



**AGENDA
MEETING OF THE
BOARD OF DIRECTORS**

**WEDNESDAY, NOVEMBER 20, 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 October 16 Board meeting, and the October 23 Special Board meeting.

B. TREASURER'S REPORT ON GENERAL DISBURSEMENTS

It is recommended that the Board approve the total disbursements for the month of October 2013 in the amount of \$17,593,555.70.

C. ADOPTION OF RESOLUTION NO. 2013-11-6, APPOINTING AN ALTERNATE COMMISSIONER TO SAWPA

It is recommended that the Board adopt Resolution No. 2013-11-6, appointing Director Jasmin A. Hall as Alternate Commissioner to the Santa Ana Watershed Project Authority (SAWPA).

D. 2014 CIVIC PUBLICATIONS PUBLIC OUTREACH AGREEMENT

It is recommended that the Board:

1. Approve the 2014 Civic Publications Public Outreach Agreement between IEUA and Civic Publications for calendar year 2014, at a cost of \$86,510; and
2. Authorize the General Manager to execute the Agreement.

E. AMENDMENT TO EXTEND MERCHANTS BUILDING MAINTENANCE, LLC AGREEMENT

It is recommended that the Board:

1. Approve to extend Agreement No. 460000339 with Merchants Building Maintenance, LLC for janitorial maintenance services for two additional years at an estimated annual amount of \$120,000, effective November 20, 2013; and
2. Authorize the General Manager to execute Agreement Amendment No. 13.

F. PROJECT ACCEPTANCE FOR THE RP-4 POWER DISTRIBUTION ASSESSMENT AND REPAIR, PROJECT NO. EN13055

It is recommended that the Board:

1. Accept the work as performed by ODC Engineering and Technology, as complete under the construction contract for the RP-4 Power Distribution Assessment and Repair, Project No. EN13055; and
2. Authorize the General Manager to execute the Notice of Completion.

G. RP- 1 GRAVITY THICKENER CLARIFIER REPAIR PROJECT

1. Award the service contract to rehab Gravity Thickener (GT) Clarifier for Regional Water Recycling Plant No. 1 (RP-1), to Techno Coatings, Inc. for a not-to-exceed amount of \$360,606, including sales tax; and
2. Authorize the General Manager to execute the contract.

H. MULTI-JURISDICTIONAL PRETREATMENT AGREEMENT BETWEEN THE IEUA AND SAWPA

It is recommended that the Board:

1. Adopt the Multi-Jurisdictional Pretreatment Agreement (MJPA) between the Inland Empire Utilities Agency (IEUA), and the Santa Ana Watershed Project Authority (SAWPA) retroactive to October 15, 2013, which is the date the SAWPA Commission approved the MJPA; and
2. Authorize the General Manager to execute the Agreement.

I. ADOPTION OF RESOLUTION NOS. 2013-11-1, 2013-11-2, AND 2013-11-3, FOR THE REGIONAL WATER QUALITY LABORATORY PROJECT STATE REVOLVING FUND LOAN

It is recommended that the Board:

1. Adopt Resolution No. 2013-11-1, authorizing the General Manager to sign and file the revised application and agreement with the State Water Resources Control Board (SWRCB), for the design and construction of the Regional Water Quality Laboratory Project;
2. Adopt Resolution No. 2013-11-2, dedicating net revenues for the repayment of State Revolving Fund (SRF) loan from the SWRCB for Regional Water Quality Laboratory Project; and
3. Adopt Resolution No. 2013-11-3, establishing its intention to apply for and be reimbursed for expenditures related to the construction of the Regional Water Quality Laboratory Project.

J. FISCAL YEAR 2013/14 AMENDED ANNUAL AUDIT PLAN

It is recommended that the Board:

1. Approve the FY 2013/14 Amended Annual Audit Plan; and
2. Direct staff to implement the FY 2013/14 Amended Annual Audit Plan.

K. REIMBURSEMENT AGREEMENT FOR RELOCATION OF 1630 EAST RECYCLED WATER PIPELINE

It is recommended that the Board:

1. Approve the Reimbursement Agreement for the relocation of the 1630 East Recycled Water Pipeline; and
2. Authorize the General Manager to execute the Agreement.

L. CONSTRUCTION CONTRACT AWARD FOR THE RP-1 AERATION DUCTING REPAIR, PROJECT NO. EN12022

It is recommended that the Board:

1. Accept the withdrawal of the lowest bidder, Coconstruction Inc., due to a mistake in noting an incorrect bid amount;
2. Award the construction contract for the RP-1 Aeration Ducting Repair, Project No. EN12022, to Humphrey Construction, the second lowest and responsive bidder, for the not-to-exceed amount of \$984,000; and
3. Authorize the General Manager to finalize and execute the contract.

3. INFORMATION ITEMS

A. MWD UPDATE (ORAL)

B. SCE INTER-CONNECTION UPDATE (ORAL)

RECEIVE AND FILE INFORMATION ITEMS

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

D. PUBLIC OUTREACH AND COMMUNICATION (WRITTEN)

E. LEGISLATIVE REPORT FROM INNOVATIVE FEDERAL STRATEGIES (WRITTEN)

F. LEGISLATIVE REPORT FROM THE DOLPHIN GROUP (WRITTEN)

G. LEGISLATIVE REPORT FROM AGRICULTURAL RESOURCES (WRITTEN)

H. CALIFORNIA STRATEGIES, LLC MONTHLY ACTIVITY REPORT (WRITTEN)

I. FY 2012/13 IEUA ANNUAL WATER USE EFFICIENCY PROGRAMS REPORT (WRITTEN)

- J. FUNDING OF ESTIMATED WORKERS' COMPENSATION LIABILITIES (WRITTEN)
- K. UPPER SANTA ANA RIVER HABITAT CONSERVATION PLAN (POWERPOINT)
- L. PRETREATMENT UPDATE (POWERPOINT)
- M. SCE UTILITY PAYMENTS AUDIT (WRITTEN)
- N. INTERNAL AUDIT DEPARTMENT STATUS REPORT FOR NOVEMBER 2013 (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.

4. AGENCY REPRESENTATIVES' REPORTS

- A. SAWPA REPORT (WRITTEN)
- B. MWD REPORT (WRITTEN)
- C. REGIONAL SEWERAGE PROGRAM POLICY COMMITTEE REPORT (WRITTEN)
- D. CHINO BASIN WATERMASTER REPORT (WRITTEN)

5. GENERAL MANAGER'S REPORT (WRITTEN)

6. BOARD OF DIRECTORS' REQUESTED FUTURE AGENDA ITEMS

7. 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.

8. 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

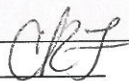
- 3) Dezhham vs. IEUA, Case No. CIVRS 1109761
- 4) Sheilds vs. IEUA, Case No. CIVRS 1301638
- 5) Desaddi vs. IEUA, Case No. CIVRS 1304617
- 6) City of Ontario vs. Cohen, Case No.34-2013-800001625

**B. PURSUANT TO GOVERNMENT CODE SECTION 54956.9 –
CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION**
Four (4) Cases

9. ADJOURN

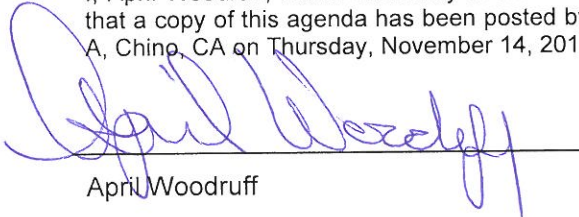
*A Municipal Water District

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: 

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, November 14, 2013.


April Woodruff

**CONSENT
CALENDAR
ITEM**

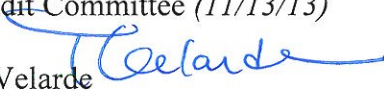
2J



Date: November 20, 2013

To: The Honorable Board of Directors

Through: Special Audit Committee (11/13/13)

From: Teresa V. Velarde 
Manager of Internal Audit

Subject: Fiscal Year 2013/14 Amended Annual Audit Plan

RECOMMENDATION

It is recommended that the Board of Directors:

1. Approve the FY 2013/14 Amended Annual Audit Plan (Exhibit 1); and
2. Direct staff to implement the FY 2013/14 Amended Annual Audit Plan.

BACKGROUND

The Internal Audit Department's Charter states that annually, the Internal Audit Department (IA) is to submit for Audit Committee and Board of Directors (Board) approval a comprehensive and flexible annual audit plan of proposed audits and projects. Further, IA must implement the annual audit plan, as approved, including as appropriate, any special tasks or projects requested by management, the Audit Committee or the Board. The Charter also requires that progress of audit projects be communicated through the Quarterly Status Reports. When deviations from the approved plan are necessary, a formal amendment must be submitted for Audit Committee and Board approval.

On June 19, 2013, the Board approved IA's FY 2013/14 Annual Audit Plan which provided a list of proposed audit projects for the fiscal year. In addition to several on-going tasks and activities, the major audit projects proposed for FY 2013/14 were as the follows:

- Southern California Edison Utility Bills Operational Audit
- 2013 Accounts Payable Follow-Up Audit
- Agency Vehicles Operational Audit – Accountability and Fuel Card Program
- Master and Rotating Contracts
- Telephone Expense Audit
- Intercompany Receivable Follow-up Audits (CDA, RCA, Watermaster)

This is the first amendment to the FY 2013/14 Annual Audit Plan. Proposed changes are due to reprioritizing audit projects at the request of the Board and senior management, specifically for the purpose of focusing audit resources and efforts on the requested Regional Sewage Fee Contract Audit (EDU Audit) of the seven Regional Contract Agencies (RCAs).

The last EDU audit performed by IA was completed in 2010. Recently there have been various discussions related to the need for an EDU audit for the purpose of identifying key areas for improvement during near future contract discussions and possible contract amendments. The Regional Sewage Contract is set to expire in 2022. Specifically the 2014 EDU audit will focus on the following key areas:

- Public Service Facilities,
- Appropriate industry categories, purchased EDU's, and discharge levels,
- Commercial business use,
- Changes in commercial business use,
- Extra-Territorial areas,
- Monthly Sewer Billings,
- Connection Fees, and
- CCRA Accounts

In addition to verifying information reported by the RCAs. The audit process will also involve procedures for cross referencing with independent data sources such as from the County of San Bernardino, etc. It is anticipated that the EDU audit work will begin approximately in January of 2014 and last through August of 2014. IA auditors will plan to perform audit field work at each of the seven RCAs, spending approximately two to three weeks at each location conducting meetings, reviewing supporting documentation, and possibly performing observations of various businesses. Audit fieldwork time will largely depend on the availability, support, and cooperation provided by the RCAs' personnel assigned to the audit efforts. This EDU audit will also require the involvement and assistance of staff from the Planning & Environmental Compliance (P&EC) and other Agency Departments. IA continues to work with P&EC to finalize the audit objectives and procedures.

Below is a summary of the proposed changes to the FY 2013/14 Annual Audit Plan; Exhibit 1 provides a summary of audit areas for the proposed projects. Exhibit 2 provides the originally, approved Annual Audit Plan, and Exhibit 3 provides a 'draft' of the proposed audit plan and procedures for the EDU Audit.

The following audits, originally proposed have been completed:

- Southern California Edison Utility Payments Audit
 - A final audit report was issued in August of 2013
- Accounts Payable Follow-up Audit
 - A final audit report was issued in August of 2013

The following audit, originally proposed will be completed as originally planned:

- Agency Vehicle Operational Audit

The purpose of this audit is to evaluate controls over the accountability, tracking, and assignment of Agency vehicles. Additionally, the audit covers controls and procedures over the Agency-issued fuel cards and capitalization methodologies. The audit will also evaluate the policies and monitoring program for driver license and insurance requirements of Agency employees who drive for business purpose. Lastly, the audit will review maintenance costs for Agency vehicles. This audit is currently in progress, a report is anticipated in December 2013.

The following audits, originally proposed, will be deferred due to the EDU Audit:

- Intercompany Receivable Audits: CDA, RCA and Watermaster
- Master and Rotating Contracts
- Information Technology Operations Follow-up Audit

In addition to the scheduled audit projects, IA continues to perform various on-going audit activities and administrative requirements. Below is a brief summary of some of the main projects where audit resources have been dedicated during this fiscal year:

- Quality control review of the annual Comprehensive Annual Financial Report (CAFR), including meeting with and coordinating with the Agency's Finance and Accounting Department as well as with the external auditors.
- Conduct special requests and/or unforeseen special projects
- Continue to provide recommendations to strengthen/streamline Agency policies and procedures and internal controls.
- Review of Internal Audit Department and Audit Committee Charters to ensure these conform to leading practices.
- Development of a new IA Standard Operating Procedure (SOP) as well as updating all department-specific SOPs.

Refer to the attached documents for additional details related to the FY 2013/14 Amended Annual Audit Plan.

PRIOR BOARD ACTION

On June 19, 2013, the Board approved the Fiscal Year 2013/14 Annual Audit Plan.

On November 6, 2011, the Board approved the revised Audit Committee and Internal Audit Department Charter.

IMPACT ON BUDGET

None.

Attachments:

Exhibit 1 – FY 2013-14 Amended Annual Audit Plan

Exhibit 2 – FY 2013-14 Audit Plan

Exhibit 3 – Proposed Timeline & Audit Scope/Audit Program



Inland Empire Utilities Agency

A MUNICIPAL WATER DISTRICT

**Internal Audit Department
Annual Audit Plan
For Fiscal Year 2013/14**

*Submitted by:
Teresa V. Velarde,
Manager of Internal Audit Department
June 2013*

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Purpose of the Internal Audit Department

As stated in the Board approved Charter, the purpose of the Internal Audit Department (Internal Audit) is to assist the Board of Directors and the Audit Committee in fulfilling their oversight responsibilities for reporting, internal controls, compliance with legal and regulatory requirements applicable to Agency operations, and to provide objective assurance about the Agency's operations.

The purpose of the Internal Audit Department is also to provide a service to management, and a way of adding value to improve the operations of the Agency, consulting services, analyses, recommendations and information concerning their operations. The Internal Audit Department assists management and staff in achieving organizational goals and objectives by providing recommendations and advisory services based on an analysis of the Agency's processes, procedures, governance, internal controls, financial reporting, and compliance with applicable laws and regulations.

The Internal Audit Department performs audits and follows the *International Standards for the Professional Practice of Internal Auditing (Standards)* as documented in the International Professional Practices Framework (IPPF) and the Code of Ethics issued by the Institute of Internal Auditors (IIA).

The Internal Audit Department reports to the Board through the Audit Committee and is an independent function from management. The authority and responsibilities of the Internal Audit Department are specifically defined in the Internal Audit Department Charter approved by the Board of Directors.

Mission Statement

The Internal Audit Department seeks to improve the operations of the Agency by providing unbiased and objective assessments to ensure Agency resources are efficiently and effectively managed in order to achieve Agency goals and objectives. The Internal Audit Department will help the Agency achieve accountability and integrity, improve operations and instill confidence among its employees and the citizens it serves by:

- *Promoting a sound control environment.*
- *Providing independent, objective assurance and consulting services.*
- *Improving Agency risk management, control and governance.*
- *Promoting the Agency's vision and mission with a high degree of professionalism.*

Values

The Internal Audit Department has adopted the following value statements that form the foundation for the Internal Audit Department:

Independence

As documented in the Charter the Internal Audit Department is an independent function of the Agency for the purpose of providing independent, objective, unbiased opinions.

Integrity

The Internal Audit Department staff is required to maintain the highest degree of integrity in conducting its audit work.

Professionalism

The Internal Audit Department will perform its work with professionalism at all times.

Collaboration

The Internal Audit Department will foster collaboration with all Agency personnel to promote teamwork within the various business units.

Purpose of the Annual Audit Plan

The Annual Audit Plan (Audit Plan) has been prepared in accordance with recommendations and best practices provided by the Institute of Internal Auditors (IIA). The Audit Plan allows the Manager of Internal Audit to carry out the responsibilities of the Internal Audit Department by prioritizing projects and allocating necessary resources where audit efforts are deemed appropriate and necessary. The Audit Plan is created to assist management and the Board in achieving Agency goals and objectives.

As stated in the Internal Audit Department Charter, the Manager of Internal Audit will set audit frequencies, select the subjects and set objectives, determine the scope of work and apply the techniques required to accomplish the audit objectives. The Manager of Internal Audit has the authority to deviate from the approved annual Audit Plan, when necessary, and if warranted by unforeseen issues that require immediate attention. The Manager of Internal Audit will use professional discretion and judgment in response to such unforeseen issues and handle them according to the requirements of the Charter.

Significant changes to the Annual Audit Plan shall be reported to the Audit Committee and to the Board at the next regularly scheduled Audit Committee meeting.

Both the IAD Charter and the IIA's Code of Ethics have strict standards of ethical conduct for internal auditors. The auditors have a responsibility to maintain independence, ensure integrity, objectivity, confidentiality and competency in work performed.

The Audit Plan is a flexible plan of internal audit activities and was developed using an appropriate risk-based methodology, including any risks or control concerns identified or communicated by Management, the Internal Audit Department, External Auditors or the Audit Committee. The overall objective is to develop a plan consistent with the Agency's goals and objectives, to address the highest risk areas within the Agency and to evaluate and contribute to the improvement of risk management, control and governance processes, additionally to add value by recommending improvements to increase effectiveness and efficiency of operations.

In planning for the Internal Audit projects the following were also considered:

- The Internal Audit Department Charter
- The Audit Committee Charter
- Communications with the Audit Committee and the Board of Directors
- Communications with Executive Management and key Agency personnel
- Communications with the External Financial Auditors
- Communications with the Audit Committee Independent Advisor
- Prior audit findings and recommendations
- Assessed risks in operations
- Agency's goals and objectives, including activities, developments and changes
- Agency policies & procedures
- Key areas that affect revenue and expenses
- Identified opportunities to improve operations and add value to services
- Audit Department resources
- New audit requirements and leading practices

For the 2013/14 Audit Plan, the audits were selected based on the previous year's risk assessment, the five-year audit plan and results of audits previously scheduled and deferred due to other priority projects and internal audit resources. Significant deviations and changes to the Audit Plan are communicated to the Audit Committee through an Amended Audit Plan and progress information is provided in Status Reports.

FY 2013/14 Annual Audit Plan

Utility Bills (Operations, Accounting and Fiscal Management)

The Agency pays almost \$5 million in electricity charges annually. The charges are invoiced on several different and separate invoices due to the large number of electric meters and the number of locations where electric meters are located. The invoices are received at different times throughout the month and possibly by different Agency employees. As a result of the billing process, it is difficult to determine if charges are accurate and appropriate. Additionally, the multiple invoices result in substantial man-hours to process multiple bills. Audit areas include the following:

- Determine efficiencies that could be achieved through consolidating billings
- Identify ways to streamline billing processes
- Compare charges on different bills to ensure consistency and accuracy of both electric charges and add-on fees/charges
- Recalculate and evaluate any credits/rebates
- Purchase requirements/contract agreements
- Standby charges/tariff rates/metered fees/buy-back agreements
- Energy Contracts

Master and Rotating Contracts

(Contracts and Procurement, Engineering, and Construction Management)

The Agency has several master and rotating contracts for various services such as engineering services or construction services. An audit of this area would review procedures for updating the lists, opportunities for new companies to be considered for a master or rotating contract, and would review compliance with applicable laws and regulations. Audit areas include the following:

- Determine what procedures are in place to use the contractors on the master list
- Determine if equal opportunity is intended to use all contractors equally
- Evaluate controls in place to administer the contracts
- Evaluate response time, and customer satisfaction of work done

Agency Vehicles – Accountability and Fuel (Operations, Contracts and Procurement)

The Agency has a significant investment in vehicles. There are over 100 vehicles that make up the Agency's fleet that are assigned to Headquarters and to various plant sites. Fuel expense for the vehicles in FY 2011/12 was over \$140,000. Audit areas include the following:

- Assignment of vehicles to individuals or departments
- Driving logs
- Use of vehicles
- Agency fuel cards and fuel purchases
- Maintenance costs
- Insurance verification and driver license verification
- Vehicle Use Policy
- Fuel Expense

Telephone Expense (Contracts and Procurement, Accounting and Fiscal Management)

The Agency pays over \$85,000 annually for telephone service. Service is provided for landline phones, smartphones, and for data connections. Audit areas include the following:

- Determine efficiencies that could be achieved through consolidating billings
- Identify ways to streamline billing processes
- Comparison of charges on different bills to ensure consistency and accuracy
- Identify opportunities for savings
- Phones issued to employees are used for the intended purpose according to Agency policies

Follow-Up on Outstanding Recommendations from Previous Audits

The Charters require that we follow up on all outstanding recommendations. As a general rule, IA allows approximately 12 to 18 months to provide the audited business units with sufficient time to implement the outstanding recommendations unless otherwise assigned or requested by the Audit Committee, the Board or Management. There are approximately 48 outstanding recommendations that are due for evaluation by IA.

The planned follow-up audits include:

Follow-Up Audit	Total Recommendations Requiring audit follow-up review
Accounts Payable Follow-Up Audit	10
Intercompany Receivables (CDA, RCA, Watermaster)	12
Information Technology Operations Follow-Up Audit	18

Refer the page titled Follow-Up on Outstanding Recommendations of the Audit Plan for a complete list of all outstanding recommendations and the attached report listing all Outstanding Recommendations as of June 2013 for the details on the outstanding recommendations.

On-Going Projects for FY 2013/14

- ❖ IAD Quality Assurance and Improvement Program
- ❖ Continue to assist with SAP internal control inquiries
- ❖ Assist with annual CAFR Review and Filing
- ❖ Review IA Department and Committee Charters
- ❖ Unannounced Petty Cash Audits
- ❖ Provide needed support re: audit topics, internal controls and compliance items
- ❖ Further utilize capabilities of SAP to enhance IA functions
- ❖ On-going required administrative reporting, such as, budget, goals/objectives, staff appraisals, and other administrative related items.
- ❖ Continue to review, update and document IA Policies and Procedures
- ❖ Continuous Professional Development of Internal Audit Staff
- ❖ Plan, prepare and coordinate Audit Committee Meetings
- ❖ Utilize the IA site on PIPES as an Agency-wide communication tool
- ❖ Provide "audit approach" presentations to requesting departments
- ❖ Conduct special requests and/or unforeseen projects
- ❖ Provide recommendations to strengthen/streamline policies and procedures
- ❖ Update IA Annual Audit Plan and corresponding Risk Assessment

Additional Audit Areas

Internal Audit has identified additional audit areas. This list has been compiled as a preliminary list of future potential audits and as a list of additional, important audit areas where audit resources and efforts could be utilized. This is not a comprehensive/complete list of audit areas. These audit areas have been selected based on identified risks at the time of completing this Audit Plan. If the risk in any of the identified auditable areas increases or if time and resources become available, IA could perform an audit from the list that follows.

Recycled Water Program – Revenue

(Accounting and Fiscal Management, Financial Planning)

Recycled water revenue in FY 2011/12 is almost \$10 million. An audit of this area would determine the accuracy of revenues and identify any additional revenue due the Agency.

Inter-Fund Transfers and Reserve Requirements (Financial Planning)

An audit of this area would determine if the Agency complies with all legal and regulatory requirements on maintaining reserves and on inter-fund transfers.

Contractual Actions (Construction Management, Contracts and Procurement, Accounting and Fiscal Management, Financial Planning)

For the purpose of selecting several significant construction contracts and to perform tests from before contract award through final payment and close-out. Audit procedures will include: a review of internal controls; compliance with laws and regulations; compliance with Agency policies and procedures; and the effectiveness and efficiency of operations. Audit areas to include are: bidding process, contract award, invoicing, change orders, bonds, and warranties.

Capital Projects (Financial Planning, Accounting and Fiscal Management, Engineering and Construction Management.)

During the FY 2010/11 annual financial audit, the external financial auditors noted deficiencies with the process for closing completed projects. Projects were left open, long after the project had been completed, therefore, impacting the accounting value of capital assets. This audit would focus on evaluating when open capital projects have been completed and examining when the construction in progress balances are closed to capital assets.

Special Agreements (Contracts and Procurement, Accounting and Fiscal Management)

The Agency has some “special agreements” with other agencies that may or may not be formalized under an official contract. This audit would also evaluate whether the special agreements provide preferential treatment or significant discounts/credits when compared to similar agencies for similar services.

**Bid and Selection Process for Construction Contracts
(Engineering, Contracts and Procurement)**

To review the bid and selection process to ensure all legal and regulatory requirements are considered in the process, and that all contracts include required language.

Procurement Cards (Contracts and Procurement, Accounting and Fiscal Management)

The use of the P-Cards was reviewed under the Contracts and Procurement Audit. This review would focus only on P-Cards and expand to review a greater sample of users and transactions to ensure these follow the guidelines prescribed in the Agency's policies and Procurement Ordinance.

Agency-Issued Credit Cards

(Accounting and Fiscal Management, Human Resources, Executive Management)

Posing a reputation risk to any government organization is the use of the Agency-issued credit cards. This was evaluated under the Accounts Payable audit in 2010. This review would focus only on the compliance with the Agency's policy for use of credit cards.

Duplicate Payments/Late Payments/Fees and Penalties

(Accounting and Fiscal Management)

This area was covered during the Accounts Payable audit. The goal for this audit is to make this a recurring evaluation to check for the three types of payments (duplicates, late payments or preventable fees and penalties). This audit would cover a greater sample and would implement an audit program to periodically check for these types of payments.

Asset Management (Operations, Contracts and Procurement)

The Agency currently has \$1.1 billion in total assets. An audit of this area would evaluate the accountability and controls to ensure assets are properly recorded in the Agency's financial records. Additionally, to determine if periodic inventories or other valuation processes are performed to validate the amount of assets reported in accounting records.

Operations (Operations Department, Accounting and Fiscal Management)

Facility Operations, Groundwater Recharge and Organics Management are programs under Operations Administration. The audit scope of any of these areas would focus on required permit compliance requirements, preventive maintenance of plants, staff training and staff certifications to operate plants/facilities, chemical and equipment use, and customer service to the service area, where applicable.

New Payroll and Time System Implementation

(Accounting and Fiscal Management, Human Resources, Business Information Systems)

To evaluate adequate internal controls and authorizations are in place in the new Payroll and Time System (myPT). With the implementation of the new Payroll and Time system which is replacing the existing IFAS system to streamline the current time, payroll and leave processes, there will be a need for auditors to check that adequate internal controls and authorizations are in place and working effectively in order to verify the following: ensure separations of duties exist, ensure the integrity of the data submitted and identify any areas for improvement or efficiencies.

Outstanding Recommendations

The Internal Audit Department Charter requires follow-up action be taken to ensure that management has effectively implemented recommendations or alternate controls are acceptable. Follow-up audit work includes detailed testing and verification of procedures implemented by Internal Audit staff.

In FY 2012/13, IA reviewed and verified the implementation status of 19 recommendations from two different audits (CM & Petty Cash). Follow-up effort is in process on an additional 10 outstanding recommendations from the Accounts Payable Audit and 11 recommendations from the three Intercompany Receivable Audits; completion is planned by December 2013. Additional follow-up will be performed during FY 2013/14, as shown in the following schedule*.

Area Audited	Report Issue Date	No. of Recs. Remaining to be Verified by IA	Planned Follow-Up
Intercompany Receivables - CDA	February 2011	4	FY 2014
Intercompany Receivables - RCA	March 2011	2	FY 2014
Intercompany Receivables – Watermaster	August 2011	6	FY 2014
Accounts Payable Follow-Up	October 2011	10	FY 2014
Information Technology Equipment & Follow-Up	June 2012 November 2012	18	FY 2014
Warehouse Operations Follow-up	August 2011	1	FY 2014
Construction Management Follow-Up (follow-up to be performed during future planned audit such as Rotating Contracts)	May 2013	2	FY 2014
Human Resources Follow-Up	June 2012	1	FY 2015
Payroll Audit (2010 follow-up report)	June 2012	1	FY 2015
Grant Operations (2006 report)	June 2012	1	FY 2015
Contracts and Procurement Follow-Up	May 2012	2	FY 2015
HR Medical Payments Audit	November 2012	4	FY 2015
PTSC Audit – Interim/Invoicing/Inspection	August 2012 February 2013	11	FY 2016
2013 Petty Cash Audit	May 2013	6	FY 2016
Total		69	

*See the attached Report showing a list of all Outstanding Recommendations as of June 2013

Internal Audit Department Quality Assurance and Improvement Program

The Institute of Internal Auditing (IIA), International Professional Practices Framework (IPPF) defines a Quality Assurance and Improvement Program: "A quality assurance and improvement Program is designed to enable an evaluation of internal audit activity's conformance with the Definition of Internal Auditing and the *Standards* and an evaluation of whether internal auditors apply the Code of Ethics. The program also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement."

Standard 1311 of the IPPF requires that internal assessments include ongoing monitoring of the performance of internal audit activity; and periodic reviews performed through self-assessments.

Standard 1312 of the IPPF requires that external assessments be conducted at least once every five years by a qualified, independent reviewer or review team from outside the organization.

As part of IA's commitment for continued quality audit services, beginning FY 2013/14, IAD will perform internal assessments of the IAD. An external assessment by an independent reviewer is planned for FY 2015/16. Results will be presented and discussed at the regularly scheduled Audit Committee meetings.

Risk Assessment Strategy

The IIA IPPF Standard 2120 states that Internal Audit must evaluate the effectiveness and contribute to the improvement of risk management processes.

The risk assessment is a general assessment performed using best practice guidance, professional judgment and consideration for the impact on the Agency's operations if the targeted units fail to function in the most effective and efficient manner or neglect to comply with required policies. In performing the Risk Assessment for this FY 2013/14 Annual Audit Plan, the following were considered:

- Agency Policies and Procedures
- Communication with the External Auditors
- Communication with the Audit Committee and Board
- Communications with key Agency personnel
- Assessing risks and exposures that may affect the organization
- New Agency activities, developments and major changes
- Key areas that affect revenue and expenses
- Observations resulting from previous internal audits
- New audit requirements
- Opportunities to improve operations

The IIA PPF defines Risk as follows:

- **Risk** – The possibility of an event occurring that will have an **impact on the achievement of objectives**. Risk is measured in terms of impact and likelihood and;
- **Residual Risks** – As the risk remaining **after management takes action to reduce the impact** and likelihood of an adverse event, including control activities in response to a risk.

Audit Universe

The IIA PPF defines Universe as follows:

Universe – is defined as all possible auditable areas.

For the purposes of this Annual Audit Plan, the universe includes all Agency Departments, operations, processes, contracts, and activities.

New/Proposed Audit Project

Chino Basin Regional Sewage Service Contract:

Audit of the seven Regional Contracting Agencies' (RCAs) compliance with the Regional Contract Requirements.

Audit requested by the Board of Directors and IEUA management.

Type of Project: Consulting Engagement:

Will include elements of a compliance, financial and operational audit. Will work closely with Planning & Environmental Compliance and other Agency Departments.

Audit Objective/Scope:

The Chino Basin Regional Sewage Service Contract is an agreement between Inland Empire Utilities Agency and the 7 RCAs it serves. The contract was set up as a 50 year contract and is set to expire in the year 2022. In recent years, it has come to IEUA's management and the Board's attention the need to evaluate the contract requirements, compliance with the intent of the contract and identify the areas of the program and the contract that require clarification, standardized processes, improved communication between IEUA, the RCA's and possibly other regulatory entities to timely and accurately identify, calculate, and collect EDU connection and monthly service fees as well as better plan and forecast regional services. The last EDU audit was completed in 2010. Specifically the 2014 EDU audit will focus on the following key areas:

- Public Service Facilities,
- Appropriate industry categories, purchased EDU's, and discharge levels,
- Commercial business use,
- Changes in commercial business use,
- Extra-Territorial areas,
- Monthly Sewer Billings,
- Connection Fees, and
- CCRA Accounts

Proposed Timeframe: January 2014 through August 2014

Audit Proposed and Currently in Process to be Completed

Agency Vehicles Operational Audit

There are over 100 vehicles that make up the Agency's fleet that are assigned to Headquarters and to various plant sites. There are over 160 fuel cards assigned to various employees. In FY 2011/12 fuel expense was over \$380,000. Audit areas include the following:

- Assignment and accountability of vehicles and gate clickers
- Vehicle Use Policy
- Insurance verification and driver license verification
- Review of Agency vehicle driving logs
- Review of policies/procedures for use of Agency and personal vehicles for business use
- Controls over Agency issued-fuel cards and fuel purchases
- Review of vehicle maintenance costs, maintenance vendors

Audit Projects Originally Proposed and Completed

SCE Utility Payments Audit

Final Audit Report was issued August 2013 and provides 4 recommendations.

2013 Accounts Payable Follow-Up Audit

Final Audit Report was issued August 2013 and provides 9 recommendations

Audit Projects Originally Proposed and Deferred/Postponed

Intercompany Receivables Audits:

CDA Receivables Audit – 5 recommendations The original Audit was completed Feb. 2011.

RCA Receivables Audit -3 recommendations The original Audit was completed March 2011.

Watermaster Rec. Audit –6 recommendations The original audit was completed August 2011.

IA gathered preliminary information and was in the process of beginning the follow-up review of these audits; however, a new AFM manager has taken over the operations and is in the process of familiarizing himself with the audit-related issues, additionally AFM requested a brief extension until the conclusion of the annual financial audit. AFM stated they will provide a formal, written response of the current status of each of the outstanding recommendations at the conclusion of the financial audit. Once the response is received and evaluated, IA will determine the need for additional follow-up work.

Master and Rotating Contracts

The Agency has several master and rotating contracts for various services such as engineering services or construction services. An audit of this area would review procedures for updating the lists, opportunities for new companies to be considered for a master or rotating contract, and would review compliance with applicable laws and regulations. Audit areas include the following:

- Determine procedures in place to use the contractors on the master list
- Evaluate controls in place to administer the contracts and assignment of work
- Evaluate response time, and customer satisfaction of work done
- Determine if work conforms to contract requirements

Audit Projects Originally Proposed and Deferred/Postponed

Telephone Expense

The Agency pays over \$85,000 annually for telephone service. Service is provided for landline phones, smartphones, and for data connections. Audit areas include the following:

- Determine efficiencies that could be achieved through consolidating billings
- Identify ways to streamline billing processes
- Comparison of charges on different bills to ensure consistency and accuracy
- Identify opportunities for savings
- Phones issued to employees are used for the intended purpose according to policies

Information Technology Operations Follow-Up Audit

The original IT Audit was completed in August of 2012 and provided 22 recommendations covering the following areas:

- Equipment accountability and tracking
- P-card purchases
- Capitalization
- Physical security
- Disposal of Equipment
- Standard Operating Procedures

The first follow-up audit was performed at the request of the Audit Committee in December 2012. There are currently 18 outstanding recommendations.

On-Going Projects for FY 2013/14

- ❖ Assist with annual CAFR Review and Filing
- ❖ Update IA Annual Audit Plan and corresponding Risk Assessment
- ❖ Continue to assist with SAP internal control inquiries
- ❖ Provide recommendations to strengthen/streamline policies and procedures
- ❖ Review IA Department and Committee Charters
- ❖ Unannounced Petty Cash Audits
- ❖ Provide needed support re: audit topics, internal controls and compliance
- ❖ Further utilize capabilities of SAP to enhance IA functions
- ❖ On-going required administrative reporting, such as, budget, goals/objectives, staff appraisals, and other administrative related items.
- ❖ Continue to review, update and document IA Policies and Procedures
- ❖ Continuous Professional Development of Internal Audit Staff
- ❖ Plan, prepare and coordinate Audit Committee Meetings
- ❖ Utilize the IA site on PIPES as an Agency-wide communication tool
- ❖ Provide "audit approach" presentations to requesting departments
- ❖ IAD Quality Assurance and Improvement Program
- ❖ Conduct special requests and/or unforeseen projects

**Internal Audit Department
Proposed Timeline & Audit Scope/Audit Program
2014 Chino Basin Regional Service Contract Audit**

“PROPOSED DRAFT” – TIMELINE & AUDIT OBJECTIVES *

**schedule is subject to change*

November 2013	Notify Policy & Tech of Audit
November 2013	Discuss with all IEUA Stakeholders concerns, issues and possible audit areas
December 2013	Notify again Policy & Tech & possibly schedule workshop/coordination meeting to discuss audit scope and audit procedures.
December 2013	Discuss with all IEUA Stakeholders concerns, issues and possible audit areas
December 2013	Call member cities & representatives <ul style="list-style-type: none"> • Need to gather contact list for audit areas • Discuss/agree upon a initial audit meeting and fieldwork dates/month
December 2013	Issue Audit Letters re Audit Scope: <ul style="list-style-type: none"> • Date for Entrance Meeting • Dates for Audit Fieldwork • List of Items requested for Audit
January 2014	Entrance Meeting with Regional Contract Agency #1 Fieldwork , Finalize & conclude findings Discuss findings with Regional Contract Agency, Discuss findings with IEUA Management Wrap-up
February 2014	Entrance Meeting with Regional Contract Agency #2 Fieldwork , Finalize & conclude findings Discuss findings with Regional Contract Agency, Discuss findings with IEUA Management Wrap-up
March 2014	Entrance Meeting with Regional Contract Agency #3 Fieldwork , Finalize & conclude findings Discuss findings with Regional Contract Agency, Discuss findings with IEUA Management Wrap-up
April 2014	Wrap-up/Finalize Regional Contract Agency 1,2 and 3 audits Schedule Regional Contract Agency 4, 5, 6 and 7
May 2014	Entrance Meeting with Regional Contract Agency #4 Fieldwork , Finalize & conclude findings Discuss findings with Regional Contract Agency, Discuss findings with IEUA Management Wrap-up
June 2014	Entrance Meeting with Regional Contract Agency #5 Fieldwork , Finalize & conclude findings Discuss findings with Regional Contract Agency, Discuss findings with IEUA Management Wrap-up
July 2014	Entrance Meeting with Regional Contract Agency #6 Fieldwork , Finalize & conclude findings Discuss findings with Regional Contract Agency, Discuss findings with IEUA Management Wrap-up
August 2014	Entrance Meeting with Regional Contract Agency #7 Fieldwork , Finalize & conclude findings Discuss findings with Regional Contract Agency, Discuss findings with IEUA Management Wrap-up
September 2014	Conclude audit results of all 7 member agencies Wrap-up any needed fieldwork Discuss results & appropriate recommendations with IEUA Management Draft Audit Report for IEUA Management
September-October 2014	Finalize Audit Report Report to the Audit Committee Report to the Board

**Internal Audit Department
Proposed Timeline & Audit Scope/Audit Program
2014 Chino Basin Regional Service Contract Audit**

Audit Period: Evaluate Beginning with Fiscal Year 2012/2013 to present and where necessary further back.

Audit Areas to cover:

1. Public Service Facilities:

Determine the current process, note observations and findings, and determine the most effective method to identify the process for public service facilities/buildings and city facilities (schools, hospitals, libraries, city hall, community centers, etc) are permitted and authorized to connect to IEUA's sewage lines, and how the member cities and IEUA can be involved in the process to ensure connections are allowed, total EDU's are accurately counted/calculated and fees are accurately calculated, collected and paid. Determine if and when the RCA is notified or made aware of Public Service Facility building, when and if the RCA collects on connection fees and how these are calculated, processed and reported to IEUA.

- Benefit/Risk to IEUA:
 - If IEUA and/or the member agency are not involved this translates into lost revenue in connection fees to IEUA.
 - If IEUA and/or RCA are not involved, forecasting is not accurately projected, sewer line use is not adequately planned, and may burden existing infrastructure.

- Work with and involve P&EC Department to
 - Determine how to communicate or gather information from the State/County representatives to understand approval process and permitting process
 - Office of Statewide Health Planning & Development www.oshpd.ca.gov
 - Division of State Architects: (www.dgs.ca.gov/dsa) is responsible for the design and construction oversight for k-12 schools, community colleges and other state owned facilities. This agency is responsible for the approval of structural safety for schools.
 - Site has listing for school projects per county/school district. Projects could be unrelated to sewer connections: <https://www.apps.dgs.ca.gov/tracker/County.aspx>
 - Determine if new public service facilities are planned in the near future and how this information is or is not communicated to IEUA and how this process can be improved.
 - Determine the newer facilities that recently began operations to see if IEUA was provided the necessary information (reported EDU count along with fees paid/collected)
 - Determine/Calculate lost revenue resulting from public service facilities that were not identified prior to building/occupancy/open for business
 - Determine the need to cross-reference and check with other/additional outside entities (County and/or State)

**Internal Audit Department
Proposed Timeline & Audit Scope/Audit Program
2014 Chino Basin Regional Service Contract Audit**

2. Industrial Category:

Determine the current process, note observations and findings, and determine the most effective method to identify when and if industries which are permitted/allowed to discharge a determined level of flow/waste or and approved level of EDUs and once operating, discharge a higher flow/rate that would translate into additional EDU's that should be paid for by the industry.

- Benefit/Risk to IEUA: If an industry is discharging more EDU's than originally estimated/agreed to/and paid for:
 - EDUs need to be accurately calculated to determine actual usage/flow & strength
 - IEUA is owed additional monies for the additional EDU's and services not reported
 - EDU forecast needs to be adjusted for the additional EDU's not previously reported
 - Information is helpful for adequate planning and ensuring the infrastructure is not burdened.

P&EC comment: May need to re-address with Subcommittee for a "formal" guideline implemented throughout – **IA comment:** the Regional Contract specifically states that IEUA has the authority to inspect any facilities connected to the line with a 24hr notice. The Regional contract also states that when discrepancies are identified and cannot be resolved between the RCA and IEUA, these should be taken to the Policy/Tech Committee for final disposition. Therefore, IEUA can send any inspectors to the facilities at any time, and make recalculations based on evidence and take any differences to the committees for appropriate action.

- IA will require assistance from P&EC or other skilled inspector to do on-site, physical inspections and/or tests at the actual industry to determine usage and impact on the Regional System.
- Determine how RCAs are currently validating total EDU's - does the RCA perform any additional/subsequent validation process to determine that the industry paid for the total actual EDU's used/needed or if the industry is exceeding its authorized use?, what does or should the RCA do in the case where the RCA exceeds the use originally approved for?
- Determine how RCAs address industry improvements, how these are reported to the RCA and subsequently to IEUA and determine the impact to IEUA and need to recalculate total EDUs and collect/credit appropriately
- Determine how and if the RCA clearly communicates to the Industries the requirements of the Regional Contract.

****Question:** should we be concerned with the type of waste, flow and strength? If originally the industry indicated a type of waste and that type/composition of the waste has changed where it may have an impact to the system that it should be reported or merit a violation, should our audit evaluate any potential instances to this? Should we/can we determine the different rates to collect for the connection based on waste type?

If so, P&EC or specialized inspectors will need to validate samples of the waste and make a determination.

**Internal Audit Department
Proposed Timeline & Audit Scope/Audit Program
2014 Chino Basin Regional Service Contract Audit**

3. Commercial Businesses:

Determine the current process, note observations and findings, and determine the most effective method to identify businesses who change business type or make changes in their operations – business improvements, expansions, changes or downsizing – that would change the total number of fixture units (hence actual total of EDU's) and/or the original category type.

- Benefit/Risk to IEUA: If an industry changes business category or increases # of EDU's it may translate into additional EDU connection and monthly revenue for IEUA.
- Maybe helpful to start with the Business License Dept. to determine the new business that have been licensed and check to see that they paid for the appropriate number of EDU's at the start of business.
- It may be necessary to do physical observations or inspections, determine business type and count actual fixture units.
 - In the past, IA requests the plans and recounts the fixture units off the plans with an RCA plan checker.
 - This review may go further to perform actual physical observations/inspections of the commercial businesses to validate the fixture units on the plans and determine if any changes were made that were not appropriately permitted and/or reported and paid.
 - Determine if any commercial businesses warrant changes in category per the updated Exhibit J. Determine what to do in instances where the business should be classified as a different type of business per the updated Exhibit J.
 - Are the businesses and the RCA's responsible for going back to the business to collect on any additional monies owed resulting from changes due to the new/updated Exhibit J?
 - It may be necessary to enlist the assistance of P&EC or other skilled inspector to conduct the count of the fixture units either on the specifications/plan or the actual physical business if we want to truly verify the accurate count of fixture units and calculate the actual EDUs reported.
- Determine how RCAs address tenant improvements, changes, additions/expansions, or downsizing or change in business operations. Determine how these changes are reported to IEUA and determine the impact to IEUA/region and if any additional EDU fees should be collected.
 - Determine if the RCA requires their commercial business to report on any such changes. If so how? if not why, and at what point are they required to report?
 - Determine how the RCA reports to IEUA
 - Determine the impact when there are changes and they go undetected and unreported.
- Determine if the businesses are accurately classified and Exhibit J has the appropriate category type to choose from.
- Determine how and if the RCA clearly communicates to the Industries the requirements of the Regional Contract.

Per P&EC: Meeting with Ontario on 10/24 noted that they don't report TI unless there is an active EDU purchase.

**Internal Audit Department
Proposed Timeline & Audit Scope/Audit Program
2014 Chino Basin Regional Service Contract Audit**

4. Extra –Territorial areas:

Determine the current process, note observations and findings, and determine an effective and systematic method to identify and report Extra-Territorial areas/development (ET). Determine if the RCA already has a reliable system in place to capture all ET developments, calculate and collect the appropriate connection fees, and timely report to IEUA.

Determine the impact and what would be the most appropriate/effective/equitable manner to work out and resolve the issue of the back property taxes owed to IEUA based on dwelling value (back-tax) in 1973 and property taxes to be charged at today's market rates to customers. Has IEUA resolved or determined how to deal with this issue. There appears to be miscommunication and a need for guidance regarding the rates to charge customers. These issues arises when new buildings or modifications to ET properties are made and are necessary to keep the customer current and allow then to tap into our sewer lines and necessary to have an appropriate record of the dwellings/properties

- Benefit/Risk to IEUA: if ET areas are not accounted for, fees are adequately collected and reported to IEUA, then this is a financial loss to IEUA and forecasting is not reliable
- IA will require the assistance of P&EC to possibly conduct physical observations/inspections
- Determine the process the ET went through to connect to the regional system
- Determine how the total EDU's were calculated and the method or how RCAs charge customers
- Determine what is a "Service Contract" and how it is established (per Contract)
- The Regional Contract requires that the RCA file a map with the secretary of IEUA showing the boundaries of the ET areas (pg 45/46)
 - Determine if there is a purpose for this
 - Determine if this requirement is adhered to and if it's necessary
 - Determine what would be the benefit to this process
- Determine if the ET information is reported to IEUA and if so how/where? The BAR report?

Question: is it necessary and/or important to determine that the type of waste is within guidelines? Would this be important and valuable to determine?

**Internal Audit Department
Proposed Timeline & Audit Scope/Audit Program
2014 Chino Basin Regional Service Contract Audit**

5. Connection Fees (this section will be incorporated into the Commercial Business Section)

To determine whether the RCA calculates, bills for, and pays IEUA the rate per the Sewerage Service Contract and the Board-approved, current rates, internal audit staff will test the following:

- EDU Fixture Units were Accurately Calculated (internal audit staff will review and recalculate your calculation worksheets sheets and count the fixture units on the specifications and ensure the numbers reconcile and the calculation was performed accurately)
- EDU Fixture Units / EDU's Accurately Billed (internal audit staff will review what the rates were in effect at the time, the correct factor was used, and evaluate the correct business category was selected and applied)
- EDU's accurately reported to IEUA (internal audit staff will trace that what was recorded in the Member City records was the same information subsequently reported to IEUA on the monthly BAR reports).
- EDU connection fees accurately credited to the CCRA account (internal audit staff will trace that the EDU revenue amounts collected from point of collection from the customer, on behalf of IEUA - applying the accurate rate in effect- was accurately credited to the CCRA account and accurately reported to IEUA). Will be evaluating the BAR reports submitted to IEUA.
- Determine a method to cross-reference information reported with County data to determine if RCA's are reporting accurate building activity.
- Determine how and if the RCA clearly communicates to the Industries the requirements of the Regional Contract.

Note/Comment from P&EC: Due to the BAR Template, this item is likely improved. A focus should be on whether the RCAs accurately identify Commercial vs. Industrial.

*Note: Meeting with Ontario staff on 10/24 also highlighted some challenges when it comes to who actually performs the EDU calculations. For Ontario, building department makes the determination of commercial/industrial and calculations. Environmental Staff catches errors after a billing invoice goes out. Some RCAs may have room for improvement via staff training.

IA comment: Training, guidance, and contract interpretation should be provided by IEUA to set consistency and standardized methods and preferred methodology. This would be appropriate for a workshop discussion where those performing the calculations are invited to attend.

**Internal Audit Department
Proposed Timeline & Audit Scope/Audit Program
2014 Chino Basin Regional Service Contract Audit**

6. Monthly Sewerage Fees

To determine whether the RCA bills and pays the actual rate per the Sewerage Service Contract, internal audit staff will test the following:

- Review of monthly Sewer Service Fee Reports of service charges and documentation to support the volumetric information report to determine the number of EDU's is fully supported to ensure all EDU's are reported monthly along with the appropriate payment.
- Validate to ensure the rate was accurately calculated/applied based on the rate effective at the time
- Validate to ensure the rate billed and paid to IEUA was accurate
- Ensure payments are made timely according to the contract

7. CCRA Accounts

To determine if the CCRA account balance agrees with what has been reported to IEUA and includes all revenues due to/received from all types of EDU fees and accurately reflects capital calls or any withdrawals of interest.

- Review General Ledger and other accounting reports and back-up/supporting documents, such as receipts, receivable ledgers or other reconciling reports, to trace EDU connection revenue received to the CCRA account and to reports submitted to IEUA.

This procedure is necessary because auditors will be able to follow the amount charged to the customer (based on our verification of accurate calculations performed) and verify these were accurate, and appropriately recorded to the CCRA account.

**Internal Audit Department
Proposed Timeline & Audit Scope/Audit Program
2014 Chino Basin Regional Service Contract Audit**

IA Preliminary Recommendations & Things to Consider:

Per the current discussions and the concerns we have seen over the years, the following are my preliminary recommendations and things to consider as we move forward to updating/revising the Regional Contract:

- *IEUA trained inspectors should be involved during the planning, permitting and calculation of EDUs stages. Additionally IEUA inspectors should be performing inspections of facilities before and after permitting and/or occupancy, and at any time deemed necessary to determine calculations and reporting is accurate, ensuring fixture unit counts are accurate and type of waste is permitted. The Regional Contract already allows for physical inspections by IEUA of any facilities connected to the Regional system.*
- *IEUA should consider centralizing the Regional Contract required processes, including issuing permits to connect to the Regional System, approving total EDU's, and collecting fees for connections, at one individual location, for example, at IEUA facilities.*
- *Hold RCA's accountable for discrepancies in calculations, reported EDU's, discharge levels. If additional fees are determined to be owed, the RCA's should be held accountable to collect on those errors/oversights. IEUA should have some type of recourse to collect from the RCA's.*
- *IEUA staff should coordinate periodic/ongoing workshops with the RCA representatives that have a part in enforcing the contract, collecting fees, calculating EDU's, and approving permits to discuss requirements of the Contract, ensure the application of the Contract is consistent across all RCAs, and discuss emerging issues that need to be addressed in a timely manner.*
- *The Contract is silent as to the recourse IEUA has when the RCA apply the incorrect connection fee rate and discrepancies are identified. The Contract does not have provision that enforce recovering payments from either the customer or the RCA or if penalties should be assessed for underpayments. Additionally, the Contract is also silent as to the treatment of overpayments (although these tend to occur less frequently). When the RCA issues a refund or credit, this may affect the revenue from fees already reported/collected.*


**CONSENT
CALENDAR
ITEM**


2K

Date: November 20, 2013

To: The Honorable Board of Directors

Through: Engineering, Operations, and Biosolids Management Committee
(11/13/13)

From:  P. Joseph Grindstaff
General Manager

Craig J. Parker 
Manager of Engineering and Construction Management

Subject: Reimbursement Agreement for Relocation of 1630 East Recycled
Water Pipeline

RECOMMENDATION

It is recommended that the Board of Directors:

1. Approve the Reimbursement Agreement for the relocation of the 1630 East Recycled Water Pipeline; and
2. Authorize the General Manager to execute the Agreement.

BACKGROUND

IEUA completed construction of the 1630 East Recycled Water Pipeline in September 2010. The pipeline was constructed from approximately Arrow Route and Etiwanda Avenue in the City of Rancho Cucamonga to the San Sevaine Basins. The 1630 East Recycled Water Pipeline is a 36-inch steel pipe. In July 2011, the City of Rancho Cucamonga determined that the subject pipeline needed to be relocated due to their Baseline Avenue/I-15 Interchange Project. The pipeline was in conflict with the bridge foundations.

As requested, IEUA evaluated the relocation of the aforementioned pipeline and generated a new project. Agency staff designed and prepared the plans and specifications for the relocation. It was concluded that in order to minimize the change orders during the construction, it was necessary to combine both entities' projects (IEUA and Rancho Cucamonga) and advertise them to bid as one package. As a combined package, it will be easier for the contractor to coordinate the construction work for both projects.

The subject project will include the relocation of about 200 linear feet of pipeline, several blow offs, cathodic protection test stations, air release valves, and monitoring wellhead sampling locations at a cost of \$480,000. This cost includes construction, construction management, construction engineering, survey services, and geotechnical services.

The estimated costs for the relocation of the East Avenue 1630 E. Recycled Water Pipeline are as follows:

IEUA Staff Time	\$170,000
<u>Construction (IEUA portion) & Contingencies</u>	<u>\$480,000</u>
Total	\$650,000

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

If approved by the Board, the estimated construction cost of \$480,000 is within the FY2013/14 and total project budget of \$650,108 as established in the Recycled Water (WC) Fund.

PJG:CJP:MK:nm

**COOPERATIVE AGREEMENT
BETWEEN THE INLAND EMPIRE UTILITIES AGENCY AND
THE CITY OF RANCHO CUCAMONGA
FOR THE RELOCATION OF RECLAIMED WATER FACILITIES
IN CONJUNCTION WITH THE INTERSTATE 15 AT BASE LINE ROAD INTERCHANGE PROJECT**

1. Parties and Date

THIS COOPERATIVE AGREEMENT (“Agreement”) is made and is effective this ____ day of _____, 2013, by and between the INLAND EMPIRE UTILITIES AGENCY, a municipal water district (“IEUA”) and the CITY OF RANCHO CUCAMONGA, a municipal corporation (“City”) (Collectively referred to as “parties.”).

2. Recitals

2.1 The parties desire to cooperate and jointly participate in a project to relocate existing reclaimed water facilities in conflict with the City’s proposed Interstate 15 at Base Line Road Interchange Project (“Project”) and to be constructed in conjunction with the Project. Work shall consist of the relocation of 36” concrete encased steel reclaimed water lines and various appurtenances in Base Line Road, Baseline Avenue, and East Avenue in the vicinity of the Project (“Work”). The City entered into a Cooperative Agreement with the California Department of Transportation (“Caltrans”) whereby, the City was designated as the lead agency for the purpose of managing the construction of the Project. IEUA designates the City as the Lead Agency to coordinate and construct said Work as shown in IEUA’s plans attached hereto as Exhibit “A”

2.2 The Work is located within the jurisdictional boundaries of IEUA, the City of Fontana, Caltrans, and the City and will be of mutual benefit to both parties to this agreement.

2.3 The parties desire to set forth their respective responsibilities and obligations in regards to each Party's participation and funding of the Work.

2.4 The parties acknowledge that liability for the Work is 100% that of IEUA.

3. Terms

3.1 Effective Date. This Agreement shall be made effective upon execution by both parties and shall remain in effect until terminated pursuant to Section 3.5.5.

3.2 Total Work Cost. The total cost of the Work is estimated to be Four Hundred Eighty Thousand (\$480,000) (“Total Estimated Cost”). The Total Estimated Cost includes the cost of construction, construction engineering/management, survey services, and geotechnical services. The Work to be constructed under the Project will be identified in the bids as ‘IEUA’. The City shall provide IEUA with a copy of all bids received for the Project, and shall allow IEUA ten (10) calendar days within which IEUA may review the bid documents. IEUA agrees that in the event they reject the bid for the Work, IEUA will perform the work so as to not cause delay to the Project.

3.3 IEUA’s Responsibilities. IEUA shall:

3.3.1 Prepare all plans and specifications for the Work and shall provide approved final drawings to the City for inclusion with the City's Project.

3.3.2 Pay to the City the following actual costs incurred by the City:

- One hundred percent (100%) of the construction costs associated with the Work.
- Twenty percent (20%) of the construction costs associated with the Work to reimburse the City for construction management costs, traffic control, survey, and compaction testing costs associated with the Work.

3.3.3 Payments for the services set forth in Section 3.3.2 shall be paid by IEUA within thirty (30) days following receipt of invoice(s) from the City, as set forth in Section 3.4.5. In the event IEUA disputes the amount of the invoice, IEUA shall notify the City, and the parties shall exercise good faith efforts to resolve the matter. The City shall include contractor's invoices as backup attached to their invoices for the work.

3.3.4 Provide inspection service with regards to the construction of the Work and the associated pipe zone.

3.3.5 Negotiate with the City and approve costs for work done as a result of change orders or extra work as approved by both IEUA and the City.

3.4 The City's Responsibilities. The City shall:

3.4.1 Provide complete documentation for successful California Environmental Quality Act ("CEQA") compliance and complete the applicable procedures for CEQA compliance.

3.4.2 Provide all necessary construction management to complete the Work.

3.4.3 Notify IEUA of change orders prior to work authorization for IEUA's approval which approval shall not be unreasonably withheld.

3.4.4 Advertise, award and fund the construction of the Project in accordance with applicable law.

3.4.5 Issue progress payments to the Project contractor(s), process construction Change Orders as may be necessary, record a Notice of Completion for the Project, and provide IEUA with a certified copy of the recorded Notice of Completion within thirty (30) days of recordation and return.

3.4.6 Provide invoices to IEUA as progress payments against costs outlined in Section 3.3.2 for funds paid to the Project contractor(s) and consultant(s).

3.4.7 City may perform its obligations under this agreement either with its own forces or through a separate agreement with the San Bernardino Associated Governments (SANBAG).

3.5 General Provisions.

3.5.1 The Work is primarily the relocation of reclaimed water facilities in Base Line Road, Baseline Avenue and East Avenue. IEUA's involvement is solely limited to the construction and installation of the Work as shown in Exhibit "A".

3.5.2 IEUA will pay the portion of Project costs as stated in Sections 3.3.2 and 3.3.5 in connection with the construction and installation of the Work.

3.5.3 The City shall indemnify, defend, save and hold harmless IEUA, its elected officials, officers, directors, employees, agents, and volunteers from and against any and all loss, damages, liability, claims, allegations of liability, suits, costs and expenses for damages of any nature whatsoever, including but not limited to bodily injury, death, personal injury, property damages, or any claims caused by the willful actions or active negligence of the City, its elected officials, officers, directors, employees, agents, volunteers, contractors or subcontractors in the performance of its obligations pursuant to this Agreement, and shall include attorneys' fees and other reasonable costs incurred in defending any such claim.

3.5.4 IEUA shall indemnify, defend, save and hold harmless the City, its elected officials, officers, directors, employees, agents, and volunteers from and against any and all loss, damages, liability, claims, allegations of liability, suits, costs and expenses for damages of any nature whatsoever, including but not limited to bodily injury, death, personal injury, property damages, or any claims caused by the willful actions or active negligence of IEUA, its elected officials, officers, directors, employees, agents, volunteers, contractors or subcontractors in the performance of its obligations pursuant to this Agreement, and shall include attorneys' fees and other reasonable costs incurred in defending any such claim.

3.5.5 This Agreement shall, unless terminated earlier by either party, automatically terminate upon the date on which both of the following has occurred: (1) the Notice of Completion has been duly recorded; (2) the City has made all payments to the Contractors for the Work and, (3) all payment obligations of IEUA have been met. Either party may terminate this Agreement, for cause, based on a material breach by the other party, following written notice of such breach to the other party and a reasonable opportunity for cure. In addition, except as stated in paragraph 3.2 above, either party may terminate this Agreement, without cause, provided the terminating party provides at least sixty (60) days advance written notice to the other party, and provided payment for the terminating party satisfies its monetary obligations under this Agreement that were incurred up until the date of the written notice.

3.5.6 All notices permitted or required under this Agreement shall be given to the respective parties at the following address, or at such other address as the respective parties may provide in writing for this purpose:

To IEUA:
Inland Empire Utilities Agency
6075 Kimball Avenue
Chino, CA 91708
Attn: Warren Green

To City:
City of Rancho Cucamonga
10500 Civic Center Dr.
Rancho Cucamonga, CA 91729
Attn: Jason Welday

Such notice shall be deemed made when personally delivered or when mailed, forty-eight (48) hours after deposit in the U.S. Mail, first class postage prepaid and addressed to the party at its applicable address.

3.5.7 If any legal action or other proceeding is brought in connection with this Agreement each party shall be obligated to pay their respective legal costs and attorney fees regardless of the disposition of the claim.

3.5.8 If any portion of this Agreement is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall constitute in full force and effect.

3.5.9 This Agreement contains the entire Agreement between the parties and supersedes any prior oral or written statements or agreements between the parties. This Agreement may be amended at any time by the mutual consent of the parties by an instrument in writing.

3.5.10 This Agreement may be signed in counterparts, each of which shall constitute an original and which collectively shall constitute one instrument.

[SIGNATURES ON THE FOLLOWING PAGE]

SIGNATURE PAGE TO
COOPERATIVE AGREEMENT
BETWEEN THE INLAND EMPIRE UTILITY AGENCY AND
THE CITY OF RANCHO CUCAMONGA
FOR THE RELOCATION OF RECLAIMED WATER FACILITIES
IN CONJUNCTION WITH THE INTERSTATE 15 AT BASE LINE ROAD INTERCHANGE PROJECT

INLAND EMPIRE UTILITIES AGENCY
A MUNICIPAL WATER DISTRICT

CITY OF RANCHO CUCAMONGA
A MUNICIPAL CORPORATION

By: _____
Terry Catlin
President, Board of Directors

By: _____
L. Dennis Michael
Mayor

Attest:

By: _____
Janice C. Reynolds
City Clerk

Approved as to form:

Approved as to Form:

By: _____
Jean Cihigoyenette
General Counsel

By: _____
James L. Markman
City Attorney

Recommended for Approval:

By: _____
Mark A. Steuer, PE
Director of Engineering Services/City Engineer


**CONSENT
CALENDAR
ITEM**


2L

Date: November 20, 2013

To: The Honorable Board of Directors

Through: Engineering, Operations, and Biosolids Management Committee
(11/13/13)

From:  P. Joseph Grindstaff
General Manager

Submitted by: Craig J. Parker 
Manager of Engineering and Construction Management

Subject: Construction Contract Award for the RP-1 Aeration Ducting Repair,
Project No. EN12022

RECOMMENDATION

It is recommended that the Board of Directors:

1. Accept the withdrawal of the lowest bidder, Coconstruction Inc., due to a mistake in noting an incorrect bid amount;
2. Award the construction contract for the RP-1 Aeration Ducting Repair, Project No. EN12022, to Humphrey Construction, the second lowest and responsive bidder, for the not-to-exceed amount of \$984,000; and
3. Authorize the General Manager to finalize and execute the contract.

BACKGROUND

The RP-1 Aeration Ducting Repair addresses major air leaks within the airline system at the activated sludge treatment process. The main purpose of the air ducting repair is to reduce energy waste by eliminating excessive air leaks. The repairs replace 132 butterfly valves because they either leak air or do not seal properly. The construction repair will also replace 97 expansion couplings with new split bolted sleeve coupling. This replacement will address excessive air leaks and allow future repairs to be conducted with ease. While addressing these fittings, the project will also replace the existing gaskets along 21 pipe connectors. These replacements are necessary because they will be removed while the valves and couplings are replaced.

Agency staff completed the in-house construction plans on August 30, 2013. On September 5, 2013, staff advertised the request for bids through the Bid Network System. On October 22, 2013, the Agency received the following six (6) construction bids:

Bidder Name	Bid Amount
Coconstruction, Inc.	\$698,000
Humphrey Construction	\$984,000
Environmental Construction, Inc.	\$984,596
MMC, Inc.	\$1,144,511
Genesis Construction	\$1,148,777
Abhe & Svoboda, Inc.	\$1,218,283
Engineer's Estimate	\$1,000,000

On October 23, 2013, after close of bids, the lowest apparent bidder, Coconstruction Inc., requested staff for his bid to be withdrawn due to a pricing error. The lowest apparent bidder claimed a mistake was made while noting his final labor cost. This mistake made his bid materially different than intended. Staff concurs a mistake was made because of the large cost variance between the engineer's estimate and his bid price. Staff is satisfied that the low bidder did not make the mistake due to an error in judgment or to carelessness in inspecting the construction plans. It is in the Agency's best interest to allow the low bidder to withdraw his bid and award the contract to the second lowest and responsive bidder, Humphrey Construction.

Humphrey Construction (with a California Class "A" License No. 866155), who is the second lowest bidder, offered a bid of \$984,000, met all required bid submittals, and received good references from previous clients.

The Engineers' projected costs for the project is as follows:

PROJECT PHASE	TOTAL COST
Design	\$25,000
Construction Contract	\$984,000
Construction Mgmt. Support/Contingency	\$197,000
Staff Review and Support during Construction	\$50,000
Total	\$1,256,000

Construction is scheduled to be completed by May 2014.

Construction Contract Award for the RP-1 Aeration Ducting Repair,
Project No. EN12022
November 20, 2013
Page 3 of 3

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

The cost of the construction contract for the RP-1 Aeration Ducting Repair, Project No. EN12022, to Humphrey Construction for their low bid of \$984,000 is within the FY 2013/14 and total project budget of \$1,256,000 in the Regional Capital (RC) Fund.

PJG:CJP:MK:ji



Inland Empire Utilities Agency

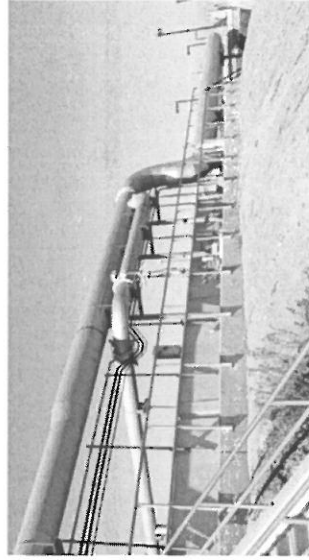
A MUNICIPAL WATER DISTRICT

RP-1 Aeration Ducting Repair Project No. EN12022

Construction Contract Award

November 13, 2013

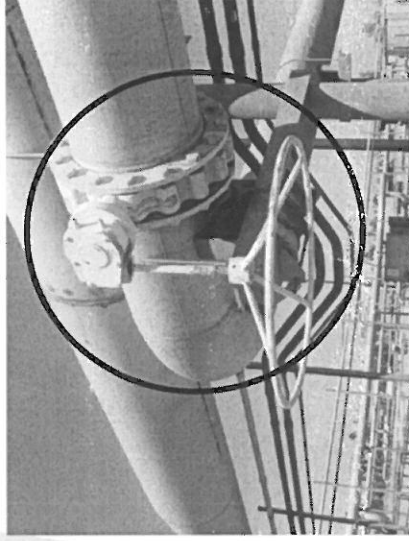
**Craig J. Parker, P.E., BCEE
Manager of Engineering and Construction Management**



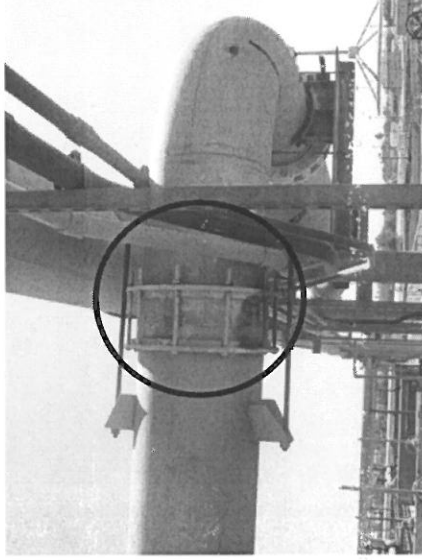
Project Background

Address multiple air leaks along the aeration air ducting

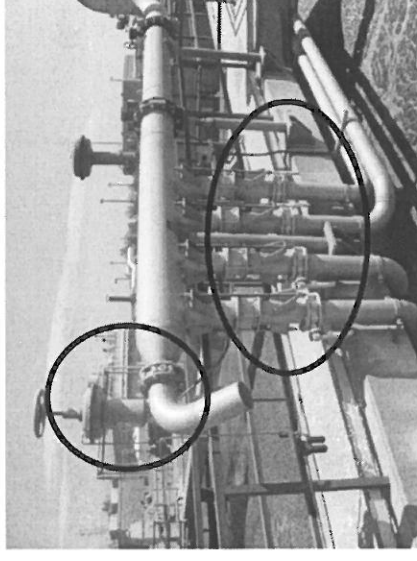
- Replace 132 various sized leaking butterfly valves
- Replace 97 various sized expansion couplings
- Replace seal gaskets on the 21 pipe connectors



Replace leaking valves



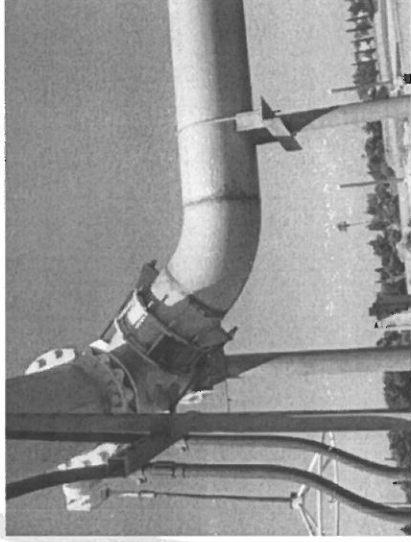
Replace leaking coupling



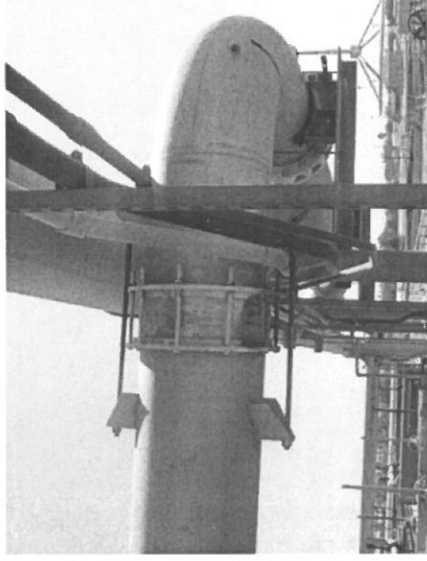
Improve access for future replacement

Project Benefits

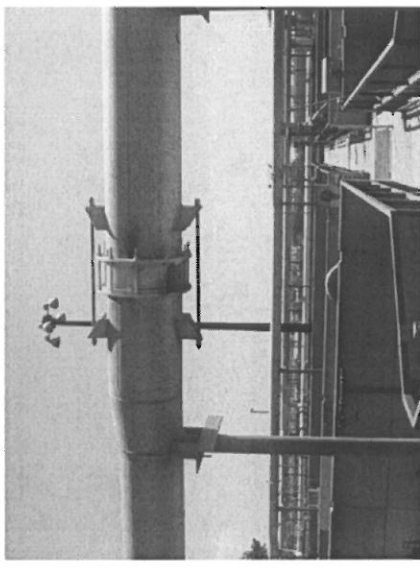
- Reduce energy waste due to air leaks in the ducting
- Improve future maintenance access by replacing existing couplings with split sleeve couplings



Known air leak



Known air leak



Replace sleeve coupling

Bid Results

- Bid advertised on September 5, 2013
- Closed Bids on October 22, 2013 with a public opening
- Received 6 bid documents


Bidders

1. Coonstruction, Inc.
2. Humphrey Construction
3. Environmental Construction, Inc.
4. MMC, Inc.
5. Genesis Construction
6. Abhe & Svoboda, Inc.

Bid Price
\$698,000
\$984,000
\$984,596
\$1,144,511
\$1,148,777
\$1,218,283
\$1,000,000

Engineer's Estimate

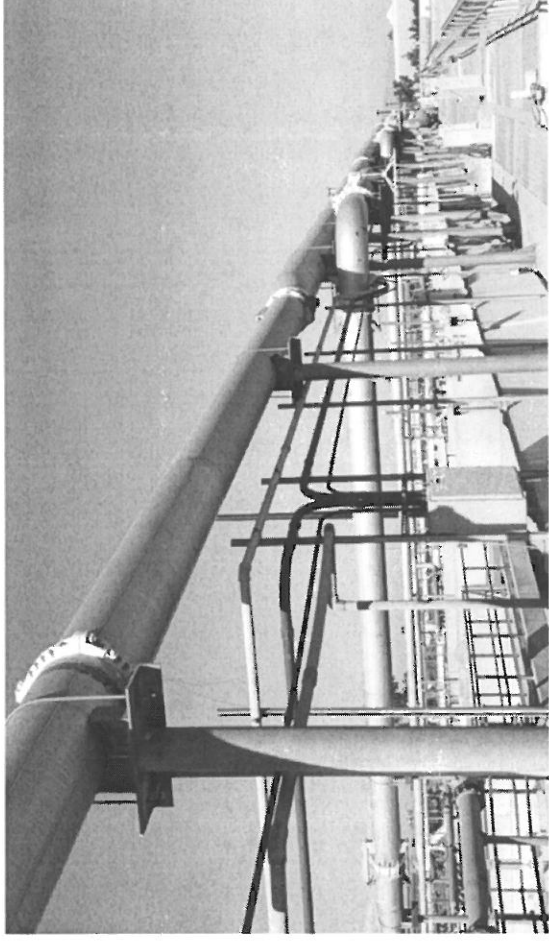
Bid Results (cont.)

- On October 23 the Lowest Bidder, requested a bid withdrawal
 - Coonstruction claimed a mistake was made
 - A notice was filed within five working days after bid opening
 - Mistake made the bid materially different than intended
 - The mistake was not an error in judgment or carelessness
 - Award to second lowest responsive bidder
- 

Project Budget/Schedule

Project Phase	Cost
Design	\$25,000
Construction Contract	\$984,000
Construction Management Support/Contingency	\$197,000
Staff Review & Coordination	\$50,000
Total	\$1,256,000

- Complete Construction May 2014



Air Ducting Manifold System

CONTRACT DOCUMENT

1.0 CONTRACT

THIS CONTRACT, made and entered into this ____ day of November, 2013, by and between **Humphrey Constructors**, hereinafter referred to as "Contractor," and The Inland Empire Utilities Agency, a Municipal Water District, located in San Bernardino County, California, hereinafter referred to as "Agency".

WITNESSETH:

That for and in consideration of the promises and agreements hereinafter made and exchanged, the Agency and the Contractor agree as follows:

1. Contractor agrees to perform and complete in a workmanlike manner, all work required under the bidding schedule of said Agency's specifications entitled **SPECIFICATIONS FOR RP-1 AERATION DUCTING REPAIR, PROJECT NO. EN12022.00**, in accordance with the specifications and drawings, and to furnish at their own expense, all labor, materials, equipment, tools, and services necessary, except such materials, equipment, and services as may be stipulated in said specifications to be furnished by said Agency, and to do everything required by this Contract and the said specifications and drawings.
2. For furnishing all said labor, materials, equipment, tools, and services, furnishing and removing all plant, temporary structures, tools and equipment, and doing everything required by this Contract and said specifications and drawings; also for all loss and damage arising out of the nature of the work aforesaid, or from the action of the elements, or from any unforeseen difficulties which may arise during the prosecution of the work until its acceptance by said Agency, and for all risks of every description connected with the work; also for all expenses resulting from the suspension or discontinuance of work, except as in the said specifications are expressly stipulated to be borne by said Agency; and for completing the work in accordance with the requirements of said specifications and drawings, said Agency will pay and said Contractor shall receive, in full compensation therefore, the price(s) set forth in this Contract.
3. That the Agency will pay the Contractor progress payments and the final payment, in accordance with the provisions of the contract documents, with warrants drawn on the appropriate fund or funds as required, at the prices bid in the Bidding and Contract Requirements, Section C - Bid Forms and accepted by the Agency, and set forth in this below.

Total Bid Price **\$ 984,000 Dollars and zero Cents,**

Nine hundred eighty four thousand dollars and zero cents.

If this is not a lump sum bid and the contract price is dependent upon the quantities constructed, the Agency will pay and said Contractor shall receive, in full compensation for the work the prices named in the Bidding and Contract Requirements, Section C - Bid Forms.

4. The Agency hereby employs the Contractor to perform the work according to the terms of this Contract for the above-mentioned price(s), and agrees to pay the same at the time, in the manner, and upon the conditions stipulated in the said specifications; and the said parties for themselves, their heirs, executors, administrators, successors, and assigns, do hereby agree to the full performance of the covenants herein contained.
5. The Notice Inviting Bids, Instructions to Bidders, Bid Forms, Information Required of Bidder, Performance Bond, Payment Bond, Contractors License Declaration, Specifications, Drawings, all General Conditions and all Special Conditions, and all addenda issued by the Agency with respect to the foregoing prior to the opening of bids, are hereby incorporated in and made part of this Contract, as if fully set forth.
6. The Contractor agrees to commence work under this Contract on or before the date to be specified in a written "Notice To Proceed" and to complete said work to the satisfaction of the Agency one hundred and eighty (180) calendar days after award of the Contract. All work shall be completed before final payment is made.
7. Time is of the essence on this Contract.
8. Contractor agrees that in case the work is not completed before or upon the expiration of the contract time, damage will be sustained by the Agency, and that it is and will be impracticable to determine the actual damage which the Agency will sustain in the event and by reason of such delay, and it is therefore agreed that the Contractor shall pay to the Agency the amount of one thousand (\$1,000) dollars for each day of delay, which shall be the period between the expiration of the contract time and the date of final acceptance by the Agency, as liquidated damages and not as a penalty. It is further agreed that the amount stipulated for liquidated damages per day of delay is a reasonable estimate of the damages that would be sustained by the Agency, and the Contractor agrees to pay such liquidated damages as herein provided. In case the liquidated damages are not paid, the Contractor agrees that the Agency may deduct the amount thereof from any money due or that may become due to the Contractor by progress payments or otherwise under the Contract, or if said amount is not sufficient, recover the total amount.

In addition to the liquidated damages, which may be imposed if the Contractor fails to complete the work within the time agreed upon, the Agency may also deduct from any sums due or to become due the Contractor, liquidated damages in accordance with the Bidding and Contract Requirements, Section B - Instruction to Bidders, Part 5.0 "Liquidated Damages", for any violation of the General Conditions, Section D - Contractor's Responsibilities, Part 8, "Law and Regulations"; Bidding and Contract Requirements Contract Section D –Contract and Relevant Documents, Part 1.0, Paragraphs 9 through 11; General Conditions , Section D – Contractor's Responsibilities, Part 4.0, "Labor, Materials and Equipment"; General Conditions Section D – Contractor's Responsibilities, Part 12.0, "Safety and Protection" or General Conditions Section H – Legal Responsibilities, Part 8.0, "Disturbance of the Peace".

9. That the Contractor will pay, and will require subcontractors to pay, employees on the work a salary or wage at least equal to the prevailing salary or wage established for such work as set forth in the wage determinations and wage standards applicable to this work, contained in or referenced in the contract documents.
10. That, in accordance with Section 1775 of the California Labor Code, Contractor shall forfeit to the Agency, as a penalty, not more than Fifty (\$50.00) Dollars for each day, or portion thereof, for each worker paid, either by the Contractor or any subcontractor, less than the prevailing rates as determined by the Director of the California Department of Industrial Relations for the work.
11. That, except as provided in Section 1815 of the California Labor Code, in the performance of the work not more than eight (8) hours shall constitute a day's work, and not more than forty (40) hours shall constitute a week's work; that the Contractor shall not require more than eight (8) hours of labor in a day nor more than forty hours of labor in a week from any person employed by the Contractor or any subcontractor; that the Contractor shall conform to Division 2, Part 7, Chapter 1, Article 3 (Section 1810, et seq.) of the California Labor Code; and that the Contractor shall forfeit to the Agency, as a penalty, the sum of Twenty-Five (\$25.00) Dollars for each worker employed in the execution of the work by Contractor or any subcontractor for each day during which any worker is required or permitted to labor more than eight (8) hours in violation of said Article 3.
12. That the Contractor shall carry Workers' Compensation Insurance and require all subcontractors to carry Workers' Compensation Insurance as required by the California Labor Code.
13. That the Contractor shall have furnished, prior to execution of the Contract, two bonds approved by the Agency, one in the amount of one hundred (100) percent of the contract price, to guarantee the faithful performance of the work, and one

in the amount of one hundred (100) percent of the contract price to guarantee payment of all claims for labor and materials furnished.

14. The Contractor hereby agrees to protect, defend, indemnify and hold the Agency and its employees, agents, officers, directors, servants and volunteers free and harmless from any and all liability, claims, judgments, costs and demands, including demands arising from injuries or death of persons (including employees of the Agency and the Contractor) and damage to property, arising directly or indirectly out of the obligation herein undertaken or out of the operations conducted by the Contractor, its employees agents, representatives or subcontractors under or in connection with this Contract.

The Contractor further agrees to investigate, handle, respond to, provide defense for and defend any such claims, demands or suit at the sole expense of the Contractor.

IN WITNESS WHEREOF, The Contractor and the General Manager of Inland Empire Utilities Agency*, thereunto duly authorized, have caused the names of said parties to be affixed hereto, each in duplicate, the day and year first above written.

Inland Empire Utilities Agency,*
San Bernardino County, California.

Contractor

By _____
General Manager

By _____
Title:

*Municipal Water District

**INFORMATION
ITEM**


3C





Date: November 20, 2013

To: The Honorable Board of Directors

Through: Finance, Legal, and Administration Committee (11/13/13)

From:  P. Joseph Grindstaff
General Manager

Submitted by:  Christina Valencia
Chief Financial Officer

 Javier Chagoyen-Lazaro
Manager of Finance and Accounting

Subject: Treasurer's Report of Financial Affairs

RECOMMENDATION

The Treasurer's Report of Financial Affairs for the month ended September 30, 2013, is an informational item for the Board's review.

BACKGROUND

The Treasurer's Report of Financial Affairs for the month ended September 30, 2013, is submitted in a format consistent with State requirements.

Total cash, investments, and restricted deposits of \$136,342,221 reflecting a decrease of \$4.4 million compared to the balance reported in August 2013. The decrease can be attributed to capital expenditures, and payment of the one-time compensation adjustment to employees pursuant to the Memorandum of Understanding and Personnel Manuals adopted by the Board on September 4, 2013.

The Agency's investment portfolio average rate of return in September 2013 was 0.447% or 0.014% higher than the yield of 0.433% reported in August 2013. The slightly higher yield is due to improved yield for municipal bond investments from .970% to 1.04% during September.

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

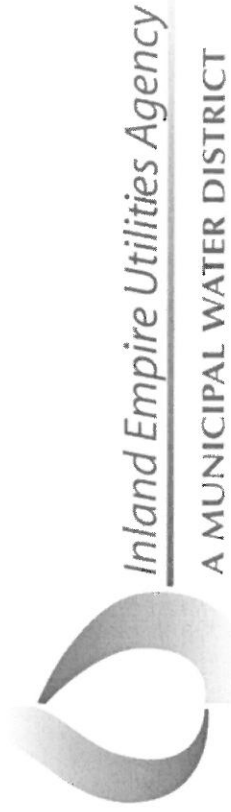
The Board reviewed the Financial Affairs Report for the month of August 31, 2013 on October 16, 2013.

IMPACT ON BUDGET

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

TREASURER'S REPORT OF FINANCIAL AFFAIRS

For the Month Ended September 30, 2013



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
September 30, 2013*

	September	August
<u>Cash, Bank Deposits, and Bank Investment Accounts</u>	\$23,668,660	\$29,860,016
<u>Investments</u>		
Local Agency Investment Fund (LAIF)	\$48,678,702	\$48,678,703
CalTrust	3,514,673	3,513,668
Certificates of Deposit	4,150,000	4,150,000
Municipal Bonds	6,706,007	7,718,659
Medium Term Notes	6,346,084	6,346,352
U.S. Government Sponsored Entities	7,507,217	5,999,785
Total Investments	\$76,902,683	\$76,407,167
Total Cash and Investments Available to the Agency	\$100,571,343	\$106,267,183
<u>Restricted Deposits</u>		
Debt Service Accounts	\$4,750,207	\$4,759,161
CCRA Deposits Held by Member Agencies	30,364,691	29,101,572
Escrow Deposits	655,980	614,278
Total Restricted Deposits	\$35,770,878	\$34,475,011
Total Cash, Investments, and Restricted Deposits	\$136,342,221	\$140,742,194

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

Month Ended
September 30, 2013

Cash, Bank Deposits, and Bank Investment Accounts

Demand (Checking) Accounts

Citizens Business Bank Demand/Sweep Account	\$13,479,715
Workers' Compensation Account	51,244
Bank of America Payroll Account	34,612
Bank of America Payroll Taxes Account	30,860
Subtotal Demand Deposits	<u>\$13,596,431</u>

Other Cash and Bank Accounts

Petty Cash	\$2,250
Subtotal Other Cash	<u>\$2,250</u>

Bank of the West Money Market Account

\$10,018,487

US Bank Pre-Investment Money Market Account

\$51,492

Total Cash and Bank Accounts

\$23,668,660

Investments

Local Agency Investment Fund (LAIF)

LAIF Non-Restricted Fund	\$43,020,533
LAIF Insurance Sinking Fund	5,658,169
Subtotal Local Agency Investment Fund	<u>\$48,678,702</u>

CalTrust

Short Term	\$3,514,673
Subtotal CalTrust	<u>\$3,514,673</u>

Certificates of Deposit

Citizens Business Bank	\$4,150,000
Subtotal Certificates of Deposit	<u>\$4,150,000</u>

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

Month Ended
September 30, 2013

Investments Continued

Municipal Bonds

State and Local Municipal Bonds
Subtotal State Municipal Bonds

\$6,706,007
\$6,706,007

Medium Term Notes

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

\$348,920
1,004,357
993,818
2,995,634
1,003,355
\$6,346,084

U.S. Government Sponsored Entities

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

\$2,507,217
3,000,000
2,000,000
\$7,507,217

Total Investments

\$76,902,683

Restricted Deposits

Debt Service Reserves

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

\$2,210,241
2,539,931
35
\$4,750,207

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

Month Ended
 September 30, 2013

CCRA Deposits Held by Member Agencies

City of Chino	\$7,616,847
Cucamonga Valley Water District	7,197,040
City of Fontana	5,596,775
City of Montclair	2,793,782
City of Ontario	3,960,476
City of Chino Hills	953,560
City of Upland	2,246,211
Subtotal CCRA Deposits Held by Member Agencies	\$30,364,691

Escrow Deposits

City National Bank (SSC Construction Inc.)	\$504,657
First Enterprise Bank (Paso Robles Tank, Inc)	87,654
Community Bank (Kaveh Engineering)	7,003
Community Bank (MNR Cosntruction)	26,438
Citizens Business Bank (Pascal & Ludwig Construction)	30,228
Subtotal Escrow Deposits	\$655,980

Total Restricted Deposits

	\$35,770,878
Total Cash, Investments, and Restricted Deposits as of September 30, 2013	\$136,342,221

Total Cash, Investments, and Restricted Deposits as of 9/30/13
 Less: Total Cash, Investments, and Restricted Deposits as of 8/31/13

Total Monthly Increase (Decrease)

	\$136,342,221
	140,742,194
	(\$4,399,974)

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

Month Ended
 September 30, 2013

Investments	Credit Rating @ Purchase		CHANGES IN Credit Rating		Par Amount	Cost Basis Amount	Term (Days)	Sept Amortization	Sept Value	% Coupon	% Yield to Maturity	Maturity Date	Market Value
	S&P	Moody's	S&P	Moody's									
Cash, Bank Deposits, and Bank Investment Accounts													
Citizens Business Bank													
Demand/Sweep Account					\$13,479,715	\$13,479,715	N/A	N/A	\$13,479,715		0.300	N/A	\$13,479,715
Subtotal CBB					\$13,479,715	\$13,479,715			\$13,479,715		0.300		\$13,479,715
Citizens Business Bank													
Workers' Compensation Account					\$51,244	\$51,244	N/A	N/A	\$51,244		N/A	N/A	\$51,244
Subtotal CBB					\$51,244	\$51,244			\$51,244		N/A		\$51,244
Bank of America													
Payroll Checking					\$34,612	\$34,612	N/A	N/A	\$34,612		N/A	N/A	\$34,612
Payroll Tax Checking					30,860	30,860	N/A	N/A	30,860		N/A	N/A	30,860
Subtotal B of A					\$65,472	\$65,472			\$65,472		N/A		\$65,472
Bank of the West													
Money Market Plus - Business Account					\$10,018,487	\$10,018,487	N/A	N/A	\$10,018,487		0.340	N/A	\$10,018,487
Subtotal Bank of the West Money Market					\$10,018,487	\$10,018,487			\$10,018,487		0.340		\$10,018,487
US Bank													
Federated Automated MMA					\$51,492	\$51,492	N/A	N/A	\$51,492		0.010	N/A	\$51,492
Subtotal USB Money Market					\$51,492	\$51,492			\$51,492		0.010		\$51,492
Petty Cash													
					\$2,250	\$2,250	N/A	N/A	\$2,250		N/A	N/A	\$2,250
Total Cash, Bank Deposits and Bank Investment Accounts													
					\$23,668,660	\$23,668,660			\$23,668,660				\$23,668,660
Investments													
LAIF Accounts													
Non-Restricted Funds					\$43,020,533	\$43,020,533	N/A	N/A	\$43,020,533		0.257	N/A	\$43,020,533
LAIF Sinking Fund					5,658,169	5,658,169	N/A	N/A	5,658,169		0.257	N/A	5,658,169
Subtotal LAIF Accounts					\$48,678,702	\$48,678,702			\$48,678,702		0.257		\$48,678,702
CALTRUST Accounts													
Short-Term					\$3,514,673	\$3,514,673	N/A	N/A	\$3,514,673		0.410	N/A	\$3,514,673
Subtotal CalTrust Accounts					\$3,514,673	\$3,514,673			\$3,514,673		0.410		\$3,514,673
Certificates of Deposit													
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
September 30, 2013

Investments	Credit Rating @ Purchase		CHANGES IN Credit Rating		Par Amount	Cost Basis Amount	Term (Days)	Sept Amortization	Sept 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	\$2,003,880
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	1,996,980
Fannie Mae Bond	AA+	AAA			1,500,000	1,507,455	1,080	(27)	1,507,428	1.20%	1.190	09/26/16	1,510,170
Freddie Mac Bond	AA+	AAA			1,000,000	1,000,000	1,280		1,000,000	1.01%	1.000	02/27/17	999,880
Fannie Mae Bond	AA+	AAA			1,000,000	999,750	1,800	4	999,789	0.76%	0.760	12/18/17	990,220
Subtotal U.S. Gov't Sponsored Entities					\$7,500,000	\$7,507,205		(23)	\$7,507,217		0.966		\$7,501,130

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	\$1,997,640
Riverside County CA Asset Leasing Corp	AA-	N/R			515,000	531,176		(1,028)	528,606	3.00%	0.550	11/01/14	528,699
California State General Obligation - BAB	A-	A1	A		475,000	511,566		(1,457)	483,886	5.25%	1.450	04/01/14	486,414
California State General Obligation Bond	A-	A1	A		1,000,000	1,117,280		(3,322)	1,054,155	5.00%	0.890	02/01/15	1,063,050
California State General Obligation Bond	A-	A1	A		1,500,000	1,673,955		(4,740)	1,586,583	5.45%	1.500	04/01/15	1,607,025
California State General Obligation Bond	A-	A1	A		1,000,000	1,089,000		(2,078)	1,052,777	3.95%	1.350	11/01/15	1,066,530
Subtotal State and Local Municipal Bonds					\$6,490,000	\$6,922,977		(\$12,625)	\$6,706,007		1.042		\$6,749,358

Medium Term Notes

Arden Realty/General Electric	AA+	AA2	A1		\$340,000	\$364,691	1,431	(\$518)	\$348,920	5.25%	3.259	03/01/15	\$357,680
JP Morgan Securities	A	A2			2,000,000	1,993,460	659	294	1,994,429	0.80%	0.981	04/23/15	1,995,840
Toyota Motor Credit Corp	AA-	AA3			1,000,000	1,006,293	934	(200)	1,004,357	0.88%	0.870	07/17/15	1,006,940
General Electric Floating Rate (75 bp over Libor -1% floor)	AA+	AA2	A1		1,000,000	988,500	1,265	273	993,818	1.26%	1.260	08/11/15	1,004,680
JP Morgan Securities	A	A2			1,000,000	1,001,500	1,079	(48)	1,001,205	1.125%	1.074	02/26/16	998,850
John Deere Capital Corp	A	A2			1,000,000	1,004,000	1,729	(68)	1,003,355	1.85%	1.114	10/10/17	984,500
Subtotal Medium Term Notes					\$6,340,000	\$6,358,444		(\$267)	\$6,346,084		1.165		\$6,348,490

Total Investments

Source of Investment Market Value: US Bank

\$76,673,375

\$77,132,001

\$76,942,353

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

Month Ended
September 30, 2013

Investments	Credit Rating @ Purchase		CHANGES IN Credit Rating		Par Amount	Cost Basis Amount	Term (Days)	Sept Amortization	Sept Value	% Coupon	% Yield to Maturity	Maturity Date	Market Value
	S&P	Moody's	S&P	Moody's									
Restricted Deposits													
Debt Service and Arbitrage Accounts													
05A Debt Service Accts													
US Bank Debt Serv. Accounts	AAA	AAA	AAA	AA+	\$2,198,446	\$2,397,119	N/A	N/A	\$2,210,241		1.080	N/A	\$2,210,241
Subtotal '05A Debt Service Accts					\$2,198,446	\$2,397,119			\$2,210,241		1.080		\$2,210,241
08B Debt Service Accounts													
US Bank Debt Serv. Accounts	N/A	AAA			\$2,523,281	\$2,533,030	N/A	N/A	\$2,539,931		0.840	N/A	\$2,539,931
Subtotal '08B Debt Service Accts					\$2,523,281	\$2,533,030			\$2,539,931		0.840		\$2,539,931
10A Debt Service Accounts													
US Bank Debt Serv. Accounts					\$35	\$35	N/A	N/A	\$35		0.030	N/A	\$35
Subtotal '10A Debt Service Accts					\$35	\$35			\$35		0.030		\$35
Total Debt Service Accounts					\$4,721,762	\$4,930,184			\$4,750,207				\$4,750,207

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

Month Ended
 September 30, 2013

Investments	Credit Rating @ Purchase		CHANGES IN Credit Rating		Par Amount	Cost Basis Amount	Term (Days)	Sept. Amortization	Sept. Value	% Coupon	% Yield to Maturity	Maturity Date	Market Value
	S&P	Moody's	S&P	Moody's									
CCRA Deposits Held by Member Agencies													
City of Chino					\$7,616,847	\$7,616,847	N/A	N/A	\$7,616,847		N/A	N/A	\$7,616,847
Cucamonga Valley Water District					7,197,040	7,197,040	N/A	N/A	7,197,040		N/A	N/A	7,197,040
City of Fontana					5,596,775	5,596,775	N/A	N/A	5,596,775		N/A	N/A	5,596,775
City of Montclair					2,793,782	2,793,782	N/A	N/A	2,793,782		N/A	N/A	2,793,782
City of Ontario					3,960,476	3,960,476	N/A	N/A	3,960,476		N/A	N/A	3,960,476
City of Chino Hills					953,560	953,560	N/A	N/A	953,560		N/A	N/A	953,560
City of Upland					2,246,211	2,246,211	N/A	N/A	2,246,211		N/A	N/A	2,246,211
					<u>\$30,364,691</u>	<u>\$30,364,691</u>			<u>\$30,364,691</u>				<u>\$30,364,691</u>
<i>Subtotal CCRA Deposits Held by Member Agencies</i>													
(Totals as reported through September 30, 2013)													
Escrow Deposits													
SSC Construction					\$504,657	\$504,657	N/A	N/A	\$504,657		N/A	N/A	\$504,657
Kaveh Engineering & Construction					7,003	7,003	N/A	N/A	7,003		N/A	N/A	7,003
MNR Construction					26,438	26,438	N/A	N/A	26,438		N/A	N/A	26,438
Pascal Ludwig Contractors					30,228	30,228	N/A	N/A	30,228		N/A	N/A	30,228
Paso Robles Tank					87,654	87,654	N/A	N/A	87,654		N/A	N/A	87,654
					<u>\$655,980</u>	<u>\$655,980</u>			<u>\$655,980</u>				<u>\$655,980</u>
Total Restricted Deposits													
					<u>\$35,742,433</u>	<u>\$35,950,855</u>			<u>\$35,770,878</u>				<u>\$35,770,878</u>
<i>Total Cash, Investments, and Restricted Deposits as of September 30, 2013</i>													
					<u>\$136,084,468</u>	<u>\$136,751,516</u>			<u>\$136,342,221</u>				<u>\$136,381,891</u>

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

Month Ended
 September 30, 2013

September Purchases

No.	Date	Transaction	Investment Security	Par Amount Purchased	Investment Yield
1	09/26/13	Purchase	Fannie Mae Bond	\$ 1,500,000	1.031%
Total Purchases				\$ 1,500,000	

September Investment Maturities, Calls & Sales

No.	Date	Transaction	Investment Security	Par Amount Matured/Sold	Investment Yield to Maturity
1	09/03/13	Maturity	California State GO Bond	\$ 1,000,000	0.500%
Total Maturities, Calls & Sales				\$ 1,000,000	

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

Month Ended
 September 30, 2013

<u>Directed Investment Category</u>	<u>Amount Invested</u>	<u>Yield</u>
Investment in the Local Agency Investment Fund	\$48,678,702	0.257%
CalTrust	3,514,673	0.410%
Medium Term Notes	6,346,084	1.165%
Municipal Bonds	6,706,007	1.042%
U.S. Government Sponsored Entities	7,507,217	0.966%
	\$72,752,683	0.5399%
Bank Investment Accounts		
Citizens Business Bank - Demand/Sweep Account	\$13,479,715	0.300%
Citizens Business Bank - Certificate of Deposit	4,150,000	0.450%
Bank of the West Money Market Account	10,018,487	0.340%
	\$27,648,202	0.317%

Total Portfolio

Investment Portfolio Rate of Return

\$100,400,885
0.447%

Restricted/Transitory/Other Demand Accounts

	<u>Amount Invested</u>	<u>Yield</u>
US Bank - 2005A Debt Service Account	\$2,210,241	1.080%
US Bank - 2008B Debt Service Accounts	2,539,931	0.840%
US Bank - 2010A Debt Service Accounts	35	0.030%
CCRA Deposits Held by Member Agencies	30,364,691	N/A
Citizens Business Bank - Workers' Compensation Account	51,244	N/A
US Bank - Pre-Investment Money Market Account	51,492	0.010%
Other Accounts*	67,722	N/A
	\$35,285,356	0.928%

Total Other Accounts
Average Yield of Other Accounts

Total Agency Directed Deposits

\$135,686,241

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

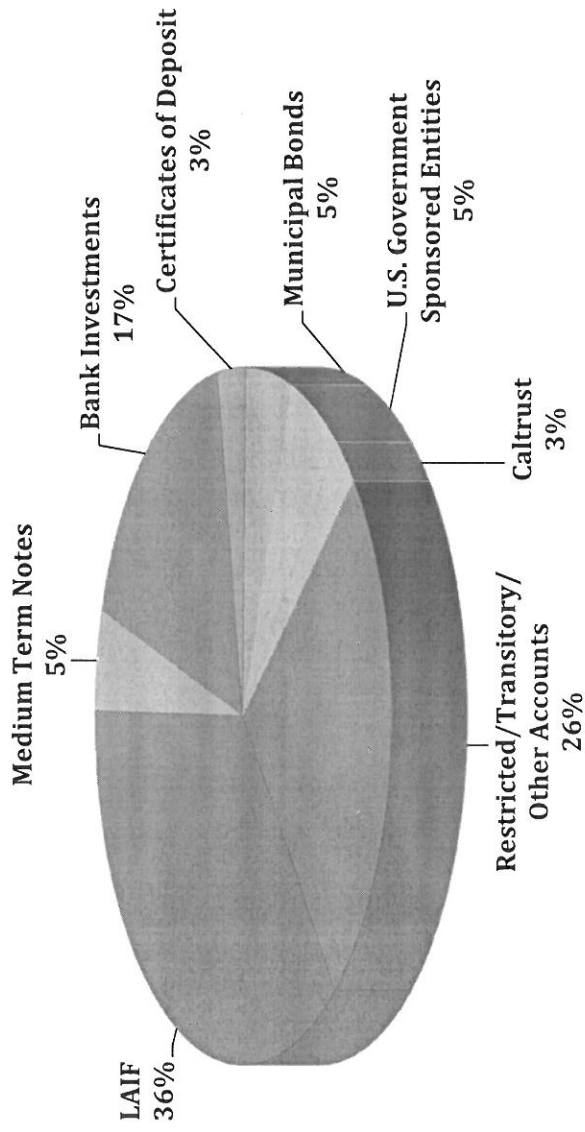
Inland Empire Utilities Agency

Treasurer's Report of Financial Affairs

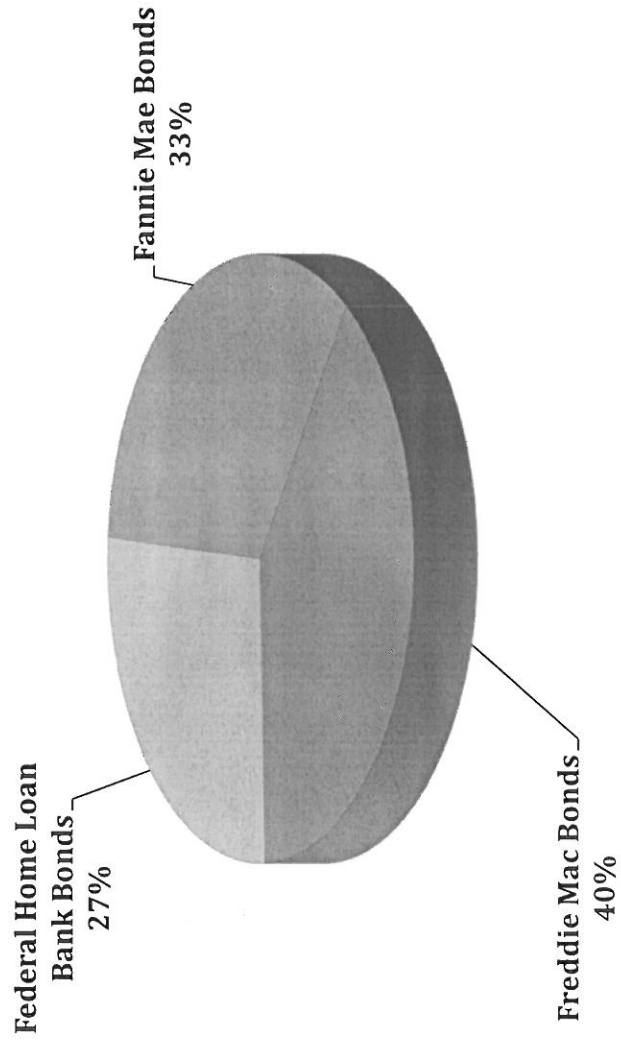
For the Month Ended September 30, 2013

Combined Agency Portfolio (net of escrow deposits)

\$135,686,241



Inland Empire Utilities Agency
Treasurer's Report of Financial Affairs
For the Month Ended September 30, 2013
U.S. Government Sponsored Entities Portfolio
\$7,507,217



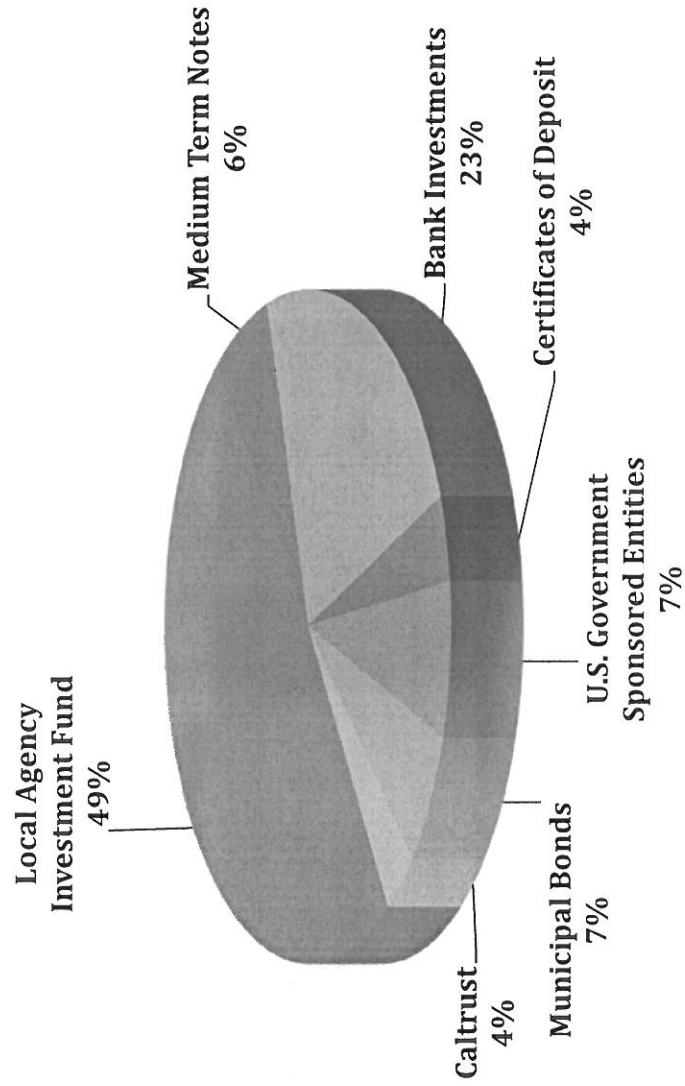
Inland Empire Utilities Agency

Treasurer's Report of Financial Affairs

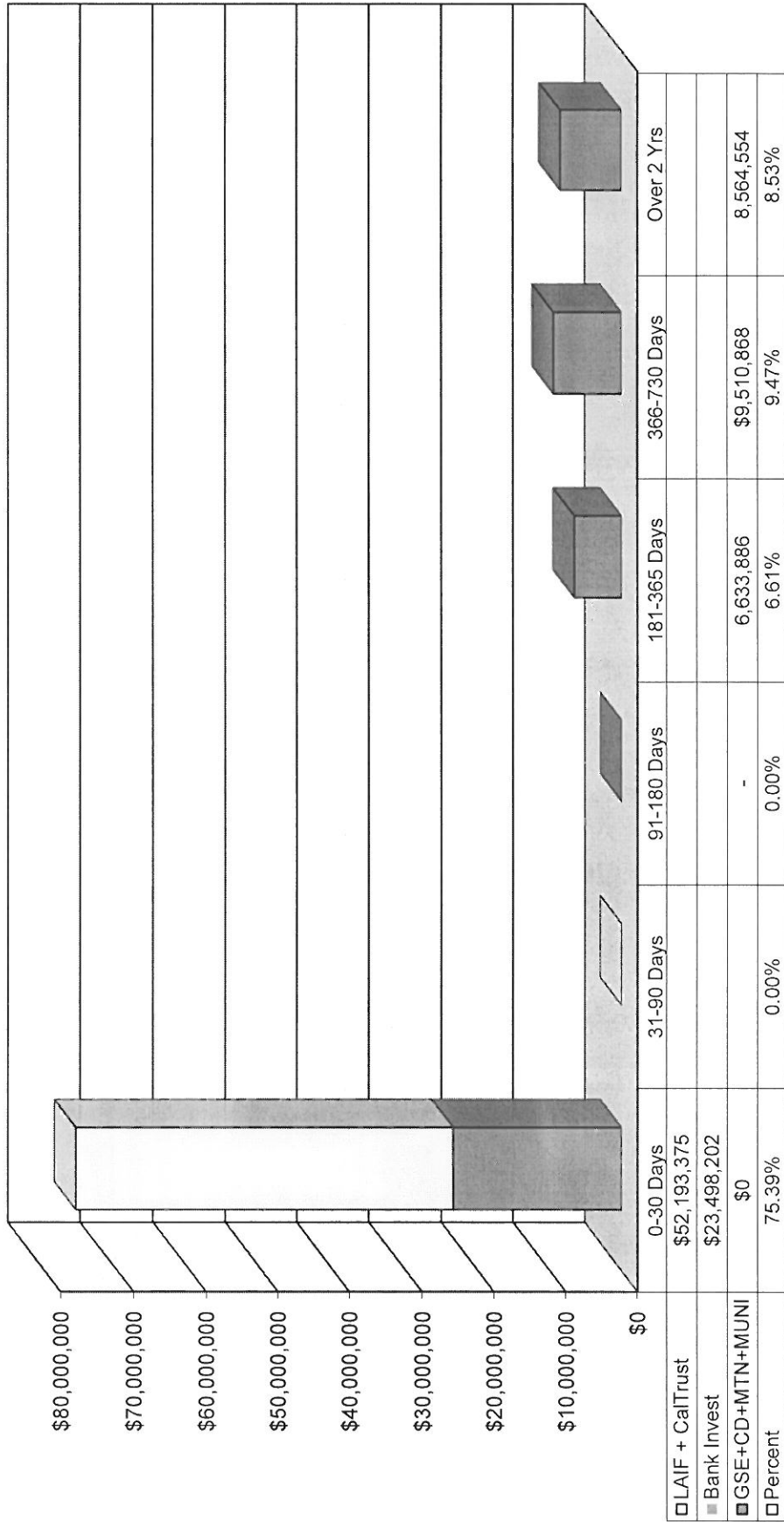
For the Month Ended September 30, 2013

Unrestricted Agency Investment Portfolio

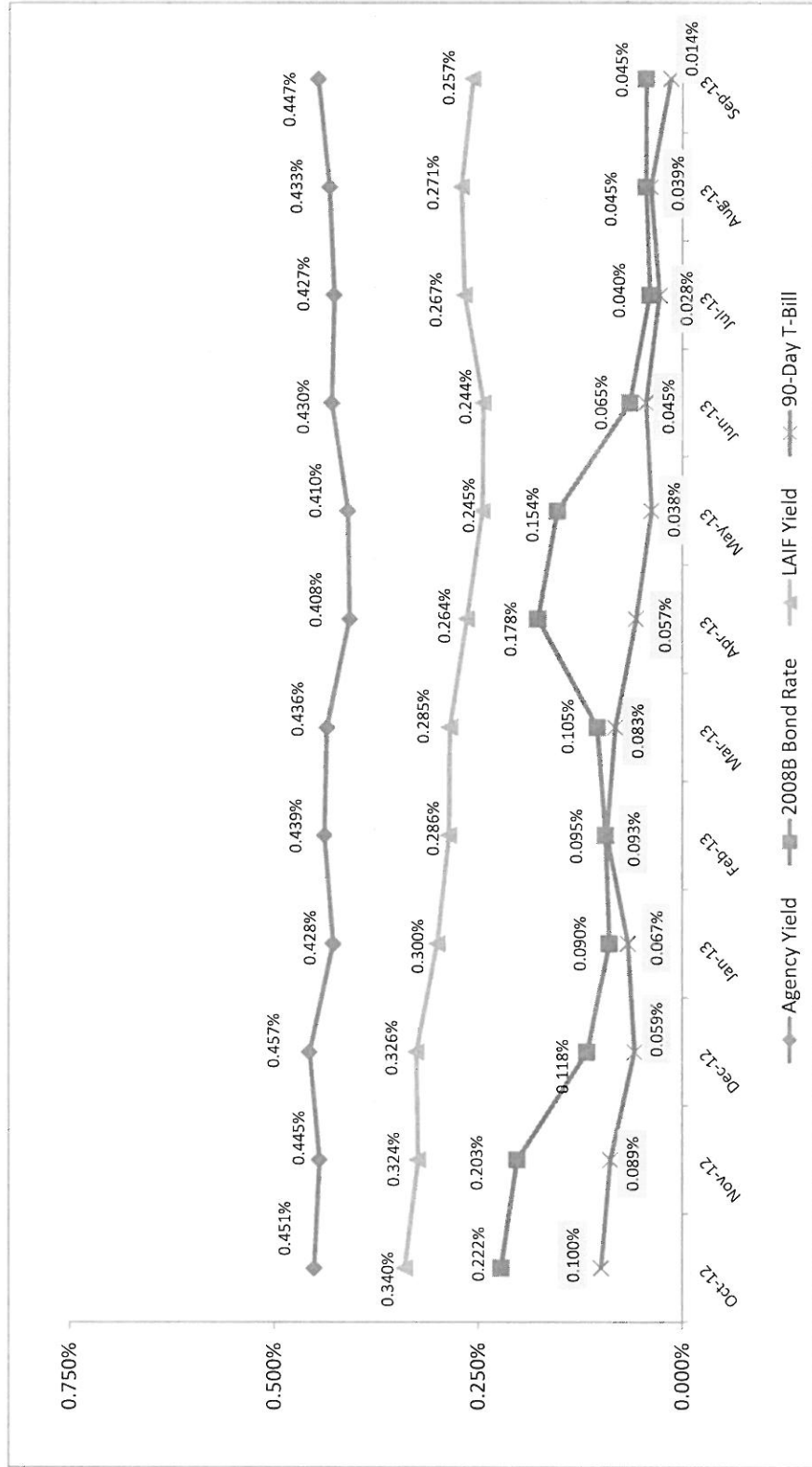
\$100,400,885



Inland Empire Utilities Agency
Treasurer's Report of Financial Affairs
 For the Month Ended September 30, 2013
Directed Investment Portfolio Maturity Distribution
\$100,400,885



Inland Empire Utilities Agency
Treasurer's Report of Financial Affairs
For the Month Ended September 30, 2013
Agency Yield Comparison





Inland Empire Utilities Agency

A MUNICIPAL WATER DISTRICT

Treasurer's Report of Financial Affairs

for September 30, 2013

**Finance, Legal, and Administration
Committee**

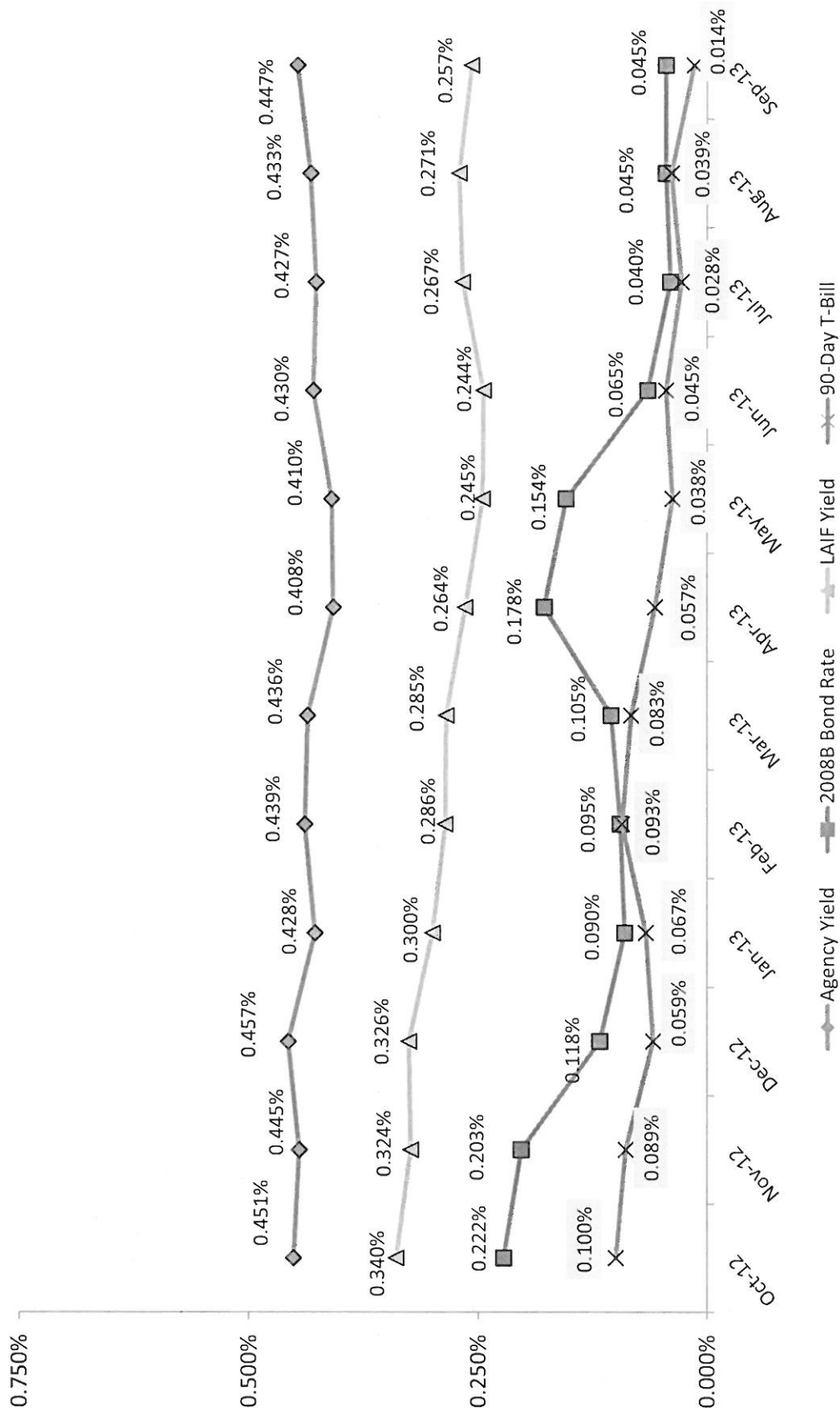
November 13, 2013

Report of Financial Affairs



Liquidity				
Description	September 2013	August 2013	Increase (Decrease)	
Cash, Investments, Restricted Deposits	\$136.3M	\$140.7M	(\$4.4M)	
Investment Portfolio Yield	0.447%	0.433%	0.014	
Portfolio				
Description	Allowable Threshold	Investment Value (\$ million)	Yield	Current Portfolio %
Short Term, Under 1 Year				
LAIF	\$50M	\$48.7	0.257%	48.5%
CalTrust	\$20M	\$3.5	0.410%	3.5%
Citizens Business –Sweep	40%	\$13.5	0.300%	13.4%
CBB – Certificate of Deposit	20%	\$4.15	0.450%	4.1%
Bank of the West – MMA	20%	\$10.0	0.340%	10.0%
1 to 3 Years				
Medium Term Notes	20%	\$6.3	1.165%	6.3%
Over 3 Years				
State Municipal Bonds	10%	\$6.7	1.042%	6.7%
US Government Securities	n/a	\$7.5	0.966%	7.5%

Month End Portfolio Yield Comparison





Inland Empire Utilities Agency

A MUNICIPAL WATER DISTRICT

QUESTIONS?


INFORMATION
ITEM


3D

Date: November 20, 2013

To: The Honorable Board of Directors

Through: Public, Legislative Affairs, and Water Resources Committee (11/13/13)

From:  P. Joseph Grindstaff
General Manager

Submitted by: Rebecca Long 
Manager of External Affairs

Subject: Public Outreach and Communication

RECOMMENDATION

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

BACKGROUND

November

- November 2, Bird Festival, Chino Creek Wetlands and Educational Park, 9:00 a.m. – 1:00 p.m.
- November 9, Solar Cup Boat Building Workshop, Three Valleys MWD, 8:00 a.m. – 4:00 p.m.
- November 9, Volunteer Event w/ Anheuser Busch, Chino Creek Park, 9:00 a.m.

December

- December 3-6, ACWA Fall Conference, JW Marriot LA Live (Los Angeles)
- December 13, Employee Association Holiday Dinner, CocoPalm Restaurant (1600 Fairplex Drive, Pomona), 7:00 p.m.
- December 18, IEUA Holiday Luncheon, Los Serranos Country Club, 11:30 a.m. – 2:30 p.m.

May 2014

- May 2-3, State Water Project Trip MWD (Director Camacho)

Outreach/Educational Inland Valley Daily Bulletin Newspaper Campaign

The monthly tips on ways to help conserve water continue to appear in our local newspapers each month.

- The Legislative “Thank You” ad ran on Friday, September 20, 2013 in the Daily Bulletin.
- Water softener rebate ad ran on Wednesday, September 25, 2013 in the Daily Bulletin.

- Garden-Friendly plant sale ad ran on Sunday, September 29, 2013 in the Daily Bulletin.

Water Use Efficiency Outreach and Activities

Regional Conservation Outreach Campaign

- Ongoing monthly ¼-page ads in the Inland Valley Daily Bulletin, Champion Newspaper, Fontana Herald News.
- The Leadership Breakfast was held on October 24, 2013 in the Event Room. James Fryer presented a synopsis of the draft demand elasticity study.
- Staff provided two presentations on the Agency's pilot turf removal program during the month of October. One was conducted at the annual Water Smart Innovations Conference and the other was presented at MWD's monthly water use efficiency meeting.
- Staff is currently working with teachers who have been prior participants in the Garden In Every School Program to provide them with \$1,000 mini-grants to assist with the maintenance and sustainability of their existing projects. In order to be eligible for these funds, all identified recipients were required to attend a Project WET Workshop.
- AB 1420 (mandatory implementation of demand management measures) requires that the Department of Water Resources convene an Independent Technical Panel (ITP) to update the Demand Management Measures currently identified under the Urban Water Management Planning Act and report to the Legislature by February 2014. To date, the ITP has developed several draft recommendations for review. Staff, along with MWD, and other impacted agencies continue to monitor these activities.

Education and Outreach Updates

- The Water Education Water Awareness Committee (WEWAC) held a Project WET (Water Education for Teachers) workshop on October 22, 2013 at the City of Upland Public Works Building. 25 educators participated and learned about water education curriculum.
- Los Osos High School and Chino High School participated in the first Solar Cup boat building workshop on November 9, 2013 where they built the hull of their boats.
- The Landscape and Water Conservation Fair was held on Saturday, October 19, 2013 at the Chino Basin Water Conservation District. Approximately 800 residents participated in the event that offered workshops, educational giveaways, environmental show, water-wise landscape sales and much more.

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

The above-mentioned activities are budgeted in the FY 2013/14 Administrative Service Fund, Public Information Services budget.

INFORMATION
ITEM

3E

Innovative Federal Strategies LLC

Comprehensive Government Relations

MEMORANDUM

To: Joe Grindstaff, Martha Davis and Rebecca Long, IEUA

From: Letitia White and Heather Hennessey

Date: October 30, 2013

Re: October Monthly Legislative Update

The month of October was dominated by the 16 day government shutdown and the hangover that followed. Politically bruising as the shutdown was, the last half of October has been no better for the President, with continued problems at healthcare.gov and ongoing revelations about NSA spying on European allies keeping the White House on the defensive. But there is some hope that Congress has turned over a new leaf, with the passage of the WRDA bill by an overwhelming bipartisan margin last week giving everyone in Washington a reminder that the House can function when it wants to.

More Debt Limit and Spending Fights Ahead

Congress has raised the debt limit five times since 2001. Each one of those has been different – some quietly passed Congress without much fanfare while others caused political angst for weeks. But in each case up until recently, the relief enacted by Congress has been for longer than a year. The new pattern of short term extensions on the debt limit is a phenomenon which keeps the debt limit and deficit spending issues constantly in the headlines and before Congress. The current extension expires on February 7, 2014, but economists have estimated that Treasury is unlikely to reach the limit until sometime in March of next year.

Tea party conservatives are largely to thank (or blame!) for this new budgetary reality where we are constantly preparing for or recovering from a fiscal fight on Capitol Hill. Some have called it thuggish hostage taking. Others have called it brilliant. Either way, it is defining the agenda in Washington while thwarting the President as he tries to find traction in Congress for his second term policy initiatives. Will the White House negotiate the next time the debt limit needs to be raised (as has been the norm up until last month)? Can the two sides find a grand bargain deal that funds the government for FY 2014 and avoids the next debt limit fight altogether? We hope those questions can be answered in the positive so that Washington can begin to function again.

December 13th – The New Deadline

Can the next six weeks bring resolution to the budget and fiscal fights that have plagued Washington for the past several years? Under the terms of the deal that ended the shutdown and extended the debt limit, the next round of budget and deficit negotiations will begin with a conference committee to try and resolve the differences between the House and Senate budget plans for FY 2014. The committee is supposed to reach an agreement before December 13th. As you may recall, those budget plans were passed back in March and April and have been

Innovative Federal Strategies LLC

gathering dust ever since. The Senate plan includes almost \$1 trillion in new tax revenues over the next 10 years, while the House plan proposes additional spending cuts and no new taxes. House and Senate Budget Committee Chairs Rep. Paul Ryan (R-WI) and Sen. Patty Murray (D-WA) will lead the effort.

Theoretically, this type of budget conference is supposed to be an annual event that takes place each April. Under regular order, the product of the budget conference sets the annual spending levels for the appropriations process and makes other budgetary policy for the coming fiscal year. But it has been many years since a budget conference took place. Taxation and spending issues are no less controversial than they have been during the past two years, which is probably why Congressional leaders have been downplaying the possibility that this round of talks will produce a grand bargain. Republicans remain opposed to any new taxes and generally supportive of reductions in spending for the domestic federal agencies through continued implementation of the sequester budget cuts. Meanwhile, Democrats want to raise new revenues through tax increases and to end the sequester, especially its brutal impacts on the domestic federal agencies.

The White House will also have a stake in the negotiations through the President's Budget for FY 2014 which was released in April. It contained several provisions aimed at deficit reduction, including increases in fees and premiums for Medicare and a slowdown of cost-of-living increases to Social Security through a budgetary adjustment known as "chained CPI." The term references the fact that cost-of-living increases become linked to the Consumer Price Index rather than the formula by which they are currently calculated, and chained CPI lowers the costs of Social Security in the long term. Overall, the President has indicated a willingness to change mandatory spending programs which is not necessarily backed by Democrats in Congress. For instance, more than 100 Democrats in the House signed a letter opposing chained CPI. Whether that tension between Congressional Democrats and the White House will cause conflict during the budget talks remains to be seen.

FY 2014 Appropriations Outlook

Intricately connected to the budget and deficit fights is the immediate problem of FY 2014 federal spending. Reconciling federal funding priorities is always challenging, but it is especially difficult this year because of the ongoing sequester budget cuts. The House and Senate have been working with a \$91 billion gap in spending projections because of the sequester, and another round of the cuts is due to hit on January 15th of next year. It is no coincidence that the funding extension enacted at the end of the shutdown lasts until January 15th, with the plan being for some new spending blueprint to be in effect before the sequester cuts hit.

Once upon a time, everyone had hoped that this year would bring a return to regular order – the state of affairs in the "good old days" where Congress enacted individual spending bills and sent them to the President for signature before the end of the fiscal year. Sadly, the last time that an individual spending bill received the President's signature was the Department of Defense bill for FY 2012 on December 19th of 2009. The fact that it has been many years since regular order could be counted on in the appropriations process is probably a leading reason that there is now growing talk of a long-term Continuing Resolution (CR) to fund the government for the

Innovative Federal Strategies LLC

remainder of FY 2014. As we have reported in the past, CRs are a terrible way to fund the government. They do not make any policy changes, modernize programs or improve the agencies in any way. Rather, they merely continue one year's funding policies into the next year. The agency with the best hope of escaping the fate of a CR for the rest of the year is the Defense Department, which could possibly see a funding bill for FY 2014 combined with Homeland Security and Military Construction. Unfortunately, the domestic bills will be harder to finish given how compressed the timeline will be. By the time that the FY 2014 process is nearing completion, it will be very close to the deadline for the President to release his FY 2015 budget and begin the process all over again.

Farm Bill Conference Underway

Agriculture policy makers on the Hill are going to use this lull between fiscal fights to try and finish the long overdue Farm Bill. Conference negotiations kicked off during the final days of October and will last into early November. House and Senate negotiators face the daunting task of reconciling the vastly different funding levels in the two bills for the Supplemental Nutrition Assistance Program (SNAP or food stamps). While the Senate bill cuts \$4 billion from the program over 10 years, the House bill contains a massive cut of \$39 billion over the same period. The House bill is also more ambitious in that it replaces all existing law, but the Senate bill retains the 1938 and 1949 farm bills as the basis for commodity programs at the federal level. The last Farm Bill was enacted in 2008, and it would be a huge relief for this one to achieve final passage before the end of the year.

Outlook for November

Compared to the turmoil of October, November could be very sleepy in Washington. Rumors are circulating that the House could take some extra recess days this month in order to make up for the lost recess weeks and late nights and weekends worked during the government shutdown. Under the schedule as it now stands, the House will be in recess until November 12th and will go out of session again on the 22nd for the Thanksgiving break. The Senate has not announced a schedule for November and December as of this writing. There could be final votes on either a Farm Bill conference report or a WRDA conference report depending on how quickly the conference committees are able to proceed.

INFORMATION
ITEM

3F

October 30, 2013

To: Inland Empire Utilities Agency
From: Michael Boccadoro
President
RE: October Legislative Report



Overview:

The Governor took final action on bills from the first year of the 2013-2014 Legislative Session. With very little left on the Governor's desk regarding water and energy, the signing deadline came and went without many significant events. The Legislature will return to Sacramento on January 6 to start the final year of the two-year session.

While the final legislative push to pass AB 145 (Perea), a bill to move the drinking water program from the Department of Public Health to the State Water Resources Control Board, failed, the Governor has created a working group to outline the process to achieve the goals of AB 145. The group has been meeting to iron out details that will be presented in the 2014-2015 budget to officially transfer the drinking water program to the State Board.

The State Water Resources Control Board has released a draft concept paper on groundwater. The paper looks at a number of different aspects of groundwater regulation. The paper considers anti-degradation policy, the effects of climate change on surface storage, and other aspects of groundwater management.

The California Air Resources Board has released the draft AB 32 Scoping Plan Update. The controversial draft recommends measures that could be used to extend AB 32, beyond the statutorily codified goals of reducing greenhouse gas emissions to 1990 levels by 2020. A subsequent executive order discussed reducing greenhouse gas levels by 80 percent below 1990 levels by 2050. Public review of the scoping plan update is continuing.

The California Public Utilities Commission recently approved energy storage targets for the state's Investor Owned Utilities. The goals could lead to increased investment in renewable energy and energy efficiency.

The ongoing battle over the legality of the California Public Utilities Commission (CPUC) created Electric Program Investment Charge (EPIC) has another chapter. A three-member appellate panel asked for further information from Southern California Edison and the Attorney General's Office (on behalf of the CPUC) as they consider the program's validity.

Inland Empire Utilities Agency

Status Report – October 2013

Drinking Water Program Shift to SWRCB

Even though the Legislature failed to pass AB 145 (Perea), the Governor's staff has convened a stakeholder working group to develop a plan to shift the state's drinking water program from the Department of Public Health (DPH) to the State Water Resources Control Board (SWRCB) in the 2014-15 budget.

Significant issues are being worked through at the stakeholder meetings to ensure that sufficient resources will be applied to avoid any reduction in permitting capacity and develop updated regulations to compensate for any backlog. Codifying the role of local field offices is also a priority of water agency representatives. The process for developing MCLs has also been a hot topic in the stakeholder group discussions. The SWRCB understands that shifting the MCL program to the SWRCB is going to be a major undertaking, and that the full board will likely vote on MCLs rather than the DPH director approving MCLs, as is the current practice.

Groundwater Concept Paper Released by SWRCB

The State Water Resources Control Board (SWRCB) recently released a "groundwater concept paper" that outlines future actions the board might pursue to improve groundwater quality and management throughout the state. The paper was developed to describe a proposed workplan framework under which the board's groundwater activities would be organized.

The paper emphasizes a need to coordinate information given to the state, regional or local planning agencies to better understand the nature of groundwater quality. There is a strong focus on looking at anti-degradation policies and, specifically, nitrate issues. The paper also aims to address the impacts that climate change will have on surface water storage and the state's eventual need to rely more on groundwater than it has in the past.

The SWRCB will convene stakeholder meetings, in addition to a January board meeting, to discuss stakeholder input.

AB 32 Scoping Plan Update Discussion Draft Released

AB 32, the 2006 Global Warming Solutions Act, requires the California Air Resources Board (CARB) to update the original scoping plan every five years. To that end, CARB released a draft scoping update and held an initial stakeholder workshop to discuss the draft.

The draft update concludes that the state is on track to meet the target of reaching 1990 GHG levels by the end of 2020 and officials should now set a new "interim" reduction target for 2030 as a step to meeting Governor Schwarzenegger's Executive Order to reduce emissions to 80 percent below 1990 levels by 2050. Many stakeholders contend that AB 32 only established the 2020 reduction target and any further targets must be approved by the Legislature.

While stakeholders continue the legal discussion of further reductions, the scoping plan moves forward and lays out strategies to cut GHGs from several sectors, including transportation, energy, water, wastewater management and land use, mostly through new and expanded initiatives to fund programs and projects.

The draft plan also indicated that CARB will develop a “short-lived climate pollutant” strategy by 2016 that will include an inventory of sources and emissions, the identification of additional research needs, and a plan for developing necessary control measures to target pollutants, including black carbon, methane and hydrofluorocarbons.

During the public stakeholder workshop, many representatives noted that the plan fails to provide any details on the control measures the board will seek, projected levels of GHG cuts expected or timelines for the development of such rules.

A revised draft will be released in late November.

Energy Storage

A new emphasis has been given to developing energy storage throughout California. With the deployment of large amounts of renewable energy sources, decreased load factors of power system assets, increasing costs and difficulty siting and building power plants and transmission lines, and in Southern California’s case, the loss of SONGS and the imminent retirement of once-through-cooling facilities, have combined to start a strong dialogue about energy storage projects in the state.

California only has about sixty energy storage projects currently operating, ranging from entities such as Gills Onions to the SCE Tehachapi Wind Energy Storage Project. To further develop energy storage in the state, the California Public Utilities Commission (CPUC) approved energy storage targets for the state’s investor owned utilities. The utilities must procure over 1.325 GW from energy storage by 2020. The decision outlined guiding principles for the procurement targets including integrating renewables; reducing greenhouse gas emissions and optimizing the grid in order to reduce peak demand, contribute to reliability needs and defer transmission and distribution upgrades.

EPIC Update

Earlier this year, Southern California Edison (SCE) filed a lawsuit against the California Public Utilities Commission (CPUC) over the creation of the Electric Program Investment Charge (EPIC). EPIC is the program created, at direction from Governor Brown, to replace the Public Goods Charge.

When the Public Goods Charge expired on December 31, 2011, the Legislature made an attempt to extend the charge, IEUA worked hard to include some dedicated funding for bioenergy in the proposed legislation, but failed to get the two-thirds majority vote needed.

Because the Legislature failed to reauthorize the program, the Governor asked the CPUC to extend the program, utilizing their broad constitutional authority to continue funding for energy

projects in the areas of applied research, technology demonstration and deployment, and market facilitation.

The SCE lawsuit challenges the CPUC's authority to create and implement EPIC. Additionally, SCE filed a similar suit challenging the CPUC's denial of SCE's application for re-hearing. There are three basic reasons SCE contends that the EPIC program is unlawful:

- CPUC jurisdiction to regulate utilities does not extend to the establishment of a charge to fund another state agency (in this case the CEC.)
- EPIC is not a regulatory fee, but a tax only the Legislature can implement
 - CPUC lacks authority to implement a tax.
 - EPIC is a tax because it collects for the government to distribute for a social objective.
 - EPIC is not a regulatory fee under the standard established in Proposition 26 and is not a mitigative fee under *Sinclair v. Paint*.
- EPIC involves an unlawful delegation of authority from the CPUC to the CEC.

An oral argument hearing was held in mid-October. Both SCE and the CPUC were asked to submit supplemental briefs to the three-judge panel hearing the case. The outcome of this case could have significant effects on funding available for renewable energy and energy efficiency programs in California.

Legislative Update

October 13 was the final date for the Governor to sign or veto legislation from the first year of the 2013-2014 legislative session. In the end, the Governor signed 805 bills and vetoed 96. There are still over 1000 bills held over that could be acted on when the Legislature returns in early January.

AB 327 (Perea)

The bill not only extends the Net-Energy Metering Program (NEM) and adopted language that could allow the state's Investor Owned Utilities (IOUs) to change existing NEM contracts to a rate that is less than full-retail, such as a "gen to gen." How this might affect existing PPA contracts is unclear, but will depend on how the contract is written. The CPUC is required to address and finalize NEM "grandfathering" rules by March 2014. The Governor included a positive signing message that directs the CPUC to, "ensure that customers who took service under net metering prior to the statutory net metering cap on or before July 1, 2017, are protected under those rules for the expected life of their system." The Dolphin Group will actively participate in the implementation of the bill at the CPUC to ensure that existing customer NEM projects are not impacted.

Bills that reached the Governor's Desk that IEUA was tracking

Water Quality

AB 21 (Alejo D) Safe Drinking Water Small Community Emergency Grant Fund.

Introduced: 12/3/2012

Status: 10/8/2013-Chaptered by Secretary of State - Chapter 628, Statutes of 2013.

Summary: Would authorize the Department of Public Health to assess a specified annual charge in lieu of interest on loans for water projects made pursuant to the Safe Drinking Water State Revolving Fund, and deposit that money into the Safe Drinking Water Small Community Emergency Grant Fund, which the bill would create in the State Treasury. The bill would limit the grant fund to a maximum of \$50,000,000. The bill would authorize the department to expend the money for grants for specified water projects that serve disadvantaged and severely disadvantaged communities, thereby making an appropriation.

Position

Subject

Watch

Water
Quality

AB 30 (Perea D) Water quality.

Introduced: 12/3/2012

Status: 10/8/2013-Chaptered by Secretary of State - Chapter 629, Statutes of 2013.

Summary: Current law authorizes the State Water Resources Control Board, until 2014, to assess a specified annual charge in connection with any financial assistance made pursuant to the revolving fund program in lieu of interest that otherwise would be charged and requires the proceeds generated from the imposition of that charge to be deposited in the State Water Pollution Control Revolving Fund Small Community Grant Fund, along with any interest earned upon the moneys in the grant fund. This bill would eliminate the requirement that the charge remain unchanged until 2014 and instead would authorize the board to assess the charge without change unless the board makes a prescribed determination. This bill would require the board to replace the charge with an identical interest rate if the board ceases collecting the charge before the repayment is complete.

Position

Subject

Watch

Water
Quality

AB 115 (Perea D) Safe Drinking Water State Revolving Fund.

Introduced: 1/14/2013

Status: 10/8/2013-Chaptered by Secretary of State - Chapter 630, Statutes of 2013.

Summary: Would authorize a legal entity, as defined, to apply for grant funding on behalf of one or more public water systems serving disadvantaged or severely disadvantaged communities if specified requirements are met, including having a signed agreement with each public water system for which it is applying for funding. By authorizing the use of a continuously appropriated fund for new purposes, this bill would make an appropriation. This bill contains other related provisions and other existing laws.

Position	Subject
Watch	Water Quality

AB 118 (Committee on Environmental Safety and Toxic Materi) Safe Drinking Water State Revolving Fund.

Introduced: 1/14/2013

Status: 10/8/2013-Chaptered by Secretary of State - Chapter 631, Statutes of 2013.

Summary: Would limit loans and grants from the Safe Drinking Water State Revolving Fund for planning and preliminary engineering studies, project design, and construction costs to those incurred by community and not-for-profit noncommunity public water systems and would specify that a small community water system or nontransient noncommunity water system that is owned by a public agency or a private not-for-profit water company and is serving a severely disadvantaged community, is deemed to have no ability to repay a loan. This bill contains other related provisions and other existing laws.

Position	Subject
Watch	Water Quality

AB 119 (Committee on Environmental Safety and Toxic Materi) Water treatment devices.

Introduced: 1/14/2013

Status: 9/28/2013-Chaptered by Secretary of State - Chapter 403, Statutes of 2013.

Summary: Would revise the criteria and procedure for certification of water treatment devices for which a health or safety claim, as defined, is made and would require each manufacturer that offers for sale in California one of those water treatment devices to submit specified information, including the manufacturer's contact information, product identification information, the specific contaminant claimed to be removed or reduced by the device, and a

product information worksheet, as described, to the State Department of Public Health for purposes of inclusion on the department's Internet Web site. This bill contains other related provisions.

Position	Subject
Watch	Water Quality

AB 850 (Nazarian D) Public capital facilities: water quality.

Introduced: 2/21/2013

Status: 10/8/2013-Chaptered by Secretary of State - Chapter 636, Statutes of 2013.

Summary: Would authorize specified joint powers authorities, upon the application of a local agency that owns and operates a publicly owned utility, as defined, to issue rate reduction bonds to finance a utility project, as defined, under specified circumstances. The bill would terminate the authority to issue rate reduction bonds pursuant to these provisions after December 31, 2020. The bill would provide that the rate reduction bonds are secured by utility project property, as defined. The bill would authorize the authority to impose on, and collect from, customers of the publicly owned utility a utility project charge, as a separate nonbypassable charge, to finance the rate reduction bond.

Position	Subject
Watch	Water Quality

Bay Delta

AB 1259 (Olsen R) Sacramento-San Joaquin Valley.

Introduced: 2/22/2013

Status: 9/6/2013-Chaptered by Secretary of State - Chapter 246, Statutes of 2013.

Summary: Current law requires each city and county within the Sacramento-San Joaquin Valley, within 24 months of the adoption of the Central Valley Flood Protection Plan, to amend its general plan to include specified data, policies, and implementation measures. The city or county is also required, within 36 months of the adoption of the Central Valley Flood Protection Plan, but not more than 12 months after the amendment of its general plan, to amend its zoning ordinance to be consistent with the general plan, as amended. This bill would include, among the findings that exempt a city or county from the above-described prohibition and requirement, a finding that property in an undetermined risk area has met the urban level of flood protection based on substantial evidence in the record. This bill contains other existing laws.

Position
Watch

Subject
Bay Delta

Water

AB 426 (Salas D) Water: water transfers: water right decrees.

Introduced: 2/15/2013

Status: 10/8/2013-Chaptered by Secretary of State - Chapter 634, Statutes of 2013.

Summary: Under current law, any water right determined under a court decree issued after January 1, 1981, is transferable as specified. This bill would eliminate the requirement that a court decree be issued after January 1, 1981.

Position
Watch

Subject
Water

AB 803 (Gomez D) Water Recycling Act of 2013.

Introduced: 2/21/2013

Status: 10/8/2013-Chaptered by Secretary of State - Chapter 635, Statutes of 2013.

Summary: Current law requires any person who, without regard to intent or negligence, causes or permits any sewage or other waste, or the effluent of treated sewage or other waste, to be discharged in or on any waters of the state, or where it probably will be discharged in or on any waters of the state, to immediately notify the local health officer of the director of environmental health of the discharge, as prescribed. This bill, the Water Recycling Act of 2013, would provide that this notification requirement does not apply to an unauthorized discharge of effluent of treated sewage defined as recycled water, as defined. This bill contains other related provisions and other existing laws.

Position
Priority

Subject
Water

AB 1200 (Levine D) Recycled water: agricultural irrigation impoundments: pilot project.

Introduced: 2/22/2013

Status: 10/7/2013-Vetoed by the Governor

Summary: Would, before October 1, 2014, and until January 1, 2018, permit the San Francisco Bay Regional Water Quality Board to authorize a voluntary pilot project for the purposes of investigating potential water quality impacts associated with maximizing the supplementation of agricultural irrigation impoundments with disinfected tertiary treated recycled water, if the regional

board finds that the proposed pilot project satisfies specified criteria. This bill would require the pilot project to include a stakeholder advisory group, composed as prescribed, to review and provide input on pilot project design, implementation, and data analysis.

Position	Subject
Watch	Water

Energy

AB 327 (Perea D) Electricity: natural gas: rates: net energy metering: California Renewables Portfolio Standard Program.

Introduced: 2/13/2013

Status: 10/7/2013-Chaptered by Secretary of State - Chapter 611, Statutes of 2013.

Summary: Would repeal the limitations upon increasing the electric service rates of residential customers, including the rate increase limitations applicable to electric service provided to CARE customers, but would require the Public Utilities Commission, in establishing rates for CARE program participants, to ensure that low-income ratepayers are not jeopardized or overburdened by monthly energy expenditures and to adopt CARE rates in which the level of discount for low-income electricity and gas ratepayers correctly reflects their level of need, as determined by a specified needs assessment. The bill would require that this needs assessment be performed not less often than every 3rd year. This bill contains other related provisions and other existing laws.

Position	Subject
Watch	Energy

AB 340 (Bradford D) Public utilities: Electric Program Investment Charge: contracting.

Introduced: 2/13/2013

Status: 10/5/2013-Vetoed by the Governor

Summary: Would require the Public Utilities Commission to establish a program to encourage the use of women, minority, and disabled veteran-owned businesses as prime contractors and subcontractors for all grants, contracts, subsidies, financing, and activities administered through the EPIC consistent with General Order 156 of the commission. This bill contains other related provisions and other existing laws.

Position	Subject
Watch	Energy

SB 43 (Wolk D) Electricity: Green Tariff Shared Renewables Program.

Introduced: 12/11/2012

Status: 9/28/2013-Chaptered by Secretary of State - Chapter 413, Statutes of 2013.

Summary: Would enact the Green Tariff Shared Renewables Program. The program would require a participating utility, defined as being an electrical corporation with 100,000 or more customers in California, to file with the Public Utilities Commission an application requesting approval of a green tariff shared renewables program to implement a program enabling ratepayers to participate directly in offsite electrical generation facilities that use eligible renewable energy resources, consistent with certain legislative findings and statements of intent. This bill contains other related provisions and other existing laws.

Position	Subject
Watch	Energy

Public Agency

AB 72 (Holden D) Municipal water district: board of directors.

Introduced: 1/10/2013

Status: 6/17/2013-Chaptered by Secretary of State - Chapter 8, Statutes of 2013.

Summary: The Municipal Water District Law of 1911 provides for the formation of a municipal water district and the election of a board of directors of a municipal water district. Current law requires directors, except directors elected at the district formation election, to take office on the first Monday after January 1 succeeding their election. This bill would instead require the directors of a municipal water district, except directors elected at a district formation election, to take office on the first Friday in December succeeding their election.

Position	Subject
Priority	Public Agency

AB 662 (Atkins D) Local government: redevelopment: successor agencies to redevelopment agencies.

Introduced: 2/21/2013

Status: 10/13/2013-Vetoed by the Governor

Summary: Current law prohibits an infrastructure financing district from including any portion of a redevelopment project area. This bill would delete that prohibition and would authorize a district to finance a project or portion of a project that is located in, or overlaps with, a redevelopment project area or former redevelopment project area, as specified. This bill contains other related

provisions and other existing laws.

Position

Subject

Watch

Public
Agency

All bills from 2013

Status Report						
Wednesday, October 30, 2013						
Measure	Author	Topic	Status	Location	Calendar	Position
<u>AB 1</u>	<u>Alejo D</u>	Water quality: integrated plan: Salinas Valley.	5/24/2013-In committee: Set, second hearing. Held under submission.	4/10/2013-A. APPR. SUSPENSE FILE		Watch
<u>AB 21</u>	<u>Alejo D</u>	Safe Drinking Water Small Community Emergency Grant Fund.	10/8/2013-Chaptered by Secretary of State - Chapter 628, Statutes of 2013.	10/8/2013-A. CHAPTERED		Watch
<u>AB 30</u>	<u>Perea D</u>	Water quality.	10/8/2013-Chaptered by Secretary of State - Chapter 629, Statutes of 2013.	10/8/2013-A. CHAPTERED		Watch
<u>AB 69</u>	<u>Perea D</u>	Groundwater: drinking water: Nitrate at Risk Fund.	8/12/2013-From committee chair, with author's amendments: Amend, and re-refer to committee. Read second time, amended, and re-referred to Com. on	8/12/2013-S. AGRI.		Priority

			AGRI.			
<u>AB 72</u>	<u>Holden D</u>	Municipal water district: board of directors.	6/17/2013- Chaptered by Secretary of State - Chapter 8, Statutes of 2013.	6/17/2013- A. CHAPTERED		Priority
<u>AB 115</u>	<u>Perea D</u>	Safe Drinking Water State Revolving Fund.	10/8/2013- Chaptered by Secretary of State - Chapter 630, Statutes of 2013.	10/8/2013- A. CHAPTERED		Watch
<u>AB 118</u>	Committee on Environmental Safety and Toxic Materi	Safe Drinking Water State Revolving Fund.	10/8/2013- Chaptered by Secretary of State - Chapter 631, Statutes of 2013.	10/8/2013- A. CHAPTERED		Watch
<u>AB 119</u>	Committee on Environmental Safety and Toxic Materi	Water treatment devices.	9/28/2013- Chaptered by Secretary of State - Chapter 403, Statutes of 2013.	9/28/2013- A. CHAPTERED		Watch
<u>AB 142</u>	Committee on Water, Parks and Wildlife	Water resources: infrastructure.	5/24/2013- Failed Deadline pursuant to Rule 61(a)(5). (Last location was APPR. on 5/7/2013)	5/24/2013-A. 2 YEAR		Priority
<u>AB 145</u>	<u>Perea D</u>	State Water Resources Control Board: drinking water.	8/30/2013- Failed Deadline pursuant to Rule 61(a)(11). (Last location was APPR. SUSPENSE FILE on 8/12/2013)	8/30/2013-S. 2 YEAR		Priority
<u>AB 177</u>	<u>V. Manuel Pérez D</u>	Renewable resources.	7/12/2013- Failed Deadline pursuant to Rule	7/12/2013-A. 2 YEAR		

			61(a)(2). (Last location was U. & C. on 6/6/2013 Last Action on 6/6/2013)			
<u>AB 194</u>	<u>Campos D</u>	Open meetings: protections for public criticism: penalties for violations.	5/3/2013-Failed Deadline pursuant to Rule 61(a)(2). (Last location was L. GOV. on 2/7/2013)	5/3/2013-A. 2 YEAR		Watch
<u>AB 284</u>	<u>Quirk D</u>	Energy: Road to 2050 Board: reporting.	5/24/2013- Failed Deadline pursuant to Rule 61(a)(5). (Last location was APPR. SUSPENSE FILE on 5/24/2013)	5/24/2013-A. 2 YEAR		Watch
<u>AB 293</u>	<u>Allen R</u>	Energy: California Clean Energy Jobs Act: implementation	5/24/2013- Failed Deadline pursuant to Rule 61(a)(5). (Last location was APPR. SUSPENSE FILE on 5/16/2013)	5/24/2013-A. 2 YEAR		Watch
<u>AB 295</u>	<u>Committee on Water, Parks and Wildlife</u>	Water: water supply: infrastructure.	5/24/2013- Failed Deadline pursuant to Rule 61(a)(5). (Last location was APPR. on 5/7/2013)	5/24/2013-A. 2 YEAR		Priority
<u>AB 327</u>	<u>Perea D</u>	Electricity: natural gas: rates: net energy metering: California	10/7/2013- Chaptered by Secretary of State - Chapter 611, Statutes of 2013.	10/7/2013- A. CHAPTERE D		Watch

		Renewables Portfolio Standard Program.				
<u>AB 340</u>	<u>Bradford D</u>	Public utilities: Electric Program Investment Charge: contracting.	10/5/2013-Vetoed by the Governor	10/5/2013-A. VETOED		Watch
<u>AB 378</u>	<u>Hueso D</u>	Resources: Delta research.	5/3/2013-Failed Deadline pursuant to Rule 61(a)(2). (Last location was A. & A.R. on 3/7/2013)	5/3/2013-A. 2 YEAR		Watch
<u>AB 416</u>	<u>Gordon D</u>	State Air Resources Board: Local Emission Reduction Program.	5/24/2013-Failed Deadline pursuant to Rule 61(a)(5). (Last location was APPR. SUSPENSE FILE on 5/1/2013)	5/24/2013-A. 2 YEAR		Watch
<u>AB 423</u>	<u>Torres D</u>	Multiphase affordable housing projects: enforceable obligations.	8/30/2013-In committee: Placed on APPR. suspense file. In committee: Held under submission.	8/30/2013-S. APPR. SUSPENSE FILE		Priority
<u>AB 426</u>	<u>Salas D</u>	Water: water transfers: water right decrees.	10/8/2013-Chaptered by Secretary of State - Chapter 634, Statutes of 2013.	10/8/2013-A. CHAPTERED		Watch
<u>AB 613</u>	<u>Hueso D</u>	Water: water reclamation.	5/10/2013-Failed Deadline pursuant to Rule 61(a)(3). (Last	5/10/2013-A. 2 YEAR		Watch

			location was PRINT on 2/20/2013)			
<u>AB 662</u>	<u>Atkins D</u>	Local government: redevelopment: successor agencies to redevelopment agencies.	10/13/2013- Vetoed by the Governor	10/13/2013- A. VETOED		Watch
<u>AB 741</u>	<u>Brown D</u>	Local government finance: tax equity allocation formula: qualifying cities.	3/11/2013- Referred to Com. on L. GOV.	3/11/2013-A. L. GOV.		Priority
<u>AB 793</u>	<u>Gray D</u>	Renewable energy: publicly owned electric utility: hydroelectric generation facility.	9/13/2013- Failed Deadline pursuant to Rule 61(a)(14). (Last location was INACTIVE FILE on 9/3/2013)	9/13/2013-S. 2 YEAR		Watch
<u>AB 803</u>	<u>Gomez D</u>	Water Recycling Act of 2013.	10/8/2013- Chaptered by Secretary of State - Chapter 635, Statutes of 2013.	10/8/2013- A. CHAPTERE D		Priority
<u>AB 823</u>	<u>Eggman D</u>	Environment: California Farmland Protection Act.	5/3/2013-Failed Deadline pursuant to Rule 61(a)(2). (Last location was AGRI. on 4/30/2013)	5/3/2013-A. 2 YEAR		Watch
<u>AB 850</u>	<u>Nazarian D</u>	Public capital facilities: water quality.	10/8/2013- Chaptered by Secretary of State - Chapter 636, Statutes of	10/8/2013- A. CHAPTERE D		Watch

			2013.			
<u>AB</u> <u>1014</u>	<u>Williams D</u>	Energy: electrical corporations: green tariff shared renewable program.	7/12/2013- Failed Deadline pursuant to Rule 61(a)(10)(SEN). (Last location was RLS. on 6/13/2013)	7/12/2013-S. 2 YEAR		Watch
<u>AB</u> <u>1031</u>	<u>Achadjian R</u>	Local government: open meetings.	5/10/2013- Failed Deadline pursuant to Rule 61(a)(3). (Last location was PRINT on 2/22/2013)	5/10/2013-A. 2 YEAR		Watch
<u>AB</u> <u>1043</u>	<u>Chau D</u>	Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006: groundwater contamination.	7/12/2013- Failed Deadline pursuant to Rule 61(a)(10)(SEN). (Last location was N.R. & W. on 6/13/2013)	7/12/2013-S. 2 YEAR		Watch
<u>AB</u> <u>1078</u>	<u>Quirk D</u>	Water: water recycling technology.	5/10/2013- Failed Deadline pursuant to Rule 61(a)(3). (Last location was PRINT on 2/22/2013)	5/10/2013-A. 2 YEAR		Watch
<u>AB</u> <u>1104</u>	<u>Salas D</u>	Energy: net energy metering.	5/10/2013- Failed Deadline pursuant to Rule 61(a)(3). (Last location was PRINT on 2/22/2013)	5/10/2013-A. 2 YEAR		Watch
<u>AB</u> <u>1200</u>	<u>Levine D</u>	Recycled water: agricultural irrigation	10/7/2013- Vetoed by the Governor	10/7/2013- A. VETOED		Watch

		impoundments: pilot project.				
<u>AB</u> <u>1223</u>	<u>Stone D</u>	Safe drinking water act.	5/10/2013- Failed Deadline pursuant to Rule 61(a)(3). (Last location was PRINT on 2/22/2013)	5/10/2013-A. 2 YEAR		Watch
<u>AB</u> <u>1228</u>	<u>V. Manuel</u> <u>Pérez D</u>	Electricity: eligible fuel cell customer- generators.	5/3/2013-Failed Deadline pursuant to Rule 61(a)(2). (Last location was U. & C. on 4/25/2013)	5/3/2013-A. 2 YEAR		Priority
<u>AB</u> <u>1249</u>	<u>Salas D</u>	Public water systems: water supply assessments.	5/10/2013- Failed Deadline pursuant to Rule 61(a)(3). (Last location was PRINT on 2/22/2013)	5/10/2013-A. 2 YEAR		Watch
<u>AB</u> <u>1251</u>	<u>Gorell R</u>	Water quality: stormwater.	5/24/2013- Failed Deadline pursuant to Rule 61(a)(5). (Last location was APPR. SUSPENSE FILE on 5/16/2013)	5/24/2013-A. 2 YEAR		Watch
<u>AB</u> <u>1259</u>	<u>Olsen R</u>	Sacramento- San Joaquin Valley.	9/6/2013- Chaptered by Secretary of State - Chapter 246, Statutes of 2013.	9/6/2013- A. CHAPTERE D		Watch
<u>AB</u> <u>1301</u>	<u>Bloom D</u>	Oil and gas: hydraulic fracturing.	5/24/2013- Failed Deadline pursuant to Rule 61(a)(5). (Last location was APPR.	5/24/2013-A. 2 YEAR		Watch

			SUSPENSE FILE on 5/15/2013)			
<u>AB</u> <u>1320</u>	<u>Bloom D</u>	Redevelopment : allocation of property tax: passthrough payments.	5/3/2013-Failed Deadline pursuant to Rule 61(a)(2). (Last location was L. GOV. on 4/17/2013)	5/3/2013-A. 2 YEAR		Watch
<u>AB</u> <u>1331</u>	<u>Rendon D</u>	Climate Change Response for Clean and Safe Drinking Water Act of 2014.	9/11/2013- Senate Rule 29.3 suspended. (Ayes 24. Noes 7. Page 2353.) From committee chair, with author's amendments: Amend, and re- refer to committee. Read second time, amended, and re-referred to Com. on N.R. & W.	9/11/2013- S. N.R. & W.		Priority
<u>AB</u> <u>1349</u>	<u>Gatto D</u>	CalConserve Water Use Efficiency Revolving Fund.	5/24/2013-In committee: Set, second hearing. Held under submission.	5/8/2013- A. APPR. SUSPENSE FILE		Watch
<u>AB</u> <u>1354</u>	<u>Chávez R</u>	Public utilities: net-energy metering.	5/10/2013- Failed Deadline pursuant to Rule 61(a)(3). (Last location was PRINT on 2/22/2013)	5/10/2013-A. 2 YEAR		Watch
<u>AB</u> <u>1368</u>	<u>Patterson R</u>	Self-generation incentive program.	5/10/2013- Failed Deadline pursuant to Rule 61(a)(3). (Last location was	5/10/2013-A. 2 YEAR		Watch

			PRINT on 2/22/2013)			
<u>SB 24</u>	<u>Walters R</u>	Public employees' retirement: benefit plans.	5/3/2013-Failed Deadline pursuant to Rule 61(a)(2). (Last location was P.E. & R. on 1/10/2013)	5/3/2013-S. 2 YEAR		Watch
<u>SB 40</u>	<u>Pavley D</u>	Safe, Clean, and Reliable Drinking Water Supply Act of 2012.	1/31/2013-Re-referred to Coms. on N.R. & W. and RLS.	1/31/2013-S. N.R. & W.		Priority
<u>SB 42</u>	<u>Wolk D</u>	Safe Drinking Water, Water Quality, and Flood Protection Act of 2014.	9/11/2013-Senate Rule 29.3(b) suspended. (Ayes 25. Noes 5. Page 2341.) From committee with author's amendments. Read second time and amended. Re-referred to Com. on NAT. RES.	9/11/2013-A. NAT. RES.		Priority
<u>SB 43</u>	<u>Wolk D</u>	Electricity: Green Tariff Shared Renewables Program.	9/28/2013-Chaptered by Secretary of State - Chapter 413, Statutes of 2013.	9/28/2013-S. CHAPTERED		Watch
<u>SB 449</u>	<u>Galgiani D</u>	Local water supply programs or projects: funding.	8/30/2013-Failed Deadline pursuant to Rule 61(a)(11). (Last location was N.R. & W. on 8/22/2013)	8/30/2013-S. 2 YEAR		
<u>SB 658</u>	<u>Correa D</u>	Orange County Water District Act:	5/31/2013-Failed Deadline pursuant to Rule	5/31/2013-S. 2 YEAR		Priority

		investigation, cleanup, and liability.	61(a)(8). (Last location was INACTIVE FILE on 5/24/2013)			
<u>SB 691</u>	<u>Hancock D</u>	Nonvehicular air pollution control: penalties.	9/13/2013- Failed Deadline pursuant to Rule 61(a)(14). (Last location was INACTIVE FILE on 9/12/2013)	9/13/2013-A. 2 YEAR		Watch
<u>SB 699</u>	<u>Hill D</u>	Electricity: electrical corporations: clean distributed energy resources.	8/16/2013- Failed Deadline pursuant to Rule 61(a)(10)(ASM) . (Last location was U. & C. on 8/7/2013)	8/16/2013-A. 2 YEAR		Watch
<u>SB 731</u>	<u>Steinberg D</u>	Environment: California Environmental Quality Act.	9/13/2013- Failed Deadline pursuant to Rule 61(a)(14). (Last location was L. GOV. on 9/11/2013)	9/13/2013-A. 2 YEAR		Watch
<u>SB 735</u>	<u>Wolk D</u>	Sacramento-San Joaquin Delta Reform Act of 2009: multispecies conservation plans.	8/16/2013- Failed Deadline pursuant to Rule 61(a)(10)(ASM) . (Last location was W.,P. & W. on 6/17/2013)	8/16/2013-A. 2 YEAR		Priority
<u>SB 750</u>	<u>Wolk D</u>	Building standards: water meters: multiunit structures.	8/16/2013- Failed Deadline pursuant to Rule 61(a)(10)(ASM) . (Last location was W.,P. & W. on 8/13/2013)	8/16/2013-A. 2 YEAR		Watch