



**FINANCE, LEGAL, AND ADMINISTRATION
COMMITTEE MEETING
OF THE BOARD OF DIRECTORS
INLAND EMPIRE UTILITIES AGENCY*
AGENCY HEADQUARTERS, CHINO, CALIFORNIA**

**WEDNESDAY, DECEMBER 10, 2014
11:00 A.M.**

*Or immediately following the
Engineering, Operations, and Biosolids Management
Committee Meeting*

CALL TO ORDER

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 is 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. ACTION ITEMS

A. MINUTES

The Committee will be asked to approve the Finance, Legal, and Administration Committee meeting minutes of November 12, 2014.

B. TREASURER'S REPORT ON GENERAL DISBURSEMENTS

It is recommended that the Committee/Board approve the total disbursements for the month of October 2014 in the amount of \$13,591,268.64.

C. IEUA FISCAL YEAR 2013/14 COMPREHENSIVE ANNUAL FINANCIAL REPORT

It is recommended that the Committee/Board:

1. Approve the Comprehensive Annual Financial Report (CAFR) for the Fiscal Year ended June 30, 2014; and
2. Direct staff to distribute the reports, as appropriate, to the various federal, state, and local agencies, financial institutions, bond rating agencies, and other interested parties.

D. IEUA FISCAL YEAR 2013/14 SINGLE AUDIT REPORT

It is recommended that the Committee/Board:

1. Approve the Single Audit Report for the Fiscal Year 2013/14; and
2. Direct staff to distribute the report, as appropriate, to the State Controller's Office, the Federal Audit Clearing House, and other interested parties.

E. ADOPTION OF RESOLUTION NO. 2014-12-2, TO INCLUDE VOLUNTEERS UNDER THE AGENCY'S WORKERS' COMPENSATION PROGRAM

It is recommended that the Committee/Board adopt Resolution No. 2014-12-2, approving the inclusion of volunteers under the Agency's Workers' Compensation Program.

F. REAL PROPERTY SURPLUS AND SALE AGREEMENT

It is recommended that the Committee/Board:

1. Declare the subject property, APN#1021-551-03, exempt surplus land in accordance with Government Code Section 54221; and
2. Authorize the General Manager to enter into a sales agreement and execute all necessary documents for the subject property sale.

G. SCADA ENTERPRISE SYSTEM CONTRACT AWARDS

It is recommended that the Committee/Board:

1. Approve the Construction Contract award to Technical Services, Inc. for the SCADA Enterprise System, Project No. EN13016, for the not-to-exceed amount of \$2,778,771;
2. Approve the Services Contract award to Royal Wholesale Electric for the training program to support the SCADA Enterprise System, Project No. EN13016, for the not-to-exceed amount of \$261,426;

3. Approve the Design-Build Services Contract award to the lowest responsive bidder for the Carbon Canyon Water Recycling Facility Control and Server Rooms Modification, Project No. EN13016.01, for the not-to-exceed amount of \$150,000; and
4. Authorize the General Manager to execute the contracts.

H. CONSTRUCTION CONTRACT AWARD FOR THE RP-1 FLARE SYSTEM IMPROVEMENTS

It is recommended that the Committee/Board:

1. Approve the construction contract award for the RP-1 Flare System Improvements, Project No. EN13046, to W.A. Rasic Construction for the not-to-exceed amount of \$406,600; and
2. Authorize the General Manager to finalize and execute the contract.

I. WINEVILLE EXTENSION RECYCLED WATER PIPELINE SEGMENT B, PROPOSED VALUE ENGINEERING

It is recommended that the Committee/Board:

Approve the Value Engineering Cost Proposal (VECP) for the realignment of the pipeline on the Wineville Extension Recycled Water Pipeline, Segment B Project No. EN13045, pending a successful easement process of the necessary property; and

Authorize the General Manager to execute the change order for the VECP.

J. PURCHASE ORDER WITH THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA FOR IMPORTED WATER

It is recommended that the Committee/Board:

1. Approve a ten-year Purchase Order with the Metropolitan Water District of Southern California (MWD) for imported water;
2. Approve Resolution No. 2014-12-1, establishing allocations for the purchase of imported water within the IEUA service area; and
3. Authorize the General Manager to execute the Purchase Order with MWD.

K. CONTRACT AWARD FOR GROUNDWATER RECHARGE BASIN WEED ABATEMENT SERVICES

It is recommended that the Committee/Board:

1. Approve the issuance of a five-year contract to Pest Options, Inc. for groundwater recharge basin weed abatement services for a monthly

amount of \$5,916, with an effective date of January 1, 2015; and

2. Authorize the General Manager to execute the contract.

2. **INFORMATION ITEMS**

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

B. **FY 2014/15 FIRST QUARTER BUDGET VARIANCE, PERFORMANCE
GOALS UPDATES, AND BUDGET TRANSFER (WRITTEN)**

C. **PLANNING AND ENVIRONMENTAL COMPLIANCE UPDATE
(POWERPOINT)**

3. **GENERAL MANAGER'S COMMENTS**

4. **COMMITTEE MEMBER COMMENTS**

5. **COMMITTEE MEMBER REQUESTED FUTURE AGENDA ITEMS**

6. **ADJOURN**

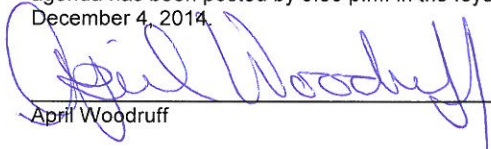
*A Municipal Water District

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: BR

DECLARATION OF POSTING

I, April Woodruff, Board Secretary of the Inland Empire Utilities Agency, A Municipal Water District, hereby certify that a copy of the agenda has been posted by 5:30 p.m. in the foyer at the Agency's main office, 6075 Kimball Ave., Building A, Chino, CA on Thursday, December 4, 2014.


April Woodruff

**ACTION
ITEM**



1H




Date: December 17, 2014


To: The Honorable Board of Directors

Through: Engineering, Operations, and Biosolids Management Committee
(12/10/14)

Finance, Legal, and Administration Committee (12/10/14)

From:  P. Joseph Grindstaff
General Manager 

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

Majid Karim 
Acting Manager of Engineering

Subject: Construction Contract Award for the RP-1 Flare System Improvements

RECOMMENDATIONS

It is recommended that the Board of Directors:

1. Approve the construction contract award for the RP-1 Flare System Improvements Project No. EN13046, to W.A. Rasic Construction for the not-to-exceed amount of \$406,600; and
2. Authorize the General Manager to finalize and execute the contract.

BACKGROUND

The Agency's Regional Water Recycling Plant No. 1 (RP-1) has been in service for over 60 years. As part of the treatment process the facility generates digester gas (DG). Digester gas is produced within the digesters and conveyed via pipeline to the several consumers within RP-1. The digester gas system is made up of a piping system, energy equipment and control systems that allow the collection, cleaning and distribution of the digester gas while maintain permit requirements.

The digester gas is consumed by the fuel cell for energy production and the boilers for digester heating. Excess and low quality gas generated by the acid phase digester is flared. Currently,

the intermittent fuel cell operation and the unreliable nature of the gas cleaning system cause large fluctuations in gas consumption. If there were a sudden reduction in the fuel cell's gas consumption, the digester gas system pressures would rise rapidly, with a high potential for the digester gas to vent to the atmosphere through the digester dome pressure/vacuum relief valves, which is a violation of South Coast Air Quality Management District (SCAQMD) regulations. The intent of this project is to provide a fast-acting pressure relief valve and the necessary instrumentation and controls equipment to ensure excess gas is flared promptly.

After completing the necessary evaluation and predesign work in-house, the Agency posted this design-build project to minor construction contractors on October 8, 2014. Prior to posting the request for bid, Agency staff contacted all minor construction contractors on the Agency's list and verified their interest in the project and received positive feedback. Eight contractor's attended the project jobwalk on October 15, 2014.

On October 28, 2014, the Agency received three bids from the following contractors:

BIDDER NAME	PRICE
W.A. Rasic Construction	\$406,600
Genesis Construction	\$410,777
HC Humphrey Constructors	\$618,000
Engineer's Estimate	\$300,000

The following is the projected costs for Package No. 1 of the project:

DESCRIPTION	COST
Design/Build Contract	\$410,000
Construction Management	\$80,000
Interdepartmental Support	\$80,000
Contingency	\$80,000
Total	\$650,000

The overall project schedule is as follows:

MILESTONE	COMPLETION
Construction Contract Award	December 17, 2014
Kickoff/Pre-Construction Meeting	January 5, 2015
Design Completion	April 30, 2015
Construction Completion	September 2015

PRIOR BOARD ACTION

None.

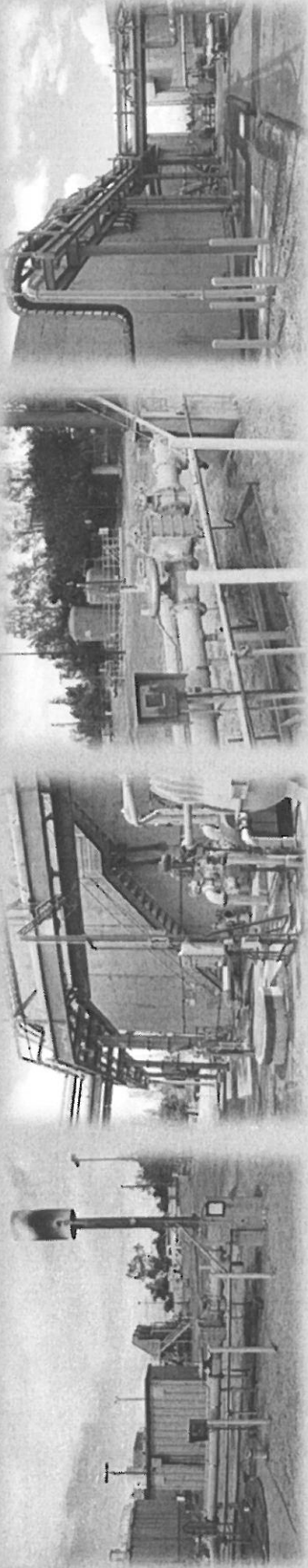
Construction Contract Award for the RP-1 Flare System Improvements
Project No. EN13046
December 17, 2014
Page 3 of 3

IMPACT ON BUDGET

The construction contract award for the RP-1 Flare System Improvements, Project No. EN13046, in the amount of \$406,600 is within the current total project budget of \$3,600,000 and annual appropriation of \$200,000 in the Regional Wastewater Capital Improvement (RC) Fund.

PJG:CB:MK:jz

RP-1 Flare System Improvements Construction Contract Award December 17, 2014



Inland Empire Utilities Agency

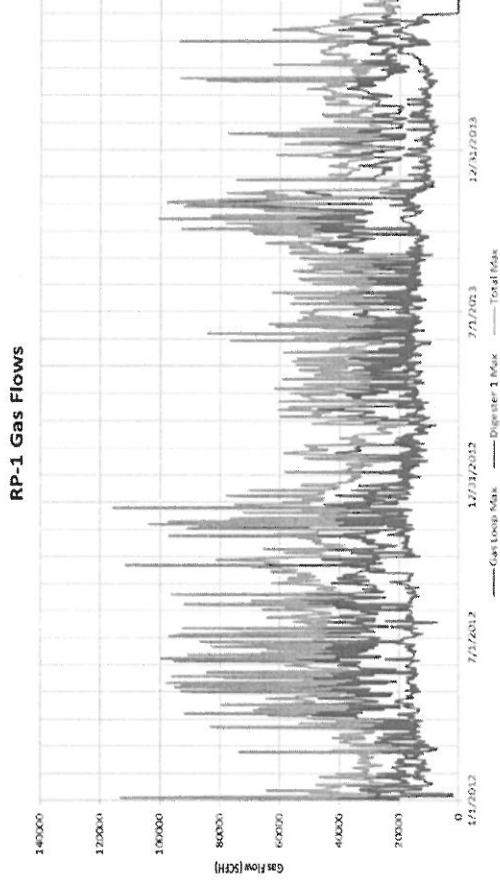
A MUNICIPAL WATER DISTRICT

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

Jamal Zughbi, P.E.
Project Manager

Project Background

- Digester gas (DG) is a byproduct of treatment process
- DG users: Fuel cell, boilers and flare
- Existing flare system issues:
 - Mechanical pressure regulating valve (PRV)
 - Slow PRV response to DG system pressure changes
 - No system automation or remote monitoring
 - Potential DG venting to atmosphere
 - Stringent compliance requirements
- Project execution:
 - Design-build
 - Minor construction contract



Project Location

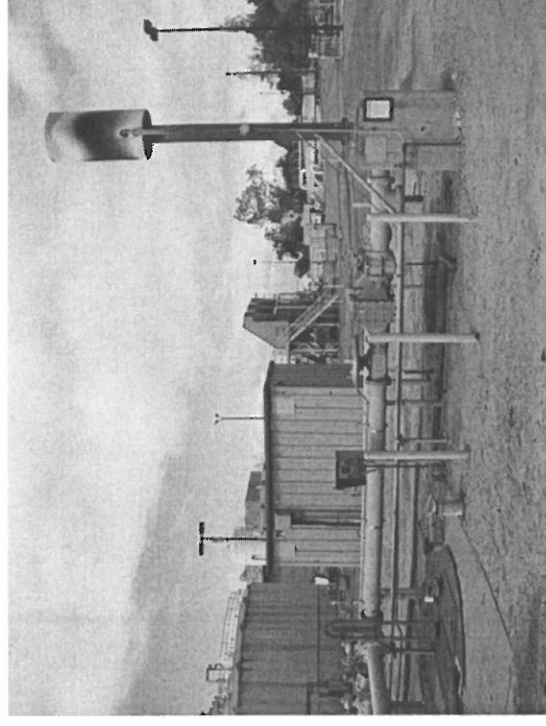


Flare Area

General Digester Area

Scope of Work

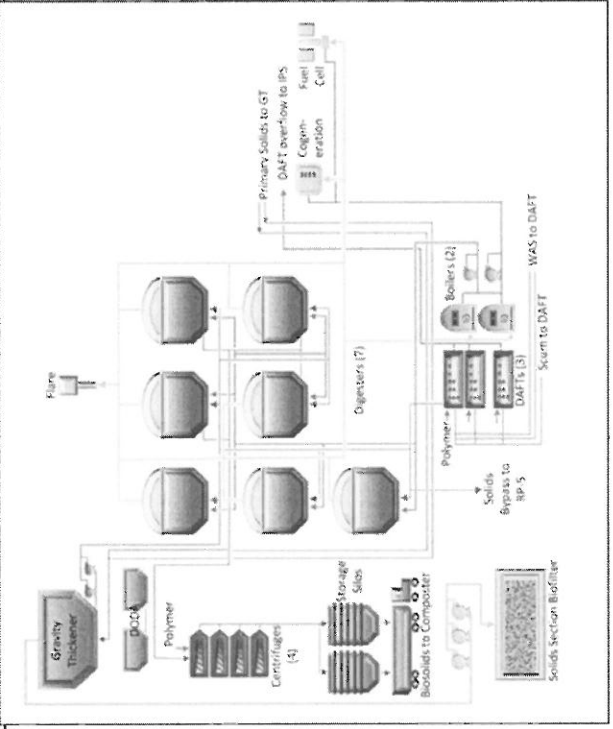
- DG system evaluation/predesign (in-house)
- PRV bypass - automatic valve installation
- Install flow and pressure instrumentation and devices
- Control panel installation
- Provide remote monitoring and control
- Mechanical piping modification
- DG control equipment during shutdown
- Instrument air and power supply for new system
- Complete design-build services by contractor
- Startup and testing



Existing Flare and PRV

Bids Received – 10/28/14

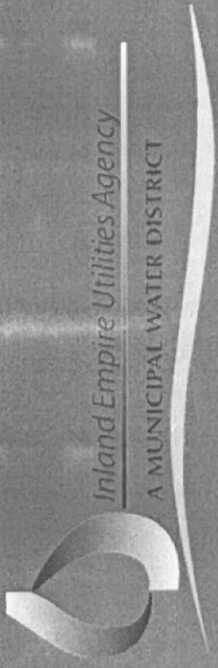
BIDDER	PRICE
W.A. Rasic Construction	\$406,600
Genesis Construction	\$410,777
HC Humphrey Constructors	\$618,000
Engineering Estimate	\$300,000



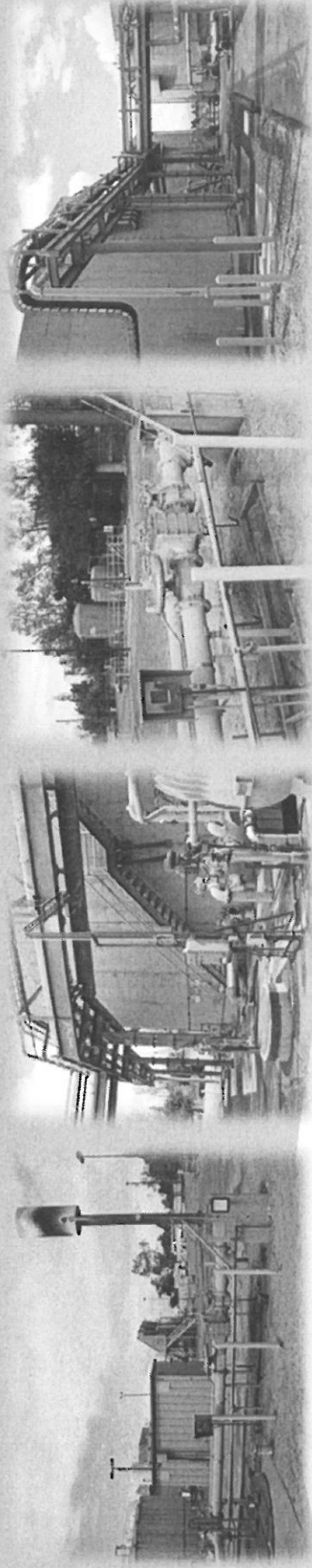
RP-1 Solids Treatment

Project Cost and Schedule

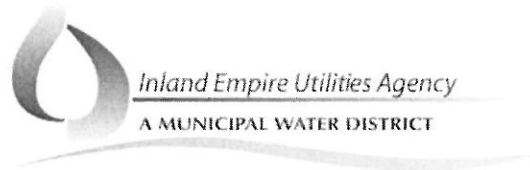
DESCRIPTION	COST
Design/Build Contract	\$410,000
Construction Management	\$80,000
Interdepartmental Support	\$80,000
Contingency	\$80,000
Total	\$650,000
TASK	DATE
Construction Contract Award	December 17, 2014
Kickoff/Pre-con Meeting	January 5, 2015
Design Completion	April 30, 2015
Construction Completion	September 2015



Questions?



DRAFT



Date: November 26, 2014

Task Order Number: 1

Contractor: W.A. Rasic Construction Company Inc.

Contract Number: 4600001745

Project / Task Description: RP-1 Flare System Improvements, Package No. 1, Pressure Regulating Valve Bypass, Project No. EN13046

I. RECITALS

This Task Order is issued for the procurement of construction services needed in support of Agency Project Number EN13046.00.

Agency and Contractor previously entered into Master Services Contract No. 4600001745. Except as otherwise specified herein, the terms and conditions of that Agreement are incorporated into this Task Order via this reference.

II. TASK ORDER AGREEMENTS

1. Scope of Work: Contractor shall furnish the qualified personnel, equipment, materials, and supplies necessary to perform the work described in Agency's Request for Proposals RFP-RW-14-061 and all germane addenda and correspondence.
2. Period of Performance: The term of this Task Order shall extend from the date of the Notice to Proceed, and shall terminate upon acceptance of project's construction by the Agency's cognizant Project Manager, unless agreed to by both parties, reduced to writing, and amended to this Task Order.
3. Compensation: Authorized total payments to Contractor for performance of this firm-fixed price Task Order shall not-to-exceed a **firm-fixed price of \$406,600.00**, referenced herein and made a part hereof as **Exhibit A**. (NOTE: Labor rates are based on submitted rates included in the Master contract.)

4. Assigned Personnel: The below-listed named personnel are assigned to direct the performance of this Task Order on behalf of the respective Parties:

PROJECT MANAGER ASSIGNMENT: All technical direction related to this Task Order shall come from the designated Project Manager. Details of Agency's assignment are listed below:

Project Manager: John Scherck, Construction Project Mgr.
Address: 6075 Kimball Ave, Bldg. B
Chino, California 91708
Telephone: (909) 993-1547
Facsimile: (909) 993-1982
Email: jscherck@ieua.org

CONTRACTOR ASSIGNMENT: Special inquiries related to this Agreement and the effects of this Agreement shall be referred to the following:

Contractor: Walter A. Rasic, Jr., Vice President/Secretary
Address: 4150 Long Beach Blvd.
Long Beach, CA 90807
Telephone: (562) 928-6111
Email: mpasaba@warasic.com

5. Task Order Modifications: No communication, either written or oral, by other than written and bi-laterally executed change order shall be effective to modify or otherwise affect the provisions of this Task Order.

III. SIGNATURES

Inland Empire Utilities Agency:

W.A. Rasic Construction Company Inc.

Warren T. Green
Manager of Contracts
and Facilities Services

Walter A. Rasic, Jr.
Vice President/Secretary

Date: _____

Date: _____

Exhibit A



October 28, 2014

Inland Empire Utilities Agency
6075 "A" Kimball Ave.
Chino, CA 91708

Sent Via Email: RWallin@icua.org

Attention: Rober Wallin

RE: Proposal for RP-1 Flare System Improvements, Package No. 1 – Pressure
Regulating Valve Bypass, Project No. EN13046
RFP No.: RFP-RW-061

Dear Mr. Wallin,

Please find attached proposal for the subject project. This proposal remains valid for acceptance for a period of ninety (90) days beyond the proposal closing date of October 28, 2014. Addendum No. 1 is acknowledged and included in this proposal. W.A. Rasic confirms that we attended the Pre-bid and Job-walk meeting held on October 15, 2014 at the site.

W.A. Rasic Construction has extensive experience in design-build projects. We have also teamed with Civiltec Engineering Inc., who is well qualified in municipal design, for the design aspect of the project. Civiltec also attended the pre-bid and job-walk meeting with W.A. Rasic and is familiar with the intent and desires of the Agency for this project. The team will employ extremely well qualified individuals to design and build this project. We have preliminary planning done and have creative ideas to save the project time and money. We look forward to presenting these to the Agency should we be the selected contractor. If desired we can provide a comprehensive package of the team's capabilities with resumes of key members.

We appreciate the opportunity and are confident that we can deliver the best-value to the Agency. Should you have any questions please contact Shane Sato, Division Manager, at (562) 928-6111.

Sincerely,
W.A. Rasic Construction Co., Inc.

A handwritten signature in black ink, appearing to read "Walter A. Rasic Jr.", is written over a light blue horizontal line.

Walter A. Rasic Jr.
Secretary/Treasurer

Exhibit A

A. **PROPOSAL PRICE SCHEDULE:** To Be Used to Propose a Price for the Performance of: RP-1 Flare System Improvements, Package No. 1 – Pressure Regulating Valve Bypass, Project No. EN13046.

This Proposal Price Schedule is to be fully completed and returned with the balance of the Bidder's Proposal submittals. All proposed prices shall be stated in "firm fixed price" amounts for providing all required items, including all applicable costs, fees, taxes, and other charges. At any time, the Agency may request the Bidder to itemize all elements of cost associated with performance of the required work (i.e. labor, materials, supplies, equipment, freight/delivery, taxes, insurance, licenses, incidentals, and any other related costs associated with the Bidder's conduct of the work). For work, related to the County Flood Control, the Agency reserves the right to remove this work completely, at no penalty to the Agency. If not specifically called out in the Proposed Price Schedule below, work needed to complete the scope of gate installation, specifications and plans shall have cost allocated among the required cost items below.

ITEM	DESCRIPTION	QTY	UNIT	UNIT PRICE	TOTAL PRICE
1.	Technical Memoranda and Design	1	LS	82,550.00	\$ 82,550.00
2.	Submittals/Shop Drawings	1	LS	13,250.00	\$ 13,250.00
3.	PRV Pneumatic Bypass Valve	1	LS	10,600.00	\$ 10,600.00
4.	Manual Isolation Valves (as required), Flame Arrestor, Other **	**	LS		\$
5.	Pipes, Fittings and Pipe Supports	1	LS	107,600.00	\$ 107,600.00
6.	Instrument Air Pipe, Instrument Devices (PITs, FITs, etc.**))	**	LS		\$
7.	Control Panel and SCADA Items	1	LS	42,000.00	\$ 42,000.00
8.	Electrical Work	1	LS	67,000.00	\$ 67,000.00
9.	Start-up and Commissioning	1	LS	20,600.00	\$ 20,600.00
10.	O&M Manuals		LS		\$
11.	As-built Drawings	1	LS	9,300.00	\$ 9,300.00
12.	Digester Gas Treatment Rental Equipment	1	LS	53,700.00	\$ 53,700.00
13.	Other: _____				
14.	Other: _____				\$
				TOTAL	\$ 406,600.00

** Following contract award, the Contractor shall provide a schedule of values (expanded list) of miscellaneous valves, instrument devices, and components with prices for each.

Exhibit A

SECTION 4 - FORMS

Proposed Total Price (in words):

~~FOUR HUNDRED THOUSAND~~ ^{SIX THOUSAND} SIX HUNDRED DOLLARS

Lead-time for material prior to project completion
in calendar days after receipt of order

<u>W.A. Rasic, Jr.</u> Bidder's Signature	<u>W.A. Rasic Construction Co., Inc.</u> Company Name
<u>Walter A. Rasic, Jr.</u> Print Name	<u>A 368761</u> Contractor's License Number & Type
<u>Vice President/SEC</u> Title	<u>October 24, 2014</u> Date
<u>(562) 928-6111</u> Bidder's Phone Number	

**ACTION
ITEM**

11

Date: December 17, 2014

To: The Honorable Board of Directors

Through: Engineering, Operations, and Biosolids Management Committee
(12/10/14)

Finance, Legal and Administration Committee (12/10/14)

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

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

Majid Karim *MK*
Acting Manager of Engineering

Subject: Wineville Extension Recycled Water Pipeline Segment B, Proposed Value Engineering

RECOMMENDATION

It is recommended that the Board of Directors:

1. Approve the Value Engineering Cost Proposal (VECP) for the realignment of the pipeline on the Wineville Extension Recycled Water Pipeline, Segment B, Project No. EN13045, pending a successful easement process of the necessary property; and
2. Authorize the General Manager to execute the change order for the VECP.

BACKGROUND

On May 21, 2014, the Board of Directors approved the award of the construction contract for the Wineville Extension Recycled Water Pipeline, Segment B, Project No. EN13045, to Mike Bubalo Construction Company (MBCC). MBCC initiated a VECP to relocate a section of the recycled water pipeline with the objective of shortening the overall length within the City of Fontana. The proposed alignment would relocate the pipeline from existing paved roadways to an easement presently occupied by Southern California Edison transmission lines (with the

exception of a short segment of north-south Banana Avenue north of Marlay Avenue). Implementing the proposed change will reduce the Segment B pipeline length by approximately 2,500 linear feet (from the initial length of 15,200 linear feet to 12,700 linear feet).

The proposed realignment will go through property that was owned by the former City of Fontana Redevelopment Agency and subject to sale as a part of the State mandated closure of the Redevelopment Agency. The City is required to sell the parcels as mandated by the State of California. On October 14, 2014, an offer was made by Dave Sorem (principal at MBCC) to purchase these parcels in order to install the Wineville Segment B pipeline. The sale of this property will require Successor Agency, Oversight Board Committee and State Department of Finance approval. The City of Fontana, Successor Agency and Oversight Committee, will forward the proposed offer with their endorsement and recommendation to the State to proceed with the sale.

In addition to the acquisition of the property, SCE has to provide their consent since they have an easement on the property. The language within SCE's easement allows the installation of water lines. MBCC has been in contact with SCE and they have received preliminary consent/approval based on the preliminary design drawings submitted to them. Formal approval by SCE is anticipated to be received by January, 2014.

The Contractor shall construct the Project per the new alignment per the revised project plans prepared by the Project Engineer, GHD Inc. which shall be reviewed and approved by IEUA, Fontana Water Company and the City of Fontana. The realignment will be completed in accordance with the specifications for the Project and will not have any impact to Fontana Water Company recycled water service connection.

MBCC has committed that there will be no change in the contract completion date as a result of the VECP process. The pipeline will be available to the project stakeholders as originally planned by IEUA and as provided for in the Contract documents.

A Change Order for the total cost savings shall be made to the Project Contract Document reducing the cost of the Project by \$698,400.

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

Following is the project schedule:

PROJECT	DATE
Construction Contract Award Segment B	May 2014
Begin Construction activities unaffected pipeline alignment	December 2014
City of Fontana Approval	November 2015
Oversight Board Committee Approval	December 2015
State Department of Finance Approval	February 2015
Complete Construction	July 2015

In the event that Department of Finance approval is not received by February 15, 2015 the contractor will proceed with the pipeline as bid and will complete the project by the original contract date of July 25, 2015 at no additional cost.

PRIOR BOARD ACTION

On May 21, 2014, the Board of Directors approved the award of the construction contract for the Wineville Extension Recycled Water Pipeline Segment B, Project No. EN13045 to MBCC for their low bid of \$8,900,000.

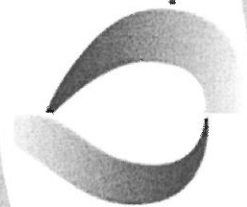
IMPACT ON BUDGET

If approved and if the property acquisition is successful by February 15, 2015, the Value Engineering Cost Proposal will reduce the construction contract value for Mike Bubalo Construction by a fixed amount of \$698,400 reducing the original contract cost from \$8,201,599. to \$7,503,199.

PJG:CB:MK:aa:dm

Wineville Extension Recycled Water Pipeline Value Engineering Proposal

Projects No. EN13045
December 2014



Inland Empire Utilities Agency

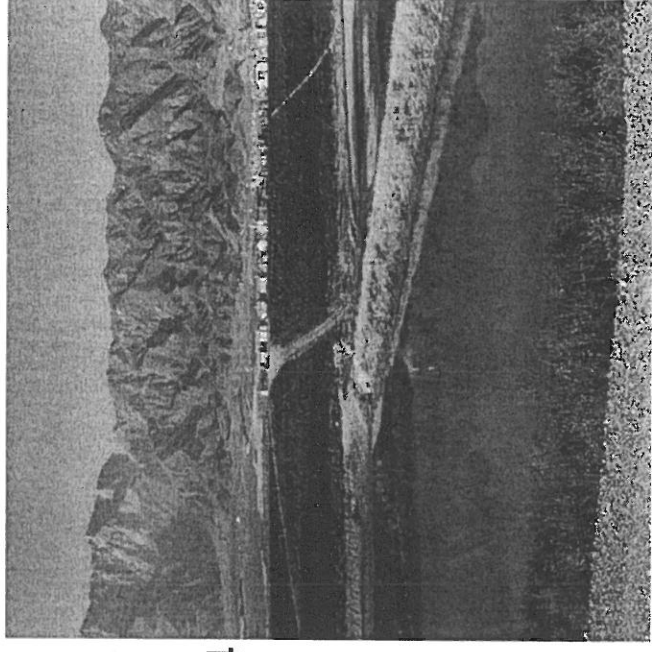
A MUNICIPAL WATER DISTRICT

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

Adham Almasri,
Senior Engineer

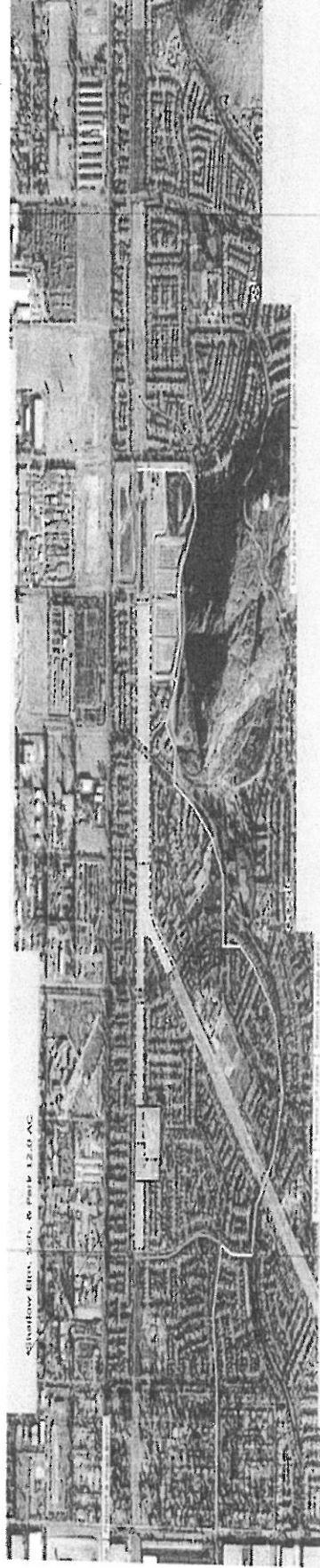
Project Background

- SRF loan/grant application approved March, 2013
- Received 7 bids out of a list of 14 pre-qualified bidders
 - Low bidder for Segment B – MBCC
 - Bid amount \$8,900,000
- Board awarded construction contract on 5/21/14
- Construction Completion by July, 2015
- Initial length of pipeline – 15,200 linear feet
- MBCC - Proposed a Value Engineering change



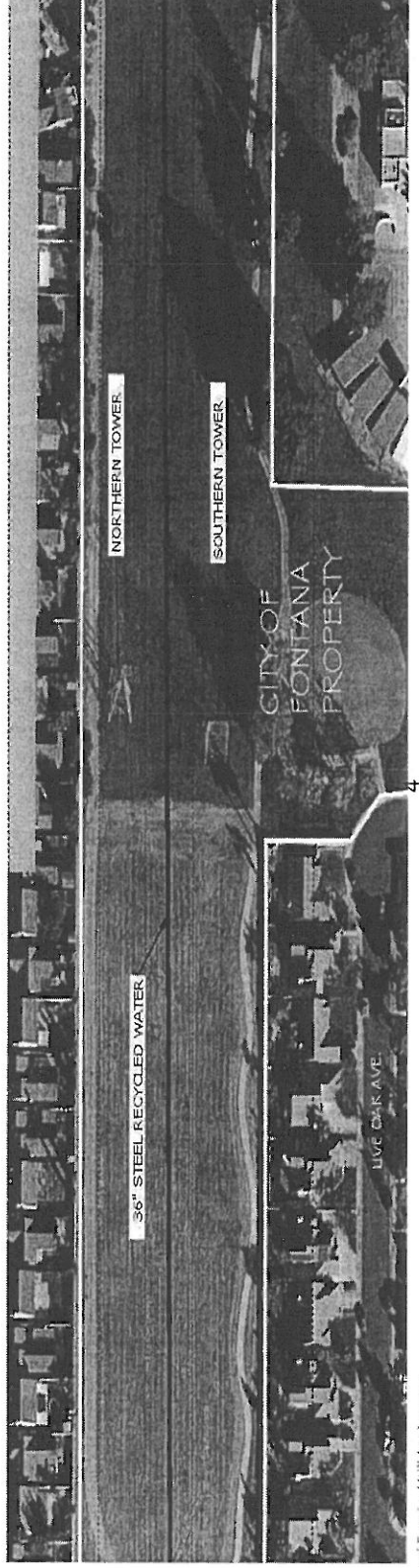
Value Engineering Proposal

- Relocate a section of the pipeline to an SCE easement
- Potential benefits
 - Shorten pipeline length by 2,500 lf (15,200 lf to 12,700 lf)
 - Potential net cost savings of \$1,396,810
 - Reduction in construction effort and no schedule impact
 - Significant reduction in traffic controls
 - Reduced impact to City of Fontana residents



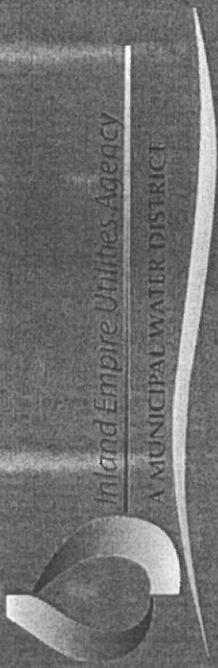
Property Acquisition

- Redevelopment land sale mandated by the State
- Dave Sorem's offer to purchase 38 acres was accepted 10/14/14
 - Purchase offer made on behalf of MBCC
- Successor Agency (Fontana City Council) consideration 11/25/14
- Oversight Board Consideration 12/12/14
- State Department of Finance review begins on 12/15/14
 - Maximum review period 120 days
- SCE issued a preliminary consent/approval on 9/26/14



Project Schedule

PROJECT PHASE	DATE
Construction Contract Award Segment B	June 2014
Begin Construction (not impacted by VE)	December 2014
City of Fontana Approval	November 2014
Oversight Board Committee Approval	December 2014
State Department of Finance Approval*	February 2015
Construction Completion	July 2015
*Latest date to meet schedule	



Questions?



**ACTION
ITEM**

1J

Date: December 17, 2014

To: The Honorable Board of Directors

Through: Public, Legislative Affairs, and Water Resources Committee (12/10/14)
Finance, Legal, and Administration Committee (12/10/14)

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

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

Sylvie Lee *Sylvie*
for Manager of Planning and Environmental Compliance

Subject: Purchase Order with the Metropolitan Water District of Southern California for Imported Water

RECOMMENDATION

It is recommended that the Board of Directors:

1. Approve a ten-year Purchase Order with the Metropolitan Water District of Southern California (MWD) for imported water;
2. Approve Resolution No. 2014-12-1, establishing allocations for the purchase of imported water within the IEUA service area; and
3. Authorize the General Manager to execute the Purchase Order with MWD.

BACKGROUND

On October 9, 2012, the MWD Board approved a two-year extension to the Inland Empire Utilities Agency's (Agency) existing ten-year Purchase Order for purchase of imported water. The two-year extension is scheduled to expire on December 31, 2014. The Agency's purchase commitment was 478,017 acre-foot (AF) over the twelve-year Purchase Order (2002-2014). The Agency was able to satisfy the minimum purchase commitment approximately eight years after the Purchase Order was executed.

Purchase Orders are voluntary agreements that determine the amount of water that a MWD member agency can purchase at the Tier 1 Supply Rate. By executing a Purchase Order with

MWD, an Agency will be able to purchase a greater amount of water at the lower Tier 1 Supply Rate than would otherwise be authorized by MWD Administrative Code. In exchange for the greater volume of Tier 1 purchase, an Agency commits to purchase a specified amount of water over the term of the Purchase Order. Purchase Orders do not confer a contractual right to MWD water.

On November 18, 2014, the MWD Board approved the proposed terms for new ten-year Purchase Orders for agencies interested in executing a Purchase Order with MWD. The new Purchase Order will be effective January 1, 2015. Based upon the approved terms, the Agency will be able to secure up to 932,830 AF of water at the Tier 1 Supply Rate over the term of the Purchase Order, or an annual average of 93,283 AF per year. The commitment to MWD over the term of the Purchase Order will be to purchase 398,350 AF of water, or an annual average commitment of 39,835 AF per year. A copy of the MWD Purchase Order has been provided in Attachment A.

The ability to purchase an annual average of 93,283 AF per year with a purchase commitment of only 39,835 AF per year is the best option for the Agency to consider for executing a new Purchase Order with MWD. The following is a summary of some of the new Purchase Order provisions being adopted.

- Tier 2 Supply Rate will only apply if cumulative sales over the term of the Purchase Order exceed an Agency's Cumulative Tier 1 maximum.
- The ability to reset an Agency's Tier 1 supply based upon a five-year rolling average. Once the Tier 1 maximum resets, this reset will not go down.
- Purchase Order commitments will be adjusted to exclude Water Supply Allocation Plan years.

The Agency currently has Purchase Agreements with the Cucamonga Valley Water District (CVWD), the Water Facilities Authority (WFA) and Fontana Water Company (FWC). The Purchase Agreements bind each member agency to the terms and conditions set forth in the Purchase Order between IEUA and MWD. The Purchase Agreements are set to expire on December 31, 2014. Based upon an average annual purchase commitment of only 39,835 AF per year and the ability to count replenishment water and in-lieu deliveries as part of IEUA's Purchase Order commitment, staff recommends the discontinuation of the individual Purchase Agreements with CVWD, WFA and FWC.

Table 1 below represents a summary of the existing Purchase Agreements with IEUA member agencies. The Purchase Agreements allow each member agency below to purchase water in the aggregate for any Fiscal Year at the Tier 1 Supply Rate.

Table 1 – IEUA member agency allocations for the purchase of Tier 1 supply

Agency	Purchase Agreement Amount (AFY)
Cucamonga Valley Water District	28,368
Water Facilities Authority	31,384
Fontana Water Company	10,000
Total	69,752

Going forward, IEUA will establish the individual Tier 1 allocations by Resolution. The Tier 1 allocations for CVWM, WFA and FWC will remain unchanged, as shown in Table 1, and shall be revised and amended only if IEUA's Tier 1 and/or purchase commitment revises during the ten-year Purchase Order. In addition, provisions will be included in the Resolution to allow IEUA to reduce Tier 1 allocations to its member agencies caused by the adoption of a Water Supply Allocation Plan (WSAP). A copy of the proposed Resolution has been provided in Attachment B.

Obtaining a Purchase Order with the MWD is consistent with the Agency's Business Goal of increasing *Water Reliability* by promoting cost-effective, reliable, efficient and sustainable water supplies within the region.

PRIOR BOARD ACTION

On November 19, 2014, the IEUA Board of Directors received an informational item presenting the Purchase Order options proposed by MWD.

On March 20, 2013, the IEUA Board of Directors approved a Purchase Agreement with the Fontana Water Company.

On December 19, 2012, the IEUA Board of Directors approved a two-year extension to the ten-year Purchase Order and Purchase Agreements with the Cucamonga Valley Water District and Water Facilities Authority.

On October 16, 2002, the IEUA Board of Directors approved the original ten-year Purchase Order and Purchase Agreements with the Cucamonga Valley Water District and Water Facilities Authority.

IMPACT ON BUDGET

None.

Attachments: 1. Attachment A: MWD Purchase Order
2. Attachment B: Resolution 2014-12-1

**PURCHASE ORDER FOR SYSTEM WATER TO BE PROVIDED BY
THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA**

PURCHASER: INLAND EMPIRE UTILITIES AGENCY	TERM 10 years: January 1, 2015 – December 31, 2024
INITIAL BASE PERIOD DEMAND: 103,648 acre-feet	EFFECTIVE DATE: January 1, 2015
INITIAL TIER 1 MAXIMUM—Annual Average: 93,283 acre-feet	INITIAL TIER 1 MAXIMUM—Cumulative: 932,830 acre-feet
PURCHASE ORDER COMMITMENT—Annual Average: 39,835 acre-feet	PURCHASE ORDER COMMITMENT—Cumulative: 398,350 acre-feet

Definitions of capitalized terms used in this Purchase Order are provided in Attachment 1. Terms used in this Purchase Order and not defined in Attachment 1 are defined in Metropolitan’s Administrative Code.

COMMITMENT TO PURCHASE:

In consideration of Purchaser’s commitment to purchase System Water pursuant to this Purchase Order, Metropolitan agrees to sell such System Water to Purchaser during the Term at the Tier 1 Supply Rate in an amount up to the Tier 1 Maximum—Cumulative. All System Water sold to Purchaser during the Term in an amount greater than the Tier 1 Maximum—Cumulative shall be sold to the Purchaser at the Tier 2 Supply Rate. In connection with the purchase of System Water, the Purchaser also agrees to pay all other applicable rates and charges, as established by Metropolitan from time to time. The rates and charges applicable to System Water as of the Effective Date are shown in Attachment 2.

If Purchaser’s applicable System Water purchases during the Term exceed Purchaser’s Tier 1 Maximum, Purchaser may elect to:

- a.) Subject to the provisions of paragraph c) below, pay any Tier 2 Supply Rate obligations at the end of the Term, in an amount equal to the difference between the Purchaser’s applicable System Water purchases and the Tier 1 Maximum—Cumulative during the Term times the average of the Tier 2 Supply Rate in effect during the Term; or,
- b.) Pay any Tier 2 Supply Rate obligations annually as purchases are incurred, in an amount equal to the difference between the Purchaser’s applicable annual System Water purchases and the Tier 1 Maximum—Annual times the Tier 2 Supply Rate in effect during the calendar year. A true-up at the end of the Term will be performed to ensure that the Purchaser has received all Tier 1 Maximum—Cumulative purchases allowed by the Purchase Order.
- c.) If, after the end of the first five years, Purchaser has accrued a cumulative Tier 2 Supply Rate obligation, Purchaser may elect to pay the initial five

year cumulative Tier 2 Supply Rate obligation (i) in full at the end of year five of the Term, (ii) amortize it in five equal installments over the remaining five calendar years of the Term, or (iii) pay it at the end of the Term. Commencing in year 6 of the Term, Purchaser shall pay any additional Tier 2 Supply Rate obligation annually.

Purchaser agrees to purchase System Water from Metropolitan during the Term in an amount not less than the Purchase Order Commitment. If Purchaser's applicable System Water purchases during the Term are less than the Purchase Order Commitment, each acre-foot of unmet commitment will be reduced by the amount of production from a local resource project, measured in acre-feet, that commences operation on or after January 1, 2014. A local resource project includes any project type as approved by the Board.

Purchaser agrees to pay Metropolitan an amount equal to the difference between the sum total in acre-feet of water of the Purchase Order Commitment (minus the amount reduced by the amount of production from a local resource project) and the sum total in acre-feet of water of Purchaser's applicable System Water purchases during the Term, times the average of the Tier 1 Supply Rate in effect during the Term.

Purchaser agrees to pay all amounts owing to Metropolitan, whether to satisfy a Purchase Order Commitment or a Tier 2 Supply Rate obligation, within the next regular billing cycle following the reconciliation of all certifications for special programs that the Purchaser may participate in. The Purchaser may elect to pay such amount in twelve equal monthly payments over the course of the next twelve months beginning with the first regular billing cycle following the reconciliation of all outstanding certifications for special programs. If the Purchaser elects to pay such amount over the course of the next twelve months following the regular billing cycle any outstanding balance shall bear interest at Metropolitan's then current investment portfolio average yield. All other amounts payable under this Purchase Order shall be billed and paid in accordance with the Administrative Code.

WATER SERVICE:

Conditions of water service by Metropolitan to the Purchaser, including but not limited to (i) delivery points, (ii) water delivery schedules, and (iii) water quality, will be determined in accordance with Chapter 5 (Section 4500 through 4514, inclusive, as applicable) of Metropolitan's Administrative Code.

In accordance with its Administrative Code, Metropolitan shall use its reasonable best efforts to supply System Water in the quantities requested by the Purchaser, but is not obligated to dedicate any portion of System capacity for the conveyance, distribution, storage or treatment of System Water for the benefit of the Purchaser or any other member agency. Metropolitan shall use its reasonable best efforts to deliver the System Water when needed by the Purchaser during the Term; provided however, there shall be no default under this Purchase Order if Metropolitan fails to deliver water to the Purchaser in accordance with any such schedule of deliveries during the Term.

By execution of this Purchase Order, the Purchaser recognizes and agrees that it acquires no interest in or to any portion of the System or any other Metropolitan facilities or supplies, or any right to receive water delivered through the System, excepting the right to purchase up to Purchaser's Tier 1 Maximum—Cumulative at the Tier 1 Supply Rate provided that System Water is available. This Purchase Order governs pricing of the System Water delivered to the Purchaser pursuant to this Purchase Order and does not confer any entitlement to receive System Water.

System Water provided to the Purchaser under the terms of this Purchase Order shall be subject to reduction in accordance with the shortage allocation provisions of the Water

Surplus and Drought Management Plan (the "WSDM Plan") or other such policies and principles governing the allocation of System Water as adopted by the Board.

In the event that Metropolitan's Board or General Manager determines to reduce, interrupt or suspend deliveries of System Water, any outstanding balance of the Purchase Order Commitment at the end of the Term shall be reduced by the Purchase Order Commitment—Annual Average for each and every fiscal or calendar year that a reduction, interruption or suspension occurred.

MISCELLANEOUS:

This Purchase Order will be interpreted, governed and enforced in accordance with the laws of the State of California.

This Purchase Order will apply to and bind the successors and assigns of the Purchaser and Metropolitan.

No assignment or transfer of the rights of the Purchaser under this Purchase Order will be valid and effective against Metropolitan or the Purchaser without the prior written consent of Metropolitan and the Purchaser.

If at any time during the Term, by reason of error in computation or other causes, there is an overpayment or underpayment to Metropolitan by the Purchaser of the charges provided for under this Purchase Order, which overpayment or underpayment is not accounted for and corrected in the annual re-determination or reconciliation of said charges, the amount of such overpayment or underpayment shall be credited or debited, as the case may be, to the Purchaser. Metropolitan will notify the Purchaser in writing regarding the amount of such credit or debit, as the case may be. In no case will credits or debits for charges provided for under this Purchase Order be administered beyond the limit for billing adjustments as specified in Metropolitan's Administrative Code.

IN WITNESS WHEREOF, this Purchase Order is executed by the duly authorized officers of the Metropolitan Water District of Southern California and Inland Empire Utilities Agency, as of December __, 2014.

THE METROPOLITAN WATER DISTRICT OF
SOUTHERN CALIFORNIA

INLAND EMPIRE UTILITIES AGENCY

By: _____
Jeffrey Kightlinger
General Manager

By: _____
[Title] _____

APPROVED AS TO FORM AND CONTENT:

General Counsel

General Counsel

By: _____

By: _____

Attachment 1
Purchase Order for System Water
DEFINITIONS

“**Act**” means the Metropolitan Water District Act, California Statutes 1969, Chapter 209, as amended and supplemented from time to time.

“**Demand**” means the Purchaser’s purchases of System Water supplies, including full service, seasonal shift, Conjunctive Use Program, Surface Storage Operating Agreement water, Recharge and Recovery Operating Agreement water, or any other water program deemed to be a purchase of System Water.

“**Effective Date**” means the effective date of this Purchase Order as specified above.

“**Metropolitan**” means The Metropolitan Water District of Southern California.

“**Purchase Order Commitment**” means:

i). if the Purchaser elects option a) under the Base Period Demand as defined in section 4122 of the Administrative Code, then 60% of the Purchaser’s Initial Base Firm Demand times 10; or

ii). if the Purchaser elects option b) under the Base Period Demand, then 60% of the Purchaser’s highest fiscal year Demand during the period from fiscal year 2002/03 through fiscal year 2013/14, times 10.

“**Purchase Order**” means this Purchase Order for System Water.

“**Purchaser**” means the member public agency specified above, a duly organized [city/water district/county water authority] of the State of California.

“**System**” means the properties, works and facilities operated and/or financed by Metropolitan necessary for the supply, development, storage, conveyance, distribution, treatment or sale of water.

“**System Water**” means water supplies developed by Metropolitan and delivered to the Purchaser through the System or other means (e.g. conjunctive use storage).

“**Term**” means the term of this Purchase Order as specified above.

“**Tier 1 Maximum—Annual**” means an amount equal to 90% of the Base Period Demand.

“**Tier 1 Maximum—Cumulative**” means an amount equal to the sum of the Tier 1 Maximum—Annual amounts during the Term.

“**Tier 1 Supply Rate**” means Metropolitan’s per-acre-foot Tier 1 Supply Rate, as determined from time to time by Metropolitan’s Board of Directors. The Tier 1 Rate effective January 1, 2015, is \$158/AF.

“Tier 2 Supply Rate” means Metropolitan’s per-acre-foot Tier 2 Supply Rate, as determined from time to time by Metropolitan’s Board of Directors. The Tier 2 Rate effective January 1, 2015, is \$290/AF.

“Water Surplus and Drought Management Plan (WSDM)” means Metropolitan’s policy and procedures for managing supplies and drought conditions as adopted by the Board from time to time.

**Attachment 2
Purchase Order for System Water
RATES AND CHARGES**

	Effective January 1, 2015	Effective January 1, 2016
Tier 1 Supply Rate (\$/AF)	\$158	\$156
Tier 2 Supply Rate (\$/AF)	\$290	\$290
System Access Rate (\$/AF)	\$257	\$259
System Power Rate (\$/AF)	\$126	\$138
Water Stewardship Rate (\$/AF)	\$41	\$41
Full Service Untreated Rate (\$/AF):		
Tier 1	\$582	\$594
Tier 2	\$714	\$728
Treatment Surcharge (\$/AF)	\$341	\$348
Full Service Treated Rate (\$/AF):		
Tier 1	\$923	\$942
Tier 2	\$1,055	\$1,076
Readiness-to-Serve Charge (\$ millions)	\$158	\$153
Capacity Charge (\$/cfs)	\$11,100	\$10,900

RESOLUTION NO. 2014-12-1

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
INLAND EMPIRE UTILITIES AGENCY* (IEUA), SAN
BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING
ALLOCATIONS FOR THE PURCHASE OF IMPORTED
WATER WITHIN IEUA SERVICE AREA**

WHEREAS, IEUA has Ordinance No. 100 which establishes classes of water services and regulates the sale and delivery of imported water within IEUA's service area; and

WHEREAS, IEUA has a long-term agreement with the Metropolitan Water District of Southern California (MWD) for the purchase of imported water at a Tier 1 rate; and,

WHEREAS, IEUA previously entered into agreements with its member agencies to purchase said allocation of IEUA's supply of MWD imported water at the Tier 1 rate; and

WHEREAS, these previous agreements are set to expire on December 31, 2014, and IEUA desires to establish the Tier 1 allocation limits by this Resolution.

NOW, THEREFORE, the Board of Directors hereby RESOLVES, DETERMINES AND ORDERS the following to be effective January 1, 2015:

Section 1. IEUA is able to purchase 93,283 acre-feet per year (AFY) of imported water from Metropolitan Water District (MWD) at the Tier 1 rate through December 31, 2024. IEUA's allocation from MWD may be periodically adjusted by MWD.

Section 2. Each member agency's Tier 1 allocation shall apply to water purchases in the aggregate for any Fiscal Year, and are less than or equal to the following allocations. The allocations below do not confer a contractual right to MWD imported water. Water purchases in excess of the Tier 1 allocation will be assessed at the Tier 2 rate.

Tier 1 allocation for the purchase of imported water:

Water Facilities Authority	31,384 AFY
Cucamonga Valley Water District	28,368 AFY
Fontana Water Company	10,000 AFY

Section 3. The difference between IEUA's Tier 1 allocation per Section 1 and the member agency allocations per Section 2 will be available to IEUA and/or the Chino Basin Watermaster.

Section 4. MWD WATER SUPPLY ALLOCATION PLAN (WSAP) - Reduced imported water supplies caused by the adoption of a WSAP will reduce a member agencies Tier 1 imported water allocation as identified in Section 2 above. Revised allocations will be determined by historical deliveries taken during the base periods, as established by the WSAP.

ADOPTED this 17th day of December, 2014.

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

ATTEST:

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

*a Municipal Water District

STATE OF CALIFORNIA)
)SS
COUNTY OF SAN BERNARDINO)

I, Steven J. Elie, Secretary/Treasurer of the Inland Empire Utilities Agency*, DO
HEREBY CERTIFY that the foregoing Resolution being No. 2014-12-1, was adopted at a regular
meeting on December 17, 2014, of said Agency* by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Steven J. Elie
Secretary/Treasurer

(SEAL)

* A Municipal Water District

MWD Purchase Order



Inland Empire Utilities Agency

A MUNICIPAL WATER DISTRICT

December 17, 2014

MWD Purchase Order

On November 18, 2014 MWD Board approved PO terms.

PURCHASE ORDER FOR SYSTEM WATER TO BE PROVIDED BY
THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

PURCHASER: INLAND EMPIRE UTILITIES AGENCY	TERM 10 years: January 1, 2015 – December 31, 2024
INITIAL BASE PERIOD DEMAND: 103,648 acre-feet	EFFECTIVE DATE: January 1, 2015
INITIAL TIER 1 MAXIMUM—Annual Average: 93,283 acre-feet	INITIAL TIER 1 MAXIMUM—Cumulative: 932,830 acre-feet
PURCHASE ORDER COMMITMENT—Annual Average: 39,835 acre-feet	PURCHASE ORDER COMMITMENT—Cumulative: 398,350 acre-feet

Member Agency Purchase Agreements

- Set to expire December 31, 2014
- Going forward, establish Tier 1 allocations by Resolution and eliminate purchase commitments
- Reinstated only if MWD Purchase Order terms revise
- Additional provisions to:
 - Invoice Tier 2 rate for Fiscal Year purchases in excess of allocation
 - Adjust Tier 1 allocation upon adoption of WSAP

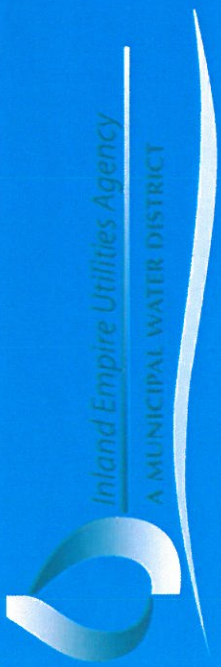
Tier 1 Allocations per Resolution 2014-12-1:

- CVWD = 28,368 AF per FY
- WFA = 31,384 AF per FY
- FWC = 10,000 AF per FY

Recommendation

- Approve Purchase Order with the MWD
- Adopt Resolution 2014-12-1 to establish member agency Tier 1 allocations

Achieves the Agency's Business Goal Objective of Water Reliability



Questions?



**ACTION
ITEM**

1K

Date: December 17, 2014

To: The Honorable Board of Directors

Through: Engineering, Operations and Biosolids Management Committee
(12/10/14)

Finance, Legal, and Administration Committee (12/10/14)

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

Submitted by: *EV* Ernest Yeboah
Executive Manager of Operations/Assistant General Manager

Subject: Contract Award for Groundwater Recharge Basin Weed
Abatement Services

RECOMMENDATION

It is recommended that the Board of Directors:

1. Approve the issuance of a five-year contract to Pest Options, Inc. for groundwater recharge basin weed abatement services for a monthly amount of \$5,916, with an effective date of January 1, 2015; and
2. Authorize the General Manager to execute the contract.

BACKGROUND

The Agency's contract for groundwater recharge basin weed abatement services with Lawscapes Systems expired on September 30, 2014. To provide the monthly weed abatement services needed to support consistent groundwater recharge operations and maintenance activities with minimal delays for greater efficiency in Groundwater Recharge (GWR), IEUA issued an interim contract for monthly services for October, November, and December. The interim contract, with Pest Options, Inc., provided weed control coverage during the refinement of the scope of work for the RFP, the solicitation period, proposal evaluations, and contract development.

This proposed contract will provide weed abatement services for a total of 21 basin and water turnout locations throughout the Agency's service area. A competitive RFP for a multi-year contract was issued to 48 prospective weed/bush control services and weed and vegetation control (including Aquatic Weed Control) contractors through "The Network" electronic solicitation system and direct e-mail. A total of six potential contractors attended the mandatory job-walk, four of which submitted responsive proposals. The table below lists the proposals received, and shows the most cost-effective monthly rate provided by Pest Options, Inc.

Company	Proposal/Monthly Rate
Pest Options	\$ 5,916
Quality Sprayers	\$8,781
Lawnscapes Systems	\$10,000
Master Landscapes & Maintenance	\$45,409

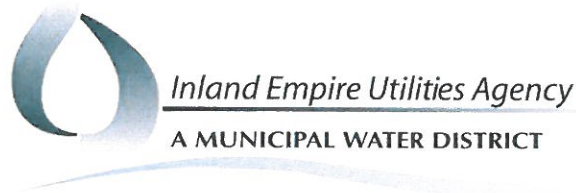
The proposed cost for Fiscal Year 2014/15 groundwater recharge basin weed abatement services will be \$35,496 for the first six months. The previous Board approved weed abatement services contract cost the Agency \$5,000 per month; the new contract reflects a significantly larger scope of work, covering 21 basin locations. Additionally, basins that had minimal coverage have been increased in order to improve operational efficiency for the GWR program. The net increase of \$916 per month is reflective of the larger scope. During the first 24 months of the contract, rates will remain unchanged, totaling a fixed contract price of \$141,984; and thereafter, the Agency will have the option to extend the contract for up to three additional years, with negotiated price increases in accordance with an agreed upon price index.

PRIOR BOARD ACTION

On August 15, 2012, the Board of Directors awarded Contract No. 4600001291 to Lawnscapes Systems, Inc. The contract resulted from a competitive RFP for weed abatement services.

IMPACT ON BUDGET

If approved, the FY 2014/15 contract cost of \$35,496 is within the Groundwater Recharge budget for Outside Services, Landscape and Weed Abatement within Account No. 10300/161101/410000/521110 and future purchases will be budgeted accordingly.



**CONTRACT NUMBER: 4600001810
FOR
GROUNDWATER RECHARGE BASIN WEED CONTROL
SERVICES**

THIS CONTRACT (the "Contract"), is made and entered into this ____ day of _____, 2014, by and between the Inland Empire Utilities Agency, a Municipal Water District, organized and existing in the County of San Bernardino under and by virtue of the laws of the State of California (hereinafter referred to as "the Agency"), and Pest Options, Inc., of Anaheim, California (hereinafter referred to as "Contractor"), for the (time sensitive) control or treatment of weeds within the Agency's groundwater recharge program facilities.

NOW, THEREFORE, in consideration of the mutual promises and obligations set forth herein, the parties agree as follows:

1. PROJECT MANAGER ASSIGNMENT: All technical direction related to this Contract shall come from the designated Project Manager. Details of the Agency's assignment are listed below:

Project Manager: Jason Marseilles
Address: 6075 Kimball Avenue, Building B
Chino, California 91708
Telephone: (909) 993-1823
Facsimile: (909) 993-1987
Email: jmarseilles@ieua.org

2. CONTRACTOR ASSIGNMENT: Special inquiries related to this Contract and the effects of this Contract shall be referred to the following:

Contractor: Ryan Thompson
Address: 135 North Manchester Avenue
Anaheim, California 92802
Telephone: (714) 224-7378
Facsimile: (714) 224-7378
Cell: (714) 944-3369
Email: rthompson@pestoptions.com

3. ORDER OF PRECEDENCE: The documents referenced below represent the Contract Documents. Where any conflicts exist between the General Terms and Conditions, or addenda attached, then the governing order of precedence shall be as follows:
 - A. Amendments to Contract Number 4600001810.
 - B. Contract Number 4600001810 General Terms and Conditions.
 - C. Agency's RFP-HD-14-064, dated October 27, 2014, Attachment A
 - D. Contractor's proposal, dated November 14, 2014, Attachment B.

4. SCOPE OF WORK AND SERVICES: Contractor's services and responsibilities, supporting the Agency's operations shall include and be in accordance with the Agency's RFP-HD-14-064, dated October 27, 2014, Attachment A, and the Contractor's Proposal dated November 14, 2014, Attachment B, which are both incorporated herein and made a part hereof with this reference and shall include, but shall not be limited to:
 - A. Contractor shall provide a written tentative Schedule of Work and Services for review and approval by the Project Manager. The schedule provided shall reflect (1) the contacts and site coordination at each site as well as the proposed performance date for each site. The Schedule of Work and Services will be reviewed by the Project Manager to ensure the Contractor's work will be well integrated with other aspects of the operation of IEUA facilities.
 - B. Contractor shall provide services in accordance with established protocols to ensure IEUA's operations are in compliance all operating permits.
 - C. The Agency may, at any time, identify additional scope of work that may be added to the contract. The Agency will provide the format, structure, and guidelines for such additional scope of work. No work will be added to the contract unless the scope of said work is reduced to writing, mutually agreed to and signed by both parties, and formally amended to this contract.

5. TERM: The term of this Contract shall extend from the date of the Notice to Proceed, and terminate on December 31, 2019, unless agreed to by both parties, reduced to writing, and amended to this Contract.

6. COMPENSATION, INVOICING, AND PAYMENT: The Contractor may submit an invoice in accordance with the agreed-upon schedule of services, in Attachment A, and fee rates, in Attachment B. The Agency shall pay Contractor's properly executed monthly invoices, approved by the Project Manager, within thirty (30) days following receipt of the invoice. Payment will be withheld for any service that does not meet the requirements of this Contract, until such service is revised, the invoice resubmitted, and accepted by the Project Manager.

All invoices shall be formulated consistent with Attachment B, and prominently display "Contract Number 4600001810, and PO Number 45000 _____" on the first page to qualify for timely processing.

Contractor's invoices shall be submitted, if by mail, as follows:

Inland Empire Utilities Agency
Attention: Accounts Payable Department
Re: Contract Number: 4600001810
P.O. Box 9020
Chino Hills, CA 91709

Contractor's invoices shall be submitted, if by e-mail, as follows:

To: APGroup@ieua.org

- a. Scan the invoice as a PDF file
- b. Attach the scanned file to an email
- c. IEUA staff will acknowledge receipt of the invoice.

Concurrent with submittal of an original invoice to the Agency's Accounts Payable Department, the Contractor shall forward, via email or Fax, a copy of said invoice to the Agency's designated Project Manager identified on Page 1 of this Contract.

Contractor shall provide certified payroll documentation, in a timely manner, to verify that Contractor and subcontractors have paid prevailing wage in accordance with the California Department of Industrial Relations requirements, as stipulated in SB-854. See: (<http://www.dir.ca.gov/DIRNews/2014/2014-55.pdf>).

No Additional Compensation: Nothing set forth in this Contract shall be deemed to require additional payment by Agency to Contractor of any compensation specifically for the assignments and assurances required hereby, other than the payment of expenses as may be actually incurred by Contractor in complying with this Contract.

As evidenced by the signature of the Contractor, to execute this Contract, the Contractor is aware, and accepts, the timeline for payment processing. Contractor shall prepare and submit invoices accordingly. In all cases, the Project Manager will review and approve the invoices.

As compensation for the completion of the work represented by this Contract, the Agency shall pay Contractor's invoices up to a NOT-TO-EXCEED total authorized amount of **\$142,000** for the first twenty-four (24) months of services provided. Thereafter, monthly rate shall be adjusted in accordance with an agreed-upon index (such as CPI) throughout the term of this Contract. The Contractor shall not be paid for any amount exceeding the NOT-TO-EXCEED amount, or for work completed beyond the expiration date without an Amendment to the Contract.

The Agency may, at any time, make changes to the Scope of Work, including additions, reductions, and changes to any or all of the Work, as directed in writing by the Agency. Such changes shall be made by an Amendment to the Contract. The Total Authorized Amount and Term shall be equitably adjusted, if required, to account for such changes, and shall be set forth in the written Amendment, agreed to and signed by both parties, prior to becoming effective.

7. CONTROL OF THE WORK: The Contractor shall perform the Work in compliance with the Work Schedule. If performance of the Work falls behind schedule, the Contractor shall accelerate the performance of the Work to comply with the Work Schedule as directed by the Project Manager. If the nature of the Work is such that Contractor is unable to accelerate the Work, Contractor shall promptly notify the Project Manager of the delay, the causes of the delay, and submit a proposed revised Work Schedule.
8. FITNESS FOR DUTY:
- A. Fitness: Contractor on the Jobsite:
1. Shall report for work in a manner fit to do their job;
 2. Shall not be under the influence of or in possession of any alcoholic beverages or of any controlled substance (except a controlled substance as prescribed by a physician so long as the performance or safety of the Work is not affected thereby); and
 3. Shall not have been convicted of any serious criminal offense which, by its nature, may have a discernible adverse impact on the business or reputation of the Agency.
9. INSURANCE: During the term of this Contract, the Contractor shall maintain at its sole expense, the following insurance.
- A. Minimum Scope of Insurance:
1. General Liability: \$1,000,000 combined single limit per occurrence for bodily injury, personal injury and property damage. Coverage shall be at least as broad as Insurance Services Office form number GL 00 01 10 01, covering Comprehensive General Liability. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location, or the general aggregate limit shall be twice the required occurrence limit.
 2. Automobile Liability: Automobile Liability: \$1,000,000 combined single limit per accident for bodily injury and property damage. Coverage shall be at least as broad as Insurance Services Office form number CA 00 01 10 01, covering Automobile Liability, including "any auto."
 3. Workers' Compensation and Employers Liability: Workers' compensation limits as required by the Labor Code of the State of California and employers Liability limits of \$1,000,000 per accident. A Waiver of Subrogation will be required.
- B. Deductibles and Self-Insured Retention: Any deductibles or self-insured retention must be declared to and approved by the Agency. At the option of the Agency, either: the insurer shall reduce or eliminate such deductibles or self-insured retention as respects the Agency, its officers, officials, employees and volunteers.

C. Other Insurance Provisions: The policies are to contain, or be endorsed to contain, the following provisions:

1. General Liability and Automobile Liability Coverage

- a. The Agency, its officers, officials, employees and volunteers are to be covered as additional insureds, endorsement GL 2010 11 85, as respects: liability arising out of activities performed by or on behalf of the Contractor, products and completed operations of the Contractor, premises owned, occupied or used by the Contractor, or automobiles owned, leased, hired, or borrowed by the Contractor. The coverage shall contain no special limitations on the scope of protection afforded to the Agency, its officers, officials, employees, or volunteers. If Form CG 2010 10 93 or CG 2010 03 97 are issued in place of the CG 2010 11 85, then it is also necessary to issue a Form CG 2037 10 01 in addition to Form CG 2010 10 93 or CG 2010 03 97.
- b. The Contractor's insurance coverage shall be primary insurance as respects the Agency, its officer, officials, employees and volunteers. Any insurance or self-insurance maintained by the Agency, its officers, officials, employees, or volunteers shall be excess of the Contractor's insurance and shall not contribute with it.
- c. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the Agency, its officers, officials, employees or volunteers.
- d. The Contractor's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.
- e. The Contractor may satisfy the limit requirements in a single policy or multiple policies. Any Such additional policies written as excess insurance shall not provide any less coverage than that provided by the first or primary policy.

2. Workers' Compensation and Employers Liability Coverage

The insurer shall agree to waive all rights of subrogation against the Agency, its officers, officials, employees, and volunteers for losses arising from work performed by the Contractor for the Agency.

3. All Coverages

Each insurance policy required by this contract shall be endorsed to state that coverage shall not be suspended, voided, canceled by either party, reduced in coverage or in limits except after thirty (30) days' prior written notice has been given to the Agency.

- D. Acceptability of Insurers: With the exception of Professional Liability Insurance, all insurance is to be placed with insurers with a Best's rating of no less than A:VII, and who are admitted insurers in the State of California. Professional Liability Insurance is to be placed with insurers with a Best's rating of no less than B:VII, and who are admitted insurers in the State of California.
- E. Verification of Coverage: Contractor shall furnish the Agency with certificates of insurance and with original endorsements effecting coverage required by the Agency for themselves and all sub-Contractors prior to commencing work or allowing any sub-Contractor to commence work under any subcontract. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. All certificates and endorsements are to be approved by the Agency before work commences. The Agency reserves the right to require complete, certified copies of all required insurance policies, at any time.
10. Submittal of Certificates: Contractor shall submit all required certificates and endorsements to the following:

Inland Empire Utilities Agency
Attn: Manager of Safety and Risk Management
P.O. Box 9020
Chino Hills, California 91709

11. LEGAL RELATIONS AND RESPONSIBILITIES

- A. Professional Responsibility: The Contractor shall be responsible, to the level of competency presently maintained by other practicing professionals performing the same or similar type of work.
- B. Status of Contractor: The Contractor is retained as an independent Contractor only, for the sole purpose of rendering the services described herein, and is not an employee of the Agency.
- C. Observing Laws and Ordinances: The Contractor shall keep itself fully informed of existing and future state and federal laws and county and city ordinances and regulations which in any manner affect the conduct of any services or tasks performed under this Contract, and of such orders and decrees of bodies or tribunals having any jurisdiction or authority over the same. The Contractor shall at all times observe and comply with such existing, at the time services are rendered, laws, ordinances, regulations, orders and decrees, and shall protect and indemnify, as required herein, the Agency, its officers, employees and agents against any claim or liability arising from or based on the violation of any such law, ordinance, regulation, order or decree, in effect at the time the services are performed, whether by the Contractor or its employees.

Effective July 1, 2014, all Contractors must be registered with the California Department of Industrial Relation, as required by (law) SB-854 for public works projects.

- D. Subcontract Services: Any subcontracts for the performance of any services under this Contract shall be subject to the written approval of the Project Manager.
- E. Conflict of Interest: No official of the Agency who is authorized in such capacity and on behalf of the Agency to negotiate, make, accept or approve, or to take part in negotiating, making, accepting or approving this Contract, or any subcontract relating to services or tasks to be performed pursuant to this Contract, shall become directly or indirectly personally interested in this Contract.
- F. Equal Opportunity and Unlawful Discrimination: During the performance of this Contract, the Contractor shall not unlawfully discriminate against any employee or employment applicant because of race, color, religion, sex, age, marital status, ancestry, physical or mental disability, sexual orientation, veteran status or national origin. The Agency is committed to creating and maintaining an environment free from harassment and discrimination. Please be assured that any possible infraction will be thoroughly investigated by the Agency.
- G. Non-Conforming Work and Warranty: Contractor represents and warrants that the Work and Documentation shall be adequate to serve the purposes described in the Contract. Additionally, for a period of not less than one (1) year after acceptance of the completed Work, Contractor shall, at no additional cost to the Agency, correct any and all errors in and shortcomings of the Work or Documentation, regardless of whether any such errors or shortcoming is brought to the attention of Contractor by the Agency, or any other person or entity. Contractor shall within three (3) calendar days, correct any error or shortcoming that renders the Work or Documentation dysfunctional or unusable and shall correct all other errors within thirty (30) calendar days after Contractor's receipt of such notice. Upon request of the Agency, Contractor shall correct any error deemed important by the Agency in its sole discretion as to the Agency's continued use of the Work or Documentation within seven (7) calendar days after Contractor's receipt of such notice. If the Project Manager rejects all or any part of the Work or Documentation as unacceptable and agreement to correct such Work or Documentation cannot be reached without modification to the Contract, Contractor shall notify the Project Manager, in writing, detailing the dispute and reason for the Contractor's position. Any dispute that cannot be resolved between the Project Manager and Contractor shall be resolved in accordance with the provisions of this Contract.

H. Disputes:

1. All disputes arising out of or in relation to this Contract shall be determined in accordance with this section. The Contractor shall pursue the work to completion in accordance with the instruction of the Agency's Project Manager notwithstanding the existence of dispute. By entering into this Contract, both parties are obligated, and hereby agree, to submit all disputes arising under or relating to the Contract, which remain unresolved after the exhaustion of the procedures provided herein, to independent arbitration. Except as otherwise provided herein, arbitration shall be conducted under California Code of Civil Procedure Sections 1280, et. seq, or their successor.
2. Any and all disputes during the pendency of the work shall be subject to resolution by the Agency Project Manager and the Contractor shall comply, pursuant to the Agency Project Manager instructions. If the Contractor is not satisfied with any such resolution by the Agency Project Manager, they may file a written protest with the Agency Project Manager within seven (7) calendar days after receiving written notice of the Agency's decision. Failure by Contractor to file a written protest within seven (7) calendar days shall constitute waiver of protest, and acceptance of the Agency Project Manager's resolution. The Agency's Project Manager shall submit the Contractor's written protests to the General Manager, together with a copy of the Agency Project Manager's written decision, for his or her consideration within seven (7) calendar days after receipt of said protest(s). The General Manager shall make his or her determination with respect to each protest filed with the Agency Project Manager within ten (10) calendar days after receipt of said protest(s). If Contractor is not satisfied with any such resolution by the General Manager, they may file a written request for mediation with the Project Manager within seven (7) calendar days after receiving written notice of the General Manager's decision
3. In the event of arbitration, the parties hereto agree that there shall be a single neutral Arbitrator who shall be selected in the following manner:
 - a. The Demand for Arbitration shall include a list of five names of persons acceptable to the Contractor to be appointed as Arbitrator. The Agency shall determine if any of the names submitted by Contractor are acceptable and, if so, such person will be designated as Arbitrator.
 - b. In the event that none of the names submitted by Contractor are acceptable to the Agency, or if for any reason the Arbitrator selected in Step (a) is unable to serve, the Agency shall submit to Contractor a list of five names of persons acceptable to the Agency for appointment as Arbitrator. The Contractor shall, in turn, have seven (7) calendar days in which to determine if one such person is acceptable.

- C. Disposition: Contractor shall dispose of items to which the Agency has title as directed in writing by the Project Manager and/or a designated Agency representative.

14. PROPRIETARY RIGHTS:

- A. Rights and Ownership: The Agency's rights to inventions, discoveries, trade secrets, patents, copyrights, and other intellectual property, including the Information and Documentation, and revisions thereto (hereinafter collectively referred to as "Proprietary Rights"), used or developed by Contractor in the performance of the Work, shall be governed by the following provisions:
1. Proprietary Rights conceived, developed, or reduced to practice by Contractor in the performance of the Work shall be the property of the Agency, and Contractor shall cooperate with all appropriate requests to assign and transfer same to the Agency.
 2. If Proprietary Rights conceived, developed, or reduced to practice by Contractor prior to the performance of the Work are used in and become integral with the Work or Documentation, or are necessary for the Agency to have complete enjoyment of the Work or Documentation, Contractor shall grant to the Agency a non-exclusive, irrevocable, royalty-free license, as may be required by the Agency for the complete enjoyment of the Work and Documentation, including the right to reproduce, correct, repair, replace, maintain, translate, publish, use, modify, copy or dispose of any or all of the Work and Documentation and grant sublicenses to others with respect to the Work and Documentation, for the duration of the contract.
 3. If the Work or Documentation includes the Proprietary Rights of others, Contractor shall procure, at no additional cost to the Agency, all necessary licenses regarding such Proprietary Rights so as to allow the Agency the complete enjoyment of the Work and Documentation, including the right to reproduce, correct, repair, replace, maintain, translate, publish, use, modify, copy or dispose of any or all of the Work and Documentation and grant sublicenses to others with respect to the Work and Documentation. All such licenses shall be in writing and shall be irrevocable and royalty-free to the Agency.
- B. No Additional Compensation: Nothing set forth in this Contract shall be deemed to require payment by the Agency to Contractor of any compensation specifically for the assignments and assurances required hereby, other than the payment of expenses as may be actually incurred by Contractor in complying with this Contract.

15. LIENS: Contractor represents that the Work and Documentation shall be free of any claim of trade secret, trade mark, trade name, copyright, or patent infringement or other violations of any Proprietary Rights of any person.

Contractor shall pay all sums of money that become due for any labor, services, materials, or equipment furnished to Contractor on account of said services to be rendered or said materials to be furnished under this contract and that may be secured by any lien against the Agency. Contractor shall fully discharge each such lien at the time performance of the obligation secured matures and becomes due.

16. NOTICES: Any notice may be served upon either party by delivering it in person, or by depositing it in a United States Mail deposit box with the postage thereon fully prepaid, and addressed to the party at the address set forth below:

Agency: Warren T. Green, Manager of Contracts/Procurement
and Facilities Services
Inland Empire Utilities Agency
P.O. Box 9020
Chino Hills, California 91709

Contractor: Tracy Thompson, President
Pest Options, Inc.
135 North Manchester Avenue
Anaheim, California 92802

Any notice given hereunder shall be deemed effective in the case of personal delivery, upon receipt thereof, or, in the case of mailing, at the moment of deposit in the course of transmission with the United States Postal Service.

17. SUCCESSORS AND ASSIGNS: All of the terms, conditions, and provisions of this Contract shall inure to the benefit of and be binding upon the Agency, the Contractor, and their respective successors and assigns. Notwithstanding the foregoing, no assignment of the duties or benefits of the Contractor under this Contract may be assigned, transferred, or otherwise disposed of without the prior written consent of the Agency; and any such purported or attempted assignment, transfer or disposal without the prior written consent of the Agency shall be null, void, and of no legal effect whatsoever.

18. PUBLIC RECORDS POLICY: Information made available to the Agency may be subject to the California Public Records Act (Government Code Section 6250 et seq.) The Agency's use and disclosure of its records are governed by this Act. The Agency shall use its best efforts to notify Contractor of any requests for disclosure of any documents pertaining to this work.

In the event of litigation concerning disclosure of information Contractor considers exempt from disclosure; (e.g., Trade Secret, Confidential, or Proprietary) the Agency shall act as a stakeholder only, holding the information until otherwise ordered by a court or other legal process. If the Agency is required to defend an action arising out of a Public Records Act request for any of the information

Contractor has marked "Confidential," "Proprietary," or "Trade Secret," Contractor shall defend and indemnify the Agency from all liability, damages, costs, and expenses in any action or proceeding arising under the Public Records Act.

19. RIGHT TO AUDIT: The Agency reserves the right to review and/or audit all of Contractor's records related to the Work. The option to review and/or audit may be exercised during the term of the Contract, upon termination, upon completion of the Contract, or at any time thereafter up to twelve (12) months after final payment has been made to Contractor. The Contractor shall make all records and related documentation available within three (3) working days after said records are requested by the Agency.
20. INTEGRATION: The Contract Documents represent the entire Contract of the Agency and the Contractor as to those matters contained herein. No prior oral or written understanding shall be of any force or effect with respect to those matters covered by the Contract Documents. This Contract may not be modified, altered or amended except by written mutual agreement by the Agency and the Contractor.
21. GOVERNING LAW: This Contract is to be governed by and constructed in accordance with the laws of the State of California, County of San Bernardino.
22. TERMINATION FOR CONVENIENCE: The Agency reserves and has the right to immediately suspend, cancel, or terminate this Contract at any time upon written notice to the other party. In the event of such termination, the Agency shall pay Contractor for all Contractor expenses up to the date of such termination.
23. FORCE MAJEURE: Neither party shall hold the other responsible for the effects of acts occurring beyond their control; e.g., war, riots, strikes, natural disasters, etcetera.
24. NOTICE TO PROCEED: No services shall be performed or furnished under this Contract unless and until this document has been properly signed by all responsible parties and a Notice to Proceed order has been issued to the Contractor.

IN WITNESS WHEREOF, the parties hereto have caused the Contract to be entered as of the day and year written above.

INLAND EMPIRE UTILITIES AGENCY:

PEST OPTIONS, INC.:

Warren T. Green (Date)
Manager of Contracts/procurement
and Facilities Services

Tracy Thompson (Date)
President



Inland Empire Utilities Agency

A MUNICIPAL WATER DISTRICT

*Contract Award
Groundwater Recharge Basin
Weed Abatement Services*

*Jason Marseilles
Acting Groundwater Recharge Coordinator
December 2014*

Scope of Work



- ❖ 21 site locations, including all recharge basins and MWD turnouts
- ❖ Each recharge basin floor and slope will be maintained weed-free
- ❖ Site specific areas for turnouts, communication cabinets, valves, and other equipment will be maintained weed-free

Proposal Evaluation

- ❖ Request for Proposal issued on October 27, 2014
- ❖ Four proposals received on November 14, 2014:

Contractor	Monthly Cost
Pest Options, Inc.	\$5,916
Quality Sprayers, Inc.	\$8,781
Lawnscape, Inc.	\$10,000
Master Landscape, Inc.	\$45,409

- ❖ Evaluation Committee recommends awarding contract to Pest Options, Inc.
 - ❖ Best value to the Agency
 - ❖ Extensive experience/qualifications
 - ❖ Provides weed abatement services for other Agency facilities

Contract Terms

- ❖ Five-Year Contract Term
 - ❖ Two-year fixed price contract
 - ❖ Option to extend contract up to three additional years
- ❖ FY 2014/15 Cost - \$35,496
- ❖ Two-Year Contract Cost - \$141,984


**INFORMATION
ITEM**


2A


Date: December 17, 2014

To: The Honorable Board of Directors

Through: Finance, Legal, and Administration Committee (12/10/14)

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 October 31, 2014, is an informational item for the Board's review. The monthly report denotes investment transactions that have been executed in accordance with the criteria stated in the Agency's Investment Policy (Resolution No. 2014-6-11).

BACKGROUND

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

Total cash, investments, and restricted deposits of \$136,278,338 reflect an increase of \$710,844 compared to the total reported for September 2014. The increase is attributed to grant receipts. The average days of cash on hand for the month ended October 31, 2014 declined to 147 days compared to 178 days reported in September 2014 due to the transfer of funds from unrestricted to fund the principal redemption or early retirement of Fixed Rate Revenue Bonds, Series 2005A. Average days of cash on hand is calculated using the monthly ending balance of unrestricted cash and cash equivalents divided by disbursements associated with operating expenses, debt service and capital expenditures as recorded in the Agency's cash flow.

The Agency's investment portfolio average rate of return in October 2014 was 0.525% or 0.065% higher compared to 0.460% reported for September 2014. The increase was primarily

due to LAIF with a higher average monthly effective yield of 0.261% compared to 0.246% in September.

The Financial Affairs report is consistent with the Agency's Business Goal of Fiscal Responsibility in providing financial reporting that accounts for cash and investment activities to fund operating requirements and to optimize investment earnings.

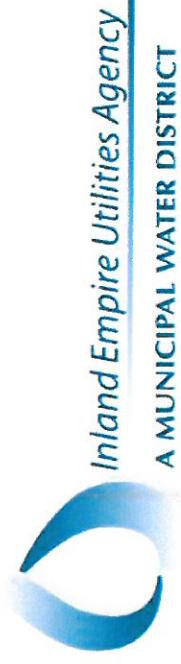
PRIOR BOARD ACTION

The Board reviewed the Financial Affairs Report for the month of September 2014 on November 19, 2014.

IMPACT ON BUDGET

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

Attachment: October 2014 Treasurer's Report of Financial Affairs



Inland Empire Utilities Agency

A MUNICIPAL WATER DISTRICT

Treasurer's Report of Financial Affairs

for October 31, 2014

December 2014

Report of Financial Affairs



Liquidity

Description	October 2014	September 2014	Increase (Decrease)
Cash, Investments, Restricted Deposits	\$136.3M	\$135.6M	\$0.7M
Investment Portfolio Yield	0.525%	0.460%	0.065%
Average Days Cash on Hand	147 Days	178 Days	(31 Days)

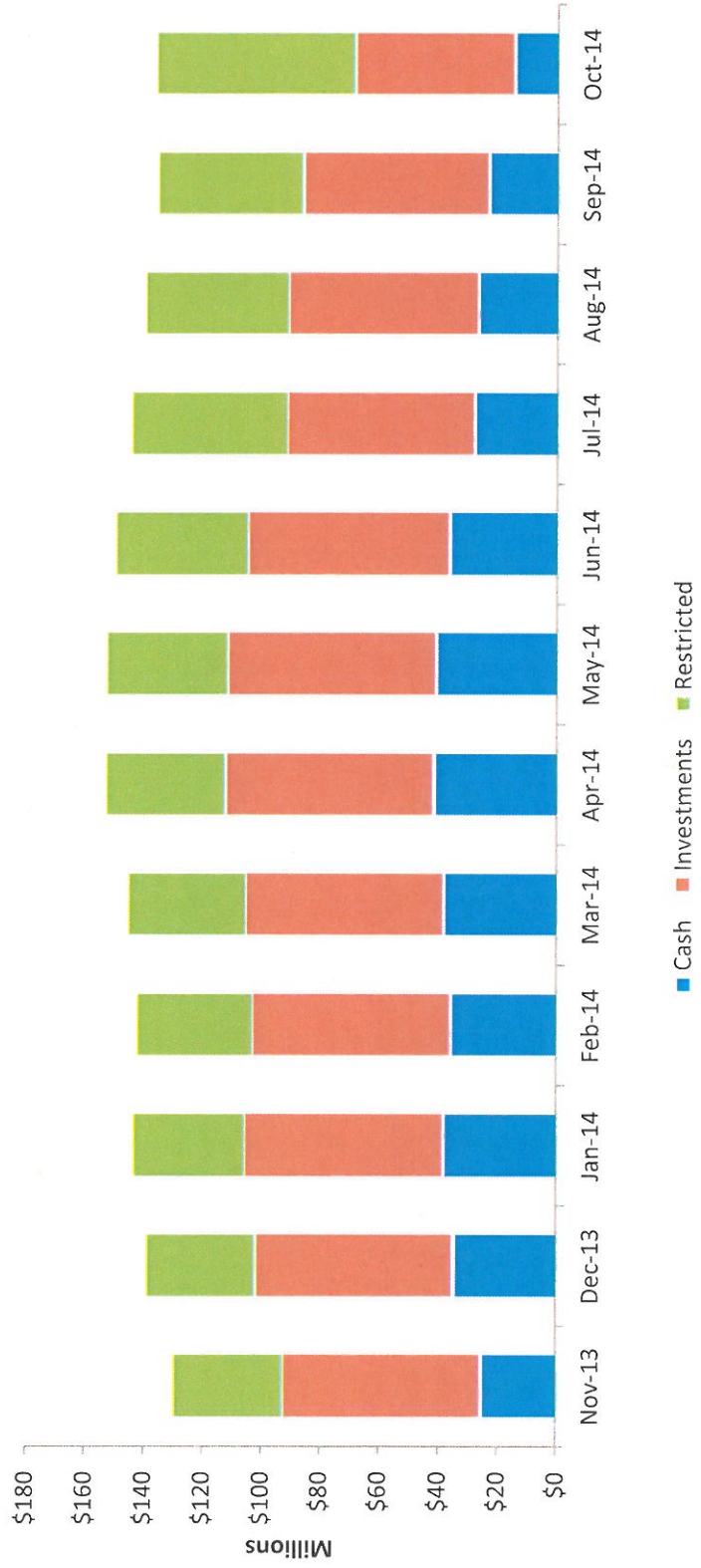
Portfolio

Description	Allowable Threshold	Investment Value (\$ million)	Yield	Current Portfolio %
Short Term, Under 1 Year:				
LAI	\$50M	\$24.8	0.261%	36%
CalTrust	\$20M	\$3.5	0.380%	5%
Citizens Business –Sweep	40%	\$13.5	0.250%	21%
CBB – Certificate of Deposit	20%	\$4.2	0.450%	6%
Bank of the West – MMA	20%	\$1.0	0.190%	1%
State and Local Municipal Bonds	9%	\$3.1	1.190%	5%
Medium Term Notes	20%	\$4.3	1.20%	6%
1 to 3 Years:				
State and Local Municipal Bonds	9%	\$1.0	1.350%	1%
Medium Term Notes	20%	\$2.0	1.090%	3%
US Treasury Note	n/a	\$1.0	0.620%	1%
US Government Securities	n/a	\$3.0	0.667%	4%
Over 3 Years:				
US Government Securities	n/a	\$6.6	1.170%	11%

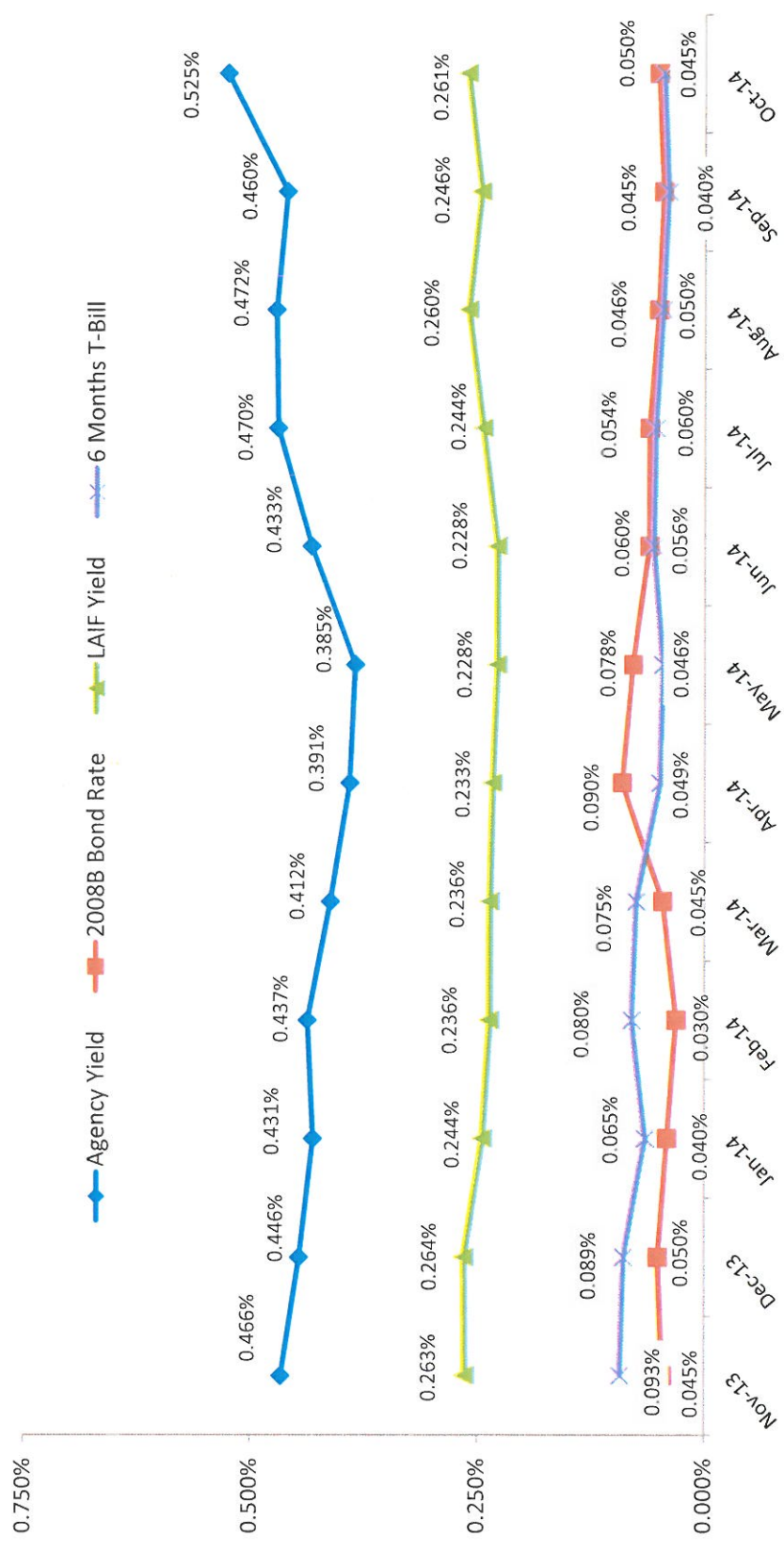
Cash, Investments and Restricted Deposits



Cash, Investments and Restricted Deposits



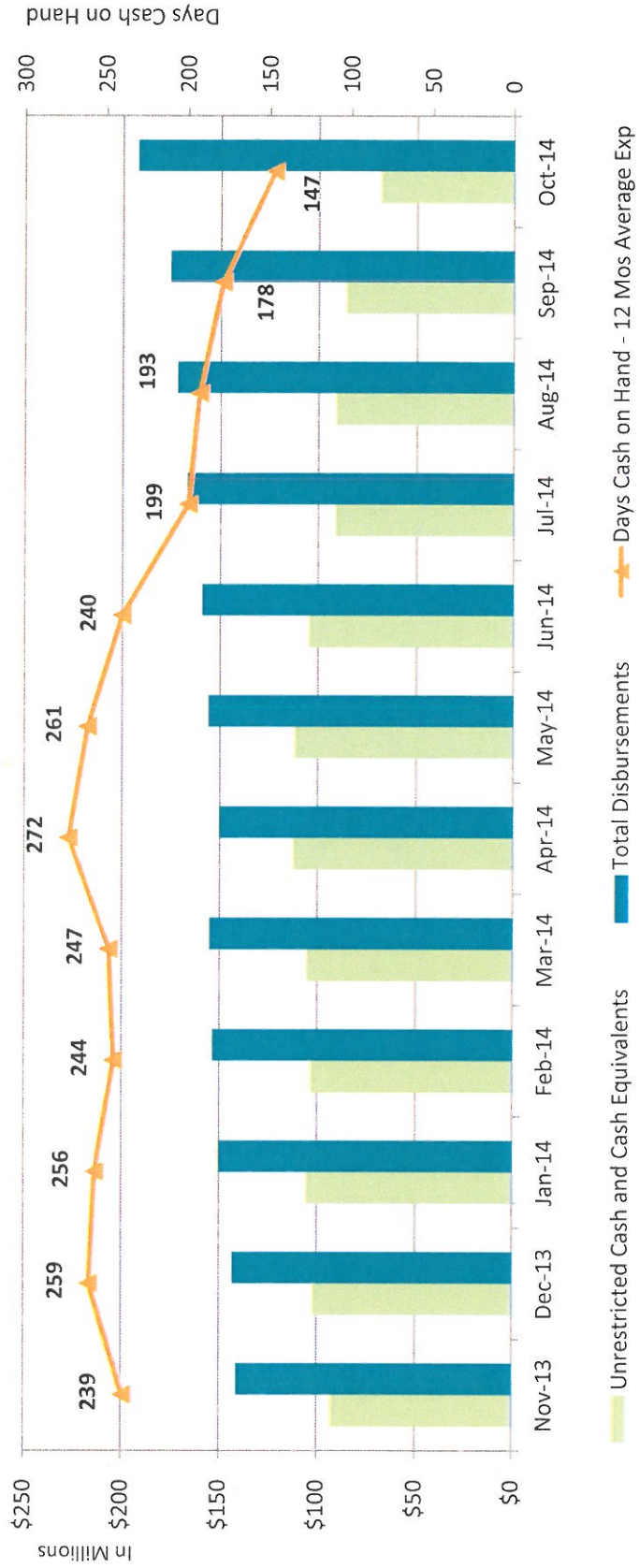
Month End Portfolio Yield Comparison



Day Cash On Hand 12 Months Rolling Average



Days Cash on Hand - 12 Mos Rolling





Inland Empire Utilities Agency

A MUNICIPAL WATER DISTRICT

QUESTIONS?

TREASURER'S REPORT OF FINANCIAL AFFAIRS

For the Month Ended October 31, 2014



Inland Empire Utilities Agency

A MUNICIPAL WATER DISTRICT

All investment transactions have been executed in accordance with the criteria stated in the Agency's Investment Policy (Resolution No. 2014-6-11) adopted by the Inland Empire Utilities Agency's Board of Directors during its regular meeting held on June 18, 2014.

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
October 31, 2014

	October	September
<u>Cash, Bank Deposits, and Bank Investment Accounts</u>	\$15,024,857	\$23,516,864
<u>Investments</u>		
Local Agency Investment Fund (LAIF)	\$24,802,560	\$33,781,049
CalTrust	3,533,006	3,531,831
Certificates of Deposit	4,172,210	4,172,210
Municipal Bonds	4,074,698	4,086,241
Medium Term Notes	6,342,649	6,342,918
U.S. Treasury Notes	999,618	999,603
U.S. Government Sponsored Entities	9,579,843	9,579,839
Total Investments	\$53,504,584	\$62,493,691
Total Cash and Investments Available to the Agency	\$68,529,441	\$86,010,555
<u>Restricted Deposits</u>		
Debt Service Accounts	\$22,238,594	\$4,754,215
CCRA Deposits Held by Member Agencies	32,361,298	31,807,148
OPEB (CERBT) Account	6,990,297	6,883,874
Escrow Deposits	6,158,708	6,111,702
Total Restricted Deposits	\$67,748,897	\$49,556,939
Total Cash, Investments, and Restricted Deposits	\$136,278,338	\$135,567,494

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

Month Ended
October 31, 2014

Cash, Bank Deposits, and Bank Investment Accounts

Citizens Business Bank Demand/Sweep Account	\$13,501,958
Citizens Business Bank Workers' Compensation Account	41,157
Bank of America Payroll Account	32,828
Bank of America Payroll Taxes Account	315,649
Subtotal Demand Deposits	<u>\$13,891,592</u>

Other Cash and Bank Accounts

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

Bank of the West Money Market Account

\$1,049,833

US Bank Pre-Investment Money Market Account

\$81,182

Total Cash and Bank Accounts

\$15,024,857

Investments

Local Agency Investment Fund (LAIF)

LAIF Non-Restricted Fund	\$18,896,573
LAIF Insurance Sinking Fund	5,905,987
Subtotal Local Agency Investment Fund	<u>\$24,802,560</u>

CalTrust

Short Term	\$3,533,006
Subtotal CalTrust	<u>\$3,533,006</u>

Certificates of Deposit

Citizens Business Bank	\$4,172,210
Subtotal Certificates of Deposit	<u>\$4,172,210</u>

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

Month Ended
October 31, 2014

Investments Continued

Municipal Bonds

State and Local Municipal Bonds
Subtotal State Municipal Bonds

\$4,074,698
\$4,074,698

Medium Term Notes

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

\$342,088
1,001,723
997,418
2,998,968
1,002,452
\$6,342,649

U.S. Treasury Notes

Treasury Note
Subtotal U.S. Treasury Notes

\$999,618
\$999,618

U.S. Government Sponsored Entities

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

\$999,843
2,580,000
6,000,000
\$9,579,843

Total Investments

\$53,504,584

Restricted Deposits

Debt Service Reserves

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

\$16,568,854
2,544,710
30
\$22,238,594

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

*Month Ended
October 31, 2014*

CCRA Deposits Held by Member Agencies

City of Chino	\$8,129,220
Cucamonga Valley Water District	7,251,221
City of Fontana	5,382,045
City of Montclair	2,357,342
City of Ontario	4,236,018
City of Chino Hills	2,688,541
City of Upland	2,316,911
Subtotal CCRA Deposits Held by Member Agencies	<u>\$32,361,298</u>

CalPERS

OPEB (CERBT) Account	\$6,990,297
Subtotal CalPERS Accounts	<u>\$6,990,297</u>

Escrow Deposits

Chicago Title (Forestar/IEUA Holding Escrow)	\$5,139,563
First Enterprise Bank (Paso Robles Tank, Inc)	299,758
Community Bank (MNR Construction)	558,332
Community Bank (MS Construction)	97,932
Fresno First Bank (WM Lyles)	63,123
Subtotal Escrow Deposits	<u>\$6,158,708</u>

Total Restricted Deposits

	<u>\$67,748,897</u>
	<u>\$136,278,338</u>

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

Total Cash, Investments, and Restricted Deposits as of 10/31/14	\$136,278,338
Less: Total Cash, Investments, and Restricted Deposits as of 9/30/14	135,567,494

Total Monthly Increase (Decrease)

	<u>\$710,844</u>
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INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

Month Ended
 October 31, 2014

	Credit Rating @ Purchase		CHANGES IN Credit Rating		Par Amount	Cost Basis Amount	Term (Days)	September Amortization	October Value		% Coupon	% Yield to Maturity	Maturity Date	Market Value	
	S&P	Moody's	S&P	Moody's					Value	Value				Value	Value
Cash, Bank Deposits, and Bank Investment Accounts															
Citizens Business Bank															
Demand/Sweep Account					\$13,501,958	\$13,501,958	N/A	N/A	\$13,501,958	\$13,501,958		0.25%	N/A	\$13,501,958	\$13,501,958
Subtotal CBB					\$13,501,958	\$13,501,958			\$13,501,958	\$13,501,958		0.25%		\$13,501,958	\$13,501,958
Workers' Compensation Account					\$41,157	\$41,157	N/A	N/A	\$41,157	\$41,157		N/A	N/A	\$41,157	\$41,157
Subtotal CBB					\$41,157	\$41,157			\$41,157	\$41,157		N/A		\$41,157	\$41,157
Bank of America															
Payroll Checking					\$32,828	\$32,828	N/A	N/A	\$32,828	\$32,828		N/A	N/A	\$32,828	\$32,828
Payroll Tax Checking					315,649	315,649	N/A	N/A	315,649	315,649		N/A	N/A	315,649	315,649
Subtotal B of A					\$348,477	\$348,477			\$348,477	\$348,477		N/A	N/A	\$348,477	\$348,477
Bank of the West															
Money Market Plus - Business Account					\$1,049,833	\$1,049,833	N/A	N/A	\$1,049,833	\$1,049,833		0.19%	N/A	\$1,049,833	\$1,049,833
Subtotal Bank of the West Money Market					\$1,049,833	\$1,049,833			\$1,049,833	\$1,049,833		0.19%		\$1,049,833	\$1,049,833
US Bank															
Federated Automated MMA					\$81,182	\$81,182	N/A	N/A	\$81,182	\$81,182		0.01%	N/A	\$81,182	\$81,182
Subtotal USB Money Market					\$81,182	\$81,182			\$81,182	\$81,182		0.01%		\$81,182	\$81,182
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															
					\$15,024,857	\$15,024,857			\$15,024,857	\$15,024,857				\$15,024,857	\$15,024,857
Investments															
LAIIF Accounts															
Non-Restricted Funds					\$18,896,573	\$18,896,573	N/A	N/A	\$18,896,573	\$18,896,573		0.261%	N/A	\$18,896,573	\$18,896,573
LAIIF Sinking Fund					5,905,987	5,905,987	N/A	N/A	5,905,987	5,905,987		0.261%	N/A	5,905,987	5,905,987
Subtotal LAIIF Accounts					\$24,802,560	\$24,802,560			\$24,802,560	\$24,802,560		0.261%		\$24,802,560	\$24,802,560
CALTRUST Accounts															
Short-Term					\$3,533,006	\$3,533,006	N/A	N/A	\$3,533,006	\$3,533,006		0.38%	N/A	\$3,533,006	\$3,533,006
Subtotal CalTrust Accounts					\$3,533,006	\$3,533,006			\$3,533,006	\$3,533,006		0.38%		\$3,533,006	\$3,533,006
Certificates of Deposit															
CBB Certificate of Deposit					\$4,172,210	\$4,172,210	425	N/A	\$4,172,210	\$4,172,210		0.45%	09/19/15	\$4,172,210	\$4,172,210
Subtotal Certificate of Deposits					\$4,172,210	\$4,172,210			\$4,172,210	\$4,172,210		0.45%		\$4,172,210	\$4,172,210

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

Month Ended
October 31, 2014

	Credit Rating @ Purchase		CHANGES IN Credit Rating		Par Amount	Cost Basis Amount	Term (Days)	September Amortization	October Value	% Coupon	% Yield to Maturity	Maturity Date	Market Value
	S&P	Moody's	S&P	Moody's									
US Treasury Note													
US Treasury Note	N/A	AAA			\$1,000,000	\$999,463		15	\$999,618	0.63%	0.62%	12/15/16	\$1,001,090
Subtotal Treasuries					\$1,000,000	\$999,463		15	\$999,618		0.62%		\$1,001,090
U.S. Government Sponsored Entities (As of August 2011, all US GSE's have been downgraded to AA+ Rating by S&P)													
Freddie Mac Bond	AA+	AAA			1,000,000	1,000,000	1,080		1,000,000	0.75%	0.75%	12/19/16	1,000,800
Federal Home Loan Bank	AA+	AAA			2,000,000	2,000,000	1,080		2,000,000	0.63%	0.63%	08/28/17	1,999,720
Fannie Mae Bond	AA+	AAA			1,000,000	999,750	1,800	4	999,843	0.75%	0.75%	12/18/17	1,000,820
Federal Home Loan Bank	AA+	AAA			2,000,000	2,000,000	1,260		2,000,000	1.33%	1.32%	01/16/18	2,001,720
Federal Home Loan Bank	AA+	AAA			2,000,000	2,000,000	1,800		2,000,000	1.25%	1.24%	04/24/19	2,007,860
Freddie Mac Bond	AA+	AAA			1,580,000	1,580,000	1,779		1,580,000	1.13%	1.12%	05/28/19	1,581,138
Subtotal U.S. Gov't Sponsored Entities					\$9,580,000	\$9,579,750		4	\$9,579,843		1.01%		\$9,592,058
Municipal Bonds													
Riverside County CA Asset Leasing Corp	AA-	N/R			\$515,000	\$531,176		(\$1,062)	\$515,034	3.00%	0.55%	11/01/14	\$515,000
California State General Obligation Bond	A-	A1	A	AA3	1,000,000	1,117,280		(3,433)	1,010,299	5.00%	0.89%	02/01/15	1,012,220
California State General Obligation Bond	A-	A1	A	AA3	1,500,000	1,673,955		(4,898)	1,524,016	5.45%	1.50%	04/01/15	1,530,030
California State General Obligation Bond	A-	A1	A	AA3	1,000,000	1,089,000		(2,147)	1,025,349	3.95%	1.35%	11/01/15	1,033,580
Subtotal State and Local Municipal Bonds					\$4,015,000	\$4,411,411		(\$11,540)	\$4,074,698		1.19%		\$4,090,830
Medium Term Notes													
Arden Realty/General Electric	AA+	AA2	AA+	A1	\$340,000	\$364,691	1,431	(\$535)	\$342,088	5.25%	3.26%	03/01/15	\$341,183
JP Morgan Securities	A	A2	A3	A3	2,000,000	1,993,460	659	304	1,998,306	0.80%	0.98%	04/23/15	2,007,040
Toyota Motor Credit Corp	AA-	AA3	AA+	A1	1,000,000	1,006,293	934	(206)	1,001,723	0.88%	0.87%	07/17/15	1,003,870
General Electric Floating Rate (75 bp over Libor -1% floor)	AA+	AA2	AA+	A1	1,000,000	988,500	1,265	282	997,418	1.26%	1.26%	08/11/15	1,005,730
JP Morgan Securities	A	A2	A3	A3	1,000,000	1,001,500	1,079	(43)	1,000,662	1.125%	1.07%	02/26/16	1,002,460
John Deere Capital Corp	A	A2	A	A2	1,000,000	1,004,000	1,729	(71)	1,002,452	1.85%	1.11%	10/10/17	1,000,040
Subtotal Medium Term Notes					\$6,340,000	\$6,358,444		(\$269)	\$6,342,649		1.17%		\$6,360,323
Total Investments					\$53,442,776	\$53,856,844			\$53,504,584				\$53,552,077

Source of Investment Market Value: US Bank

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

Month Ended
 October 31, 2014

	Credit Rating @ Purchase		CHANGES IN Credit Rating		Par Amount	Cost Basis Amount	Term (Days)	September Amortization	October Value		% Yield to Maturity	Maturity Date	Market Value	
	S&P	Moody's	S&P	Moody's					Value	Value			Value	Value
Restricted Deposits														
Debt Service and Arbitrage Accounts														
05A Debt Service Accts														
US Bank Debt Serv. Accounts					\$16,568,854	\$16,568,854	N/A	N/A	\$16,568,854	\$16,568,854	0.00%	N/A	\$16,568,854	\$16,568,854
Subtotal '05A Debt Service Accts					\$16,568,854	\$16,568,854			\$16,568,854	\$16,568,854	0.00%		\$16,568,854	\$16,568,854
08A Debt Service Accounts														
US Bank Payment Fund					\$3,125,000	\$3,125,000	N/A	N/A	\$3,125,000	\$3,125,000	0.00%	N/A	\$3,125,000	\$3,125,000
Subtotal '08A Debt Service Accts					\$3,125,000	\$3,125,000			\$3,125,000	\$3,125,000	0.00%		\$3,125,000	\$3,125,000
08B Debt Service Accounts														
US Bank Debt Serv. Accounts					\$2,544,710	\$2,544,710	N/A	N/A	\$2,544,710	\$2,544,710	0.00%	N/A	\$2,544,710	\$2,544,710
Subtotal '08B Debt Service Accts					\$2,544,710	\$2,544,710			\$2,544,710	\$2,544,710	0.00%		\$2,544,710	\$2,544,710
10A Debt Service Accounts														
US Bank Debt Serv. Accounts					\$30	\$30	N/A	N/A	\$30	\$30	0.03%	N/A	\$30	\$30
Subtotal '10A Debt Service Accts					\$30	\$30			\$30	\$30	0.03%		\$30	\$30
Total Debt Service Accounts					\$22,238,594	\$22,238,594			\$22,238,594	\$22,238,594			\$22,238,594	\$22,238,594

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

Month Ended
 October 31, 2014

	Credit Rating @ Purchase		CHANGES IN Credit Rating		Par Amount	Cost Basis Amount	Term (Days)	September Amortization	October Value	% Coupon	% Yield to Maturity	Maturity Date	Market Value
	S&P	Moody's	S&P	Moody's									
CCRA Deposits Held by Member Agencies													
City of Chino					\$8,129,220	\$8,129,220	N/A	N/A	\$8,129,220		N/A	N/A	\$8,129,220
Cucamonga Valley Water District					7,251,221	7,251,221	N/A	N/A	7,251,221		N/A	N/A	7,251,221
City of Fontana					5,382,045	5,382,045	N/A	N/A	5,382,045		N/A	N/A	5,382,045
City of Montclair					2,357,342	2,357,342	N/A	N/A	2,357,342		N/A	N/A	2,357,342
City of Ontario					4,236,018	4,236,018	N/A	N/A	4,236,018		N/A	N/A	4,236,018
City of Chino Hills					2,688,541	2,688,541	N/A	N/A	2,688,541		N/A	N/A	2,688,541
City of Upland					2,316,911	2,316,911	N/A	N/A	2,316,911		N/A	N/A	2,316,911
					\$32,361,298	\$32,361,298			\$32,361,298				\$32,361,298
<i>Subtotal CCRA Deposits Held by Member Agencies</i>													
(Totals as reported through September 30, 2014)													
CalPERS Deposits													
OPEB (CERBT) Account					\$7,017,679	\$7,017,679	N/A	N/A	\$6,990,297		N/A	N/A	\$6,990,297
Subtotal CalPERS Deposits					\$7,017,679	\$7,017,679			\$6,990,297				\$6,990,297
Escrow Deposits													
Forestar/IEUA Holding Escrow (RP-1 Outfall)					\$5,139,563	\$5,139,563	N/A	N/A	\$5,139,563		N/A	N/A	\$5,139,563
MNR Construction					558,332	558,332	N/A	N/A	558,332		N/A	N/A	558,332
MS Construction Management Group					97,932	97,932	N/A	N/A	97,932		N/A	N/A	97,932
WM Lyles					63,123	63,123	N/A	N/A	63,123		N/A	N/A	63,123
Paso Robles Tank					299,758	299,758	N/A	N/A	299,758		N/A	N/A	299,758
Subtotal Escrow Deposits					\$6,158,708	\$6,158,708			\$6,158,708				\$6,158,708
Total Restricted Deposits					\$67,776,279	\$67,776,279			\$67,748,897				\$67,748,897
Total Cash, Investments, and Restricted Deposits as of October 31, 2014					\$136,243,912	\$136,657,980			\$136,278,338				\$136,325,831

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

Month Ended
 October 31, 2014

October Purchases					
No.	Date	Transaction	Investment Security	Par Amount Purchased	Investment Yield
Total Purchases					
					\$ -

October Investment Maturities, Calls & Sales					
No.	Date	Transaction	Investment Security	Par Amount Matured/Sold	Investment Yield to Maturity
Total Maturities, Calls & Sales					
					\$ -

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

Month Ended
 October 31, 2014

Directed Investment Category	Amount Invested	Yield
Investment in the Local Agency Investment Fund	\$24,802,560	0.261%
CalTrust	3,533,006	0.380%
Medium Term Notes	6,342,649	1.165%
Municipal Bonds	4,074,698	1.189%
US Treasury Notes	999,618	0.620%
U.S. Government Sponsored Entities	9,579,843	1.006%
	\$49,332,374	0.685%
Bank Investment Accounts		
Citizens Business Bank - Demand/Sweep Account	\$13,501,958	0.250%
Citizens Business Bank - Certificate of Deposit	4,172,210	0.450%
Bank of the West Money Market Account	1,049,833	0.190%
	\$18,724,001	0.291%

Total Portfolio

Investment Portfolio Rate of Return

\$68,056,375
0.525%

Restricted/Transitory/Other Demand Accounts

	Amount Invested	Yield
US Bank - 2005A Debt Service Account	\$16,568,854	0.000%
US Bank - 2008B Debt Service Accounts	2,544,710	0.000%
US Bank - 2010A Debt Service Accounts	30	0.030%
CCRA Deposits Held by Member Agencies	32,361,298	N/A
Citizens Business Bank - Workers' Compensation Account	41,157	N/A
US Bank - Pre-Investment Money Market Account	81,182	0.010%
CalPERS OPEB (CERBT) Account	6,990,297	N/A
Other Accounts*	350,727	N/A
	\$62,063,255	0.000%

Total Other Accounts

Average Yield of Other Accounts

0.000%

Total Agency Directed Deposits

\$130,119,630

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

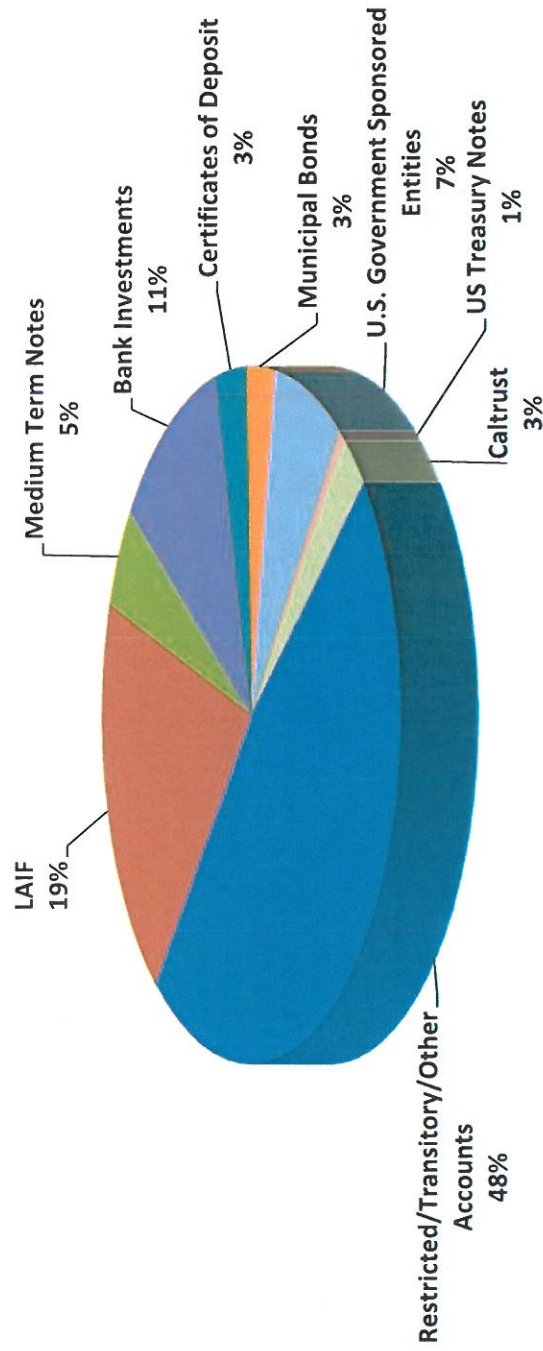
Inland Empire Utilities Agency

Treasurer's Report of Financial Affairs

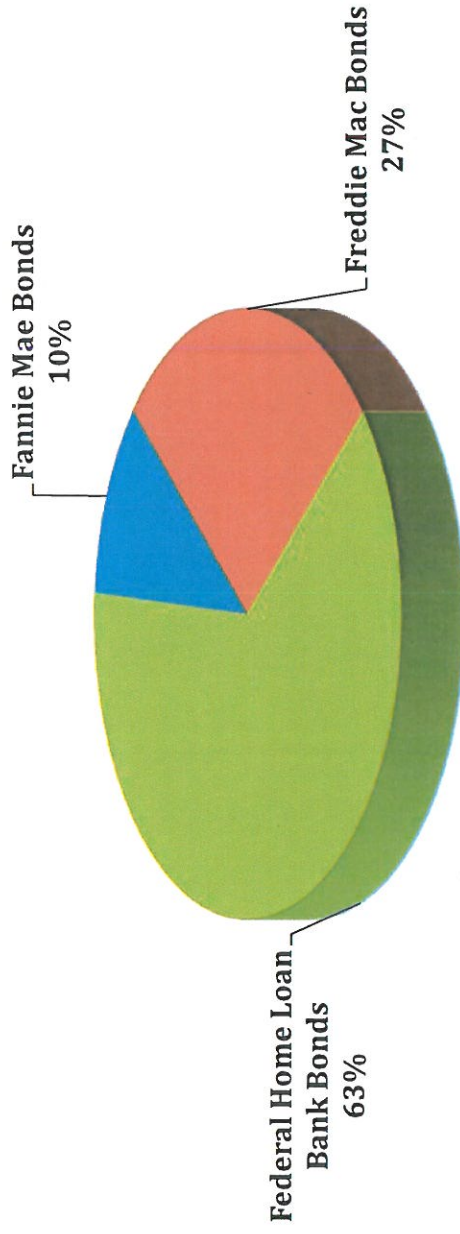
For the Month Ended October 31, 2014

Combined Agency Portfolio (net of escrow deposits)

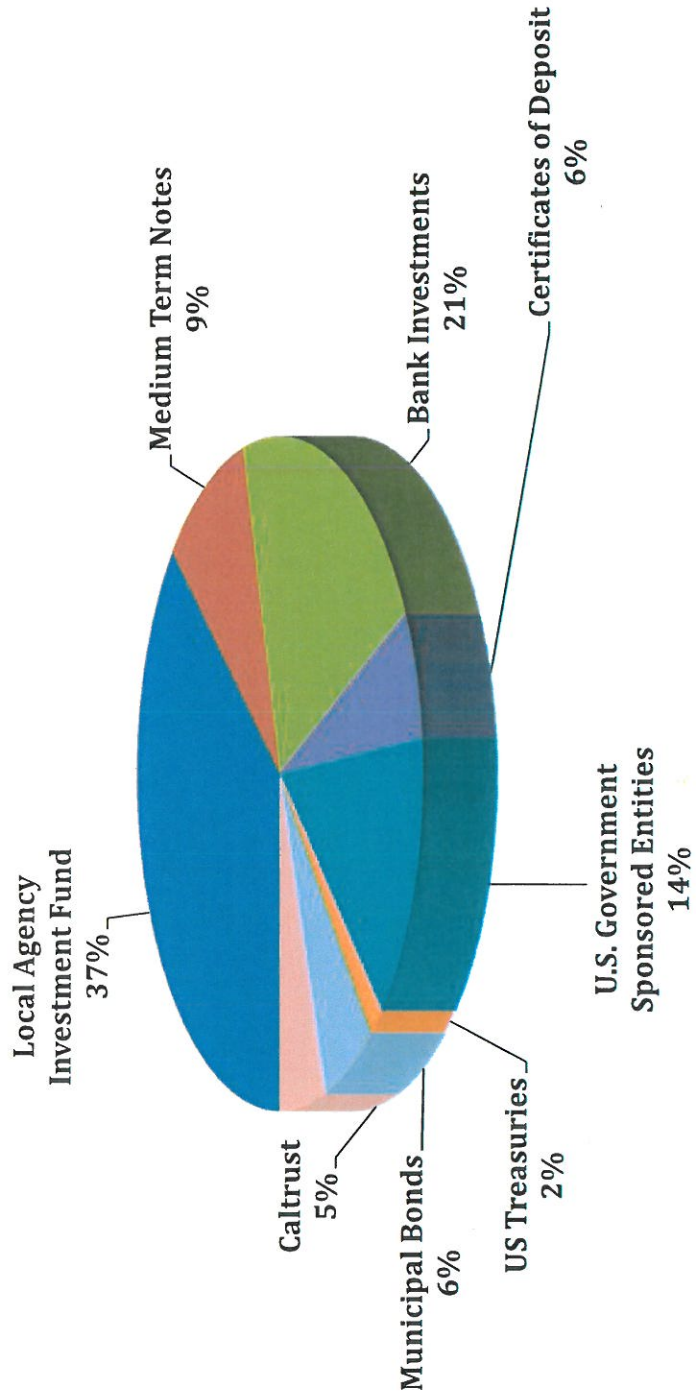
\$130,119,630



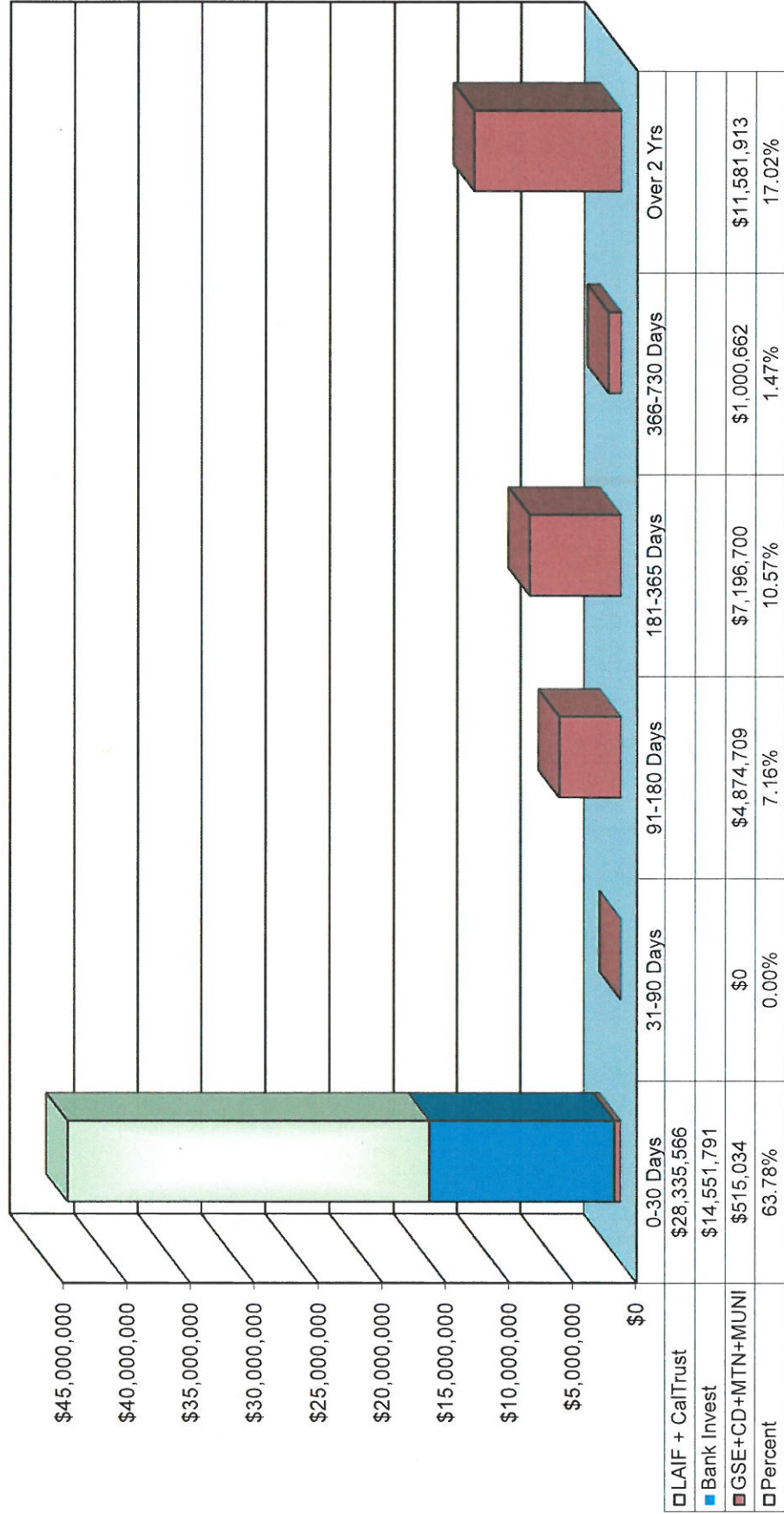
Inland Empire Utilities Agency
Treasurer's Report of Financial Affairs
For the Month Ended October 31, 2014
U.S. Government Sponsored Entities Portfolio
\$9,579,843



Inland Empire Utilities Agency
Treasurer's Report of Financial Affairs
For the Month Ended October 31, 2014
Unrestricted Agency Investment Portfolio
\$68,056,375

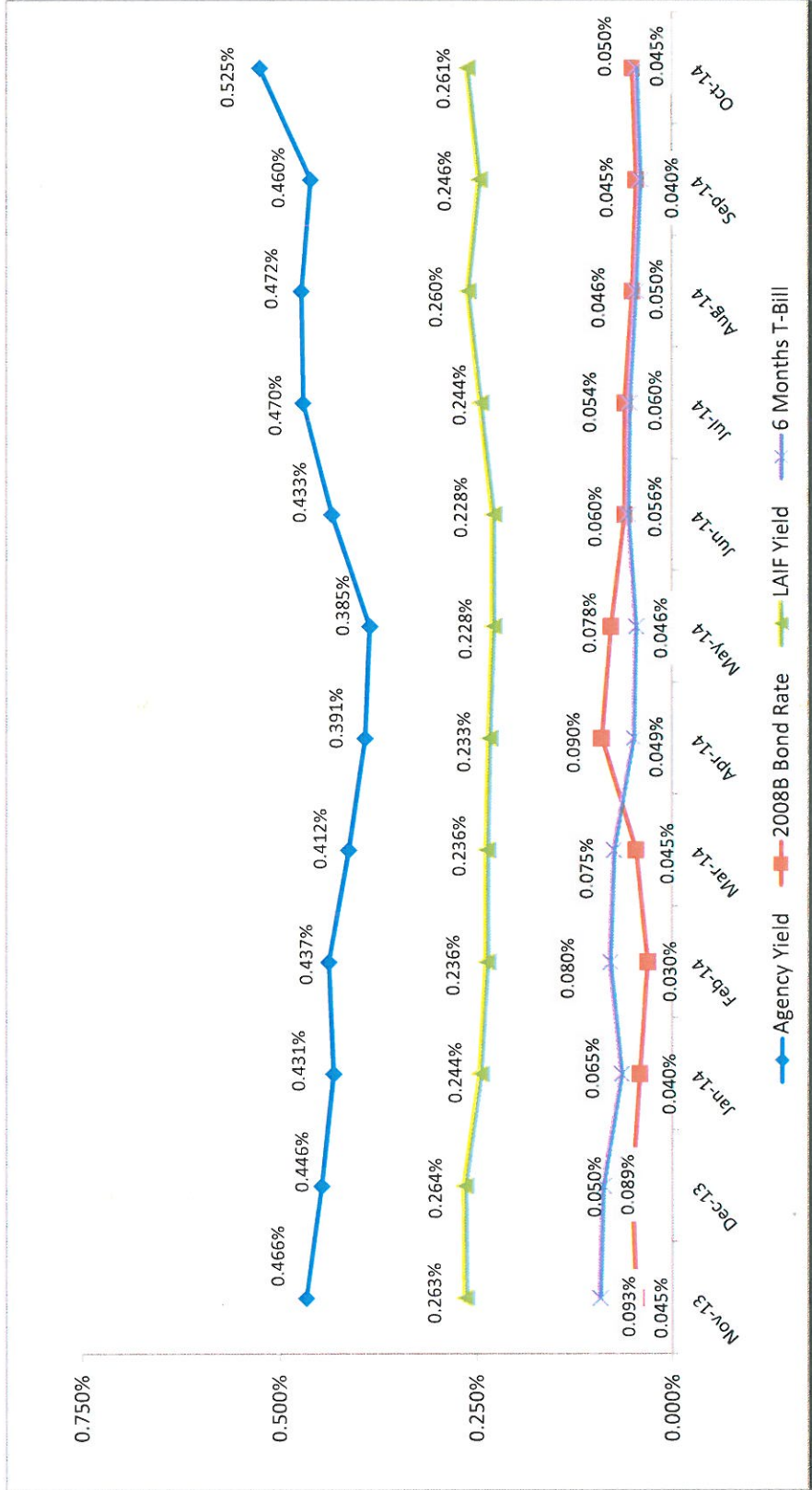


Inland Empire Utilities Agency
Treasurer's Report of Financial Affairs
 For the Month Ended October 31, 2014
Directed Investment Portfolio Maturity Distribution
\$68,056,375



Inland Empire Utilities Agency Treasurer's Report of Financial Affairs

Demand Deposit Accounts
Agency Yield Comparison



**INFORMATION
ITEM**


2B


Date: December 17, 2014

To: The Honorable Board of Directors

Through: Finance, Legal, and Administration Committee (12/10/14)

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: FY 2014/15 First Quarter Budget Variance, Performance Goals Updates,
and Budget Transfer

RECOMMENDATION

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

BACKGROUND

The Budget Variance report presents the Agency's financial performance through first quarter ending September 30, 2014. Exhibit A provides a comparison of actual revenues and expenses against the FY 2014/15 Amended Budget including a discussion of major categories with the most significant variances. Exhibit B provides a progress status of Division and Department Goals and Objectives as established in FY 2014/15 Adopted Budget, Exhibit C presents a summary of O&M budget transfers approved by management during the first quarter, and Exhibit D lists Board approved budget amendments and the management approved budget transfers between capital projects and between O&M projects by Agency fund. Attachment A provides the FY 2014/15 financial overview of each of the Agency's programs.

TOTAL REVENUES AND OTHER FUNDING SOURCES

Overall, the Agency received total revenues and other funding sources in the first quarter of \$25.2 million, or 15.6% of the Amended budget (Exhibit A detail). The following section highlights key variances:

- **Connection Fees** – Member agencies reported a total of 457 Equivalent Dwelling Units (EDU) new connections, approximately 15.2% of the budgeted 3,000 EDUs which is equivalent to \$2.3 million of the budgeted \$15.3 million.
- **Recycled Water Sales** – Actual direct and recharged recycled water sales for the first quarter were \$2.6 million (9,375 AF) and \$0.7 million (2,544 AF), respectively, for a combined total of \$3.3 million or 35.2% of budget. Total year to date actual deliveries of 12,207 AF compared to the 32,000 AF projected for the fiscal year accounts for the favorable variance. A wet winter season may impact future deliveries due to reduced demand for recycled water and limit the recharge deliveries to groundwater basins.
- **MWD LPP Rebate** –Direct recycled water sales in excess of 3,500 AF and up to 17,000 AF are eligible for the Metropolitan Water District (MWD) Local Project Program (LPP) at a rate of \$154/AF, for a maximum amount of \$2.1 million per fiscal year. During the first quarter, the total rebate was \$0.9 million for 5,875 AF or 42.8% of total budget.
- **Property Taxes** – General ad-valorem property tax receipts from the San Bernardino County Tax Assessor (County) will commence in November 2014 as collection of the first installment from property owners will be due on November 1st. RDA pass through payments are due from the County in January and June.
- **Grants & Loans** – Total receipts were \$2.2 million or 10.5% of the budget. Construction for the Central/Wineville area recycled water projects accounted for the low receipts which is expected to be completed by the end of the fiscal year.
- **Cost Reimbursements** – Total cost reimbursements were \$1.0 million or 18.7% of the annual budget. Categories include reimbursements of \$.6 million from the Inland Empire Regional Composting Authority (IERCA), \$.2 million from Chino Basin Desalter Authority (CDA), and \$.2 million from Chino Basin Watermaster (CBWM). Total cost reimbursement budget of \$5.4 million, includes \$1.2 million from CDA, \$3.5 million from IERCA, and \$0.7 million from CBWM for the O&M cost share portion.
- **Other Revenues** – Total other revenues were \$0.9 million or 18.4% of the annual budget. Categories include \$0.5 million from CBWM reimbursement for capital and debt service cost share, \$.2 million from lease payment for the RP-5 Solids Handling Facility, \$0.3 million for the recovery of the deferred 4R capital charges from Non-Reclaimable (NC) fund. The total other revenue budget of \$4.7 million, includes \$1.4 million from Recycled Water (WC), \$1.2 million inter-fund loan transfer from Water Resource (WW) fund, \$0.4 million of reimbursement from CBWM for the capital and debt service cost share, and \$0.5 million of annual lease revenue.

TOTAL EXPENSES AND USES OF FUNDS

The Agency's total expenses for the first quarter were \$33.1 million, or 17.5% of the \$188.7 million Amended budget. The Amended Budget includes approximately \$19.3 million of encumbrances carried forward from FY 2014/15; \$14.9 million for capital projects and \$4.4 million for total operating (O&M) expenses, including O&M and reimbursable projects. Key highlights of expenses are:

- **Employment Expenses** – Employment expenses for the first quarter were \$8.6 million or approximately 21.1% of Amended Budget. The favorable variance was due to a higher than anticipated vacancy factor. A total of 24 positions were vacant and an additional 15 were on hold at the end of the quarter, equivalent to a 13.5% vacancy factor which exceeds the Agency's target of 5.0%.
- **Chemicals Expenses** – This category expended approximately \$1.0 million, or 19.2% of Amended Budget. Chemicals usage was slightly below budgeted projections for the first quarter due to installation of new CJ2 analyzers which reduced the need for additional solutions and chemicals as well as to the bulk procurement of iron sponge media at the end of prior fiscal year.
- **Biosolids Recycling** – Biosolids expenses at the end of the first quarter were \$0.6 million or 17.7% of the budget. The favorable variance was caused by a delay of biosolids disposal due to laboratory testing. Once the testing has been completed, the disposal will occur and consumption will align with budget expectations.
- **Utilities** – This category expended \$2.9 million or 27.4% of the budget, slightly unfavorable due to higher energy costs in electricity, with an actual average for the first quarter of \$0.122/kWh compared to the budgeted rate of \$0.120/kWh. Electricity costs were slightly offset by natural gas expenses, with actual average rate of \$0.563/therm compared to the budgeted rate of \$0.80/therm.
- **Capital** - Total project expenditures through the end of the first quarter were \$7.7 million, or 14.9% of the \$52.0 million in the Amended budget. The low capital spending in the first quarter was due to timing in the construction of the RP-1 Outfall Relocation and Central/Wineville recycled water projects which are projected to be completed by the end of the fiscal year. Approximately, 62% of the quarter to date project cost were related to Recycled Water and 29% for Regional Wastewater capital programs.
- **Debt Service** – Total debt service expenses were \$7.3 million or 17.7% of the \$41.9 million budget for the first quarter, mainly due to the timing of the debt repayment. This category is expected to remain below budget in the subsequent quarters if the interest rate on the 2008B Variable Rate Demands Bonds continues to stay below the 1% budgeted rate. The average year to date actual rate is .05%.

More detailed explanations of significant revenue and expenses are included in the attached Exhibit A.

FUND BALANCES AND RESERVES

Preliminary fund balance for the year ended June 30, 2014 reported to the Board on October 16, 2014 was \$145.0 million. The net result through the end of the first quarter is a decrease in total fund balance by \$7.9 million resulting in an ending fund balance of \$137.1 million.

GOALS AND OBJECTIVES

Exhibit B provides information on division and related department goals and objectives and the status of each through the end of the first quarter. The goals and objectives indicators are measures used to track the volume and complexity of work by type and to track the effort invested to accomplish that work. Staff will use the indicators to justify current resource allocations, requests for additional resources or re-allocation of staff and to track productivity.

BUDGET TRANSFERS AND AMENDMENTS

Exhibit C presents a summary of O&M budget transfers approved by management during the first quarter. FY 2014/15 Adopted Budget included \$400,000 of General Manager (GM) Contingency Account in the Regional Operations & Maintenance (RO) Fund and \$100,000 in the Administrative Service (GG) Fund to support unexpected and necessary expenses. As of the end of first quarter, \$100,000 from GG Fund and \$83,000 from RO Fund of the GM Contingency Account has been utilized to support the following activities: \$53,000 for the Water Discovery program, \$50,000 for WaterReuse Research Foundation pledge, \$50,000 to cover fees related to the MWH TCE feasibility study, and \$30,000 in legal litigation.

Exhibit D contains a list of capital project budget amendments approved by the Board during the first quarter of FY 2014/15 in amount of \$9.2 million. The budget amendments are related primarily to Recycled Water projects (\$8.3 million), purchase of easements from San Bernardino Flood Control District allocated to Non-Reclaimable Wastewater Fund (\$.5 million) and the Regional fund (\$.3 million).

Additionally, exhibit D includes the list of budget transfers between capital projects and between O&M projects by fund. Total capital projects budget transfers of \$1.7 million were completed in the first quarter. The RO Fund requested \$.7 million; RC Fund requested \$.6 million, WC fund \$.3 million, with the rest distributed among GG and NC funds. Total O&M project budget transfers of \$.4 million were primarily in WW Fund (\$.3 million) and RO Fund (\$.1 million).

The budget variance analysis report is consistent with the Agency's business goal of *Fiscal Responsibility*; to demonstrate the Agency appropriately funded operational, maintenance and capital costs.

PRIOR BOARD ACTION

On October 16, 2014, the Board reviewed the Agency's variance report for FY 2014/15 Fourth Quarter Ending June 30, 2014.

IMPACT ON BUDGET

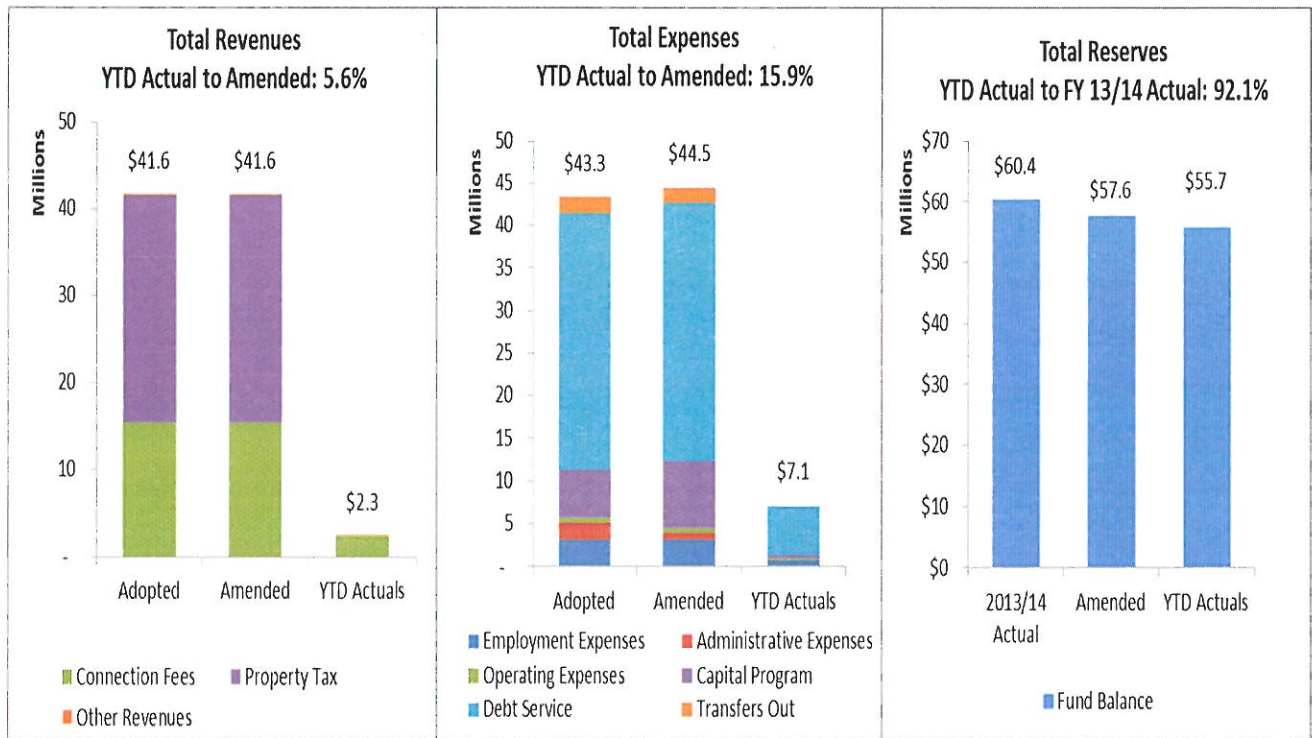
The net shortfall in total revenues over total expenses in the amount of \$7.9 million results in a total estimated fund balance of \$137.1 million in quarter ended September 30, 2014.

**Attachment A:
FY 2014/15 Financial Overview of Agency's programs**

The following is the FY 2014/15 financial overview of each of the Agency's funds:

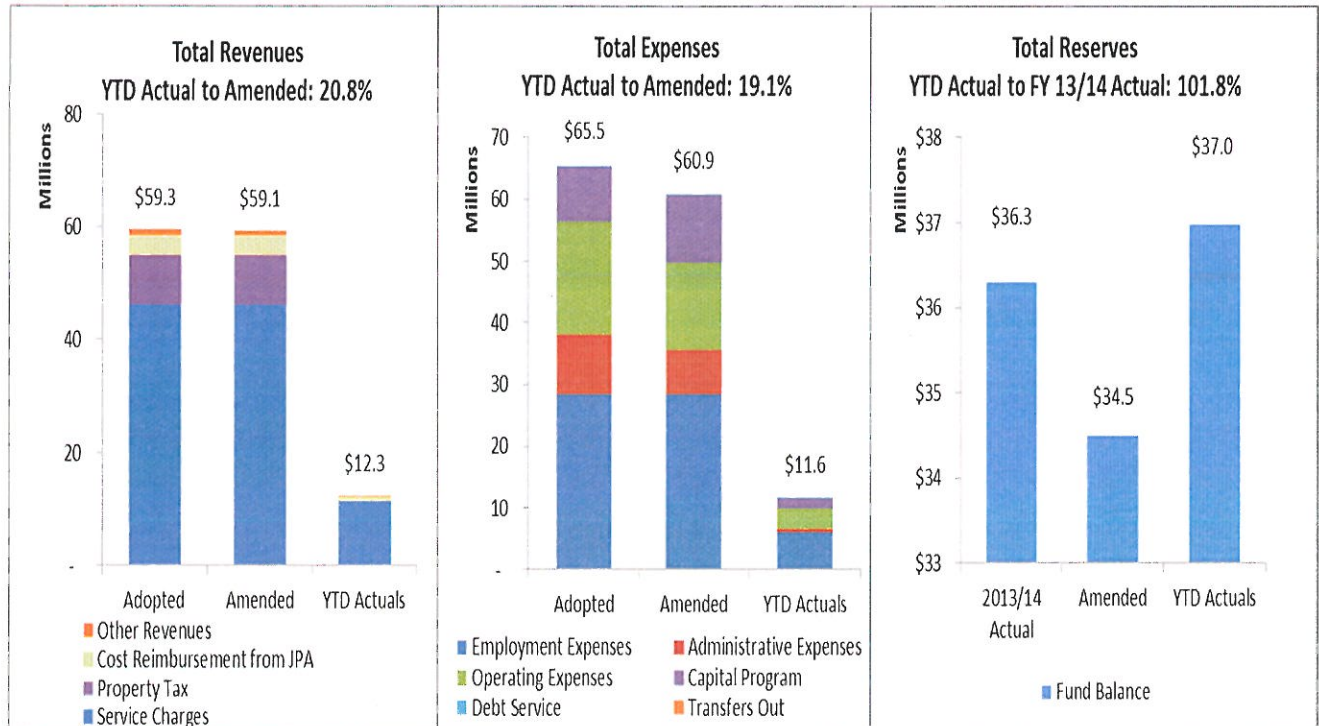
**FY 2014/15 Total Revenues, Expenses, and Fund Balance -
Regional Wastewater Capital Improvement (RC) Fund**

- First quarter actual fund balance decrease of \$4.7 million compared to the FY 2013/14 actual is primarily due to timing of the 2010A Revenue Bond payment scheduled for November 2014, coupled with lower connection fees revenue in the first quarter.



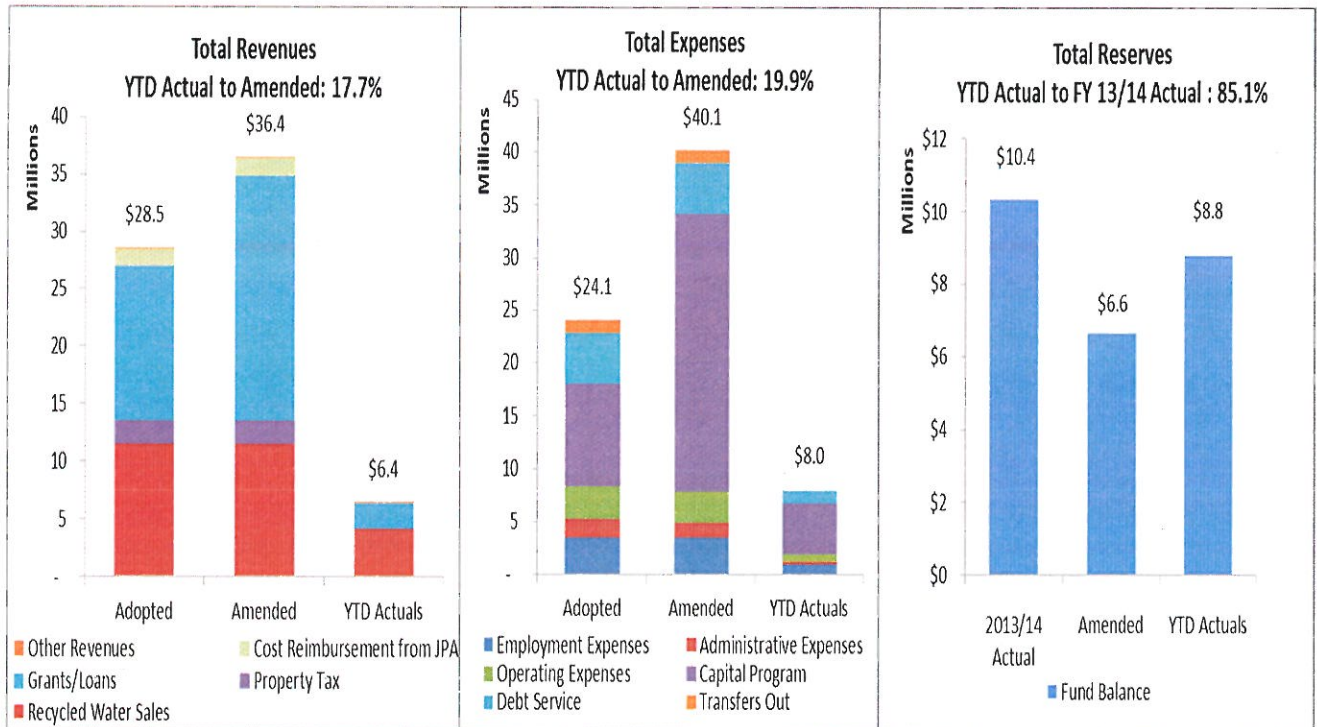
**FY 2014/15 Total Revenues, Expenses, and Fund Balance –
Regional Wastewater Operations and Maintenance (RO) Fund**

- First quarter actual fund balance increase of \$0.7 million compared to the FY 2013/14 actual is primarily due to delayed execution of capital Replacement and Rehabilitation (R&R) projects.



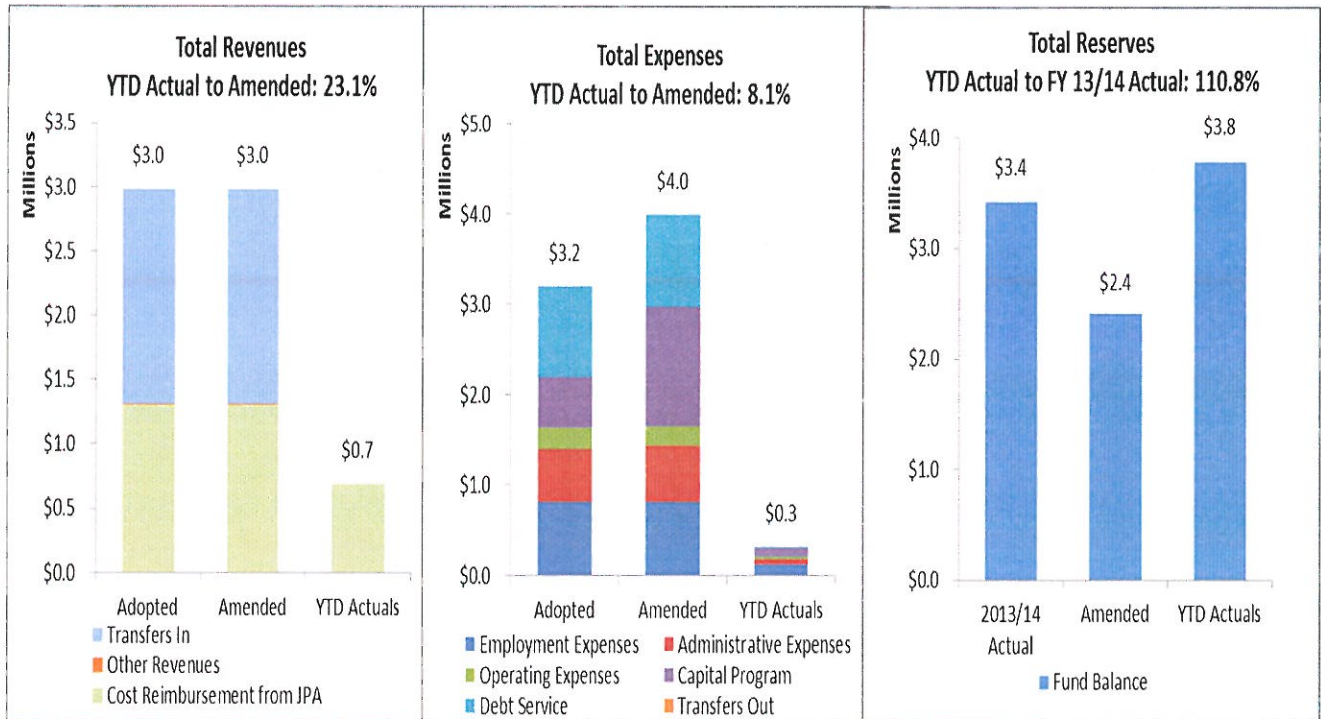
**FY 2014/15 Total Revenues, Expenses, and Fund Balance –
Recycled Water (WC) Fund**

- First quarter actual fund balance decrease of \$1.6 million compared to the FY 2013/14 actual is primarily due to timing of the property tax and SRL loan receipts which are projected in second quarter of the fiscal year and pay-go funding of capital expenditures.



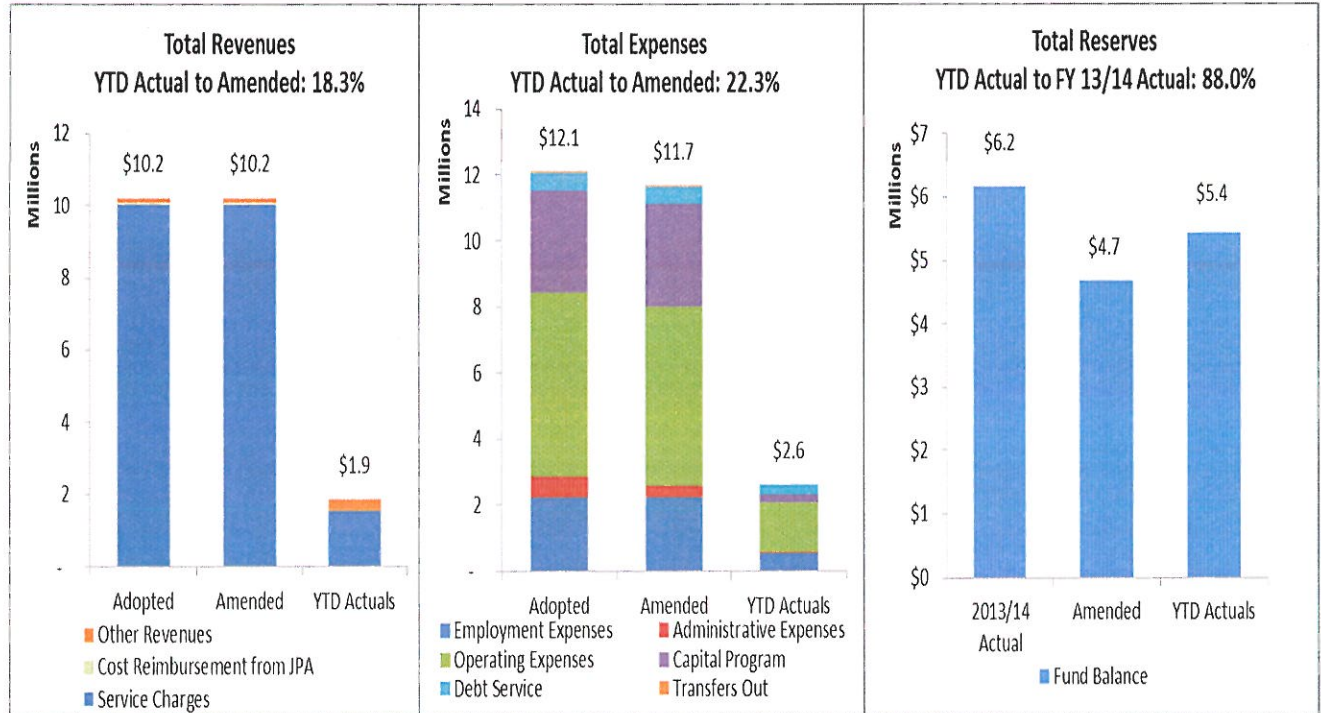
FY 2014/15 Total Revenues, Expenses, and Fund Balance – Recharge Water (RW) Fund

- First quarter actual fund balance increase of \$0.4 million compared to the FY 2013/14 actual is primarily due to lower capital and debt service costs.



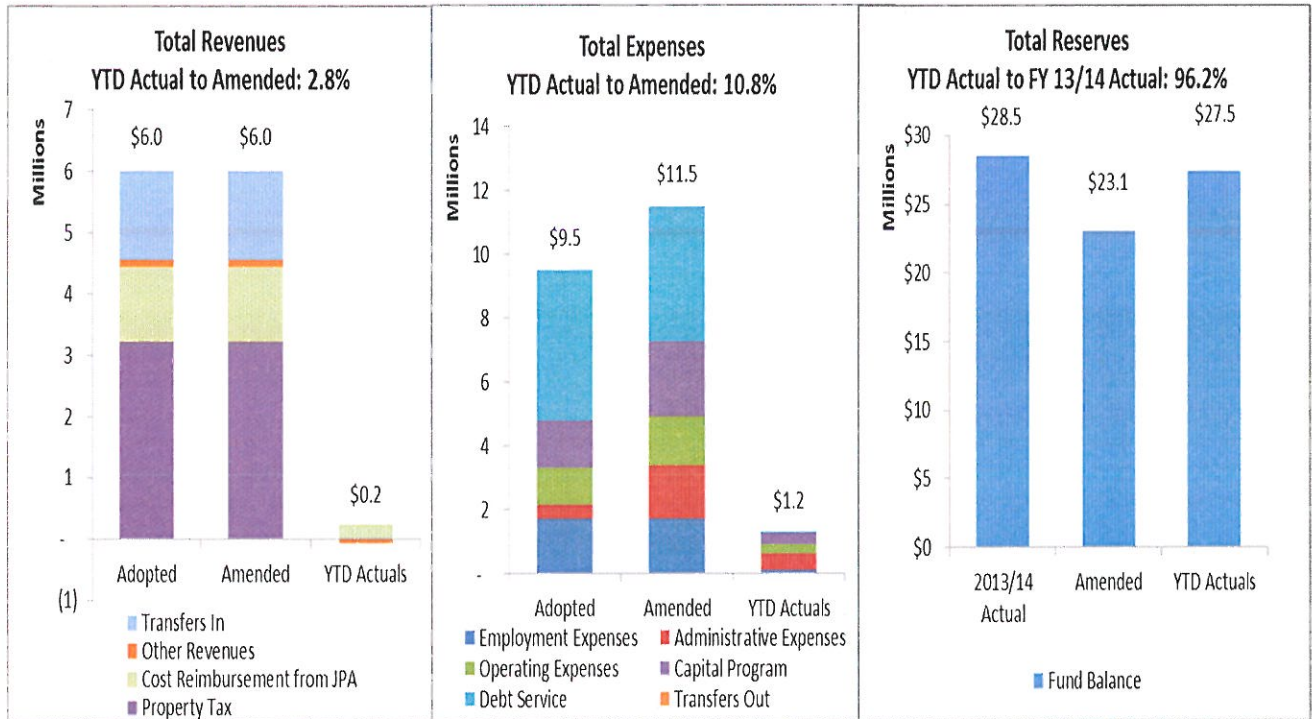
**FY 2014/15 Total Revenues, Expenses, and Fund Balance –
 Non-Reclaimable Wastewater (NC) Fund**

- First quarter actual fund balance decrease of \$0.8 million compared to the FY 2013/14 actual is primarily due to timing of the strength charges billed to industries in the second quarter.



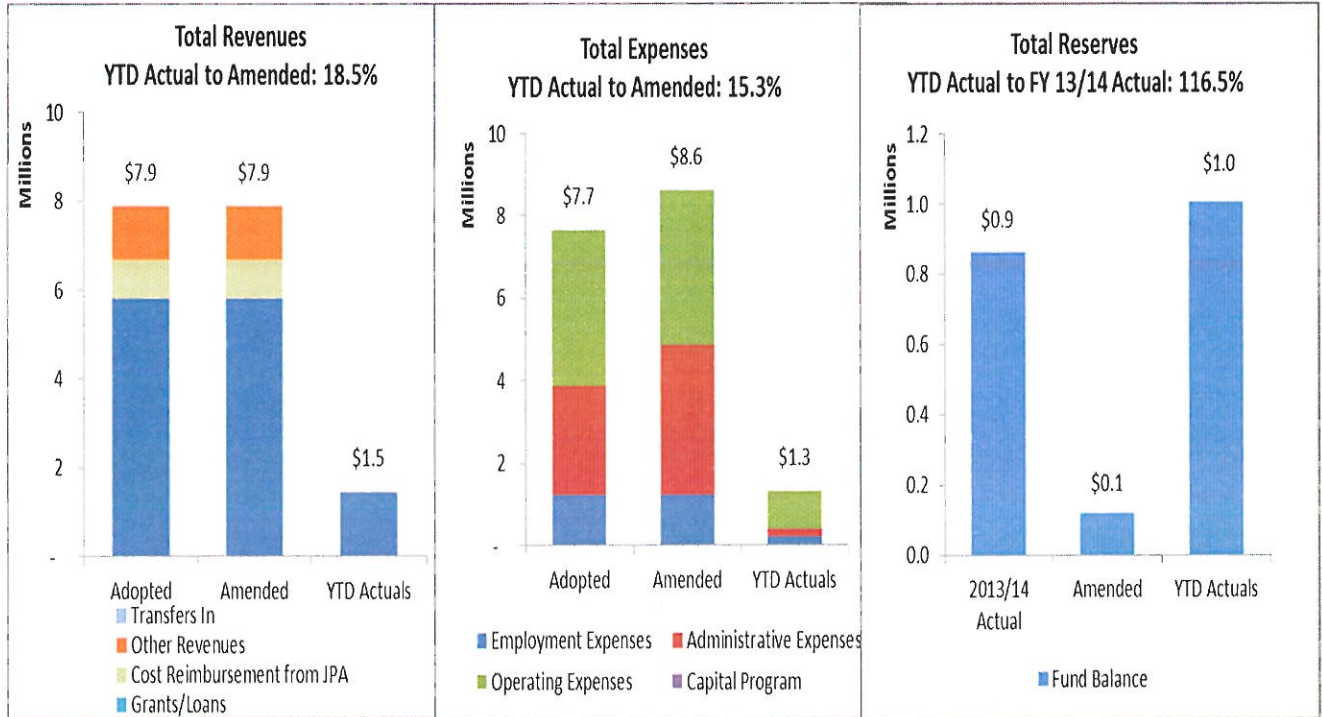
**FY 2014/15 Total Revenues, Expenses, and Fund Balance –
 Administrative Services (GG) Fund**

- First quarter actual fund balance decrease of \$1.0 million compared to the FY 2013/14 actual is primarily due timing of the property tax receipts which is projected in second quarter of the fiscal year.



**FY 2014/15 Total Revenues, Expenses, and Fund Balance –
 Water Resources (WW) Fund**

- First quarter actual fund balance increase of \$0.1 million compared to the FY 2013/14 actual is primarily due to higher grant/rebate receipts for conservation programs.



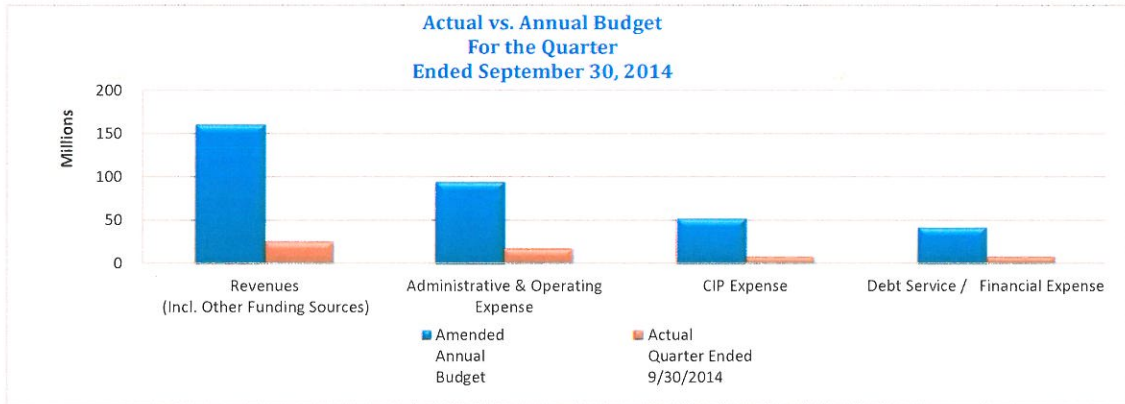


I. Actual vs. Budget Summary:

First Quarter September 30, 2014

% of the Year
Elapsed: 100%

	Adopted Annual Budget	Amended Annual Budget	Actual Quarter Ended 9/30/2014	Amended vs. Actual	% of Amended Budget
Operating Revenues	\$82,996,623	\$82,996,625	\$19,795,840	(63,200,785)	23.9%
Non-Operating (Other Sources of Fund)	70,436,544	78,343,437	5,427,726	(72,915,711)	6.9%
TOTAL FUNDING SOURCES	153,433,167	161,340,062	25,223,566	(136,116,496)	15.6%
Administrative & Operating Expense	(91,015,073)	(94,714,176)	(17,645,729)	77,068,446	18.6%
CIP Expense	(29,314,800)	(52,043,546)	(7,747,020)	44,296,526	14.9%
Debt Service / Financial Expense	(41,966,339)	(41,966,339)	(7,707,093)	34,259,246	18.4%
TOTAL USES OF FUNDS	(162,296,212)	(188,724,060)	(33,099,842)	155,624,218	17.5%
Surplus/(Deficit)	(8,863,045)	(27,383,998)	(7,876,276)	19,507,722	28.8%



2. Actual Revenue vs. Budget:

	Adopted Annual Budget	Amended Annual Budget	Actual Quarter Ended 9/30/2014	Amended vs. Actual	% of Amended Budget
% of the Year Elapsed: 100%					
Operating Revenues:					
User Charges	\$61,812,614	\$61,812,614	\$14,538,417	\$47,274,197	23.5%
Recycled Water Sales	9,502,500	9,502,502	3,348,010	6,154,492	35.2%
MWD LPP Rebate	2,079,000	2,079,000	889,812	1,189,188	42.8%
Property Tax - O&M	3,216,278	3,216,278	0	3,216,278	0.0%
Cost Reimbursement	5,437,786	5,437,786	1,015,413	4,422,373	18.7%
Interest	948,445	948,445	4,188	944,257	0.4%
OPERATING REVENUES	82,996,623	82,996,625	19,795,840	63,200,785	23.9%
Non-Operating Revenues:					
Property Tax - Debt, Capital, Reserves	\$36,987,196	\$36,987,196	\$0	\$36,987,196	0.0%
Connection Fees	\$15,321,000	\$15,320,999	\$2,325,685	\$12,995,314	15.2%
Grants & Loans	13,394,355	21,301,249	2,230,565	19,070,684	10.5%
Other Revenue	4,733,993	4,733,993	871,477	3,862,516	18.4%
NON-OPERATING REVENUES	70,436,544	78,343,437	5,427,726	72,915,711	6.9%
Total Revenues	\$153,433,167	\$161,340,062	\$25,223,566	\$136,116,496	15.6%

User Charges	User charges were \$14.5 million, or 23.5% of the Amended Budget. This category includes EDU volumetric fees of \$11.5 million, \$1.5 million Non-Reclaimable wastewater fees paid by industrial and commercial users connected to the brine line system; \$0.2 million for water meter service charge to meet our Readiness-to-Serve obligation from MWD and water use efficiency programs; and \$1.2 million for imported potable water surcharge.
Property Tax/ AdValorem	General ad-valorem property tax receipts from the San Bernardino County Tax Assessor will commence in November 2014 as collection of the first installment from property owners will be due on November 1st. Payment of RDA pass through payments are due from the County in January and June.
Recycled Water Sales	Actual direct and recharged recycled sales water for the first quarter were \$2.6 million (9,375 AF) and \$0.7 million (2,544 AF), respectively, for a combined total of \$3.3 million or 35.2% of budget. Total deliveries of 12,207 AF compares favorably to the direct and recharge recycled water budget of 32,000 AF. A wet winter season may impact future deliveries due to reduced demand for recycled water and limit the recharge deliveries to meet water being
Interest Income	Interest Income is approximately 0.4% of the annual budget due to timing of interest payments and lower average interest rate of return of .46% compared to the budgeted interest rate of .50%.
MWD LPP Rebates	MWD LPP rebate is budgeted at \$2.1 million or \$154/AF for direct recycled water deliveries up to 17,000 AFY, excluding the initial 3,500 AFY. During the first quarter, total projected rebate revenue is \$.9 million for 5,875 AF, or 42.8% of total budget.
Connection Fees	Member agencies reported a total of 457 new connections, or \$2.3 million in new EDU connection fees or 15.2%, compared to the annual budget of \$15.3 million (3,000 new EDU connections).

Grants and Loans	Total receipts were \$2.2 million or 10.5% of the budget; \$2 million grants and \$2.0 million of loan proceeds from SWRCB for the Recycled Water Southern Area projects. Total budget of \$13.4 million consists of \$11.1 million from the Clean Water State Revolving Fund (CWSRF) Program and \$2.3 million from SWRCB/USBR Water Recycling Program for the Southern and Central/Wineville Area projects.
Cost Reimbursements JPA	Total cost reimbursements were \$1.0 million or 18.7% of the annual budget. Categories include reimbursements of \$0.6 million from the Inland Empire Regional Composting Authority (IERCA), \$0.2 million from Chino Basin Desalter Authority (CDA), and \$0.2 million from Chino Basin Watermaster (CBWM). Total cost reimbursement budget of \$5.4 million, includes \$1.2 million from CDA, \$3.5 million from IERCA, and \$0.7 million from CBWM for the O&M portion.
Other Revenues	Total other revenues were \$0.9 million or 18.4% of the annual budget. Categories include \$0.5 million from CBWM reimbursement (capital and debt service cost share), \$0.2 million from lease payment for the RP-5 Solids Handling Facility, \$0.3 million for the recovery of the deferred 4R capital charges from Non-Reclaimable (NC) fund. The total other revenue budget of \$4.7 million, includes \$1.4 million from Recycled Water (WC), \$1.2 million inter-fund loan transfer from Water Resource (WW) fund, \$0.4 million of reimbursement from CBWM for the capital and debt service cost share, and \$0.5 million of annual lease revenue.

3. Actual Operating and Capital Expense vs. Budget:

% of the Year
Elapsed: 100%

	Adopted Annual Budget	Amended Annual Budget	Actual Quarter Ended 9/30/2014	Amended vs. Actual	% of Amended Budget
Operating Expenses:					
Employment	\$40,890,683	\$40,890,683	\$8,621,101	\$32,269,582	21.1%
Admin & Operating	50,124,390	53,823,493	9,024,628	\$44,798,865	16.8%
OPERATING EXPENSES	\$91,015,073	\$94,714,176	\$17,645,729	\$77,068,447	18.6%
Non-Operating Expenses:					
Capital	29,314,800	52,043,546	7,747,020	\$44,296,526	14.9%
Debt Service and All Other Expenses	41,966,339	41,966,339	7,707,093	\$34,259,246	18.4%
NON-OPERATING EXPENSES	\$71,281,139	\$94,009,885	\$15,454,113	\$78,555,772	16.4%
Total Expenses	\$162,296,212	\$188,724,060	\$33,099,842	\$155,624,219	17.5%

Employment Expense *Employment - 21.1%*
 This category includes both wages and benefits. Employment expenses for the first quarter were \$8.6 million or approximately 21.1% of Amended Budget. The favorable variance was due to a higher than anticipated vacancy factor. A total of 24 positions were vacant and an additional 15 were on hold at the end of the quarter, equivalent to a 13.5% vacancy factor which exceeds the Agency's budgeted rate of 5.0%.

Administrative & Operating Expense *Office and Administrative - 2.4%*
 The favorable variance was mainly due to deferral of computer software, office supplies, director's expenses, training, travel related expenses, and avoided election expenses. Online webinar training is being utilized when available in lieu of onsite training.

Professional Fees & Services - 9.9%
 Favorable variance was due to timing of contract services to be performed in the subsequent months. Other items which account for the favorable variance include: legal, external audit, landscaping, security and computer system support. As part of the cost containment plan, Agency staff continues to leverage in house resources whenever possible in lieu of outside consultants.

Materials & Supplies/Leases/Contribution - 16.1%
 The favorable variance was mainly due to the delay of materials and supply purchases to the second and third quarters. For example, disaster prep supply purchases and the purchase of a moisture balance for measuring dewatered solids will take place during the following quarters.

Biosolids Recycling - 17.7%
 Favorable variance was due to the delay of disposal of biosolids. The drying bed samples of biosolids are currently at the laboratory for testing of moisture content. Once the testing has been completed, the disposal action will take place and budget consumption will align with Q1 expectations.

Chemicals - 19.2%
 Chemicals usage was slightly below budgeted projections for the first quarter due to installation of new CJ2 analyzers which reduced the need for additional solutions and chemicals as well as to the bulk procurement of iron sponge media at the end of prior fiscal year.

Operating Fees - 24.7%
 Operating fees spending is on target with Q1 spending expectations. Spending was in line with budget for categories such as TSS, COD, and Volumetric Waste Fees.

Utilities - 27.4%
 A slightly unfavorable variance in this category was contributed by higher energy costs in electricity, with an actual average for the first quarter of \$0.122/kWh compared to the budgeted rate of \$0.120/kWh. Electricity costs were slightly offset by natural gas expenses, with actual average rate of \$0.563/therm compared to the budgeted rate of \$0.80/therm.

Special and Reimbursable Projects - 1.3% and 6.7%
 Special and reimbursable project expenditures are lower than budget. Combined actual costs were \$0.2 million or 2.5.0% compared to a combined amended budget of \$8.5 million. The table below provides a summary of the major projects and current status.

Financial Expenses	Financial Expense - 17.7% Total debt service expenses were \$7.3 million or 17.7% of the \$41.9 million budget for the first quarter, mainly due to the timing of the debt repayment. This category is expected to remain below budget in the subsequent quarters if the interest rate on the 2008B Variable Rate Demands Bonds continues to stay below the 1% budgeted rate. The average year to date actual rate is .05%.
Capital Expense	Capital Costs - 14.9% Capital expenditures in the first quarter were approximately \$7.7 million. Recycled Water projects accounted for approximately 49% of amended budget and 37% are related to Regional Wastewater projects. Listed below is a brief status report on some of the major projects currently under construction.

Summary of major capital and special project expenses and status as of September 30, 2014

Capital Project		Amended FY 2014/15	YTD Expenditure	Budgeted Amount Remaining
EN13023	930 Zone Recycled Water Reservoir 47% of the budget was expended by the end of the first quarter. The purpose of the project is to provide storage in the Southern Service Area and increase pump station capacities. Currently the project is in construction. Last month a pipeline along Foxglove Drive was successfully installed and connected to the Carbon Canyon Channel pipeline. All constructions is projected to be completed at the end of January 2015.	Capital Projects	3,546,926	3,982,818
EN13038	RP-1 Outfall Relocation & Upsizing Less than 1% of the budget was expended by the end of the first quarter. This project includes the relocation of an existing 30-inch RP-1 Outfall recycled water pipeline outside of its easement into public right-of-way. Due to increasing capacity demand from the City of Ontario, the pipeline will be upgraded to a 72-inch pipeline. Currently the project is in the construction phase. The necessary 72" pipe will be manufactured in November 2014 and delivered to the job site in January 2015. All construction is projected to be completed at the end of this fiscal year.	Capital Projects	1,696	5,198,304
EN06025	Wineville Extension Recycled Water Pipeline 15% of the budget was expended by the end of the first quarter. The project is to construct a 24 and 20 inch recycled water pipeline from the Wineville Recycled Water Pipeline at Jurupa and Wineville to the RP-3 basins at Beech and Jurupa. The pipeline is located in the cities of Ontario and Fontana. The project consists of approximately 24,000 lineal feet of pipe and will serve recycled water customers as well as provide recycled water for ground water recharge at the RP-3 and Decler Basins. The construction bid package has been advertised with a construction date of June 18, 2014. Construction and permitting are currently underway for this project and the project is estimated to be completed in October 2015.	Capital Projects	476,786	2,759,964
EN13045	Wineville Extension Recycled Water Pipeline Segment B 1% of the budget was expended by the end of the first quarter. The project involves the installation of 2.8 miles of 30" recycled water pipeline in addition to the associated appurtenances. This project is in conjunction with EN06025. Currently permitting and construction are in progress. Last month the contractor was able to acquire the property along the proposed new pipeline alignment. This project is estimated to be completed in December 2015.	Capital Projects	33,430	2,966,570
EN13054	Montclair Lift Station Upgrades 7% of the budget was expended by the end of the first quarter. The project will work to eliminate the ragging problem at the Montclair Pump Station that arose due to additional flow diverted to RP-1. The project is currently in the construction phase. HVAC redesign has been completed and the complete bypass and outage plan is being finalized. Coordination with SCE should result in an early SCE cut-over. Construction is projected to be finished in March 2015.	Capital Projects	175,390	2,402,441
EN11035	Philadelphia Pump Station Upgrades 13% of the budget was expended by the end of the first quarter. The project will mitigate problems at the pump station including walls and floor surfaces that will be recoated with a strong resin. Currently, the project is in the construction phase, with expectations of being completed in January 2015. The complete bypass of the Pump Station is proceeding and expected to be completed by December 2015.	Capital Projects	188,740	1,222,002
EN14012	RP-2 Drying Beds Rehabilitation 1% of the budget was expended by the end of the first quarter. The project includes the design, procurement, and installation of drying bed improvements and temporary provisions for dewatering. The project is currently in construction, projected to be completed in April 2015. The bidding process for the project was completed in August 2014 and the construction contract was awarded to the lowest bidder, Environmental Construction. The contract was approved by the Board in September 2014.	Capital Projects	10,193	1,268,086

O&M & Reimbursable Projects		Amended FY 2014/15	YTD Expenditure	Budgeted Amount Remaining
WR15022	Water Use Assessments 0% of the budget was expended by the end of the first quarter. The project will identify water efficiency programs and tools to evaluate municipal water use assessments. This will help identify high water users to target with necessary conservation programs.	O&M Projects	-	800,000
PA15001	Underground Piping Rehabilitation 0% of the budget was expended by the end of the first quarter. This project is an annual appropriation for the rehabilitation or repair of the Agency's underground assets. This includes pipes vaults, channels, and process galleries.	O&M Projects	-	500,000
EP15001	RP-1/RP-2 Digester Cleaning Project 0% of the budget was expended by the end of the first quarter. The project involves the removal of solids from Wastewater Treatment Facility Digesters to allow for better processing, a reduction of equipment failures, and improvement in process performance.	O&M Projects	-	420,000
WR15005	Residential Landscape Device Retrofit 2% of the budget was expended by the end of the first quarter. This program is a continuation of the regional landscape audit and monitoring program. The project is a grant-funded program from SAWPA / DWR. New work for the project began partially in July and continued throughout the rest of the quarter.	Reimbursable Proje	7,166	392,834
WR14003	Wastewater Facilities Update and CEQA 0% of the budget was expended by the end of the first quarter. The project includes analysis on future uses of RP-2 and RP-5 solids handling facilities and expansion to the WWTPs, the Recycled Water Program, Recharge Program, Energy Program, and Water Resources Program.	O&M Projects	-	401,703

INLAND EMPIRE UTILITIES AGENCY
Fiscal Year 2014/15
CONSOLIDATED BUDGET VARIANCE ANALYSIS REPORT
First Quarter September 30, 2014

	Adopted FY 2014/15 Annual Budget	Amended FY 2014/15 Annual Budget	YTD Actual	YTD Variance	YTD % Budget Used
<u>OPERATING REVENUES</u>					
User Charges	\$61,812,614	\$61,812,614	\$14,538,417	(\$47,274,197)	23.5%
Recycled Water	9,502,500	9,502,502	3,348,010	(6,154,492)	35.2%
MWD LPP Rebates	2,079,000	2,079,000	889,812	(1,189,188)	42.8%
Property Tax - O&M	3,216,278	3,216,278	-	(3,216,278)	0.0%
Cost Reimbursement from JPA	5,437,786	5,437,786	1,015,413	(4,422,373)	18.7%
Interest Revenue	948,445	948,445	4,188	(944,257)	0.4%
TOTAL OPERATING REVENUES	\$82,996,623	\$82,996,625	\$19,795,840	(\$63,200,785)	23.9%
<u>NON-OPERATING REVENUES</u>					
Property Tax - Debt, Capital, Reserves	\$36,987,196	\$36,987,196	\$0	(\$36,987,196)	0.0%
Connection Fees (CCRA)	15,321,000	15,320,999	2,325,685	(12,995,314)	15.2%
Grants	2,320,000	3,337,654	188,396	(3,149,258)	5.6%
SRF Loan Receipts	11,074,355	17,963,595	2,042,169	(15,921,426)	11.4%
Project Reimbursements	1,969,220	1,969,220	505,740	(1,463,480)	25.7%
Other Revenue	2,764,773	2,764,773	365,737	(2,399,036)	13.2%
TOTAL OPERATING REVENUES	\$70,436,544	\$78,343,437	\$5,427,726	(\$72,915,711)	6.9%
TOTAL REVENUES	\$153,433,167	\$161,340,062	\$25,223,566	(\$136,116,496)	15.6%
<u>ADMINISTRATIVE and OPERATING EXPENSES</u>					
EMPLOYMENT EXPENSES					
Wages	\$22,295,053	\$22,295,053	\$5,934,091	\$16,360,962	26.6%
Benefits	18,595,630	18,595,630	2,687,010	15,908,620	14.4%
TOTAL EMPLOYMENT EXPENSES	\$40,890,683	\$40,890,683	\$8,621,101	\$32,269,582	21.1%
ADMINISTRATIVE EXPENSES					
Office & Administrative	\$1,513,247	\$2,228,030	\$53,034	\$2,174,996	2.4%
Insurance Expenses	739,000	739,000	155,456	583,545	21.0%
Professional Fees & Services	7,651,114	8,773,803	871,146	7,902,657	9.9%
O&M Projects	3,939,500	6,731,348	90,780	6,640,568	1.3%
Reimbursable Projects	1,158,750	1,827,166	122,098	1,705,068	6.7%
TOTAL ADMINISTRATIVE EXPENSES	\$15,001,611	\$20,299,347	\$1,292,513	\$19,006,834	6.4%

INLAND EMPIRE UTILITIES AGENCY
Fiscal Year 2014/15
CONSOLIDATED BUDGET VARIANCE ANALYSIS REPORT
First Quarter September 30, 2014

	Adopted FY 2014/15 Annual Budget	Amended FY 2014/15 Annual Budget	YTD Actual	YTD Variance	YTD % Budget Used
OPERATING EXPENSES					
Material & Supplies/Leases	\$2,985,473	\$3,559,018	\$573,137	\$2,985,881	16.1%
Biosolids Recycling	3,633,660	3,607,924	637,690	2,970,234	17.7%
Chemicals	4,629,380	4,995,463	958,759	4,036,704	19.2%
CSDLAC & SARI, Operating Fees/Water	13,349,199	10,836,674	2,681,063	8,155,611	24.7%
Utilities	10,525,067	10,525,067	2,881,467	7,643,600	27.4%
TOTAL OPERATING EXPENSES	\$35,122,779	\$33,524,146	\$7,732,115	\$25,792,031	23.1%
TOTAL ADMINISTRATIVE and OPERATING EXPENSES	\$91,015,073	\$94,714,176	\$17,645,729	\$77,068,446	18.6%
<u>NON-OPERATING EXPENSES</u>					
CAPITAL OUTLAY	\$29,314,800	\$52,043,546	\$7,747,020	\$44,296,526	14.9%
FINANCIAL EXPENSES					
Principal, Interest and Financial Expenditures	41,572,489	41,572,489	7,346,189	34,226,300	17.7%
OTHER NON OPERATING EXPENSES	393,850	393,850	360,904	32,946	91.6%
TOTAL NON-OPERATING EXPENSES	\$71,281,139	\$94,009,885	\$15,454,113	\$78,555,772	16.4%
TOTAL EXPENSES	\$162,296,212	\$188,724,060	\$33,099,842	\$155,624,218	17.5%
REVENUES IN EXCESS/ (UNDER) EXPENSES	(\$8,863,045)	(\$27,383,998)	(\$7,876,276)	(\$19,507,724)	
FUND BALANCE SUMMARY					
Beginning Balance, July 01	\$146,164,676	\$144,976,984	\$144,976,984	\$0	
Surplus/ (Deficit)	(8,863,045)	(27,383,998)	(7,876,276)	(19,507,724)	
ENDING BALANCE, June 30	\$137,301,631	\$117,592,986	\$137,100,709	\$19,507,724	



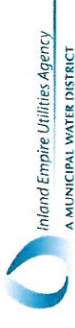
Inland Empire Utilities Agency

A MUNICIPAL WATER DISTRICT

FY 2014/15 1st Quarter Budget Variance Report

**Board of Directors
December 17, 2014**

Revenue Highlights Actual vs. Amended Budget



GOOD NEWS....

- ❖ **Recycled Water Sales** – \$3.3M, 35.2% of amended budget
 - 12,207 AFY actual vs. 32,000 AFY amended budget
 - \$2.6M, 28.6% of budget for direct sales

NOT SO GOOD NEWS....

- ❖ **New EDU Connection Fees** - \$2.3M, 15.2% of amended budget
 - 457 new connections compared to budgeted 3,000 units.
- ❖ **Grant and Loan Proceeds** - \$2.2M, 10.5% of amended budget
 - Construction for the Central/Wineville area recycled water projects accounted for the low receipts which is expected to be completed in July 2015.

Expense Highlights Actual vs. Amended Budget



GOOD NEWS...

- ❖ **Employment - \$8.6M, 21.1% of amended budget**
 - Weighted average vacancy factor of 13.5%, or 39 FTE's, far above the 5% budgeted rate.
- ❖ **Capital - \$7.7M, 14.9% of amended budget**
 - The low capital spending in the first quarter was due to timing in the construction of the RP-1 Outfall Relocation and Central/Wineville recycled water projects which are projected to be completed by May and July 2015, respectively.

NOT SO GOOD NEWS...

- ❖ **Utilities - \$2.9M, 27.4% of amended budget**
 - Higher actual SCE rate of 12.2cents/kWh versus budgeted rate of 12.0cents/kWh; slightly offset with lower natural gas rates, actual average was \$0.563 therms compared to the budgeted rate of \$0.80 therms

FY 2014/15 Q1 Operating & Non-Operating Net Decrease

(\$Millions)



Operating	FY 2014/15 Amended Budget	Quarter Ended 09/30/14	Actual % of Amended
Operating Revenue	\$82.9	\$19.8	23.9%
Operating Expense	\$94.7 ¹	\$17.6	18.6%
Operating Net Increase (Decrease)	(\$11.8)	\$2.2	
Non-Operating	FY 2014/15 Amended Budget	Quarter Ended 09/30/14	Actual % of Amended
Non-Operating Revenue	\$78.4	\$5.4	6.9%
Non-Operating Expense	\$94.0 ¹	\$15.5 ²	16.4%
Non-Operating Net Increase (Decrease)	(\$23.6)	(\$10.1)	

¹Total budget encumbrance carry forward of \$19.3 million from FY 2013/14 to FY 2014/15: \$1.3 million for O&M expenses, \$3.1 million for special projects and \$14.9 million for capital projects.

²Includes debt service \$7.3 million and capital expenditures of \$7.7 million.

FY 2014/15 Q1 Ending Fund Balance (\$Millions)



Fund Balance	Amended Annual Budget	Quarter Ended 09/30/14	Actual % of Amended
Total Revenue	\$161.3	\$25.2	15.6%
Total Expense	\$188.7	\$33.1	17.5%
Total Net Increase (Decrease)	(\$27.4)	(\$7.9)	
Beginning Fund Balance	\$145.0	\$145.0	
Ending Fund Balance	\$117.6	\$137.1	



Inland Empire Utilities Agency

A MUNICIPAL WATER DISTRICT

QUESTIONS?

Inland Empire Utilities Agency
 Inter-Departmental/Division Transfers FY 2014/2015
 O&M Budget Transfers

Fund	Date	O & M Transfer From	Category	Amt Transfer Out	O & M Transfer To	Category	Amount Transfer In	Description	QTR
10200	7/21/14	521080	Other Contract Services	\$25,000	526510	Biosolids Recycling	\$25,000	Transfer necessary due to a recent reclassification to reflect appropriate expenses of hazardous material disposal into the correct account.	1
10200	7/24/14	521080	Professional Fees	\$26,782	521140	Computer System Maintenance	\$26,782	Funds will be used for the new contract award for the IT Vizion project	1
10200	7/28/14	519010	GM Contingency	\$50,000	515030	Contributions/Sponsorship	\$50,000	Transfer to cover the WaterReuse Research Foundation pledge. The pledge will assist in completion of the California Direct Potable Reuse Initiative.	1
10200	9/17/14	519010	GM Contingency	\$50,000	521080	Other Contract Services	\$50,000	Transfer from GM Contingency to cover the fees related to the MWH TCE feasibility study. The study is said to take advantage of simultaneously addressing two interdependent groundwater issues in the Chino Basin.	1
10300	8/26/14	519010	GM Contingency	\$30,000	520230	Legal Litigation	\$30,000	Transfer budget from GM Contingency for Recharge Water projected legal expenses to be incurred in this fiscal year	1
10800	8/18/14	519010	GM Contingency	\$53,150	PK11001	Water Discovery Program	\$53,150	Transfer from GM Contingency to Water Discovery Program because the project was extended into this fiscal year. The project is eligible for 50% reimbursement from the State Parks & Rec Dept	1
10900	9/4/14	521410	Computer Systems Maint.	\$500	521410	Computer System Maintenance	\$500	The entire initial budgeted amount for software maintenance under BIS cost center 118100 and fund 10900, except for the amount allocated for Primavera maintenance was used for the CIPO Software maintenance fee for 2014-15, based on the new pay schedules per new contract, which is higher than the originally budgeted amount. Generally, there would be sufficient budget to cover for sales tax.	1
			Total O&M Transfers Out	\$235,432		Total O&M Transfers In	\$235,432		

Inland Empire Utilities Agency
Changes in Total Project Budgets: Inter-Departmental/Division Transfers FY 2014/15

Fund	Capital or O&M Proj?	Request Date	Total Proj Budget Change (Y/N)?	Annual Proj Budget Change (Y/N)?	Project Number	Project Title	Adopted Total Project Budget	Prior FY 2014/15 TP Changes	Current Total Project Budget	Amt. of Transfer In / (Out)	New TP Budget	FY 2014/15 Annual Project Budget	Annual Proj. Budget Change	New Annual Project Budget	Project Transferred To/(From)	Reason For Transfer	
10200	Capital	8/4/14	Yes	Yes	FP10200	Financial Planning Forecast	\$2,854,000	\$0	\$2,854,000	(\$36,000)	\$2,818,000	\$298,000	(\$36,000)	\$262,000	IS15006	Transfer from FP10200 to IS15006 to establish project budget. In order to complete the required SAP upgrades.	
																	IS15006
Subtotal Administration (SG)																	
10300	Capital	8/20/14	Yes	Yes	RV15004	Lower Day Basin R/WPU Improvements	\$0	\$0	\$0	\$70,000	\$70,000	\$0	\$70,000	(RW Reserves)		Board approved amendment to create RV15004 to initiate the design and construction activities under Task Order No. 2 of the Master Cost Sharing Agreement of the RMPU.	
Subtotal Groundwater Recharge (RW)																	
10500	Capital	6/18/14	Yes	Yes	EN15044	SBCFCD NRW Easements	\$0	\$0	\$0	\$515,000	\$515,000	\$0	\$515,000	(NC Reserves)		Board approved amendment to create EN15044 to fund the purchase of easements from San Bernardino County Flood Control District.	
Capital	6/30/14	Yes	Yes	EN14035 EN15037	NRW Collection System Repair NRW Manhole Upgrades	\$850,000	\$0	\$850,000	(\$37,100)	\$812,900	\$37,100	\$450,000	(\$37,100)	\$412,900	EN15037 (EN14035)	Transfer from EN14035 to create new project EN15037 in order to bring the 2 existing buried NRW manholes in the North System Central Trunk to grade. The City of Ontario paved over the manholes and the Agency lost access to its facilities.	
																	EN15046
10600	Capital	6/18/14	Yes	Yes	EN15043	SBCFCD Recycled Water Easements	\$0	\$0	\$0	\$1,100,000	\$1,100,000	\$0	\$1,100,000	(WC Reserves)		Board approved amendment to create EN15043 to fund the purchase of easements from San Bernardino County Flood Control District	
Capital	7/14/14	Yes	Yes	EN15035 EN15039	Misc WC Projects 1630 W Recycled Water Pump Station Upgrades	\$200,000	\$0	\$200,000	(\$40,000)	\$160,000	\$40,000	\$200,000	(\$40,000)	\$160,000	EN15039 (EN15035)	Transfer from EN15035 to create new project EN15039 to address repeated pump failure which has been reported by operations and maintenance staff at the 1630 W Pump Station. A consultant will be hired to evaluate the project and provide recommendation, which will be the first phase.	
																	EN15039
Capital	8/20/14	Yes	Yes	EN13038	RP-1 Outfall Relocation and Upsizing	\$2,000,000	\$0	\$2,000,000	\$3,200,000	\$3,200,000	\$5,200,000	\$2,000,000	\$3,200,000	(WC Reserves)		Board approved amendment to increase the total project budget of EN13038 because construction bids received for the project were approximately \$3,000,000 above Engineering's estimate.	
Capital	8/20/14	Yes	Yes	EN13023	930 Zone Recycled Water Pipeline	\$11,219,538	\$0	\$11,219,538	\$4,005,791	\$15,225,329	\$3,520,953	\$4,008,791	\$3,520,953	(WC Reserves)		Board approved amendment to increase the total project budget of EN13023 because construction bids received for the project were approximately \$3,000,000 above Engineering's estimate.	
Capital	8/21/14	Yes	Yes	EN13048 EN14044	RP-1 930 Zone RW Pump Station Load Analysis RW Hydraulic Modelling	\$973,990	\$0	\$973,990	(\$1,000)	\$972,990	\$169,142	\$100,000	(\$1,000)	\$99,000	EN14044 (EN13048)	Transfer from FP10200 to IS15006 to establish project budget. In order to complete the required SAP upgrades.	
																	EN14044
Capital	9/23/14	Yes	Yes	EN15055 EN15047	Misc WC Projects 1630 W R/WPS Check Valves Replacement	\$200,000	(\$40,000)	\$160,000	(\$120,000)	\$40,000	\$120,000	\$0	\$120,000	(EN15035)		Transfer from EN15035 to create new project, EN15047, to replace the existing valves at 1630 W R/WPS with new check valves.	
Capital	9/24/14	Yes	Yes	EN12016 EN15049	North CIM Lateral AV Replacement on SACP - Segment B	\$210,900	\$0	\$210,900	(\$90,000)	\$120,900	\$90,000	\$100,000	(\$90,000)	\$10,000	EN15049 (EN12016)	Transfer from EN12016 to create new project, EN15049, to fund the replacement of existing AVs with new pre-purchased AVs at each location (SACP - Seg B) and to cover the installation of additional fitting, and vault adjustments.	
																	EN15049
Subtotal Recycled Water (WC)																	
10800	Capital	7/15/14	Yes	Yes	EN15027 EN13054	Misc RO Construction & Emerg Projects Monclair Lift Station Upgrades	\$250,000	\$0	\$250,000	(\$75,000)	\$175,000	\$250,000	(\$75,000)	\$175,000	EN13054 (EN15027)		Transfer from EN15027 to EN13054 to address a buried tank behind the proposed location of the monopole which interferes with grounding the monopole. A consultant and contractor will be retained to complete the work.
Subtotal Non-Recyclable Water (NC)																	
\$1,700,000																	
\$1,493,882																	
\$1,493,882																	

Inland Empire Utilities Agency
Changes in Total Project Budgets: Inter-Departmental/Division Transfers FY 2014/15

Fund	Capital or O&M Proj?	Request Date	Total Proj Budget Change (Y/N)?	Annual Proj Budget Change (Y/N)?	Project Number	Project Title	Adopted Total Project Budget	Prior FY 2014/15 TP Project Budget Changes	Amt. of Transfer In / (Out)	New TP Budget	FY 2014/15 Annual Project Budget	Annual Proj. Budget Change	New Annual Project Budget	Project Transferred To/(From)	Reason For Transfer
					EN13016	SCADA Enterprise System	\$10,000,000	\$0	(\$500,000)	\$9,500,000	\$1,237,247	(\$510,000)	\$717,247	EN14012	
	Capital	9/24/14	Yes	Yes	EN13049	RP-2 Digester No. 4 Dome Improvements	\$1,900,000	\$0	(\$10,000)	\$1,750,000	\$502,157	(\$150,000)	\$352,157	EN14012	Transfer from EN13016 and EN13049 to support the completion of the construction phase for project EN14012.
					EN14012	RP-2 Drying Beds Rehabilitation	\$1,168,400	\$0	\$650,000	\$1,818,400	\$628,279	\$650,000	\$1,278,279	(EN13016 / EN13049)	
					Subtotal Regional Operations (RO):		\$18,835,000			\$16,835,000	\$5,097,684		\$5,097,684		
10900	Capital	6/18/14	Yes	Yes	EN15042	SBCFCD Sewer Easements	\$0	\$0	\$275,000	\$275,000	\$0	\$275,000	\$275,000	(RC Reserve)	Board approved amendment to create EN15042 to fund the purchase of easements from San Bernardino County Flood Control District
	Capital	6/30/14	Yes	Yes	EN14037	Sewer Collection System Manhole Rehabilitations	\$1,825,000	\$0	(\$63,000)	\$1,762,000	\$600,000	(\$63,000)	\$537,000	EN15038	Transfer total project and annual project budget from EN14037 to establish new project EN15038 in order to address the concerns from the City of Ontario and San Bernardino County regarding the manholes needing to be adjusted to grade due to the large amount of noise for the nearby homes when vehicles drive over the recessed manholes.
					EN15038	Collection System Manhole Upgrades	\$0	\$0	\$63,000	\$63,000	\$0	\$63,000	\$63,000	(EN14037)	
					EN14006	Misc Construction & Emerg Proj	\$32,000	\$0	(\$21,144)	\$10,856	\$21,876	(\$21,144)	\$732	EN11051	
					EN14300	Regional Sewer Special Proj	\$100,000	\$0	(\$61,534)	\$38,466	\$61,534	(\$61,534)	\$0	EN11051	Transfer from EN14006, EN14300, and EN14009 to EN11051 because the project was delayed due to commissioning issues. Therefore additional funds are required for the completion of the project.
	Capital	7/24/14	Yes	Yes	EN14009	Misc Construction & Emerg Projs	\$250,000	\$0	(\$180,540)	\$69,460	\$180,540	(\$180,540)	\$0	EN11051	
					EN11051	Central Plant for New Operations Lab	\$2,130,000	\$0	\$263,218	\$2,393,218	\$0	\$263,218	\$263,218	(EN14006 / EN14300 / EN14009)	
	Capital	8/28/14	Yes	No	EN11031	RP-5 Flow Equalization and Effluent Monitoring	\$1,692,300	\$0	(\$200,000)	\$1,492,300	\$809,826	(\$200,000)	\$609,826	EN13046	Transfer from EN11031 to EN13046 to cover short term needs and pricing compliance issue with excess digester gas at RP-1. If improvements are not made quickly, digester gas will rise to the atmosphere, thus violating South Coast Air Quality Management District regulatory requirements.
					EN13046	RP-1 Flare System Improvements	\$3,400,000	\$0	\$200,000	\$3,600,000	\$609,826	\$200,000	\$809,826	(EN11031)	
	Capital	9/18/14	Yes	Yes	EN14037	Sewer Collection System Manhole Rehabilitations	\$1,825,000	(\$63,000)	(\$50,000)	\$1,712,000	\$596,544	(\$50,000)	\$546,544	EN15045	Transfer from EN14037 to create new project, EN15045, to cover the costs of 22 sewer collection system manhole frames and cover repairs.
					EN15045	Collection System Manhole Upgrades	\$0	\$0	\$50,000	\$50,000	\$0	\$50,000	\$50,000	(EN14037)	
	Capital	9/18/14	Yes	No	EN11031	RP-5 Flow Equalization and Effluent Monitoring	\$1,692,300	(\$200,000)	(\$10,000)	\$1,482,300	\$609,826	(\$10,000)	\$599,826	EN05050	Transfer from EN11031 to cover any additional warranty related items for the duration of the warranty period for EN05050.
					EN05050	RP-2 Digester Gas System Modifications	\$3,197,000	\$0	\$10,000	\$3,207,000	\$7,938	\$10,000	\$17,938	(EN11031)	
					Subtotal Regional Capital (RC):		\$16,143,600			\$16,155,600	\$3,497,910		\$3,772,910		
					Capital Total Project Budget		Adopted			\$61,315,930	Amended		\$24,993,362		
					Capital Total Project Budget		Adopted			\$61,315,930	Amended		\$24,993,362		
10200	O&M Proj	9/16/14	Yes	No	EP14003	General Fund Repair	\$50,000	\$0	(\$37,103)	\$12,897	\$39,434	(\$37,103)	\$2,331	PA15008	Transfer from EP14003 to PA15008 to support the tenant improvement/rehabilitation project for the RP-1 Paint Room conversion for a training center.
					PA15008	Major Asset Rehab/Replacement	\$200,000	\$0	\$7,103	\$237,103	\$200,000	\$7,103	\$237,103	(EP14003)	
					Subtotal Administration (SG):		\$250,000			\$250,000	\$239,434		\$239,434		
10700	O&M Proj	8/7/14	Yes	Yes	WR15011	Freesprinklerz.com	\$243,800	\$0	(\$100,000)	\$143,800	\$243,750	(\$100,000)	\$143,750	WR15009	Transfer from WR15011 to cover additional application activity in WR15009. As of August 1, 2014, a total of 6 CII applications had been received totaling \$30,580 and there are more pending applications.
					WR15009	CII Rebate Incentives	\$75,000	\$0	\$100,000	\$175,000	\$75,000	\$100,000	\$175,000	(WR15011)	

Inland Empire Utilities Agency
Changes in Total Project Budgets: Inter-Departmental/Division Transfers FY 2014/15

Fund	Capital or O&M Proj	Request Date	Total Proj Budget Change (Y/N)?	Annual Proj Budget Change (Y/N)?	Project Number	Project Title	Adopted Total Project Budget	Prior FY 2014/15 TP Changes	Current Total Project Budget	Amt. of Transfer In / (Out)	New TP Budget	FY 2014/15 Annual Project Budget	Annual Proj Budget Change	New Annual Project Budget	Project Transferred To/(From)	Reason For Transfer
					WR14002	Landscape Evaluation Program	\$40,000	\$0	\$40,000	(\$10,000)	\$0	\$40,000	(\$40,000)	\$0	WR15009	
					WR14007	Residential Rebate Incentives	\$82,000	\$0	\$82,000	(\$1,558)	\$80,442	\$2,168	(\$1,558)	\$610	WR15009	
	O&M Proj	8/25/14	Yes	Yes	WR14009	CI Rebate Incentives	\$60,000	\$0	\$60,000	(\$14,052)	\$45,948	\$14,052	(\$14,052)	\$0	WR15009	Transfer to WR15009 because all of the current budget of \$175,000 has been reserved for both the turf removal rebate and high efficiency toilet replacements, and the demand continues to grow for both rebates. The transfer is needed to cover additional rebate demand activity.
					WR15011	Freesprinkernozzles.com	\$243,800	(\$100,000)	\$143,800	(\$43,750)	\$100,050	\$143,750	(\$43,750)	\$100,000	WR15009	
					WR15009	CI Rebate Incentives	\$75,000	\$100,000	\$175,000	\$99,360	\$274,360	\$175,000	\$99,360	\$274,360	WR14007/ WR14009/ WR15011	
	O&M Proj	8/25/14	Yes	Yes	WR14001	Water Use Efficiency Business Plan Update	\$100,000	\$0	\$100,000	(\$97,334)	\$2,666	\$99,865	(\$97,334)	\$2,531	WR14019	Transfer from WR14001 to WR14019 to fund the remainder of the professional services contract of WR14019 because the scope of WR14019 includes work associated with the Water Use Efficiency Business Plan Update (WR14001).
					WR14019	Integrated Resources Plan	\$498,054	\$0	\$498,054	\$97,334	\$595,388	\$63,354	\$97,334	\$160,688	WR14001	
					Subtotal Water Resources (WW):		\$1,417,654		\$1,417,654		\$1,417,654	\$856,938				
10800	O&M Proj	7/1/14	Yes	Yes	EN15028	Misc RO O&M Emergency Projects	\$250,000	\$0	\$250,000	(\$100,000)	\$150,000	\$250,000	(\$100,000)	\$150,000	EN15136	Transfer from EN15028 to create new project EN15036 to fund the preparation of the IEUA Engineering Consultant Standards. This work will be done using a consultant services contract.
					EN15036	IEUA Engineering Consultant Standards	\$0	\$0	\$0	\$100,000	\$100,000	\$0	\$100,000	\$100,000	EN15028	
	O&M Proj	7/14/14	Yes	Yes	EN15028	Misc RO O&M Emergency Projects	\$250,000	(\$100,000)	\$150,000	(\$14,000)	\$136,000	\$150,000	(\$14,000)	\$136,000	EN15040	Transfer from EN15028 to create new project EN15040 to address a leak that will require repair and slurry backfilling of the trench at the RP-1 North Lagoon.
					EN15040	RP-1 North Lagoon Waterline Repair	\$0	\$0	\$0	\$14,000	\$14,000	\$0	\$14,000	\$14,000	EN15028	
					Subtotal Regional Operations (RO):		\$500,000		\$500,000		\$500,000	\$400,000				
					Special Total Project Budget:		\$2,167,654		\$2,167,654		\$2,067,654	\$1,496,372		\$1,496,372		
					Special Total Project Budget:		\$2,167,654		\$2,167,654		\$2,067,654	\$1,496,372		\$1,496,372		
					Total Annual Special Budget:							\$400,000				

Division	Department	Business	Work Plan	Timeline	Department Goal	KPI	Updates
Agency Management	Agency Management	C	Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies	Completed by June 30, 2015	Develop and implement a standardized procedure for writing and processing committee/Board Letters	Implement two per quarter until completed	This goal has been put on hold until after the Class and Compensation study is completed.
					Develop standard operating procedure handbook for the Executive Management Department area	Implement two per quarter until completed	This goal has been put on hold until after the Class and Compensation study is completed. Staff has been working to develop efficiency within the department through cross training office assistants to complete board and executive support tasks such as board packaging and credit card reconciliations.
					Increase the efficiency of the executive administrative group through streamlining processes	Implement two per quarter until completed	This goal has been put on hold until after the Class and Compensation study is completed.
					Update and maintain "Duties and Annual calendar of responsibilities" manual for the Board Secretary position	Implement two per quarter until completed	This is ongoing, with the focus during this quarter being communicating our education programs so teachers and administrators are able to plan field trips or participation in programs during the upcoming school year.
	External Affairs	C	Identify and participate in organizations that advance the Agency's mission, vision and key initiatives	Ongoing in FY 14/15	Communicate the role of the Agency in the region through local partnerships.	Attend one association/organization meeting a month.	A meeting of all member agency PIOs was held in August, and this will continue on an ongoing, quarterly basis to ensure open communications and cooperation. Communication with state and federal officials occurred on a number of legislative issues.
				Ongoing	Build stronger relationships with the local agencies and elected representatives in our region.	Meet with all member agencies in FY 14/15	Ongoing, with two presentations scheduled for October.
				Ongoing in FY 14/15	Promote regional projects and initiatives through presentations to community based organizations, service groups, and stakeholders	Present to 6 associations/groups in FY14/14	The new website is in the final editing phase and is expected to be online within the next 4 weeks.
	Internal Audit	A	Amend the Regional Sewerage Service Contract to provide more flexibility in the use of property taxes by July 2015	The Website will be updated on an ongoing and as	Serve as the Agency Webmaster and provide current and timely information.	The External Affairs Department will review the entire Website for accuracy every six months.	Communication plan completed by consultant at end of August. Staff is now working to incorporate the plan into a guiding document.
				FY 14/15	Communication the need for continual water use efficiency in the region.	Complete by July 15	As of November 2014, IA has completed the following five audit reports with multiple recommendations for Executive Management to consider as part of the Contract renegotiations or amendments to improve billing and receivable processes and make more efficient the application of the Regional Contract requirements: * 10-Year Forecast Audit Report * Comparable Agency Survey and Audit Report * Regional Contract Review of the City of Upland * Regional Contract Review of the City of Montclair * Comparative Contracting Agencies Survey and Audit Report. IA has provided over 20 audit recommendations for to improve process and contract application. IA plans to complete the remainder of the 7 member agencies and a final comprehensive audit report by March 2015. IA is available to meet and discuss audit observations/findings and recommendations at any time.
				Complete by December 2014.	Complete the Regional Contract Review and provide recommendations to improve the consistent and fair application of the Regional Contract requirements among all Regional Contract Agencies. Additionally, provide recommendations to Agency management to imp	Board of Director filing of the final report by December 2014.	

Division	Department	Business	Work Plan	Timeline	Department Goal	KPI	Updates
Agency Management	Internal Audit	A	Continue commitment to cost containment for operating and capital costs	On-going and through the audits approved by the Audit Committee and the Board during the Annual Audit Plan presentation	Promote a strong control environment by conducting independent and objective audits of Agency operations where the focus and audit scope includes identifying areas and providing recommendations for cost containment, effectiveness and efficiency in operations and opportunities to improve and areas of cost	Completed planned and scheduled audits. Feedback from stakeholders.	During this reporting period, IA completed three audit reports related to the Regional Contract Review evaluation. Completed the review of Cities of Upland, Montclair and completed a comparative report for all cities. IA made several recommendations to improve billing and receivable processes related to the Regional Contract.
			Initiate discussions to revise and renew the Regional Sewerage Service Contract set to expire in 2023 by January 2018	Complete by December 2014.	Complete the Regional Contract Review and provide recommendations to improve the consistent and fair application of the Regional Contract requirements among all Regional Contract Agencies. Additionally, provide recommendations to Agency management to imp	Board of Director filing of the final report by December 2014.	As of November 2014, IA has completed the following five audit reports with multiple recommendations for Executive Management to consider as part of the Contract renegotiations or amendments to improve billing and receivable processes and make more efficient the application of the Regional Contract requirements: * 10-Year Forecast Audit Report * Comparable Agency Survey and Audit Report * Regional Contract Review of the City of Upland * Regional Contract Review of the City of Montclair * Comparative Contracting Agencies Survey and Audit Report. IA has provided over 20 audit recommendations for to improve process and contract application. IA plans to complete the remainder of the 7 member agencies and a final comprehensive audit report by March 2015. IA is available to meet and discuss audit observations/findings and recommendations at any time.
			Develop a plan to conduct a feedback study to measure employee satisfaction by December 2014	After each completed audit/project.	Perform a survey of auditee/customer satisfaction at the conclusion of each audit project to gather information about auditor involvement, professionalism, knowledge and ability to communicate to gain information on continuous improvement.	Feedback from customers.	Since approximately October 2013, Internal Audit has scheduled and held on-going meetings with stakeholders, regarding the Regional Contract Review audit scope, summary, plans, and on-going coordination. IA has made several recommendations through audit reports already issued and is available to meet and discuss any items needed. At the conclusion of each audit, IA will perform a survey of auditee/customer satisfaction to gather information about the auditors and the audit process. Additionally, during the course of the audit, IA meets several times with the auditee to maintain the relationship and ensure audit objectives are on track.

Division	Department	Business	Work Plan	Timeline	Department Goal	KPI	Updates
Agency Management	Internal Audit	B	Ensure staff understands and upholds their role in achieving the Agency's Mission, Vision, and Values	On-going. Through the audits approved by the Audit Committee and the Board	Consult and assist all levels of staff, management and Executive Management by providing audit recommendations to improve efficiencies and comply with Agency policies and procedures, as well as for improvement of practices, to strengthen controls, and incorporate best practices. Assist in providing training or coordinating roundtable discussions with the necessary levels of staff.	Feedback from auditees, senior/Executive Management, the Audit Committee Advisor, and the Audit Committee and/or Board of Directors.	According to the Board-approved Internal Audit Department Charter, internal auditors must engage in continuing professional education, maintain a very professional judgement in appearance and in fact, uphold the values and requirements set forth by the Institute of Internal Auditors and the International Professional Practices Framework. Internal auditors are required to act with confidentiality, and assist the Agency in meeting its organizational goals through independent assessments. As part of various audits, IA leads, coordinates and/or facilitates meetings and discussions with several key players in the organization related to an audit issue identified for the purpose of finding resolution or identifying the root cause of any issue. This is done through audit discussions, etc.
					Promote a strong control environment by conducting independent, objective audits of Agency operations where the scope of the audits incorporate evaluating that Agency processes and systems comply with the Agency's Mission, Vision, Values, best practice operations, processes and programs, as well as senior management input, as the criteria against which to measure performance and results. Internal Audits are to provide an independent and objective opinion, and feedback on how closely the criteria, Agency policies, procedures, including Mission, Vision and Values are met, followed or understood. Provide recommendations to the appropriate personnel where to address gaps identified.	Feedback from auditees, senior/Executive Management, the Audit Committee Advisor, and the Audit Committee and/or Board of Directors.	According to the Board-approved Internal Audit Department Charter, internal auditors must engage in continuing professional education, maintain a very professional judgement in appearance and in fact, uphold the values and requirements set forth by the Institute of Internal Auditors and the International Professional Practices Framework. Internal auditors are required to act with confidentiality, and assist the Agency in meeting its organizational goals through independent assessments.
				Ongoing and through approved audits as approved through the Annual Audit Plan.	Per direction or approval by the Audit Committee and Board, and through coordination with senior management, Internal Audit would identify areas "program audits" or areas for audit where the goal and scope are to measure the performance of a program, a process, or a service or compare results to program goals and identify areas for improvement, and make recommendations to improve efficiencies.	Completed audits and feedback from stakeholders.	Each year, the Manager of Internal Audit is required to complete an Annual Audit Plan, a plan of proposed audit projects. The audit plan is determined based on a Risk Assessment completed using auditor professional judgment and discussions with various Agency key members. The Annual Audit Plan is reviewed and approved by Executive Management, the Audit Committee and the Board of Directors prior to the projects commencing. Projects are determined based on items identified through the Risk Assessment as well as requests from the Board and Executive Management. The most recent Annual Audit Plan was completed in September 2014.
			Uphold a strong internal control environment by conducting independent objective internal and external audits of Agency finances and operations				

Division	Department	Business	Work Plan	Timeline	Department Goal	KPI	Updates
Engineering, Planning and Science	Engineering	E	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	FY 2014/15	Provide high quality project management for the completion of Capital Improvement Projects	Design Schedule on time >=80% Complete Construction Schedule on time >=80% Project Costs within initial Total Project Budget >=90% Project Costs within Initial Fiscal year Project Budget >=90% All Expenditures as a Percentage of Forecasted Expenditures >=90% Change Orders as a percentage of initial contract award value<=10% Compliance results are approved in LIMS within the following TATs: • PTSC: average 20 days • NPDES: 10th of month following receipt of sample • DS-1 & GWR: 10th of month following analyses	Design Schedule on time = 67% Complete Construction Schedule on time = 78% Project Costs within initial Total Project Budget = 40% Project Costs within Initial Fiscal year Project Budget 0% All Expenditures as a Percentage of Forecasted Expenditures =67% Change Orders as a percentage of initial contract award value = 14%
			Laboratory	A	Annually, promote superior customer service when working internally with colleagues	Daily as needed	<ul style="list-style-type: none"> Meet efficient and effective sample turnaround times (TAT) Respond to rush sample requests and special sample requests as needed.
	Planning and Environmental Compliance	A	Continue commitment to cost containment for operating and capital costs	Ongoing	Evaluate and Implement new technologies for laboratory analyses as they become available.	None	No new technologies evaluated at this time to implement
			Begin the nexus study for regional connection fees by January 2015	January-2015	Conduct the study to evaluate past fees and provide framework for future development	Completion of study by Jan 2015	1st Workshop scheduled for 11/18 2nd Workshop tentatively scheduled for 12/11
		Initiate discussions to revise and renew the Regional Sewerage Service Contract set to expire in 2023 by January 2018	June-2015	Update to meet current practices and needs (Priority 1 items)	Conceptual agreement with member agencies by Jun 2015	Workshops have been scheduled with Member Agencies in November and December 2014 to discuss the proposed amendments to the Contract focusing on recycled water policy principles and IDC Property Taxes.	
		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)	February-2015	Integrate the Asset Management Plan into the TYCIP	Completion of TYCIP by Feb 2015	AMP projects are being integrated into the FY15/16 TYCIP in coordination with Operations Department.	
		Transition to a biennial budget beginning July 1, 2015	June-2015	Update Regional Sewerage Contract to update the TYCIP once every two years	Conceptual agreement with member agencies by Jun 2015	This item will be included in the long term update of the Regional Contract. Not scheduled until 2016.	
		Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies	June-2015	Develop long term strategy for permitting of the O&M activities of recharge basins	Completion of strategy by Jun 2015	EC staff is preparing the individual permit application.	
		Identify and participate in organizations that advance the Agency's mission, vision and key initiatives	Continuous	Attend local and regional meetings such as CASA, SCAP, WaterReuse, SCWC, CWEA, ACWA, etc.	Attendance at regular meetings	Staff is attending local and regional meetings.	
		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	December-2014	Integrated Resources Plan	Adoption of the documents	Preferred supply alternative selected. Consultant will perform final modeling and submit draft report in Nov. 2014.	
D	Recycled Water Program Strategy	Adoption of the documents	Draft RWPS report expected by Nov. 2014. Water Use Efficiency Plan expected by March 2015.				
	Urban Water Management Plan	Adoption of the documents	UWMP scheduled for June 2016. Tentative start June 2015.				
	Complete the MWD Foundational Action Research Program	Develop the plans	Holding discussions with NWRl to prepare white paper.				
Conduct research to find new methods to safely recharge more water into Chino Basin by June 2016	June-2015	Develop tertiary injection research project plan	Development of plan and member agency communication	Continued discussions through water managers meetings. Initiating project to install pressure sustaining valves on large users.			
Develop and implement Recycled Water Peak Demand Management Plan to optimize efficient use of recycled water by June 2015	Continuous	Develop a plan for peak management Work with member agencies to encourage new development to connect to RW					

Division	Department	Business	Work Plan	Timeline	Department Goal	KPI	Updates
Engineering, Planning and Science	Planning and Environmental Compliance	D	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	June-2015	Develop tools to target the 2020 requirements	226 gpcd by 2015 <200 gpcd by 2018	Water Use Efficiency Business Plan Update is ongoing to develop measures and activities that will meet the 20 X 20 requirement. WUE Activities have been ramped up since July 2014 to address the current climatic conditions. SAWPA Prop 84 grant was received for \$11 million for the Region.
			Identify and evaluate supplemental water supplies for the region by October 2014	December-2014	Complete the IRP	Completion of the IRP	Preferred supply alternative selected. Consultant will perform final modeling and submit draft report in Nov.
			Optimize IEUA's use of potable and recycled water by July 2016	December-2014	Complete the Recycled Water Program Strategy and begin the implementation plan	Completion of RWPS	Draft RWPS report expected by Oct 31st.
			Work with other agencies on the implementation of local regional programs to meet the region's goal of reaching 50,000 AFY of recycled water use by June 2022	June-2015	Develop planning documents and regulatory permitting strategy to support the implementation plan as identified in the RWPS and IRP	Development of Permitting Strategy of the IRP/RWPS	Participating in Upper Santa Ana River HCP effort. Groundwater Basin expansion projects consistent with RMPU added to HCP project list.
		E	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	July-2016	<ul style="list-style-type: none"> Complete GHG emission baseline Develop GHG reduction plan consistent with the Energy Management Plan Measure GHG reduction (tons CO2 eq/yr) work plan needs to be reworded - agency does not sell credits 	Complete the GHG emission baseline July 2014	2013 GHG emissions reported to the Climate Registry in July 2014.
			Monitor and integrate the Building Activity Report (BAR) data for actual and projected growth with the Asset Management Plan into regional wastewater planning	Ongoing	Continue to work with RCAs to review and maintain accurate building activity reports.	Periodic checks to ensure that the forecasts are consistent with the adopted projections provided in the WWFMP	Prepared monthly building activity reports and GIS maps.
			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	December-2014	Update growth forecasts for WWFMP with updated population projections and demand forecast	Completion of WWFMP	Ten-Year Demand Forecast from RCAs received August 2014.
		F	Develop a communication plan to promote being a good neighbor by June 2015	Ongoing	Perform odor monitoring, assist Operations, External Affair during complaints investigation and mitigation	Perform periodic/as needed odor monitoring	RP-5 SHF odor monitoring conducted weekly.
			Lead efforts to advocate for emerging trends and proposed changes to rules and regulations	Ongoing	Active participation into the legislative process through advise letters, comments.	Participate in local water/wastewater/air regulatory and association committee meetings.	Been participating in proposed legislative actions of interest to Agency such as WOTUS, Water Bond
			Advocate for continued receipt of property taxes and optimize grants and other funding sources to support Agency and regional investments	July-2015	Determine requirements for new SAP enhancement that automates cost tracking for projects with multiple grants	System go-live by 12/31/2015 >= 10% reduction in process time for grants analyst after implementation	Process evaluation is in progress.
Finance and Administration	Business Information Services	A	Continue commitment to cost containment for operating and capital costs	Quarterly	Maintain cost of external SAP support to be within contracted amounts for all vendors	Actuals <= quarterly average of the contracted amounts	The quarterly budget for SAP support is \$14,875. The actual spending in this category for Q1 is \$7,388 or 50%.
			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	Quarterly	Assess challenges with Agency's financial processes: increase speed of processing reports	15% increase in report response time	For now, only reports from BI Launchpad can be measured for performance in order to establish the baseline. Obtaining system monitoring data was required more time than anticipated. There should be sufficient data to provide, at the minimum, the baseline values and the performance gain if there are enhancements made in Q2.
							For SAP reports, the measurement points will need to be established and tracked. The goal is to have better data in Q2.

Division	Department	Business	Work Plan	Timeline	Department Goal	KPI	Updates
	Business Information Services	A	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	12/31/2014	Complete the development of the Technology Master Plan (TMP) by 6/30/2014	Award TMP contract by 5/31/2014	Due to inadequate responses to the original RFP issued in December 2013, the RFP was revised and reissued in February 2014. The contract was awarded to the vendor in May 2014.
		B	Develop and implement a plan to mentor and prepare the next generation of Agency leaders by July 2017	Every January, May and September	Allow staff to present his/her enhancements at the 4-month enhancement press releases	3 or more staff recognized per year	Staff presented their projects this FY at the Management Team Meeting (66% completed): 7/9/2014: Glenn on Cintas Invoice Improvements 7/9/2014: Khanh on the On-call Enhancement
			Ensure staff understands and upholds their role in achieving the Agency's Mission, Vision, and Values	Every January 15, May 15 and September 15	Provide staff with opportunities for technical and professional training classes. Release new enhancements to Agency's various software applications at fixed intervals (every 4 months)	50% or more of staff receiving training class per year. 100% of enhancements released plus or minus two calendar weeks from scheduled release date	Training for Q1 (4/11 or 36%) : Kanes, Lauramae, Matt, Glenn Training planned for Q2: Rose in November
		C	Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies	6/30/2015	Provide initial Lean training to all managers	100% of managers trained	The KPI has changed to having the next Lean project team members trained prior to leading their projects. Managers and supervisors trained so far include: Christina, Javier, Kathleen, Connie C., Rachael, Chander. Research was conducted with external agency's and it was determined that our material master was configured in similar fashion to others. Maintenance Department is not ready to proceed with bill of materials so the CFS Manager has placed a hold on upgrading the material master due to no significant business need at this time.
				9/30/2014	Determine Procurement to Payment material master content	Design supports functional	Lean project underway. Validity of electronic signatures confirmed as viable, however the savings may not warrant the cost of implementation. Currently reviewing the SOP's for the number of signatures required, as a reduction may provide savings.
				April-2015	Implement the use of electronic signatures for invoicing on emergency contracts	Electronic signature capability for and approvers	There are 3 Lean projects where the training phase have been completed - Petty Cash, Cintas Invoice Improvements and Engineering Invoice Approval.
				At start of each project	Train all Lean team members	100% of team trained	The Agency reduced the number of ArcGIS Desktop licenses from 8 to 4 (50% reduction) and increased the number of ArcGIS Online accounts from 5 to 50.
			Determine the scope for Geographic Information Systems online applications to share information with member agencies by September 2014	Quarterly	Promote the use of ArcGIS Online applications for information sharing through quarterly GIS User Group meetings Develop web-based GIS applications that are free to use and are relevant to Agency's customers, intended for information sharing, transparency and education purposes	Reduction in ArcGIS Desktop users and/o increase in ArcGIS Online users/applications	There are a total of 19 applications available today. Since 8/1/2014, BIS deployed 7 more applications.
				July-2015	GIS applications with CCTV videos and pipe assessment	Two applications on-line	There was significant time spent in helping the Collections group with setting up new CCTV software. The first CCTV video was received on 10/13/2014.
			Develop a program that annually measures the effectiveness and efficiency of Agency core services based on stakeholder feedback on "quality, cost and value"	Quarterly	Allocate at least 50% of staff time towards projects and research & development work, aside from break-fixes, maintenance tasks (e.g., upgrades) and administrative tasks	100% on-line within one month of video receipt Project time / available time >= 50%	47% spent on projects between PP15 - PP21, below target due to significant time spent on the SAP OS/DB upgrade. Staff time spent on projects was 2,291 hrs and total staff time was 4,825 hrs.
					Develop at least one dashboard-like reporting tool for key metrics determined by the process owners	Project time / available time >= 50%	A pilot for dashboard report is underway for the Engineering and Construction Management department. The initial report comprises of project data from Primavera and financial information from SAP. The target completion date for the pilot is 11/7/2014.

Division	Department	Business	Work Plan	Timeline	Department Goal	KPI	Updates
	Business Information Services	C	Provide timely updates to the Regional Committees and the IEUA Board on long term planning needs	Continuous	Release new enhancements to Agency's various software applications at fixed intervals (every 4 months)	Number of enhancements released; ROI of each enhancement when applicable	4 completed enhancements: - Online Catalog Interface to Office Depot - Labor Data for Engineering report - 7 new GIS online map applications - On-call enhancement for ESS/MSS
			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	April-2015	Determine business requirements incorporating an updated taxonomy	System on-line by December 2015	Based on discussions with various agencies, the recommended approach is to issue an RFP for the Electronic Content Management Strategy consulting services prior to the RFP for the software solution. This RFP is being drafted and is planned to be released in January 2015.
	Contracts and Facilities Services	A	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	June-2015	Expand best management practices in the contract and procurement processes.	Increase in performance measurements.	Staff attended a meeting with contracts & procurement staff from EMWD, WMWD, EVMWD, and Coachella to discuss options for a purchasing Cooperative and piggyback options. Additionally, staff is working with BIS to establish reports and future performance measurement tools.
			Continue commitment to cost containment for operating and capital costs	June-2015	Maintain competitive purchasing programs consistent with the Agency Procurement Ordinance.	Increase of 5% in cost savings	The cost savings achieved for first quarter is \$836,841.26.
			Transition to a biennial budget beginning July 1, 2015	July-2015	Establish new contracts and amendments to emphasize multi-year fixed price terms.	50% of newly issued applicable contracts	Staff has exercised the two-year amendment option on several contracts that have come up for renewal during the recent months. We will continue to exercise favorable renewals or extensions as appropriate.
		B	Ensure staff understands and upholds their role in achieving the Agency's Mission, Vision, and Values		Conduct Agency training on department processes that are in line with the Agency's MVV's.	Conduct at least 3 sessions for 3 related topics.	Training is underway for the new Managed Folders email management program. RM staff has met with many departments and we are online with the 3/15/15 goal. Additionally, Procurement staff completed training for the new Office Depot online catalog system allowing for direct data into SAP.
		C	Identify and participate in organizations that advance the Agency's mission, vision and key initiative	July-2015	Continue to network with professional groups for the respected areas of CFM.	Attend at least 5 training sessions/meetings for CAPPO and ARMA.	Numerous staff attended the following: CPI/PPI webinar; Procurement Planning & Documentation webinar; County of Riverside Purchasing Annual CAPPO/NCMA joint seminar.
			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	July-2016	Implement the new Document Management System and the Agency's taxonomy.	Reduce time spent on production of records by improving the location and retrieval time by 20%.	Staff is currently working on the Agency's Taxonomy project to start meeting with various departments to review existing documents/records. Additionally, we are working with BIS to establish a needs assessment for the new system.
		F	Develop a communication plan to promote being a good neighbor by June 2015	June-2015	Ensure all current and future landscaping, and new facilities are in cooperation with current LEED and water-efficiency programs and advancements.	100% of new landscaping design and material, along with facility design are measured against programs.	Staff is currently working on the implementation of the Agency-wide Beautification project. Starting at RP-4, we are setting the standard with paint colors, landscape design, etc. We are currently in the landscape design phase for RP-5, and HQ. Once RP-5 & HQ have been completed staff will move forward with the design for RP-1 & CCWRF.

Division	Department	Business	Work Plan	Timeline	Department Goal	KPI	Updates
	Contracts and Facilities Services	F	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	June-2015	Identify educational opportunities for environmentally friendly facilities and landscapes.	Increase educational signage for Agency facilities where accessible by the public by 15%.	We are currently working on new signage for the Agency's facilities. At HQ we placed new signs identifying that the project to revamp the landscaping is underway and we were waiting for the appropriate season to plant new vegetation.
	Finance and Accounting	A	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	FY 2014/15 through 2016/17	Collaborate with various departments in identifying the cost of service (COS) and developing the rate structure to sufficiently support the COS for NRW system, Regional Wastewater, and Recycled Water programs	Cost of service not to exceed the service rates	No rate set up activity in Q1.
			Advocate for continued receipt of property taxes and optimize grants and other funding sources to support Agency and regional investments	Throughout the fiscal year	Develop an Agency Grants Management Plan that will serve as a guide for the following grant activities: <ul style="list-style-type: none"> Assess current grants management SWOT Evaluate cost-benefit for each grant application Recommend potential grant opportunities that align with the Agency mission and financial goal Pursue new grant awards to diversify revenue. Collaborate with departments that have projects that need grant funding) Collaborate with the Member agencies, JPAs, and the regional leaders on projects that can be partially funded by grant or SRF loan programs. Manage congressional grant authorizations for water desalination projects in the Chino Basin Find grants that match with Member and Regional Agencies capital and conservation programs Monitor the receipts of property tax, review the property tax allocation among funds.	None	No update at this time. Jason Gu will be working on this item.
			Annually update the Agency's Investment Policy to ensure appropriate balance among safety, liquidity and yield considerations	March to May	Update the Agency's investment policy in accordance to the California Government Code (CGC)	Present the Investment Policy update to the Board for adoption in June	Investment policy is updated is on Q4, at the time of budget approval.
			Continue commitment to cost containment for operating and capital costs	Throughout the fiscal year	Collaborate with various department in identifying cost containment items and monitoring the performance through regular budget variance review	None	Q1 expense variance at 24.5% include annual SAWPA contribution. Maximizing training through free webinars (12%), and controlling Office & admin expenses (10%)
			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	December - April	Work with pertinent departments in identifying projects from various master plan and integrated into the respective program budget	None	At the end of Q1 planning documents are not available.
			Transition to a biennial budget beginning July 1, 2015	January to June	Prepare a biennial budget for both Operations and CIP for Agency's various programs	To be adopted by the Board in June 2015	Currently updating process and documentation related to Biennial budget.
	Human Resources	B	Annually, review and revise the Workplace Injury Illness Prevention Program to prevent work related injuries/illness and reduce loss of time worked	Annual	Encourage Committee to make recommendations to prevent future work related injuries.	Review hazard and incident reports and worker's comp injury logs	A review and update of the IIPP was completed in October. This is an ongoing periodic review. Hazard and Incident Reports, and Worker's Compensation logs were reviewed and updated in October. These are also ongoing periodic reviews.
			Develop a plan to conduct a feedback study to measure employee satisfaction by December 2014	December-2014	Create and distribute an employee satisfaction survey Identify strategies to increase employee morale and promote employee retention	Attain a positive rating of overall employee satisfaction	Evaluated past climate survey questions and revised the number and content of numerous questions. Moving forward with hiring consultant to administer survey in 2nd quarter.

Division	Department	Business	Work Plan	Timeline	Department Goal	KPI	Updates	
Finance and Administration	Human Resources	B	Develop and implement a plan to mentor and prepare the next generation of Agency leaders by July 2017	July-2017	Develop a process to identify potential leaders within the Agency; utilize the Leadership Academy and other training opportunities to enhance existing talent	Number of employee participants in the Academy and other training programs Number of internal only job announcements and percentage of internal promotions	Leadership Academy scheduled for early 2015. Identifying retirement risks of key level positions as part of succession planning.	
			Ensure staff understands and upholds their role in achieving the Agency's Mission, Vision, and Values	June-2015	Assist in the development of the cross training program by providing guidance, coordination and administrative skills in the program design, course content development, marketing and evaluation with the various stakeholders and subject matter experts.	Number of training sessions conducted	Presented at the September managers meeting the benefits of online training through Skillsoft and how to incorporate that into the performance appraisal process	
					Develop creative communication methods and continue education of employee benefits to increase knowledge of benefit programs and services including visiting and scheduling appointments with employees at other facilities, holding continuous lunch and learn sessions and other educational workshops/presentations	Survey and employee feedback/ Number of on-site visits, lunch and learns and other educational sessions held	The benefits fair survey feedback indicated that overall employees felt the Fair met their expectations (83%), that it was relevant to their needs (82%), and that they were able to gather new information about programs, benefits, and services (75%).	
					Promote a positive work environment that holds managers, supervisors and employees accountable for creating and maintaining positive work relationships	Survey and employee feedback/ Number of on-site visits, lunch and learns and other educational sessions held	Scheduled Skillsoft training and training needs assessments with managers and departments for 2nd quarter.	
								The Annual Benefits Fair was held in September and had an increase of attendees contributed to offering free flu shots for attendees. Additionally, two on-site visits were held at RP1 and IERCF during the Open Enrollment period.
			Promote a safer work environment by administering and monitoring required safety and regulatory trainings	Quarterly	Provide required and supplemental training; encourage communication and employee participation in reporting workplace hazards and unsafe work practices	Review hazard and incident reports and worker's comp injury logs	Continue site visits interacting with staff to encourage ongoing communication. Hazard and Incident Reports, and Worker's Compensation logs were reviewed in October. This is an ongoing periodic review.	
			Promote positive labor relations by conducting routine informal labor/management meetings with unit representative	Quarterly	Hold quarterly Labor/Management meetings to address concerns and issues on an ongoing basis	Number of grievances filed and number of grievances resolved at Appeals Committee Level	Held 4 labor management meetings on various topics. Three of the meetings were with the General Unit and one meeting was held with all the units and the General Manager. Three grievances were filed during this quarter.	
				June-2015	Promote and sustain open communication with all levels of staff in order to effectively resolve work related issues in a harmonious manner	Number of grievances filed and number of grievances resolved at Appeals Committee Level	Held 4 labor management meetings on various topics. Three of the meetings were with the General Unit and one meeting was held with all the units and the General Manager. Three grievances were filed during this quarter.	
			Review and update the STAR Award Program to more effectively recognize outstanding performance by December 2014	December-2014	Change the format of the STAR Award Program to ensure more employees have an opportunity to receive the award	Number of employees recognized	Three employees were recognized as STAR recipients for the second half of FY 13 14 as well as the Employee of the Year during the Annual Picnic. Due to other priorities in the department and staffing challenges this quarter, the review of the STAR program will be deferred to Quarter 3.	
					Develop additional creative and cost-effective ways to reward and recognize outstanding and dedicated staff	Number of employees recognized	Three employees were recognized as STAR recipients for the second half of FY 13 14 as well as the Employee of the Year during the Annual Picnic. Due to other priorities in the department and staffing challenges this quarter, the development of additional ways to reward employees is deferred to Quarter 3.	

Division	Department	Business	Work Plan	Timeline	Department Goal	KPI	Updates	
Operations	Maintenance	E	Ensure reliability of Agency assets by annually implementing the asset management monitoring and assessment program (Asset Management Plan)	Complete condition assessment of underground process piping at RP-1 by end of FY14/15	Conduct major condition assessments annually	Complete at least five major condition assessments	Scope of work for the bypass and pumping and condition assessment of the RP-1 headworks area is complete. SOW is current being processed for RFP.	
				Complete RP-1 headworks condition assessment by end of the second				
	Operations	D	Develop and implement Recycled Water Peak Demand Management Plan to optimize efficient use of recycled water by June 2015	June 30, 2015	Continue weekly Peak Demand Management Meetings with key operations staff for start of CY2015 Peak Demand season	Demand Management meetings scheduled in Outlook by March 31, 2015	Meeting is held weekly on Thursdays.	
				May-2015	Develop RW GWR SCADA improvements that implement the storage and delivery strategies by working the DCS Department	System Improvement request to DCS Department by March 15, 2015	The programming for the 1158 VFD pumps to operate based on RP-1 wet well level has maximized recycled water into the distribution system. The pumps are called to run until the 1158 reservoirs are at max level of 30.5 ft.	
				November-2014	Develop written RW storage and delivery strategies to meet department forecasts of diurnally variable RW supplies and seasonally variable RW demands.	Written strategies and forecasts developed by RW and GWR staff by December 1, 2014	The plan is still being developed.	
				Optimize IEUA's use of potable and recycled water by July 2016	FY 2014/15	Establish potable and recycled water baseline monitoring plan for all Agency facilities.	One facility per quarter	Potable water baseline has been established for RP-4. RP-1 potable water meter has been repaired this quarter. Capital improvement projects have been established to add utility water flow meters at RP-1 and RP-4.
			F	Annually review and update Key Performance Indicators (KPI's) to monitor and comply with all regulatory requirements	FY 2014/15	Review and update all facility KPI's	1 Facility per Quarter	Operations KPI's for all facilities were reviewed, standardized and updated. All Operations facility KPI's are monitored daily and reviewed monthly to ensure compliance with regulatory requirements and optimization goals.
				Annually review and update the Emergency Response and Operational Plans for all facilities	FY 2014/15	Support Human Resources and Safety Department in the review and update of the Emergency Response and Operational Plans for all facilities.	1 Facility per Quarter	Human Resources established completion of this goal for FY 2015/16. Operations facility specific plans are being developed to support the larger Agency wide Emergency Response Plan. The first Operations plan is for RP-1 and it will be completed by December 2014.
				Strive for 100% use of Agency bi-products by 2021	FY 2014/15	Ensure all treatment standards are met to maximize availability of recycled water	Attain 100% NPDES Compliance	Based on the Engineering, Planning and Science Department's 2014 Environmental Compliance Incident Report all Operations facilities achieved 100% NPDES Compliance for the 1st Quarter of FY 2014/15.
						Maximize use of biosolids by sending 90% of organics to IERCF	Send 90% of organics to IERCF	Greater than 90% of RP-1 and RP-2 Biosolid loads were sent to IERCF during the 1st Quarter of FY 2014/15.
Grand Total								

**INFORMATION
ITEM**

2C

Planning & Environmental Compliance Update



Inland Empire Utilities Agency
A MUNICIPAL WATER DISTRICT

December 2014

Compliance Update

- Treatment Plants – Full Compliance
- Pretreatment Compliance
- Repet Permit Suspension Update

Planning Update

- Integrated Resources Plan – Spring 2015
- Water Use Efficiency Business Plan – June 2015
- Wastewater Facilities Master Plan – January 2015
- Energy Management Plan – February 2015
- Recycled Water Program Strategy – January 2015
- Regional Contract Update – June 2015
- Connection Fee Study – March 2015

Regional Contract Update: RW

RW Policy Principles

- Maximize beneficial use of recycled water
- Promote efficient application and use of recycled water
- The regional recycled water system's priorities:
 1. regional discharge obligations
 2. direct uses, and then
 3. groundwater recharge
- Meet peak recycled water demands through demand management

Regional Contract Update: RW

RW Policy Principles

- Direct use of recycled water by a member agency shall not reduce the opportunity of another member agency to obtain its relative “base entitlement
- Maintain financially viable recycled water program, achieve cost-of-service
- Maximize the recycled water capital investments of IEUA and its member agencies

Regional Contract Update: RW

Schedule:

- Special Technical Committee Workshops: November & December
- Draft Redline: January 2015
- Proposed Action: June 2015

Connection Fee Study

Objectives of Study

- Publically and member agency accepted rate structure
- Equitable recovery of capacity costs through connection fees
- Legal compliance
- Capital funding and fiscal policy strategy
- Intertie between water resource and financial planning
- Collaborative study process

Connection Fee Study Key Study Components

Connection
Fees
Water &
Wastewater

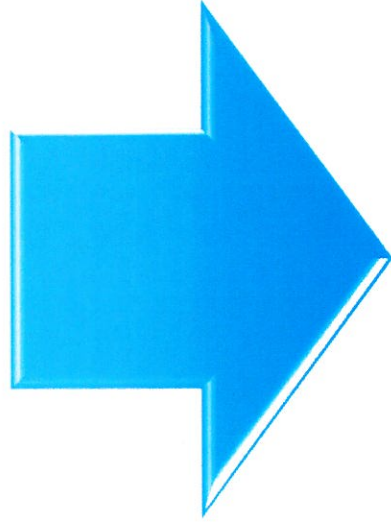
Potable Water
Rates

Recycled Water
Rates

Outreach &
Implementation

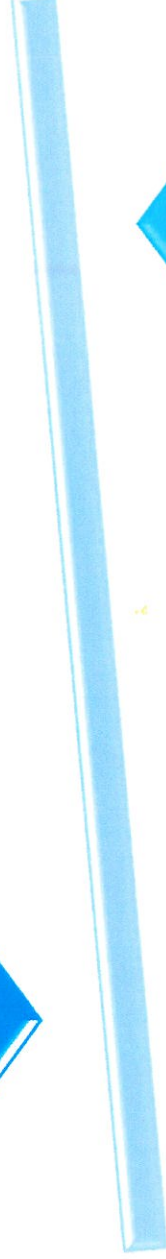
Connection Fee Study

Competing Objectives



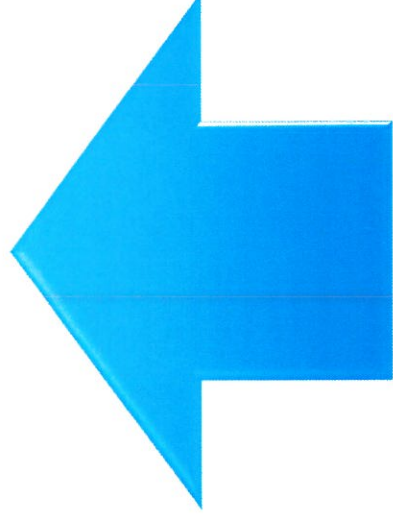
Rate Design

- Legal Compliance
- Encourage Conservation
- Equity Amongst Agencies



Financial Stability

- Economic Uncertainty
- Reliable Revenues
- Sufficient Revenue



Connection Fee Study

Next Steps

Member
Agency
Notification

Initial
Outreach
Meeting

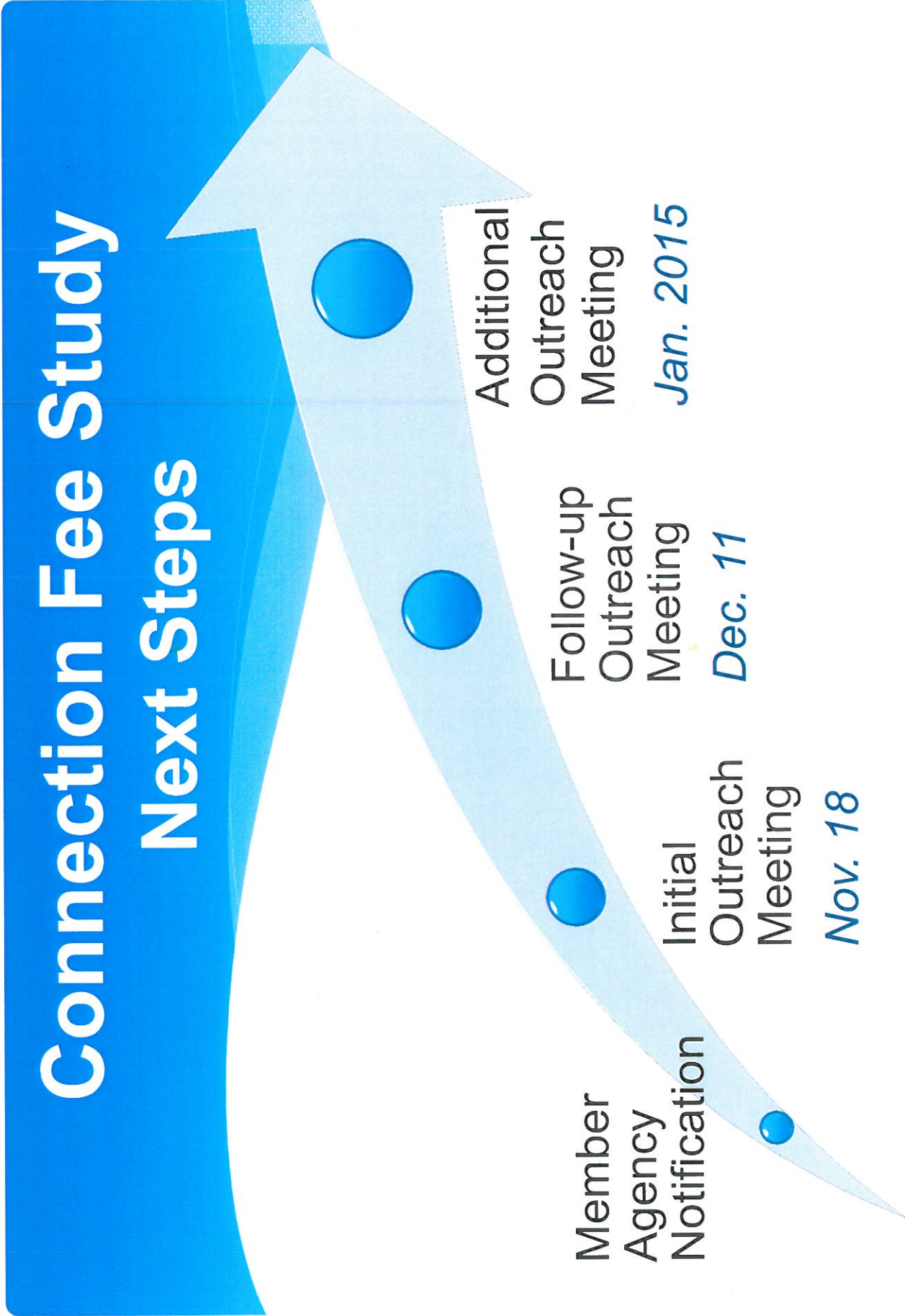
Nov. 18

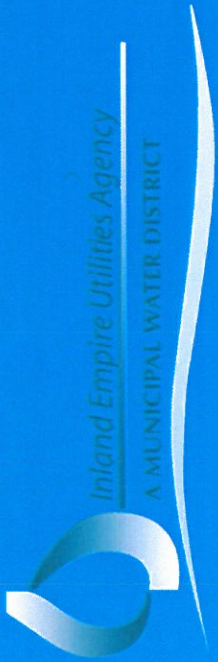
Follow-up
Outreach
Meeting

Dec. 11

Additional
Outreach
Meeting

Jan. 2015





Questions?

