



AGENDA

MEETING OF THE BOARD OF DIRECTORS

**WEDNESDAY, MAY 21, 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

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 ORDINANCE NO. 98, BOARD COMPENSATION/BENEFITS

It is recommended that the Board:

1. Hold a Public Hearing to receive comments prior to the adoption of Ordinance No. 98, establishing compensation/benefits, and authorizing reimbursement of expenses for the Board of Directors and their appointed representative to the Metropolitan Water District of Southern California Board of Directors and outside Committee members; and

2. After closing the Public Hearing, adopt Ordinance No. 98.

2. CONSENT CALENDAR

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

A. MINUTES

The Board will be asked to approve the minutes from the April 16, 2014 Board meeting.

B. ADOPTION OF RESOLUTION NO. 2014-5-23, COMMENDING ACQUANETTA WARREN FOR THREE YEARS OF SERVICE TO THE REGIONAL SEWERAGE PROGRAM POLICY COMMITTEE

It is recommended that the Board adopt Resolution No. 2014-5-23, commending Ms. Acquanetta Warren for three years of service to the Regional Sewerage Program Policy Committee.

C. TREASURER'S REPORT ON GENERAL DISBURSEMENTS

It is recommended that the Board approve the total disbursements for the month of March 2014 in the amount of \$10,860,123.77.

D. AMEND THE CONTRACT FOR FINANCIAL ADVISORY SERVICES

It is recommended that the Board:

1. Approve Contract Amendment No. CRW07999-009 with Public Financial Management (PFM) for general financial advisory services to increase the consultant hourly rates as stated in Table 1 below and extend the term of the contract through June 30, 2015; and
2. Authorize the General Manager, or his designee, to execute the amendment.

E. ADOPTION OF LOCAL AGENCY INVESTMENT FUND, DEPOSITORY AGREEMENT, INVESTMENT, AND SIGNATORY RESOLUTIONS

It is recommended that the Board adopt:

1. Resolution No. 2014-5-1, authorizing participation in the Local Agency Investment Fund (LAIF) and designating signatories for the deposit and withdrawal of funds;
2. Resolution No. 2014-5-2, authorizing and designating signatories for depository agreement, depository cards, deposits, transfers, checks, and withdrawal of funds;

3. Resolution No. 2014-5-3, authorizing and designating signatories for investment agreements, investment authorizations, and investment fund transfers to fund investment transactions; and
4. Resolution No. 2014-5-4, authorizing and designating signatories for transfer documents for the movement of funds and investment securities to safekeeping with a third-party Custodian.

F. ADOPTION OF RESOLUTION 2014-5-22, TO ESTABLISH THE INTENT TO COMPLY WITH THE STATE REVOLVING FUND (SRF) LOAN POLICY FOR THE WINEVILLE RECYCLED WATER PIPELINE EXTENSION PROJECT

It is recommended that the Board adopt Resolution No. 2014-5-22, establishing the intent to comply with the SRF loan policy, and to reimburse project costs incurred for the Wineville Recycled Water Pipeline Extension Project.

G. ADOPTION OF RESOLUTION NO. 2014-5-5, APPROVING A GRANT FUNDING TRANSFER AGREEMENT WITH THE CITY OF ONTARIO

It is recommended that the Board:

1. Adopt Resolution No. 2014-5-5, approving a grant funding transfer agreement between the City of Ontario (Ontario) and Inland Empire Utilities Agency (IEUA), and
2. Authorize the General Manager, or in his absence, his designees to execute the agreement and any other necessary documents with the Santa Ana Watershed Project Authority (SAWPA) to complete the grant transfer.

H. ADOPTION OF RESOLUTION NOS. 2014-5-6 THROUGH 2014-5-12, AMENDING THE EMPLOYER PAID MEMBER CONTRIBUTIONS TO CALPERS

It is recommended that the Board adopt Resolution Nos. 2014-5-6 through 2014-5-12, amending the Employer Paid Member Contributions (EPMC) to CalPERS for classic employees of the Unrepresented Employees, Executive Management Employees, as well as the Laboratory, General, Professional, Supervisors', and Operators' Unit.

I. ADOPTION OF RESOLUTION NOS. 2014-5-13 THROUGH 2014-5-19, APPROVING THE AMENDMENTS TO THE SALARY SCHEDULES/MATRIXES

It is recommended that the Board adopt Resolution Nos. 2014-5-13 through 2014-5-19, amending the salary schedules/matrixes for the Unrepresented Employees, Executive Management Employees, Laboratory Unit, General Unit, Professional Unit, Supervisors' Unit, and Operators' Unit, respectively.

J. DISCLOSURE PROCEDURES POLICY

It is recommended that the Board adopt the Disclosure Procedures Policy to ensure that the Agency continues to comply with all applicable disclosure obligations and requirements under the federal securities laws.

K. UPDATED RESERVE POLICY

It is recommended that the Board adopt the updated Reserve Policy governing all Agency funds.

L. CONSTRUCTION CONTRACT AWARD FOR THE RP-5 STANDBY GENERATOR CONTROL MODIFICATIONS

It is recommended that the Board:

1. Award the construction contract for the RP-5 Standby Generator Control Modifications, Project No. EN13047, to Global Power Group, Inc. for their low bid of \$115,000; and
2. Authorize the General Manager to execute the construction contract.

M. REIMBURSEMENT AGREEMENT FOR THE CITY OF CHINO PRESERVE LIFT STATION OPERATIONS AND MAINTENANCE

It is recommended that the Board:

1. Approve the Reimbursement Agreement No. 4500000401 with the City of Chino for the operations and maintenance of the Preserve Lift Station, Project No. EN13028; and
2. Authorize the General Manager to make non-substantive changes, and execute the Reimbursement Agreement.

N. CONSTRUCTION CONTRACT AWARD FOR THE CCWRF REHABILITATION OF SECONDARY CLARIFIER NO. 3

It is recommended that the Board:

1. Award the construction contract for the CCWRF Rehabilitation of Secondary Clarifier No. 3, Project No. EN14027, to GSE Construction Co., Inc. for their low bid of \$604,000; and
2. Authorize the General Manager to execute the construction contract.

O. AMEND THE COST SHARING AGREEMENT FOR TURNER BASINS/GUASTI PARK RECHARGE IMPROVEMENTS

It is recommended that the Board:

1. Approve the amendment to the existing Cost Sharing Agreement between Chino Basin Watermaster (CBWM) and Inland Empire Utilities Agency (IEUA) for the planning, design, and construction costs associated with implementation of recharge expansion

opportunities at Turner Basins and Guasti Regional Park, where the amendment will adjust the reimbursement share by \$335,658 to meet the approved project cost; and

2. Authorize the General Manager to execute the amendment to the agreement.

P. WASTEWATER CONNECTION FEE EVALUATION

It is recommended that the Board:

1. Award a professional services contract for a Connection Fee Evaluation to Carollo Engineers, for a not-to-exceed amount of \$80,000; and
2. Authorize the General Manager to execute the contract.

Q. REGIONAL PRETREATMENT PROGRAM LOCAL LIMITS STUDY CONTRACT AWARD

It is recommended that the Board:

1. Approve the consulting services contract award to Arcadis for the Regional Pretreatment Program Local Limits Study, Project No. EC14011, for the not-to-exceed amount of \$156,282; and
2. Authorize the General Manager to execute the contract.

R. APPROVAL OF A MEMORANDUM OF UNDERSTANDING FOR SANTA ANA RIVER WATERSHED ACTION TEAM

It is recommended that the Board:

1. Approve the Memorandum of Understanding (MOU) between Inland Empire Utilities Agency, Orange County Water District, San Bernardino Valley Municipal Water District, Western Municipal Water District, and Eastern Municipal Water District for the development of watershed-wide conjunctive use water supply and reliability projects as part of the Santa Ana River Watershed Action Team; and
2. Authorize the General Manager to make non-substantive changes and execute the final MOU.

S. MULTI-YEAR BIO-FILTER MEDIA REPLACEMENT CONTRACT

It is recommended that the Board:

1. Approve Contract No. 4600001640 to Viramontes Express, Inc. (Viramontes) for the production, delivery, installation, removal, and disposal of bio-filter media services, for a not-to-exceed total amount of \$225,000 per year, for five years; and
2. Authorize the General Manager to execute the contract.

T. PROPOSED POSITIONS OF SUPPORT FOR STATE LEGISLATION

It is recommended that the Board adopt a position of support for SB 985 (Pavley), SB 1036 (Pavley), SB 1420 (Wolk), AB 2067 (Weber), and AB 2636 (Gatto/Skinner).

3. ACTION ITEMS

A. FUNDING OF OTHER POST-EMPLOYMENT BENEFITS (OPEB) UNFUNDED ACCRUED LIABILITY

It is recommended that the Board:

1. Approve California Employer's Retiree Benefit Trust (CERBT) as the Agency's third party irrevocable trust provider;
2. Approve payments of \$3.5 million in FY 2013/14 and \$3.5 million in FY 2014/15 to fund a portion of the Agency's OPEB accrued unfunded liability (UAL) as reported in the Agency's financial statements as of June 30, 2013;
3. Approve a funding strategy that fully funds the Agency's Annual Required Contribution beginning FY 2014/15; and
4. Authorize the General Manager and Chief Financial Officer/Assistant General Manager to negotiate the terms and prepare the agreement, forms, and any other necessary documents.

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

It is recommended that the Board:

1. Award the construction contract for the Wineville Extension Recycled Water Pipeline, Segment B, Project No. EN13045, to Mike Bubalo Construction, for their low bid of \$8,900,000; and
2. Authorize the General Manager to execute the construction contract.

4. INFORMATION ITEMS

A. ADOPTION OF 2014 IEUA STRATEGIC PLAN (WRITTEN/ POWERPOINT)

B. FY 2014/15 BUDGET OVERVIEW OF ADMINISTRATIVE SERVICES, NON-RECLAIMABLE WASTEWATER, AND WATER RESOURCES FUNDS

C. ENGINEERING AND CONSTRUCTION MANAGEMENT FY 2013/14 MONTHLY UPDATE (POWERPOINT)

- D. MWD UPDATE (ORAL)
- E. SCE INTER-CONNECTION UPDATE (ORAL)

RECEIVE AND FILE INFORMATION ITEMS

- F. TREASURER'S REPORT OF FINANCIAL AFFAIRS (WRITTEN/POWERPOINT)
- G. FY 2013/14 THIRD QUARTER BUDGET VARIANCE PERFORMANCE GOALS UPDATES AND BUDGET TRANSFER (WRITTEN/POWERPOINT)
- H. FY 2014/15 IERCA PROPOSED BUDGET (WRITTEN/POWERPOINT)
- I. PUBLIC OUTREACH AND COMMUNICATION (WRITTEN)
- J. LEGISLATIVE REPORT FROM INNOVATIVE FEDERAL STRATEGIES (WRITTEN)
- K. LEGISLATIVE REPORT FROM THE DOLPHIN GROUP (WRITTEN)
- L. LEGISLATIVE REPORT FROM AGRICULTURAL RESOURCES (WRITTEN)
- M. CALIFORNIA STRATEGIES, LLC MONTHLY ACTIVITY REPORT (WRITTEN)
- N. POSITIONS TAKEN FOR STATE LEGISLATION (WRITTEN)
- O. 2014 LEGISLATIVE TRACKING MATRIX (WRITTEN)
- P. PRETREATMENT & SOURCE CONTROL PROGRAM UPDATE 13/14 YTD (POWERPOINT)
- Q. NON-RECLAIMABLE WASTEWATER SYSTEM/ ETIWANDA WASTEWATER LINE DRAFT ORDINANCE NO. 99 (WRITTEN)
- R. OPERATIONS DIVISION FY 13/14 THIRD QUARTER UPDATE (POWERPOINT)

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

5. AGENCY REPRESENTATIVES' REPORTS

- A. SAWPA REPORT (WRITTEN)

- B. MWD REPORT (WRITTEN)
- C. REGIONAL SEWERAGE PROGRAM POLICY COMMITTEE REPORT (WRITTEN)
- D. CHINO BASIN WATERMASTER REPORT (WRITTEN)
- 6. GENERAL MANAGER'S REPORT (WRITTEN)
- 7. BOARD OF DIRECTORS' REQUESTED FUTURE AGENDA ITEMS
- 8. DIRECTORS' COMMENTS
 - A. CONFERENCE REPORTS

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

- 9. CLOSED SESSION
 - A. PURSUANT TO GOVERNMENT CODE SECTION 54956.9(a) –
CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
 - 1) Chino Basin Municipal Water District vs. City of Chino, Case No. RCV51010
 - 2) Martin vs. IEUA, Case No. CIVRS 1000767
 - 3) 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
 - One (1) Case
- 10. ADJOURN

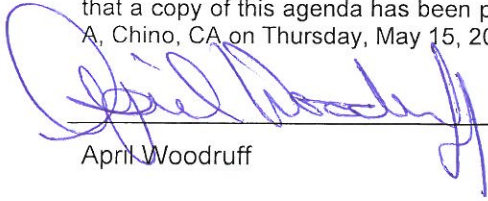
*A Municipal Water District

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

Proofed by: _____

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, May 15, 2014.



April Woodruff

ACTION
ITEM

3A

Date: May 21, 2014

To: The Honorable Board of Directors

Through: Finance, Legal, and Administration Committee (05/14/14)

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

Submitted By: *CV* Christina Valencia
Chief Financial Officer/Assistant General Manager

Ch #882 Javier Chagoyen-Lazaro
Manager of Finance and Accounting

Subject: Funding of Other Post-Employment Benefits (OPEB) Unfunded Accrued Liability

RECOMMENDATION

It is recommended that the Board of Directors:

1. Approve California Employer's Retiree Benefit Trust (CERBT) as the Agency's third party irrevocable trust provider;
2. Approve payments of \$3.5 million in FY 2013/14 and \$3.5 million in FY 2014/15 to fund a portion of the Agency's OPEB accrued unfunded liability (UAL) as reported in the Agency's financial statements as of June 30, 2013;
3. Approve a funding strategy that fully funds the Agency's Annual Required Contribution beginning FY 2014/15; and
4. Authorize the General Manager and Chief Financial Officer/Assistant General Manager to negotiate the terms and prepare the agreement, forms, and any other necessary documents.

BACKGROUND

The current Memorandum of Understanding (MOUs) and Personnel Manuals for IEUA employees include a retirement plan under the California Public Employees' Retirement System (CALPERS) and retired health benefits (also referred to as Other Post-Employment Benefits) for eligible employees and dependents, as these employees retire from the Agency.

Government Accounting Standard Board (GASB) Statement 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (GASB 45) requires public agencies to recognize postemployment healthcare expense systematically as service is rendered, rather than on a “pay-as-you-go” basis when the benefits are paid or provided at retirement. The Agency implemented GASB 45 in FY 2006/07 and adopted a closed 30 year amortization period. As of July 1, 2012 the remaining amortization period is 24 years.

In accordance with GASB 45, public agencies are required to report the Annual Required Contribution (ARC) as an expense and the cumulative unfunded ARC amount as an accrued liability in their financial statements. The ARC consists of the Normal Cost (present value of future benefits that employees accrue over the course of a year for their service) plus an amortized payment of the Unfunded Accrued Liability (UAL) for a particular year. As of June 30, 2013, the accrued OPEB liability was reported to be \$6.8 million.

GASB 45 also requires agencies to report the total Unfunded Accrued Liability (UAL) as part of the note disclosures to the basic financial statements. The UAL is the excess of the Actuarial Accrued Liability (AAL) over the actuarial value of assets that are pledged to make benefit payments. Only funds deposited in an irrevocable trust account are considered as “pledged” assets for the purpose of calculating UAL. As of June 30, 2013, the Agency’s UAL was estimated to be \$17.5 million.

OPEB Unfunded Accrued Liability (UAL)

As required by GASB 45, every two (2) years the Agency contracts with an independent actuarial services firm to perform an actuarial analysis and determine the ARC, and Actuarial Accrued Liability (AAL). The AAL represents the present value of benefits that have accrued during prior periods. Since the Agency has not yet established an irrevocable trust fund, the AAL and UAL are equal, and as of June 30, 2013, estimated to be \$17.5 million. This represents an increase of \$2 million from June 30, 2012, as reported in Figure 1.

The estimated OPEB UAL of \$17.5 million assumes the Agency will continue on a “pay-as-you-go” funding strategy; only funding the retiree obligations. Retiree costs are estimated to be \$525,000 in FY 2014/15. Under a “pay-as-you-go” funding strategy, the present value of postemployment healthcare benefits for active employees and retirees is calculated using a discount rate of 4.50%. The discount rate represents the investment earnings rate the Agency is projected to achieve over the remaining 24 year amortization period. A second calculation based on a discount rate of 7.0% (assuming the establishment of an irrevocable trust account) resulted in a reduction in the UAL of over 30%, from \$17.5 to \$12.0 million. Under the higher discount rate, the annual ARC also dropped from \$1.4 to \$1.1million as of June 30, 2013. Once the irrevocable trust is established, the Agency will benefit from the higher discount rate because it is assumed that funds deposited in the trust will be able to be invested in higher yielding assets.

Funding the OPEB UAL

In July 2013, the Board designated \$3.5 million of “one-time” incremental taxes received from the distribution of unobligated funds remitted to the County Tax/Assessor by the various

Successor Agencies to begin funding the Agency's retirement UALs. After further evaluation by PFM, the Agency's financial advisor, it is recommended the entire \$3.5 million be allocated to fund a portion of the OPEB accrued liability. Funding \$3.5 million represents over 50 percent of the \$6.8 million OPEB accrued liability as of June 30, 2013, and demonstrates significant progress in funding this long-term obligation.

A key policy objective derived from the recently completed budget workshops was the Board's commitment to fully fund both the pension and OPEB UALs over an appropriate period of time. Hence, a second payment of \$3.5 million against the OPEB accrued liability is scheduled in FY 2014/15, in addition to fully funding the ARC estimated to be \$1.1 million (assuming establishment of an irrevocable trust account). By fully funding the ARC each year, it is estimated the Agency's OPEB UAL will be fully funded over a period of five years.

Establishing an Irrevocable Section 115 Trust

An irrevocable Section 115 Trust is a government sponsored and controlled trust that provides a tax-exempt base for funding retiree health benefits. The trust works in a very similar ways as the Agency's current contributions to the CALPERS pension system. Some of the advantages of the trust include more predictable costs, tax exemption for interest earnings, and a higher discount rate in the calculation of the actuarial determined OPEB liability. The higher discount rate is appropriate as contributions may be invested in higher yielding securities (e.g., equities) than those available for the Agency's internally managed investment portfolio.

The Agency has the option of establishing an independent Section 115 Trust and hiring an administrator and investment manager(s) to administer the account, or utilizing an established external Section 115 Trust Fund. There are three primary Section 115 Trust fund providers; the California Employer's Retiree Benefit Trust (CERBT), Public Agency Retirement Services (PARS), and PFM Asset Management (PFMAM). In July 2013, PFM assisted Metropolitan Water District of Southern California (MWD) in evaluating the three providers, as well as the option to establish an independent Section 115 Trust. PFM shared this evaluation with Agency staff, along with a comparison of some of the key factors as summarized in Table 1.

As reported in Table 1, each of the providers has different characteristics, but all of them can provide a high level of service and meet the needs of the Agency. CERBT has the lowest fees, but investment options are limited to three portfolios managed by CERBT. PFM and PARS are more flexible and investment portfolios can be designed specifically for the Agency. Long-term yields are difficult to compare among the three providers as they have different styles and objectives.

Recommendation for CERBT Trust

Given the differences in the plans and the relatively small size of the Agency's unfunded accrued liability, staff placed a higher emphasis on the fees for each of the providers. Of the three, CERBT has the lowest overall fees for administration and investment management. Assuming an initial investment of \$7 million, the annual cost of CERBT is \$9,800 (14 basis points or 0.14%), compared to PARS at \$68,600 (98 basis points or 0.98%), or PFMAM at \$42,700 (61

basis points or 0.61%). Even though PARS and PFMAM provide more flexibility in customizing investment options and a shorter portability period (ability to transfer monies to another OPEB Trust provider); these benefits are not sufficient to justify the higher fees. Therefore, staff recommends establishing a trust fund with CERBT to administer and invest the Agency's prefunding OPEB benefits.

The CERBT OPEB trust, administered by the CalPERS investment group and/or external advisors, offers three investment portfolios; Strategy 1, 2, and 3. As summarized in Table 2, the key difference between the three portfolios is the asset allocation. Compared with Strategy 1 and Strategy 2, Strategy 3 has a lower allocation in global equity (32% compared to 66% for Strategy 2 and 50% for Strategy 3) and a higher allocation in fixed income bonds (42% compared to 18% for Strategy 1 and 24% for Strategy 2). Generally, equities are intended to help build the value of the employer's portfolio over the long term, while bonds are intended to help provide income and stability of principal. Hence, Strategy 3 is the most conservative with a lower allocation in equities relative to the other two strategies and resulting in lower returns of approximately 5-6% based on PERS' August 2012 projections.

Given the relatively small size of the Agency's trust account, staff recommends Strategy 3. In exchange for possible lower investment returns, Strategy 3 will provide reduced market volatility and greater preservation of capital over the long-term. This is consistent with other PFM clients in similar situations. Participants can change investment strategies at any time, although CERBT recommends changes be made during their valuations of the strategies which occurs every 2 years.

Upon Board approval, staff will execute the necessary agreements and documents to establish the irrevocable trust account with CERBT.

PRIOR BOARD ACTION

On July 17, 2013, the Board of Directors approved the allocation of \$3.5 million from one time redevelopment incremental taxes to partially fund the Agency's pension unfunded accrued liability.

IMPACT ON BUDGET

The \$3.5 million in FY 2013/14 and \$3.5 million FY 2014/15 will be funded by reserves in the Administrative Services (GG) Fund designated to support the Agency's retirement unfunded accrued liabilities. Funding of the Annual Required Contribution (ARC) will be included in the Agency's budgeted employment costs each fiscal year.

Figure 1: IEUA OPEB FUNDED STATUS

	June 30, 2012	June 30, 2013
Actuarial Accrued Liability (AAL)	\$ 15,511,939	\$ 17,476,486
Actuarial Value of Assets (AVA)	-	-
Unfunded Liability (AVA Basis)	\$ 15,511,939	\$ 17,476,486

Table 1: Comparison of the Three Primary OPEB Trust Providers

Plan Criteria	California Employer's Retiree Benefit Trust (CERBT)	Public Agency Retirement Services (PARS)	PFM Asset Management
Established	January 2008	1996	2007
Managed by	CalPERS Investment Office	HighMark Capital Management	PFM Asset Management group
Type	Public, non-profit	Private, for profit	Private, for profit
Pool	Multi-employer trust	Multi-employer (allocated pool) and Single Employer Trusts	Single Employer Trusts
Portability (transfer funds to another Trust)	36 month "Lock"	90 day notice	30 day notice
Managed assets (\$Millions)	\$3.4 billion (OPEB trust only)	\$500 million (OPEB trust only)	\$1.8 billion (OPEB trust only)
Number of participants	400	328	50
Fees (management and cost of investment vehicles).	14 basis points (bps)	98 bps for first \$10M , including trustee, Investment management, and mutual fund fees	61 bps for first \$10M , including mutual fund fees

Table 2: CERBT Investment Strategies

Asset Class	Strategy 1		Strategy 2		Strategy 3	
	Policy Allocation	Policy Range	Policy Allocation	Policy Range	Policy Allocation	Policy Range
US Inflation Linked Bonds	5%	+/-2%	15%	+/-4%	15%	+/-4%
US Nominal Bonds (Fixed Income)	18%	+/-5%	24%	+/-5%	42%	+/-5%
Global Equity	66%	+/-5%	50%	+/-5%	32%	+/-5%
Global Public Real Estate	8%	+/-2%	8%	+/-2%	8%	+/-2%
Commodities	3%	+/-2%	3%	+/-2%	3%	+/-2%
Expected Return	7.61%		7.06%		6.39%	
Expected Risk	11.73%		9.46%		7.27%	
Participant Allocation	*82%		9%		9%	

Source: CalPERS website as of March 10, 2014 (www.calper.ca.gov).

* High number of participants primarily due to Strategy 1 being the only investment strategy offered at inception.

Glossary of Terms

Actuarial Accrued Liability (AAL): *(also called the Past Service Liability).* That portion, as determined by a particular Actuarial Cost Method, of the Actuarial Present Value of plan benefits and expenses which is not provided for by future Normal Costs.

Annual Required Contribution (ARC): The Normal Cost plus an amortized payment of the Unfunded Actuarial Accrued Liability for a particular year.

Discount Rate (investment return assumption): The rate used to adjust a series of future payments to reflect the time value of money.

Normal Cost: The present value of future benefits that employees accrue over the course of a year for their service.

Unfunded Actuarial Accrued Liability (UAAL): The excess of the Actuarial Accrued Liability over the actuarial value of assets that is pledged to make benefit payments.



Inland Empire Utilities Agency

A MUNICIPAL WATER DISTRICT

Funding of Other Post-Employment Benefits (OPEB) Unfunded Accrued Liability

**Finance, Legal, and Administration
Committee**

May 14, 2014

Recommendations



- Approve the California Employer's Retiree Benefit Trust (CERBT) as the Agency's third party irrevocable trust provider
- Approve payments to fund a portion of the agency's OPEB UAL
 - \$3.5M - FY 13/14
 - \$3.5M - FY 14/15
- Approve a funding strategy that fully funds the Agency's annual required contribution beginning in FY 2014/15

OPEB Trust Providers



- **Advantages of a Trust**
 - More predictable costs
 - Tax exemption for interest earnings
 - Higher discount rate
- **Staff recommends CERBT**
 - Lowest fee's

Plan Criteria	California Employer's Retiree Benefit Trust (CERBT)	Public Agency Retirement Services (PARS)	PFM Asset Management
Established	January 2008	1996	2007
Managed by	CalPERS Investment Office	HighMark Capital Management	PFM Asset Management group
Type	Public, non-profit	Private, for profit	Private, for profit
Pool	Multi-employer trust	Multi-employer (allocated pool) and Single Employer Trusts	Single Employer Trusts
Portability (transfer funds to another Trust)	36 month "Lock"	90 day notice	30 day notice
Managed assets (\$Millions)	\$3.4 billion (OPEB trust only)	\$500 million (OPEB trust only)	\$1.8 billion (OPEB trust only)
Number of participants	400	328	50
Fees (management and cost of investment vehicles).	14 basis points (bps)	98 bps for first \$10M , including trustee, investment management, and mutual fund fees	61 bps for first \$10M , including mutual fund fees

CERBT Investment Strategies



- Staff recommends Strategy 3
 - Provides greater stability with reduced market volatility
 - Safeguard the asset value over time
 - Establishment of CERBT Trust account

Asset Class	Strategy 1		Strategy 2		Strategy 3	
	Policy Allocation	Policy Range	Policy Allocation	Policy Range	Policy Allocation	Policy Range
US Inflation Linked Bonds	5%	+/-2%	15%	+/-4%	15%	+/-4\$
US Nominal Bonds (Fixed Income)	18%	+/-5%	24%	+/-5%	42%	+/-5%
Global Equity	66%	+/-5%	50%	+/-5%	32%	+/-5%
Global Public Real Estate	8%	+/-2%	8%	+/-2%	8%	+/-2%
Commodities	3%	+/-2%	3%	+/-2%	3%	+/-2%
Expected Return	7.61%		7.06%		6.39%	
Expected Risk	11.73%		9.46%		7.27%	

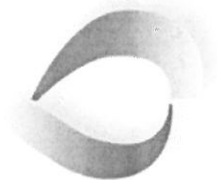
OPEB UAL Funding



- Key policy objective
 - Fully fund both the pension and OPEB UAL's over an appropriate period of time
- Discounted rate will reduce the UAL by 30%, from \$17.5M to \$12.0M; and
- Discounted rate will reduce the ARC by \$1.4M to \$1.1M

IEUA OPEB FUNDED STATUS

(\$Millions)	June 30, 2012	June 30, 2013 (without trust)	June 30, 2013 (with trust established)
Unfunded Liability (AVA Basis)	\$ 15.5	\$ 17.5	\$ 12.0
Payments			
FY 13/14		\$3.5	\$3.5
FY 14/15		\$3.5	\$3.5
Balance		\$10.5	\$5.0



Inland Empire Utilities Agency

A MUNICIPAL WATER DISTRICT

QUESTIONS?

ACTION
ITEM

3B



Date: May 21, 2014

To: The Honorable Board of Directors

Through: Engineering, Operations, and Biosolids Management Committee
(05/14/14)
Finance, Legal, and Administration Committee (05/14/14)

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

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

Craig J. Parker *CP*
Manager of Engineering and Construction Management

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

RECOMMENDATION

It is recommended that the Board of Directors:

1. Award the construction contract for the Wineville Extension Recycled Water Pipeline, Segment B, Project No. EN13045, to Mike Bubalo Construction, for their low bid of \$8,900,000; 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 November 21, 2013, Agency staff advertised Segment B on TheNetwork among the prequalified bidders to solicit construction bids. On April 29, 2014, the following bids were received in response to the advertisement (delay in bid opening due to conducting additional geotechnical investigations).

CONTRACTOR	BID AMOUNT
Mike Bubalo Construction	8,900,000
T.C. Constr. Co., Inc.	9,820,000
Trautwein Construction, Inc.	10,030,000
CCL Contracting Inc.	10,187,337
Blois Construction, Inc.	10,395,060
W.A. Rasic Construction	10,992,000
Mladen Buntich Construction	11,290,000
Engineer's Estimate	\$9,800,000

Mike Bubalo Construction (California Class A License No. 771279) 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	\$8,900,000
Construction Management	\$1,510,000
Contingency	\$890,000
Total	\$11,750,000

The following is the project schedule:

PROJECT PHASE	DATE
Construction Contract Award Segment B	May 2014
Construction Completion	July 2015

The Wineville Extension Recycled Water Pipeline, Segment B 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

In February 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.

Wineville Extension Recycled Water Pipeline, Segment B
Project No. EN13045
May 21, 2014
Page 4 of 4

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 B, Project No. EN13045 in the amount of \$8,900,000 will be within the total amended project budget of \$11,750,000 within the Recycled Water (WC) Fund. An estimated amount of \$40,000 will be spent this fiscal year which is within the FY 2013/14 budget of \$3,200,000, with the remaining contract amount of \$8,860,000 will be spent in FY 2014/15 and 2015/16.

PJG:CB:CJP:aa



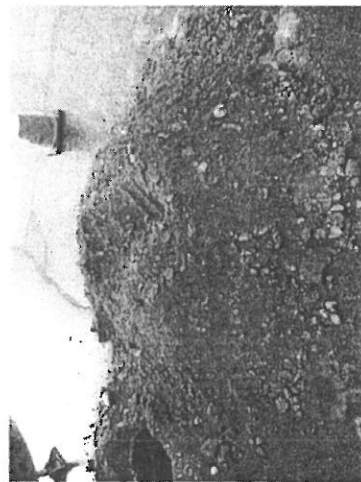
Inland Empire Utilities Agency

A MUNICIPAL WATER DISTRICT

Wineville Extension Recycled Water Pipeline Segment B Construction Contract Award

Project No. EN13045

May 2014



Bore Holes

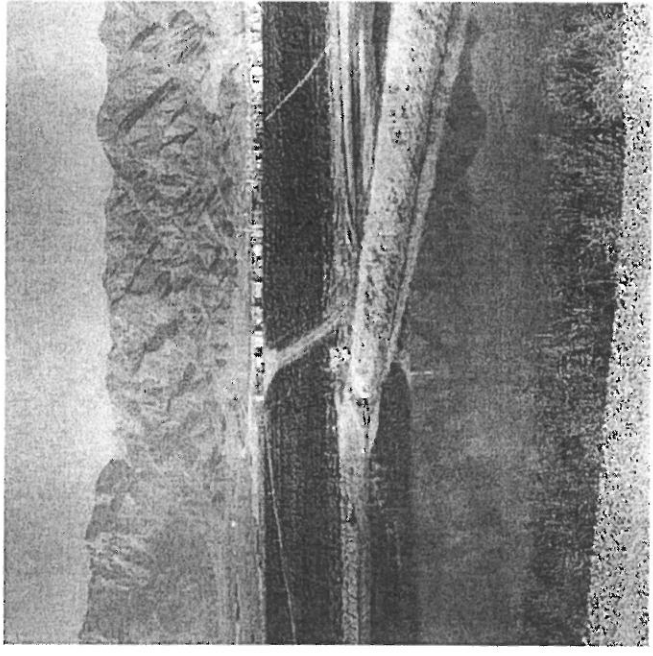
Craig J. Parker, P.E., BCEE, Manager of Engineering and Construction Management

Majid Karim, P.E., Deputy Manager of Engineering

Adham Almasri, Senior Engineer

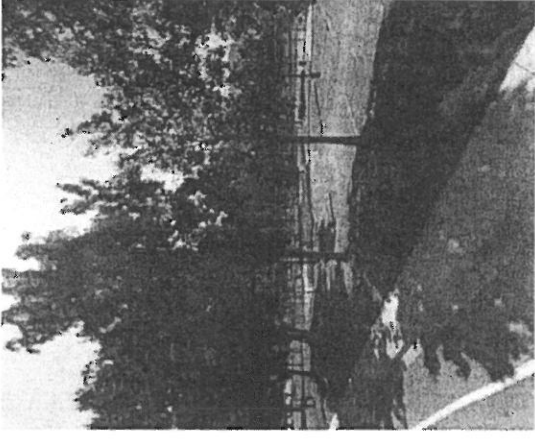
Project Background

- 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

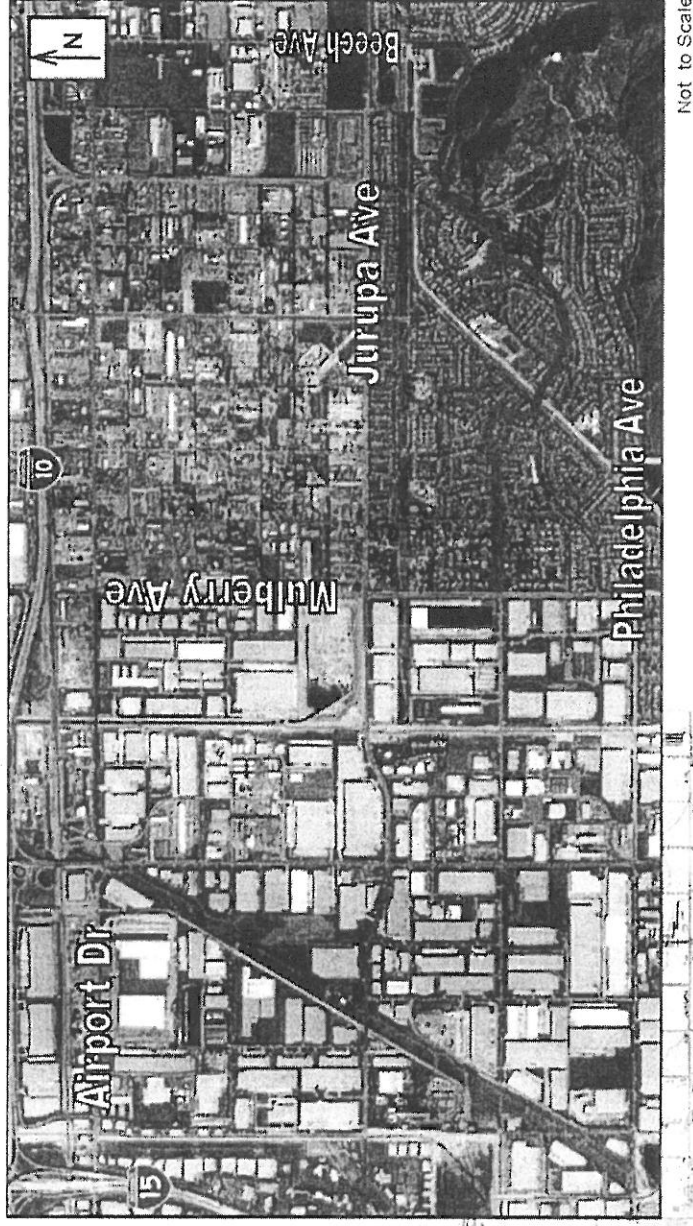


Project Description

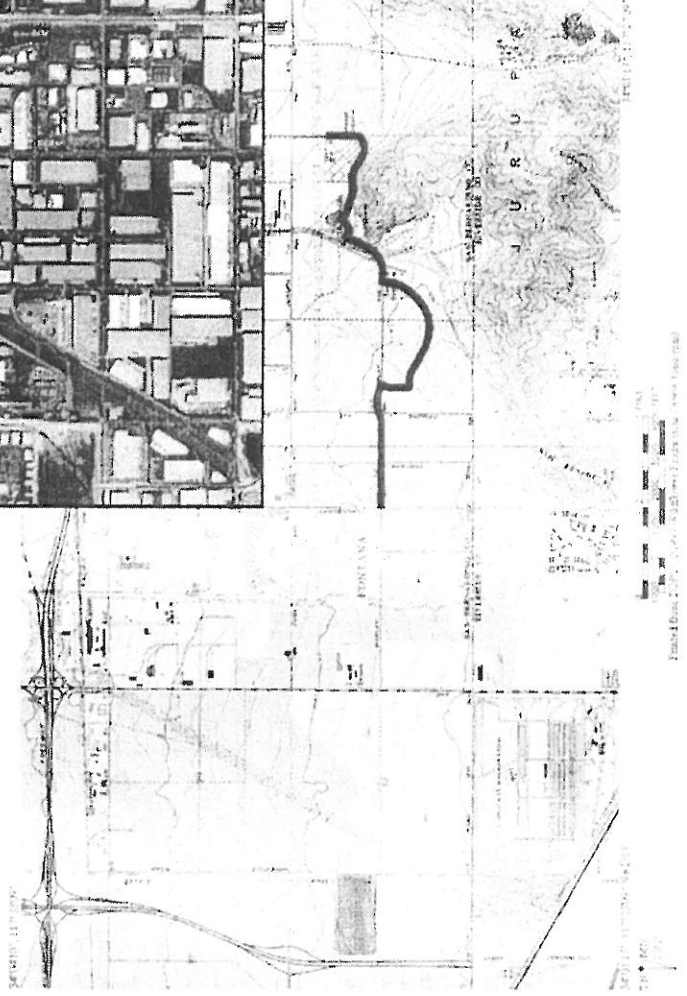
- 14,490 feet of pipeline
- Two Turnouts for Ground Water Recharge:
 - Turnout feeding the downstream Declez Basin (6 cfs)
 - Turnout to the RP-3 Recharge Basins (23 cfs)
 - Programming and controls included
- Estimated connected demand: 3,000 – 4,000 AFY (direct & GWR)
- Segment B will construct 14,450 feet of 36" steel pipe
- Project is part of the Agency's Water Reliability Business Goal
- Will develop and implement an integrated water resource management plan.



Segment B Vicinity Map



Not to Scale



Bid Results

The bids for construction were as follows:

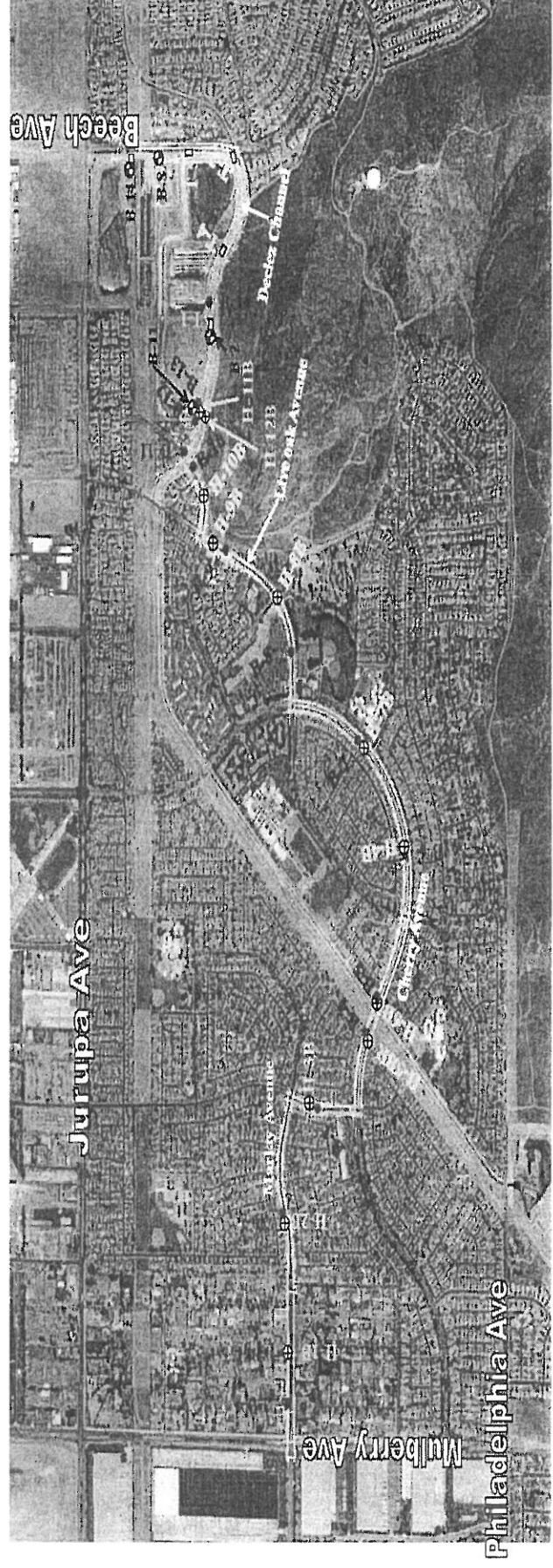
CONTRACTOR	BID AMOUNT
Mike Bubalo Construction	8,900,000
T.C. Constr. Co., Inc.	9,820,000
Trautwein Construction, Inc.	10,030,000
CCL Contracting Inc.	10,187,337
Blois Construction, Inc.	10,395,060
W.A. Rasic Construction	10,992,000
Mladen Buntich Construction	11,290,0000
Engineer's Estimate	\$9,800,000

Project Costs

PROJECT PHASE	PROJECTED COST
Design (Consultant and IEUA Labor)	\$450,000
Construction	\$8,900,000
Construction Management	\$1,260,000
Contingency	\$890,000
Total	\$11,500,000

Project Schedule

PROJECT PHASE	COMPLETION
Construction Contract Award Segment B	May 2014
Construction Completion (Both Segments)	July 2015



SECTION D - CONTRACT AND RELEVANT DOCUMENTS

1.0 CONTRACT

THIS CONTRACT, made and entered into this 21st day of May, 20 , by and between Mike Bubalo Construction, 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 B**, 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 \$ 8,900,000. —
Eight Million Nine Hundred Thousand 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 and thirty (430) 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. 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	Calendar Days After Notice of Award	Liquidated Damages for Delay
Contract Completion	430	\$4,000.00/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



INFORMATION
ITEM

4A



Inland Empire Utilities Agency

A MUNICIPAL WATER DISTRICT

Date: May 21, 2014
To: The Honorable Board of Directors
From:  P. Joseph Grindstaff
General Manager
Submitted by:  Christina Valencia
Chief Financial Officer/Assistant General Manager
Subject: Adoption of 2014 IEUA Strategic Plan

RECOMMENDATION

This is an informational item for the Board of Directors to review.

BACKGROUND

Beginning in 2013, Agency staff was tasked with a several initiatives which collectively update the Strategic Planning Framework for the Agency (see Figure 1). On October 16, 2013, the IEUA Business Goals were completed, replacing the existing Agency-wide policy goals and incorporating Levels of Service commitments. Subsequently, the Agency's Mission, Vision, and Values were updated to reflect the needs of our stakeholders and the value provided to the public. Another key document integrated into the planning framework is the Strategic Plan, which identifies work plans that will guide the Agency over the next five years in meeting the IEUA Business Goals and fulfilling its mission, vision and values. The development of the IEUA Strategic Plan commenced in January 2014 and encompassed a series of reviews with stakeholders across the organization as summarized in Table 1.

The IEUA Strategic Plan identifies what the Agency plans to accomplish within the next five years, 2015-2019; unifying the business goals, key objectives, commitments, and work plans that are needed for continued success in operations and management. Collectively, the work plans will serve as the basis for further derivation of department goals and objectives that will be included within the Agency's budget.

The Strategic Plan addresses fiscal years 2015-2019; the Agency will periodically review and update its Strategic Plan to reflect the actual progress and needs of the Agency over time.

Nearing the end of the FY 2014/15 budget cycle, department managers are utilizing the work plans from the Strategic Plan to develop specific department goals and objectives. The Board will review and approve the FY 2014/15 department goals and objectives in June, 2014, as part

the Strategic Planning Framework in Figure 1, linking the Board's directives, Mission, Vision, and Values, IEUA Business Goals, Strategic Plan, and budget.

PRIOR BOARD ACTION

On October 16, 2013, the Board of Directors adopted the 2013 IEUA Business Goals.

IMPACT ON BUDGET

None.

Attachments: Figure 1
Table 1
IEUA Strategic Plan

Figure 1

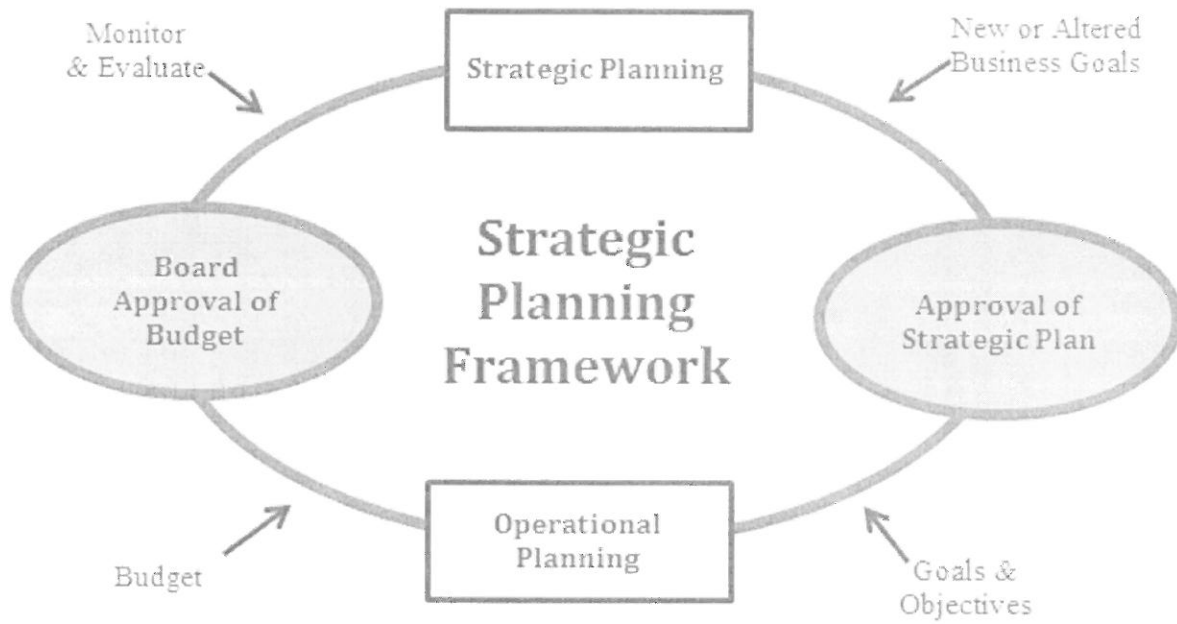


Table 1

Meeting	Date
Internal Staff Workshop I	January 7, 2014
Executive Manager Workshop	March 27, 2014
Internal Staff Workshop II	May 5, 2014
Board of Directors	May 21, 2014



IEUA Strategic Plan

Fiscal Years 2015-2019

Board of Directors
May 21, 2014

- IEUA Business Goals Adopted – October 16, 2013
- Internal Staff Workshop I – January 7, 2014
- Executive Manager Workshop – March 27, 2014
- Internal Staff Workshop II – May 5, 2014
- Board of Directors – May 21, 2014

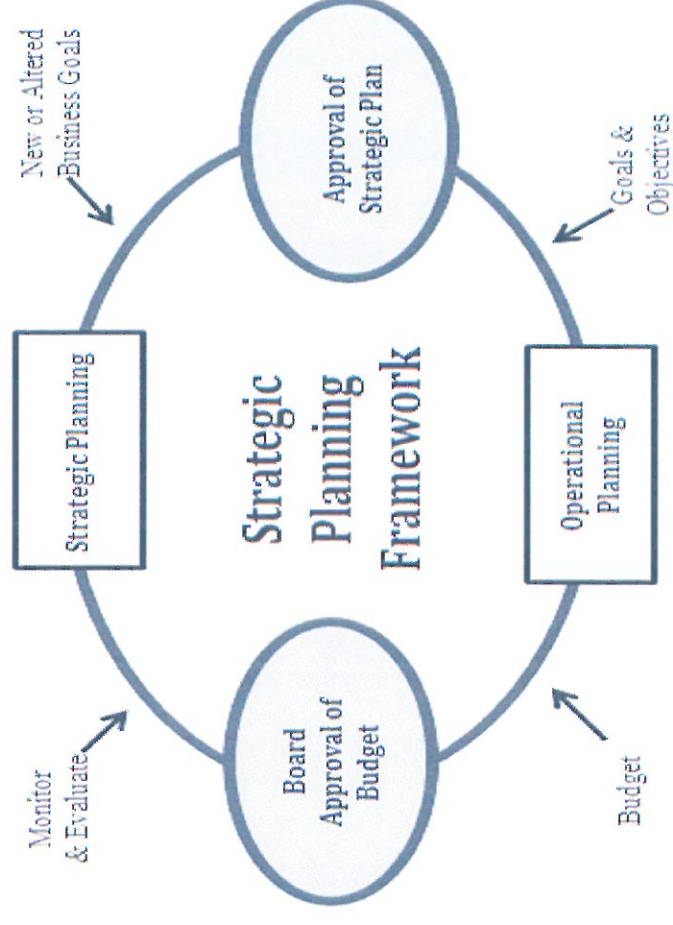
Benefits & Objectives



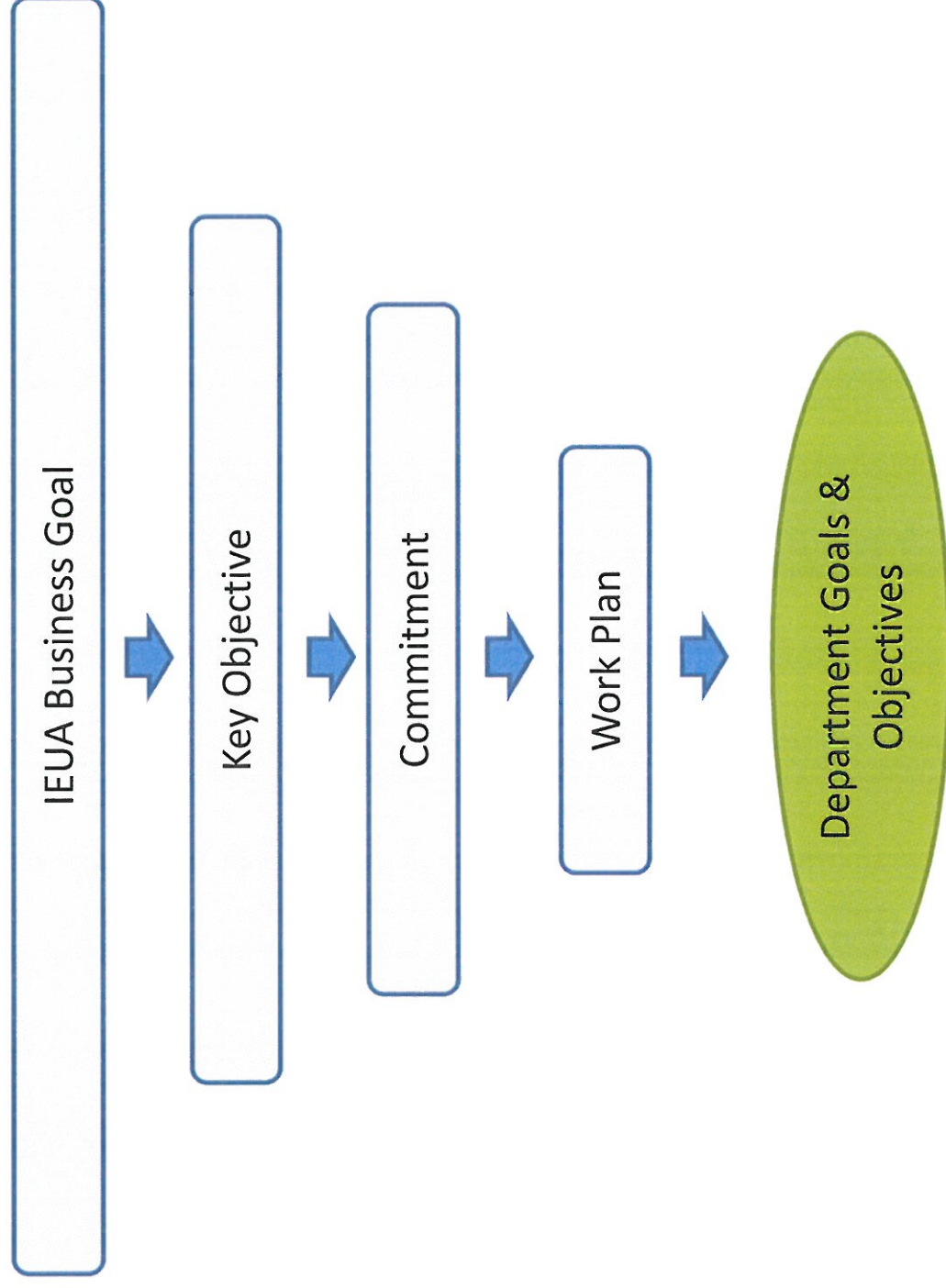
- Establishes clear direction
- Outlines fundamental decisions
- Transparent communication of the Agency's vision and goals
- Identifies:
 - Strategies
 - Goals
 - Key Objectives
 - Commitments
 - Work Plans

Framework & Development

- Framework
 - Board of Directors overall policy
 - Priorities for the Agency
- Development
 - Goals, Key Objectives and Commitments revisited from the IEUA Business Goals
 - Work plan - extension of the IEUA Business Goals
 - Goals & Objectives – Work plan to serve as their basis of development



Structure



Fiscal Responsibility



Highlights from the Fiscal Responsibility Work Plan

Continue commitment to cost containment for operating and capital costs

Achieve cost of service rates

Amend the Regional Sewerage Service Contract to provide more flexibility in the use of property taxes by July 2015

Fully fund the Other Post Employment Benefit (OPEB) unfunded accrued liability by July 2019

Integrate projects identified in the long range financial planning documents, such as the Facilities Wastewater Master Plan, Technology Master Plan, Energy Plan, and the Integrated Resources Plan, into the operating and capital budget by July 2016

Workplace Environment



Highlights from the Workplace Environment Work Plan

Implement the Agency-wide Classification and Compensation Study by November 2014

Establish a cross training program across departments and divisions to enhance understanding of Agency programs by June 2015

Prepare and implement a Disaster Preparedness Plan and conduct periodic emergency response drills by July 2017

Review and revise the Emergency Preparedness Plan by July 2017

Promote a safer work environment by administering and monitoring required safety and regulatory trainings

Business Practices



Highlights from the Business Practices Work Plan

Review and update the Asset Management Plan by December 2014

Develop a program that annually measures the effectiveness and efficiency of Agency core services based on stakeholder feedback on “quality, cost and value”

Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies

Meet annually with the region’s congressional and state delegations to advance key legislation

Promote regional projects and initiatives through presentations to community based organizations, service groups, and stakeholders

Water Reliability



Highlights from the Water Reliability Work Plan

Complete update of the Water Use Efficiency Business Plan by December 2014, the Integrated Resources Plan by October 2014, and the Urban Water Management Plan by June 2016

Develop new targets and programs to achieve 20 x 2020 requirement through water use efficiency measures, including; improve rate structures, integrate water use into billing, expand outdoor water use efficiency, and increase local use of stormwater by December 2014

Develop and implement Recycled Water Peak Demand Management Plan to optimize efficient use of recycled water by June 2015

Coordinate with the Chino Basin Watermaster on the Recharge Master Plan Update by July 2019

Accelerate implementation of capital projects where appropriate to “drought proof” regional water supplies and optimize use of available federal and state grants and low interest rate financing

Wastewater Management



Highlights from the Wastewater Management Work Plan

Update Wastewater Facilities Master Plan by December 2014 and thereafter every 10 years to ensure timely expansion of Agency facilities to address anticipated regional growth

Monitor and integrate the Building Activity Report (BAR) data for actual and projected growth with the Asset Management Plan into regional wastewater planning

Conduct Lesson's Learned sessions to evaluate key construction implementations

Develop a Biosolids Capacity Marketing Plan maximizing material input and output by June 2017

Develop a comprehensive Energy Management Master Plan by June 2015

Environmental Stewardship



Highlights from the Environmental Stewardship Work Plan

Develop and update logical, technically based, defensible, local limits for regional significant industrial users by December 2014 and review every five years

Develop a communication plan to promote being a good neighbor by June 2015

Ensure Agency programs promote environmental stewardship, sustainability, and preservation of heritage measures, utilizing green procurement and reuse of surplus materials, equipment, and parts when possible

Complete a performance assessment of the Platinum LEED rated headquarters and develop a plan to ensure performance, as appropriate, to the platinum standard

Develop a regionally focused Comprehensive Mitigation Plan for construction projects by July 2016



Inland Empire Utilities Agency

A MUNICIPAL WATER DISTRICT

QUESTIONS?

Strategic Plan

Fiscal Years 2015-2019

Updated July 1, 2014



Table of Contents

Introduction.	3
Agency Overview	4
Board of Directors	6
Business Goals	7
A. Fiscal Responsibility.	8-9
B. Workplace Environment	10-11
C. Business Practice.	12-13
D. Water Reliability.	14-15
E. Wastewater Management	16-17
F. Environmental Stewardship.	18-19
Appendix A Definitions of Key Terms	20 - 21

Introduction

A strategic plan enables an organization to set clear direction over all operational aspects of its mission. The Inland Empire Utilities Agency's Strategic Plan serves as a framework for decision making over a five-year period. The plan outlines the fundamental decisions that shape what the Agency plans to accomplish and sets a rational course of action. At its highest level, the Strategic Plan seeks to strengthen and build upon opportunities while addressing areas of concern.

In 2013, Agency staff completed the development of IEUA Business Goals utilizing input from various stakeholders including the IEUA Board, staff, member agencies and other regional policy makers. Staff also led separate revisions to the Agency's mission, vision, and core values. Consolidating these efforts within the framework of a strategic plan allows the Agency to develop work plans that will guide the Agency over the next five years in fulfilling its mission, vision and values.

The Agency will review and update its Strategic Plan to reflect the actual progress and needs of the Agency over time. The current plan addresses fiscal years 2015-2019. The plan identifies strategy, goals, key objectives, commitments, and work plans that are needed for continued success in operations and management.

The planning framework illustrated below starts with the Board of Directors setting overall policy and priorities for the Agency. Each year, organizational divisions and departments develop specific goals, objectives, and budgets in support of the Board's directives.



Agency Overview



Formed in 1950, the Inland Empire Utilities Agency (IEUA/Agency) seeks to fulfill its responsibility as a “Steward of the Region”; committed to sustainably enhancing the quality of life in the Inland Empire by ensuring that a clean, plentiful water supply is available now and in the future. Over the years, IEUA has taken a variety of responsibilities in order to better assure a sustainable water supply. This includes becoming a regional provider of wastewater treatment with domestic and industrial disposal systems, and energy production facilities serving 830,000 residents within a 242-square mile area located in San Bernardino County through its water and sewer member agencies.

As a member of the Metropolitan Water District of Southern California (MWD), one-fourth of the water distributed by IEUA is imported through the State Water Project. Recognizing the limitation on imported water supplies caused by drought conditions and environmental restrictions, a key business goal for IEUA is to “drought proof” the region by developing local supplies and maximizing groundwater recharge. IEUA operates five regional water recycling plants and produces three key “environmentally sustainable” products: recycled water, renewable energy, and high-quality biosolids compost.

The recycled water produced is not impacted by drought and is a key component of IEUAs’ diversified “drought proof” water portfolio for the region. To safeguard the high-quality of recycled water, IEUA operates a brine line system to export high salinity industrial wastewater for discharge to the Pacific Ocean and administers a Salt Management Plan. IEUA was also instrumental in the financing and construction of desalination facilities in the region to convert brackish groundwater into drinking water.

Protecting the regions’ vital groundwater supplies is a core element of the Agency’s “drought proof” business goal. IEUA’s commitment to water quality management and environmental stewardship ensures the maximum beneficial use of recycled water, stormwater and imported water throughout the region. The more water recharged into the Chino Groundwater Basin, the more self-reliant and less dependent the region becomes on imported water supplies.

IEUA is a leader in the production of renewable energy through the use of biogas, solar, and wind power. Combined, these renewable energy sources provide more than 50 percent of the Agency’s peak energy demand. Periodic updates to the Energy Management Plan ensure the Agency will achieve its goal to be energy independent during peak periods by 2020.



Agency Overview (continued)

In joint partnership with the Sanitation Districts of Los Angeles County (LACSD), the Agency owns and operates the nation's largest indoor state-of-the-art biosolids compost manufacturing facility. Located in Rancho Cucamonga, the Inland Empire Regional Composting Facility is designed to produce a wood based, nutrient rich compost made from recycled green waste, biosolids, and horse stable bedding. It produces 230,000 cubic yards of *SoilPro* Premium Compost each year. This high-quality compost is sold as a soil conditioner which helps improve water retention resulting in better plant growth and water efficiency.

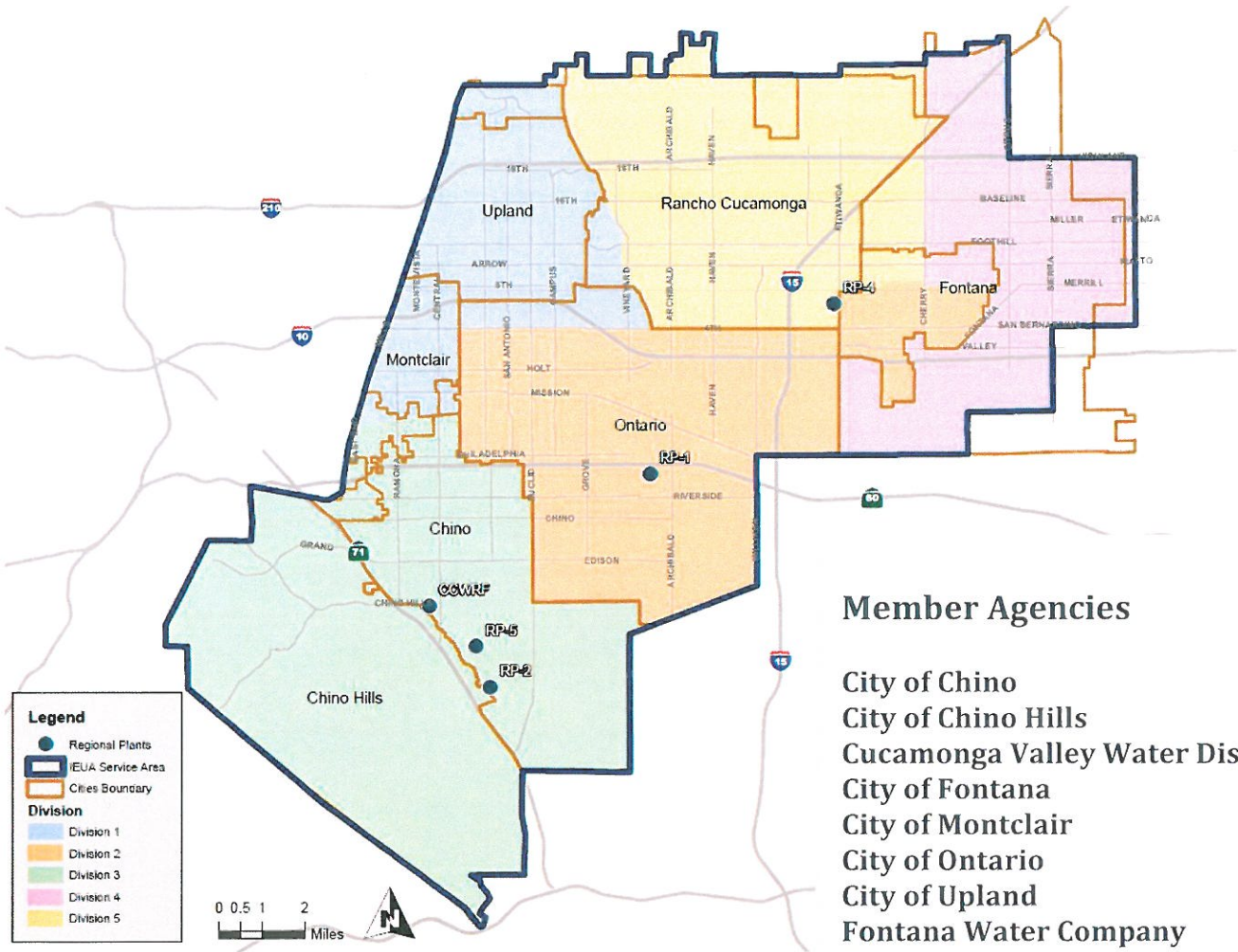
IEUA's investments provide the region with the reliability and sustainability needed to support economic development, as well as safeguard the quality of life in the Inland Empire through:

- Collection and treatment of wastewater
- Protection of public health
- Production of beneficial reuse of valuable/sustainable resources
- Ensuring infrastructure needed to support regional growth

IEUA Fact Sheet

Sewer / NRW Systems		Renewable Energy	
Miles of Pipe (Sewer)	94	Solar	3.5 MW
Miles of Pipe (Non-reclaimable)	72	Wind	1.5 MWH
Treatment Plants	5	Fuel Cell	2.8 MW
MGD Overall Capacity	84		
Recycled Water		Groundwater Recharge	
Miles of Pipe	82	Basins	19
Pumping Facilities	5	Imported Water Recharge	50,000 AF Yr
Connected Customers	>500	Storm Water Recharge	25,000 AF Yr
Annual Usage	32,000 AF	Recycled Water Recharge	10,000 AF Yr
Personnel		Biosolids	
No. of Authorized Employees	295	Processed Biosolids	150,000 Tons Yr
Average Years of Service	11	Tons of Compost	90,000

Board of Directors



Member Agencies

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



Terry Catlin,
President
Division 1



Michael Camacho,
Vice President
Division 5



Steve Eli,
Secretary/Treasurer
Division 3



Gene Koopman,
Director
Division 2



Jasmin Hall,
Director
Division 4

Business Goals

For any organization to remain relevant and effective, its ability to adapt and prepare for change is essential. As illustrated below, the six identified IEUA Business Goals encompass key objectives which must be continually evaluated and derived into work plans to ensure that current and future needs of the Agency and Region are acted upon. The IEUA Business Goals were adopted by the IEUA Board of Directors on October 16, 2013.



Mission Statement

Inland Empire Utilities Agency is committed to meeting the needs of the region by providing essential services in a regionally planned and cost effective manner while preserving public health, promoting economic development, and protecting the environment. Key areas of service:

- Securing and supplying imported water
- Collecting and treating wastewater
- Producing high-quality renewable products such as recycled water, compost, and energy
- Promoting sustainable use of groundwater and development of local water supplies



Vision

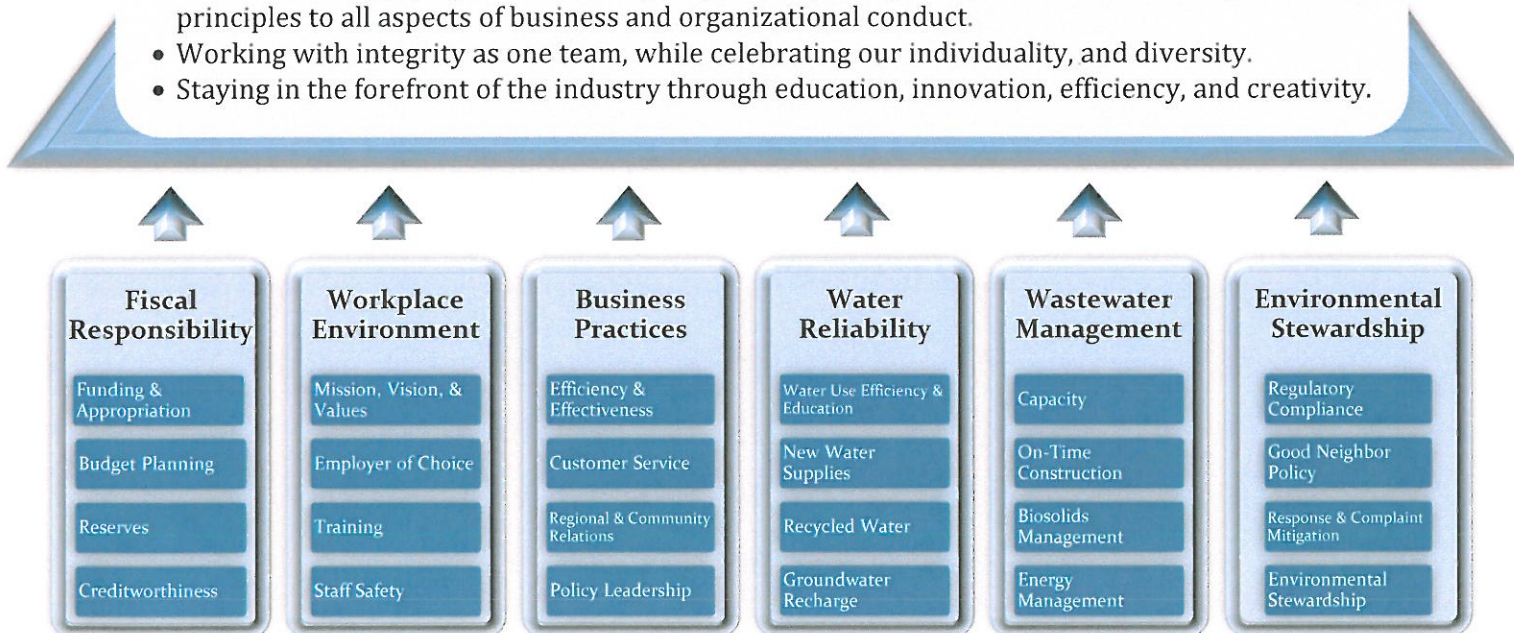
To become a world class leader in water management including water quality, water-use efficiency, recycled water, renewable energy, and environmental stewardship in order to enhance and preserve the quality of life throughout the region.



Values

Leading the way. Planning for the future. Protecting our resources. Living by our values. We are:

- Committed to applying ethical, fiscally responsible, transparent and environmentally sustainable principles to all aspects of business and organizational conduct.
- Working with integrity as one team, while celebrating our individuality, and diversity.
- Staying in the forefront of the industry through education, innovation, efficiency, and creativity.



Business Goal Overview

A. Fiscal Responsibility	B. Workplace Environment	C. Business Practices	D. Water Reliability	E. Wastewater Management	F. Environmental Stewardship
Goal: IEUA will safeguard Agency's fiscal health through organizational efficiency, adoption of balanced multiyear budgets and rates that meet full cost-of-service targets, maintain a high quality credit rating and preserve established fund balance reserves to effectively address short term and long term economic variability. Furthermore, IEUA will provide open and transparent communication to educate the Member Agencies on the fiscal policies of the Agency.					

Key Objectives

Funding & Appropriation

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

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

Budget Planning

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

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

Reserves

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

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

Credit-worthiness

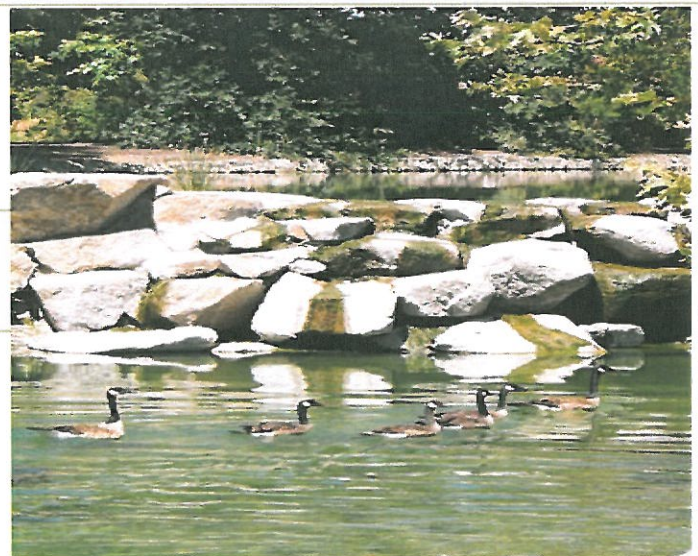
Objective: IEUA will sustain a high quality credit rating and debt service coverage ratio to safeguard the Agency's fiscal health and reduce future borrowing costs.

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

Work Plan

A. Fiscal Responsibility	B. Workplace Environment	C. Business Practice	D. Water Reliability	E. Wastewater Management	F. Environmental Stewardship
--------------------------	--------------------------	----------------------	----------------------	--------------------------	------------------------------

1. Adopt rates that fully meet cost of service for key Agency programs; Non-Reclaimable Wastewater (NRW) System by July 2019, Regional Wastewater by July 2018, Recycled Water by July 2019, Water Resources by July 2020
2. Continue commitment to cost containment for operating and capital costs
3. Advocate for continued receipt of property taxes and optimize grants and other funding sources to support Agency and regional investments
4. Amend the Regional Sewerage Service Contract to provide more flexibility in the use of property taxes by July 2015
5. Begin the nexus study for regional connection fees by May 2014
6. Fully fund the Other Post Employment Benefit (OPEB) unfunded accrued liability by July 2019
7. Fully fund the pension unfunded accrued liability by July 2024
8. Initiate discussions prior to January 2018 to revise and renew the Regional Sewerage Service Contract set to expire in 2023
9. Transition to a biennial budget beginning July 1, 2015
10. Integrate and fully fund the Replacement and Rehabilitation (R&R) projects identified in the Agency's Asset Management Plan into the annual capital improvement plan (CIP)
11. Integrate projects identified in the long range financial planning documents, such as the Facilities Wastewater Master Plan, Technology Master Plan, Energy Plan, and the Integrated Resources Plan, into the operating and capital budget by July 2016
12. Annually update the Agency's Investment Policy to ensure appropriate balance among safety, liquidity, and yield considerations
13. Continue to monitor market opportunities for retirement, refunding, or restructuring of outstanding debt to reduce costs
14. Annually, review and update the Agency's reserve policy to ensure sufficient funding to meet operating, capital, debt service, obligations, unforeseen events, and comply with legally mandated requirements
15. Reinstate the Agency's long term credit rating to AAA and maintain a debt coverage ratio to support such rating by FY 2017/18
16. Conduct or participate in a consortium to compile performance measures for agencies across the state that will serve as a benchmarking tool to drive awareness of strengths and opportunities for improvement by June 2016



Business Goal Overview

A. Fiscal Responsibility	B. Workplace Environment	C. Business Practices	D. Water Reliability	E. Wastewater Management	F. Environmental Stewardship
--------------------------	--------------------------	-----------------------	----------------------	--------------------------	------------------------------

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

Key Objectives

Mission, Vision & Values

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

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

Employer of Choice

Objective: IEUA will be an Employer of Choice.

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

Training

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

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

Staff Safety

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

Commitment: No more than 1 day of lost time due to work related illness or injury per 1,000 days worked.

Work Plan

A. Fiscal Responsibility	B. Workplace Environment	C. Business Practices	D. Water Reliability	E. Wastewater Management	F. Environmental Stewardship
--------------------------	--------------------------	-----------------------	----------------------	--------------------------	------------------------------

1. Ensure staff understands and upholds their role in achieving the Agency's Mission, Vision, and Values
2. Develop and implement a plan to mentor and prepare the next generation of Agency leaders by July 2017
3. Develop a plan to conduct a feedback study to measure employee satisfaction by December 2014
4. Implement the Agency-wide Classification and Compensation Study by November 2014
5. Review and update the STAR Award Program to more effectively recognize outstanding performance by December 2014
6. Implement strategies and recruitment practices that provide flexible and responsive solutions to assist the Agency in filling positions in a timely and effective manner by July 2014
7. Establish a cross training program across departments and divisions to enhance understanding of Agency programs by June 2015
8. Draft a new consolidated Personnel Rules and Regulations for the Agency across all bargaining units, thereby streamlining individual Unit MOUs by July 2016
9. Uphold a strong internal control environment by conducting independent objective internal and external audits of Agency finances and operations
10. Promote positive labor relations by conducting routine informal labor/management meetings with unit representative
11. Prepare and implement a Disaster Preparedness Plan and conduct periodic emergency response drills by July 2017
12. Achieve a Cal Star Award certification from OSHA by June 2019
13. Review and revise the Emergency Preparedness Plan by July 2017
14. Annually, review and revise the Workplace Injury Illness Prevention Program to prevent work related injuries/illness and reduce loss of time worked
15. Promote a safer work environment by administering and monitoring required safety and regulatory trainings



Business Goal Overview

G. Fiscal Responsibility	H. Workplace Environment	I. Business Practices	J. Water Reliability	K. Wastewater Management	L. Environmental Stewardship
--------------------------	--------------------------	-----------------------	----------------------	--------------------------	------------------------------

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

Key Objectives

Efficiency & Effectiveness

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

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

Customer Service

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

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

Regional Leadership and Community Relations

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

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

Policy Leadership

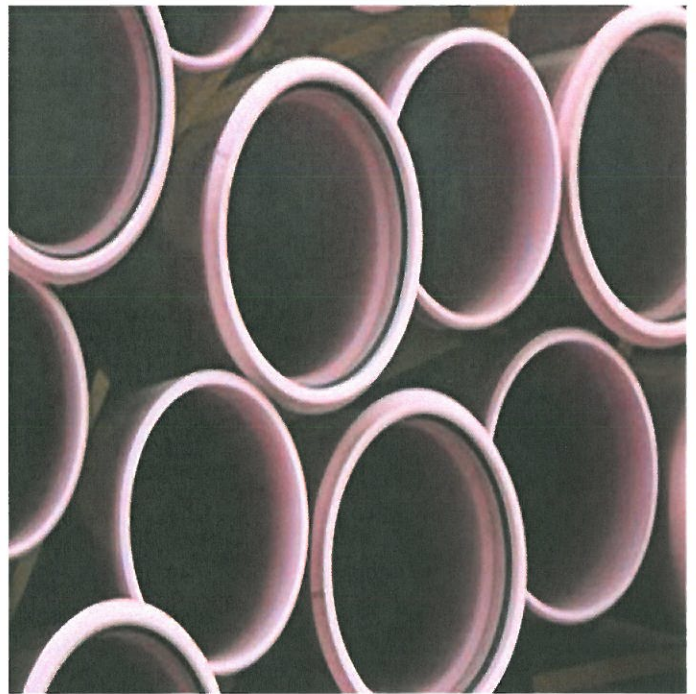
Objective: IEUA will effectively advocate, campaign and guide the development of policies and legislation that benefit the Region IEUA serves.

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

Work Plan

A. Fiscal Responsibility	B. Workplace Environment	C. Business Practices	D. Water Reliability	E. Wastewater Management	F. Environmental Stewardship
--------------------------	--------------------------	-----------------------	----------------------	--------------------------	------------------------------

1. Review and update the Asset Management Plan by December 2014
2. Replace the legacy Document Management System to ensure it meets Agency-wide and regulatory public records requirements and eliminates redundant archiving systems by December 2015
3. Determine the scope for Geographic Information Systems online applications to share information with member agencies by September 2014
4. Develop a program that annually measures the effectiveness and efficiency of Agency core services based on stakeholder feedback on "quality, cost and value"
5. Leverage private/public partnership opportunities
6. Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies
7. Update and maintain the Agency's website to clearly communicate key activities, issues, policies and key documents, and continue to optimize use of social network media
8. Meet annually with affiliated agencies and elected representatives
9. Meet annually with the region's congressional and state delegations to advance key legislation
10. Identify and participate in organizations that advance the Agency's mission, vision and key initiatives
11. Promote regional projects and initiatives through presentations to community based organizations, service groups, and stakeholders
12. Promote regional projects and initiatives to boost business and industry relocations and promote economic development in the region
13. Provide timely updates to the Regional Committees and the IEUA Board on long term planning needs
14. Annually, promote superior customer service when working internally with colleagues



Business Goal Overview

A. Fiscal Responsibility	B. Workplace Environment	C. Business Practices	D. Water Reliability	E. Wastewater Management	F. Environmental Stewardship
--------------------------	--------------------------	-----------------------	----------------------	--------------------------	------------------------------

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

Key Objectives

Water Use Efficiency & Education

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

Commitment: Promote to reduce water use in the IEUA Service Area to less than 200 gallons per capita per day (GPCD) by 2018.

New Water Supplies

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

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

Recycled Water

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

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

Groundwater Recharge

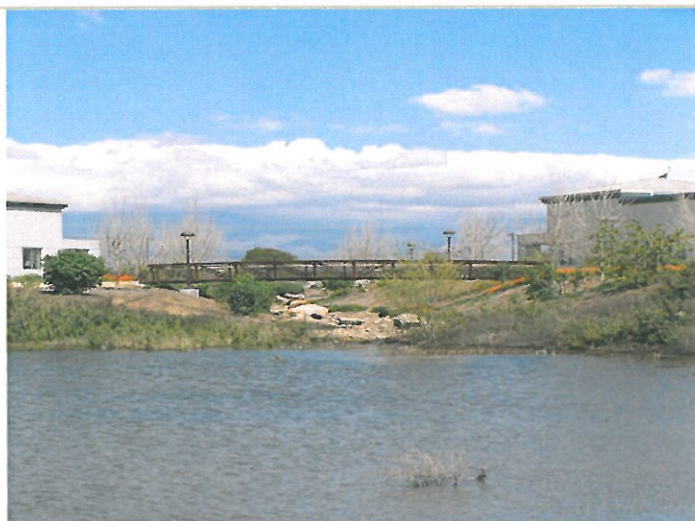
Objective: IEUA will support the recharge of all available storm water and maximize the recharge of recycled water within the Chino Groundwater Basin. Furthermore, IEUA will pursue the purchase and storage of cost-effective Supplemental Water supplies.

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

Work Plan

A. Fiscal Responsibility	B. Workplace Environment	C. Business Practices	D. Water Reliability	E. Wastewater Management	F. Environmental Stewardship
--------------------------	--------------------------	-----------------------	----------------------	--------------------------	------------------------------

1. Complete update of the Water Use Efficiency Business Plan by December 2014, the Integrated Resources Plan by October 2014, and the Urban Water Management Plan by June 2016
2. Develop new targets and programs to achieve 20 x 2020 requirement through water use efficiency measures by December 2014
3. Develop and implement a communication plan to promote water use efficiency and the value of water by July 2015
4. Advocate for ordinances promoting storm water capture
5. Work with other Agencies to optimize use of recycled water to reach 50,000 AFY by June 2022
6. Identify and evaluate supplemental water supplies for the region by October 2014
7. Develop plan to improve the quality of recycled water to meet customer's needs by June 2017
8. Complete water softener ordinance by December 2014 and continue to reduce salinity and nutrients in recycled water.
9. Identify and protect the best recharge land sites in the service region by June 2016
10. Conduct research to find new methods to safely recharge more water into Chino Basin by June 2016
11. Coordinate with the Chino Basin Watermaster on the Recharge Master Plan Update by July 2019
12. Accelerate implementation of capital projects where appropriate to "drought proof" regional water supplies and optimize use of available federal and state grants and low interest rate financing
13. Advocate strategies that help anticipate and mitigate the impacts of droughts and climate change on the region



Business Goal Overview

A. Fiscal Responsibility	B. Workplace Environment	C. Business Practices	D. Water Reliability	E. Wastewater Management	F. Environmental Stewardship
--------------------------	--------------------------	-----------------------	----------------------	--------------------------	------------------------------

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

Key Objectives

Capacity

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

Commitment: Ensure that systems are managed and constructed so that 90% of capacity is never exceeded.

On-time Construction

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

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

Biosolids Management

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

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

Energy Management

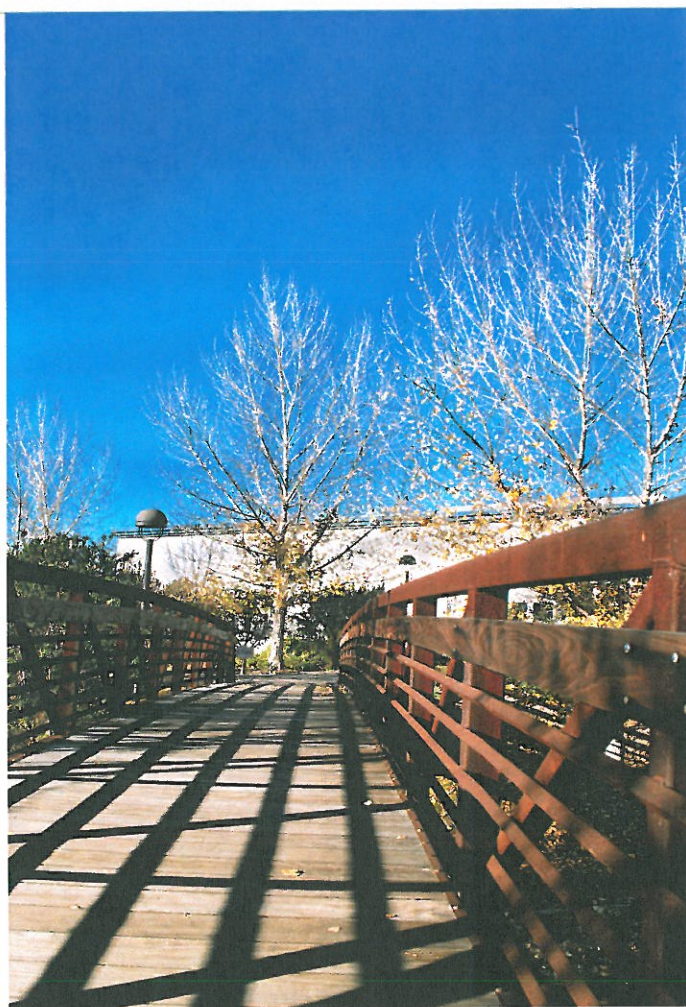
Objective: IEUA will optimize facility energy use and effectively manage renewable resources to achieve peak power independence, contain future energy costs, achieve statewide renewable energy, distributed generation and greenhouse gas reduction goals, and provide for future rate stabilization.

Commitment: Optimize facility energy use and effectively manage renewable resources to achieve peak power independence, contain future energy costs, and achieve statewide renewable energy, distributed generation, and greenhouse gas.

Work Plan

A. Fiscal Responsibility	B. Workplace Environment	C. Business Practices	D. Water Reliability	E. Wastewater Management	F. Environmental Stewardship
--------------------------	--------------------------	-----------------------	----------------------	--------------------------	------------------------------

1. Update Wastewater Facilities Master Plan by December 2014 and thereafter every 10 years to ensure timely expansion of Agency facilities to address anticipated regional growth
2. Ensure reliability of Agency assets by annually implementing the asset management monitoring and assessment program (Asset Management Plan)
3. Monitor treatment plant performance and initiate corrections to maintain 100% regulatory compliance
4. Provide engineers training to understand business aspects of capital projects and increase engineering consultant design services in lieu of in-house designs to complete more projects in a shorter timeframe by July 2015
5. Evaluate advances in laboratory design for inclusion in the construction of the Water Quality Laboratory facility
6. Conduct Lesson's Learned sessions to evaluate key construction implementations
7. Continue to optimize operation of digestion and dewatering centrifuges to minimize operational costs
8. Develop a Biosolids Capacity Marketing Plan maximizing material input and output by June 2017
9. Develop a design concept for the proposed South Compost Facility by December 2014
10. Develop a comprehensive Energy Management Master Plan by June 2015
11. Complete an Agency-wide greenhouse gas emission (GHG) baseline assessment using the Climate Registry protocol to allow the Agency to sell credits by July 2016



Business Goal Overview

A. Fiscal Responsibility	B. Workplace Environment	C. Business Practices	D. Water Reliability	E. Wastewater Management	F. Environmental Stewardship
--------------------------	--------------------------	-----------------------	----------------------	--------------------------	------------------------------

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

Key Objectives

Good Neighbor Policy

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

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

Regulatory Compliance

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

Commitment: Promote to reduce water use in the IEUA Service Area to less than 200 gallons per capita per day (GPCD) by 2018.

Response & Complaint Mitigation

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

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

Environmental Responsibility

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

Commitment: Consider and assess environmental sustainability, public use and heritage preservation options for all of its programs and projects.

Work Plan

A. Fiscal Responsibility	B. Workplace Environment	C. Business Practices	D. Water Reliability	E. Wastewater Management	F. Environmental Stewardship
--------------------------	--------------------------	-----------------------	----------------------	--------------------------	------------------------------

1. Develop and update logical, technically based, defensible, local limits for regional significant industrial users by August 2015 and review every five years
2. Complete odor baselines report by June 2015
3. Develop a communication plan to promote being a good neighbor by June 2015
4. Strive for 100% use of Agency bi-products by 2021
5. Lead efforts to advocate for emerging trends and proposed changes to rules and regulations
6. Annually review and update Key Performance Indicators (KPI's) to monitor and comply with all regulatory requirements
7. Annually review and update the Emergency Response and Operational Plans for all facilities
8. Ensure Agency programs promote environmental stewardship, sustainability, and preservation of heritage measures, utilizing green procurement and reuse of surplus materials, equipment, and parts when possible
9. Complete a performance assessment of the Platinum LEED rated headquarters and develop a plan to ensure performance, as appropriate, to the platinum standard
10. Support legislation to reduce drugs in waterways through take back programs
11. Develop a regionally focused Comprehensive Mitigation Plan for construction projects by July 2016



Appendix A

Definitions of Key Terms

20 x 2020	The 20x2020 <i>Water Conservation Plan</i> sets forth a statewide road map to maximize the state's urban water efficiency and conservation opportunities between 2009 and 2020, and beyond. It aims to set in motion a range of activities designed to achieve the 20 percent per capita reduction in urban water demand by 2020.
AF/AFY	Acre foot/Acre foot per year
Cal Star Award	The California Voluntary protection program (Cal/VPP) Star is a labor-management-government cooperative program designed to recognize workplaces that manage outstanding health and safety management systems for protection of workers and go beyond minimal compliance with the Cal/OSHA Title 8 California Code of Regulations
Key Performance Indicators	A set of quantifiable measures that an organization uses to gauge or compare performance in terms of meeting their strategic and operational goals
Lean Management	An approach to running an organization that supports the concept of continuous improvement, a long-term approach to work that systematically seeks to achieve small, incremental changes in processes in order to improve efficiency and quality
LEED Platinum	LEED, or Leadership in Energy & Environmental Design, is a green building certification program that recognizes best-in-class building strategies and practices. To receive LEED certification, building projects satisfy prerequisites and earn points to achieve

Appendix A

Definitions of Key Terms

	different levels of certification. Platinum is the highest certification.
Lesson's Learned	A review meeting held after a project is complete to discuss the pros and cons of the design and implementation between all affected parties
Non-Potable Water	Water not suitable for drinking
Potable Water	Water at a quality level high enough to meet regulatory standards for purposes of human consumption.
Recycled Water	Multiple reuse of effluent or gray water before it is returned to the natural hydrologic (water) system for subsequent beneficial use
Reuse	To use effluent or gray water for a beneficial purpose before it is returned to the natural hydrologic (water) system
STAR Award Program	An employee run recognition program that nominates and selects individuals who demonstrate excellence in leadership, creativity, performance and teamwork above and beyond the performance requirements of their position
Wastewater	Water that has been previously used by a municipality, industry, or agriculture and has suffered a loss of quality as a result of use.


INFORMATION
ITEM

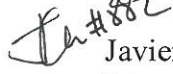
4B

Date: May 21, 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 and Accounting

Subject: FY 2014/15 Budget Overview of Administrative Services, Non-Reclaimable Wastewater, and Water Resources Funds

RECOMMENDATION

This is an information item for preliminary review of the proposed Fiscal Year (FY) 2014/15 Budget for the Administrative Services, Non-Reclaimable Wastewater, and Water Resources Funds.

BACKGROUND

Beginning in January 2014, three budget workshops were presented to the Board reviewing the Agency's FY 2014/15 business goals and strategies, rate scenarios to support full cost of service recovery, target reserve levels and debt service ratios. In April, staff presented to the Board and the Regional Technical Committee the Agency's program budget on Regional, Recycled Water, and Recharge Water Funds. The same presentation was provided to the Regional Policy Committee in May.

The following is an overview of the FY 2014/15 proposed budget for the Administrative Services (GG) Fund, Non-Reclaimable Wastewater (NRW) Fund, and Water Resources (WW) Fund.

FY 2014/15 Key Budget Assumptions

The FY 2014/15 proposed budget reflects the Agency's continued commitment to deliver quality services to the region in a cost effective manner. More favorable signs of economic recovery in the past couple of years have had a positive impact on some of the Agency's key funding sources, such as property taxes from a rise in assessed property values. According to the San Bernardino County's recent assessment, property values are expected to increase by 3% this fiscal year. To date, general tax receipts have reported an increase of 3% compared to last fiscal year.

Some of the key assumptions used to develop the FY 2014/15 proposed budgets for the GG, NRW, and WW Funds include:

- Re-allocation of 3% of property tax receipts from GG Fund to WW Fund as an inter-fund loan to support the implementation and administration of regional drought and conservation projects
- A further reduction of permanent staffing from 295 to 290 full time equivalent (FTE) positions
- Commitment to continue to maintain a vacancy factor of up to 5%
- 3% COLA per negotiated Memorandum of Understanding, offset by an additional 1% in employee paid pension contributions
- Prefunding of unfunded accrued liabilities for retirement benefits

FY 2014/15 PROPOSED PROGRAM BUDGETS

Administrative Services (GG) Fund

The Administrative Services (GG) Fund functions as the Agency's "General Fund". All of the Agency's employment, general and administrative expenses, facility maintenance costs, and acquisition, and maintenance of Agency-wide assets such as; computers, printers, scanners, office furniture, etc., are recorded in the GG Fund. Throughout the year, these costs are allocated to the Agency's various funds, capital projects, and Joint Powers Authorities (JPAs) for which the Agency provides operating and administration support, consistent with established agreements. The JPAs include the Chino Basin Desalter Authority (CDA) and the Inland Empire Regional Composting Authority (IERCA). The Agency also has an agreement with Chino Basin Watermaster (CBWM) for the operations and maintenance of the groundwater recharge program.

FY 2014/15 GG Fund estimated funding sources of \$4.8 million include tax receipts of \$2.0 million, labor cost reimbursement from CDA of \$1.2 million and inter-fund transfers from the Non-Reclaimable Wastewater (NRW), Recycled Water (WC), and Regional Wastewater Capital Improvement (RC) funds to support capital expenditures of \$1.5 million.

FY 2014/15 includes an inter-fund loan to the Water Resources (WW) fund to support the expansion of the regional water use efficiency and conservation projects in response to the current drought crisis and availability of grant funding. The inter-fund loan will be supported by a re-allocation of 3% of the GG funds property tax receipts to the WW fund, reducing the allocation to GG Fund from 8% to 5%.

FY 2014/15 GG Fund Revenues & Other Sources of Funds

Fund	Major Revenue Category	Budget \$Millions	Key Assumptions
Administrative Service Program (GG)	Property Tax	\$2.0	Property tax receipts support general administrative costs. Tax allocation reduced from 8% to 5% in FY 2014/15 to support regional drought and conservation projects
	Cost Reimbursement from CDA	\$1.2	Operations and labor cost reimbursement from the CDA for operation of the Chino 1 Desalter
	Capital Contribution	\$1.5	Inter-fund transfers from RC, WC and NRW funds to support Agency-wide capital expenditures
	Interest Revenue	\$0.1	Interest earned on reserve balance

Total uses of funds in amount of \$7.0 million include \$1.6 million of net employment cost, \$1.5 million in capital projects, \$0.4 million other administration expenses, and \$3.5 million payment toward the Agency's Other Post- Employment Benefits (OPEB) unfunded accrued liability. This will be the second installment towards the OPEB UAL and will be financed from fund reserves designated for this purpose. The first installment of \$3.5 million was made in FY 2013/14 and supported by "one-time" incremental taxes received from the distribution of unencumbered funds remitted to the San Bernardino County Tax/Assessor by the various Successor Agencies.

FY 2014/15 GG Fund Major Expense Categories

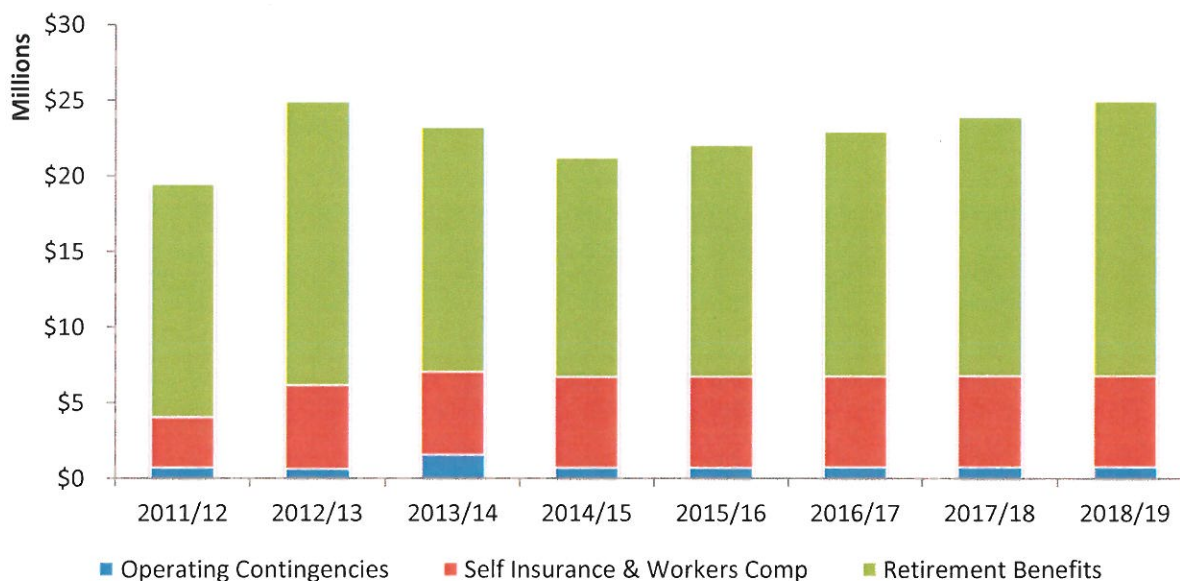
Fund	Major Expense Category	Budget \$Millions	Key Assumptions
Administrative Service Program (GG)	Administrative & Operations	\$2.0	Includes Agency employment, chemicals, materials & supplies, professional fees, utilities, and other operating costs, net of allocation to other Agency programs and capital projects.
	Capital Projects	\$1.5	Includes various capital information system projects, business network improvements, & replacement of aging fleet maintenance vehicles
	OPEB funding	\$3.5	OPEB funding contribution to reduce UAL paid from fund reserves

FY 2014/15 GG Fund Major R&R Capital Projects

Project Name	FY 14/15 Budget \$Millions
Enhancement of Business Network, Server Replacement & Financial Analysis/Reporting Platforms	\$0.9
Document Management System Assessment	0.5
Replacement of 5 Fleet Maintenance Vehicles	0.1
Total	\$1.5

The projected ending fund balance for the GG fund is \$21.0 million, which includes an operating contingency of \$0.8 million, \$6.0 million designated for the Agency's self-insurance programs, and \$14.2 million for employee medical retirement benefits.

Figure 1
Actual and Projected Fund Balance
Administrative Services (GG)



Non-Reclaimable Wastewater Program (NRW)

Beginning in FY 2004/05, a pass-through rate structure was implemented to allow the Agency to recover fees billed by County Sanitation District of Los Angeles County (CSDLAC) and Santa Ana Watershed Project Authority (SAWPA) for the North and South systems, respectively. These charges are comprised of capacity, volumetric, and strength fees with different rates applicable to the northern and southern systems.

On December 18, 2013, the Agency's Board of Directors approved the new NRWS Wastewater Disposal Agreement between the Agency and CSDLAC for the North system. Under the new Agreement, the pass-through rates from CSDLAC are expected to be more stable and predictable, making it easier for NRW industries to effectively plan their annual budgets. The ability to acquire capacity and connect to the system will also be more appealing to new industries as they will have the option to lease capacity rights rather than a mandatory purchase under the current terms. The new Agreement will be effective July 1, 2014. The key terms of the new Agreement that will impact the North NRWS users include the following:

- 30 year term with up to four additional five year extensions (up to 50 year term)
- 15,000 initial Baseline Capacity Units for allocation amongst current customers
- Adjustment of Baseline Capacity Units allocation through June 30, 2018 up to historic maximum flow
- Additional Capacity may be purchased or leased in excess of maximum of flow and after 2018
- Payment of remaining 4R Capital Charges principal and interest (\$4.5M) funded by SRF loans to be paid in full over a 6 year term
- Annual management meetings between IEUA and CSDLAC to review and discuss any modifications to this Agreement

The FY 2014/15 CSDLAC annual rate structure was revised based on the aforementioned new Agreement. No change in SAWPA's agreement for the southern NRWS was proposed for FY 2014/15.

In addition to the pass through rates, the user charges include the Agency's operating and capital costs associated with the operations, maintenance, replacement, and improvement of the NRWS system. These Agency program charges are calculated as follows:

- North System - due to the recent change with the CSDLAC contract, the Agency program charges will be based on the Agency's total operations and maintenance cost and capital expenditures allocated by capacity units.
- South System – remains at 50% of volumetric, capacity and strength for non-recycled water user.
 - To promote the use of recycled water throughout the Agency's service area, the North and South System Recycled Water users, or industries that use recycled water as a substitute for potable water, will be eligible for a reduced rate of 50% of the Agency's Recycled Water rate on the users' actual recycled water usage. The discount will be applied to the Agency's direct recycled water rate as of July 1, 2014

(the baseline) beginning at 50% in FY 2014/15 and decreased by 5% each fiscal year thereafter until the program ends in June 30, 2024. The recycled water rate, or discount baseline, will remain fixed at the FY 2014/15 direct delivery rate.

The FY 2014/15 total NRW program revenues of \$10.2 million indicate an increase of \$2.9 million compared to FY 2013/14 projected revenues of \$7.3 million. The increase is primarily due to higher strength fees as a result of the change in the CSDLAC contract.

FY 2014/15 NRW Major Revenues & Other Sources of Funds

Fund	Major Revenue Category	Budget \$Millions	Key Assumptions
Non-Reclaimable Fund (NRW)	Volumetric Fees	\$1.9	Monthly fee based on adopted fees and metered wastewater flow
	Capacity Fees	\$2.1	Monthly fee to the holders of capacity rights.
	Excess User Fees	\$2.7	Fee for wastewater strength composition*
	Agency program costs	\$3.3	Operating and capacity surcharges, which includes a portion of the recovery of CSDLAC 4Rs charges carried forward from FY 2011/12
	Other Revenues	\$0.2	Interest earned on reserve balance and the inter-fund loan to the Recycled Water Fund

* Strength charges are calculated based on Total Suspended Solids (TSS), Chemical Oxygen Demand (COD), and Biochemical Oxygen Demand (BOD)

On October 17, 2012, the Board agreed to defer \$2.6 million for the FY 2011/12 CSDLAC 4Rs capital costs to mitigate the impact to the North system users. These deferred costs of \$2.6 million were to be paid off over a 2.5 year period. Under the newly negotiated contract with CSDLAC, FY 2013/14 will be the final year of 4R pass through costs (projected to be \$1.7 million). As reported in the table below, total outstanding 4R costs (net of industry payments) through the end of the current fiscal year are projected to be \$2.4 million.

CSDLAC 4Rs Costs and Funding

CSDLAC 4RS:			Amount
2011/12			\$2,581,508
2012/13			1,206,214
2013/14 Projected			1,700,000
TOTAL CSDLAC 4RS			\$5,487,722
PAYMENTS FROM USERS:	mgd/month	Rates	
2012/13 (first half)	470.36	\$123.27	\$347,888
2012/13 (second half)	470.36	\$319.00	900,269
2013/14	470.36	\$319.00	1,800,538
TOTAL PAYMENTS FROM USERS			\$3,048,695
O/S DEFERRED CSDLAC 4RS			\$2,439,027

In addition to the pass through 4Rs costs, the Agency's capital improvement plan for the NRW system is budgeted at \$2.4 million for FY 2014/15, \$1.1 million for FY 2015/16 and \$350,000 each fiscal year through FY 2018/19. Cumulative capital costs (4Rs and IEUA) through FY 2017/18 are estimated to be \$7 million. Given the impact of the rate structure changes to some of the industries under the new contract, the Agency is limiting the recovery of capital costs to \$1.2 million per fiscal year through FY 2018/19.

Recovery of IEUA Capital Costs & Deferred CSDLAC 4Rs

Outstanding Deferred CSDLAC 4RS	\$2,439,027
2014/15 – IEUA Capital	2,350,000
2015/16 – IEUA Capital	1,102,000
2016/17 – IEUA Capital	350,000
2017/18 – IEUA Capital	350,000
2018/19 – IEUA Capital	350,000
Total IEUA Capital & Deferred CSDLAC 4Rs Costs	\$6,941,027
2014/15 (<i>allocated to Deferred CSDLAC 4RS</i>)	\$1,200,000
2015/16 (<i>allocated to Deferred CSDLAC 4RS</i>)	1,200,000
2016/17 (<i>start of IEUA Capital Recovery</i>)	1,400,000
2017/18	1,600,000
2018/19	1,600,000
Total Capital Recovery Supported by Program Charges	\$7,000,000

Total FY 2014/15 expenditures of \$12.1 million are \$4.3 million higher compared to projected
 G: /Board-Rec/2014/14107 FY 2014/15 Draft Budget Overview of Administrative Services, Non-Reclaimable Wastewater, and Water Resources Funds

actuals of \$7.8 million for the current fiscal year. The increase is mainly due to higher strength fees from CSDLAC and capital project expenditures.

FY 2014/15 NRW Fund Major Expense Categories

Fund	Major Expense Category	Budget \$Millions	Key Assumptions
Non-Reclaimable Fund (NRW)	Operating Costs	\$2.8	Includes Agency employment, chemicals, materials & supplies, professional fees, utilities, and other operating costs. Also includes Regional Brine Mgmt. pipe cleaning, and meter maintenance costs to support the Agency's NRW system
	Operating Pass Through Fees	\$5.2	Includes CSDLAC and SAWPA pass through fees
	Capital Expenditures	\$3.1	Includes \$2.4 million IEUA CIP and \$.7M SRF loan repayment for CSDLAC 4Rs
	Debt Service	\$0.5	Includes 2008A Bond and Inland Empire Brine Line loan principal and interest payments
	Other Expenses	\$0.5	Expense allocation and capital transfers to support Agency wide asset acquisition

Total capital project expenditures for FY 2014/15 of \$3.1 million include \$2.4 million for Agency capital improvements and rehabilitation. Below is a summary of the major capital projects:

FY 2014/15 NRW Fund Major R&R Capital Projects

Project Name	FY 2014/15 Budget \$Millions
Philadelphia Pump Station Upgrade	\$1.4
22 Inch Manhole along NRW North System North Trunk (NSNT) Rehabilitation	0.5
CM Misc. NRW Construction & Emergency Projects	0.2
Philadelphia Pump Station Communication System	0.2
NRWS Connection & Emergency Pipeline Repairs	0.1
Subtotal	\$2.4
CSDLAC 4Rs Capital Replacement-SRF Loan Installment	0.7
Total	\$3.1

Also included in the \$3.1 million capital budget is \$737,600 for the Agency's share of CSDLAC 4R costs funded through SRF loans, in accordance with the newly negotiated contract. These 4R costs were not fully passed through to the Agency and are being amortized over a six year term at an annual interest rate of 2.3%. NRW fund reserves will support the annual SRF loan

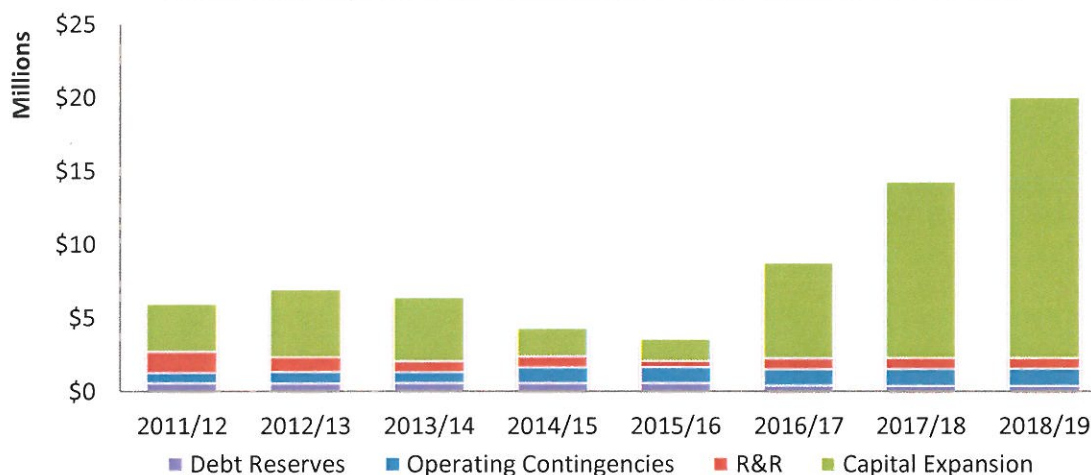
payments as summarized in the table below.

Payment Schedule of CSDLAC SRF Loan

Due Date	Balance with Interest	Minimum Payment	Remaining Balance
7/15/2014	\$4,184,045	\$737,600	\$3,446,445
7/15/2015	3,525,714	737,600	2,788,114
7/15/2016	2,852,240	737,600	2,114,640
7/15/2017	2,163,277	737,600	1,425,677
7/15/2018	1,458,468	737,600	720,868
7/15/2019	737,448	737,448	
TOTAL PAYMENTS		\$4,425,448	

The FY 2014/15 ending fund balance is projected to be \$4.5 million. The incremental loan repayments from the Recycled Water fund scheduled to begin in FY 2016/17 account for the increase in fund balances, as shown in figure 2 below.

Figure 2
Fund Balances for Non Reclaimable Wastewater (NRW) Fund



As of June 30, 2014, the Recycled Water (WC) fund has \$15 million outstanding in inter-fund loans due to the NRW fund; \$9 million in FY 2007/08 and \$6 million in FY 2009/10.

Water Resources Program (WW) Fund

The Water Resources (WW) Program records the implementation and administration of regional water resource activities, water conservation and water use efficiency programs. These programs include: management and distribution of imported water supplies, development and implementation of regional water use efficiency initiatives, water resource planning and provision of support for regional water supply programs including recycled water, groundwater

recharge, storm water management, and alternative water supplies.

At the time of preparing this informational item, the Agency is evaluating three rate options with the water member agencies. An initial workshop was held on May 13 followed by a second review session on May 20, 2014. These rate alternatives present different modifications to the month meter charges and acre foot (AF) surcharge on imported water deliveries to support water use efficiency projects (drought program). Expansion of the regional conservation program to include “drought” projects will allow the region to take advantage of current funding opportunities. The impact to the fund reserve balance also differs for each option.

Option 1: Includes an increase in the AF surcharge of \$11 effective January 1st 2015, and an increase of \$0.10 in the meter surcharge starting in July 1st 2014. This option leverages the anticipated decrease by Metropolitan Water District (MWD) of \$11/AF for the Untreated Tier 1 rate effective January 1, 2015. Under this option, there would no change in the pass through rate to member agencies.

Option 2: Includes an increase, effective July 1st 2014, for both the AF surcharge in amount of \$2, and of \$0.35 for the meter surcharge.

Option 3: Includes an increase, effective July 1st 2014, for both the AF surcharge in amount of \$2, and of \$0.10 for the meter surcharge.

FY 2014/15 Rate Options for the Water Resources Program

	FY 13/14	Option 1 AF Surcharge Effective January 1	Option 2	Option 3
AF Surcharge	\$13	\$24	\$15	\$15
Regional Program	\$9	\$10	\$10	\$10
Conservation	\$4	\$4	\$4	\$4
Drought	-	\$10	\$1	\$1
MWD RATE	593	582	582	582
Total AF COST	606	606	597	597
Meter Charge	\$1.76	\$1.86	\$2.11	\$1.86
RTS/Regional Program	\$1.72	\$1.72	\$1.72	\$1.72
Conservation	\$0.04	\$0.04	\$0.04	\$0.04
Drought	-	\$0.10	\$0.35	\$0.10

Total WW Fund expenses budgeted at \$7.8 million include: Readiness- to-Serve pass through

costs from MWD of \$3.7 million, conservation and drought project costs of \$2.2 million, and \$1.9 million in operating and administrative program costs.

FY 2014/15 WW Fund Major Expense Categories

Fund	Major Expense Category	Budget \$Millions	Key Assumptions
Water Resource Program (WW)	Program Costs	\$1.9	Includes program operating and administrative costs
	Special (O&M) Projects	\$2.2	Includes reimbursable and non-reimbursable projects related to the regional conservation and drought programs
	Operating Fees	\$3.7	Readiness-to-Serve, pass through charges from MWD

To support the proposed level of service under any of the rate options aforementioned, an inter-loan will be needed to support the budgeted activities and replenish and maintain minimum reserves for the WW fund.

FY 2014/15 WW Fund Projected Ending Balance (without inter-fund loan)

	FY 12/13	FY 13/14	Option 1	Option 2	Option 3
AF Surcharge	\$12	\$13	\$24	\$15	\$15
Meter Charge	\$1.56	\$1.76	\$1.86	\$2.11	\$1.86
Ending Fund Balance	\$1.74	\$1.09	(\$0.43)	(\$0.07)	(\$0.63)
Administration	\$0.09	(\$0.25)	(\$1.69)	(\$1.33)	(\$1.89)
Conservation	\$1.65	\$1.34	\$1.26	\$1.26	\$1.26

Upon conclusion of the evaluation with Member Agencies of the various rate options, Agency staff will present the final rate proposal for the Water Resources program along with the Fiscal Year 2014/15 Operating Budget to the IEUA Board on June 18, 2014 for adoption.

Conclusion

The FY 2014/15 proposed budget for the Administrative Services (GG) Fund and Non-Reclaimable Wastewater (NRW) Fund reflects the Agency's steadfastness to continue to pursue

cost containment without comprising its commitment to deliver quality essential services to its customers; as prescribed by the IEUA Business Goals adopted in October 2013. A key objective of the Agency is to have rates that recover the full cost of service for all of its programs, including the Water Resources (WW) fund. Achieving these key financial objectives is essential for the Agency's fiscal health and its ability to continue to serve its customers and the region in a cost efficient and effective manner.

Budget Timelines

The timeline for the Fiscal Year 2014/15 Budget review and adoption is scheduled as follows:

Board / Committee/ Other	Item	Date
Water Member Agencies	Water Resource Program Rate Workshops	May 13, 2014 May 20, 2014
IEUA Board of Directors	GG/NRW/WW Funds Preliminary Budget Overview	May 21, 2014
NRW System Industries	NRW System Program Rate Workshop	June 5, 2014
Regional Technical Committee	RC/RO/WC/RW Funds Final Review and Recommendation	May 29, 2014
Regional Policy Committee	RC/RO/WC/RW Funds Final Review and Recommendation	June 5, 2014
IEUA Finance, Legal and Administration Committee	FY 2014/15 Budget and Rate Resolutions Recommendation	June 11, 2014
IEUA Board of Directors	FY 2014/15 Budget and Rate Resolutions Approval and Adoption	June 18, 2014

PRIOR BOARD ACTION

The Board reviewed the preliminary FY 2014/15 Regional Wastewater, Recycled Water and Recharge Water programs budgets on April 16, 2014

IMPACT ON BUDGET

There is no direct impact on the Agency's current fiscal year budget as a result of this item.

Attachments:

Attachment A-1 - Program Fund Reports

Attachment A-2 - FY 2014/15 Budget Overview PowerPoint

Attachment A-1 Program Fund Reports

INLAND EMPIRE UTILITIES AGENCY FISCAL YEAR 2014/2015 BUDGET SOURCES AND USES OF FUNDS ADMINISTRATIVE SERVICE PROGRAM (GG) FUND

	2011/2012	2012/2013	2013/2014	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019
			AMENDED	PROJECTED	PROPOSED				
	ACTUAL	ACTUAL	BUDGET	ACTUAL	BUDGET	FORECAST			
REVENUES AND OTHER FINANCING SOURCES									
Property Tax	\$2,650,374	\$3,788,896	\$5,394,551	\$5,822,600	\$2,010,174	\$1,218,165	\$1,230,347	\$1,242,650	\$1,255,077
Cost Reimbursement from JPA	\$1,257,623	1,387,408	1,194,000	1,138,710	1,248,166	1,225,511	1,366,953	1,389,983	1,420,614
Contract Cost reimbursement	184,772	179,144	0	0	0	0	0	0	0
Interest Revenue	123,344	101,224	145,025	145,026	110,000	215,000	279,000	347,000	422,000
TOTAL REVENUES AND OTHER FINANCING S	\$4,216,113	\$5,456,673	\$6,733,576	\$7,106,337	\$3,368,340	\$2,658,676	\$2,876,300	\$2,979,633	\$2,979,633
OTHER FINANCING SOURCES									
Grants	\$140,013	\$1,047	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Revenues	112,596	6,386	2,000	2,000	2,000	2,000	2,000	2,000	2,000
TOTAL OTHER FINANCING SOURCES	\$252,609	\$7,433	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
EXPENSES									
Employment Expenses	(\$64,667)	(\$1,093,085)	\$133,100	\$777,477	\$1,633,267	\$1,672,992	\$1,740,644	\$1,791,530	\$1,807,390
Contract Work/Special Projects	33	1,834	120,000	120,000	717,000	700,000	700,000	300,000	300,000
Utilities	386,209	426,417	542,648	559,772	605,821	622,369	638,839	655,801	673,268
Operating Fees	5,975	5,975	6,827	6,427	6,427	6,427	6,427	6,427	6,427
Professional Fees and Services	2,101,407	2,434,591	2,926,028	3,121,634	3,125,724	2,870,071	2,874,403	2,935,275	2,992,740
Office and Administrative expenses	1,156,267	1,248,623	1,873,202	1,486,867	1,743,721	1,519,195	1,811,312	1,595,194	1,895,185
Materials & Supplies	607,550	631,090	552,653	677,541	557,698	599,149	610,114	733,433	745,541
Other Expenses	(1,441,542)	(1,142,713)	(1,267,578)	(1,438,842)	(6,353,046)	(5,939,432)	(6,244,460)	(5,853,655)	(6,218,153)
TOTAL EXPENSES	\$2,751,232	\$2,512,730	\$4,886,881	\$5,310,876	\$2,036,613	\$2,050,770	\$2,137,278	\$2,164,006	\$2,202,398
CAPITAL PROGRAM									
Capital Expansion & Construction (W/P)	\$728,715	\$2,174,944	\$2,412,006	\$1,877,466	\$1,461,200	\$1,025,000	\$804,000	\$1,360,000	\$600,000
TOTAL CAPITAL PROGRAM	\$728,715	\$2,174,944	\$2,412,006	\$1,877,466	\$1,461,200	\$1,025,000	\$804,000	\$1,360,000	\$600,000
DEBT SERVICE									
Financial Expenses	\$14,766	\$2,382	\$14,000	\$3,512,500	\$3,512,500	\$12,500	\$12,500	\$12,500	\$12,500
TOTAL DEBT SERVICE	\$14,766	\$2,382	\$14,000	\$3,512,500	\$3,512,500	\$12,500	\$12,500	\$12,500	\$12,500
TRANSFERS IN (OUT)									
Capital Contribution	\$560,229	\$2,174,945	\$2,412,006	\$1,877,466	\$1,461,200	\$1,025,000	\$804,000	\$1,360,000	\$600,000
TOTAL INTERFUND TRANSFERS IN (OUT)	\$560,229	\$2,174,945	\$2,412,006	\$1,877,466	\$1,461,200	\$1,025,000	\$804,000	\$1,360,000	\$600,000
FUND BALANCE									
Net Income (Loss)	\$1,534,238	\$2,948,993	\$1,834,695	(\$1,715,039)	(\$2,201,989)	\$626,638	\$667,052	\$758,791	\$819,722
Fund Bal Adj to FY 11/12 CAFR	\$7,696,422	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Beginning Fund Balance July 01	\$12,752,237	\$21,982,897	\$24,931,892	\$24,931,892	\$23,229,107	\$21,027,119	\$21,653,758	\$22,320,810	\$23,079,601
ENDING FUND BALANCE AT JUNE 30	\$21,982,897	\$24,931,889	\$26,766,587	\$23,216,852	\$21,027,118	\$21,653,757	\$22,320,810	\$23,079,601	\$23,899,322
RESERVE BALANCE SUMMARY									
Capital / Operation Contingencies	\$12,518,688	\$637,580	\$1,428,961	\$1,570,294	\$818,307	\$825,384	\$868,639	\$882,003	\$901,199
Insurance & Other	3,047,466	5,518,964	5,486,157	5,474,496	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
Retirement reserves	6,416,742	18,775,348	19,851,468	16,172,063	14,208,812	14,828,373	15,452,171	16,197,598	16,998,124
ENDING BALANCE AT JUNE 30	\$21,982,897	\$24,931,892	\$26,766,587	\$23,216,853	\$21,027,119	\$21,653,758	\$22,320,810	\$23,079,601	\$23,899,323

FY 2014/15 Draft Budget Overview of GG, NRW and WW Funds

May 21, 2014

Page 14 of 14

INLAND EMPIRE UTILITIES AGENCY
FISCAL YEAR 2014/2015 BUDGET
SOURCES AND USES OF FUNDS
NON-RECLAIMABLE WASTEWATER SYSTEM (NC) FUND

	2011/2012	2012/2013	2013/2014	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019
			AMENDED	PROJECTED	PROPOSED				
	ACTUAL	ACTUAL	BUDGET	ACTUAL		FORECAST			
REVENUES AND OTHER FINANCING SOURCES									
User Charges	\$5,756,361	\$7,351,689	\$9,028,293	\$7,099,697	\$10,007,520	\$10,108,242	\$10,485,898	\$10,869,465	\$11,059,088
Contract Cost reimbursement	0	0	0	3,500	0	0	0	0	0
Interest Revenue	89,830	66,393	251,307	96,600	170,465	207,500	275,000	275,000	300,000
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$5,846,191	\$7,418,082	\$9,279,600	\$7,199,797	\$10,177,985	\$10,315,742	\$10,760,898	\$11,144,465	\$11,359,088
OTHER FINANCING SOURCES									
Debt Proceeds	0	0	0	0	0	0	0	0	0
Other Revenues	\$721,332	\$627,676	\$718,012	\$139,438	\$33,503	\$0	\$0	\$0	\$0
Sale of Capacity	215,000	215,000	0	0	0	0	0	0	0
Loan Transfer from Internal Fund	0	0	0	0	0	0	5,000,000	5,000,000	5,000,000
TOTAL OTHER FINANCING SOURCES	\$936,332	\$842,676	\$718,012	\$139,438	\$33,503	\$0	\$5,000,000	\$5,000,000	\$5,000,000
	(0)								
EXPENSES									
Employment Expenses	\$1,756,082	\$1,928,222	\$1,744,963	\$1,682,070	\$2,245,743	\$2,300,363	\$2,393,386	\$2,463,354	\$2,485,161
Contract Work/Special Projects	39,833	7,597	342,000	170,000	10,000	0	0	0	0
Utilities	56,719	59,016	64,192	65,192	59,243	61,020	62,850	64,736	66,678
Operating Fees	2,721,974	3,064,053	4,002,647	3,324,164	5,211,593	5,348,382	5,508,844	5,674,127	5,844,373
Chemicals	129,508	157,545	178,673	150,000	170,000	175,100	180,353	185,764	191,336
Professional Fees and Services	37,293	44,864	206,222	115,522	136,022	134,161	137,334	140,601	143,967
Biosolids Recycling	45,740	4,026	25,000	25,000	25,000	25,750	26,523	27,318	28,138
Materials & Supplies	29,049	45,732	150,762	115,100	115,850	119,326	122,906	126,591	130,390
Other Expenses	242,879	(241,678)	120,793	120,567	462,634	452,114	461,240	445,823	454,439
TOTAL EXPENSES	\$5,059,176	\$5,069,332	\$6,835,252	\$5,767,614	\$8,436,084	\$8,616,217	\$8,893,436	\$9,128,314	\$9,344,482
CAPITAL PROGRAM									
CSDLAC 4Rs SRF Loan	\$2,700,257	\$1,206,214	\$1,008,323	\$1,008,323	\$737,600	\$737,600	\$737,600	\$737,600	\$737,600
Capital Expansion/Construction	1,129,134	342,192	3,238,764	504,477	2,350,000	1,102,000	350,000	350,000	350,000
WIP Adjustment	(332,818)	0	0	0	0	0	0	0	0
TOTAL CAPITAL PROGRAM	\$3,496,573	\$1,548,406	\$4,247,087	\$1,512,800	\$3,087,600	\$1,839,600	\$1,087,600	\$1,087,600	\$1,087,600
DEBT SERVICE									
Financial Expenses	(\$5,951)	\$35,929	\$400	\$400	\$1,050	\$1,050	\$1,050	\$1,150	\$1,250
Interest	201,678	409,430	402,545	401,894	393,559	385,094	376,120	366,609	356,526
Principal	125,570	133,105	141,091	141,091	149,556	158,530	168,041	0	0
TOTAL DEBT SERVICE	\$321,297	\$578,464	\$544,036	\$543,385	\$544,165	\$544,674	\$545,211	\$367,759	\$357,776
TRANSFERS IN (OUT)									
Capital Contribution	(19,048)	(\$78,368)	(82,008)	(63,834)	(49,681)	(34,850)	(27,336)	(46,240)	(20,400)
TOTAL INTERFUND TRANSFERS IN (OUT)	(\$19,048)	(\$78,368)	(\$82,008)	(\$63,834)	(\$49,681)	(\$34,850)	(\$27,336)	(\$46,240)	(\$20,400)
FUND BALANCE									
Net Income (Loss)	(2,113,572)	986,188	(1,710,771)	(548,399)	(1,906,043)	(719,599)	5,207,314	5,514,551	5,548,830
Fund Bal Adj to FY 11/12 CAFR	1,883,676								
Beginning Fund Balance July 01	6,201,125	5,971,229	6,957,417	6,957,417	6,409,018	4,502,976	3,783,377	8,990,692	14,505,244
ENDING FUND BALANCE AT JUNE 30	\$5,971,229	\$6,957,417	\$5,246,646	\$6,409,018	\$4,502,976	\$3,783,377	\$8,990,691	\$14,505,243	\$20,054,074
RESERVE BALANCE SUMMARY									
Capital / Operation Contingencies	\$715,316	\$784,970	\$829,269	\$756,983	\$1,070,997	\$1,088,763	\$1,127,667	\$1,150,849	\$1,166,140
Capital Expansion / Construction	3,283,360	4,628,924	3,135,611	4,370,271	2,149,705	1,739,655	6,757,666	12,259,019	17,792,709
Rehabilitation/Replacement Reserve			737,600	737,600	737,600	409,748	737,600	737,600	737,448
CSDLAC Prepayment	1,429,818	1,008,323	0	0	0	0	0	0	0
Debt Service & Redemption	542,735	535,200	544,165	544,165	544,674	545,211	367,759	357,776	357,776
ENDING BALANCE AT JUNE 30	\$5,971,229	\$6,957,417	\$5,246,645	\$6,409,019	\$4,502,976	\$3,783,377	\$8,990,692	\$14,505,244	\$20,054,073

FY 2014/15 Preliminary Budget Administrative Service, Non-Reclaimable Wastewater, and Water Resources Funds

**Board of Directors
May 21, 2014**

FY 2014/15 Preliminary Budget Overview

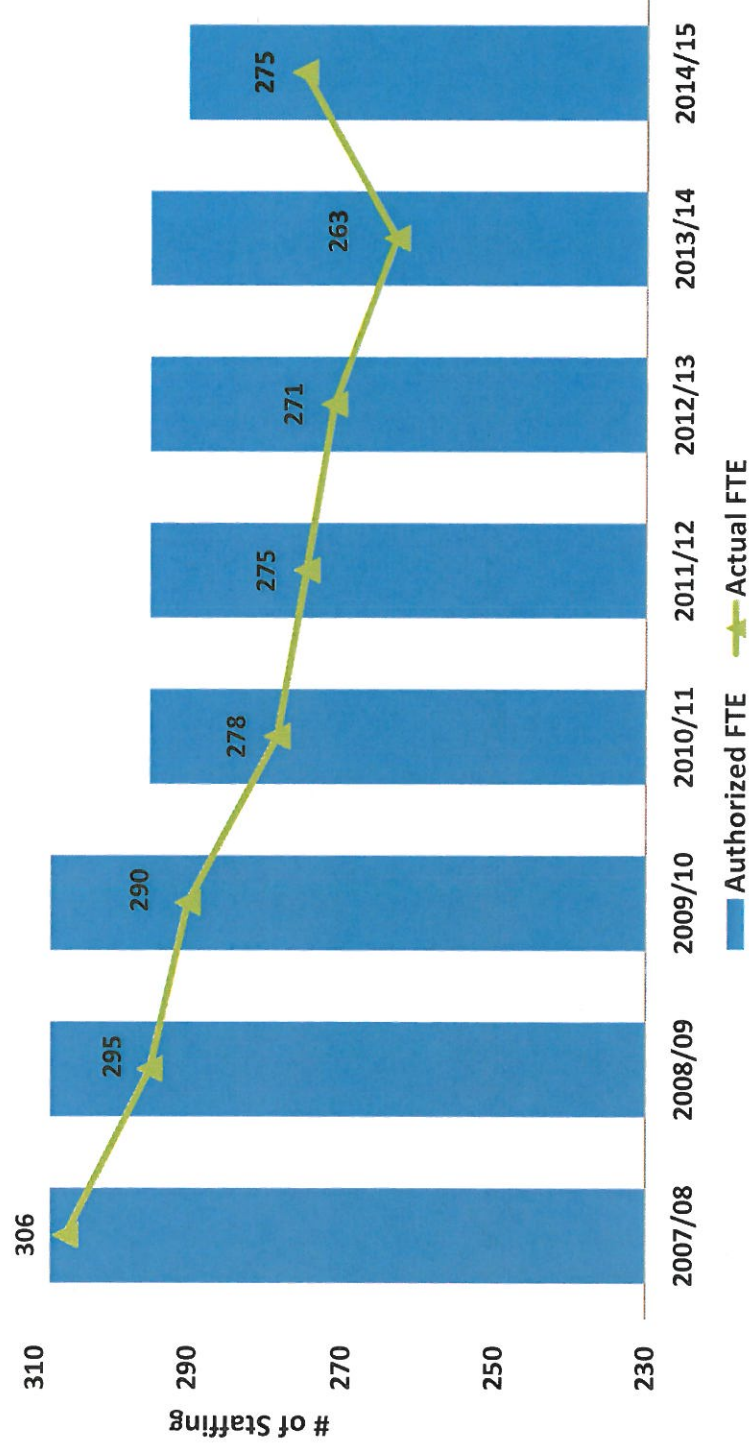
Inland Empire Utilities Agency
A MUNICIPAL WATER DISTRICT

- ❖ Administrative Services (GG) Fund
- ❖ Water Resources (WW) Fund
- ❖ Non-reclaimable Wastewater (NRW) Fund



Continual Reduction in Staffing Level

- ❖ Reduction of FTE in FY 2014/15, from 295 to 290 with 5% vacancy factor



**Projection based on position control report year to date average through January 2014*



FY 2014/15 GG Fund

Key Assumptions



Revenue/Funding Source	Description	Impact on Fund					
Property Taxes	Inter-fund loan to WW fund	Reduction of property taxes of \$1.2M, or 3%					
Expenses/Uses of Funds	Description	Impact on Fund					
O&M Costs	95% allocation to Agency programs	\$2.0M Net O&M costs					
Pension Unfunded Accrued Liability (UAL)	Pre-funding of UAL	\$4.5M included in total employment costs					
OPEB Unfunded Accrued Liability	Pre-funding of UAL	\$3.5M supported by fund reserves					
COLA per MOU's	3% COLA, offset by an additional 1% employee paid PERS contribution	\$490K net increase in employment costs					
Class & Comp Study	Compensation adjustment to market median	\$1.2M estimated impact					
Net Employment costs to O&M	FY 12/13 Actual	FY 13/14 Projected Actual	FY 14/15 Proposed Budget	FY 15/16	FY 16/17	FY 17/18	FY 18/19
	\$32.5	\$34.0	\$40.9	\$42.2	\$43.5	\$44.8	\$45.2

Net Employment Costs Allocation by Fund

Fund	Fund Description	Actual 2012/13	YTD Act 2013/14	Proposed Allocation 2014/15	Allocation (\$ Million) 2014/15
Major Funds	Regionals Wastewater, Recycled (RO, RC, WC, Water, Recharge Water Funds, RW, & IERCA) Regional Compost	89.60%	89.19%	87.50%	\$35.9
GG	Admin Services	0.40%	0.53%	1.00%	0.4
NRW	Non Reclaimable W.	5.09%	5.04%	5.50%	2.2
WW	Water Resources	1.92%	2.35%	3.00%	1.2
*CDA	Desalter	2.99%	2.88%	3.00%	1.2
GRAND TOTAL		100.00%	100.00%	100.00%	\$40.90

* Reimbursable from JPA



Projected Net Change to GG Fund Balance

\$Millions	2012/13 Actual	2013/14 Projected	2014/15 Proposed	2015/16	2016/17	2017/18	2018/19
Operating Revenue	\$5.4	\$7.1	\$3.4	\$2.7	\$2.8	\$2.9	\$3.1
Operating Expense	2.5	5.3	2.0	1.9	1.9	1.9	1.9
Net Operating Incr./ (Decr.)	\$2.9	\$1.8	\$1.4	\$0.8	\$0.9	\$1.0	\$1.1
Other Funding Sources	2.2	1.9	1.5	1.0	0.8	1.4	0.6
Other Uses of Funds	2.2	1.9	1.5	1.0	0.8	1.4	0.6
OPEB Retirement*	0.0	3.5	3.5	0.0	0.0	0.0	0.0
Net Non-Operating Incr./ (Decr.)	\$0.0	(\$3.5)	(\$3.5)	\$0.0	\$0.0	\$0.0	\$0.0
Net Change	\$2.9	(\$1.7)	(\$2.1)	\$0.8	\$0.9	\$1.0	\$1.1

*Use of designated fund reserves



FY 2014/15 WW Fund Key Activities



❖ Water Resources

- Management and distribution of imported water
- Water Resources Planning:
 - Integrated Resources Plan
 - Long Term Water Use Efficiency Business Plan
 - SAWPA Planning Initiatives (OWOW, Basin Monitoring, Salinity Mgmt.)
 - Groundwater Recharge Master Plan
- Support Regional Water Supply Programs
 - Recycled Water
 - Groundwater Recharge
 - Storm Water Management
 - Supplemental Water Supplies

❖ Conservation

- Administration and Implementation of Water Use Efficiency & Conservation Programs

Regional Conservation Program FY 2014/15

- Funded by
 - \$4/AF surcharge on imported water
 - \$0.04 monthly meter charge
 - Grants

Project Description	Budget
Residential Landscape Device Retrofit Program	\$400,000
Landscape Transformation Program	300,000
Freesprinklernozzles.com Program	243,750
Sponsorships & Public Outreach	80,500
Residential Rebate Incentives	75,000
CII Rebate Incentives	75,000
IEUA Regional Education Program	70,000
Garden In Every School	45,000
CBWCD Landscape Audit & Monitoring Program	40,000
Residential Landscape Training Classes	15,000
IEUA WUE Model Update & Workshops	7,000
Total Conservation Projects	\$1,351,250



WW Fund FY 2014/15 Proposed Rate Options



Inland Empire Utilities Agency
A MUNICIPAL WATER DISTRICT

	FY 13/14	*Option 1 AF Surcharge Effective January 1 st	Option 2	Option 3 (Use of Fund Reserves)
AF Surcharge	\$13	\$24	\$15	\$15
Regional Program	\$9	\$10	\$10	\$10
Conservation	\$4	\$4	\$4	\$4
Drought	-	\$10	\$1	\$1
MWD RATE	593	582	582	582
Total AF COST	606	606	597	597
Meter Charge	\$1.76	\$1.86	\$2.11	\$1.86
RTS/Regional Program	\$1.72	\$1.72	\$1.72	\$1.72
Conservation	\$0.04	\$0.04	\$0.04	\$0.04
Drought	-	\$0.10	\$0.35	\$0.10

*AF Surcharge rate increase effective January 1, 2015 to align with MWD rate increase



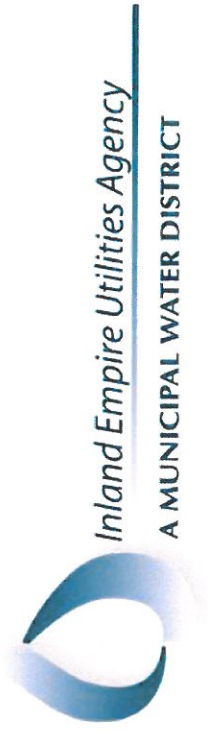
WW Fund FY 2014/15 Estimated Ending Fund Balance

- ❖ An inter-fund loan required to replenish and sustain reserves

	FY 11/12	FY 12/13	FY 13/14	Option 1	Option 2	Option 3
AF Surcharge	\$12	\$12	\$13	\$24	\$15	\$15
Meter Charge	\$1.46	\$1.56	\$1.76	\$1.86	\$2.11	\$1.86
Ending Fund Balance	\$2.14	\$1.74	\$1.09	(\$0.43)	(\$0.07)	(\$0.63)
Operations	\$0.18	\$0.09	(\$0.25)	(\$1.69)	(\$1.33)	(\$1.89)
Conservation	\$1.81	\$1.65	\$1.34	\$1.26	\$1.26	\$1.26



NRW FY 2014/15 Key Assumptions



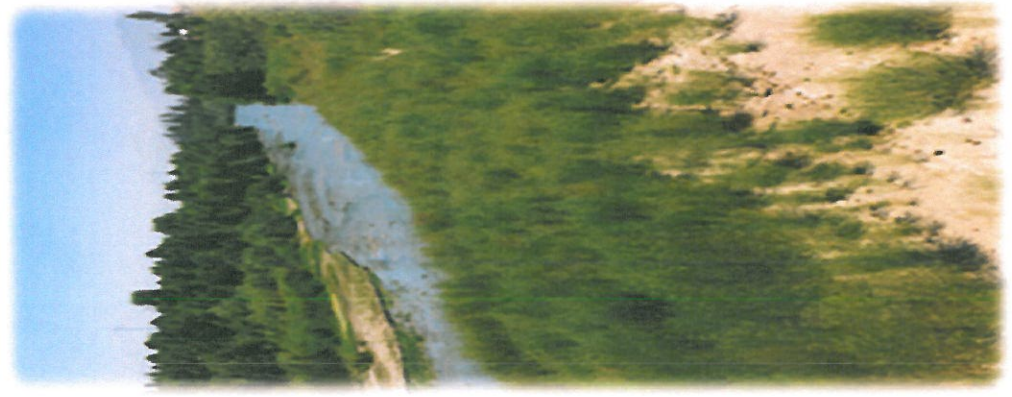
- ❖ Implementation of new North System rate structure (CSDLAC)
- ❖ Deferred capital program and SRF loan costs
- ❖ Implementation of South rates (SAWPA)
- ❖ Recycled water credit changes for both North and South Systems



NRW FY 2014/15 North Systems Highlights

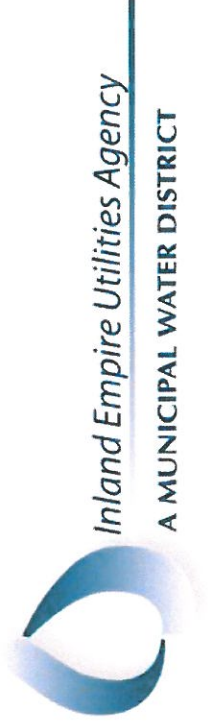


❖ CSDLAC contract was renewed on December 18, 2013



Pass-through Components	Current	Proposed
4R Capital Charges	✓	✗
Flow	✓	✓
Peaking Factor (PF=2*Avg. GPM)	✗	✓
COD	✓ (Above Threshold)	✓ (No Threshold)
TSS	✓ (Above Threshold)	✓ (No Threshold)
Solids Discrepancy	✗	✓
Ad-Valorem Tax	✗	✓
Recycled Water Credit	50% of C/V/SS	Credit on actual Recycled Water usage, to fade out in 10 years

NRW FY 2014/15 IEUA Capital Outlay Recovery

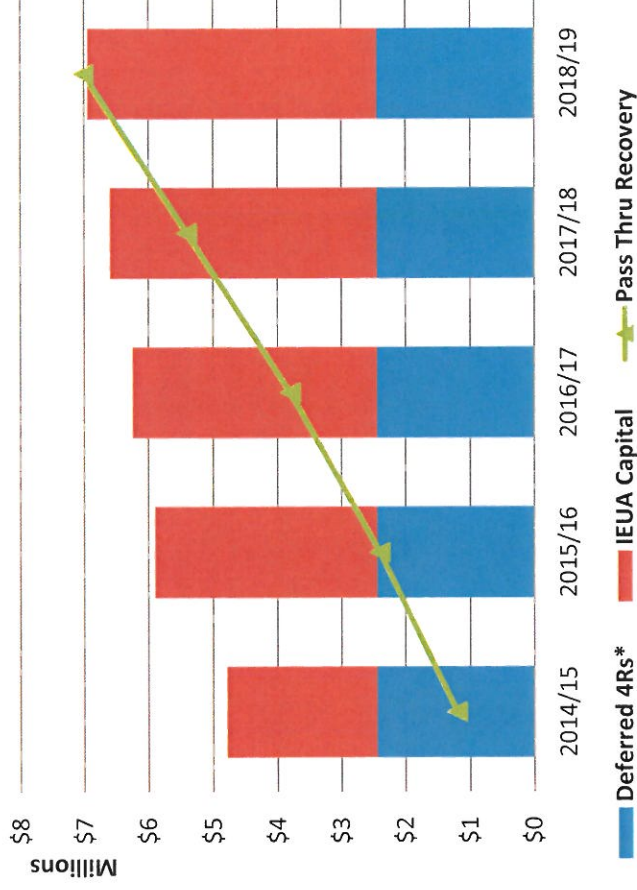


❖ Full recovery estimated by FY 2018/19

- ❖ Deferred CSDLAC 4Rs \$2.4M
- ❖ IEUA Capital Projects \$4.5M

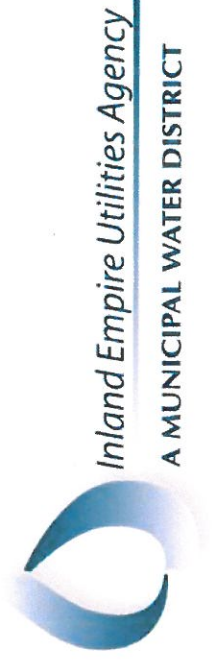
- ❖ 5 years recovery for \$7M (4Rs and IEUA Capital) to mitigate impact on industries

**Cumulative
(4R's, CIP, Recovery)**



* Deferred 4RS is FY 2011/12 to FY 2013/14 amount billed from CSDLAC for \$5,487,722 less industry payments for \$3,048,695

NRW FY 2014/15 South System (SAWPA) Rate Structure



- ❖ SAWPA pass-through rates increases
 - Capacity 5%, Volumetric 5.6%, TSS 4%, BOD 10.9%
- ❖ Recycled Water credit will be based on actual Recycled water used.
 - This credit will fade out in the next 10 years.



NRW FY 2014/15 Budget

(\$Millions)

	North (CSDLAC)	South (SAWPA)	Budget Total
Operating Revenues/Expenses			
Pass-through Revenues	\$3.2	\$2.0	\$5.2
Pass-through Expenses	(3.1)	(2.1)	(5.2)
Operating Revenues/Expenses Pass-through	\$0.1	(\$0.1)	\$0.0
Non-operating Revenues/Expenses			
Non-operating Revenues	\$1.4	\$0.3	\$1.7
Non-operating Expenses	(3.3)	(0.3)	(3.6)
Non-operating Revenues/Expenses	(\$1.9)	\$0.0	(\$1.9)
Agency Program Revenues	\$2.8	\$0.5	\$3.3
Agency Program Expenses	(2.8)	(0.5)	(3.3)
Agency Program Revenues/Expenses	\$0.0	\$0.0	\$0.0
Net Change*	(\$1.8)	(\$0.1)	(\$1.9)

* Net decrease due to deferral of capital cost recovery

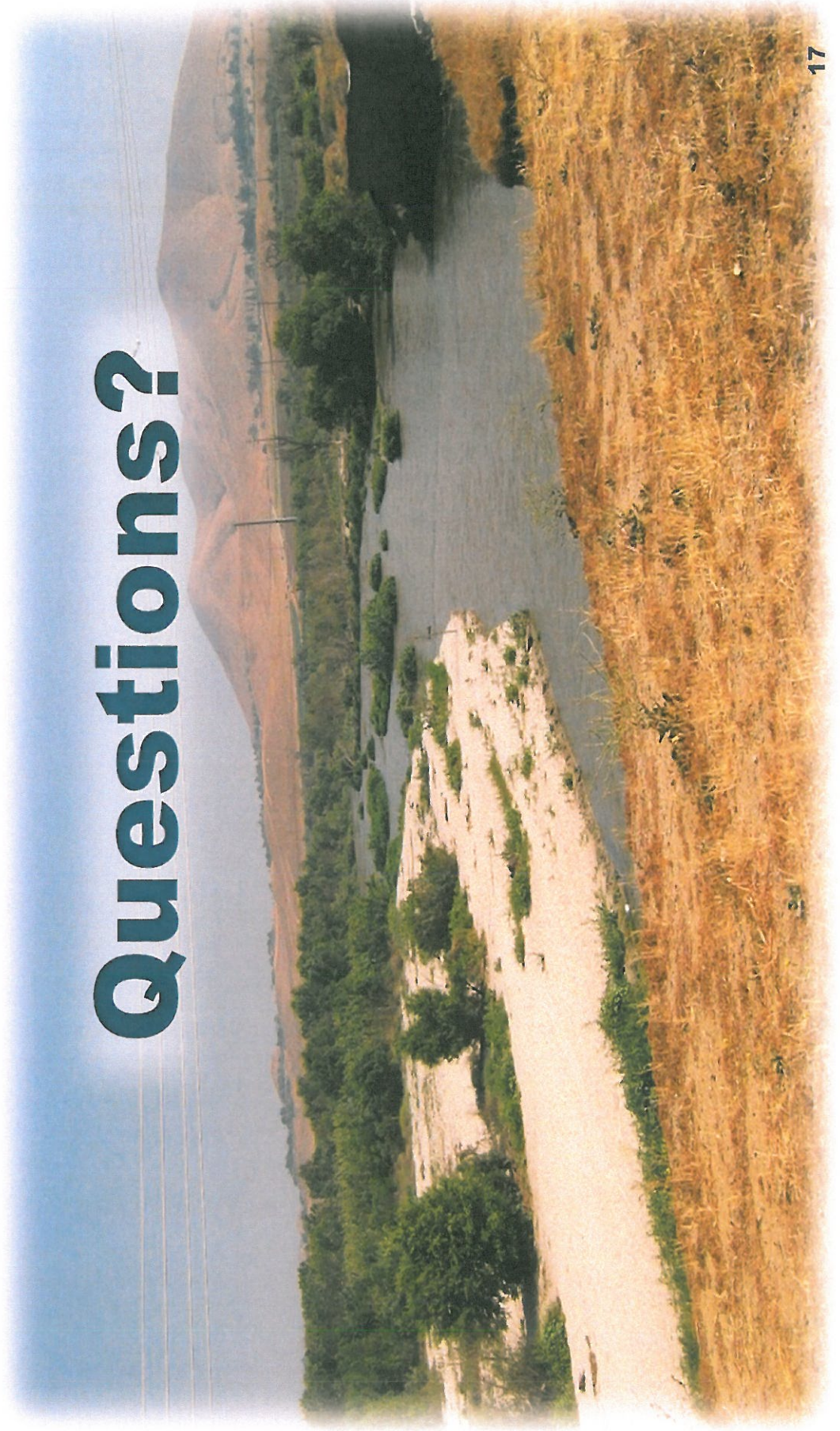


Key Dates

Board/Committee/Other	Item	Date
Water Agencies	Water Resources Program Rate Workshop	May 13, 2014 May 20, 2014
IEUA Board of Directors	GG/NRW/WW Funds Preliminary Budget Overview	May 21, 2014
Non-Reclaimable Wastewater System Industries	NRW System Rate Workshop	June 5, 2014
Regional Technical & Policy Committee	RC/RO/WC/RW Funds Final Review and Recommendation	May 29 and June 5 2014
IEUA Finance, Legal and Administration Committee	FY 2014/15 Budget and Rate Resolutions Final Review and Recommendation	June 11, 2014
IEUA Board of Directors	FY 2014/15 Budget and Rate Resolutions Approval and Adoption	June 18, 2014



Questions?



INFORMATION
ITEM

4C



Inland Empire Utilities Agency

A MUNICIPAL WATER DISTRICT

Engineering and Construction Management FY 2013/14 Monthly Update

May 2014

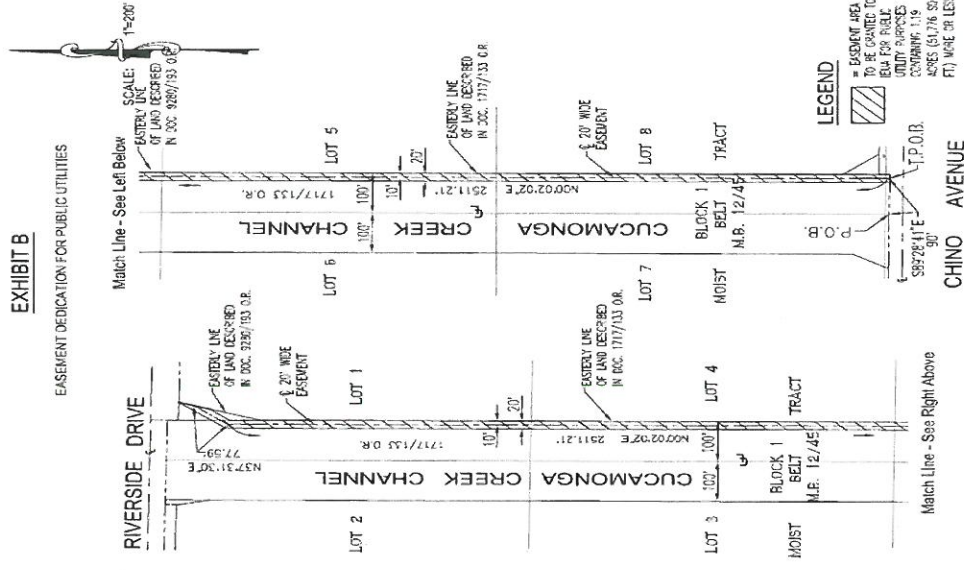


Casing Extension on 27" Regional Sewer on Union
Pacific Railroad Crossing

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

SBCFCD Easements

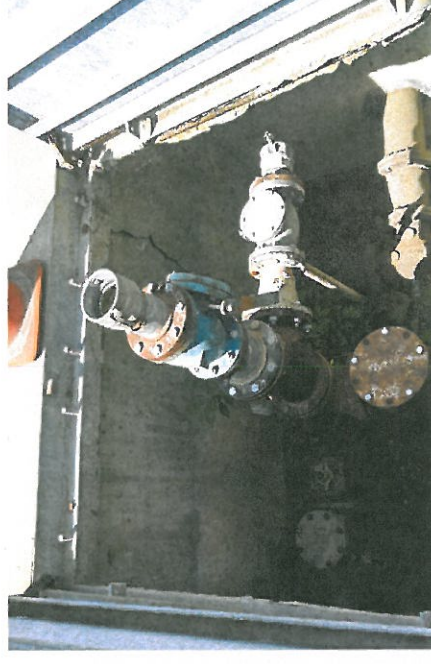
- 17 easements needed in SBCFCD right-of-way
- Legal description of easements are complete
- One easement was approved by the County Board of Supervisors
 - 72" RP-1 Outfall Pipeline - \$31,100 valuation
- Four appraisal reports are under review by the County (11 easements)
 - Wineville Recycled Water Pipeline Extension – 20% valuation of \$343,000
 - 930 West Recycled Water Pipeline – 20% valuation of \$73,000
- Remaining appraisal reports to be completed in May
- 30% vs. 20% easement valuation discussion
- Anticipated completion of all easement acquisitions by October 2014
- Estimated total easements value could be between \$1.3 mil at 20% to \$1.8 mil at 30%



72" RP-1 Outfall Pipeline Easement

Request For Proposals

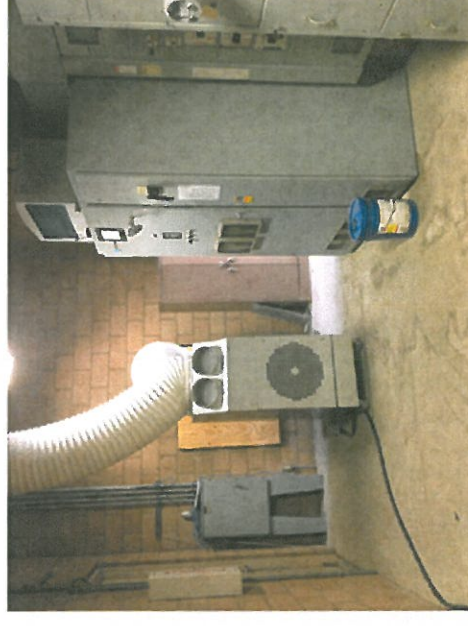
- Soils/Material Testing and Construction Inspection Services Contract
 - Estimated Contract Award: June 2014
 - Master contracts issued to assist Construction Management in project soils testing, material testing and inspection services
- Minor Construction, Maintenance, and Emergency Contracts
 - Estimated Contract Award: July 2014
 - Master contracts issued to assist the Agency in performing work related to minor construction, maintenance, and emergency construction projects
 - Generally under \$100,000
- Project Management Services
 - Estimated Contract Award: July 2014
 - Pre-Qualification of companies to propose on management of design projects
- Construction Management Services
 - Estimated Contract Award: August 2014
 - Pre-Qualification of companies to propose on management of construction projects



Prado Lift Station Valve Repair project

Project Delivery Methods

- Traditional Delivery Method: Geared for projects > \$2M
 - Process: Identify Scope, Design, Bid, Build
 - Schedule: Prolonged due to linear approach
 - Cost: Built-in Overhead
- Emergency Projects
 - High Priority Design/Build
 - Emergency Master Contractors List
 - Higher cost, faster implementation
- Repair and Rehabilitation (R&R) projects < \$2M
 - High involvement from all departments
 - Engineering/Technical Services partnership to streamline process
 - Pre-qualified Contractors List; improve quality and schedule
- Design/Build
 - Contractor Expertise: Communication Systems
 - Minimize Overhead and optimize cost
 - Optimize schedule with overlap in design and construction



Jurupa Pump Station HVAC Improvements

EN06025 & EN13045 - Wineville Recycled Water Pipeline Extension Segments A and B

- Wineville Segment A Scope: Design and install two miles of 36-inch RW Pipeline in addition to one mile of 24-inch Pipeline
- Wineville Segment B Scope: Install 2.8 miles of 30-inch RW Pipeline in addition to the associated appurtenances
- Contractor's Prequalified: 14
- Current Activities:
 - Segment (A) Advertised: March 13, 2014
 - Segment (A) Bid opening: May 8, 2014
 - Segment (B) Advertised: November 21, 2013
 - Segment (B) Bid opening: April 29, 2014
 - Geotechnical Baseline Report is complete
 - Flood Control easement acquisition



EN07010 - 930 Zone Recycled Water Projects

- **CCWRF RW Pump Station Expansion**
 - Current Contract Value: \$3,918,564
 - Expansion of existing pump station
 - Current Activities: Construction has been completed with startup and commissioning of the pump station currently in progress
 - Estimated Completion: June 2014
 - Percent Complete: 96%
 - Challenges
 - CCB Parshall Flume is unable to provide accurate flow data



EN13022 - 930 Zone Recycled Water Projects

- **930 Zone RW Reservoir**
 - Current Contract Value: \$5,423,678
 - 5-MG RW welded steel storage reservoir
 - Current Activities: Reservoir is being hydro-tested, level control in process, in/out piping is complete
 - Estimated Completion: July 2014
 - Percent Complete: 90%
 - Challenges
 - Mixer needs to be added to tank



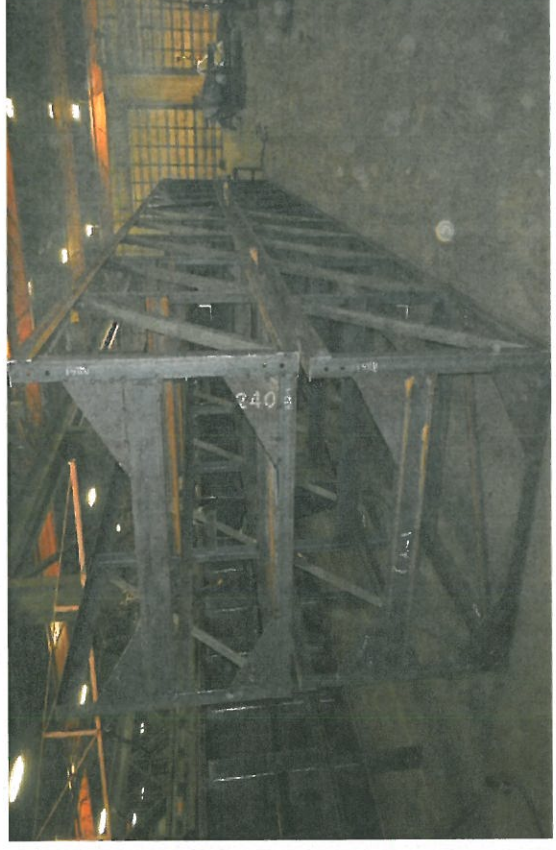
EN13023 - 930 Zone Recycled Water Projects

- **930 Zone RW Pipeline**
 - Current Contract Value: \$8,893,899
 - Current Activities: Subsurface investigation and redesign near complete, pipe manufacture in process
 - Estimated Completion: November 2014
 - Percent Complete: 66%
 - Challenges
 - Significant risk for dewatering treatment
 - Costs for dewatering, paving, traffic control
 - Tie-in not-to-exceed change order: \$96,000



RA11004 - IERCF Conveyance Improvements

- Current Contract Value: \$3,173,000
- Scope: Belt Conveyor Modifications
- Current activities: Conveyor unit fabrication ongoing
- Percent Complete: 12%
- Estimated Completion: November 2014
- Challenges:
 - Schedule

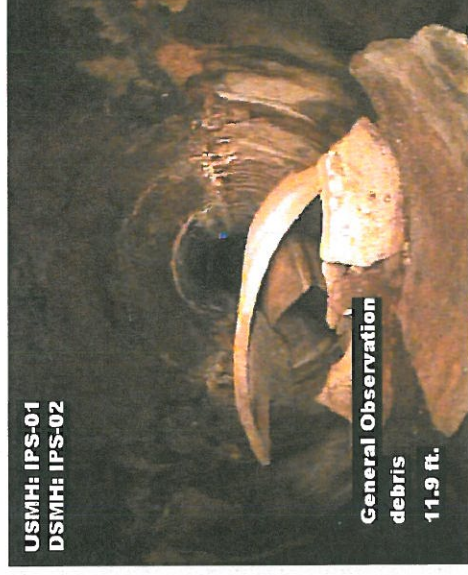


RP-1 West Effluent Pipeline

- **Emergency Scope:**
 - West effluent piping and valve equipment from the clarifier's effluent channel has excessive corrosion and material loss.
- **January 1014: Board of Directors authorized an emergency construction contract for a not-to-exceed (NTE) amount of \$558,100**
- **Emergency Change Order**
 - Amount: \$200,000 - Increase the NTE to \$758,100
 - Scope: Complete assessments of the Intermediate Pump Station (IPS) wet well and provide additional margin of safety to personnel.



Severe Corrosion



Mortar Lining Debris




INFORMATION
ITEM


4F

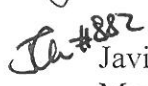
Date: May 21, 2014

To: The Honorable Board of Directors

Through: Finance, Legal, and Administration Committee (05/14/14)

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: Treasurer's Report of Financial Affairs

RECOMMENDATION

The Treasurer's Report of Financial Affairs for the month ended March 31, 2014, is an informational item for the Board's review.

BACKGROUND

The Treasurer's Report of Financial Affairs for the month ended March 31, 2014, is submitted in a format consistent with State requirements.

Total cash, investments, and restricted deposits of \$144,955,020 reflecting an increase of \$2.9 million compared to the total reported in February 2014. The increase is mainly due to SRF loan and grant receipts.

The Agency's investment portfolio average rate of return in March 2014 was 0.412% or 0.025% lower than the yield of 0.437% reported in February 2014. The decrease in yield in March can be attributed to lower yields at CalTrust, Bank of the West, and Citizens Business Bank.

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

PRIOR BOARD ACTION

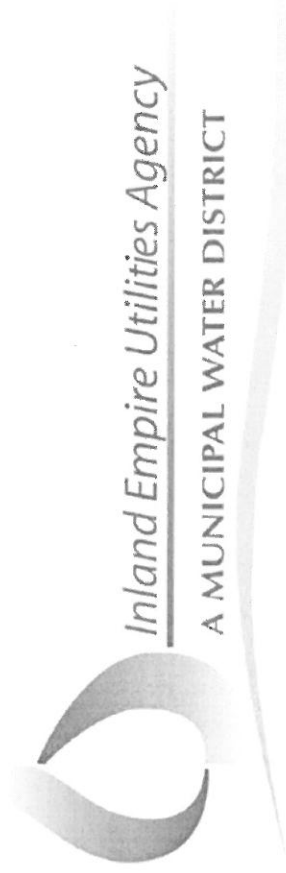
The Board reviewed the Financial Affairs Report for the month of February, 2014 on April 16, 2014.

IMPACT ON BUDGET

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

TREASURER'S REPORT OF FINANCIAL AFFAIRS

For the Month Ended March 31, 2014



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

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

* A Municipal Water District

INLAND EMPIRE UTILITIES AGENCY

Cash and Investment Summary

Month Ended
March 31, 2014

	March	February
<u>Cash, Bank Deposits, and Bank Investment Accounts</u>		
<u>Investments</u>		
Local Agency Investment Fund (LAIF)		
CalTrust	\$38,737,653	\$38,737,653
Certificates of Deposit	3,524,956	3,523,709
Municipal Bonds	4,150,000	4,150,000
Medium Term Notes	6,629,414	6,642,460
U.S. Treasury Notes	6,344,506	6,344,775
U.S. Government Sponsored Entities	999,513	999,497
Total Investments	6,506,004	6,506,211
	\$66,892,046	\$66,904,305
Total Cash and Investments Available to the Agency	\$105,228,995	\$102,942,710
<u>Restricted Deposits</u>		
Debt Service Accounts	\$4,826,191	\$4,826,190
CCRA Deposits Held by Member Agencies	34,307,156	33,750,369
Escrow Deposits	592,679	481,757
Total Restricted Deposits	\$39,726,026	\$39,058,316
Total Cash, Investments, and Restricted Deposits	\$144,955,021	\$142,001,026

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

*Month Ended
March 31, 2014*

Cash, Bank Deposits, and Bank Investment Accounts

Demand (Checking) Accounts

Citizens Business Bank Demand/Sweep Account
For the Month Ended March 31, 2014
Bank of America Payroll Account
Bank of America Payroll Taxes Account
Subtotal Demand Deposits

\$28,041,126
40,884
49,529
43,452

\$28,174,991

Other Cash and Bank Accounts

Petty Cash
Subtotal Other Cash

\$2,250

\$2,250

Bank of the West Money Market Account

\$10,035,181

US Bank Pre-Investment Money Market Account

\$124,527

Total Cash and Bank Accounts

\$38,336,949

Investments

Local Agency Investment Fund (LAIF)

LAIF Non-Restricted Fund
LAIF Insurance Sinking Fund
Subtotal Local Agency Investment Fund

\$33,075,824
5,661,829

\$38,737,653

CalTrust

Short Term
Subtotal CalTrust

\$3,524,956

\$3,524,956

Certificates of Deposit

Citizens Business Bank
Subtotal Certificates of Deposit

\$4,150,000

\$4,150,000

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

*Month Ended
March 31, 2014*

Investments Continued

Municipal Bonds

State and Local Municipal Bonds

Subtotal State Municipal Bonds

\$6,629,414
\$6,629,414

Medium Term Notes

Arden Realty/GE

Toyota Motor Corporation

General Electric Capital Corporation

JP Morgan Securities

John Deere Capital Corp

Subtotal Medium Term Notes

\$345,780
1,003,146
995,473
2,997,167
1,002,940
\$6,344,506

U.S. Treasury Notes

Treasury Note

Subtotal U.S. Treasury Notes

\$999,513
\$999,513

U.S. Government Sponsored Entities

Fannie Mae Bonds

Freddie Mac Bonds

Federal Home Loan Bank Bonds

Subtotal U.S. Government Sponsored Entities

\$2,506,004
2,000,000
2,000,000
\$6,506,004

Total Investments

\$66,892,046

Restricted Deposits

Debt Service Reserves

05A Debt Service Accounts

08B Debt Service Accounts

10A Debt Service Accounts

Subtotal Debt Service Reserves

\$2,281,442
2,544,710
39
\$4,826,191

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

*Month Ended
March 31, 2014*

CCRA Deposits Held by Member Agencies

City of Chino	\$8,697,684
Cucamonga Valley Water District	8,130,257
City of Fontana	5,845,056
City of Montclair	2,992,779
City of Ontario	4,774,805
City of Chino Hills	1,302,028
City of Upland	2,564,547
Subtotal CCRA Deposits Held by Member Agencies	<u>\$34,307,156</u>

Escrow Deposits

First Enterprise Bank (Paso Robles Tank, Inc)	\$233,243
Community Bank (MNR Cosntruction)	230,714
Community Bank (MS Cosntruction)	83,809
Bank of the West (Mladen Buntich)	24,838
(WM Lyles)	20,075
Subtotal Escrow Deposits	<u>\$592,679</u>

Total Restricted Deposits

Total Cash, Investments, and Restricted Deposits as of March 31, 2014

<u>\$39,726,026</u>
<u><u>\$144,955,021</u></u>

Total Cash, Investments, and Restricted Deposits as of 3/31/14
Less: Total Cash, Investments, and Restricted Deposits as of 2/28/14

<u>\$144,955,021</u>
<u>142,001,026</u>

Total Monthly Increase (Decrease)

<u><u>\$2,953,995</u></u>

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

Month Ended
February 28, 2014

	Credit Rating @ Purchase		CHANGES IN Credit Rating		Par Amount	Cost Basis Amount	Term (Days)	Mar Amortization	Mar		% Coupon	% Yield to Maturity	Maturity Date	Market Value	
	S&P	Moody's	S&P	Moody's					Value	Value					
Investments															
Cash, Bank Deposits, and Bank Investment Accounts															
Citizens Business Bank															
For the Month Ended March 31, 2014															
Subtotal CBB					\$28,041,126	\$28,041,126	N/A	N/A	\$28,041,126	\$28,041,126		0.250	N/A	\$28,041,126	\$28,041,126
Citizens Business Bank															
Workers' Compensation Account					\$40,884	\$40,884	N/A	N/A	\$40,884	\$40,884		N/A	N/A	\$40,884	\$40,884
Subtotal CBB					\$40,884	\$40,884			\$40,884	\$40,884				\$40,884	\$40,884
Bank of America															
Payroll Checking					\$49,529	\$49,529	N/A	N/A	\$49,529	\$49,529		N/A	N/A	\$49,529	\$49,529
Payroll Tax Checking					43,452	43,452	N/A	N/A	43,452	43,452		N/A	N/A	43,452	43,452
Subtotal B of A					\$92,981	\$92,981			\$92,981	\$92,981		N/A	N/A	\$92,981	\$92,981
Bank of the West															
Money Market Plus - Business Account					\$10,035,181	\$10,035,181	N/A	N/A	\$10,035,181	\$10,035,181		0.300	N/A	\$10,035,181	\$10,035,181
Subtotal Bank of the West Money Market					\$10,035,181	\$10,035,181			\$10,035,181	\$10,035,181		0.300		\$10,035,181	\$10,035,181
US Bank															
Federated Automated MMA					\$124,527	\$124,527	N/A	N/A	\$124,527	\$124,527		0.010	N/A	\$124,527	\$124,527
Subtotal USB Money Market					\$124,527	\$124,527			\$124,527	\$124,527		0.010		\$124,527	\$124,527
Petty Cash															
					\$2,250	\$2,250	N/A	N/A	\$2,250	\$2,250		N/A	N/A	\$2,250	\$2,250
Total Cash, Bank Deposits and Bank Investment Accounts					\$38,336,949	\$38,336,949			\$38,336,949	\$38,336,949				\$38,336,949	\$38,336,949
Investments															
LAIF Accounts															
Non-Restricted Funds					\$33,075,824	\$33,075,824	N/A	N/A	\$33,075,824	\$33,075,824		0.236	N/A	\$33,075,824	\$33,075,824
LAIF Sinking Fund					5,661,829	5,661,829	N/A	N/A	5,661,829	5,661,829		0.236	N/A	5,661,829	5,661,829
Subtotal LAIF Accounts					\$38,737,653	\$38,737,653			\$38,737,653	\$38,737,653		0.236		\$38,737,653	\$38,737,653
CALTRUST Accounts															
Short-Term					\$3,524,956	\$3,524,956	N/A	N/A	\$3,524,956	\$3,524,956		0.370	N/A	\$3,524,956	\$3,524,956
Subtotal CalTrust Accounts					\$3,524,956	\$3,524,956			\$3,524,956	\$3,524,956		0.370		\$3,524,956	\$3,524,956
Certificates of Deposit															
CBB Certificate of Deposit					\$4,150,000	\$4,150,000	425	7	\$4,150,000	\$4,150,000		0.450	09/19/14	\$4,150,000	\$4,150,000
Subtotal Certificate of Deposits					\$4,150,000	\$4,150,000			\$4,150,000	\$4,150,000		0.450		\$4,150,000	\$4,150,000

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

Month Ended
February 28, 2014

Investments	Credit Rating @ Purchase		CHANGES IN Credit Rating		Par Amount	Cost Basis Amount	Term (Days)	Mar Amortization	Mar Value		% Coupon	% Yield to Maturity	Maturity Date	Market Value	
	S&P	Moody's	S&P	Moody's											
Investments (continued)															
US Treasury Note															
US Treasury Note	N/A	AAA			\$1,000,000	\$999,463		15	\$999,513	0.63%	0.630	12/15/16	\$996,170		\$996,170
Subtotal Treasuries															
U.S. Government Sponsored Entities															
(As of August 2011, all US GSE's have been downgraded to AA+ Rating by S&P)															
Federal Home Loan Bank															
Fannie Mae Bond	AA+	N/R			2,000,000	\$2,000,000	1,266			\$2,000,000	0.85%	0.850	06/06/16	\$1,998,520	
Freddie Mac Bond	AA+	AAA			1,500,000	1,507,455	1,080	(211)		1,506,190	1.19%	1.190	09/26/16	1,506,240	
Freddie Mac Bond	AA+	AAA			1,000,000	1,000,000	1,080			1,000,000	0.75%	0.750	12/19/16	997,230	
Freddie Mac Bond	AA+	AAA			1,000,000	1,000,000	1,280			1,000,000	1.00%	1.000	02/27/17	1,001,980	
Fannie Mae Bond	AA+	AAA			1,000,000	999,750	1,800	4		999,814	0.75%	0.750	12/18/17	993,480	
Subtotal U.S. Gov't Sponsored Entities					\$6,500,000	\$6,507,205		(207)		\$6,506,004		0.921			\$6,497,450
Municipal Bonds															
Riverside General Pension Obligation - Taxable Bond	SP-1	N/R			\$2,000,000	\$2,000,000		-		\$2,000,000	0.65%	0.650	06/01/14	\$2,001,100	
Riverside County CA Asset Leasing Corp	AA-	N/R			515,000	531,176		(1,062)		522,368	3.00%	0.550	11/01/14	523,044	
California State General Obligation - BAB	A-	A1		A	475,000	511,566		(1,505)		475,049	5.25%	1.450	04/01/14	475,000	
California State General Obligation Bond	A-	A1		A	1,000,000	1,117,280		(3,483)		1,033,999	5.00%	0.890	02/01/15	1,040,290	
California State General Obligation Bond	A-	A1		A	1,500,000	1,673,955		(4,898)		1,557,827	5.45%	1.500	04/01/15	1,574,280	
California State General Obligation Bond	A-	A1		A	1,000,000	1,089,000		(2,147)		1,040,171	3.95%	1.350	11/01/15	1,052,920	
Subtotal State and Local Municipal Bonds					\$6,490,000	\$6,922,977		(\$13,045)		\$6,629,414		1.042			\$6,666,634
Medium Term Notes															
Arden Realty/General Electric	AA+	AA2	A1		\$340,000	\$364,691	1,431	(\$535)		\$345,780	5.25%	3.259	03/01/15	\$350,618	
JP Morgan Securities	A	A2	A3		2,000,000	1,993,460	659	304		1,996,211	0.80%	0.981	04/23/15	2,005,060	
Toyota Motor Credit Corp	AA-	AA3			1,000,000	1,006,293	934	(206)		1,003,146	0.88%	0.870	07/17/15	1,005,710	
General Electric Floating Rate (75 bp over Libor -1% floor)	AA+	AA2	A1		1,000,000	988,500	1,265	282		995,473	1.26%	1.260	08/11/15	1,008,790	
JP Morgan Securities	A	A2	A3		1,000,000	1,001,500	1,079	(42)		1,000,956	1.125%	1.074	02/26/16	1,003,840	
John Deere Capital Corp	A	A2			1,000,000	1,004,000	1,729	(71)		1,002,940	1.85%	1.114	10/10/17	996,610	
Subtotal Medium Term Notes					\$6,340,000	\$6,358,444		(\$269)		\$6,344,506		1.165			\$6,370,628
Total Investments					\$66,742,609	\$67,200,698				\$66,892,046					\$66,943,491

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

Month Ended
February 28, 2014

Investments	Credit Rating @ Purchase		CHANGES IN Credit Rating		Par Amount	Cost Basis Amount	Term (Days)	Mar Amortization	Mar		% Coupon	% Yield to Maturity	Maturity Date	Market Value
	S&P	Moody's	S&P	Moody's					Value	Value				
Restricted Deposits														
Debt Service and Arbitrage Accounts														
05A Debt Service Accts														
US Bank Debt Serv. Accounts	AAA	AAA		AA+	\$2,281,442	\$2,281,442	N/A	N/A	\$2,281,442			0.000	N/A	\$2,281,442
Subtotal '05A Debt Service Accts					\$2,281,442	\$2,281,442			\$2,281,442			0.000		\$2,281,442
08B Debt Service Accounts														
US Bank Debt Serv. Accounts	N/A	AAA			\$2,544,710	\$2,544,710	N/A	N/A	\$2,544,710			1.000	N/A	\$2,544,710
Subtotal '08B Debt Service Accts					\$2,544,710	\$2,544,710			\$2,544,710			1.000		\$2,544,710
10A Debt Service Accounts														
US Bank Debt Serv. Accounts					\$39	\$39	N/A	N/A	\$39			0.030	N/A	\$39
Subtotal '10A Debt Service Accts					\$39	\$39			\$39			0.030		\$39
Total Debt Service Accounts														
					\$4,826,191	\$4,826,191			\$4,826,191					\$4,826,191

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

Month Ended
February 28, 2014

Investments	Credit Rating @ Purchase		CHANGES IN Credit Rating		Par Amount	Cost Basis Amount	Term (Days)	Mar Amortization	Mar Value	% Coupon	% Yield to Maturity	Maturity	
	S&P	Moody's	S&P	Moody's								Date	Value
CCRA Deposits Held by Member Agencies													
City of Chino					\$8,697,684	\$8,697,684	N/A	N/A	\$8,697,684		N/A	N/A	\$8,697,684
Cucamonga Valley Water District					8,130,257	8,130,257	N/A	N/A	8,130,257		N/A	N/A	8,130,257
City of Fontana					5,845,056	5,845,056	N/A	N/A	5,845,056		N/A	N/A	5,845,056
City of Montclair					2,992,779	2,992,779	N/A	N/A	2,992,779		N/A	N/A	2,992,779
City of Ontario					4,774,805	4,774,805	N/A	N/A	4,774,805		N/A	N/A	4,774,805
City of Chino Hills					1,302,028	1,302,028	N/A	N/A	1,302,028		N/A	N/A	1,302,028
City of Upland					2,564,547	2,564,547	N/A	N/A	2,564,547		N/A	N/A	2,564,547
Subtotal CCRA Deposits Held by Member Agencies					\$34,307,156	\$34,307,156			\$34,307,156				\$34,307,156
(Totals as reported through February 28, 2014)													
Escrow Deposits													
MNR Construction					\$230,714	230,714	N/A	N/A	230,714		N/A	N/A	230,714
MS Construction Management Group					83,809	83,809	N/A	N/A	83,809		N/A	N/A	83,809
Mladen Buntich Construction					24,838	24,838	N/A	N/A	24,838		N/A	N/A	24,838
WM Lyles					20,075	20,075	N/A	N/A	20,075		N/A	N/A	20,075
Paso Robles Tank					233,243	233,243	N/A	N/A	233,243		N/A	N/A	233,243
Subtotal Escrow Deposits					\$592,679	\$592,679			\$592,679				\$592,679
Total Restricted Deposits					\$39,726,026	\$39,726,026			\$39,726,026				\$39,726,026
Total Cash, Investments, and Restricted Deposits as of March 31, 2014													
					\$144,805,584	\$145,263,673			\$144,955,021				\$145,006,466

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

Month Ended
March 31, 2014

March Purchases				
No.	Date	Transaction	Investment Security	Par Amount Purchased Investment Yield
			N/A	
Total Purchases				<u>\$ -</u>

March Investment Maturities, Calls & Sales				
No.	Date	Transaction	Investment Security	Par Amount Matures/Sold Investment Yield to Maturity
			N/A	
Total Maturities, Calls & Sales				<u>\$ -</u>

INLAND EMPIRE UTILITIES AGENCY

Cash and Investment Summary

Month Ended
March 31, 2014

Directed Investment Category

For Investment in the Local Agency Investment Fund

CalTrust	\$38,737,653	0.236%
Medium Term Notes	3,524,956	0.370%
Municipal Bonds	6,344,506	1.165%
US Treasury Notes	6,629,414	1.042%
U.S. Government Sponsored Entities	999,513	0.630%
	6,506,004	0.921%
	\$62,742,046	0.569%
Bank Investment Accounts		
Citizens Business Bank - Demand/Sweep Account	\$28,041,126	0.250%
Citizens Business Bank - Certificate of Deposit	4,150,000	0.450%
Bank of the West Money Market Account	10,035,181	0.300%
	\$42,226,307	0.263%

Total Portfolio

Investment Portfolio Rate of Return

\$104,968,353

0.412%

Restricted/Transitory/Other Demand Accounts

US Bank - 2005A Debt Service Account	\$2,281,442	0.000%
US Bank - 2008B Debt Service Accounts	2,544,710	1.000%
US Bank - 2010A Debt Service Accounts	39	0.030%
CCRA Deposits Held by Member Agencies	34,307,156	N/A
Citizens Business Bank - Workers' Compensation Account	40,884	N/A
US Bank - Pre-Investment Money Market Account	124,527	0.010%
Other Accounts*	95,231	N/A
	\$39,393,989	0.505%

Total Other Accounts

Average Yield of Other Accounts

Total Agency Directed Deposits

\$144,362,342

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

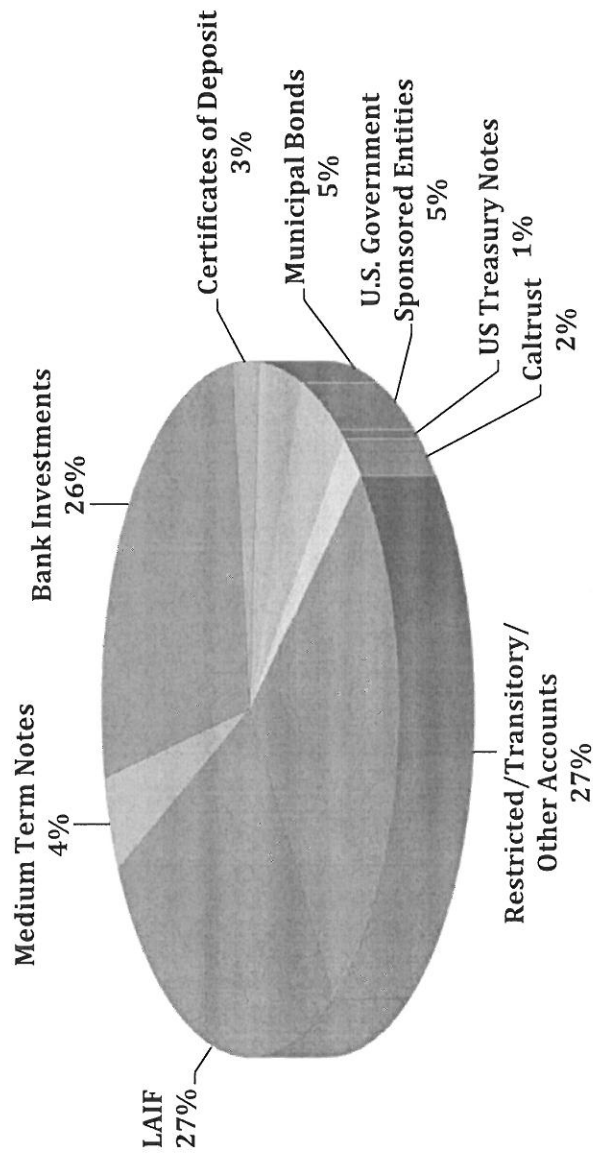
Inland Empire Utilities Agency

Treasurer's Report of Financial Affairs

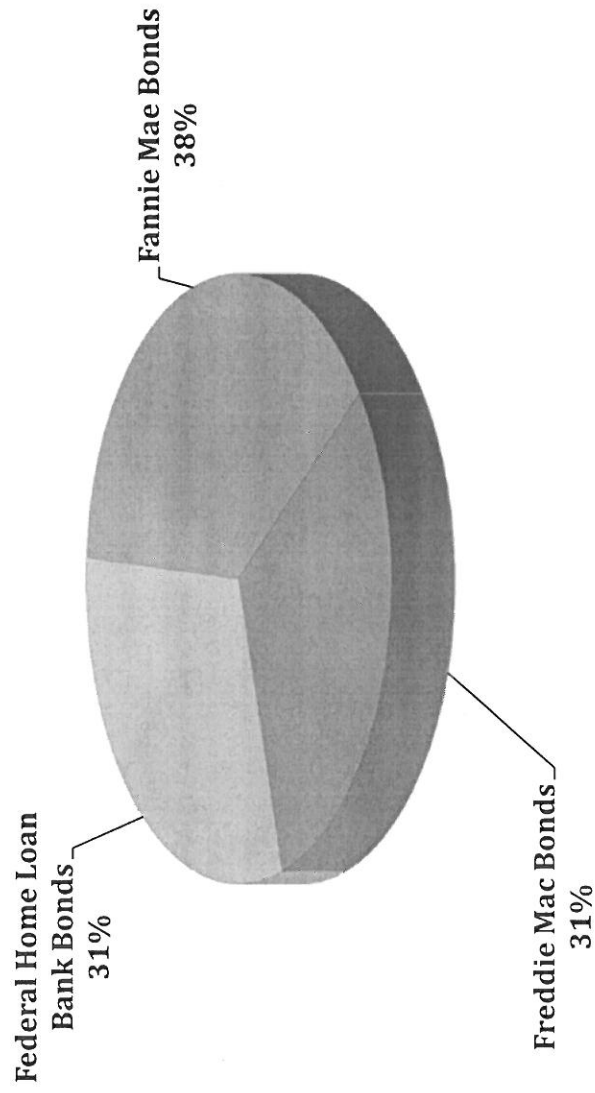
For the Month Ended March 31, 2014

Combined Agency Portfolio (net of escrow deposits)

\$144,362,342



Inland Empire Utilities Agency
Treasurer's Report of Financial Affairs
For the Month Ended March 31, 2014
U.S. Government Sponsored Entities Portfolio
\$6,506,004



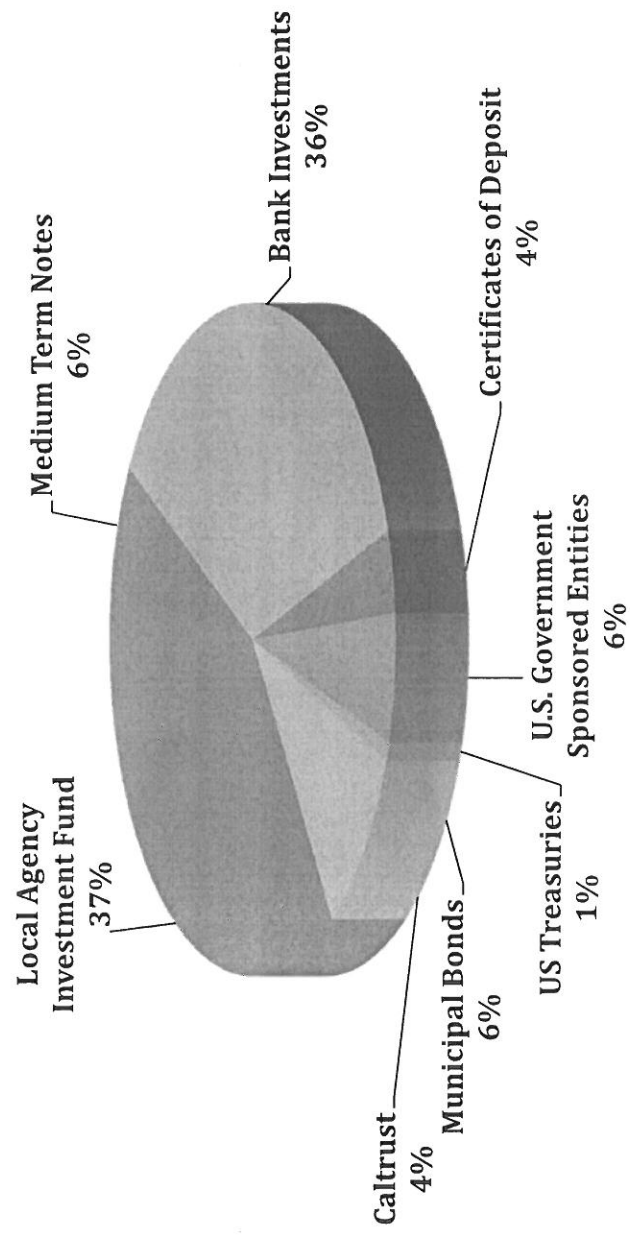
Inland Empire Utilities Agency

Treasurer's Report of Financial Affairs

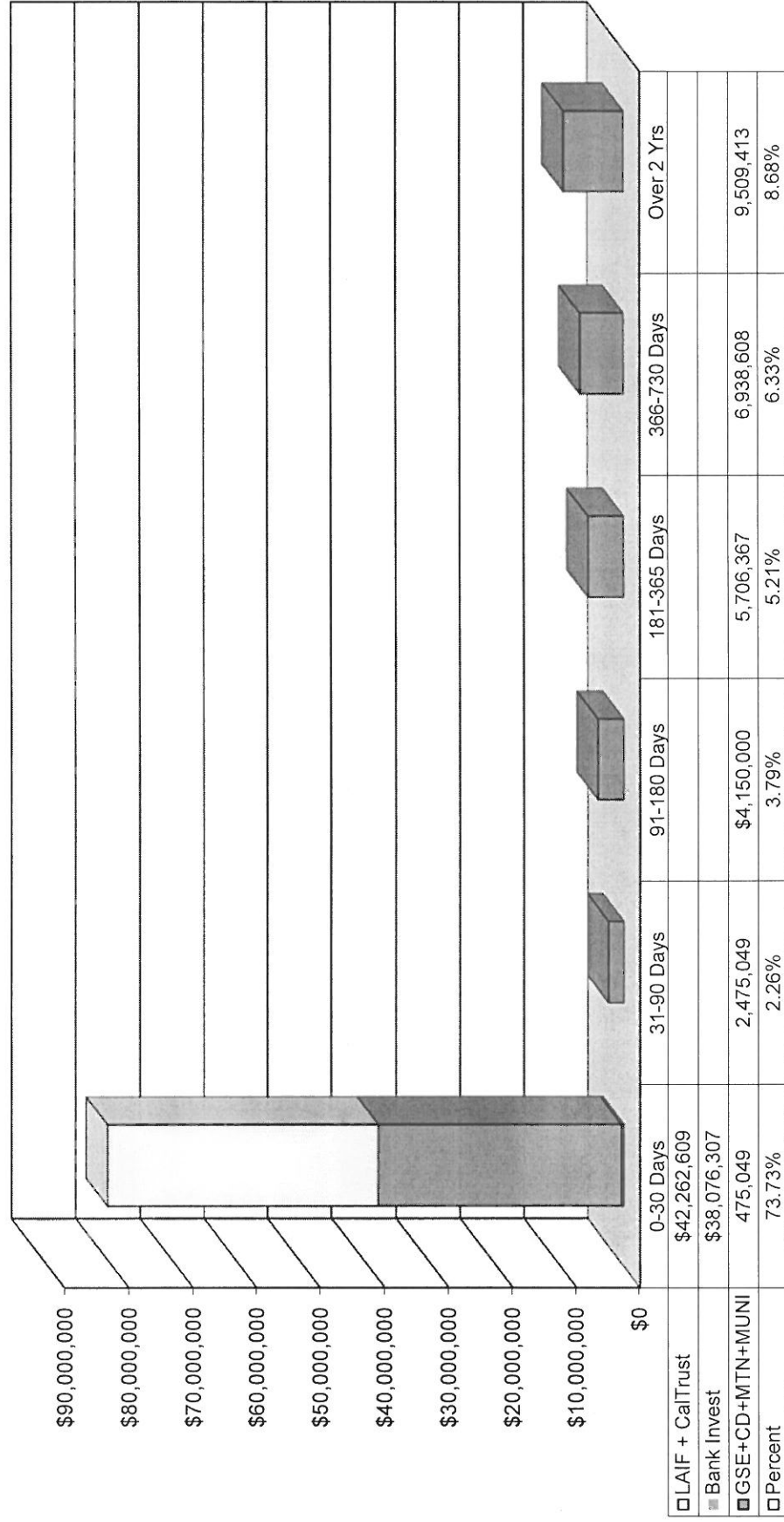
For the Month Ended March 31, 2014

Unrestricted Agency Investment Portfolio

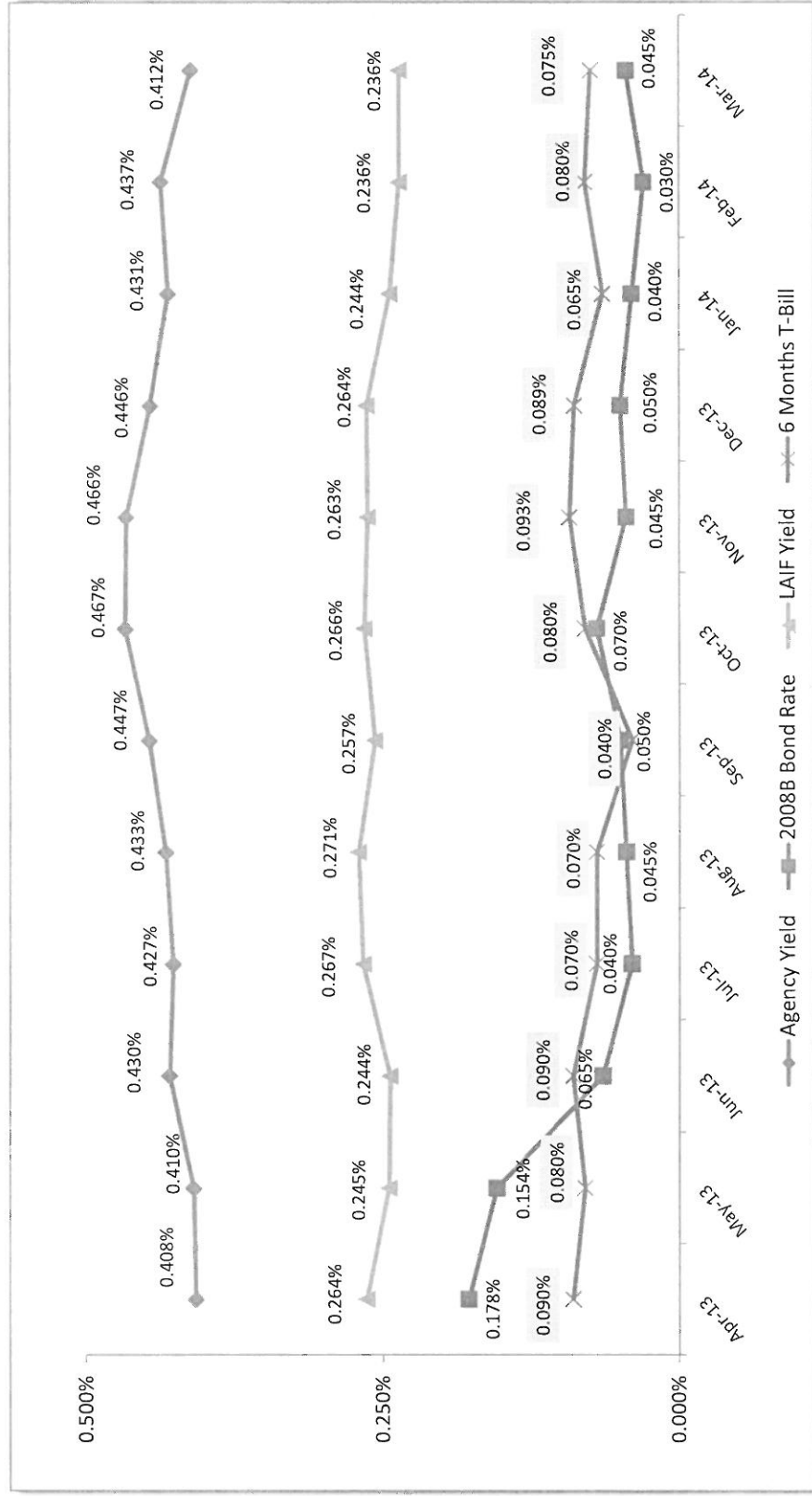
\$104,968,353



Inland Empire Utilities Agency
Treasurer's Report of Financial Affairs
For the Month Ended March 31, 2014
Directed Investment Portfolio Maturity Distribution
\$109,593,402



Inland Empire Utilities Agency
Treasurer's Report of Financial Affairs
 For the Month Ended March 31, 2014
Agency Yield Comparison





Inland Empire Utilities Agency

A MUNICIPAL WATER DISTRICT

Treasurer's Report of Financial Affairs

for March 31, 2014

**Finance, Legal, and Administration
Committee**

May 14, 2014

Report of Financial Affairs

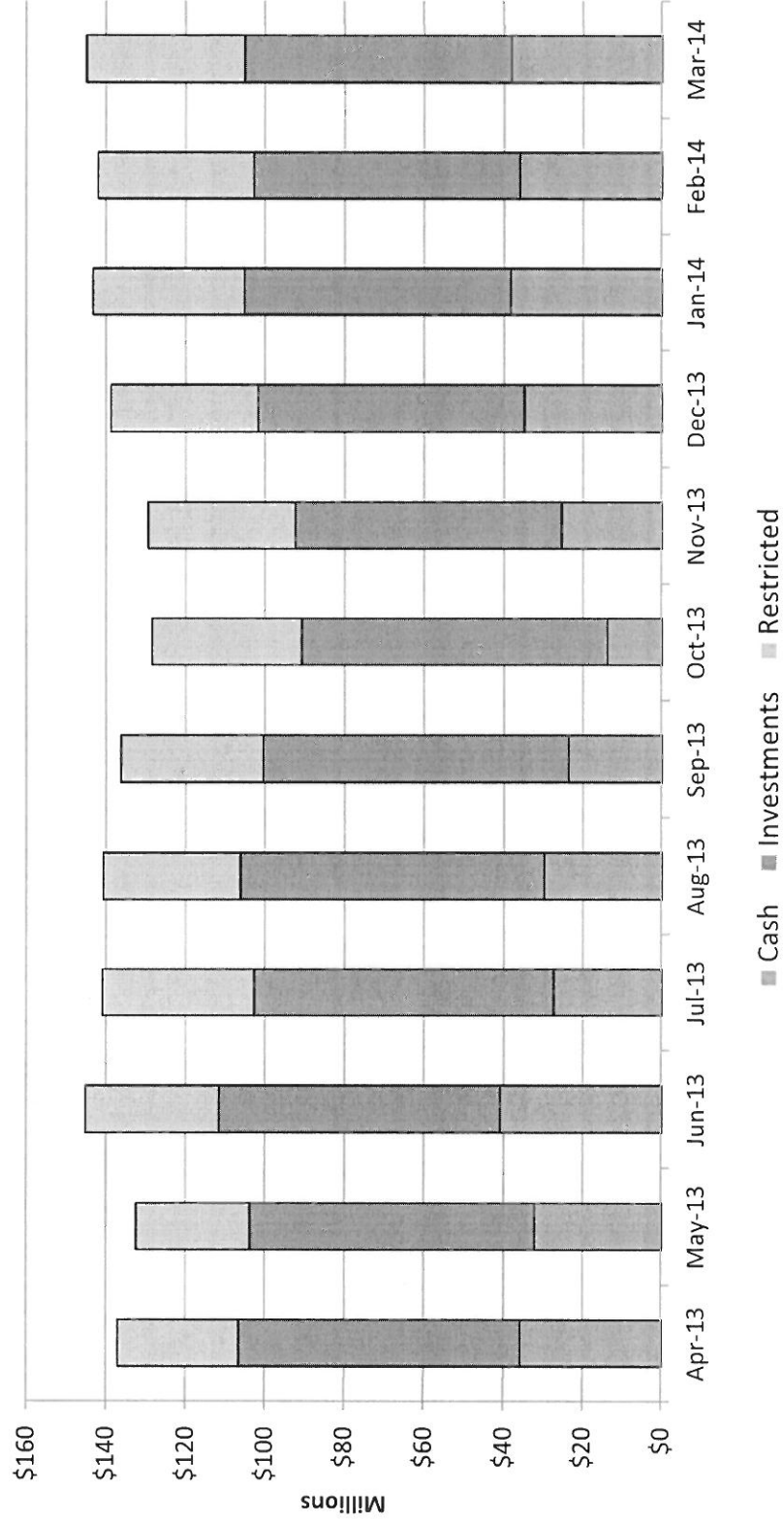


Liquidity				
Description	March 2014	February 2014	Increase (Decrease)	
Cash, Investments, Restricted Deposits	\$144.9M	\$142.0M	\$ 2.9	
Investment Portfolio Yield	0.412%	0.437%	(0.025%)	
Portfolio				
Description	Allowable Threshold	Investment Value (\$ million)	Yield	Current Portfolio %
Short Term, Under 1 Year				
LAIF	\$50M	\$38.7	0.236%	37%
CalTrust	\$20M	\$ 3.5	0.370%	3%
Citizens Business –Sweep	40%	\$28.0	0.250%	27%
CBB – Certificate of Deposit	20%	\$4.2	0.450%	4%
Bank of the West – MMA	20%	\$10.0	0.300%	10%
1 to 3 Years				
Medium Term Notes	20%	\$6.3	1.165%	6%
US Treasury Note	n/a	\$1.0	0.630%	1%
Over 3 Years				
State Municipal Bonds	10%	\$6.6	1.042%	6%
US Government Securities	n/a	\$6.5	0.921%	6%

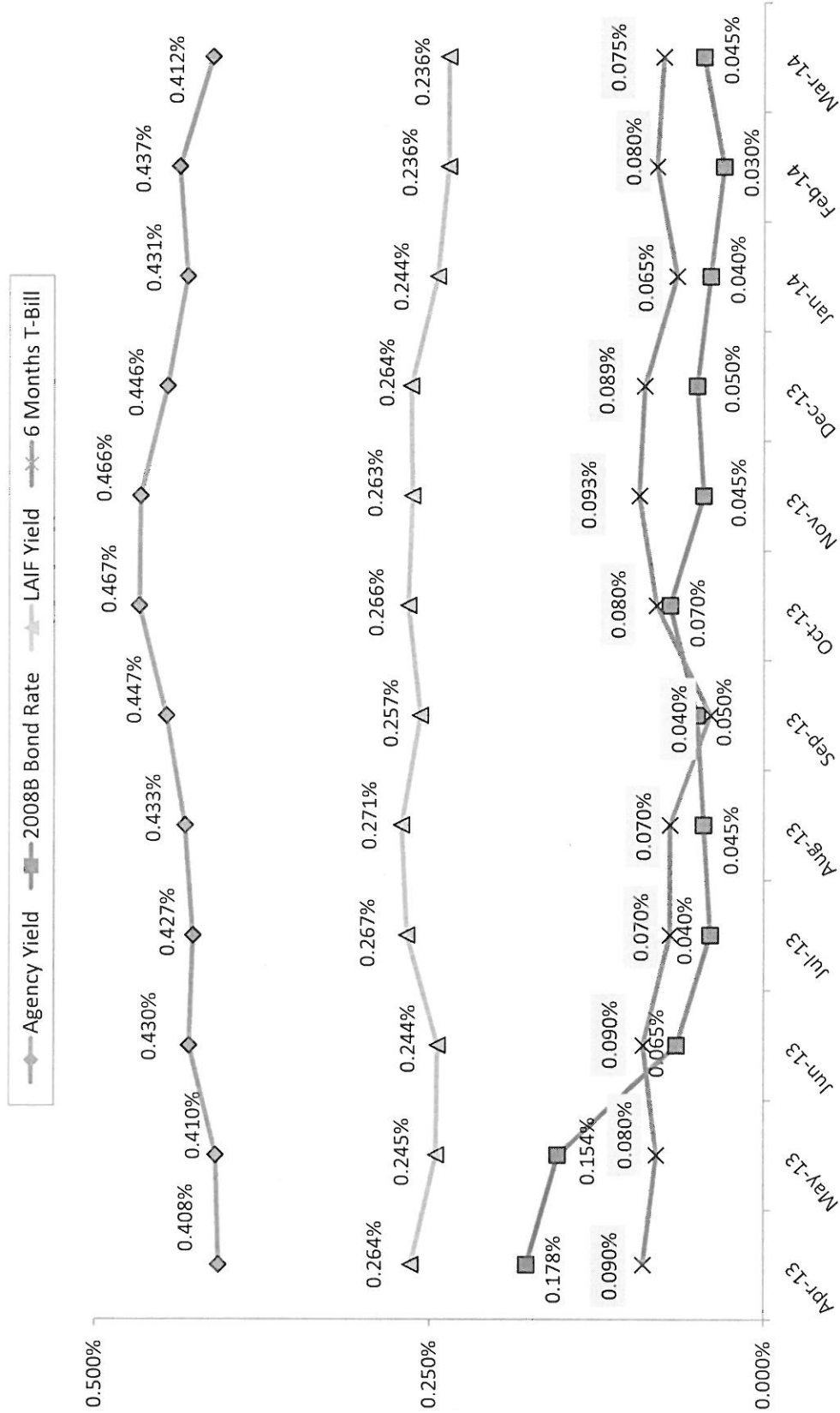
Cash, Investments and Restricted Deposits



Cash, Investments and Restricted Deposits



Month End Portfolio Yield Comparison





Inland Empire Utilities Agency

A MUNICIPAL WATER DISTRICT

QUESTIONS?