemporaneously managed to secure and maintain Hydraulic Control and subsequently operated at a new equilibrium at the conclusion of the period of Re-Operation. The Recharge Master Plan will be jointly approved by IEUA and Watermaster and shall contain recharge estimations and summaries of the projected water supply availability as well as the physical means to accomplish the recharge projections. Specifically, the Plan will reflect an appropriate schedule for planning, design, and physical improvements as may be required to provide reasonable assurance that following the full beneficial use of the groundwater withdrawn in accordance with the Basin Re-Operation and authorized controlled overdraft, that sufficient Replenishment capability exists to meet the reasonable projections of Desalter Replenishment obligations. With the concurrence of IEUA and Watermaster, the Recharge Master Plan will be updated and amended as frequently as necessary with Court approval and not less than every five (5) years. Costs incurred in the design, permitting, operation and maintenance of recharge improvements will be apportioned in accordance with the following principles.
- a. Operations and Maintenance. All future operations and maintenance costs attributable to all recharge facilities utilized for recharge of recycled water in whole or in part unfunded from third party sources, will be paid by the Inland Empire Utilities Agency ("IEUA") and Watermaster. The contribution by IEUA will be determined annually on the basis of the relative proportion of recycled water recharged bears to the total recharge from all sources in the prior year. For example, if 35 percent of total recharge in a single year is from recycled water, then IEUA will bear 35 percent of the operations and maintenance costs. All remaining unfunded costs attributable to the facilities used by Watermaster will be paid by Watermaster.
- i. IEUA reserves discretion as to how it assesses its share of costs.

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ii. Watermaster will apportion its costs among the members of the stakeholders in accordance with Production, excluding Desalter Production.

iii. The operations and maintenance costs of water recharged by aquifer storage and recovery will not be considered in the calculation other than by express agreement.

b. Capital. Mutually approved capital improvements for recharge basins that do or can receive recycled water constructed pursuant to the Court approved Recharge Master Plan, if any, will be financed through the use of third party grants and contributions if available, with any unfunded balance being apportioned 50 percent each to IEUA and Watermaster. The Watermaster contribution shall be allocated according to shares of Operating Safe Yield. All remaining unfunded costs attributable to the facilities used by Watermaster will be paid by Watermaster.

8.2 Coordination. The members of the Appropriative Pool will coordinate the development of their respective Urban Water Management Plans and Water Supply Master Plans with Watermaster as follows.

- (a) Each Appropriator that prepares an Urban Water Management Plan and Water Supply Plans will provide Watermaster with copies of their existing and proposed plans.
- (b) Watermaster will use the Plans in evaluating the adequacy of the Recharge Master Plan and other OBMP Implementation Plan program elements.
- (c) Each Appropriator will provide Watermaster with a draft in advance of adopting any proposed changes to their Urban Water Management Plans and in advance of adopting any material changes to their Water Supply Master Plans respectively in accordance with the customary notification routinely provided to other third parties to offer Watermaster a reasonable opportunity to provide informal input and informal comment on the proposed changes.
- (d) Any party that experiences the loss or the imminent threatened loss of a material water supply source will provide reasonable notice to Watermaster of the condition and the expected impact, if any, on the projected groundwater use.

8.3 Continuing Covenant. To ameliorate any long-term risks attributable to reliance upon un-replenished groundwater production by the Desalters, the annual availability of any portion of the 400,000 acre-feet set aside as controlled overdraft as a component of the Physical Solution, is expressly subject to Watermaster making an annual finding about whether it is in substantial compliance with the revised Watermaster Recharge Master Plan pursuant to Paragraphs 7.3 and 8.1 above.

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8.4 Acknowledgment re 6,500 Acre-Foot Supplemental Recharge. The Parties make the following acknowledgments regarding the 6,500 Acre-Foot Supplemental Recharge:

- (a) A fundamental premise of the Physical Solution is that all water users dependent upon Chino Basin will be allowed to pump sufficient waters from the Basin to meet their requirements. To promote the goal of equal access to groundwater within all areas and sub-areas of the Chino Basin, Watermaster has committed to use its best efforts to direct recharge relative to production in each area and sub-area of the Basin and to achieve long-term balance between total recharge and discharge. The Parties acknowledge that to assist Watermaster in providing for recharge, the Peace Agreement sets forth a requirement for Appropriative Pool purchase of 6,500 acre-feet per year of Supplemental Water for recharge in Management Zone 1 (MZ1). The purchases have been credited as an addition to Appropriative Pool storage accounts. The water recharged under this program has not been accounted for as Replenishment water.
- (b) Watermaster was required to evaluate the continuance of this requirement in 2005 by taking into account provisions of the Judgment, Peace Agreement and OBMP, among all other relevant factors. It has been determined that other obligations in the Judgment and Peace Agreement, including the requirement of hydrologic balance and projected replenishment obligations, will provide for sufficient wet-water recharge to make the separate commitment of Appropriative Pool purchase of 6,500 acre-feet unnecessary. Therefore, because the recharge target as described in the Peace Agreement has been achieved, further purchases under the program will cease and Watermaster will proceed with operations in accordance with the provisions of paragraphs (c), (d) and (e) below.
- (c) The parties acknowledge that, regardless of Replenishment obligations, Watermaster will independently determine whether to require wet-water recharge within MZ1 to maintain hydrologic balance and to provide equal access to groundwater in accordance with the provisions of this Section 8.4 and in a manner consistent with the Peace Agreement, OBMP and the Long Term Plan for Subsidence.<sup>9</sup> Watermaster will conduct its recharge in a manner to provide hydrologic balance within, and will emphasize recharge in MZ1. Accordingly, the Parties acknowledge and agree that each year Watermaster shall continue to be guided in the exercise of its discretion concerning recharge by the principles of hydrologic balance.
- (d) Consistent with its overall obligations to manage the Chino Basin to ensure hydrologic balance within each management zone, for the duration of the Peace Agreement (until June of 2030), Watermaster will ensure that a minimum of 6,500 acre-feet of wet water recharge occurs within MZ1 on an annual basis. However, to the extent that water is unavailable for recharge or there is no replenishment obligation in any year, the obligation to recharge 6,500 acre-feet will accrue and be satisfied in subsequent years.
  - (1) Watermaster will implement this measure in a coordinated manner so as to

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facilitate compliance with other agreements among the parties, including but not limited to the Dry-Year Yield Agreements.

- (2) In preparation of the Recharge Master Plan, Watermaster will consider whether existing groundwater production facilities owned or controlled by producers within MZ1 may be used in connection with an aquifer storage and recovery ("ASR") project so as to further enhance recharge in specific locations and to otherwise meet the objectives of the Recharge Master Plan.
- (e) Five years from the effective date of the Peace II Measures, Watermaster will cause an evaluation of the minimum recharge quantity for MZ1. After consideration of the information developed in accordance with the studies conducted pursuant to paragraph 3 below, the observed experiences in complying with the Dry Year Yield Agreements as well as any other pertinent information, Watermaster may increase the minimum requirement for MZ1 to quantities greater than 6,500 acre-feet per year. In no circumstance will the commitment to recharge 6,500 acre-feet be reduced for the duration of the Peace Agreement.

#### ARTICLE IX

9.1 Basin Management Assistance. Three Valleys Municipal Water District ("TVMWD") shall assist in the management of the Basin through a financial contribution of \$300,000 to study the feasibility of developing a water supply program within Management Zone 1 of the Basin or in connection with the evaluation of Future Desalters. The study will emphasize assisting Watermaster in meeting its OBMP Implementation Plan objectives of concurrently securing Hydraulic Control through Re-Operation while attaining Management Zone 1 subsidence management goals. Further, TVMWD has expressed an interest in participating in future projects in the Basin that benefit TVMWD. If TVMWD wishes to construct or participate in such future projects, TVMWD shall negotiate with Watermaster in good faith concerning a possible "buy-in" payment.

#### 9.2 Allocation of Non-Agricultural Pool OBMP Special Assessment

a. For a period of ten years from the effective date of the Peace II Measures, any water (or financial equivalent) that may be contributed from the Overlying (Non-Agricultural) Pool in accordance with paragraph 8(c) of Exhibit G to the Judgment (as amended) will be apportioned among the members of the Appropriate Pool in each year as follows:

(i)	City of Ontario,	80 af
(ii)	City of Upland	161 af
(iii)	Monte Vista Water District	213 af
(iv)	City of Pomona	220 af
(v)	Marygold Mutual Water Co	16 af
(vi)	West Valley Water District	15 af

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9 **CHINO BASIN WATERMASTER**

10 SUPERIOR COURT OF THE STATE OF CALIFORNIA  
11 FOR THE COUNTY OF SAN BERNARDINO

12 CHINO BASIN MUNICIPAL WATER  
13 DISTRICT,

14 Plaintiff,

15 v.

16 CITY OF CHINO, et al.,

17 Defendant.

**Case No. RCV 51010**

[Assigned for All Purposes to the Honorable  
STANFORD E. REICHERT]

**2013 AMENDMENT TO 2010 RECHARGE  
MASTER PLAN UPDATE; REQUEST FOR  
INTERVENTION BY TAMCO**

Date: December 13, 2013  
Time: 1:30 p.m.  
Dept. R-6

18 **I. INTRODUCTION**

19 Watermaster hereby requests the Court's approval of the 2013 Amendment to the 2010  
20 Recharge Master Plan Update ("2013 Amendment")<sup>1</sup> and finding that the 2013 Amendment  
21 satisfies the Court's orders and directions regarding amendment of the 2010 Recharge Master  
22 Plan Update ("2010 RMPU") contained in the Court's *Order Approving Watermaster's*  
23 *Compliance with Condition Subsequent Number Eight and Approving Procedures to be Used to*  
24 *Allocate Surplus Agricultural Pool Water in the Event of a Decline in Safe Yield*, dated October 8,  
25 2010<sup>2</sup> ("October 8, 2010 Order").

26 \_\_\_\_\_  
27 <sup>1</sup> A copy of the 2013 Amendment is included as Exhibit E to Watermaster's Resolution No. 2013-  
28 06, Resolution of the Chino Basin Watermaster Regarding the Adoption of the 2013 Amendment  
to the 2010 Update to the Chino Basin Recharge Master Plan, attached hereto as Exhibit "A."

<sup>2</sup> The October 8, 2010 Order is included as Exhibit B to Watermaster's Resolution No. 2013-06.

1 Watermaster also requests the Court's approval of the proposed intervention of TAMCO,  
2 a California Corporation, as a party to the Judgment with placement within the Overlying (Non-  
3 Agricultural) Pool.

4 **II. BACKGROUND OF AMENDMENT TO THE RECHARGE MASTER PLAN**  
5 **UPDATE**

6 **A. The Recharge Master Plan**

7 In its December 21, 2007 Order approving the Peace II Measures, the Court required  
8 Watermaster to satisfy a number of conditions subsequent. Condition subsequent number eight  
9 required Watermaster to update its Recharge Master Plan. The Chino Basin Judgment operates  
10 on the fundamental premise that overproduction can be replenished through the recharge of  
11 supplemental water. Under the Judgment, no party is limited in the amount of groundwater that it  
12 may pump from the Basin, provided that sufficient funds are provided by the parties to purchase  
13 replenishment water to offset any pumping above the Safe Yield of the Basin. In broad terms, the  
14 purpose of the Recharge Master Plan is to articulate the manner in which Watermaster will fulfill  
15 its responsibilities under the Judgment to ensure that groundwater production from the Chino  
16 Basin in excess of the Safe Yield is replenished in accordance with the Physical Solution. This  
17 requires that the Recharge Master Plan make projections concerning anticipated production of  
18 groundwater from the Basin, the availability of imported water supplies, and the facilities  
19 necessary to make use of those imported supplies.

20 In addition, Watermaster's discretion with regard to the manner in which recharge  
21 activities are conducted is constrained by commitments made in the Peace I and Peace II  
22 Agreements, and implementation of the Recharge Master Plan recommendations must satisfy  
23 these commitments. Fundamentally, the purpose of the Recharge Master Plan Update is to ensure  
24 that, if at any time during the period when the 400,000 acre-feet of Basin Re-Operation water is  
25 being produced that water were to become unavailable, Watermaster and the parties will have the  
26 ability to cease production of the 400,000 acre-feet and return to normal Basin operations.

27 **B. 2010 Recharge Master Plan Update**

28 On June 30, 2010, Watermaster submitted its 2010 RMPU to the Court in compliance

1 with condition subsequent number eight. (October 8, 2010 Order Approving Watermaster  
2 Compliance with Condition Subsequent Number Eight and Approving Procedures to be Used to  
3 Allocate Surplus Agricultural Pool Water in the Event of a Decline in Safe Yield (“October 8,  
4 2010 Order”) at 4:3-4.) However, due to intervening state legislation enacted subsequent to the  
5 Court’s December 2007 Order, a delay in finalizing the 2010 RMPU was required. The  
6 legislation, SB 7, extended the time for completion of 2010 Urban Water Management Plans  
7 (“UWMPs”) until July 1, 2011. (Watermaster Compliance with Condition Subsequent Number  
8 Eight, filed June 30, 2010, attached hereto as Exhibit B, at 6:15-22.) The UWMPs provide  
9 important information about the projected Basin production by members of the Appropriative  
10 Pool. This information was critical to the 2010 RMPU and, because this information was not yet  
11 available in June 2010, the Inland Empire Utilities Agency (“IEUA”) was not in a position to  
12 approve the updated RMP as required by section 8.1 of the Peace II Agreement. (October 8, 2010  
13 Order, at 3:10-14.) IEUA deferred its right to approval of the 2010 RMPU until after the  
14 completion of the parties’ UWMPs, because IEUA believed that the water demand and  
15 production assumptions were overly conservative and should be re-evaluated with the completion  
16 of the Appropriative Pool members’ UWMPs to avoid unnecessary expense to the parties. (See  
17 October 8, 2010 Order, at 3:10-14.)

18 After Watermaster’s June 30, 2010 submittal of the 2010 RMPU, the Court issued its  
19 October 8, 2010 Order approving the 2010 RMPU, whereby Watermaster was ordered to convene  
20 a committee described in item 3 of section 7.1 of the 2010 RMPU<sup>3</sup> “...to develop the monitoring,  
21 reporting, and accounting practices that will be required to estimate local project stormwater  
22 recharge and new yield.”<sup>4</sup> (October 8, 2010 Order, at 4:9-11.) The Court also ordered  
23 Watermaster “...to conduct further analyses as described in section 7.2 of the updated Recharge

24 \_\_\_\_\_  
25 <sup>3</sup> The 2010 RMPU recommends that Watermaster form a committee consisting of “itself, the land  
26 use control entities, the County Flood Control Districts, the [Chino Basin Water Conservation  
27 District], the IEUA, and others.” (2010 RMPU, p. 7-1.)

28 <sup>4</sup> ‘New Yield’ means proven increases in yield in quantities greater than historical amounts from  
sources of supply including, but not limited to, capture of rising water, capture of available storm  
flow, operation of the Desalters (including the Chino I Desalter), induced Recharge and other  
management activities implemented and operational after June 1, 2000.” (Peace Agreement, §  
1.1(aa).)

1 Master Plan of the Phase I through III projects to refine the projects, to develop a financing plan,  
2 and to develop an implementation plan.” (October 8, 2010 Order, at 4:12-14.) The Court further  
3 ordered Watermaster to report to the Court on any changes to the 2010 Recharge Master Plan  
4 Update necessitated by information received through the UWMPs by December 17, 2011, and to  
5 report on the status of IEUA’s approval of the RMPU. (October 8, 2010 Order, at 4:15-18.)

6 On December 12, 2011 Watermaster filed an Ex Parte Motion to Request a 180-Day  
7 Extension of Time re Filing of Recharge Master Plan Status Report, which the Court granted on  
8 December 16, 2011. On December 15, 2011, the Watermaster Board directed the completion of  
9 the update to the Recharge Master Plan and an implementation and funding plan within the  
10 following year.

11 **C. Watermaster’s Prior Status Report and Completion Schedule**

12 On May 31, 2012, in response to the Court’s October 3, 2010 and December 16, 2011  
13 Orders, Watermaster filed a Recharge Master Plan Status Report<sup>5</sup> informing the Court of the  
14 progress made toward amendment of the 2010 RMPU. Watermaster reported that, using updated  
15 estimates of stakeholders’ groundwater production and projections of replenishment obligations,  
16 Watermaster and the parties had evaluated changed circumstances (legislative, regulatory, etc.)  
17 that were not addressed in the 2010 RMPU and how these changes affect the Recharge Master  
18 Plan. For this purpose, a Recharge Master Plan Update Steering Committee (“Steering  
19 Committee”), composed of stakeholders and inclusive of IEUA, as required by the Peace II  
20 Agreement, had been convened and had been meeting twice a month for the prior year. The  
21 Status Report updated the Court on the scope of the Steering Committee’s analysis, and progress  
22 in formulating an amendment to the 2010 RMPU. The Status Report additionally indicated to the  
23 Court that Watermaster believed that the Amendment could be accomplished within the  
24 timeframe anticipated in the 2010 RMPU<sup>6</sup> as well as by the December 2012 deadline directed by  
25 the Watermaster Board. At its November 15, 2012 regular meeting, the Board considered the  
26 progress made on the Amendment to date and the remaining progress required to complete the

27 <sup>5</sup> A copy of the May 31, 2012 Recharge Master Plan Status Report is included as Exhibit B to  
28 Watermaster’s Resolution No. 2013-06.

<sup>6</sup> The 2010 RMPU estimated that the Amendment process could be completed within three years.



1 Amendment, and unanimously approved a schedule providing for the completion of the  
2 Amendment and its filing with the Court by October 2013.

3 **D. Development of the 2013 Amendment to the 2010 Recharge Master Plan**  
4 **Update**

5 As discussed in Watermaster's May 31, 2012 Status Report, using updated estimates of  
6 stakeholders' groundwater production and projections of replenishment obligations, the Steering  
7 Committee evaluated changed circumstances (legislative, regulatory, etc.) that were not addressed  
8 in the 2010 RMPU and how these changes affect the Recharge Master Plan. The evaluation  
9 incorporated updated groundwater production estimates and replenishment obligation projections,  
10 calculations of water in storage, and information regarding the projected availability of  
11 replenishment water.

12 Using these scenarios, Watermaster's hydrology consultant undertook modeling in order  
13 to project recharge needs within the Basin, based on modeled future groundwater levels,  
14 estimated Safe Yield, and the balance of recharge and discharge within the Basin. This analysis  
15 was predicated on updated pumping and replenishment projections, estimates of the locations and  
16 amounts of recharge required for groundwater production sustainability, and potential production  
17 forbearance.

18 As the modeling prior to the Amendment process had been based on the existing locations  
19 and capabilities of existing recharge facilities, the Steering Committee also had an inventory  
20 conducted of existing recharge facilities, which includes the characterization of recharge basins,  
21 recharge capacities and the factors controlling recharge performance. Other factors that were also  
22 included in the analysis include the evaluation of impacts due to changes in recycled water  
23 recharge regulations on Watermaster's ability to recharge the same, the analysis of actual storm  
24 water recharge at existing facilities, storm water available for recharge at each facility, and what  
25 could be done to increase recharge at each, as well as the evaluation of availability of and ability  
26 to recharge supplemental water, and the possibility of in-lieu recharge within the Basin.

27 In order to finalize the Amendment, the Steering Committee directed the identification of  
28 the possible recharge options available to meet current and projected recharge needs, as well as

1 projects that would enhance the Basin's Safe Yield. This included the identification of areas  
2 within the Basin with the potential for production sustainability challenges and other water  
3 management challenges that can be addressed by recharge or production management, the  
4 identification of options ensuring production sustainability through the term of Peace  
5 Agreements, including increased recharge at existing facilities, new recharge facilities, new  
6 recharge sources, adjustments in production patterns, etc. Based on the Steering Committee's  
7 desire to evaluate as many recharge project options as could be identified, the Amendment  
8 analyzed suggested projects well beyond those for which the 2010 RMPU's prior analysis was  
9 required to be refined pursuant to the Court's October 2010 Order. (*See* October 8, 2010 Order,  
10 at 4:15-18.) The listing of projects was expanded intentionally to provide an opportunity to  
11 identify any and all known recharge opportunities at this time. As required by the Court's  
12 October 2010 Order, the Steering Committee also developed the monitoring, reporting, and  
13 accounting practices required to estimate stormwater recharge and any resultant New Yield  
14 associated with compliance with the requirements of the Regional Water Quality Control Board's  
15 permit for Municipal Separate Storm Sewer Systems (MS4s).

16 After the identification of the potential recharge projects, the Steering Committee  
17 developed the methods and criteria that would be used to evaluate and rank each of them. Project  
18 evaluation criteria include confidence in recharge estimate; location within the Basin;  
19 expandability to include supplemental water recharge; cost; water quality challenges; and  
20 institutional challenges. Using these agreed upon methods and criteria, Watermaster's consultants  
21 conducted engineering and economic analyses of each. Based on these analyses, the parties  
22 reviewed and recommended implementation of the selected options, and developed recommended  
23 financing and implementation plans for these options. It should be noted that IEUA, an active  
24 participant in the process, considered the proposed options and has indicated willingness to  
25 jointly fund certain of these projects that will facilitate the recharge of additional quantities of  
26 recycled water. IEUA's financial participation has been considered in the cost of the projects.

27 **E. Recommended Projects and Implementation and Financing Plan**

28 There are two types of projects considered for recommended implementation in the 2013

1 RMPU: production sustainability and yield enhancement projects. The potential for production  
2 sustainability challenges in Management Zones 2 and 3 has been identified, but their magnitudes  
3 are presently unknown and will depend on future groundwater production and recharge at existing  
4 recharge facilities, and the recharge at proposed yield enhancement projects located in  
5 Management Zones 2 and 3. The Amendment recommends the further characterization of  
6 production sustainability challenges and evaluation of identified projects to determine their ability  
7 to address such challenges.

8 After evaluating various cost effectiveness thresholds, the Steering Committee indicated a  
9 preference for recommending all yield enhancement recharge options that, when combined, have  
10 a melded cost of \$612 per acre-foot, and this is the recommended list of projects. The potential  
11 total capital expense for these exceeds \$57 million, with potential new stormwater capture of up  
12 to 6,781 acre-feet per year, and creating additional recycled water recharge capacity of 4,936  
13 acre-feet per year. The yield enhancement projects in Management Zones 2 and 3 being  
14 recommended will provide some production sustainability benefits in the areas where production  
15 sustainability challenges may occur in the future.

16 The 2013 Amendment, as required by the Court's October 2010 Order, includes an  
17 Implementation and Financing Plan for the production sustainability and recommended yield  
18 enhancement projects to be designed, reviewed, funded and constructed over the next six years.  
19 The Implementation Plan includes an evaluation of Management Zone 3 sustainability needs as  
20 one of the first steps, in conjunction with development of various agreements that are necessary  
21 for agency cooperation during project implementation. These agreements may include cost and  
22 benefit allocation mechanisms that are different than those applied to prior yield enhancement  
23 projects. Yield Enhancement projects would proceed with preliminary design, permitting, and  
24 CEQA compliance, and then final design and construction. At the time of the completion of the  
25 2010 RMPU, it was anticipated that the projects that would be identified for implementation  
26 through the Amendment could be constructed within five years of the completion of the  
27 Amendment. Based on the information on these projects developed through the Amendment  
28 process, it is believed that a six year time frame for full construction of the recommended projects

1 is more realistic. This will roughly coincide with the five year time frame for the next update or  
2 amendment to the Recharge Master Plan Update. (Peace II Agreement, § 8.1.)

3 The Financing Plan contemplates cost-sharing between IEUA and Watermaster, and the  
4 parties' pursuit of grant funding. Design and permitting costs are proposed to be paid on a pay-  
5 as-you-go basis, and capital costs would be paid through longer term financing mechanisms  
6 established by IEUA or certain Watermaster parties, as described in the Financing Plan.

7 At its September 26, 2013 regular Board meeting, the Watermaster Board adopted  
8 Resolution 2013-06 adopting the 2013 Amendment as fulfilling the requirements of the Court's  
9 October 2010 Order.

10 **F. Status of IEUA Approval**

11 At the time of the 2010 RMPU's submittal to the Court, Watermaster reported that IEUA  
12 had deferred its approval of the update to the Recharge Master Plan until additional data became  
13 available, such as through the Urban Water Management Process that would be completed in June  
14 2011, related to IEUA's concern that the water demand and groundwater production assumptions  
15 underlying the 2010 RMPU were overly conservative and might result in unnecessary expense to  
16 the parties. (October 8, 2010 Order, 9:9-20.) In its May 2012 Recharge Master Plan Status  
17 Report, Watermaster reported that because IEUA had been an active participant in the  
18 Amendment process, Watermaster reasonably anticipated that IEUA would be more readily  
19 disposed to approve the Amendment. (October 8, 2010 Order, 4:27-5:1) At its October 16, 2013  
20 regular Board meeting, the IEUA Board of Directors adopted resolution XX-XX<sup>7</sup>, approving the  
21 Amendment.

22 **III. REQUEST FOR INTERVENTION OF TAMCO AS A PARTY TO THE**  
23 **JUDGMENT**

24 Watermaster respectfully requests approval of the request of TAMCO, a California  
25 Corporation, for intervention and placement within the Overlying (Non-Agricultural) Pool.  
26 Watermaster receives and makes recommendations regarding petitions for intervention and  
27 accumulates them for filing with the Court from time to time. (Judgment, ¶ 60 and Order re

28 <sup>7</sup> IEUA's Resolution XX-XX is attached hereto as Exhibit \_\_\_\_.

1 Intervention Procedures, July 14, 1978.) Only after court approval is an intervenor bound by the  
2 Judgment and entitled to the rights and privileges accorded under the Physical Solution.  
3 (Judgment, ¶ 60.) Neither the Judgment nor the July 14, 1978 Order requires a hearing to be held  
4 for uncontested interventions.

5 Watermaster received a Petition to Intervene into the Judgment from TAMCO on July 17,  
6 2013. TAMCO recently entered into an agreement to transfer a portion of Ameron, Inc.'s  
7 production rights. The requested intervention of TAMCO was approved unanimously by the  
8 Appropriative, Overlying (Agricultural) and Overlying (Non-Agricultural) Pool Committees at  
9 their August 8, 2013 meetings, was approved unanimously by the Advisory Committee at its  
10 August 15, 2013 meeting, and was approved unanimously by the Board at its August 22, 2013  
11 meeting. Watermaster knows of no opposition to the intervention.

12 **IV. CONCLUSION**

13 Watermaster requests that the Court find that the 2013 Amendment to the 2010 RMPU  
14 satisfies the requirements of the Court's October 8, 2010 Order, that the Court order that  
15 Watermaster may proceed with the 2013 as the operative Recharge Master Plan, that Watermaster  
16 be ordered to provide updates on its activities pursuant to the Implementation and Financing Plan  
17 as part of its semi-annual OBMP IP reports. Watermaster also requests that the Court allow the  
18 intervention of TAMCO, a California Corporation, as a party to the Judgment with placement  
19 within the Overlying (Non-Agricultural) Pool.

20 Dated: October \_\_, 2013

BROWNSTEIN HYATT FARBER  
SCHRECK, LLP

21  
22  
23  
24 By: \_\_\_\_\_  
25 SCOTT S. SLATER  
26 BRADLEY J. HERREMA  
27 Attorneys for  
28 CHINO BASIN WATERMASTER

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Date: July 25, 2013

To: Chino Basin Recharge Master Plan Update Steering Committee

From: Inland Empire Utilities Agency

Subject: 2013 Recharge Master Plan Update – IEUA Recommendations

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The purpose of this memo is to inform the Chino Basin Recharge Master Plan Update Steering Committee that Inland Empire Utilities Agency (IEUA) fully supports the effort made to identify all the potential stormwater recharge projects identified in the Recharge Master Plan Update (Update); and has further evaluated the projects that provide mutual benefit. IEUA is willing to commit to cost-share in the projects listed in the table below. It should be noted that IEUA recognizes that other potential cost-sharing projects have been identified and is willing to consider those projects after the required investigational proof-of-concept work is completed.

**Recharge Master Plan Update – IEUA Recommended Cost-Sharing Projects**

Project ID	Project Name	Included in IEUA FY 13/14 TYCIP	Management Zone	Estimated Yield (AF)	Estimated IEUA Cost
7	San Sevaine Basin	Yes	2	1,911	\$1,775,000
11	Victoria Basin	No	2	120	\$75,000
22	RP3 Basin Improvements	No	3	2,905	\$2,645,000
<b>TOTAL</b>				<b>4,936</b>	<b>\$4,495,000</b>

*Background*

Inland Empire Utilities Agency (IEUA), Chino Basin Watermaster (CBWM), Chino Basin Water Conservation District (CBWCD) and their respective stakeholders have actively participated in preparing a Recharge Master Plan Update (Update) to the 2010 Recharge Master Plan through the Chino Basin Recharge Master Plan Update Steering Committee (Steering Committee), per the direction of the Court.

The Steering Committee participants have developed rough cost/yield estimates for 27 potential capital projects. These projects and respective estimates have been reviewed and considered by the Steering Committee. All of the projects are currently being ranked, based on criteria approved by the CBWM Board of Directors and some of these projects are currently under an investigation of some type. The goal of this Update is to achieve the goals of the

Optimum Basin Management Plan and specific direction from the court. Further, the Update will also include an implementation and financing plan and is scheduled to be developed and completed by the October 2013 Court deadline.

In general, IEUA supports the development of projects to maximize recharge (any source of water) within the Chino Basin. The focus of this Update, as directed by the Court, has been primarily on stormwater recharge projects. If or when the addition of supplemental water can potentially provide benefit to the project, those cost/yield estimates were included as well.

However, for some of those projects that could provide supplemental water recharge benefit, there may be additional related project development and costs (e.g. pipeline conveyance, pump stations, turnouts and/or basin improvements) that are not necessarily included in the recharge basin project cost estimates included in the Update. The project development and cost estimations to enhance supplemental water recharge will be more closely examined as IEUA completes an Integrated Resources Plan, revision to its Recycled Water Program Strategy and annual update to its Ten-Year Capital Improvement Plan (TYCIP). Therefore, IEUA cannot commit its financial support to projects without mutual benefit, requiring further definition, are cost-prohibitive or may still be under investigation.

#### *Evaluation of the Cost-Sharing Projects*

Out of the 27 capital projects identified in the Update, 7 have the potential to be cost shared between IEUA and CBWM (per the Peace II Agreement, IEUA and CBWM cost-share 50/50 on capital recharge projects that include a recycled water component).

IEUA evaluated the 7 potential cost sharing projects using the following criteria: capital cost, O&M cost, unit cost, recycled water yield, available recycled water supply, operational constraints, available budget (current and forecasted) and project readiness (e.g. are there other factors that need to be defined prior to committing to the project – proof of concepts, investigations, additional costs, project viability, permitting etc...) (see attached Draft Evaluation Matrix). Table 1 summarizes the 7 projects that were evaluated.

**Table 1. Recharge Master Plan Update – All Potential Cost Sharing Projects**

Project ID	Project Name	Included in IEUA FY 13/14 TYCIP	Management Zone	Estimated Yield (AF)	Estimated IEUA Cost
7	San Sevaine Basin	Yes	2	1,911	\$1,775,000
11	Victoria Basin	No	2	120	\$75,000
17	Lower San Sevaine Basin	No	2	500	\$16,645,000
19	Wineville Basin	No	3	630	\$3,140,000
22	RP3 Basin Improvements	No	3	2,905	\$2,645,000
23*	Wineville to Jurupa to RP-3	No	3	3,535	\$8,720,000
24	Vulcan Pit	No	3	840	\$15,790,000
<b>TOTAL</b>				<b>6,906</b>	<b>\$40,007,000</b>

\*Note: The total estimated costs don't include project ID 23, as it consists of project ID's 19, 20 and 22. The total recycled water yield is the same for project ID's 19, 20 and 22 compared to project ID 23.

Below are comments, budgets status, potential additional costs and recommended implementation schedule for each of the potential cost-sharing projects identified in the Update.

- Project 7 – San Sevaine Improvements
  - Budget – This project is currently budgeted in IEUA's FY 2013/14 TYCIP.
  - Additional Costs – This project will not require any additional costs other than what has been included in the Update.
  - Schedule – As this project is already budgeted, IEUA is prepared to begin implementing this project in FY 2013/14.
  
- Project 11 – Victoria Basin
  - Budget – This project is not included in IEUA's FY 2013/14 TYCIP, but can be financially supported by the approved FY 2013/14 TYCIP.
  - Additional Costs – This project will not require any additional cost other than what has been included in the Update.
  - Schedule – As this project can be financially supported by the FY 2013/14 budget, IEUA is prepared to begin implementing this project in FY 2013/14.



- Project 17 – Lower San Sevaine (new basin)
  - Comment – Currently San Bernardino County (County) has listed for sale the property where this new basin would be located. Cucamonga Valley Water District (CVWD) has submitted an application to purchase the property. However, the County has told CVWD that a school district has also submitted an application to purchase the property; and that the school district would have priority. Besides land acquisition, additional investigations are needed to determine estimated percolation rates.
  - Budget – This project is not included in IEUA’s FY 2013/14 TYCIP.
  - Additional Costs – There would be additional recycled water distribution costs, estimated to be ~\$1M for this project to be mutually beneficial.
  
- Project 19 – Wineville Basin
  - Comment – Currently IEUA and CBWM are performing a Proof-of-Concept (POC) project at Wineville Basin to determine percolation rates. When the POC project is complete, a decision to further consider the project can then be made.
  - Budget – This project is not included in IEUA’s FY 2013/14 TYCIP, only a limited proof of concept project budget is included.
  - Additional Costs – There would be minimal additional recycled water infrastructure costs.
  
- Project 22 – RP-3 Basin Improvement
  - Comment – The Wineville Pipeline Extension Project is currently under construction and will allow recycled water to be delivered to the RP-3 Basin. This Project is scheduled to be completed in FY 2015/16.
  - Budget – This project is not included in the FY 2013/14 TYCIP but would be added to the subsequent FY 2014/15 TYCIP.
  - Additional Costs – The total project costs include the components for the RW, and no additional costs are anticipated.
  - Schedule – IEUA will be prepared to implement this project in FY 2015/16, because that’s when the existing Wineville Pipeline Extension Project will be completed, allowing for delivery of recycled water to RP-3.
  
- Project 23 – 2013 RMPU Wineville PS to Jurupa to RP-3
  - Comment – The existing Wineville Extension Pipeline Project will deliver recycled water to RP-3 and Declaz Basins without this project.

- Budget – This project is not included in IEUA’s FY 2013/14 TYCIP.
- Project 24 – Vulcan Pit
  - Comment – While IEUA conceptually supports identifying the Vulcan Pit as a potential project for supplemental water recharge purposes, there will need to be additional project refinement and further environmental investigations in order for IEUA to seriously consider this project.
  - Budget – There is budget for preliminary investigations for this project included IEUA’s FY 2013/14 TYCIP.

*Recommendations on IEUA Cost-Sharing Projects*

IEUA has evaluated the 7 potential cost-sharing projects in detail and is currently willing to provide its share of financial support for 3 of those projects (see table below). IEUA encourages the Steering Committee or stakeholders to continue evaluation and refinement of the other potential cost-sharing projects that have been identified after the required proof-of-concept/investigative work is completed, for further consideration in the future.

**Table 2. Recharge Master Plan Update – IEUA Recommended Cost-Sharing Projects**

Project ID	Project Name	Included in IEUA FY 13/14 TYCIP	Management Zone	Estimated Yield (AF)	Estimated IEUA Cost
7	San Sevaine Basin	Yes	2	1,911	\$1,775,000
11	Victoria Basin	No	2	120	\$75,000
22	RP3 Basin Improvements	No	3	2,905	\$2,645,000
<b>TOTAL</b>				<b>4,936</b>	<b>\$4,495,000</b>

The potential cost-sharing projects identified in the Update, inevitably may be altered or revised after the Proof of Concept or investigative work and specific project design development has been completed for some of these projects. The completion of the revision to the Integrated Resources Plan and Recycled Water Program Strategy (under development) will also provide further detail on these projects, allowing for refined cost/yield estimates to be developed. IEUA will then be able to better determine the cost effectiveness and mutual benefit of the project. Consequently, ranking of some of these projects may change, as more information is obtained. Those projects with improved rankings can then be considered in future iterations of the capital improvement plan budget and/or recharge O&M budget.

It should be noted that IEUA also has additional projects in the TYCIP for the development of recycled water recharge which is not included in the Update since they are considered to be solely for recycled water recharge purposes at this time.

**DRAFT IEUA 2013 RMPU Cost-Sharing Project Evaluation Criteria Matrix**

<u>Project ID</u>	<u>Project Name</u>	<u>Capital Cost</u>	<u>O&amp;M Cost</u>	<u>Unit Cost</u>	<u>Estimated Yield (AF)</u>	<u>RW Available</u>	<u>Budget Available in FY 13/14 TYCIP</u>	<u>Additional Costs</u>	<u>Additional Investigation/ Study/POC</u>
7	San Sevaine Basin	\$1,775,000	\$ 45,311	\$ 279	1,911	Yes	Yes	No	Yes
11	Victoria Basin	\$75,000	\$ 2,845	\$ 260	120	Yes	Yes	No	No
17	Lower San Sevaine Basin	\$16,645,000	\$ 11,855	\$ 2,384	500	Yes	No	Yes	Yes
19	Wineville Basin	\$3,140,000	\$ 14,938	\$ 543	630	Yes	No	No	Yes
22	RP3 Basin Improvements	\$2,645,000	\$ 68,879	\$ 278	2,905	Yes	No	No	No
23	Wineville to Jurupa to RP-3	\$8,720,000	\$ 83,817	\$ 379	3,535	Yes	No	N/A	No
24	Vulcan Pit	\$15,790,000	\$ 19,917	\$ 1,442	840	Yes	No	Yes	Yes




*Inland Empire Utilities Agency*

A MUNICIPAL WATER DISTRICT

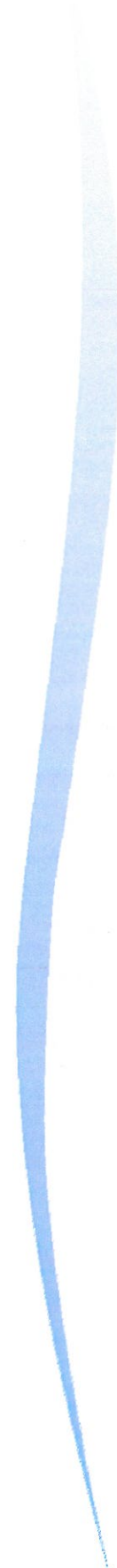
# Approval of 2013 Amendment to the 2010 Recharge Master Plan Update

**October 2013**


# Background

- **Per the Peace II Agreement, both IEUA & Watermaster must approve and submit the Recharge Master Plan**
  - **In October 2010, Watermaster submitted the Recharge Master Plan Update to Court**
    - IEUA did not approve because the demand projections were conservatively high
    - Would have required over \$200M in capital projects to meet future replenishment needs
  - **Court ordered an Amendment be developed after the 2010 Urban Water Management Plans**
- 

# Background

- **The 2010 UWMP projections were significantly lower**
    - Result was there is enough existing recharge capacity to meet future replenishment needs
  - **IEUA, Watermaster, Conservation District & Stakeholders have actively participated in the development of the 2013 Amendment**
- 

# 2013 RMPU Amendment

- **Yield Enhancement Projects (11 of 27)**
    - ~\$57M Capital
      - IEUA – \$4.5M
      - Watermaster – \$52.5M
      - 5,000 AFY Recycled Water
      - 6,800 AFY Stormwater
  - **Production Sustainability Projects**
    - Individual parties work together to develop needed agreements
  - **Motion Filed by City of Fontana**
    - Challenges language in Section 5 (MS4 Permits)
      - Allocation of stormwater recharge credit
- 

# Cost Sharing Projects

Project ID	Project Name	Included in IEUA FY 13/14 TYCIP	Management Zone	Estimated Stormwater Yield (AF)	Estimated Recycled Water Yield (AF)	Estimated IEUA Cost
7	San Sevaine Basin	Yes	2	642	1,911	\$1,775,000
11	Victoria Basin	No	2	48	120	\$75,000
22	RP3 Basin Improvements	No	3	137	2,905	\$2,645,000
<b>TOTAL</b>				<b>827</b>	<b>4,936</b>	<b>\$4,495,000</b>

NOTE: IEUA recommendation memo emphasizes the need for expanded recharge and the importance of investigation/proof-of-concept work prior to completing the other proposed projects.



# Recommendation

- **Approve the 2013 Amendment to the 2010 Recharge Master Plan Update**
- **Approve Resolution 2013-10-1**
- **Approve Joint Filing to the Court**







*Inland Empire Utilities Agency*

A MUNICIPAL WATER DISTRICT

Questions?

**ACTION  
ITEM**

**3B**

Date: October 16, 2013  
To: The Honorable Board of Directors  
From:  P. Joseph Grindstaff  
General Manager  
Submitted by:  Chris Berch  
Manager of Planning & Environmental Compliance  
Subject: Adoption of 2013 IEUA Business Goals

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### **RECOMMENDATION**

It is recommended that the Board of Directors to review and formally adopt the 2013 IEUA Business Goals.

### **BACKGROUND**

Over the last several years, the Agency-wide policy goals which have guided the Agency's decisions and actions in executing its mission and attaining its vision, have been categorized into nine major thematic areas: Conservation & Water Quality, Technological Innovation, Rate Stabilization and Cost Effectiveness, Operational and Maintenance Efficiency, Strategic Planning and Capital Implementation, Waste Management and Resource Utilization, Interagency Relationships and Community Partnerships, Fiscal Accountability and Regulatory Compliance, and Staff Training, Development and Well Being.

These Agency-wide policy goals guide the development of the capital improvement program, operational budget, and organizational goals and objectives each budget cycle. As a way to further define the Agency's levels of service (LOS), several workshops were held with the IEUA Board in 2011. However, the LOS developed as part of these workshops were primarily focused on the Agency's operational functions. In early 2013 staff recommended the LOS be expanded to more broad based IEUA Business Goals to also include the following topics: water reliability, fiscal accountability and employee wellbeing. It was also determined that the development of the IEUA Business Goals should include input from stakeholders including: IEUA Board, staff, member agencies and other regional policy makers.

The development and review of Business Goals has involved a sequence of staff and policy reviews as follows:

- Internal Staff Workshop I – May 1, 2013
- Internal Staff Workshop II – May 16, 2013
- Board of Directors Workshop I – June 5, 2013
- Joint Technical Committee/Water Managers Workshop – July 23, 2013
- Board of Directors Workshop II – August 7, 2013
- Water Managers’/Technical Committee Workshop II – August 15, 2013
- Joint IEUA Board/Policy Committee Workshop – September 23, 2013

Based upon recommendations received during these workshops, Business Goals were categorized into six main groups: Fiscal Responsibility, Workplace Environment, Water Reliability, Wastewater Management, Environmental Stewardship and Business Practices. Within each Business Goal category, several Objectives were established to support the Business Goal. For each Objective, a Commitment was developed to define the level of service that IEUA will provide. The Business Goals and associated Business Objectives are outlined below:

***Fiscal Responsibility***

Funding & Appropriation  
Budget Planning  
Reserves  
Credit Worthiness

***Workplace Environment***

Mission, Vision & Values  
Employer of Choice  
Training  
Staff Safety

***Water Reliability***

Water Use Efficiency & Education  
New Water Supplies  
Recycled Water  
Groundwater Recharge

***Wastewater Management***

Capacity  
On-Time Construction  
Biosolids Management  
Energy Management

***Environmental Stewardship***

Regulatory Compliance  
Good Neighbor Policy  
Response & Complaint Mitigation  
Environmental Stewardship

***Business Practices***

Efficiency & Effectiveness

Customer Service

Regional & Community Relations

Policy Leadership

Included within this report is the IEUA Business Goals Narrative, which fully describes the Business Goals, Objectives and Commitments. For each Commitment, background information has been provided as support within the Appendix of the Narrative document.

Following the completion and adoption of the IEUA Business Goals, IEUA staff will begin the development of a Strategic Plan. The Strategic Plan will be based on the fundamental principles defined within the IEUA Business Goals.

**PRIOR BOARD ACTION**

The Board of Directors held two Workshops to discuss Business Goal planning on June 5, 2013 and August 7, 2013. In addition, a Joint IEUA Board/Policy Committee Workshop was held on September 23, 2013.

**IMPACT ON BUDGET**

None.

Attachment: IEUA Business Goals Narrative

# IEUA Business Goals



*October 2013*

# Business Goal Development

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**PURPOSE:** It is critical that IEUA Business Goals align with the Agency’s Mission, Vision & Values which are defined by the needs of our Stakeholders and the value provided to the Public. The Business Goal Development process includes a review of existing Agency-wide policy goals and their refinement based on current and future needs. It is also critical in setting the framework for the development of the IEUA Strategic Plan that will shape and guide the Agency’s fundamental decisions and actions over the next several years.

**BACKGROUND:** Over the last several years, the Agency-wide policy goals, which have guided the Agency’s decisions and actions in executing its mission and attaining its vision, have been categorized into nine major thematic areas: Conservation & Water Quality, Technological Innovation, Rate Stabilization and Cost Effectiveness, Operational and Maintenance Efficiency, Strategic Planning and Capital Implementation, Waste Management and Resource Utilization, Interagency Relationships and Community Partnerships, Fiscal Accountability and Regulatory Compliance, and Staff Training, Development and Well Being.

These Agency-wide policy goals guide the development of the capital improvement program, operational budget, and organizational goals and objectives each budget cycle. As a way to further define the Agency’s levels of service (LOS), several workshops were held with the IEUA Board of Directors in 2011. However, the LOS developed as part of these workshops were primarily focused on the Agency’s operational functions. In early 2013 staff recommended the LOS be expanded into more broad based IEUA Business Goals to also include the following topics: water reliability, fiscal accountability and employee wellbeing. It was also determined that the development of the IEUA Business Goals should include input from Stakeholders including: IEUA Board of Directors, IEUA staff, Technical Committee members and Policy Committee members.



**BUSINESS GOALS FUNCTION:** For any organization to remain relevant and effective, its ability to adapt and prepare for change is essential. As illustrated below, the IEUA Business Goals must be continually evaluated as part of the planning process to ensure that they meet the current and future needs of the Region.

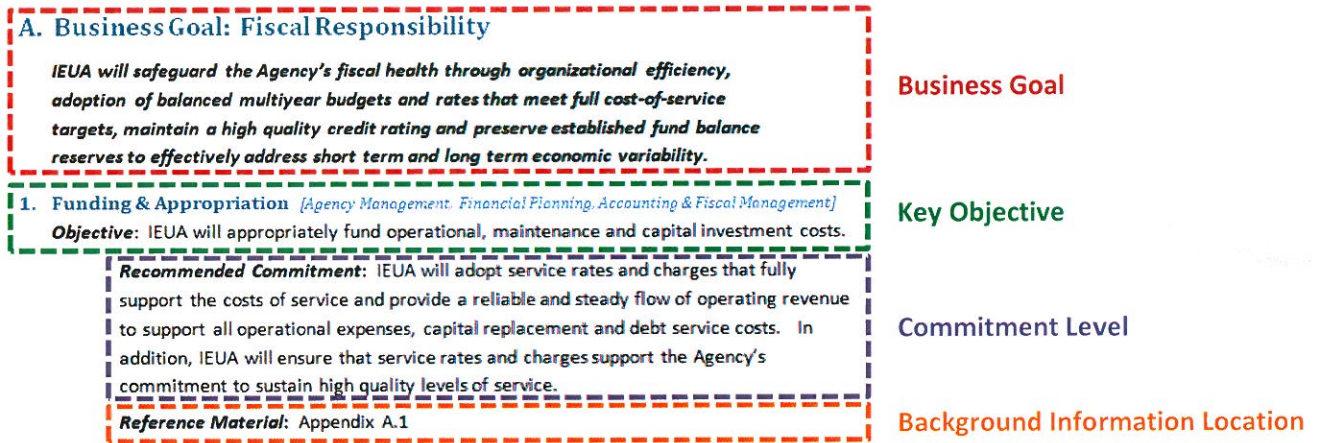


**BUSINESS GOALS STRUCTURE:** The IEUA Business Goals were categorized into six main areas: *Fiscal Responsibility, Workplace Environment, Business Practices, Water Reliability, Wastewater Management and Environmental Stewardship*. Within each Business Goal (i.e. Water Reliability), several Objectives were established to support the Business Goal (i.e. beneficial use of recycled water, etc.). For each Objective, a Commitment was developed to define the level of service that IEUA will provide (i.e. develop recycled water infrastructure to reuse 50,000 AFY). The structure of the Business Goals is shown in the following figure:

## IEUA Business Goals



**DOCUMENT STRUCTURE:** Included within this narrative is one page for each Business Goal – which outlines the Business Goal intent, each Objective and the corresponding recommended Commitment. Background on each Objective/Commitment is included within the Appendix.



**SCHEDULE:** The development, review and approval of Business Goals entails a sequence as indicated in the schedule below:



Following the completion of this process, the adopted Business Goals will be used as the basis for the development of several planning documents, including the Strategic Plan, Integrated Water Resources Plan, Facilities Master Plan Update and the Asset Management Plan.

**DEFINITIONS:** The following list is provided to define key terms utilized in the Business Goals Narrative.

**Board of Directors** – Five elected officials providing the governance of Inland Empire Utilities Agency and representing the following Divisions:

- Division 1: Terry Catlin
- Division 2: Gene Koopman
- Division 3: Steve Elie
- Division 4: Vacant
- Division 5: Michael Camacho

**Chino Groundwater Basin** – 5,000,000 AF of groundwater storage encompassing approximately 235 square miles of the upper Santa Ana River Watershed within San Bernardino, Riverside and Los Angeles Counties. A substantial portion of the Chino Groundwater Basin overlaps with the IEUA Service Area.

**IEUA Service Area** – 242 square miles located in the southwest corner of San Bernardino County incorporating: the City of Chino, the City of Chino Hills, the City of Fontana, the City of Montclair, the City of Ontario, the City of Upland and unincorporated areas of San Bernardino County.

**Imported Water** – A supplemental water source to local water supplies generally purchased through the State Water Project.

**Member Agencies** – Cities, agencies and districts that contract with IEUA for regional wastewater services and Imported Water deliveries (\* denotes member agencies who also are signatories to the Regional Sewage Contract):

- City of Chino\*
- City of Chino Hills\*
- Cucamonga Valley Water District\*
- City of Fontana\*
- Fontana Water Company
- City of Montclair\*
- Monte Vista Water District
- City of Ontario\*
- San Antonio Water Company
- City of Upland\*

**Policy Committee** – A committee comprised of policy members from Regional Sewage Contract member agencies and IEUA.

**Public** – The approximately 850,000 residents within the IEUA Service Area who receive the benefits of the services provided by the Member Agencies and IEUA.

**Region** – The geographical location where IEUA maintains a sphere of influence which is broader than the IEUA Service Area.

**Regional Water Agencies** – Agencies and districts having water interests within the Region but are not Member Agencies. These include but are not limited to:

- Chino Basin Watermaster
- Jurupa Community Services District
- Los Angeles County Sanitation District
- Metropolitan Water District
- Orange County Sanitation District
- Orange County Water District
- San Bernardino Flood Control and Water Conservation District
- Santa Ana Watershed Project Authority
- Western Municipal Water District

**Stakeholders** – A general term to define all interested parties including: Board of Directors, Policy Committee, Technical Committee, Member Agencies and Regional Water Agencies.

**Supplemental Water** – An additional water supply originating from outside the IEUA Service Area that may offset the demand for Imported Water – may include outside groundwater, recycled water, etc.

**Technical Committee** – A committee comprised of public works/water managers from the Member Agencies and IEUA.

## A. Business Goal: Fiscal Responsibility

*IEUA will safeguard the Agency's fiscal health through organizational efficiency, adoption of balanced multiyear budgets and rates that meet full cost-of-service targets, maintain a high quality credit rating and preserve established fund balance reserves to effectively address short term and long term economic variability. Furthermore, IEUA will provide open and transparent communication to educate the Member Agencies on the fiscal policies of the Agency.*

### 1. Funding & Appropriation *[Agency Management, Financial Planning, Accounting & Fiscal Management]*

**Objective:** IEUA will appropriately fund operational, maintenance and capital investment costs.

**Commitment:** IEUA will adopt service rates and fees that fully support the costs of service and provide a reliable and steady flow of operating revenue to support all operational expenses, capital replacement and debt service costs. In addition, IEUA will ensure that service rates and fees support the Agency's goal to sustain high quality Commitment Levels.

**Reference Material:** Appendix A.1

### 2. Budget Planning *[Agency Management, Financial Planning, & Accounting & Fiscal Management]*

**Objective:** IEUA will accurately forecast future operational, repair & replacement, capital improvement and debt service costs as needed for the creation of multiyear budgets and rate resolutions that create fiscal stabilization for IEUA and the Member Agencies.

**Commitment:** IEUA will provide multiyear forecasts for operational, repair & replacement, capital investment and debt service costs to support the adoption of multiyear budgets and rates enhancing dependability and stability.

**Reference Material:** Appendix A.2

### 3. Reserves *[Financial Planning, Accounting & Fiscal Management]*

**Objective:** IEUA will preserve fund reserves that sustain the Agency's long term fiscal health, high quality credit rating and ensure its ability to effectively address economic variability.

**Commitment:** IEUA will adopt financial policies to establish and preserve fund reserves above legally or contractually mandated levels to maintain Commitment Levels. In addition, IEUA will support short and long term funding requirements and sustain the Agency's long term fiscal health and high quality credit rating to reduce future borrowing costs.

**Reference Material:** Appendix A.3

### 4. Creditworthiness *[Financial Planning, Accounting & Fiscal Management]*

**Objective:** IEUA will sustain a high quality credit rating and debt service coverage ratio to safeguard the Agency's fiscal health and reduce future borrowing costs.

**Commitment:** IEUA will reinstate the Agency's credit rating to AAA by FY 17/18 to reduce borrowing costs anticipated for the expansion and improvement of existing facilities to meet future growth in the Agency's service area.

**Reference Material:** Appendix A.4

## B. Business Goal: Workplace Environment

*IEUA is committed to provide a positive workplace environment by recruiting, retaining and developing a highly skilled team dedicated to the Agency's Mission, Vision and Values.*

### 1. Mission, Vision & Values *[All Agency Staff & Board]*

**Objective:** IEUA will uphold Business Goals, Objectives and Commitment Levels that support and advance the Agency's Mission, Vision and Values.

**Commitment:** IEUA will maintain the highest standard of ethical conduct from all Agency staff by promoting values of prudent leadership, integrity, collaboration, open communication, respect, accountability, high quality, passion and efficiency to support the Agency's Mission, Vision and Values.

**Reference Material:** Appendix B.1

### 2. Employer of Choice *[Human Resources, & Agency Management]*

**Objective:** IEUA will be an Employer of Choice.

**Commitment:** IEUA will provide a work environment that will attract and retain highly skilled, motivated, professional and committed employees.

**Reference Material:** Appendix B.2

### 3. Training *[Agency Management & Human Resources]*

**Objective:** IEUA will provide employees with state-of-the-art skills and knowledge to meet current and anticipated Agency needs.

**Commitment:** IEUA will facilitate and provide opportunities for staff to further their personal/professional development in support of maintaining a highly skilled workforce.

**Reference Material:** Appendix B.3

### 4. Staff Safety *[Safety, Human Resources, & Agency Management]*

**Objective:** IEUA will promote and ensure a safe and healthy work environment to protect employees and Stakeholders.

**Commitment:** IEUA will have no more than 1 day of lost time due to work related illness or injury per 1,000 days worked.

**Reference Material:** Appendix B.4

## C. Business Goal: Business Practices

*IEUA is committed to applying ethical, fiscally responsible and environmentally sustainable principles to all aspects of business and organizational conduct.*

### 1. Efficiency & Effectiveness *[All Departments]*

**Objective** IEUA will promote standards of efficiency and effectiveness in all Agency business practices and processes.

**Commitment:** IEUA will integrate *Lean* techniques to evaluate its current business practices and processes and identify ways to improve the quality, cost and value of the services the Agency provides to the Member Agencies and the Public.

**Reference Material:** Appendix C.1

### 2. Customer Service *[All Departments]*

**Objective:** IEUA will provide excellent customer service that is cost effective, efficient, innovative and reliable.

**Commitment:** IEUA will respond to and meet the Member Agencies expectation for enhanced value added services. IEUA will solicit Stakeholder feedback on performance and goal alignment on an annual basis.

**Reference Material:** Appendix C.2

### 3. Regional Leadership and Community Relations *[Agency Management, Planning, & Engineering]*

**Objective:** IEUA will cultivate a positive and transparent relationship with its Stakeholders to enhance quality of life, preserve our heritage and protect the environment.

**Commitment:** IEUA will partner with its Stakeholders on common issues to create and implement integrated and innovative solutions, minimize duplication of efforts and support education and outreach to the Public. Furthermore, IEUA will incorporate Member Agencies and Regional Water Agencies into various IEUA related projects and programs to ensure that a transparent and broader regional representation is achieved.

**Reference Material:** Appendix C.3

### 4. Policy Leadership *[Agency Management, Planning, & Engineering]*

**Objective:** IEUA will effectively advocate, campaign and guide the development of policies and legislation that benefit the Region IEUA serves.

**Commitment:** IEUA will promote a collaborative approach for the development of positions on policies, legislation and regulations that impact Agency policy objectives.

**Reference Material:** Appendix C.4



## D. Business Goal: Water Reliability

*IEUA is committed to the development and implementation of an integrated water resource management plan that promotes cost-effective, reliable, efficient and sustainable water use along with economic growth within the IEUA Service Area.*

### 1. Water Use Efficiency & Education *[Planning, Engineering, & Public Information]*

**Objective:** IEUA will promote education and water use efficiency to enhance water supplies within the Region and exceed State goals for reductions in per capita water use within the IEUA Service Area.

**Commitment:** IEUA will promote to reduce water use in the IEUA Service Area to less than 200 gallons per capita per day (gpcd) by 2018.

**Reference Material:** Appendix D.1

### 2. New Water Supplies *[Planning & Engineering]*

**Objective:** IEUA will support the Member Agencies and Regional Water Agencies with the development of reliable, drought-proof and diverse local water resources and Supplemental Water supplies in order to reduce dependence on Imported Water supplies.

**Commitment:** IEUA will promote reducing demand for Imported Water during dry and normal years and storing Imported Water into the Chino Groundwater Basin during wet years. In addition, IEUA will support maximizing the beneficial use of existing water infrastructure, while meeting future increased demands through investment in local water resources, Supplemental Water supplies and conservation efforts.

**Reference Material:** Appendix D.2

### 3. Recycled Water *[Planning, Engineering, Operations, & Maintenance]*

**Objective:** IEUA will support maximizing beneficial reuse of recycled water to enhance reliability and reduce dependence on Imported Water.

**Commitment:** IEUA will complete the development of recycled water infrastructure and will support the Member Agencies in achieving reuse of 50,000 AFY by 2025.

**Reference Material:** Appendix D.3

### 4. Groundwater Recharge *[Planning, Engineering, Operations, & Maintenance]*

**Objective:** IEUA will maximize all sources of groundwater recharge.

**Commitment:** IEUA will support the recharge of all available stormwater and maximize the recharge of recycled water within the Chino Groundwater Basin. Furthermore, IEUA will pursue the purchase and storage of cost-effective Supplemental Water supplies.

**Reference Material:** Appendix D.4

## E. Business Goal: Wastewater Management

*IEUA systems will be master planned, managed and constructed to ensure that when expansion planning is triggered, designs/construction can be completed to meet regulatory/growth needs in an expeditious, environmentally responsible and cost effective manner.*

### 1. Capacity *[Planning, Engineering, & Construction Management]*

**Objective:** IEUA will maintain capacity within systems and facilities to meet essential service demands and to protect public health and environment.

**Commitment:** IEUA will ensure that systems are managed and constructed so that 90% of capacity is never exceeded.

**Reference Material:** Appendix E.1

### 2. On-Time Construction *[Engineering, & Construction Management]*

**Objective:** IEUA will ensure capital projects are designed and implemented in a timely and economically responsible manner.

**Commitment:** IEUA will design and construct facilities through efficient project management to ensure that 80% of projects are completed on schedule and 90% of projects are on budget.

**Reference Material:** Appendix E.2

### 3. Biosolids Management *[Operations & Maintenance]*

**Objective:** IEUA will manage all Agency produced biosolids in a compliant, fiscally prudent and environmentally sustainable manner.

**Commitment:** IEUA will ensure that 95% of the Inland Regional Compost Facility's capacity is utilized, all biosolids produced by IEUA are treated at IERCF, Agency solids generation is minimized through efficient dewatering operations and all compost is marketed for beneficial use.

**Reference Material:** Appendix E.3

### 4. Energy Management *[Planning, Engineering, Operations, & Maintenance]*

**Objective:** IEUA will optimize facility energy use and effectively manage renewable resources to achieve peak power independence, contain future energy costs, achieve statewide renewable energy, distributed generation and greenhouse gas reduction goals, and provide for future rate stabilization.

**Commitment:** IEUA will achieve peak power independence by 2020 through the implementation of renewable projects, energy management agreements and operational efficiencies.

**Reference Material:** Appendix E.4

## F. Business Goal: Environmental Stewardship

*IEUA is committed to the responsible use and protection of the environment through conservation and sustainable practices.*

### 1. Regulatory Compliance *[Compliance, Operations, & Maintenance]*

**Objective:** IEUA will comply with all federal, state and local laws at each Agency facility.

**Commitment:** IEUA will have no more than 2 notices of violation annually from the State Water Resources Control Board, Air Quality Management District, or Non-Reclaimable Waste System for all Agency owned and operated facilities.

**Reference Material:** Appendix F.1

### 2. Good Neighbor Policy *[Compliance, Operations, & Maintenance]*

**Objective:** IEUA will control odors at all Agency facilities for the purpose of improving the environment and being a good neighbor to the local community.

**Commitment:** IEUA will perform a quarterly odor monitoring assessment to develop actual and acceptable baseline odor thresholds. Acceptable baseline thresholds will be used to measure treatment plant performance and drive necessary capital improvements.

**Reference Material:** Appendix F.2

### 3. Response & Complaint Mitigation *[Compliance, Operations, & Maintenance]*

**Objective:** IEUA will investigate and appropriately respond in a timely manner to any environmental issue or complaint received at any Agency Facility.

**Commitment:** IEUA will immediately respond to any event that threatens public health and safety and will respond within 5 working days to any non-emergency complaint or suggestion.

**Reference Material:** Appendix F.3

### 4. Environmental Responsibility *[Agency Management, Planning, & Engineering]*

**Objective:** IEUA will strive to implement actions that enhance or promote environmental sustainability and the preservation of the region's heritage.

**Commitment:** IEUA will consider and assess environmental sustainability, public use and heritage preservation options for all of its programs and projects.

**Reference Material:** Appendix F.4

# Appendix

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## Reference Materials

### **A. Fiscal Responsibility**

**A.1 - Funding & Appropriation**

**A.2 - Budget Planning**

**A.3 - Reserves**

**A.4 - Creditworthiness**

### **B. Workplace Environment**

**B.1 - Mission, Vision & Values**

**B.2 - Employer of Choice**

**B.3 - Training**

**B.4 - Staff Safety**

### **C. Business Practices**

**C.1 - Efficiency & Effectiveness**

**C.2 - Customer Service**

**C.3 - Regional Leadership & Community Relations**

**C.4 - Policy Leadership**

### **D. Water Reliability**

**D.1 - Water Use Efficiency & Education**

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### **E. Wastewater Management**

**E.1 - Capacity**

**E.2 - On-Time Construction**

**E.3 - Biosolids Management**

**E.4 - Energy Management**

### **F. Environmental Stewardship**

**F.1 - Regulatory Compliance**

**F.2 - Good Neighbor Policy**

**F.3 - Response & Complaint Mitigation**

**F.4 - Environmental Responsibility**

# Appendix A.1

## **Fiscal Responsibility – Funding & Appropriation**

- Business Goal:** *IEUA will safeguard the Agency's fiscal health through organizational efficiency, adoption of balanced multiyear budgets and rates that meet full cost-of-service targets, maintain a high quality credit rating and preserve established fund balance reserves to effectively address short term and long term economic variability. Furthermore, IEUA will provide open and transparent communication to educate the Member Agencies on the fiscal policies of the Agency.*
- Objective:** *IEUA will appropriately fund operational, maintenance and capital investment costs.*
- Commitment:** *IEUA will adopt service rates and fees that fully support the costs of service and provide a reliable and steady flow of operating revenue to support all operational expenses, capital replacement and debt service costs. In addition, IEUA will ensure that service rates and fees support the Agency's goal to sustain high quality Commitment Levels.*
- 

### **Commitment Level Background**

- Historically, the Agency's operating revenues (net of property tax supplement) have been lower than operating expenses (i.e., services provided by the Agency do not generate revenues needed to pay for total cost of operations), resulting in an operating structural deficit. The operating structural deficit has been supported by a combination of property tax receipts and fund reserves.
- The allocation of property tax receipts and fund reserves to support operating activities reduced the amount of property taxes available to support capital investment, and over time, diminished the Agency's fund reserve balances.
- Given the uncertainty of property taxes, it is essential for the Agency to reduce its reliance on this funding source to support recurring expenditures (O&M and debt service costs) over time.
- In 2013, IEUA will release the first Asset Management Plan, which will provide management strategies and funding requirements to repair and replace aging equipment at each of the treatment facilities based on condition assessments. Funding of R&R is essential to ensuring facilities are maintained to support the Agency's Commitment Levels.
- IEUA is committed to ultimately having rates that fully support recurring costs, including O&M, R&R, and debt service costs. Achieving this goal will allow the Agency to fully allocate property tax receipts to support capital investment, including future expansion of existing facilities, and reduce future borrowing costs.
- Fiscal Year 2013/14 is the second year of a three-year rate resolution adopted by the Agency's Board of Directors in February 2012 for the Regional Wastewater and Recycled Water programs. The multi-year rate increases begin to address the net operating structural deficit resulting from rates not fully recovering program costs.

## Appendix A.2

### **Fiscal Responsibility – Budget Planning**

**Business Goal:** *IEUA will safeguard the Agency’s fiscal health through organizational efficiency, adoption of balanced multiyear budgets and rates that meet full cost-of-service targets, maintain a high quality credit rating and preserve established fund balance reserves to effectively address short term and long term economic variability. Furthermore, IEUA will provide open and transparent communication to educate the Member Agencies on the fiscal policies of the Agency.*

**Objective:** *IEUA will accurately forecast future operational, repair & replacement, capital improvement and debt service costs as needed for the creation of multiyear budgets and rate resolutions that create fiscal stabilization for IEUA and the Member Agencies.*

**Commitment:** *IEUA will provide multiyear forecasts for operational, repair & replacement, capital investment and debt service costs to support the adoption of multiyear budgets and rates enhancing dependability and stability.*

---

#### **Commitment Level Background**

- In addition to the annual adoption of the Operating Budget and TYCIP, the Agency also prepares a Long Range Plan of Finance (LRPF).
- The LRPF aligns the Agency’s financial capacity with long-term service objectives. The LRPF uses forecasts to provide insight into the Agency’s future financial capacity so that Agency strategies can achieve long term sustainability of financial and service objectives. It provides the most cost-effective funding strategy to support the operations and capital requirements in line with established policies and goals.
- Based upon the LRPF and other financial documents, the Agency is committed to adopting multiyear budgets and rates to facilitate the integration of the financial and strategic planning.
- Adoption of multiyear budgets and rates will provide a more strategic approach to resource allocation, as well as streamline the Agency’s rate increase process and provide long term stability.

# Appendix A.3

## Fiscal Responsibility – Reserves

**Business Goal:** IEUA will safeguard the Agency’s fiscal health through organizational efficiency, adoption of balanced multiyear budgets and rates that meet full cost-of-service targets, maintain a high quality credit rating and preserve established fund balance reserves to effectively address short term and long term economic variability. Furthermore, IEUA will provide open and transparent communication to educate the Member Agencies on the fiscal policies of the Agency.

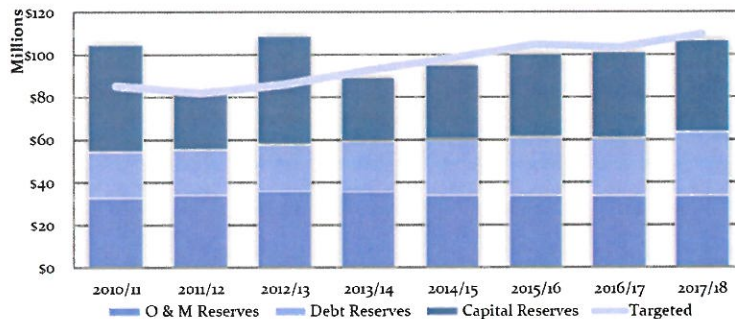
**Objective:** IEUA will preserve fund reserves that sustain the Agency’s long term fiscal health, high quality credit rating and ensure its ability to effectively address economic variability.

**Commitment:** IEUA will adopt financial policies to establish and preserve fund reserves above legally or contractually mandated levels to maintain Commitment Levels. In addition, IEUA will support short and long term funding requirements and sustain the Agency’s long term fiscal health and high quality credit rating to reduce future borrowing costs.

---

### Commitment Level Background

- Fund balance is a measure of the net worth (total assets minus total liabilities) of an organization and is a strong indicator of its financial health. In addition to consolidated fund balance at the Agency-wide level, IEUA also maintains fund balances at the individual program level.
- The fund balance reserves are designated for specific purposes, and include four month operating contingency and debt service as prescribed by the current bond covenants, capital construction, improvement and replacement, rate stabilization, self-insured workers’ compensation and liability insurance, retiree medical benefits, and other short term and long term requirements.
- The figure below compares the Agency’s actual and projected total fund balance to the “targeted” amount from FYs 2009/10 through 2016/17. Targeted fund balance as defined in the Agency’s 2012 LRPF is the sum of 50 percent of operating revenues, and total fund balance reserves designated to support debt service costs.



- An update of the Agency’s financial policies adopted in 2005 is planned in 2013 as part of the implementation of a long range financial model. A key objective will be to align reserves and thresholds to meet the Agency’s short term and long term needs and develop a funding strategy.

## Appendix A.4

### Fiscal Responsibility – Creditworthiness

**Business Goal:** *IEUA will safeguard the Agency’s fiscal health through organizational efficiency, adoption of balanced multiyear budgets and rates that meet full cost-of-service targets, maintain a high quality credit rating and preserve established fund balance reserves to effectively address short term and long term economic variability. Furthermore, IEUA will provide open and transparent communication to educate the Member Agencies on the fiscal policies of the Agency.*

**Objective:** *IEUA will sustain a high quality credit rating and debt service coverage ratio to safeguard the Agency’s fiscal health and reduce future borrowing costs.*

**Commitment:** *IEUA will reinstate the Agency’s credit rating to AAA by FY 17/18 to reduce borrowing costs anticipated for the expansion and improvement of existing facilities to meet future growth in the Agency’s service area.*

#### Commitment Level Background

- As part of the 2012 multi-year rate increase, IEUA established minimum debt coverage ratio targets for the upcoming fiscal years. The following table shows the DCR targets, the actual DCR’s and forecasted DCR’s (F):

DCR	FY 11/12	FY 12/13	FY 13/14	FY 14/15	FY 15/16
	Actual	Projected	Forecasts		
Target		1.43x	1.50x	1.70x	
Actual/Forecast	1.69x	1.92x	1.75x	2.01x	2.18x

- The FY 2011/12 Comprehensive Annual Financial Report (CAFR) reported an Agency DCR of 1.69x and the following credit ratings: AA- (S&P), Aa2 (Moody’s), and AA- (Fitch).
- The adopted FY 2014-2023 Ten Year Capital Improvement (TYCIP) includes expansion of the Agency’s southern service area facilities in FY 2018/19 where most of the future population growth is anticipated. This expansion is projected to be financed with new debt. Improvement of the Agency’s long term credit rating to AAA and DCR to 2.70x (DCR is the ratio of net revenue available to meet debt service costs). In the current market, the differential cost of borrowing between AA and AAA is about 20 basis points. On a \$40 million bond issue, this equates to a borrowing-cost-savings of over \$2.4 million over a 30 year term.
- Lower borrowing costs equate to lower fees.



# Appendix B.1

## Workplace Environment – Mission, Vision & Values

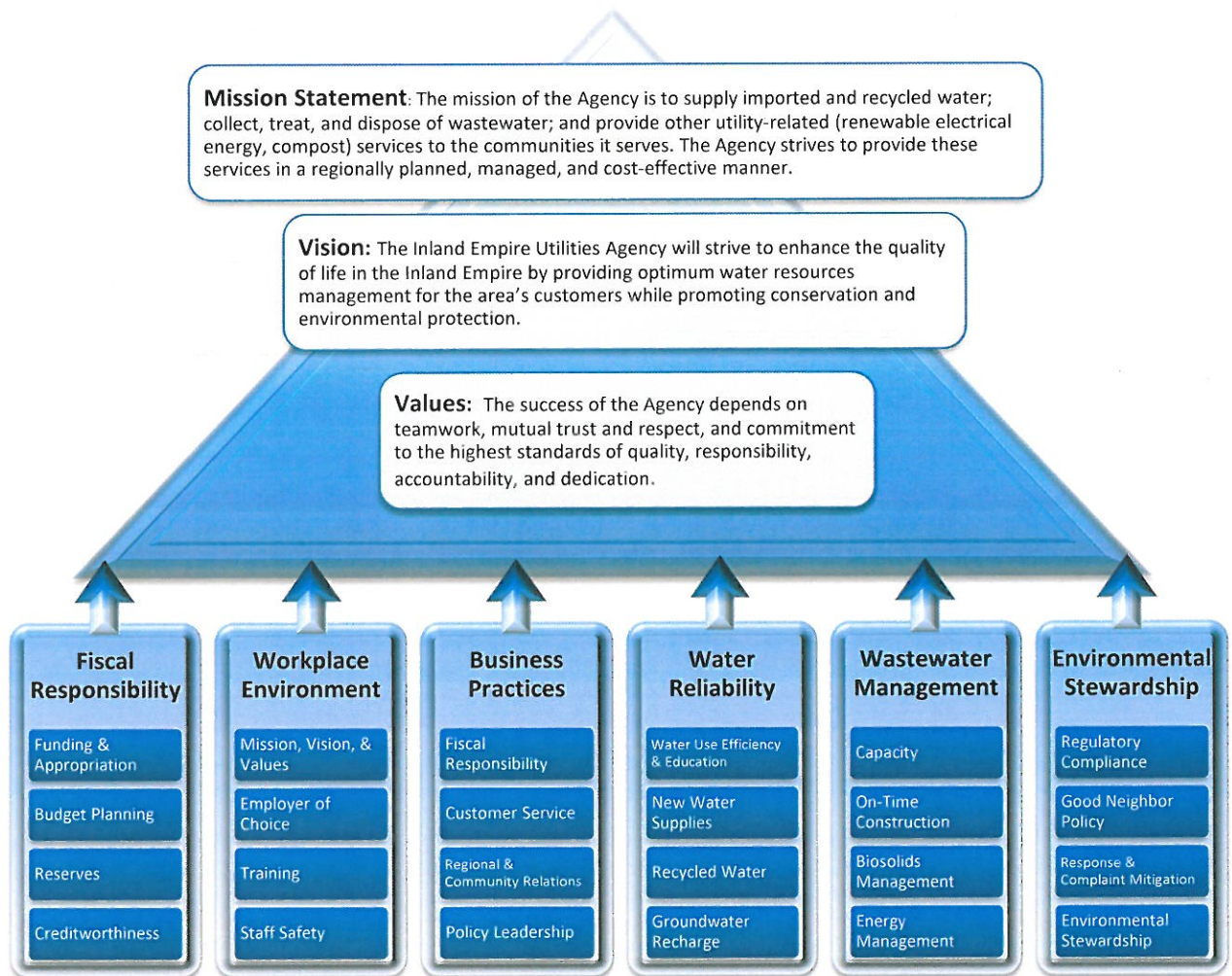
**Business Goal:** *IEUA is committed to provide a positive workplace environment by recruiting, retaining and developing a highly skilled team dedicated to the Agency’s Mission, Vision and Values.*

**Objective:** *IEUA will uphold Business Goals, Objectives and Commitment Levels that support and advance the Agency’s Mission, Vision and Values.*

**Commitment:** *IEUA will maintain the highest standard of ethical conduct from all Agency staff by promoting values of prudent leadership, integrity, collaboration, open communication, respect, accountability, high quality, passion and efficiency to support the Agency’s Mission and Vision.*

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### Commitment Level Background



- Management will ensure that principles, policies and practices support the Business Goals, Mission, Vision and Values of the Agency.

## Appendix B.2

### Workplace Environment – Employer of Choice

**Business Goal:** *IEUA is committed to provide a positive workplace environment by recruiting, retaining and developing a highly skilled team dedicated to the Agency's Mission, Vision and Values.*

**Objective:** *IEUA will be an Employer of Choice.*

**Commitment:** *IEUA will provide a work environment that will attract and retain highly skilled, motivated, professional and committed employees.*

---

#### Commitment Level Background

- IEUA will recruit, retain, and promote a diverse and qualified workforce committed to the Agency's Mission, Vision and Values. This will be achieved by utilizing modern recruitment practices that provide flexible and responsive recruiting solutions to assist with filling positions in a timely and effective manner.
- IEUA will encourage and maintain a highly motivated and trained staff by designing, implementing, and supporting a learning environment which encourages growth and development of Agency staff.
- IEUA will strive to align project/work tasks with the skills of its employees to create a rewarding and successful work environment.
- IEUA will create a culture that recognizes a dedicated staff and attracts qualified individuals through the use of creative communication methods and continued education of available employee benefits to increase knowledge of these programs and services. In addition, IEUA will update the Agency's various award recognition programs to reflect the Agency's cost containment strategies.
- IEUA will reduce stress from work-life imbalance by promoting partnerships, cross training, shared responsibilities, and a culture of teamwork to allow any and all employees recuperative time away from work activities.
- IEUA will inspire trust and confidence in Management by: clearly defining the Agency's Mission/Vision/Values, by creating Business Goals that support the Mission/Vision/Values, outlining a Strategic Plan to achieve those goals, communicating how the Agency is accomplishing these goals, and effectively linking these goals to each employee objectives and performance.

## Appendix B.3

### Workplace Environment – Training

**Business Goal:** *IEUA is committed to provide a positive workplace environment by recruiting, retaining and developing a highly skilled team dedicated to the Agency’s Mission, Vision and Values.*

**Objective:** *IEUA will provide employees with state-of-the-art skills and knowledge to meet current and anticipated Agency needs.*

**Commitment:** *IEUA will facilitate and provide opportunities for staff to further their personal/professional development in support of maintaining a highly skilled workforce.*

---

#### Commitment Level Background

- All Agency employees have access to online training:
  - ◆ Leadership, Team Building, and Mentoring Skills Training
  - ◆ Microsoft Office Training
  - ◆ OSHA Required Safety TrainingsEmployees are provided with login information, which allows the employee to perform trainings at the most optimum time to fit their daily schedule.
- Selected Agency employees have the ability to attend onsite classroom trainings. The following onsite classroom trainings are going to be provided for Fiscal Year 2013/2014: “7 Habits of Highly Effective People”, (4) specialized onsite workshops, (12) 4-hour Microsoft Office trainings and policies and procedures training.
- Three types of offsite training are going to be provided for Fiscal Year 2013/2014:
  - ◆ Southern California Local Government Supervisory Program – This is a 3 day training course to provide skills for new supervisors.
  - ◆ Southern California Local Government Leadership Academy – This is a 7 day training program for Managers provided by current or retired City Managers.
  - ◆ Liebert Cassidy Whitmore Training – Legal Counsel provides workshops to Managers, Supervisors, and aspiring Supervisors on relational issues.
- IEUA also provides tuition reimbursement up to \$2,500 per year for employee educational expenses that increase their job knowledge and skills. Additionally, certification and degree incentives are awarded to employees who earn Associates, Bachelor’s and Master’s Degree, and specific program certification.
- Each Agency Department has training budgets to perform trainings on specialized skill sets for their employees.

## Appendix B.4

### Workplace Environment – Staff Safety

**Business Goal:** *IEUA is committed to provide a positive workplace environment by recruiting, retaining and developing a highly skilled team dedicated to the Agency's Mission, Vision and Values.*

**Objective:** *IEUA will promote and ensure a safe and healthy work environment to protect employees and Stakeholders.*

**Commitment:** *IEUA will have no more than 1 day of lost time due to work related illness or injury per 1,000 days worked.*

---

#### Commitment Level Background

- IEUA will sustain a clean, safe, and healthy working environment for all Agency employees at all facilities. This will be achieved by:
  - ◆ Administering and monitoring required safety and regulatory trainings;
  - ◆ Conducting annual intra-department safety audits; and
  - ◆ Conducting annual emergency response drills, such as HAZWOPER training, fire drills, and earthquake drills
- IEUA has maintained an outstanding employee workplace injury record. For Fiscal Year 2012/2013 the Agency had no lost time due to work related illness or injury. Most employee workplace injury events that occur at IEUA are typically due to cuts, scrapes, and bruises. Rarely does a workplace injury incident result in lost time.
- Occupational Safety and Health Administration (OSHA) categorizes work related illnesses or injuries by: recordable cases (a case that resulted in medical treatment beyond 1<sup>st</sup> aid, loss of consciousness, or a significant injury diagnosed by a physician), transfers or restrictions (a case that resulted in an employee not being able to perform their job duties; however, their job duties were modified to meet the requirement of the illness or injury), lost time (a case that resulted in an employee not being able to work for one day after the date of injury), and death. For 2010 through 2012, IEUA had the following work injury statistics:

#### By Case

Calendar Year	Recordable Cases	Transfers or Restrictions	Lost Time	Deaths
2010	9	6	1	0
2011	12	6	1	0
2012	13	12	0	0

#### By Days

Calendar Year	Transfers or Restrictions	Lost Time
2010	81	180
2011	235	56
2012	390	0

## Appendix C.1

### Business Practices – Efficiency & Effectiveness

**Business Goal:** *IEUA is committed to applying ethical, fiscally responsible and environmentally sustainable principles to all aspects of business and organizational conduct.*

**Objective:** *IEUA will promote standards of efficiency and effectiveness in all Agency business practices and processes.*

**Commitment:** *IEUA will integrate **Lean** techniques to evaluate current business practices and processes and identify ways to improve the quality, cost and value of the services the Agency provides to the Member Agencies and the Public.*

---

#### Commitment Level Background

- IEUA is committed to providing its Stakeholders with high quality service in a cost effective, regionally planned manner. Continued assessment and improvement of our business processes and practices is essential to ensure optimization of efficiency and effectiveness.
- **Lean** was originally developed to reduce waste in manufacturing and evolved from Total Quality Management (TQM); the manufacturing practices of the Toyota Motor Corporation. However, rather than focusing on mass production, **Lean** focus on the elimination of waste while providing the same, or enhanced, value to the customer.
- Application of **Lean** techniques will help define key performance indicators (KPIs) to more effectively measure, monitor, and realign processes to meet the Agency’s business goals and objectives.
- In April 2013, the second phase of the Agency’s Enterprise Resource Planning (ERP) business system, first implemented in 2007, went live to streamline the recording, tracking and reporting of employee and payroll data. This enhancement helps support the Agency’s efficiency and effectiveness initiative by eliminating redundant systems, enhancing data integrity, and supporting more transparent and timely reporting.
- The Agency’s ERP system and integrated format also helps support the transition from a reactive to a condition based monitoring (CBM) maintenance philosophy strategy; a key initiative of the Agency. Under CBM, the 45 percent of resources currently allocated to reactive maintenance (unplanned or emergency repairs) will shift to support a predictive strategy denoted by improved planning and scheduling and more effective diagnosis of equipment functionality.
- The same integrated approach is being applied to the Agency’s existing Supervisory Control & Data Acquisition (SCADA) System network which is currently comprised of a wide variety of equipment and applications located throughout the various facilities. Significant effort went into documenting the current state and analyzing the Agency’s SCADA systems resulting in the 2012 Board adoption of the Recycled Water, Groundwater Recharge and Facilities SCADA Master Plans.

## Appendix C.2

### **Business Practices – Customer Service**

**Business Goal:** *IEUA is committed to applying ethical, fiscally responsible and environmentally sustainable principles to all aspects of business and organizational conduct.*

**Objective:** *IEUA will provide excellent customer service that is cost effective, efficient, innovative and reliable.*

**Commitment:** *IEUA will respond to and meet the Member Agencies expectation for enhanced value added services. IEUA will solicit Stakeholder feedback on performance and goal alignment on an annual basis.*

---

#### **Commitment Level Background**

- IEUA is committed to providing excellent customer service by:
  - ◆ Providing the primary services of the Agency – water management, wastewater management, biosolids management, and other resources management disciplines.
  - ◆ Ensuring that these services are offered in an effective, sustainable and cost efficient method.
  - ◆ Providing clear and direct responses to customer suggestions, inquiries, and complaints.
  - ◆ Maintaining open sources of communication to ensure stakeholder’s interests are discussed and opportunities are pursued.
- IEUA will optimize customer service by ensuring alignment and management of core procurement business functions, roles and responsibilities.
- Media relations will continue to be cultivated and press releases will remain a major effort along with the Agency internal and external newsletter and updates.
- Social networking and website maintenance will remain a top priority for Agency outreach and communication initiatives.
- IEUA will collaborate with all Stakeholders to ensure open communication and discussion of issues and policies that affect the IEUA Service Area, (i.e. topics such as imported water rates and deliveries, development and availability of local water supplies.)

## Appendix C.3

### Business Practices – Regional Leadership & Community Relations

**Business Goal:** *IEUA is committed to applying ethical, fiscally responsible and environmentally sustainable principles to all aspects of business and organizational conduct.*

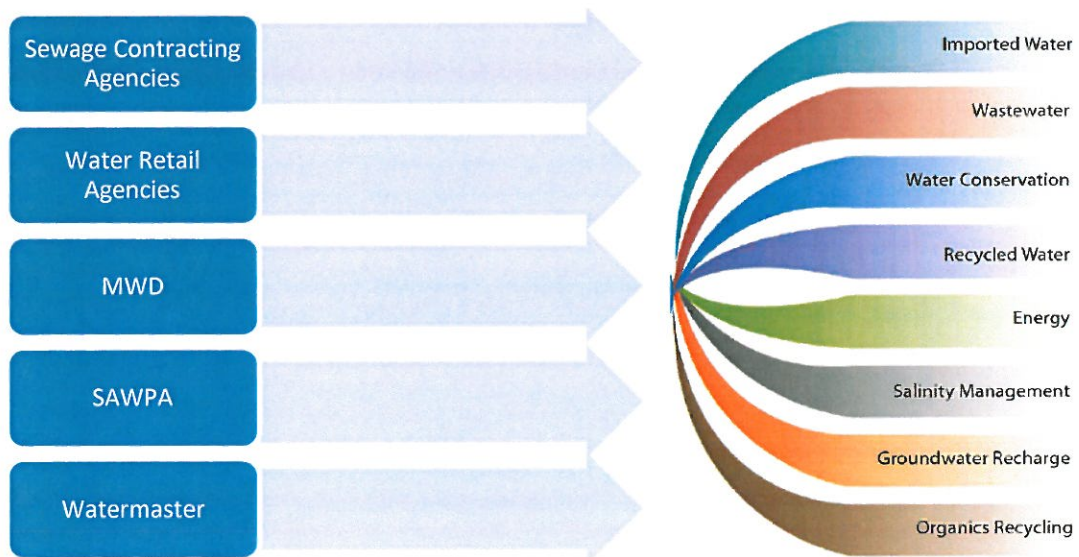
**Objective:** *IEUA will cultivate a positive and transparent relationship with its Stakeholders to enhance quality of life, preserve our heritage and protect the environment.*

**Commitment:** *IEUA will partner with its Stakeholders on common issues to create and implement integrated and innovative solutions, minimize duplication of efforts and support education and outreach to the Public. Furthermore, IEUA will incorporate Member Agencies and Regional Water Agencies into various IEUA related projects and programs to ensure that a transparent and broader regional representation is achieved.*

---

#### Commitment Level Background

- IEUA will promote and sustain effective communication between the Agency and its Stakeholders through use of various methods, including frequent meetings/workshops, newsletters and electronic media.
- Incorporating the Agency’s branding initiatives, staff will create a recognizable standard to educate the public about water recycling, water conservation and capital infrastructure/replacement investments.
- IEUA is committed to taking actions that consider the cost, quality and value of service for communities we serve.
- The Agency strives to foster open, positive and collaborative relationships with all Stakeholders to meet the water needs of the Region now and in the future.



## Appendix C.4

### **Business Practices – Policy Leadership**

**Business Goal:** *IEUA is committed to applying ethical, fiscally responsible and environmentally sustainable principles to all aspects of business and organizational conduct.*

**Objective:** *IEUA will effectively advocate, campaign and guide the development of policies and legislation that directly benefit the Region IEUA serves.*

**Commitment:** *IEUA will promote a collaborative approach for the development of positions on policies, legislation and regulations that impact Agency policy objectives.*

---

#### **Commitment Level Background**

- IEUA will provide leadership on legislative solutions and regulatory standards for water reliability, water quality, energy management, wastewater collection, treatment and reuse, organics management, and stormwater and watershed management.
- IEUA will continue to effectively seek State and Federal grant funding for Agency and regional projects that achieve IEUA's policy objectives; (e.g. the Recharge Master Plan, Renewable Energy, the Optimum Basin Management Plan, and the Recycled Water Program).
- IEUA will actively research, monitor, review, and adopt positions on federal and state legislation that benefit the IEUA's and the Member Agencies policy objectives. This information will be shared and discussed with all Stakeholders.
- IEUA will support the development of public affairs, public awareness, community education and outreach, media relations and legislative programs on issues that address the policy objectives of IEUA. Open communication and collaboration among the Agency and its Stakeholders is of prime importance.
- IEUA will work with Member Agencies to formulate methods and approaches for addressing community and agency concerns and ensure that concerns, needs, and requests are responded to in a timely manner.
- IEUA will actively review and provide recommendations on procedures and processes to improve the efficiency, cost effectiveness, customer responsiveness, quality and environmental sustainability of Agency programs and projects.
- IEUA will coordinate intergovernmental activities with Stakeholders, industry associations, and regulatory agencies and will appear before local and state bodies on public affairs and other matters.
- IEUA will comply with the Brown Act requirements, and other laws pertaining to special districts.
- IEUA will navigate and implement the regulatory changes as a result of pension reform.



## Appendix D.1

### Water Reliability – Water Use Efficiency & Education

**Business Goal:** *IEUA is committed to the development and implementation of an integrated water resource management plan that promotes cost-effective, reliable, efficient and sustainable water use along with economic growth within the IEUA Service Area.*

**Objective:** *IEUA will promote education and water use efficiency to enhance water supplies within the Region and exceed State goals for reductions in per capita water use within the IEUA Service Area.*

**Commitment:** *IEUA will promote to reduce water use in the IEUA Service Area to less than 200 gallons per capita per day (gpcd) by 2018.*

---

#### Commitment Level Background

- The Water Conservation Act of 2009 (SBX 7-7) requires urban retail water suppliers to continue demand management measures to reduce water use, as measured by gpcd, by 10% by December 31, 2015 and by 20% by December 31, 2020 to maintain eligibility to receive state water management grants and loans.
- The baseline water use for the region from 1999 - 2008 was calculated to be 251 gpcd.
- The reduced water use targets can be achieved through: water use efficiency (WUE) active programs, WUE passive policy initiatives, and recycled water use. The current goal of the Urban Water Management Plan and the Water Use Efficiency Business Plan is to achieve the 20 x 2020 per capita water use reduction in the following manner:

	2015 Reduction	2020 Reduction
Projected Reduction from WUE Activities	5 gpcd	13 gpcd
Projected Reduction from Recycled Water Use	38 gpcd	45 gpcd
<b>TOTAL Projected Reduction</b>	<b>43 gpcd</b>	<b>58 gpcd</b>
<b>10 Year Baseline</b>	<b>251 gpcd</b>	
<b>Target</b>	226 gpcd	201 gpcd
<b>Projected Achievement</b>	208 gpcd	193 gpcd

- Additional per capita water use reductions can be achieved within the IEUA Service Area. IEUA's policy goal is to strive to achieve the 20 by 2020 reduction through conservation measures alone. IEUA will collaborate with all Member Agencies to review and update the Water Use Efficiency Business Plan to achieve this goal and will support the reduction of water use below 200 gpcd by 2018.
- IEUA will continue to expand regional water efficiency educational, outreach and rebate programs.

## Appendix D.2

### Water Reliability – New Water Supplies

**Business Goal:** *IEUA is committed to the development and implementation of an integrated water resource management plan that promotes cost-effective, reliable, efficient and sustainable water use along with economic growth within the IEUA Service Area.*

**Objective:** *IEUA will support the Member Agencies and Regional Water Agencies with the development of reliable, drought-proof and diverse local water resources and Supplemental Water supplies in order to reduce dependence on Imported Water supplies.*

**Commitment:** *IEUA will promote reducing demand for Imported Water during dry and normal years and storing Imported Water into the Chino Groundwater Basin during wet years. In addition, IEUA will support maximizing the beneficial use of existing water infrastructure, while meeting future increased demands through investment in local water resources, Supplemental Water supplies and conservation efforts.*

---

#### Commitment Level Background

- As part of the 2010 Urban Water Management Plan (UWMP), IEUA has set a goal to maximize use of local water supplies and minimize the need for Imported Water, especially during dry years and other emergency shortages from Metropolitan Water District (MWD).
- Unless additional water reductions are achieved or new local water supplies are developed, current projections show that regionally an additional 10,000 AFY of costly Imported Water will be required by year 2025.
- It is understood that future Imported Water reliability will be lower and costs will be higher. Over the next ten years, it is estimated that the IEUA/Member Agencies will purchase \$600 million in Imported Water. A 10,000 AFY water supply shift from Imported Water would reduce MWD purchases by approximately \$100 million over the same ten year period.
- IEUA is in the process of preparing an Integrated Resources Plan (IRP), which will provide an achievable long-term strategy to meet current and future water needs. The IRP will evaluate existing water supplies and demands, forecast future water supplies and demands, and evaluate additional water efficiency and alternative sources of new water supply that will reduce future reliance on Imported Water.

## Appendix D.3

### Water Reliability – Recycled Water

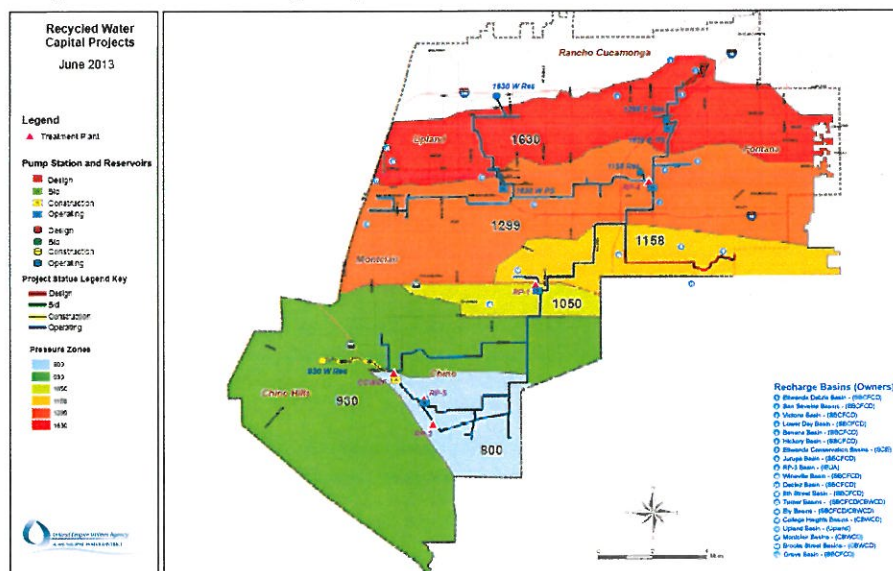
**Business Goal:** IEUA is committed to the development and implementation of an integrated water resource management plan that promotes cost-effective, reliable, efficient and sustainable water use along with economic growth within the IEUA Service Area.

**Objective:** IEUA will support maximizing beneficial reuse of recycled water to enhance reliability and reduce dependence on Imported Water.

**Commitment:** IEUA will complete the development of recycled water infrastructure and will support the Member Agencies in achieving reuse of 50,000 AFY by 2025.

#### Commitment Level Background

- IEUA has a current wastewater flow of approximately 60,000 AFY. Based upon wastewater forecasts and potential future interconnections, IEUA is targeting a reliable recycled water supply of 50,000 AFY for direct use and groundwater recharge by 2025.
- As outlined in the Recycled Water Business Plan, IEUA is in the process of expanding recycled water infrastructure to meet the 50,000 AFY delivery target. IEUA will release the Recycled Water Plan Update in 2014.
- In addition, the IRP will have specific focus on the development of additional direct recycled water connections and a specific emphasis on recycled water interties and enhanced groundwater recharge capabilities.



- Estimated Fiscal Year 2012/2013 recycled water delivery for direct use and groundwater recharge is 31,500 AFY. Increasing recycled water deliveries to 50,000 AFY is key to meeting the other three Objectives/Commitment Levels (Water Use Efficiency & Education, New Water Supplies, and Groundwater Recharge) for the Water Reliability Business Goal.

## Appendix D.4

### Water Reliability – Groundwater Recharge

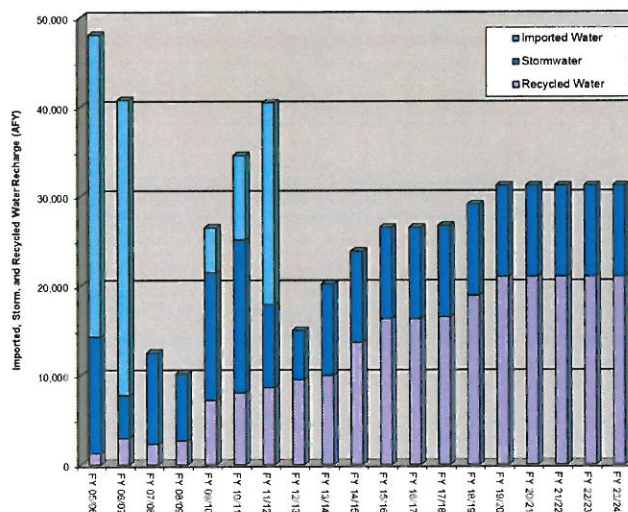
**Business Goal:** IEUA is committed to the development and implementation of an integrated water resource management plan that promotes cost-effective, reliable, efficient and sustainable water use along with economic growth within the IEUA Service Area.

**Objective:** IEUA will maximize all sources of groundwater recharge.

**Commitment:** IEUA will support the recharge of all available stormwater and maximize the recharge of recycled water within the Chino Groundwater Basin. Furthermore, IEUA will pursue the option to purchase and store cost-effective surplus Imported Water supplies.

#### Commitment Level Background

- Groundwater currently comprises about 60% of the water supply needed to meet urban water demand for the region.
- The Chino Groundwater Basin contains approximately 5 million AF of water storage with an additional 1 million AF in unused storage capacity. The current safe-yield of the Basin is 145,000 AFY and declining. Historically, discounted Imported Water has been available and utilized to recharge the Basin when pumping has exceeded the safe-yield. The MWD discounted replenishment water was discontinued in 2012, changing the economic impacts of over-production of groundwater.
- The Chino Basin Groundwater Recharge Program developed new sources of replenishment water: local stormwater and recycled water.
- IEUA has been shifting the need to buy Imported Water to meet replenishment needs, to the cost-effective use of stormwater and recycled water.



- IEUA will continue to partner with CBWM to maximize the recharge of all available stormwater and recycled water and will only recharge imported water proactively when economically viable or as necessary to meet replenishment requirements.

## Appendix E.1

### Wastewater Management – Capacity

**Business Goal:** *IEUA systems will be master planned, managed and constructed to ensure that when expansion planning is triggered, designs/construction can be completed to meet regulatory/growth needs in an expeditious, environmentally responsible and cost effective manner.*

**Objective:** *IEUA will maintain capacity within systems and facilities to meet essential service demands and to protect public health and environment.*

**Commitment:** *IEUA will ensure that systems are managed and constructed so that 90% of capacity is never exceeded.*

#### Commitment Level Background

- Economic development of the region is dependent upon well planned public works infrastructure in place prior to land development. Wastewater collection and treatment are critical components of this infrastructure.
- IEUA has and will continue to utilize operational flexibilities provided through flow diversion and bypass systems to maximize beneficial use and capacity of the integrated collection system, wastewater treatment system, recycled water system, and organics management system.
- For Fiscal Year 2012/2013, all four IEUA Wastewater Recycling Facilities have a Percent Capacity Utilization between 60% - 70%. The Ten-Year Percent Capacity Utilization projection shows slight increases for RP-1, RP-4, and CCWRF; however, RP-5 has a substantial increase to 95%:

Regional Water Recycling Plant	FY 2012/13 Actual*			FY 2022/23 Projection		
	Treated Influent Flow	Plant Rated Capacity	Percent Capacity Utilization	Treated Influent Flow	Plant Rated Capacity	Percent Capacity Utilization
RP-1	27.7	44.0	63%	30.4	44.0	69%
RP-4	9.8	14.0	70%	10.8	14.0	77%
CCWRF	7.4	11.4	65%	8.0	11.4	70%
RP-5	10.5	16.3**	64%	15.5	16.3	95%
<b>IEUA Total</b>	<b>55.3</b>	<b>85.7</b>	<b>65%</b>	<b>64.7</b>	<b>85.7</b>	<b>76%</b>

- For Fiscal year 2013/2014, IEUA will be updating the Facilities Master Plan, which will considered future growth patterns, alternatives for expansion of the Wastewater Recycling Facilities, and impacts to the Recycled Water and Organics Management systems.
- IEUA will ensure that all planning, design, construction, and start-up activities for treatment system expansions are scheduled and completed before the 90% Percent Capacity Utilization is reached.

## Appendix E.2

### Wastewater Management – On-Time Construction

**Business Goal:** *IEUA systems will be master planned, managed and constructed to ensure that when expansion planning is triggered, designs/construction can be completed to meet regulatory/growth needs in an expeditious, environmentally responsible, and cost effective manner.*

**Objective:** *IEUA will ensure capital projects are designed and implemented in a timely and economically responsible manner.*

**Commitment:** *IEUA will design and construct facilities through efficient project management to ensure that 80% of projects are completed on schedule and 90% of projects are on budget.*

---

#### Commitment Level Background

- IEUA is committed to ensuring that projects are completed: on-time to obtain the beneficial use of required equipment as required by Operations, Maintenance, and Compliance, and on budget to contain costs and accurately project Agency future expenditures.
- Constructability reviews, which will include technical input from Construction, Operations, Maintenance, and DCS staff, will be included as a standard design element with the goal of reducing the number of change orders experienced during construction.
- Construction Management staff have received schedule training to allow for detailed reviews of contractor construction schedules. Staff will effectively analyze contractor schedules to highlight deficiencies in critical paths that may result in extended project schedules.
- At the completion of a project pre-design report (PDR), budgets will be created with well-defined scopes of work that include all project costs: design/construction consultants, construction contract award, and all Agency labor costs (Engineering, Construction Management, Operations, Maintenance, DCS, Finance, and Accounting).
- A project will be deemed on budget if all design, construction, and start-up activities are completed and expenditures on the project are between 90-100% of the project budget.
- Schedules for duration of design and construction/start-up will be created at the time the project budget is created (completion of the PDR).
- The Engineering schedule metric will be based upon the project design kickoff meeting and the Award of Construction Contract. The Engineering activities will be deemed on schedule if the duration between the Award of Construction Contract and design kickoff meeting is +/- 10% of the initial estimate.
- The Construction Management schedule metric will start at the preconstruction meeting and conclude with the Operations acceptance of the project. The Construction activities will be deemed on schedule if the duration between the project acceptance and preconstruction meeting is +/- 10% of the initial estimate.

## Appendix E.3

### Wastewater Management – Biosolids Management

**Business Goal:** *IEUA systems will be master planned, managed and constructed to ensure that when expansion planning is triggered, designs/construction can be completed to meet regulatory/growth needs in an expeditious, environmentally responsible, and cost effective manner.*

**Objective:** *IEUA will manage all Agency produced biosolids in a compliant, fiscally prudent and environmentally sustainable manner.*

**Commitment:** *IEUA will ensure that 95% of the Inland Regional Compost Facility's capacity is utilized, all biosolids produced by IEUA are treated at IERCF, Agency solids generation is minimized through efficient dewatering operations, and all compost is marketed for beneficial use.*

---

#### Commitment Level Background

- In 2001, the Chino Basin Organics Management Business Plan set a goal for the region to divert organic solids from landfills and to consume locally generated recycled organic material. Under a Joint Powers Agreement, IEUA in partnership with Los Angeles County Sanitation District constructed the Inland Empire Regional Composting Facility (IERCF) to meet this goal.
- IERCF has an operating capacity of approximately 400 wet tons per day for wastewater biosolids. IEUA's owned portion of this operating capacity is equivalent to 50% or approximately 200 wet tons per day of biosolids material. IEUA currently generates approximately 190 wet tons per day of biosolids.
- IEUA's goal is to send all biosolids generated at its wastewater facilities to IERCF; however, IERCF requires one shutdown day per month to perform preventative maintenance on operating equipment. On maintenance days, IEUA will utilize the use of storage at RP-1 and RP-2, while maintaining contracts with third party composting facilities as a contingency.
- IEUA supports reducing solids generation at its wastewater facilities. Currently, start-up activities for the new RP-1 Centrifuge Dewatering Building are commencing and full operation should be achieved by the end of 2013. The new centrifuges will increase the biosolids total solids percentage from the current 16% up to 24%. This will decrease the IEUA biosolids generation by approximately 50 wet tons per day, resulting in excess IEUA capacity at IERCF.
- All biosolids and wood amendment sent to IERCF are processed and treated to produce a Class A exceptional quality compost. IERCF compost, which is created and marketed as SoilPro Premium Compost, is beneficially used by contracting agencies and sold as a soil conditioner that improves water retention, resulting in better plant growth and reduces water requirements.

## Appendix E.4

### **Wastewater Management – Energy Management**

**Business Goal:** *IEUA systems will be master planned, managed and constructed to ensure that when expansion planning is triggered, designs/construction can be completed to meet regulatory/growth needs in an expeditious, environmentally responsible, and cost effective manner.*

**Objective:** *IEUA will optimize facility energy use and effectively manage renewable resources to achieve peak power independence, contain future energy costs, achieve statewide renewable energy, distributed generation and greenhouse gas reduction goals, and provide for future rate stabilization.*

**Commitment:** *IEUA will achieve peak power independence by 2020 through the implementation of renewable projects, energy management agreements and operational efficiencies.*

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#### **Commitment Level Background**

- IEUA facilities currently use approximately 75,000 MWh of electricity annually at an annual cost of approximately \$9,000,000. This is 26% of the non-labor Operations and Maintenance budget and the highest, non-labor cost of the Agency.
- The region’s population is forecasted to increase by 50% by 2030, which will further increase demand and cost for electricity. Electricity prices are volatile; however, historically, the average annual increase has been between 4% - 6%.
- IEUA has created a preliminary Energy Management Plan to reach energy independence from the grid during peak energy use/pricing period (noon – 6:00 PM) by 2020 through increased energy efficiency, increased on-site energy generation, a diversified energy portfolio and energy demand response.
- Through Power Purchase Agreements (PPA’s), IEUA has expanded its renewable energy portfolio to include 3.5 MW of solar, 1.0 MW of wind, and 2.8 MW of biogas fuel cell production.
- IEUA will develop an updated energy management plan that will focus on integrating energy efficiency, demand response, and renewable energy generation programs to contain future energy costs and contribute to achieving statewide renewable energy and greenhouse gas reduction goals.



# Appendix F.1

## Environmental Stewardship – Regulatory Compliance

**Business Goal:** IEUA is committed to the responsible use and protection of the environment through conservation and sustainable practices.

**Objective:** IEUA will comply with all federal, state and local laws at each Agency facility.

**Commitment:** IEUA will have no more than 2 notices of violation annually from the State Water Resources Control Board, Air Quality Management District, or Non-Reclaimable Waste System for all Agency owned and operated facilities.

### Commitment Level Background

- IEUA has set Key Performance Indicators (KPI) at each Agency facility to monitor compliance with all regulations stipulated in the NPDES, AQMD, and NRWS permits.
- When compliance KPI's are exceeded, incident reports are created to outline the facts and causes of any noncompliant event. The incident reports are reviewed and corrective action is taken to prevent future KPI noncompliance.
- It is up to the discretion of AQMD to issue NOV's; however, in general a NOV is issued for: operation of equipment without a valid permit to operate, excessive exceedance of a permit stipulated emissions requirement, or operations resulting in a nuisance to the public.
- For Calendar Year 2012, IEUA had the following AQMD notices of violation:

Date	Incident	Comments
9/5/12	Ammonia Tank Level Exceedance (greater than permitted capacity)	NOV issued (item resolved)
9/5/12	Unpermitted Pilot Unit Installation	NOV issued (item appealed)

- SWRCB defines violations as "serious" and "non-serious" and each type of violation may be subject to a minimum liability penalty (MMP). In addition, sewage spills, including large recycled water spills, are subject to administrative civil liability penalties (ACL). Any MMP or ACL would be considered a notice of violation. For Calendar Year 2012, IEUA had the following SWRCB incidents; however, no incidents were deemed serious:

Date	Incident	Comments
1/10/12	Turner Basin RW Release	
4/3/12	SB Lift Station Sewer Overflow	Spill was contained and cleaned before reaching surface water
4/12/12	CalPoly Pomona RW Release	
5/8/12	Philadelphia NRW Sewer Overflow	Spill was contained and cleaned before reaching surface water
12/19/12	CCWRF 7-d Median Coliform	Investigation identified issue as sample contamination.

## Appendix F.2

### Environmental Stewardship – Good Neighbor Policy

**Business Goal:** IEUA is committed to the responsible use and protection of the environment through conservation and sustainable practices.

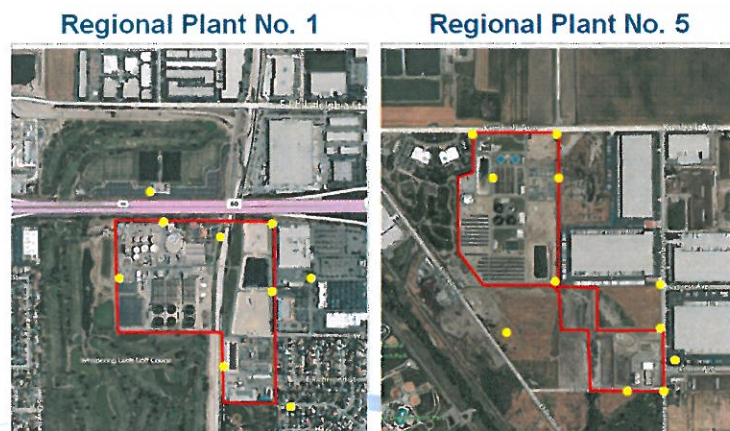
**Objective:** IEUA will control odors at all Agency facilities for the purpose of improving the environment and being a good neighbor to the local community.

**Commitment:** IEUA will perform a quarterly odor monitoring assessment to develop actual and acceptable baseline odor thresholds. Acceptable baseline thresholds will be used to measure treatment plant performance and drive necessary capital improvements.

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#### Commitment Level Background

- IEUA facilities and processes have the potential to produce odors.
- Each facility is operated under AQMD permits that include odor control requirements.
- AQMD has a rule that prohibits odor impacts to the community.
- Substantial funding has been made into odor control technologies at Agency Facilities.
- IEUA routinely performs odor circuits around each facility to measure for hydrogen sulfide. Hydrogen sulfide has an odor described as smelling similar to rotten eggs and is generally used as a surrogate for wastewater odor presence.
- IEUA will review extending similar odor circuits to all Agency Facilities and will review expanding measurements to include ammonia (pungent smell) and mercaptans (rotten cabbage smell).
- In addition, IEUA will perform a quarterly odor profile analysis at each of the treatment facilities. An odor profile analysis is completed by inviting participants from Member Agencies and IEUA staff to survey facility odors and grade them by intensity (weak to strong) and characteristic (rotten eggs, fishy, rotten cabbage, etc.). See following diagram for example sample locations.



- Based upon the odor circuits and odor profile analysis, odor baselines will be created and thresholds will be set for each facility. An odor control plan will be created to determine any capital expenditures required to meet the established thresholds. Based upon the required capital expenditures, the odor thresholds may be adjusted to provide the most efficient odor control strategy.

## Appendix F.3

### **Environmental Stewardship – Response & Complaint Mitigation**

**Business Goal:** *IEUA is committed to the responsible use and protection of the environment through conservation and sustainable practices.*

**Objective:** *IEUA will investigate and appropriately respond in a timely manner to any environmental issue or complaint received at any Agency Facility.*

**Commitment:** *IEUA will immediately respond to any event that threatens public health and safety and will respond within 5 working days to any nonemergency complaint or suggestion.*

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#### **Commitment Level Background**

- Generally, all Agency facilities have Operations & Maintenance staff onsite 10 hours per day, 7 days a week to respond to any compliance or public health & safety events. During hours when facilities are unmanned, Operations & Maintenance staff are on-call and receive alarm notifications for any compliance or public health and safety event.
- For Calendar Year 2012, IEUA had 17 onsite compliance related incidents, 2 emergency response events due to recycled water releases, and 2 response events to sanitary sewer overflows. Each event was responded to immediately.
- For Calendar Year 2012, IEUA received 4 odor complaints from members of the Public. Each complaint was thoroughly investigated by Agency staff and incident reports were created. Most complaints cannot be substantiated; however, the Agency has modified operations in an attempt to reduce the potential of creating odors.

## Appendix F.4

### Environmental Stewardship – Environmental Responsibility

**Business Goal:** *IEUA is committed to the responsible use and protection of the environment through conservation and sustainable practices.*

**Objective:** *IEUA will strive to implement actions that enhance or promote environmental sustainability and the preservation of region's heritage.*

**Commitment:** IEUA will consider and assess environmental sustainability, public use and heritage preservation options for all of its programs and projects.

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#### Commitment Level Background

- IEUA constructed a new headquarters building and committed to design standards that ensured prudent use of natural resources and proactive conservation measures. This project has enabled the Agency to achieve recognition and leadership in support of building a sustainable environment. This recognition was presented to the Agency through the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED™) program earning the "Platinum" level rating by meeting specific requirements. IEUA will take actions to sustain the Platinum LEED status of its facilities.
- In 2007, IEUA opened the Chino Creek Wetlands and Educational Park, one portion of the overall efforts being taken in the watershed under the Chino Creek Integrated Plan (CCIP). The general function of the CCIP is to focus planning attention on the lower Chino Creek area of the Prado Basin in a process of preserving and restoring the Prado Basin, maximizing value to the community, improving water-quality and flood control, and providing habitat restoration, recreation, water conservation and public education. The park is open to the public during daytime hours and consists of: 22,000 various drought tolerant plants, 1.7 miles of nature trails, 22 acres of habitat, and 6 ponds.
- The 1630 West Recycled Water Pump Station was constructed at Vineyard Park in Ontario. As part of the project, new park bathroom facilities were constructed and improvements of the parking lot, electrical, and irrigation systems were completed providing benefit to the local residents.
- IEUA will expand its environmental and education programs including: annual Earth Day activities, Garden in Every School and Inland Empire Garden Friendly. IEUA will collaborate with all Stakeholders (including Cal State San Bernardino Water Resource Institute and Home Depot) on the Inland Empire Garden Friendly program to promote sustainable environmental principles and incorporate the history and tradition of the Region.
- IEUA completed construction of the wetlands mitigation area in Basin 2 of the RP-3 Recharge Facility in July 2004. Basins 1, 3 and 4 are used actively for groundwater recharge, while most of Basin 2 is occupied by the mitigation wetlands. The vegetation was planted and the irrigation system installed in May 2005.

INFORMATION  
ITEM

**4B**



*Inland Empire Utilities Agency*

A MUNICIPAL WATER DISTRICT

# Construction Management Projects Quarterly Update



**October 16, 2013**

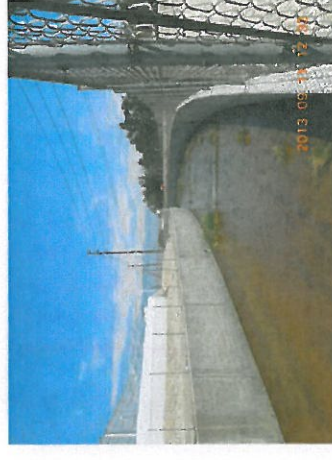
**Craig J. Parker, P.E., BCEE, Manager of Engineering &  
Construction Management**

**David G. Mendez, Deputy Manager of Construction Management**

CCWRF Secondary Clarifier No. 2 Rehab

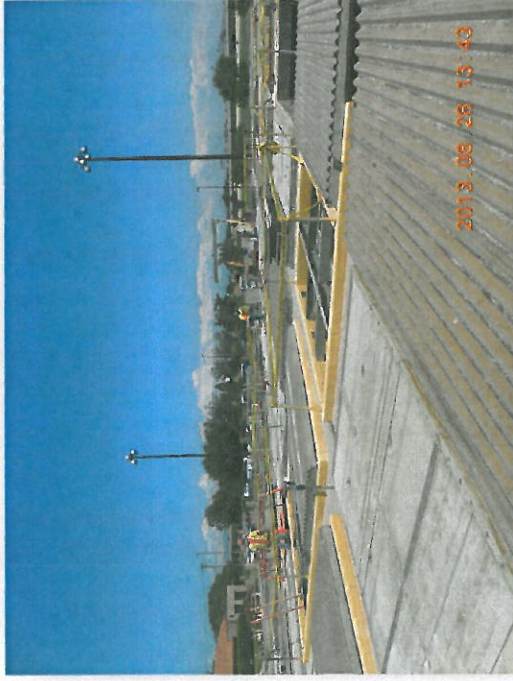
# Construction Summary

- 25 Projects currently in construction
  - Current Construction Contract Value: \$45,594,170
- Four Projects completed in FY13/14 Q1
- Seven Projects started in FY13/14 Q1
  - Casing Extension over 27" Sewer
  - 8" NRW Crossing UPRR North
  - RP-5 Pond/Drainage Improvements
  - RP-4 Grading and Drainage Improvements, Phase 3
  - IERCF Belt Conveyors Project Transfer
  - HQ Building Central Plant Improvements
  - 1630 East RW Pipeline Corrosion Repairs



# RP1 Primary Clarifier Rehab 1-6

- Contractor: J.R. Filanc Construction
- Current Contract Value: \$2,428,365
- Rehab work within the Primary Clarifiers
- Current activities include:
  - Removal of scum beach and coating is complete
- Estimated Completion: October 2013



RP1 Primary Clarifier Rehab 1-6





# CCWRF RW Pump Station Expansion

- Contractor: Olsson Construction Inc.
- Current Contract Value: \$3,740,408
- New RW pump station equipment & structural modifications
- Current activities include:
  - Electrical conduit installation is ongoing
- Estimated Completion: April 2014

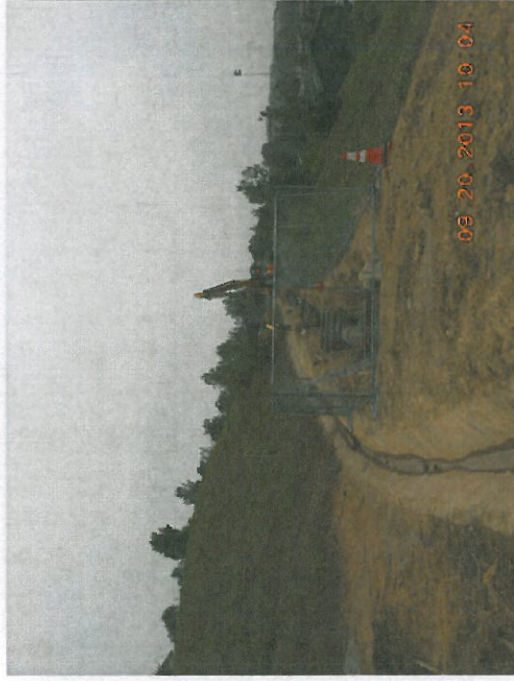


Chlorine Contact  
Basin Outfall  
Structure and  
Installation of Duct  
Bank

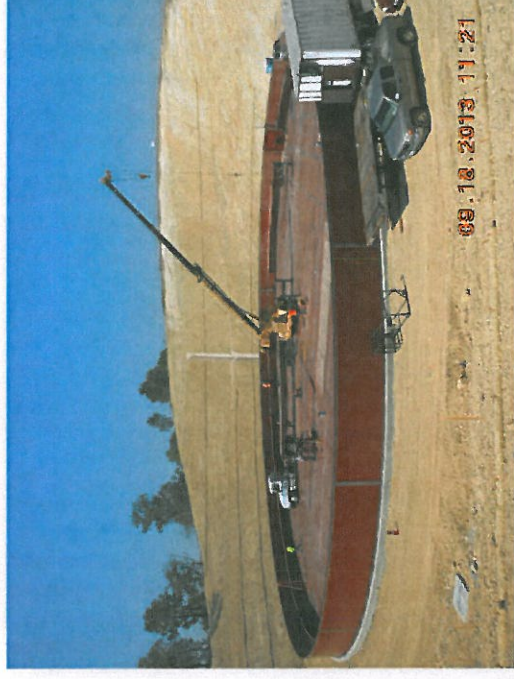


# 930 Zone RW Reservoir Construction

- Contractor: Paso Robles Tank Inc.
- Current Contract Value: \$5,308,636
- 5-MG RW welded steel storage reservoir
- Current activities include:
  - Tank is being erected
  - Associated pipeline installation is ongoing
- Estimated Completion: May 2014



Reservoir  
Tank Pipe  
and Ring  
Installation



# 930 Zone RW Pipeline Construction

- Contractor: MNR Inc.
- Current Contract Value: \$6,007,300
- Approximately 13,000 LF of 30" Pipeline
- Current activities include:
  - Mainline installation has started
  - Jack and Bore design- Utility conflicts at Eucalyptus and Pipeline
- Estimated Completion: August 2014

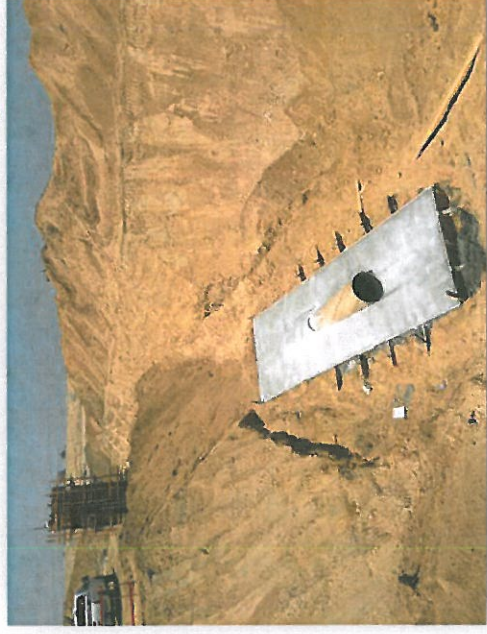


930 Zone  
Pipeline  
along  
English  
Channel



# Turner Basin Recharge Improvements

- Contractor: KIP, Inc.
- Current Contract Value: \$1,095,000
- Basins 1, 4, and 8 Recharge Improvements
- Current activities include:
  - Removed the existing pump pit
  - Backfilling and grading is in process
- Estimated Completion: December 2013



Outlet to Basin &  
Junction  
Structure



INFORMATION  
ITEM

**4C**

Date: October 16, 2013

To: The Honorable Board of Directors

Through: Engineering, Operations and Biosolids Management Committee  
(10/09/13)  
Finance, Legal, and Administration Committee (10/09/13)

From: *for* P. Joseph Grindstaff *WJG*  
General Manager

Submitted by: *for* Chris Berch *CB*  
Manager of Planning & Environmental Compliance

Subject: Regional Plant No. 1 Net Energy Metering and Regional Plant No. 5  
Biogas Net Energy Metering Interconnection Agreement Rejection

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### **RECOMMENDATION**

This is an informational item for the Board of Directors to receive and file.

### **BACKGROUND**

#### Regional Water Recycling Plant No.1

RP-1 has an electrical load of approximately 4,000 kW on average, and generally has an imported power demand from the grid of 400 kW to 1,300 kW, dependent upon the time of the day. RP-1 has two generation processes on-line to utilize on-site biogas and reduce imported electrical demands: 2,800 kW (2,690 kW net) fuel cell and a 933 kW (831 kW net) solar facility. Both facilities operate under an existing non-export interconnection agreement in compliance with SCE Rule 21. As result, an under-power protective function is used to ensure that a minimum amount of power (200 kW) is imported from the distribution grid at all times, and therefore, no power is exported.

It is critical to the longevity of the fuel cell equipment that it is not cycled on and off. The combination of the amount of renewable power generation on site (~3,500 kW at peak), and the minimum import requirement, has resulted in RP-1 not being able to participate in demand response (reduce grid demand when needed), nor pursue any additional electrical efficiency upgrades since the result would shut down the fuel cell and/or solar generation systems due to low import level.

One option for improving the situation is for IEUA to net meter the solar generation at RP1. IEUA submitted a Net Energy Metering (NEM) application for the combined new 14.7 kW (12.6 kW net) solar generation facility and the existing solar generation facility to SCE on December 12, 2012 (937.7 kW total). SCE rejected IEUA's original proposal and subsequent revised proposals for non-compliance with SCE Rule 21, and for not being able to demonstrate the "electrons being exported are only from the solar generation". A formal response from SCE is expected within one to two weeks.

#### Regional Water Recycling Plant No.5

The RP-5 campus includes the RP-5 water recycling facility, the RP-5 solids handling facility (RP-5 SHF) and the Renewable Energy Efficiency Project (REEP). The current electrical load of the facility is approximately 2,000 kW on average and generally has an imported (SCE) electrical demand of 1,000 kW to 2,000 kW (dependent upon the time of the day).

RP-5 has a 1,000 kW solar facility that is operated under a NEM interconnection agreement (2008), although generation to date has never resulted in electrical export to the grid. On August 25, 2006 SCE issued to IEUA a Biogas Net Energy Metering (BG-NEM) interconnection agreement for the two 1,500 kW internal combustion engines at the REEP facility. The BG-NEM Agreement states that Carbon Canyon Water Recycling Facility (CCWRF) is the eligible account to receive excess energy credits generated at RP-5.

In 2010, the Agency signed a multi-year agreement with a private company (Environ Strategy Consultants, Inc., now Inland Bioenergy, LLC) to lease the site and operate and maintain the RP-5 SHF and the REEP for a ten-year term. Since the engines were never commissioned, IEUA and the private company engaged with SCE in starting the commissioning process again. In February and April 2012, SCE confirmed via email that the commissioning of the first engine could move forward; however, the second engine needed a variance filed to the CPUC (due to the delayed startup, it exceeded the startup date listed in the SCE BG-NEM Schedule). During the process of preparing the variance, SCE identified that RP-5 and CCWRF are not "contiguous properties" and therefore CCWRF was not an eligible account. To date, SCE has not produced documentation denying the use of the BG-NEM schedule for this site.

In June 2013, as a contingency to the use of BG-NEM, IEUA filed a Renewable Energy Self-Generation Bill Credit Transfer Program (RES-BCT) application. SCE has stated that the review of this application can take up to 9 months, thus causing further delays and economic burden to the project.

#### **PRIOR BOARD ACTION**

None.

**IMPACT ON BUDGET**

Regional Water Recycling Plant No.1

The impact to the RP-1 budget is estimated to be approximately \$80,000 per year. About \$40,000 per year is from not being able to implement energy savings and efficiency projects that would reduce the facility load below the self-generation potential. Approximately \$40,000 per year is from payment due to Sunpower, for downtime incurred as a result of the outage initiated by IEUA.

Regional Water Recycling Plant No.5

In addition to the economic burden of not running the facility by Inland Bioenergy, LLC, IEUA will not realize the energy savings of at least \$50,000 per year, based on a 5% savings of the SCE electricity price as stated in the lease agreement.

Attachment: SCE Letter dated 9/26/2013





Mark A. Hoppe  
Senior Project Manager  
3 Innovation Village  
Pomona, CA 91768  
(909) 274-3439  
Mark.hoppe@sce.com

September 26, 2013

P. Joseph Grindstaff  
General Manager  
Inland Empire Utilities Agency  
6075 Kimball Avenue  
Chino, CA 91708

Dear Mr. Grindstaff:

I am writing in response to your inquiry regarding the applicability of Schedule BG-NEM to the Inland Empire Utilities Agency's (IEUA) Renewable Energy Efficiency Project (REEP) at its RP-5 Solids Handling Facility.

Southern California Edison (SCE) has determined that this project is no longer eligible for interconnection and service pursuant to SCE's BG-NEM tariffs. The reasons for this decision are outlined below.

On August 25, 2006, SCE and IEUA entered into a Generating Facility Interconnection Agreement (Agreement) for IEUA's RP-5 project. The Agreement was for a 3,310 kW biogas digester generating facility, and specified an expected initial operation date of March 15, 2007. Appendix C of the Agreement incorporated SCE's Tariff Schedule BG-NEM. The applicability section of Schedule BG-NEM stipulated that the schedule was "applicable to Bundled Service Customers served under a Time-of-Use (TOU) rate schedule who: (3) have commenced operation of their Eligible Biogas Digester Electrical Generating Facility on or before December 31, 2009."

The applicability section of Schedule BG-NEM also required that the generating facility "be located on or adjacent to the customer's premises as the sole source of customer generation, intended to offset part or all of the customer's electrical requirements." This provision is intended to prevent oversizing of generating facilities, which is not allowed under the net energy metering (NEM) tariffs. Recent analyses performed by SCE and provided to IEUA in the beginning of 2013 indicate that the generating facility is significantly oversized by approximately 2 MW based on IEUA's anticipated load. This is primarily due to the fact that: 1) IEUA interconnected a 1 MW solar PV project at the RP-5 premises on November 28, 2011, which is now offsetting load from the RP-5 facility; and 2) the benefiting accounts provided by IEUA to be served pursuant to the Load Aggregation provisions of Special Condition 2 of Schedule BG-NEM do not meet the requirement that these accounts be "located on the property adjacent or continuous to the customer-generator's Eligible Biogas Digester Electrical Generating Facility" and are therefore not eligible for service under Schedule BG-NEM.<sup>1</sup>

In addition, on August 29, 2008, the California Public Utilities Commission (CPUC or Commission) approved SCE's Advice 1969-E-C with an effective date of August 21, 2006. This Advice Letter, which was pursuant to Commission Resolution E-3992, modified language in Schedule BG-NEM to restrict BG-NEM generating facilities with a nameplate capacity between

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<sup>1</sup> The Carbon Canyon (CCWRF) facilities located at 14950 Telephone Avenue, Chino are not located on property that is adjacent or continuous to the generating facility.

1-10 MW to one generator per Premises. The 3.310 MW IEUA biogas digester generating facility is comprised of two >1 MW engines, each of which can operate independently, on the same Premises.

Further, Schedule BG-NEM was officially closed to new customers as of January 1, 2012, pursuant to Senate Bill (SB) 489, which repealed the section of the Public Utilities (PU) Code that had authorized the BG-NEM program.<sup>2</sup>

As of today, IEUA's biogas digester generating facility has not commenced operation. It has been over seven years since the original Agreement was signed. Special Condition 4.2 allows SCE to terminate the Agreement if there is "a change in applicable tariffs as approved or directed by the Commission or a change in any local, state or federal law, statute or regulation, either of which materially alters or otherwise affects SCE's ability or obligation to perform SCE's duties under this Agreement," and/or if "producer fails to interconnect and operate the Generating Facility per the terms of this Agreement prior to 120 days after the date set forth in Section 2.8 of this Agreement as the Generating Facility's expected date of Initial Operation."<sup>3</sup>

If SCE allowed IEUA's biogas digester generating facility to move forward with interconnecting pursuant to the terms of the Agreement, which requires service on Schedule BG-NEM, SCE and IEUA would be in violation of the following tariff provisions:

- Allowing a generating facility that did not commence operation by December 31, 2009 to take service on Schedule BG-NEM – a rate schedule that was officially closed to new customers on January 1, 2012;<sup>4</sup>
- Allowing a generating facility with two >1 MW engines, that can operate independently, on the same Premises to take service on Schedule BG-NEM;<sup>5</sup>
- Allowing an oversized generating facility to take service on Schedule BG-NEM, or allowing load aggregation accounts that are not located on property adjacent or continuous to the generating facility to receive service pursuant to Schedule BG-NEM.<sup>6</sup>

Thus, the REEP at the RP-5 facility is not eligible to interconnect and/or receive service pursuant to SCE's BG-NEM tariffs. To avoid violating its tariffs, SCE would be required to file a Tier 3 advice letter with the Commission requesting that IEUA be allowed to deviate from the provisions of Schedule BG-NEM outlined above.<sup>7</sup> SCE has concluded that it is not appropriate to file for a deviation because: 1) the rate schedule has been officially closed to new customers and the PU Code authorizing the BG-NEM program has since been repealed; 2) the project is

---

<sup>2</sup> See SCE Advice 2669-E, filed December 2, 2011 and effective January 1, 2012.

<sup>3</sup> Section 2.8 set forth March 15, 2007 as the date for the Generating Facility's expected date of Initial Operation.

<sup>4</sup> SB 489 (Wolk, 2011).

<sup>5</sup> See Applicability section of Schedule BG-NEM: *However, up to three (3) biogas digester electrical generators (no more than one at a single Premises), each with a nameplate generating capacity greater than one (1) MW but no greater than 10 MW, may be exempt from this provision if such generators meet the provisions of former PU Code 2827.9(b)(2)(A&B), since repealed.*

<sup>6</sup> See Applicability section and Special Condition 2 of Schedule BG-NEM.

<sup>7</sup> SCE notes that because those requirements were also included in PU Code Section 2827.9 (since repealed), SCE would be requesting that the Commission approve deviated service on a program that has been repealed by the legislature.

oversized; and 3) there are now programs that IEUA's project may qualify for that do not require a deviation.

Although Schedule BG-NEM is not an option, SCE believes that, based on the data provided by IEUA to SCE, IEUA's REEP project for its RP-5 facility is eligible to take service under SCE's Local Government Renewable Energy Self-Generation Bill Credit Transfer (RES-BCT) Program.

SCE fully appreciates the challenges encountered by IEUA in trying to get this project operational. SCE looks forward to working with IEUA to find a solution that allows this project to move forward utilizing other existing program options.

Sincerely,

A handwritten signature in cursive script that reads "Mark A. Hoppe". The signature is written in dark ink and is positioned above the typed name.

Mark A. Hoppe  
Senior Project Manager  
Southern California Edison

INFORMATION  
ITEM


**4E**





Date: October 16, 2013

To: The Honorable Board of Directors

Through: Finance, Legal, and Administration Committee (10/09/13)

From:  P. Joseph Grindstaff  
General Manager

Submitted by: Christina Valencia  
Chief Financial Officer   
Paddy Mwembu   
Manager of Financial Planning

Subject: Treasurer's Report of Financial Affairs

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### **RECOMMENDATION**

The Treasurer's Report of Financial Affairs for the month ended August 31, 2013, is an informational item for the Board's review.

### **BACKGROUND**

The Treasurer's Report of Financial Affairs for the month ended August 31, 2013, is submitted in a format consistent with State requirements.

Total cash, investments, and restricted deposits of \$140,742,194 reflect a slight decrease of \$247,108 compared to the balance reported in July 2013. The decrease is attributable to capital expenditures.

The Agency's investment portfolio average rate of return in August 2013 was 0.433% or 0.003% higher than the yield of 0.43% reported in July 2013. The slightly higher yield is due to improved LAIF yield from 0.267% in July 2013 to 0.271%.

The Treasurer's Financial Affairs report denotes investment transactions that have been executed in accordance with the criteria stated in the Agency's Investment Policy (Resolution No. 2013-6-1).

### **PRIOR BOARD ACTION**

The Board reviewed the Financial Affairs Report for the month of July 31, 2013 on September 18, 2013.

**IMPACT ON BUDGET**

The interest earned on the Agency's investment portfolio increases the Agency's reserves.



Inland Empire Utilities Agency

A MUNICIPAL WATER DISTRICT

# **Treasurer's Report of Financial Affairs**

**for August 31, 2013**

**Finance, Legal, and Administration  
Committee**

**October 9, 2013**

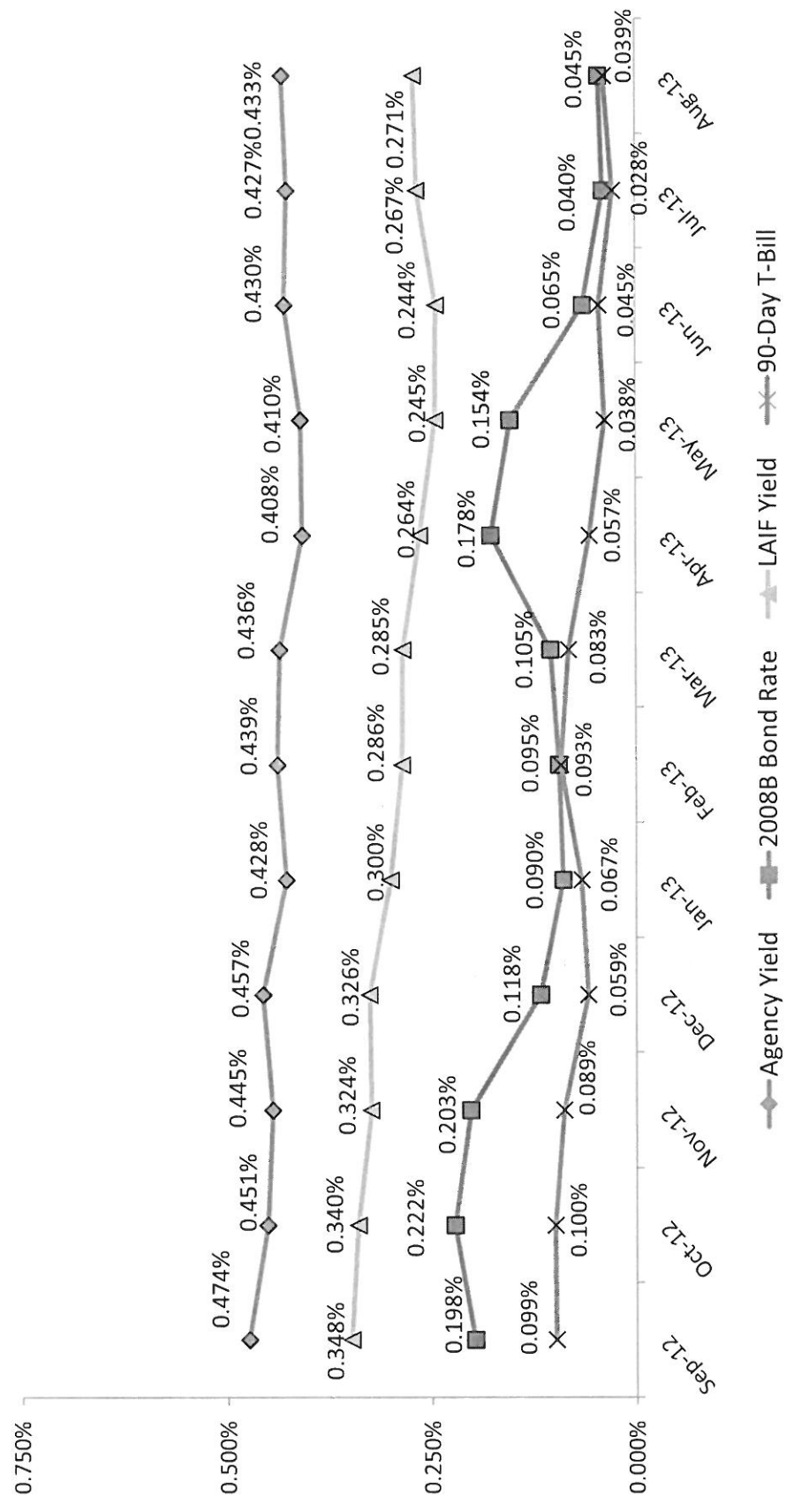
# Report of Financial Affairs



Liquidity				
Description	August 2013	July 2013	Increase (Decrease)	
Cash, Investments, Restricted Deposits	\$140.7M	\$141.0M	(\$0.3M)	
Investment Portfolio Yield	0.433%	0.430%	0.003	
Portfolio				
Description	Allowable Threshold	Investment Value (\$ million)	Yield	Current Portfolio %
<b>Short Term, Under 1 Year</b>				
LAIF	\$50M	\$48.7	0.271%	45.9%
CalTrust	\$20M	\$3.5	0.340%	3.3%
Citizens Business –Sweep	40%	\$19.7	0.300%	18.5%
CBB – Certificate of Deposit	20%	\$4.15	0.450%	3.9%
Bank of the West – MMA	20%	\$10.0	0.340%	9.4%
<b>1 to 3 Years</b>				
Medium Term Notes	20%	\$6.3	1.165%	6.0%
<b>Over 3 Years</b>				
State Municipal Bonds	10%	\$7.7	0.970%	7.3%
US Government Securities	n/a	\$6.0	0.912%	5.7%



# Month End Portfolio Yield Comparison





*Inland Empire Utilities Agency*

A MUNICIPAL WATER DISTRICT

# **QUESTIONS?**

# TREASURER'S REPORT OF FINANCIAL AFFAIRS

For the Month Ended August 31, 2013



*Inland Empire Utilities Agency*

A MUNICIPAL WATER DISTRICT

All investment transactions have been executed in accordance with the criteria stated in the Agency's Investment Policy (Resolution No. 2013-6-1) adopted by the Inland Empire Utilities Agency's Board of Directors during its regular meeting held on June 19, 2013.

The funds anticipated to be available during the next six-month period are expected to be sufficient to meet all foreseen expenditures during the period.

\* A Municipal Water District

**INLAND EMPIRE UTILITIES AGENCY**

**Cash and Investment Summary**

*Month Ended  
August 31, 2013*

**Cash, Bank Deposits, and Bank Investment Accounts**

	<b>August</b>	<b>July</b>
	\$29,860,016	\$27,453,483
<b><u>Investments</u></b>		
Local Agency Investment Fund (LAIF)	\$48,678,703	\$48,678,702
CalTrust	3,513,668	3,512,739
Certificates of Deposit	4,150,000	4,150,000
Municipal Bonds	7,718,659	7,732,550
Medium Term Notes	6,346,352	6,346,708
U.S. Government Sponsored Entities	5,999,785	4,999,781
<b>Total Investments</b>	<b>\$76,407,167</b>	<b>\$75,420,480</b>
<b>Total Cash and Investments Available to the Agency</b>	<b>\$106,267,183</b>	<b>\$102,873,963</b>

**Restricted Deposits**

Debt Service Accounts	\$4,759,161	\$9,294,464
CCRA Deposits Held by Member Agencies	29,101,572	28,242,859
Escrow Deposits	614,278	578,016
<b>Total Restricted Deposits</b>	<b>\$34,475,011</b>	<b>\$38,115,339</b>
<b>Total Cash, Investments, and Restricted Deposits</b>	<b>\$140,742,194</b>	<b>\$140,989,302</b>

**INLAND EMPIRE UTILITIES AGENCY**  
**Cash and Investment Summary**

*Month Ended*  
*August 31, 2013*

<b><u>Cash, Bank Deposits, and Bank Investment Accounts</u></b>	
<b>Demand (Checking) Accounts</b>	
Citizens Business Bank Demand/Sweep Account	\$19,658,477
Workers' Compensation Account	59,169
Bank of America Payroll Account	33,776
Bank of America Payroll Taxes Account	46,492
Subtotal Demand Deposits	\$19,797,914
<b>Other Cash and Bank Accounts</b>	
Petty Cash	\$2,250
Subtotal Other Cash	\$2,250
<b>Bank of the West Money Market Account</b>	\$10,015,688
<b>US Bank Pre-Investment Money Market Account</b>	\$44,164
<b>Total Cash and Bank Accounts</b>	\$29,860,016
<b><u>Investments</u></b>	
<b>Local Agency Investment Fund (LAIF)</b>	
LAIF Non-Restricted Fund	\$43,024,469
LAIF Insurance Sinking Fund	5,654,234
Subtotal Local Agency Investment Fund	\$48,678,703
<b>CalTrust</b>	
Short Term	\$3,513,668
Subtotal CalTrust	\$3,513,668
<b>Certificates of Deposit</b>	
Citizens Business Bank	\$4,150,000
Subtotal Certificates of Deposit	\$4,150,000

**INLAND EMPIRE UTILITIES AGENCY**  
**Cash and Investment Summary**

*Month Ended*  
*August 31, 2013*

**Investments Continued**

**Municipal Bonds**

State and Local Municipal Bonds  
 Subtotal State Municipal Bonds

\$7,718,659  
 \$7,718,659

**Medium Term Notes**

Arden Realty/GE  
 Toyota Motor Corporation  
 General Electric Capital Corporation  
 JP Morgan Securities  
 John Deere Capital Corp  
 Subtotal Medium Term Notes

\$349,438  
 1,004,557  
 993,545  
 2,995,389  
 1,003,423  
 \$6,346,352

**U.S. Government Sponsored Entities**

Fannie Mae Bonds  
 Federal Home Loan Bank Bonds  
 Freddie Mac Bonds  
 Subtotal U.S. Government Sponsored Entities

\$999,785  
 2,000,000  
 3,000,000  
 \$5,999,785

**Total Investments**

\$76,407,167

**Restricted Deposits**

**Debt Service Reserves**

05A Debt Service Accounts  
 08B Debt Service Accounts  
 10A Debt Service Accounts  
 Subtotal Debt Service Reserves

\$2,217,759  
 2,541,367  
 35  
 \$4,759,161

**INLAND EMPIRE UTILITIES AGENCY**  
**Cash and Investment Summary**

*Month Ended*  
 August 31, 2013

**CCRA Deposits Held by Member Agencies**

City of Chino	\$7,030,721
Cuamonga Valley Water District	7,080,188
City of Fontana	5,404,200
City of Montclair	2,746,961
City of Ontario	3,677,118
City of Chino Hills	933,078
City of Upland	2,229,306
Subtotal CCRA Deposits Held by Member Agencies	<u>\$29,101,572</u>

**Escrow Deposits**

City National Bank (SSC Construction Inc.)	\$504,407
First Enterprise Bank ( Paso Robles Tank, Inc)	58,182
Community Bank ( Kaveh Engineering)	7,000
Community Bank ( MNR Cosntruction)	18,050
Citizens Business Bank (Pascal & Ludwig Construction)	26,639
Subtotal Escrow Deposits	<u>\$614,278</u>

**Total Restricted Deposits**

	<u>\$34,475,011</u>
	<u><u>\$140,742,194</u></u>

**Total Cash, Investments, and Restricted Deposits as of August 31, 2013**

Total Cash, Investments, and Restricted Deposits as of 8/31/13	\$140,742,194
Less: Total Cash, Investments, and Restricted Deposits as of 7/31/13	140,989,302
<b>Total Monthly Increase (Decrease)</b>	<u><u>(\$247,108)</u></u>

**INLAND EMPIRE UTILITIES AGENCY**  
**Cash and Investment Summary**

Month Ended  
 August 31, 2013

Investments	Credit Rating @ Purchase		CHANGES IN Credit Rating		Par Amount	Cost Basis Amount	Term (Days)	Aug. Amortization	Aug. Value	% Coupon	% Yield to Maturity	Maturity Date	Market Value
	S&P	Moody's	S&P	Moody's									
<b>Cash, Bank Deposits, and Bank Investment Accounts</b>													
<b>Citizens Business Bank</b>													
Demand/Sweep Account					\$19,658,477	\$19,658,477	N/A	N/A	\$19,658,477		0.300	N/A	\$19,658,477
Subtotal CBB					\$19,658,477	\$19,658,477			\$19,658,477		0.300		\$19,658,477
<b>Citizens Business Bank</b>													
Workers' Compensation Account					\$59,169	\$59,169	N/A	N/A	\$59,169		N/A	N/A	\$59,169
Subtotal CBB					\$59,169	\$59,169			\$59,169		N/A		\$59,169
<b>Bank of America</b>													
Payroll Checking					\$33,776	\$33,776	N/A	N/A	\$33,776		N/A	N/A	\$33,776
Payroll Tax Checking					46,492	46,492	N/A	N/A	46,492		N/A	N/A	46,492
Subtotal B of A					\$80,268	\$80,268			\$80,268		N/A		\$80,268
<b>Bank of the West</b>													
Money Market Plus - Business Account					\$10,015,688	\$10,015,688	N/A	N/A	\$10,015,688		0.340	N/A	\$10,015,688
Subtotal Bank of the West Money Market					\$10,015,688	\$10,015,688			\$10,015,688		0.340		\$10,015,688
<b>US Bank</b>													
Federated Automated MMA					\$44,164	\$44,164	N/A	N/A	\$44,164		0.010	N/A	\$44,164
Subtotal USB Money Market					\$44,164	\$44,164			\$44,164		0.010		\$44,164
Petty Cash					\$2,250	\$2,250	N/A	N/A	\$2,250		N/A	N/A	\$2,250
<b>Total Cash, Bank Deposits and Bank Investment Accounts</b>					<b>\$29,860,016</b>	<b>\$29,860,016</b>			<b>\$29,860,016</b>				<b>\$29,860,016</b>
<b>Investments</b>													
<b>LAIIF Accounts</b>													
Non-Restricted Funds					\$43,024,469	\$43,024,469	N/A	N/A	\$43,024,469		0.271	N/A	\$43,024,469
LAIIF Sinking Fund					5,654,234	5,654,234	N/A	N/A	5,654,234		0.271	N/A	5,654,234
Subtotal LAIIF Accounts					\$48,678,702	\$48,678,702			\$48,678,702		0.271		\$48,678,702
<b>CALTRUST Accounts</b>													
Short-Term					\$3,513,668	\$3,513,668	N/A	N/A	\$3,513,668		0.340	N/A	\$3,513,668
Subtotal CalTrust Accounts					\$3,513,668	\$3,513,668			\$3,513,668		0.340		\$3,513,668
<b>Certificates of Deposit</b>													
CBB Certificate of Deposit					\$4,150,000	\$4,150,000	425	N/A	\$4,150,000		0.450	09/19/14	\$4,150,000
Subtotal Certificate of Deposits					\$4,150,000	\$4,150,000			\$4,150,000		0.450		\$4,150,000



**INLAND EMPIRE UTILITIES AGENCY**  
**Cash and Investment Summary**

Month Ended  
 August 31, 2013

Investments	Credit Rating @ Purchase		CHANGES IN Credit Rating		Par Amount	Cost Basis Amount	Term (Days)	Aug Amortization	Aug Value	% Coupon	% Yield to Maturity	Maturity Date	Market Value
	S&P	Moody's	S&P	Moody's									

**Investments (continued)**

**U.S. Government Sponsored Entities**

(As of August 2011, all US GSE's have been downgraded to AA+ Rating by S&P)

Freddie Mac Bond	AA+	N/R	AAA		\$2,000,000	\$2,000,000	1,278		\$2,000,000	1.00%	1.000	06/30/15	\$2,005,100
Federal Home Loan Bank	AA+	N/R			2,000,000	2,000,000	1,266		2,000,000	0.85%	0.850	06/06/16	1,990,900
Freddie Mac Bond	AA+	AAA			1,000,000	1,000,000	1,280		1,000,000	1.01%	1.010	02/27/17	993,480
Fannie Mae Bond	AA+	AAA			1,000,000	999,750	1,800	4	999,785	0.76%	0.760	12/18/17	981,750
<b>Subtotal U.S. Gov't Sponsored Entities</b>					<b>\$6,000,000</b>	<b>\$5,999,750</b>		<b>4</b>	<b>\$5,999,785</b>		<b>0.912</b>		<b>\$5,971,230</b>

**Municipal Bonds**

Riverside General Pension Obligation - Taxable Bond	SP-1	N/R			\$2,000,000	\$2,000,000			\$2,000,000	0.65%	0.650	06/01/14	\$1,996,140
Riverside County CA Asset Leasing Corp	AA-	N/R			515,000	531,176		(1,062)	529,634	3.00%	0.550	11/01/14	529,466
California State General Obligation - Taxable Bond	A-	A1	A		1,000,000	1,010,370		(846)	1,000,027	1.50%	0.500	09/01/13	1,000,030
California State General Obligation - BAB	A-	A1	A		475,000	511,566		(1,505)	485,343	5.25%	1.450	04/01/14	487,645
California State General Obligation Bond	A-	A1	A		1,000,000	1,117,280		(3,433)	1,057,477	5.00%	0.890	02/01/15	1,064,940
California State General Obligation Bond	A-	A1	A		1,500,000	1,673,955		(4,898)	1,591,322	5.45%	1.500	04/01/15	1,600,335
California State General Obligation Bond	A-	A1	A		1,000,000	1,089,000		(2,147)	1,054,854	3.95%	1.350	11/01/15	1,065,590
<b>Subtotal State and Local Municipal Bonds</b>					<b>\$7,490,000</b>	<b>\$7,933,347</b>		<b>(\$13,891)</b>	<b>\$7,718,659</b>		<b>0.970</b>		<b>\$7,744,146</b>

**Medium Term Notes**

Arden Realty/General Electric	AA+	AA2	A1		\$340,000	\$364,691	1,431	(\$535)	\$349,438	5.25%	3.259	03/01/15	\$358,561
JP Morgan Securities	A	A2			2,000,000	1,993,460	659	304	1,994,136	0.80%	0.981	04/23/15	1,995,360
Toyota Motor Credit Corp	AA-	AA3			1,000,000	1,006,293	934	(299)	1,004,557	0.88%	0.870	07/17/15	1,004,660
General Electric Floating Rate (75 bp over Libor -1% floor)	AA+	AA2	A1		1,000,000	988,500	1,265	282	993,545	1.26%	1.260	08/11/15	1,008,330
JP Morgan Securities	A	A2			1,000,000	1,001,500	1,079	(36)	1,001,253	1.125%	1.074	02/26/16	997,610
John Deere Capital Corp	A	A2			1,000,000	1,004,000	1,729	(71)	1,003,423	1.85%	1.114	10/10/17	975,720
<b>Subtotal Medium Term Notes</b>					<b>\$6,340,000</b>	<b>\$6,358,444</b>		<b>(\$355)</b>	<b>\$6,346,352</b>		<b>1.165</b>		<b>\$6,340,241</b>

**Total Investments**

**Source of Investment Market Value: US Bank**

<b>Total Investments</b>					<b>\$76,172,371</b>	<b>\$76,633,912</b>			<b>\$76,407,166</b>				<b>\$76,397,987</b>
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**INLAND EMPIRE UTILITIES AGENCY**  
**Cash and Investment Summary**

Month Ended  
 August 31, 2013

Investments	Credit Rating @ Purchase		CHANGES IN Credit Rating		Par Amount	Cost-Basis Amount	Term (Days)	Aug Amortization	Aug Value	% Coupon	% Yield to Maturity	Maturity Date	Market Value
	S&P	Moody's	S&P	Moody's									
<b>Restricted Deposits</b>													
<b>Debt Service and Arbitrage Accounts</b>													
<b>05A Debt Service Accts</b>													
US Bank Debt Serv. Accounts	AAA	AAA	AA+	AA+	\$2,198,446	\$2,397,119	N/A	N/A	\$2,217,759		1.080	N/A	\$2,217,759
Subtotal '05A Debt Service Accts					\$2,198,446	\$2,397,119			\$2,217,759		1.080		\$2,217,759
<b>08B Debt Service Accounts</b>													
US Bank Debt Serv. Accounts	N/A	AAA			\$2,523,281	\$2,533,030	N/A	N/A	\$2,541,367		1.000	N/A	\$2,541,367
Subtotal '08B Debt Service Accts					\$2,523,281	\$2,533,030			\$2,541,367		1.000		\$2,541,367
<b>10A Debt Service Accounts</b>													
US Bank Debt Serv. Accounts		\$35			\$35	\$35	N/A	N/A	\$35		0.030	N/A	\$0
Subtotal '10A Debt Service Accts		\$35			\$35	\$35			\$35		0.030		\$0
<b>Total Debt Service Accounts</b>					<b>\$4,721,762</b>	<b>\$4,930,184</b>			<b>\$4,759,161</b>				<b>\$4,759,126</b>

**INLAND EMPIRE UTILITIES AGENCY**  
**Cash and Investment Summary**

Month Ended  
 August 31, 2013

Investments	Credit Rating @ Purchase		CHANGES IN Credit Rating		Par Amount	Cost-Basis Amount	Term (Days)	Aug Amortization	Aug Value	% Coupon	% Yield to Maturity	Maturity Date	Market Value
	S&P	Moody's	S&P	Moody's									
<b>CCRA Deposits Held by Member Agencies</b>													
City of Chino					\$7,030,721	\$7,030,721	N/A	N/A	\$7,030,721		N/A	N/A	\$7,030,721
Cucamonga Valley Water District					7,080,188	7,080,188	N/A	N/A	7,080,188		N/A	N/A	7,080,188
City of Fontana					5,404,200	5,404,200	N/A	N/A	5,404,200		N/A	N/A	5,404,200
City of Montclair					2,746,961	2,746,961	N/A	N/A	2,746,961		N/A	N/A	2,746,961
City of Ontario					3,677,118	3,677,118	N/A	N/A	3,677,118		N/A	N/A	3,677,118
City of Chino Hills					933,078	933,078	N/A	N/A	933,078		N/A	N/A	933,078
City of Upland					2,229,306	2,229,306	N/A	N/A	2,229,306		N/A	N/A	2,229,306
					<u>\$29,101,571</u>	<u>\$29,101,571</u>			<u>\$29,101,571</u>				<u>\$29,101,571</u>
<i>Subtotal CCRA Deposits Held by Member Agencies</i>													
(Totals as reported through July 31, 2013)													
<b>Escrow Deposits</b>													
SSC Construction					\$504,407	\$504,407	N/A	N/A	\$504,407		N/A	N/A	\$504,407
Kaveh Engineering & Construction					7,000	7,000	N/A	N/A	7,000		N/A	N/A	7,000
MNR Construction					18,050	18,050	N/A	N/A	18,050		N/A	N/A	18,050
Pascal Ludwig Contractors					26,639	26,639	N/A	N/A	26,639		N/A	N/A	26,639
Paso Robles Tank					58,182	58,182	N/A	N/A	58,182		N/A	N/A	58,182
					<u>\$614,279</u>	<u>\$614,279</u>			<u>\$614,279</u>				<u>\$614,279</u>
<i>Subtotal Escrow Deposits</i>													
					<u>\$34,437,612</u>	<u>\$34,646,034</u>			<u>\$34,475,011</u>				<u>\$34,474,976</u>
<b>Total Restricted Deposits</b>													
					<u>\$140,469,998</u>	<u>\$141,139,961</u>			<u>\$140,742,193</u>				<u>\$140,732,979</u>

*Total Cash, Investments, and Restricted Deposits as of August 31, 2013*

**INLAND EMPIRE UTILITIES AGENCY**  
**Cash and Investment Summary**

*Month Ended*  
 August 31, 2013

<b>August Purchases</b>					
No.	Date	Transaction	Investment Security	Par Amount Purchased	Investment Yield
1	08/27/12	Purchase	Freddie Mac Bond	\$ 1,000,000	1.010%
<b>Total Purchases</b>				<b>\$ 1,000,000</b>	

<b>August Investment Maturities, Calls &amp; Sales</b>					
No.	Date	Transaction	Investment Security	Par Amount Matured/Sold	Investment Yield to Maturity
<b>Total Maturities, Calls &amp; Sales</b>				<b>\$ -</b>	

**INLAND EMPIRE UTILITIES AGENCY**  
**Cash and Investment Summary**

*Month Ended*  
 August 31, 2013

**Directed Investment Category**

<u>Directed Investment Category</u>	<u>Amount Invested</u>	<u>Yield</u>
Investment in the Local Agency Investment Fund	\$48,678,702	0.271%
CalTrust	3,513,668	0.340%
Medium Term Notes	6,346,352	1.165%
Municipal Bonds	7,718,659	0.970%
U.S. Government Sponsored Entities	5,999,785	0.912%
	<b>\$72,257,166</b>	<b>0.538%</b>
<b>Bank Investment Accounts</b>		
Citizens Business Bank - Demand/Sweep Account	\$19,658,477	0.300%
Citizens Business Bank - Certificate of Deposit	4,150,000	0.450%
Bank of the West Money Market Account	10,015,688	0.340%
	<b>\$33,824,165</b>	<b>0.314%</b>

**Total Portfolio**

**Investment Portfolio Rate of Return**

**\$106,081,331**  
**0.433%**

**Restricted/Transitory/Other Demand Accounts**

<u>Restricted/Transitory/Other Demand Accounts</u>	<u>Amount Invested</u>	<u>Yield</u>
US Bank - 2005A Debt Service Account	\$2,217,759	1.080%
US Bank - 2008B Debt Service Accounts	2,541,367	1.000%
US Bank - 2010A Debt Service Accounts	35	0.030%
CCRA Deposits Held by Member Agencies	29,101,571	N/A
Citizens Business Bank - Workers' Compensation Account	59,169	N/A
US Bank - Pre-Investment Money Market Account	44,164	0.010%
Other Accounts*	82,518	N/A
	<b>\$34,046,583</b>	<b>1.010%</b>

**Total Other Accounts**

**Average Yield of Other Accounts**

**Total Agency Directed Deposits**

**\$140,127,914**

\* Note: Bank of America Payroll Deposits used as compensating balances for bank services.

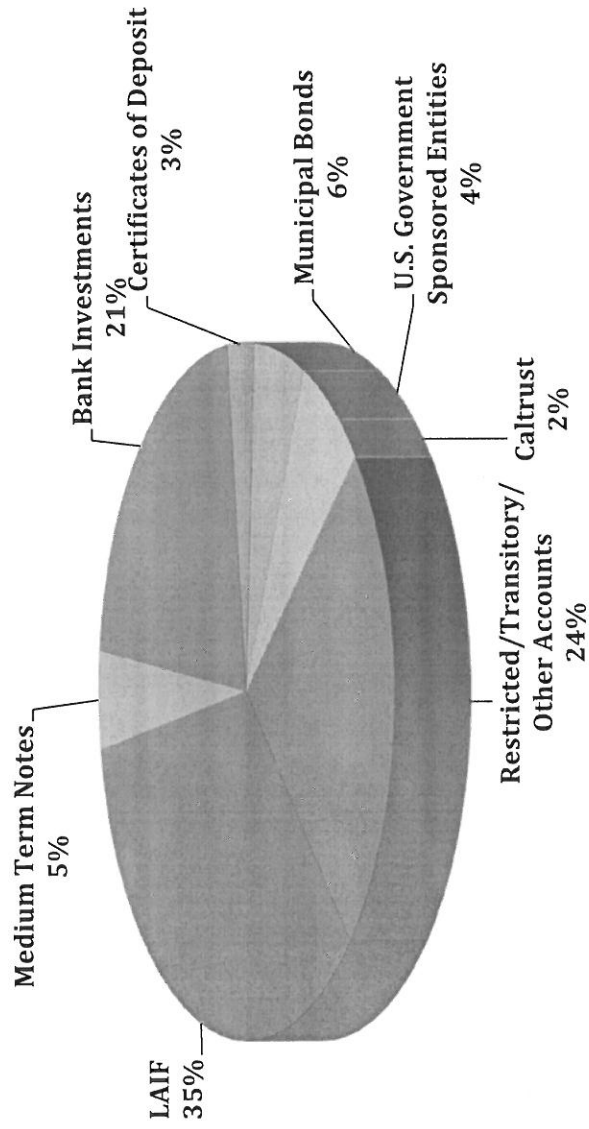
# ***Inland Empire Utilities Agency***

## **Treasurer's Report of Financial Affairs**

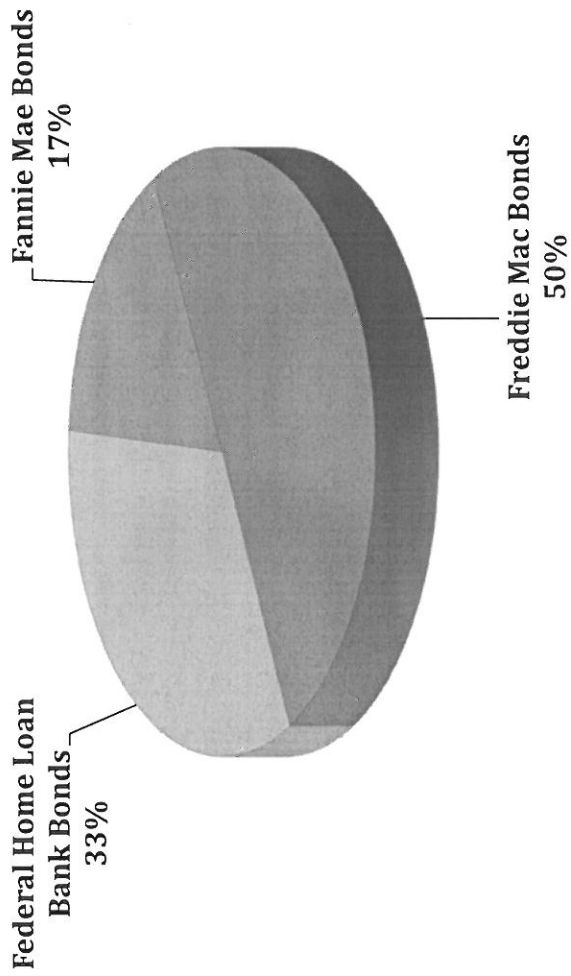
For the Month Ended August 31, 2013

Combined Agency Portfolio (net of escrow deposits)

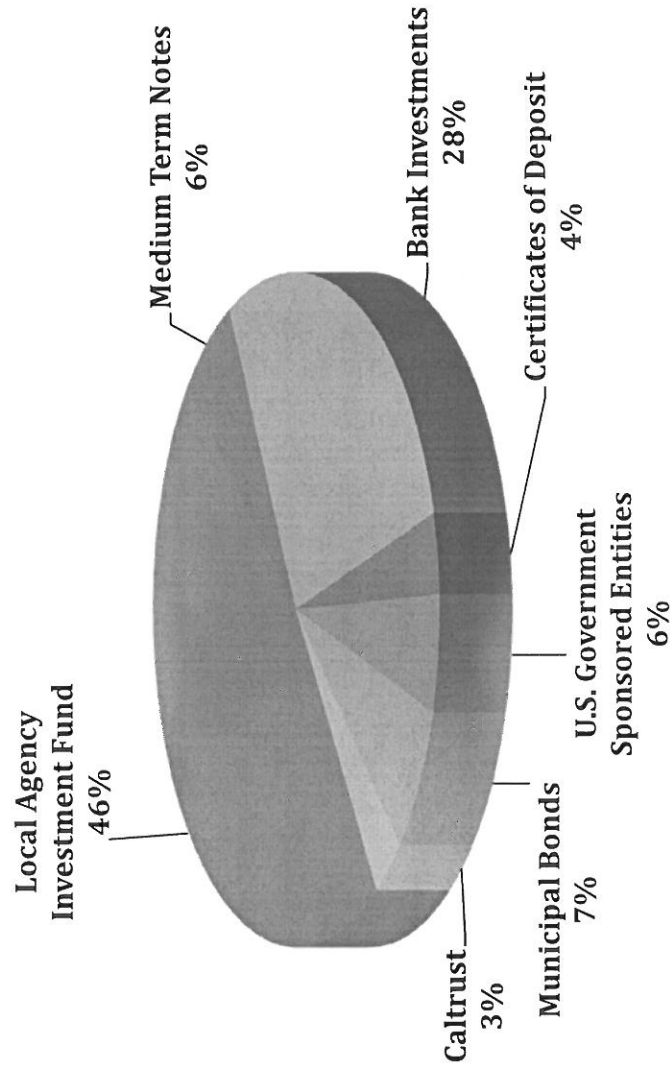
**\$140,127,914**



***Inland Empire Utilities Agency***  
**Treasurer's Report of Financial Affairs**  
**For the Month Ended August 31, 2013**  
**U.S. Government Sponsored Entities Portfolio**  
**\$5,999,785**



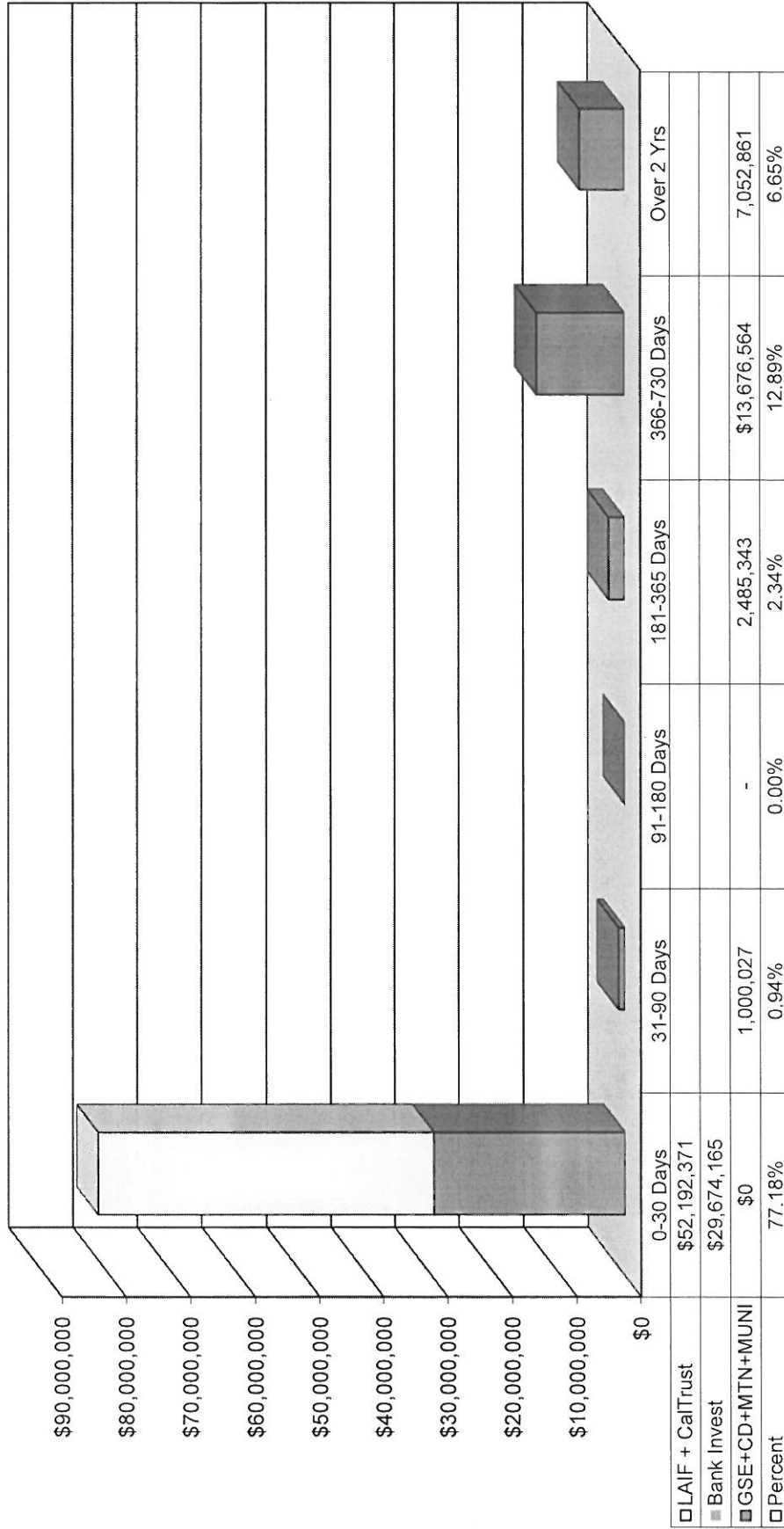
**Inland Empire Utilities Agency**  
**Treasurer's Report of Financial Affairs**  
For the Month Ended August 31, 2013  
Unrestricted Agency Investment Portfolio\*  
**\$106,081,331**



\* Does not include \$185,852 in other accounts



***Inland Empire Utilities Agency***  
**Treasurer's Report of Financial Affairs**  
 For the Month Ended August 31, 2013  
***Directed Investment Portfolio Maturity Distribution***  
**\$106,081,331**



***Inland Empire Utilities Agency***  
**Treasurer's Report of Financial Affairs**  
 For the Month Ended August 31, 2013  
*Agency Yield Comparison*

