

NOTICE OF MEETING

OF THE
**PUBLIC, LEGISLATIVE AFFAIRS,
AND WATER RESOURCES
COMMITTEE**

OF THE
BOARD OF DIRECTORS
OF THE

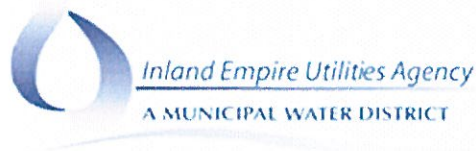


Inland Empire Utilities Agency

A MUNICIPAL WATER DISTRICT

IS SCHEDULED FOR
WEDNESDAY, DECEMBER 10, 2014
9:00 A.M.

AT THE ADMINISTRATION HEADQUARTERS
6075 Kimball Avenue, Building A
Chino, CA 91708



**PUBLIC, LEGISLATIVE AFFAIRS, AND WATER RESOURCES
COMMITTEE MEETING
OF THE BOARD OF DIRECTORS
INLAND EMPIRE UTILITIES AGENCY*
AGENCY HEADQUARTERS, CHINO, CALIFORNIA**

**WEDNESDAY, DECEMBER 10, 2014
9:00 A.M.**

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 are available on the table in the Board Room. Comments will be limited to five minutes per speaker. Thank you.

ADDITIONS TO THE AGENDA

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

1. ACTION ITEMS

A. MINUTES

The Committee will be asked to approve the Public, Legislative Affairs, and Water Resources Committee meeting minutes of November 12, 2014.

B. PROPOSED 2015 FEDERAL AND STATE LEGISLATURE PRIORITIES

It is recommended that the Committee/Board adopt the 2015 Federal and State Legislative priorities.

C. 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.

2. **INFORMATION ITEMS**

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

B. **LEGISLATIVE REPORTS (WRITTEN)**

1. The Dolphin Group
2. Innovative Federal Strategies

C. **CALIFORNIA STRATEGIES MONTHLY REPORT (WRITTEN)**

D. **PLANNING AND COMPLIANCE UPDATE (POWERPOINT))**

3. **GENERAL MANAGER'S COMMENTS**

4. **COMMITTEE MEMBER COMMENTS**

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

6. **ADJOURN**

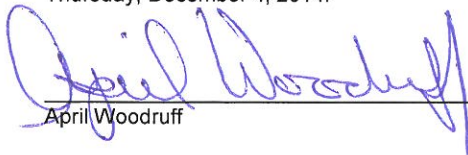
*A Municipal Water District

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: AR

DECLARATION OF POSTING

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



April Woodruff

**ACTION
ITEM
1A**



MINUTES

PUBLIC, LEGISLATIVE AFFAIRS, AND WATER RESOURCES COMMITTEE MEETING INLAND EMPIRE UTILITIES AGENCY* AGENCY HEADQUARTERS, CHINO, CA

WEDNESDAY, NOVEMBER 12, 2014
9:00 A.M.

COMMITTEE MEMBERS PRESENT

Steven J. Elie, Chair
Michael Camacho

STAFF PRESENT

Jasmin Hall, Director
P. Joseph Grindstaff, General Manager
Chris Berch, Executive Manager of Engineering/Assistant General Manager
Christina Valencia, Chief Financial Officer/Assistant General Manager
Kathy Besser, Manager of External Affairs
Andy Campbell, Deputy Manager of Planning and Environmental Compliance
Andrea Carruthers, Community Outreach & Education Coordinator II
Lisa Morgan-Perales, Water Resources Analyst II
Jason Pivovarov, Senior Engineer
April Woodruff, Board Secretary/Office Manager

OTHERS PRESENT

Chris Lancaster, Civic Publications

The meeting was called to order at 9:06 a.m. There were no public comments received or additions to the agenda.

ACTION ITEMS

The Committee:

- ◆ Approved the Public, Legislative Affairs, and Water Resources Committee meeting minutes of October 8, 2014.
- ◆ Recommended that the Board:
 1. Award a contract to A&N Technical Services, Inc. for the development of the revised Water Use Efficiency Business Plan for a not-to-exceed amount of \$75,000; and
 2. Authorize the General Manager to execute the contract;as a Consent Calendar Item on the November 19, 2014 Board meeting agenda.

◆ Recommended that the Board:

1. Approve an amendment to the Memorandum of Understanding (MOU) agreement between IEUA and Western Municipal Water District for the implementation and management of a multi-agency Freesprinklernozzles.com Voucher Program for a not-to-exceed amount of \$143,750; and
2. Authorize the General Manager to execute the agreement;

as a Consent Calendar Item on the November 19, 2014 Board meeting agenda.

◆ Recommended that the Board:

1. Support the Santa Ana Watershed Project Authority's adoption of Project Agreement 22 that establishes a Project Committee to facilitate grant project administration and accounting; and
2. Authorize the General Manger or his designees to finalize and execute the agreement with SAWPA to establish the Project Committee;

as a Consent Calendar Item on the November 19, 2014 Board meeting agenda.

INFORMATION ITEMS

The following information items were presented, or received and filed by the Committee:

- ◆ Public Outreach and Communication Report
- ◆ Legislative Reports
- ◆ California Strategies, LLC Activity Report
- ◆ Update on MWD Purchase Order
- ◆ FY 2013/14 IEUA Annual Water Use Efficiency Programs Report
- ◆ Planning and Environmental Compliance Update
- ◆ 2012/13 and 2013/14 Recycled Water Annual Reports

GENERAL MANAGER'S COMMENTS

None.

COMMITTEE MEMBER COMMENTS

None.

COMMITTEE MEMBER REQUESTED FUTURE AGENDA ITEMS

None.

With no further business, the meeting adjourned at 10:00 a.m.

Respectfully submitted,

April Woodruff
Board Secretary/Office Manager

*A Municipal Water District

APPROVED: DECEMBER 10, 2014

**ACTION
ITEM
1B**

Date: January 21, 2015

To: The Honorable Board of Directors

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

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

Submitted by: Kathy Besser *KB*
Manager of External Affairs

Subject: Proposed 2015 Federal and State Legislative Priorities

RECOMMENDATION

It is recommended that the Board of Directors adopt the 2015 Federal and State Legislative priorities.

BACKGROUND

Federal Legislative Priorities

FY 2014/15 Appropriation Priorities include:

- Title XVI/WaterSmart Funding: Working with our congressional delegation, support Title XVI funding through competitive grants for the Chino Desalter Phase 3 Expansion Project.

Federal Action Priorities

- Title XVI Funding – Cucamonga Valley Water District: In 2007, CVWD received a \$10 million authorization under H.R. 122 for the design, planning, and construction of the Cucamonga Valley Water District satellite recycling plants in Rancho Cucamonga to reclaim and recycle approximately two million gallons per day of domestic waste water. Authorization expires in 2017. To date, CVWD has not received any appropriation due to the Bureau of Reclamation determining that the language failed to authorize the project being pursued. In 114th Congress, IEUA proposes to work with the delegation to revise the authorization so funding can be used for recycled water program.
- Drought-Related Legislation: Support federal funding for drought relief in California and reasonable reform of the Endangered Species Act (ESA); oppose any amendment to ESA

that would shift responsibilities from federal contractors to state contractors or efforts that take control of water rights out of state jurisdiction and into federal jurisdiction.

- U.S. Tax Code: Continue to oppose removal of tax exempt status for municipal debt.
- Water Quality: Support administrative (EPA, Bureau of Reclamation) and legislative action to identify and promote the use of salt-less water softening technology. Oppose any efforts to endorse salt-based technologies.
- Regional Water Resources Management: Support additional federal funding of Title XVI grant program. Support revised Title XVI authorization for the Inland Empire Regional Recycled Water Program to permit additional projects, including research on recycled water, salinity management, water treatment and renewable energy. Support incentive programs to promote water use efficiency, including EPA's *WaterSense* program.
- Local Water Supply Management: Support administrative and legislative initiatives to promote recycled water as a drought-proof water supply and protect use of tertiary recycled water while advancing potable reuse. Support initiatives to promote stormwater capture, expand groundwater management and clean-up of contaminated groundwater.
- CyberSecurity: Support national associations and coalition efforts to develop standard guidance and best management practices to provide a consistent and ongoing course of action to reduce vulnerabilities in process control systems for major water system providers.

State Legislative Priorities

Legislative Initiative:

- AB 850: Modification of AB 850 (Rate Reduction Bonds for Local Utilities) to expand flexibility on eligible participants. (Under existing legislation only publicly owned utilities that provide water service to not less than 25,000 retail customers. Modifying this provision to allow for more than one agency to meet the 25,000 threshold will allow IEUA to partner with several of our member agencies to exercise this financing option.)

State Action Priorities:

- Water Projects: Monitor definition of eligible projects as those designed to reduce the amount of water imported or to be supplied by the publicly owned utility, including, "without limitation" storm water capture and treatment, water recycling, development of local groundwater resources, groundwater recharging, and water reclamation covers all of the regional needs in the future.
- Drought: Support State funding for drought relief initiatives. Monitor SWRCB administrative actions for new requirements and restrictions in response to the drought.

- California Water Action Plan: Support implementation of the Governor's comprehensive water strategy, consistent with IEUA's goals and objectives.
- Financial Initiatives: AB 2597 (PACE program) water use efficiency is more clearly identified under this revised legislation, as well as addressed the second lien concerns posed by mortgage lenders (Freddie Mac and Fannie Mae). Continue to protect property tax receipts for local agencies.
- Water Quality: Support initiatives and state funding to protect/improve water quality from various constituents including salinity, perchlorates, nitrates and volatile organic compounds.
- Drinking Water Program: Support adoption of recycled water requirements.
- Salinity Management: Monitor water softener discussions and oppose legislation that would constrain the ability of local government to appropriately regulate the use of salt-discharging water softeners.
- Water Bond: Monitor implementation of bond funding, including the split of monies between recycled water and desalination.
- Groundwater Legislation: Monitor implementation of the 2014 Sustainable Groundwater Management Act, including subsequent legislation to address expedited adjudications and designation of groundwater as a beneficial use.
- Bay Delta Conservation Plan: Continue support for implementation of 2009 Delta/water management legislative package. Continue to support administrative and legislative action and funding for advancing emergency response and near-term Delta improvements.
- Water/Energy Nexus: Monitor Governor's expected announcement of interim 2030 GHG emission reduction requirements. Support programs that facilitate creation of Renewable Energy Credits and GHG Reduction Credits by water agencies, including hydroelectric power.
- Renewable Energy: Support legislation and budget proposals authorizing grant funding for energy efficiency, greenhouse gas reductions, development of renewable resources and energy storage projects. Oppose administrative or legislative actions that impose financial obstacles to the implementation of low carbon energy initiatives. Support the approval and funding of a bioenergy incentive program.

Proposed 2015 Strategy

The following is a proposed administrative/legislative 2015 structure:

- Congressional and State Briefings:
 - Meetings with members and their staff to provide an update on the Title XVI funding request and other local priorities for the Agency. Review appropriation requests and legislative priorities. Also provides an opportunity to showcase IEUA programs and achievements.
 - Meet with state legislative staff in their local offices to discuss local issues, Agency projects/programs and the needs of the region.
- Facility Tours:
 - Continue to invite congressional and state officials to tour our facilities. Showcase one of our regional plants (RP5) and desalter. Provide literature and appropriate information to attendees.
- Conferences:
 - Monitor upcoming events/conferences. The following is a list of possible events/conferences:
 - ACWA (Sacramento and D.C.)
 - SCWC
 - WELL
 - WateReuse
 - AWWA
- Legislative calls:
 - Continue to participate in legislative coordination calls with the following:
 - SAWPA
 - MWD
 - WateReuse
 - Southern California Water Committee
 - ACWA
 - Additional tracking of legislative issues and opportunities occurs in coordination with the California Special Districts Association, CASA, and SCAP.

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

None.

**ACTION
ITEM
1C**

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 *WJG*
General Manager

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

for Sylvie Lee *SL*
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

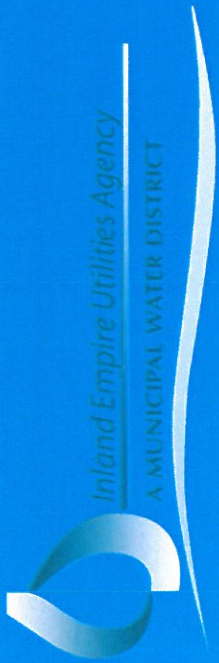
Tier 1 Allocations per Resolution 2014-12-1:

- 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?

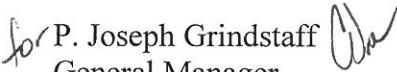



INFORMATION
ITEM
2A

Date: December 17, 2014

To: The Honorable Board of Directors

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

From:  P. Joseph Grindstaff
General Manager

Submitted by: Kathryn Besser 
Manager of External Affairs

Subject: Public Outreach and Communication

RECOMMENDATION

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

BACKGROUND

December 2014

- December 11, MWD “Water is Life” Student Art Poster Contest Recognition Event, MWD Board Room (700 North Alameda Street, Los Angeles), 10:00am-1:00pm
- December 12, Employee Association Holiday Dinner, Coco Palm Restaurant (1600 Fairplex Drive, Pomona, 91768), 7:00pm-12:00am
- December 17, Employee Holiday Luncheon, Los Serranos Country Club (15656 Yorba Avenue, Chino Hills 91709), 11:00am-3:00pm

February 2015

- February 6-7, Director Camacho’s MWD State Water Project Trip

Outreach/Education - Civic Publications Newspaper Campaign

- IEUA staff ran a print spadea ad for “Sustainability Living” in the *Daily Bulletin* at the end of November. The ad featured drought campaign tips focusing on irrigation tips and ways to reduce water use by 20 percent.
- Online display ads are currently being published featuring tips from the “Save Our Water” campaign, which will be active and link to a micro-site featuring water saving tips. The display ads will follow site visitors throughout IEUA’s service area as they search the web. Once the display ad is clicked on, the ad will no longer follow that specific visitor.

Media and Outreach

- The drought campaign theater ads are currently running in three theaters: Harkins – 18 screens (Chino Hills), Victoria Gardens – 12 screens (Rancho Cucamonga), and Ontario Palace – 22 screens (Ontario). These ads will run through early January 2015.
- The new Agency website went live at the end of November. Staff is working with departments to ensure that all content is updated and accurate. The External Affairs team will now be responsible for managing all content within the site.
- *Fontana Herald News* and *La Opinion* are featuring the drought campaign message as a digital component on their leaderboards. The banner ad is live and links directly to the www.conservaternow.info micro-site.

Education and Outreach Updates

- Water Discovery Program: 277 Girl Scout troop members, elementary and high school students and have taken part in the park field trip from September 24th through November 30th. Although December is a notoriously slow month for field trips, staff currently has an additional 105 students scheduled for field trips, with another 180 students currently scheduled through February.
- Three schools have applied for the Garden in Every School® Program: Cal Aero Preserve Academy (Chino), Cypress Elementary School (Fontana), and Country Springs Elementary School (Chino Hills). Currently, staff is working with CBWCD to schedule site evaluations, design finalization and planting days.
- IEUA staff will be attending the “Water is Life” Student Art Poster Contest recognition event on December 11th at the Metropolitan Water District of Southern California (MWD). Two student winners from IEUA’s contest will be featured in MWD’s 2015 calendar.

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

The above-mentioned activities are budgeted in the FY 2014/15 Administrative Service Fund, Public Information Services budget.

INFORMATION

ITEM

2B

December 1, 2014

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



Overview:

November was all about the election. As expected, Proposition 1, the water bond, passed overwhelmingly on Election Day, and Democrats maintained control of all major statewide offices and a majority in both houses of the Legislature, but lost their super-majority. The Legislature will convene in early December for an “Organizational Session” and then return on January 6 to start the 2015-16 Legislative Session.

The Inland Empire saw some new representatives, elected on November 2. Of the nine Senate and Assembly districts that represent IEUA, three will be represented by new members. Joining incumbent Assemblymembers Chris Holden (AD 41-D), Cheryl Brown (AD 47-D) and Freddie Rodriguez (AD 52-D) are Marc Steinorth (AD 40-R) and Ling Ling Chang (AD 55-R). Joining incumbent Senators Carol Liu (SD 23-D), Bob Huff (SD 29-R), and Mike Morrell (SD 25-R) is Connie Leyva (SD 20-D).

After an 11 month wait, the California Public Utilities Commission recently released a Proposed Decision (PD) in the SB 1122/Feed-in Tariff proceeding which created a 250 MW bioenergy procurement program. The PD puts the new procurement program into the same Re-MAT pricing system, with separate categories for each of the three SB 1122 categories. Of note, Southern California Edison will have to procure 55.5WM from Category One, which includes biogas from wastewater treatment plants, municipal organic waste diversion, food manufacturing, and codigestion. The Proposed Decision still has to be approved by the full Commission.

A group of leading environmental organizations released a paper titled “Wetter or Not—Actions to Ease the Current Drought and Prepare for the Next.” The paper outlines actions for state and federal agencies, Congress, the State Legislature and local water agencies to take in drought response and planning. It is assumed that these are the top priorities for these organizations and they will be pushing these ideas in the legislature and at regulatory agencies in the coming year.

Inland Empire Utilities Agency Status Report – November 2014

Water Bond

As expected, the Proposition 1, water bond, passed by a 67 percent to 31 percent margin on November 4. Now, the attention has turned to implementation of the bond. Agencies and organizations all over the state are working with regulators on how and when different provisions of the bond will be implemented. WateReuse is specifically working on the recycled water and desalination chapter to influence how that pot of money will be split between recycled water and desalination projects. All parties are cooperating and the new funds will likely be administered in a similar fashion to previous recycled water bond funds.

Election Results

With Election Day behind us, analysis of the results has been widely publicized. Turnout in California was at an all-time low, with just 30.3 percent of eligible voters heading to the polls this year. The national turnout was just 36.4 percent.

While Republicans made significant gains in Congress, California bucked the national trend, with all major statewide offices remaining in Democratic hands and the Legislature remaining firmly with the Democrats. Democrats also picked up one additional member in the state's congressional delegation.

In the Senate, the current breakdown is 25 Democrats and 14 Republicans, with one vacancy that will likely be filled by a Democrat. There will be three more vacancies soon, as Senators Mark DeSaulnier-D, Mimi Walters-R and Steve Knight-R won Congressional seats. The Governor will call a special election to fill those seats, but they are not likely to change party hands.

In the Assembly, Democrats hold 52 seats with the Republicans holding 28. Those numbers might change if Assemblymembers run for and win the soon-to-be vacant Senate seats.

Democrats did lose the two-thirds super majority they held on and off the past two years, however most believe that the two-thirds majority unimportant for several reasons. First, the budget no longer requires a two-thirds majority to be passed, just a simple majority. Second, the Governor has stood by his promise that he will not raise taxes without putting it on the ballot for voters to approve, thereby rendering any attempt to raise taxes by two-thirds of the legislature less important. Finally, while the Democrats had previously enjoyed a super majority, there are a significant number of moderate Democrats in both houses that cannot be counted on to vote with the majority party every time. For these reasons, many believe that the Democrats not having a super majority will not have any significant impact on policy making in the 2014-2015 session.

Due to term limits, the IEUA legislative delegation will see two new representatives in the Assembly and one in the Senate.

	Previous Rep.	New Rep	Results
AD 40	Morrell (moved to Senate)	Marc Steinorth: (Republican) Rancho Cucamonga City Council Member	Steinorth got 55% of the vote.
AD 41	Chris Holden	Chris Holden: (Democrat) incumbent	Holden got 59% of the vote.
AD 47	Cheryl Brown	Cheryl Brown: (Democrat) incumbent	Brown got 56.9% of the vote.
AD 52	Freddie Rodriguez	Freddie Rodriguez: (Democrat) incumbent	Rodriguez got 59% of the vote.
AD 55	Curt Hagman (termed out)	Ling-Ling Chang: (Republican) Councilmember and Former Mayor of Diamond Bar	Chang for 64% of the vote.
SD 23	Mike Morrell— not up for reelection		
SD 25	Carol Liu—not up for reelection		
SD 29	Bob Huff—not up for reelection		
SD 20 (former SD 32)	Norma Torres- won Congress- sional seat	Connie Leyva: (Democrat) Grocery Workers Representative	Leyva got 62.4% of the vote

BDCP Affordability Study

A study released by the State Treasurer's office found that financing of the Bay Delta Conservation Plan (BDCP) would be affordable for the 25 million water users and 3 million acres of farmland that stand to benefit from the water supplies the plan would secure.

The study identifies the ability of State Water Project and Central Valley Project water users to pay for the construction and mitigation of the water delivery conveyance system prescribed by the BDCP, which would not rely on any taxpayer funding from the state.

Using illustrative cost ranges for the Metropolitan Water District, Santa Clara Valley Water District, Westlands Water District, and Kern County Water Agency, which have been major funders of the BDCP planning effort thus far, the analysis found that the increased cost of water due to construction and mitigation of the conveyance system is within the range of urban and agricultural users' capacity to pay for the project.

The BDCP would create a modern conveyance system to deliver water from the Sacramento-San Joaquin Delta to water users in the Bay Area, San Joaquin Valley and Southern California. The current conveyance system leaves these water supplies at constant danger of increased regulatory restrictions and seismic risks.

In 2014, State Water Project customers received only five percent of their annual water supply from the Delta, while customers on the federal Central Valley Project received a zero percent

allocation. The BDCP would create new water intakes on the Sacramento River that would protect water users from these possible catastrophic supply disruptions, while also protecting threatened and endangered fish species in the Delta.

The independent study was commissioned by the California Debt and Investment Advisory Commission at the request of the California Natural Resources Agency.

SB 1122/Feed-in Tariff Proposed Decision Released

The California Public Utilities Commission (CPUC) has released a Proposed Decision (PD) for implementing SB 1122 (Rubio), which created a 250 MW bioenergy procurement program. The PD puts the new procurement program into the same Re-MAT pricing system, with separate categories for each of the three SB 1122 categories. Southern California Edison's allocations of the megawatts are proposed to be divided as follows:

- Category One: **55.5MW**- Biogas from wastewater treatment plants, municipal organic waste diversion, food manufacturing, and codigestion.
- Category Two: **56.5 MW**- Dairy and agriculture waste.
- Category Three: **2.5MW**- Forest Biomass.

The suggested starting price for SB 1122 categories in the Re-MAT program was increased from the suggested \$124.66/MWh (\$0.125/Kwh) in the staff proposal to \$127.72/MWh (\$0.127/Kwh), which is a significant increase from the \$89/MWh starting price in the regular Re-MAT program. The price will adjust up or down in the same manner as the Re-MAT.

A vote on the PD is expected as early later this month.

Environmental Organizations Release Paper On Drought

Organizations including The Natural Resources Defense Council, Clean Water Action, Audubon California, Friends of the River, League of Women Voters and others have released a paper titled "Wetter or Not—Actions to Ease the Current Drought and Prepare for the Next." The paper outlines actions for state and federal agencies, Congress and the State Legislature and by local water agencies to take in drought response and also planning for drought. Drought response recommendations include:

- **Efficiency**: Outlines 21 actions that could be taken to make urban and agricultural water use more efficient. Including turf removal rebates, conservation training programs, sub-metering in multi-unit structures, and other measures.
- **Water Recycling and Graywater**: The State Water Resources Control Board (SWRCB) should adopt regulations for indirect potable reuse through the augmentation of surface storage and work to complete studies on direct potable reuse, and other measures.
- **Stormwater**: The SWRCB should establish requirements for municipal stormwater retention for water quality and water supply benefits and other measures.
- **Expand System Capacity**: Specific actions are recommended in the areas of groundwater cleanup and management, natural infrastructure, and smart water storage.

Planning for drought recommendations include:

- **Planning for Drought**: Recommendations include the SWRCB adopting drought standards for the Delta and its tributaries, protect salmon and other fish, develop drought

actions to protect wetland-dependant species, update water rights accounting and enforcement and other recommendations.

- **Financing Sustainable Water Supply Investments**: State funding recommendations include funding green infrastructure, community drinking water needs and a statewide water diversion fee to make ecosystems more drought-resilient. Federal funding recommendations include increasing Title XVI funding for recycled water, water conservation and energy conservation project funding, floodplain restoration and other recommendations. Local funding recommendations include urban agencies adopting budgets and rate structures sufficient to ensure stable funding for new investments in sustainable water sources.

The paper describes the ongoing priorities the environmental community and it is likely we will see some of these priorities in legislation this year.

Legislative Update

The new Legislature will arrive in Sacramento on December 1 to swear in new members and officially elect leadership in an “Organizational Session.” There is no set date for when committee assignments will be announced, but they are expected sometime between the first of December and the second week of January. Assembly Speaker Toni Atkins (D-San Diego) has announced her leadership team that includes IEUA representative Assemblymember Chris Holden as the Majority Floor Leader. Speaker Atkins will announce the Assembly committee chairs the first week of December. No word on when President Pro Tem Kevin de Leon (D- Los Angeles) will announce leadership and committee assignments in the Senate.

The first year of the 2015-2016 Legislative Session will officially begin January 5, 2015 and the Governor will submit his proposed budget to the Legislature on January 10. The Governor will give his State of the State Address sometime in late January, though a specific date has yet to be announced. Bills will start to be introduced in January, but the majority of legislation is expected to be introduced right before the February 26 bill introduction deadline.

Innovative Federal Strategies LLC

Comprehensive Government Relations

MEMORANDUM

To: Joe Grindstaff and Kathy Besser, IEUA

From: Letitia White and Heather Hennessey

Date: November 25, 2014

Re: November Monthly Legislative Update

After the upheaval of the November elections, Congress got back to work during the latter half of the month. With leadership assignments and committee chairmanships mostly decided for the new Congress, the rest of the committee rosters will be filled in the coming weeks. Other than those housekeeping items, not much was resolved during the month of November as Congress focused on the President's immigration announcement and plotted its course for next year.

Spending Resolution Must be Reached During December

The current Continuing Resolution (CR) that is funding all departments of the federal government will expire on December 11th. Congress must either enact a new CR or pass an omnibus spending package by then or risk a government shutdown. During November, there was increased chatter about a possible hybrid approach that would fully fund some of the spending bills while enacting a CR for others. Nicknamed a "CROmbius," such an approach might be the easiest way to put FY 2015 spending issues to bed this year. It would enable Congress to start next year with a clean slate, an idea that holds much appeal for policy makers. The most likely bills to receive full legislative approval are Defense, Military Construction and Veterans Affairs, and Homeland Security. The bills that fund the domestic federal agencies are more likely to be funded under the CR portion.

While we usually argue that a CR is not ideal for federal spending, this year might be the exception to that rule. Funding levels for the domestic federal agencies would remain level, and no policy changes would be enacted for those agencies covered under the CR. This treatment would provide a stable and predictable funding environment for those agencies. On the other hand, if the bills were re-opened in the early months of next year, it is likely that the new Republican majority in the Senate would agree with funding cuts that had been proposed by the House earlier in the bills' negotiations. Given a choice between the certainty of a CR in December and the unpredictability of future actions in 2015, those of us at IFS are inclined to support the CR approach!

Having said all of this, the ultimate end game on federal spending remains very murky. The biggest question is whether Congressional Republicans will try to use the FY 2015 spending bills to force changes to the President's recent Executive Action on immigration. Announced on the day that Congress left DC for the Thanksgiving holiday, the President's actions have infuriated Congressional Republicans. But the fury has not coalesced into any plan. Truly, Republican

Innovative Federal Strategies LLC

options are limited because the office that will carry out the President's new orders is funded by fees generated by applicants rather than by Congressional appropriations. In the absence of a clear path forward, House leadership may instead settle for a CR that would punt the spending debates into early next year. Also, the President has promised to veto any legislation that undoes his Executive Action.

Last Gasp of the California Drought Bill?

It was a frantic mid-November push to finalize the California drought bill, but the effort ultimately fell short. Truthfully, the negotiations were a long shot from the start, and none of the existing barriers that had prevented its passage for the past several years had been cleared. Environmentalists opposed any efforts to loosen state or national environmental standards, and regional factions had hardened over time in opposition to provisions that would have favored the Central Valley over other parts of the state. Meanwhile, the secrecy surrounding the final negotiations worked to undermine confidence in the process. And rumors that the bill was swelling from a small legislative package to one of 50 or 60 pages left everyone wondering what the negotiators were including that had not seen the light of day. If Senator Feinstein had been successful, the bill likely would have been attached to the FY 2015 appropriations package discussed above. You may recall that the Senator included placeholder report language in her Energy and Water Appropriations bill that was released over the summer.

The question now becomes what is next for California drought legislation in the new Congress? With Republicans taking control of the Senate, they will be able to align with the House to propose major changes to the Endangered Species Act and other laws that they think are contributing to the California drought. Will those national efforts overshadow any California specific bills? Also, the state water bond is now enacted, meaning a very different set of circumstances exist at the state level. At the end of last week, Senator Feinstein promised to renew her efforts next year under "regular order." But regular order on Capitol Hill has been an enemy to the California drought bills up to this point. Press reports that emerged during November indicated a clear division between haves and have-nots, with some large agriculture groups and water agencies included in the negotiations while others were excluded. The secrecy of the negotiations and exclusions of so many stakeholders have left a bad taste in many mouths both in DC and California. It is also important to note that Senator Boxer has taken a very different stance than Senator Feinstein, and Boxer is much less inclined to work with Republicans to try and reach a deal.

Outlook for December

December will be a short month on Capitol Hill, with the House only scheduled to be in session for two weeks. In addition to the FY 2015 spending resolution, Congress must also pass the FY 2015 National Defense Authorization Act during December. We may also see movement on the Senate's proposal for two additional years of the tax extenders. In addition to those items, Democratic leadership in the Senate will also try to push through more of President Obama's outstanding judicial and executive branch nominations.

INFORMATION

ITEM

2C



CALIFORNIA STRATEGIES, LLC

Date: December 01, 2014
To: Inland Empire Utilities Agency
From: John Withers, Jim Brulte
Re: November Activity Report

Listed below is the California Strategies, LLC monthly activity report. Please feel free to call us if you have any questions or would like to receive any more information on any of the items mentioned below.

- Met with IEUA Executive staff to review priority issues (11/03)
- Participated in discussions with County of San Bernardino and IEUA to discuss coordination of County and District legislative and public policy issue agendas.
- We continue to monitor Lafco staff on the status and key issues related to the MSR process currently underway for water conservation districts Countywide (Provided Plan of Service consultant referral to staff)
- Support and advise on IEUA/SBVWD transfer transaction on an as needed basis.
- Provided an update on the recent filing of a Sphere of Influence amendment filing by the CVWRD.
- Facilitated contact with CFO and follow up with IRWD regarding facility master planning and fiscal modeling
- Continue to monitor statewide water issues including the BDCP, water bond, and drought relief act activities.
- Outreach to Board Directors as needed on issues of interest
- Monitor Santa Ana Regional Board agenda and issues of interest to IEUA.

INFORMATION
ITEM
2D

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

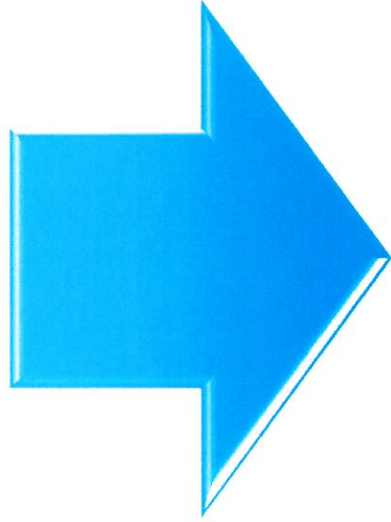
Potable Water
Rates

Recycled Water
Rates

Outreach &
Implementation

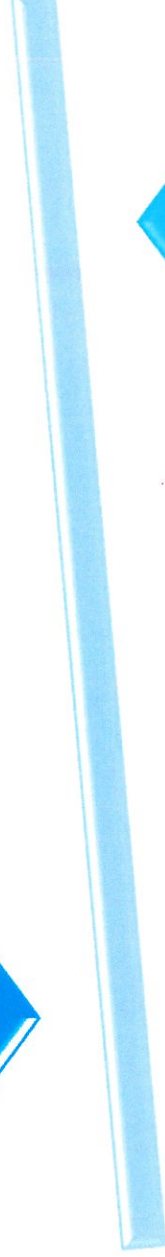
Connection Fee Study

Competing Objectives



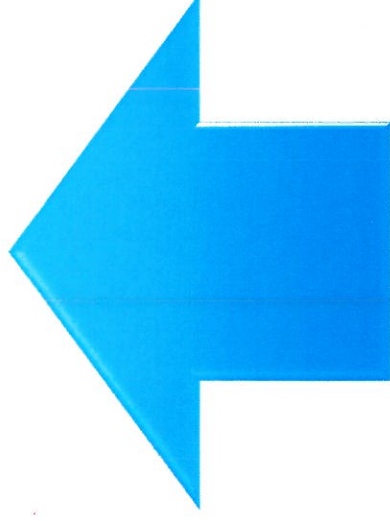
Rate Design

- 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

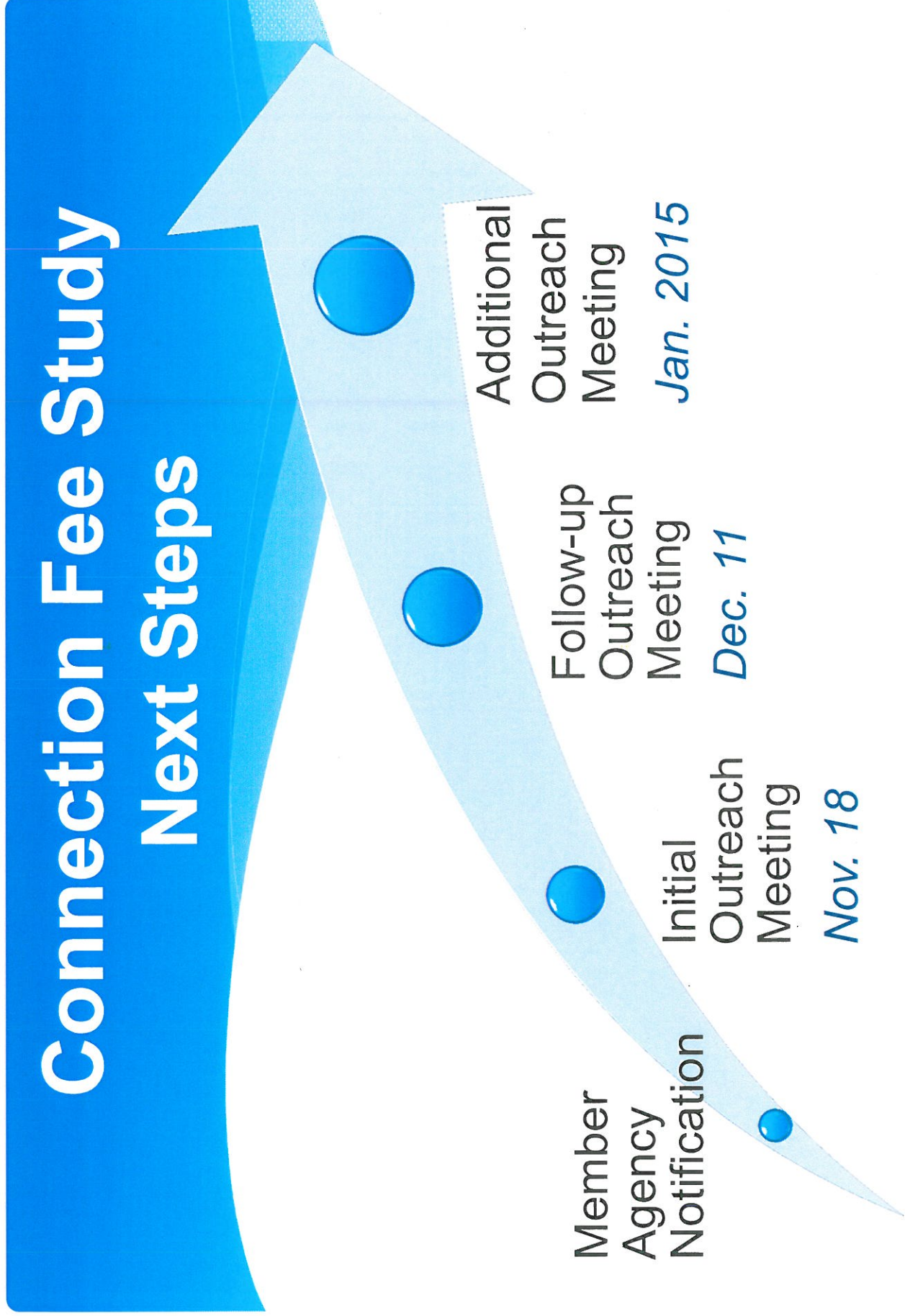
Nov. 18

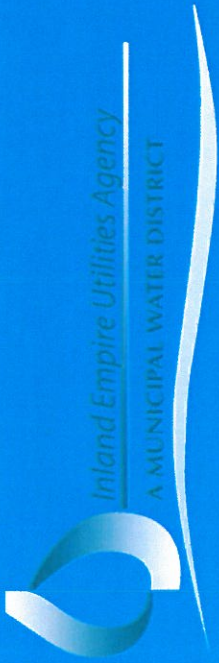
Follow-up
Outreach
Meeting

Dec. 11

Additional
Outreach
Meeting

Jan. 2015





Questions?

