



AGENDA

MEETING OF THE BOARD OF DIRECTORS

**WEDNESDAY, DECEMBER 17, 2014
10:00 A.M.**

**INLAND EMPIRE UTILITIES AGENCY*
AGENCY HEADQUARTERS
6075 KIMBALL AVENUE, BUILDING A
CHINO, CALIFORNIA 91708**

CALL TO ORDER OF THE INLAND EMPIRE UTILITIES AGENCY BOARD OF DIRECTORS MEETING

FLAG SALUTE

PUBLIC COMMENT

Members of the public may address the Board on any item that is within the jurisdiction of the Board; however, no action may be taken on any item not appearing on the agenda unless the action is otherwise authorized by Subdivision (b) of Section 54954.2 of the Government Code. Those persons wishing to address the Board on any matter, whether or not it appears on the agenda, are requested to complete and submit to the Board Secretary a "Request to Speak" form which are available on the table in the Board Room. Comments will be limited to five minutes per speaker. Thank you.

ADDITIONS TO THE AGENDA

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

1. NEW HIRE INTRODUCTION

- Mr. Edward Chavez, Collection System Operator, hired on 10/13/14 (Francis Concemino)
- Mr. Larry Lucas, Mechanic II, hired on 10/27/14 (James Buchanan)
- Mr. Nagoro Setyadi, Warehouse & Inventory Technician, hired on 12/08/14 (Francis Concemino)

2. PUBLIC HEARING AND ADOPTION OF RESOLUTION NO. 2014-12-3, ADOPTING AMENDMENT TO THE IEUA CONFLICT OF INTEREST CODE

It is recommended that the Board:

1. Hold a Public Hearing to receive public comments for the Board to adopt amendment to the IEUA's Conflict of Interest Code, establishing disclosure categories specifying the types of economic interests that must be reported by designated positions within the Agency; and
2. After closing the Public Hearing, adopt Resolution No. 2014-12-3, Adopting Amendments to the IEUA Conflict of Interest Code.

3. CONSENT CALENDAR

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

A. MINUTES

The Board will be asked to approve the minutes from the November 19, 2014 Board meeting.

B. TREASURER'S REPORT ON GENERAL DISBURSEMENTS

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

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

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

D. IEUA FISCAL YEAR 2013/14 SINGLE AUDIT REPORT

It is recommended that the 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. REAL PROPERTY SURPLUS AND SALE AGREEMENT

It is recommended that the 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.

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

It is recommended that the 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 agreement.

G. APPROVE THE TASK ORDER NO. 16 FOR PRIMAVERA ENHANCEMENTS

It is recommended that the Board:

1. Approve Task Order No. 16 for Contract No. 4600001376 to Danrae Inc., for the Primavera Enhancements, Project No. EN15052, for the not-to-exceed amount of \$80,000; and
2. Authorize the General Manager to execute the Task Order.

H. CONTRACT AWARD FOR GROUNDWATER RECHARGE BASIN WEED ABATEMENT SERVICES

It is recommended that the 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.

4. ACTION ITEMS

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

It is recommended that the Board:

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;
2. Approve the Supplemental Agreement which includes the timeline requirements and to share the identified cost savings; and
3. Authorize the General Manager to execute the deductive contract change order and the supplemental agreement.

B. SCADA ENTERPRISE SYSTEM CONTRACT AWARDS

It is recommended that the 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 \$150,000;
3. Approve the Design-Build Service 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.

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

It is recommended that the 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. PURCHASE ORDER WITH THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA FOR IMPORTED WATER

It is recommended that the 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.

5. INFORMATION ITEMS

A. MWD UPDATE (ORAL)

RECEIVE AND FILE INFORMATION ITEMS

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

- C. FY 2014/15 FIRST QUARTER BUDGET VARIANCE, PERFORMANCE GOALS UPDATES, AND BUDGET TRANSFER (WRITTEN)
- D. PUBLIC OUTREACH AND COMMUNICATION (WRITTEN)
- E. LEGISLATIVE REPORT FROM INNOVATIVE FEDERAL STRATEGIES (WRITTEN)
- F. LEGISLATIVE REPORT FROM THE DOLPHIN GROUP (WRITTEN)
- G. LEGISLATIVE REPORT FROM AGRICULTURAL RESOURCES (WRITTEN)
- H. CALIFORNIA STRATEGIES, LLC MONTHLY ACTIVITY REPORT (WRITTEN)
- I. INTERNAL AUDIT DEPARTMENT STATUS REPORT FOR DECEMBER 2014 (WRITTEN)
- J. REGIONAL CONTRACT REVIEW INTERIM AUDIT REPORTS FOR THE CITY OF CHINO AND CITY OF FONTANA (WRITTEN)
- K. PLANNING & ENVIRONMENTAL COMPLIANCE UPDATE (POWERPOINT)
- L. ENGINEERING AND CONSTRUCTION MANAGEMENT FY 2014/15 MONTHLY UPDATE (POWERPOINT)

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

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

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

10. CLOSED SESSION

A. PURSUANT TO GOVERNMENT CODE SECTION 54956.9(a) – CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

- 1) Chino Basin Municipal Water District vs. City of Chino, Case No. RCV51010
- 2) Martin vs. IEUA, Case No. CIVRS 1000767
- 3) Sheilds vs. IEUA, Case No. CIVRS 1301638
- 4) Desaddi vs. IEUA, Case No. CIVRS 1304617
- 5) Mwembu vs. IEUA, Case No. CIVDS 1415762
- 6) Southern California Edison vs. IEUA, Case No. CIVRS 1308595

B. PURSUANT TO GOVERNMENT CODE SECTION 54956.8 – CONFERENCE WITH REAL PROPERTY NEGOTIATOR

- 1) Property: Water and Pipeline Capacity/Cadiz
Negotiating Party: General Counsel Jean Cihigoyenetché
- 2) Property: Land Locked Property in Chino Hills
Negotiating Party: General Counsel Jean Cihigoyenetché
- 3) Supplemental Water Transfer/Purchase
Negotiating Parties: General Manager P. Joseph Grindstaff
Under Negotiation: Price and Terms of Purchase

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

- 1) Three (3) Cases

D. PURSUANT TO GOVERNMENT CODE SECTION 54957 – PERSONNEL MATTERS

- 1) Various Positions – Compensation Study

E. PURSUANT TO GOVERNMENT CODE SECTION 54957 – PERSONNEL MATTERS – PUBLIC EMPLOYEE PERFORMANCE EVALUATION

- 1) Manager of Internal Audit
- 2) Board Secretary/Office Manager

11. 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: AK

Declaration of Posting

I, April Woodruff, Board Secretary/Office Manager of the Inland Empire Utilities Agency*, A Municipal Water District, hereby certify that a copy of this agenda has been posted by 5:30 p.m. at the Agency's main office, 6075 Kimball Avenue, Building A, Chino, CA on Thursday, December 11, 2014.

for April Woodruff #853
April Woodruff

**ACTION
ITEM**

4A



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: 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;
2. Approve the Supplemental Agreement which includes the timeline requirements and to share the identified cost saving; and
3. Authorize the General Manager to execute the deductive contract change order and the supplemental agreement.

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 Mr. Dave Sorem (principal at MBCC) to purchase these parcels in order to install the proposed realigned portion of the Wineville Segment B pipeline. The sale of this property will require the Successor Agency, Oversight Board Committee, and State Department of Finance approval. Pending approval, the Successor Agency (Fontana City Council) 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 pursuant to the new alignment as outlined in 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 will be provided a copy of the revised alignment. 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.

The VECP package offers a cost share of 50 percent of the net savings in construction cost in compliance with the California Public Contract Code 7101. A Change Order for fifty (50) percent of the net cost savings of \$1,247,249 shall be made to the Project Contract Document reducing the cost of the Project by \$623,625.

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 the Oversight Committee, the Department of Finance approval and the necessary easements are not received by February 18, 2015, the contractor will proceed with the pipeline as bid and will complete the project as originally budgeted and scheduled.

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.

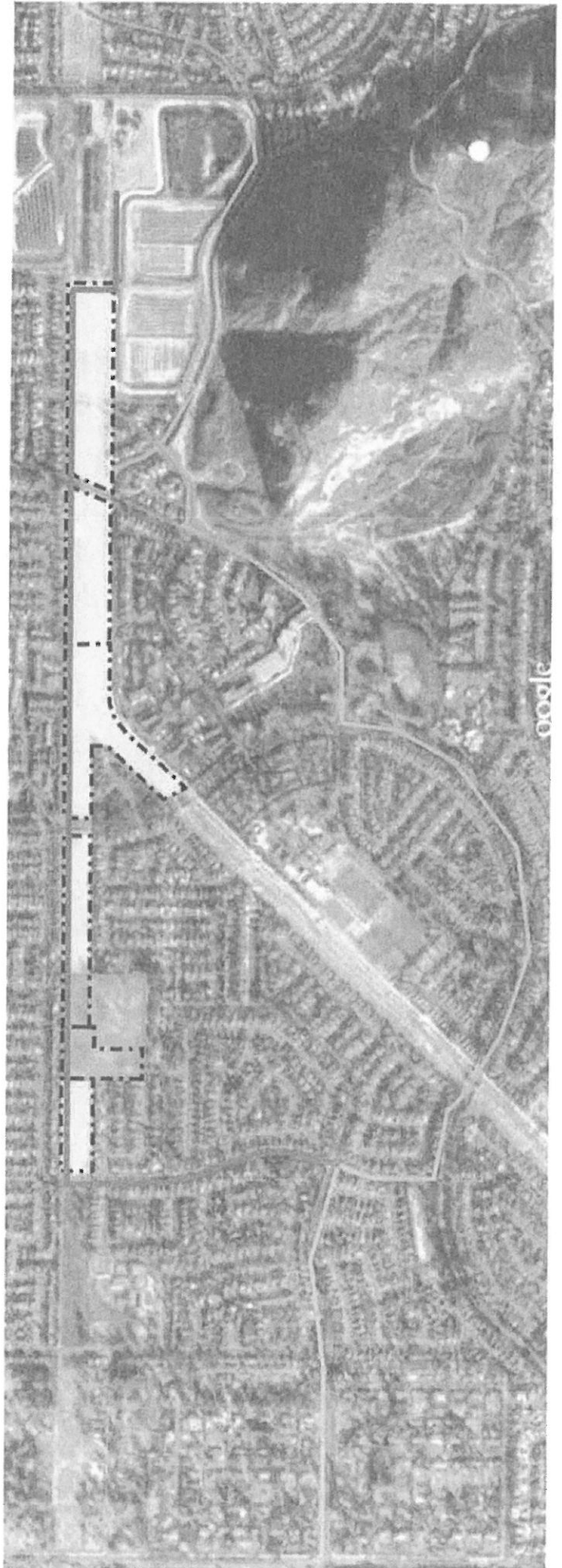
IMPACT ON BUDGET

If approved and if the property acquisition is successful by February 18, 2015, the Value Engineering Cost Proposal will reduce the construction contract value for Mike Bubalo Construction by a fixed amount of \$623,625 reducing the original contract cost from \$8,900,000 to \$8,276,375.

Attachment: Value Engineering Package
PJM:CB:MK:aa:dm
12/11/2014

VALUE ENGINEERING CHANGE PROPOSAL

Wineville Extension Recycled Water Pipeline, Segment B
Project No. EN13045



INLAND EMPIRE UTILITIES AGENCY
Wineville Recycled Water Pipeline, Segment B
Value Engineering
Meeting

INDEX

1. Value Engineering Agreement
2. Shared Cost Proposal
3. SCE Easement Correspondence
4. City of Fontana Correspondence
5. Property Acquisition Schedule
6. Preliminary Design Drawings
7. Sample Easement Agreement
8. Environmental & Archeological Research

VALUE ENGINEERING
AGREEMENT

PUBLIC CONTRACT CODE
SECTION 7101

7101. The state or any other public entity in any public works contract awarded to the lowest bidder, may provide for the payment of extra compensation to the contractor for the cost reduction changes in the plans and specifications for the project made pursuant to a proposal submitted by the contractor. The extra compensation to the contractor shall be 50 percent of the net savings in construction costs as determined by the public entity. For projects under the supervision of the Department of Transportation or local or regional transportation entities, the extra compensation to the contractor shall be 60 percent of the net savings, if the cost reduction changes significantly reduce or avoid traffic congestion during construction of the project, in the opinion of the public entity. The contractor may not be required to perform the changes contained in an eligible change proposal submitted in compliance with the provisions of the contract unless the proposal was accepted by the public entity.

SUPPLEMENTAL AGREEMENT – VALUE ENGINEERING
FOR
INLAND EMPIRE UTILITIES AGENCY

Wineville Extension Recycled Water Pipeline, Segment B
Project No. EN13045

This Agreement is entered into this ____ day of December, 2014 (“Effective Date”) by and between Inland Empire Utilities Agency (hereinafter “IEUA”), a Municipal Water District and Mike Bubalo Construction Company (hereinafter “Contractor”) collectively (“the Parties”) for the purposes of value engineering IEUA’s Project No. EN13045 (hereinafter “Project”).

RECITALS

WHEREAS, on November 21, 2013, IEUA advertised the Project on The Network to the prequalified bidders for construction bids; and,

WHEREAS, on May 21, 2014, IEUA awarded the contract for the Project to Contractor for the low bid of \$8,900,000; and,

WHEREAS, Contractor submitted a Value Engineering Proposal to revise the alignment (Exhibit A) for the majority of the pipeline; and,

WHEREAS, the new alignment will eliminate extensive amounts of angle point deflections, elbows, thrust blocks, blow offs and vacuum values, as well as provide for fewer changes in elevation due to the underground utility corridor; and,

WHEREAS, the land for a portion of the Project (redevelopment land) is to be purchased by Contractor, who will then provide a perpetual easement to IEUA (Exhibit B) for the Project; and,

WHEREAS, Contractor shall secure a perpetual easement from SCE for the new alignment; and,

WHEREAS, GHD, the design engineering firm, has prepared the new alignment and concurs that the Project would benefit IEUA and provide cost savings; and,

WHEREAS, Contractor shall guarantee to IEUA that the new alignment will meet or exceed all necessary functionality including; performance, safety, operations, maintenance and quality, as well as provide for quality materials and/or methods as prescribed in the contract documents; and,

WHEREAS, Contractor has established that a fixed sum of \$1,247,249 dollars in cost savings will be realized with the proposed new alignment; and,

WHEREAS, Contractor has offered IEUA fifty (50) percent of the net cost savings, and IEUA has accepted Contractor's Conceptual Value Engineering Proposal; and,

WHEREAS, concurrent with this Supplemental Agreement, a Change Order shall be made to the Project Contract Document reducing the cost of the Project by \$623,625 to \$8,276,375.

NOW THEREFORE, incorporating the recitals above, the Parties hereto agree:

1. 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 in accordance with the specifications for the Project.
2. Payment for the Project shall be in accordance with the Contract Documents and in any event shall not exceed \$8,276,375.
3. Contract schedule shall remain the same and shall not be affected by the new alignment.
4. This Supplemental Agreement covers the known and anticipated costs attributable to the work covered by this Supplemental Agreement. Upon acceptance of this Supplemental Agreement and change to the contract documents, should IEUA request any changes to the plans and specifications, then Contractor reserves the right to request additional adjustment to the contract amount or contract time in accordance with the contract documents. However, should Contractor incur unanticipated additional cost due to the new alignment, Contractor shall bear the responsibility for those additional cost.
5. All changes to the contract document plans and specifications shall be submitted as a Request for Deviation as defined in the Value Engineering Change Proposal process in accordance with the Project Specifications. All approvals of changes to plans and specification shall be in writing.
6. Contractor shall provide final "As-Built" drawing on completion of the Project.
7. The Contractor shall provide assurance prior to initiating work associated with the Value Engineering Change Proposal that Fontana Water Company (FWC) is in concurrence that the new alignment will not result in additional costs by FWC or have cost impacts to Fontana residents and that they will be responsible for those cost in the event they are identified.
8. Should Contractor be unable to obtain the easement, and SCE consent agreement for the VE alignment by February 18, 2015, then this agreement shall be null and

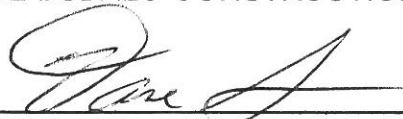
void and Contractor shall complete the Project in accordance with the original awarded design and specifications by July 25, 2015.

ALL OTHER TERMS AND CONDITIONS OF THE CONTRACT DOCUMENTS FOR THE PROJECT SHALL REMAIN UNCHANGED.

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

INLAND EMPIRE UTILITIES AGENCY: MIKE BUBALO CONSTRUCTION COMPANY:

P. Joseph Grindstaff
General Manager



Dave Sorem, P.E.
Vice President



NOTE: IEUA does not agree with Contractor position and has referred this to IEUA's General Counsel

December 8, 2014

Mr. Chris Berch
Inland Empire Utilities Agency
Executive Manager of Engineering/
Assistant General Manager
P.O. Box 9020
Chino Hills, CA 91709

Mr. Berch:

REF. VALUE ENGINEERING LIFE CYCLE COST

Mike Bubalo Construction (MBC) has been notified by IEUA staff that the Supplemental Agreement – Value Engineering for the Wineville Extension Recycled Water Pipe Line Segment B Project No. EN13045 will not include Life Cycle Costs. MBC has expended extensive effort for IEUA to realize these savings. The Life Cycle Cost savings were calculated from the reduction of the original alignment of the 36" waterline by approximately 2600'. The savings associated with the Life Cycle Costs is estimated to be \$154,216 that will be split 50/50 between IEUA and MBC, exactly as previously agreed to in the Value Engineering Proposal of \$1,396,801.

IEUA staff was informed by MBC that Life Cycle Cost savings in Value Engineering is the law and should be considered as a savings. IEUA staff stated that it was not part of any law but a benefit only to the agency and only a perceived cost savings. MBC emphatically disagrees with this assumption that the reduction of approximately 2600' of 36" waterline is not a savings to be considered as a Life Cycle Cost.

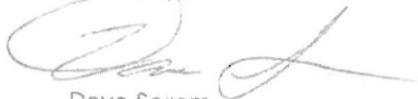
By means of example, Value Engineering is specifically spelled out in U.S. Public Law 104-106 Sec. 4306. VALUE ENGINEERING FOR FEDERAL AGENCIES. "(b) DEFINITION.- As used in this section, the term 'value engineering' means an analysis of the functions of a program, project, system, product, item of equipment, building, facility, service or supply of an executive agency, performed by qualified agency or contractor personnel, directed at improving performance, reliability, quality, safety, and **life cycle costs.**" At a minimum MBC requests that our reservation of right to demand inclusion of these costs be respected and stated in the Supplemental Agreement – Value Engineering.

MBC does not agree with or understand IEUA staff position on denying our right to share in the savings of Life Cycle Costs. This is standard practice for agencies to equally share in the savings associated with Life Cycle Costs and is part of U.S. Public Law 104-106. The analysis of Life Cycle Costs for Value Engineering is incorporated at the National level with the Department of Defense, Environmental Protection Agency, Federal Highway Administration, Army Corps of Engineers and Federal Aviation Administration and locally with the State of California, County of Riverside, Metropolitan Water District, etc.

For IEUA to ignore the fact that Life Cycle Costs should be part of the shared savings shows lack of attention to the law and the significant effort that MBC has initiated to complete this realignment for the benefit of the constituents of Fontana and the rate payers of IEUA.

Again, I want to reiterate that we reserve the right to pursue the savings related to Life Cycle Costs. I look forward to discussing this with you in the near future.

Sincerely,



Dave Sorem

Vice President

Mike Bubalo Construction

VALUE ENGINEERING CHANGE PROPOSAL

A. General.

The CONTRACTOR is encouraged to and is authorized to develop, prepare, and submit in writing proposals for modifying the Plans, Specifications or other requirements of the Contract Documents for the sole purpose of reducing the total cost of construction (a.k.a. value engineering change proposals (VECP's)) voluntarily. The VECP shall not impair, in any manner, the essential functions or characteristics of the Project, including but not limited to service life, economy of operation, ease of maintenance, desired appearance, or design and safety standards. The CONTRACTOR shall receive extra compensation for the cost reduction changes in the Plans and Specifications for the Project realized from accepted VECP's submitted by the CONTRACTOR, in accordance with paragraph (F) of this clause.

B. Definitions.

1. "CONTRACTOR's development and implementation costs," as used in this clause, means those costs the CONTRACTOR incurs on a VECP specifically in developing, testing, preparing, and submitting the VECP, as well as those costs the CONTRACTOR incurs to make the contractual changes required by IEUA acceptance of a VECP.
2. "IEUA costs," as used in this clause, means those IEUA costs that result directly from developing and implementing the VECP, such as any net increases in the cost of testing, operations, maintenance, and logistic support. The term includes IEUA's costs of investigating and analyzing a VECP submitted by the CONTRACTOR, including any portion thereof paid by the CONTRACTOR pursuant to paragraph (E)(4). The term does not include the normal administrative costs of processing the VECP.
3. "Instant Contract savings," as used in this clause, means the estimated reduction in CONTRACTOR cost of performance resulting from acceptance of the VECP, minus allowable CONTRACTOR development and implementation costs, including Subcontractors' development and implementation costs (see paragraph (H) of this clause).
4. "Net Contract savings," as used in this clause, means the total instant Contract savings less IEUA cost.
5. "Value engineering change proposal (VECP)" means a proposal that:
 - a. Requires a change to the Contract Documents, to implement; and

- b. Results in reducing the Contract Price or estimated cost without impairing essential functions or characteristics; *provided*, that it does not involve a change:
 - i. In deliverable end item quantities only; or
 - ii. To the Contract type only.
- C. VECP Preparation. As a minimum, the CONTRACTOR shall include in each VECP the information described in paragraphs C (1) through (8) of this clause. If the proposed change is affected by contractually required configuration management or similar procedures, the instructions in those procedures relating to format, identification, and priority assignment shall govern VECP preparation. The VECP shall include the following:
 - 1. A description of the difference between the existing Contract requirement and that proposed, the comparative advantages and disadvantages of each, a justification when an item's function or characteristics are being altered, and the effect of the change on the end item's performance.
 - 2. A list and analysis of the Contract requirements that must be changed if the VECP is accepted, including any suggested Specification revisions.
 - 3. A separate, detailed cost estimate for (a) the affected portions of the existing Contract requirement and (b) the VECP. The cost reduction associated with the VECP shall take into account the CONTRACTOR's allowable development and implementation costs, including any amount attributable to subcontracts under paragraph (H) of this clause.
 - 4. A description and estimate of costs IEUA may incur in implementing the VECP, such as test and evaluation and operating and support costs.
 - 5. A prediction of any effects the proposed change would have on collateral costs to IEUA.
 - 6. A statement of the time by which a Contract modification accepting the VECP must be issued in order to achieve the maximum cost reduction, noting any effect on the Contract completion time or delivery schedule.
 - 7. All required design documents, including Plans and Specifications, necessary to implement the changed Work pursuant to the VECP.
- D. Submission. The CONTRACTOR shall submit VECP's to the ENGINEER.

E. IEUA Action.

1. The ENGINEER will notify the CONTRACTOR of the status of the VECP after the ENGINEER receives it. IEUA will process VECP's expeditiously; however, it will not be liable for any delay in acting upon a VECP. If an executed Change Order or a Notice to Proceed with the change has not been issued by IEUA, as described in paragraph (E) (3) by the date upon which the CONTRACTOR's VECP specifies that a decision thereon should be made, or such other date as the CONTRACTOR as may subsequently have specified in writing, the VECP shall be deemed rejected.
2. If the VECP is not accepted, the ENGINEER will notify the CONTRACTOR in writing, explaining the reasons for rejection. The CONTRACTOR may withdraw any VECP, in whole or in part, at any time before it is accepted by IEUA. The ENGINEER may require that the CONTRACTOR provide written notification before undertaking significant expenditures for VECP effort.
3. Any VECP may be accepted, in whole or in part, by IEUA's award of a modification to this Contract via an approved Change Order citing this clause. IEUA may accept the VECP, even though an agreement on price reduction has not been reached, by issuing the CONTRACTOR a Notice to Proceed with the change. Until a Notice to Proceed is issued or a Contract modification applies a VECP to this Contract, the CONTRACTOR shall perform in accordance with the existing Contract Documents. The decision to accept or reject all or part of any VECP is a unilateral decision made solely at the discretion of IEUA. The Change Order shall incorporate the changes in the Contract Documents which are necessary to permit the VECP or that part which has been accepted to be put into effect, and shall include any conditions upon which IEUA's approval thereof is based if IEUA's approval is conditional. The Change Order shall also set forth the estimated total net Contract savings in construction costs attributable to the cost reduction proposal effectuated by the Change Order as determined by IEUA, and shall further provide that the CONTRACTOR be paid fifty percent (50%) of the net Contract savings in construction costs in accordance with paragraph (F) below. The CONTRACTOR's cost of preparing the VECP and IEUA's costs of investigating a cost reduction incentive proposal, including any portion thereof paid by the CONTRACTOR, are excluded from the total estimated net Contract savings, as defined in paragraph (B), *infra*.
4. IEUA reserves the right where it deems such action appropriate to require the CONTRACTOR to share in IEUA's costs of investigating and analyzing a VECP submitted by the CONTRACTOR as a condition of considering a VECP. Where such condition is imposed, the CONTRACTOR shall indicate acceptance thereof in

writing, and that acceptance shall constitute full authority for IEUA to deduct amounts payable to IEUA from any monies due or that may become due to the CONTRACTOR under the Contract.

5. IEUA shall judge of the acceptability of a VECP and the net savings in construction costs from the adoption of all or any part of the VECP. In determining the net savings, the right is reserved to disregard the Contract Bid prices if in the judgment of IEUA those prices do not represent a fair measure of the value of Work to be performed or to be deleted.
6. Acceptance of the VECP and performance of the Work thereunder shall not extend the Contract time of completion unless specifically provided for in the Change Order authorizing the use of the VECP.
7. The amount specified to be paid to the CONTRACTOR in the Change Order which effectuates a VECP shall constitute full compensation to the CONTRACTOR for the VECP and the performance of the Work thereunder pursuant to the Change Order. This shall include any actual, consequential or other foreseeable or unforeseeable costs not already accounted for in the CONTRACTOR's development and implementation costs that the CONTRACTOR incurs in the course of performing the Work defined by the VECP. This shall also include damages arising from or relating to unknown or differing site conditions, delays arising from the VECP Work, escalation of construction costs, unanticipated construction costs, etc.

F. Sharing.

1. Rates. If the VECP is accepted, the CONTRACTOR shall receive extra compensation of fifty percent (50%) of the net savings in construction as follows: IEUA's share of savings is determined by multiplying the net savings in construction costs realized from accepted VECP's submitted by the CONTRACTOR by fifty percent (50%). CONTRACTOR's share of savings is determined by multiplying net savings in construction costs realized from accepted VECP's submitted by the CONTRACTOR by fifty percent (50%).
2. If IEUA does not accept and receive all items on which it paid the CONTRACTOR's share, the CONTRACTOR shall reimburse IEUA for the proportionate share of these payments.

G. Payment. Payment of the share due the CONTRACTOR for use of a VECP on this Contract shall be authorized by a modification to this Contract via an approved Change Order to:

1. Accept the VECP;

2. Reduce the Contract Price or estimated cost by the amount of instant Contract savings; and
 3. Provide the CONTRACTOR's share of net savings by adding the amount calculated to the Contract Price or fee pursuant to paragraph (F) (1), supra.
 4. No payments will be made to CONTRACTOR under this clause until the Contract and all Work on the Project has been completed (e.g., Project reaches Final Completion).
- H. Subcontracts. In computing any adjustment in this Contract's price under paragraph (F) of this clause, the CONTRACTOR's allowable development and implementation costs shall include any Subcontractor's allowable development and implementation costs clearly resulting from a VECP accepted by IEUA under this Contract, but shall exclude any value engineering incentive payments to a Subcontractor. The CONTRACTOR may choose any arrangement for Subcontractor value engineering incentive payments; *provided*, that these payments shall not reduce IEUA's share of the savings resulting from the VECP.
- I. Data. The CONTRACTOR may restrict IEUA's right to use any part of a VECP or the supporting data by marking the following legend on the affected parts:

These data, furnished under the Value Engineering Change Proposal clause of the Contract shall not be disclosed outside IEUA or duplicated, used, or disclosed, in whole or in part, for any purpose other than to evaluate a value engineering change proposal submitted under the clause. This restriction does not limit IEUA's right to use information contained in these data if it has been obtained or is otherwise available from the CONTRACTOR or from another source without limitations.

If a VECP is accepted, the CONTRACTOR hereby grants IEUA unlimited rights in the VECP and supporting data, except that, with respect to data qualifying and submitted as limited rights technical data, IEUA shall have the rights specified in the Contract modification implementing the VECP and shall appropriately mark the data.

SHARED COST PROPOSAL

RFD 02 Value Engineering Cost Proposal for Wineville Segment B Alternative Pipeline Alignment

Original Alignment:

The Original alignment had the pipeline meandering through the streets in the City of Fontana beginning along Marlay Avenue from east of Mulberry Avenue, south on Banana Ave, east on Cherry Avenue, east on Live Oak Avenue, east on Village Drive, east along the Declez Channel to the Agency's RP-3 site west of Beech Ave and south of Jurupa Ave. It includes two jack and bores; a 27 ft deep jack and bore beneath Declez Channel along Cherry consisting of 120 ft of 48 inch 5/8 thick casing protecting the 36 inch carrier pipe ; another crossing south of Village Drive with the same configuration of casing and carrier pipe for a distance of 60 ft. In addition there is a Flow Control Facility and connection to cell 1 junction box at RP 3.

VECP Alignment:

The proposed VE alignment will also begin along Marlay Avenue from east of Mulberry Avenue and head **north** on Banana Avenue to the City of Fontana Property within which the Southern California Edison easement is located. The pipeline will then transverse within the open field area of the easement all the way to IEUA's RP 3 earthen basins. The Flow Control Facility and connection to Cell 1 junction box will also remain. However the Flow Control Facility may be relocated to the north to pick where the new alignment will enter the area of the basins.

Performance:

GHD, IEUA's design engineer has performed hydraulic studies whose results show the performance of the pipeline in the realigned configuration is equivalent to the original design.

Reliability:

The new alignment reduces substantially the complexity of the pipe. Extensive amounts of angle point deflections, elbows, thrust blocks, blow offs and vacuum valves have been eliminated with the new alignment. The pipe is straighter and has fewer changes in elevation as it traverses the underutilized utility corridor that is bereft of any significant presence of underground conduits. The original alignment had to navigate the complicated underworld of utilities that cross beneath the various streets with all manner of different utilities.

Maintenance:

By reducing the complexity of the pipe and reducing the quantity of appurtenant items such as blow-offs, vacuum valves and other miscellaneous mechanical fixtures, fewer instances of maintenance are required. In addition to reducing the volume of items that require periodic maintenance and inspection, the new location along the utility corridor will also reduce the long term cost of inspections and maintenance operations by removing the work area from the public traveled right-of-way. Maintenance and repairs within dedicated easements outside of the public paths of travel are always safer, cheaper and faster to accomplish in comparison to pipelines located beneath major thoroughfares.

Safety:

The size and duration of traffic detours have been substantially reduced. The original alignment would have required extensive lane closures along the primary arterial streets that provide access to the local residents. These detours would have also impacted services for mass transit busses and shuttles. The delays caused by the traffic control necessary for the original alignment also would have impacted the response times for the communities' only local fire station (#74).

Risk:

Conflicts with existing utilities is tremendously impacted in a positive way. The new alignment is substantially vacant in terms of underground pipes and facilities. This will result in a very small number of necessary relocations to resolve conflicts. It also greatly reduces the chances of potential damages to dangerous utilities such as Natural Gas mains. It also reduces the likelihood of interruptions of services for essential public utilities.

Implementation Time:

Value Engineering Study and Time for Investigations have been considered along with the reduction of pipeline length to arrive at a completion date for implementation of the new alignment. There will be no change in the contract completion date as a result of VE performance. The pipeline will be available to the project stakeholders as originally planned by IEUA.

EN13045 WINEVILLE EXTENSION RECYCLED WATER PIPELINE: SEGMENT B

RFD 0002 Value Engineering Cost Proposal

Bonds / Insurance		145,000		145,000
Mobilization (5% Earned Pay = 50%) \$690,000		445,000		445,000
Mobilization (10% Earned Pay = 75%)		222,500		222,500
Mobilization (20% Earned Pay = 95%)		178,000		178,000
Mobilization (50% Earned Pay = 100%)		44,500		44,500
Preconstruction Video		12,100		12,100
Submittals and Material Procurement		12,100		12,100
Postnote Projectwide		24,200		24,200
Traffic Control Plan and Permits		12,100	(6,500)	5,600
Trailer Facility		12,100	(2,050)	10,050
SWPPP Implementation		3,025		3,025
Roofing Abatement		1,210		1,210
Demolition		30,000		30,000
Bore and Jack Sht. - Req'd for VE		80,000	16,219	96,219
Bore and Jack Sht. - Req'd for VE		72,061	13,849	85,910
Install New 36" CMLC Stations 145+00 to 157+39		135,138		135,138
Install New 36" CMLC Stations 157+39 to 173+08		171,131		171,131
Install New 36" CMLC Stations 173+08 to 296+00		1,340,688	(339,593)	1,001,095
CLSM - Pipe Zone		423,971	(75,529)	348,442
Delivery Steel Pipe CMLC		2,769,600	(493,392)	2,276,208
Delivery Valves and Appurtenances		1,540,600	(127,632)	1,412,968
Install 36" Butterfly Valves		5,445		5,445
Install 6" ARV Assemblies		31,855	(12,388)	19,467
Install 8" Blow-Off Assemblies		31,855	(12,388)	19,467
Install Anode Test Stations		77,526	(16,950)	60,576
Install Casing Test Stations		6,828		6,828
CCTV		11,616	(2,069)	9,547
Load, Pressure Test 36" CMLC 145+00 - 157+39		954		954
Load, Pressure Test 36" CMLC Stations 173+08 to 296+00		9,465	(1,856)	7,609
Sawcut Existing Concrete/Asphalt for Installation of New Pipeline Stations 157+39 to 173+08		3,766		3,766
Sawcut Existing Concrete/Asphalt for Installation of New Pipeline Stations 173+08 to 296+00		29,560	(21,560)	8,000
Sawcut Existing Concrete/Asphalt Stations 145+00 to 157+39		2,974		2,974
Set Up Traffic Control Stations 145+00 to 157+39		2,478		2,478
Set Up Traffic Control Stations 157+39 to 173+08		3,138		3,138
Set Up Traffic Control Stations 173+08 to 296+00		24,584	(13,000)	11,584
Install Valves and Specials		10,000		10,000
30" Pipe Penetration at Vault		14,520		14,520
Deedez Channel - Jacking Pits		102,360		102,360
Jumpar at 296+00		66,060	(66,060)	0
Flow Control Facility Concrete		39,628		39,628
CMU Wall		20,408		20,408
Install Chain Link Fencing & Gates		13,600		13,600
Defer Electrical Control Panels, Transmitter and Disconnect Switches		96,800		96,800
Install Electrical Conduit		101,640		101,640
Install Electrical Wire		36,300		36,300
Install and Mod Control Panels		29,040		29,040
Start-up and Commissioning		2,420		2,420
Landscaping/Restoration		18,150		18,150
AC Paving incl Beech Ave		384,035	(274,000)	110,035
Traffic Striping and Markings		16,618	(9,500)	7,118
Traffic Loops		6,352	(4,050)	2,302
Water Line Relocations - Fontana Water		25,000	(8,000)	17,000
		8,900,000	(1,456,449)	7,443,551

PROJECTED

Design - GHD/MBCC			79,200	
Survey - MBCC/Elkins Easement Research			15,000	
SCIE Fee - MBCC			5,000	
Property Acquisition - Dave Soren				
RP-J Splitter Box			75,000	
Legal Fees for Easement			10,000	
Electrical @ 16" Discharge			TBD	
Tom Dodson & Assoc Fees				
Storm Drain Removal and Replacement			25,000	
		8,900,000	(1,247,249)	

Proposed RFD Value \$8,276,375 (\$623,625)

SCE EASEMENT CORRESPONDENCE

Southern California Edison (SCE) was contacted to determine the disposition of the overhead easement for the proposed realignment in July of 2014. It was determined that the property was owned by the former City of Fontana Redevelopment Agency not SCE as originally assumed. The property is under guardianship of The City of Fontana Oversight Board. SCE investigated the property and discovered that the easements include the installation of water lines. SCE has the consent on the use of the property without the right of ownership.

On September 26, 2014 SCE gave their preliminary consent/approval for the proposed 36-inch waterline 10 feet off of the northerly property line.

The 36-inch waterline plans showing the underground and temporary easements were sent to SCE to request their approval.



September 26, 2014

City of Fontana
C/O Mike Bubalo Construction Co., Inc.
5102 Gayhurst Avenue
Baldwin Park, CA 91706
Attn: Anton Erkcic'

Re: Fontana/Wineville Recycle Water Pipeline
Preliminary Consent approval

Dear Anton,

Please be advised that the preliminary Consent review of the revised plans reflecting the 10' for the offset of the 36" pipeline along the northerly portion of our easement has been completed and approved by our Transmission team.

This is a preliminary approval only and is subject to the review and approval of the final construction drawings by our civil team. Once said final drawings are reviewed and approved, a Consent letter will follow, allowing your company to begin construction.

Should you have any questions, please don't hesitate to contact me.

Respectfully,

Carol Okray

Carol Okray
Right of Way Agent
Eastern Region, Land and Forest Management
Real Properties
Transmission and Distribution



July 2, 2014

Mike Bubalo Construction Co., Inc.
5102 Gayhurst Avenue
Baldwin Park, CA 91706
Attn: Anton Brkie

Via e-mail

Subject: Consent Request
Project Location: Wineville Extension Recycled Water Pipeline, Fontana
Line Name: Mira Loma - Vista

Dear Anton,

Southern California Edison Company (SCE) has completed a preliminary review of the subject Consent request and plans. This Consent will be processed on a completed cost basis. In order to commence with the Consent review by all operating departments involved, an initial estimated processing fee in the amount of \$5,000.00 will be required. The fee requested will cover the cost of, including, but not limited to, the Transmission and Distribution organizational unit (T&D) technical plan review and labor costs, an evaluation of SCE's land rights, Real Properties Agent labor, and transmission line sag calculations. Please note this initial estimated processing fee is based on estimated costs. SCE's work, however, is being performed on an actual cost basis. If the scope of the project changes or SCE determines an additional processing fee is required, a revised estimated billing letter will be provided to you. Upon receipt of the additional payment, the Consent review will continue.

At the completion of the review and upon receipt of the executed Consent Agreement, you will be sent a final invoice and be billed or refunded any difference covering the actual cost of the job. Any amount owed by you to SCE at the completion of the project shall be due no later than 30 days after receipt of the final invoice.

Please acknowledge your understanding of SCE's Consent process, as stated above, by signing below.

Upon receipt of the estimated processing fee, the aforementioned requested items, (if any) and the original executed copy of this letter, the technical review of this Consent request will commence.

If your project will be delayed or canceled, please notify me immediately at (909) 421-6460 or e-mail Carol.Okroy@sce.com

Best Regards,



Carol Okray
Land Service Agent
Eastern Region / Land Management
Real Properties
Southern California Edison Company
2885 Foothill Blvd.
San Bernardino, CA 92410
(909) 421-6460

ACKNOWLEDGEMENT OF SCE'S CONSENT PROCESS

Requestor/Developer Name: _____

By: _____ Date: _____

Signature _____

Printed Name _____

CITY OF FONTANA

CORRESPONDENCE

The City of Fontana (City) was contacted in June of 2014 to inquire into the disposition of the Redevelopment Agency parcels. It was determined that the property 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 property is under guardianship of The City of Fontana Oversight Board. The City is required to sell these parcels because they did not develop a plan for their continued ownership of the parcels as mandated by the State of California.

On October 14, 2014 an offer was made to purchase these parcels in order to install the Wineville Segment B pipeline.

The City will forward the offer with their endorsement and recommendation to the State to proceed with the sale. Numerous meetings have been held and everyone is supportive of the realignment through these parcels.

Dave Sorem

From: Elisa Grey <egrey@fontana.org>
Sent: Wednesday, November 12, 2014 8:20 AM
To: Dave Sorem
Cc: David Edgar; Chuck Hays
Subject: RE: LRPMP Properties - Approval Schedule

Dave

You're welcome!

If anything changes with the dates or if we see any room for expediting the process, we will keep you informed!

Thank you

EJG

From: Dave Sorem [mailto:Dave@bubalo.com]
Sent: Tuesday, November 11, 2014 12:10 PM
To: Elisa Grey
Cc: David Edgar; Chuck Hays
Subject: RE: LRPMP Properties - Approval Schedule

Elisa,

Thanks for the information and the earlier call back. Again I want to thank you and David for keeping me informed.

Regards,

Dave Sorem, P.E.
Vice President
Mike Bubalo Construction Co., Inc.
5102 Gayhurst Ave.
Baldwin Park, CA 91706
(626) 960-7787
FAX (626) 960-7897
Cell (626) 705-0528

From: Elisa Grey [mailto:egrey@fontana.org]
Sent: Monday, November 10, 2014 8:45 AM
To: Dave Sorem
Cc: David Edgar; Chuck Hays
Subject: RE: LRPMP Properties - Approval Schedule

Dave

I received your voicemail last Thursday – I was out of the office.

However, in addition to my voicemail I wanted to give you an outline of the timeline for the next phase in the process.

November 25, 2014 – Successor Agency
December 12, 2014 – Oversight Board
December 2014 – Department of Finance Approval (up to 120 days)

After the Oversight Board Approval we anticipate opening escrow and sending the executed offers to purchase to the Department of Finance for their ultimate and final approval. While we have been told they have up to 120 days to deliver that approval, we don't anticipate it taking that long.

We will keep you in the loop regularly so you can also update IEUA on the process.

Thank you

EJG

From: Dave Sorem [mailto:Dave@bubato.com]
Sent: Thursday, November 06, 2014 2:14 PM
To: David Edgar
Cc: Elisa Grey
Subject: RE: LRPMP Properties - Approval Schedule

Thanks David & Elisa, much appreciated.

Dave Sorem, P.E.
Vice President
Mike Bubato Construction Co., Inc.
5102 Gayhurst Ave.
Baldwin Park, CA 91706
Fax (626) 960-7787
Fax (626) 960-7897
Cell (626) 705-0528

From: David Edgar [mailto:dtedgar@fontana.org]
Sent: Thursday, November 06, 2014 1:26 PM
To: Dave Sorem
Cc: Elisa Grey
Subject: LRPMP Properties - Approval Schedule
Importance: High

David;

The current schedule for disposition of the "for sale" LRPMP properties is as follows;

- Successor Agency consideration; Tues
day, November 25th
- Oversight Board consideration; Frid
ay, December 12th

- State DOF
Review;
December 15th – April 15th
- Close of Escrow (pending DOF
approval);

May, 2015

Thanks !

David R. Edgar
Deputy City Manager
City of Fontana
909-350-6739 (W)

FONTANA



Dave Sorem

From: Larry Kosmont <lkosmont@kosmont.com>
Sent: Friday, October 17, 2014 9:07 AM
To: Dave Sorem
Cc: Christine Rodgers; Nick Leathers
Subject: RE: IEUA Fontana Property

Fantastic-- will wait to hear back from you



Real Estate
Finance/Economics
Development
Entitlements

Larry Kosmont, CRE®
President and CEO
Kosmont Companies | Kosmont Realty Corporation | California Golden Fund (EB-5)
955 S. Figueroa Street, Suite 3500 | Los Angeles, CA 90017
Cell: 213-607-9000 | Direct: 213-417-3333
lkosmont@kosmont.com | www.kosmont.com | CA BRE Broker #01182660



 [Receive Periodic Updates from Kosmont Companies](#)

From: Dave Sorem [mailto:Dave@bubalo.com]
Sent: Friday, October 17, 2014 8:52 AM
To: Larry Kosmont
Subject: RE: IEUA Fontana Property

Good Morning Larry,

I've been out of town this week but I did hear from Fontana Oversight Committee and we have agreed to a price on the property. After I have their blessing and they send it to the Department of Finance at the State that is when I believe I need your assistance. I will keep you informed of the progress. Thanks again for your help.

Take care,

Dave Sorem, P.E.
Vice President
Mike Bubalo Construction Co., Inc.
5102 Gayhurst Ave.
Baldwin Park, CA 91706
(626) 960-7787
FAX (626) 960-7897
Cell (626) 705-0528

From: Larry Kosmont [mailto:lkosmont@kosmont.com]
Sent: Friday, October 17, 2014 8:34 AM
To: Dave Sorem
Cc: Nick Leathers
Subject: RE: IEUA Fontana Property

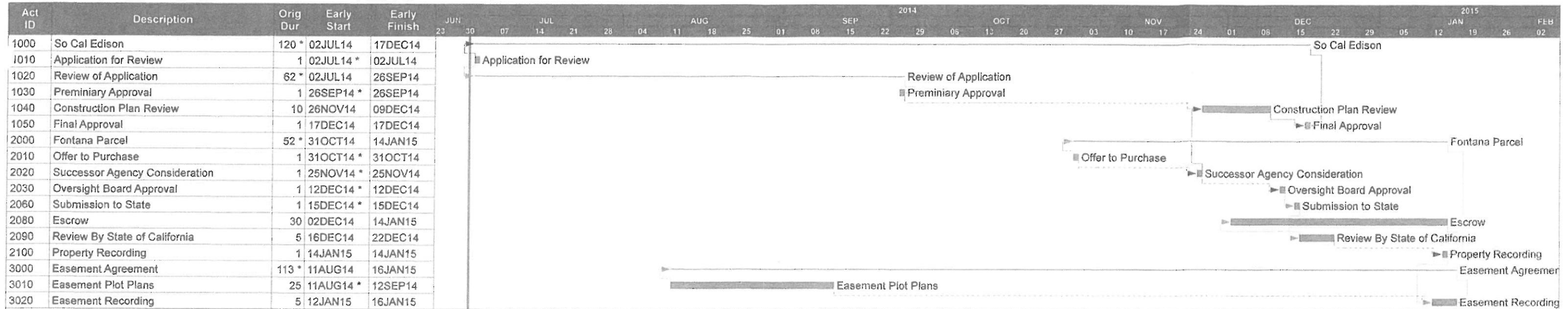
SCHEDULE FOR PROPERTY
ACQUISITION

Schedule of Property Purchase for Realignment

Offer to purchase the necessary 38 acres was accepted.	October 14, 2014
Successor Agency (Fontana City Counsel) consideration.	November 25, 2014
Oversight Board consideration.	December 12, 2014
State Department of Finance review (120 days maximum).	December 15, 2014

Note:

The offer accepted for the 38 acres is consistent with the Land Management Plan that was previously approved by the State Department of Finance (DOF). DOF has a maximum of 120 days to review this purchase, generally it has taken less than 60 days for approval and to insure a more expeditious review we have hired the Kosmont Company to track this purchase. The Kosmont Company has extensive experience in this type of land transaction between public and private. The City of Fontana in a cooperative effort to save time will open escrow prior to the DOF approval.



Start date 01JUL14
 Finish date 16JAN15
 Data date 01JUL14
 Run date 10DEC14
 Page number 1A
 © Primavera Systems, Inc.

Mike Bubalo Construction Co. Inc.
Wineville Segment B VE

- Early bar
- Progress bar
- Critical bar
- Summary bar
- ◆ Start milestone point
- ◆ Finish milestone point

PRELIMINARY DESIGN DRAWINGS

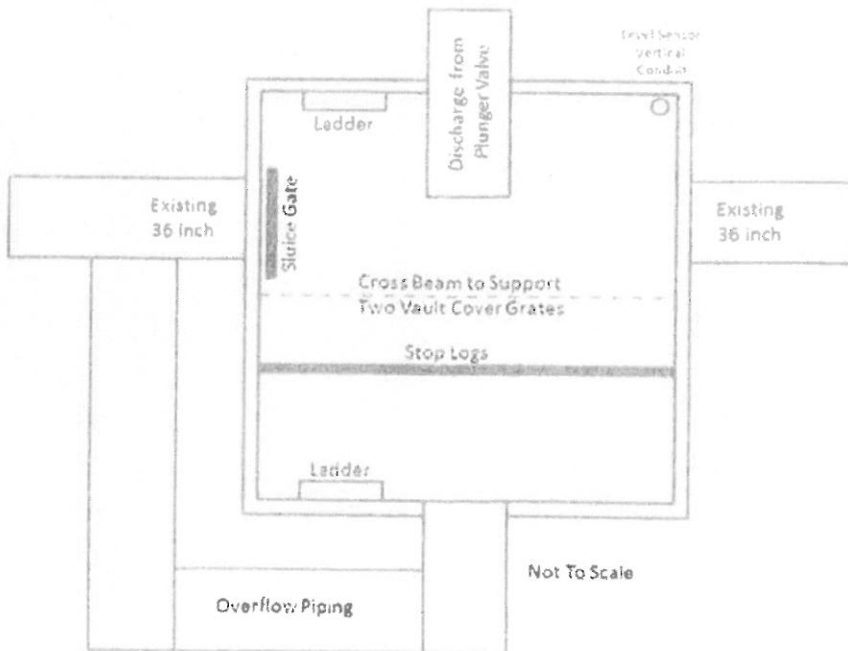
Brian Rickey

From: Andy Campbell <acampbell@ieua.org>
Sent: Thursday, November 13, 2014 4:03 PM
To: 'Greg Watanabe'; Adham Almasri
Cc: Dave Sorem (dave@bubalo.com); Brian Bubalo Construction; Casey Harris (charris@butier.com); Bryan Wilson (bwilson@butier.com); Martin Brunenieks; Katie Squires (ksquires@butier.com); Eric Weber (eweber@butier.com)
Subject: RE: IEUA Wineville Pipeline - Proposed RP-3 Splitter Box

Greg

I like this design. I would recommend we double check all relative elevations and list/show a few others, such as the range of operation elevations in Cell 1 (I will send to you). I recommend you raise the MOV above the top of the junction box. I recommend you add a level transmitter for inside the box (upstream of stop locks). I would recommend a steal mesh style vault cover that is light weight for removal for when stop logs need adjusting or the sluice gate needs maintenance. Lastly, per the attached sketch, I would like to suggest repositioning the elements to allow for a two piece vault cover and for improved internal access for maintenance. Let me know if you have any questions.

Andy



Andy Campbell PG, CHG
Deputy Manager of Planning



Water Smart - Thinking in Terms of Tomorrow™
6075 Kimball Ave / Chino, California 91708
Tel: 909-993-1907

Mobile: 951 295 7523
Email: acampbel@ieua.org Website: <http://www.ieua.org>

Connect with us: [Twitter](#) [Facebook](#)

Andy Campbell PG, CHg



From: Greg Watanabe [mailto:Greg.Watanabe@ghd.com]
Sent: Thursday, November 06, 2014 6:10 PM
To: Adham Almasri; Andy Campbell
Cc: Dave Sorem (dave@bubalo.com); Brian Bubalo Construction; Casey Harris (charris@butler.com); Bryan Wilson (bwilson@butler.com); Martin Bruneniek; Katie Squires (ksquires@butler.com); Eric Weber (eweber@butler.com)
Subject: IEUA Wineville Pipeline - Proposed RP-3 Splitter Box

Gentlemen,

Please review, comment, and approve the design concept for the attached proposed RP-3 Splitter Box sketch. The Splitter Box will provide IEUA the ability to convey recycled water from the proposed 36" Wineville Pipeline for recharge operations via gravity throughout the RP-3 site (specifically Cells 1A, 1B, 3A, 3B, 4A and 4B). Upon receipt of your reply, GHD will work with MBC and prepare an applicable design.

Regards,

Greg Watanabe, PE

GHD Accomplish More Together

T: 1 949 585 5215 | V: 865215 | M: 1 714 496 1752 | E: greg.watanabe@ghd.com
16451 Scientific Way Irvine CA 92618 | <http://www.ghd.com/>
Water | Energy & Resources | Environment | Property & Buildings | Transportation

GHD and CRA have merged! To learn more, visit www.ghd.com/cra

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Brian Rickey

From: Andy Campbell <acampbell@ieua.org>
Sent: Thursday, November 13, 2014 5:02 PM
To: 'Greg Watanabe'; Adham Almasri
Cc: Dave Sorem (dave@bubalo.com); Brian Bubalo Construction; Casey Harris (charris@butier.com); Bryan Wilson (bwilson@butier.com); Martin Bruneniekis; Katie Squires (ksquires@butier.com); Eric Weber (eweber@butier.com)
Subject: RE: IEUA Wineville Pipeline - Proposed RP-3 Splitter Box

Greg and Adham

Here is a table of nominal elevations that I pulled from the RP3 original design drawings and depths from operational experience. Please include these depths graphically on the profile view of the preliminary design of the new RP3 Junction Box for the Wineville extension. Some of these values may be refined once the site has been surveyed and with GHD design input.

Andy

Draft Assumptions for Operation and Design of a new RP3 Junction Box for the Wineville Extension		
Location	Nominal Elevation (feet MSL)	Corresponding Nominal Water Depth in Cell 1 (feet)
RP3 Cell 1A and 1B Basin Bottom	946	0
Historical Basin Max Operational Guideline	957	11
Ground Surface at New Junction Box in Design	957.5	11.5
Pour Over Weir Concrete Lip	957	11
Stop Logs added 1-foot depth (two 6-inch tall logs)	958	12
Top of Junction Box in Design (est. 2 feet over Max Stop Log)	960	14
RP3 Cell 1A Perimeter Berm Low (spill to street) Elevation SW Corner	961	15
Hemlock Avenue (West of the SW Corner of Cell 1A)	952	6

Andy Campbell PG, CHg
Deputy Manager of Planning



"Water Smart - Thinking in Terms of Tomorrow"
75 Kimball Ave / Chico, California 91708
Tel: 909-993-1907
Mobile: 951 295 7523
Email: acampbel@ieua.org Website: <http://www.ieua.org>

Connect with us: [Twitter](#) | [Facebook](#)

Andy Campbell PG, CHG



From: Greg Watanabe [<mailto:Greg.Watanabe@ghd.com>]
Sent: Thursday, November 06, 2014 6:10 PM
To: Adham Almasri; Andy Campbell
Cc: Dave Sorem (dave@bubalo.com); Brian Bubalo Construction; Casey Harris (charris@butler.com); Bryan Willson (bwilson@butler.com); Martin Brunenleks; Katie Squires (ksquires@butler.com); Eric Weber (eweber@butler.com)
Subject: IEUA Wineville Pipeline - Proposed RP-3 Splitter Box

Gentlemen,

Please review, comment, and approve the design concept for the attached proposed RP-3 Splitter Box sketch. The Splitter Box will provide IEUA the ability to convey recycled water from the proposed 36" Wineville Pipeline for recharge operations via gravity throughout the RP-3 site (specifically Celis 1A, 1B, 3A, 3B, 4A and 4B). Upon receipt of your reply, GHD will work with MBC and prepare an applicable design.

Regards,

Greg Watanabe, PE

GHD Accomplish More Together

T: 1 949 585 5215 | V: 865215 | M: 1 714 496 1752 | E: greg.watanabe@ghd.com
16451 Scientific Way Irvine CA 92618 | <http://www.ghd.com/>
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Brian Rickey

From: Greg Watanabe <Greg.Watanabe@ghd.com>
Sent: Friday, November 14, 2014 9:34 AM
To: Dave Sorem; 'Brian Rickey'
Cc: dan@bubalo.com
Subject: RE: Current Status of the VE Proposal (Butier)

Dave,

Our VE location of the proposed valving station and diversion/splitter box is tucked away from the proposed basin shown in place of the old treatment plant. This was a result of our meetings with Andy Campbell over the previous weeks. Since then, we have obtained their approval of the locations and are ready to begin the design.

We received comments from IEUA on the diversion/splitter box yesterday. Do you guys have any feedback on the sketch provided? Any constructability concerns before we put pen to paper?

Thanks.

Greg

From: Dave Sorem [mailto:Dave@bubalo.com]
Sent: Friday, November 14, 2014 9:07 AM
To: Greg Watanabe; 'Brian Rickey'
Cc: dan@bubalo.com
Subject: FW: Current Status of the VE Proposal (Butier)

Greg,

As you can see by the trail below Dave Mendez sent this to us for RP3, please check to see if the proposed alignment will "fit" with their future improvements.

Thanks,

Dave Sorem, P.E.
Vice President
Mike Bubalo Construction Co., Inc.
5102 Gayhurst Ave.
Baldwin Park, CA 91706
(626) 960-7787
FAX (626) 960-7897
Cell (626) 705-0528

From: David Mendez [mailto:dmendez@ieua.org]
Sent: Thursday, November 13, 2014 7:54 AM
To: Chris Berch; 'Casey Harris'; 'Mark Butier Jr.'; 'Dave Sorem - Mike Bubalo Construction Co (dave@bubalo.com)'; Majid Karim
Subject: RE: Current Status of the VE Proposal (Butier)

Ali,

Attached are the layouts of the basins & proposed basins at the RP3 site for your use.

David

David Mendez

Deputy Manager of Construction Management



"Water Smart -- Thinking in Terms of Tomorrow"

6075 Kimball Ave / Chino, California 91708

Tel: 909-993-1622

Mobile: 951-295-7610

Email: dmendez@iewa.org Website: <http://www.iewa.org>

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David Mendez



From: David Mendez

Sent: Wednesday, November 12, 2014 3:35 PM

To: Chris Berch; Casey Harris; Mark Butier Jr.; Dave Sorem - Mike Bubalo Construction Co (dave@bubalo.com); Majid Karim

Subject: RE: Current Status of the VE Proposal (Butier)

All,

Here are the guidelines discussed in September.

David

From: Chris Berch

Sent: Wednesday, November 12, 2014 12:50 PM

To: Casey Harris; Mark Butier Jr.; Dave Sorem - Mike Bubalo Construction Co (dave@bubalo.com); Majid Karim; David Mendez

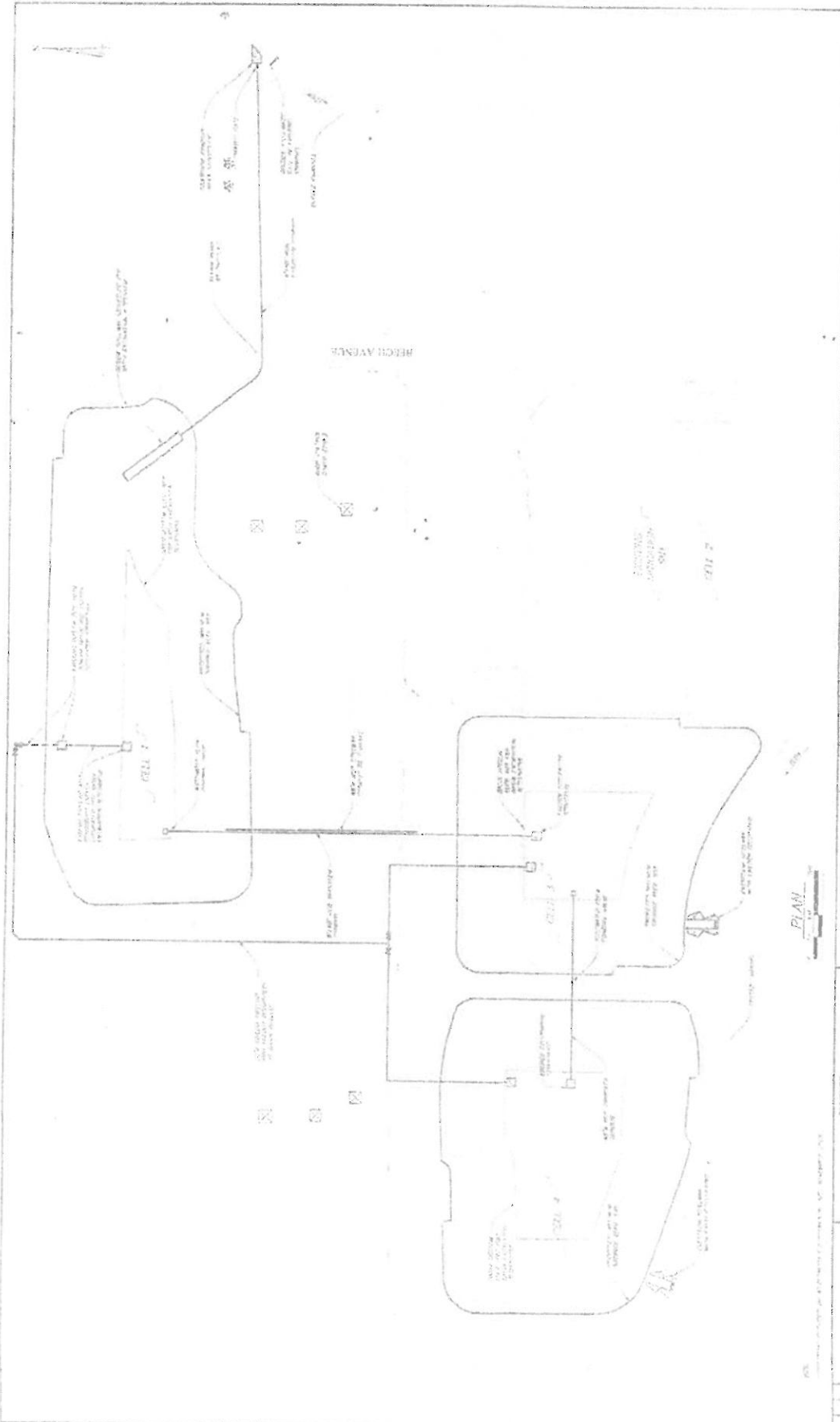
Subject: RE: Current Status of the VE Proposal (Butier)

Dave,

Are we still meeting today? Unless I missed something, I have not seen the VE framework that we were going to review and provide feedback on.

Thanks,

Chris



<p>CHINO BASIN WATER CONSERVATION DISTRICT</p> <p>Figure D-29b Site Plan of the Existing R03 Basins - PID 21 Source: 2010 RMPU</p>		<p>Wagner Engineering & Construction, Inc.</p> <p>10000 10000 10000</p>		<p>DRAFT</p>		<p>REVISIONS</p> <table border="1"> <thead> <tr> <th>NO.</th> <th>DATE</th> <th>DESCRIPTION</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>		NO.	DATE	DESCRIPTION										<p>PRELIMINARY SITE DEVELOPMENT AND CONSTRUCTION</p>		<p>DATE: 12/1/10</p> <p>SCALE: AS SHOWN</p>	
NO.	DATE	DESCRIPTION																					

Brian Rickey

From: Casey Harris <charris@butler.com>
Sent: Thursday, November 13, 2014 2:25 PM
To: Brian Rickey - Mike Bubalo Construction Co. (brian@bubalo.com); Dave Sorem - Mike Bubalo Construction Co (dave@bubalo.com); anton@bubalo.com
Subject: FW: IEUA Wineville Seg B Pipeline Realignment
Attachments: 1235011001-VE-PRELIM-141110.pdf

This can also go under the City of Fontana or the FWC tab explaining that we are investigating the cost impact to the City of Fontana as a result of new connections for the FWC. See below.

From: Casey Harris
Sent: Thursday, November 13, 2014 10:26 AM
To: Josh Swift - Fontana Water Company (jmswift@fontanawater.com); Chuck Hays - City of Fontana (chays@fontana.org)
Cc: Dave Sorem - Mike Bubalo Construction Co (dave@bubalo.com); Adham Almasri
Subject: IEUA Wineville Seg B Pipeline Realignment

Good morning Josh,
Attached find the revised alignment drawings for the Wineville Segment B pipeline routing which diverges from the original plan to head north on Banana then east through the SCE utility easement. Would you please mark up the drawings showing your plans for connections to the pipeline. We previously received your communication of September 10th wherein it was related there would be only two customers to serve from the realignment, a park and a school and would like to confirm. Would you also please relate whether this new alignment and your connections will result in additional costs to be passed on to the City of Fontana customers or result in a savings.
Thank you,
Casey L. Harris

Brian Rickey

From: Josh M. Swift <jmswift@fontanawater.com>
Sent: Wednesday, September 10, 2014 2:04 PM
To: Adham Almasri
Cc: Bryant Marroquin; Matt Y. Yucelen; David Mendez; Casey Harris; greg.watanabe@ghd.com
Subject: RE: RP-3 Site Visitgr

Good afternoon Adham,

Yesterday we reviewed the new alignment for potential recycled water customers ("Commercial / Industrial, Schools, Parks and Large Landscape") from Marlay and Banana along Edison easement to RP-3. Other than the park and school that are already identified there are no other recycled water users along the alignment. The alignment is primarily through residential neighborhoods with no Commercial or large landscape users. Any Commercial or large landscape users will have to be picked up throughout the distribution system to the south of the Edison easement.

Please contact me if you have any question.

Thank you,

From: Adham Almasri [mailto:aaalmasri@jeua.org]
Sent: Wednesday, September 10, 2014 10:20 AM
To: Josh M. Swift
Cc: Bryant Marroquin; Matt Y. Yucelen; David Mendez; charris@butier.com; greg.watanabe@ghd.com
Subject: RE: RP-3 Site Visitgr

Good Morning Josh:

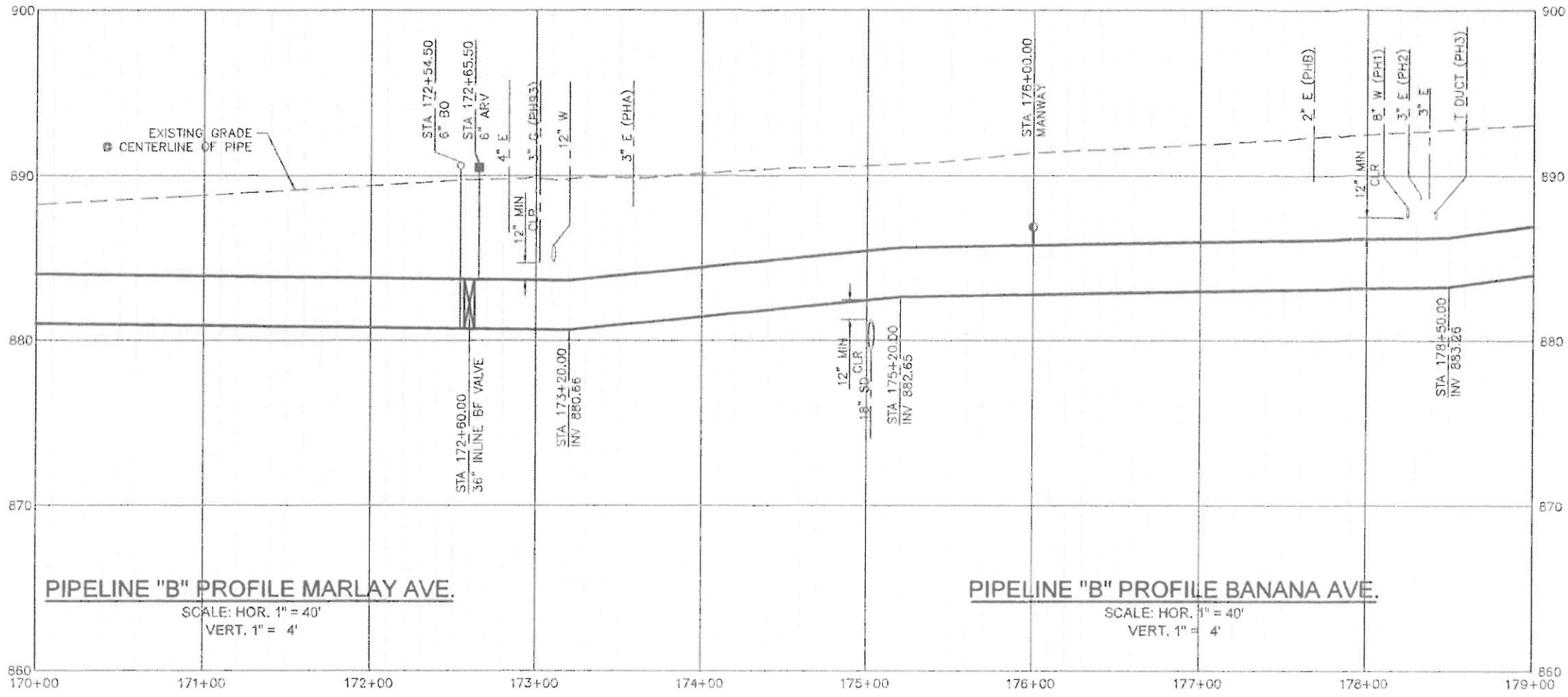
Wanted to follow up regarding the changes to the RW service connections. Has your Customer Service Specialist been able to highlight and provide the desired connections based on the revised alignment? Please let me know and it would be great to know when we should expect the data back.

Thanks a lot for your help on this.

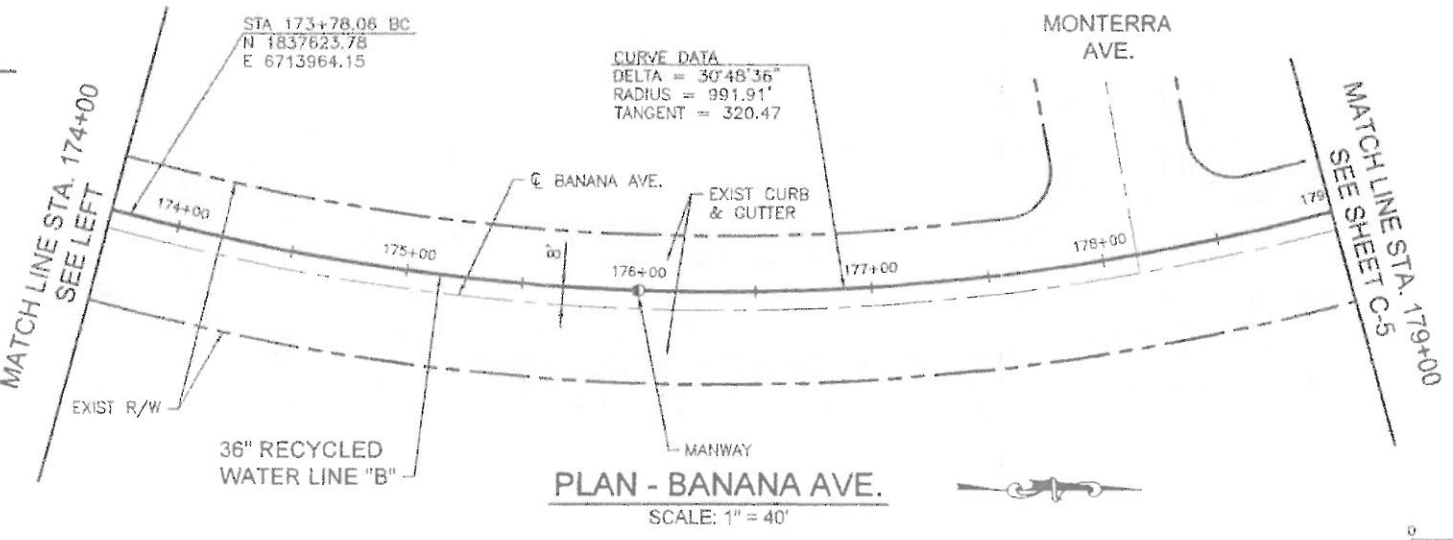
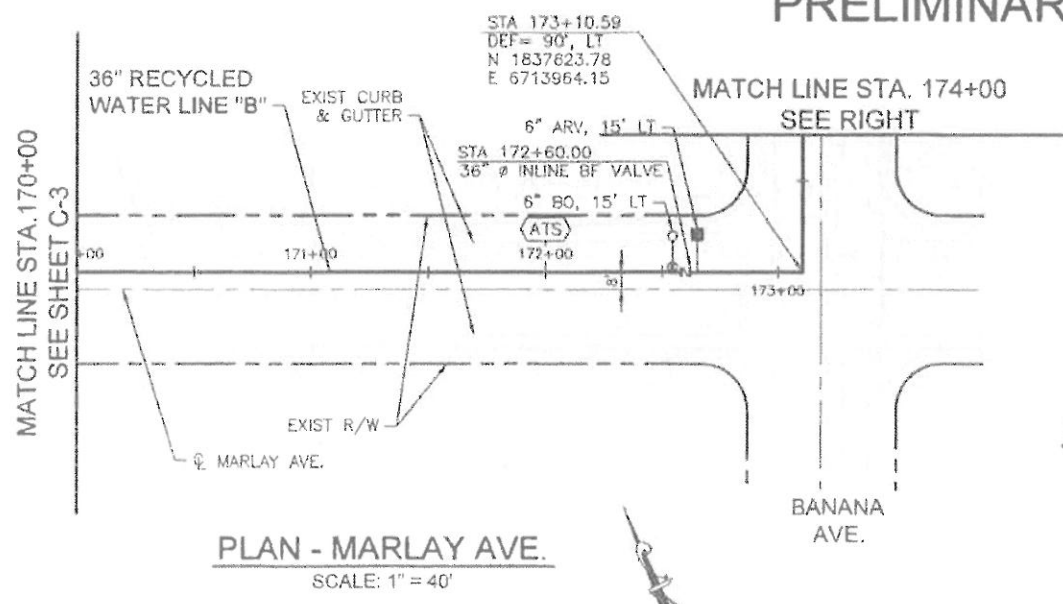
Adham Almasri



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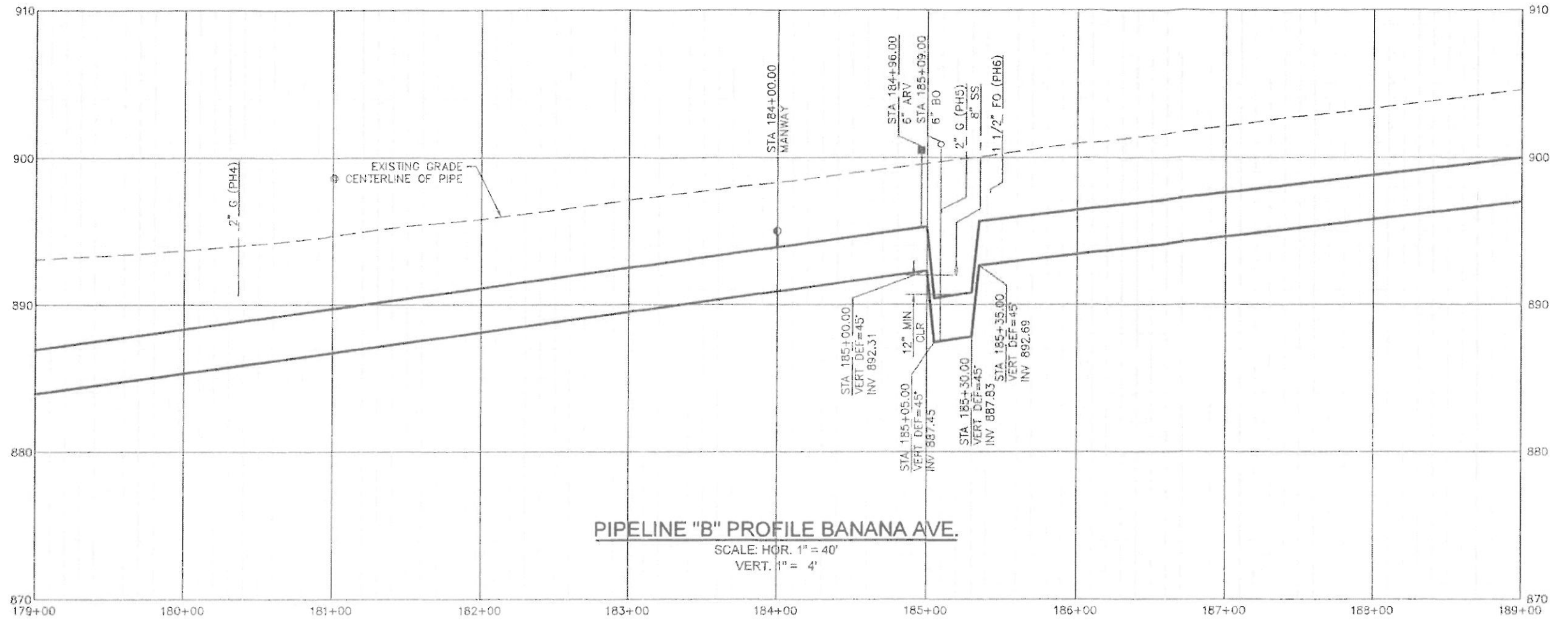
LOCATION:
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 Chino, California 91710
 Telephone (929) 993-1800

MAILING ADDRESS:
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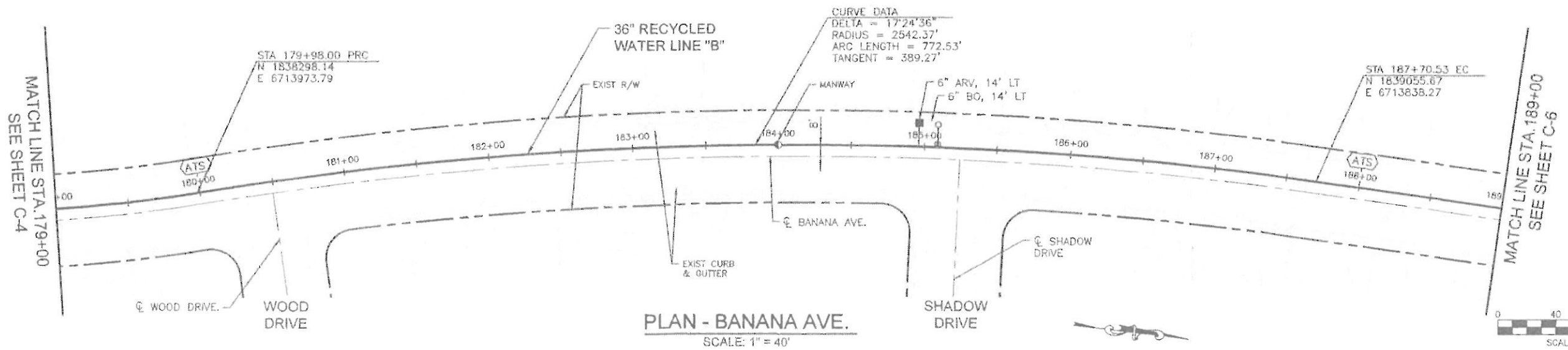
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 SEGMENT B
 PROJECT No. EN13045
PLAN AND PROFILE
 STA. 170+00 TO 179+00

SHEET	C-4
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JOB NO.	EN13045.00
DRAWING NO.	05153-009

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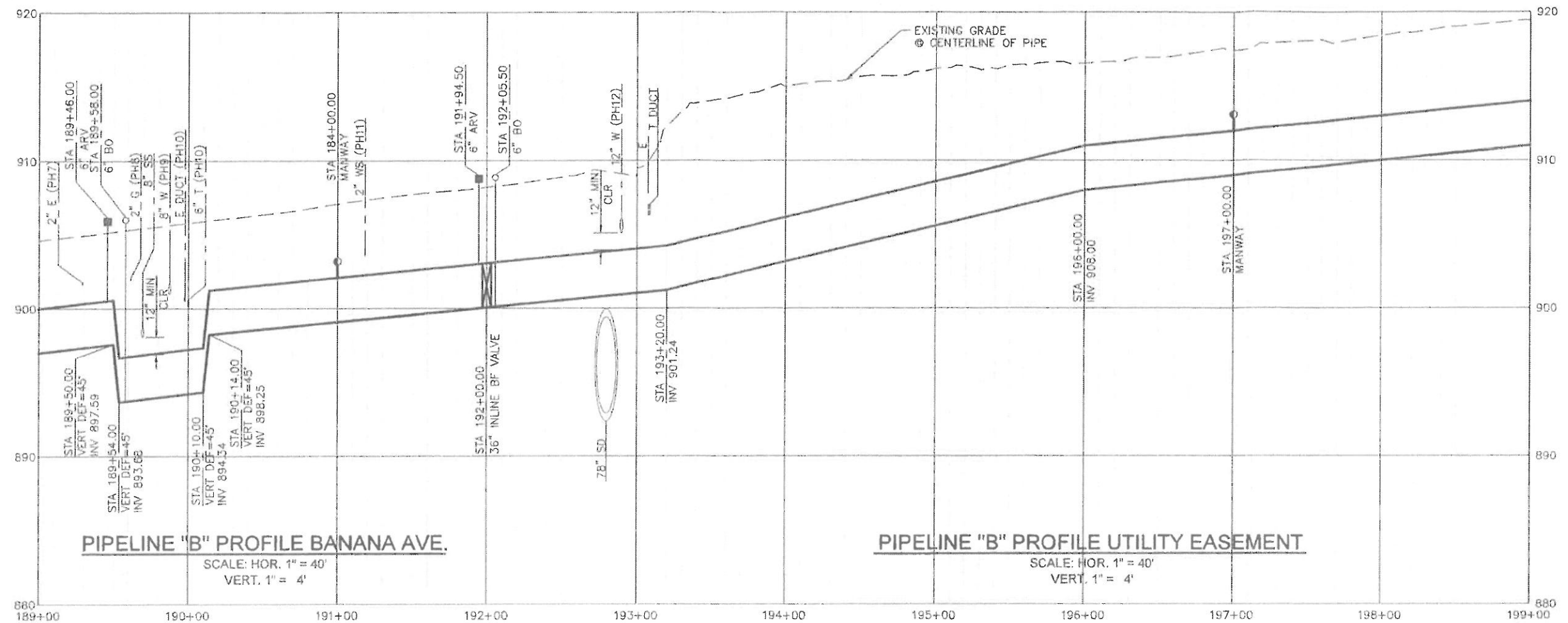
LOCATION:
6075 Kimball Avenue
Chico, California 95720
Telephone (530) 993-1800

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Post Office Box 9020
Chico, CA, California 95709

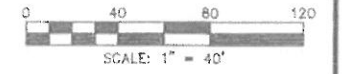
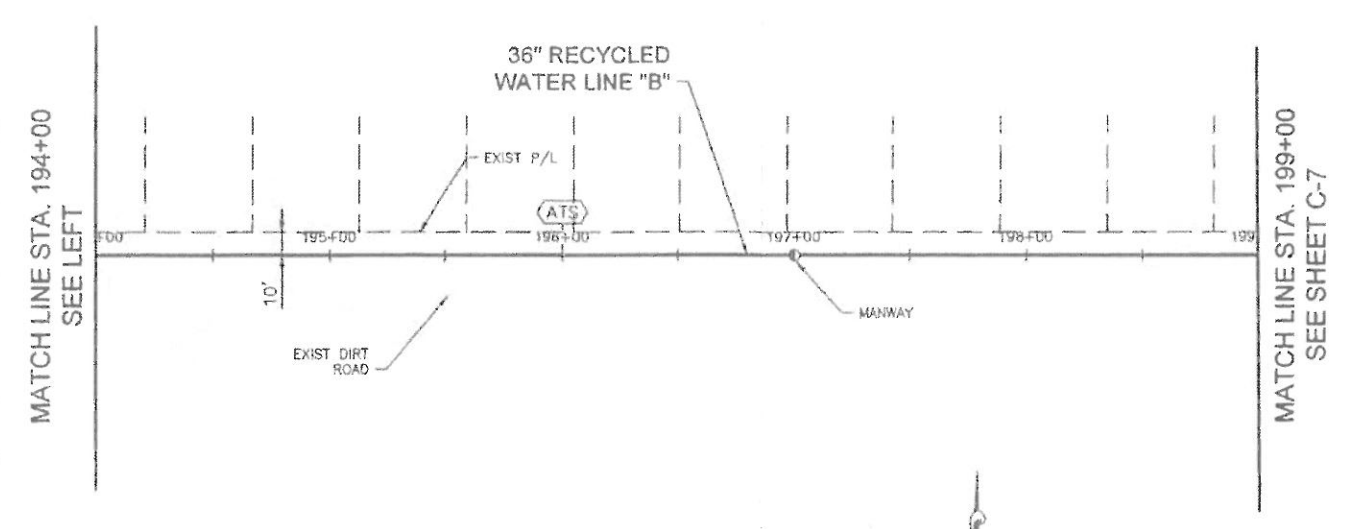
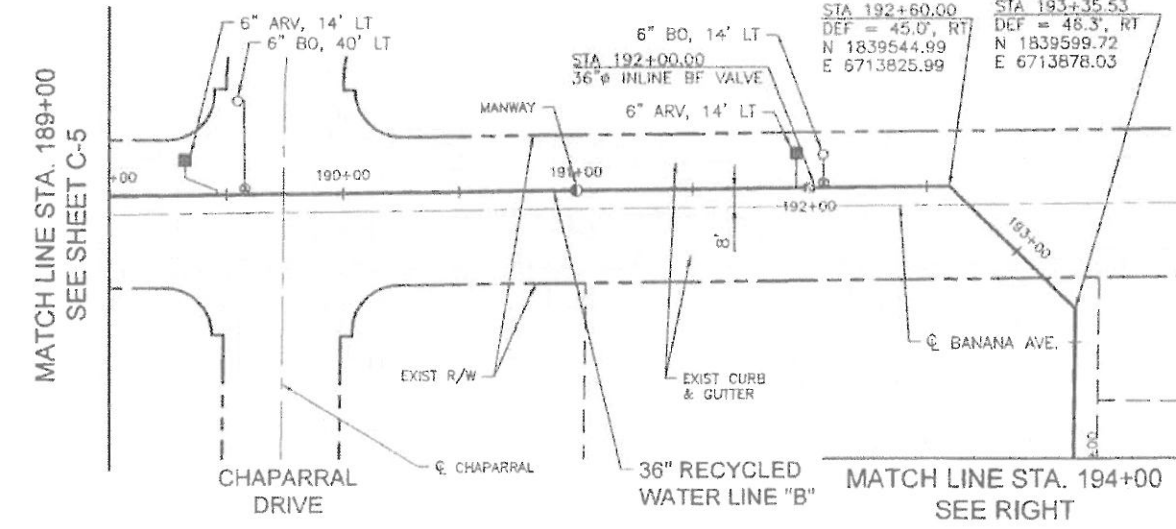
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SHEET	C-5
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JOB NO.	EN13045.00
DRAWING NO.	DS153-009

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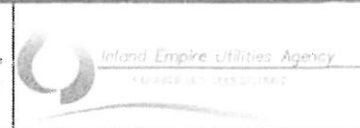


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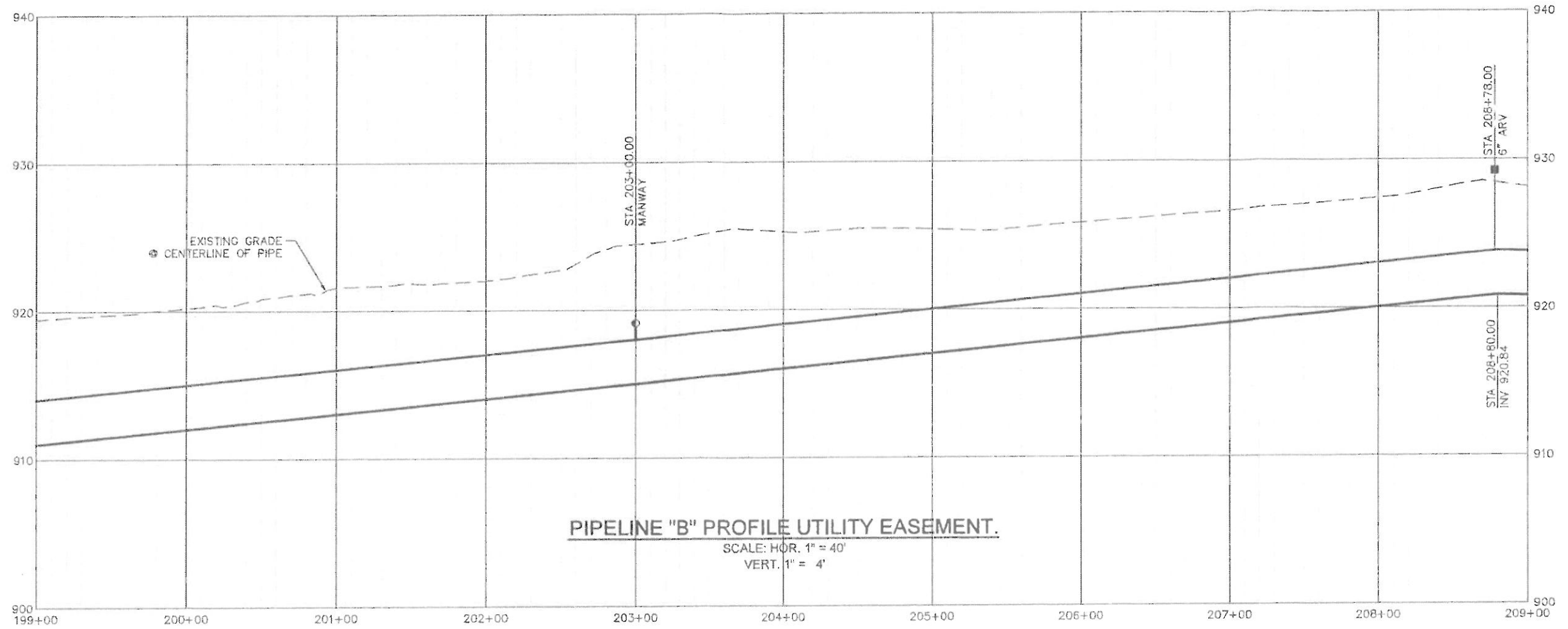
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Chino, California 91710
Telephone (909) 993-1600

MAILING ADDRESS
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Chino Hills, California 91709

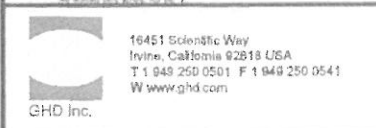
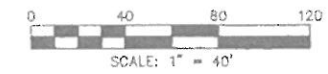
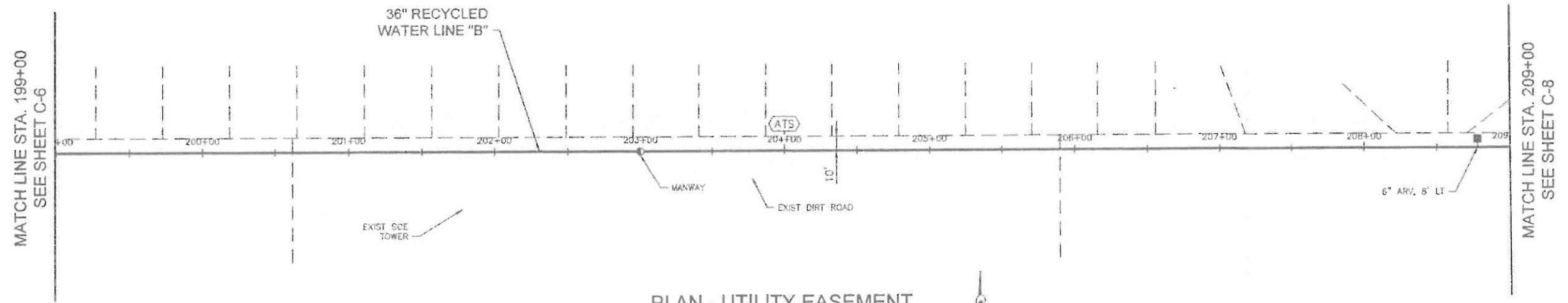
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PROJECT No. EN13045
PLAN AND PROFILE
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SHEET	C-6
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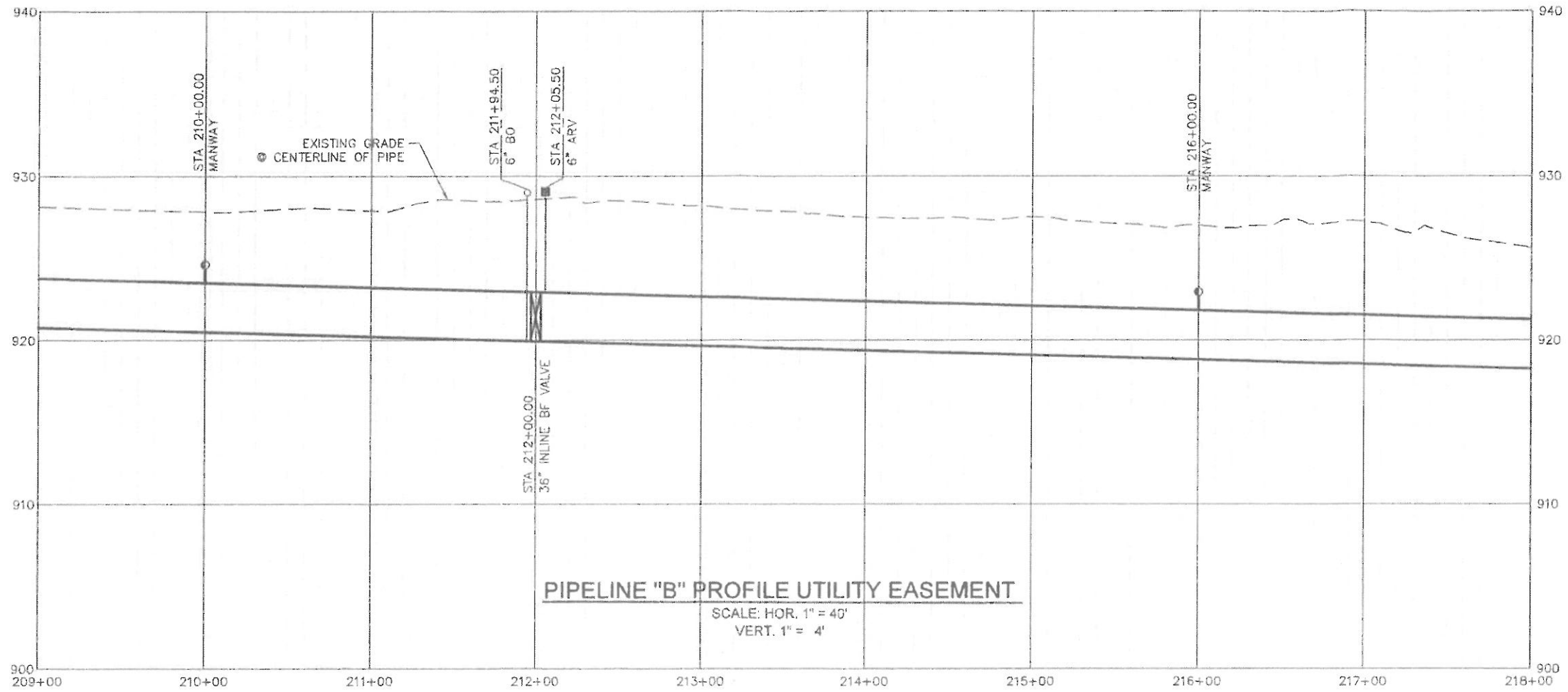
LOCATION
 6075 Reginal Avenue
 Chino, California 91710
 Telephone (909) 993-1800

MAILING ADDRESS
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 Chino Hills, California 91709

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 PROJECT No. EN13045
 PLAN AND PROFILE
 STA. 199+00 TO 209+00

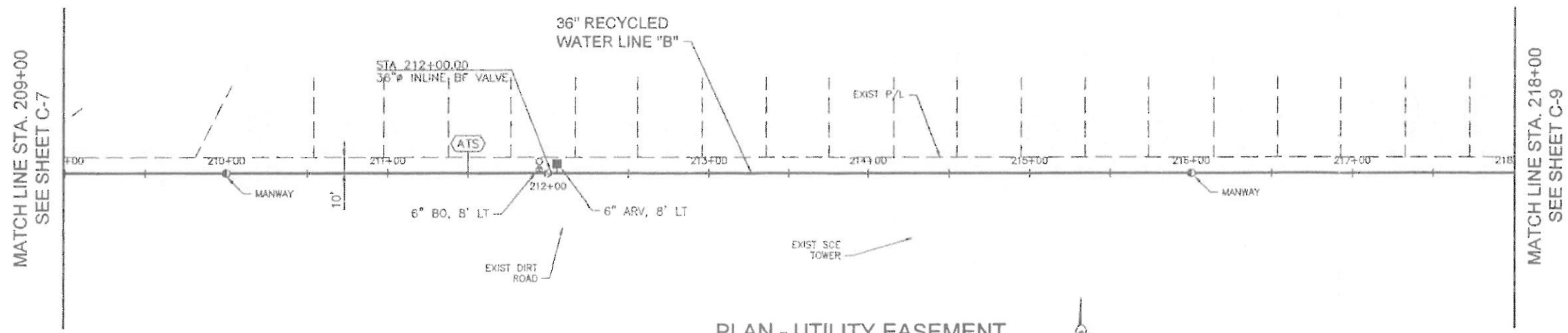
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JOB NO.	EN13045.00
DRAWING NO.	D5153-009

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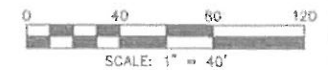


PIPELINE "B" PROFILE UTILITY EASEMENT
SCALE: HOR. 1" = 40'
VERT. 1" = 4'

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PLAN - UTILITY EASEMENT
SCALE: 1" = 40'

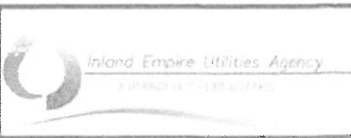


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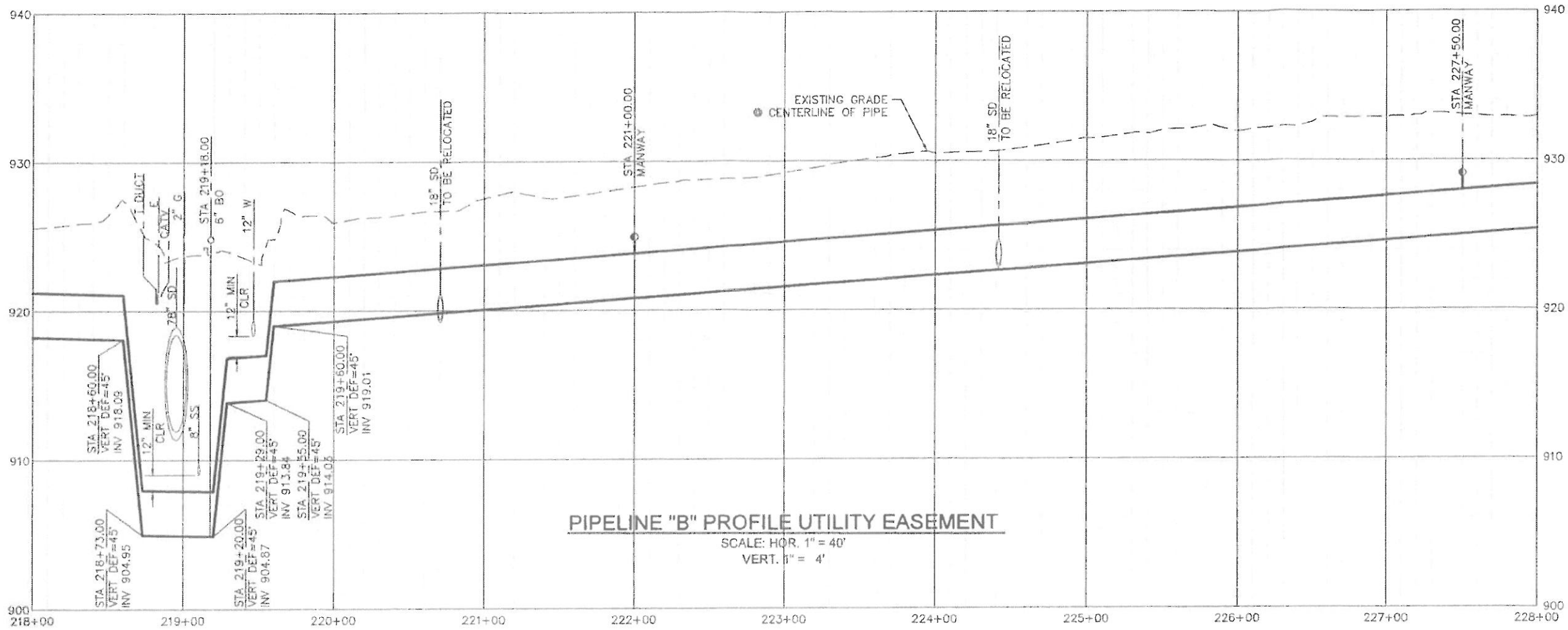


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**WINEVILLE EXTENSION RECYCLED WATER PIPELINE
SEGMENT B
PROJECT No. EN13045
PLAN AND PROFILE
STA. 209+00 TO 218+00**

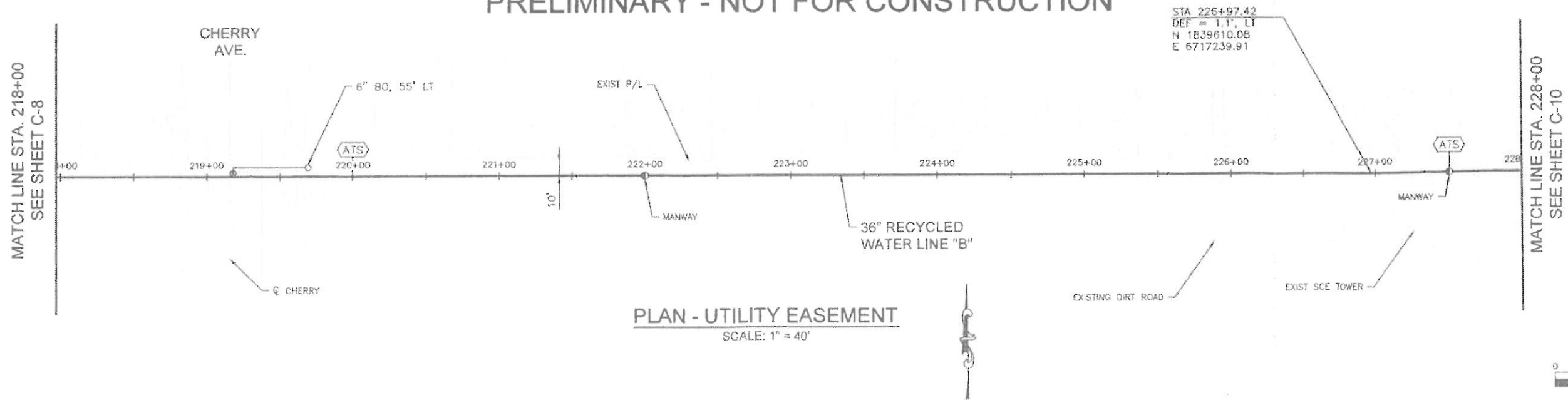
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SHEET NO.	13 OF 43
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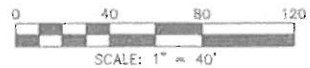


PIPELINE "B" PROFILE UTILITY EASEMENT
SCALE: HOR. 1" = 40'
VERT. 1" = 4'

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PLAN - UTILITY EASEMENT
SCALE: 1" = 40'

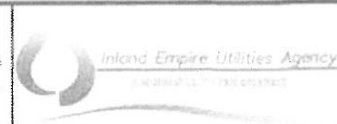


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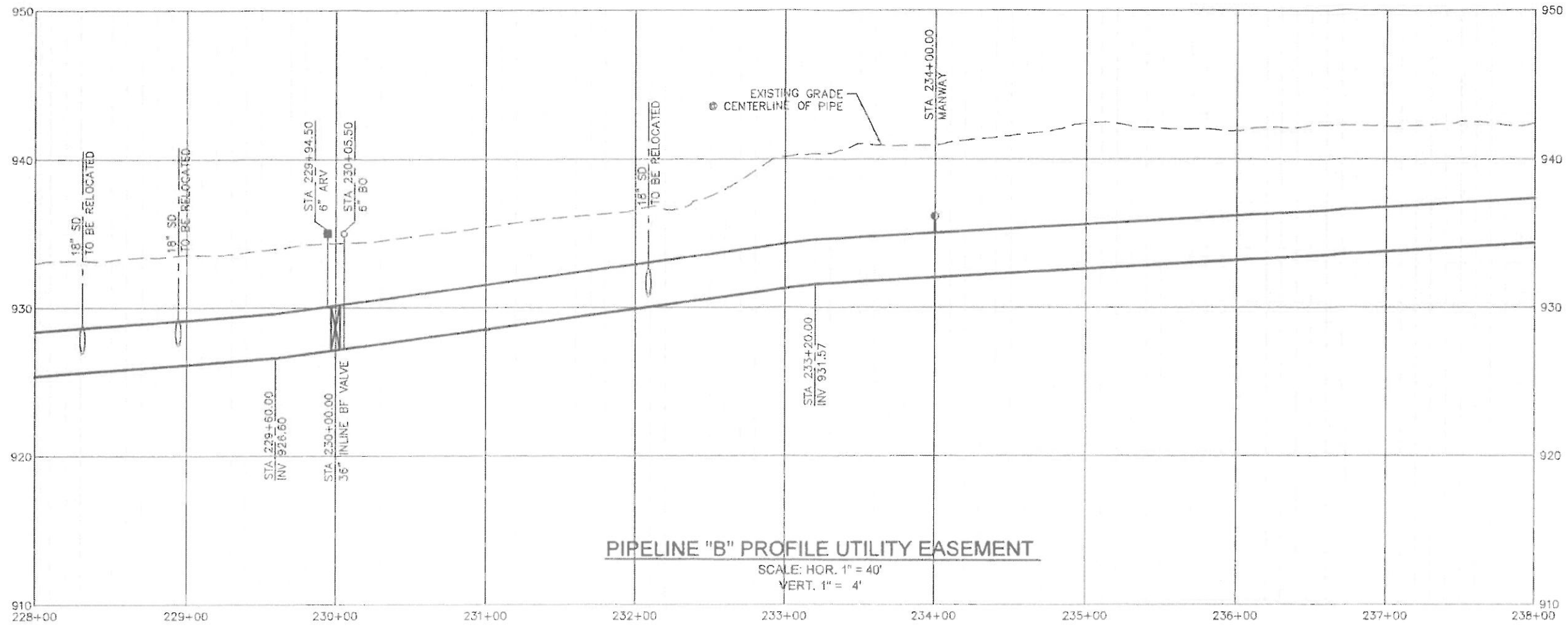


LOCATION
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Chico, California 95710
Telephone (909) 993-1600
MAILING ADDRESS
Post Office Box 3020
Chico Hills, California 91709

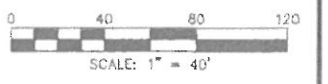
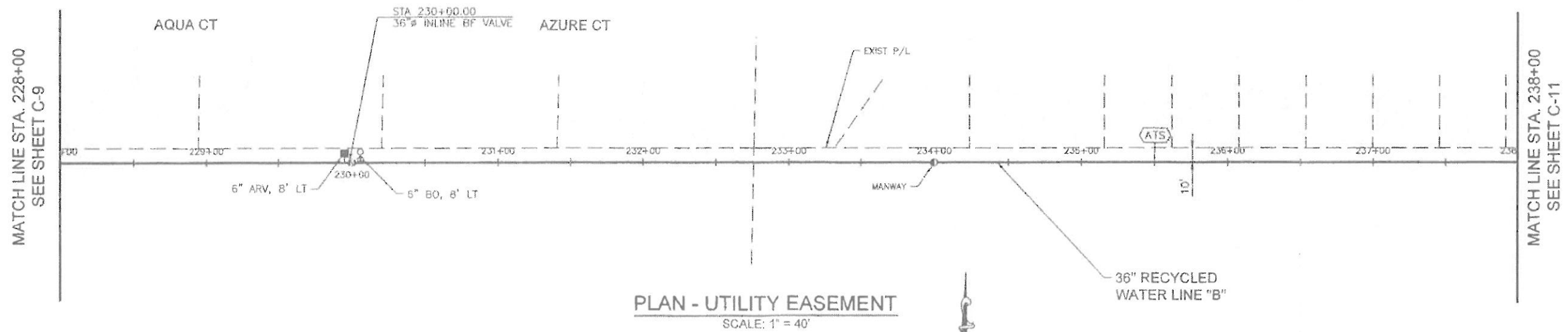
WINEVILLE EXTENSION RECYCLED WATER PIPELINE
SEGMENT B
PROJECT No. EN13045
PLAN AND PROFILE
STA. 218+00 TO 228+00

SHEET	C-8
SHEET NO.	14 OF 43
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 DATE: _____

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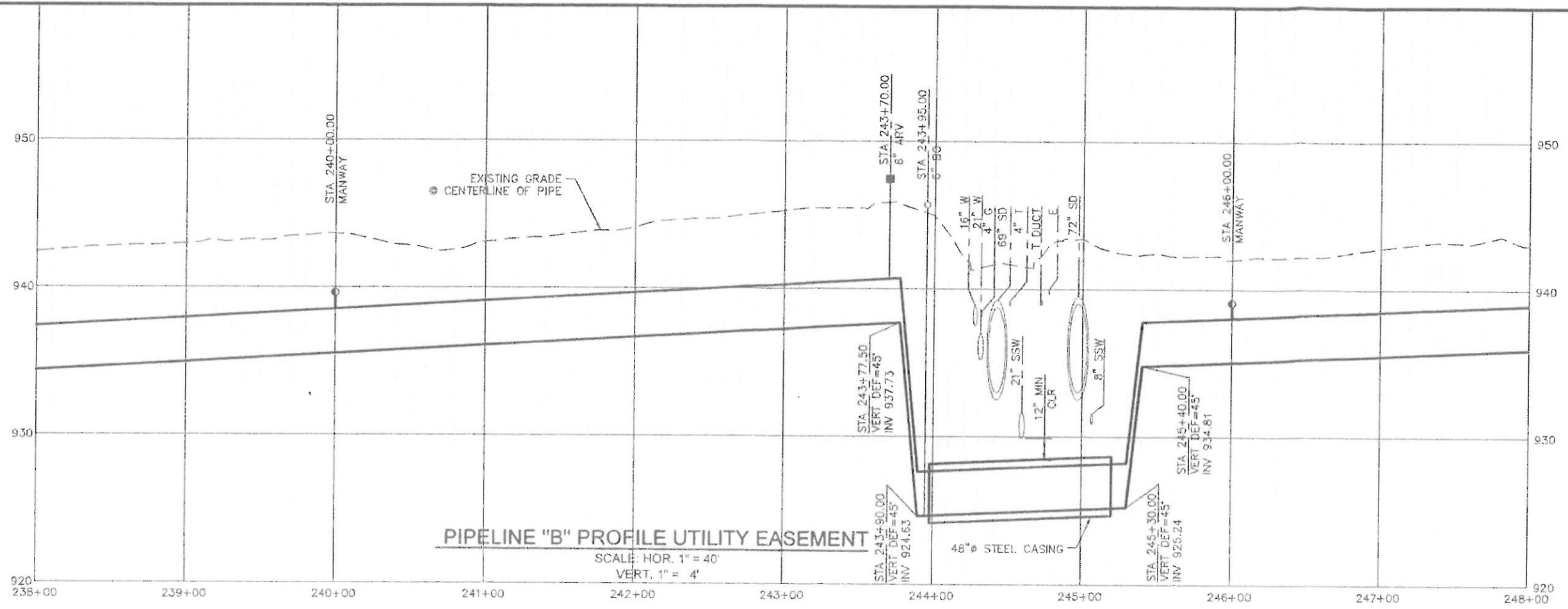
LOCATION
 2575 Foothill Avenue
 Irvine, California 92710
 Telephone (949) 983-1600

MAILING ADDRESS
 Post Office Box 9020
 Irvine, California 92706

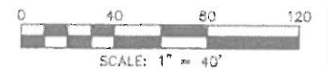
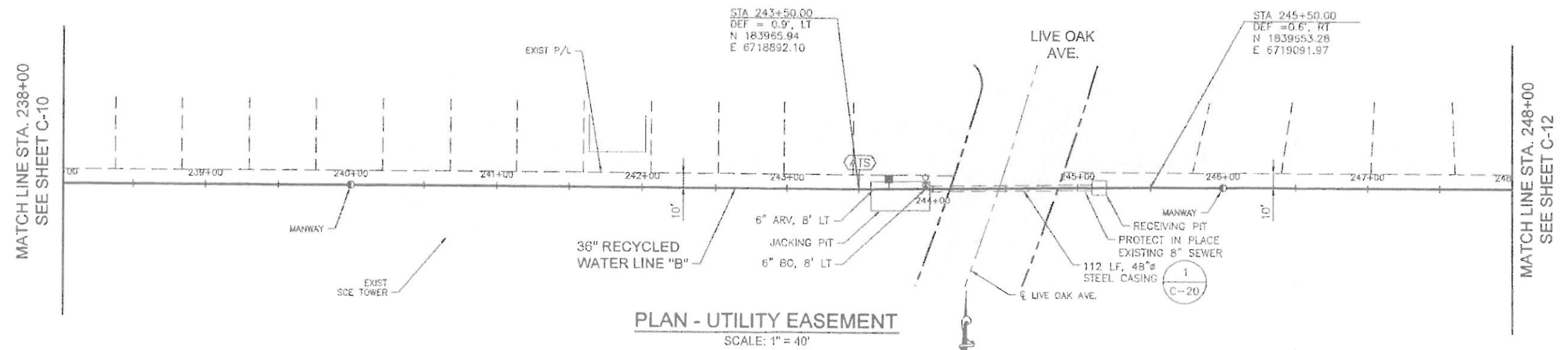
WINEVILLE EXTENSION RECYCLED WATER PIPELINE
SEGMENT B
PROJECT No. EN13045
PLAN AND PROFILE
STA. 228+00 TO 238+00

SHEET
C-10
 SHEET NO.
 15 of 43
 JOB NO.
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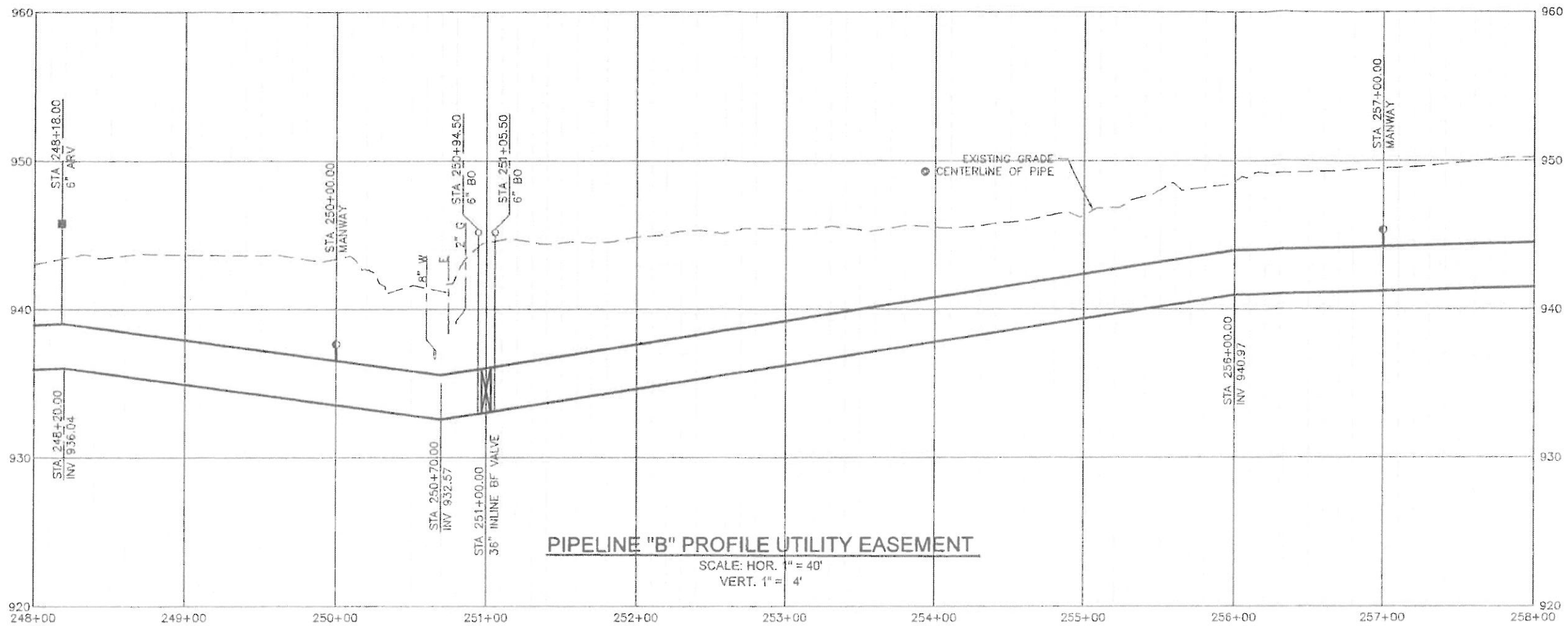


LOCATION
 6075 Tibbitts Avenue
 Chino, California 91710
 Telephone (909) 993-1820

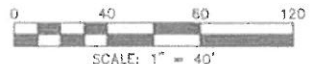
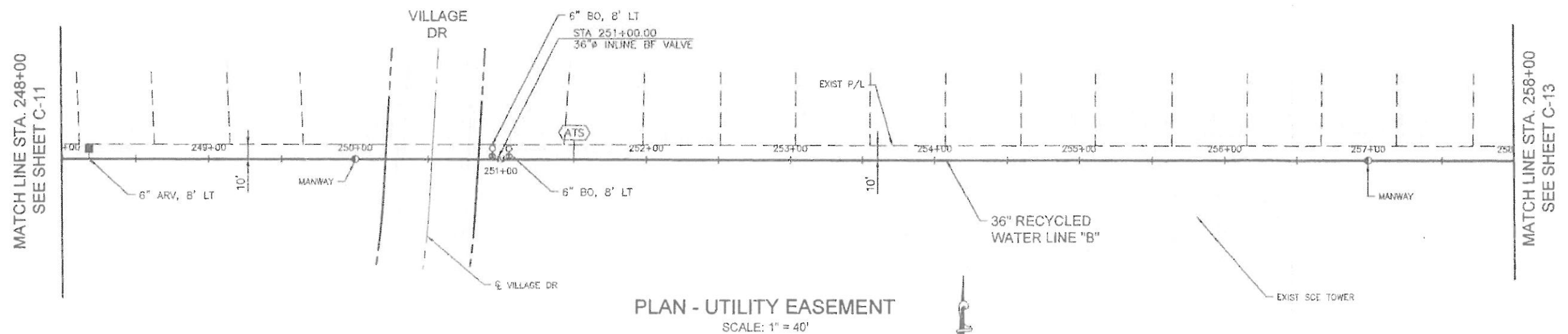
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 P.O. Office Box 9220
 Chino Hills, California 91709

WINEVILLE EXTENSION RECYCLED WATER PIPELINE
 SEGMENT B
 PROJECT No. EN13045
PLAN AND PROFILE
 STA. 238+00 TO 248+00

SHEET	C-11
SHEET NO.	16 OF 43
JOB NO.	EN13045.00
DRAWING NO.	D5153-009



PRELIMINARY - NOT FOR CONSTRUCTION



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GHD Inc.
 16451 Scientific Way
 Irvine, California 92618 USA
 T 1 949 250 0501 F 1 949 250 0541
 W www.ghd.com

Designed	EA/MW				
Drawn	PS/SD				
Checked	MS				
		Date			
REV. NO.	DATE	BY	APRVD	DESCRIPTION	

REVIEWED BY: _____ Date: _____
 Project Manager for IEUA

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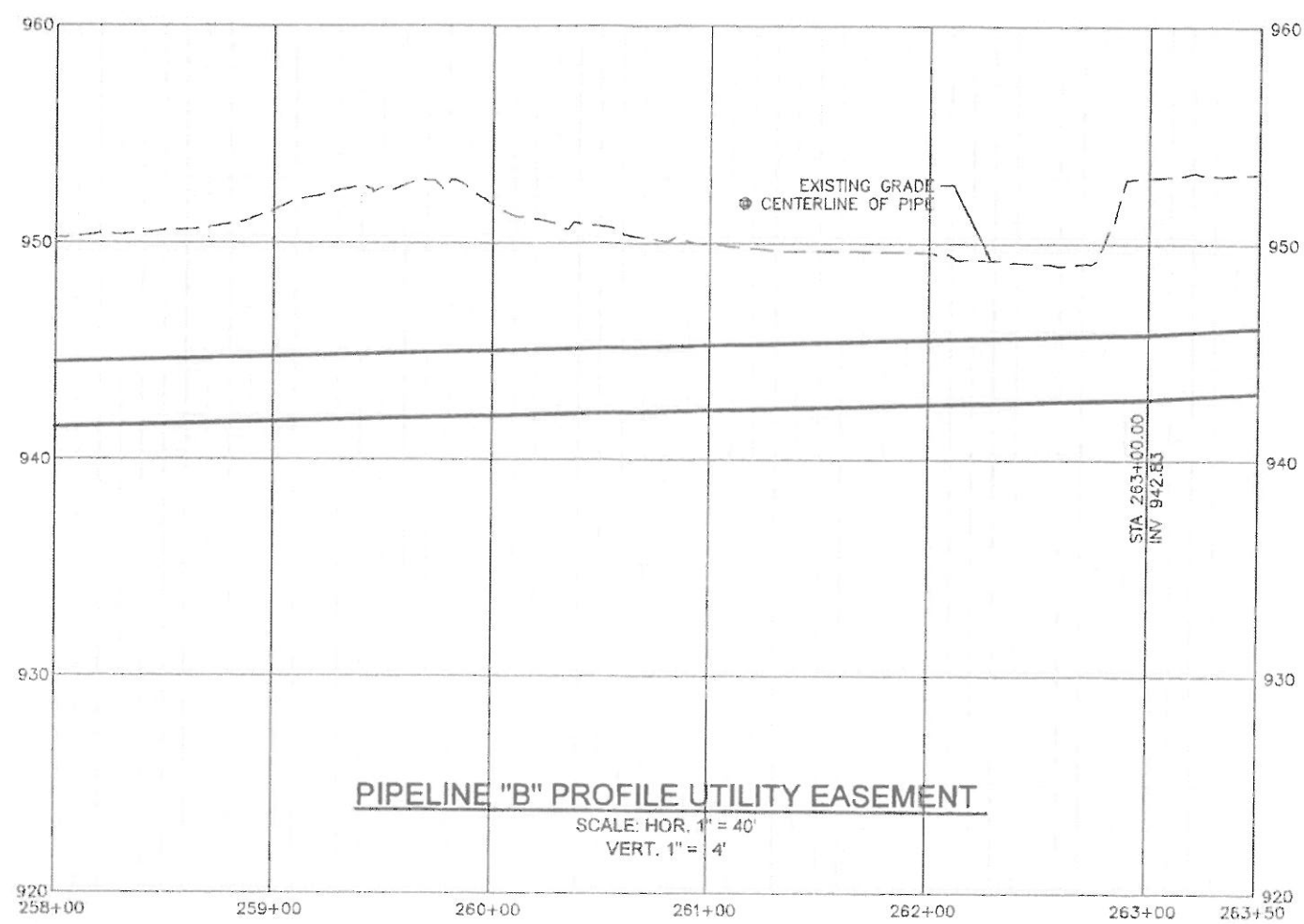


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 Chino, California 91710
 Telephone (509) 983-1600
MAILING ADDRESS
 Post Office Box 8020
 Chino Hills, California 91709

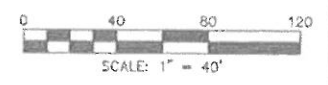
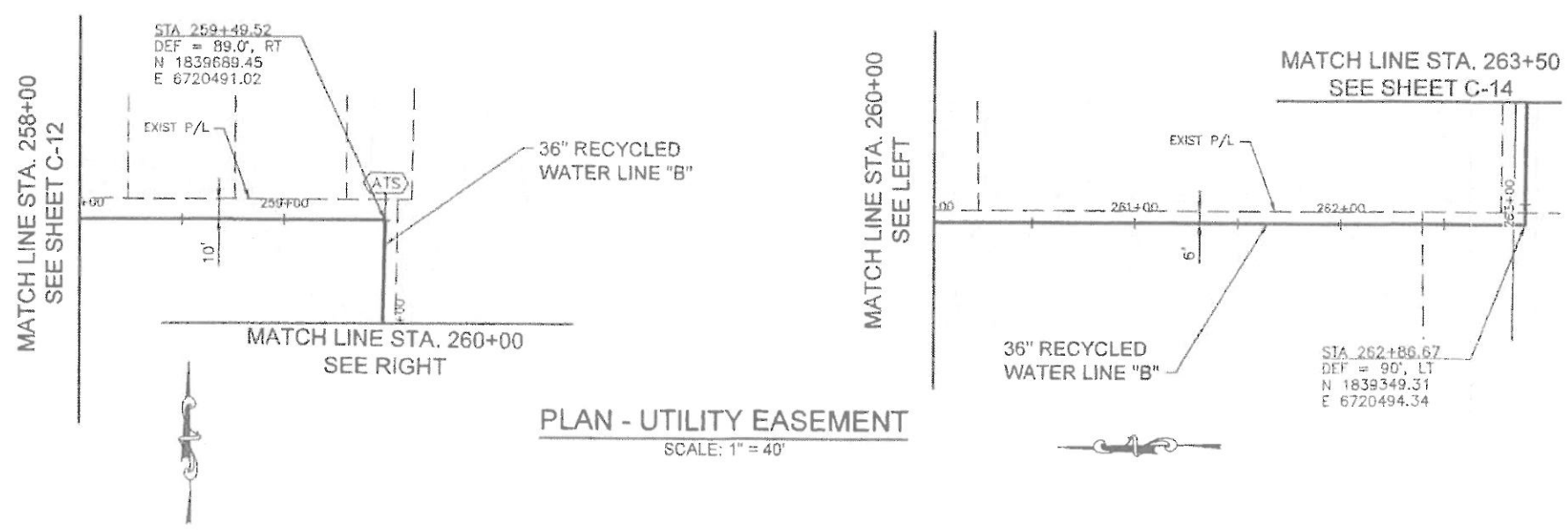
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 SEGMENT B
 PROJECT No. EN13045
 PLAN AND PROFILE
 STA. 248+00 TO 258+00

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 SHEET NO.
 17 OF 43
 JOB NO.
 EN13045.00
 DRAWING NO.
 D5153-009

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PRELIMINARY - NOT FOR CONSTRUCTION



GHD Inc.
 18451 Scientific Way
 Irvine, California 92618 USA
 T 1 849 250 0504 F 1 949 250 0541
 W www.ghd.com

DESIGNED	DRAWN	CHECKED	REV. NO.	DATE	BY	APPROV.	DESCRIPTION
EA/MW	PS/SD	MS					

REVIEWED BY: _____
 Project Manager for IEUA

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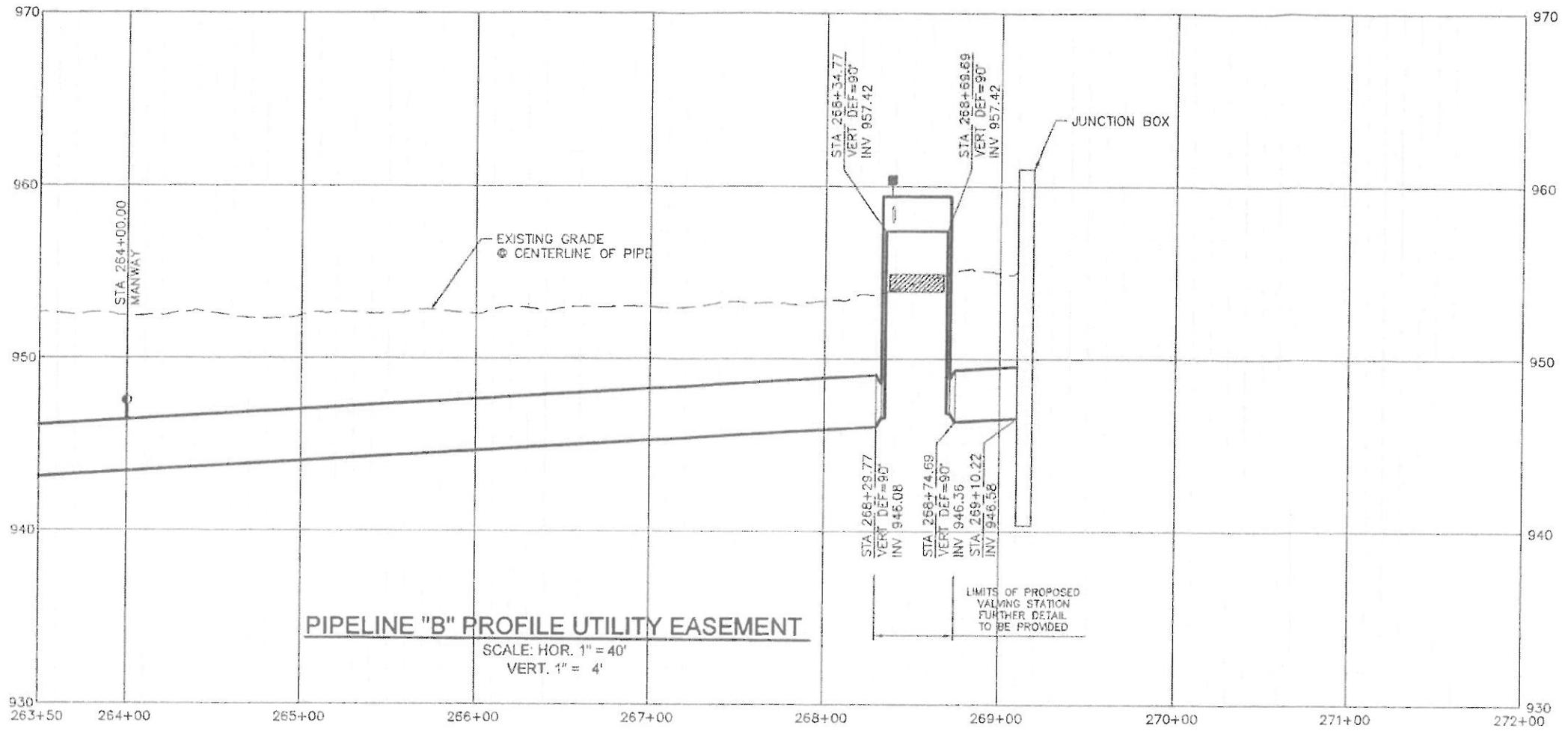
LOCATION
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 Chino, California 91710
 Telephone (909) 993-1600

MAILING ADDRESS
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 Chino Hills, California 91709

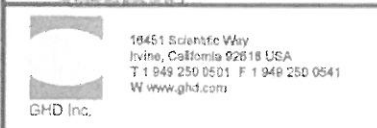
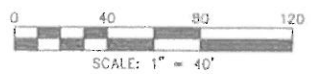
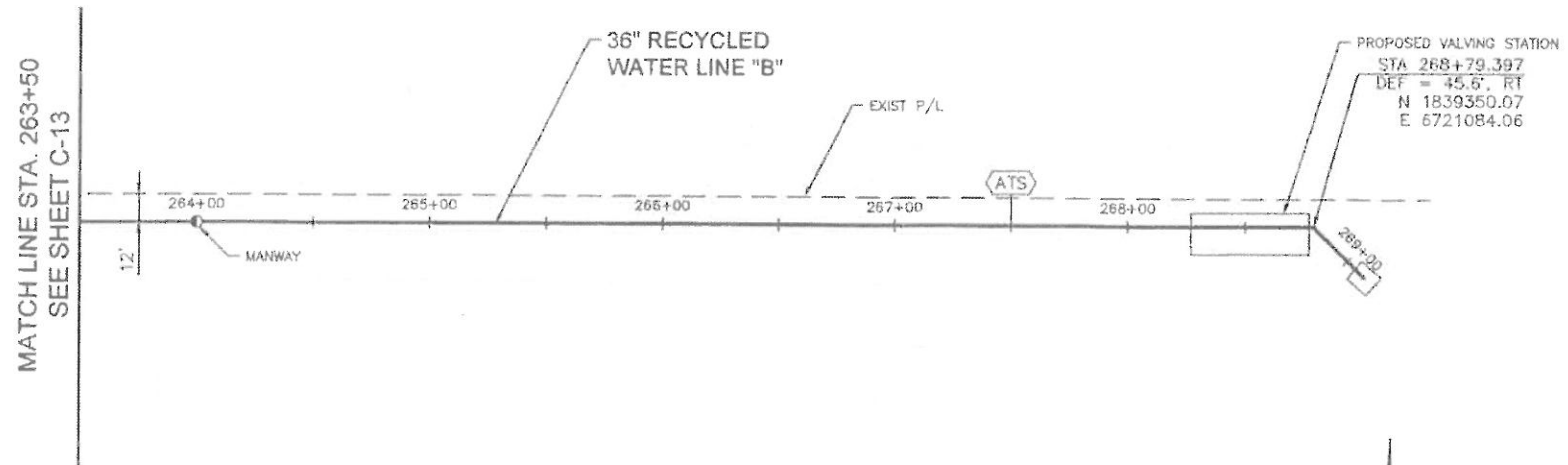
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SEGMENT B
PROJECT No. EN13045
PLAN AND PROFILE
STA. 258+00 TO 268+00

SHEET	C-13
SHEET NO	18 OF 43
JOB NO.	EN13045.00
DRAWING NO.	D5153-009

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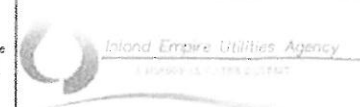
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REV. NO.	DATE	BY	APRVD	DESCRIPTION

REVIEWED BY: _____
 Date: _____
 Project Manager for IEUA

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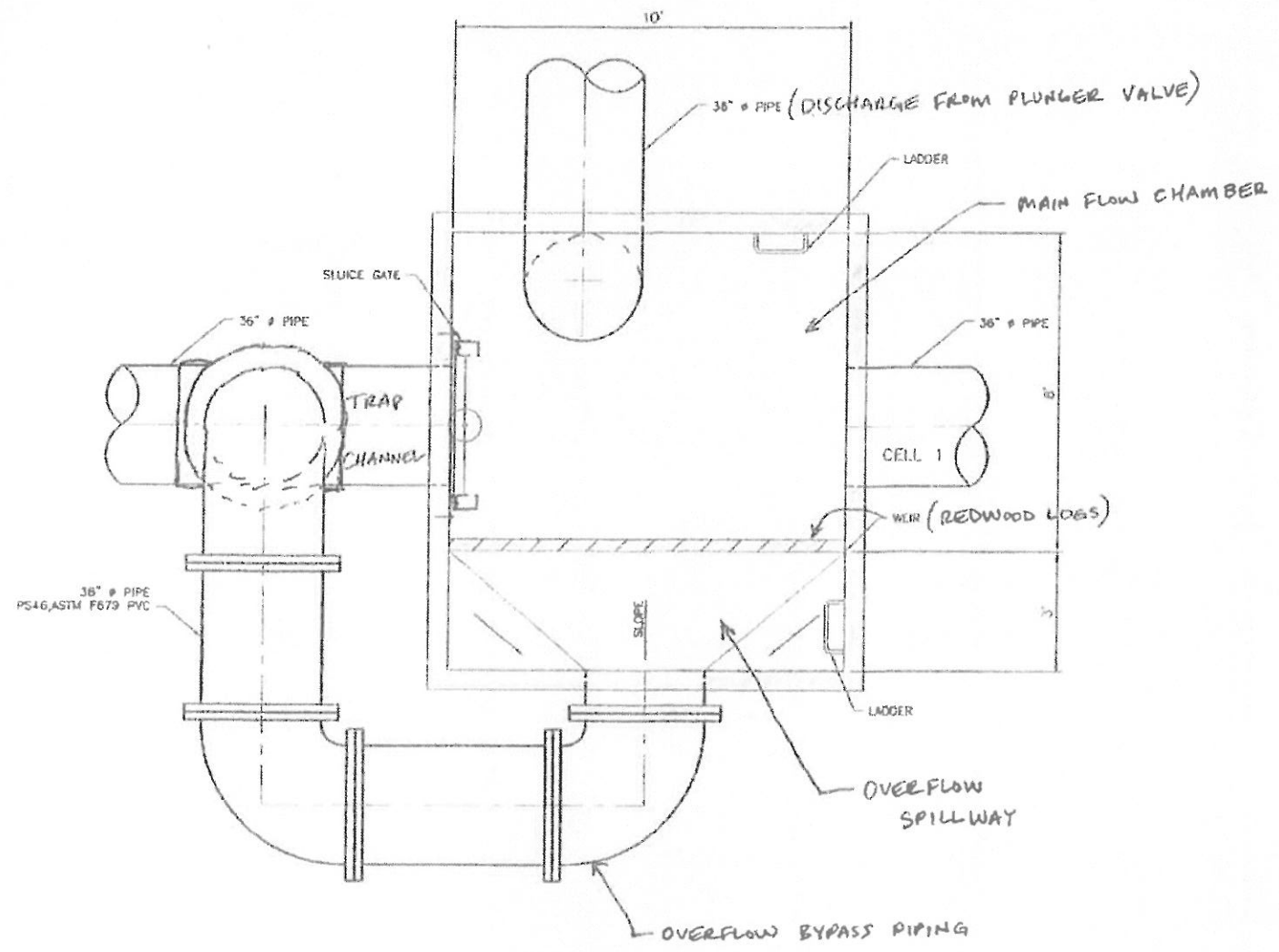
LOCATION:
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 Irvine, California 92714
 Telephone (909) 963-1600

MAILING ADDRESS:
 Post Office Box 5020
 Chino Hills, California 91709

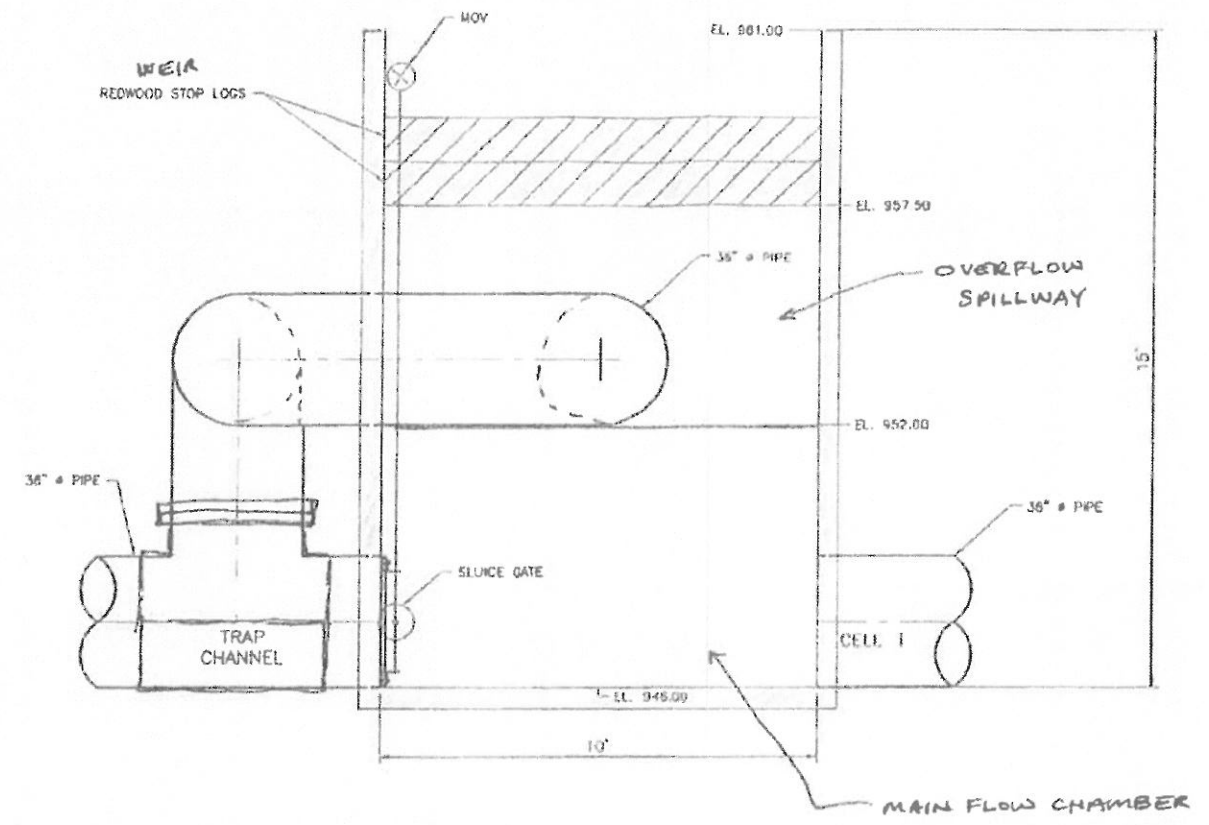
**WINEVILLE EXTENSION RECYCLED WATER PIPELINE
 SEGMENT B
 PROJECT No. EN13045
 PLAN AND PROFILE
 STA. 268+00 TO 269+10±**

SHEET C-14
SHEET NO. 19 OF 43
JOB NO. EN13045.00
DRAWING NO. 05153-009

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JUNCTION BOX PLAN
SCALE: NTS



JUNCTION BOX SECTION
SCALE: NTS

PRELIMINARY - NOT FOR CONSTRUCTION



GHD Inc.
16451 Stranahill Way
Irvine, California 92618 USA
T 949 250 0501 F 949 250 0541
www.ghd.com



DESIGNED BY	DATE	REV. NO.	DATE	BY	APPROV.	DESCRIPTION
PS-10						

REVIEWED BY:
Project Manager: RJA

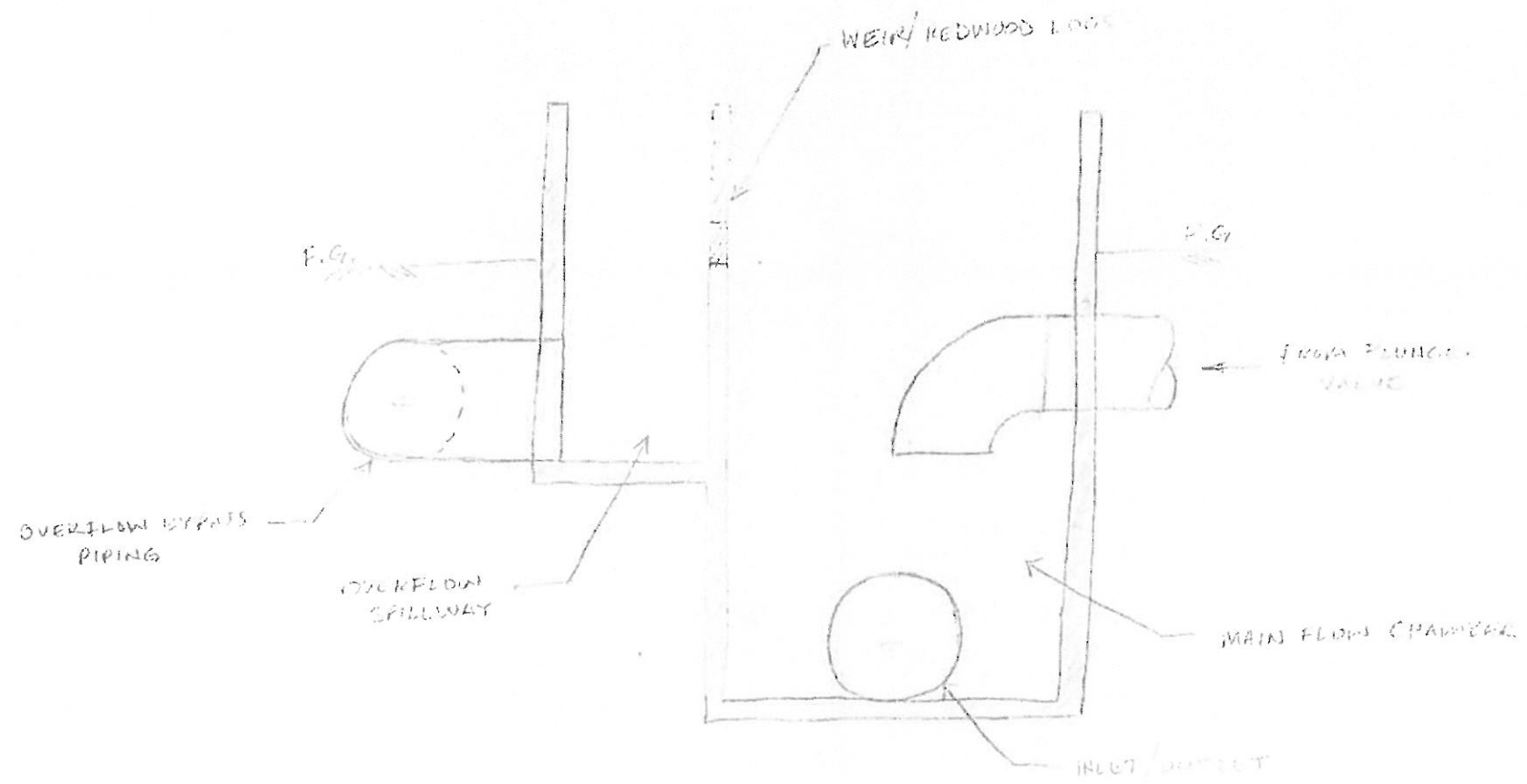
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AS SHOWN
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LOCATION:
2275 Alameda Avenue
Chico, California 95710
Telephone (909) 922-1420

WINEVILLE EXTENSION RECYCLED WATER PIPELINE
SEGMENT B
PROJECT No. EN13045
JUNCTION BOX
STA. 268+00 TO 295+02.28

SHEET	
SHEET NO.	43
JOB NO.	EN13045.00
DRAWING NO.	05153-009



PRELIMINARY - NOT FOR CONSTRUCTION

SAMPLE
EASEMENT AGREEMENT

Recording Requested by:
Inland Empire Utilities Agency

When Recorded Please return to:
Inland Empire Utilities Agency
6075 Kimball Ave.
Chino, CA 91708

No fee required per Government
Code Section 6103

Deed transfer tax: \$ None:
Exempt under Sec. 1192 of
Revenue Taxation Code

(Space above this line is for Recorder's use only)

GRANT OF EASEMENT

For a valuable consideration, in the amount of ~~One Dollar (\$1.00)~~, receipt of which is hereby acknowledged, ~~MIKE BUBALO CONSTRUCTION COMPANY~~, Grantor, hereby grants to INLAND EMPIRE UTILITIES AGENCY, a Municipal Water District, Grantee, its successors in interest and/or assigns, a perpetual easement and right-of-way, over, under and across including the right to enter upon the property herein described at any time that it may see fit to inspect, maintain, repair, replace, and operate underground reclaimed water pipelines for the purpose of conveying recycled water through and under the property herein described, together with the right to excavate and fill ditches and trenches for the location and maintenance, repair, replacement and operation of said recycled water pipelines and the further right to remove trees, bushes, undergrowth, crops and other obstructions interfering with the maintenance, repair, replacement and operation of said pipelines.

Except in emergencies, the Grantee shall notify the overlying property owner within a reasonable time prior to performing any work within the easement including removing trees, bushes, undergrowth, crops or other obstructions. If the Grantee determines that an emergency requiring immediate corrective action exists, the Grantee may proceed immediately with the corrective action and notify the overlying property owner as soon as reasonably possible. The Grantee shall replace any improvements removed by the Grantee for maintenance of the recycled water line which have been installed with the Grantee's approval. The Grantee shall return the property to the "like" condition prior to the maintenance or repair of the recycled water pipeline.

The Grantor, its lessees, assigns and successors will not allow any change in surface or subsurface conditions including but not limited to placing fences, trees, walls, buildings, structures earth fills, excavations, construction of loading surcharge on or over the Grantee's easement or hinder the Grantee's access to said facilities without approval of the Grantee. The Grantee will not unreasonably withhold or delay approval of changes in

surface conditions if those changes will not interfere with the maintenance, repair, replacement, operating integrity or structural integrity of said pipelines.

If this easement becomes no longer needed for either current or future use in the Grantee's recycled water distribution system, the Grantee will quitclaim this easement to the overlying property owner.

Grantee shall save and hold Grantor harmless from any and all liability for personal injury or property damage resulting from, or in any way connected with, any use or activity undertaken or permitted by Grantee, or any of its agents, employees, contractors or assigns, unless due to the willful and sole negligence of Grantor.

The property subject to this Easement (the "Easement Property") is located in the County of San Bernardino, City of Fontana, and is listed in the Office of the County Recorder of San Bernardino County, State of California, the northerly twenty feet of Lot 32 of Tract Number 12064-1, as per map recorded in Book 167, pages 29 through 49, inclusive of maps, more particularly described in Exhibits "A and B" attached to this Deed and such descriptions by this reference are made a part hereof as though set forth at length.

This Easement herein granted shall be appurtenant to, and run with the title to the real property encumbered thereby, and shall obligate and inure to the benefit of, the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF, Grantor and Grantee have executed this Grant as of this _____ day of _____, 2014.

GRANTOR:

Mike Bubalo Construction Company →

By: _____

Name: _____

Title: _____

GRANTEE:

Inland Empire Utilities Agency
a Municipal Water District*

By: _____

Name: _____

Title: _____

NOTARY ACKNOWLEDGEMENTS ATTACHED

EXHIBIT "A"

PERMANENT RECYCLED WATER LINE EASEMENT

AN EASEMENT FOR RECYCLED WATER LINE IN THE CITY OF FONTANA, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

THE NORTHERLY TWENTY FEET OF LOT 32 OF TRACT NO. 12064-1, IN THE CITY OF FONTANA, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 167, PAGES 29 THROUGH 49, INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

AREA = 26,216.31 SQ. FT., (0.602 AC.) MORE OR LESS

ALL AS SHOWN ON EXHIBIT "B" ATTACHED HERETO AND BY REFERENCE MADE A PART HEREOF.

THIS LEGAL DESCRIPTION WAS PREPARED BY ME OR UNDER MY DIRECTION.



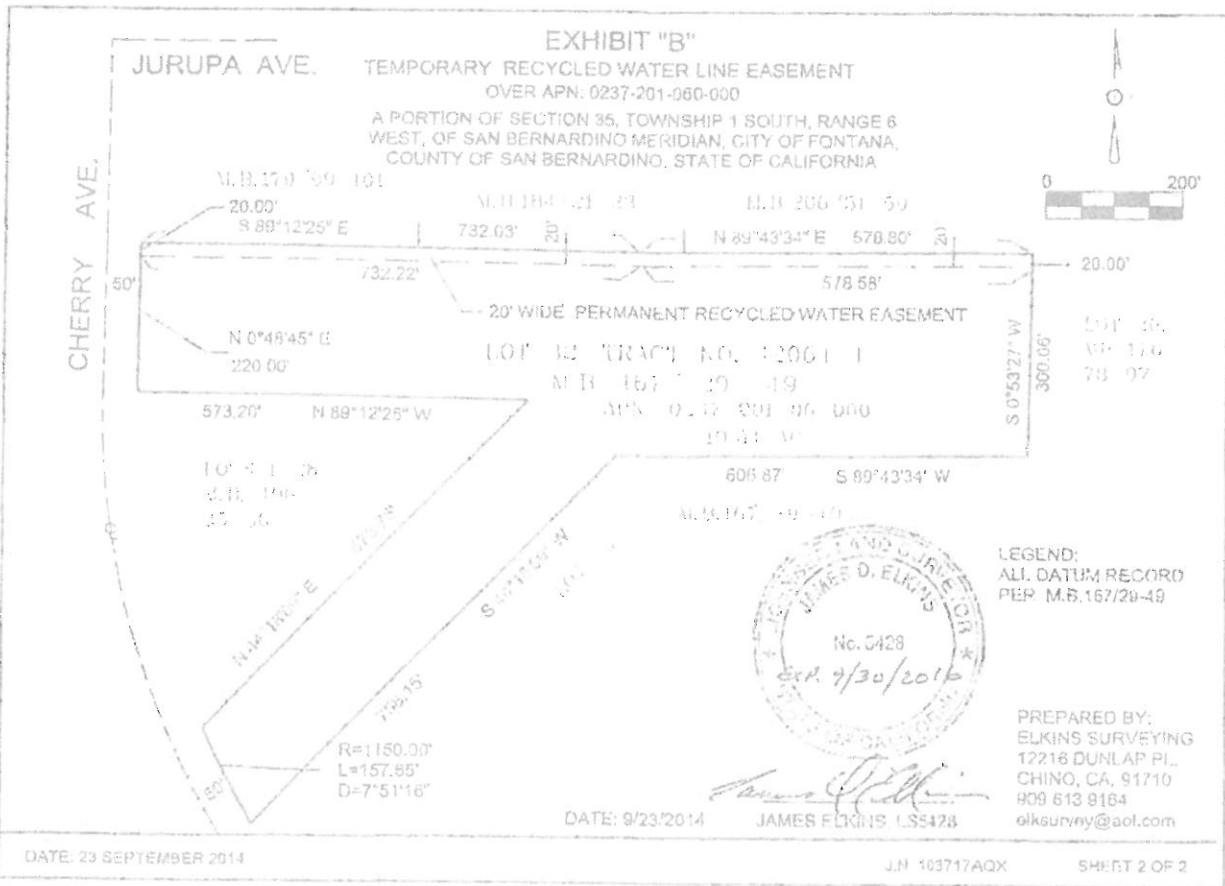
PREPARED BY:
ELKINS SURVEYING
12216 DUNLAP PL.
CHINO, CA. 91710
909 613 9164
elksurvey@aol.com

J.N.103717AQX

DATE: 23 September 2014

JAMES ELKINS, I.S.5428

SHEET 1 OF 2



Environmental & Archeological Research

The Inland Empire Utilities Agency (IEUA) commissioned a report prepared by Tom Dodson and Associates to investigate the condition of the parcels for compliance with State and Federal regulations for environmental and cultural resources. The study found no adverse impacts on the parcels.

State Water Resources Control Board (State Water Board)
Clean Water State Revolving Fund Program

Evaluation Form for Environmental Review and Federal Coordination

CWSRF No.: _____
Applicant Name: Inland Empire Utilities Agency
Date: _____
Project Title: Wineville Recycled Water Pipeline Project

1. **Federal Endangered Species Act (ESA), Section 7:**

Does the project involve any direct effects from construction activities, or indirect effects such as growth inducement that may affect federally listed threatened or endangered species or their critical habitat that are known, or have a potential, to occur onsite, in the surrounding area, or in the service area?

- **Required documents:** Attach project-level biological surveys, evaluations analyzing the project's direct and indirect effects on special-status species, and an up-to-date species list (from the U.S. Fish and Wildlife Service and the California Natural Diversity Database) for the project area.

No. Discuss why the project will not impact any federally listed special status species:

A biological resources survey and habitat evaluation was performed by Jericho Systems Inc. (the report summarizing findings is attached as Appendix 1 to this document). Based on the site specific survey of the Option A pipeline alignment, no substantial biological resource impacts, including no adverse impacts to any federal or state listed species, will occur from implementing this alternative alignment for the Wineville Recycled Water Pipeline Project.

Yes. Provide information on federally listed species that could potentially be affected by this project and any proposed avoidance and compensation measures so that the State Water Board can initiate informal/formal consultation with the applicable federally designated agency. Document any previous ESA consultations that may have occurred with the project. Include any comments below:

2. **Magnuson-Stevens Fishery Conservation and Management Act, Essential Fish Habitat:**

Does the project involve any direct effects from construction activities, or indirect effects such as growth inducement that may adversely affect essential fish habitats?

No. Discuss why the project will not impact essential fish habitat:

The project area has no surface water resources. Therefore, the proposed project has no potential to impact such fisheries resources.

Yes. Provide information on essential fish habitat that could potentially be affected by this project and any proposed avoidance and compensation measures. Document any consultations with the National Marine Fisheries Service that may have occurred with the project. Include any comments below:

3. **National Historic Preservation Act, Section 106:**

Identify the Area of Potential Effects (APE), including construction, staging areas, and depth of any excavation. (Note that the APE is three dimensional and includes all areas that may be affected by the project, including the surface area and extending below ground to the depth of any project excavations.)

- **Required documents: cultural Resources Assessment** prepared by a qualified researcher that meets the Secretary of the Interior's Professional Qualifications Standards (www.cr.nps.gov/local-law/arch_stnds_9.htm). **Current records search** with maps showing all sites and surveys drawn in relation to the project area, and records of Native **American consultation**. Include any comments below:

The alignment of the alternative pipeline alignment (Option A) is proposed within a highly disturbed transmission line easement located within a fully developed suburban setting. A cultural resources study performed by CRM TECH, refer to Appendix 2 to this document, concluded that no historic resources exist within the Option A alignment. Further, the cultural resources study found that the project area has a relatively low potential for buried archaeological resources. However, IEUA will implement cultural resources mitigation measure 4.12-2 (management for accidentally exposed cultural resources) if the pipeline is installed within this alternative pipeline alignment.

4. **Clean Air Act:**

Identify Air Basin Name: South Coast Air Basin
Name of the Local Air District for Project Area: South Coast Air Quality Management District

Is the project subject to a State Implementation Plan (SIP) conformity determination?

No. The project is in an attainment or unclassified area for all federal criteria pollutants.

Yes. The project is in a nonattainment area or attainment area subject to maintenance plans for a federal criteria pollutants. Include information to indicate the nonattainment designation (e.g. moderate, serious, severe or extreme), if applicable. If estimated emissions (below) are above the federal *de minimis* levels, but the project is sized to meet only the needs of current population projections that are used in the approved SIP for air quality, then quantitatively indicate how the proposed capacity increase was calculated using population projections.

The Wineville Pipeline project was subject to a previous conformity evaluation that was approved by the State Water Board. The construction activities associated with the proposed project will emit air pollutant emissions, both fugitive dust and equipment emissions. There will be no emissions during operations. Because the Option A pipeline alignment eliminates 2,400 feet of pipeline construction emissions, implementation of this alternative alignment will reduce total overall air pollutant emissions relative to the approved pipeline alignment. The following findings were reached in the previous air quality evaluation: Unmitigated emissions of criteria pollutants from construction and operation do not exceed South Coast Air Quality Management District significance thresholds; construction emissions do not exceed Local Significance Thresholds; construction and operational emissions do not exceed the *de minimis* thresholds in 40 CFR 93.153; and the project emissions do not exceed the tentative threshold of 10,000 tons per year of greenhouse gas emissions. In terms of air pollutant emission reductions, the use of recycled water, which this project facilitates, provides a substantial reduction in emissions as a result of offsetting emissions from transporting imported water to the Chino Basin from northern California and/or from the Colorado River.

- If you checked "Yes" above, provide the estimate project construction and operational air emissions (in tons per year) in the chart below, and attach supporting calculations.

Not Applicable

- Also, attach any air quality studies that may have been done for the project.

Pollutant	Federal Status (Attainment, Nonattainment, Maintenance or Unclassified)	Nonattainment Rates (i.e., moderate, serious, severe or extreme)	Threshold of Significance for the Project Air Basin (if applicable)	Construction Emissions (Tons/Year)	Operation Emissions (Tons/Year)
Ozone (O3)					
Carbon Monoxide (CO)					
Oxides of Nitrogen (NOx)					
Reactive Organic Gases (ROG)					
Volatile Organic Compounds (VOC)					
Lead (Pb)					
Particulate Matter less than 2.5 microns in diameter (PM2.5)					
Particulate Matter less than 10 microns in diameter (PM10)					
Sulfur Dioxide (SO2)					

5. Coastal Zone Management Act:

Is any portion of the project site located within the coastal zone?

No. The project is not within the coastal zone.

The proposed project is located more than 30 miles from the Pacific Ocean coast. This project has no potential to conflict with the Coastal Zone Management Act.

Yes. Describe the project location with respect to coastal areas and the status of the coastal zone permit, and provide a copy of the coastal zone permit or coastal exemption:

6. Coastal Barriers Resources Act:

Will the project impact or be located within or near the Coastal Barrier Resources System or its adjacent wetlands, marshes, estuaries, inlets, and near-shore waters? Note that since there is currently no Coastal Barrier Resources System in California, projects located in California are not expected to impact the Coastal Barrier Resources System in other states. If there is a special circumstance in which the project may impact a Coastal Barrier Resource System, indicate your reasoning below.

No. The project will not impact or be located within or near the Coastal Barrier Resources System or its adjacent wetlands, marshes, estuaries, inlets, and near-shore waters.

The proposed project is located more than 30 miles from the Pacific Ocean coast. This project has no potential to conflict with the Coastal Barriers Resources Act.

Yes. Describe the project location with respect to the Coastal Barrier Resources System, and the status of any consultation with the appropriate Coastal Zone management agency and the U.S. Fish and Wildlife Service:

7. **Farmland Protection Policy Act:**
Is any portion of the project site located on important farmland?

No. The project will not impact farmland.

The proposed alternative pipeline alignment follows an existing SCE transmission line alignment and no farming has occurred within this alignment for many decades. Thus, this project will not impact any farmland.

Yes. Include information on the acreage that would be converted from important farmland to other uses. Indicate if any portion of the project site is under a Williamson Act Contract and specify the amount of acreage affected:

8. **Floodplain Management:**
Is any portion of the project site located within a 100-year floodplain as depicted on a floodplain map or otherwise designated by the Federal Emergency Management Agency?

- **Required documents: Attach a floodplain map.**

No. Provide a description of the project location with respect to streams and potential floodplains:

According to the FEMA Flood Insurance Rate Map Panels, the proposed Option A pipeline alignment is located outside of areas of potential flood hazard. The FEMA FIRM Panel that encompasses the Option A alignment (0607C68665H) is not published because it does not contain any 100-year flood hazard areas. Further, due to the fact that the proposed project does not include human occupancy structures and the proposed pipelines will be placed below the ground surface, no adverse flood-related impacts are forecast to occur due to project implementation.

Yes. Describe the floodplain, and include a floodplain/wetlands assessment. Describe any measures and/or project design modifications that would be implemented to minimize or avoid project impacts:

9. **Migratory Bird Treaty Act:**
Will the project affect protected migratory birds that are known, or have a potential, to occur onsite, in the surrounding area, or in the service area?

No. Provide an explanation below:

The alternative pipeline alignment contains a maintained landscape to minimize conflicts with the existing electricity transmission line facilities. Although the potential for any migratory or native birds to nest within this alternative alignment is low, the pipeline will be installed outside of the typical bird nesting season in southern California, which typically extends from March 1 to September 1 of a given year (with some exceptions for raptors, which can not occur within the project area due to lack of bird nesting habitat).

Yes. Discuss the impacts (such as noise and vibration impacts, modifications of habitat) to migratory birds that may be directly or indirectly affected by the project and mitigation measures to reduce or eliminate these impacts. Include a list of all migratory birds that could occur where the project is located:

10. **Protection of Wetlands:**

Does any portion of the project boundaries contain areas that should be evaluated for wetland delineation or require a permit from the U.S. Army Corps of Engineers?

No. Provide the basis for such determination:

The proposed pipeline alignment does not contain any wetlands, riparian areas or waters of the United States or State of California. Please refer to Appendix 1 of this document. Thus, no potential exists to adversely impact any wetlands or similar protected areas.

Yes. Describe the impacts to wetlands, potential wetland areas, and other surface waters, and the avoidance, minimization, and mitigation measures to reduce such impacts. Provide the status of the permit and information on permit requirements:

11. **Wild and Scenic Rivers Act:**

Identify watershed where the project is located: Santa Ana River Basin

Is any portion of the project located within a wild and scenic river?

No. The project is not located near a wild and scenic river.

The proposed project does not contain any channels or waters of the United States or State of California. There are no wild or scenic river designations within the Santa Ana River Basin which encompasses the proposed pipeline alignment. Thus, the proposed project cannot adversely impact and wild or scenic river resources.

Yes. Identify the wild and scenic river watershed and project location relative to the affected wild and scenic river:

12. **Safe Drinking Water Act, Sole Source Aquifer Protection:**

Is the project located in an area designated by the U.S. Environmental Protection Agency, Region 9, as a Sole Source Aquifer?

No. The project is not within the boundaries of a sole source aquifer.

There are no Sole Source Aquifers located within the Santa Ana River watershed; thus, the proposed project cannot adversely impact any area designated as such by the EPA.

Yes. Contact USEPA, Region 9 staff to consult and identify the sole source aquifer (e.g., Santa Margarita Aquifer, Scott's Valley, and Fresno County Aquifer, the Campo/Cottonwood Creek Aquifer or the Ocotillo-Coyote Wells Aquifer) that will be impacted:

13. **Environmental Justice:**

Does the project involve an activity that is likely to be of particular interest to or have particular impact upon minority, low-income, or indigenous populations, or tribes?

No. Selecting "No" means that this action is not likely to be of any particular interest to or have an impact on these populations or tribes. Explain.

The proposed project will not directly impact any specific segment of southern California's population. Indirectly, the provision of additional water (recycled water) to offset overall water demand within southern California and the IEUA service area specifically is a benefit to all population and income segments in the region.

Yes. If you answer yes, please check at least one of the boxes and provide a brief explanation below:

- The project is likely to impact the health of these populations.
- The project is likely to impact the environmental conditions of these populations.
- The project is likely to present an opportunity to address an existing disproportionate impact of these populations.
- The project is likely to result in the collection of information or data that could be used to assess potential impacts on the health or environmental conditions of these populations.
- The project is likely to affect the availability of information to these populations.
- Other reasons, describe: _____

APPENDIX 1



September 1, 2014

Tom Dodson, President
Tom Dodson & Associates
2150 N. Arrowhead Avenue
San Bernardino, Ca 92405

SUBJECT: Delhi Sands Flower-Loving Fly Suitability Assessment for the Wineville Segment "B" Alternative Alignments Located in the City of Fontana, San Bernardino County, California.

Introduction

This report contains the findings of a habitat suitability assessment for the Delhi Sands flower-loving fly (*Rhaphiomidas terminatus abdominalis*) (DSF), a federally endangered species, for the Wineville Segment "B" Alternative Alignments Project (project site or site). The habitat suitability assessment was conducted by Jericho Systems, Inc. Ecologist Shay Lawrey on August 15, 2014 with a follow-on detailed assessment conducted by biologist Travis J. McGill August 25, 2014. The purpose of the assessment was to identify any sensitive species and to determine the quality of DSF habitat within the proposed Project boundaries. Portions of the project site have been mapped by the United States Geological Survey (USGS) Natural Resources Conservation Service Soil Survey as having Delhi Soils. Since Delhi Sand soils are wind deposited (aeolian) the boundaries established by USGS are not exact and change over time. As part of the DSF suitability assessment, a general habitat assessment was conducted to characterize existing site conditions and to assess the probability of occurrence of sensitive plant and wildlife species that could pose a constraint to development. Special attention was given to the suitability of the habitat onsite to support burrowing owl (*Athene cunicularia*), as well as other sensitive species identified by the California Department of Fish and Wildlife's (CDFW) California Natural Diversity Database (CNDDDB) and other electronic databases as potentially occurring in the vicinity of the project site.

Background

It has been generally acknowledged that DSF occur in Delhi sands, particularly clean dune formations composed of aeolian sands. Conversely, soils and sands deposited by fluvial processes from the surrounding alluvial fans do not support DSF. These alluvial soils are composed of coarse sands, cobble and gravel (Tujunga soils) or coarse sands, silts and clays (Cieneba soils). In this part of San Bernardino County the separation of soil types, Delhi sand and Cieneba or Tujunga soils, has been lost due to mixing and cross contamination from years of agricultural activities and other man-made disturbances.

Depending on the extent of mixing and contamination, some areas formally mapped in 1970 as Delhi Sands no longer have the potential to support DSF populations. Conversely, some areas formally mapped as Cieneba soils may now have Delhi Sands and potential to support DSF. Six DSF experts (Ken Osborne, Greg Ballmen, Rudy Matoni, Karen Cleary-Rose, Alison Anderson

and Tom McGill) used this criterion, the relative abundance of clean Delhi Sands verses the amount of Cienba or other alluvial soils, to rate the suitability of the habitat to support DSF (Michael Brandman Associates, 2003). Soils high in gravel and alluvial materials, or high in fine materials such as silts and clays, were rated low, while soils that appear to be high in aeolian deposited sands were rated high. This qualitative assessment of DSF habitat was further refined by considering the relative degree of soil compaction. Alluvial soils have a tendency to solidify to a hard surface pavement, while aeolian soils are easier to penetrate and provide good substrate for DSF.

Although it has been common to attribute the presence of four common plant species buckwheat (*Eriogonum fasciculatum*), croton (*Croton californicus*), deerweed (*Acmispon glaber*), and telegraph weed (*Heterotheca grandiflora*) as indicators of habitat suitability, for the assessment, vegetation composition was not given much weight in making this habitat evaluation. These dominant plant species, and plant species composition of habitats, may not be directly relevant to larval development (due to likely predatory or parasitic habitat of DSF larvae) (Osborne, et al. 2003). The known immature life histories of the nine asiloid fly families, including that to which the DSF is classified, are primarily predatory and/or parasitic on other invertebrate species (mainly insects) and the presence or absence of plant species appears not to be relevant to the life history of these flies.

Land with suitable DSF habitat include only those areas with open, undisturbed Delhi Series soils that have not been permanently altered by residential, commercial, or industrial development, or other human actions. Areas known to contain Delhi Sands and/or to be occupied by DSF have been divided by United States Fish and Wildlife Service (USFWS) into three recovery units (Colton, Jurupa, and Ontario Recovery Units (USFWS, 1997)). These recovery units are defined as large geographic areas based on geographic proximity, similarity of habitat, and potential genetic exchange. Within these three recovery units, are areas that have been previously protected by conservation easements:

- Colton: Eight sites have been permanently protected in the Colton recovery unit:
- Jurupa: Approximately 21 ha (52-acres) of DSF habitat have been protected for this population along the Jurupa Hills. Approximately 12 ha (30-acres) are protected under a conservation easement within Riverside County ("I-15/Galena" Biological Opinion; FWS-WRIV-774). An additional 9 ha (22-acres) will be placed under a conservation easement and managed in San Bernardino County as a result of interagency consultation between the USFWS and the U. S. Army Corps of Engineers (Corps) ("Fontana Business Center" Biological Opinion; FWS-SB-1788.9), in accordance with section 7 of the Endangered Species Act.
- Ontario: In 2000, 4 ha (10-acres) of DSF habitat near the intersection of Greystone and Milliken Avenues in the City of Ontario, San Bernardino County, were acquired for conservation and an additional 1.2 ha (3-acres) of contiguous habitat was avoided but not permanently conserved. At that time, these properties were surrounded by undeveloped land with some characteristics of DSF habitat, and the USFWS anticipated that a larger DSF reserve would be created that could sustain a robust DSF population. However, most of the surrounding property has subsequently been developed for commercial or industrial uses, and it is unlikely that the existing population can be sustained over the long term.

The project site is located within the Ontario Recovery Unit, outside the areas protected under the conservation easements. The Ontario Recovery Unit includes all areas of Delhi Sands soils within the cities of Rancho Cucamonga, Ontario and parts of Fontana. In the USFWS five-year review of the DSF Recovery Plan (USFWS, 2008), the USFWS acknowledge that one area had

been identified as supporting DSF within the Ontario Recovery Unit, a 10-acre site near the intersection of Greystone and Milliken Avenues in the City of Ontario. Further, it is likely that there are no longer any existing populations of DSF within the Ontario Recovery Unit. Given the lack existing populations of DSF within the Ontario Recovery Unit and, in particular, the ongoing build-out within this recovery unit, this area is no longer considered sustainable DSF habitat.

Project Location

The project site is generally located north of State Route 60, south of Interstate 10, east of Interstate 15, and west of Sierra Avenue in the City of Fontana, San Bernardino County, California. The project site is located on the Fontana quadrangle of the United States Geological Survey's (USGS) 7.5-minute topographic map series in Sections 34, 35, and 36 of Township 1 south, Range 6 west. Specifically, the project site is located in south Fontana, south of Jurupa Avenue between Citrus Avenue and Cherry Avenue within the existing Southern California Edison (SCE) power line right-of-way (ROW).

Methodology

A literature review and records search was conducted to determine which sensitive biological resources have the potential to occur on the project site or within the general vicinity. In addition to the literature review, a general habitat assessment of the project site was conducted. The field survey provided information of the existing conditions on the site and potential for sensitive biological resources to occur.

Literature Review

Prior to conducting a field visit, a literature review and records search was conducted for sensitive biological resources potentially occurring on or within the vicinity of the project site. Previously recorded occurrences of special-status plant and wildlife species and their proximity to the project site were determined through a query of the CNDDDB Rarefind 5 software, the California Native Plant Society's (CNPS) Electronic Inventory of Rare, Threatened, and Endangered Plants of California, Calflora Database, compendia of special-status species published by the CDFW, and United States Fish and Wildlife Service (USFWS) species listings.

Suitability Assessment and Field Investigation

The suitability assessment consisted of a visual and tactile inspection of the project site in areas that contain Delhi Sand soils. Areas were evaluated for the quality or purity of Delhi Sands and for its potential to support DSF. Areas were assigned one or more ratings ranging between 1 and 5, with 5 being the best quality and most suitable habitat:

1. Soils dominated by heavy deposits of alluvial material including coarse sands and gravels with little or no Delhi sands and evidence of soil compaction. *Unsuitable Quality*
2. Delhi Sands are present but the soil characteristics include a predominance of alluvial materials (Tujunga Soils and Hilmar loamy sand). *Very Low Quality*
3. Although not clean, sufficient Delhi sands are present to prevent soil compaction. Some sandy soils exposed on the surface due to fossorial animal activity. *Low Quality*
4. Abundant clean Delhi sands with little or no alluvial material (Tujunga soils or Hilmar loamy sand) present. Moderate abundance of exposed sands on the soil surface. Low vegetative cover. Evidence of moderate degree of fossorial animal activity by vertebrates and invertebrates. *Moderate Quality*

5. Sand dune habitat with clean Delhi Sands. High abundance of exposed sands on the soil surface. Low vegetative cover. Evidence (soil surface often gives under foot) of high degree of fossorial animal activity by vertebrates and invertebrates. *High Quality*

The above criteria were used to rate the relative abundance of clean Delhi Sands verses the amount of Cienba or other alluvial soils, to rate the suitability of the habitat to support DSF. Soils high in gravel and alluvial materials, or high in fine materials such as silts and clays, were rated low, while soils that appear to be high in aeolian deposited sands were rated high. This qualitative assessment of DSF habitat was further refined by considering the relative degree of soil compaction. Alluvial soils have a tendency to solidify to a hard surface pavement, while aeolian soils are easier to penetrate and provide good substrate for DSF. In addition, plant communities were identified on aerial photographs and visually inspected from accessible areas along the boundary of the project site to document the extent of each plant community, and to assess the presence of suitable habitat for sensitive species. All plant and wildlife species observed, as well as dominant plant species within each plant community, were recorded in a standardized field notebook. Notes were taken during the survey of all plant and wildlife species observed and jurisdictional features were identified, if present. In addition, site characteristics such as soil condition, topography, presence of indicator species, slope, condition of the plant communities, hydrology, and evidence of human use of the site were noted.

Existing Conditions

The project site is located within a developed area in southwestern San Bernardino County at the northwestern foothills of the Jurupa Hills. Surrounding areas have converted natural habitats into residential, commercial, and industrial land uses, with the exception of the Jurupa Hills. The project has been routinely subject to human disturbances (i.e., grading/disking activities, surrounding development), and no longer supports native plant communities. These disturbances have degraded the on-site plant communities and limited their ability to provide suitable habitat for sensitive biological resources. The proposed project site is limited to areas that are already developed or are heavily disturbed. The proposed pipeline alignments are located within the SCE power line ROW. The SCE ROW is undeveloped, and has been subject to routine grading/disking activities. There is an unimproved dirt access road that traverses the SCE ROW. As a result of routine grading/disking activities within the boundaries of the project site, minimal vegetation was observed. The majority of the plant species observed on the project site consisted of non-native grasses and ruderal/weedy plant species.

Results

DSF Suitability Assessment

The soils within the boundaries of the project site have been mechanically disturbed by existing development in the general vicinity and grading/disking activities on the project site. These activities have mixed surface soils, which have ultimately removed or contaminated the Delhi Sand soils that have been mapped on-site. As a result, the open, undisturbed Delhi Sand soils required by DSF no longer occur on-site. The undeveloped areas within the project site were rated as Unsuitable/Very Low Quality with a habitat quality rating of 1/2 for DSF. There were no areas identified on the project site that provided restorable Delhi Sand soils (a habitat quality rating of 3/4), or suitable habitat (a habitat quality rating of 4 or 5), clean Delhi Sand soils.

General Habitat Assessment

Wildlife, in general, was limited due to the conversion of most of the native plant communities to residential development, and commercial land uses. The majority of the wildlife observed

consisted of avian species. Avian species observed and heard during the survey included lesser goldfinch (*Spinus psaltria*), mourning dove (*Zenaida macroura*), and American crow (*Corvus brachyrhynchos*). No burrowing owl, burrowing owl sign (pellets, feathers, castings, or white wash), or suitable burrows were observed on the project site during the habitat assessment. Existing development and heavy disturbance have kept burrowing owl from inhabiting the project site. Due to the lack of sign and no recent recorded occurrence within the general vicinity of the project site burrowing owl are presumed absent from the project site. However, given that the species does migrate and individuals may take residence in previously unoccupied areas, a burrowing owl pre-construction clearance survey is recommended prior to any ground disturbing activities in accordance with the CDFW 2012 Staff Report on Burrowing Owl Mitigation to document the continued absence of burrowing owl from the project site prior to implementation of the proposed project.

The project site provides suitable habitat for a limited number of mammalian species acclimated to human presence and disturbance. However, most mammal species are nocturnal and are difficult to observe during a diurnal field visit. Mammals and or sign detected during the field assessment included California ground squirrel (*Otospermophilus beecheyi*) and Botta's pocket gopher (*Thomomys bottae*). No standing water occurs on the project site, and no amphibian species were observed during the habitat assessment. Amphibians are not expected to occur on the project site or in the general vicinity. One lizard species was observed during the habitat assessment: western fence lizard (*Sceloporus occidentalis*). The project site consists of heavily disturbed, vacant land that has been subject to extensive impacts over the years that preclude a robust population of reptiles from becoming established on-site. Disturbed areas in the region, such as those present on the project site, have the potential to support a number of reptilian species including, common side-blotched lizard (*Uta stansburiana*), coastal whiptail (*Aspidoscelis tigris stejnegeri*), gopher snake (*Pituophis catenifer*), and alligator lizard (*Elgaria multicarinata*).

Migratory Corridors and Linkages

The SCE power line ROW and access corridor, that allows SCE to maintain their power lines, serves to provide limited wildlife movement opportunities. This corridor is constrained by existing development and is generally heavily disturbed and no longer supports large blocks of native habitat that would facilitate wildlife movement. It has been acknowledged that DSF has the potential to utilize the SCE ROW for movement within and between the three DSF recovery units. However, the soils within the proposed project site no longer support open, undisturbed Delhi Series soils required by DSF. Based on the results of the DSF suitability assessment, DSF is presumed absent. Implementation of the proposed project is not anticipated to have any permanent impacts to the SCE ROW, and as a result would not have permanent impacts to potential wildlife movement.

Critical Habitat

Critical Habitat refers to specific areas within the geographical range of a species at the time it is listed that include the physical or biological features that are essential to the survival and eventual recovery of that species. Maintenance of these physical and biological features requires special management considerations or protection, regardless of whether individuals or the species are present or not. The project site is not located within federally designated Critical Habitat. However, the project site is located adjacent to coastal California gnatcatcher (*Poliioptila californica californica*) Critical Habitat Unit 10, Western Riverside County MSHCP (65 FR 63680 63743) immediately south of the project site.

Conclusion

The undeveloped areas on the project site were determined not to contain clean Delhi Sand soils and do not have the potential to provide suitable habitat for DSF. Based on the results of the DSF suitability assessment, it can be presumed that the DSF do not have the potential to occur on-site and focused surveys for DSF are not recommended. The project site is surrounded by existing development and no longer has connectivity to areas containing clean Delhi Sands soils or areas subject to aeolian processes. The long history of disturbance, continued grading/disking of the site, existing development, and lack of natural vegetation have eliminated suitable habitat for all of the sensitive plant and wildlife species that have the potential to occur in the general vicinity of the project site. Based on habitat requirements for specific species, availability and quality of habitats needed by sensitive plant species, it was determined that the project site does not provide suitable habitat for any of the sensitive plant or wildlife species known to occur within the general area.

Pursuant to the Migratory Bird Treaty Act and California Fish and Game Code, construction activities should be conducted outside the avian nesting season. The nesting season generally extends from February 1 through August 31, but can vary slightly from year to year based upon seasonal weather conditions. If construction activities occur during the avian nesting season a pre-construction nesting bird clearance survey for nesting birds, including burrowing owl, should be conducted within 3 days prior to any ground disturbing activities to. The biologist conducting the clearance survey should document a negative survey with a report indicating that no impacts to active avian nests or burrowing owl burrows will occur.

If you have any questions or need any clarifications, feel free to contact me at (909) 915-5900 or at shay@jericho-systems.com or Travis McGill at (909) 816-1646 or travismcgill@mbakerintl.com

Sincerely,



Shay Lawrey, President
Ecologist/Regulatory Specialist

APPENDIX 2

**IDENTIFICATION AND EVALUATION OF HISTORIC PROPERTIES
WINEVILLE SEGMENT "B" ALTERNATE ALIGNMENTS PROJECT**

**City of Fontana
San Bernardino County, California**

For Submittal to:

Inland Empire Utilities Agency
6075 Kimball Avenue
Chino, CA 91708
and
State Water Resources Control Board
1001 I Street/P.O. Box 944212
Sacramento, CA 94244

Prepared for:

Tom Dodson and Associates
2150 North Arrowhead Avenue
San Bernardino, CA 92405

Prepared by:

CRM TECH
1016 E. Cooley Drive, Suite A/B
Colton, CA 92324

Bai "Tom" Tang, Principal Investigator
Michael Hogan, Principal Investigator

October 26, 2014
CRM TECH Contract No. 2843

Title: Identification and Evaluation of Historic Properties: Wineville Segment "B"
Alternate Alignments Project, City of Fontana, San Bernardino County, California

Author(s): Bai "Tom" Tang, Principal Investigator/Historian/Architectural Historian
Mariam Dahdul, Archaeologist/Report Writer
Daniel Ballester, Archaeologist/Field Director
Nina Gallardo, Archaeologist/Native American Liaison

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1016 E. Cooley Drive, Suite A/B
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Date: October 26, 2014

For Submittal to: Inland Empire Utilities Agency
6075 Kimball Avenue
Chino, CA 91708
(909) 993-1983
and
State Water Resources Control Board
1001 I Street/P.O. Box 944212
Sacramento, CA 94244
(916) 341-5690

Prepared for: Tom Dodson, President
Tom Dodson and Associates
2150 North Arrowhead Avenue
San Bernardino, CA 92405
(909) 882-3612

USGS Quadrangle: Fontana, Calif., 7.5' quadrangle (Sections 34 and 35, T1S R6W, San Bernardino Baseline and Meridian)

Project Size: Approximately 2.5 linear miles of pipeline right-of-way (22' in width, 7'4" in depth)

Keywords: South Fontana area, San Bernardino Valley; Phase I historical/archaeological resources survey; Site 36-016417 (CPHI-SBr-021; San Bernardino-Sonora Road), Site 36-027692 (Etiwanda-San Bernardino 220kV and Southern California Edison West of Devers 230kV Transmission Lines), and Site 36-027693 (Mira Loma-Vista 230kV Transmission Line); no "historic properties" or "historical resources" affected

EXECUTIVE SUMMARY

Between August and October 2014, at the request of Tom Dodson and Associates, CRM TECH performed a cultural resources study on the Area of Potential Effects (APE) for the Wineville Segment "B" Alternate Alignments Project in the City of Fontana, San Bernardino County, California. As proposed by the Inland Empire Utilities Agency (IEUA), the primary objective of the undertaking is the installation of a 36"-diameter underground pipeline to convey recycled water. The undertaking will be completed through the excavation of a trench measuring approximately 22' in maximum width and 7'4" in depth.

The APE is delineated to encompass the maximum extent of ground disturbance required for the undertaking, and consists of a total of approximately 2.5 linear miles of pipeline right-of-way, including the various alternatives. It lies within an existing power transmission line easement and the Banana Avenue right-of-way, to the south of Jurupa Avenue and the west of Beech Avenue, on the southwestern edge of the City of Fontana, and across Sections 34 and 35 of T1S R6W, San Bernardino Baseline and Meridian. Since the undertaking involves no aboveground construction, no additional APE for visual, atmospheric, or other indirect effects was deemed necessary.

The study is a part of the environmental review process for the proposed undertaking, as required by the IEUA pursuant to the California Environmental Quality Act. Due to the potential involvement of federal funding administered by the State Water Resources Control Board (SWRCB), the study is also intended to comply with Section 106 of the National Historic Preservation Act. The purpose of the study is to provide the IEUA and the SWRCB with the necessary information and analysis to determine whether the proposed undertaking would have an effect on any "historic properties," as defined by 36 CFR 800.16(l), or "historical resources," as defined by Title 14 CCR §15064.5(a)(1)-(3), that may exist within the APE.

In order to accomplish this objective, CRM TECH conducted a cultural resources records search, pursued historical and geoarchaeological background research, contacted Native American representatives, and carried out an intensive-level field survey. The results of the records search indicate that small portions of a linear site from the historic period, 36-016417, were previously recorded as crossing the APE. The site represented the approximate route of the San Bernardino-Sonora Road, which dated at least to the 1820s but was largely abandoned by the 1890s. During the field survey, no evidence of the old wagon road was observed in or near the APE. Given the drastic changes in landscape in the area since the 19th century, Site 36-016417 evidently exists only on paper today.

During the field survey, two additional linear sites from the historic period, subsequently designated 36-027692 and 36-027693, were recorded in close proximity and partially within the APE. Site 36-027692 represents segments of the circa 1946 Southern California Edison West of Devers 230kV Transmission Line and the circa 1961 Etiwanda-San Bernardino 220kV Transmission Power Line, and Site 36-027693 represents a segment of the circa 1951 Mira Loma-Vista 230kV Transmission Line. These power lines, consisting of steel towers located near the APE and overhead wires, share the same public utilities corridor with the proposed pipeline.

As late-historic-period infrastructure features of standard design and construction, Sites 36-027692 and 36-027693 do not appear to meet the criteria for listing in the National Register of Historic Places or the California Register of Historical Resources, and thus do not constitute “historic properties” or “historical resources” under Section 106 and CEQA provisions. Furthermore, since none of the associated features of Sites 36-027692 and 36-027693 is located within the horizontal or vertical extent of the APE, and since the completion of the undertaking will not result in any substantial changes to the current visual and atmospheric characters of the utilities corridor, the undertaking has no potential for any effect on these sites, either directly or indirectly.

No other potential “historic properties” or “historical resources” were encountered within or adjacent to the APE, and the subsurface sediments at this location were found to be relatively low in sensitivity for significant archaeological remains of prehistoric origin. Based on these findings, and pursuant to 36 CFR 800.4(d)(1) and Calif. PRC §21084.1, CRM TECH recommends to the IEUA and the SWRCB a finding that *no historic properties or historical resources will be affected by the undertaking*. No further cultural resources investigation is recommended for the undertaking as currently proposed. However, if buried cultural materials are inadvertently discovered during the undertaking, all work in that area should be halted or diverted until a qualified archaeologist can evaluate the nature and significance of the find.

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INTRODUCTION

Between August and October 2014, at the request of Tom Dodson and Associates, CRM TECH performed a cultural resources study on the Area of Potential Effects (APE) for the Wineville Segment "B" Alternate Alignments Project in the City of Fontana, San Bernardino County, California (Fig. 1). As proposed by the Inland Empire Utilities Agency (IEUA), the primary objective of the undertaking is the installation of a 36"-diameter underground pipeline to convey recycled water. The undertaking will be completed through the excavation of a trench measuring approximately 22' in maximum width and 7'4" in depth.

The APE is delineated to encompass the maximum extent of ground disturbance required for the undertaking, and consists of a total of approximately 2.5 linear miles of pipeline right-of-way, including the various alternatives. It lies within an existing power transmission line easement and the Banana Avenue right-of-way, to the south of Jurupa Avenue and the west of Beech Avenue, on the southwestern edge of the City of Fontana, and across Sections 34 and 35 of T1S R6W, San Bernardino Baseline and Meridian (Figs. 1, 2). Since the undertaking involves no aboveground construction, no additional APE for visual, atmospheric, or other indirect effects was deemed necessary.

The study is a part of the environmental review process for the proposed undertaking, as required by the IEUA pursuant to the California Environmental Quality Act (CEQA). Due to the potential involvement of federal funding administered by the State Water Resources Control Board (SWRCB), the study is also intended to comply with Section 106 of the National Historic Preservation Act. The purpose of the study is to provide the IEUA and the SWRCB with the necessary information and analysis to determine whether the proposed undertaking would have an effect on any "historic properties," as defined by 36 CFR 800.16(l), or "historical resources," as defined by Title 14 CCR §15064.5(a)(1)-(3), that may exist within the APE.

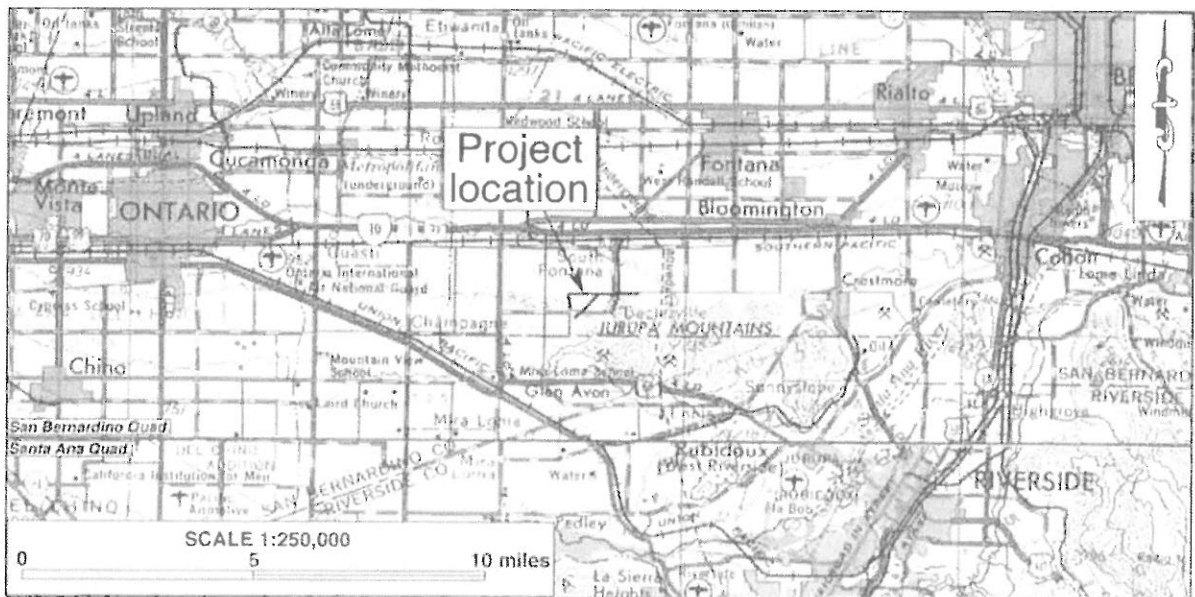


Figure 1. Project vicinity. (Based on USGS San Bernardino and Santa Ana, Calif., 1:250,000 quadrangles)

In order to accomplish this objective, CRM TECH conducted a cultural resources records search, pursued historical and geoarchaeological background research, contacted Native American representatives, and carried out an intensive-level field survey. The following report is a complete account of the methods and results of the various avenues of research, and the final conclusion of the study.

SETTING

CURRENT NATURAL SETTING

The APE is located on the southern edge of the San Bernardino Valley, a broad inland valley defined by the San Gabriel and San Bernardino Mountain Ranges on the north and a series of low rocky hills on the south, including the Jurupa Mountains. It extends across relatively level terrain, rising gradually in elevation from approximately 890 to 960 feet above mean sea level. The current environment of the area is dictated by its temperate Mediterranean climate, with the average maximum temperature in July reaching the 90s (Fahrenheit) and the average minimum temperature in January hovering around 35°. Rainfall is typically less than 20 inches annually.

The APE is situated in a largely urbanized setting with the existing land use characterized by retail businesses, offices, and residential neighborhoods. As stated above, most of the APE lies within a power line easement, which consists of undeveloped open land, in contrast with the adjacent properties (Fig. 3). The segment along Banana Avenue falls entirely within the paved roadway. Vegetation observed in and around the APE consists of both introduced landscaping plants and weeds, such as foxtails, tumbleweeds, and various small shrubs and grasses (Fig. 3).

CULTURAL SETTING

Prehistoric Context

In the history of the Americas, the term “prehistoric period” refers to the time prior to the arrival of non-Indians, when native lifeways and traditions remained intact and viable. It is widely acknowledged that human occupation in what is now the State of California began 8,000-12,000



Figure 3. Typical landscapes along the project route. *Left*: within the power line easement, view to the west; *right*: along Banana Avenue, view to the north. (Photographs taken on August 29, 2014)

years ago. In attempting to describe and understand the cultural processes that occurred in the ensuing years, archaeologists have developed a number of chronological frameworks that endeavor to correlate the technological and cultural changes that are observable in archaeological records to distinct time periods. Unfortunately, none of these chronological frameworks has been widely accepted, and none has been developed specifically for the San Jacinto Mountain area, the nearest ones being for the Colorado Desert and Peninsular Ranges area (Warren 1984) and for the Mojave Desert (Warren and Crabtree 1986).

The development of an overall chronological framework for the region is hindered by the lack of distinct stratigraphic layers of cultural sequences that could be dated by absolute dating methods to provide concrete dates. Since results from archaeological investigations in this region have yet to be synthesized into an overall chronological framework, most archaeologists tend to follow a chronology adapted from a scheme developed by William J. Wallace in 1955 and modified by others (Wallace 1955; 1978; Warren 1968; Chartkoff and Chartkoff 1984; Moratto 1984). Although the beginning and ending dates of the different horizons or periods may vary, the general framework of prehistory in this region under this chronology consists of the following four periods:

- Early Hunting Stage (ca. 10000 B.C.-6000 B.C.), which was characterized by human reliance on big game animals, as evidenced by large, archaic-style projectile points and the relative lack of plant-processing artifacts;
- Millingstone Horizon (ca. 6000 B.C.-1000 A.D.), when plant foods and small game animals came to the forefront of subsistence strategy, and from which a large number of millingstones, especially well-made, deep-basin metates, were left;
- Late Prehistoric Period (ca. 1000-1500 A.D.), during which a more complex social organization, a more diversified subsistence base—as evidenced by smaller projectile points, expedient millingstones and, later, pottery—and regional cultures and tribal territories began to develop;
- Protohistoric Period (ca. 1500-1700s A.D.), which ushered in long-distance contact with Europeans, and thereby led to the Historic Period.

Ethnohistoric Context

The City of Fontana lies in an area where the traditional territories of the Serrano and Gabrielino Indians adjoined and overlapped with each other, at least during the Late Prehistoric and Protohistoric Periods. The homeland of the Gabrielinos, probably the most influential Native American group in aboriginal southern California (Bean and Smith 1978a:538), was centered in the Los Angeles Basin, and reached as far east as the San Bernardino-Riverside area. The homeland of the Serranos was primarily the San Bernardino Mountains, but also included the slopes and lowlands on the north and south flanks of the mountain range.

Whatever the linguistic affiliation, Native Americans in and around the Fontana area exhibited similar social organization and resource procurement strategies. Villages were based on clan or lineage groups. Their home/base sites are marked by midden deposits, often with bedrock mortars. During their seasonal rounds to exploit plant resources, small groups would migrate within their traditional territory in search of specific plants and animals. Their gathering strategies often left behind signs of special use sites, usually grinding slicks on bedrock boulders, at the locations of the resources.

As early as 1542, the Gabrielinos were in contact with the Spanish during the historic expedition of Juan Rodríguez Cabrillo, but it was not until 1769 that the Spaniards took steps to colonize Gabrielino territory. Shortly afterwards, most of the Gabrielino people were incorporated into Mission San Gabriel and other missions in southern California. Beginning in the 1810s, when an *asistencia* of Mission San Gabriel was established in present-day Loma Linda, the Serranos were also brought into the mission system. Due to introduced diseases, dietary deficiencies, and forceful reduction, Gabrielino and Serrano population dwindled rapidly. By 1900, the Gabrielinos had almost ceased to exist as a culturally identifiable group (Bean and Smith 1978a:540). The Serranos, meanwhile, were mostly settled on the San Manuel and the Morongo Indian Reservations (Bean and Smith 1978b:573).

Historic Context

In 1772, three years after the beginning of Spanish colonization of Alta California, Pedro Fages, *comandante* of the new province, and a small force of soldiers under his command became the first Europeans to set foot in the San Bernardino Valley (Beck and Haase 1974:15). They were followed in the next few years by two other famed Spanish explorers, Juan Bautista de Anza and Francisco Garcés, who traveled through the valley in the mid-1770s (*ibid.*). Despite these early visits, for the next 40 years the inland valley received little impact from the Spanish colonization activities in Alta California, which were concentrated predominantly in the coastal regions.

For the bulk of the Spanish-Mexican period, the valley was considered a part of the land holdings of Mission San Gabriel. The name "San Bernardino" was bestowed on the region at least by 1819, when a mission *asistencia* and an associated rancho were officially established under that name in the eastern end of the valley (Schuiling 1984:26-27). After gaining independence from Spain in 1821, the Mexican government began in 1834 the process of secularizing the mission system in Alta California, which in practice meant quite simply the confiscation of the Franciscan missions' vast land holdings, to be distributed later among prominent citizens of the province. During the 1830s and 1840s, several large land grants were made in the vicinity of present-day Fontana, but the core area of Fontana was not involved in any of these, and thus remained public land when California became a part of the United States in 1848.

Used primarily as cattle ranches, the ranchos around Fontana saw little development until the mid-19th century, when a group of Mormon settlers from Salt Lake City founded the town of San Bernardino in 1851. After the completion of the Southern Pacific Railway in the late 1870s, and especially after the Atchison, Topeka and Santa Fe Railway introduced a competing line in 1885, a phenomenal land boom swept through much of southern California, ushering in a number of new settlements in the San Bernardino Valley. In 1887, the Semi-Tropic Land and Water Company purchased a large tract of land near the mouth of Lytle Creek, together with the necessary water rights to the creek, and laid out the townsites of Rialto, Bloomington, and Rosena (Schuiling 1984:90). While Rialto and Bloomington were soon settled and began to grow, albeit slowly, little development took place at Rosena before the collapse of the 1880s land boom and the ensuing financial destruction of the Semi-Tropic Land and Water Company (*ibid.*).

It was not until the early 20th century that the community of Rosena, now renamed Fontana, finally came into being. Within the first 10 years of the century, an irrigation system was constructed in the area, and much of the land was planted in grain and citrus crops, largely resulting from the efforts of

A. B. Miller and his associates (Schuiling 1984:102). The town of Fontana was reborn in 1913, but it remained primarily an agricultural settlement until World War II, where poultry, hog, and rabbit raising played a particularly important role in the local economy (*ibid.*). During World War II, however, the coming of the Kaiser Steel Mill dramatically altered the agrarian setting of the Fontana area. With other industrial establishments moving into the area after Kaiser, Fontana soon became known as a center of heavy industry, an image that lasted until recent years (*ibid.*:106). Since the closure of the Kaiser Steel Mill in 1983, Fontana, like many other cities in the San Bernardino Valley, has increasingly taken on the characteristics of a “bedroom community.”

RESEARCH METHODS

RECORDS SEARCH

The cultural resources records search was carried out by CRM TECH archaeologist Nina Gallardo (see App. 1 for qualifications) at the Eastern Information Center (EIC) and the San Bernardino Archaeological Information Center (AIC) on August 15 and 27, 2014. The EIC and the AIC are the State of California’s official cultural resource records repositories for the County of Riverside and the County of San Bernardino, respectively. Both are part of the California Historical Resource Information System established and maintained under the auspices of the California Office of Historic Preservation.

During the records search, Gallardo examined maps, records, and electronic databases at the EIC and the AIC for previously identified cultural resources in or near the APE and existing cultural resources reports pertaining to the project vicinity. Previously identified cultural resources include properties designated as California Historical Landmarks, Points of Historical Interest, or Riverside/San Bernardino County Historical Landmarks, as well as those listed in the National Register of Historic Places, the California Register of Historical Resources, or the California Historical Resources Inventory.

For this study, the scope of the records search included the standard one-mile radius from the perimeters of the APE and an expanded five-mile radius to identify cultural resources in similar geomorphologic contexts as the APE. The purpose of the expanded records search is to assess the sensitivity of the APE for similar cultural resources and help determine the potential of encountering significant subsurface archaeological deposits during earth-moving activities associated with the undertaking.

GEOARCHAEOLOGICAL ANALYSIS

As part of the research procedures, CRM TECH geologist Harry M. Quinn (see App. 1 for qualifications) pursued geoarchaeological analysis to assess the APE’s potential for the deposition and preservation of subsurface cultural deposits from the prehistoric period, which cannot be detected through a standard surface archaeological survey. Sources consulted for this purpose included primarily topographic, geologic, and soil maps and reports pertaining to the area. Findings from these sources were used to develop a geomorphologic history of the APE and address geoarchaeological sensitivity of the vertical APE.

HISTORICAL BACKGROUND RESEARCH

Bai “Tom” Tang, CRM TECH historian (see App. 1 for qualifications), conducted the historical background research on the basis of published literature in local history and historic maps of the Fontana area. Among maps consulted for this study were the U.S. General Land Office’s (GLO) land survey plat maps dated 1856-1857 and the U.S. Geological Survey’s (USGS) topographic maps dated 1901-1953. These maps are collected at the Science Library of the University of California, Riverside, and the California Desert District of the U.S. Bureau of Land Management, located in Moreno Valley.

NATIVE AMERICAN PARTICIPATION

On August 25, 2014, CRM TECH submitted a written request to the State of California’s Native American Heritage Commission for a records search in the commission’s sacred lands file. Following the Native American Heritage Commission’s recommendations, CRM TECH contacted seven tribal representatives in the region, both in writing and by telephone, on September 3-25 to solicit local Native American input regarding any potential cultural resources concerns over the proposed undertaking. The correspondences between CRM TECH and the Native American representatives are attached to this report in Appendix 2.

FIELD SURVEY

On August 29, 2014, CRM TECH archaeologist Daniel Ballester (see App. 1 for qualifications) carried out the archaeological field survey of the APE. The survey was conducted on foot at an intensive level by walking two parallel transects placed on either sides of the project alignment and at a distance of approximately five meters (15 feet) from each other, effectively covering the total width of the APE with visual inspections. In this way, the ground surface in and near the APE was systematically and carefully examined for any evidence of human activities dating to the prehistoric or historic period (i.e., 50 years or older). Visibility of the native ground surface was poor (0-20%) along Banana Avenue due to the presence of pavement, but was excellent (nearly 100%) in the rest of the APE because of the sparse vegetation growth.

RESULTS AND FINDINGS

PREVIOUS CULTURAL RESOURCES STUDIES IN THE VICINITY

The records search results indicate that the APE was covered, partially or entirely, by at least five previous cultural resources studies completed since 1973 (Fig. 4), and a linear site from the historic period, 36-016417, was previously recorded as crossing the APE (see App. 3). The site represented the approximate route of the San Bernardino-Sonora Road, also known as the northern branch of the Emigrant Trail, which has been designated a California Point of Historical Interest (CPHI-SBr-021). This site is discussed further below.

Outside the APE but within a one-mile radius, nearly 30 other previous studies have been reported on various tracts of land or linear features (Fig. 4), and eight additional sites and 12 isolates—i.e., localities with fewer than three artifacts—have been recorded into the California Historical

Table 1. Previously Recorded Cultural Resources within the Scope of the Records Search (See App. 3 for locations)		
Site No.	Recorded by/Date	Description
33-001237	Van Horn 1977	Lithic scatter
33-002101	Van Horn 1981; Miller 1989	Foundational remains of a circa 1875 winery
33-016935	Sanka 2007	Isolate: historic-period glass fragments
36-001632	Various	Milling-stone and chipped-stone scatter
36-004549	Various	Milling-stone and chipped-stone scatter
36-004550	Various	Milling-stone scatter
36-004551	Schroth 1981; McCarthy 1986	Chipped-stone scatter
36-004584	Various	Pepper Street House, 1905-1906 (National Register of Historic Places; California Point of Historical Interest)
36-007426	Brock 1993	Declzville Branch Line of the Southern Pacific Railroad (dismantled south of Jurupa Avenue)
36-016417*	Various	San Bernardino-Sonora Road (California Point of Historical Interest)
36-060215	Unknown	Isolate: metate
36-060216	Unknown	Isolate: two manos
36-060217	Unknown	Isolate: mano, flake, metate
36-060218	Unknown	Isolate: core
36-060219	Unknown	Isolate: flake
36-060220	Unknown	Isolate: core
36-060221	Unknown	Isolate: metate
36-060222	Unknown	Isolate: metate
36-060223	Unknown	Isolate: mano
36-060224	Unknown	Isolate: mano
36-060262	Unknown	Isolate: metate fragment

* Shown on AIC map as crossing two segments of the APE.

Resources Inventory (Table 1; App. 3). Five of the sites and 11 of the isolates were prehistoric—i.e., Native American—in origin, consisting primarily of milling-stone and chipped-stone artifacts found on the surface. The other three sites and one isolate dated to the historic period, and included a house, the remains of a winery, a railroad spur line, and a glass fragment.

As mentioned above, the expanded records search covered the area within a five-mile radius for the purpose of identifying any prehistoric archaeological sites situated in the same or a similar geomorphologic context as the APE. The results indicate that no prehistoric archaeological sites or isolates were previously recorded on the level valley floor to the north of the APE. In contrast, as within the one-mile radius, many prehistoric sites and isolates have been recorded along the foothills and on elevated terraces to the south, in the rugged terrains of the Jurupa Mountains.

Overall, the locations and types of prehistoric archaeological resources identified in the expanded records search appear to support the existing prehistoric hunter-gatherer settlement-subsistence models for inland southern California, which suggest that permanent or long-term settlement was more likely to occur on elevated terraces, hills, and finger ridges near reliable sources of water, while the valley floor was mostly used for resource procurement, traveling, and opportunistic camping.

GEOARCHAEOLOGICAL PROFILE

Based on the pertinent geological maps and literature, soils in the vicinity of the APE typically consist of alluvial sediments that are middle Holocene or older in age (Morton 1976:Plate 1B;

Bortugno and Spittler 1986; Morton 2003; Morton and Miller 2003). This older age limits the possibility for buried archaeological resources, suggesting that only Archaic-period cultural deposits might be present in the subsurface sediments at depth. It does not preclude the presence of later cultural materials in the shallow surface soils, but the possibility of significant archaeological deposits surviving intact in these soils is rather slim, given the ground disturbances that have occurred in and near the APE in association with the construction of the existing roadways and power transmission lines.

The area to the south of the APE, along the north flank of the Jurupa Mountains, is known to contain granitic bedrock outcrops, which have a high potential for Native American food-processing sites, such as boulders with grinding slicks. However, the area lacks a reliable water source nearby, and thus would not have been favored for long-term settlement in prehistoric times. Based on these findings, the subsurface sediments in and around the APE appear to be relatively low in sensitivity for significant archaeological remains of prehistoric origin.

HISTORICAL OVERVIEW

Despite its location along the San Bernardino-Sonora Road (Site 36-016417), a major transportation artery in the early 19th century, sources indicate that settlement and development activities in the vicinity of the APE lagged behind other areas nearby during the historic period, as the area remained sparsely populated and rural in character until the housing boom of the recent decades. In the 1850s, "Old San Bernardino Road," the part of the San Bernardino-Sonora Road between Los Angeles and San Bernardino, was noted running a generally east-west course through the vicinity, crossing the APE at several locations (Fig. 5).

According to historical sources, Old San Bernardino Road was used in the 1820s by the San Gabriel Mission fathers to reach the San Bernardino *Asistencia*, and by Jedediah Smith in 1827 on his way out of southern California (OHP 1973). By the 1850s, however, its role as the main thoroughfare between Los Angeles and San Bernardino had been superseded by a "new" San Bernardino Road established along a more direct route a few miles to the north (Haenszel 1979). As a result, by the late 19th century Old San Bernardino Road had apparently fallen into disuse (Fig. 6). During the next four decades, the old wagon road was largely obliterated by subsequent development along its former route (Fig. 7).

In the 1890s, the area around the APE demonstrated a cultural landscape that was typical of rural southern California during much of the historic period, featuring crisscrossing roads connecting small communities and

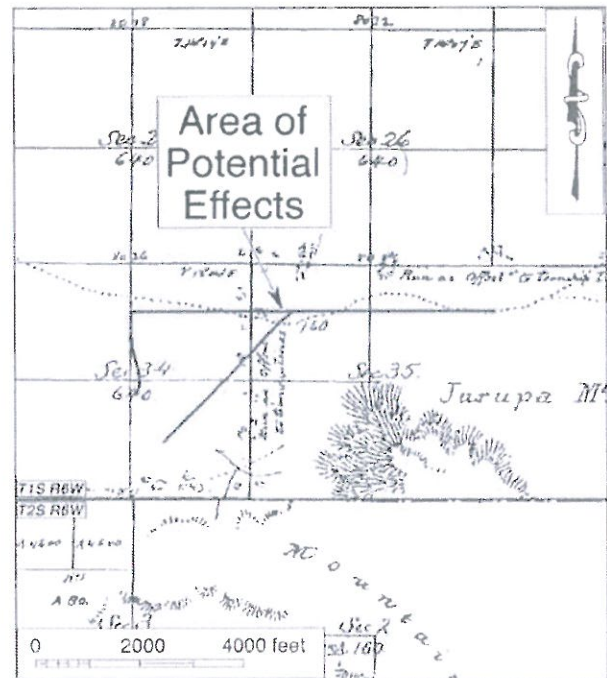


Figure 5. The APE and vicinity in 1852-1856. (Source: GLO 1856; 1857)

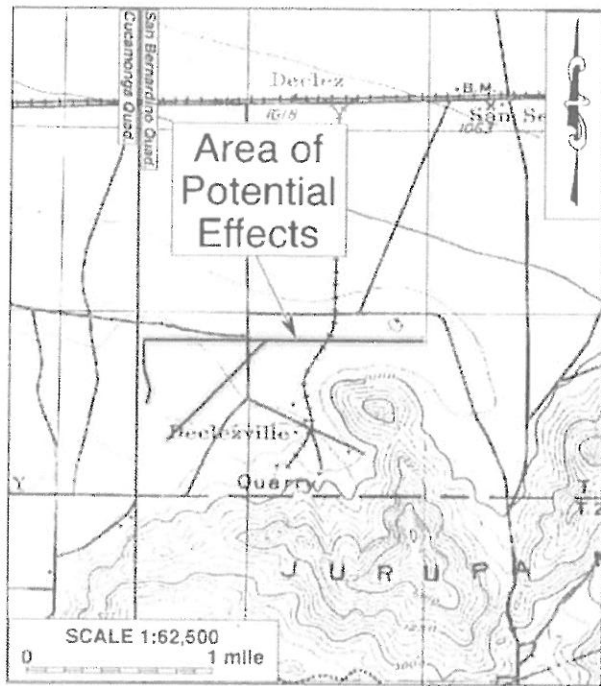


Figure 6. The APE and vicinity in 1893-1894. (Source: USGS 1901; 1903)

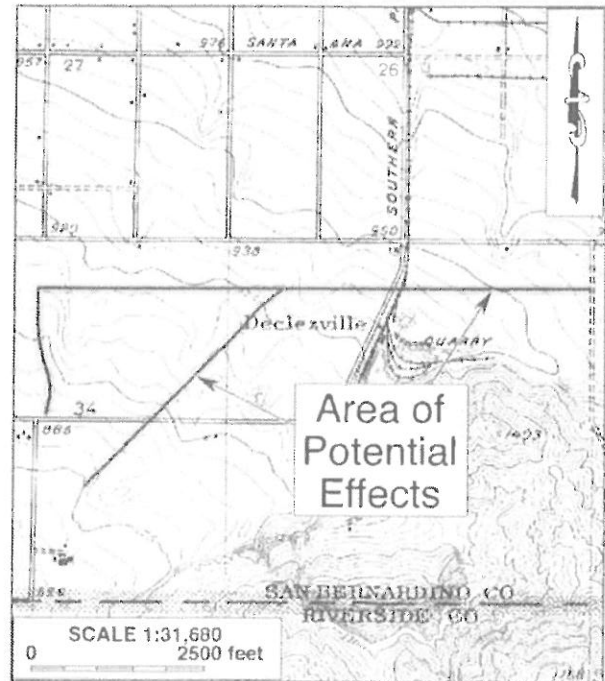


Figure 7. The APE and vicinity in 1938. (Source: USGS 1943)

scattered buildings (Fig. 6). The nearest settlement to the APE was Declezville at the foot of the Jurupa Mountains, a granulite quarry that produced rip-rap for construction projects in the region (Brock 1993; Fig. 6). The quarry was served by its own spur line on the Southern Pacific Railway system (Site 36-007426), which crossed the APE near Love Oak Avenue (Fig. 6). In 1993, however, the portion of the line across the APE was reported to have been removed (Brock 1993).

The rural pattern of settlement and growth continued in the project vicinity in the mid-20th century, with much of the land presumably used for agricultural purposes (Figs. 7, 8). In the 1950s, the land around the APE was almost entirely occupied by vineyards (Fig. 8). By that time, two power transmission lines had been established in the easement along the APE: the Southern California Edison West of Devers (WOD; i.e., west of the Devers Substation near Palm Springs) 230 kV Transmission Line, which dates to circa 1946, and the Mira Loma-Vista 230 kV Transmission Line, which dates to circa 1951 (Mike Bubalo Construction Company 2014; Edison International n.d.; Fig. 8). A third transmission line, the Etiwanda-San Bernardino 220kV Transmission Power Line, was later added on the north side of the WOD line, within the same easement, around 1961 (Mike Bubalo Construction Company 2014).

NATIVE AMERICAN INPUT

In response to CRM TECH's inquiry, the Native American Heritage Commission reports in a letter dated September 2, 2014, that the sacred lands record search identified no Native American cultural resources within the APE, but recommends that local Native American groups be contacted for

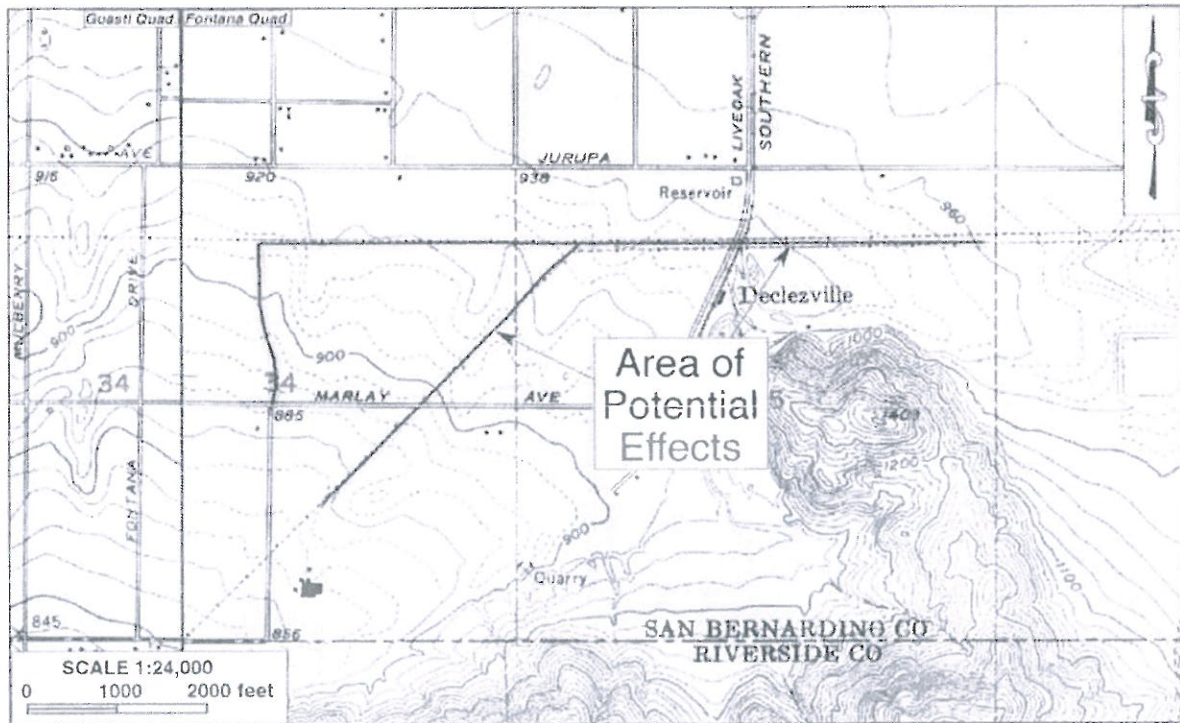


Figure 8. The APE and vicinity in 1952-1953. (Source: USGS 1953a; 1953b)

further information. For that purpose, the commission provided a list of potential contacts in the region (see App. 2). Upon receiving the commission's response, CRM TECH sought consultation with all seven individuals on the referral list and the tribal organizations they represent. The written requests for comments were sent to the tribal representatives on September 3, 2014, and follow-up telephone solicitations were carried out on September 24-25.

As of this time, five of the tribal representatives have responded verbally. When reached by telephone, William Madrigal, Jr., Cultural Heritage Program Coordinator for the Morongo Band of Mission Indians, stated that the tribe would defer to the San Manuel Band of Serrano Mission Indians for further consultation. Daniel McCarthy, Cultural Resources Management Director for the San Manuel Band of Mission Indians, Ernest Siva, Tribal Elder with the Morongo Band of Mission Indians, John Valenzuela, Chairperson of the San Fernando Band of Mission Indians, and Goldie Walker, Chairperson of the Serrano Nation of Mission Indians, indicated that they had no specific information or concerns regarding cultural resources in or near the APE. However, Mr. Valenzuela and Ms. Walker requested to be notified if any important cultural resources were found.

POTENTIAL "HISTORIC PROPERTIES"/"HISTORICAL RESOURCES" IN OR NEAR THE APE

As stated above, Site 36-016417, the San Bernardino-Sonora Road, was previously recorded as lying across the APE. As a result of the present study, the three power transmission lines sharing the utilities easement with the APE, all of them more than 50 years old (see "Historical Overview," above), were recorded into the California Historical Resources Inventory (see App. 4). Two of them

were recorded as one site, designated 36-027692, because they run the same course at this location, while the third is recorded as a separate site, designated Site 36-027693 (see App. 3, 4). These power lines, consisting of steel towers nearby carrying overhead wires across the project route, are located in close proximity and partially within the APE. The three sites in the APE are discussed further below.

Site 36-016417

In summary of the pertinent results of the records search and the historical background research, Site 36-016417, an officially designated California Point of Historical Interest (CPHI-SBr-021), represented the approximate route of the San Bernardino-Sonora Road, also known as the northern branch of the Emigrant Trail, which was known to be in use at least by the 1820s but was largely abandoned by the 1890s. The site was delineated solely on the basis of historic maps, and no physical remains of the road have been recorded. During the field survey, no evidence of the old wagon road was observed in or near the APE. Given the drastic changes in landscape since the 19th century, Site 36-016417 evidently no longer exists at this location.

Site 36-027692

Site 36-027692 represents an approximately 7,960-foot segment of two of the power lines along the APE, the Etiwanda-San Bernardino 220kV Transmission Power Line and the Southern California Edison West of Devers 230kV Transmission Line, which run on parallel east-west courses on either side of the APE (see App. 3). The former, on the northerly course, consists of A-shaped steel lattice towers with three cross-arms each, carrying six sets of circuits (Fig. 9). Records indicate that the 85-

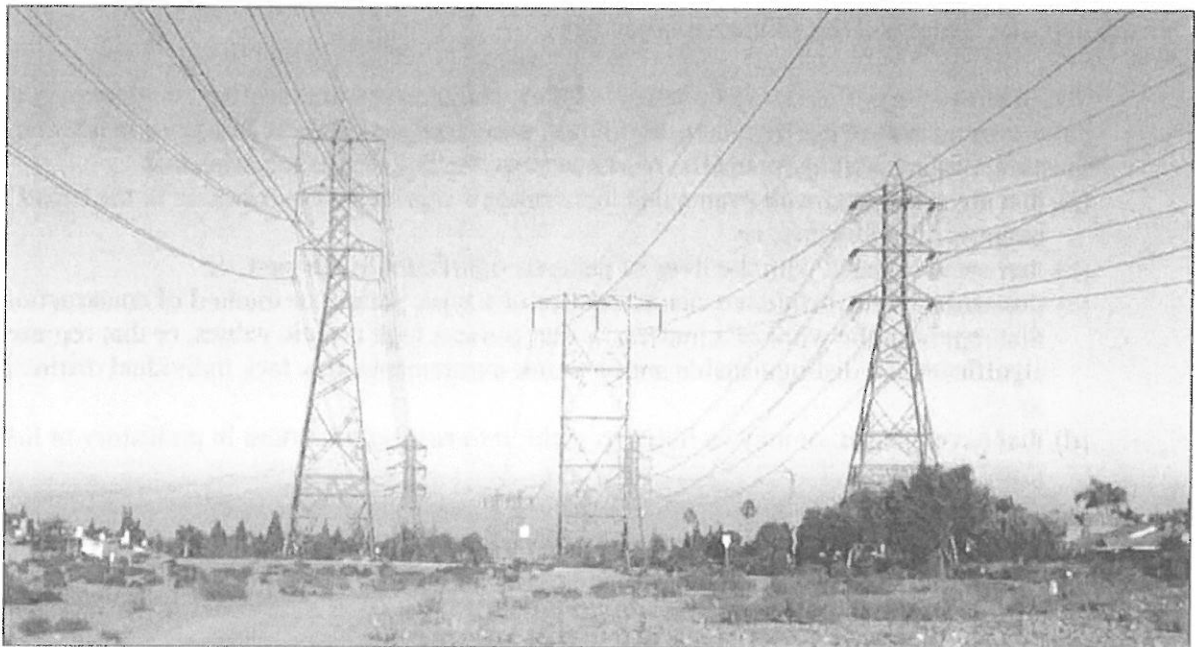


Figure 9. Sites 36-027692 and 36-027693: the Etiwanda-San Bernardino 220kV Transmission Power Line (*right*), the Southern California Edison West of Devers 230kV Transmission Line (*center*), and the Mira Loma-Vista 230kV Transmission Line (*left*). (Photograph taken on August 29, 2014; view to the west)

foot easement for this line was recorded on June 9, 1961 (Mike Bubalo Construction Company 2014). The latter, on the southerly course, features H-shaped lattice towers with one cross-arm each, carrying three sets of circuits (Fig. 9). The 150-foot easement for this line was recorded on March 8, 1946 (Mike Bubalo Construction Company 2014).

Site 36-027693

Site 36-027693 an approximately 8,455-foot segment of the Mira Loma-Vista 230kV Transmission Line, which consists of a series of A-shaped steel lattice towers with three cross-arms each, carrying a total of 12 circuits in six pairs (Fig. 9). The route runs east-west along the eastern portion of the APE, and turns northeast-southwest in the western portion (see App. 3). Its 65-foot-wide easement, recorded on May 14, 1951, is the southernmost among the three transmission lines along the APE (Mike Bubalo Construction Company 2014).

MANAGEMENT CONSIDERATIONS

APPLICABLE STATUTORY/REGULATORY FRAMEWORK

The purpose of this study is to identify any “historic properties” or “historical resources” that may exist within or adjacent to the APE. “Historic properties,” as defined by the Advisory Council on Historic Preservation, include “any prehistoric or historic district, site, building, structure, or object included in, or eligible for inclusion in, the National Register of Historic Places maintained by the Secretary of the Interior” (36 CFR 800.16(l)). The eligibility for inclusion in the National Register is determined by applying the following criteria, developed by the National Park Service as per provision of the National Historic Preservation Act:

- The quality of significance in American history, architecture, archaeology, engineering, and culture is present in districts, sites, buildings, structures, and objects that possess integrity of location, design, setting, materials, workmanship, feeling, and association and
- (a) that are associated with events that have made a significant contribution to the broad patterns of our history; or
 - (b) that are associated with the lives of persons significant in our past; or
 - (c) that embody the distinctive characteristics of a type, period, or method of construction, or that represent the work of a master, or that possess high artistic values, or that represent a significant and distinguishable entity whose components may lack individual distinction; or
 - (d) that have yielded, or may be likely to yield, information important in prehistory or history.
- (36 CFR 60.4)

For CEQA-compliance considerations, the State of California’s Public Resources Code (PRC) establishes the definitions and criteria for “historical resources,” which require similar protection to what NHPA Section 106 mandates for historic properties. “Historical resources,” according to PRC §5020.1(j), “includes, but is not limited to, any object, building, site, area, place, record, or manuscript which is historically or archaeologically significant, or is significant in the architectural, engineering, scientific, economic, agricultural, educational, social, political, military, or cultural annals of California.”

More specifically, CEQA guidelines state that the term “historical resources” applies to any such resources listed in or determined to be eligible for listing in the California Register of Historical Resources, included in a local register of historical resources, or determined to be historically significant by the Lead Agency (Title 14 CCR §15064.5(a)(1)-(3)). Regarding the proper criteria of historical significance, CEQA guidelines mandate that “a resource shall be considered by the lead agency to be ‘historically significant’ if the resource meets the criteria for listing on the California Register of Historical Resources” (Title 14 CCR §15064.5(a)(3)). A resource may be listed in the California Register if it meets any of the following criteria:

- (1) Is associated with events that have made a significant contribution to the broad patterns of California’s history and cultural heritage.
- (2) Is associated with the lives of persons important in our past.
- (3) Embodies the distinctive characteristics of a type, period, region, or method of construction, or represents the work of an important creative individual, or possesses high artistic values.
- (4) Has yielded, or may be likely to yield, information important in prehistory or history.
(PRC §5024.1(c))

DISCUSSION

In summary of the research results presented above, three linear sites from the historic period, 36-016417, 36-027692, and 36-027693, have been identified as lying partially within the APE. Among these, 36-016417, a California Point of Historical Interest representing the former route of the San Bernardino-Sonora Road, exists only on paper today, as the old wagon road was abandoned and subsequently obliterated by later developments a century ago. The proposed undertaking has no potential to affect the symbolic historic value of this early road, and thus the site requires no further consideration during this study.

The other two sites, 36-027692 and 36-027693, consist of a total of three power transmission lines traversing in recorded in close proximity and partially within the APE, all of them date to the 1946-1961 era. Utilitarian in character and plain in appearance, these power lines are of standard design and construction, and represent typical late-historic-period public utility infrastructure. As such, they do not demonstrate any notable architectural, aesthetic, or artistic merits, nor are they known to embody the professional accomplishment of any masters in the field of architecture, construction, or engineering. Additionally, no persons or events of recognized historic significance have been identified in association with these transmission lines.

In light of these findings, and in accordance with the criteria list above, this study concludes that Sites 36-027692 and 36-027693 do not appear to be eligible for listing in the National Register of Historic Places or the California Register of Historical Resources, and do not meet the definition of a “historic property” or a “historical resource.” Furthermore, since none of the associated features of Sites 36-027692 and 36-027693 is located within the horizontal or vertical extent of the APE, and since the completion of the undertaking will not result in any substantial changes to the current visual and atmospheric characters of the utilities corridor, the undertaking has no potential for any effect on these sites, either directly or indirectly.

CONCLUSION AND RECOMMENDATIONS

Section 106 of the National Historic Preservation Act mandates that federal agencies take into account the effects of their undertakings on historic properties and seek ways to avoid, minimize, or mitigate any adverse effects on such properties (36 CFR 800.1(a)). Similarly, CEQA establishes that “a project that may cause a substantial adverse change in the significance of a historical resource is a project that may have a significant effect on the environment” (PRC §21084.1). “Substantial adverse change,” according to PRC §5020.1(q), “means demolition, destruction, relocation, or alteration such that the significance of an historical resource would be impaired.”

In conclusion, the present study encountered no “historic properties” or “historical resources,” as defined by Section 106 and CEQA provisions, within the APE, and the subsurface sediments at this location were found to be relatively low in sensitivity for significant archaeological remains of prehistoric origin. Based on these findings, and pursuant to 36 CFR 800.4(d)(1) and Calif. PRC §21084.1, CRM TECH presents the following recommendations to the IEUA and the SWRCB:

- No “historic properties” or “historical resources” are present within or adjacent to the APE, and thus no “historic properties” or “historical resources” will be affected by the proposed undertaking.
- No further cultural resources investigation will be necessary for the undertaking as currently proposed.
- If buried cultural materials are inadvertently discovered during the undertaking, all work in that area will be halted or diverted until a qualified archaeologist can evaluate the nature and significance of the find.

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APPENDIX 1
PERSONNEL QUALIFICATIONS

PRINCIPAL INVESTIGATOR/HISTORIAN

Bai "Tom" Tang, M.A.

Education

- 1988-1993 Graduate Program in Public History/Historic Preservation, UC Riverside.
1987 M.A., American History, Yale University, New Haven, Connecticut.
1982 B.A., History, Northwestern University, Xi'an, China.
- 2000 "Introduction to Section 106 Review," presented by the Advisory Council on Historic Preservation and the University of Nevada, Reno.
1994 "Assessing the Significance of Historic Archaeological Sites," presented by the Historic Preservation Program, University of Nevada, Reno.

Professional Experience

- 2002- Principal Investigator, CRM TECH, Riverside/Colton, California.
1993-2002 Project Historian/Architectural Historian, CRM TECH, Riverside, California.
1993-1997 Project Historian, Greenwood and Associates, Pacific Palisades, California.
1991-1993 Project Historian, Archaeological Research Unit, UC Riverside.
1990 Intern Researcher, California State Office of Historic Preservation, Sacramento.
1990-1992 Teaching Assistant, History of Modern World, UC Riverside.
1988-1993 Research Assistant, American Social History, UC Riverside.
1985-1988 Research Assistant, Modern Chinese History, Yale University.
1985-1986 Teaching Assistant, Modern Chinese History, Yale University.
1982-1985 Lecturer, History, Xi'an Foreign Languages Institute, Xi'an, China.

Honors and Awards

- 1988-1990 University of California Graduate Fellowship, UC Riverside.
1985-1987 Yale University Fellowship, Yale University Graduate School.
1980, 1981 President's Honor List, Northwestern University, Xi'an, China.

Cultural Resources Management Reports

Preliminary Analyses and Recommendations Regarding California's Cultural Resources Inventory System (with Special Reference to Condition 14 of NPS 1990 Program Review Report). California State Office of Historic Preservation working paper, Sacramento, September 1990.

Numerous cultural resources management reports with the Archaeological Research Unit, Greenwood and Associates, and CRM TECH, since October 1991.

Membership

California Preservation Foundation.

PRINCIPAL INVESTIGATOR/ARCHAEOLOGIST

Michael Hogan, Ph.D., RPA*

Education

- 1991 Ph.D., Anthropology, University of California, Riverside.
1981 B.S., Anthropology, University of California, Riverside; with honors.
1980-1981 Education Abroad Program, Lima, Peru.
- 2002 Section 106—National Historic Preservation Act: Federal Law at the Local Level.
UCLA Extension Course #888.
- 2002 “Recognizing Historic Artifacts,” workshop presented by Richard Norwood,
Historical Archaeologist.
- 2002 “Wending Your Way through the Regulatory Maze,” symposium presented by the
Association of Environmental Professionals.
- 1992 “Southern California Ceramics Workshop,” presented by Jerry Schaefer.
1992 “Historic Artifact Workshop,” presented by Anne Duffield-Stoll.

Professional Experience

- 2002- Principal Investigator, CRM TECH, Riverside/Colton, California.
1999-2002 Project Archaeologist/Field Director, CRM TECH, Riverside.
1996-1998 Project Director and Ethnographer, Statistical Research, Inc., Redlands.
1992-1998 Assistant Research Anthropologist, University of California, Riverside
1992-1995 Project Director, Archaeological Research Unit, U. C. Riverside.
1993-1994 Adjunct Professor, Riverside Community College, Mt. San Jacinto College, U.C.
Riverside, Chapman University, and San Bernardino Valley College.
1991-1992 Crew Chief, Archaeological Research Unit, U. C. Riverside.
1984-1998 Archaeological Technician, Field Director, and Project Director for various southern
California cultural resources management firms.

Research Interests

Cultural Resource Management, Southern Californian Archaeology, Settlement and Exchange
Patterns, Specialization and Stratification, Culture Change, Native American Culture, Cultural
Diversity.

Cultural Resources Management Reports

Author and co-author of, contributor to, and principal investigator for numerous cultural resources
management study reports since 1986.

Memberships

* Register of Professional Archaeologists; Society for American Archaeology; Society for California
Archaeology; Pacific Coast Archaeological Society; Coachella Valley Archaeological Society.

PROJECT ARCHAEOLOGIST/REPORT WRITER
Mariam Dahdul, Ph.D.

Education

- 2013 Ph.D., Anthropology, University of California, Santa Barbara.
2002 M.A., Anthropology, California State University, Fullerton.
1993 B.A., Geography, California State University, Fullerton.
- 2003 "Ceramics Analysis," graduate seminar presented by Dr. Delaney-Rivera, California State University, Fullerton.
2002 "Section 106-National Historic Preservation Act: Federal Law at the Local Level," presented by UCLA Extension.
2002 "Historic Archaeology Workshop," presented by Richard H. Norwood, Base Archaeologist, Edwards Air Force Base.

Professional Experience

- 2000-2007 Project Archaeologist/Report Writer, CRM TECH, Riverside/Colton, California.
- Preparing cultural resources management reports, maps, and site records;
 - Analyzing beads, ornaments, and shell;
 - Conducting archaeological field surveys;
 - Participating in various archaeological testing and mitigation programs.

Laboratory and Field Experience

- 2001 Archaeological field school under the direction of Dr. Brian Byrd.
- Test excavations of sites at the San Elijo Lagoon Reserve, including flotation of soil samples and sorting and cataloguing of artifacts.
- 2000 Archaeological field class under the direction of Dr. Claude Warren.
- Excavated units at Soda Lake in the Mojave Desert and produced lake bottom stratigraphic profiles.
- 1999-2000 Archaeology Laboratory, California State University, Fullerton.
- Assisted in the cataloguing of artifacts.
- 1999 Field survey course under the direction of Dr. Phyllisa Eisentraut.
- Surveyed and mapped prehistoric site in the Mojave Desert.

Papers Presented

- 2002 "Shell Beads from the Coachella Valley," Sixth Annual Symposium of the Coachella Valley Archaeological Society.
2002 "Shell Beads from the Coachella Valley," Kelso Conference on the Archaeology of the California and Mojave Deserts.

Cultural Resources Management Reports

Co-author of and contributor to numerous cultural resources management study reports since 2000.

PROJECT ARCHAEOLOGIST/FIELD DIRECTOR

Daniel Ballester, B.A.

Education

- 1998 B.A., Anthropology, California State University, San Bernardino.
1997 Archaeological Field School, University of Las Vegas and University of California, Riverside.
1994 University of Puerto Rico, Rio Piedras, Puerto Rico.
2007 Certificate in Geographic Information Systems (GIS), California State University, San Bernardino.
2002 "Historic Archaeology Workshop," presented by Richard Norwood, Base Archaeologist, Edwards Air Force Base; presented at CRM TECH, Riverside, California.

Professional Experience

- 2002- Field Director, CRM TECH, Riverside/Colton, California.
1999-2002 Project Archaeologist, CRM TECH, Riverside, California.
1998-1999 Field Crew, K.E.A. Environmental, San Diego, California.
1998 Field Crew, A.S.M. Affiliates, Encinitas, California.
1998 Field Crew, Archaeological Research Unit, University of California, Riverside.

PROJECT ARCHAEOLOGIST

Nina Gallardo, B.A.

Education

- 2004 B.A., Anthropology/Law and Society, University of California, Riverside.

Professional Experience

- 2004- Project Archaeologist, CRM TECH, Riverside/Colton, California.

Honors and Awards

- 2000-2002 Dean's Honors List, University of California, Riverside.

PROJECT GEOLOGIST
Harry M. Quinn, M.S.

Education

- 1968 M.S., Geology, University of Southern California, Los Angeles, California.
1964 B. S, Geology, Long Beach State College, Long Beach.
1962 A.A., Los Angeles Harbor College, Wilmington North Palm Springs, California.

- Graduate work oriented toward invertebrate paleontology; M.S. thesis completed as a stratigraphic paleontology project on the Precambrian and Lower Cambrian rocks of Eastern California.

Professional Experience

- 2000- Project Paleontologist, CRM TECH, Riverside/Colton, California.
1998- Project Archaeologist, CRM TECH, Riverside/Colton, California.
1992-1998 Independent Geological /Environmental Consultant, Pinyon Pines, California.
1994-1996 Environmental Geologist, E.C.E.S., Inc, Redlands, California.
1988-1992 Project Geologist/Director of Environmental Services, STE, San Bernardino, California.
1987-1988 Senior Geologist, Jirsa Environmental Services, Norco, California.
1986 Consulting Petroleum Geologist, LOCO Exploration, Inc. Aurora, Colorado.
1978-1986 Senior Exploration Geologist, Tenneco Oil E & P, Englewood, Colorado.
1965-1978 Exploration and Development Geologist, Texaco, Inc., Los Angeles, California.

Previous Work Experience in Paleontology

- 1969-1973 Attended Texaco company-wide seminars designed to acquaint all paleontological laboratories with the capability of one another and the procedures of mutual assistance in solving correlation and paleo-environmental reconstruction problems.
1967-1968 Attended Texaco seminars on Carboniferous coral zonation techniques and Carboniferous smaller foraminifera zonation techniques for Alaska and Nevada.
1966-1972, 1974, 1975 Conducted stratigraphic section measuring and field paleontological identification in Alaska for stratigraphic controls. Pursued more detailed fossil identification in the paleontological laboratory to establish closer stratigraphic controls, mainly with Paleozoic and Mesozoic rocks and some Tertiary rocks, including both megafossil and microfossil identification, as well as fossil plant identification.
1965 Conducted stratigraphic section measuring and field paleontological identification in Nevada for stratigraphic controls. Pursued more detailed fossil identification in the paleontological laboratory to establish closer stratigraphic controls, mainly with Paleozoic rocks and some Mesozoic and Tertiary rocks. The Tertiary work included identification of ostracods from the Humboldt and Sheep Pass Formations and vertebrate and plant remains from Miocene alluvial sediments.

Memberships

Society of Vertebrate Paleontology; American Association of Petroleum Geologists; Canadian Society of Petroleum Geologists; Rocky Mountain Association of Geologists, Pacific Section; Society of Economic Paleontologists and Mineralogists; San Bernardino County Museum.

Publications in Geology

Five publications in Geology concerning an oil field study, a ground water and earthquake study, a report on the geology of the Santa Rosa Mountain area, and papers on vertebrate and invertebrate Holocene Lake Cahuilla faunas.

APPENDIX 2

**CORRESPONDENCE WITH
NATIVE AMERICAN REPRESENTATIVES***

* Seven local Native American representatives were contacted; a sample letter is included in this report.

SACRED LANDS FILE & NATIVE AMERICAN CONTACTS LIST REQUEST

NATIVE AMERICAN HERITAGE COMMISSION

1550 Harbor Blvd, Suite 100
West Sacramento, CA 95691
(916) 373-3710
(916) 373-5471 – Fax
nahc@nahc.ca.gov

Project: Wineville Segment "B" Alternate Alignments (CRM TECH Contract No. 2843)

County: San Bernardino

USGS Quadrangle Name: Fontana and Guasti, Calif.

Township 1 South **Range** 6 West **SB BM; Section(s)** 34-36

Company/Firm/Agency: CRM TECH

Contact Person: Nina Gallardo

Street Address: 1016 E. Cooley Drive, Suite A/B

City: Colton, CA **Zip:** 92324

Phone: (909) 824-6400 **Fax:** (909) 824-6405

Email: Ngallardo@crmtech.us

Project Description: The primary component of the project is to evaluate the proposed alternate alignments for the Wineville Segment "B" Recycled Water Pipeline in the City of Fontana, San Bernardino County, California.

August 25, 2014

STATE OF CALIFORNIA

Edmund G. Brown, Jr., Governor

NATIVE AMERICAN HERITAGE COMMISSION

1550 Harbor Blvd., ROOM 100
West SACRAMENTO, CA 95691
(916) 373-3710
Fax (916) 373-5471



September 2, 2014

Nina Galiardo
CRM Tech
1016 E. Cooley Drive, Suite A/B
Colton, CA 92324

Sent by Fax: (909) 824-6405
Number of Pages: 2

Re: Wineville Segment "B" Alternate Alignments (CRM TECH Contract No, 2843), San Bernardino County.

Dear Ms. Gallardo,

A record search of the sacred land file has failed to indicate the presence of Native American cultural resources in the immediate project area. The absence of specific site information in the sacred lands file does not indicate the absence of cultural resources in any project area. Other sources of cultural resources should also be contacted for information regarding known and recorded sites.

Enclosed is a list of Native Americans individuals/organizations who may have knowledge of cultural resources in the project area. The Commission makes no recommendation or preference of a single individual, or group over another. This list should provide a starting place in locating areas of potential adverse impact within the proposed project area. I suggest you contact all of those indicated, if they cannot supply information, they might recommend others with specific knowledge. By contacting all those listed, your organization will be better able to respond to claims of failure to consult with the appropriate tribe or group. If a response has not been received within two weeks of notification, the Commission requests that you follow-up with a telephone call to ensure that the project information has been received.

If you receive notification of change of addresses and phone numbers from any of these individuals or groups, please notify me. With your assistance we are able to assure that our lists contain current information. If you have any questions or need additional information, please contact me at (916) 373-3712.

Sincerely,

Katy Sanchez

Katy Sanchez
Associate Government Program Analyst

Native American Contact List
San Bernardino County
August 29, 2014

San Manuel Band of Mission Indians
 Lynn Valbuena, Chairwoman
 26569 Community Center Serrano
 Highland, CA 92346
 (909) 864-8933
 (909) 864-3724 Fax
 (909) 864-3370 Fax

Serrano Nation of Mission Indians
 Goldie Walker, Chairwoman
 P.O. Box 343 Serrano
 Patton, CA 92369
 (909) 528-9027
 (909) 528-9032

San Fernando Band of Mission Indians
 John Valenzuela, Chairperson
 P.O. Box 221838 Fernandefio
 Newhall, CA 91322 Tatavlam
 tsen2u@hotmail.com Serrano
 (661) 753-9833 Office Vanyume
 (760) 885-0955 Cell Kitanemuk
 (760) 949-1604 Fax

Ernest H. Siva
 Morongo Band of Mission Indians Tribal Elder
 9570 Mias Canyon Road Serrano
 Banning, CA 92220 Cahuilla
 siva@dishmail.net
 (951) 849-4676

Morongo Band of Mission Indians
 William Madrigal, Jr., Cultural Resources Manager
 12700 Pumarra Road Cahuilla
 Banning, CA 92220 Serrano
 wmadrigal@morongo-nsn.gov
 (951) 201-1866 Cell
 (951) 572-6004 Fax

San Manuel Band of Mission Indians
 Daniel McCarthy, M.S., Director-CRM Dept.
 26569 Community Center Drive Serrano
 Highland, CA 92346
 dmccarthy@sanmanuel-nsn.gov
 (909) 864-8933 Ext 3248
 (909) 862-5152 Fax

Morongo Band of Mission Indians
 Robert Martin, Chairperson
 12700 Pumarra Road Cahuilla
 Banning, CA 92220 Serrano
 (951) 849-8807
 (951) 755-5200
 (951) 922-8146 Fax

This list is current only as of the date of this document.

Distribution of this list does not relieve any person of the statutory responsibility as defined in Section 7050.5 of the Health and Safety Code, Section 6097.94 of the Public Resources Code and Section 5097.96 of the Public Resources Code.

This list is only applicable for contacting local Native Americans with regard to cultural resources for the proposed Wineville Segment B" Alternate Alignments (CRM TECH Contract No. 2843), San Bernardino County.

September 3, 2014

William Madrigal, Jr., Cultural Heritage Program Coordinator
Morongo Band of Mission Indians
12700 Pumarra Road
Banning, CA 92220

RE: Wineville Segment "B" Alternate Alignments Project
2.5 Linear Miles in the City of Fontana
San Bernardino County, California
CRM TECH Contract #2843

Dear Mr. Madrigal:

Tom Dodson and Associates will be conducting environmental studies for the Wineville Segment "B" Alternate Alignments Project in the City of Fontana, San Bernardino County, California. The Area of Potential Effects (APE) encompasses approximately 2.4 linear miles of a proposed alternative water lines located south of Jurupa Avenue, west of Beech Avenue, along Banana Avenue, and north of Marlay Avenue, in both commercial and residential neighborhoods. The accompanying map, based on the USGS Fontana and Guasti, Calif., 7.5' quadrangles, depict the location of the APE in Sections 34-36, T1S R6W, SBBM. CRM TECH has been hired to conduct a cultural resource study, including the Native American scoping, for this project.

In a letter dated September 2, 2014, the Native American Heritage Commission reports that the sacred lands record search identified no Native American cultural resources within the APE, but recommends that local Native American groups be contacted for further information. Therefore, as part of the cultural resources study for this project, I am writing to request your input on potential Native American cultural resources in or near the APE.

According to records on file at the San Bernardino Archaeological Information Center and the Eastern Information Center, there is one known historical sites lying partially within the boundaries of the APE, Site 36-016417 (CPHI-SBr-21), a historic trail. Within a one-mile radius, three additional historical sites have been recorded, including a single-family residence, a railroad alignment, and the ruins of a winery. Six prehistoric sites and twelve prehistoric isolates have also been recorded within the one-mile radius, all of which were surface scatters of lithic artifacts. A systematic field survey of the APE on August 29, 2014, encountered three potential historical sites within the APE, all of them power transmission lines.

Please respond at your earliest convenience if you have any specific knowledge of sacred/religious sites or other sites of Native American traditional cultural value within or near the APE that need to be taken into consideration as part of the cultural resources investigation. Any information or concerns may be forwarded to CRM TECH by telephone, e-mail, facsimile, or standard mail. Requests for documentation or information we cannot provide will be forwarded to our client and/or the lead agency, which is the Inland Empire Utilities Agency. We would also like to clarify that CRM TECH, as the cultural resources consultant for the project, is not the appropriate entity to initiate government-to-government consultations. Thank you for the time and effort in addressing this important matter.

Respectfully,

Nina Gallardo
CRM TECH
Email: ngallardo@crmtech.us
Encl.: project area map

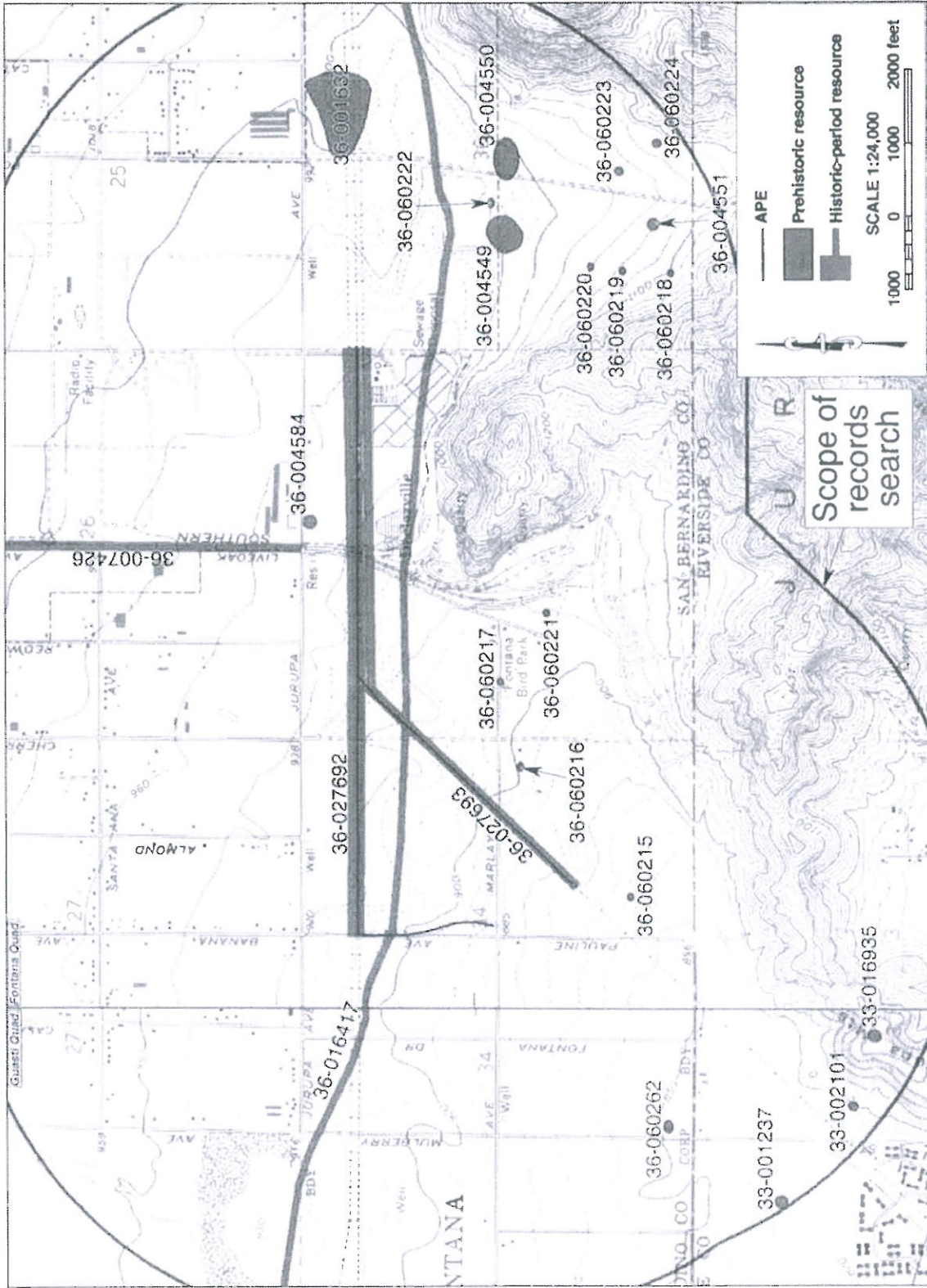
TELEPHONE LOG

Name	Tribe/Affiliation	Telephone Contacts	Comments
William Madrigal, Jr., Cultural Heritage Program Coordinator	Morongo Band of Mission Indians	11:14 am, September 24	The Morongo Band would defer to San Manuel Band of Serrano Mission Indians for this area.
Ernest Siva, Tribal Elder	Morongo Band of Mission Indians	11:24 am, September 24 1:18 pm, September 24	Mr. Siva had no comments or concerns regarding this undertaking.
Robert Martin, Chairperson	Morongo Band of Mission Indians	None	William Madrigal is the designated spokesperson for the tribe (see above).
John Valenzuela, Chairperson	San Fernando Band of Mission Indians	11:31 am, September 24	Mr. Valenzuela had no comments or concerns, but requested to be notified if any important cultural resources were found during the undertaking.
Lynn Valbuena, Chairperson	San Manuel Band of Serrano Mission Indians	None	Daniel McCarthy is the designated spokesperson for the tribe (see below).
Daniel McCarthy, Director of Cultural Resources Management Department	San Manuel Band of Serrano Mission Indians	11:17 am, September 24	Mr. McCarthy stated that the tribe was not aware of any cultural resources located within the APE or in the surrounding area.
Goldie Walker, Chairperson	Serrano Nation of Mission Indians	11:34 am, September 24 2:30 pm, September 25	Ms. Walker had no specific information or concerns, but requested to be notified if any cultural resources were found during the undertaking.

APPENDIX 3

**LOCATIONS OF RECORDED CULTURAL RESOURCES
IN THE VICINITY OF THE APE**

(Confidential)



APPENDIX 4

**CULTURAL RESOURCES
RECORDED DURING THIS STUDY**

(Confidential)

State of California--The Resources Agency
 DEPARTMENT OF PARKS AND RECREATION
PRIMARY RECORD

Primary # 36-027692
 HRI # _____
 Trinomial CA-SBR-17228H
 NRHP Status Code _____

Other Listings
 Review Code _____ Reviewer _____ Date _____

Page 1 of 4 *Resource Name or # (Assigned by recorder) CRM TECH 2843-1H

P1. Other Identifier: Etiwanda-San Bernardino 220kV Transmission Power Line/Southern California Edison West of Devers (WOD) 230kV Transmission Line

*P2. Location: Not for Publication Unrestricted *a. County San Bernardino
 and (P2b and P2c or P2d. Attach a Location Map as necessary.)

*b. USGS 7.5' Quad Fontana, Calif. Date 1967, photorevised 1980
T 1S ; R 6W ; N 1/2 of N 1/2 of Sec 34-35 ; S.B. B.M.
 Elevation: Approx. 911-953 feet above mean sea level

c. Address N/A City _____ Zip _____
 d. UTM: (Give more than one for large and/or linear resources) Zone 11 ; A: 456493 mE/ 3767413 mN ;
 B: 454069 mE/ 3767404 mN ;
 C: 456493 mE/ 3767372 mN ;
 D: 454069 mE/ 3767372 mN

UTM Derivation: USGS Quad _____ GPS _____

e. Other Locational Data: (e.g., parcel #, directions to resource, etc., as appropriate) The segments of these parallel linear features recorded are located to the south of Jurupa Avenue, between Beech Avenue and Banana Avenue

*P3a. Description: (Describe resource and its major elements. Include design, materials, condition, alterations, size, setting, and boundaries) This linear feature represents an approximately 7,960-foot segment of two parallel power lines known as the Etiwanda-San Bernardino 220kV Transmission Power Line and the Southern California Edison West of Devers (WOD; i.e., west of the Devers Substation near Palm Springs) 230kV Transmission Line. The former, on the northerly course, consists of A-shaped steel lattice towers with three cross-arms each, carrying six sets of circuits. Records indicate that the 85-foot easement for this line was recorded on June 9, 1961. The latter, on the southerly course, features H-shaped lattice towers with one cross-arm each, carrying three sets of
 (Continued on p. 4)

*P3b. Resource Attributes: (List attributes and codes) HP39 (Other)

*P4. Resources Present: Building Structure Object Site District Element of District
 Isolate Other

P5a. Photograph or Drawing (Photograph required for buildings, structures, and objects.)



P5b. Description of Photo: (view, date, accession #) Photo taken on August 29, 2014; view to the west

*P6. Date Constructed/Age of Sources:
 Historic Prehistoric Both
 Ca. 1951

*P7. Owner and Address:
Southern California Edison,
P.O. Box 800, Rosemead, CA
91770

*P8. Recorded by: (Name, affiliation, and address)
Daniel Ballester, CRM TECH,
1016 East Cooley Drive, Suite
A/B, Colton, CA 92324

*P9. Date Recorded: August 29, 2014

*P10. Survey Type: (Describe) Intensive-level survey for Section 106-compliance purpose

*P11. Report Citation: (Cite survey report and other sources, or enter "none.") In progress

*Attachments: None Location Map Sketch Map Continuation Sheet Building, Structure, and Object Record
 Archaeological Record District Record Linear Resource Record Milling Station Record Rock Art Record
 Artifact Record Photograph Record Other (List): _____

- L1. **Historic and/or Common Name:** Etiwanda-San Bernardino 220kV Transmission Power Line/SCE West of Devers (WOD) 230kV Transmission Line
- L2a. **Portion Described:** Entire Resource Segment Point Observation **Designation:** _____
- L2b. **Location of Point or Segment:** (Provide UTM coordinates, legal description, and any other useful locational data. Show the area that has been field inspected on a Location Map.) See Item P2
- L3. **Description:** (Describe construction details, materials, and artifacts found at this segment/point. Provide plans/sections as appropriate.) See Item P3a
- L4. **Dimensions:** (In feet for historic features and meters for pre-historic features)
- a. **Top Width** _____
 - b. **Bottom Width** 235 feet (combined easements)
 - c. **Height or Depth** _____
 - d. **Length of Segment** 7,960 feet
- L5. **Associated Resources:** None
- L4e. **Sketch of Cross-Section (Include scale) Facing:** _____
N/A
- L6. **Setting** (Describe natural features, landscape characteristics, slope, etc. as appropriate) The easement for the power lines lie on relatively level terrain, across former agricultural land that has been developed into single-family residential tracts in recent decades.
- L7. **Integrity Considerations:** The site appears to retain good integrity to relate to the period of origin.

L8a. **Photograph, Map or Drawing**

(See pp. 1, 3)

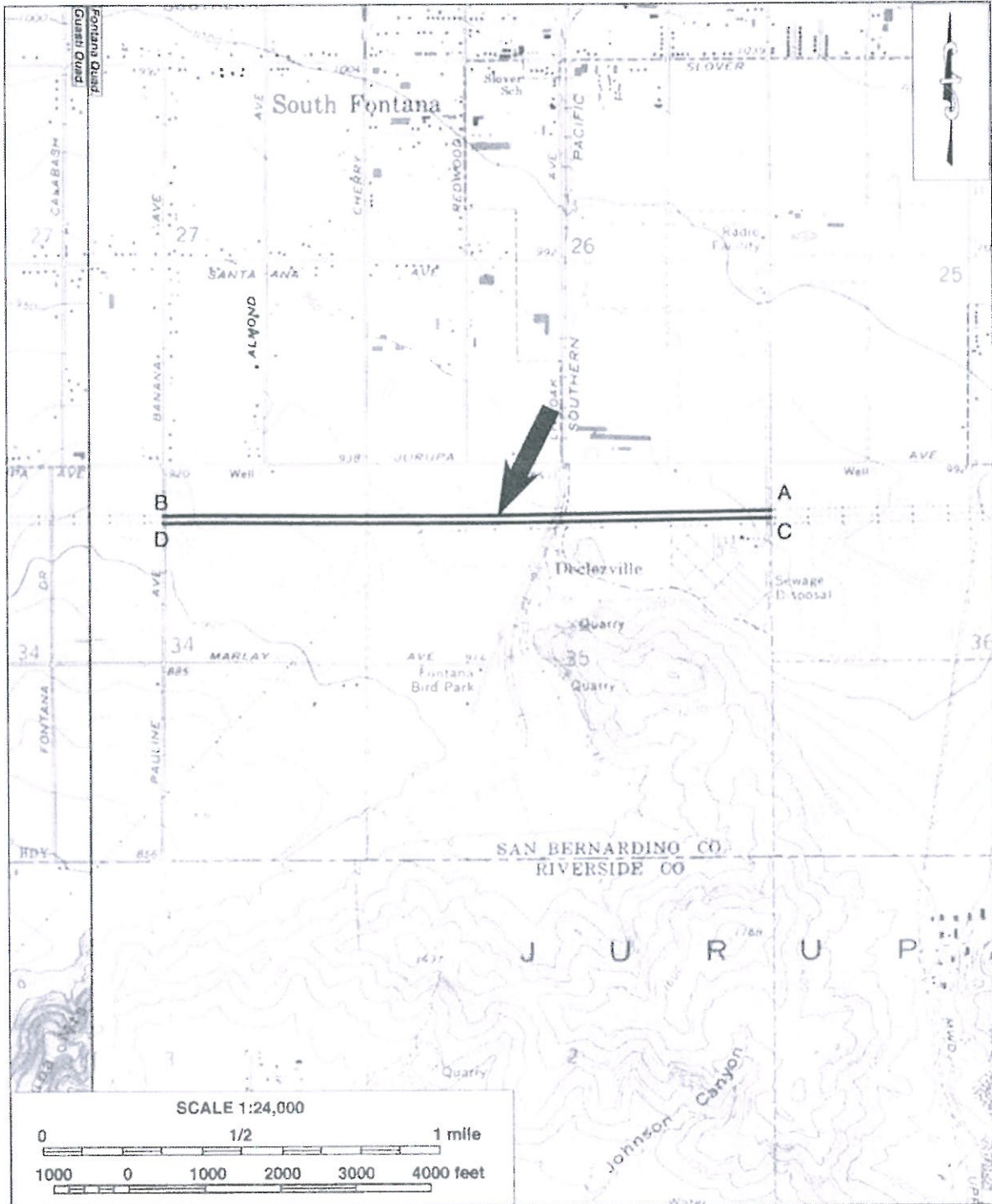
L8b. **Description of Photo, Map, or Drawing** (View, scale, etc.) _____

L9. **Remarks:** _____

L10. **Form Prepared by:** (Name, affiliation and address) Nina Gallardo

L11. **Date:** September 22, 2014

*Map Name: Fontana & Guasti, Calif. *Scale: 1:24,000 *Date of Map: 1980/1981



State of California--The Resources Agency
DEPARTMENT OF PARKS AND RECREATION
CONTINUATION SHEET

Primary # 36-027692
HRI # _____
Trinomial CA-SBR-17228H

Page 4 of 4

Resource name or # (Assigned by recorder) CRM TECH 2843-1H

Recorded by: Daniel Ballester

*Date: August 29, 2014

Continuation Update

*P3a. Description (continued): circuits. The 150-foot easement for this line was recorded on March 8, 1946. The recorded segment runs in an east-west direction within an approximately 235- to 300-foot-wide corridor of vacant land, flanked by single-family residential neighborhoods of recent vintage.

State of California--The Resources Agency
DEPARTMENT OF PARKS AND RECREATION
PRIMARY RECORD

Primary # 36-027693
HRI # _____
Trinomial CA-SBR-17229H
NRHP Status Code _____

Other Listings
Review Code _____ Reviewer _____ Date _____

Page 1 of 3

*Resource Name or # (Assigned by recorder) CRM TECH 2843-2H

- P1. Other Identifier: Mira Loma-Vista 230kV Transmission Line
- *P2. Location: Not for Publication Unrestricted *a. County San Bernardino
and (P2b and P2c or P2d. Attach a Location Map as necessary.)
*b. USGS 7.5' Quad Fontana, Calif. Date 1967, photorevised 1980
T 1S ; R 6W ; 1/4 of 1/4 of 1/4 of 1/4 of 34-35 ; S.B. B.M.
Elevation: Approx. 883-971 feet above mean sea level
- c. Address N/A City _____ Zip _____
- d. UTM: (Give more than one for large and/or linear resources) Zone 11 ; A: 456945 mE/ 3767349 mN;
B: 455100 mE/ 3767330 mN;
C: 454268 mE/ 3766490 mN
- UTM Derivation: USGS Quad GPS
- e. Other Locational Data: (e.g., parcel #, directions to resource, etc., as appropriate) The segment of this linear feature recorded is located to the south of Jurupa Avenue, between Beech Avenue and Banana Avenue

*P3a. Description: (Describe resource and its major elements. Include design, materials, condition, alterations, size, setting, and boundaries) This linear feature represents an approximately 8,455-foot segment of power line, currently a part of the Mira Loma-Vista 230kV Transmission Line. It consists of a series of A-shaped steel lattice towers with three cross-arms each, carrying a total of 12 circuits in six pairs. The route runs east-west in the eastern portion of the recorded segment, and turns northeast-southwest in the western portion, traversing in an approximately 65-foot-wide, undeveloped easement flanked by single-family residential neighborhoods of recent vintage. The easement for the power line was recorded on May 14, 1951.

*P3b. Resource Attributes: (List attributes and codes) HP39 (Other)

*P4. Resources Present: Building Structure Object Site District Element of District
 Isolate Other

P5a. Photograph or Drawing (Photograph required for buildings, structures, and objects.)



P5b. Description of Photo: (view, date, accession #) Photo taken on August 29, 2014; view to the southwest

*P6. Date Constructed/Age of Sources:
 Historic Prehistoric Both
Ca. 1951

*P7. Owner and Address:
Southern California Edison,
P.O. Box 800, Rosemead, CA
91770

*P8. Recorded by: (Name, affiliation, and address)
Daniel Ballester, CRM TECH,
1016 East Cooley Drive, Suite
A/B, Colton, CA 92324

*P9. Date Recorded: August 29,
2014

*P10. Survey Type: (Describe) Intensive-level survey for Section 106-compliance purpose

*P11. Report Citation: (Cite survey report and other sources, or enter "none.") In progress

*Attachments: None Location Map Sketch Map Continuation Sheet Building, Structure, and Object Record
 Archaeological Record District Record Linear Resource Record Milling Station Record Rock Art Record
 Artifact Record Photograph Record Other (List): _____

- L1. **Historic and/or Common Name:** Mira Loma-Vista 230kV Transmission Line
- L2a. **Portion Described:** Entire Resource Segment Point Observation **Designation:** _____
- b. **Location of Point or Segment:** (Provide UTM coordinates, legal description, and any other useful locational data. Show the area that has been field inspected on a Location Map.) See Item P2
- L3. **Description:** (Describe construction details, materials, and artifacts found at this segment/point. Provide plans/sections as appropriate.) See Item P3a

- L4. **Dimensions:** (In feet for historic features and meters for pre-historic features)
- a. **Top Width** _____
- b. **Bottom Width** 65 feet (easement)
- c. **Height or Depth** _____
- d. **Length of Segment** 8,455 feet
- L5. **Associated Resources:** _____

L4e. Sketch of Cross-Section (Include scale) Facing: _____
N/A

- L6. **Setting** (Describe natural features, landscape characteristics, slope, etc. as appropriate) The easement for the power line lies on relatively level terrain, across former agricultural land that has been developed into single-family residential tracts in recent decades.
- L7. **Integrity Considerations:** The site appears to retain good integrity to relate to the period of origin.

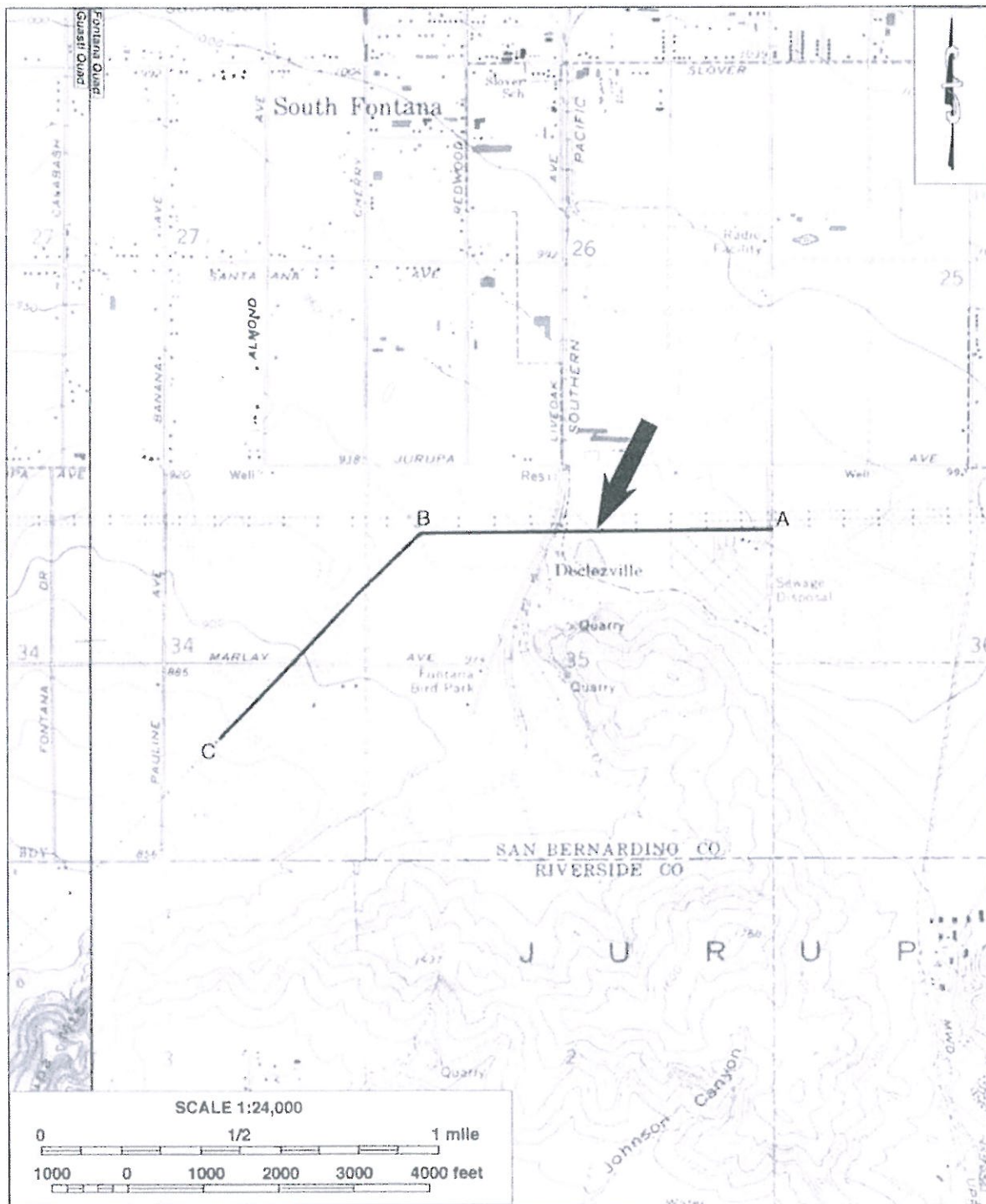
L8a. Photograph, Map or Drawing <u>(See pp. 1, 3)</u>

- L8b. Description of Photo, Map, or Drawing** (View, scale, etc.) _____
- L9. Remarks:** _____
- L10. Form Prepared by:** (Name, affiliation and address) Nina Gallardo
- L11. Date:** September 22, 2014

*Map Name: Fontana & Guasti, Calif.

*Scale: 1:24,000

*Date of Map: 1980/1981



**ACTION
ITEM**

4B



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 *CB*
Executive Manager of Engineering/Assistant General Manager

Majid Karim *MK*
Acting Manager of Engineering

Subject: SCADA Enterprise System Contract Awards

RECOMMENDATION

It is recommended that the Board of Directors:

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 \$150,000;
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.

BACKGROUND

The existing Supervisory Control and Data Acquisition (SCADA) System network is comprised of a wide variety of equipment located at various facilities throughout the Agency's service area. The Agency has separate control systems for facilities, recycled water, and the groundwater recharge system. Additionally, the facilities' control system is approximately a 60/40 mix of Foxboro's Distributed Control System (DCS) and Rockwell Automation's SCADA system, respectively. The DCS has been in service for more than 20 years and has reached its end-of-useful-life. Old infrastructure and active projects led the Agency to prepare the SCADA Master Plans. The Facilities, Recycled Water, and Groundwater Recharge SCADA Master Plans were prepared by Westin Engineering and adopted by the Agency's Board of Directors in 2012 to guide the expansion and asset retirement of the Agency's SCADA systems. In May of 2013, the consultant contract was awarded to the engineering consultant team of Westin Engineering Inc., Rockwell Automation, and Parsons.

The Master Plans established the need for an Agency-wide Enterprise SCADA system. This consists of a migration from the existing Invensys Foxboro DCS to Rockwell Automation's PlantPax SCADA Enterprise System. Agency staff worked closely with the consulting team to complete the design for the migration of the first facility, Carbon Canyon Water Recycling Facility (CCWRF). The CCWRF migration is the first phase in providing an Enterprise SCADA System with seamless and transparent access from any of the Agency's facilities. Following are highlights of major accomplishments at this stage of the SCADA Enterprise System project:

- SCADA Enterprise System Architecture Design
- Operator Screen Programming Standards
- Plant Controller Programming Standards
- Alarm Management Standards
- Reporting Tools Evaluation and Selection
- Process Control Narratives
- Value Engineering
- CCWRF SCADA System Design

Construction Contract

In 2011, during the SCADA master planning process the Agency approached Rockwell Automation with the concern that unqualified system integrators were an issue. Rockwell Automation responded to the concern, and over the next several years developed a program that recognizes different levels of system integrators based on training and implementation expertise and experience.

A qualified system integrator is critical to the success of the overall project, and is most impactful during this first phase of the project where the foundation of the Enterprise SCADA System is installed. To ensure the Agency obtained a qualified system integrator, a competitive prequalification process was conducted. On July 9, 2014, the prequalification package was

distributed via the Agency's bid system, *TheNetwork*, as well as distributed to the Rockwell Automation-recognized system integrators. In response to the solicitation, the Agency received prequalification submittals from Technical Systems, Inc. (TSI) and from ACS Engineering Inc. (ACSE). After evaluation of the submittals by Operations, Technical Services, Integrated System Services, Construction Management, and Engineering staff, TSI was prequalified. TSI is a Rockwell Automation-recognized system integrator with a Water/Wastewater industry focus. TSI's prequalification submittal demonstrated TSI's capability in PlantPax Enterprise SCADA Systems. TSI's team includes members with extensive experience in relevant projects, Rockwell Automation certifications, and experience with the various aspects of implementing SCADA Enterprise systems.

The CCWRF SCADA Enterprise System design was completed in October 2014 and sent to the prequalified system integrator, TSI. Since TSI was the only prequalified system integrator, to mitigate cost escalation, TSI was not informed that they were the only prequalified firm. In late October, the Agency, TSI, Big Sky Electric, Rockwell Automation, Westin Engineering, and Parsons participated in an extended two-day job walk, site inspection, and debriefing. On December 1, 2014, TSI submitted their bid of \$2,778,771. The engineer's cost estimate for the construction is approximately \$2,500,000. The Agency and consultant team will review TSI's bid and schedule of values and enter into negotiations. The Regional Technical Committee has approved the construction contract up to \$2,875,000. The construction contract award is also scheduled to be considered by the Regional Policy Committee on December 4, 2014. The construction contract is scheduled to be considered for award by the Agency's Board of Directors on December 17, 2014. If awarded, construction of the project is anticipated to be completed by December 2015.

Training Program

In order to successfully implement of the Rockwell Automation PlantPax SCADA Enterprise System, the Agency's Operations and Maintenance staff need to be trained on the use and maintenance of the various components and software for the Enterprise SCADA system. The Agency's Operations, Maintenance, Technical Services, Construction Management and Engineering Departments worked with Rockwell Automation to develop a comprehensive and foundational curriculum for the training program. The training program was designed and developed for effectiveness and efficiency, including selecting courses specifically for our application, providing courses locally in Rancho Cucamonga, scheduling of the courses to reduce workstation shipping costs, and grouping events that build upon curriculum.

These training courses will take place during the CCWRF phase of the project and provide Agency staff with foundational knowledge to support all phases of the Agency-wide SCADA Enterprise System. Training will help prepare the Agency to support the migration, respond to the needs of Operations, provide the necessary software updates, optimize the control and network process, and to maximize the life of the SCADA Enterprise System.

CCWRF Control and Server Rooms Modification

In addition to the SCADA hardware and software, improvements to the layout of the existing Control Room and Workroom are necessary to accommodate the new SCADA equipment. To accomplish this effort and contain costs, this task will be performed using a design-build approach. The Agency’s Integrated System Services, Operations, Technical Services, Construction Management, and Engineering departments have worked together and produced a conceptual layout of the control and server rooms. The limited scope of work in the design and construction lends itself to a design-build approach and will provide the best value to the Agency. The modifications will be completed in coordination with the SCADA Enterprise System migration in order to maintain an operational control room during the construction of the two projects. These modifications will allow for the installation of the current, new and future SCADA equipment.

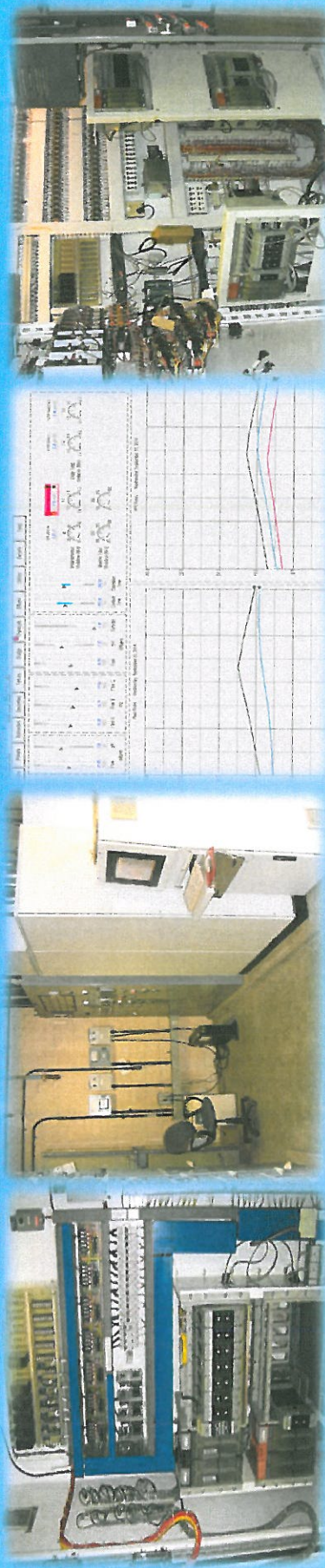
On November 5, 2014, the Agency requested design-build bids from its Minor Construction Contractors for these modifications. The job walk was held on November 13 in which only one contractor attended. Staff then surveyed the remaining Minor Construction Contractors and determined the expertise of the contractors to be grading, road work, pipeline, and related work. The Agency then prepared a Request for Proposals (RFP) for design-build services and released it through the Agency’s bid system, *TheNetwork*. The design-build proposals are due in early January 2015. If awarded, construction of the project is anticipated to be completed by June 2015. The engineer’s cost estimate for the design and construction is approximately \$100,000. With design-build services having a certain risk element, considering a 50-percent contingency, the request for the contract award is for a not-to-exceed amount of \$150,000. Total maximum anticipated costs for this design-build effort, including the Agency’s project management and interdepartmental support is approximately \$180,000.

Cost and Schedule

The anticipated project costs are as follows:

DESCRIPTION	COST
SCADA Enterprise System	\$4,801,000
Consulting Contract	\$746,000
Value Engineering, HMI Standards & Support, Control Room Mock-Up, etc.	\$110,000
Construction Contract	\$2,780,000
Construction Management	\$420,000
Interdepartmental Support	\$465,000
Contingency	\$280,000
Training Program	\$150,000
Control and Server Rooms Design-Build Construction	\$180,000
Total Cost	\$5,131,000

SCADA Enterprise System Contract Awards for Construction, Training Program, and Design-Build Services December 2014



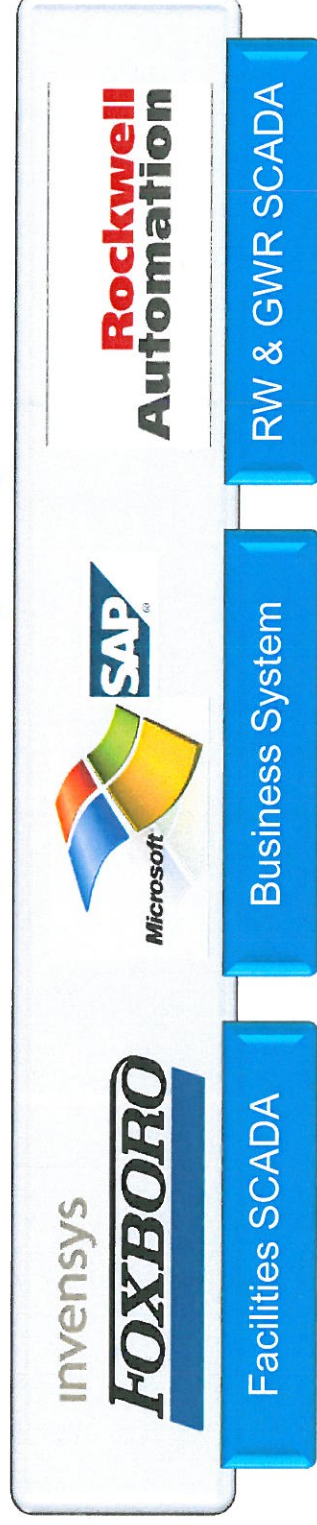
Inland Empire Utilities Agency
A MUNICIPAL WATER DISTRICT

Majid Karim, P.E.
Acting Manager of Engineering

Joshua Aguilar, P.E.
Project Manager

Project Background

- Separate SCADA systems for Facilities, RW, and GWR
- Foxboro controls equipment has reached the end-of-useful-life (20+ years)
- Old infrastructure and active projects led to the preparation of SCADA Master Plans
- SCADA Master Plans recommended migration to an Enterprise
- Board adopted SCADA Master Plans in 2012
- Awarded Engineering Contract to Westin, Rockwell and Parsons in 2013
- Agency Core Team and Steering Committee participation



Project Location

Carbon Canyon Water Recycling Facility

Headworks Building
LCP-01-1,
LCP-H

Aeration Building
LCP-03-1,
LCP-A

Operations Building,
Control and
Server Rooms,
LCP-MCB,
PAC Panel

Blower Building
LCP-10-1,
LCP-B

Chemical Building
LCP-08-1,
LCP-CP-1,
LCP-C1



Major Accomplishments

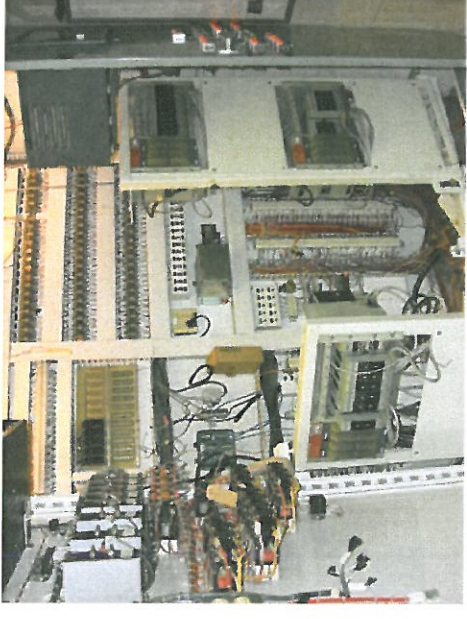
- SCADA Enterprise System Architecture Design
- High-Performance Operator Screen Programming Standards
- Plant Controller Programming Standards
- Alarm Management Standards
- Reporting Tools Selection
- Process Control Narratives
- Value Engineering
- CCWRF SCADA System Design
- Templates for upcoming phases



High-Performance HMI Mock-Up

Construction Contract Award

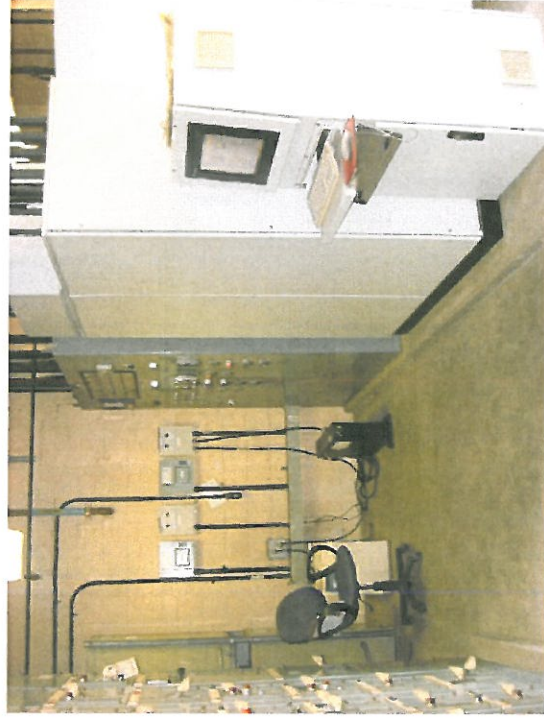
- System Integrator Prequalification
 - Ensures qualified system integrator for Enterprise success
 - Leverages Rockwell Automation's *Recognized System Integrator Program*
 - Competitive prequalification solicitation via *TheNetwork*
 - Technical Systems, Inc. prequalified
- Bid received on December 1, 2014 in the amount of \$2,778,771
- Extended interview & negotiations
- Approved by Regional Technical Committee up to \$2,875,000



Aeration Building LCP-03-01

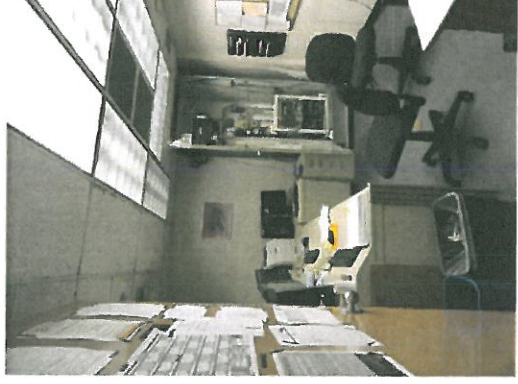
Training Program

- Comprehensive foundational training curriculum
- Training on optimal use and maintenance
- Maximize the life of the SCADA Enterprise
- Early training maximizes benefits
- Complements CCWRF construction schedule
- Successful and seamless transition from DCS
- Program designed for cost efficiency
 - Courses geared for Agency's application
 - Local training (Rancho Cucamonga)
 - Pre-planned curriculum to progressively build



Control and Server Rooms Modifications

- Modifications for new and future servers and hardware
- Conceptual layout developed in-house (Eng, CM, Ops, TS, ISS)
- Design/build RFP was released on *TheNetwork*
- Proposals are due in early January 2015
- Design/build approach benefits the cost and schedule



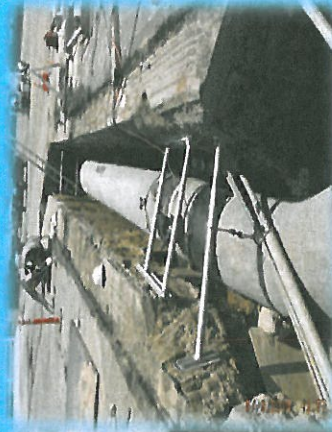
Project Costs

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Interdepartmental Support	\$465,000
Contingency	\$280,000
SCADA Enterprise System Sub-Total	\$4,801,000
Training Program	\$150,000
Control and Server Rooms Design-Build	\$180,000
Total	\$5,131,000

Project Schedule

ACTIVITY	DATE
Contracts Award	December 17, 2014
SCADA Enterprise System Construction Completion	December 2015
Control and Server Rooms Modifications Completion	June 2015

Questions?



Draft Construction Contract

CONTRACT

1.0 CONTRACT

THIS CONTRACT, made and entered into this ____ day of _____, 20__, by and between _____, hereinafter referred to as "Contractor," and The Inland Empire Utilities Agency, a Municipal Water District, located in San Bernardino County, California, hereinafter referred to as "Agency".

WITNESSETH:

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

1. Contractor agrees to perform and complete in a workmanlike manner, all work required under the bidding schedule of said Agency's specifications entitled SPECIFICATIONS FOR THE SCADA ENTERPRISE SYSTEM CARBON CANYON WATER RECYCLING FACILITY, PROJECT NO. EN13016, in accordance with the specifications and drawings, and to furnish at their own expense, all labor, materials, equipment, tools, and services necessary, except such materials, equipment, and services as may be stipulated in said specifications to be furnished by said Agency, and to do everything required by this Contract and the said specifications and drawings.
2. For furnishing all said labor, materials, equipment, tools, and services, furnishing and removing all plant, temporary structures, tools and equipment, and doing everything required by this Contract and said specifications and drawings; also for all loss and damage arising out of the nature of the work aforesaid, or from the action of the elements, or from any unforeseen difficulties which may arise during the prosecution of the work until its acceptance by said Agency, and for all risks of every description connected with the work; also for all expenses resulting from the suspension or discontinuance of work, except as in the said specifications are expressly stipulated to be borne by said Agency; and for completing the work in accordance with the requirements of said specifications and drawings, said Agency will pay and said Contractor shall receive, in full compensation therefore, the price(s) set forth in this Contract.
3. That the Agency will pay the Contractor progress payments and the final payment, in accordance with the provisions of the contract documents, with warrants drawn on the appropriate fund or funds as required, at the prices bid in the Bidding and Contract Requirements, Section C - Bid Forms and accepted by the Agency, and set forth in this below.

Total Bid Price \$ _____
Dollars and _____ Cents.

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

4. The Agency hereby employs the Contractor to perform the work according to the terms of this Contract for the above-mentioned price(s), and agrees to pay the same at the time, in the manner, and upon the conditions stipulated in the said specifications; and the said parties for themselves, their heirs, executors, administrators, successors, and assigns, do hereby agree to the full performance of the covenants herein contained.
5. The Notice Inviting Bids, Instructions to Bidders, Bid Forms, Information Required of Bidder, Performance Bond, Payment Bond, Contractors License Declaration, Specifications, Drawings, all General Conditions and all Special Conditions, and all addenda issued by the Agency with respect to the foregoing prior to the opening of bids, are hereby incorporated in and made part of this Contract, as if fully set forth.
6. The Contractor agrees to commence work under this Contract on or before the date to be specified in a written "Notice To Proceed" and to complete said work to the satisfaction of the Agency three hundred ninety three (314) calendar days after award of the Contract. All work shall be completed before final payment is made.
7. Time is of the essence on this Contract.
8. Contractor agrees that in case the work is not completed before or upon the expiration of the contract time, damage will be sustained by the Agency, and that it is and will be impracticable to determine the actual damage which the Agency will sustain in the event and by reason of such delay, and it is therefore agreed that the Contractor shall pay to the Agency the amount of three thousand (\$3,000) dollars for each day of delay, which shall be the period between the expiration of the contract time and the date of final acceptance by the Agency, as liquidated damages and not as a penalty. It is further agreed that the amount stipulated for liquidated damages per day of delay is a reasonable estimate of the damages that would be sustained by the Agency, and the Contractor agrees to pay such liquidated damages as herein provided. In case the liquidated damages are not paid, the Contractor agrees that the Agency may deduct the amount thereof from any money due or that may become due to the Contractor by progress payments or otherwise under the Contract, or if said amount is not sufficient, recover the total amount.

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

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

payment of all claims for labor and materials furnished.

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

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

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

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

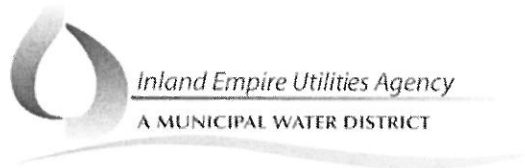
Contractor

By _____
General Manager

By _____
Title

*Municipal Water District

Draft Training Contract



CONTRACT NUMBER: 4600001803

FOR

SCADA ENTERPRISE SYSTEM TRAINING

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 "IEUA" and "Agency") and Royal Wholesale Electric of Rancho Cucamonga, California (hereinafter referred to as "Contractor"), as authorized distributor for Rockwell Automation, for purposes of conducting PlantPAX SCADA System Training.

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: Joshua Aguilar, MsEM, P.E., Senior Associate Engineer
Address: 6075 Kimball Avenue, Building "B"
Chino, CA 91708
Telephone: (909) 993-1694
Facsimile: (909) 993-1982
Email: jaguilar@ieua.org

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

Contractor: Gary Yost
Royal Wholesale Electric Account Manager
Address: 10096 Sixth St. Unit "B"
Rancho Cucamonga, CA 91730
Telephone: (909) 944-6899
Facsimile: (909) 944-0727
Email: gyost@royalcucamonga.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:
 1. Amendments to Contract number 4600001803.
 2. Contract number 4600001803 General Terms and Conditions.
 3. All germane correspondence in re. Agency's Request for Proposal.
 4. Contractor's proposal dated September 17, 2014.
4. SCOPE OF WORK AND SERVICES: Contractor services and responsibilities shall include and be in accordance with Rockwell Automation Proposal GWS14ASK0603 Rev 5, dated September 17, 2014, which is attached hereto, made a part hereof and incorporated herein as **Exhibit A**.
5. TERM: The term of this Contract shall extend for a period of one (1) year from the date of the Notice to Proceed and terminate on December 31, 2014 unless agreed to by both parties, reduced to writing, and amended to this Contract.
6. PAYMENT, INVOICING AND COMPENSATION: The Contractor may submit invoices in accordance with the terms of this Contract. Agency shall pay Contractor's properly-executed invoice, approved by the Project Manager, within thirty (30) days following receipt of the invoice. Invoicing shall include reference to the Contract number 4600001803 for payment. Invoice shall be submitted electronically to apgroup@ieua.org.

As compensation for the work performed under this Contract, Agency shall pay Contractor's annual invoice, for a total contract price **not-to-exceed \$261,426.00** for all Contractor's services in accordance with Contractor's terms and conditions attached hereto and referenced herein as **Exhibit A**.
7. INSURANCE: During the term of this Contract, the Contractor shall maintain at Contractor's 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 0001-87 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: \$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 87, 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.

- 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; or the Contractor shall procure a bond guaranteeing payment of losses and related investigations, claim administration and defense expenses.
- 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 insureds, endorsements GL 20 11 07 66, CG2010 1185 and/or CA 20 01 (Ed. 0178), 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.
- 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, volunteers, property owners or engineers under contract with the Agency 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 by certified mail, return receipt requested, has been given to the Agency.

D. Acceptability of Insurers: Insurance is to be placed with insurers with a Best's rating of no less than A minus: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 subcontractors prior to commencing work, or allowing any subcontractor 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.

F. Submittal of Certificates: Contractor shall submit all required certificates and endorsements to the following:

Attn: Ms. Angela Witte, Risk Representative
c/o Inland Empire Utilities Agency
P.O. Box 9020
Chino Hills, CA 91709-0902

8. FITNESS FOR DUTY:

A. Fitness: Contractor and its SubContractor personnel on the Jobsite:

- 1) shall report to 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. 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 all existing and future state and federal laws and all county and city ordinances and regulations which in any manner affect the conduct of any services or tasks performed under this Contract, and of all 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 all such existing and future 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, whether by the Contractor or its employees.
- 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. Hours of Labor: The Contractor shall comply with all applicable provisions of California Labor Code Sections 1810 to 1817 relating to working hours. The Contractor shall, as a penalty to the Agency, forfeit \$25.00 for each worker employed in the execution of the Contract by the Contractor or by any subcontractor for each calendar day during which such worker is required or permitted to work more than eight hours in any one calendar day and forty (40) hours in any one calendar week in violation of the provisions of the Labor Code.
- F. Travel and Subsistence Pay: The Contractor shall make payment to each worker for travel and subsistence payments which are needed to execute the work and/or service, as such travel and subsistence payments are defined in the applicable collective bargaining agreements with the worker.
- G. Liens: Contractor shall pay all sums of money that become due from 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.

- H. Indemnification: Contractor shall indemnify the Agency, its directors, employees and assigns, and shall defend and hold them harmless from all liabilities, demands, actions, claims, losses and expenses, including reasonable attorneys' fees, which arise out of or are related to the negligence, recklessness or willful misconduct of the Contractor, its directors, employees, agents and assigns, in the performance of work under this contract.
- I. 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.
- J. Equal Opportunity: 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.
- K. 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 arbitration 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 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 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. If after Steps (a) and (b), the parties are unable to mutually agree upon a neutral Arbitrator, the matter of selection of an Arbitrator shall be submitted to the San Bernardino County Superior Court pursuant to Code of Civil Procedure Section 1281.6, or its successor. The costs of arbitration, including but not limited to reasonable attorneys' fees, shall be recoverable by the party prevailing in the arbitration. If this arbitration is appealed to a court pursuant to the procedure under California Code of Civil Procedure Section 1294, et. seq., or their successor, the costs of arbitration shall also include court costs associated with such appeals, including but not limited to reasonable attorneys' fees which shall be recoverable by the prevailing party.
4. Joinder in Mediation/Arbitration: The Agency may join the Contractor in mediation or arbitration commenced by a contractor on the Project pursuant to Public Contracts Code Sections 20104 et seq. Such joinder shall be initiated by written notice from the Agency's representative to the Contractor.

L. Workers' Legal Status: For performance against this Contract, Contractor shall only utilize employees and/or subcontractors that are authorized to work in the United States pursuant to the Immigration Reform and Control Act of 1986.

10. OWNERSHIP OF MATERIALS AND DOCUMENTS/CONFIDENTIALITY: The Agency only retains ownership of any and all partial or complete reports, drawings, plans, notes, computations, lists, and/or other materials, documents, information, or data, prepared by the Contractor and/or the Contractor's subcontractor(s) pertaining to this Contract, to which it has legal title. Said materials and documents are confidential and shall be available to the Agency from the moment of their preparation, and the Contractor shall deliver same to the Agency whenever requested to do so by the Project Manager and/or Agency. The Contractor agrees that same shall not be made available to any individual or organization, private or public, without the prior written consent of the Agency.

11. 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 and Facilities Services
Inland Empire Utilities Agency
P.O. Box 9020
Chino Hills, CA 91709

Contractor: Gary Yost, Account Manager
Royal Wholesale Electric
10096 6th Street, Unit "B"
Rancho Cucamonga, CA 91730

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.

12. 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.

13. RIGHT TO AUDIT: The Agency reserves the right to review and/or audit all 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 the Contractor. The Contractor shall make all records and related documentation available within three (3) working days after said records are requested by the Agency.

14. 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.
15. GOVERNING LAW: This Contract is to be governed by and constructed in accordance with the laws of the State of California.
16. 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 Contractor. In the event of such termination, the Agency shall pay Contractor for all authorized and Contractor-invoiced services up to the date of such termination.
17. 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.
18. CHANGES: The Agency may, at any time, make changes to this Contract's Scope of Work; including additions, reductions and other alterations to any or all of the work. However, such changes shall only be made via written amendment to this Contract. The Contract Price and Work Schedule shall be equitably adjusted, if required, to account for such changes and shall be set forth within the Contract Amendment.
19. 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:

ROYAL WHOLESALE ELECTRIC:

P. Joseph Grindstaff
General Manager

(Date)

Gary Yost
Account Manager

(Date)

Exhibit A



September 17, 2014

Joshua Aguilar, MsEM, P.E.
Senior Associate Engineer
Inland Empire Utilities Agency
6075 Kimball Ave.
Chino, CA 91708

Program: PlantPax SCADA System Training Requirements for IEUA

Rockwell Automation Proposal: GWS14ASK0603 Rev 5

Joshua:

Thank you for giving Rockwell Automation and Royal Wholesale Distribution the opportunity to present a proposal for Managed Workforce Development Solutions. Rockwell Automation Global Workforce Solutions (GWS) is committed to helping Inland Empire Utilities Agency improve its operational excellence. To that end, Global Workforce Solutions offers a complete suite of workforce development solutions, such as Periodic; Engagement; and Enterprise options. Global Workforce Solutions prides itself on two things: our passion for helping create skilled workforces and the flexibility of our delivery methods.

This proposal outlines a plan for developing a cost-effective training solution that is designed to meet your current needs. We look forward to your favorable response and to working with your organization. If there are any questions or comments, please contact me at the Rockwell Automation Office.

Sincerely,

Annie Sheehan-Kerber
Rockwell Automation
Global Business Lead, Workforce & Training Services

cc: Albina Ortiz; Rockwell Automation Project Manager
Nathan Owens, III. Rockwell Automation Sales
Jamie Colflesh Royal Wholesale Distribution
Patrico Gomez, Rockwell Automation



CONFIDENTIAL DOCUMENT

INLAND EMPIRE UTILITIES AGENCY

Global Workforce Solutions Proposal

Proposal Number GWS14ASK0603Rev5

Presented By

**ROCKWELL AUTOMATION
Global Workforce Solutions**

&

Royal Wholesale Distribution

PROPRIETARY NOTICE

The information contained on all pages of this proposal consists of technical, commercial, and/or financial information that is confidential and proprietary to Rockwell Automation. This information is furnished in confidence to Inland Empire Utilities Agency with the understanding that it may not be reproduced or used by Inland Empire Utilities Agency, in whole or in part, for any purpose other than evaluation of this proposal, and the recipient agrees to return the proposal to Rockwell Automation upon request.

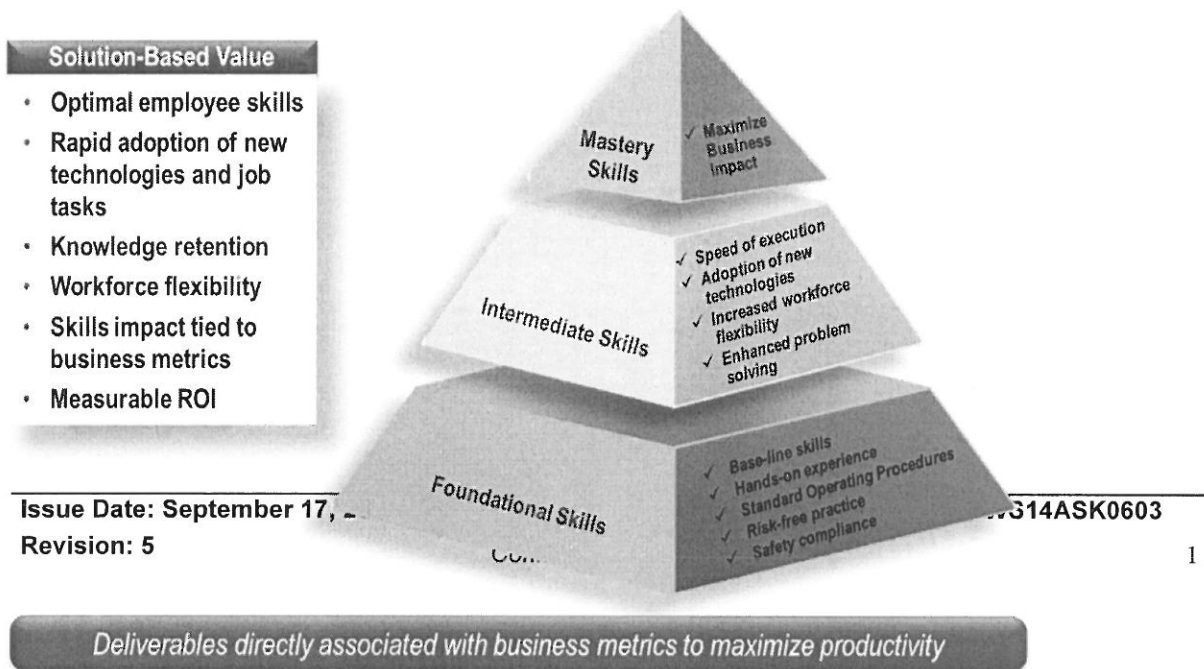
Global Workforce Solutions collaborates with thought-leading companies focused on driving consistent global training programs and creating employee development roadmaps.

By partnering with our clients as their single source training provider, together we achieve consistent results in their electrical, mechanical and automation controls training programs. Global Workforce Solutions designs and implements future-proof, sustainable, flexible solutions that result in retained performance; while continuously measuring the value of each solution through ongoing alignment and investment analysis.

Global Workforce Solutions can help increase the consistency, experience and competency of your employees to improve enterprise-wide productivity and profitability. We create comprehensive managed training solutions that are directly aligned with your business metrics and drivers. Elements of a successful solution might include on-site delivery teams, skills and knowledge assessments, application-specific training curriculums, on-going refresher training, and custom train-the-trainer programs. Every solution is custom-crafted based on your input and goals using a proven process to identify your ideal vision, real constraints, timelines, and established measurements of success.

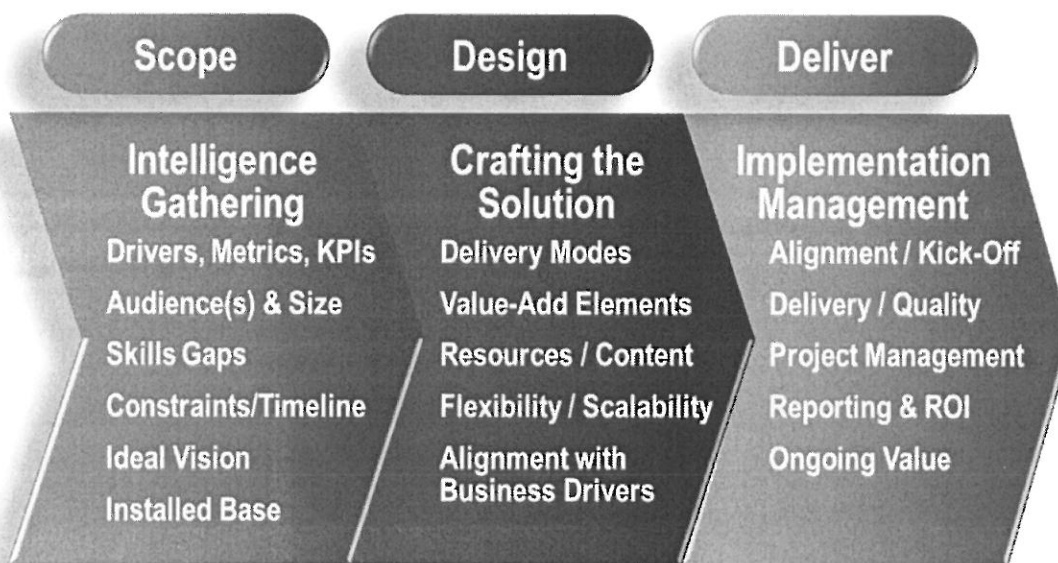
Measurable improvement in manufacturing performance requires a critical blend of having the best technologies and processes driven by highly-trained and productive employees. Rockwell Automation Global Workforce Solutions is committed to this principle and offers a variety of training options, including pre-hire and on-going skills assessment, performance-based hands-on standard and custom training courses, ongoing refresher training, certificate programs, and custom Train-the-Trainer solutions. Rockwell Automation Global Workforce Solutions optimizes your training investment.

Ongoing training is an important component of a strategic approach to maintenance, and constantly improving human and process performance consistently translates into increased job productivity and overall plant profitability. Skilled operators, maintenance personnel, and engineers, who maximize machinery and processes, should increase the availability, rate, and quality of your production environment and boost your Overall Equipment Effectiveness (OEE).



Global Workforce Solutions has used our systematic approach to create unique training solutions for Inland Empire Utilities Agency, based on the following process:

- Scope: Information and Metrics Gathering
- Design: Crafting scalable solutions based on Inland Empire Utilities Agency business metrics and ideal vision
- Deliver: Alignment and Project Management



SOLUTION SUMMARY

Rockwell Automation Global Workforce Solutions is pleased to present a proposal to Inland Empire Utilities Agency that defines scalable, comprehensive workforce development solutions, including the following value-add elements and deliverables:

- Dedicated instructor(s)
- Level I: Baseline Skills; Level II: Intermediate Skills; and Level III: Mastery Skills curriculums and employee development road mapping
- Custom developed Job Aids, Practice Lessons and Labs, Plant-Floor Troubleshooting Aids, etc.
- Scheduled access to the Rockwell Automation workstation inventory; 1,600+ Units
- Standard and Tailored Student Course Materials
- Automation Controls Courses
- Ongoing status report and alignment meetings with plant management

CURRICULUM OVERVIEW

The following course curriculum was crafted based on the results from previous scoping meeting. This is only a preliminary event outline.

Audiences:

- Core Team
- ISS Techs
- Operators

Note: Events 3 through event 14 will run on a 4 day schedule from Monday through Thursday

Event 1: Audience: Core Team

Student #	Start_Date	End_Date	Course_ID	Course Content	Location	Hours
Up to 16	TBD	TBD	MNGT101	PlantPax SCADA Architecture Overview and Design Best Practices (Custom)	Royal Wholesale	4

- Instructor GPTC

Event 2: Audience: Core Team

Student #	Start_Date	End_Date	Course_ID	Course Content	Location	Hours
Up to 16	TBD	TBD	MNGT101	PlantPax SCADA Architecture Overview and Design Best Practices (Custom)	Royal Wholesale	4

- Instructor GPTC

Event 3: Audience: ISS Group A

Student #	Start_Date	End_Date	Course_ID	Course Content	Location	Hours
Up to 6	Monday/ TBD	Thursday/ TBD	CCP143	Studio 5000/Controllogix Project Development	Royal Wholesale	32

Event 4: Audience: ISS Group B

Student #	Start_Date	End_Date	Course_ID	Course Content	Location	Hours
Up to 6	Monday/ TBD	Thursday/ TBD	CCP143	Studio 5000/Controllogix Project Development	Royal Wholesale	32

Event 5: Audience: ISS Group A

Student	Start_Date	End_Date	Course_ID	Course Content	Location	Hours
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#						
Up to 6	Monday/ TBD	Thursday/ TBD	PRS013	PlantPax System Configuration Fundamentals	Royal Wholesale	40

Event 6: Audience: ISS Group B

Student #	Start_Date	End_Date	Course_ID	Course Content	Location	Hours
Up to 6	Monday/ TBD	Thursday/ TBD	PRS013	PlantPax System Configuration Fundamentals	Royal Wholesale	40

Event 7: Audience: ISS Group A

Student #	Start_Date	End_Date	Course_ID	Course Content	Location	Hours
Up to 6	Monday/ TBD	Thursday/ TBD	CCV207	FactoryTalk View SE Programming	Royal Wholesale	40

- Includes detailed discussion on FactoryTalk Alarm and Events using Reference Guide

Event 8: Audience: ISS Group B

Student #	Start_Date	End_Date	Course_ID	Course Content	Location	Hours
Up to 6	Monday/ TBD	Thursday/ TBD	CCV207	FactoryTalk View SE Programming	Royal Wholesale	40

- Includes detailed discussion on FactoryTalk Alarm and Events using Reference Guide

Event 9: Audience: ISS Group A

Session A

Student #	Start_Date	End_Date	Course_ID	Course Content	Location	Hours
Up to 6	Monday/ TBD	Thursday/ TBD	CCP152	Studio 5000 Logix Design Level 4 Function Block Programming	Royal Wholesale	16

Session B

Student #	Start_Date	End_Date	Course_ID	Course Content	Location	Hours
Up to 6	Monday/ TBD	Thursday/ TBD	FTVP	FactoryTalk VantagePoint Configuration and Reporting	Royal Wholesale	24

Event 10: Audience: ISS Group B

Session A

Student	Start_Date	End_Date	Course_ID	Course Content	Location	Hours
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Issue Date: September 17, 2014

Proposal #:

GWS14ASK0603

Revision: 5

Confidential Information



#						
Up to 6	Monday/ TBD	Thursday/ TBD	CCP152	Studio 5000 Logix Design Level 4 Function Block Programming	Royal Wholesale	16

Session B

Student #	Start_Date	End_Date	Course_ID	Course Content	Location	Hours
Up to 6	Monday/ TBD	Thursday/ TBD	FTVP	FactoryTalk VantagePoint Configuration and Reporting	Royal Wholesale	24

Event 11: Audience: ISS Group A

Student #	Start_Date	End_Date	Course_ID	Course Content	Location	Hours
Up to 6	Monday/ TBD	Thursday/ TBD	RS- FTHSEC	FTHistorian Configuration and Data Collection	Royal Wholesale	32

Event 12: Audience: ISS Group B

Student #	Start_Date	End_Date	Course_ID	Course Content	Location	Hours
Up to 6	Monday/ TBD	Thursday/ TBD	RS- FTHSEC	FTHistorian Configuration and Data Collection	Royal Wholesale	32

Event 13: Audience: ISS Group A

Student #	Start_Date	End_Date	Course_ID	Course Content	Location	Hours
Up to 6	Monday/ TBD	Thursday/ TBD	PRS015	PlantPax Maintenance and Troubleshooting	Royal Wholesale	32

Event 14: Audience: ISS Group B

Student #	Start_Date	End_Date	Course_ID	Course Content	Location	Hours
Up to 6	Monday/ TBD	Thursday/ TBD	PRS015	PlantPax Maintenance and Troubleshooting	Royal Wholesale	32

Event 15: Audience: Operators

Session A

Issue Date: September 17, 2014

Proposal #:

GWS14ASK0603

Revision: 5

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Student #	Start_Date	End_Date	Course_ID	Course Content	Location	Hours
Up to 12	TBD	TBD	OPE101	PlantPAX Operator Faceplate Training	Royal Wholesale	4

- Instructor GPTC

Session B

Student #	Start_Date	End_Date	Course_ID	Course Content	Location	Hours
Up to 12	TBD	TBD	OPE101	PlantPAX Operator Faceplate Training	Royal Wholesale	4

- Instructor GPTC

Session C

Student #	Start_Date	End_Date	Course_ID	Course Content	Location	Hours
Up to 12	TBD	TBD	OPE101	PlantPAX Operator Faceplate Training	Royal Wholesale	4

- Instructor GPTC

Classes may be held at either the IEUA location or the Royal Wholesale location based on availability.

A) For Core Team:

Name	PlantPax SCADA Architecture Overview and Design Best Practices
Code	MNGT-101
Overview	This class will go over the hardware, software, and network design of the PlantPAX SCADA Process Control System as implemented.
Targeted Audience	Core Team
Total Attendees	TBD
Duration	4 hours

B) For ISS Techs:

Name	Studio5000 Logix Design, Project Development
Code	CCP-143
Overview	Given a functional specification for a Logix5000 application, students will be able to develop a project during the course to meet the specification requirements. This course covers tasks common to all controllers that use the Logix5000 control engine or operating system for ControlLogix, controllers. This course presents a deeper understanding of project development tasks, such as organizing tasks and routines, organizing controller data, configuring modules, and sharing data. Students will use Producer/Consumer technology to multicast input and output devices, share data between controllers, and control remote I/O.
Targeted Audience	Individuals who need to develop Logix Designer projects for any Logix5000 Controller
Total Attendees	6 per session
Duration	32 hours



Name	Studio5000 Logix Design, Level 4 Function Block
Code	CCP-152
Overview	This course provides students with an understanding of Logix Designer function block diagrams and terminology. Resources and hands-on practice are provided to program a Logix5000 controller using function block diagrams. Students will perform parameter modifications to function block instructions and create and develop function block diagram programs and routines.
Targeted Audience	Individuals who are responsible for developing, debugging, and programming Logix5000 controllers using function block diagrams
Total Attendees	6 per session
Duration	16 hours

Name	FTViewSE, System Configuration Fundamentals
Code	CCV-207
Overview	This course will aid students in developing FactoryTalk View Site Edition (SE) applications. All aspects of the FactoryTalk View SE software are presented, followed by interactive hands-on lab assignments emphasizing application of the concepts in an industrial setting. Students will have the opportunity to create an application and build graphic displays. Students will work with RSLinx® Enterprise communications software and the FactoryTalk diagnostics system. Special emphasis included on FactoryTalk Alarm and Events configuration and best practices.
Targeted Audience	Individuals who need to develop FactoryTalk View SE local (stand-alone) or network (distributed) applications
Total Attendees	6 per session
Duration	40 hours

Name	PlantPax, System Configuration Fundamentals
Code	PRS-013
Overview	This course is intended for control engineers who have a background in process control – but are new to Rockwell Automation. This course introduces new students to the core components of a PlantPax process control system, including controllers, HMI, networks, and instrumentation devices. Students will look at the individual components and see their relationships to the complete system.
Targeted Audience	Individuals who have a background in process control applications who are new to Rockwell Automation
Total Attendees	6 per session
Duration	40 hours



Name	PlantPax Maintenance and Trouble Shooting
Code	PRS-015
Overview	In this course, students will learn to troubleshoot equipment problems and failures in a PlantPax process control system. Students will focus on these core areas: controller applications and associated PlantPax add-on instructions; HMI applications and associated PlantPax faceplates. During the course, students will use the PlantPax library of add-on instructions and faceplates to isolate and diagnose problems with field devices, such as valves and motors, 4...20 mA analog instruments, HART and EtherNet/IP networks, drives, motor control centers, redundant controller chassis, and client-server communication.
Targeted Audience	Technicians who have a background in process control but are new to PlantPax
Total Attendees	6 per session
Duration	32 hours

Name	FTHistorian, Configuration and Data Collection
Code	RS-FTHSEC
Overview	This course will provide students with an overview of the various FactoryTalk Historian tools for collecting data. Students will learn how to install and configure a FactoryTalk Historian Site Edition system and how to use Microsoft Excel to create and modify FactoryTalk Historian tags. During the course, students will learn how to apply exception and compression to filter data to be archived. Students will be given an opportunity to compare the use of Polled versus Advised data collection modes and learn about data buffering, layers/methods of redundancy, archive management and backup. Upon completion of the course, students will have gained exposure to the many aspects of the FactoryTalk Historian system and be able to install and configure FactoryTalk Historian to collect data.
Targeted Audience	Field engineers, MPS, pre-sales consultants, and support individuals who need to install and configure FactoryTalk Historian Site Edition for data collection
Total Attendees	6 per session
Duration	24 hours

Name	FTVantagePoint, Configuration and Reporting
Code	FTVP
Overview	In this course, students will learn various tools to analyze and display data using FactoryTalk VantagePoint and/or VantagePoint EMI. The course covers how to use the analysis and reporting tools to create trends, XY Plots, Excel reports, and dashboards. Students will have an opportunity to use the Portal and configure it to display content in various ways. The course also focuses on extending the model in the product and configuring security. Upon completion of the course, students will be able to utilize many tools and techniques for the display, analysis and reporting of data using FactoryTalk VantagePoint EMI.
Targeted Audience	Developers or engineers who will work with FactoryTalk VantagePoint and/or VantagePoint EMI applications and need to view, analyze, and create reports
Total Attendees	6 per session
Duration	32 hours

C) For Operators Staff:

Name	PlantPax SCADA System, Operators Training
Code	OPE-101
Overview	This class goes over use of the PlantPAX HMI interface and operation of the PlantPAX faceplates. Students will have a chance to perform labs to practice their knowledge and use the various functionalities of the implemented system. Students will learn how the PlantPAX SCADA system is implemented and its operation and troubleshooting.
Targeted Audience	Operators and supervisors who need to understand and operate the PlantPax SCADA System
Total Attendees	TBD
Duration	4 hours

Continuous Pre & Post Course Assessments:

Throughout the training lifecycle, it is critical to measure skills improvement. Rockwell Automation Global Workforce Solutions continuously conducts pre & post testing in every course and reports the overall improvement. Furthermore, Rockwell Automation Global Workforce Solutions uses comprehensive Integrated Practice assessments to provide employees with the opportunity to work through complex troubleshooting exercises.

Assessments throughout the training solution life-cycle provide critical feedback to students, instructors, and stakeholders.

Rockwell Automation Ongoing Refresher Training for Skills Retention:

Rockwell Automation Global Workforce Solutions is committed to skills retention through ongoing refresher training. Refresher training is conducted formally by instructors, informally on-the-job, and through self-paced practice.

The three primary ways to ensure skills retention include:

1. Comprehensive hands-on integrated practice and demonstration using the Rockwell Automation Training workstations
2. On-the-job shadowing and job tasks correction in conjunction with the embedded onsite instructors
3. Self-paced practice using lab books and job aids in the onsite training workstation lab room

Ongoing refresher training and practice is essential to securing the long-term return on Inland Empire Utilities Agency training solution investment. All Rockwell Automation embedded instructors are experts at identifying opportunities for refresher training beyond the three primary methods listed above.

Rockwell Automation Solution Team

Rockwell Automation will assign the following Delivery Team to ensure the highest quality training experience, skills retention, and measurable results (ROI):

- Lead Instructor(s)
- Implementation Specialist

In addition to the onsite Delivery Team, Rockwell Automation will designate the following Solutions Management Team to ensure superior partnership communication, reporting, and quality management:

- Global Programs Manager
- Solution Project Lead

Inland Empire Utilities Agency Responsibilities:

The following requirements are the responsibility of Inland Empire Utilities Agency management and employees:

- **Single Point-of-Contact:** Inland Empire Utilities Agency will designate a representative authorized to act on their behalf with respect to training decisions, e.g., priorities, schedule, etc. This representative must have access to plant personnel schedules in order to advise on the most appropriate training times.
- **Local Plant Support:** Inland Empire Utilities Agency must legitimize the training and ensure that all individuals involved in the process understand the purpose and the importance of the training sessions. Inland Empire Utilities Agency must stress the need for participants and supervisors to allocate time for scheduled events.
- **Access to Facility:** Inland Empire Utilities Agency will make available to the Rockwell Automation on-site instructor access to the facility during the mutually agreed upon schedule for the purpose of, and that which is applicable to, providing the Global Workforce Solutions described in this proposal. If necessary, some assistance with handling equipment may be required from Inland Empire Utilities Agency. In order to be fully prepared at the scheduled class time, it may be necessary for the Rockwell Automation Instructor to have access to the classroom one day prior to the beginning of class.

- Training Classrooms: The training environment influences the quality of learning; therefore, Rockwell Automation requires a suitable space for conducting the training.

SCHEDULING REQUIREMENTS

At release of an order, Inland Empire Utilities Agency and Rockwell Automation must mutually agree upon the dates for the courses to be delivered. The dates will be confirmed upon receipt and acceptance of the purchase order.

After order acceptance, Rockwell Automation will use the following schedule:

- See *Curriculum Overview* for suggested course delivery timeline
- Minimum duration is twelve (12) Periodic, or Consecutive/Concurrent weeks (60 business days) with no maximum duration
- Before the program begins, a program kick-off and alignment meeting will be conducted to ensure goal alignment
- Ongoing quarterly alignment meetings will take place to determine instructor schedule and Inland Empire Utilities Agency goals
- Rockwell Automation will provide up to 24 student packages per Event and no more than 12 student packages per Session. When more than 24 participants are scheduled for an Event, Inland Empire Utilities Agency must purchase required student packages.

After the order is released, every reasonable effort must be made on the part of Inland Empire Utilities Agency to provide Rockwell Automation with all pertinent information in an expedient manner.

CLARIFICATIONS AND EXCEPTIONS

Standard Working Hours

The standard work day refers to 8 hours of training, including time for lunch, to be scheduled between the hours of 7:00 a.m. and 6:00 p.m. Training required outside of these hours may be subject to additional charge to be approved by Inland Empire Utilities Agency prior to training.

Substance Abuse Policy

Rockwell Automation will comply with its own Substance Abuse Policy, which meets the intent of the Drug Free Workplace Act and all other legal requirements regarding drug testing. This policy provides for pre-employment drug testing and testing for cause, however, it does not include random testing. Because this policy has to be implemented uniformly among all our employees, we cannot mandate that any single employee or group of employees submit to random drug testing. In the event an individual contract or purchase order contains unique considerations for on-site performance which mandates random testing, Rockwell Automation will make a good faith effort to identify qualified personnel who will voluntarily submit to the requisite testing with the understanding that all associated costs will be borne by Inland Empire Utilities Agency.

If the resultant contract requires drug testing prior to performance of on-site activities, Inland Empire Utilities Agency must advise Rockwell Automation at the time of award so that we may determine whether or not the qualified volunteer will be available within the time frame required by Inland Empire Utilities Agency.

No-Hire Agreement

Inland Empire Utilities Agency expressly acknowledges that during the course of its relationship with Rockwell Automation under any resultant contract, it may come into contact with various employees or representatives of Rockwell Automation. To the extent not prohibited by law, Inland Empire Utilities Agency agrees not to directly or indirectly attempt to solicit or receive any confidential information of Rockwell Automation from any such employee or representative. Inland Empire Utilities Agency further agrees that it will not directly or indirectly attempt to solicit, induce or accept the employment or other involvement or activity of any such employee or representative for its own or other parties' use or benefit, or to the detriment of Rockwell Automation. The foregoing will not apply to inquiries received in response to general solicitations of employment directed to the general public. Inland Empire Utilities Agency's obligation under this paragraph will remain in effect for a period of one year following the latter of the termination date of the resultant contract or the last date on which goods are delivered or services are provided by Rockwell Automation under the contract.

Commitment for Services Sales through Distribution

General. This Commitment ("Commitment") covers purchase by Royal Wholesale Distribution's Inland Empire Utilities Agency ("Inland Empire Utilities Agency") from Royal Wholesale Distribution of services described in the Statement of Work (the "Work") to be provided by Rockwell Automation, Inc. and/or its affiliates ("Rockwell Automation"). Its terms are integral to the Statement of Work. In other words, Inland Empire Utilities Agency purchases the Work subject to the terms contained in this Commitment (as well as other terms that may be included elsewhere in the Statement of Work). These terms apply directly to Inland Empire Utilities Agency and Rockwell Automation. Previously negotiated and signed terms and conditions with Inland Empire Utilities Agency that include provisions between Rockwell Automation and Inland Empire Utilities Agency for sale of services through distribution supersede these terms.

Warranty. Rockwell Automation warrants that the Work will be performed in a workmanlike manner conforming to standard industry practice. Rockwell Automation must receive written notification of non-conforming Work within 30 days after the Work are provided. If the Work is confirmed to be non-conforming, Rockwell Automation will, at its option, re-perform the non-conforming Work or provide a refund or credit processed through Royal Wholesale Distribution in the amount paid for the non-conforming Work. THESE ARE THE EXCLUSIVE REMEDIES FOR ANY BREACH OF WARRANTY OR BREACH OF CONTRACT ARISING FROM WARRANTED NON-CONFORMING SERVICES. THIS WARRANTY IS IN LIEU OF ALL OTHER WARRANTIES, WHETHER EXPRESSED, IMPLIED, OR STATUTORY, INCLUDING IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR USE, OR PERFORMANCE OR APPLICATION WARRANTIES, OR INFRINGEMENT, WHETHER EXTENDING FROM ROCKWELL AUTOMATION OR ROYAL WHOLESALE DISTRIBUTION.

NEITHER ROCKWELL AUTOMATION NOR INLAND EMPIRE UTILITIES AGENCY WILL BE LIABLE TO THE OTHER FOR BUSINESS INTERRUPTION OR LOSS OF PROFIT, REVENUE, MATERIALS, OR THE LIKE (WHETHER DIRECT OR INDIRECT) OR FOR ANY INCIDENTAL, INDIRECT, OR CONSEQUENTIAL DAMAGES. EACH PARTY'S MAXIMUM CUMULATIVE LIABILITY TO EACH OTHER FOR ALL OTHER CLAIMS AND LIABILITIES WILL NOT EXCEED THE LESSER OF \$1,000,000 OR THE COST OF THE SERVICES. ROCKWELL AUTOMATION DISCLAIMS ALL LIABILITY FOR TO GRATUITOUS ASSISTANCE PROVIDED BY ROCKWELL AUTOMATION BUT NOT REQUIRED BY THE STATEMENT OF WORK. THESE DISCLAIMERS AND LIMITATIONS OF LIABILITY WILL APPLY REGARDLESS THE FORM OF ACTION, WHETHER CONTRACT, TORT, OR OTHERWISE, AND EXTEND TO THE BENEFIT OF ROCKWELL AUTOMATION'S VENDORS AND APPOINTED ROYAL WHOLESALE DISTRIBUTION.

Software. To the extent Rockwell Automation provides or incorporates any software code that is not licensed under separate terms, Rockwell Automation grants Inland Empire Utilities Agency the nonexclusive, royalty free, non-transferable right and license to use the software code as set forth in the Work.

Government Clauses and Contracts. No government contract clauses, specification, or regulations apply to the Work, except to the extent agreed in writing by Rockwell Automation.

Independent Terms. Rockwell Automation is not a party to or bound by any contract between Inland Empire Utilities Agency and Royal Wholesale Distribution, including by Royal Wholesale Distribution's acceptance of a Inland Empire Utilities Agency purchase order. Royal Wholesale Distribution is an independent enterprise, not an agent or representative of Rockwell Automation, and is not authorized to bind Rockwell Automation.

Effective Date. This Commitment will become effective when Inland Empire Utilities Agency purchases the Work from Royal Wholesale Distribution. Inland Empire Utilities Agency agrees that by purchasing the Work it accepts the Statement of Work and Commitment. Absent such purchase, this Commitment will become null and void. No addition or modification to the Commitment and Statement of Work, including terms appearing in Inland Empire Utilities Agency's purchase order or requisition, will bind Rockwell Automation unless mutually agreed to in writing.

Cancellation Policy

Cancellation terms are as follows:

- Inland Empire Utilities Agency will not incur any cancellation or postponement fees when a Scheduled Event is cancelled or rescheduled more than 10 business days prior to the scheduled start date.
- If Inland Empire Utilities Agency cancels or postpones a Scheduled Event less than 10 business days prior to the scheduled start date, Inland Empire Utilities Agency will be responsible for all unrecoverable costs, if applicable:
 - Workstation Shipping (at cost)
 - Instructor Travel Change Fees (at cost)
 - Airline Ticket Change Fee
 - Hotel Cancellation Fee
 - Course Materials + Shipping (at cost)

INVESTMENT SUMMARY

As specified, a firm fixed price is offered to Inland Empire Utilities Agency for the work defined in the Rockwell Automation Proposal GWS14ASK0603 Rev5 and deliverables listed in the proposal Solution Summary section.

Solution A: Periodic Instructor Model

Flexible, Subscription-Based delivery solution designed to provide retained performance through a cadence of regularly scheduled training events; minimal impact on production and employee work schedules

- Fifteen (15) Periodic 4-Day Twelve Month Term
- Up to 12 Students per Event (see above schedule)
- Automation, Mechanical, Electrical Content
- Scheduled Access to the Rockwell Automation Workstation Inventory
- Tailored or Standard Student Course Materials
 - Rockwell Automation will provide up to 24 student packages per Event and no more than 8 student packages per Session. When more than 24 participants are scheduled for an Event, Inland Empire Utilities Agency must purchase required student packages at cost.
- Pre & Post Testing, Reporting, and Alignment Meetings
- Instructor Travel & Expenses
- Lunch included

A) Delivery

Inland Empire Utilities Agency \$ 261,426.00

Total \$261,426.00

Training Location Address:

Royal Wholesale
10096 6th St,
Rancho Cucamonga, CA 91730

OR IEUA's Facility

Creative efforts have been taken into consideration to maximize Inland Empire Utilizes Agency's investment within this program. Efforts such as: 1) Event discount verses open enrollment course for the same number of population 2) Savings on workstation shipping sharing between events 3) Instructor T & E reduced by sharing events back to back.

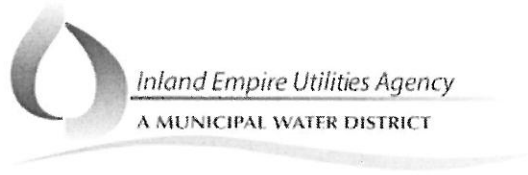
Payment Terms

Payment terms are net thirty (30) days. Please issue purchase order to:

Royal Wholesale Distribution

Attn: Jamie Colflesh
10096 6th St.
Rancho Cucamonga, CA 91730
Email jcolflesh@royalasg.com
Phone: 951-385-7776

Draft Design-Build Contract



SAMPLE CONTRACT NUMBER: 46000018xx
FOR
DESIGN-BUILD PROJECT

THIS CONTRACT (the "Contract"), is made and entered into this _____ day of _____, 2015 by and between the Inland Empire Utilities Agency, a Municipal Water District, organized and existing in the County of San Bernardino under and by virtue of the laws of the State of California (hereinafter referred to as "Agency") and XXXXXXXXXXXX, with offices located in XXXXX, California (hereinafter referred to as "Contractor"), to perform design/build services to evaluate, design, supply, construct, and install XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX.

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:

Address:

Telephone:

Email:

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

Contractor:

Address:

Telephone:

Email:

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:

1. Amendments to Contract number 460000XXXX.
 2. Contract number 460000XXXX General Terms and Conditions.
 3. Agency's Request for Proposal number RFP-RW-1XXX and all germane addenda and correspondence.
 4. Contractor's proposal dated XXXXXXXX (**Exhibit A**).
4. SCOPE OF WORK AND SERVICES: Contractor services and responsibilities shall include and be in accordance with the Agency's Request for Proposals RFP-RW-1XXXXXX, incorporated in its entirety by this reference.
5. TERM: The term of this Contract shall extend from the date of the Notice to Proceed, and terminate upon acceptance of the design's construction as signed off by the Agency's cognizant Engineering & Construction Management Department personnel and project management, unless agreed to by both parties, reduced to writing, and amended to this Contract.
6. PAYMENT, INVOICING AND COMPENSATION: The Contractor shall submit one lump-sum invoice, valued at the total firm-fixed price established for this Contract. Payment will be withheld for any service which does not meet the requirements of this Contract, until such service is revised, the invoice resubmitted and accepted by the Project Manager. All invoicing shall be submitted electronically with all required back-up to apgroup@ieua.org.

As compensation for the work performed under this Contract, Agency shall pay Contractor, **on a firm-fixed not-to-exceed \$XXXXXXXX** for all work satisfactorily provided hereunder in accordance with Agency's Scope of Work.

7. INSURANCE: During the term of this Contract, the Contractor shall maintain at Contractor's 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 0001-87 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.
 - a. The insurance shall include coverage for each of the following hazards:

Premises – Operations
Owners and Contractors Damage

Broad Form Property Damage
Contractual for Specific Contract
Severability of Interests or Cross-Liability
XCU [Explosion, Collapse and Underground] Hazards
Personal Injury – with the "Employee" Exclusion Deleted

2. 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 87, 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.
 4. Builders Risk completed value (course of construction) fire insurance with extended coverage and a vandalism and malicious endorsement. The policy shall cover the full value of all completed construction, which includes all material and labor invested in the construction and the full value of all equipment and material at the job site. Said policy shall remain in effect until acceptance of the by the Agency.
 5. Professional Liability insurance in the amount of \$3,000,000 per occurrence.
 6. Bonding shall be in accordance with **Exhibit B**, attached hereto and made a part hereof.
- 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, volunteers, property owners and engineers under contract to the Agency; or the Contractor shall procure a bond guaranteeing payment of losses and related investigations, claim administration and defense expenses.
- 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, volunteers, property owners and any engineers under contract to the Agency are to be covered as insureds, endorsement CG2010 1185, 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, volunteers, property owners or engineers under contract to the Agency.

- b. The Contractor's insurance coverage shall be primary insurance as respects the Agency, its officer, officials, employees, volunteers, property owners or engineers under contract to the Agency. Any insurance or self-insurance maintained by the Agency, its officers, officials, employees, volunteers, property owners or engineers under contract to the Agency 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, volunteers, property owners or engineers under contract to the Agency
- 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, volunteers, property owners or engineers under contract to the Agency for losses arising from work performed by the Contractor for the Agency.

3. Builders Risk Insurance (Course of Construction)

The Agency is to be named as the loss payee.

4. 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 by certified mail, return receipt requested, has been given to the Agency.

- D. Acceptability of Insurers: Insurance is to be placed with insurers with a Best's rating of no less than A minus: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 subcontractors prior to commencing work or allowing any subcontractor 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.
- F. Submittal of Certificates: Contractor shall submit all required certificates and endorsements to the following:

Inland Empire Utilities Agency
Attn: Ms. Angela Witte, Risk Representative
P.O. Box 9020
Chino Hills, California 91709-0902

- 8. CONTROL OF THE WORK: 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.

9. 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 all existing and future state and federal laws and all county and city ordinances and regulations which in any manner affect the conduct of any services or tasks performed under this Contract, and of all 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 all such existing and future 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, whether by the Contractor or its employees.

Contractor shall provide with their invoice certified payroll verifying that Consultant has paid prevailing wage in accordance with the Department of Industrial Relations requirements as stipulated in SB-854 (<http://www.dir.ca.gov/DIRNews/2014/2014-55.pdf>).

D. Confined Space Work:

I. Precautions and Programs:

a. The Contractor shall be responsible for initiating, maintaining, and supervising all safety precautions and programs in connection with the work or the activities of subcontractors, suppliers, and others at the work site.

b. The Contractors and subcontractors shall comply with the provisions of the Safety and Health Regulations for Construction, promulgated by the Secretary of Labor under Section 107 of the "Contract Work Hours and Safety Standards Act," as set forth in Title 29 C.F.R. If the Agency is notified of an alleged violation of the Occupational Safety and Health Standards referred to in this Section and it is established that there is a violation, the Contractor shall be subject to liquidated damages as provided in the Contract.

c. The Contractor and all subcontractors shall comply with the provisions of the Occupational Safety and Health Standards, promulgated by the United States Secretary of Labor under the "Occupational Safety and Health Act of 1970," as set forth in Title 29, C.F.R. Where an individual State act on occupational safety and health standards has been approved by federal authority, then the provisions of said state act shall control.

d. The Contractor shall take all necessary precautions for the safety of, and shall provide the necessary supervision, control, and direction to prevent damage, injury, or loss to:

- 1) All employees on the work or work site and other persons and organizations who may be affected thereby;
- 2) All the work and materials and equipment to be incorporated therein, whether in storage or on or off the work site; and
- 3) All other property at the site.

e. Contract work requiring confined space entry must follow Cal-OSHA Regulation 8 CCR, Sections 5157 - 5158. This regulation requires the following to be submitted to IEUA for approval prior to the start of the project:

- 1) *Proof of training on confined space procedures, as defined in Cal-OSHA Regulation 8 CCR, Section 5157. This regulation also requires the following to be submitted to IEUA for approval prior to the entry of a confined space:*
- 2) *A written plan that includes identification of confined spaces within the construction site, alternate procedures where appropriate, contractor provisions, specific procedures for permit-required and non-permit required spaces, and a rescue plan.*

f. The Contractor must also submit a copy of their Safety Program or IIPP prior to the start of the project for approval by the Safety & Risk Department.

- E. Subcontract Services: Any subcontracts for the performance of any services under this Contract shall be subject to the written approval of the Project Manager.
- F. Hours of Labor: The Contractor shall comply with all applicable provisions of California Labor Code Sections 1810 to 1817 relating to working hours. The Contractor shall, as a penalty to the Agency, forfeit \$25.00 for each worker employed in the execution of the Contract by the Contractor or by any subcontractor for each calendar day during which such worker is required or permitted to work more than eight hours in any one calendar day and forty (40) hours in any one calendar week in violation of the provisions of the Labor Code.
- G. Travel and Subsistence Pay: The Contractor shall make payment to each worker for travel and subsistence payments which are needed to execute the work and/or service, as such travel and subsistence payments are defined in the applicable collective bargaining agreements with the worker.
- H. Liens: Contractor shall pay all sums of money that become due from 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.
- I. Indemnification: Contractor shall indemnify IEUA, its directors, employees, agents, and assigns, and shall defend and hold them harmless from all liability, demands, actions, claims, losses, and expenses, including reasonable attorney's fees, which arise out of or are related to the negligence,

recklessness or willful misconduct of Contractor, its directors, employees, agents and assigns, in the performance of work under this contract. Notwithstanding the foregoing, to the extent that this Contract includes design professional services under Civil Code Section 2782.8, as may be amended from time to time, such duties of Consultant to defend and to indemnify Agency shall only be to the full extent permitted by Civil Code Section 2782.8.

- J. 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.
- K. Equal Opportunity: 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.
- L. 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 arbitration 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 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 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. If after Steps (a) and (b), the parties are unable to mutually agree upon a neutral Arbitrator, the matter of selection of an Arbitrator shall be submitted to the San Bernardino County Superior Court pursuant to Code of Civil Procedure Section 1281.6, or its successor. The costs of arbitration, including but not limited to reasonable attorneys' fees, shall be recoverable by the party prevailing in the arbitration. If this arbitration is appealed to a court pursuant to the procedure under California Code of Civil Procedure Section 1294, et. seq., or their successor, the costs of arbitration shall also include court costs associated with such appeals, including but not limited to reasonable attorneys' fees which shall be recoverable by the prevailing party.
 4. Joinder in Mediation/Arbitration: The Agency may join the Contractor in mediation or arbitration commenced by a contractor on the Project pursuant to Public Contracts Code Sections 20104 et seq. Such joinder shall be initiated by written notice from the Agency's representative to the Contractor.
- N. Workers' Legal Status: For performance against this Contract, Supplier shall only utilize employees and/or subcontractors that are authorized to work in the United States pursuant to the Immigration Reform and Control Act of 1986.

- O. Prevailing Wage Requirements: Pursuant to Section 1770 and following, of the California Labor Code, the Contractor shall not pay less than the general prevailing wage rates, as determined by the Director of the State of California Department of Industrial Relations for the locality in which the work is to be performed and for each craft or type of worker needed to execute the work contemplated under the Contract. The Contractor or any subcontractor performing part of said work shall strictly adhere to all provisions of the Labor Code, including, but not limited to, minimum wages, work days, nondiscrimination, apprentices, maintenance and availability of accurate payroll records and any other matters required under all Federal, State and local laws related to labor. **Effective July 1, 2014, all Contractors must be registered with the California Dept. of Industrial Relations as required by law SB-854 for public works construction projects:**

<http://www.dir.ca.gov/DIRNews/2014/2014-55.pdf>

10. FITNESS FOR DUTY:

- A. Fitness: Consultant and its Subcontractor personnel 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 Agency.
- B. Compliance: Consultant shall advise all contractor and subcontractor personnel and associated third parties of the requirements of this Contract ("Fitness for Duty Requirements") before they enter on the Jobsite and shall immediately remove from the Jobsite any employee determined to be in violation of these requirements. Consultant shall impose these requirements on its Subcontractors. Agency may cancel the Contract if Consultant violates these Fitness for Duty Requirements.

11. OWNERSHIP OF MATERIALS AND DOCUMENTS/CONFIDENTIALITY: The Agency retains ownership of any and all partial or complete reports, drawings, plans, notes, computations, lists, and/or other materials, documents, information, or data prepared by the Contractor and/or the Contractor's subcontractor(s) pertaining to this Contract. Said materials and documents are confidential and shall be available to the Agency from the moment of their preparation, and the Contractor shall deliver same to the Agency whenever requested to do so by the Project Manager and/or Agency. The Contractor

agrees that same shall not be made available to any individual or organization, private or public, without the prior written consent of the Agency.

12. 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 Contractor.

In the event of litigation concerning disclosure of information Contractor considers exempt from disclosure; (e.g., Trade Secret, Confidential, or Proprietary) Agency shall act as a stakeholder only, holding the information until otherwise ordered by a court or other legal process. If 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 Agency from all liability, damages, costs, and expenses, including attorneys' fees, in any action or proceeding arising under the Public Records Act.

13. NON-CONFORMING WORK AND WARRANTY: Contractor represents and warrants that the Work shall be in conformance with the specifications provided herein and shall serve the purposes described. For a period of not less than one (1) year after acceptance of the completed Work, Contractor shall, at no additional cost to Agency, correct any and all errors or shortcomings of the Work, regardless of whether any such errors or shortcomings is brought to the attention of the Contractor by Agency, or any other person or entity.
14. 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: Inland Empire Utilities Agency
Attn: Mr. Warren T. Green
Manager of Contracts and Facilities Services
P.O. Box 9020
Chino Hills, California 91709

Contractor:

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.

15. 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.
16. 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.
17. GOVERNING LAW: This Contract is to be governed by and constructed in accordance with the laws of the State of California.
18. 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 Contractor. In the event of such termination, the Agency shall pay Contractor for all authorized and Contractor-invoiced services up to the date of such termination.
19. RIGHT TO AUDIT: The Agency reserves the right to review and/or audit all 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. 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.
21. LIQUIDATED DAMAGES: Liquidated Damages, in the amount of \$500.00 per day, may be assessed by the Agency for each calendar day that the Contractor fails to complete this project in accordance with its final, contractually-committed delivery schedule. Any and all Liquidated Damages assessed by the Agency will be taken as a direct credit against the Contractor's invoice for this project. The Contractor's acceptance of a contract subsequently issued in conjunction with this solicitation, shall serve to indicate acceptance of this Liquidated Damages clause, and the daily assessment of damages expressed herein.
22. CHANGES: The Agency may, at any time, make changes to this Contract's Scope of Work; including additions, reductions and other alterations to any or all of the work. However, such changes shall only be made via written amendment to this Contract.

**ACTION
ITEM**

4C

Date: December 17, 2014

To: The Honorable Board of Directors

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

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

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

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

Subject: IEUA Fiscal Year 2013/14 Comprehensive Annual Financial Report

RECOMMENDATION

It is recommended that the Board of Directors:

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.

BACKGROUND

The Comprehensive Annual Financial Report of the Inland Empire Utilities Agency (IEUA or Agency) for the Fiscal Year ended June 30, 2014, was presented, in substantial final form, for the Audit Committee's review. This CAFR will also be presented to the Board of Directors for approval at the December 17, 2014 Board meeting, along with the independent auditor's opinion report on the financial statements.

The CAFR includes the Introductory Section, Management's Discussion and Analysis (MD&A), the basic consolidated financial statements with notes to the financial statements, individual fund financial statements, and the statistical section.

The CAFR was prepared in conformity with Generally Accepted Accounting Principles (GAAP), as set forth by the Governmental Accounting Standards Board (GASB). Responsibility for both the accuracy of the presented data, and the completeness and fairness of the presentation, including all disclosures, rests with the management of the Agency. To the best of staff's knowledge, the data presented will be accurate in all material respects, and reported in a manner designed to fairly present the financial position and results of operations for the various funds and account groups in the Agency. Disclosures will be included within the CAFR to enable the reader to gain an understanding of the Agency's financial activities.

The final CAFR will consist of the following sections:

1. Introductory Section - This section is unaudited and includes the transmittal letter, a brief history and summary information about the Agency's operations, local economic conditions and outlook, major initiatives and accomplishments for the year and future years, the Agency's organizational chart, and a list of principal Agency officials.
2. Financial Section - This section includes the MD&A, basic financial statements, notes to the financial statements, supplementary schedules of individual funds, as well as, the independent auditor's report expressing an opinion on the financial statements.
3. Statistical Section - This section includes unaudited selected financial and demographic information, generally presented on a multi-year basis to compliment the audited financial data and provide context for understating the Agency's overall fiscal health.

Internal Audit Department Review

Internal Audit staff performed an additional quality control check/review of the draft financial statements:

- Ensure the FY 2012/13 Trial Balance amounts transferred accurately to the FY 2013/14 Trial Balance.
- Verified mathematical accuracy of the FY 2013/14 Trial Balance.
- Verified mathematical accuracy to ensure total amounts add up and round up correctly throughout the document.
- Validated accuracy of transfer amounts among statements and within the narratives.
- Verified that FY 2012/13 CAFR amounts and other prior year amounts transferred accurately to the FY 2013/14 CAFR to ensure consistency among published documents.
- Reviewed the MD&A, Notes, and Statistical areas to trace amounts from either the financial statements or to other supporting information, when provided for our review.
- Confirmed that the GFOA comments on FY 2013/14 CAFR have been addressed.
- Confirmed compliance with the requirements of each Continuing Disclosure Undertaking.

Throughout the review, Internal Audit staff reported and will continue to report observations to Finance and Accounting to correct and/or provide a response. Staff continues to verify responses and corrections made by Finance and Accounting. Internal Audit will continue to work with Finance and Accounting to finalize the internal review, and an Action item to approve the CAFR for the FY 2013/14 will be presented at the December 17, 2014, Board meeting.

Internal Audit staff's review did not include tests of transactions, or tests of the reliability of the totals and amounts included in the various categories, accounts, funds, statements, etc. Staff relies on the work of the external auditors to test the reliability of the financial information reported. Staff's review is only one of an additional quality control to ensure a professional presentation, consistent with prior years.

External Auditors' Independent Audit

The Agency's independent audit firm, White Nelson Diehl Evans LLP (WNDE), performed the annual financial audit. WNDE issued an unqualified opinion over the financial statements for the Fiscal Year ended June 30, 2014, indicating that the financial statements are presented fairly and in accordance with Generally Accepted Accounting Principles (GAAP). The audit opinion letter further states that the Agency's financial statements *"present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the Inland Empire Utilities Agency at June 30, 2014, and the respective changes in financial position and cash flows of the Agency for the year then ended."* Additionally, WNDE found no material weaknesses in internal controls over financial reporting. The Independent Auditors Report can be found in the Financial Section of the CAFR.

As required under Statement on Auditing Standards Number 114, "The Auditor's Communication with Those Charged with Governance" White Nelson Diehl Evans LLP is required to communicate certain matters about the conduct of their audit. Significant points to discuss include:

- The auditor's responsibilities under Generally Accepted Auditing Standards.
- Management's use of accounting judgments and estimates.
- Significant audit adjustments.
- The quality, not just the acceptability, of an entity's accounting practices.
- Difficulties encountered in performing the audit.
- Other written communication materials between the auditor and management.
- Other significant issues already addressed with management.

The Agency's Audit Committee Charter specifies that the Committee will provide added assurance about the adequacy of financial information by "Reviewing annual financial statements and consider whether they are complete, consistent with information known to Committee members, and reflect appropriate accounting principles."

Government Financial Officers Association (GFOA) CAFR Award

For the past fourteen years, the Agency has applied for and received the GFOA CAFR Award for excellence in financial reporting. The deadline to submit the FY 2013/14 CAFR is December 31, 2014. In order to continue the tradition of obtaining this prestigious award, the Finance and Accounting Department will be submitting the final CAFR to GFOA no later than December 31, 2014.

The IEUA FY 2013/14 Comprehensive Annual Financial Report is consistent with the Agency's Business Goal of Fiscal Responsibility in providing transparent communication of the Fiscal Year activity and the net position of the different programs of the Agency.

PRIOR BOARD ACTION

On December 18, 2013, the Board of Directors approved the Agency's Comprehensive Annual Financial Report for FY 2012/13 reviewed by the Audit Committee on December 11, 2013.

On March 16, 2011, the Board approved Contract No. 4600000883 for financial audit and Contract No. 4600000884 for single audit services, for three years with the option to extend two additional years (in single year increments); and in June of 2013, the Agency exercised option one of two to extend external financial auditing services and single audit services for one year through FY 2013/14 with the audit firm White Nelson Diehl Evans LLP.

IMPACT ON BUDGET

There is no impact on the Agency's FY 2014/15 Budget as a result of this item, since related audit service fees are budgeted in the Administrative Services (GG) Fund, (10200/111100/100000/520110).



Inland Empire Utilities Agency

A MUNICIPAL WATER DISTRICT

Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2014

December 2014

FY 2013/14 Highlights



- ❖ External Auditor, has issued an unqualified “clean” opinion.
 - Agency’s financial statements are fairly presented with GAAP.
 - There were no material weaknesses on Agency’s internal controls.
 - There were no instances of non-compliance under Government Auditing Standards
- ❖ No implementation of GASB pronouncements were required this year.
- ❖ Preparation has been made for implementation of GASB Statement 68 on “Accounting and Financial Reporting for Pensions, an amendment to GASB Statement No.27” in FY2014/15.

Change in Net Position (\$Thousands)



Net decrease is primarily due to the negotiation of a new contract with Los Angeles County Department of Sanitation and the retirement of intangible assets related to that contract.

Net position (in Thousand)

Item Category	FY 2013/14	FY 2012/13	Increase (Decrease)	%
Total Revenue and Other Funding Sources	\$ 124,841	\$ 134,287	\$ (9,446)	-7.0%
Total Expenses	143,980	110,345	33,635	30.5%
Change in Net Position	\$ (19,139)	\$ 23,942	\$ (43,081)	179.9%
Beginning Net Position	536,560	512,618	23,942	4.7%
Ending Net Position	\$ 517,421	\$ 536,560	\$ (19,139)	-3.6%

Change in Operating and Non-Operating Activities



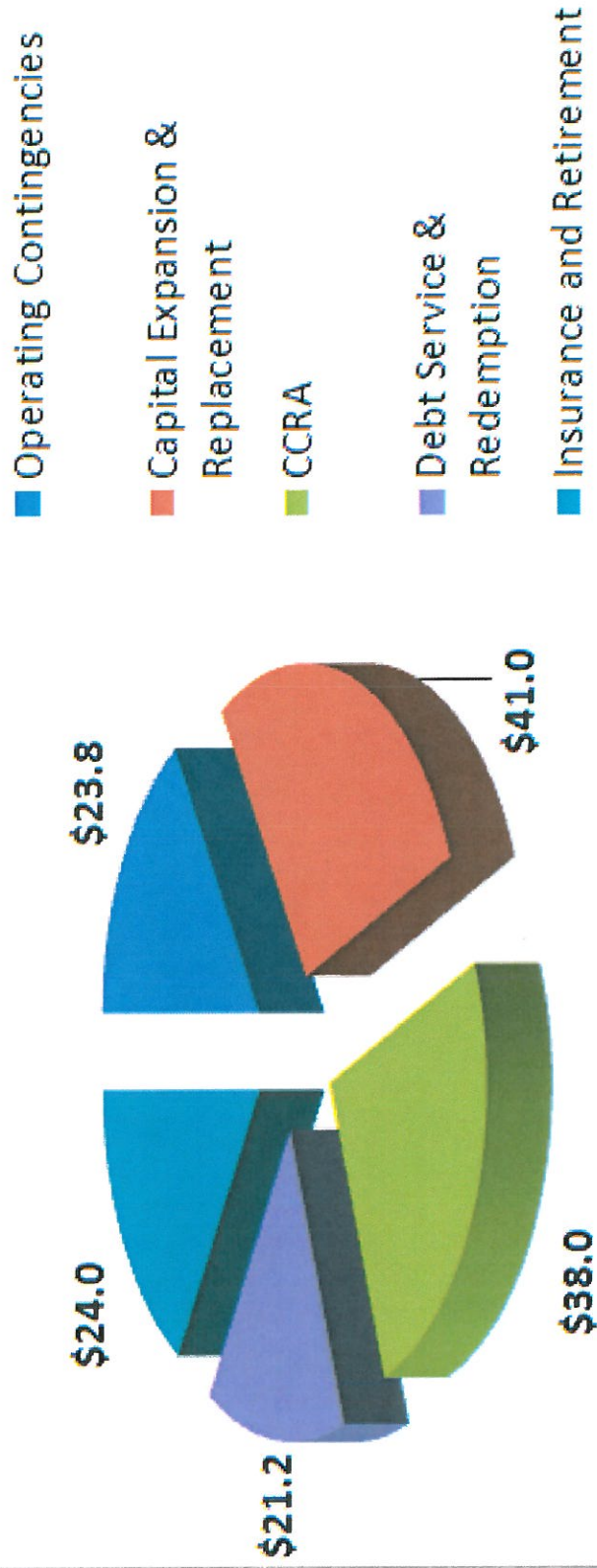
(In Thousands)

Item Category	FY 2013/14	FY 2012/13	Increase (Decrease)	%
Operating				
Total Operating Revenues	\$ 70,710	\$ 64,721	\$ 5,989	9.3%
Total Operating Expenses	105,574	92,451	13,123	14.2%
Net Operating Rev & Exp	\$ (34,864)	\$ (27,730)	\$ (7,134)	25.7%
Non Operating				
Non Operating Revenues	\$ 54,131	\$ 69,566	\$ (15,435)	-22.2%
Non Operating Expenses	38,406	17,894	20,512	114.6%
Net Non Operating Rev & Exp	\$ 15,725	\$ 51,672	\$ (35,947)	-69.6%
Net Increase (Decrease) in Fund Balance	\$ (19,139)	\$ 23,942	\$ (43,081)	179.9%
Beginning Net Assets	536,560	512,618	23,942	4.7%
Ending Net Fund Balances	\$ 517,421	\$ 536,560	\$ (19,139)	-3.6%

FY 13/14 CASH POSITION: \$148M



FY 2013/14 CASH POSITION





Inland Empire Utilities Agency

A MUNICIPAL WATER DISTRICT

QUESTIONS?

**ACTION
ITEM**

4D

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 *PG*
General Manager

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

Sylvie Lee *SL*
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

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

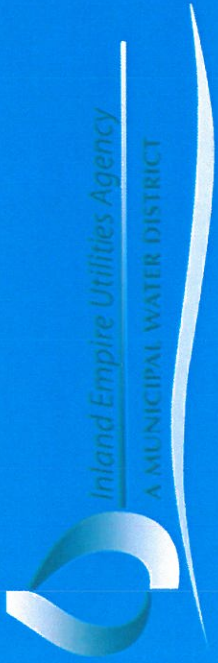
Tier 1 Allocations per Resolution 2014-12-1:

- 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


5B


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)

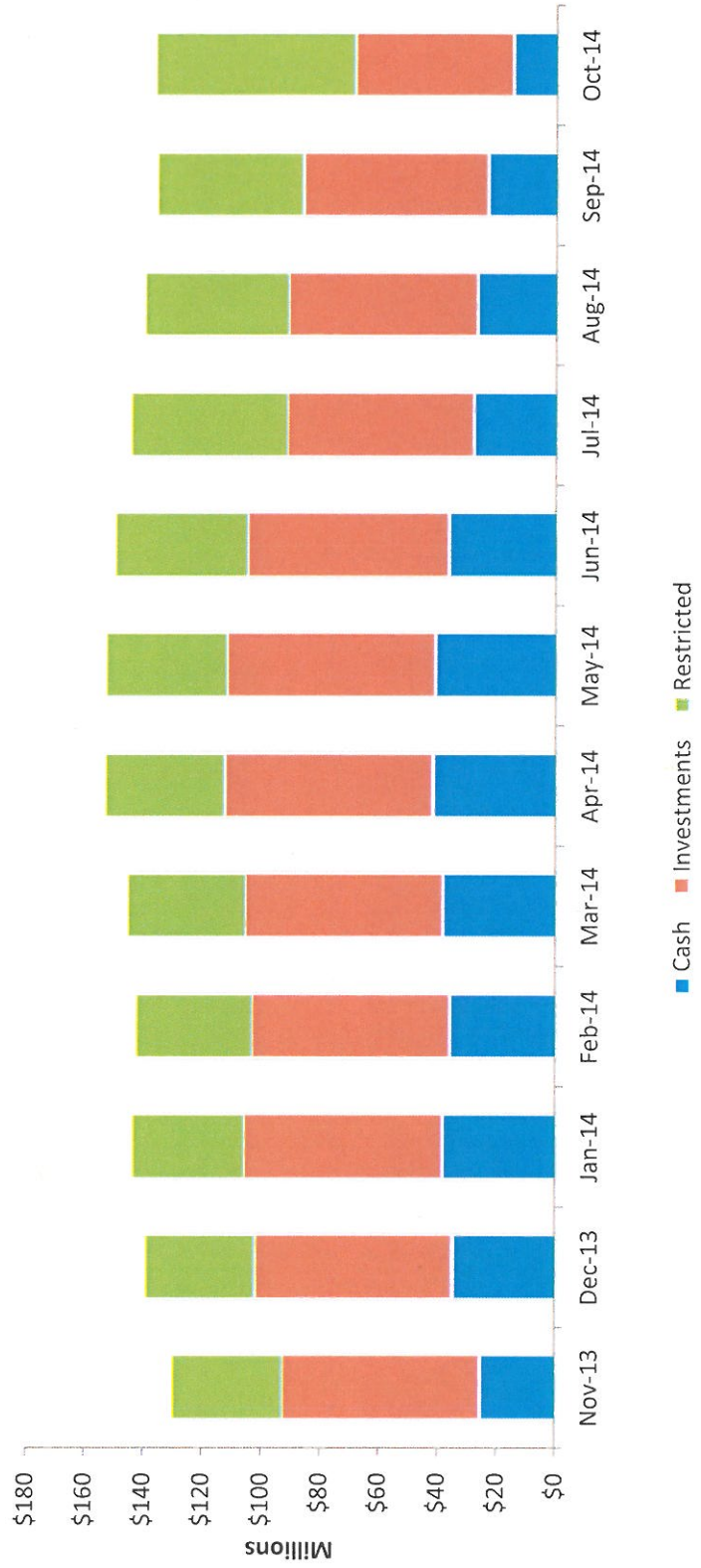
Portfolio

Description	Allowable Threshold	Investment Value (\$ million)	Yield	Current Portfolio %
Short Term, Under 1 Year:				
LAIIF	\$50M	\$24.8	0.261%	36%
CallTrust	\$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%

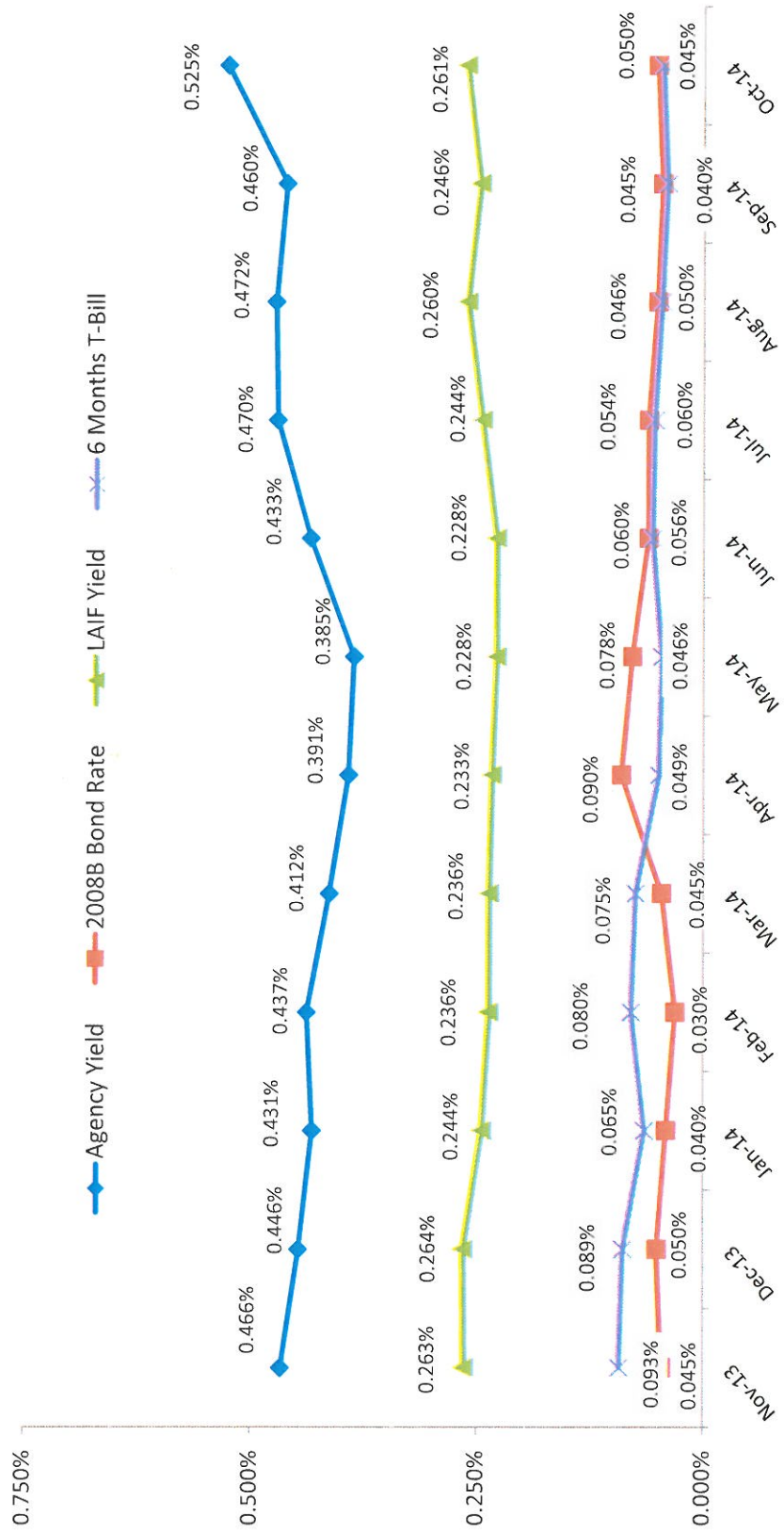
Cash, Investments and Restricted Deposits



Cash, Investments and Restricted Deposits



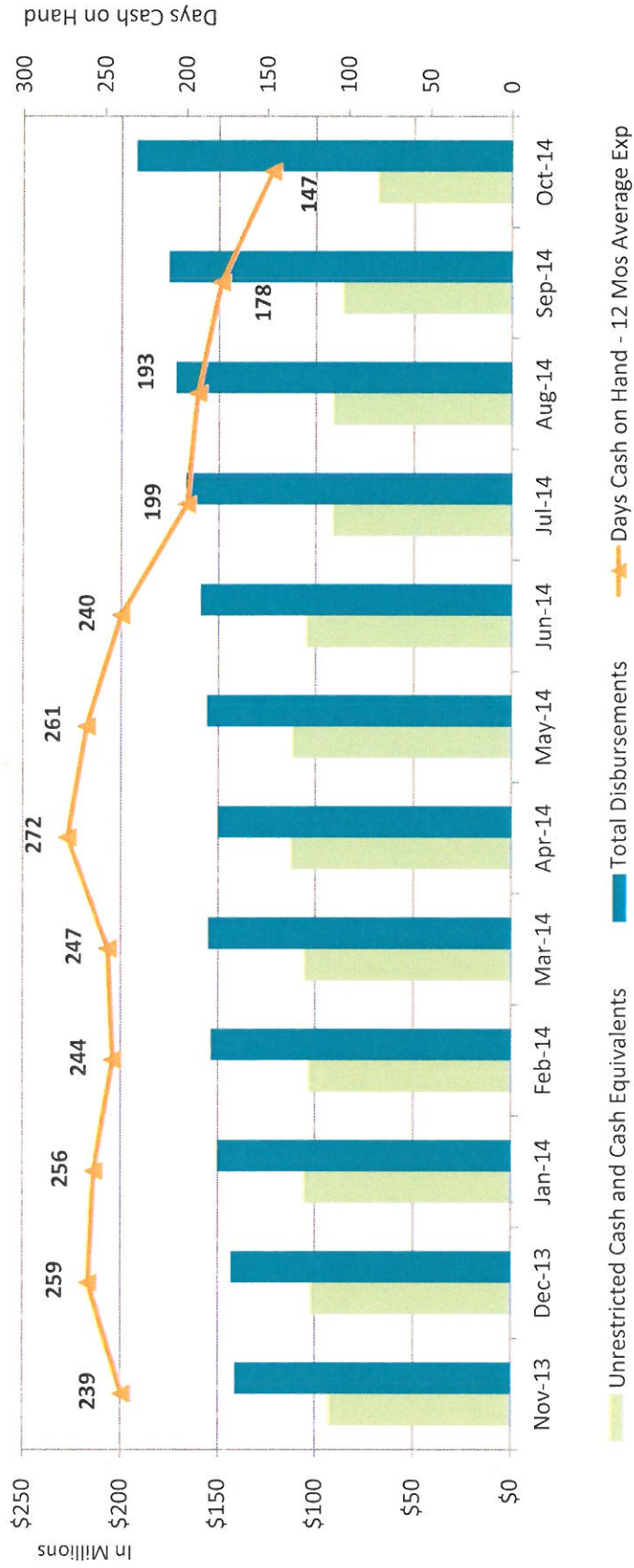
Month End Portfolio Yield Comparison



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	\$13,891,592
Other Cash and Bank Accounts	
Petty Cash	\$2,250
Subtotal Other Cash	\$2,250
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	\$24,802,560
CalTrust	
Short Term	\$3,533,006
Subtotal CalTrust	\$3,533,006
Certificates of Deposit	
Citizens Business Bank	\$4,172,210
Subtotal Certificates of Deposit	\$4,172,210

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

Month Ended
 October 31, 2014

<u>Investments Continued</u>	
Municipal Bonds	
State and Local Municipal Bonds	\$4,074,698
Subtotal State Municipal Bonds	\$4,074,698
Medium Term Notes	
Arden Realty/GE	\$342,088
Toyota Motor Corporation	1,001,723
General Electric Capital Corporation	997,418
JP Morgan Securities	2,998,968
John Deere Capital Corp	1,002,452
Subtotal Medium Term Notes	\$6,342,649
U.S. Treasury Notes	
Treasury Note	\$999,618
Subtotal U.S. Treasury Notes	\$999,618
U.S. Government Sponsored Entities	
Fannie Mae Bonds	\$999,843
Freddie Mac Bonds	2,580,000
Federal Home Loan Bank Bonds	6,000,000
Subtotal U.S. Government Sponsored Entities	\$9,579,843
Total Investments	
	\$53,504,584
<u>Restricted Deposits</u>	
Debt Service Reserves	
05A Debt Service Accounts	\$16,568,854
08B Debt Service Accounts	2,544,710
10A Debt Service Accounts	30
Subtotal Debt Service Reserves	\$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	\$32,361,298

CalPERS

OPEB (CERBT) Account	\$6,990,297
Subtotal CalPERS Accounts	\$6,990,297

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	\$6,158,708

Total Restricted Deposits

	\$67,748,897
Total Cash, Investments, and Restricted Deposits as of October 31, 2014	\$136,278,338

Total Cash, Investments, and Restricted Deposits as of 10/31/14
 Less: Total Cash, Investments, and Restricted Deposits as of 9/30/14

Total Monthly Increase (Decrease)

	\$136,278,338
	135,567,494
Total Monthly Increase (Decrease)	\$710,844

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				
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
Subtotal CBB					\$13,501,958	\$13,501,958			\$13,501,958	\$13,501,958		0.25%		\$13,501,958
Workers' Compensation Account					\$41,157	\$41,157	N/A	N/A	\$41,157	\$41,157		N/A	N/A	\$41,157
Subtotal CBB					\$41,157	\$41,157			\$41,157	\$41,157		N/A		\$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
Payroll Tax Checking					315,649	315,649	N/A	N/A	315,649	315,649		N/A	N/A	315,649
Subtotal B of A					\$348,477	\$348,477			\$348,477	\$348,477		N/A	N/A	\$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
Subtotal Bank of the West Money Market					\$1,049,833	\$1,049,833			\$1,049,833	\$1,049,833		0.19%		\$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
Subtotal USB Money Market					\$81,182	\$81,182			\$81,182	\$81,182		0.01%		\$81,182
Petty Cash														
					\$2,250	\$2,250	N/A	N/A	\$2,250	\$2,250		N/A	N/A	\$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
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
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
Subtotal LAIIF Accounts					\$24,802,560	\$24,802,560			\$24,802,560	\$24,802,560		0.261%		\$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
Subtotal CalTrust Accounts					\$3,533,006	\$3,533,006			\$3,533,006	\$3,533,006		0.38%		\$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
Subtotal Certificate of Deposits					\$4,172,210	\$4,172,210			\$4,172,210	\$4,172,210		0.45%		\$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	0.63%	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			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		% Coupon	% 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
					<u>\$32,361,298</u>	<u>\$32,361,298</u>			<u>\$32,361,298</u>				<u>\$32,361,298</u>
<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					<u>\$7,017,679</u>	<u>\$7,017,679</u>			<u>\$6,990,297</u>				<u>\$6,990,297</u>
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					<u>\$6,158,708</u>	<u>\$6,158,708</u>			<u>\$6,158,708</u>				<u>\$6,158,708</u>
Total Restricted Deposits					<u>\$67,776,279</u>	<u>\$67,776,279</u>			<u>\$67,748,897</u>				<u>\$67,748,897</u>
Total Cash, Investments, and Restricted Deposits as of October 31, 2014													
					<u>\$136,243,912</u>	<u>\$136,657,980</u>			<u>\$136,278,338</u>				<u>\$136,325,831</u>

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
<i>Total Purchases</i>					
					\$ -

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

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.

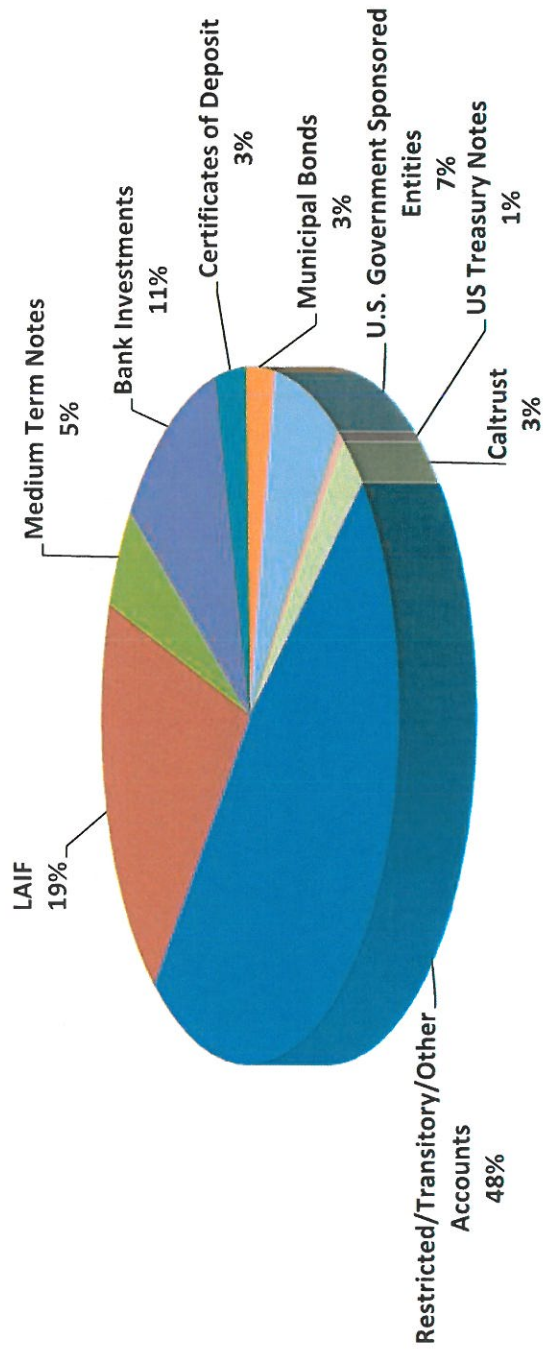
Inland Empire Utilities Agency

Treasurer's Report of Financial Affairs

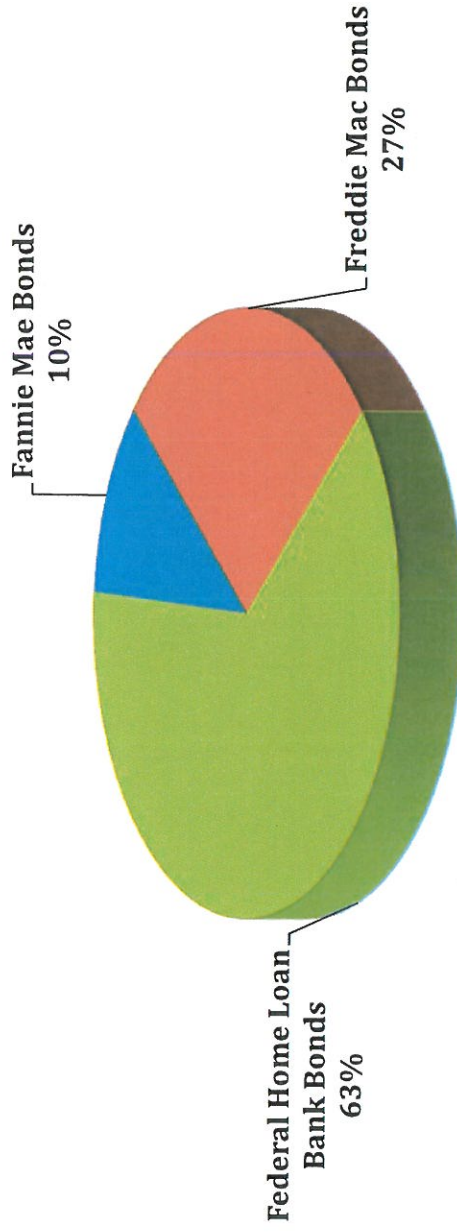
For the Month Ended October 31, 2014

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



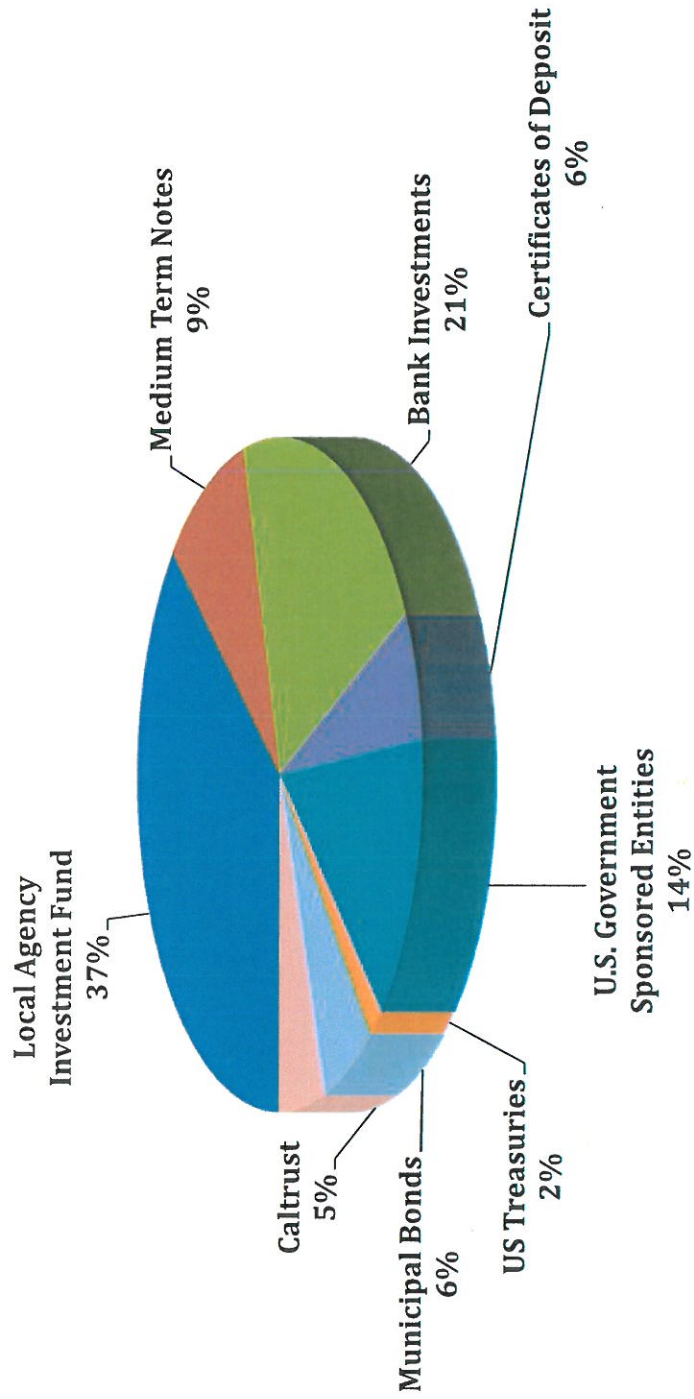
Inland Empire Utilities Agency

Treasurer's Report of Financial Affairs

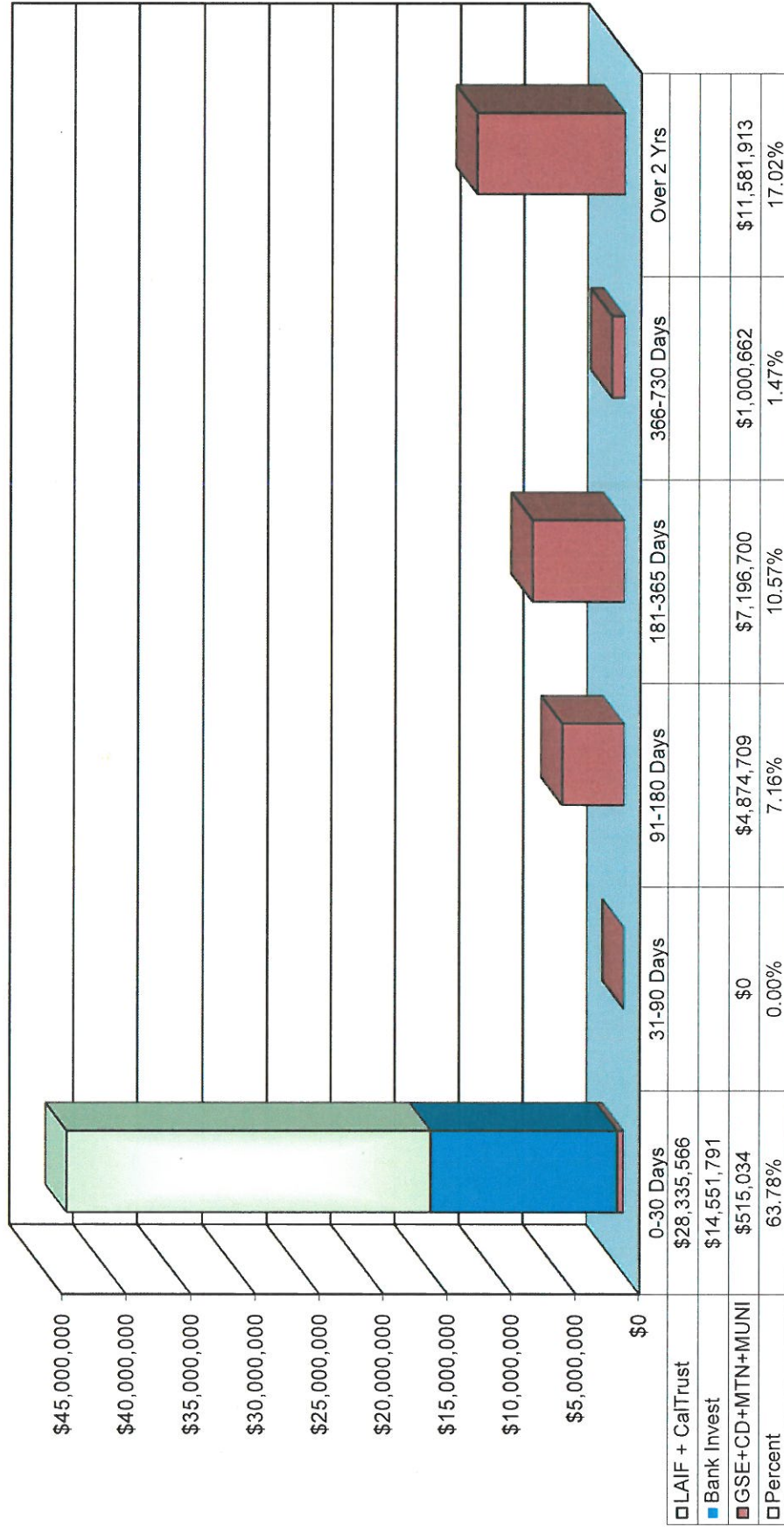
For the Month Ended October 31, 2014

Unrestricted Agency Investment Portfolio

\$68,056,375

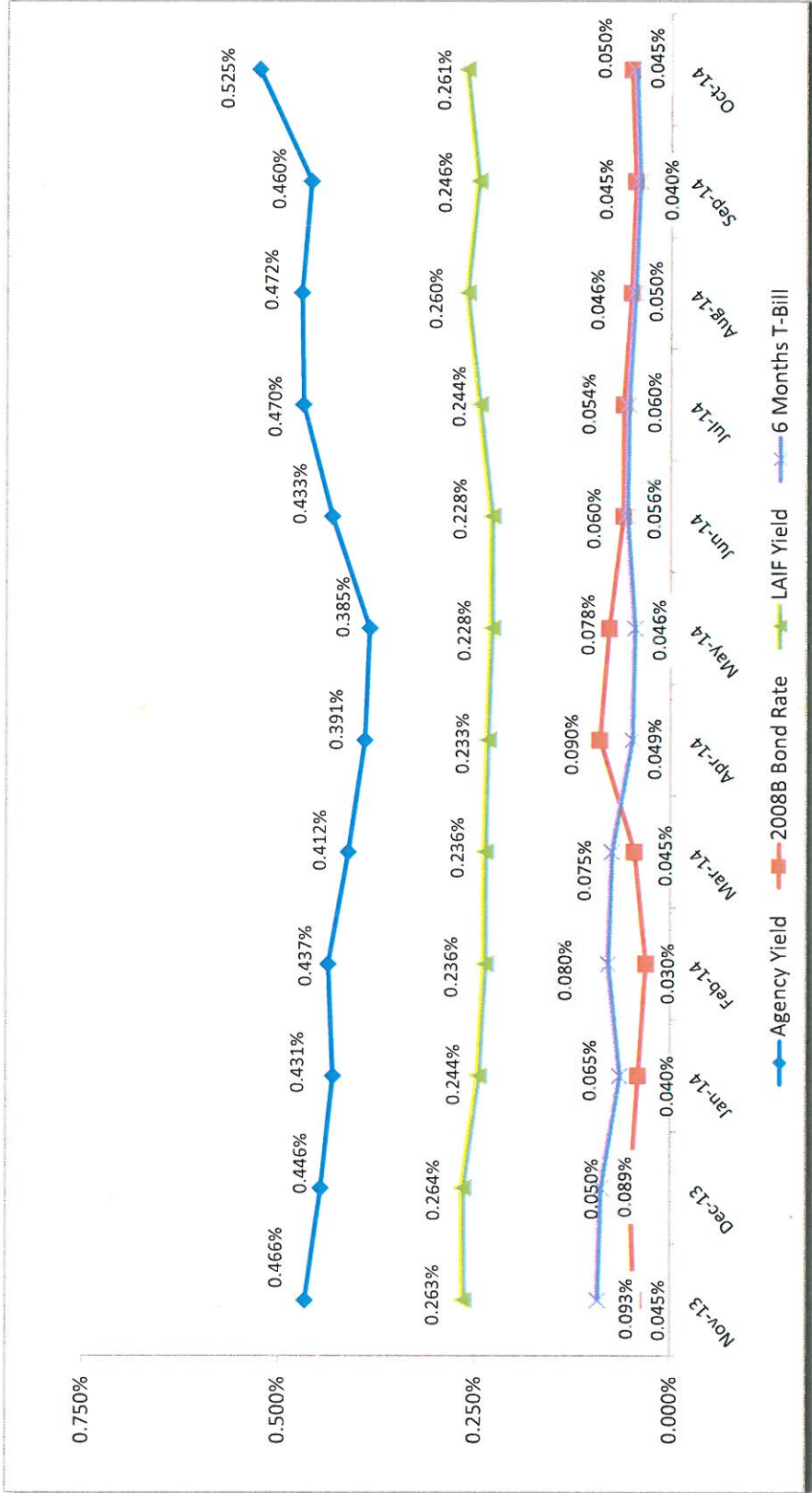


Inland Empire Utilities Agency
Treasurer's Report of Financial Affairs
 For the Month Ended October 31, 2014
Directed Investment Portfolio Maturity Distribution
\$68,056,375



Inland Empire Utilities Agency Treasurer's Report of Financial Affairs

Demand Deposit Accounts
Agency Yield Comparison



INFORMATION
ITEM


5C


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 \$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 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 WateReuse 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

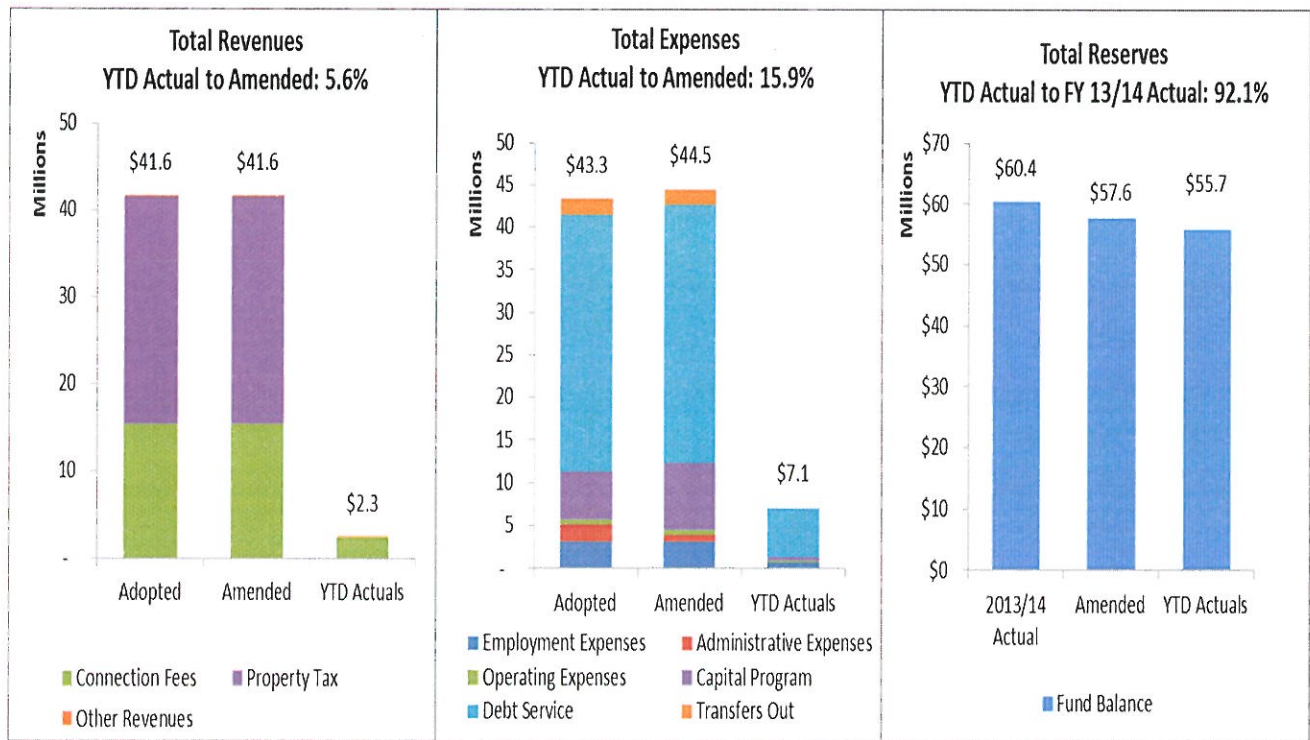
The net shortfall in total revenues over total expenses in the amount of \$7.9 million results in a total estimated fund balance of \$137.1 million in quarter ended September 30, 2014.

**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:

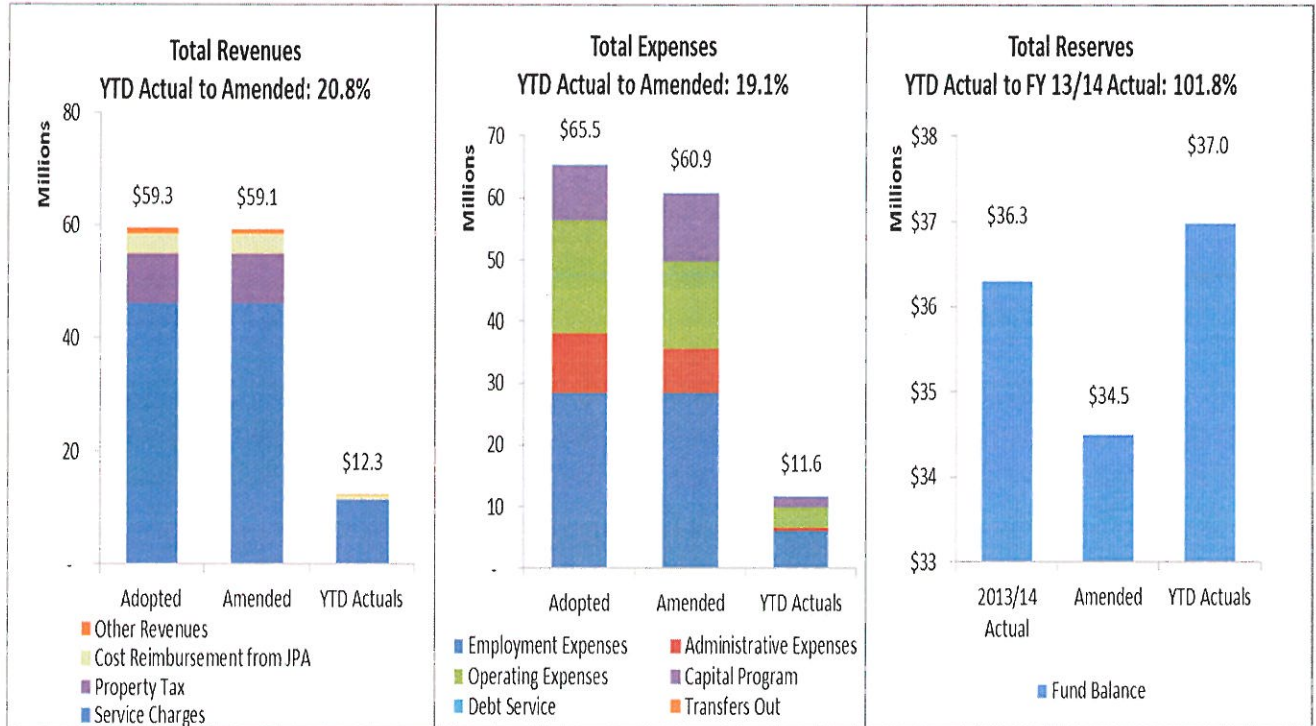
**FY 2014/15 Total Revenues, Expenses, and Fund Balance -
 Regional Wastewater Capital Improvement (RC) Fund**

- 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.



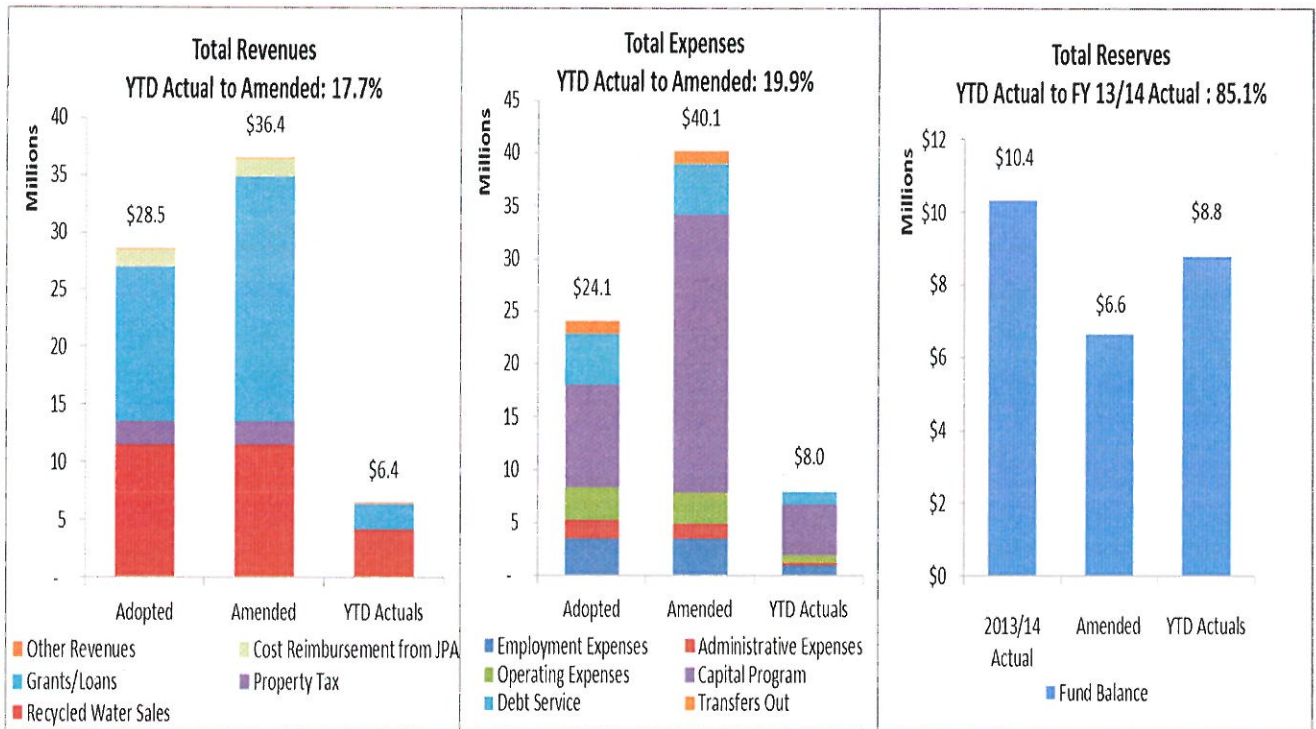
**FY 2014/15 Total Revenues, Expenses, and Fund Balance –
Regional Wastewater Operations and Maintenance (RO) Fund**

- 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.



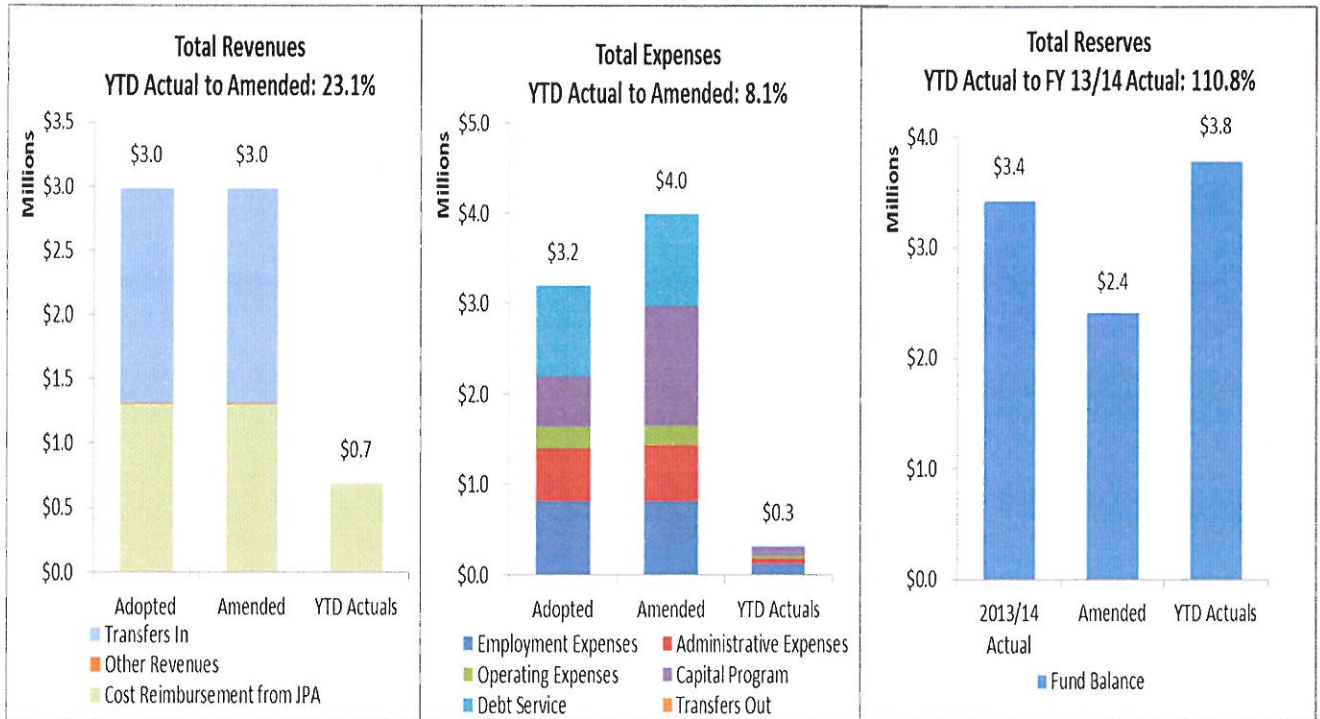
**FY 2014/15 Total Revenues, Expenses, and Fund Balance –
Recycled Water (WC) Fund**

- 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.



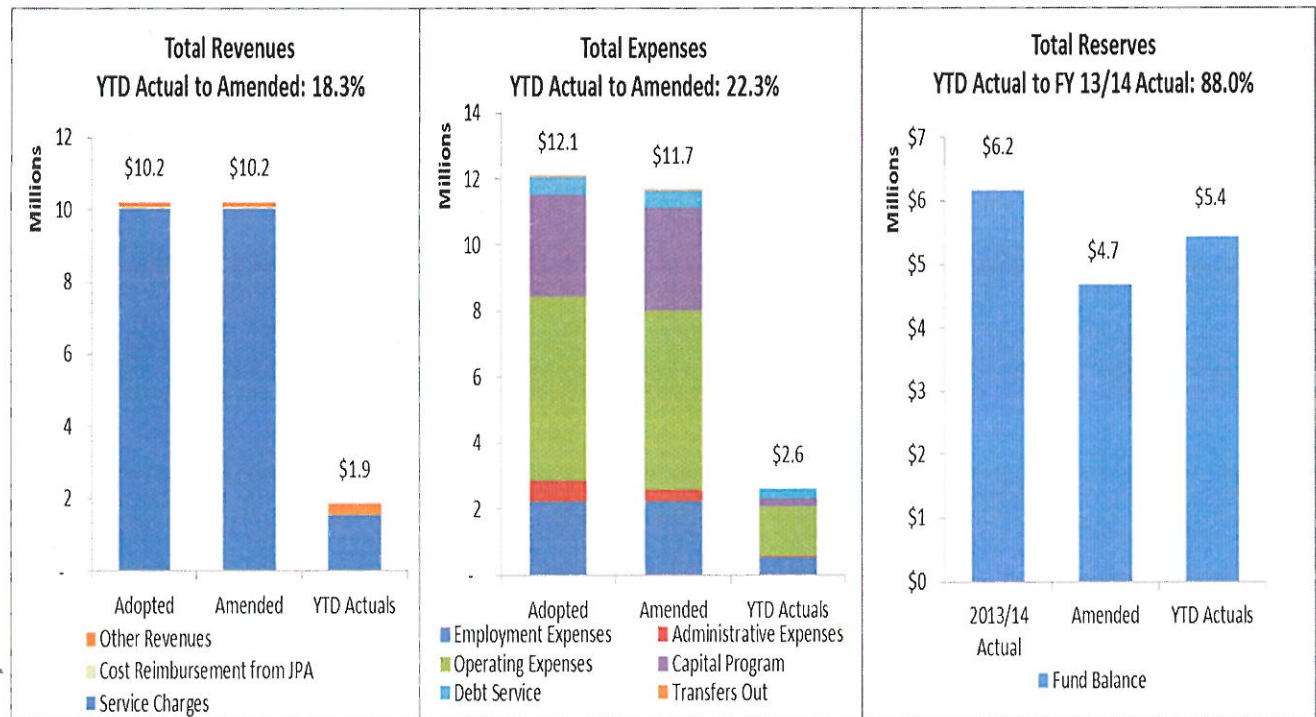
**FY 2014/15 Total Revenues, Expenses, and Fund Balance –
Recharge Water (RW) Fund**

- 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.



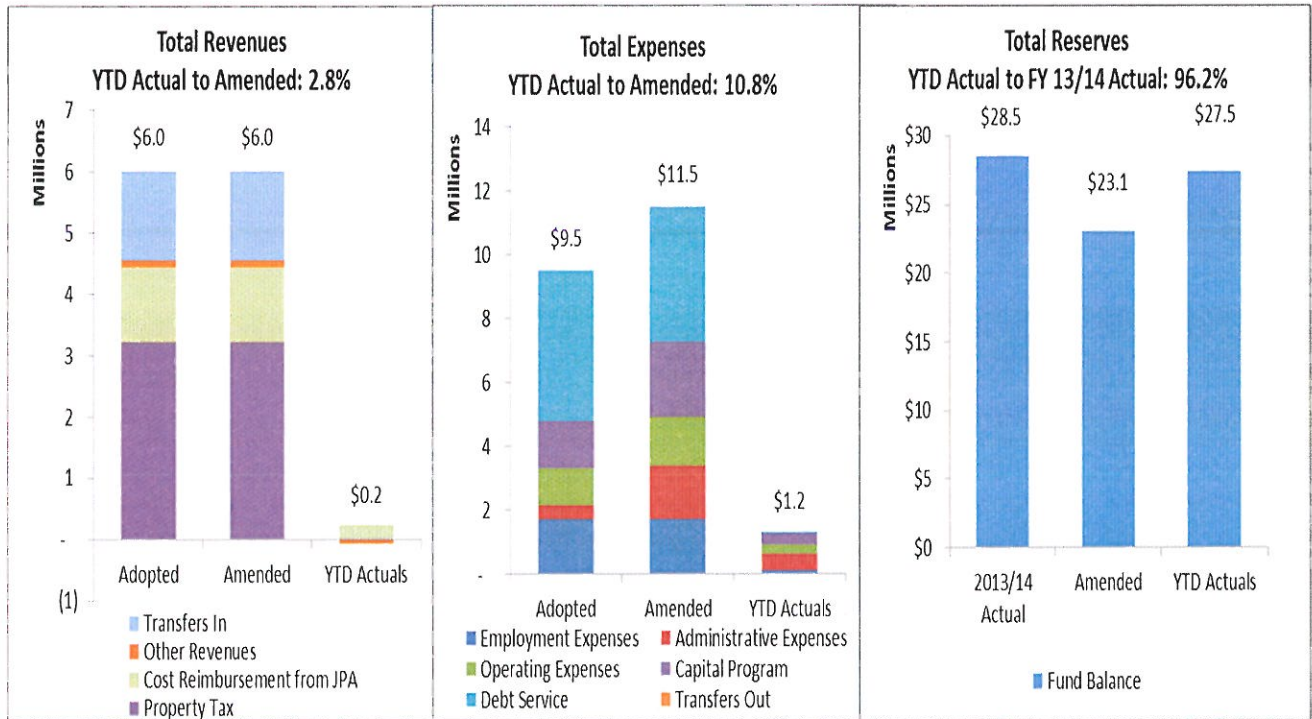
**FY 2014/15 Total Revenues, Expenses, and Fund Balance –
 Non-Reclaimable Wastewater (NC) Fund**

- 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.



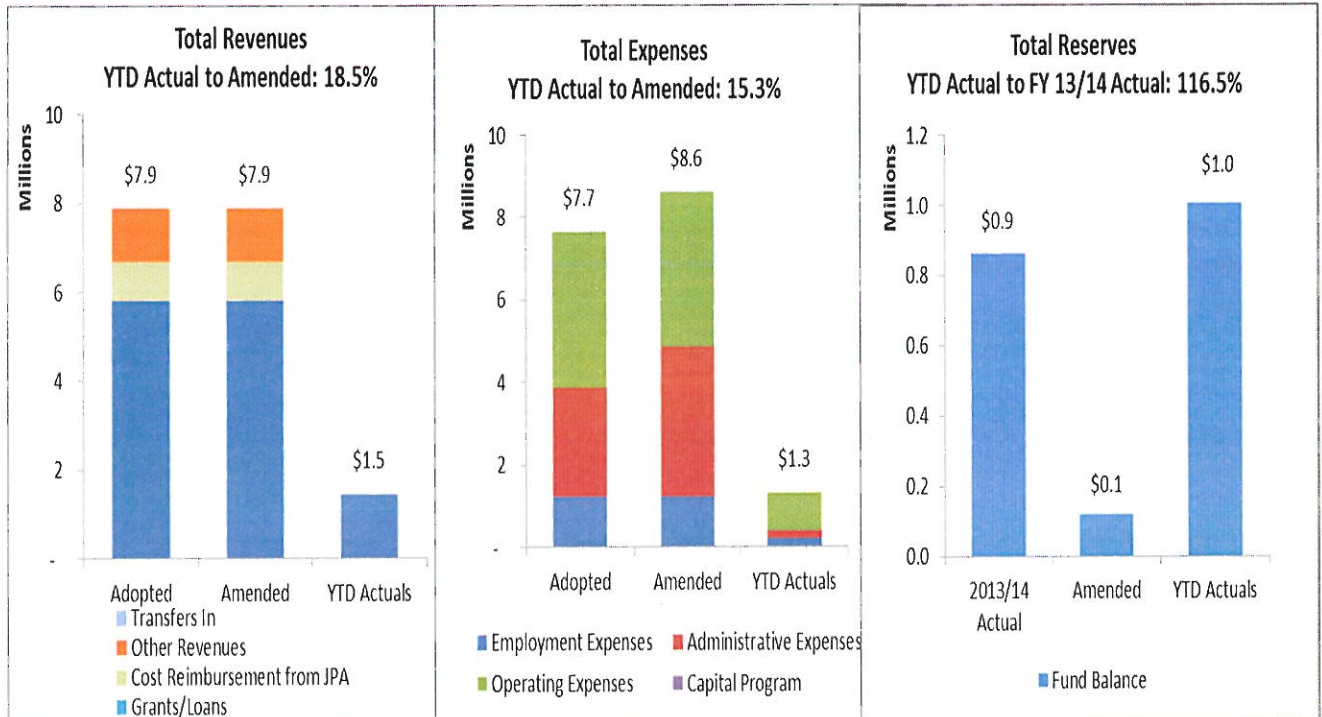
**FY 2014/15 Total Revenues, Expenses, and Fund Balance –
 Administrative Services (GG) Fund**

- 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.



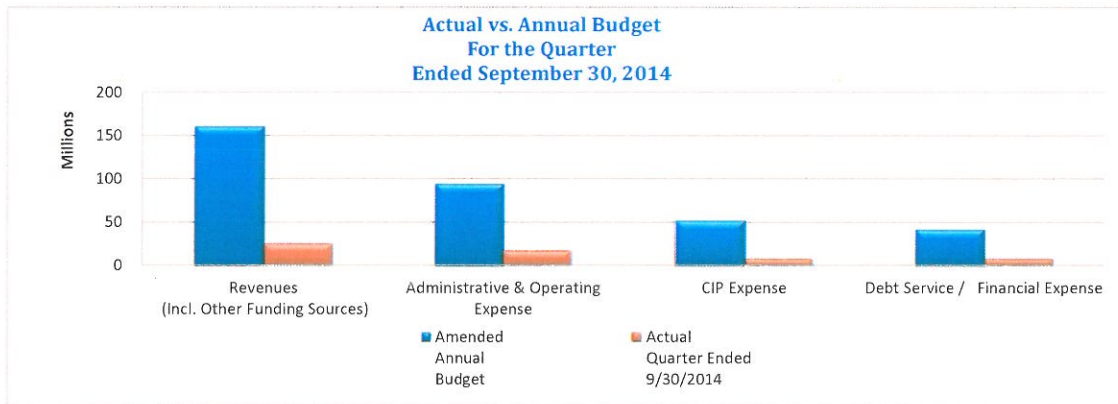


I. Actual vs. Budget Summary:

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 approximately 30,000 AF.
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 Declez 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 Computer System Maintenance	\$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	Contributions/Sponsorship	\$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		\$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	SAP Server Hardware and Operating System Upgrade	\$0	\$0	\$0	\$36,000	\$36,000	\$0	\$36,000	\$36,000	(FP10200)	
Subtotal Administration (GG):																
			Yes	Yes		Lower Day Basin RMPU Improvements	\$0	\$0	\$0	\$70,000	\$70,000	\$0	\$70,000	\$70,000	(RVV Reserves)	Board approved amendment to create RW15004 to initiate the design and construction activities under Task Order No 2 of the Master Cost Sharing Agreement of the RMPU.
10500	Capital	6/18/14	Yes	Yes	EN15044	SBCFCD NRW Easements	\$0	\$0	\$0	\$515,000	\$515,000	\$0	\$515,000	\$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	\$0 \$0	\$850,000 \$0	(\$37,100) \$37,100	\$812,900 \$37,100	\$450,000 \$0	(\$37,100) \$37,100	\$412,900 \$37,100	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.
Capital		9/18/14	Yes	Yes	EN14035 EN15046	NRW Collection System Repairs Phase 4 NRW Manhole Upgrades	\$850,000 \$0	(\$57,100) \$0	\$812,900 \$0	(\$50,000) \$50,000	\$762,900 \$50,000	\$528,882 \$0	(\$50,000) \$50,000	\$478,882 \$50,000	EN15046 (EN14035)	Transfer from EN14035 to create new project, EN15046, to cover the costs of repair to eight (8) NRW collection system manholes.
Subtotal Non-Reclaimable Water (NC):																
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	\$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	\$0 \$0	\$200,000 \$0	(\$40,000) \$40,000	\$160,000 \$40,000	\$200,000 \$0	(\$40,000) \$40,000	\$160,000 \$40,000	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.
Capital		8/20/14	Yes	Yes	EN13038	RP-1 Outfall Relocation and Upsizing	\$2,000,000	\$0	\$2,000,000	\$3,200,000	\$5,200,000	\$2,000,000	\$3,200,000	\$5,200,000	(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	\$4,008,791	\$15,228,329	\$3,520,953	\$4,008,791	\$7,529,744	(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		8/21/14	Yes	Yes	EN13048 EN14044	RP-1 930 Zone R/W Pump Station Load Analysis RW Hydraulic Modeling	\$973,990 \$150,211	\$0	\$973,990 \$150,211	(\$1,000) \$1,000	\$972,990 \$151,211	\$100,000 \$169,142	(\$1,000) \$1,000	\$99,000 \$170,142	EN14044 (EN13048)	Transfer from FP10200 to IS15006 to establish project budget. In order to complete the required SAP upgrades.
Capital		9/23/14	Yes	Yes	EN15035 EN15047	Misc WC Projects 1630 W RWPS Check Valves Replacement	\$200,000 \$0	(\$40,000) \$0	\$160,000 \$0	(\$120,000) \$120,000	\$40,000 \$120,000	\$160,000 \$120,000	(\$120,000) \$120,000	\$40,000 \$120,000	EN15047 (EN15035)	Transfer from EN15035 to create new project, EN15047, to replace the existing valves at 1630 W RWPS with new check valves.
Capital		9/24/14	Yes	Yes	EN12016 EN15019	North CIM Lateral AV Replacement on SACP - Segment B	\$210,900 \$0	\$0 \$0	\$210,900 \$0	(\$90,000) \$90,000	\$120,900 \$90,000	\$100,000 \$0	(\$90,000) \$90,000	\$10,000 \$90,000	EN15049 (EN12016)	Transfer from EN12016 to create new project, EN15049, to fund the replacement of existing A/s with new pre-purchased A/s at each location (SACP - Seg B) and to cover the installation of additional fittings and vault adjustments.
Subtotal Recycled Water (WC):																
10800	Capital	7/15/14	Yes	Yes	EN15027 EN13054	Misc RO Construction & Emerg Projects Nonclair Lift Station Upgrades	\$250,000 \$3,516,600	\$0 \$0	\$250,000 \$3,516,600	(\$75,000) \$75,000	\$175,000 \$3,591,600	\$250,000 \$2,500,000	(\$75,000) \$75,000	\$175,000 \$2,575,000	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.

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
10900	Capital	9/26/14	Yes	Yes	EN13016	SCADA Enterprise System	\$10,000,000	\$0	\$10,000,000	(\$500,000)	\$9,500,000	\$1,217,247	(\$500,000)	\$717,247	EN14012	Transfer from EN13016 and EN13049 to support the completion of the construction phase for project EN14012.
					EN13049	RP-2 Digester No. 4 Dome Improvements	\$1,900,000	\$0	\$1,900,000	(\$150,000)	\$1,750,000	\$502,157	(\$150,000)	\$552,157	EN14012	
					EN14012	RP-2 Drying Beds Rehabilitation	\$1,168,400	\$0	\$1,168,400	\$650,000	\$1,818,400	\$628,279	\$650,000	\$1,278,279	EN13016 / EN13049	
					Subtotal Regional Operations (RO):		\$16,835,000	\$0	\$16,835,000	\$275,000	\$275,000	\$0	\$275,000	\$275,000	(RC Reserves)	
10200	Capital	6/30/14	Yes	Yes	EN14006	Misc Construction & Emerg Proj	\$32,000	\$0	\$32,000	(\$21,144)	\$10,856	\$21,876	(\$21,144)	\$732	EN11051	Board approved amendment to create EN15042 to fund the purchases of easements from San Bernardino County Flood Control District
					EN14300	Regional Sewer Special Projs	\$100,000	\$0	\$100,000	(\$61,534)	\$38,466	\$61,534	(\$61,534)	\$0	EN11051	
					EN14009	Misc Construction & Emerg Projs	\$250,000	\$0	\$250,000	(\$180,540)	\$69,460	\$180,540	(\$180,540)	\$0	EN11051	
					EN11051	Central Plant for New Operations Lab	\$2,130,000	\$0	\$2,130,000	\$263,218	\$2,393,218	\$0	\$263,218	(\$263,218)	EN14006 / EN14300 / EN14009	
10700	Capital	8/28/14	Yes	No	EN11031	RP-5 Flow Equalization and Effluent Monitoring	\$1,692,300	\$0	\$1,692,300	(\$200,000)	\$1,492,300	\$809,826	(\$200,000)	\$609,826	EN13046	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.
					EN13046	RP-1 Flare System Improvements	\$3,400,000	\$0	\$3,400,000	\$200,000	\$3,600,000	\$809,826	\$200,000	\$809,826	EN11031	
					EN14037	Sewer Collection System Manhole Rehabilitations	\$1,825,000	(\$63,000)	\$1,762,000	(\$50,000)	\$1,712,000	\$596,544	(\$50,000)	\$546,544	EN15045	
					EN15045	Collection System Manhole Upgrades	\$0	\$0	\$0	\$50,000	\$50,000	\$0	\$50,000	(\$50,000)	(EN14037)	
10700	Capital	9/18/14	Yes	Yes	EN11031	RP-5 Flow Equalization and Effluent Monitoring	\$1,692,300	(\$200,000)	\$1,492,300	(\$10,000)	\$1,482,300	\$609,826	(\$10,000)	\$599,826	EN05050	Transfer from EN14037 to create new project, EN15045, to cover the costs of 22 sewer collection system manhole frames and cover repairs.
					EN05050	RP-2 Digester Gas System Modifications	\$3,197,000	\$0	\$3,197,000	\$10,000	\$3,207,000	\$7,938	\$10,000	\$17,938	EN11031	
					Subtotal Regional Capital (RC):		\$16,143,600	\$0	\$16,143,600	\$3,497,910	\$3,497,910	\$3,772,910	\$3,497,910	(\$3,772,910)		
					Capital Total Project Budget:		Adopted	Amended	Adopted	Amended	Adopted	Amended				
		\$52,487,239	\$61,315,930	\$16,122,571	\$24,993,362											
10200	O&M Proj	9/16/14	Yes	No	EP14003	General Fund Repair	\$50,000	\$0	\$50,000	(\$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	\$200,000	\$37,103	\$237,103	\$200,000	\$37,103	\$237,103	(EP14003)	
					Subtotal Administration (SG):		\$250,000	\$0	\$250,000	\$239,434	\$239,434	\$239,434				
					Capital Total Project Budget:		Adopted	Amended	Adopted	Amended	Adopted	Amended				
		\$243,800	\$100,000	\$143,800	\$100,000	\$143,750	\$100,000	\$143,750	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)
10700	O&M Proj	8/7/14	Yes	No	WR15011	Freespin/merozoles.com	\$75,000	\$0	\$75,000	\$100,000	\$175,000	\$75,000	\$100,000	\$175,000	WR15009	Transfer from WR15011 to cover additional application activity in WR15009. As of August 1, 2014, a total of 6 CI applications had been received totaling \$50,580 and there are more pending applications.
					WR15009	CI Rebate Incentives	\$75,000	\$0	\$75,000	\$100,000	\$175,000	\$75,000	\$100,000	\$175,000	WR15011	

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	
					Update and maintain "Duties and Annual calendar of responsibilities" manual for the Board Secretary position	Implement two per quarter until completed	This goal has been put on hold until after the Class and Compensation study is completed.
	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.	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.
				Ongoing	Build stronger relationships with the local agencies and elected representatives in our region.	Meet with all member agencies in FY 14/15	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 in FY 14/15	Communicate the importance of regional/local independence (water, recycling, wastewater, and renewable energy).	Present to 6 associations/groups in FY14/14	Ongoing, with two presentations scheduled for October.
		D	Develop and implement a communication plan to promote water use efficiency and the value of water 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.	The new website is in the final editing phase and is expected to be online within the next 4 weeks.
					Communication the need for continual water use efficiency in the region.	Complete by July 15	Communication plan completed by consultant at end of August. Staff is now working to incorporate the plan into a guiding document.
					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.
Internal Audit	A	Amend the Regional Sewerage Service Contract to provide more flexibility in the use of property taxes by July 2015	Complete 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.
			Uphold a strong internal control environment by conducting independent objective internal and external audits of Agency finances and operations	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.

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	June-2016	Adoption of the documents	UWMP scheduled for June 2016. Tentative start June 2015.			
	Complete the MWD Foundational Action Research Program	June-2015	Develop the plans	Holding discussions with NWRI to prepare white paper.			
Develop and implement Recycled Water Peak Demand Management Plan to optimize efficient use of recycled water by June 2015	Continuous	Develop tertiary injection research project plan Develop a plan for peak management Work with member agencies to encourage new development to connect to RW	Development of plan and member agency communication	Continued discussions through water managers meetings. Initiating project to install pressure sustaining valves on large users.			

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 recieved August 2014. Model runs and analysis under review. Draft WWFMP scheduled for December 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 Participate in local water/wastewater/air regulatory and association committee meetings.	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.		Been participating in proposed legislative actions of interest to Agency such as WOTUS, Water Bond
Finance and Administration	Business Information Services	A	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.
			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%. 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.
			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 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.
				9/30/2014	Determine Procurement to Payment material master content	Design supports functional	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.
				April-2015	Implement the use of electronic signatures for invoicing on emergency contracts	Electronic signature capability for and approvers	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.
				At start of each project	Train all Lean team members	100% of team trained	There are 3 Lean projects where the training phase have been completed - Petty Cash, Cintas Invoice Improvements and Engineering Invoice Approval.
			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	Reduction in ArcGIS Desktop users and/o increase in ArcGIS Online users/applications	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.
				July-2015	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	Two applications on-line	There are a total of 19 applications available today. Since 8/1/2014, BIS deployed 7 more applications.
					GIS applications with CCTV videos and pipe assessment	100% on-line within one month of video receipt	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	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 assesment 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 projecct. 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 	None	No update at this time. Jason Gu will be working on this item.
			Monitor the receipts of property tax, review the property tax allocation among funds.			None	No property taxes received in Q1
			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 nd 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 Skillssoft 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 Skillssoft training and training needs assessments with managers and departments for 2nd quarter.
			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 n 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								