



AGENDA

MEETING OF THE BOARD OF DIRECTORS

WEDNESDAY, JUNE 18, 2014
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

NEW HIRE INTRODUCTIONS

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. PUBLIC HEARING AND ADOPTION OF THE AGENCY'S BUDGET AND RATE RESOLUTIONS FOR FY 2014/15

It is recommended that the Board:

1. Hold a Public Hearing to receive public comments on the proposed Agency's Budget and Rate Resolutions for FY 2014/15; and

2. After closing the Public Hearing, adopt Resolution No. 2014-6-1, approving the Agency's FY 2014/15 Budget, including the Agency-wide and departmental goals and objectives as outlined in the Budget; and Rate Resolution Nos. 2014-6-3 through 2014-6-9, and 2014-6-13

2. PUBLIC HEARING AND ADOPTION OF ORDINANCE NO. 100

It is recommended that the Board:

1. Hold a Public Hearing to receive public comments prior to the adoption of Ordinance No. 100, establishing classes of water service and regulating the sale and delivery of imported water within the IEUA service area; and
2. After closing the Public Hearing, adopt Ordinance No. 100.

3. PUBLIC HEARING AND ADOPTION OF ORDINANCE NO. 99

It is recommended that the Board:

1. Hold a Public Hearing to receive public comments prior to the adoption of Ordinance No. 99, regulating the availability and use of the Non-Reclaimable Wastewater System (NRWS) and Etiwanda Wastewater Line (EWL) in the Inland Empire Utilities Agency (IEUA); and
2. After closing the Public Hearing, adopt Ordinance No. 99.

4. 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 May 21, 2014 Board meeting, and the June 4, 2014 Board Workshop.

B. TREASURER'S REPORT ON GENERAL DISBURSEMENTS

It is recommended that the Board approve the total disbursements for the month of April 2014 in the amount of \$13,766,006.09.

C. ADOPTION OF RESOLUTION NO. 2014-6-10, ESTABLISHING THE APPROPRIATION LIMITS FOR FISCAL YEAR 2014/15

It is recommended that the Board adopt Resolution No. 2014-6-10, establishing the Appropriation Limits for Fiscal Year 2014/15.

D. ADOPTION OF RESOLUTION NO. 2014-6-11, APPROVING THE ANNUAL UPDATE OF THE INLAND EMPIRE UTILITIES AGENCY INVESTMENT POLICY

It is recommended that the Board the adopt Resolution No. 2014-6-11, approving the Agency's Investment Policy for FY 2014/15.

E. ADOPTION OF THE FY 2014/15 BUDGET FOR THE INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY

It is recommended that the Board adopt Inland Empire Regional Composting Authority (IERCA) Budget for FY 2014/15.

F. ENGINEERING DESIGN SERVICES CONTRACT AMENDMENT FOR THE RP-5 FLOW EQUALIZATION AND EFFLUENT MONITORING

It is recommended that the Board:

1. Approve an amendment to Contract No. 4600001588 with Lee & Ro, Inc. for additional consulting services on the RP-5 Flow Equalization and Effluent Monitoring, Project No. EN11031, for the not-to-exceed fee of \$182,293; and
2. Authorize the General Manager to execute the consultant contract amendment.

G. CONSTRUCTION CONTRACT AWARD FOR THE RP-4 HEADWORKS REPLACEMENT

It is recommended that the Board:

1. Award the construction contract for the RP-4 Headworks Replacement, Project No. EN09021, to J.R. Filanc Construction, Inc. for their low bid of \$1,135,000, and
2. Authorize the General Manager to execute the construction contract.

5. ACTION ITEMS

A. CONSTRUCTION CONTRACT AWARD FOR THE WINEVILLE EXTENSION RECYCLED WATER PIPELINE, SEGMENT A

It is recommended that the Board:

1. Award the construction contract for the Wineville Extension Recycled Water Pipeline, Segment A, Project No. EN06025, to CCL Contracting, Inc., for their low bid of \$10,197,000; and
2. Authorize the General Manager to execute the construction contract.

B. ON-CALL CONSTRUCTION MANAGEMENT SUPPORT AND INSPECTION SERVICES CONTRACT AMENDMENT

It is recommended that the Board:

1. Approve a contract amendment to Butier Engineering Inc., for on-call "as needed" construction management support and inspection services for a not-to-exceed total amount of \$1,625,000 for a term of two years; and

2. Authorize the General Manager to execute the consultant contract amendment.

C. **EASEMENT ACQUISITIONS FOR IEUA PIPELINES IN SAN BERNARDINO COUNTY FLOOD CONTROL DISTRICT RIGHT-OF-WAY**

It is recommended that the Board of Directors:

1. Pre-approve the easement acquisitions for IEUA pipelines within San Bernardino County Flood Control District right-of-way for a not-to-exceed amount of \$2,080,000;
2. Approve the creation of a new project, San Bernardino County Flood Control District Sewer Easements, within the Regional Wastewater Capital (RC) Fund, with a total project budget of \$275,000 from reserves in the RC Fund;
3. Approve the creation of a new project, San Bernardino County Flood Control District Recycled Water Easements, within the Recycled Water Capital (WC) Fund, with a total project budget of \$1,100,000 from reserves in the WC Fund;
4. Approve the creation of a new project, San Bernardino County Flood Control District NRW Easements, within the Non-Reclaimable Wastewater Capital (NC) Fund, with a total project budget of \$515,000 from reserves within the NC Fund; and
5. Authorize the General Manager to execute the pipeline easements.

6. **INFORMATION ITEMS**

- A. **REGIONAL CONTRACT REVIEW – REVIEW OF TEN YEAR FORECAST (WRITTEN)**
- B. **REGIONAL CONTRACT REVIEW – SURVEY OF COMPARABLE AGENCIES (WRITTEN)**
- C. **PLANNING AND ENVIRONMENTAL COMPLIANCE UPDATE (ORAL)**
- D. **MWD UPDATE (ORAL)**

RECEIVE AND FILE INFORMATION ITEMS

- E. **TREASURER’S REPORT OF FINANCIAL AFFAIRS (WRITTEN/ POWERPOINT)**
- F. **THE SANTA ANA WATERSHED PROJECT AUTHORITY BUDGET FOR FY 2014/15 (WRITTEN)**
- G. **PUBLIC OUTREACH AND COMMUNICATION (WRITTEN)**

- H. LEGISLATIVE REPORT FROM INNOVATIVE FEDERAL STRATEGIES (WRITTEN)
- I. LEGISLATIVE REPORT FROM THE DOLPHIN GROUP (WRITTEN)
- J. LEGISLATIVE REPORT FROM AGRICULTURAL RESOURCES (WRITTEN)
- K. CALIFORNIA STRATEGIES, LLC MONTHLY ACTIVITY REPORT (WRITTEN)
- L. WATER RESOURCES REFORM AND DEVELOPMENT ACT (WRRDA) (WRITTEN)
- M. 2014 LEGISLATIVE TRACKING MATRIX (WRITTEN)
- N. ENGINEERING AND CONSTRUCTION MANAGEMENT FY 2013/14 MONTHLY UPDATE (POWERPOINT)
- O. REPORT OF OUTSTANDING RECOMMENDATIONS (WRITTEN)
- P. FINANCIAL AUDITING AND SINGLE AUDITING SERVICES CONTRACT (WRITTEN)
- Q. INTERNAL AUDIT DEPARTMENT STATUS REPORT FOR JUNE 2014 (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.

- 7. 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)
- 8. GENERAL MANAGER'S REPORT (WRITTEN)
- 9. BOARD OF DIRECTORS' REQUESTED FUTURE AGENDA ITEMS
- 10. 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.

11. 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) Sheilds vs. IEUA, Case No. CIVRS 1301638
- 4) Desaddi vs. IEUA, Case No. CIVRS 1304617
- 5) Kaveh Engineering and Construction Inc. Corp. vs. IEUA, Case No. CIVRS 1402048

**B. PURSUANT TO GOVERNMENT CODE SECTION 54956.9 –
CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION**

Two (2) Cases

12. 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 June 12, 2014.



April Woodruff


**CONSENT
CALENDAR
ITEM**


4C

Date: June 18, 2014

To: The Honorable Board of Directors

From:  P. Joseph Grindstaff
General Manager

Submitted by:  Christina Valencia
Chief Financial Officer/Assistant General Manager

 Javier Chagoyen-Lazaro
Manager of Finance & Accounting

Subject: Adoption of Resolution No. 2014-6-10, Establishing the Appropriation Limits for Fiscal Year 2014/15

RECOMMENDATION

It is recommended that the Board of Directors adopt Resolution No. 2014-6-10, establishing the Appropriation Limits for Fiscal Year 2014/15.

BACKGROUND

A year after the adoption of Proposition 13 (People's Initiative to Limit Property Taxation), the State Legislation adopted Proposition 4 (the Gann Limit Initiative) in November 1979 to limit the amount of property taxes that local governmental agencies can receive and appropriate each fiscal year, and requires any excess property taxes be returned to taxpayers within two years.

Pursuant to Prop 4, an agency's annual appropriations limit is based on the amount of property taxes that were authorized to be spent in FY 1978/79 (base year) modified each subsequent year for changes in one of two factors; inflation, population, or per capita personal income tax (PIT) index. The Agency applies the population and PIT factors to its annual appropriations limit calculation. Both of these factors changed as follows: the San Bernardino County population changed from 0.85% to 0.78%, and the State of California PIT index changed from 5.12% to (0.23%).

Based on these changes, the Agency's total appropriation limit increased to \$150 million for FY 2014/15; an increase of \$1 million compared to \$149 million for the current fiscal year. The Agency's FY 2014/15 budget subject to the appropriation limit is well below the \$150 million appropriation limit at \$40.2 million which is equal to the projected amount of revenues related to

property tax receipts for the 2014/15 fiscal year. Additional information on the statute and appropriation limit by Agency fund is provided under Exhibits I- VI.

Prior to June 18, 2014, the required notice of the Board's intention to adopt the Agency's Appropriation Limits was published in the Inland Valley Daily Bulletin, and documentation of staff's determinations has been available for public review since that date. The required minimum 15-day notice has now been met. No public comments or requests for review were received.

PRIOR BOARD ACTION

On June 19, 2013, the Board of Directors adopted Resolution No. 2013-6-10, establishing the Appropriation Limits for Fiscal Year 2013/14.

IMPACT ON BUDGET

The Appropriation Limits will not affect the Agency's proposed spending levels or reserves. As the Agency's proposed expenditures are projected to be supported primarily by non-ad valorem tax revenue sources, such as user fees, expenses that will utilize tax revenue are expected to be well below the FY 2014/15 Appropriation Limit.

Attachment: Resolution 2014-6-10
Exhibits I - VI

RESOLUTION NO. 2014-6-10

RESOLUTION OF THE BOARD OF DIRECTORS OF INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING APPROPRIATION LIMITS FOR FISCAL YEAR 2014/15

WHEREAS, on November 6, 1979, Proposition 4 on the ballot for the Special Election added Article XIII B to the Constitution, effective July 1, 1980, placing various limits on the fiscal powers of state and local governments;

WHEREAS, implementing legislation, Chapter 1205 Statutes of 1980 (SB 1352) became effective January 1, 1981, wherein the appropriation may increase each year by an amount equal to the percentage change in population from January to January each year and the lower of two price changes, i.e., either the U.S. March to March Consumer Price Index (CPI), or the fourth quarter per Capita Personal Income Index;

WHEREAS, Article XIII B and its implementing legislation were modified by Proposition 111 and SB88 (Chapter 60/90) to establish new annual adjustment factors beginning with the 1990/91 Appropriation Limits;

WHEREAS, Inland Empire Utilities Agency*, as a local government, is required under Article XIII B to annually establish an appropriation limit for the following fiscal year;

WHEREAS, Resolution No. 81-6-7 was adopted on June 24, 1981, setting forth definitions, declarations, findings, and determinations concerning the applicability of Article XIII B to the individual funds of the Agency;

WHEREAS, those definitions, declarations, findings, and determinations are modified as specifically provided herein;

WHEREAS, it is Inland Empire Utilities Agency's* intent to establish this year's Appropriation Limits, following the California League of Cities Uniform Guidelines dated March, 1991; and

WHEREAS, except for data on non-residential assessed valuation due to new construction (since 1986/87), data concerning per capita personal income and population changes necessary for determining the Fiscal Year 2014/15 Appropriation Limits are now available.

NOW, THEREFORE, the Inland Empire Utilities Agency* does hereby RESOLVE and DETERMINE as follows:

Section 1. The Board of Directors has determined to select the State of California Per Capita Personal Income as its inflation adjustment factor, in the absence of up-to-date data on non-residential assessed valuation. The Board reserves the right to change its selection of the inflation adjustment factor once the assessment data are available.

Section 2. The Board has determined to select the San Bernardino County's population growth (since 1986/87) as its population adjustment factor.

Section 3. Appropriation Limits. That pursuant to Section 7910 of the Government Code and Exhibits I through IV attached hereto and made a part hereof, the Board of Directors does hereby establish the following Appropriation Limits for Fiscal Year 2014/15:

<u>EXHIBIT</u>	<u>FUND</u>	<u>APPROPRIATION LIMITS</u>
I	Administrative Service Fund	\$17,701,556
II	Regional Wastewater Capital Improvement Fund	\$104,318,726
III	Regional Wastewater Operations and Maintenance Fund	\$24,167,407
IV	Recycled Water Fund	\$4,016,447
	Total	<u>\$150,204,136</u>

Section 4. Publication. Pursuant to Government Code Section 37200 the Appropriation Limits and the Total Appropriation Subject to Limitation will be published in the annual budget.

Section 5. Filing. That after a 45-day period to allow for public review and comment, the Board Secretary is hereby authorized and directed to file a certified copy of this Resolution with the State Auditor Controller.

Section 6. That upon the effective date of this Resolution, Resolution No. 2013-6-10 is hereby rescinded in its entirety.

Adopted this 18th day of June, 2014

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

ATTEST:

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

(SEAL)

*A Municipal Water District

**APPROPRIATION LIMITS UNDER
CALIFORNIA CONSTITUTION AMENDMENT XIIIIB
General Fund**

	1978-79 Base Year	
	Proceeds of Tax	Non-Proceeds of Tax
Appropriation Revenues	\$ 475,362	\$1,964,160
Appropriation Subject to Limitation		(342,172)
		\$1,621,988*

APPROPRIATION LIMITS

Fiscal Year	At Beginning of Year	Factor #1	Factor #2	At End of Year
1978-79	\$1,621,988	N/A	N/A	\$1,621,988
1979-80	1,621,988	10.17%	5.97%	1,893,625
1980-81	1,893,625	12.11%	5.56%	2,240,979
1981-82	2,240,979	9.12%	5.50%	2,579,851
1982-83	2,579,851	6.79%	3.85%	2,861,055
1983-84	2,861,055	2.35%	3.17%	3,020,988
1984-85	3,020,988	4.74%	3.08%	3,261,640
1985-86	3,261,640	3.74%	3.66%	3,507,466
1986-87	3,507,466	2.30%	4.94%	3,765,392
1987-88	3,765,392	3.04%	5.19%	4,081,225
1988-89	4,081,225	3.93%	5.58%	4,478,299
1989-90	4,478,299	4.98%	6.18%	4,991,860
1990-91	4,991,860	4.21%	6.70%	5,550,552
1991-92	5,550,552	4.14%	5.46%	6,095,952
1992-93	6,095,952	< .64% >	3.92%	6,294,370
1993-94	6,294,370	2.72%	3.20%	6,672,475
1994-95	6,672,475	.71%	1.56%	6,824,679
1995-96	6,824,679	4.72%	1.62%	7,262,585
1996-97	7,262,585	5.21%	1.02%	7,718,904
1997-98	7,718,904	4.67%	.09%	8,086,648
1998-99	8,086,648	4.15%	.98%	8,504,782
1999-2000	8,504,782	4.53%	1.37%	9,011,740
2000-2001	9,011,740	4.91%	1.82%	9,626,414
2001-2002	9,626,414	7.82%	1.95%	10,581,194
2002-2003	10,581,194	< 1.27% >	2.72%	10,730,595
2003-2004	10,730,595	2.31%	2.59%	11,262,814
2004-2005	11,262,814	3.28%	2.52%	11,925,225
2005-2006	11,925,225	5.26%	2.49%	12,864,859
2006-2007	12,864,859	3.96%	2.10%	13,655,168
2007-2008	13,655,168	4.42%	1.86%	14,523,939
2008-2009	14,523,939	4.29%	1.45%	15,366,648
2009-2010	15,366,648	0.62%	0.79%	15,584,070
2010-2011	15,584,070	< 2.54% >	0.85%	15,317,335
2011-2012	15,317,335	2.51%	1.05%	15,866,669
2012-2013	15,866,669	3.77%	0.86%	16,606,373
2013-2014	16,606,373	5.12%	0.85%	17,605,080
2014-2015	17,605,080	< 0.23% >	0.78%	17,701,556

Factor #1 – The change in the California Per Capita Personal Income Index.

Factor #2 – Percent of increase in San Bernardino County population.

All factors provided by State Department of Finance, May 2014.

* Details for Base Year 1978-79 data are available as attachments to Resolution No. 81-6-7.

**APPROPRIATION LIMITS UNDER
CALIFORNIA CONSTITUTION AMENDMENT XIII B
Regional Wastewater Capital Improvement Fund (Improvement District C)**

	1978-79 Base Year	
	Proceeds of Tax	Non-Proceeds of Tax
Appropriation Revenues	\$ 2,578,964	\$17,954,195
Appropriation Subject to Limitation		(8,395,597)
		\$ 9,558,698*

APPROPRIATION LIMITS

Fiscal Year	At Beginning of Year	Factor #1	Factor #2	At End of Year
1978-79	\$9,558,698	N/A	N/A	\$9,558,698
1979-80	9,558,698	10.17%	5.97%	11,159,507
1980-81	11,159,507	12.11%	5.56%	13,206,531
1981-82	13,206,531	9.12%	5.50%	15,203,570
1982-83	15,203,570	6.79%	3.85%	16,860,759
1983-84	16,860,759	2.35%	3.17%	17,803,275
1984-85	17,803,275	4.74%	3.08%	19,221,482
1985-86	19,221,482	3.74%	3.66%	20,670,183
1986-87	20,670,183	2.30%	4.94%	22,190,190
1987-88	22,190,190	3.04%	5.19%	24,051,453
1988-89	24,051,453	3.93%	5.58%	26,391,490
1989-90	26,391,490	4.98%	6.18%	29,418,004
1990-91	29,418,004	4.21%	6.70%	32,710,488
1991-92	32,710,488	4.14%	5.46%	35,924,635
1992-93	35,924,635	< .64% >	3.92%	37,093,950
1993-94	37,093,950	2.72%	3.20%	39,322,198
1994-95	39,322,198	.71%	1.56%	40,219,167
1995-96	40,219,167	4.72%	1.62%	42,799,830
1996-97	42,799,830	5.21%	1.02%	45,489,004
1997-98	45,489,004	4.67%	.09%	47,656,192
1998-99	47,656,192	4.15%	.98%	50,120,336
1999-2000	50,120,336	4.53%	1.37%	53,107,938
2000-2001	53,107,938	4.91%	1.82%	56,730,335
2001-2002	56,730,335	7.82%	1.95%	62,357,043
2002-2003	62,357,043	< 1.27% >	2.72%	63,237,491
2003-2004	63,237,491	2.31%	2.59%	66,373,962
2004-2005	66,373,962	3.28%	2.52%	70,277,680
2005-2006	70,277,680	5.26%	2.49%	75,815,128
2006-2007	75,815,128	3.96%	2.10%	80,472,573
2007-2008	80,472,573	4.42%	1.86%	85,592,409
2008-2009	85,592,409	4.29%	1.45%	90,558,656
2009-2010	90,558,656	0.62%	0.79%	91,839,969
2010-2011	91,839,969	< 2.54% >	0.85%	90,268,045
2011-2012	90,268,045	2.51%	1.05%	93,505,378
2012-2013	93,505,378	3.77%	0.86%	97,864,598
2013-2014	97,864,598	5.12%	0.85%	103,750,175
2014-2015	103,750,175	< 0.23% >	0.78%	104,318,726

Factor #1 – The change in the California Per Capita Personal Income Index.

Factor #2 – Percent of increase in San Bernardino County population.

All factors provided by State Department of Finance, May 2014.

* Details for Base Year 1978-79 data are available as attachments to Resolution No. 81-6-7.

**APPROPRIATION LIMITS UNDER
CALIFORNIA CONSTITUTION AMENDMENT XIII B
Regional Wastewater Operations & Maintenance Fund**

1978-79 Base Year

	Proceeds of Tax	Non-Proceeds of Tax
Appropriation		\$2,260,247
Revenues	\$ 935,780	(45,794)
Appropriation Subject to Limitation		<u>\$2,214,453*</u>

APPROPRIATION LIMITS

Fiscal Year	At Beginning of Year	Factor #1	Factor #2	At End of Year
1978-79	\$2,214,453	N/A	N/A	\$2,214,453
1979-80	2,214,453	10.17%	5.97%	2,585,311
1980-81	2,585,311	12.11%	5.56%	3,059,543
1981-82	3,059,543	9.12%	5.50%	3,522,195
1982-83	3,522,195	6.79%	3.85%	3,906,114
1983-84	3,906,114	2.35%	3.17%	4,124,466
1984-85	4,124,466	4.74%	3.08%	4,453,020
1985-86	4,453,020	3.74%	3.66%	4,788,639
1986-87	4,788,639	2.30%	4.94%	5,140,777
1987-88	5,140,777	3.04%	5.19%	5,571,974
1988-89	5,571,974	3.93%	5.58%	6,114,008
1989-90	6,114,088	4.98%	6.18%	6,815,237
1990-91	6,815,237	4.21%	6.70%	7,578,003
1991-92	7,578,003	4.14%	5.46%	8,322,621
1992-93	8,322,621	< .64% >	3.92%	8,593,515
1993-94	8,593,515	2.72%	3.20%	9,109,731
1994-95	9,109,731	.71%	1.56%	9,317,531
1995-96	9,317,531	4.72%	1.62%	9,915,390
1996-97	9,915,390	5.21%	1.02%	10,538,388
1997-98	10,538,388	4.67%	.09%	11,040,458
1998-99	11,040,458	4.15%	.98%	11,611,324
1999-2000	11,611,324	4.53%	1.37%	12,303,459
2000-2001	12,303,459	4.91%	1.82%	13,142,656
2001-2002	13,142,656	7.82%	1.95%	14,446,189
2002-2003	14,446,189	< 1.27% >	2.72%	14,650,161
2003-2004	14,650,161	2.31%	2.59%	15,376,784
2004-2005	15,376,784	3.28%	2.52%	16,281,154
2005-2006	16,281,154	5.26%	2.49%	17,564,009
2006-2007	17,564,009	3.96%	2.10%	18,642,994
2007-2008	18,642,994	4.42%	1.86%	19,829,101
2008-2009	19,829,101	4.29%	1.45%	20,979,626
2009-2010	20,979,626	0.62%	0.79%	21,276,466
2010-2011	21,276,466	< 2.54% >	0.85%	20,912,301
2011-2012	20,912,301	2.51%	1.05%	21,662,290
2012-2013	21,662,290	3.77%	0.86%	22,672,186
2013-2014	22,672,186	5.12%	0.85%	24,035,691
2014-2015	24,035,691	< 0.23% >	0.78%	24,167,407

Factor #1 - The change in the California Per Capita Personal Income Index.

Factor #2 - Percent of increase in San Bernardino County population.

All factors provided by State Department of Finance, May 2014.

* Details for Base Year 1978-79 data are available as attachments to Resolution No. 81-6-7.

APPROPRIATION LIMITS UNDER
 CALIFORNIA CONSTITUTION AMENDMENT XIII B
 Recycled Water Fund

2008-09 Base Year

	<u>Proceeds of Tax</u>	<u>Non-Proceeds of Tax</u>
Appropriation		\$8,824,659
Revenues	\$ 0	(5,337,998)
Appropriation Subject to Limitation		<u>\$3,486,661*</u>

APPROPRIATION LIMITS

<u>Fiscal Year</u>	<u>At Beginning of Year</u>	<u>Factor #1</u>	<u>Factor #2</u>	<u>At End of Year</u>
2009-2010	3,486,661	0.62%	0.79%	3,535,994
2010-2011	3,535,994	< 2.54% >	0.85%	3,475,472
2011-2012	3,475,475	2.51%	1.05%	3,600,115
2012-2013	3,600,115	3.77%	0.86%	3,767,952
2013-2014	3,767,952	5.12%	0.85%	3,994,557
2014-2015	3,994,557	< 0.23% >	0.78%	4,016,447

Factor #1 - The change in the California Per Capita Personal Income Index.

Factor #2 - Percent of increase in San Bernardino County population.

All factors provided by State Department of Finance, May 2014.

* Details for Base Year 2008/09 data are available in FY 2008/09 Adopted Budget.

APPROPRIATION LIMIT

Article XIII B of the California State Constitution, more commonly referred to as the GANN Initiative or GANN Limit, was adopted by California voters in 1980 and placed limits on the amount of taxes that state and local governmental agencies can receive and appropriate (authorize to spend) each year.

The limit is different for each agency and changes each year. The annual limit is based on the amount of tax proceeds that were authorized to be spent in Fiscal Year (FY) 1978-1979 in each agency, modified for changes in inflation and population in each subsequent year. Proposition 111 was passed by the State’s voters in June 1990. This legislation made changes to the manner in which the Appropriation Limit is to be calculated.

The annual adjustment factors for inflation and population have been changed. Instead of using the lesser of the State of California per capita income or U.S. CPI, each agency may choose either the growth in the State of California per capita income or the growth in assessed valuation due to new non-residential construction within the agency service area. For population, each agency may choose to use the population growth within its county instead of using only the population growth of an agency’s service area. These are both annual elections.

An agency which exceeds the limit in any one year may choose to not give a tax refund if they fall below the limit in the next fiscal year. They then have two more years to refund any remaining excess or to obtain a successful override vote. In certain situation, proceeds of taxes may be spent on emergencies without having to reduce the limit in the future years. Each agency must now conduct a review of its Appropriation Limit during its annual financial audits.

The legislation also requires a governing body to annually adopt, by resolution, an appropriations limit for the following year, along with a recorded vote regarding which of the annual adjustment factors have been selected. The Inland Empire Utility Agency’s appropriation limit and annual adjustment factors are adopted at the same meeting as the budget. The two factors used for the Fiscal Year 2014/15 are the change in the State of California per capita personal income and the change in the San Bernardino County population.

The following table shows the annual appropriations limit and the proceeds from taxes for the last four years and for FY 2014/15. The increase in the limit is based upon population change of 0.78% within the county and a per capita personal income change of -0.23%, as provided by the State Department of Finance.

Fiscal Year	Annual Appropriations Limit	Proceeds of Taxes (Appropriations)
2010/11	\$129,973,153	\$ 33,821,422
2011/12	\$134,634,452	\$ 32,965,008
2012/13	\$140,911,109	\$ 32,607,254
2013/14	\$149,385,503	\$ 33,351,677
2014/15	\$150,204,136	\$ 40,203,474

Since the implementation of this legislation (effective 1981 then modified in 1990), Inland Empire Utilities Agency has annually established and adopted an appropriation limit and has been in compliance.

INLAND EMPIRE UTILITIES AGENCY ADOPTED BUDGET FISCAL YEAR 2014/2015 SCHEDULE OF APPROPRIATIONS							
	ADMINISTRATIVE SERVICES	REGIONAL WASTEWATER	NON-RECLAIMABLE WASTEWATER	RECHARGE WATER	RECYLED WATER	WATER RESOURCES	AGENCY TOTAL
TOTAL EXPENSES	\$3,301,715	\$62,127,191	\$8,436,084	\$1,633,866	\$8,249,914	\$7,660,275	\$91,409,045
NET CHANGES IN - CAPITAL OUTLAY	1,461,200	14,435,000	3,087,600	550,000	9,781,000	0	29,314,800
DEBT SERVICE	3,512,500	30,455,933	544,165	1,011,480	4,842,307	0	40,366,385
NET OTHER (SOURCES)/USES OF FUNDS	(1,461,200)	1,867,578	49,681	(1,672,914)	1,216,855	0	0
SUBTOTAL OF APPROPRIATIONS	\$6,814,215	\$108,885,702	\$12,117,530	\$1,522,432	\$24,090,076	\$7,660,275	\$161,090,230
INCREASE (DECREASE) IN WORKING CAPITAL RESERVES	(2,260,986)	(7,920,007)	(1,906,043)	(209,010)	4,416,017	222,505	(7,657,524)
TOTAL APPROPRIATION	\$4,553,229	\$100,965,695	\$10,211,487	\$1,313,422	\$28,506,093	\$7,882,780	\$153,432,706
LESS: NON-TAX PROCEEDS	(1,336,951)	(65,988,673)	(10,211,487)	(1,313,422)	(26,495,919)	(7,882,780)	(113,229,232)
APPROPRIATION SUBJECT TO LIMITATION	\$3,216,278	\$34,977,022	\$0	\$0	\$2,010,174	\$0	\$40,203,474
APPROPRIATION LIMIT	\$17,701,556	\$128,486,133	EXEMPT	EXEMPT	\$4,016,447	EXEMPT	\$150,204,136

☆ By resolution, the Appropriation Limit for Regional Program Funds is established as follows:

Regional Wastewater Capital Improvement	\$104,318,726
Regional Wastewater Operations and Maintenance	24,167,407
Combined Regional Wastewater Appropriation Limit	\$128,486,133

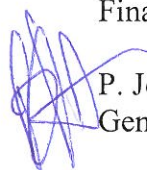
**CONSENT
CALENDAR
ITEM**


4D


Date: June 18, 2014

To: Honorable Board of Directors

Through: Finance, Legal and Administration Committee (06/11/14)

From:  P. Joseph Grindstaff
General Manager

Submitted by:  Christina Valencia
Chief Financial Officer/Assistant General Manager

 Javier Chagoyen-Lazaro
Manager of Finance and Accounting

Subject: Adoption of Resolution No. 2014-6-11, Approving the Annual Update of the Inland Empire Utilities Agency Investment Policy

RECOMMENDATION

It is recommended that the Board of Directors adopt Resolution No. 2014-6-11, approving the Agency's Investment Policy for FY 2014/15.

BACKGROUND

The Investment Policy (Policy) establishes procedures and guidelines by which surplus funds can be managed in a prudent and fiscally-sound manner. The Policy encompasses those funds over which the Agency exercises fiscal control, stipulates allowable and unallowable investment alternatives, and establishes parameters for selecting broker/dealers and financial institutions with which the Agency may do business. The Policy also prioritizes the Agency's public funds management objectives of safety, liquidity, and yield. A summary of the management objectives can be found in Exhibit A.

The Policy mandates an annual review and Board approval. The Board last approved the Policy on June 19, 2013. As the Agency's financial advisor, PFM Asset Management LLC (PFMAM) reviewed the current Policy and provided recommendations based on their expertise as an investment advisor to public agencies and their understanding of the best investment practices of public agencies nationwide. The review focused on four key policy elements; compliance, comprehensiveness, balance, and clarity. A summary of the policy elements objectives can be found in Exhibit A.

Overall, PFM found the Agency's Policy to be comprehensive, well written, and in compliance with the CGC, with the exception of a modification to GCC Sections 53601.8 and 53635.8, which took effect January 1, 2014. Since 2007, the CGC has allowed local agencies to use placement services to assist with the placement of FDIC insured certificates of deposits, such as CDARs. AB 279 will now allow local agencies to use placement services to assist with the placement of any type of FDIC insured deposit. The change will be in effect until January 1, 2017, unless modified, upon which time the statute will revert back to the current authorization under existing law. Although no changes to the policy were required, PFMAM recommended the CGC revision be incorporated into the Policy so the Agency can utilize the additional flexibility.

The recommended change to the FY 2014/15 Policy is in Section 8.0 Authorized and Suitable Investments. This change will replace "Placement Service Certificates of Deposit (PSCD)" to "Placement Service of Deposits (PSD)". Redlined changes can be found in Attachment B.

While the Agency's investment strategy continues to use a buy and hold approach, which normally helps to maintain a more stable yield for the overall portfolio, given the likelihood that short-term interest rates are projected to increase gradually over time, the investment strategy will focus primarily in short-term investments with a maturity period of 3 years or less. Staff will continue to seek opportunities to lock in higher rates for longer terms contingent upon the cash flow, in addition to adhering to the key investment objectives of safety and liquidity.

Attached for your consideration is a copy of the current Investment Policy (Exhibit C). Additionally, a listing of authorized broker/dealers is also provided in as part of Exhibit C under Attachment D.

PRIOR BOARD ACTION

Resolution No. 2013-6-1 was adopted by the Board on June 19, 2013, approving the Agency's Investment Policy for FY 2013/14.

IMPACT ON BUDGET

There is no impact on the Agency's Fiscal Year 2013/14 or FY 2014/15 budget.

Attachments:

Exhibit A- Policy Objectives and Elements
Exhibit B- Redlined Changes to the Investment Policy
Exhibit C – Investment Policy
Resolution No. 2014-6-11

Exhibit A- Policy Objectives and Elements

- **Safety:** Preservation of capital in the overall portfolio is the foremost objective.
- **Liquidity:** Investment portfolio will remain sufficiently liquid to enable the Agency to meet all anticipated operating requirements.
- **Yield:** Return on investments is of secondary importance; however, the investment portfolio shall be designed to attain a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and cash flow requirements.
- **Compliance:** At a minimum, an investment policy must comply with the requirements of the California Government Code (CGC) (§ 53600 *et seq*). The Board may impose additional requirements based on its investment objectives and preferences.
- **Comprehensiveness:** An investment policy should be comprehensive to ensure that the key aspects of the investment program are properly addressed.
- **Balance:** An investment policy should provide a balance between investment restrictions, which help protect the Agency's assets, and investment flexibility, which permits staff to adapt to changing market conditions and investment needs.
- **Clarity:** An investment policy should express the Board's investment objectives with sufficient clarity, so that staff, brokers/dealers and other interested participants clearly understand the investment policy's intent.

The proposed change to the FY 2014/15 Policy is summarized below:

- **Section 8.0 Authorized and Suitable Investments:**
 - ***8.G – Placement Service Certificates of Deposits (PSCD).***
Funds may be placed with a private sector entity that assists in the placement of deposit with eligible financial institutions located in the United States (CGC Section 53601.8). The full amount of the principal and the interest may be accrued during the maximum term of each PCSCD shall at all times be insured by the federal deposit insurance. In combination with Negotiable CDs, the maximum portfolio exposure to Placement Service CDs is limited to 30 percent. The maximum investment maturity will be restricted to five years.



FY 2014/15
Investment Policy

Inland Empire Utilities Agency

FY 2014/15 Investment Policy

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Inland Empire Utilities Agency

FY 2014/15 Investment Policy

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**INLAND EMPIRE UTILITIES AGENCY
INVESTMENT POLICY**

1.0 POLICY

WHEREAS; The Legislature of the State of California has declared that the deposit and investment of public funds by local officials and local agencies is an issue of statewide concern (California Government Code (CGC) § 53600.6 and 53630.1 (CGC §53600.6 and §53630.1));

WHEREAS; the legislative body of a local agency may invest surplus monies, not required for the immediate necessities of the local agency, in accordance with the provisions of CGC §5922 and CGC §53601 et seq.; and

WHEREAS; the Secretary/Treasurer or the Chief Financial Officer/Assistant General Manager (AGM) or the General Manager of the Inland Empire Utilities Agency (IEUA) shall annually prepare and submit a statement of investment policy and such policy, and any changes thereto, shall be considered by the legislative body at a public meeting (CGC §53646[a]).

NOW, THEREFORE, BE IT RESOLVED that the policy of IEUA is to invest funds in a manner which will provide: (i) the maximum security; (ii) the funds necessary to meet the daily cash flow demands of the IEUA; and (iii) the highest investment return while conforming to all statutes governing the investment of IEUA funds within the constraints of this Investment Policy.

2.0 SCOPE

This Investment Policy applies to all surplus monies of IEUA, as defined below.

Surplus Monies are defined, for the purpose of this Investment Policy, as all funds of the IEUA except:

- Monies held in Deferred Compensation Accounts

Pooling of funds

Except for cash in certain restricted and special funds, IEUA will consolidate cash and reserve balances from all funds to maximize investments earnings and to increase efficiencies with regard to investment pricing, safekeeping and administration. Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.

3.0 PRUDENCE

The standard of prudence to be used by designated investment signatories shall be the "prudent investor" standard (CGC §53600.3) and shall be applied in the context of managing an overall portfolio. Investments shall be made with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of IEUA, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Designated investment signatories, acting in accordance with written procedures, this investment policy, and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

4.0 OBJECTIVES

As specified in CGC §53600.5, when investing, reinvesting, purchasing, acquiring, exchanging, selling, and managing public funds; the primary objectives, in priority order, of the investment activities shall be:

- A. Safety:** Safety of principal is the foremost objective of the investment program. Investments made by IEUA shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required to prevent any potential loss on any individual security or depository from exceeding the income generated from the remainder of the portfolio.
- B. Liquidity:** The investment portfolio will remain sufficiently liquid to enable IEUA to meet all operating requirements which might be reasonably anticipated.
- C. Return on Investments (Yield):** The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. The core of investments is limited to relatively low-risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities shall not be sold prior to maturity with the following exceptions:
 - 1. A security with declining credit may be sold to minimize loss of principal.
 - 2. A security swap would improve quality, yield, or target duration in the portfolio.
 - 3. Liquidity needs of the portfolio that requires the security to be sold.

5.0 DELEGATION OF AUTHORITY

Authority to manage the investment program is derived from CGC §53600, et seq. Management's responsibility for the investment program is hereby delegated for a one-year period by the legislative body, to the Chief Financial Officer/AGM or the General Manager who shall thereafter assume full responsibility for those transactions until the delegation of authority is revoked by the Board of Directors. The Chief Financial Officer/AGM or the General Manager shall establish written procedures for the operation of the investment program consistent with this investment policy. Procedures should include reference to: safekeeping, wire transfer agreements, collateral/depository agreements and banking services contracts, as appropriate. Such procedures shall include explicit delegation of authority to persons/positions responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this investment policy and the procedures established by the Chief Financial Officer/AGM or the General Manager and Administration. The Chief Financial Officer/AGM or General Manager shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinates.

6.0 ETHICS AND CONFLICTS OF INTEREST

Officers and employees involved in the placement of investments shall refrain from personal business activity that could conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

7.0 AUTHORIZED FINANCIAL INSTITUTIONS AND DEALERS

The Chief Financial Officer/AGM or the General Manager shall maintain a list of approved and authorized financial institutions and brokers/ dealers, selected on the basis of credit-worthiness, financial strength, experience, and capitalization.

In selecting the *financial institutions* for the deposit or investment of IEUA funds, the Secretary/Treasurer or the Chief Financial Officer/AGM or the General Manager's consideration shall include the depository's latest equity/asset ratio data and continue to monitor the financial institutions' credit characteristics and financial history throughout the period during which IEUA funds are deposited or invested.

The minimum qualifications for Agency approved depository/financial institutions include: (i) that they must be at least three (3) years old; have total assets in excess of ten (\$10) billion dollars; a core capital/asset ratio of 5 percent or better; or (ii) have total assets in excess of five hundred million dollars (\$500,000,000); and a core capital/asset ratio of 6 percent or better.

For the services of *banks, savings banks, and savings and loan associations, depository agreements* shall be prepared by the Chief Financial Officer/AGM or the General Manager and authorized representatives of the respective financial institutions for consideration and execution by the Secretary/Treasurer.

For *broker/dealer* services utilized to invest in government securities and other investments, the Chief Financial Officer/AGM or the General Manager is designated to select only broker/dealers who are licensed and in good standing with the California Department of Securities, the Securities and Exchange Commission, the Financial Industry Regulatory Authority (FINRA), or other applicable self-regulatory organizations. A periodic review of authorized broker/dealers is essential to serve the IEUA's investment needs.

In order to improve quality services, expertise, and credit worthiness, the Chief Financial Officer/AGM or the General Manager may, on a selective basis, revise the approved list of broker/dealers to update qualified broker/dealers under the requirements of this Investment Policy.

The Chief Financial Officer/AGM or the General Manager shall maintain a list of approved broker/dealers and will submit the listing to the Board of Directors as part of the periodic Investment Policy review process, or more frequently as requested by the Board..

Financial institutions/depositories, broker/dealers and external investment managers, who do investment-related business with IEUA shall sign a Certificate of Understanding (see Attachment "A"). The Certification of Understanding states that the entity:

- A. Has read and is familiar with the IEUA's Investment Policy as well as Applicable Federal and State Law;
- B. Agrees to notify IEUA in writing of any potential conflicts of interest;
- C. Meets the requirements as outlined in this Policy;
- D. Agrees to make every reasonable effort to protect the assets of IEUA from loss.

Annually, banks, savings bank, savings and loans associations, and authorized broker/dealers will be requested to update information about their financial institutions. The required information will be supplied by responses to the attached questionnaires (see Attachment "B" for broker/dealers and Attachment "C" for banks and savings and loans), and provide IEUA with copies of published financial statements.

8.0 AUTHORIZED AND SUITABLE INVESTMENTS

IEUA's investments are governed by Government Code. Within the investments permitted by the Government Code, IEUA seeks to further restrict eligible investments to the investments listed below. In the event an apparent discrepancy is found between this Investment policy and the Government Code, the more restrictive parameters will take precedence. Percentage holding limits listed in this section apply at the date an investment is purchased. Credit ratings, as shown, specify the minimum credit rating category required at the point of purchase without regard to specific modifiers, such as +/- or 1, 2, 3.

- A. United States Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the full faith and credit of the United States are pledged for the payment of principal and interest.
- B. Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.
- C. State Municipal Securities – Registered treasury notes or bonds issued by any of the 50 United States, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled or operated by a state or by a department, board, agency, or authority of any state. Securities eligible for investment under this paragraph shall be rated at least “A” by a Nationally Recognized Statistical Rating Organization (NRSRO). Short-term municipal securities eligible for investment shall be rated at or above the following credit agencies investment grade ratings; Sp-1 by Standard & Poor’s, F-1 by Fitch, and MIG-1 by Moody’s. These ratings for short term municipal securities signify the issuer’s strong capacity to pay principal and interest. Not more than 10 percent of IEUA’s funds shall be invested in state and local municipal securities.
- D. California Local Agency Municipal Securities – Bonds, notes, warrants or other evidence of indebtedness of a local agency or municipality located within the State of California, including debt securities issued by the IEUA. Securities eligible for investment under this paragraph shall be rated at least “A” by a NRSRO.
- E. Bank deposits, including demand deposit accounts, savings account, market rate accounts, time deposits, and certificates of deposit in financial institutions located in California. Bank deposits are required to be collateralized as specified under Government Code § 53630 et. seq. Agreements allowing for the waiver of the collateral requirement for that amount of deposit covered by the Federal Deposit Insurance Corporation may be implemented provided the remainder of the deposit is secured by collateral as required by the Government Code.
- F. Negotiable Certificates of Deposit. Negotiable certificates of deposit (NCDs) issued by a nationally or state-chartered bank, a savings association or a federal association (as defined by Section 5102 of the Financial Code), a state or federal credit union, or by a federally licensed or state-licensed branch of a foreign bank. Purchases are limited to institutions which have long-term debt rated at least in the “A” category, or its equivalent, by a NRSRO; and/or have short-term debt rated at least “A-1,” or its equivalent, by a NRSRO. NCDs may not exceed 5 years in maturity. In combination with Placement Service CDs, a maximum of 30 percent of the portfolio may be invested in this category.
- G. Placement Service Deposits (PSD). Funds may be placed with a private sector entity that assists in the placement of deposit with eligible financial institutions located in the United States (CGC § 53601.8). The full amount of the principal and the interest that may be accrued during the maximum term of each PSD shall at all times be

insured by federal deposit insurance. In combination with Negotiable CDs, the maximum portfolio exposure to Placement Service Deposits is limited to 30 percent. The maximum investment maturity will be restricted to five years.

H. Commercial paper of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by a (NRSRO). The entity that issues the commercial paper shall meet all of the following conditions in either paragraph (1) or paragraph (2):

(1) The entity meets the following criteria: (A) Is organized and operating in the United States as a general corporation; (B) Has total assets in excess of five hundred million dollars (\$500,000,000); (C) Has debt other than commercial paper, if any, that is rated "A" or higher by a (NRSRO).

(2) The entity meets the following criteria: (A) Is organized within the United States as a special purpose corporation, trust, or limited liability company; (B) Has program wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond; (C) Has commercial paper that is rated "A-1" or higher, or the equivalent, by a (NRSRO).

Eligible commercial paper shall have a maximum maturity of 270 days or less. Local agencies, other than counties or a city county, may invest no more than 25 percent of their moneys in eligible commercial paper. Local agencies, other than counties or a city and county may purchase no more than 10 percent of the outstanding commercial paper of any single issuer.

I. Local Agency Investment Fund (LAIF) investment pool is a voluntary program created by statute as an investment alternative for California's local governments and special districts and is under the administration of the State Governor of California. All securities purchased by LAIF are under the authority of Government Code § 16429 and 16480.4. As part of the Pooled Money Investment Account (PMIA), LAIF has oversight by the Pooled Money Investment Board (PMIB), and an in-house Investment Committee. LAIF also has oversight by the Local Agency Investment Advisory Board and is audited by the Bureau of State Audits on an annual basis.

Investment in California LAIF cannot exceed the maximum deposit per agency limit as set by the Local Agency Investment Fund.

J. Local Government Investment Pools (LGIP). Shares of beneficial interest issued by a joint powers authority organized pursuant to Government Code § 6509.7. To be eligible for purchase, the pool must meet the requirements of CGC § 53601(p). Total purchases shall not exceed \$20 million per account of surplus funds.

Whenever the IEUA has any funds invested in a LGIP, the Chief Financial Officer/AGM or the General Manager shall maintain on file a copy of the pools' current information statement to be reviewed on a periodic basis.

- K.** Money Market Funds - Investing solely in U.S. treasury securities and U.S. Government Agency securities, and repurchase agreements relating to the above obligations. To be eligible, these Money Market Funds must have met either of the following criteria: (A) Attained the highest ranking or the highest letter and numerical rating provided by not less than two NRSROs. (B) Retained an investment advisor with not less than five years' experience and registered or exempt from registration with the SEC, with assets under management in excess of five hundred million dollars (\$500,000,000). No more than 20 percent of the portfolio may be invested in Money Market Funds and with no more than 10 percent invested in any one money market mutual fund.
- L.** Repurchase Agreements - IEUA may invest in repurchase agreements with banks and dealers with which IEUA has entered into a master repurchase agreement which specifies terms and conditions of repurchase agreements.
1. Transactions shall be limited to the primary dealers and banking institutions rated "A" or better by a NRSRO, or with a financially stable banking institution which the Agency has substantial banking relationship. The maturity of repurchase agreements shall not exceed 90 days. The market value of securities used as collateral for repurchase agreements shall be monitored daily by the Chief Financial Officer/AGM or General Manager and will not be allowed to fall below 102 percent of the value of the repurchase agreement plus the value of collateral in excess of the value of the repurchase agreement. In order to conform with the Federal Bankruptcy Code which provides for the liquidation of securities held as collateral for repurchase agreements, the only securities acceptable as collateral shall be securities that are direct obligations of, or that are fully guaranteed as to principal and interest by the United States or any agency of the United States.
 2. Not more than 40 percent of the portfolio may be invested in repurchase agreements and a security interest satisfactory to IEUA shall always be maintained in the securities subject to a repurchase agreement.
- M.** Medium Term Notes (MTN): MTNs are defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Purchases in this category shall not exceed 10 percent of the portfolio and must be rated "A" or better by a NRSRO.

Ineligible Investments: Investments not described herein, including but not limited to, reverse repurchase agreements and common stocks are prohibited from use in this portfolio. This Investment Policy further specifically disallows investments in inverse floaters, range notes, or interest-only strips that are derived from a pool of mortgages, or any security that could result in zero interest accrual if held to maturity.

9.0 AUTHORIZED INVESTMENTS FOR BOND FUNDS

Bond funds shall be invested in the securities permitted pursuant to Board approved bond documents. If the bond documents are silent as to the permitted investments, bond funds will be invested in the securities permitted by this policy. Notwithstanding the other provisions of this Investment Policy, the dollar portfolio, percentage, and term limitations listed elsewhere in the Investment Policy do not apply to bond funds. In addition to the securities listed in Section 8.0 above, bond funds may be invested in a structured investment product if approved by the Chief Financial Officer/AGM or General Manager.

10.0 SAFEKEEPING AND CUSTODY

As required by CGC §53601 all security transactions entered into by IEUA shall be conducted on Deliver versus Payment basis. Delivery versus Payment or DVP basis means all securities purchased or acquired shall be delivered to IEUA by book entry, physical delivery, or third party custodial agreement. Investments in the state pool, local government investment pools, or money market funds are undeliverable, and therefore, not subject to the delivery or third party safe keeping requirements.

11.0 DIVERSIFICATION

The Board of Directors recognize that investment risks can result from issuer defaults, market price changes, or various technical complications leading to temporary illiquidity. Portfolio diversification is employed as a way to minimize these risks. Investment signatories are expected to display prudence in the selection and/or approval of securities, as a way to minimize the risks present in the investment portfolio. No individual investment transaction shall be undertaken which jeopardizes the total capital position of the overall portfolio. Further, financial institutions which hold funds, deposited as investments, shall be subject to an investment limitation.

The Board of Directors acknowledges that from time to time certain situations may arise during which strict adherence to an inflexible investment policy may be overly restrictive. On a case by case basis, the Board of Directors may consider any pertinent information of such situations and may, by minute action, modify or waive, within the constraints of CGC §53601 et seq., any of the provisions and/or restrictions of this Investment Policy.

The Secretary/Treasurer or the Chief Financial Officer/AGM or the General Manager shall periodically establish diversification guidelines, within the context of this policy, and strategies to control any risks of default, market price changes, and illiquidity.

12.0 TRADING OF SECURITIES

A trade is the movement from one security to another and may be done for a variety of reasons, such as to increase yield, lengthen or shorten maturities, to take a profit, or to increase investment quality. The purchase and sale transaction and the sale transaction must each be recorded separately and any losses or gains on the sale must be recorded.

The Secretary/Treasurer or the Chief Financial Officer/AGM or the General Manager may obtain competitive bids from at least two brokers or financial institutions on all purchases of investment instruments primarily using “GFOA Yield Advantage” software when available. Competitive bids can be also obtained by other communication channels when necessary.

13.0 MAXIMUM MATURITIES

Where no maturity limit is stated for an investment under Section 8.0, no investment shall be made in any security that at the time of the investment, has a term remaining to maturity in excess of five years unless the Board has granted express authority to make that investment either specifically or as part of a previous investment program no less than three (3) months prior to the investment. Any investment currently held at the time the investment policy is adopted which does not meet the new policy guidelines will be held until maturity, and shall be exempt from the current policy. At the time of the investment’s maturity or liquidation such funds shall be reinvested only as provided in the most current policy.

14.0 PORTFOLIO DURATION LIMITATION

The weighted average duration of the entire portfolio shall not exceed three (3) years.

15.0 MONITORING CREDIT RATINGS

The Chief Financial Officer/AGM or the General Manager shall monitor the ratings of all investments in their portfolios on a continuous basis and report all credit downgrades of portfolio securities to the Board in writing within 24 hours of knowledge of the event. If an existing investment’s rating drops below the minimum allowed for new investments made pursuant to this policy, the Chief Financial Officer/AGM or the General Manager shall also make a written recommendation to the Board as to whether this security should be held or sold prior to maturity.

16.0 REPORTING

The Chief Financial Officer/AGM or the General Manager shall submit to each member of the Board of Directors a monthly investment report. This report will include the elements of the quarterly report as recommended by CGC §53646, to include:

- a. Type of investment
- b. Name of institution
- c. Date of maturity
- d. Amount of deposit or cost of the security and the par value
- e. Current market value of all securities
- f. Rate of interest/earnings (yield)
- g. A monthly list of transactions

CGC §53646(b)(2),(3) recommends that the investment report must include a statement that (i) all investment actions executed since the last investment report have been made in full compliance with the Investment Policy or a Board of Directors' minute action (wavier) and, that (ii) IEUA will meet its expenditure obligations for the next six months. The Chief Financial Officer/AGM or the General Manager shall maintain a complete and timely record of all investment transactions in support of the above statement.

17.0 INTERNAL CONTROLS

The Chief Financial Officer/AGM or the General Manager is responsible for establishing and maintaining a control structure designed to ensure that the assets of the IEUA are protected from loss, theft or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation and benefits require estimates and judgments by management.

An annual independent review by an external auditor to assure compliance with policies and procedures will be performed as part of the IEUA's annual audit.

18.0 PERFORMANCE STANDARDS

The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs. In order to determine whether market yields are being achieved, the Chief Financial Officer/AGM or the General Manager shall identify comparable benchmarks to the portfolio investment duration, (e.g. 90-day US Treasury Bill, 6-month US Treasury Bill, average LAIF yield rate). This comparative analysis is included in investment report presented to the Board of Directors on a monthly basis.

19.0 POLICY REVIEW

This investment policy shall be reviewed regularly to ensure its consistency with the overall objectives of preservation of principal, liquidity, and return and its relevance to current law and financial and economic trends. The Board shall be responsible for maintaining guidance over this investment policy to ensure that IEUA can adapt readily to changing market conditions, and approve any modification to the investment policy prior to implementation.

20.0 STATE LAW

The legislated authority of the IEUA's investments is covered in Section 53601, 53607, 53635, 53638, 53646, 53652, and 53653 of the Government Code. It is the policy of the IEUA to comply with the State laws governing its investments.

21.0 INVESTMENT POLICY ADOPTION

The Investment Policy shall be adopted by resolution of the Board of Directors of IEUA*. Moreover, the Policy shall be reviewed whenever there are recommended changes or annually, whichever occurs first, and modifications must be approved by the Board of Directors.

ADOPTED AND APPROVED:

Name: Terry Catlin
Title: President, Board of Director
Date: June 18, 2014

** A Municipal Water District*

APPENDIX 1: GLOSSARY OF CASH MANAGEMENT TERMS

ASK PRICE:

The price at which securities are offered for sale; also known as offering price.

BASIS POINT:

One hundredth of one percent (i.e. 0.01 percent).

BOND PROCEEDS:

The money paid to the issuer by the purchaser or underwriter of a new issue of municipal securities. These moneys are used to finance the project or purpose for which the securities were issued and to pay certain costs of issuance as may be provided in the bond contract.

BOOK VALUE:

The value at which a debt security is shown on the holder's balance sheet. Book value is often acquisition cost plus/minus amortization and accretion, which may differ significantly from the security's current value in the market.

BROKER:

A broker acts as an intermediary between a buyer and seller for a commission and does not trade for his/her own risk and account or inventory.

CERTIFICATE OF DEPOSIT (CD):

A time deposit with a specific maturity evidenced by a certificate

CALLABLE BOND:

A bond issue in which all or part of its outstanding principal amount may be redeemed before maturity by the issuer under specified conditions.

CALIFORNIA ASSET MANAGEMENT PROGRAM (CAMP):

A Joint Powers Agency Authority created by local public agencies to provide a convenient method for local public agencies to pool their assets for investment purposes. CAMP is governed by a Board of Trustees made up of experienced local agency treasurers and investment officers. The Board sets overall policies for the program and selects and supervises the activities of the investment manager and other agents. The Pool seeks to maintain a constant net asset value (NAV) per share of \$1.00. The Pool is rated AAAM by Standard & Poor's.

CALTRUST:

A Joint Powers Agency Authority created by local public agencies to provide a convenient method for local public agencies to pool their assets for investment purposes. CalTRUST is governed by a Board of Trustees made up of experienced local agency treasurers and investment officers. The Board sets overall policies for the program and selects and supervises the activities of the investment manager and other agents.

COLLATERAL:

Securities, evidence of deposit or other property, which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

COMMERCIAL PAPER:

A short-term, unsecured, promissory note with a fixed maturity of no more than 270 days. By statute, these issues are exempt from registration with the U.S. Securities and Exchange Commission.

CREDIT RISK:

The risk to an investor that an issuer will default in the payment of interest and/or principal on a security and a loss will result.

CUSTODIAN:

A bank or other financial institution that keeps custody of stock certificates and other assets.

DEALER:

A dealer, as opposed to a broker, acts as a principal in all transaction, buying and selling for his own risk and account or inventory.

DELIVERY OF SECURITIES:

There are two methods of delivery of securities; *Delivery versus Payment* and *Delivery versus Receipt*. Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of signed receipt for the securities.

DIVERSIFICATION:

Dividing investment funds among a variety of securities offering independent returns.

DURATION:

A measure of the timing of the cash flows to be received from a given-fixed income security. This calculation is based on three variables: term to maturity, coupon rate, and yield to maturity. The duration of a security is a useful indicator of its price volatility for given changes in interest rates.

FACE VALUE:

The principal amount owed on a debt instrument. It is the amount on which interest is computed and represents the amount that the issuer promises to pay at maturity.

FAIR VALUE:

The amount at which a security could be exchanged between willing parties, other than in a forced or liquidation sale. If a market price is available, the fair value is equal to the market value.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC):

A federal agency that insures bank deposits.

FEDERAL FARM CREDIT BANK (FFCB):

Government-sponsored institution that consolidates the financing activities of the Federal Land Banks, the Federal Intermediate Credit Banks and the Banks for Cooperatives. Its securities do not carry direct U.S. Government guarantees.

FEDERAL FUNDS RATE:

The rate of interest at which Federal funds are traded. This rate is considered to be the most sensitive indicator of the direction of interest rates, as it is currently pegged by the Federal Reserve through open-market operations.

FEDERAL HOME LOAN BANKS (FHLB):

The institutions that regulate and lend to savings and loan associations. The Federal Home Loan Banks play a role analogous to that played by the Federal Reserve Bank vis-à-vis member commercial banks. Although the banks operate under federal charter with government supervision, the securities are not guaranteed by the U.S. Government.

FEDERAL HOME LOAN MORTGAGE CORPORATION (FHLMC or Freddie Mac):

Established in 1970 to help maintain the availability of mortgage credit for residential housing. FHLMC finances these operations by marketing guaranteed mortgage certificates and mortgage participation certificates. Its discount notes and bonds do not carry direct U.S. Government guarantees.

FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA or Fannie Mae):

FNMA was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a Federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. FNMA is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA securities do not carry direct U.S. Government guarantees.

FEDERAL RESERVE SYSTEM:

The central bank of the U.S. which consists of seven member Board of Governors, 12 regional banks, and about 5,700 commercial banks that are members.

FINANCIAL INDUSTRY REGULATORY AUTHORITY (FINRA):

The Financial Industry Regulatory Authority (FINRA) is the largest independent regulator for all securities firms doing business in the United States. All told, FINRA oversees nearly 4,750 brokerage firms, about 167,000 branch offices and approximately 634,000 registered securities representatives.

INTEREST ONLY STRIPS:

The interest portion of a Treasury note or bond that has been stripped of its principal component through the commercial book-entry system.

INTEREST RATE RISK:

The risk of gain or loss in market values of securities due to changes in interest-rate levels. For example, rising interest rates will cause the market value of portfolio securities to decline.

INVERSE FLOATER:

Fixed income instrument whose coupon or interest rate is periodically reset according to a short term rate index such as LIBOR, or prime rate. Unlike the traditional floating rate instrument, however, the inverse floater's rate is set equal to a fixed rate minus the short-term rate index.

INVESTMENT POLICY:

A clear and concise statement of the objectives and parameters formulated by an investor or investment manager for a portfolio of investment securities.

INVESTMENT PORTFOLIO:

A collection of securities held by a bank, individual, institution, or government agency for investment purposes.

LIQUIDITY:

An asset that can be converted easily and rapidly into cash with minimum risk on principal.

LOCAL AGENCY INVESTMENT FUND (LAIF):

An investment pool managed by the California State Treasurer. Local government units, with consent of the governing body of that agency, may voluntarily deposit surplus funds for the purpose of investment. Interest earned is distributed by the State Controller to the participating governmental agencies on a quarterly basis.

MARKET TO MARKET:

Current market price of a security.

MARKET RISK:

Systematic risk of a security that is common to all securities of the same general class (stocks, bonds, notes, money market instruments) and cannot be eliminated by diversification (which may be used to eliminate non-systematic risk).

MARKET VALUE:

The price at which a security is currently being sold in the market. See FAIR VALUE.

MASTER REPURCHASE AGREEMENT:

A written contract covering all future transactions between the parties to repurchase agreements and reverse repurchase agreements that establish each party's rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.

MATURITY:

The date that the principal or stated value of a debt instrument becomes due and payable.

MEDIUM-TERM NOTES (MTNs):

Corporate notes, having any or all of the features of corporate bonds and ranging in maturity from nine months out to thirty years. The difference between corporate bonds and MTNs is that corporate bonds are underwritten.

NATIONALLY RECOGNIZED STATISTICAL RATING ORGANIZATION (NRSRO):

A rating organization designated by the SEC as being nationally recognized, such as Moody's Investor Service, Inc. (Moody's), Standard & Poor's (S&P), and Fitch Ratings (Fitch).

NEGOTIABLE CERTIFICATES OF DEPOSIT:

Large denomination certificates of deposit with a fixed maturity date, which can be sold in the money market. They are not collateralized.

OPEN MARKET OPERATIONS:

Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the Federal Open Market Committee, (FOMC), in order to influence the volume of money and credit in the economy. Purchases inject reserves into the banking system and stimulate growth of money and credit. Sales have the opposite effect. Open market operations are the Federal Reserve's most important and most flexible monetary policy tool.

PAR VALUE:

The amount of principal that must be paid at maturity. Also referred to as the face amount of a bond, normally quoted in increments of \$1,000 per bond.

PORTFOLIO:

The collection of securities held by an individual or institution.

PRIMARY DEALER:

A group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC)-registered securities broker/dealers, banks and a few unregulated firms.

PRINCIPAL:

The face or par value of a debt instrument or the amount of capital invested in a given security.

PRUDENT PERSON RULE:

An investment standard: The way a prudent person of discretion and intelligence would be expected to manage the investment program in seeking a reasonable income and preservation of capital.

RANGE BONDS:

Bonds that accrue interest during a particular Interest Period at a fixed or variable rate if a specified index is within a specified range during a designated period of time or at a particular point in time. A Range Bond may not bear interest if the specified index is outside the specified range.

RATE OF RETURN:

- 1) The yield which can be attained on a security based on its purchase price or its current market price.
- 2) Income earned on an investment, expressed as a percentage of the cost of the investment.

REPURCHASE AGREEMENT (RP OR REPO):

A holder of securities (e.g. investment dealer) sells these securities to an investor (e.g. the Agency) with an agreement to repurchase them at a fixed date. The security “buyer” (e.g. the Agency) in effect lends the “seller” money for the period of the agreement, and the terms of the agreement are structured to compensate the “buyer” for this. Dealers use RP extensively to finance their positions. Exception: When the Fed is said to be doing RP, it is lending money that is increasing bank reserves.

***REVERSE REPURCHASE AGREEMENT (REVERSE REPO):**

A counter party (e.g. investment dealer) buys the securities from the holder of securities (e.g. the Agency) with an agreement to sell them back at a fixed date. The counter party in effect lends the seller (e.g. the Agency) money for the period of the agreement with terms of the agreement structured to compensate buyer.

SAFEKEEPING:

A service banks offer to clients for a fee, where physical securities are held in the bank’s vault for protection and book-entry securities are on record with the Federal Reserve Bank or Depository Trust Company in the bank’s name for the benefit of the client. As agent for the client, the safekeeping bank settles securities transactions, collects coupon payments, and redeems securities at maturity or, if called, on the call date.

SWAP:

An agreement between two parties (known as counterparties) where one stream of future interest payments is exchanged for another based on a specified principal amount.

SECURITIES AND EXCHANGE COMMISSION (SEC):

Agency created by Congress to protect investors in securities transactions by administering securities legislation.

SECONDARY MARKET:

A market for the repurchase and resale of outstanding issues following the initial distribution.

SECURITIES:

Investment instruments such as notes, bonds, stocks, money market instruments and other instruments of indebtedness of equity.

SPREAD:

The difference between two figures or percentages. It may be the difference between the bid (price at which a prospective buyer offers to pay) and asked (price at which an owner offers to sell) prices of a quote, or

between the amount paid when bought and the amount received when sold.

TREASURY BILLS:

A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

TREASURY BONDS:

Long-term U. S. Treasury securities.

TREASURY NOTES:

Intermediate-term coupon-bearing U.S. Treasury securities having initial maturities from one year to ten years.

YIELD:

The annual rate of return on an investment expressed as a percentage of the investment. Income yield is obtained by dividing the current dollar income by the current market price for the security.

YIELD CURVE:

Yield calculations of various maturities of instruments of the same quality at a given time to observe spread differences.

CERTIFICATION OF UNDERSTANDING

I hereby certify that I have personally read Inland Empire Utilities Agency's (IEUA) Investment Policy and the California Government Code pertaining to the investments of the IEUA.

I will disclose to the IEUA any potential risks or conflicts with the Investment Policy that might arise out of business transactions between my firm and the IEUA.

I will undertake reasonable efforts to prevent imprudent transactions involving funds of the IEUA and will endeavor to keep familiar with the IEUA's investment objectives and constraints, as they exist from time to time.

I will only offer investments for the IEUA's consideration that are in conformity to the IEUA's Investment Policy.

I attest to the accuracy of the responses to the IEUA's questionnaire.

NOTE: Completion of the attached questionnaire is only part of Inland Empire Utilities Agency's certification process and DOES NOT guarantee that the our financial institution will be guaranteed any portion of the investment business with Inland Empire Utilities Agency.

FIRM NAME _____

PRINTED NAME: _____

SIGNATURE: _____

DATE _____

**INLAND EMPIRE UTILITIES AGENCY
OFFICE OF THE CHIEF FINANCIAL OFFICER/AGM OR GENERAL MANAGER
BROKERS/DEALERS QUESTIONNAIRE AND CERTIFICATION**

Please fill out form and return to Inland Empire Utilities Agency

1. Name of Firm_____

2. Address_____

(Local)
(National Headquarters)

3. Telephone No. _____

4. Primary Representatives: Name _____ Telephone _____ Years in institutional sales _____ Years with firm _____	Manager/Partner-In-Charge: Name _____ Telephone _____ Years in institutional sales _____ Years with firm _____
---	--

5. Are you a Primary Dealer in U.S. Government Securities? Yes No

6. Are you a Regional Dealer in U.S. Government Securities? Yes No

7. Are you a Broker instead of a Dealer,
 i.e., You DO NOT own positions of Securities? Yes No

8. What is the net capitalization of your firm? _____

9. What is the date of your fiscal year-end?_____

10. Is your firm owned by a holding company? If so, what is its name and net capitalization?

11. Please provide your wiring and delivery instructions. _____

12. Which of the following instruments are offered regularly by your local desk?
 T- Bills Treasury Notes/Bonds Discount Notes NCD's
 Agencies (specify)_____

13. Which of the above does your firm specialize in marketing? _____

14. Please identify your most directly comparable Local Agency Clients in our geographical area:

Entity	Contact Person	Telephone	Client Since
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

15. What reports, transactions, confirmations and paper trail would we receive?

16. Please include samples of research reports or market information that your firm regularly provides to local agency clients.

17. What precautions are taken by your Firm to protect the interest of the public when dealing with government agencies as investors? _____

18. Have you or your Firm been censored or punished by a regulatory State or Federal agency for improper or fraudulent activities, related to the sale of securities? Yes No

19. If yes, explain. _____

20. Attach certified documentation of your capital adequacy and financial solvency. In addition, an audited financial statement must be provided within 120 days of your fiscal year-end. (Copy of a Published Financial Statement)

21. Attach proof of Financial Industry Regulatory Authority (FINRA) certification.

22. Attach proof of California Department of Securities Registration.

23. Attach proof of Securities and Exchange Commission registration.

24. Attach proof of adequate insurance coverage.

25. Are you listed under GFOA Yield Advantage? Yes No

13. What is the education level of the primary contact(s)? _____
14. How many years of related experience does the primary contact(s) have?

15. What other banking services would you be interested in providing Inland Empire Utilities Agency? _____
16. What transaction documents and reports would we receive? _____

17. What information would you provide to our Chief Financial Officer/AGM or General Manager? _____
18. Describe the precautions taken by your Bank/Savings and Loan to protect the interest of the public when dealing with government agencies as depositors of investors.

19. Please provide your Contract of Deposit of Monies pre-signed and sealed by your institution, as well as any signature cards that you may require.
20. Please provide your wiring instructions. _____

21. Please provide your Bank/Savings and Loan most current audited financial statements. (Copy of Published Financial Statement).
22. Please attach biographical information for your representative.

Attachment D

**INLAND EMPIRE UTILITIES AGENCY
OFFICE OF THE CHIEF FINANCIAL OFFICER OR GENERAL MANAGER**

Authorized Brokers/Dealers

The following brokers/dealers are authorized to provide investment services to the IEUA, in accordance with the IEUA's Investment Policy:

1. BNP Paribas Securities Corporation (Bank of the West)
2. Gilford Securities
3. Higgins Capital Management
4. Multi-Bank Securities, Inc.
5. Mutual Securities
6. UBS Financial Services Inc.
7. Wedbush Morgan Securities, Inc

RESOLUTION NO. 2014-6-11

RESOLUTION OF THE BOARD OF DIRECTORS OF INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, APPROVING THE ANNUAL UPDATE OF THE AGENCY'S* INVESTMENT POLICY

WHEREAS, the Board adopted Resolution No. 2013-6-1 on June 19, 2013; a "Statement of Investment Policy" is rendered to the Board of Directors on a annual basis or whenever there are recommended changes, whichever occurs first; and

WHEREAS, the Secretary/Treasurer, the Chief Financial Officer or the General Manager of the Inland Empire Utilities Agency (Agency), in accordance with Government Code Section 53646.(a)(2), shall annually prepare and submit a Statement of Investment Policy and such policy, and any changes thereto, shall be considered by the legislative body at a public meeting; and

WHEREAS, the existing policy has been reviewed and revised in order to provide for operational flexibility without sacrificing internal controls or increasing financial risk to the Agency.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors that:

Section 1. The revisions, if any, to the Inland Empire Utilities Agency* Investment Policy dated May 21, 2014 are to be adopted for Fiscal Year 2014/15.

Section 2. This resolution shall take effect from and after its date of adoption.

Section 3. Upon adoption of this resolution, Resolution No. 2013-6-1 is hereby rescinded in its entirety.

ADOPTED this 18th day of June, 2014.

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

ATTEST:

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

*a Municipal Water District

STATE OF CALIFORNIA)
)SS
COUNTY OF SAN BERNARDINO)

I, Steve J. Elie, Secretary/Treasurer of the Inland Empire Utilities Agency*,
DO HEREBY CERTIFY that the foregoing Resolution being No. 2014-6-11, was adopted
at a regular Board Meeting on June 18, 2014, of said Agency by the following vote:

AYES: Hall, Elie, Camacho, Koopman, Catlin

NOES: None

ABSTAIN: None

ABSENT: None

Steven J. Elie
Secretary/Treasurer

* a Municipal Water District

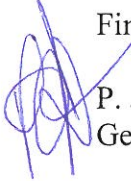
**CONSENT
CALENDAR
ITEM**


4E

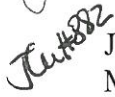
Date: June 18, 2014

To: The Honorable Board of Directors

Through: Finance, Legal and Administration Committee (06/11/14)

From:  P. Joseph Grindstaff
General Manager

Submitted by:  Christina Valencia
Chief Financial Officer/Assistant General Manager

 Javier Chagoyen-Lazaro
Manager of Finance & Accounting

Subject: Adoption of the FY 2014/15 Budget for Inland Empire Regional Composting Authority

RECOMMENDATION

It is recommended that the Board of Directors adopt the Inland Empire Regional Composting Authority (IERCA) Budget for FY 2014/15.

BACKGROUND

Annually, the Inland Empire Regional Composting Authority (IERCA) prepares a budget for operating expenses and capital expenditures. The budget was adopted by the IERCA Board on June 9, 2014 pursuant to the Joint Powers Agreement (JPA).

The FY 2014/15 Budget proposes a tipping fee increase of \$2.00, which revises the tipping fee per wet ton of biosolids from \$52.00 to \$54.00. The proposed tipping fee increase will generate additional revenues in the amount of \$285,000.

The IERCA facility is projected to operate at 95% throughput capacity, or 142,500 wet tons. Total labor costs for IERCA is \$3.62 million; IEUA's share of \$3.48 million is budgeted in the Regional Wastewater Operations and Maintenance (RO) fund.

Included in the FY 2014/15 IERCA Budget is a \$1 million capital call, carried forward from FY 2013/14, to support capital project costs of \$2.8 million funded on a pay-go basis. The primary projects include: \$900 thousand for the IERCF Process Improvement Project (RA11004), \$567 thousand for the replacement of Two Loaders, offset by a trade in value of \$424 thousand, \$500

thousand for the Capital Replacement & Improvements Project and \$300 thousand for the Receiving Pit Project. The Agency's 50% share, or \$500,000, of the capital call is budgeted in the Regional Wastewater Capital Improvement (RC) fund.

Attached are copies of the IERCA Board Letter (Attachment A), FY 2014/15 IERCA Budget and associated schedules (Attachments B), and presentation (Attachment C) for your review.

PRIOR BOARD ACTION

On June 19, 2013, the Board of Directors approved the FY 2013/14 Budget for the Inland Empire Regional Composting Authority.

IMPACT ON BUDGET

The tipping fee of \$2 per wet ton is included within the biosolids recycling, budgeted in the Regional Wastewater Operations Maintenance (RO) fund for FY 2014/15.



Date: June 9, 2014

To: Honorable Board of Directors

From: Christina Valencia
Treasurer

Subject: Adoption of IERCA Budget for Fiscal Year 2014/15

RECOMMENDATION

It is recommended that the Board of Directors:

1. Adopt the Inland Empire Regional Composting Authority (IERCA) budget for fiscal year 2014/15;
2. Increase the tipping fee from \$52 to \$54 per wet ton of biosolids effective July 1, 2014; and
3. Approve a capital call of \$1 million, to be shared equally by Inland Empire Utilities Agency (IEUA) and the Sanitation District No. 2 of Los Angeles County (SDLAC), to support capital improvement project costs, as needed.

BACKGROUND

Per the Inland Empire Regional Composting Authority Joint Powers Agreement (JPA), an annual operating and capital budget is to be presented and adopted by the JPA Board prior to June 30 each year. An increase of \$2 per wet ton in the tipping, from \$52 to \$54, is being proposed for FY 2014/15. The proposed fee increase is projected to generate an additional \$285,000 based on budgeted tonnage of 142,500, or 95% of capacity. Other key assumptions include:

Revenues

- \$1 million capital call contribution to support CIP as needed carried over from FY 2013/14
- No change in the estimated compost sales and delivery receipts

O&M Expenses

- No change in staffing - 24 full time equivalent (FTEs) positions
- 3% increase in employment costs per negotiated MOUs and higher benefit premiums, offset by 1% employee paid PERS contribution
- \$0.120/kWh rate assumed for electricity purchased from the grid

- \$0.1263/kWh rate for solar power
- \$1,00,000 for partial replacement of the biofilter media

Capital Improvement Plan (CIP)

- \$2.8 million CIP budget is primarily supported by fund balances and the proposed capital contribution

FY 2014/15 Budget Summary

The following section summarizes the FY 2014/15 Budget for total revenues, expenses, and capital projects:

REVENUES	\$ 000's	\$/Ton	Assumptions
Member Agency Contribution (Capital)	\$1,000		Proposed capital call from Member Agencies (50/50) to fund new capital projects included in FY 2014/15 budget.
Tipping Fees	\$7,695	\$54	Based on 142,500 wet tons per year @ a rate of \$54.00/ton
Compost Sales/ Organics Waste Recycling/Compost Deliveries	600		100% sales of compost products Compost delivery service
Sale of Assets	424		Projected trade in value of 2 loaders being replaced
Interest Revenue	19		Assumes an annual interest rate of 1.0% on reserve balance
Total Revenues	\$9,738		

OPERATING EXPENSES	\$ 000's	Assumptions
Labor & Benefits	\$3,623	24 FTEs and indirect support provided by IEUA/LACSD
Utilities	1,526	Includes power purchases from the grid and solar renewable energy
Materials & Supplies	2,086	Includes biofilter media replacement, facility maintenance supplies, and diesel fuel
Professional Services	391	Includes compost transport and contracted services
Office & Administration	42	Includes liability and casualty insurance costs
Other Expenses	368	Includes leases/rental and financial expenses, insurance, operating fees (Includes Non-Reclaimable Wastewater (NRW) charges, and permits and licenses.)
Total Expenses	\$8,036	

CAPITAL PROJECTS	\$ 000's	
IERCF Process Improvements (RA01104)	\$900	Installation of new belt conveyor system from active to curing and curing to screening.
Capital Replacement	500	Facility and equipment repair that may arise during the fiscal year
Replacement of Two Loaders	567	Purchase two loaders to replace existing units, excludes projected trade in value of \$424K.
Receiving Pit	300	Installation of drainage and pumping system to remove water from the receiving pit and fan corridors.
Baghouse Improvements	450	Evaluate the baghouse and dust collection system for performance, efficiency, and code compliance
Other Capital Projects	68	Processor Replacement, Emissions Reduction Credits and Harmonic Filter
Total Capital Project Budget	\$2,785	

Total fund balance is projected to decrease by \$1.1 million from \$4.1 to \$3.0 million at June 30, 2015. The drop in reserves is primarily due to budgeted capital improvement projects funded on a pay-go basis. Included in the estimated ending balance of \$3.0 million is approximately \$2.7 million designated for operating contingencies (based on four months of budgeted O&M costs); \$100,000 bio-filter media replacement; \$200,000 liability insurance; and \$20,757 for capital replacement and construction.

PRIOR BOARD ACTION

The Board adopted the FY 2013/14 budget on June 10, 2013.

IMPACT ON BUDGET

None.

Inland Empire Regional Composting Authority
Schedule A Summary

Cost Element	Actuals		Adopted Budget		Amended Budget		Current Act.		Proj. Actual		Proposed Budget		Forecast		
	2011/12	2012/13	2013/14	2013/14	2013/14	2013/14	2013/14	2013/14	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	
Rate Per Ton	\$ 44.00	\$ 50.00	\$ 52.00	\$ 52.00	\$ 52.00	\$ 52.00	\$ 52.00	\$ 52.00	\$ 52.00	\$ 54.00	\$ 56.00	\$ 58.00	\$ 60.00	\$ 62.00	
Revenues															
483010 Contributed Capital				(1,000,000)	(1,000,000)					(1,000,000)					
404010 Biosolids Recycling (Tipping Fees)	(5,736,174)	(7,133,768)	(7,410,000)	(7,410,000)	(7,410,000)	(3,808,885)	(7,623,753)	(7,623,753)	(7,695,000)	(7,980,000)	(8,265,000)	(8,550,000)	(9,300,000)		
406000 Compost Delivery Svs	(78,381)	(106,187)	(50,000)	(50,000)	(50,000)	(50,692)	(104,265)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)		
406200 Compost Sales	(595,365)	(547,661)	(550,000)	(550,000)	(550,000)	(239,746)	(466,673)	(466,673)	(600,000)	(600,000)	(650,000)	(700,000)	(750,000)		
412030 Energy/Cap Rebates	(16,027)	(23,509)													
480110 Interest Income	(19,408)	(18,607)	(16,855)	(16,855)	(16,855)	(8,120)	(24,400)	(24,400)	(18,709)	(34,312)	(42,114)	(52,464)	(62,381)		
484030 Grants & Subsidies	(2,394)								(424,000)						
493110 Proceeds from Sale of Assets	(16,862)	(7,685)				(1,205)									
Other Non Operating Revenues	(6,464,611)	(7,837,417)	(9,026,855)	(9,026,855)	(9,026,855)	(4,108,648)	(8,219,091)	(8,219,091)	(9,737,709)	(8,664,312)	(9,007,114)	(9,352,464)	(10,162,381)		
Total Revenues															
Expenses															
Labor	2,819,779	3,231,733	3,430,086	3,430,566	3,430,566	1,525,425	3,336,328	3,336,328	3,622,719	3,731,896	3,850,343	3,963,018	4,001,388		
Office & Administration	22,523	26,926	36,850	36,850	36,850	17,776	39,220	39,220	41,888	48,443	40,379	41,138	41,919		
Professional Fees & Services	306,315	384,666	322,900	349,362	349,362	198,424	387,510	387,510	391,510	393,993	405,811	417,987	430,526		
Materials & Supplies/O&M Projects	926,424	1,128,030	1,553,600	1,610,178	1,610,178	424,946	1,037,640	1,037,640	1,085,703	1,058,816	1,234,580	1,261,118	2,138,451		
Bio Filter Media Replacement									1,000,000	200,000					
Insurance	117,597	139,514	145,000	145,000	145,000	145,912	157,050	157,050	163,050	161,050	162,132	168,245	169,393		
Operating Fees	55,324	49,542	67,508	67,508	67,508	14,885	67,841	67,841	92,537	92,537	95,313	98,172	101,118		
Utilities	1,291,188	1,233,651	1,578,340	1,578,340	1,578,340	583,122	1,526,117	1,526,117	1,526,117	1,526,117	1,571,901	1,619,058	1,667,629		
Leases & Rentals	94,213	102,731	103,500	102,731	102,731	24,157	95,705	95,705	106,605	106,605	109,803	113,097	116,490		
Financial Expenses	54,936	203,256	3,600	3,600	3,600	21	2,100	2,100	6,000	6,500	7,000	7,500	8,000		
Total Expenses	5,688,298	6,490,050	7,241,384	7,329,060	7,329,060	2,934,666	6,649,511	6,649,511	8,036,129	7,325,957	7,477,262	7,689,333	8,674,914		
Capital Projects	1,112,117	1,683,532	4,424,500	6,415,455	6,415,455	988,522	2,637,397	2,637,397	2,785,000	1,000,000	500,000	500,000	500,000		
Net Profit/(Loss)	(335,803)	(336,165)	(2,659,029)	(4,717,660)	(4,717,660)	185,460	(1,067,818)	(1,067,818)	(1,093,420)	338,355	1,029,852	1,163,131	987,467		
Reserves															
Beginning Reserve Balance	5,806,673	5,470,870	5,832,299	5,134,705	5,134,705	5,134,705	5,134,705	5,134,705	4,066,887	2,983,466	3,321,822	4,351,674	5,514,804		
Ending Reserve Balance	5,470,870	5,134,705	3,193,270	417,044	417,044	5,320,165	4,066,887	4,066,887	2,983,466	3,321,822	4,351,674	5,514,804	6,502,271		
Operating Contingency (drthrs Expense)	1,896,099	2,163,350	2,413,795	2,443,020	2,443,020	978,222	2,216,503.74	2,216,503.74	2,678,710	2,441,986	2,492,421	2,563,111	2,891,638		
Replacement Reserve - BioFilter (\$200K)	250,000	250,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000		
Insurance Liability (Risk Mgmt)	300,000	300,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000		
Capital Replacement & Construction	3,024,770	2,421,355	479,475	(2,325,976)	(2,325,976)	4,041,943	1,550,383	1,550,383	4,757	579,836	1,559,253	2,651,693	3,310,633		
Total Reserve Balance	5,470,870	5,134,705	3,193,270	417,044	417,044	5,320,165	4,066,887	4,066,887	2,983,466	3,321,822	4,351,674	5,514,804	6,502,271		
Actual/Project Tonnage	130,368	142,500	142,500	142,500	142,500	142,500	146,611	146,611	142,500	142,500	142,500	142,500	150,000		

Inland Empire Regional Composting Authority

Schedule B Detail

Usage/Rate Enter change - rates calculated by formula, enter approved rate per ton

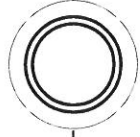
Cost Center	Cost Element	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	Total Plan Costs (10 Years)
211112	521016 Contract Labor-IEVA	3,075,751	3,162,445	3,162,445	3,172,249	3,169,873	3,187,477	3,184,336	3,263,376	3,305,734	3,375,147	3,398,096	3,591,044	37,588,355
211112	521018 Contract Labor-LACD	23,700	127,641	127,641	131,170	135,414	139,477	143,061	154,971	164,410	176,841	181,672	196,543	1,486,091
211112	521020 Contract Burden	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	25,000
211112	521080 Other Contractual Services	337,154	252,000	281,449	310,000	319,500	328,779	338,745	348,908	359,375	370,156	381,161	391,699	3,659,313
211112	521110 Outside Site Landscaping/Wood/Pest Control	4,960	600	113	10,000	10,000	10,000	10,000	10,000	11,255	11,941	12,739	13,668	111,511
211112	521120 Outside Services - Security	17,646	22,000	22,000	24,000	24,000	25,482	26,225	27,012	27,822	28,577	29,317	30,042	287,818
211112	521130 Outside Services - Janitorial	9,948	11,000	11,000	12,360	12,360	12,731	13,106	13,511	13,911	14,379	14,759	15,101	137,937
211112	521220 Laboratory Services - Out-Of	8,806	11,300	11,300	12,500	12,500	13,190	13,658	14,158	14,671	15,204	15,757	16,317	145,200
211112	521230 Laboratory Services - Out-Of	3,618,400	3,792,888	3,792,888	4,042,553	4,042,553	4,311,721	4,431,058	4,675,825	4,825,274	5,082,231	5,255,086	5,431,468	48,312,657
211112	521310 Operating Permits, Licenses & Fees	28,000	31,200	31,200	35,000	35,000	37,112	38,345	39,593	40,725	41,732	42,648	43,477	390,029
211112	521320 Operating Permits, Licenses & Fees	95,994	131,298	131,298	142,800	142,800	151,170	151,170	159,840	168,840	178,144	187,722	197,536	1,622,423
211112	521330 Operating Permits, Licenses & Fees	21,574	24,585	24,585	26,110	26,110	27,353	28,218	29,113	30,038	30,992	31,975	32,987	2,488,460
211112	543310 Cell Phone Expenses	515	515	515	500	500	515	515	563	563	577	615	624	5,900
211112	543314 Cell Phone Expenses	12,412	13,550	13,550	14,500	14,500	15,350	15,350	16,100	16,850	17,600	18,350	19,100	161,500
211112	543320 Telephone	1,073	1,700	1,700	1,751	1,751	1,804	1,858	1,913	1,971	2,030	2,091	2,153	19,519
211112	545100 Disposal Service	27,888	30,000	30,000	30,000	30,000	31,827	31,827	33,655	33,655	35,482	35,482	37,310	344,516
211112	545370 Water	3,011	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	32,000
211112	521230 Laboratory Services - Out-Of	1,253,851	1,578,266	1,578,266	1,684,957	1,684,957	1,812,477	1,812,477	1,951,200	1,951,200	2,101,235	2,151,275	2,303,175	17,028,000
211112	521230 Laboratory Services - Out-Of	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	300,000
211112	521230 Laboratory Services - Out-Of	70,705	75,705	75,705	80,705	80,705	85,705	85,705	90,705	90,705	95,705	95,705	100,705	844,805
211112	521230 Laboratory Services - Out-Of	102,731	103,500	103,500	107,657	107,657	112,814	112,814	118,971	118,971	125,128	125,128	131,285	1,189,816
211112	521230 Laboratory Services - Out-Of	6,286,784	7,237,784	7,237,784	7,319,457	7,319,457	7,401,130	7,401,130	7,482,803	7,482,803	7,564,476	7,564,476	7,646,149	68,877,544
211112	521230 Laboratory Services - Out-Of	227	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	36,000
211112	521230 Laboratory Services - Out-Of	183,979	19,350	19,350	20,000	20,000	20,650	20,650	21,300	21,300	21,950	22,600	23,250	232,500
211112	521230 Laboratory Services - Out-Of	202,258	3,600	3,600	6,000	6,000	7,600	7,600	9,200	9,200	10,800	10,800	12,400	124,000
211112	521230 Laboratory Services - Out-Of	208,256	3,600	3,600	6,000	6,000	7,600	7,600	9,200	9,200	10,800	10,800	12,400	124,000
211112	521230 Laboratory Services - Out-Of	6,450,050	7,241,884	7,241,884	7,319,457	7,319,457	7,401,130	7,401,130	7,482,803	7,482,803	7,564,476	7,564,476	7,646,149	68,877,544
211112	701001 Labor Chargeout	251,620	-	-	-	-	-	-	-	-	-	-	-	-
211112	701002 WO Settlement Direct Labor to CC/WBS	197,304	-	-	-	-	-	-	-	-	-	-	-	-
211112	701004 Burden-Allocation Expense	971,467	-	-	-	-	-	-	-	-	-	-	-	-
211112	701002 WO Settlement Overhead to CC/WBS	316,088	-	-	-	-	-	-	-	-	-	-	-	-
211112	701001 Labor Chargeout	3,025,251	-	-	-	-	-	-	-	-	-	-	-	-
211112	701002 WO Settlement Overhead to CC/WBS	9,579	-	-	-	-	-	-	-	-	-	-	-	-
211112	701002 WO Settlement External Services to CC	20,989	-	-	-	-	-	-	-	-	-	-	-	-
211112	701002 WO Settlement External Services to CC	3,065,840	-	-	-	-	-	-	-	-	-	-	-	-
211112	701002 WO Settlement External Services to CC	1,748,371	-	-	-	-	-	-	-	-	-	-	-	-
211112	701002 WO Settlement External Services to CC	5,555,890	7,241,384	7,241,384	7,319,457	7,319,457	7,401,130	7,401,130	7,482,803	7,482,803	7,564,476	7,564,476	7,646,149	68,877,544

Inland Empire Regional Composting Authority

Schedule B Detail

		Forecast												Total Plan Costs		
		2017/13	2017/14	2017/15	2017/16	2017/17	2017/18	2017/18	2017/18	2017/19	2017/20	2017/21	2017/22	2017/23	2017/24	10 Years
Project No.	Project Title	Actuals	Amended Budget	Amended Budget	Amended Budget	Amended Budget	Amended Budget	Proposed Budget	Proposed Budget	Proposed Budget	Proposed Budget	Proposed Budget	Proposed Budget	Proposed Budget	Proposed Budget	Total Plan Costs
Cost Center	Cost Element	2013/13	2013/14	2013/14	2013/14	2013/14	2013/14	2013/14	2013/14	2013/14	2013/14	2013/14	2013/14	2013/14	2013/14	10 Years
SWP Data Download (HWI, PROTECT, VAS) (Projected actual from SWP Data Download) & TICP (or proposed or forecast if)														Total Plan Costs		
SWP Data Download (HWI, PROTECT, VAS) (Projected actual from SWP Data Download) & TICP (or proposed or forecast if)														Total Plan Costs		
SWP Data Download (HWI, PROTECT, VAS) (Projected actual from SWP Data Download) & TICP (or proposed or forecast if)														Total Plan Costs		
RA08003	Install Backup Generator	171														
RA11001	IERCA Capital Replacement	1,126,034	360,706	218,915	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	5,000,000
RA11005	IERCF Amusement Hoop		3,000,000	1,900,000												
RA11006	IERCA VMA Heat Controls	99,835	4,969,685	1,900,000	500,000											900,000
RA12008	IERCF Column Repair															
RA12010	IERCF Receiving Bul	192,271	121,000	69,322												
RA12012	IERCF Belt Conveyor	47,500	1,500	1,500												
RA13005	Network Equipment Re	269,933	7,000	3,878												
RA13006	Tablet Replacement	1,288														
RA14001	PC Workstation Replacement		15,000													
RA14002	IERCF Locker Room AC		75,000	71,245												
RA14003	IERCF Receiving Pit		375,000	15,000	300,000											300,000
RA14004	IERCF Harmonic Filtr		75,000	70,065	5,000											5,000
RA14006	IERCF Punch Emission		150,000	108,472												
RA14007	IERCF TRANSDUCION AIR		125,000													
RA14007	IERCF Solenoid E-P Repairs		65,000													
RA15001	IERCA Processor Replacement/Redundancy		30,300	50,000												950,000
RA15002	IERCA Trimmel Screen Conversion to Compact Logic PLC															18,000
RA15005	Reclamation of Tins Loaders															57,000
RA15009	Total GIP	1,665,532	6,415,455	2,537,997	2,785,000	1,000,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	7,785,000
COM Project		2012/13	2013/14	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	10 Years	
RA12009	IERCF Shredder Production		35,000	35,314	15,000											35,000
RA13011	IERCF C-2	85,545	450,000	51,723	200,000	200,000										400,000
RA13011	Total G&M Projects (Included Materials & Supplies)	91,545	485,000	493,840	225,000	200,000										435,000

Attachment C



FY 2014/15 PROPOSED BUDGET

JUNE 9, 2014



Key Budget Assumptions

Key Revenues:

- \$2 tipping fee increase (CPI) to \$54 per wet ton
- 142,500 projected tonnage based on 95% capacity
- \$1.0 million capital contribution, carried forward from FY 2013/14

Key Expenses:

- Staffing maintained at 24 authorized FTEs
- 3% increase in employment costs per negotiated MOUs and higher benefit premiums
- \$1.0 million for bio-filter replacement
- \$2.8 million for capital project costs



FY 2014/15 Operations Budget

	FY 2013/14 Projected	FY 2014/15 Budget
Operating Revenues		
Tipping Fee Rate per Wet Ton	\$52	\$54
Tipping Fees	\$7,623	\$7,695
Compost Sales/Recycling/Delivery	571	600
Sale of Assets	0	424
Interest Revenue/Rebates	24	19
Total Operating Revenues	\$8,219	\$8,738
Operating Expenses		
Employment Costs	\$3,336	\$3,623
Utilities	1,526	1,526
Materials & Supplies	1,037	2,086
Professional Fees & Services	387	391
Office & Administration	39	42
Leases/Rentals/Operating Expense/Insurance/Financial Expense	169	368
Total Operation Expenses	\$6,494	\$8,036
Net Operating Increase (Decrease)	\$1,725	\$702

Capital Improvement Plan

(\$Thousands)



Description	FY 2012/13 Actual		FY 2013/14 Projected	FY 2014/15 Proposed	FY 2015/16 Forecast
Capital Replacement & Rehabilitation (R&R)	\$1,120		\$290	\$500	\$500
Process Improvement	100		1,900	900	0
Receiving Building	192		69	0	0
Belt Conveyor	270		1	0	0
Receiving Pit	0		15	300	0
Baghouse Improvements	0		50	450	500
Replacement Loader (2 units), excludes trade-in*	0		0	567	0
Processor Replacement/Redundancy Modules	0		0	45	0
IERCA Trommel Screen Conversion to Compact Logix PLC	0		0	18	0
Harmonic Filter	0		70	5	0
Locker Room	0		75	0	0
Purch Emission	0		108	0	0
Other Projects	1		59	0	0
Total Capital	\$1,683		\$2,637	\$2,785	\$1,000

*Trade in value \$424,000



INLAND EMPIRE REGIONAL

COMPOSTING
A U T H O R I T Y



QUESTIONS?

**CONSENT
CALENDAR
ITEM**


4F





Date: June 18, 2014

To: The Honorable Board of Directors

Through: Engineering, Operations, and Biosolids Management Committee
(06/11/14)

From:  P. Joseph Grindstaff
General Manager

Submitted by: Chris Berch 
Executive Manager of Engineering/Assistant General Manager

Craig J. Parker 
Manager of Engineering and Construction Management

Subject: Engineering Design Services Contract Amendment for the RP-5 Flow Equalization and Effluent Monitoring

RECOMMENDATION

It is recommended that the Board of Directors:

1. Approve an amendment to Contract No. 4600001588 with Lee & Ro, Inc. for additional consulting services on the RP-5 Flow Equalization and Effluent Monitoring, Project No. EN11031, for the not-to-exceed fee of \$182,293; and
2. Authorize the General Manager to execute the consultant contract amendment.

BACKGROUND

The RP-5 Flow Equalization and Effluent Monitoring project will optimize the use of recycled water by treating flows to match the capacity of the Recycled Water Pump Station at the Regional Water Recycling Plant No. 5 (RP-5), especially during the dry weather season. The current capacity of the RP-5 Recycled Water Pump Station is 10 million gallons per day (MGD). This project proposes to design and implement an automated system which will bypass and store any effluent primary flows greater than 10 MGD (or any operator flow set point) into the emergency storage basin (ESB) until needed during low flows. Additionally, this project will include a means to measure the flows at the influent side of the chlorine contact basin, which will allow Operations to better control the chemical usage and allow for more accurate dosing of chlorine to the system. Lastly, the sodium bisulfite and sodium hypochlorite pumps at RP-5 are

leaking and need to be replaced with new pumps that will accommodate a low flow scenario (0.5 MGD).

On December 18, 2013, the design contract for this project was awarded to Lee & Ro, Inc. On January 21, 2014, the Agency instructed Lee & Ro, Inc. to stop all work due to a new internal procedure in place which requires all projects to be reviewed thoroughly by the Technical Services Department and a Project Expectation Memorandum (PEM) has been submitted specifying the final scope of work. On April 2, 2014, the PEM was provided to the Engineering Department and the following scope of work was added:

1. Evaluate the feasibility of foul air control at the influent flap gate at the Emergency Storage Basin and at the primary effluent splitter structure.
2. Provide a design for a shade structure to protect the alum storage tanks and pumps.
3. Provide a design for both sodium bisulfite injection locations and for the sodium hypochlorite flows to the pre-filtration line and the return activated sludge line.
4. Provide a design to divert secondary effluent and tertiary effluent to the emergency lagoon.
5. Provide a design for installation of strainer equipment on the Recycled Water Pump Station discharge line.
6. Evaluate options for removal of scum at the end of the Chlorine Contact Basin and De-chlorination channel.
7. Provide a design to replace the existing alum tanks with larger alum tanks.
8. Provide a design for new access stairs for the west side of the tertiary filters.
9. Provide a design for a separate shade structure for the alum tanks and pumps.
10. Include new 3-phase variable frequency drives for the sodium bisulfite and sodium hypochlorite pumps.
11. Provide bypassing specifications to allow for pipeline inspection of the pipelines at the primary effluent splitter structure.

A request for proposal was issued to Lee & Ro requesting a cost proposal for the above mentioned added scope of work. Agency staff received Lee & Ro's fee proposal on May 12, 2014, and entered into negotiations with them. The result of these negotiations is a not-to-exceed fee of \$182,293.

Contract Amendment for the RP-5 Flow Equalization and Effluent Monitoring,
Project No. EN11031
June 18, 2014
Page 3 of 3

The total projected costs are as follows:

PROJECT PHASE	ORIGINAL PROJECT COST	AMENDED PROJECT COST
Design (Consultant and IEUA Labor)	\$284,986	\$592,279
Construction	\$1,300,000	\$2,300,000
Construction Mgmt.	\$260,000	\$500,000
Contingency	\$130,000	\$250,000
Total	\$1,974,986	\$3,642,279

The project schedule is as follows:

Design Completion	November 2014
Construction Contract Award	February 2015
Construction Completion	December 2015

The RP-5 Flow Equalization and Effluent Monitoring Project is part of the Agency's Water Reliability Business Goal to maximize beneficial reuse of recycled water to enhance reliability and reduce dependence on imported water.

PRIOR BOARD ACTION

On December 18, 2013, the IEUA Board of Directors approved the award of the consultant contract to Lee & Ro Inc. for design and construction engineering services.

IMPACT ON BUDGET

The amendment for the RP-5 Flow Equalization and Effluent Monitoring, Project No. EN11031, for the not-to-exceed amount of \$182,293, is within the total project budget of \$681,053 and Fiscal Year Budget of \$550,000 within the Regional Wastewater Capital (RC) Fund. The total project budget will be adjusted during the FY 2015/16 TYCIP budget process to cover the total projected project costs.

PJG:CJP:MK:al



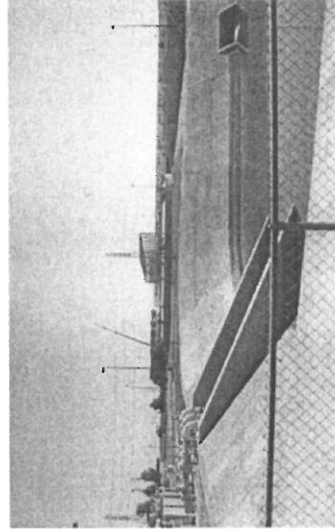
Inland Empire Utilities Agency

A MUNICIPAL WATER DISTRICT

RP-5 Flow Equalization and Effluent Monitoring Project Engineering Services Contract Amendment

Project No. EN11031

June 2014

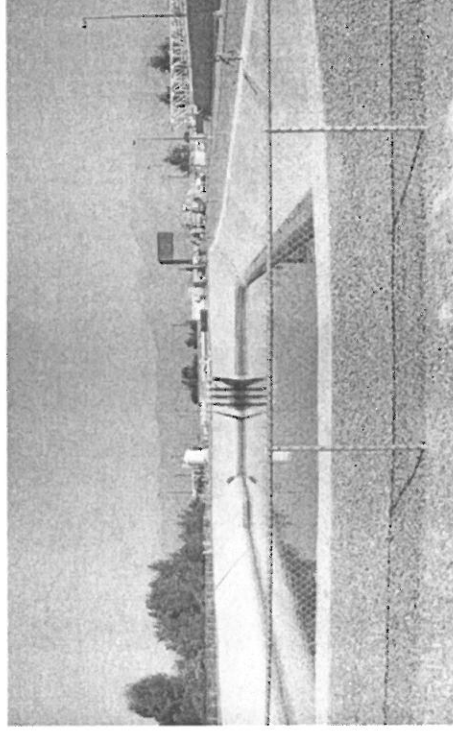


Emergency Storage Basin

Craig J. Parker, P.E., BCEE, Manager of Engineering and Construction Management
Majid Karim, P.E., Deputy Manager of Engineering
Alan Lau, Associate Engineer

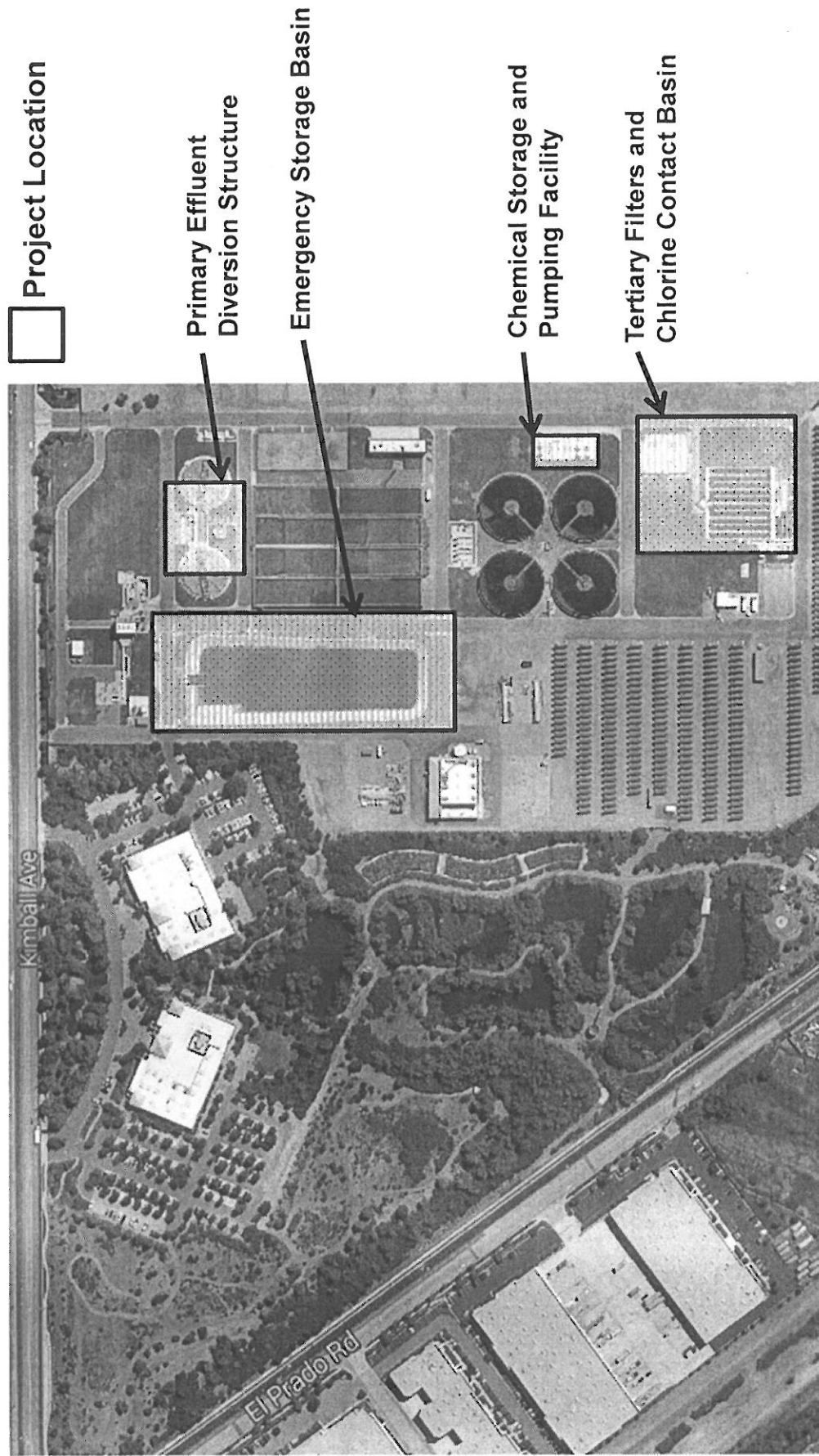
Project Background

- Automate bypassing to the emergency storage basin
- Provide flow measuring to Chlorine Contact Basin
- Replace existing sodium bisulfite and sodium hypochlorite pumps
- Provide business case evaluation to cover chlorine contact basin



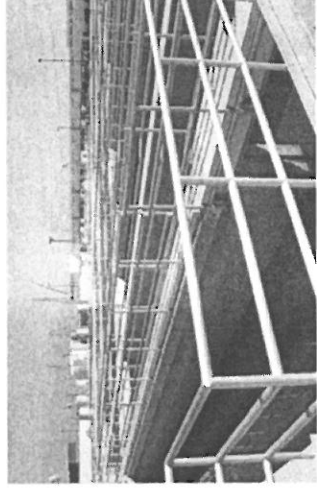
Emergency Storage Basin

Project Location



Amendment Scope

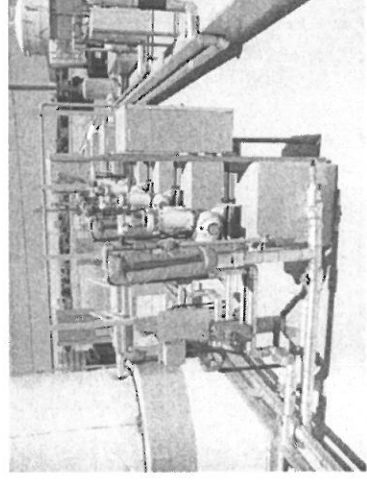
- Scope of this Amendment includes: (\$182,293)
 - Evaluate foul air control at emergency storage basin.
 - Provide shading for alum tanks and pumps.
 - Provide flowmeter for sodium bisulfite & hypochlorite flows.
 - Provide diversion of secondary and tertiary to lagoon.
 - Provide strainer equipment for Recycled Water Pump Station.



Chlorine Contact Basin

Amendment Scope (cont.)

- Evaluate removal of scum at Chlorine Contact Basin.
- Provide design to replace existing alum tanks.
- Provide access stairs for the tertiary filters.
- Provide shade structure for alum tanks and pumps.
- Provide VFDs for sodium bisulfite and hypochlorite pumps.
- Provide bypassing specifications to include pipeline inspection.



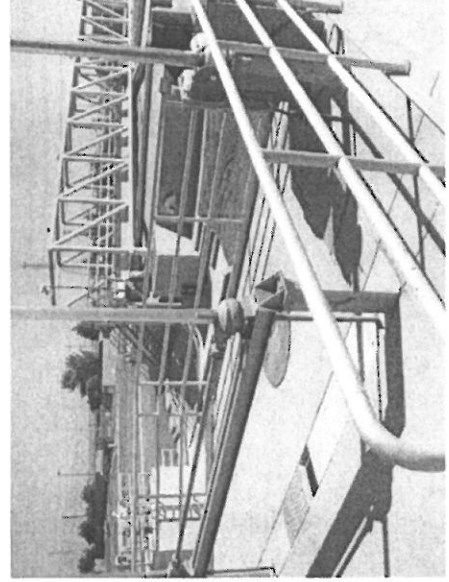
Chemical Dosing Pumps

Project Costs

PROJECT PHASE	ORIGINAL PROJECT COST	AMENDED PROJECT COST
Design (Consultant and IEUA Labor)	\$284,986	\$592,279
Construction	\$1,300,000	\$2,300,000
Construction Management	\$260,000	\$500,000
Contingency	\$130,000	\$250,000
Total	\$1,974,986	\$3,642,279

Project Schedule

Description	Date
Completion of the Design	November 2014
Construction Contract Award	February 2015
Construction Completion	December 2015



Primary Effluent Diversion Structure



**CONTRACT AMENDMENT NUMBER: 4600001588-001
FOR
RP-5 FLOW EQUALIZATION
AND
EFFLUENT MONITORING PROJECT**

AMENDMENT ONE is made and entered into this ____ day of _____, 2014 by and between the Inland Empire Utilities Agency, a Municipal Water District, organized and existing in the County of San Bernardino under and by virtue of the laws of the State of California (hereinafter referred to as "Agency" and "IEUA"), and Lee & Ro, Inc. of City of Industry, California (hereinafter referred to as "Consultant"), for provision of consulting engineering services required for the design, bid period and construction administration assistance of the RP-5 Flow Equalization and Effluent Monitoring Project No. EN11031.00 (referred to as "the Work ") and shall revise the Contract as amended:

REVISE SECTION FOUR, SCOPE OF WORK, TO ADD:

Consultant shall furnish additional consulting services outlined in Consultant's proposal dated May 12, 2014, attached hereto, referenced herein, and made a part hereof as **Exhibit A**.

REVISE SECTION SIX, COMPENSATION, TO ADD PARAGRAPH FOUR AS READS:

Additional compensation in the amount of **\$182,293.00** is hereby authorized in accordance with Project Manager's previously-approved Contract amount of **\$159,986.00** and **Exhibit A**, attached hereto and made a part hereof. In compensation for the additional Work represented by this contract amendment, Agency shall pay Consultant a NOT-TO-EXCEED maximum total of **\$342,279.00** for all services provided.

ALL OTHER PROVISIONS OF THIS CONTRACT REMAIN UNCHANGED.

WITNESSETH, that the parties hereto have mutually covenanted and agreed as per the above amendment items, and in doing so have caused this document to become incorporated into the Contract documents.

INLAND EMPIRE UTILITIES AGENCY:

LEE & RO, INC.:

P. Joseph Grindstaff (Date)
General Manager

Dhiru Patel (Date)
Vice President/So. California Regional Mgr.

Exhibit A



1199 South Fullerton Road, City of Industry, CA 91748
Tel: (626) 912-3391
Fax: (626) 912-2015
www.LEE-RO.com

May 12, 2014

Mr. Alan Lau
Inland Empire Utilities Agency (IEUA)
6075 Kimball Ave., Building B
Chino, CA 91708

Subject: Proposal for Change Order No. 1 for Additional Engineering Services for the RP-5 Flow Equalization and Effluent Monitoring Project (EN11031.00)

Project No. 1138

Dear Mr. Lau:

LEE & RO is please to submit this letter proposal for additional engineering services in response to the Technical Services Department Memorandum dated April 2, 2014. That Technical Memorandum identified current system deficiencies at RP-5 and project expectations from the IEUA Technical Services Department point of view. The project expectations identified includes additional scope of work and services not included in the original contracted scope of work. That additional work is summarized below.

Additional Scope of Work and Services

1. Evaluate the feasibility of foul air control in the Primary Effluent Splitter structure and near the Emergency Storage Basin flap gates.
2. Provide a design for a shade structure to protect the alum storage tank and pumps.
3. Provide a design for measurement of sodium bisulfite flows on both legs of the sodium bisulfite control and outfall line and sodium hypochlorite flows to the pre-filtration line and the RAS line.
4. Provide a design for automated diversion of secondary effluent and filtered effluent to the Emergency Lagoon.
5. Provide a design for installation of strainer equipment on the Recycled Water Pump Station discharge line.
6. Evaluate options for removal of scum at the end of the Chlorine Contact Basin and De-chlorination Channel.
7. Perform a business case evaluation (BCE) and provide a design to replace the existing alum tank and pedestal with a larger tank and pedestal suitable to receive truck deliveries of alum.
8. Provide a design for a set of stairs from grade to the lower landing on the west side of the Tertiary Filters.
9. Provide designs for separate shade structures to cover the sodium bisulfite, sodium hypochlorite, and alum pumps and tanks.
10. Include new 3-phase VFDs for sodium bisulfite and sodium hypochlorite pumps.
11. Provide specifications for contractor to allow IEUA Maintenance Personnel to perform condition assessments of the 36-inch diameter Primary Effluent line, 36-inch diameter Emergency Storage Basin line, 54-inch diameter Primary Effluent line, and 84-inch diameter Filtered Effluent line.

Technical Memoranda will be prepared and submitted to IEUA for items 1 through 9. Our fee proposal also includes the labor associated with advancing all of these items from the Technical Memorandum stage through final design and construction. This allows you to only have to request Board authorization one time.



Exhibit A

Mr. Alan Lau
 May 12, 2014
 Page 2 of 3

A preliminary list of design drawings for the additional scope of work is included below.

Sheet No.	Drawing No.	Title
		Foul Air
1	D-1	Demolition Plan – Foul Air Piping
2	C-1	Yard Piping Plan – Foul Air Piping
3	M-1	Foul Air Control System Schematic
4	M-2	Emergency Storage Basin (ESB) Odor Control Plan
5	M-3	ESB Odor Control Sections and Details
6	E-1	ESB Odor Control Electrical Plan and Details
7	E-2	ESB Odor Control Electrical Schematic Diagram
8	N-1	ESB Odor Control P&ID
		Shade Structure for Alum Tank and Pumps
9	S-1	Shade Structure Roof Framing Details
10	S-2	Shade Structure Framing Details
		Chemical Flow Measurement
11	M-1	Tertiary Chemical Facility Partial Plan (Bleach)
12	M-2	Tertiary Chemical Facility Partial Plan (Sodium Bisulfite)
13	M-3	Tertiary Chemical Facility Details
14	M-4	Tertiary Chemical Facility Isometrics
15	E-1	Tertiary Chemical Facility Electrical Plan and Details
16	N-1	Tertiary Chemical Facility P&ID
		Automated Diversion of SE & PE to Lagoon
17	D-1	Demolition Plan – 54-inch SE Bypass Line
18	C-1	Yard Piping Plan – New Diversion Pipeline to Lagoon
19	C-2	Diversion Pipeline Plan and Profile
20	C-3	Diversion Pipeline Details
21	M-1	Tertiary Filter Plan
22	M-2	Tertiary Filter Sections and Details
23	E-1	Tertiary Filter Electrical Plan
24	E-2	Single Line Diagram
25	E-3	Filter / Diversion Gates Electrical Schematic Diagram
26	E-4	MCC Elevations
27	N-1	Automated SE & FE Diversion P&ID
		Recycled Water Pump Station Discharge Strainer
28	D-1	Demolition Plan – W3 Water Pump Station Discharge
29	M-1	W3 Water Pump Station Plan, Section and Details
30	M-2	W3 Water Pump Station Electrical Plan
		Chlorine Contact Basin Scum Removal System
31	M-1	Scum Collector Plan, Sections and Details
32	M-2	Scum Collector Details
33	S-1	Scum Pit Structural Plan, Section and Details
		Replacement of Alum Tank and Pedestal
34	D-1	Demolition Plan – Alum Tank and Pedestal
35	S-1	Alum Tank Pedestal Plan, Section and Details
36	M-1	Alum Tank Partial Plan and Details
37	M-2	Alum Storage Tank Details
38	E-1	Alum Tank Electrical Plan
		Tertiary Filter Stairs
39	S-1	Tertiary Filter Structural Plan, Section and Details

Exhibit A

Mr. Alan Lau
May 12, 2014
Page 3 of 3

Assumptions

Our fee proposal for this change order is based on the following assumptions.

1. We have assumed that odor control at the ESB will be by a packaged chemical dosing system and will not be integrated into the foul air ducting/piping system.
2. We have assumed that the scum removed from the dechlorination channel will be discharged into a newly installed manhole that will be utilized for scum storage and that IEUA will periodically empty the scum discharge/storage manhole with a vacuum truck for disposal elsewhere.
3. We have assumed that a 5,100 gallon capacity alum tank, which is the same size and capacity as the sodium bisulfite storage tanks, will be acceptable.
4. We have assumed that IEUA will shut down all flow to the primary clarifiers to allow for the installation of the bulkheads and plugs in the primary effluent wells for bypassing.
5. Our fee does not include any geotechnical services.
6. Our fee does not include potholing services to locate existing underground utilities.
7. We have assumed that the strainer equipment, including the required bypass line, can be completely installed on the concrete top deck of the existing W3 Water Pump Station.
8. We have assumed that there is adequate space in MCC 31 and MCC 32 in Power Center 3 for the necessary electrical power requirements.
9. We have assumed that there is adequate spare conduit available for additional power and control requirements.

Fee Proposal

LEE & RO's fee proposal for the additional scope of work and services is included as **Exhibit 1 – Fee Proposal for Change Order No. 1.**

Very truly yours,

LEE & RO, Inc.



Rick Liskow, PMP
Project Manager

Enclosure: Exhibit 1 – Fee Proposal for Change Order No. 1

**CONSENT
CALENDAR
ITEM**


4G





Date: June 18, 2014

To: The Honorable Board of Directors

Through: Engineering, Operations, and Biosolids Management Committee
(06/11/14)

From:  P. Joseph Grindstaff
General Manager

Submitted by: Chris Berch 
Executive Manager of Engineering/Assistant General Manager

Craig J. Parker 
Manager of Engineering and Construction Management

Subject: Construction Contract Award for the RP-4 Headworks Replacement

RECOMMENDATION

It is recommended that the Board of Directors:

1. Award the construction contract for the RP-4 Headworks Replacement, Project No. EN09021, to J.R. Filanc Construction, Inc. for their low bid of \$1,135,000; and
2. Authorize the General Manager to execute the construction contract.

BACKGROUND

The Regional Water Recycling Plant No. 4 (RP-4) has been in operation since 1997, and is currently treating wastewater with primary, secondary, and filtration stages.

The existing Headworks has numerous issues including:

- Limited accessibility due to building enclosure
- Plastic gears becoming brittle on bar screens
- Isolation gates at end of useful life
- Ponding of storm water
- New requirements for disposal of grit/screenings

The Engineering Department completed an in-house design of the project including evaluating several different types of screening equipment. The Agency has pre-purchased equipment sized at the ultimate treatment capacity of the plant. The equipment includes fine screens with one-quarter-inch openings and washer/compactor units.

The scope of work covered in the design is summarized as follows:

- Replacement of the existing two bar screens with two self enclosed fine screens.
- Replacement of the existing isolation aluminum gates with new and automated stainless steel gates with structural improvements to the influent diversion channels.
- Providing a new washer/compactor at the screening handling facility.
- Removal of the existing headworks building with a new fiberglass reinforced plastic (FRP) building that has an improved access and a lightweight door. The new building will have an updated odor control ducting.
- Replacement of the existing asphalt flooring inside the screening handling building with a new concrete floor in addition to the proper grading and drainage facilities.
- Providing an augur/compactor bin customized to compact the screenings and grit to lower water content. The bin is sized in accordance to the requirements of the hauling company.

Agency staff advertised this project for construction bids on March 11, 2014, utilizing TheNetwork. On May 22, 2014, the following bids were received in response to the advertisement:

CONTRACTOR	BID AMOUNT
J.R. Filanc Construction	\$1,135,000
MS Construction	\$1,357,961
MMC Construction	\$1,384,111
Nile Advanced	\$1,430,000
Cora Constructors	\$1,582,448
Environmental Construction	\$1,691,811
Engineer's Estimate	\$1,120,000

J.R. Filanc Construction (California Class A License No. 134877) was the low bidder, and they received good references from previous clients.

The following is the projected project cost:

PROJECT PHASE	TOTAL COST
In-House Design	\$273,629
Pre-Purchased Equipment	\$560,275
Construction	\$1,135,000
Construction Management	\$175,000
Contingency	\$110,000
Total	\$2,253,904

The following is the project schedule:

PROJECT PHASE	DATE
Construction Contract Award	June 2014
Complete Construction	June 2015

The RP-4 Headworks Replacement project is part of the Agency's Wastewater Management Capacity Business Goal objective that IEUA will maintain capacity within systems and facilities to meet essential service demands and to protect public health and environment.

PRIOR BOARD ACTION

On October 9, 2011, The Board awarded the purchase contract of the fine screens and washer/compactor to JWC Environmental.

IMPACT ON BUDGET

The construction contract for the RP-4 Headworks Replacement, Project No. EN09021, in the amount of \$1,135,000 will be within the total updated project budget of \$1,344,000 and FY 2013/14 budget of \$642,000 within the Regional Operations and Maintenance (RO) Fund. An estimated amount of \$10,000 will be spent on the construction contract this fiscal year, which is within the current fiscal year appropriation. The remaining construction contract amount of \$1,125,000 is anticipated to be spent in FY 2014/15. Augmentation of the total project budget is occurring during the FY TYCIP 2014/15 budget process.

PJG:CB:CJP:MK:aa



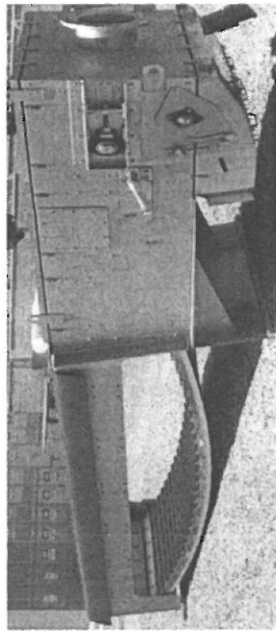
Inland Empire Utilities Agency

A MUNICIPAL WATER DISTRICT

RP-4 Headworks Replacement Construction Contract Award

Project No. EN09021

June 2014

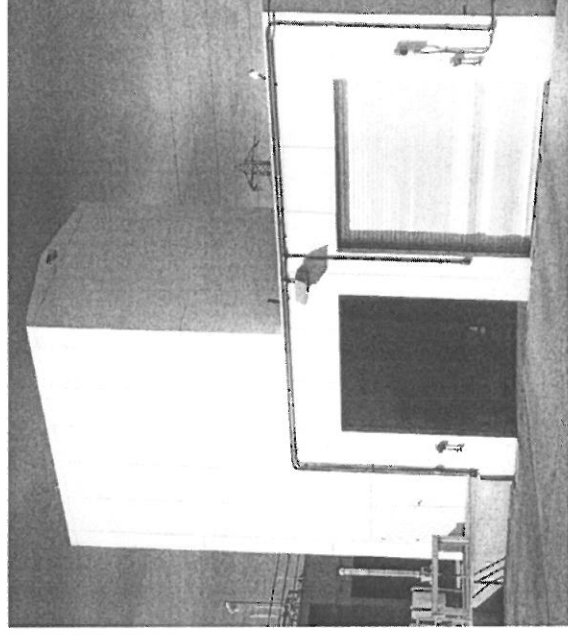


Fine Screens

Craig J. Parker, P.E., BCEE, Manager of Engineering and Construction Management
Majid Karim, P.E., Deputy Manager of Engineering
Adham Almasri, P.E., Project Manager

Project Background

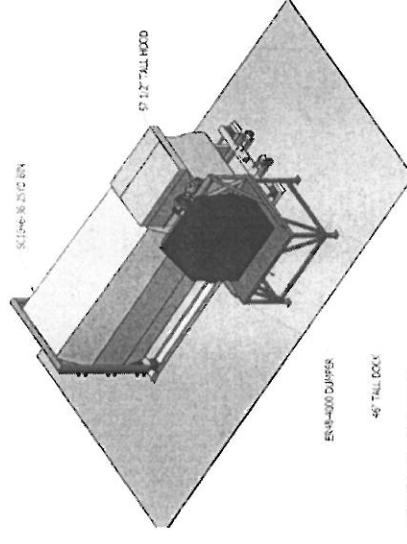
- Limited space around the equipment
- Old bar screens with brittle plastic gears
- Isolation gates at end of useful life
- Drainage issues inside and outside
- Hauling Company new rules



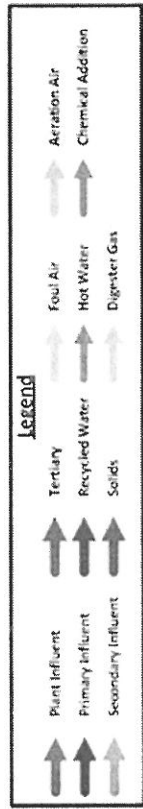
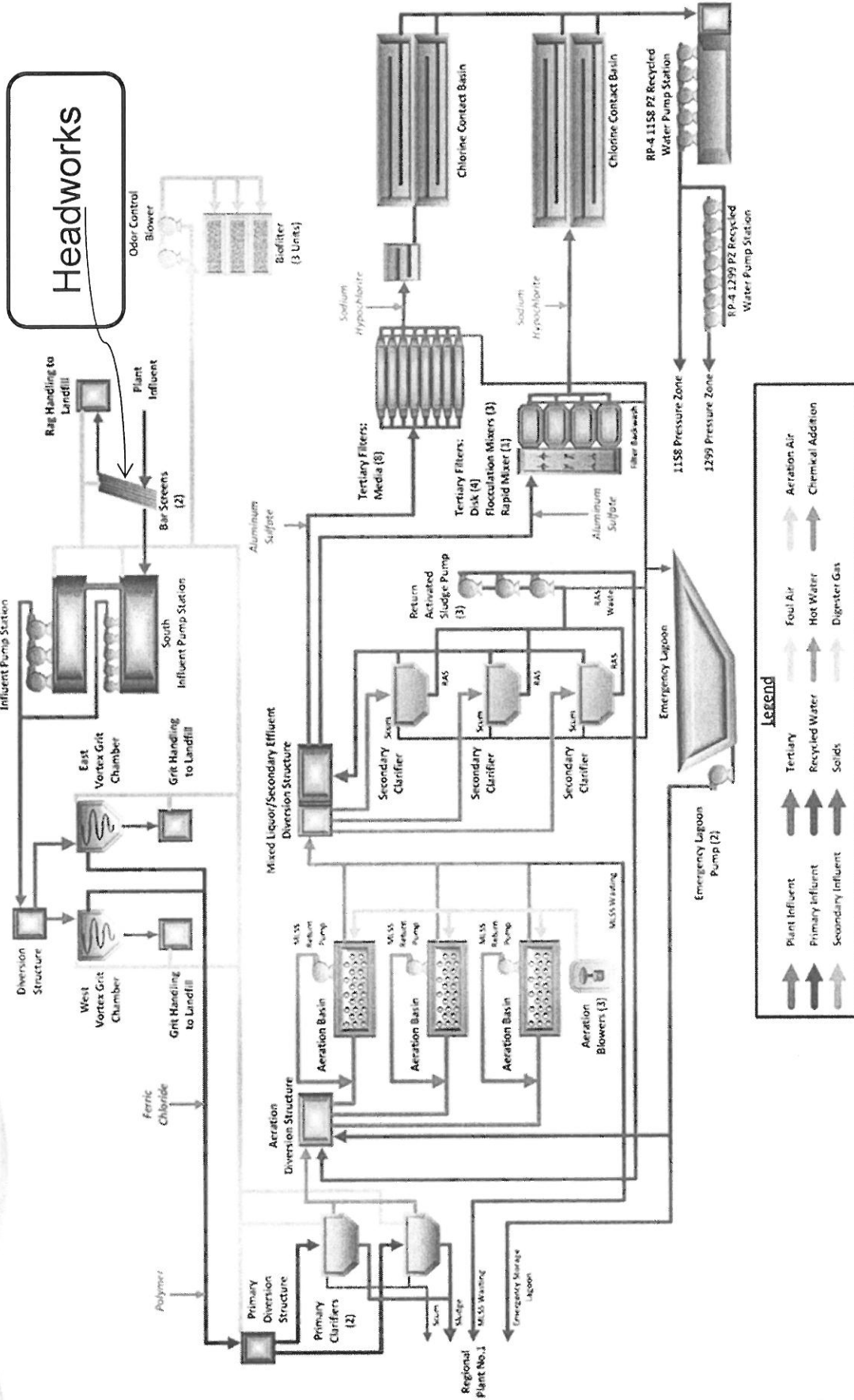
Existing Headworks Building

Project Scope

- Replacement of:
 - Bar screens with fine screens
 - Existing Headworks Building with FRP Building
 - Existing aluminum gates with new stainless steel automated gates
 - Existing asphalt flooring
- New Auger/compactor bin
 - New washer/compactor
 - New Augur/compactor bin



Regional Water Recycling Plant No. 4



Bid Results

The bids for construction were as follows:

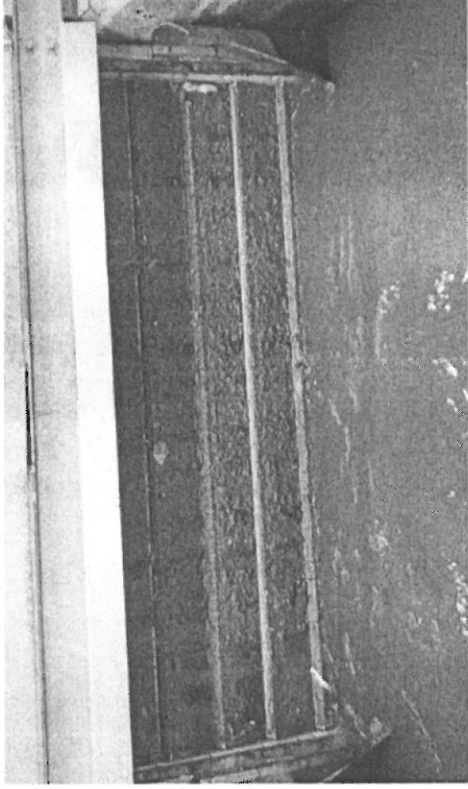
CONTRACTOR	BID AMOUNT
J.R. Filanc Construction	\$1,135,000
MS Construction	\$1,357,961
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Nile Advanced	\$1,430,000
Cora Constructors	\$1,582,448
Environmental Construction	\$1,691,811
Engineer's Estimate	\$1,120,000

Project Costs

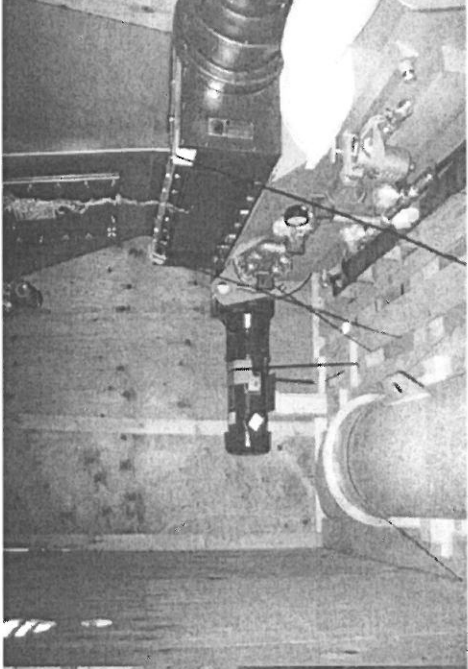
PROJECT PHASE	PROJECTED COST
In-House Design	\$273,629
Pre-Purchased Equipment	\$560,275
Construction	\$1,135,000
Construction Management	\$175,000
Contingency	\$110,000
Total	\$2,253,904

Project Schedule

PROJECT PHASE	COMPLETION
Construction Contract Award	June 2014
Construction Completion	June 2015



Sample Fine Screens



Sample JWC Washer/Compactor

SECTION D - CONTRACT AND RELEVANT DOCUMENTS

1.0 CONTRACT

THIS CONTRACT, made and entered into this ___ day of _____, 20___, by and between _____, 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 _____, 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 \$ _____ Dollars

and _____ 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 two-hundred and seventy (270) 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 four thousand (\$4,000) 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. Liquidated Damages will be assessed against the CONTRACTOR for CONTRACTOR's failure to meet schedule mandatory milestones. The Liquidated Damages shall be assessed for shop drawings and submittals that are not approved by the Agency within 120 days after the award of the Contract at a daily amount of seven hundred and fifty (\$750) dollars for each day of delay. Additionally, liquidated damages shall be assessed at a daily amount of \$1,000 (one -thousand dollars) for each day of delay of the "30 Day Acceptance Test".

All work shall be completed before final payment is made. 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 per below milestone tables:

Milestone	Liquidated Damages for Delay
Approval of All Shop Drawings within 120 days of contract award	\$750 / day
30 Day Acceptance Test shall begin on or before 320 days calendar days after the date of award of contract.	\$1,000/ day
All Contract work shall be completed within 360 calendar days after the date of award of Contract.	\$4,000/ day

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

**ACTION
ITEM**


5A





Date: June 18, 2014

To: The Honorable Board of Directors

Through: Engineering, Operations, and Biosolids Management Committee
(06/11/14)
Finance, Legal, and Administration Committee (06/11/14)

From:  P. Joseph Grindstaff
General Manager

Submitted by: Chris Berch 
Executive Manager of Engineering/Assistant General Manager

Craig J. Parker 
Manager of Engineering and Construction Management

Subject: Construction Contract Award for the Wineville Extension Recycled Water Pipeline, Segment A

RECOMMENDATION

It is recommended that the Board of Directors:

1. Award the construction contract for the Wineville Extension Recycled Water Pipeline, Segment A, Project No. EN06025, to CCL Contracting, Inc., for their low bid of \$10,197,000; and
2. Authorize the General Manager to execute the construction contract.

BACKGROUND

In 2005, Inland Empire Utilities Agency (IEUA) initiated the design of the Wineville Extension Recycled Water Pipeline Project, which is located within IEUA's Central Area. The work resulted in a completed design package; however, the project was put on hold due to economic conditions and unresolved negotiations between the City of Fontana and the Fontana Water Company, regarding the sale of recycled water within the Fontana Water Company's service area. The design of the segment of the pipeline within the City of Ontario was the only portion completed.

On December 19, 2007, the IEUA Board approved the Recycled Water Three-Year Business Plan for the implementation of recycled water projects to increase the availability and use of recycled water within IEUA's service area. This plan identified the Wineville Extension Recycled Water Pipeline project within IEUA's Central Area as one of the priority project areas, which will yield an estimated connected demand of 3,000 to 4,000 acre-feet per year. Alignments of the Wineville Pipeline, designed in 2005, were reviewed and revised to increase the available recycled water demand within the cities of Fontana and Ontario. On April 26, 2011, the City of Fontana and Fontana Water Company entered into an agreement for a regionalized recycled water service, and on March 16, 2011, GHD was selected to complete the remaining design of the Wineville Extension Recycled Water Pipeline Project.

In order to increase the number of competitive bids by means of lowering the required bond amount, the total pipeline project was divided into two segments with approximately equal lengths; Segment A is covered under Project No. EN06025 and Segment B is covered under Project No. EN13045.

In August 2013, IEUA staff prequalified fourteen bidders on both segments after thorough review and interviews with the interested bidders.

On March 13, 2014, Agency staff advertised Segment A on TheNetwork among the prequalified bidders to solicit construction bids. On May 15, 2014, the following bids were received in response to the advertisement:

CONTRACTOR	BID AMOUNT
CCL Contracting Inc.	\$10,197,000
Trautwein Construction, Inc	\$10,239,000
Blois Construction, Inc.	\$11,216,094
Steve Bubalo Construction Co.	\$11,496,000
T.C. Constr. Co., Inc.	\$11,750,000
Engineer's Estimate	\$11,272,634

CCL Contracting Inc. (California Class A License No. 798819) was the low bidder, and they received good references from previous clients.

The following is the projected project cost:

PROJECT PHASE	TOTAL COST
Design (Consultant and IEUA Labor)	\$450,000
Construction	\$10,197,000
Construction Management	\$1,510,000
Contingency	\$1,200,000
Total	\$13,357,000

The following is the project schedule:

PROJECT PHASE	DATE
Construction Contract Award Segment A	June 2014
Construction Completion	July 2015

The Wineville Extension Recycled Water Pipeline, Segment A project is part of the Agency's Water Reliability Business Goal to develop and implement an integrated water resource management plan that promotes cost-effective, reliable, efficient and sustainable water use along with economic growth within the IEUA Service Area.

PRIOR BOARD ACTION

On May 21, 2014, the IEUA Board of Directors approved the award of construction contract of Wineville Extension Recycled Water Pipeline, Segment B to Mike Bubalo Construction

On February 19, 2014, the IEUA Board of Directors approved the sixth and seventh amendments to the consultant services contract between IEUA and GHD.

On March 21, 2012, the IEUA Board of Directors approved the fifth amendment to the consultant services contract between IEUA and GHD.

On January 18, 2012, the IEUA Board of Directors approved the fourth amendment to the consultant services contract between IEUA and GHD.

On March 16, 2011, the IEUA Board of Directors approved the award of the engineering consultant services contract to GHD.

On December 19, 2007, the IEUA Board of Directors approved the Recycled Water Three Year Business Plan.

On September 21, 2005, the IEUA Board of Directors approved the award of the consultant award contract to Lee & Ro for design and construction engineering services.

IMPACT ON BUDGET

The project will be funded by a State Revolving Fund (SRF) Loan and grants from the State Water Resources Control Board (SWRCB). The SRF Loan and grant application have been approved by the SWRCB.

The construction contract for the Wineville Extension Recycled Water Pipeline, Segment A, Project No. EN06025 in the amount of \$10,197,000 will be within the total project budget of \$17,965,518 within the Recycled Water (WC) Fund. An estimated amount of \$20,000 will be

Contract Award for Wineville Extension Recycled Water Pipeline, Segment A
Project No. EN06025
June 18, 2014
Page 4 of 4

spent this fiscal year which is within the FY 2013/14 budget of \$7,783,087, with the remaining contract amount of \$10,177,000 will be spent in FY 2014/15 and 2015/16.

PJG:CB:CJP:MK:aa



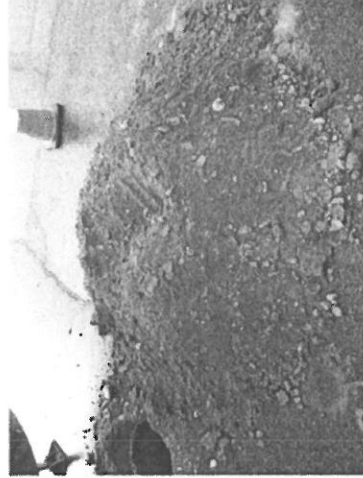
Inland Empire Utilities Agency

A MUNICIPAL WATER DISTRICT

Wineville Extension Recycled Water Pipeline Segment A Construction Contract Award

Project No. EN06025

June 2014

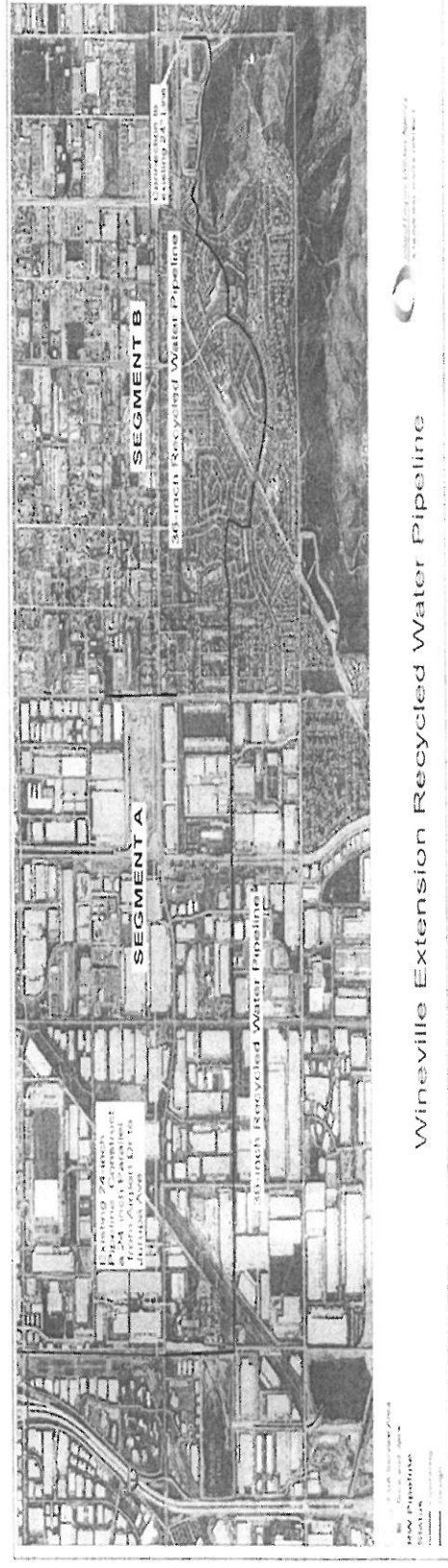


Bore Holes

Craig J. Parker, P.E., BCEE, Manager of Engineering and Construction Management
Majid Karim, P.E., Deputy Manager of Engineering
Adham Almasri, Senior Engineer

Project Background

- In 2005, project design began
- Deferred due to Fontana/FWC Issues
- Fontana prepared RW Master Plan in 2006
- Three Year Business Plan adopted in 2007
- SRF loan/grant application was approved
- A list of fourteen Pre-Qualified Bidders was developed in August 2013



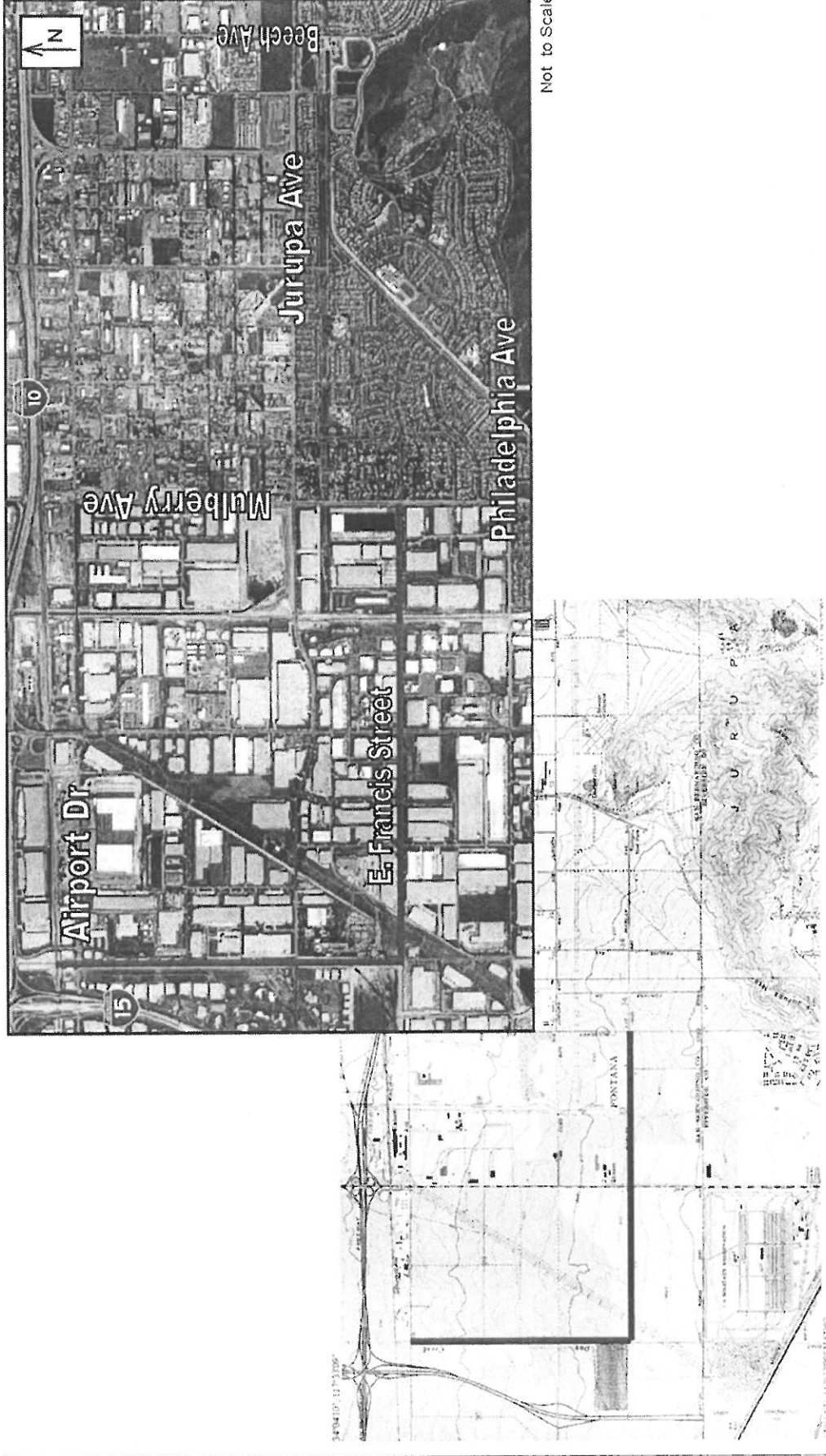
Project Description

- Estimated connected demand: 3,000 – 4,000 AFY (direct & GWR)
- Segment A will construct 5,464 feet of 24" & 13,344 feet of 36" steel pipe
- Work is in the City of Ontario
- Project is part of the Agency's Water Reliability Business Goal
- Will develop and implement an integrated water resource management plan.



Geotechnical Bore Holes Locations

Segment A Vicinity Map



Not to Scale

Bid Results

The bids for construction were as follows:

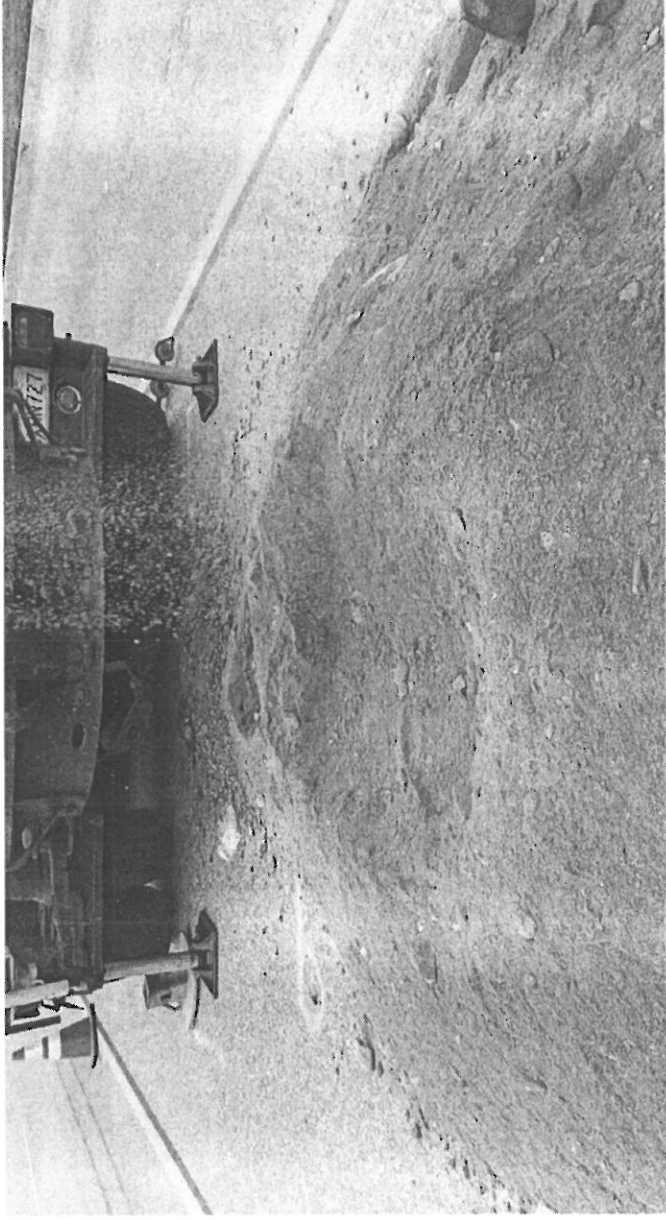
CONTRACTOR	BID AMOUNT
CCL Contracting, Inc.	\$10,197,000
Trautwein Construction, Inc.	\$11,216,094
Blois Construction, Inc.	\$11,496,000
Steve Bubalo Construction Co.	\$11,750,000
T.C. Construction, Inc.	\$10,239,000
Engineer's Estimate	\$11,272,634

Project Costs

PROJECT PHASE	PROJECTED COST
Design (Consultant and IEUA Labor)	\$450,000
Construction	\$10,197,000
Construction Management	\$1,510,000
Contingency	\$1,200,000
Total	\$13,357,000

Project Schedule

PROJECT PHASE	COMPLETION
Construction Contract Award Segment A	June 2014
Construction Completion (Both Segments)	July 2015



Geotechnical Investigations Borings

SECTION D - CONTRACT AND RELEVANT DOCUMENTS

1.0 CONTRACT

THIS CONTRACT, made and entered into this ____ day of _____, 20__, by and between _____, 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 Wineville Extension Recycled Water Pipeline – Segment A, 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 \$ _____
 _____ Dollars
 and _____ 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 four hundred (400) 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 four thousand (\$4,000) 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. Similarly, the Contractor shall pay to the agency the amount of \$750 for each day after 120 days from the contract award if all shop drawings are not approved by the Agency. 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.

Milestone	Liquidated Damages for Delay
Approval of All Shop Drawings after 120 days of contract award	\$750/day
All Contract work	\$4,000.00/day

shall be completed within 400 calendar days after the date of award of Contact	
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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.

By _____
General Manager

Contractor

By _____
Title

*Municipal Water District


**ACTION
ITEM**


5B


Date: June 18, 2014

To: The Honorable Board of Directors

Through: Engineering, Operations, and Biosolids Management Committee
(06/11/14)

From:  P. Joseph Grindstaff
General Manager

Submitted by: Chris Berch 
Executive Manager of Engineering/Assistant General Manager

Craig J. Parker 
Manager of Engineering and Construction Management

Subject: On-Call Construction Management Support and Inspection Services
Contract Amendment

RECOMMENDATION

It is recommended that the Board of Directors:

1. Approve a contract amendment to Butier Engineering Inc., for on-call “as needed” construction management support and inspection services for a not-to-exceed total amount of \$1,625,000 for a term of two years; and
2. Authorize the General Manager to execute the consultant contract amendment.

BACKGROUND

The Engineering and Construction Management Department manages the construction of capital improvement projects, rehabilitation projects, and emergency construction activities for the Agency. Supplemental construction management support and inspection services are required for various current and future capital projects that exceed the resource capability of the Agency’s current staffing level. Utilizing on-call labor avoids the need to increase regular staffing levels to support short-term needs.

The Engineering and Construction Management Department utilizes construction management support and inspection services from Butier Engineering Inc. on numerous projects, including the 930 Zone Recycled Water Reservoir and Pipeline Projects, IERCF Process Improvements

Conveyor Upgrades, and various future capital improvement projects. Based on unforeseen changed condition delays experienced on the 930 Zone Recycled Water Reservoir and Pipeline Projects, IERCF Conveyor Project delays, and future capital improvement projects, the department is recommending that Butier be awarded an amendment for a not-to-exceed amount of \$1,625,000 with a two-year contract extension.

Following are the details of the unforeseen changed condition delays for each of the projects Butier is currently managing along with a breakdown of the requested amendment.

- The 930 Zone Recycled Water Reservoir Project has been delayed an estimated three months.
- The 930 Zone Recycled Water Pipeline project has been delayed an estimated six months which necessitated additional support hours to evaluate, negotiate, and finalize a Global settlement due to differing site conditions.
- The IERCF Process Improvements Conveyor Upgrades project has been delayed an estimated six months and requires continuous inspection due to work being performed after hours.

PROJECTS		
Project No.	Project Name	Estimated Consultant Construction Management Cost
RA11004	IERCF Process Improvements-Conveyor Upgrades	\$375,000
EN13022	930 Zone RW Reservoir	\$160,000
EN13023	930 Zone RW Pipeline	\$350,000
	Various Future Capital Improvement Projects	\$740,000
	Total Estimated Consultant Construction Management Cost (Including +/- 10% Contingency)	\$1,625,000

The On-Call Construction Management Support and Inspection Services Contract Amendment is part of the Agency's Wastewater Management Capacity Business Goal objective that IEUA systems will be master planned, managed, and constructed to ensure that when expansion planning is triggered, design/construction can be completed to meet regulatory/growth needs in an expeditious, environmentally responsible, and cost effective manner.

PRIOR BOARD ACTION

On April 16, 2014, the Board of Directors approved a contract amendment and two task orders to Butier Engineering Inc., for construction management support and inspection services for on-call construction management services and for the Wineville Recycled Water Pipeline Segment A and B Projects for a not-to-exceed total amount of \$1,875,000.

On January 18, 2012, the Board of Directors approved a three-year contract to Butier Engineering Inc., and GK & Associates for on-call "as needed" construction management support and inspection services for the not-to-exceed total amount of \$1,250,000 each.

On December 19, 2007, the IEUA Board of Directors approved the Recycled Water Three Year Business Plan.

IMPACT ON BUDGET

There is no direct impact on the Agency's Fiscal Year Budget as a result of this action. The contract is for work which will be required on various projects throughout the next two years. The funding for this work is included in each individual project budget that requires construction management support and/or construction inspection services.

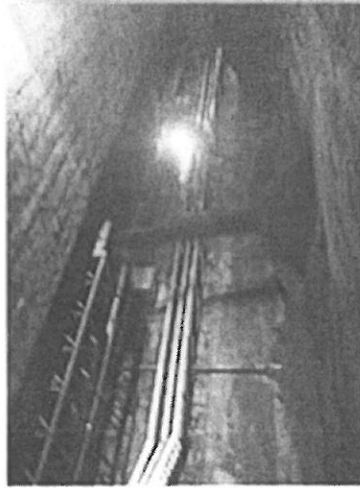
PJG:CJP:CB:DM



Inland Empire Utilities Agency

A MUNICIPAL WATER DISTRICT

On-Call Construction Management Support and Inspection Services Contract Amendment



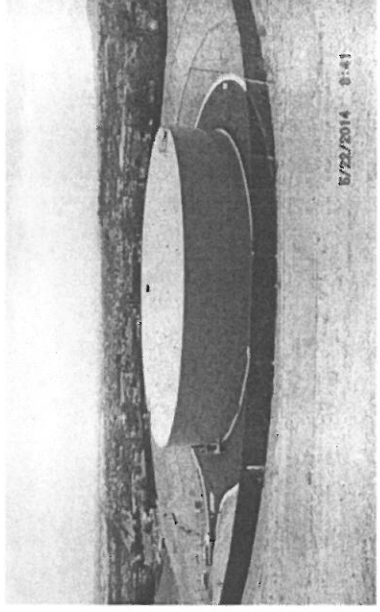
IERCF Conveyor Project

June 2014

Craig J. Parker, P.E., BCEE, Manager of Engineering and Construction Management
David Mendez, Deputy Manager of Construction Management

Amendment

- Two (2) Year Term Extension: January 2015 to January 2017
- Maximum not-to-exceed amount: \$1,625,000
- On Call Construction Management and Inspection Services will be required on various projects throughout the next two years
 - 930 Zone Recycled Water Reservoir and Pipeline
 - IERCF Conveyor Projects
- There is no direct impact on the Agency's Fiscal Year Budget
- Agency Business Goal to have construction completed to meet regulatory/growth



930 Zone Recycled Water Reservoir



930 Zone Recycled Water Pipeline
(Corner of Eucalyptus and Pipeline)

Project Costs

Project No.	Project Name	Estimated Consultant Construction Management Cost
RA11004	IERCF Process Improvements-Conveyor Upgrades	\$375,000
EN13022	930 Zone RW Reservoir	\$160,000
EN13023	930 Zone RW Pipeline	\$350,000
	Various Future Capital Improvements Projects	\$740,000
	Total Estimate Consultant Construction Management Cost (including +/- 10% Contingency)	\$1,625,000



AMENDMENT NUMBER: 4600001142-003

FOR

ON-CALL CONSTRUCTION MANAGEMENT AND INSPECTION SERVICES

THIS AMENDMENT NUMBER THREE, to Contract Number 4600001142, between the Inland Empire Utilities Agency, and Butier Engineering, Inc. with offices located in Tustin, California, shall revise the Contract as follows:

REVISE SECTION 4, SCOPE OF WORK AND SERVICES, TO ADD:

The following are the unforeseen change conditions delays for each project that Consultant is currently managing.

- The 930 Zone Recycled Water Reservoir Project has been delayed an estimated three (3) months.
- The 930 Zone Recycled Water Pipeline Project has been delayed an estimated six (6) months which necessitated additional support hours to evaluate, negotiate, and finalize a global settlement due to differing site conditions.
- The IERCF Process Improvement Conveyor Upgrade Project has been delayed an estimated six (6) months and requires continuous inspection due to work being performed after hours.

The On-call Construction Management Support and Inspection Services Contract Amendment is part of the Agency's Wastewater Management Capacity Business Goal that IEUA systems will be master planned, managed and constructed to ensure that when expansion planning is triggered, design/constructions can be completed to meet regulatory growth needs in an expeditious, environmentally responsible and cost effective manner.

REVISE SECTION 5, TERM, TO READ:

The term of this Contract shall extend from the Notice to Proceed and terminate on December 31, 2016, unless agreed to by both parties, reduced to writing, and amended to this Contract.

REVISE SECTION 6, COMPENSATION, THIRD PARAGRAPH TO READ:

In compensation for the additional work represented by this contract amendment, Agency shall pay Consultant in accordance with the Contract's hourly fee schedule up to a NOT-TO-EXCEED maximum total of **\$4,750,000.00** for all services and expenses. No outside expenses shall be incurred without prior written approval in advance. (NOTE: this amendment represents a net increase of **\$1,625,000.00** to the Contract).

ALL OTHER PROVISIONS OF THIS CONTRACT REMAIN UNCHANGED.

The parties hereto have mutually covenanted and agreed as per the above amendment item(s), and in doing so have caused this document to become incorporated into the Contract documents.

INLAND EMPIRE UTILITIES AGENCY:

BUTIER ENGINEERING, INC.:

P. Joseph Grindstaff
General Manager

(Date)

Mark M. Butier
Vice President/CFO

(Date)


**ACTION
ITEM**


5C


Date: June 18, 2014

To: The Honorable Board of Directors

Through: Engineering, Operations, and Biosolids Management Committee
(06/11/14)
Finance, Legal, and Administration Committee (06/11/14)

From:  P. Joseph Grindstaff
General Manager

Submitted by: Chris Berch 
Executive Manager of Engineering/Assistant General Manager

Craig J. Parker 
Manager of Engineering and Construction Management

Subject: Easement Acquisitions for IEUA Pipelines in San Bernardino County
Flood Control District Right-of-Way

RECOMMENDATION

It is recommended that the Board of Directors:

1. Pre-approve the easement acquisitions for IEUA pipelines within San Bernardino County Flood Control District right-of-way for a not-to-exceed amount of \$2,080,000;
2. Approve the creation of a new project, San Bernardino County Flood Control District Sewer Easements, within the Regional Wastewater Capital (RC) Fund, with a total project budget of \$275,000 from reserves in the RC Fund;
3. Approve the creation of a new project, San Bernardino County Flood Control District Recycled Water Easements, within the Recycled Water Capital (WC) Fund, with a total project budget of \$1,100,000 from reserves in the WC Fund;
4. Approve the creation of a new project, San Bernardino County Flood Control District NRW Easements, within the Non-Reclaimable Wastewater Capital (NC) Fund, with a total project budget of \$515,000 from reserves within the NC Fund; and
5. Authorize the General Manager to execute the pipeline easements.

BACKGROUND

Several IEUA pipelines, as early as 1990, were constructed within San Bernardino County Flood Control District right-of-way under the authority of encroachment permits and executed license agreements with annual fees and renewable terms. For each of the executed license agreements, IEUA made the annual payments until 2009. In May 2009, the County's Real Estate Services Department was notified in writing that IEUA had a statutory right under the California Water Code 71695 to construct pipelines along other public works facilities without entering into license agreements for encroachments into public property or right-of-way. In order to work in cooperation with the County, IEUA was willing to enter into license agreements without the stipulation of paying annual license fees.

In September 2009, the County's Department of Public Works responded by stating that the California Water Code 71697, which authorizes a water district to construct and maintain certain works on certain public property, was amended by adding a statement that certain water districts would not be subject to any permitting and approval requirements of any local agency other than the municipal water district but that the Water Code 71695 did not include this language. Therefore, the County concluded that IEUA was subject to the license agreement/permit approval requirements as well as compensation of the Flood Control District.

In October 2009, IEUA's legal counsel responded by stating that the Water Code 71697 was taken out of context as it was related to a redevelopment project area for the Norton Air Force Base and IEUA's projects were not remotely related to this redevelopment plan.

In July 2013, as a settlement to the dispute of license agreements and annual fees, IEUA proposed to the Flood Control District that seventeen (17) perpetual, non-exclusive easements would be acquired after property appraisals were conducted and the valuations were agreed upon. After several discussions on the valuation of the easements, it was mutually agreed upon between the County and IEUA that a valuation of 30 percent of land value was acceptable in May 2014. One grant of easement was executed for the proposed 72-inch RP-1 Outfall in Cucamonga Channel. It is anticipated that all the easement acquisitions of IEUA pipelines will be completed by October 2014.

The easement acquisitions for the regional sewer and NRW pipelines are part of the Agency's Wastewater Management Business Goal's Capacity objective to ensure that these systems are operated and maintained in order to meet essential service demands by sustaining functionality and to protect public health and the environment by preventing interruptions and overflows.

The easement acquisitions for the recycled water pipelines are part of the Agency's Water Reliability Business Goal's Recycled Water and Groundwater Recharge objectives to maximize the beneficial use of recycled water and to increase the recharge of the Chino Groundwater Basin.

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

If approved, the projects, San Bernardino County Flood Control District Sewer, Recycled Water and NRW Easements, will be created with a total project budget of \$1,890,000, in the FY 2014/15 with \$275,000 within the Regional Wastewater Capital (RC) Fund, \$1,100,000 within the Recycled Water Capital (WC) Fund, and \$515,000 within Non-Reclaimable Wastewater Capital (NC) Fund, supported by the RC, WC, and NC Fund reserves.

PJG:CB:CJP:MK:lm



Inland Empire Utilities Agency

A MUNICIPAL WATER DISTRICT

Easement Acquisitions for IEUA Pipelines in San Bernardino County Flood Control District Right-of-Way

June 2014

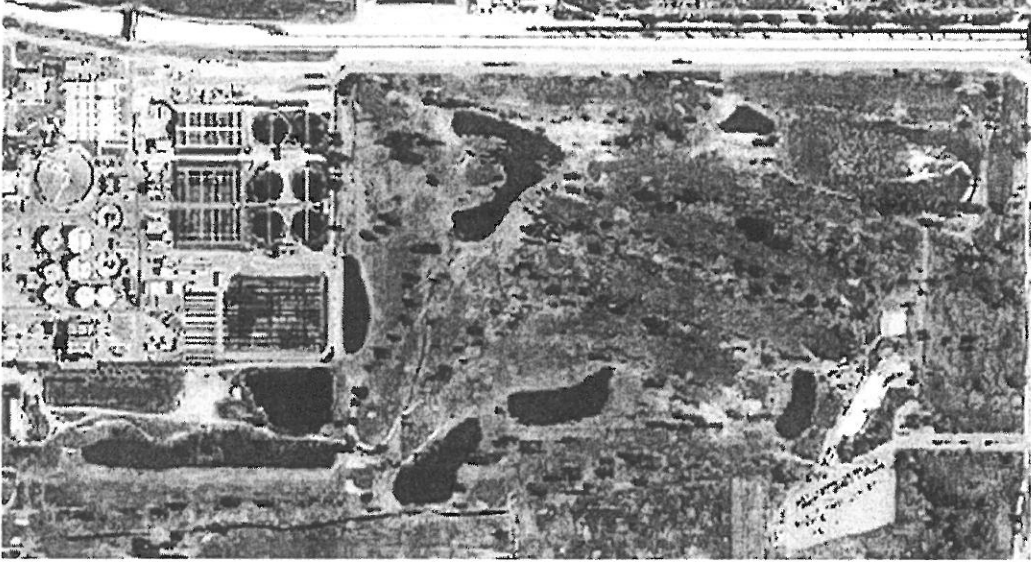


930 West Recycled Water Pipeline in English Channel

Craig J. Parker, P.E., BCEE, Manager of Engineering and Construction Management
Majid Karim, P.E., Deputy Manager of Engineering
Liza Munoz, P.E., Project Manager

Easement Acquisitions in SBCFCD

- 4 existing IEUA license agreements with SBCFCD
- Approximately \$75,000 has been paid in annual fees since 1990
- IEUA halted annual fee payments in 2009
- Easement acquisitions were proposed in July 2013



42" RP-1 Bypass in Cucamonga Channel
2006 License Agreement

Easement Acquisitions in SBCFCD

- 17 total easements needed in SBCFCD right-of-way
 - Existing license agreements to be converted to easements
- Legal description of easements are complete
- Four appraisal reports are under review by the County (11 easements)
- Remaining 4 appraisal reports to be completed in June 2014
- Anticipated completion of all easement acquisitions by October 2014



Wineville RWPL Segment B in Day Creek Channel

Project Costs

FACILITY	EASEMENT VALUATION (30%)
SEWER	\$275,000
RECYCLED WATER	\$1,100,000
NRW	\$515,000
CONTINGENCY	\$189,000
Total	\$2,079,000

DRAFT

PLEASE COMPLETE THIS INFORMATION

RECORDING REQUESTED BY:

SAN BERNARDINO COUNTY
FLOOD CONTROL DISTRICT

AND WHEN RECORDED MAIL TO:

COUNTY OF SAN BERNARDINO

Real Estate Services Department

385 N. Arrowhead Ave., Third Floor

San Bernardino, CA 92415

This instrument is for the benefit of the County of San Bernardino and is entitled to be recorded without fee. (Govt. Code 6103)

Unincorporated
APN: 0229-291-49 (ptn)

SPACE ABOVE FOR RECORDER'S USE ONLY

GRANT OF EASEMENT

Title of Document

THIS AREA FOR
RECORDER'S
USE ONLY

THIS COVER SHEET ADDED TO PROVIDE ADEQUATE SPACE FOR RECORDING INFORMATION
(\$3.00 Additional Recording Fee Applies)

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, the **SAN BERNARDINO COUNTY FLOOD CONTROL DISTRICT**, a body corporate and politic, hereinafter referred to as "**Grantor**", does hereby **grant** to **INLAND EMPIRE UTILITIES AGENCY**, a California municipal water district, its successors and assigns, hereinafter referred to as "**Grantee**", **a perpetual non-exclusive subterranean pipeline easement** (hereinafter "easement" or "grant") for underground recycled water pipeline purposes in, under, and across real property of the **Grantor** located in the County of San Bernardino, State of California, hereinafter referred to as the "**Property**", more particularly described in **Exhibit "A"**, attached hereto and made a part hereof.

This easement is granted subject to all permits, agreements, licenses, leases, easements, reservations, restrictions, conditions, covenants, encumbrances, liens and claims of title which may affect said **Property**. The use of the word "grant" herein shall not imply any warranty on the part of the **Grantor** with respect to the **Property**.

This easement is also subject to the following terms, conditions and restrictions:

1. This easement is subject to the **Grantor's** superior right to use the **Property**, and **Grantor** reserves to itself and its successors and assigns a continuing right to use and make improvements to the **Property**.

2. The **Property** shall only be used by **Grantee** for subterranean recycled water pipeline purposes.

3. **Grantor** may temporarily close off the **Property** (or portions thereof) to **Grantee** (which includes **Grantee's** respective employees, agents, contractors and invitees) at any time and for any reason, but shall give **Grantee** at least 48 hours prior notice of any planned closure to the extent reasonably possible.

4. This easement may be used only by **Grantee**, its successors and assigns, and their respective employees, agents, contractors and invitees.

5. **Grantor** may grant other non-exclusive easements, leases, licenses and permits over the **Property** (or portions thereof) for the benefit of other entities not parties to this grant. **Grantor** shall give **Grantee** prior notice of contemplated new uses of the **Property**, consider timely provided comments from **Grantee** thereto, and coordinate any new uses with **Grantee**.

6. Prior to commencing the construction of any improvements pursuant to this grant, **Grantee** shall submit all plans for installation and construction or reconstruction of **Grantee's** subterranean recycled water pipeline facilities and

appurtenances thereto to **Grantor** for **Grantor's** review and approval and **Grantee** shall obtain a permit from **Grantor**.

7. **Grantee** shall be responsible for securing and maintaining all necessary permits and approvals from other appropriate local, state and federal agencies for its use of the Property, and **Grantee** shall comply with all applicable laws and regulations concerning its use of **Property**.

8. Any subterranean recycled water pipeline facilities constructed by or on behalf of **Grantee** shall be designed and constructed underground, with the exception of valve covers, blow off hydrants, and air vac enclosures which will be located in a manner not to impede the Grantor's use of the surface of the easement area, and must meet all applicable standards to allow vehicles meeting a minimum of H 20 wheel loading to travel over and across the pipeline without causing any damage to the pipeline or the **Property**. **Grantor** shall not be responsible for any damage to the pipeline caused by vehicles or equipment traveling over and across the pipeline.

9. **Grantee** shall not change the existing grade or otherwise modify the topography of the **Property** affected by this grant without prior written consent of **Grantor**.

10. **Grantee** shall at all times, and at its sole cost and expense, maintain the **Property** and all improvements constructed by **Grantee** thereon by **Grantee** in good condition and repair. **Grantee** shall be responsible for any damage caused by its use of the **Property**, as well as the use of the **Property** by **Grantee's** respective employees, agents, contractors and invitees, and **Grantee** shall promptly repair all such damage at its expense.

11. **Grantee** shall not park vehicles within the **Property**, nor permit any portion of the **Property** to be blocked off or obstructed in any manner (except during periods of construction and/or maintenance). **Grantor** shall at all times have free and clear access through and over the **Property** (except during periods of construction and/or maintenance) for vehicular traffic.

12. Any additional costs incurred by **Grantor** for construction, reconstruction, maintenance, and use of its existing and/or future facilities and appurtenances on the **Property** attributable to the presence of **Grantee's** improvements shall be borne by **Grantee**. In the event that it is necessary for **Grantee's** facilities located on the **Property** to be relocated or protected due to **Grantor's** use of the **Property**, **Grantee** shall bear all such costs. However, prior to relocation of **Grantee's** facilities, except in cases of emergency, **Grantor** shall provide **Grantee** two hundred seventy (270) calendar days advance written notice of the proposed relocation. The Grantor will provide a replacement easement where

possible within its right of way should relocation be required outside of the Grantee's easement.

13. **Grantor** shall not be required to contribute any part of the costs associated with **Grantee's** improvements on the **Property** and furthermore, if **Grantor** is included in an assessment district to pay such costs, **Grantee** shall reimburse **Grantor** for any assessment therefore levied upon it.

14. **Grantee** agrees to indemnify, defend (with counsel reasonably approved by **Grantor**) and hold harmless the **Grantor** and its authorized officers, employees, agents and volunteers from any and all claims, actions, losses, damages, and/or liability arising out of this grant of easement from any cause whatsoever, including the acts, errors or omissions of any person and for any costs or expenses incurred by **Grantor** on account of any claim except where such indemnification is prohibited by law. This indemnification provision shall apply regardless of the existence or degree of fault of indemnitees. The **Grantee's** indemnification obligation does not apply to the **Grantor's** "sole negligence" or "willful misconduct" within the meaning of Civil Code Section 2782.

15. **Grantee** agrees to comply with the following insurance requirements:

A. Additional Insured - All policies, except for the Workers' Compensation policy, shall contain endorsements naming the **Grantor** and its officers, employees, agents and volunteers as additional insureds with respect to liabilities arising out of this easement. The additional insured endorsements shall not limit the scope of coverage for the **Grantor** to vicarious liability but shall allow coverage for the **Grantor** to the full extent provided by the policy. Such additional insured coverage shall be at least as broad as Additional Insured (Form B) endorsement form ISO, CG 2010.11 85.

B. Waiver of Subrogation Rights - **Grantee** shall require the carriers of required coverages to waive all rights of subrogation against the **Grantor**, its officers, employees, agents, volunteers, contractors and subcontractors. All general or auto liability insurance coverage provided shall not prohibit **Grantee** and **Grantee's** employees or agents from waiving the right of subrogation prior to a loss or claim. **Grantee** hereby waives all rights of subrogation against the **Grantor**.

C. Policies Primary and Non-Contributory - All policies required herein are to be primary and noncontributory with any insurance or self-insurance programs carried or administered by the **Grantor**.

D. Severability of Interests - **Grantee** agrees to ensure that coverage provided to meet these requirements is applicable separately to each insured and there will be no cross liability exclusions that preclude coverage for suits between

Grantee and the **Grantor** or between the **Grantor** and any other insured or additional insured under the policy.

E. Proof of Coverage - **Grantee** shall furnish Certificates of Insurance to **Grantor** evidencing the insurance coverage, including endorsements, as required, prior to **Grantee's** execution of this easement document, which certificates shall provide that such insurance shall not be terminated or expire without thirty (30) days written notice to **Grantor**, and **Grantee** shall maintain such insurance throughout the term of the easement. Within fifteen (15) days of the commencement of this easement, **Grantee** shall furnish a copy of the Declaration page for all applicable policies and will provide complete certified copies of the policies and endorsements immediately upon request.

F. Acceptability of Insurance Carrier - Unless otherwise approved by Risk Management, insurance shall be written by insurers authorized to do business in the State of California and with a minimum "Best" Insurance Guide rating of "A-VII".

G. Deductibles and Self-Insured Retention - Any and all deductibles or self-insured retentions in excess of \$10,000 shall be declared to and approved by Risk Management.

H. Failure to Procure Coverage - In the event that any policy of insurance required under this easement does not comply with the requirements, is not procured, or is canceled and not replaced, the **Grantor** has the right but not the obligation or duty to obtain insurance if it deems necessary and any premiums paid by the **Grantor** will be promptly reimbursed by **Grantee**.

I. Insurance Review - Insurance requirements are subject to periodic review by the **Grantor**. **Grantor's** Director of Risk Management or designee is authorized, but not required, to increase, reduce, waive or suspend any insurance requirements whenever Risk Management determines that any of the required insurance is not available, is unreasonably priced, or needed, or not needed, to protect the interests of the **Grantor**. In addition, if the Department of Risk Management determines that heretofore unreasonably priced or unavailable types of insurance coverage or coverage limits become reasonably priced or available, the Director of Risk Management or designee is authorized, but not required, to change the above insurance requirements to require additional types of insurance coverage or higher coverage limits, provided that any such change is reasonable in light of past claims against the **Grantor**, inflation, or any other item reasonably related to the **Grantor's** risk.

J. Any failure, actual or alleged, on the part of the **Grantor** to monitor or enforce compliance with any of the insurance and indemnification requirements will not be deemed as a waiver of any rights on the part of the **Grantor**.

K. **Grantee** agrees to provide insurance set forth in accordance with the requirements herein. If **Grantee** uses existing coverage to comply with these requirements and that coverage does not meet the specified requirements, **Grantee** agrees to amend, supplement or endorse the existing coverage to do so. The type(s) of insurance required is determined by the scope of this easement.

L. Without in anyway affecting the indemnity herein provided and in addition thereto, **Grantee** shall secure and maintain throughout the term of the easement the following types of insurance with limits as shown:

(1) Workers' Compensation/Employers Liability - A program of Workers' Compensation insurance or a state-approved, self-insurance program in an amount and form to meet all applicable requirements of the Labor Code of the State of California, including Employer's Liability with \$250,000 limits covering all persons including volunteers providing services on behalf of **Grantee** and all risks to such persons under this easement.

If **Grantee** has no employees, it may certify or warrant to the **Grantor** that it does not currently have any employees or individuals who are defined as "employees" under the Labor Code and the requirement for Workers' Compensation coverage will be waived by the **Grantor's** Director of Risk Management.

With respect to contractors that are non-profit corporations organized under California or Federal law, volunteers for such entities are required to be covered by Workers' Compensation insurance.

(2) Commercial/General Liability Insurance - **Grantee** shall carry General Liability Insurance covering all operations performed by or on behalf of **Grantee** providing coverage for bodily injury and property damage with a combined single limit of not less than one million dollars (\$1,000,000), per occurrence. The policy coverage shall include:

- (a) Premises operations and mobile equipment.
- (b) Products and completed operations.
- (c) Broad form property damage (including completed operations).
- (d) Explosion, collapse and underground hazards.
- (e) Personal injury

- (f) Contractual liability.
- (g) \$2,000,000 general aggregate limit.

(3) Automobile Liability Insurance – Primary insurance coverage shall be written on ISO Business Auto coverage form for all owned, hired and non-owned automobiles or symbol 1 (any auto). The policy shall have a combined single limit of not less than one million dollars (\$1,000,000) for bodily injury and property damage, per occurrence. If Grantee is transporting one or more non-employee passengers in performance of contract services, the automobile liability policy shall have a combined single limit of two million dollars (\$2,000,000) for bodily injury and property damage per occurrence. If Grantee owns no autos, a non-owned auto endorsement to the General Liability policy described above is acceptable.

(4) Umbrella Liability Insurance - An umbrella (over primary) or excess policy may be used to comply with limits or other primary coverage requirements. When used, the umbrella policy shall apply to bodily injury/property damage, personal injury/advertising injury and shall include a "dropdown" provision providing primary coverage for any liability not covered by the primary policy. The coverage shall also apply to automobile liability.

(5) Environmental Liability Insurance with a combined single limit of not less than one million (\$1,000,000) per claim or occurrence. The required additional insured endorsement shall protect **Grantor** without any restrictions.

If insurance coverage is provided on a "claims made" policy, the "retroactive date" shall be shown and must be before the effective date of the easement. The claims made insurance shall be maintained or "tail" coverage provided throughout the term of the easement.

16. In the event of abandonment by **Grantee** of the rights granted herein, they shall terminate, and **Grantee** shall thereupon, without cost to **Grantor**, restore the **Property** to a condition as near as possible to that which existed on the date of this easement, and deliver to **Grantor** a quitclaim of such rights. Non-use for a period of ten (10) years and/or failure to construct a subterranean recycled water pipeline within ten (10) years of the date this grant was signed by **Grantor** shall constitute conclusive evidence of such abandonment.

17. In the event of a violation of the terms, conditions and/or restrictions set forth herein, other than those provided in paragraph 16, **Grantor** shall give written notice to **Grantee** of the same. **Grantee** shall have thirty (30) calendar days from the date of the **Grantor's** notice to cure the default. If **Grantee**, within thirty (30) calendar days from the date of the **Grantor's** notice to cure the default, commences the elimination of such default and continuously and diligently proceeds in good faith to eliminate such default, then the period for correction shall be

extended for such length of time as is reasonably necessary to complete such correction. In the event **Grantee** fails to cure the default within the time prescribed herein, **Grantor** has the right but not the obligation to cure said default at the expense of **Grantee**, or **Grantee's** successors and assigns, and without liability to **Grantor** for loss thereof. **Grantee** and **Grantee's** successors and assigns agree to pay **Grantor** on demand all expenses incurred by Grantor in curing such default of **Grantee**. In addition, **Grantor** may pursue all other remedies available to it at law or in equity and such remedies shall be cumulative.

18. The easement, as well as the terms, conditions and restrictions, created hereby shall constitute covenants running with the land and shall be binding upon and shall benefit all successors and assigns of **Grantor** and **Grantee** respectively.

19. This easement shall be governed by the laws of the State of California.

20. This grant may only be amended by a writing executed by both **Grantor** and **Grantee** and recorded in the Official Records of the County of San Bernardino.

21. If any legal action is instituted to enforce any party's rights hereunder, each party shall bear its own costs and attorneys' fees, regardless of who is the prevailing party. This paragraph shall not apply to those costs and attorneys' fees directly arising from a third-party legal action against a party hereto and payable under paragraph 14.

22. If a court of competent jurisdiction declares any provision of this easement invalid, illegal, or otherwise unenforceable, the remaining provisions shall continue in full force and effect, unless the purpose of this easement is frustrated.

IN WITNESS WHEREOF **Grantor** and **Grantee** have executed this **Subterranean Recycled Water Pipeline Easement** the day and year written below and have agreed to be bound by the terms and provisions hereof.

GRANTOR:

By: _____

Name: Janice Rutherford

Title: Chair, Board of Supervisors

Date: _____

CERTIFICATE OF ACCEPTANCE

This is to certify that the interest in real property conveyed by the Subterranean Recycled Water Pipeline Easement by the SAN BERNARDINO COUNTY FLOOD CONTROL DISTRICT to the Inland Empire Utilities Agency is accepted by the undersigned officer on behalf of Grantee and Grantee agrees to be bound by the terms and provisions hereof.

GRANTEE:

By: _____

Name: _____

Title: _____

Date: _____

DRAFT

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

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