

NOTICE OF MEETING

OF THE
REGIONAL SEWERAGE PROGRAM
TECHNICAL COMMITTEE

OF THE



WILL BE HELD ON

THURSDAY, MARCH 30, 2017

3:30 P.M.

EVENT ROOM – BUILDING B

AT THE OFFICE OF THE AGENCY
6075 KIMBALL AVENUE
CHINO, CA 91710



Regional Sewerage Program Technical Committee Meeting

AGENDA

Thursday, March 30, 2017

3:30 p.m.

Location

Inland Empire Utilities Agency
Event Room – Building B
6075 Kimball Avenue
Chino, CA 91708

Call to Order and Roll Call

Additions/Changes to the Agenda

1. Action Items

- A. Approval of the February 23, 2017 Meeting Minutes

2. Informational Items

- A. Regional Contract Update/Renewal (*Oral*)
- B. Septic to Sewer Feasibility Study Update
- C. Budget Workshop

3. Receive and File

- A. FY 2016/17 2nd. Quarter Budget Variance
- B. Draft Regional Policy Committee Agenda
- C. Building Activity Report
- D. Recycled Water Distribution - Operations Summary

4. Previous Technical Committee Items Requested

- A. TDS and Annual Flow information into Treatment Plants

5. Other Business

- A. IEUA General Manager's Update
- B. Committee Member Requested Agenda Items for Next Meeting
- C. Committee Member Comments
- D. Next Meeting – April 27, 2017

6. Adjournment

DECLARATION OF POSTING

I, Laura Mantilla, Executive Assistant of the Inland Empire Utilities Agency, A Municipal Water District, hereby certify that a copy of this agenda has been posted by 5:30 p.m. in the foyer at the Agency's main office, 6075 Kimball Avenue, Building A, Chino, CA on Monday, March 27, 2017.


Laura Mantilla

**ACTION
ITEM**

1A



Regional Sewerage Program Technical Committee Meeting MINUTES OF FEBRUARY 23, 2017 MEETING

CALL TO ORDER

A regular meeting of the IEUA/Regional Sewerage Program – Technical Committee was held on Thursday, February 23, 2017, at the Inland Empire Utilities Agency located at 6075 Kimball Avenue, Chino, California. Committee Chairman Chuck Hays called the meeting to order at 3:35 p.m.

ATTENDANCE

Committee Members:

Chuck Hays	City of Fontana
Mike Hudson	City of Montclair
Braden Yu	Cucamonga Valley Water District
Jesus Plasencia	City of Chino
Katie Gienger	City of Ontario
Rosemary Hoerning	City of Upland

Absent Committee Members:

Mark Wiley	City of Chino Hills
------------	---------------------

Others Present:

Dan Chadwick	City of Fontana
Nicole deMoet	City of Montclair
Joseph Grindstaff	Inland Empire Utilities Agency
Christina Valencia	Inland Empire Utilities Agency
Randy Lee	Inland Empire Utilities Agency
Sylvie Lee	Inland Empire Utilities Agency
Kathy Besser	Inland Empire Utilities Agency
Shaun Stone	Inland Empire Utilities Agency
Laura Mantilla	Inland Empire Utilities Agency
Ken Tam	Inland Empire Utilities Agency
Craig Proctor	Inland Empire Utilities Agency

ADDITIONS/CHANGES TO THE AGENDA

Chairman Hays asked if there were any changes/additions/deletions to the agenda. There were none.

1. ACTION ITEMS**A. Approval of the January 26, 2017 Meeting Minutes**

Motion: By Mike Hudson/City of Montclair and seconded by Jesus Plasencia/City of Chino to approve the minutes of the January 26, 2017 Technical Committee meetings.

Motion carried: Unanimously.

Katie Gienger/City of Ontario entered the room at 3:41 p.m.

2. INFORMATIONAL ITEMS**A. RP-1 AND RP-5 EXPANSION PRELIMINARY DESIGN REPORT (PDR) UPDATE**

Shaun Stone/IEUA gave an update on the RP-1 and RP-5 Expansion Project. He stated that IEUA will be bringing the preliminary design to the Board on March 15, 2017, for approval and will be moving forward with the design contract in April 2017 for RP-5. Construction for RP-5 will start in May 2019 and is expected to be completed in September 2022. The RP-1 expansion PDR and final design will begin in 2023 and be completed in May 2029. Joseph Grindstaff/IEUA explained that if President Trump funds infrastructure upgrades, and IEUA receives grant money to subsidize RP-1, we may move the schedule up.

Mr. Stone further stated that at February's board workshop three objectives were reviewed: RP-1 liquids treatment alternatives, RP-1 solids treatment alternatives and advanced water treatment in addition to the four alternatives for the RP-1 liquids treatment expansion secondary treatment cost analysis. Based on IEUA's staff evaluation, consistency between the two facilities operational use and RP-1 being the primary source for groundwater recharge, staff selected Alternative #4. The total project cost is estimated at \$151.5 million. Mr. Stone stated that the total expansion cost for RP-1 solids is estimated at \$47 million and the liquids portion at \$182 million, for a total of \$230 million. Mr. Stone then reviewed the flow chart for the advanced water treatment alternatives at RP-1 and RP-5. The estimated cost for constructing the advance water treatment at RP-5 is \$40 million. The second alternative of RP-1 is estimated at \$65 million. Mr. Stone noted that the cost does not include price for pipelines or injection wells.

Mr. Stone explained the following advantages of amending the Parsons contract: it is consistent with 2015 request for proposal; Parsons intrinsic knowledge of PDR and maintained to the project schedule. The requirements of the amendment is to get the final PDR. Parsons will provide the design scope fee which will be in the range of \$13M - \$15 million. IEUA is validating by conducting survey of design fees of similar projects. Mr. Stone stated that IEUA would like member agencies to be part of the process and to let him know if they are interested in participating. Rosemary Hoerning/City of Upland asked if this includes food waste. Mr. Stone responded that there is a small portion of the project of about \$1 million of construction for pilot testing until the regulations mature and are developed further. IEUA will list those items in the design package as optional. Mr. Stone stated that

the next steps are to receive Parson's proposal for the RP-5 expansion final design, negotiate the scope of work and bring amendment to the Board in April for action.

B. REGIONAL CONTRACT UPDATE/RENEWAL (ORAL)

Chairman Hays stated that the Technical Advisory Committee continue to meet monthly and plan to bring IEUA a term sheet in March 2017.

C. OPERATIONS SUMMARY UPDATE

Randy Lee/IEUA gave an update on the Operations aspects of the Agency. He reviewed the regional influent flows for the last 10 years, noting that 10 years ago, IEUA had flows of 60 MGD, currently it is at 50 MGD. Mr. Lee distributed two slides showing the Total Organic Compound (TOC) 12-month running average and the ammonia NH₃-N loading Comp (see attached). He explained that even though IEUA loads are increasing due to conservation, part of it is also due to the drought. IEUA's concentrations have increased by almost 40 percent in our treatment plants.

Mr. Lee reviewed the influent flows during recent rain. He pointed out that there were two peaks during recent rain events. The first one occurred on January 20 and the second on January 22. On January 20, RP1 received peak flows of 90 MGDs and 70 MGDs on the January 22. The rain totals for that day was 1.4 inches for Ontario and 0.7 inches for Chino. Mr. Lee then reviewed groundwater recharge historical data. He further stated that currently the Agency has recharged over 21,000 AF, of that 4,200 was imported water from Metropolitan Water District (MWD). As of December, the Agency had nearly 10,000 AF from storm water and runoff.

Mr. Lee gave an update on IERCF compost sales. He stated that sales for the last couple of years were challenging and the facility was near capacity, but now it is completely empty. Mr. Lee indicated that manager, Jeff Ziegenbein has done a good job in penetrating to other markets and reported that winter sales exceeded 25,000 cyds of compost. Mr. Lee invited the Committee to IERCF's 10-year anniversary, which is scheduled on May 4, 2017.

3. RECEIVE AND FILE

A. FUND OVERVIEW

The Fund Overview presentation was received and filed by the Committee.

B. DRAFT REGIONAL POLICY COMMITTEE AGENDA

The draft Regional Policy Committee Agenda was received and filed by the Committee.

C. BUILDING ACTIVITY REPORT

The Building Activity Report was received and filed by the Committee.

D. RECYCLED WATER DISTRIBUTION - OPERATIONS SUMMARY

The Recycled Water Distribution Operations Summary was received and filed by the Committee.

E. PRETREATMENT COMMITTEE MINUTES

The Pretreatment Committee Minutes were received and filed by the Committee.

4. PREVIOUS TECHNICAL COMMITTEE ITEMS REQUESTED

None.

5. OTHER BUSINESS**A. IEUA GENERAL MANAGER'S UPDATE**

- Mr. Grindstaff informed the Committee that the attached memo was distributed to the IEUA Board regarding the Regional Contract.
- Mr. Grindstaff gave an update on MWD and stated that for first time in history since the Colorado River Aqueduct went into service, MWD reduced their pumping to two pumps and are not delivering water to Southern California. Instead they are delivering water to the Coachella Valley to be stored in the groundwater basin. MWD approached IEUA about potentially storing more water in the Chino Basin, however, we do not have an agreement. He further stated that MWD would have stored more water this year than ever in a single year, the highest in history. They had 2.7 million AF in storage before the drought started. Mr. Grindstaff stated that MWD will have Article 21 Water. MWD is approaching every groundwater basin about taking water and storing it.

B. COMMITTEE MEMBER REQUESTED AGENDA ITEMS FOR NEXT MEETING

Christina Valencia/IEUA acknowledged Chairman Hay's email request for additional information on the comprehensive analysis on cost of service and the forecast. IEUA will start discussions with the Committee in March and plan to present to the Regional Committees in May and June.

In addition, Katie Gienger/City of Ontario asked about the additional information that was requested via email by Chairman Hays on the treatment plants and TSS. She asked if the information could be provided at the next meeting and can it be translated to EDUs per plant. Sylvie Lee/IEUA stated that the request was for TSS, BOD and flows, which IEUA can provide. The flow and strength could be back-calculated to EDUs, however, those calculations would not be a true representation of EDUs per Exhibit J of the Regional Contract as the influent to the treatment plants are a mix of residential, commercial and industrial sources. Mr. Grindstaff explained that IEUA transfers water amongst treatment plants, therefore Exhibit J needs to be modified. If you try to calculate the regional contract it has assumptions on BOD and suspended solids that are very different than reality because they were based on the flows that existed back when the contract was implemented. Mr. Grindstaff stated it needs to be rectified and Exhibit J needs to be updated to make that more equitable.

Mr. Grindstaff indicated that Carrollo is worried about using the data from only the three cities and that they would like to have more information from member agencies to move forward effectively and need more data on industrial and commercial. Mr. Grindstaff asked the Committee if they are comfortable to move with the data sets of the three cities. After much discussions, the Committee came to the consensus of having another meeting with Carrollo. Craig Proctor will work with Chairman Hays on scheduling a meeting. Braden Yu/CVWD reported that they are close to submitting their information, they have already prepared the data. Ms. Hoerning said Upland is almost ready to submit their data as well.

C. COMMITTEE MEMBER COMMENTS

The Committee members had no comments.

D. NEXT MEETING – MARCH 30, 2017

6. ADJOURNMENT

The meeting adjourned at 4:40 p.m.

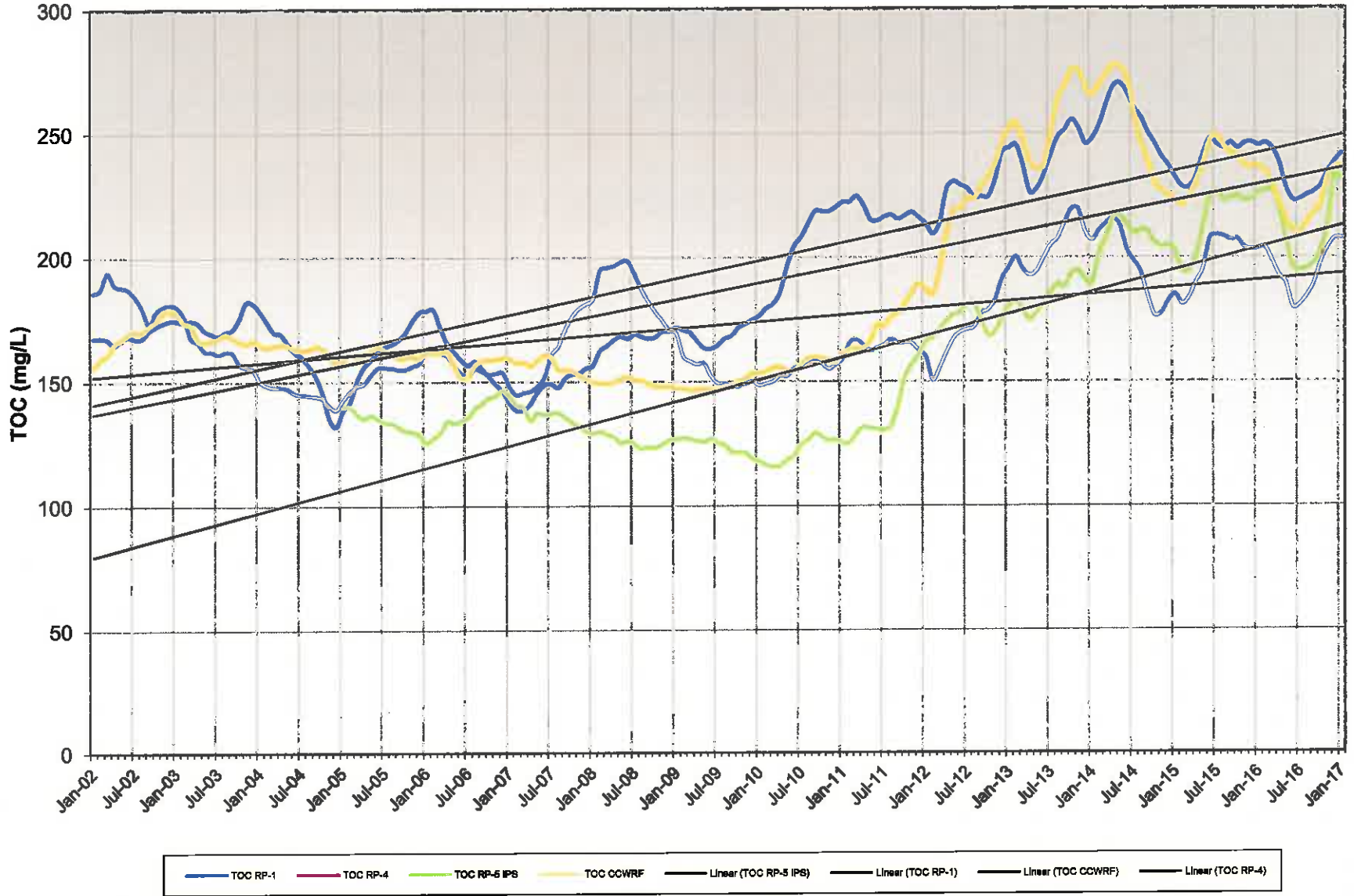
Transcribed

by:

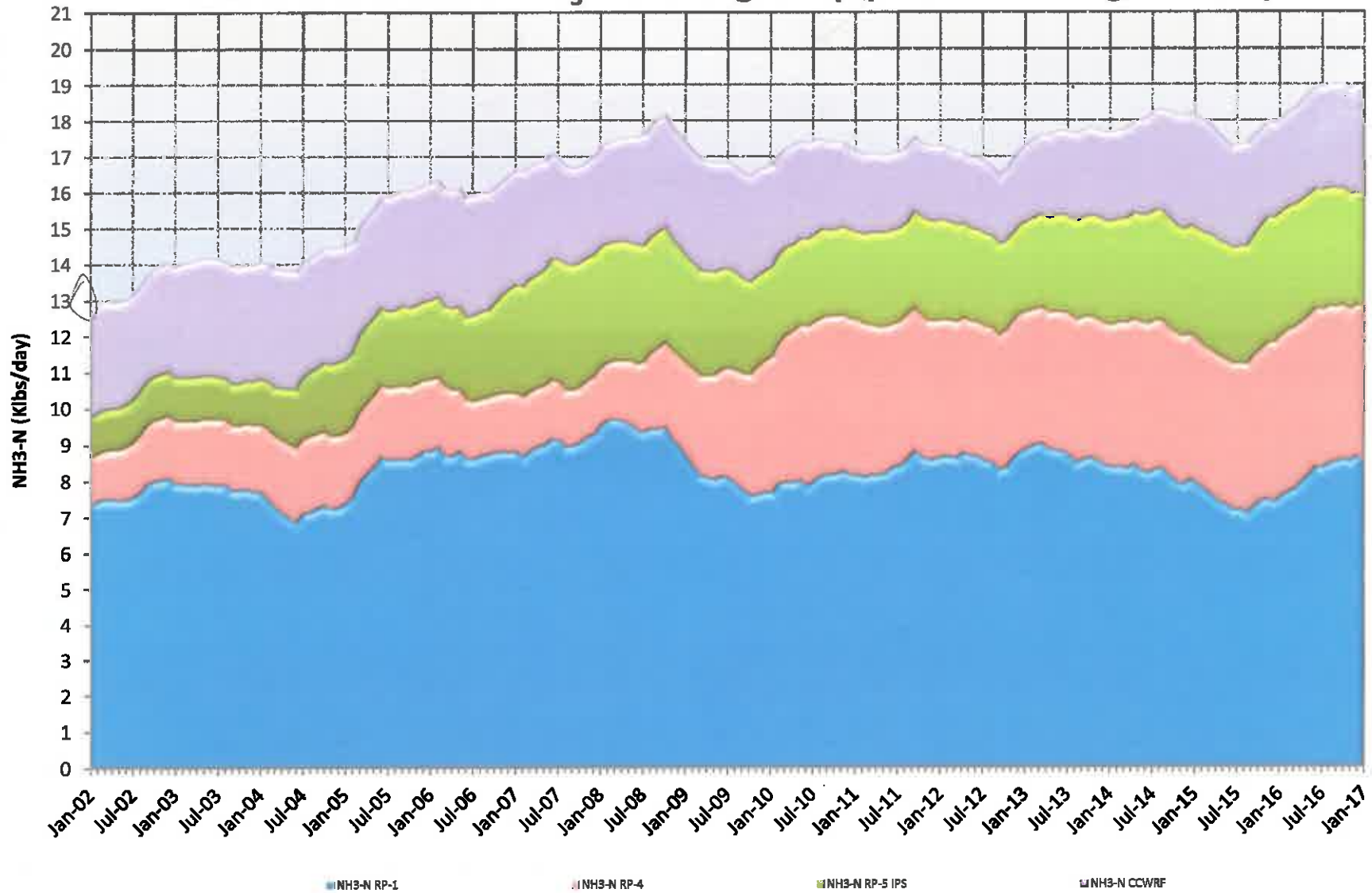


Laura Mantilla, Executive Assistant

IEUA Plant Influent - TOC (12-mo running avg)



IEUA Plant Influent - NH₃-N Loading Comp (12-mo. run. avg, stacked)





Date: February 15, 2017
To: IEUA Board of Directors
From: P. Joseph Grindstaff, General Manager
Subject: GM Oral Report: Regional Contract Renewal Update

Staff has been working with the Regional Technical Committee (Tech Committee) since 2014 on methodology and approach for the renewal of the Regional Contract (RC). After multiple discussions and workshops held throughout the past several years, the Tech Committee provided an approach and milestone schedule for the RC renewal on September 29, 2016. The Tech Committee proposal committed to the following:

- Develop and submit a draft RC term sheet to IEUA by March 2017.
- The term sheet will provide:
 - Issues that should be addressed as part of the contract renegotiation process
 - Proposed terms that are acceptable to all RC Agencies

To assist the Tech Committee in its efforts, they requested that IEUA provide a matrix outlining contract language vs. current practices of the RC. This item was completed in October 2016.

Staff had been coordinating monthly special Tech Committee workshops in addition to the monthly Tech Committee meetings since November 2015. In September 2016, the Tech Committee indicated that IEUA involvement was not needed prior to March 2017. While meaningful discussion took place during the workshops, there was general disagreement between IEUA and the Tech Committee on the next steps moving forward to amend the current contract. To help keep the process moving forward, IEUA recommended retaining an independent third-party facilitator to help define the roadmap to complete the contract negotiation process in a well-organized, efficient and timely manner. The Tech Committee decided to wait until after March 2017 to evaluate whether a facilitator would be necessary.

Both the Technical Committee and IEUA realize the importance of updating Exhibit J (Sewer Fee Calculation) to the RC. The sewer fee calculation is an important component to the RC renewal. This study was expected to be completed by March 2017 to facilitate the RC renewal discussions. Carollo Engineering was unanimously selected by IEUA and participating Tech Committee members as the preferred consultant to complete the evaluation. The project is currently underway, but has been delayed by approximately four months due to lack of data from several of the member agencies. It is hopeful the outstanding data will be provided within the next month so this study can be completed to the satisfaction of both IEUA and the member agencies and help facilitate the RC renewal discussions.

INFORMATION

ITEM

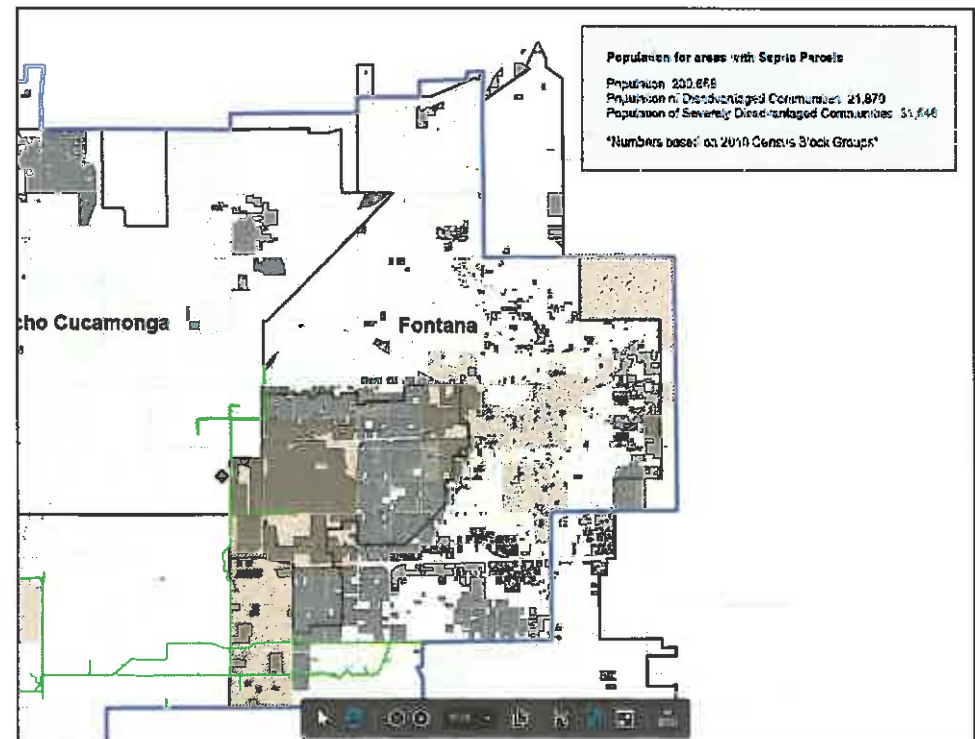
2B

Septic to Sewer Feasibility Study Update



Feasibility Study Project Goals

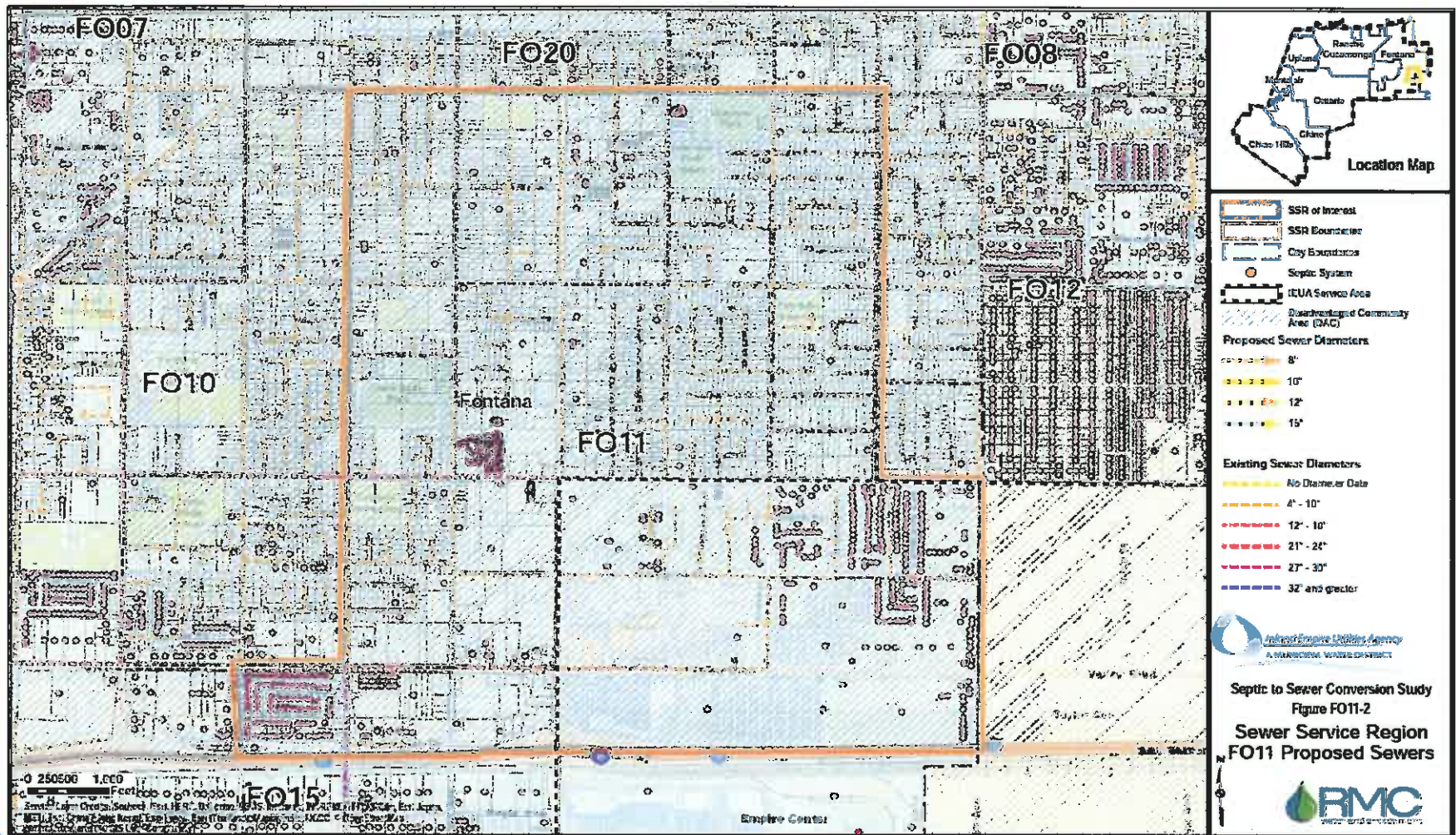
- Feasibility Study Goal – Conversion of septic users to sewer service
 - Cost Effectiveness – ranked based on grant funding
 - Groundwater quality benefits
 - Sewer Capacity Analysis
 - Analysis of Associated Costs
 - Low Impact Development Considerations
 - Overall Benefits to the Region
 - IEUA Recycled Water Program Impacts



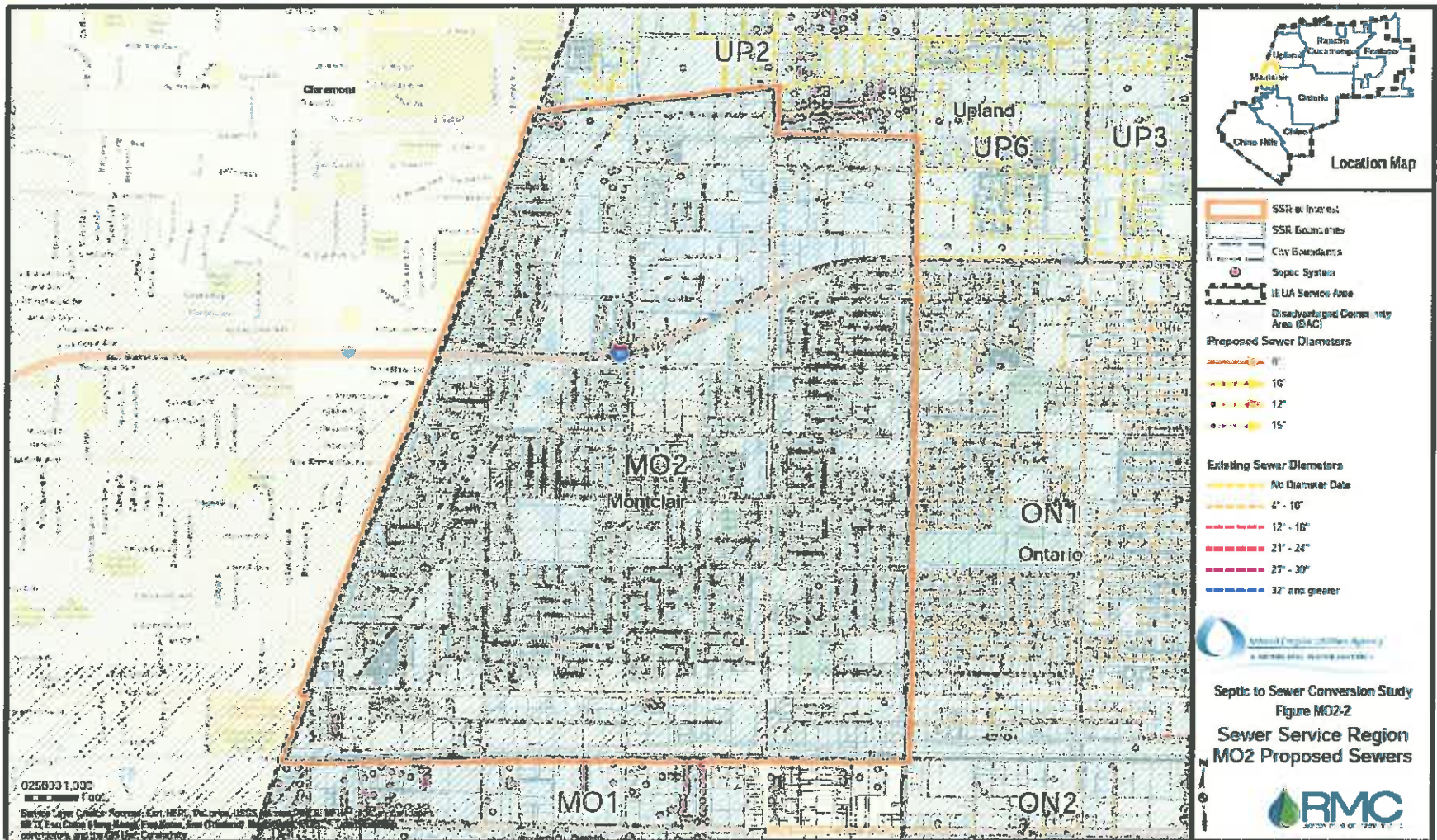
Feasibility Study Progress Update

- **Parcel Screening for Septic Systems**
 - Reviewed by IEUA and Contracting Agencies
 - ~15% of the parcels identified needed additional confirmation as located adjacent to known sewer lines.
 - ~21,000 septic system parcels in service area
- **RMC established Sewer Service Regions (SSRs)**
 - Comments on SSRs requested from all Contracting Agencies
 - Four of seven Contracting Agencies provided comments
- **Planning grant through State Water Resources Control Board in process**
 - Disadvantaged and severely disadvantaged communities
 - Opportunities to incorporate stormwater management & low-impact development
 - \$500,000 max/city
 - Fontana service area submitted, others to follow

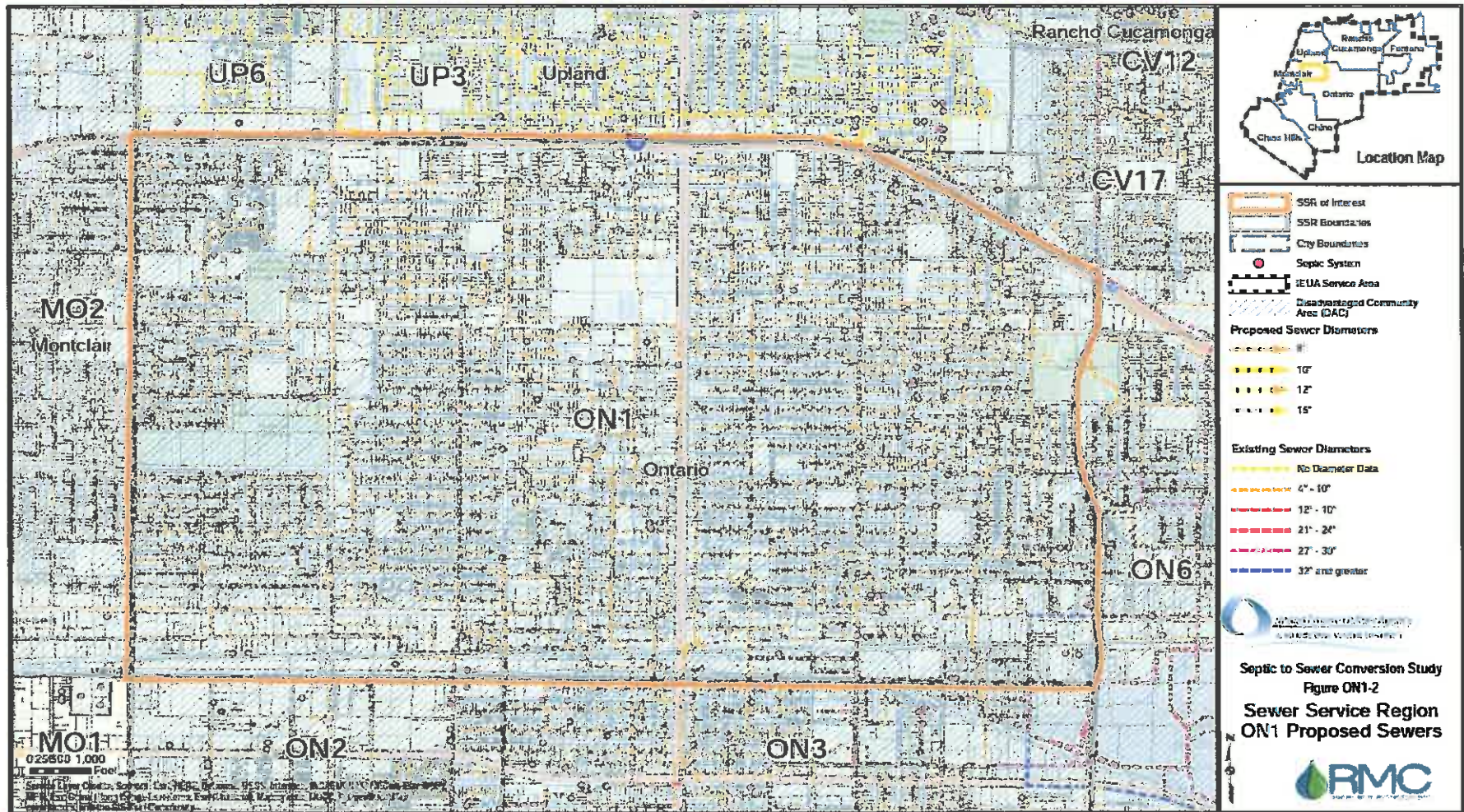
Fontana SSR Example



Montclair SSR Example



Ontario SSR Example



Next Steps

- Assessment of current sewer system capacity for SSRs (Feb. – May 2017)
 - Contracting Agency and IEUA Collection Systems
- Development of master sewer layout for SSRs & estimation of costs (Feb. – May 2017)
- SSRs prioritization based on information from Contracting Agencies (May – June 2017)
 - Cost
 - Disadvantaged communities
 - Groundwater impacts
 - Proximity to existing sewers
 - Multiple benefits (stormwater/recycled water)
- Draft & final feasibility study (May – July 2017)
 - Contracting Agency representatives have opportunity to comment on draft

INFORMATION

ITEM

2C

Date: March 30, 2017/April 6, 2017
To: Regional Committees
From: Inland Empire Utilities Agency *CB*
Subject: Budget Workshop

RECOMMENDATION

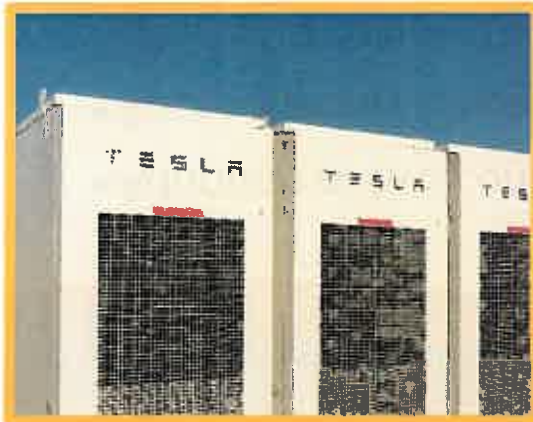
This is an information item for the Regional Committees to review.

BACKGROUND

This item was presented at the IEUA Board of Directors meeting on March 15, 2017.

Budget Workshop

Board Meeting



Biennial Budget

- Adoption of two "one-year" budgets, beginning FY 2015/16 and FY 2016/17
- Appropriation limited to a single year
- Mid-cycle review to identify significant adjustments needed for the second year budget

Improve goal-setting and budgetary process

- Realistic timeframes for completing goals
- Produce a more policy-oriented budget process
- Focus on mid and long term planning
- Reduce staff time and effort in preparing annual budget, with shorter budget preparation/revision time in the second year
- Provide certainty, stability, and transparency



Business Outreach Program

- IEUA received >\$429M in State & Federal funding
 - Applied for an additional \$396M in State & Federal funding
- IEUA's Current Ten Year Capital Improvement Plan (TYCIP) is approximately \$735M
 - Includes 28 projects with potential partial or full State/Federal funding
 - Approximately \$396M or 54% of all TYCIP projects
- Opportunity to enhance and grow IEUA's Program
 - All Goods & Services
 - Materials, Supplies, Service providers, Consultants, Construction

Business Outreach Program

Ensure opportunity and encourage participation by Disadvantaged Business Enterprises (DBEs) in Procurement under EPA Financial Assistance Agreements

- **Strict EPA Guidelines to ensure opportunity**
 - ✓ **Fair Share Objectives**
 - ✓ **Six Good Faith Efforts**
 - New Contract Administration Requirements
 - Record Keeping & Reporting
 - Bidders List
- **Bidders must meet or exceed EPA DBE Certifications**
- **Non-Compliance means potential loss of all awarded funds for project and potential restrictions from additional funding opportunities**

Proposed Business Outreach Program

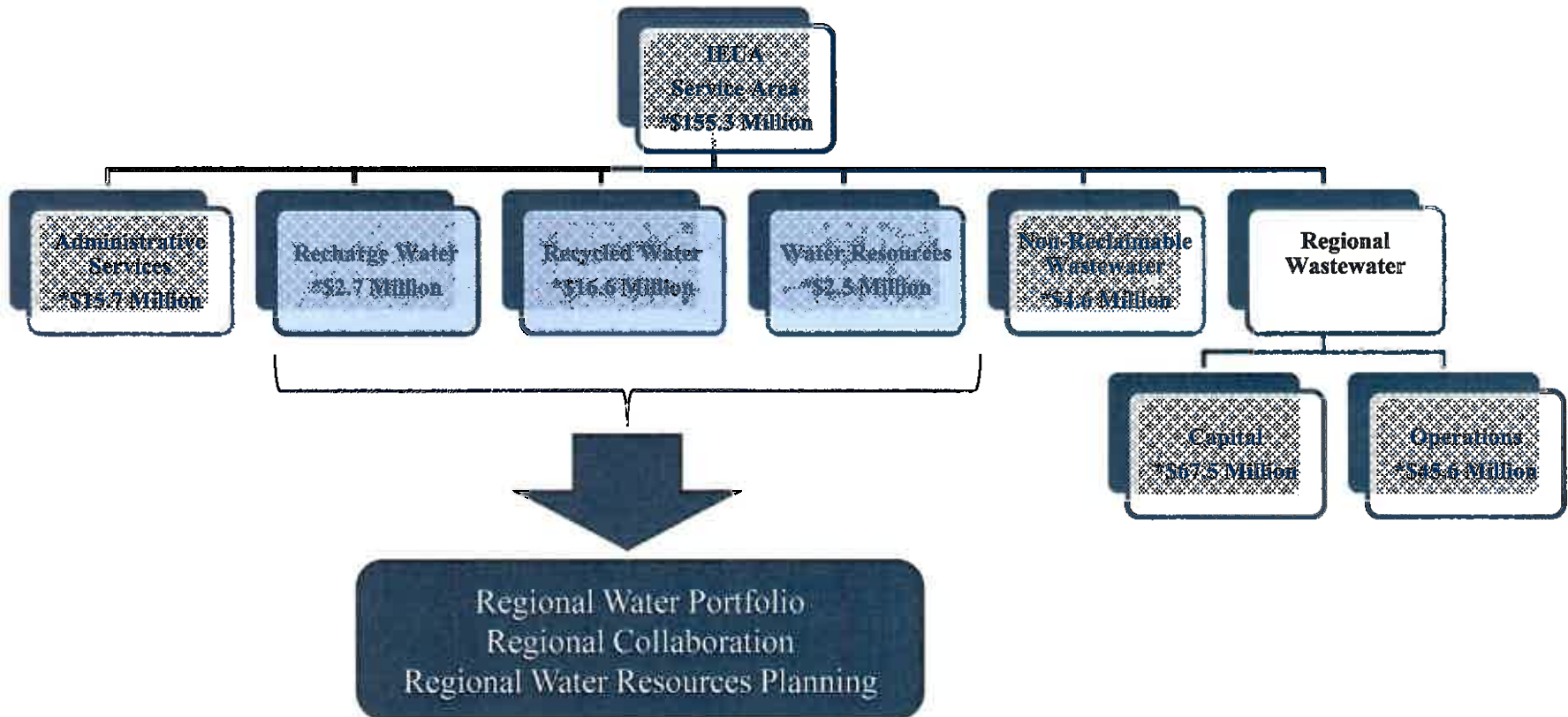
- Model after Metropolitan Water District
 - Market, outreach, and train DBEs and local businesses
 - Specify incentives in solicitations
 - Initial participation goal of 3%

Program Requirement	Preference Points on Proposals	Preference in Bid Reduction
Certified DBE	5 points	5%
Local Business	5 points	5%
		*Maximum \$\$ value subject to scale of project.

Based on 100 point scale

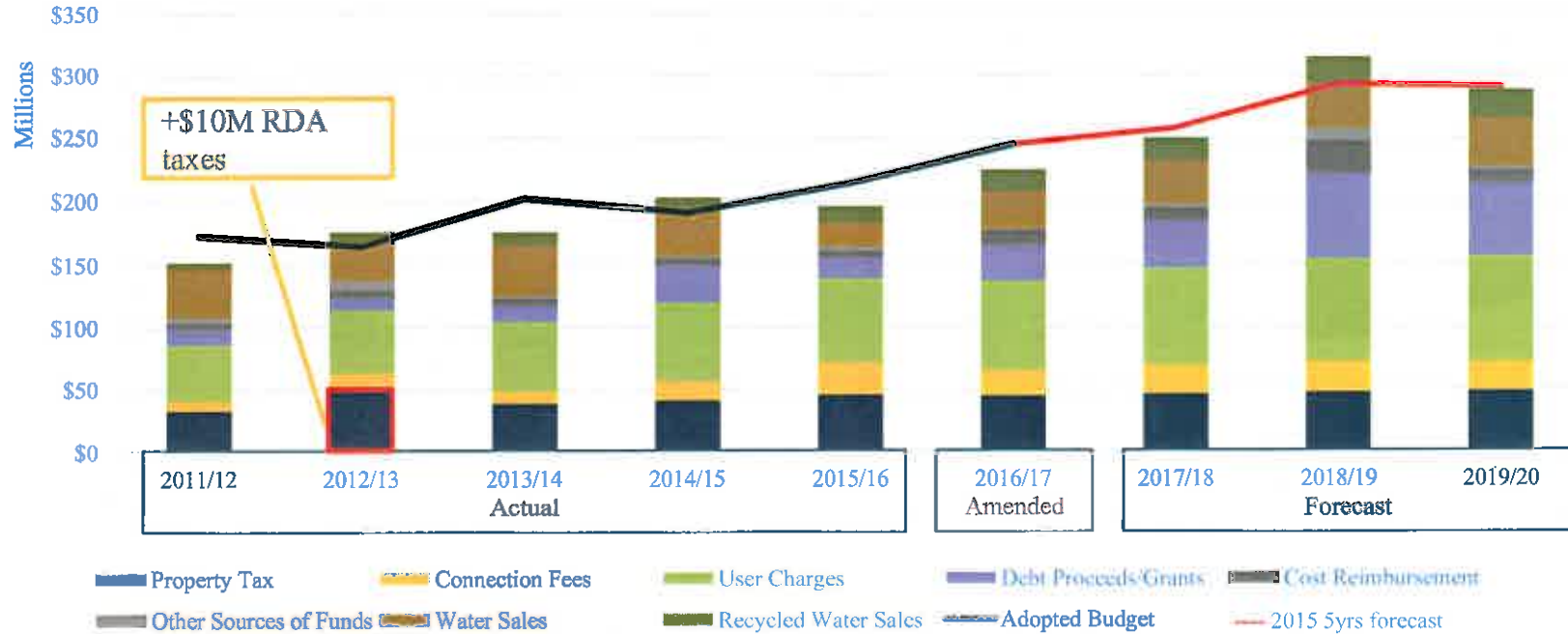
Agency Funds

* FY 2016/17 Amended Fund Balances as of the July 1, 2016



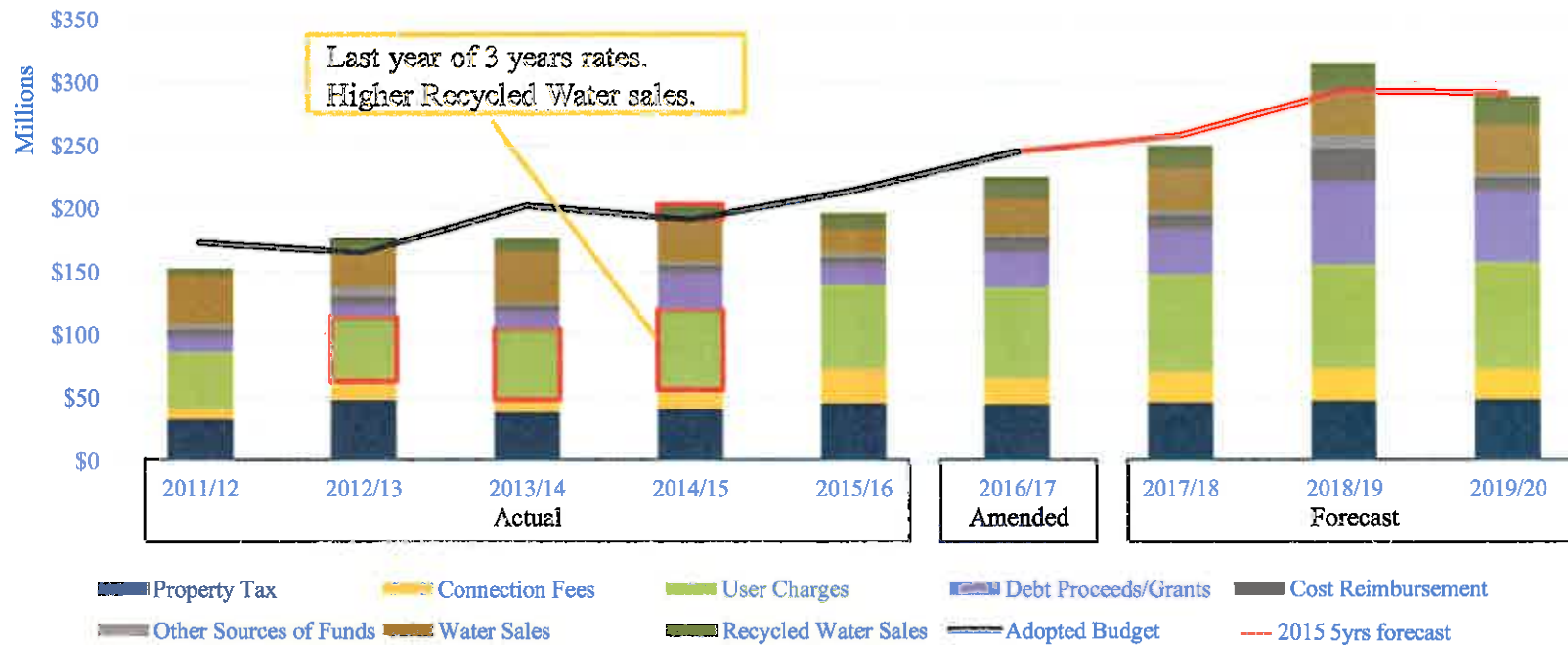
Consolidated Trends – All Funds

Sources of Funds
“Where monies come from”



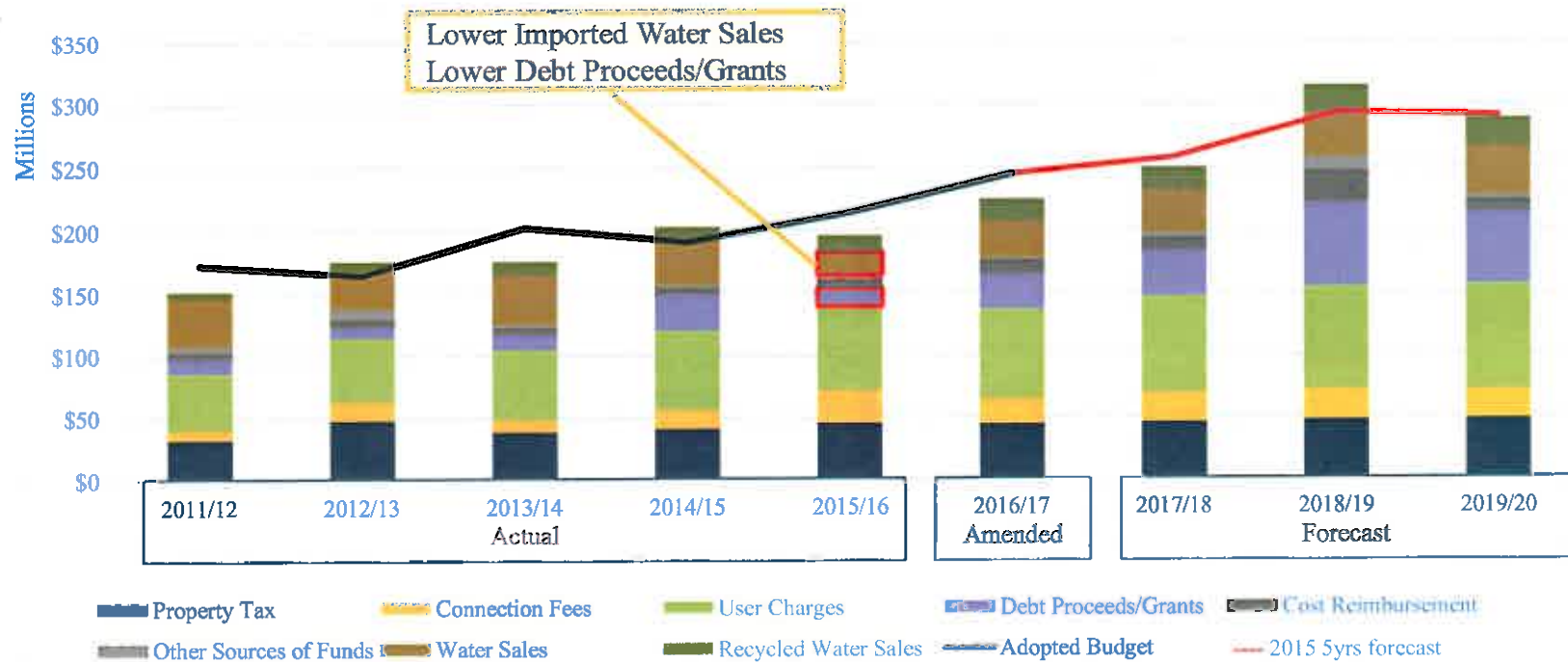
Consolidated Trends – All Funds

Sources of Funds “Where monies come from”



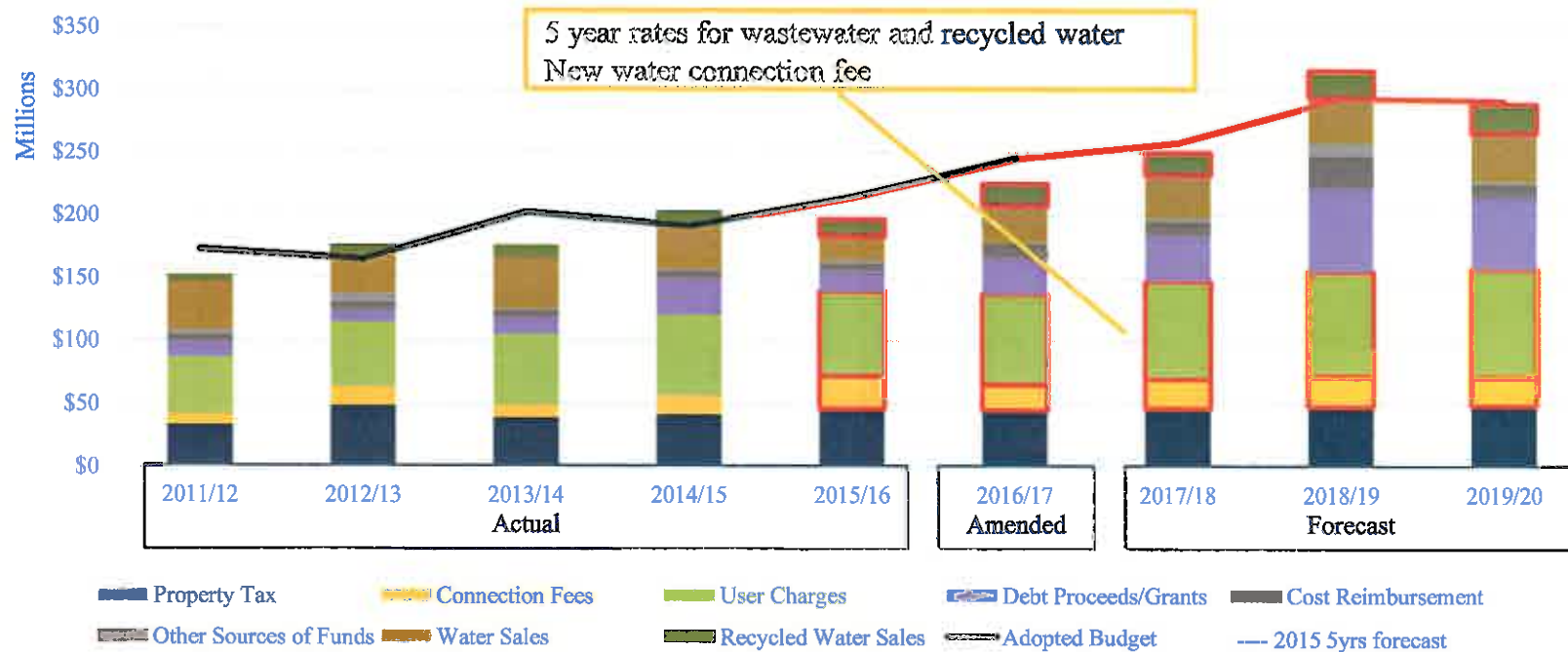
Consolidated Trends – All Funds

Sources of Funds "Where monies come from"



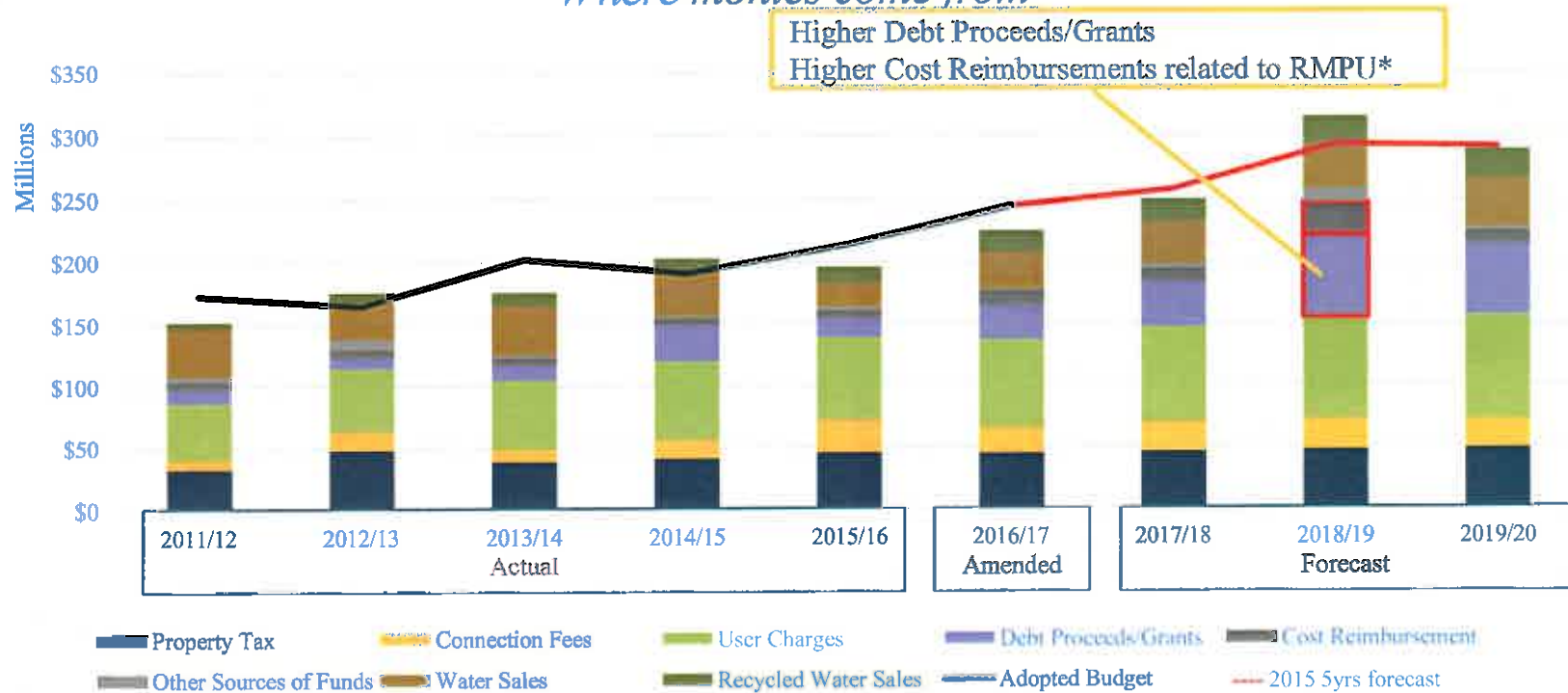
Consolidated Trends – All Funds

Sources of Funds *“Where monies come from”*



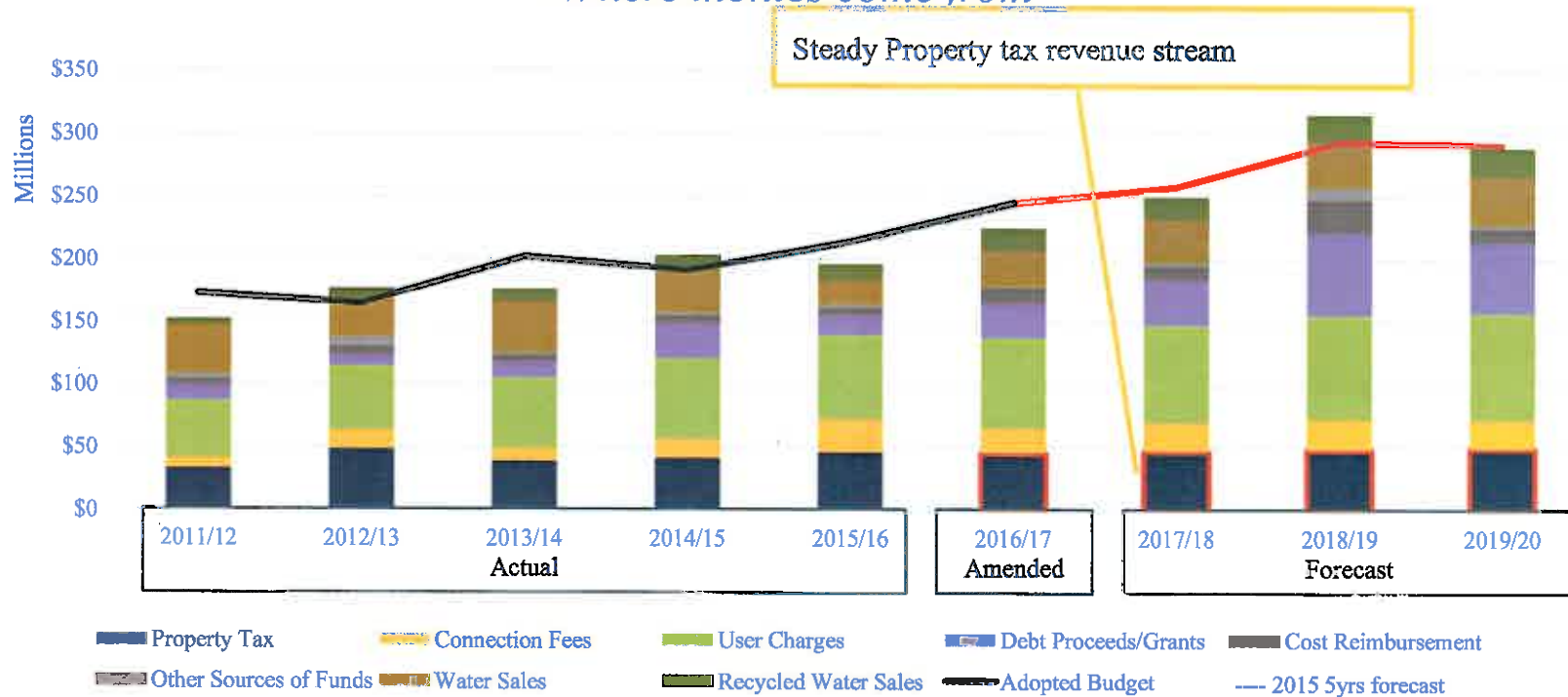
Consolidated Trends – All Funds

Sources of Funds *“Where monies come from”*

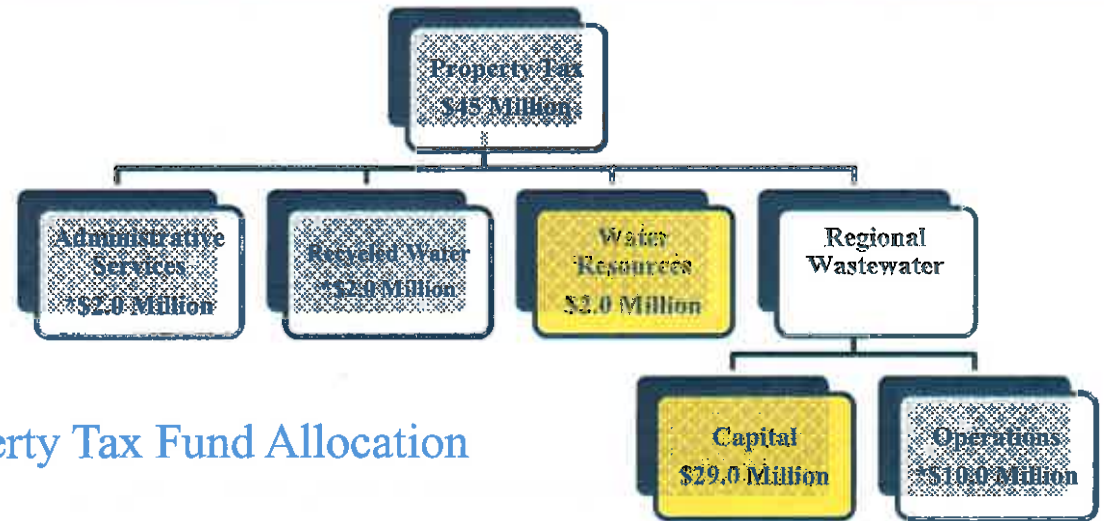


Consolidated Trends – All Funds

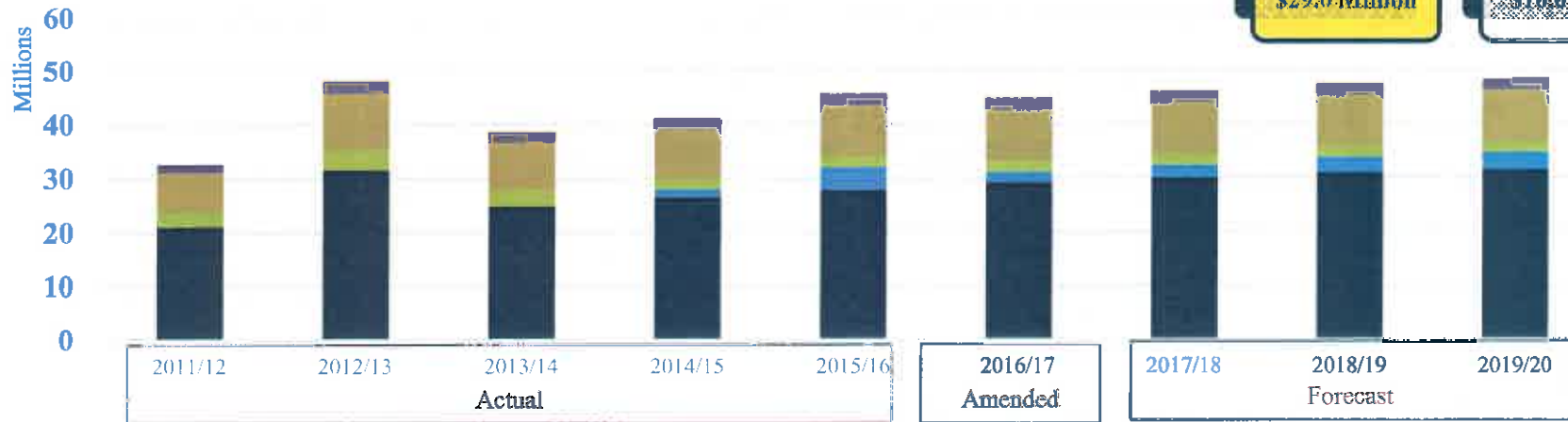
Sources of Funds *“Where monies come from”*



Property Tax Fund Allocation



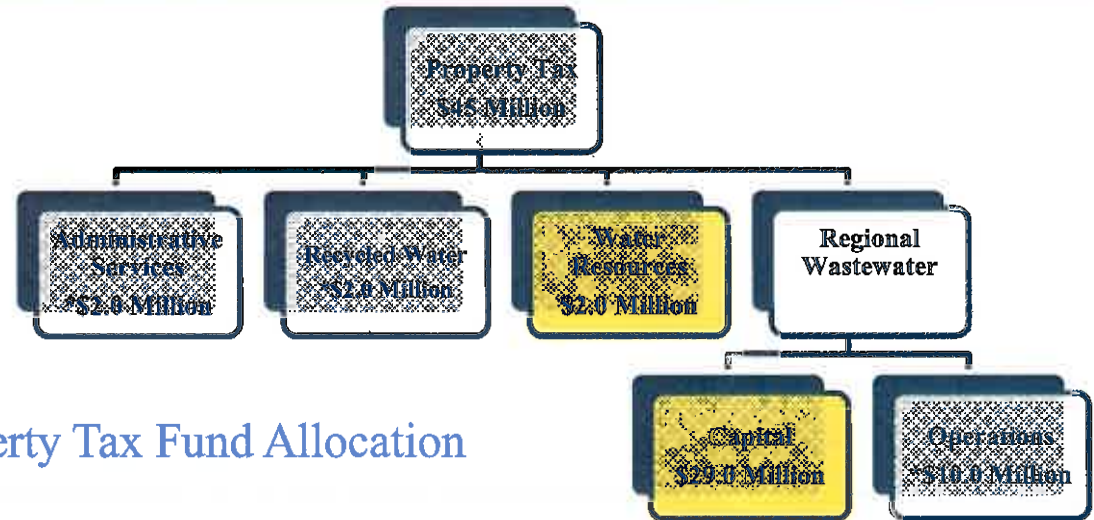
Property Tax Fund Allocation



■ Regional Wastewater Capital ■ Water Fund ■ Administrative Services ■ Regional Wastewater Operation ■ Recycled Water

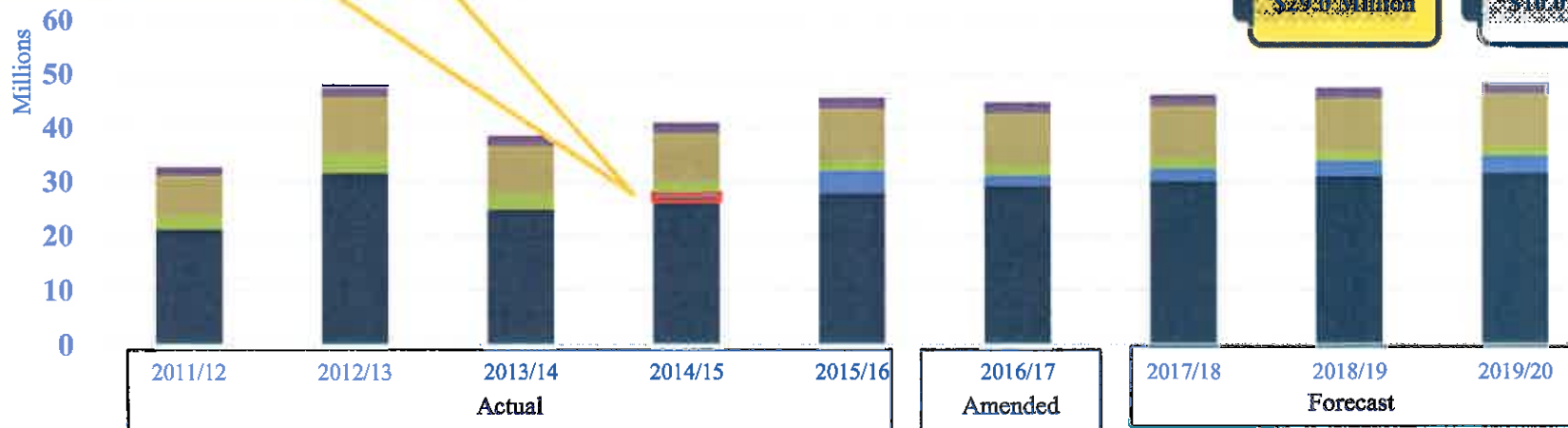
Property Tax Fund Allocation

- 65% allocated to Regional Wastewater Capital fund.
- 35% allocated to other funds.
 - Fixed amount as shown
 - Balance to Water Resources fund.



Beginning allocation to Water Resources fund from Administrative Services fund

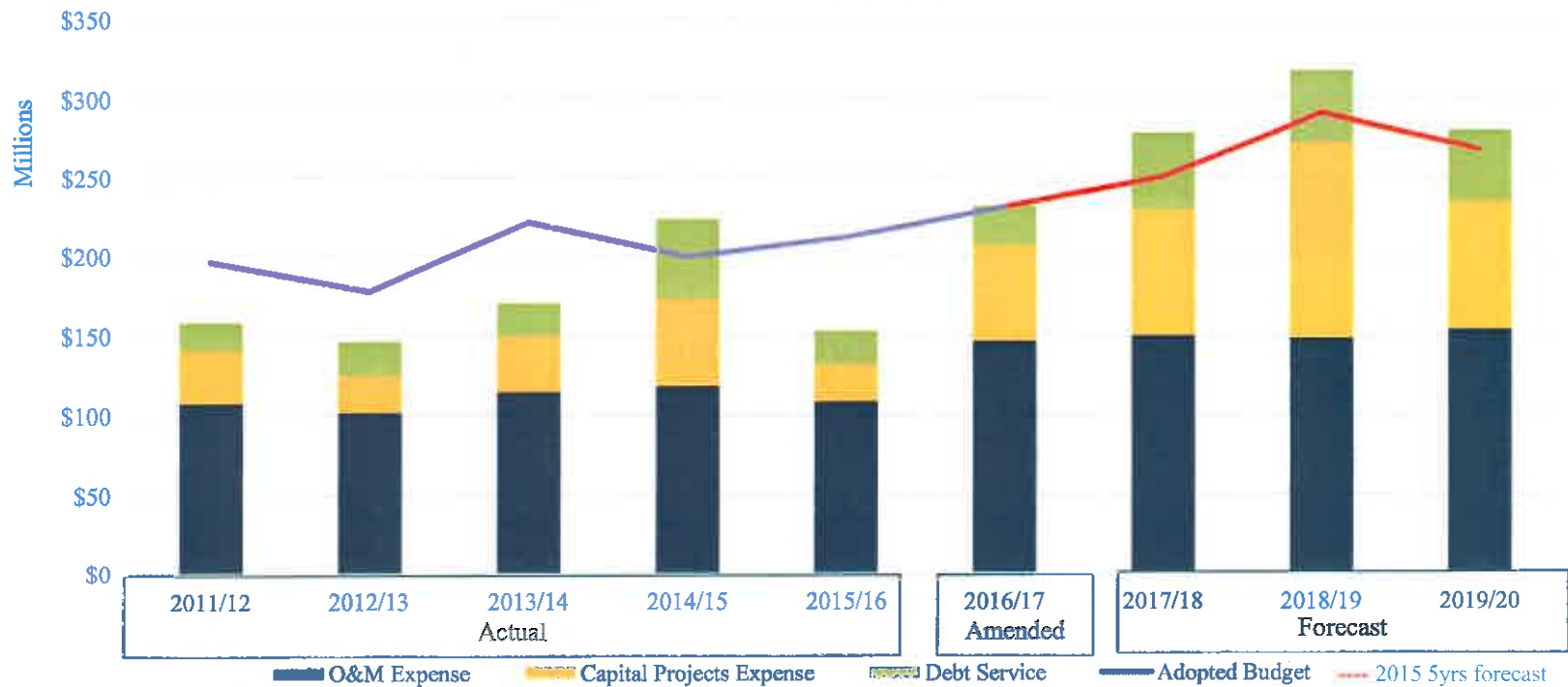
Property Tax Fund Allocation



■ Regional Wastewater Capital ■ Water Fund ■ Administrative Services ■ Regional Wastewater Operation ■ Recycled Water

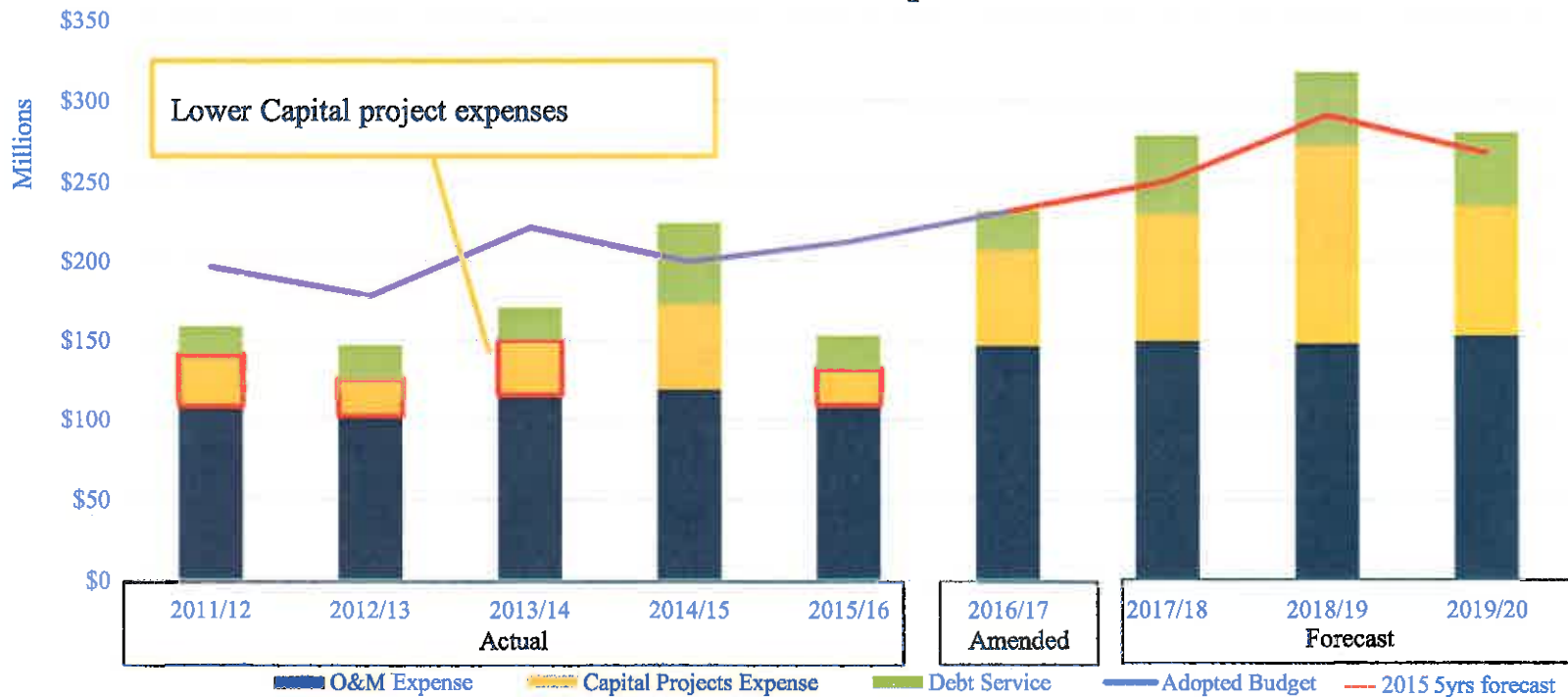
Consolidated Trends – All Funds

Uses of Funds
“How monies are spent”



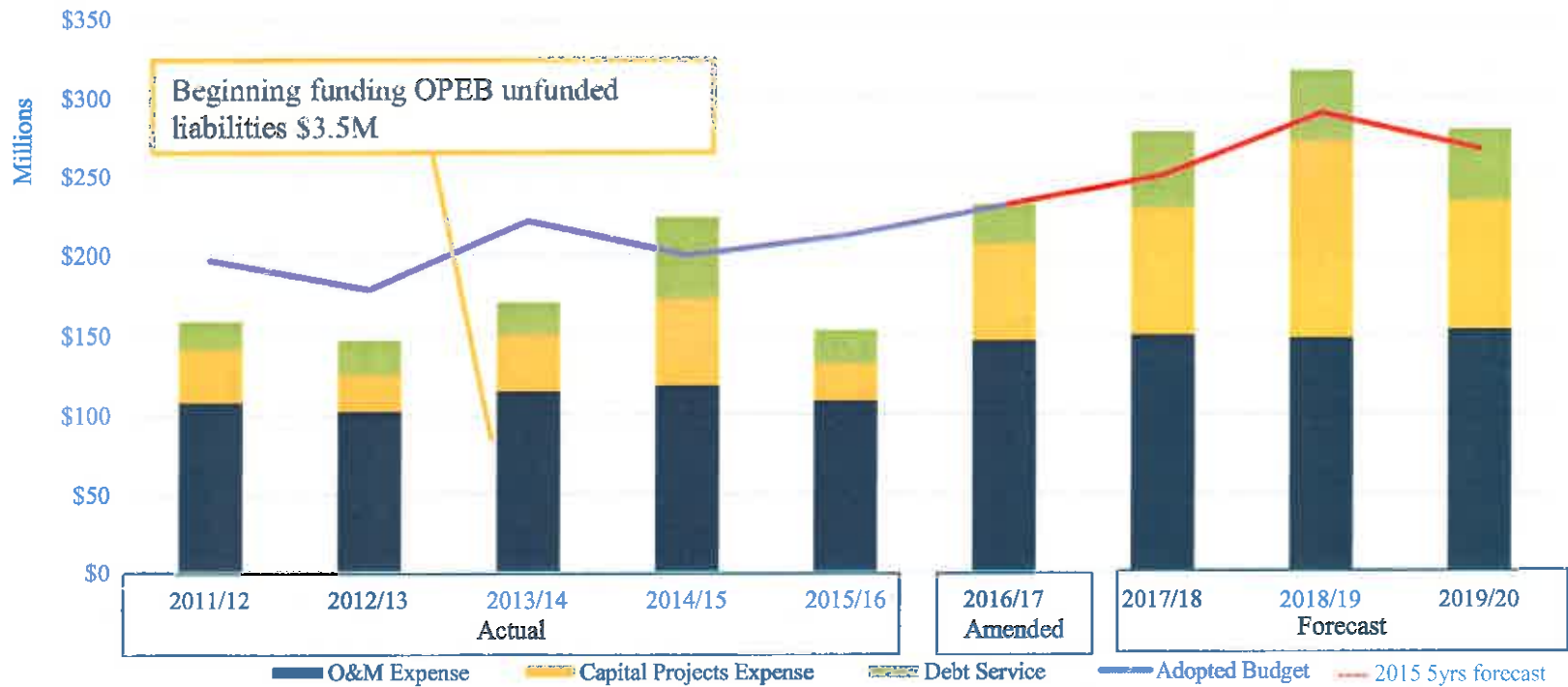
Consolidated Trends – All Funds

Uses of Funds
“How monies are spent”



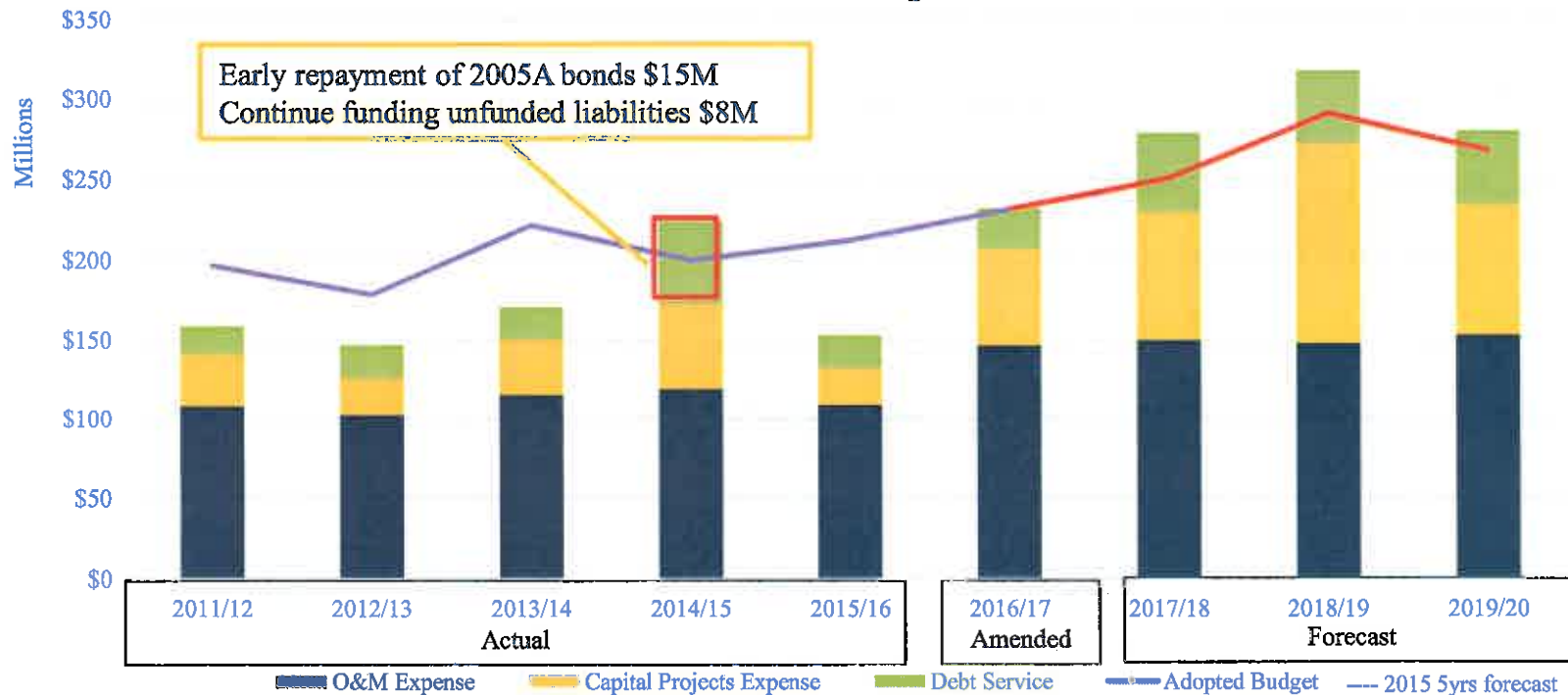
Consolidated Trends – All Funds

Uses of Funds *“How monies are spent”*



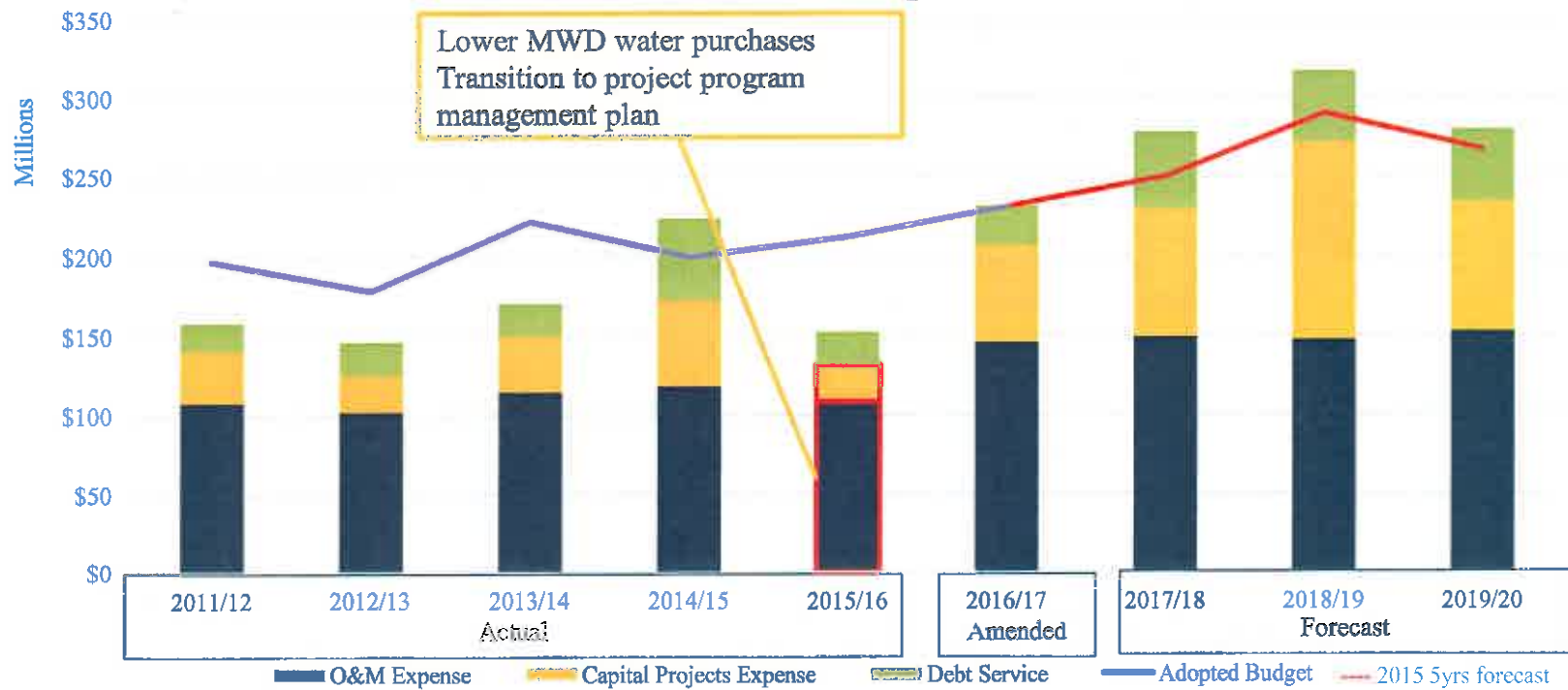
Consolidated Trends – All Funds

Uses of Funds
“How monies are spent”



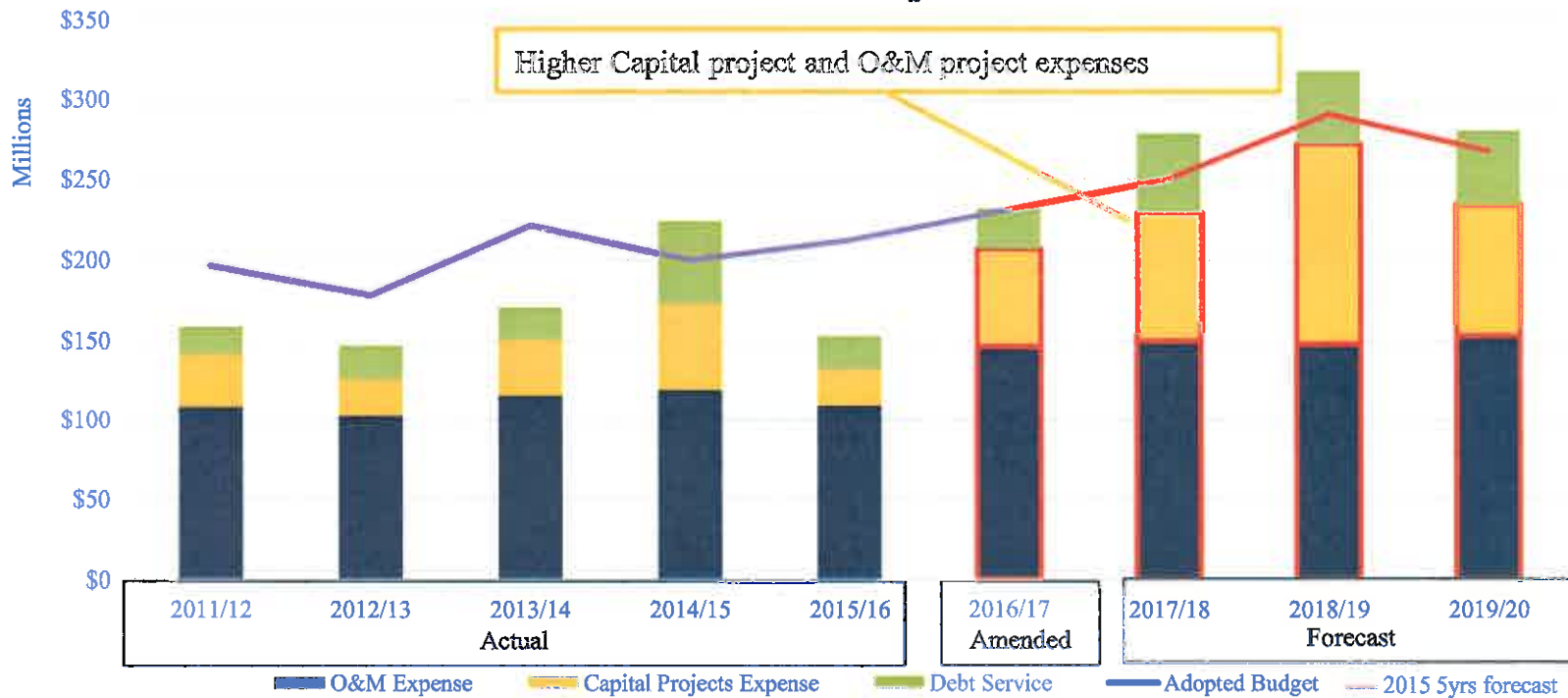
Consolidated Trends – All Funds

Uses of Funds “How monies are spent”



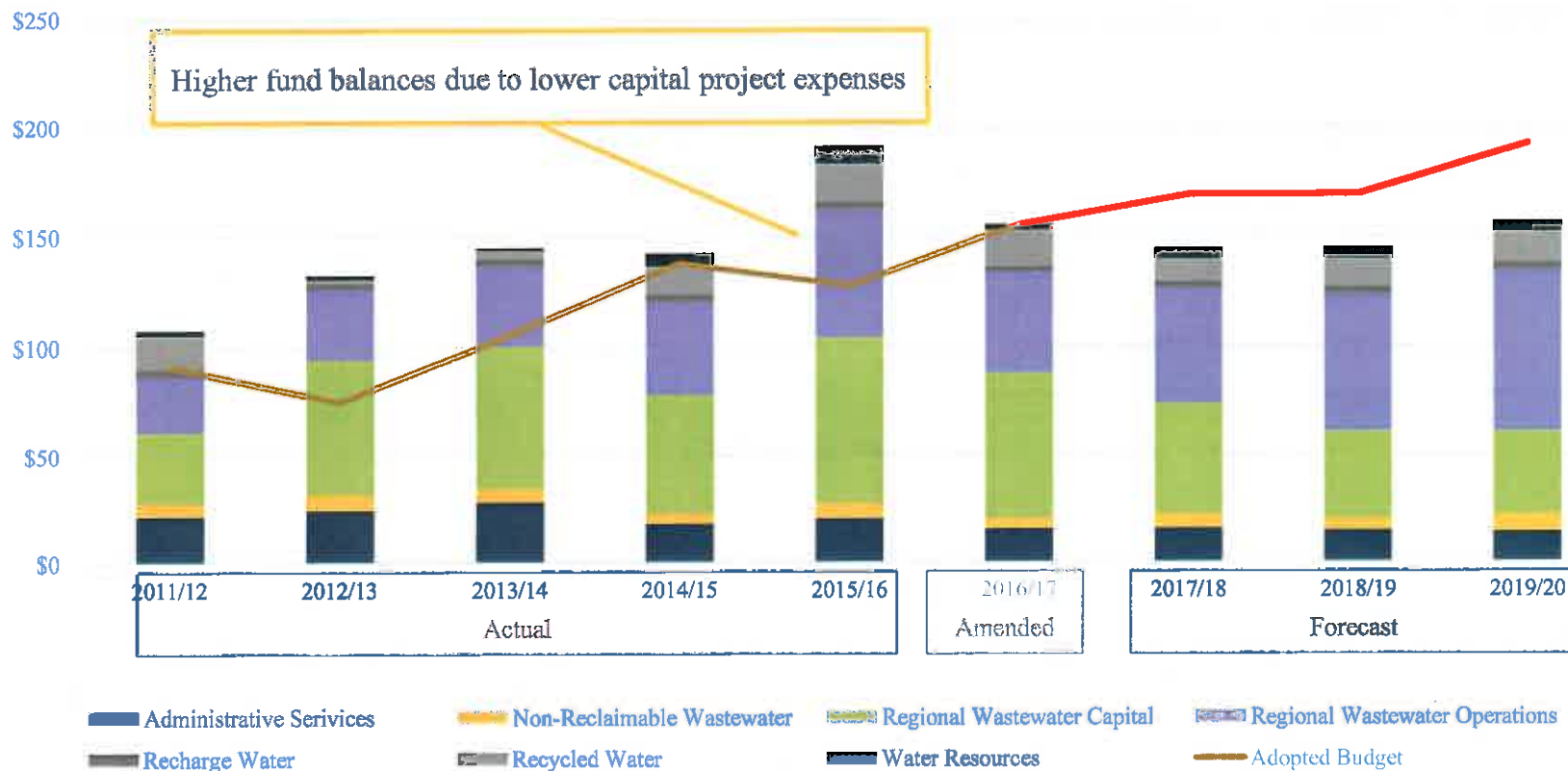
Consolidated Trends – All Funds

Uses of Funds *“How monies are spent”*



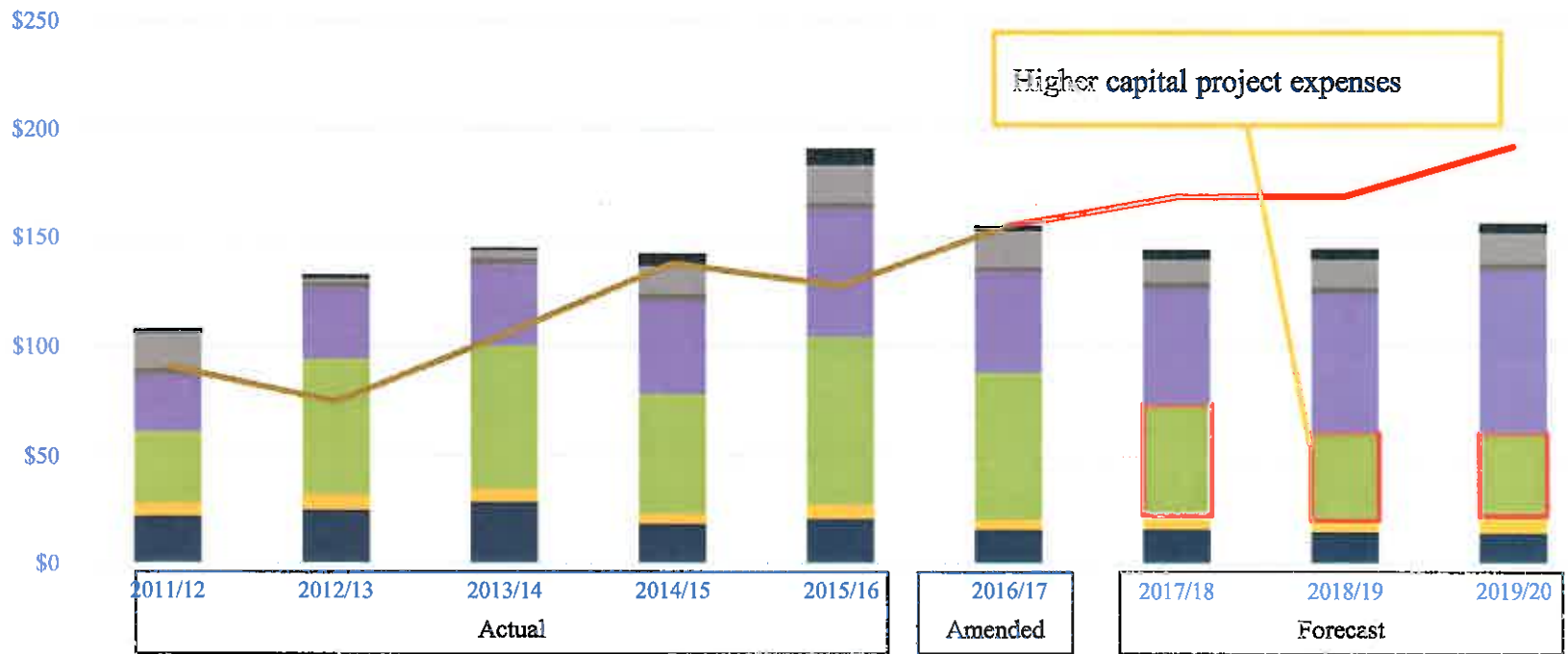
Consolidated Trends – All Funds

Fund balances



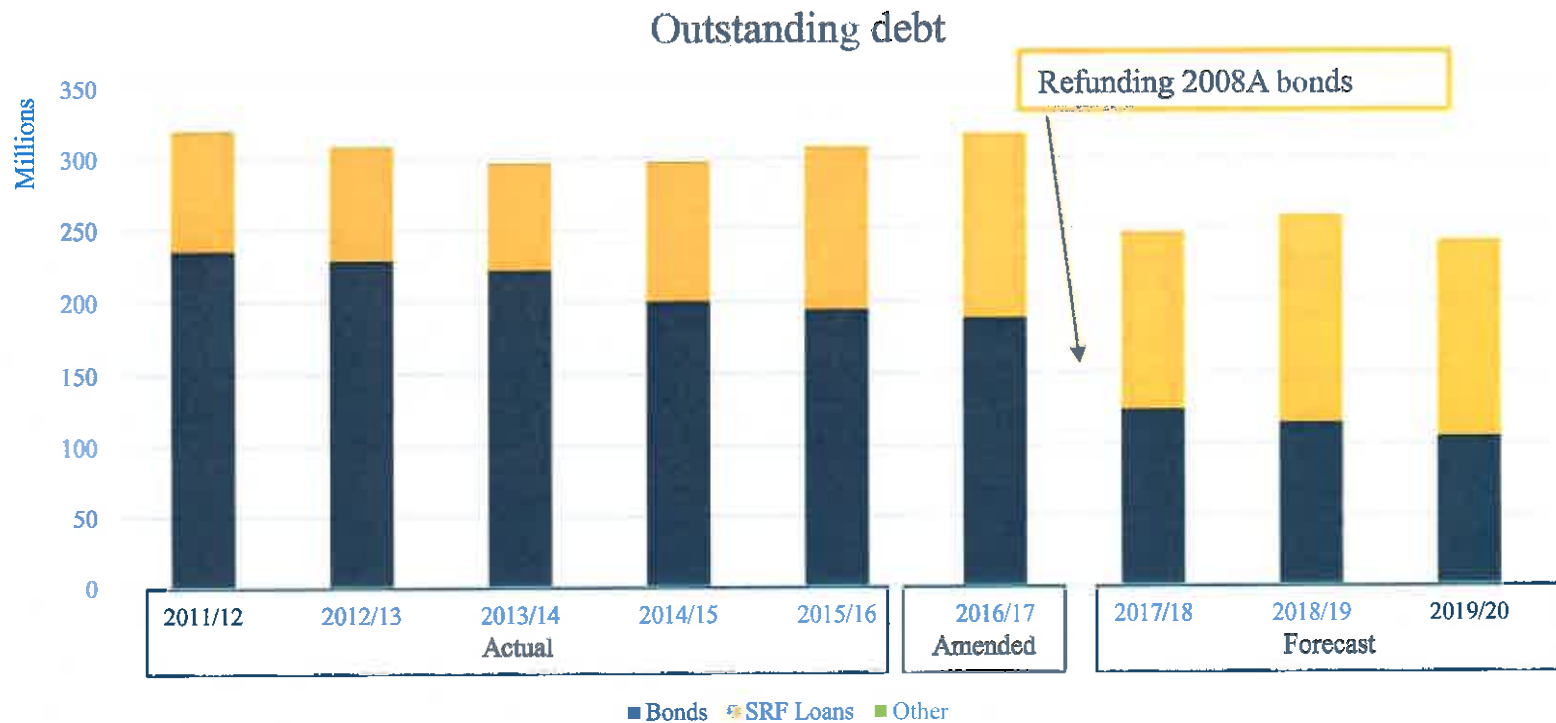
Consolidated Trends – All Funds

Fund balances



- Administrative Services
- Non-Reclaimable Wastewater
- Regional Wastewater Capital
- Regional Wastewater Operations
- Recharge Water
- Recycled Water
- Water Resources
- Adopted Budget

Consolidated Trends – All Funds



Administrative Services Fund

Agency-wide Costs

Staffing

Benefits

Support Services

Cost Allocations



**FY 2016/17 Amended Budget
as adopted June 15, 2016**

\$ Million

Uses of Funds **\$64.1**

Employment costs	\$49.2
Capital improvement projects (CIP)	2.9
Operations & maintenance (O&M)	10.0
Transfers Out	2.0

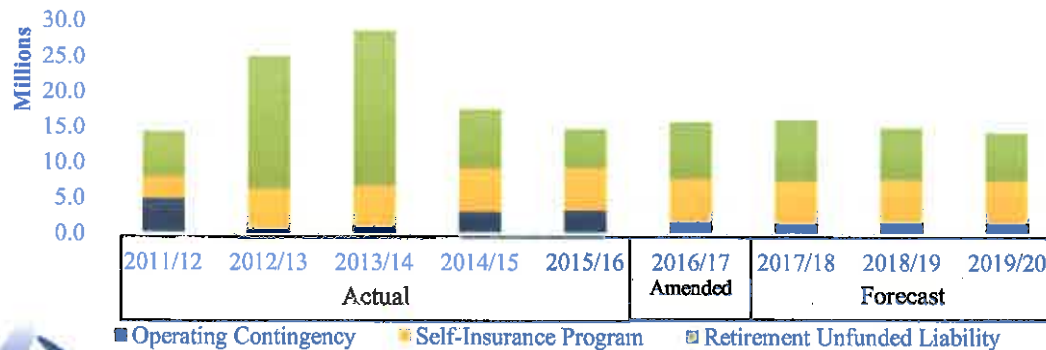
Sources of Funds **\$61.8**

Cost Allocations	\$55.4
Property tax	2.0
Contract cost reimbursements	1.5
Transfers In	2.9

Fund Balance **\$15.7**

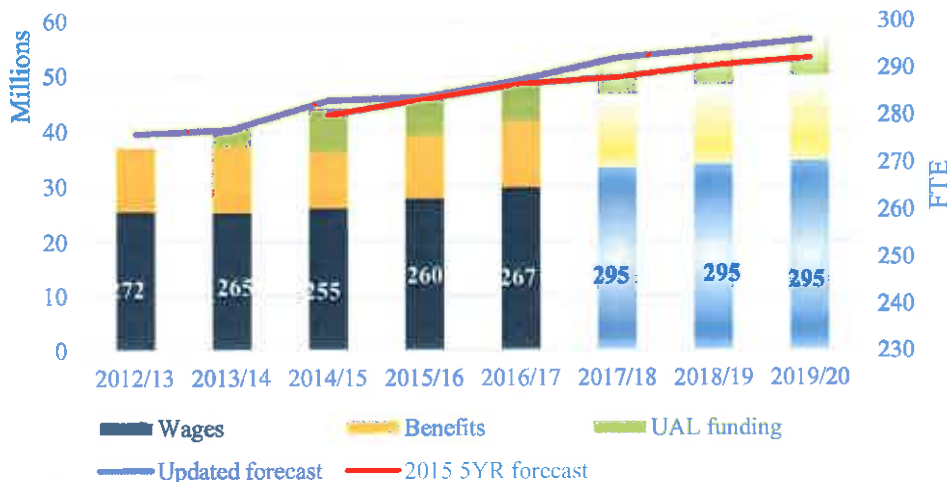
Operating Contingency	\$1.7
Self-insurance & Other	6.0
Retirement Unfunded Liabilities	8.0

Fund Balance



Administrative Services Fund

EMPLOYMENT COST



FTE, full time equivalent employee

UAL, unfunded accrued liabilities (employee retirement)

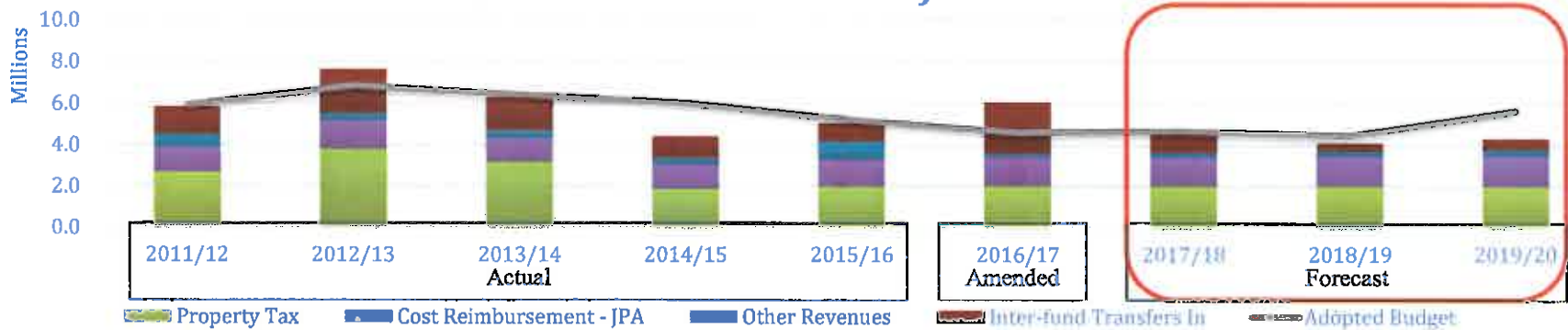
- 2015 5YR forecast for FY 2017/18 to FY 2019/20 assumed 290 FTEs, with a vacancy factor of 3% for a total of 281 active FTEs.
- FY 2017/18 Elimination of vacancy factor and creation of a pooled bank to support succession planning.

Employment cost allocated by Program	
Program	Allocation
Regional Wastewater Operations	60.0%
Regional Wastewater Capital	7.0%
Recycled Water	8.0%
Non-Reclaimable Wastewater	5.0%
Recharge Water	2.0%
Water Resources	4.0%
Regional Composting Authority	8.0%
Chino Basin Desalter Authority	3.0%
Administrative Services	3.0%
TOTAL	100%

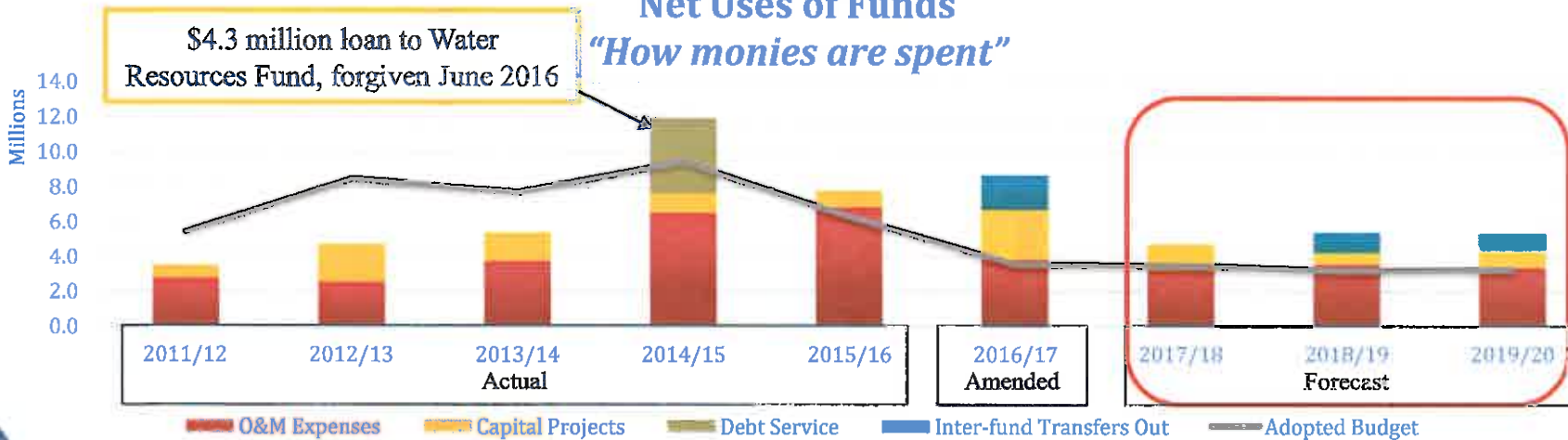
Administrative Services Fund Trends

Net of allocated costs to other funds

Net Sources of Funds
"Where monies come from"



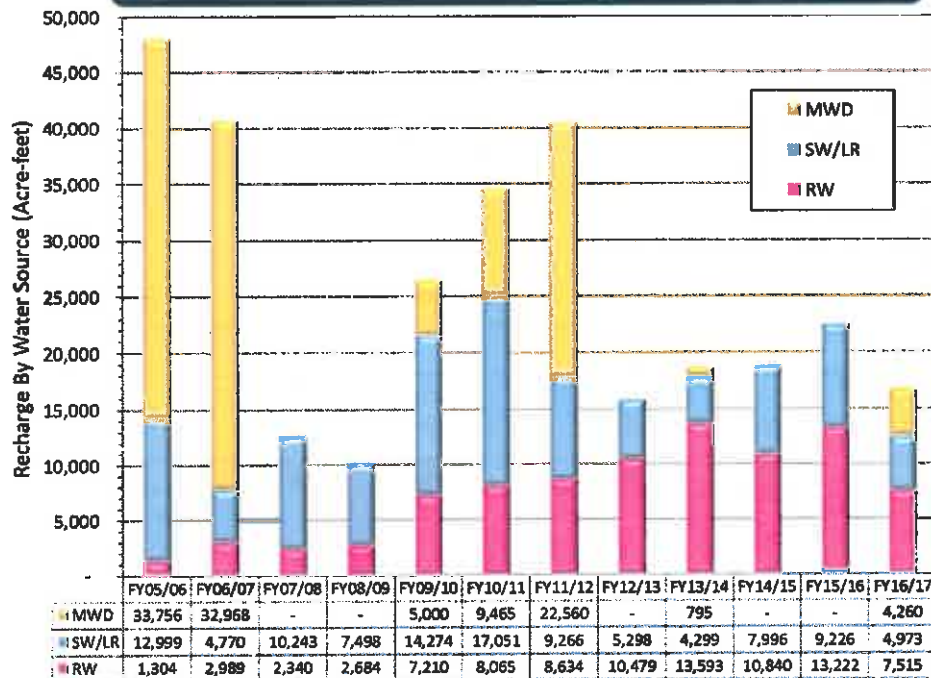
Net Uses of Funds
"How monies are spent"



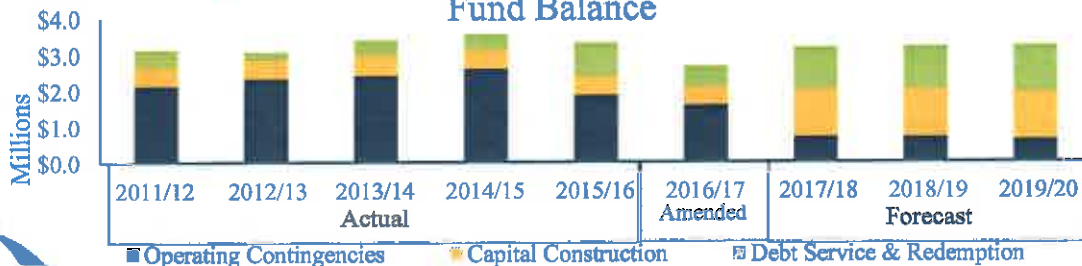
Recharge Water Fund

Groundwater Recharge Basins (19)

- Storm Water
- Recycled Water
- Imported Water



Fund Balance



FY 2016/17 Amended Budget as adopted June 15, 2016

\$ Million

Uses of Funds **\$7.3**

- Operations & Maintenance (O&M) \$1.8
- Capital improvement projects (CIP) 4.6
- Debt service 0.9

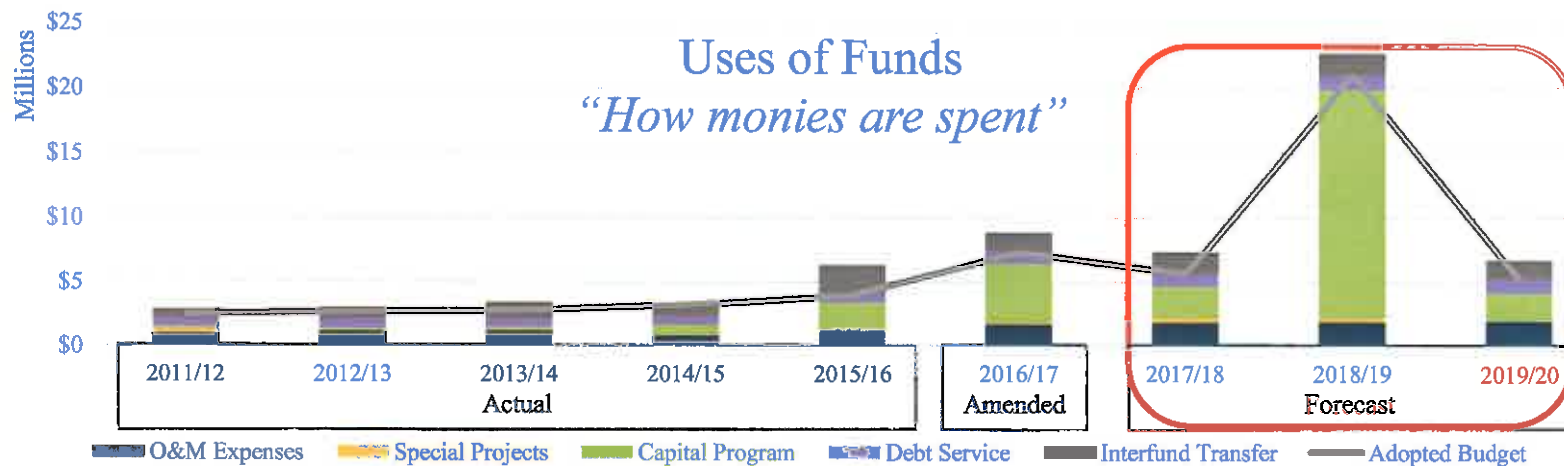
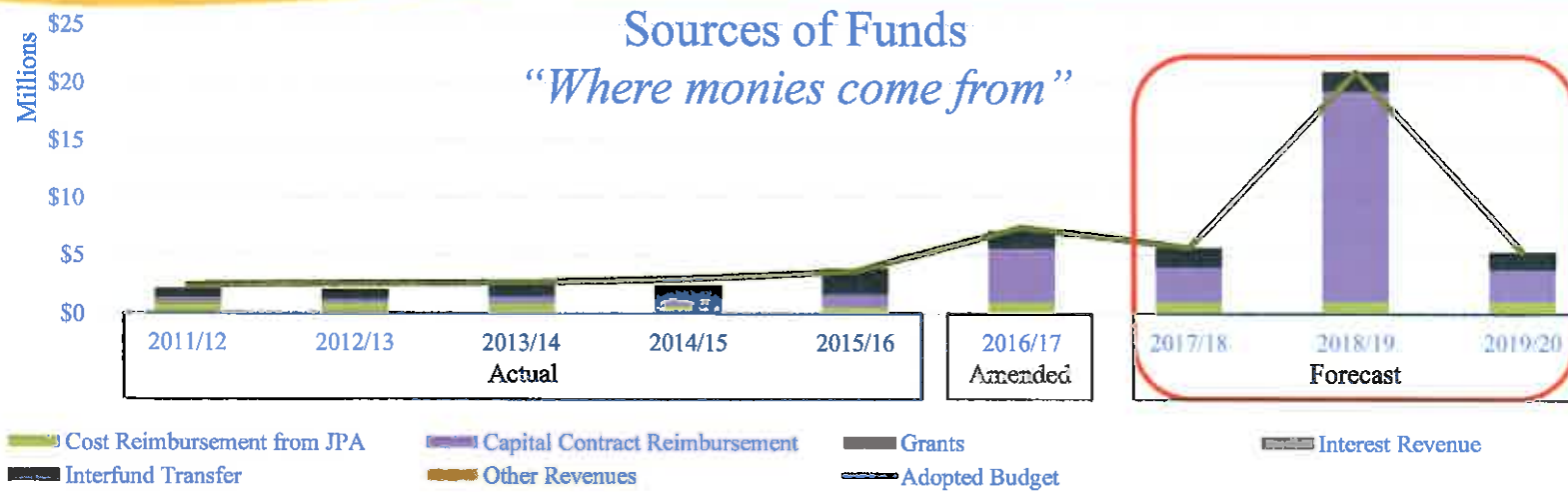
Sources of Funds **\$7.1**

- Contributions
- Watermaster \$5.4
 - IEUA 1.7
 - Recycled water surcharge
 - Property tax

Fund Balance **\$2.7**

- Operating Contingency \$1.6
- Capital Construction 0.5
- Debt Service Reserve 0.6

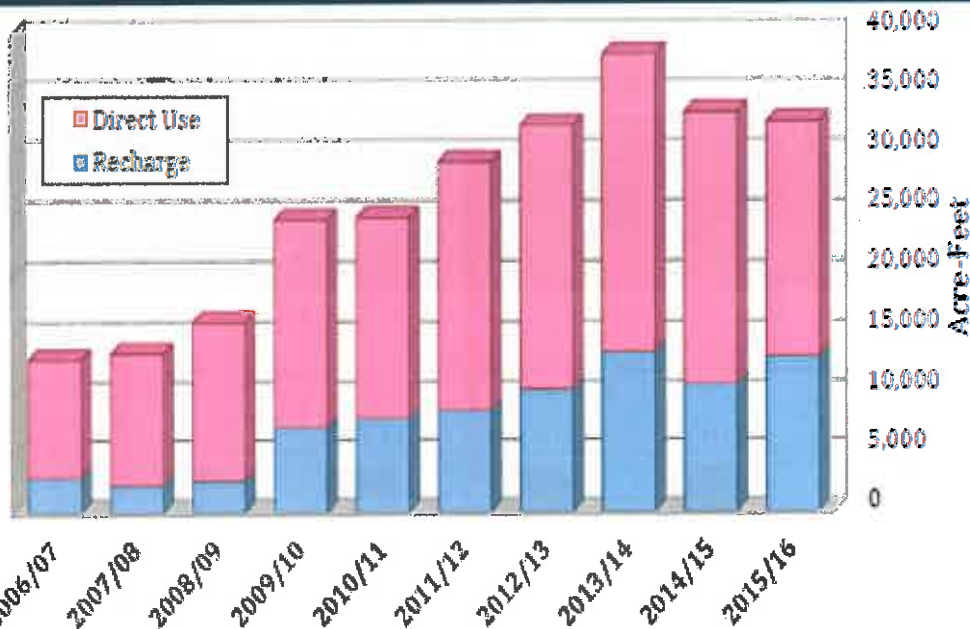
Recharge Water Fund Trends



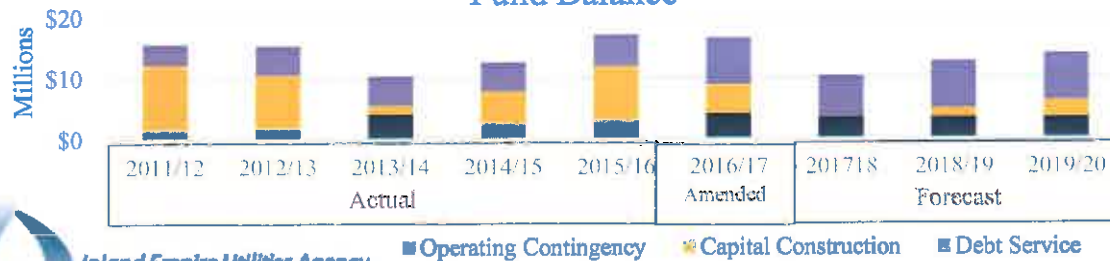
Recycled Water Fund



Regional Recycled Water Distribution System



Fund Balance



FY 2016/17 Amended Budget as adopted June 15, 2016

\$ Million

Uses of Funds **\$34.0**

Operations & Maintenance (O&M)	\$12.6
Capital improvement projects (CIP)	11.9
Debt service	6.7
Transfers Out	2.8

Sources of Funds **\$38.6**

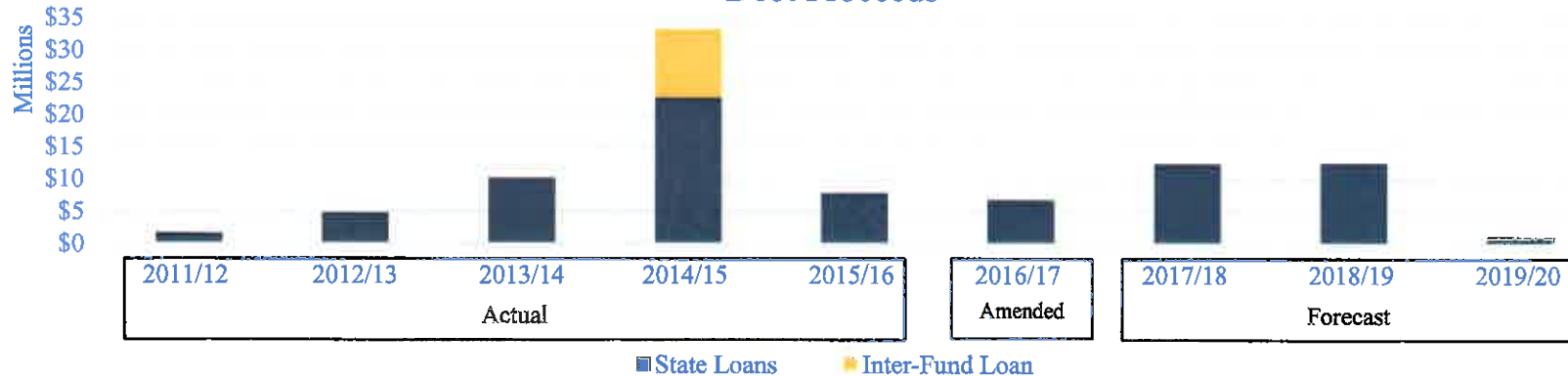
Recycled Water Sales	\$17.9
Direct use	
Groundwater recharge	
MWD LPP rebate	
Water Connection fees	2.9
Property tax	2.2
Contract Reimbursements	1.1
Debt Proceeds/Grants	13.0
Transfer In	1.5

Fund Balance **\$16.5**

Operating Contingency	\$4.2
Construction	6.1
Debt Service	6.2

Recycled Water Fund

Debt Proceeds



Fiscal Year	Inter Fund Loans Due from Recycled Water Fund to:	Inter-Fund Loans \$ Million	Repayment Plan (Approved June 2014)
2007/08	Non-Reclaimable Wastewater Fund	\$9.0	2020-2024
2007/08	Regional Wastewater Capital Improvement Fund	3.0	2023-2025
2009/10	Non-Reclaimable Wastewater Fund	6.0	2024-2026
2014/15	Regional Wastewater Capital Improvement Fund	10.5	2023-2025
Total		\$28.5	

Recycled Water Fund

Five year rates adopted June 2015 for Fiscal Years 2015/16 – 2019/20.

	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20
Effective Date		10/01/15	7/01/16	7/01/17	7/01/18	7/01/19
Direct Delivery/AF	\$290	\$350	\$410	\$470	\$480	\$490
Groundwater Recharge/AF	\$335	\$410	\$470	\$530	\$540	\$550

(AF) acre foot

Cost of service was the key driver for adopted rates.

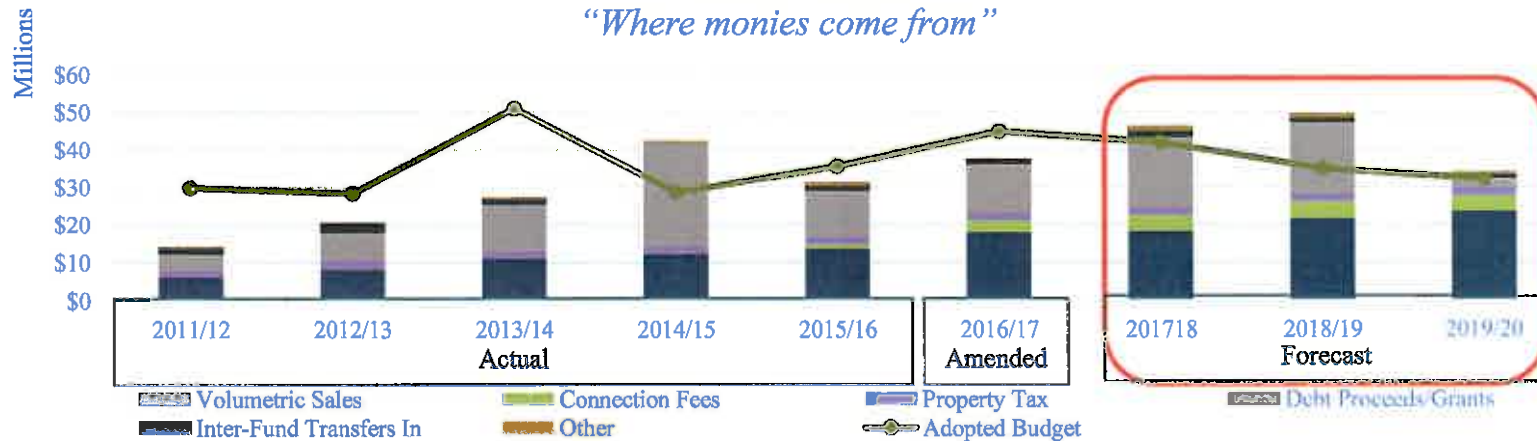
Water Connection Fee

	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20
Effective Date		1/01/16	7/01/16	01/01/17	7/01/17	7/01/18
Water Connection Fee /MEU	N/A	\$693	\$693	\$1,455	\$1,527	\$1,604

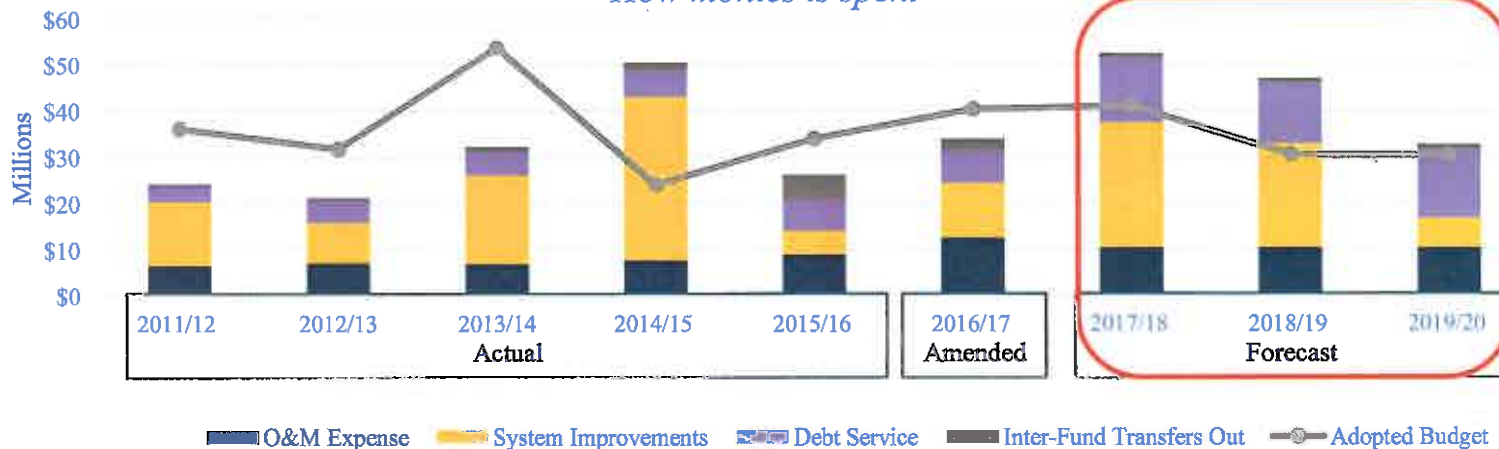
Phased implementation, assumes annual 5% increases beginning 1/1/17.

Recycled Water Fund Trends

Funding Sources
 "Where monies come from"



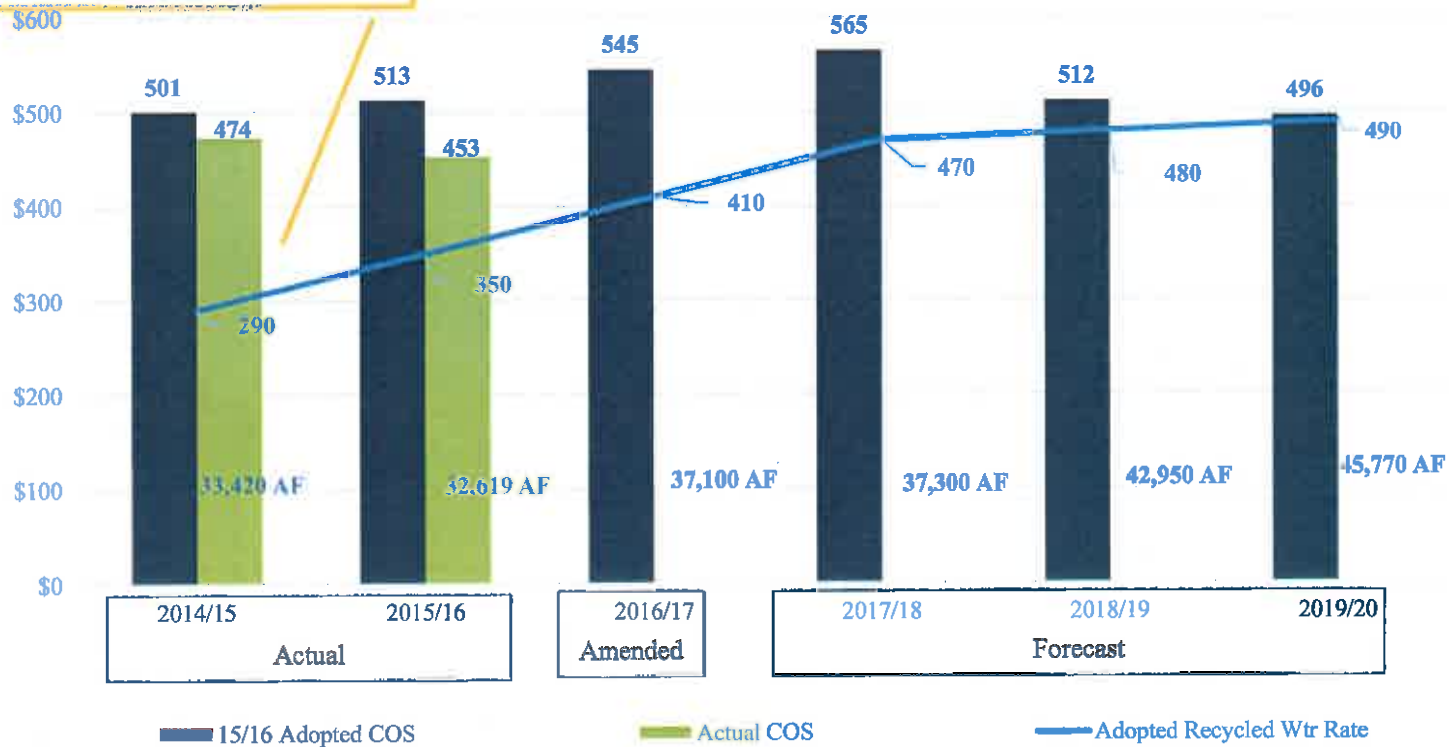
Uses of Funds
 "How monies is spent"



Recycled Water Cost of Service

1,000 AF higher sales than projected
\$0.5 M lower pumping cost

Recycled Water Cost of Service

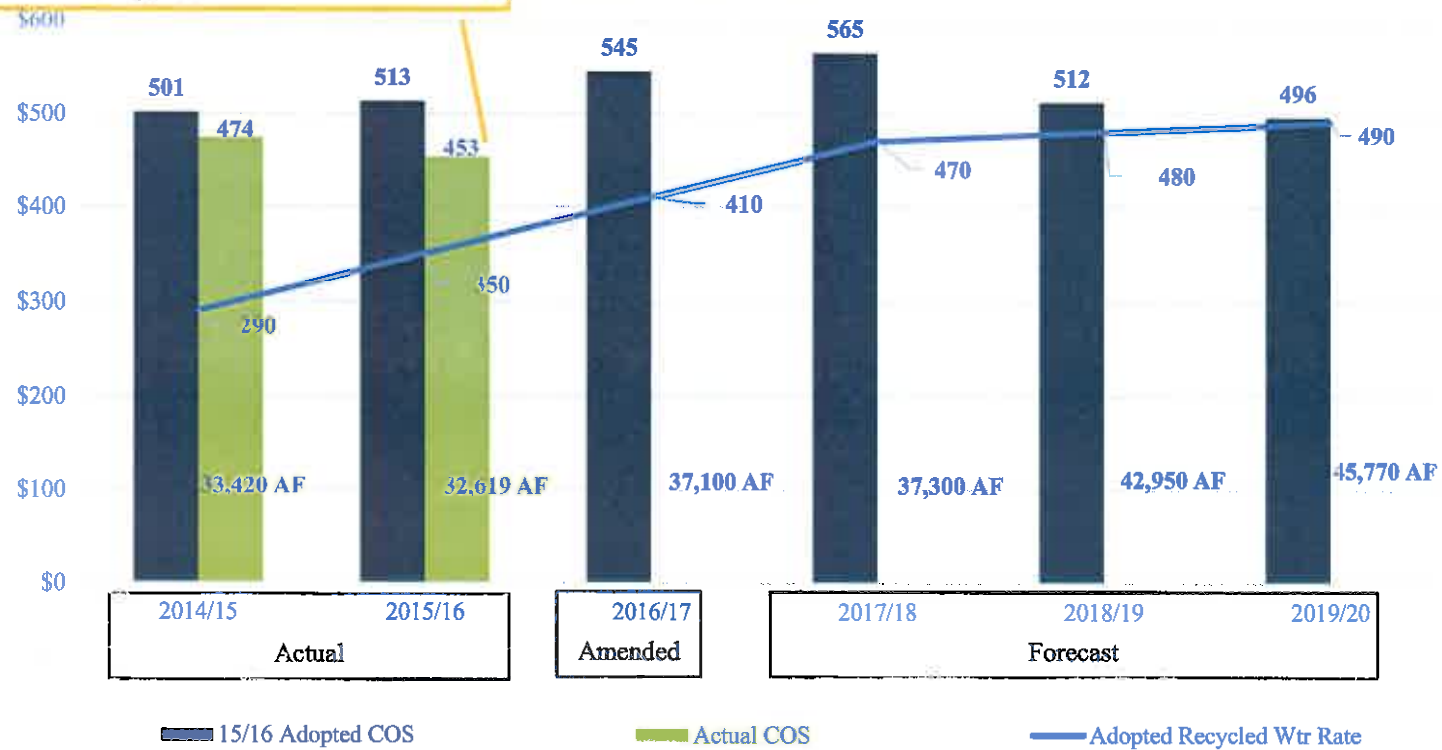


**Adopted Budget
FY 2015/16 as adopted June 17, 2015**

Recycled Water Cost of Service

2,800 AF lower sales than projected
\$2.0 M lower expenses

Recycled Water Cost of Service



**Adopted Budget
FY 2015/16 as adopted June 17, 2015**

Water Resources Fund



Regional Water Resources

Imported Water

Water Use Efficiency

Water Resources Planning

Water Bank



FY 2016/17 Amended Budget as adopted June 15, 2016

\$ Million

Uses of Funds

\$45.1

Imported water purchases	\$31.9
MWD Readiness to serve fee (RTS)	3.2
Water use efficiency projects	5.7
Program support	2.3
Santa Ana River Watershed Projects	2.0

Sources of Funds

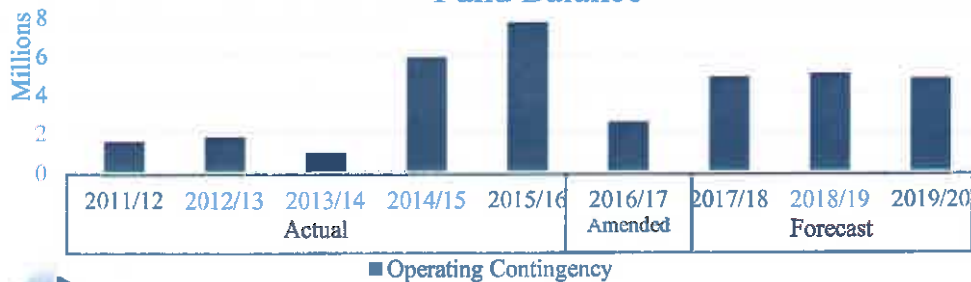
\$41.0

Imported water sales	\$28.7
MWD RTS pass through	0.5
Meter equivalent charges	3.9
Water connection fees	0.3
Property tax	2.0
Grants/rebates	2.4
Inter fund loan	3.2

Fund Balance

\$2.5

Fund Balance



Water Resources Fund Adopted Rates

Water rates effective October 1, 2016 approved on June 15, 2016. At the request of water member agencies, the Board approved;

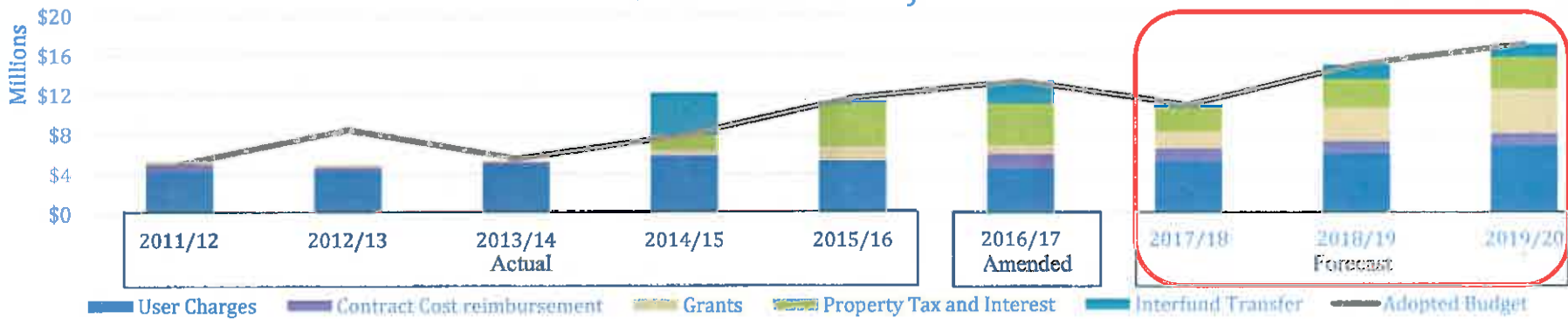
- 7 year phase-in of RTS to be supported by property taxes, estimated at \$16 million
- Forgiveness of \$4.3 million inter-fund loan due to Administrative Services fund
- Use property taxes to support future purchases of supplemental water

	FY 16/17	FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 21/22	FY 22/23
RTS TYRA 7YR Phase In (Estimated rate per AF)	15% ~\$7.82	30% ~\$16.02	45% ~\$24.69	60% ~\$34.75	75% ~\$46.95	90% ~\$59.26	100% ~\$67.45
MEU rate: S/MEU	\$0.90	\$0.95	\$0.99	\$1.04	Adjustments based on CPI		

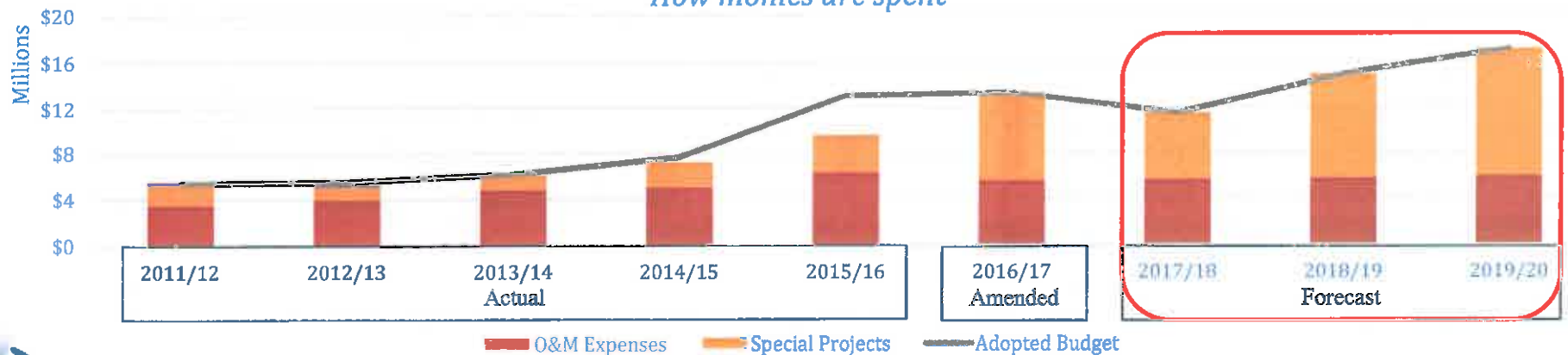
RTS TYRA – Readiness to Serve Ten Year Rolling Average consistent with MWD cost allocation methodology.

Water Resources Fund Trends

Sources of Funds
"Where monies come from"



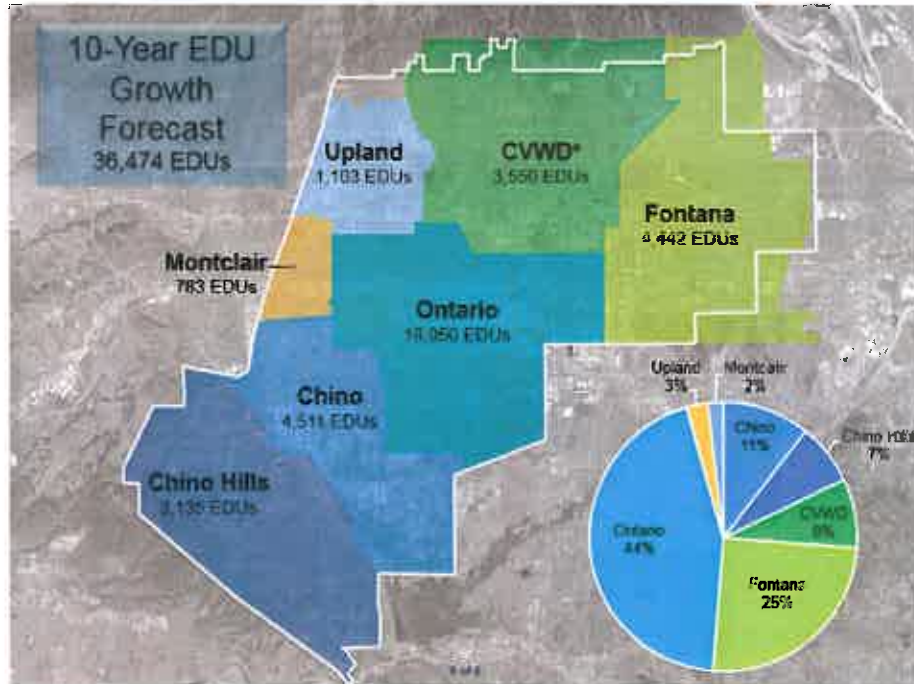
Uses of Funds
"How monies are spent"



Regional Wastewater Capital Improvement Fund

Support growth in service area

FY 2016/17 Amended Budget
as adopted June 15, 2016



Uses of Funds

\$ Million

\$51.5

Capital improvement projects (CIP)	\$20.0
Debt service	13.5
Program support	9.5
Transfers Out	8.5

Sources of Funds

\$49.2

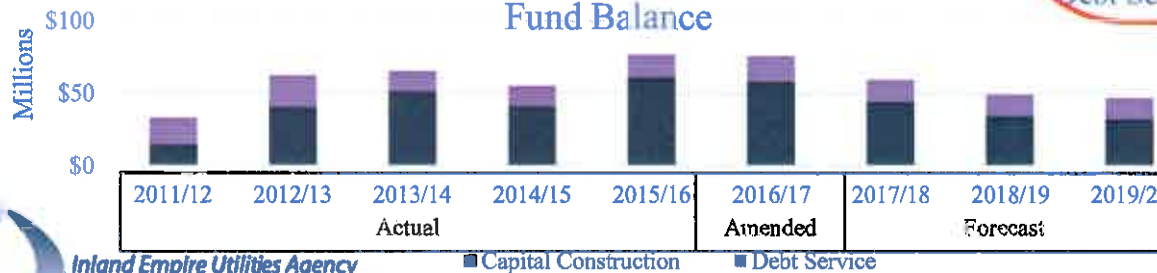
Property tax	\$29.1
Connection fees	17.2
Debt Proceeds/Grants	2.9

Fund Balance

\$67.5

Construction	\$19.7
CCRA held by member agencies	32.6
Debt Service	15.2

Fund Balance



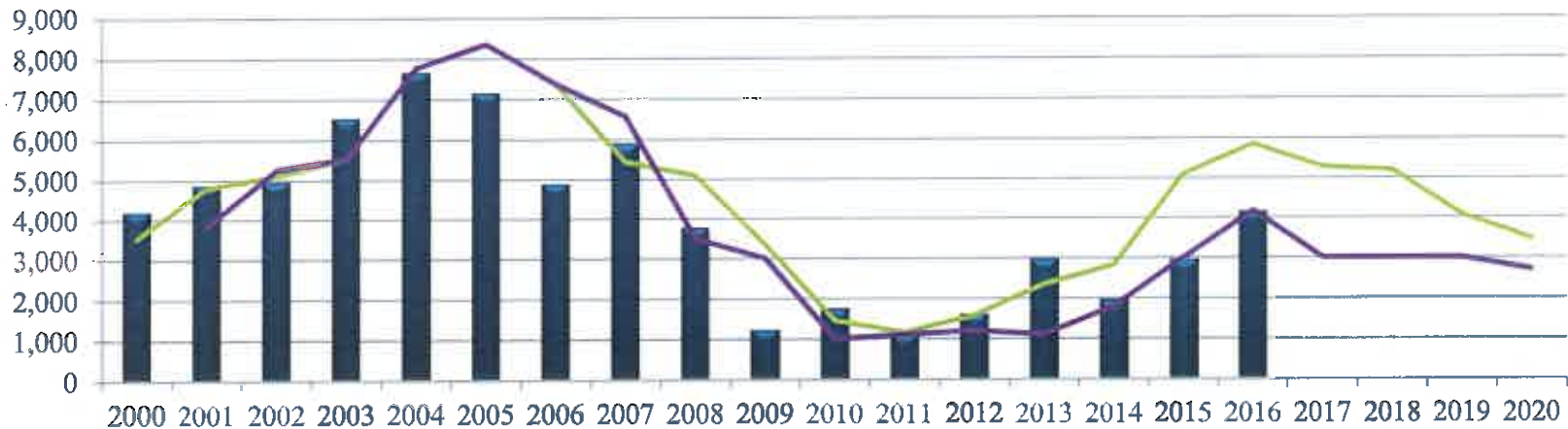
Regional Wastewater Capital Improvement Fund

Five year rates adopted June 2015 for Fiscal Years 2015/16 – 2019/20.

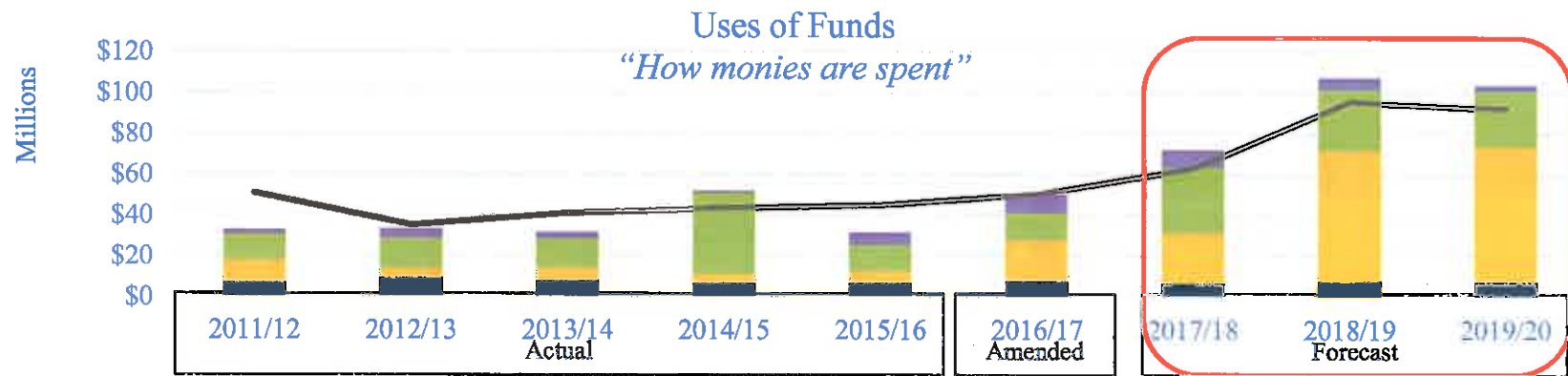
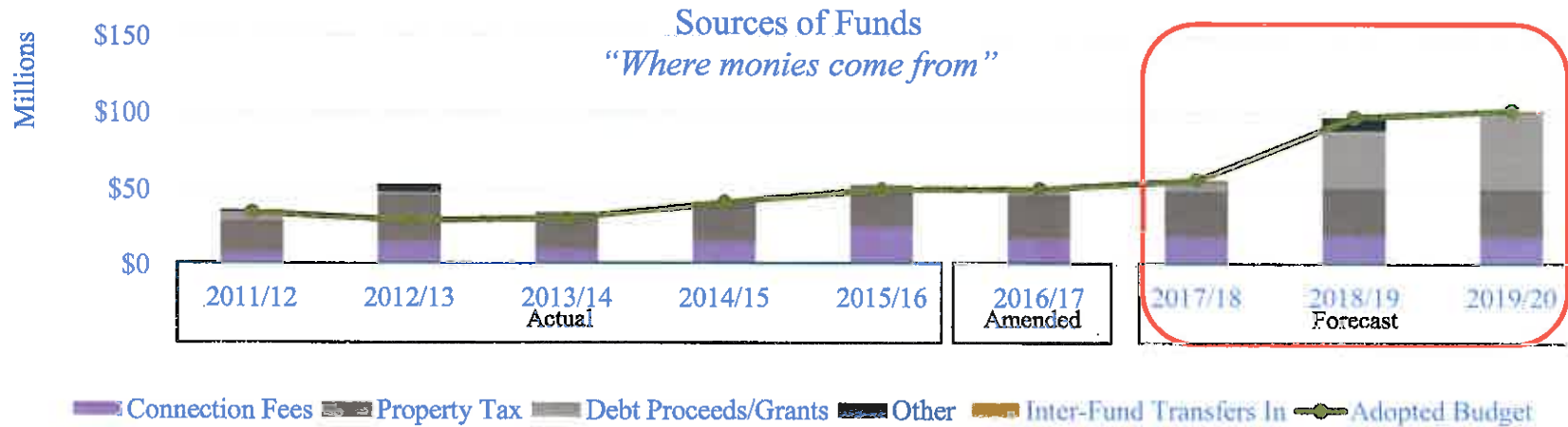
	FY 2014/15	FY 2015/16		FY 2016/17		FY 2017/18	FY 2018/19	FY 2019/20
Effective Date		7/01/15	1/01/16	7/01/16	01/01/17	7/01/17	7/01/18	7/01/19
Wastewater Connection Fee/EDU	\$5,107	\$5,107	\$5,415	\$5,415	\$6,009	\$6,309	\$6,624	\$6,955

Phased implementation, assumes annual 5% increases beginning 1/1/17 for both connection fees.

New EDU Connection Comparative of Member Agency and Agency Forecasts to Actual Units



Regional Wastewater Capital Fund Trends



Regional Wastewater Operations and Maintenance Fund

Wastewater
Collection

Wastewater
Treatment

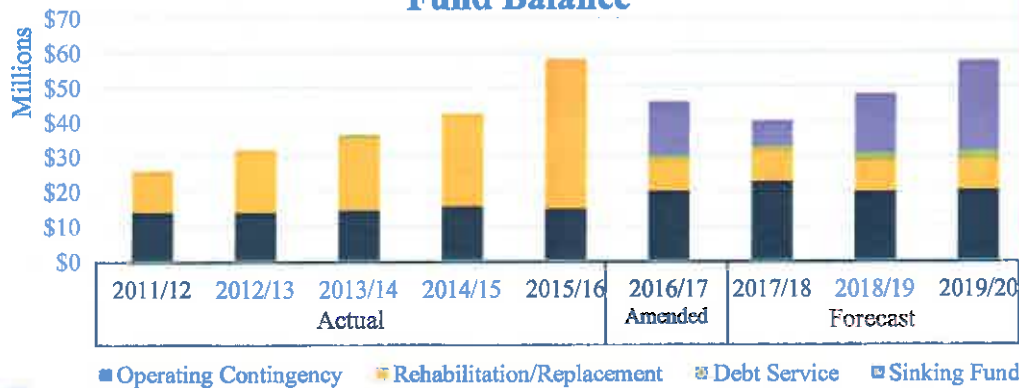
Bio Solids
Disposal

Renewal
Energy

Regional Water Recycling Plants and Facilities



Fund Balance



FY 2016/17 Amended Budget as adopted June 15, 2016

Uses of Funds

	\$ Million
Uses of Funds	\$89.7
Operations & Maintenance (O&M)	\$62.5
Rehabilitation & Replacement (R&R)	19.3
IERCA Labor	3.5
Debt Service/Inter Fund Loan	3.4
Transfer Out	1.0

Sources of Funds

	\$ Million
Sources of Funds	\$87.8
EDU volumetric	\$56.3
Property tax	9.6
IERCA Reimbursements	3.5
Debt Proceeds/Grants	12.3
Transfers Out	6.1

Fund Balance

	\$ Million
Fund Balance	\$45.6
Operating Contingency	\$19.8
Capital Replacement	24.5
Debt Service	1.3

Regional Wastewater O&M Fund Adopted Rates

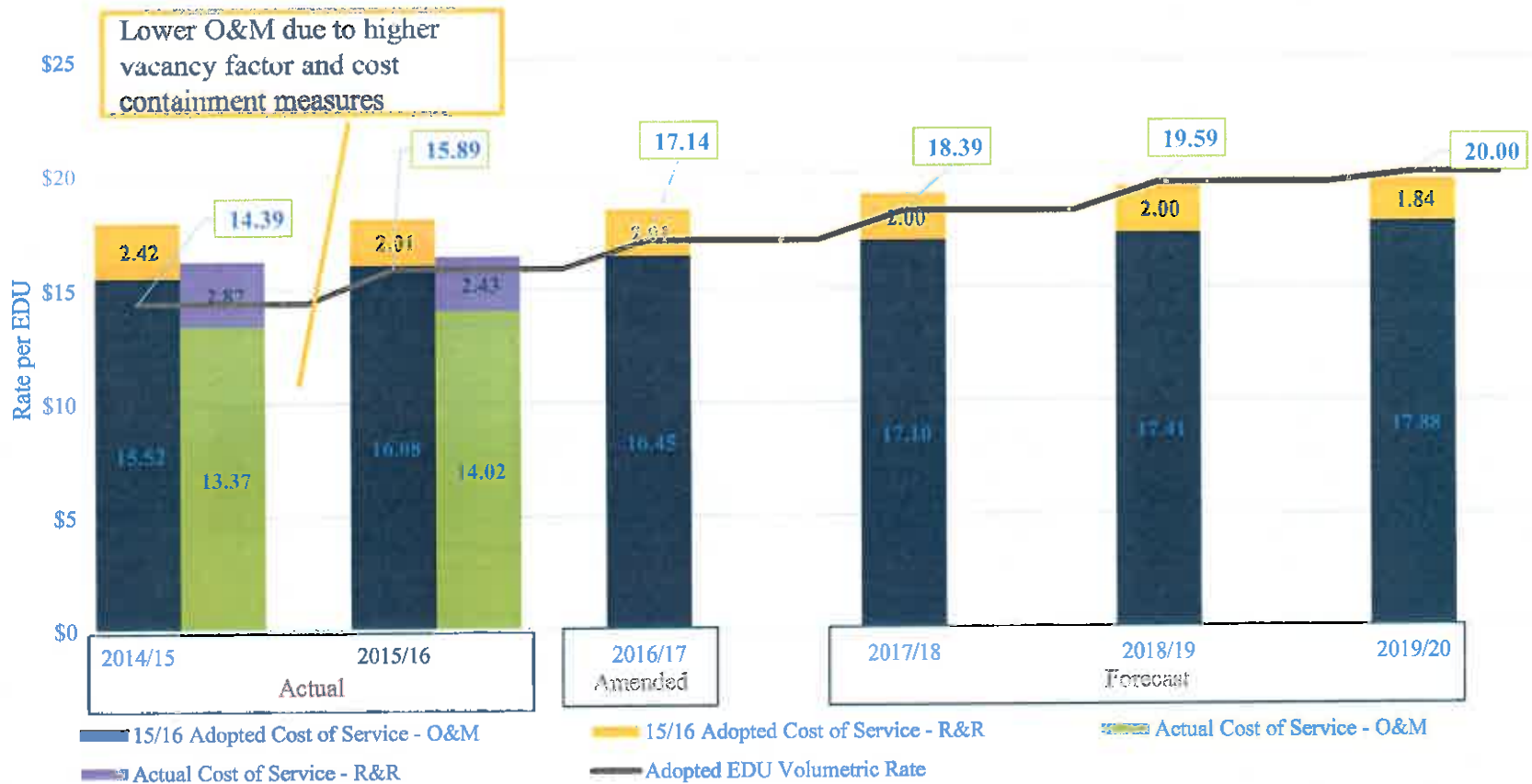
- Five year rates adopted March, 2015 for Fiscal Years 2015/16 – 2019/20.

	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20
Monthly EDU Rate	\$14.39	\$15.89	\$17.14	\$18.39	\$19.59	\$20.00

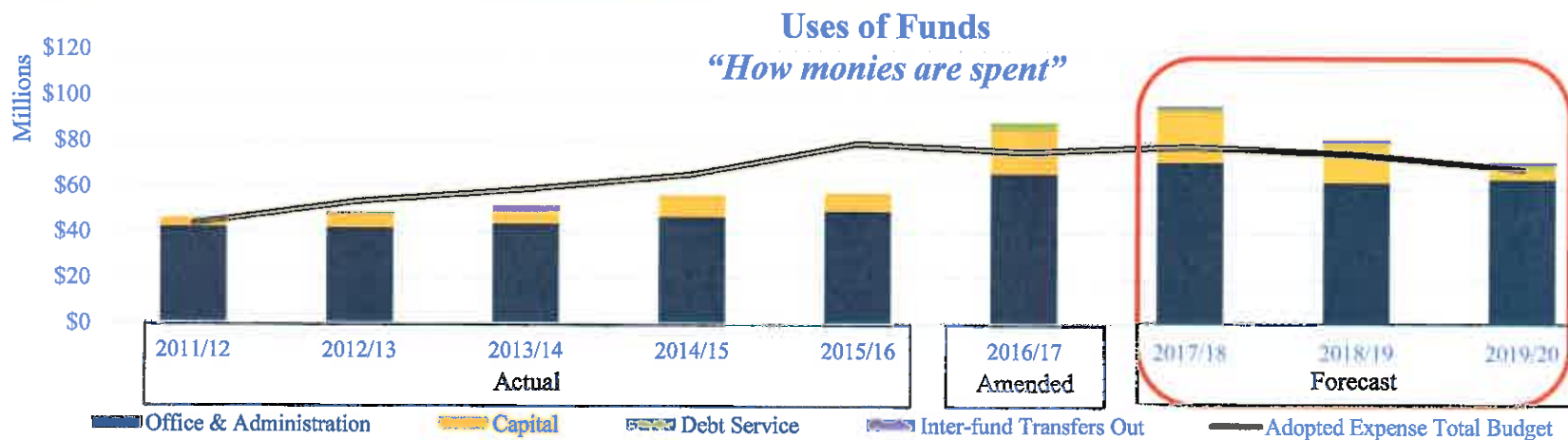
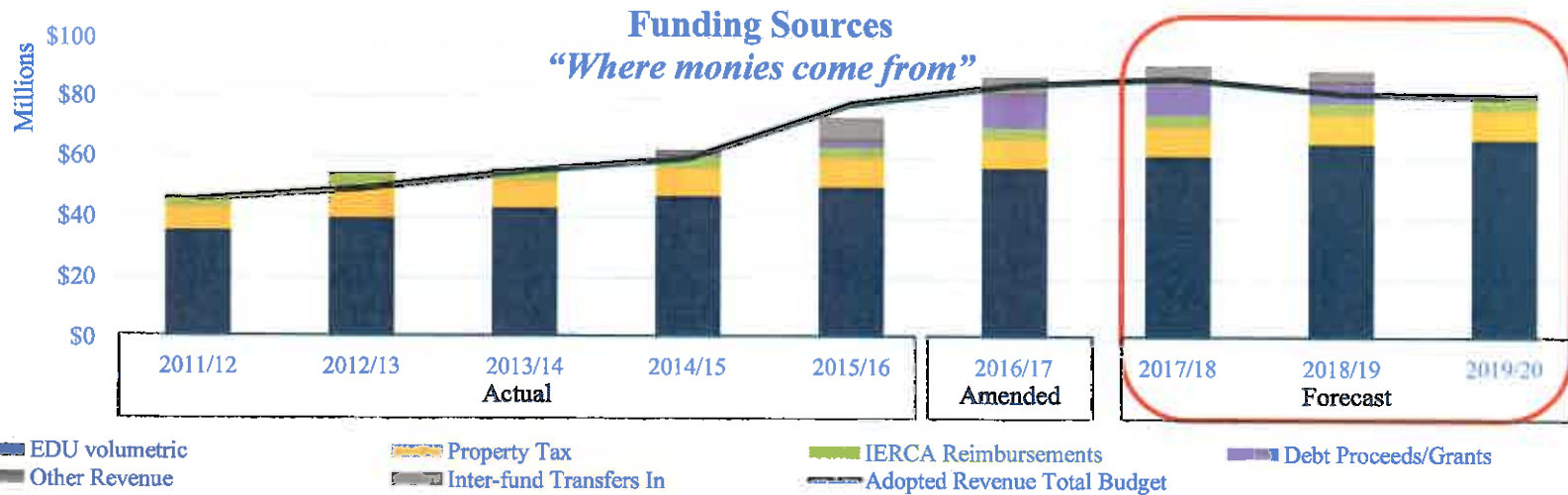
(EDU) Equivalent Dwelling Unit

Contracting Agency	EDU Billing Units (5 Year Average)
Chino	11%
Chino Hills	9%
Cucamonga Valley Water District (CVWD)	24%
Fontana	19%
Montclair	5%
Ontario	22%
Upland	10%
Total	100%

Regional Wastewater Operations & Maintenance Cost of Service



Regional Wastewater Operations Trends



Non Reclaimable Wastewater

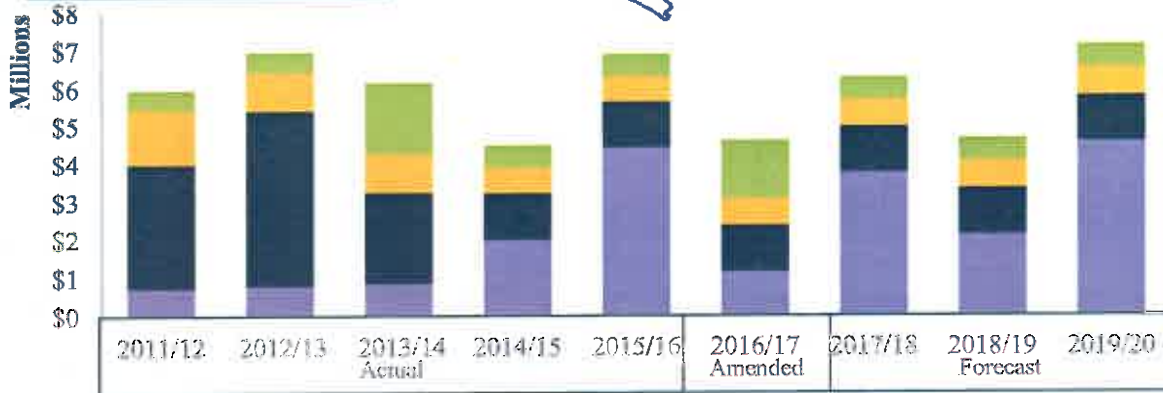
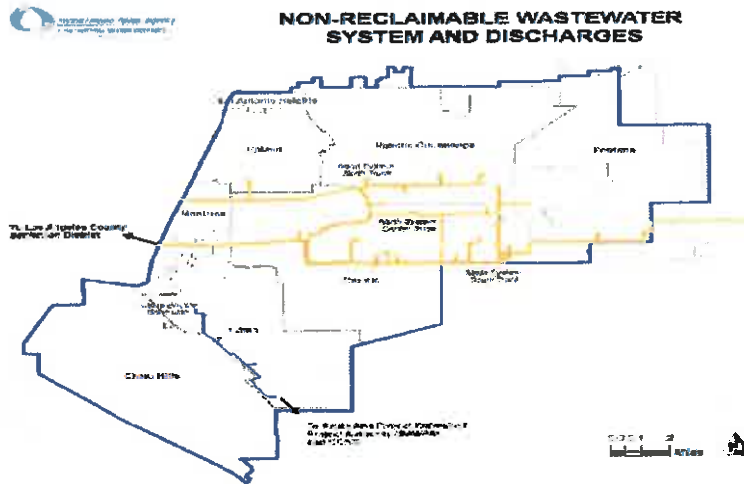
Sanitation District of Los Angeles County – North System
 Santa Ana Watershed Project Authority – South System

**FY 2016/17 Amended Budget
 as adopted June 15, 2016**

Exports export high-salinity industrial wastewater for treatment and discharge to the Pacific Ocean

North: 39 customers

South: 15 customers

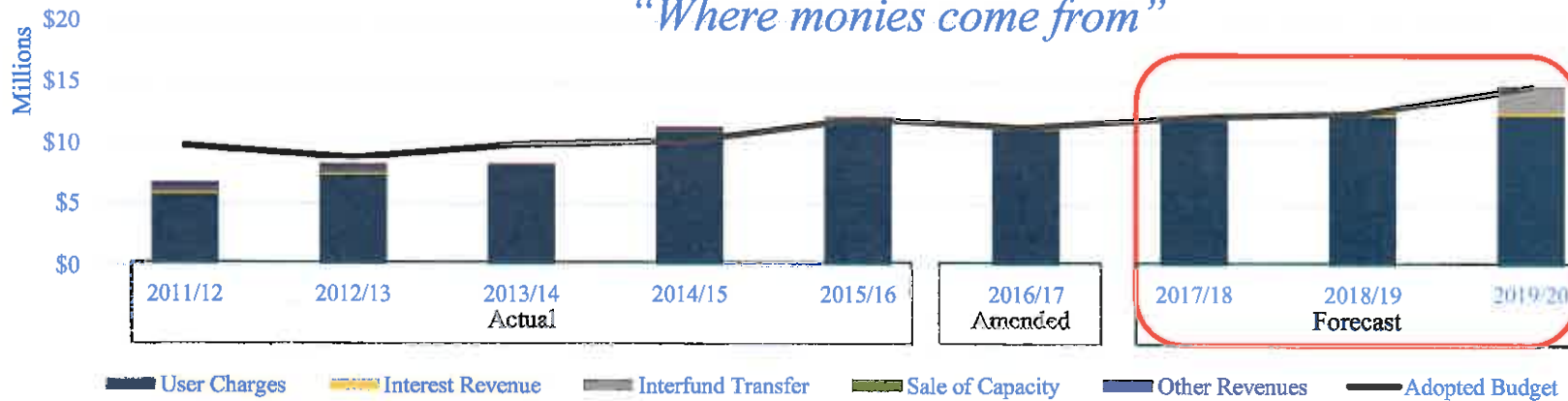


	\$ Million
Uses of Funds	\$11.9
Operating Fees	\$6.1
Operations & Maintenance	3.4
System improvements	1.7
Debt	0.6
Transfers Out	0.1
Sources of Funds	\$11.1
Operating Fees Pass Thru	\$6.3
Agency Programs Charges	4.8
Fund Balance	\$4.6
Operating Contingency	\$1.1
Capital Construction	1.6
Debt Service Reserve	1.9

Non Reclaimable Wastewater Trends

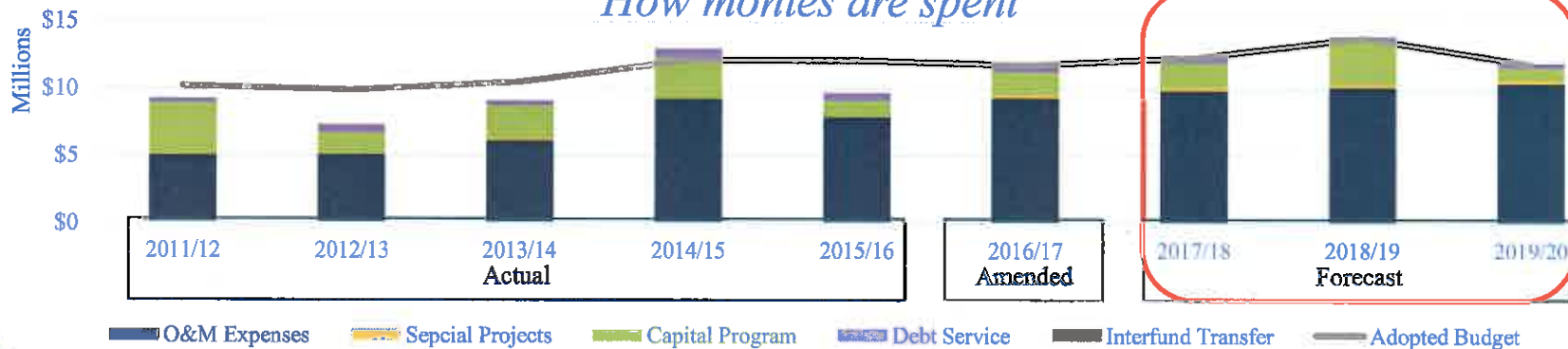
Sources of Funds

"Where monies come from"



Uses of Funds

"How monies are spent"



Next Step

Timeline in 2017	Event
March 8	IEUA Finance Committee review of Wastewater, Recycled Water, and Water Resources proposed biennial budget (FY 2017/18 and FY 2018/19)
March 15	IEUA board review proposed biennial budget of the above programs.
March 23	Regional Technical Committee review proposed biennial budget of the above programs
April 6	Regional Policy Committee review proposed biennial budget of the above programs
April 12/ April 19	IEUA Finance Committee/Board review proposed biennial budget of Non-reclaimable Wastewater, Recharge Water, and Administrative Services programs
May	Final presentation to IEUA Finance Committee and Board of Directors. Final presentation to Regional Technical Committee.
June	Final presentation to Regional Policy Committee. Approval by IEUA Board of Directors

**RECEIVE AND
FILE**

3A



Inland Empire Utilities Agency
A MUNICIPAL WATER DISTRICT

Date: March 30, 2017/April 6, 2017
To: Regional Committees
From: Inland Empire Utilities Agency *cb*
Subject: Fiscal Year 2016/17 2nd Quarter Budget Variance

RECOMMENDATION

This is an information item for the Regional Committees to receive and file.

BACKGROUND


This item was presented at the IEUA Board of Directors meeting on March 15, 2017.




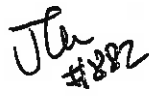
Date: March 15, 2017

To: The Honorable Board of Directors

Through: Finance and Administration Committee (3/8/17)

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 2016/17 Second Quarter Budget Variance, Performance Goals Updates, and Budget Transfers

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 the second quarter ending December 31, 2016, includes various analyses in the following attachments:

- Exhibit A provides a comparison of actual revenues and expenses against the current FY 2016/17 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 the FY 2016/17 amended budget.
- Exhibit C-1 presents a summary of Operations and Maintenance (O&M) budget transfers approved by management during the second quarter.
- Exhibit C-2 presents a summary of the GM contingency account activity.
- Exhibit D lists Board approved budget amendments and management approved budget transfers for capital and O&M projects.
- Exhibit E provides a FY 2016/17 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 during the second quarter of FY 2016/17 of \$107.6 million, or 47.7% of the amended budget (Exhibit A detail). The following section highlights key variances:

- **Recycled Water Sales** – Recycled water sales at the end of second quarter were \$9.3 million, or 58.8% of the amended budget. Direct sales were \$5.7 million at 12,812 acre feet (AF) and groundwater recharge sales were \$3.6 million at 6,237 AF. Total year to date deliveries of 19,049 AF compared to the 37,100 AF projected for the fiscal year accounts for the favorable variance. Sales demand for direct use and groundwater recharge varies depending on weather pattern, water use conservation efforts, reuse supply, and basin availability.
- **MWD Imported Water Sales** – Total MWD pass-through imported water revenue was \$16.2 million or 56.6% of amended budget. A total of 23,149 AF of pass through water was delivered compared to 50,000 AF budgeted for the fiscal year. This exceeds last year's sales through December of 15,345 AF when sales were low due to water use reduction efforts in response to the drought.
- **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) rebate at a rate of \$154/AF, for a maximum amount of \$2.1 million per fiscal year. Rebate receipts for the first half of the fiscal year totaled \$1.5 million for delivery of 9,593 AF. The MWD LPP rebate is set to expire at the end of June 2017.
- **Property Taxes** – Property tax receipts of \$16.4 million, or 36.7% of amended budget were collected beginning in November 2016 through the end of the second quarter. This includes \$16.1 million of general ad-valorem property tax from San Bernardino County and \$358,000 received from pass through agreements with former redevelopment agencies. Cumulative taxes received from the county through the second quarter are 5% higher compared to taxes received through December last year.
- **Wastewater/ Water Connection Fees** – Total connection fee receipts were \$13.3 million, or 66.1% of the amended budget. This category includes \$11.5 million for 2,024 new EDU connections through December 2016, compared to the 3,000 new EDU budgeted for the fiscal year. New EDU connections reflect 38% of the member agencies' forecast of 5,277 EDUs for FY 16/17. This category also includes water connection fees implemented January 1, 2016. The amount received through the second quarter was \$1.8 million for 2,805 new water connections. Water connection fees are a one-time fee paid directly to the Agency for any new or upsized water meter connection to the Agency's regional water distribution system.
- **Grants & Loans** – Grant and loan receipts through December were \$10.2 million, or 36.5% of the amended budget. \$10.1 million of the receipts are pass-through receipts to Chino

Basin Desalter Authority for the TCE Plume Cleanup project. The amended budget is comprised of \$10.7 million of grants and \$17.3 million of State Revolving Fund (SRF) loan proceeds. Grants and loans proceeds are primarily reimbursable in nature thus are dependent on related projects expenditures.

- **Other Revenues** – Total other revenues were \$1.4 million, or 17.6% of the \$8.2 million amended budget. The receipts include \$0.4 million from lease revenue and energy rebates, and \$1.0 million in project reimbursements. Project reimbursement receipts account for 11.9% of the budget. Delays in the reimbursable projects from recycled water and water resources programs accounted for the lower revenue.

TOTAL EXPENSES AND USES OF FUNDS

The Agency’s total expenses and uses of funds through the second quarter were \$88.4 million, or 36.7% of the amended budget.

The amended budget includes \$12.5 million of encumbrances and commitments carried forward from FY 2015/16 comprised of \$1.5 million for O&M expenses, \$6.5 million for special projects (non-capital), and \$4.5 million for capital projects. In accordance with Agency Policy A-81 (Fiscal Year-End Carry Forward of Encumbrances and Related Budget), carry forward encumbrances, commitments and related budget not expended by December 31 are subject to cancellation unless otherwise approved by Executive Management. At the end of the second quarter, unspent carry forward was \$8.4 million of which \$7.6 million was extended, and \$0.8 million was returned, as shown in Table 1.

Table 1: FY 2015/17 Encumbrance Carry Forward Status

	Capital & Special Projects	O&M	Total
Carried Forward – September 2016	\$11,031,817	\$1,479,671	\$12,511,488
Remaining Carry Forward subject to Reversal	\$7,714,192	\$708,006	\$8,422,198
Carry Forward Requested for Extension	\$7,239,742	\$402,655	\$7,642,397
Encumbrance Returned – January 2017	\$474,450	\$305,351	\$779,801

Key expense variance highlights are:

- **Employment Expenses** – Employment expenses were \$22.2 million or 52.2% of the amended budget. This slightly unfavorable variance reflects higher O&M labor expense due to lower capital and special project related labor costs. The category also includes \$3.5 million of expense for other post-employment benefits and retirement unfunded accrued liability, budgeted at \$7 million. In addition, the Agency currently employs 18 limited term employees, compared to the adopted staffing plan of 16 limited term positions. The cost of these additional positions in the Engineering, Planning, & Science Division is offset by a higher than anticipated vacancy factor of 8%, equivalent to 24 full-time (FTE) positions, compared to budgeted vacancy rate of 2% (6 FTEs). Recruitment of key positions as part of the Agency’s succession planning effort will lower the vacancy factor going forward.

- **Professional Fees & Services** – Total expenses were \$3.1 million, or 27.2% of the amended budget. The positive variance can be attributed to the timing of contracts and services that were deferred and which are anticipated to be spent in the remaining quarters for services associated with work performed by outside contractors such as the annual financial audit, annual software maintenance, financial advisor and bond counsel, and dig alert notifications.
- **Utilities** – Expenses in this category were \$4.2 million or 36.4% of the amended budget. *Electricity* expense showed an unfavorable variance of 57.5% of the amended budget, or \$3.6 million of expenses. Usage was 35.9 million kWh through the end of the second quarter compared to the annual Agency average of 70.0 million kWh. Electricity usage is higher than budgeted because the fuel cell has been offline since July 2016, and electricity has been pulled from Southern California Edison to make up for the loss in fuel cell production; however, *natural gas* usage was lower, partially offsetting the higher electricity costs. Natural gas usage was 42,794 therms through the end of the second quarter, at a winter rate of \$0.832/therm, compared to expected annual usage of 1.2 million therms and budgeted rate of \$0.80/therm.
- **O&M (Non-capital) Projects** – O&M project costs were \$10.2 million or 30% of the amended budget. The favorable variance is mainly due to lower spending in Agency-wide aeration projects, Santa Ana River Conservation & Conjunction Use Program (SARCCUP), various planning documents, and recycled water intertie projects budgeted at \$8.4 million or 25% of the category's amended budget, of which only \$636 thousand has been spent year-to-date.
- **Capital Projects** – Total capital project expenditures were \$10.0 million or 16.7% of the amended budget of \$59.7 million, which includes \$4.5 million carry forward from the prior fiscal year. Favorable variances in spending are largely driven by changes in project schedules. Capital project costs and budget related to the Regional Wastewater Program through the second quarter were \$7.4 million and \$36.2 million, respectively. Recycled water capital projects accounted for \$1.6 million of expenditures, compared to \$13.5 million budget.
- **Debt Service** – Total principal, interest, and financial expenses for the second quarter were \$10.1 million or 45.7% of the amended budget. Actual costs included \$5.6 million in principal payment (*\$4.1 million for the 2010A Bonds*) and \$4.5 million in interest and other financial administration fees.

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

FUND BALANCES AND RESERVES

The net result through the end of the second quarter indicated an increase of \$19.2 million in total fund balance, resulting in an ending fund balance of \$204.0 million. Changes in scope and schedule of key capital and O&M projects account for the favorable variance. Table 3 provides an overview of the second quarter budget variance in revenue, expense, and fund balance.

Table 3: Second Quarter Revenues, Expenses, and Fund Balance (\$Millions)

Operating	FY 2016/17 Amended Budget	Second Quarter Ended 12/31/16	Actual % of Amended Budget
Operating Revenue	\$126.8	\$67.0	52.8%
Operating Expense	\$159.0	\$68.0	42.8%
Operating Net Increase/(Decrease)	(\$32.2)	(\$1.0)	
Non-Operating			
Non-Operating Revenue	\$99.0	\$40.6	41.0%
Non-Operating Expense	\$82.0	\$20.4	24.8%
Non-Operating Net Increase/(Decrease)	\$17.0	\$20.2	
Consolidated	FY 2016/17 Amended Budget	Second Quarter Ended 12/31/16	Actual % of Amended Budget
Total Sources of Funds	\$225.8	\$107.6	47.7%
Total Uses of Funds	\$241.0	\$88.4	36.7%
Total Net Increase/(Decrease)	(\$15.2)	\$19.2	
Beginning Fund Balance	\$184.8	\$184.8	
Ending Fund Balance	\$169.6	\$204.0	

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 objective indicators are 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 track productivity and to justify current resource allocations, re-allocation and requests for additional staff.

BUDGET TRANSFERS AND AMENDMENTS

O&M budget transfers for this quarter accounted for \$63,000 as detailed in Exhibit C-1.

General Manager (GM) Contingency Account adopted budget of \$700,000 included \$400,000 in the Regional Wastewater Operations & Maintenance (RO) Fund and \$300,000 in the Administrative Services (GG) Fund. At the end of the second quarter, \$110,000 from RO Fund and \$12,600 from the GG Fund was utilized to support the unexpected and necessary expenses as listed in Exhibit C-2.

Capital and O&M projects annual and total project budget transfers accounted for approximately \$1.4 million during the second quarter as listed in Exhibit D.

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

None.

IMPACT ON BUDGET

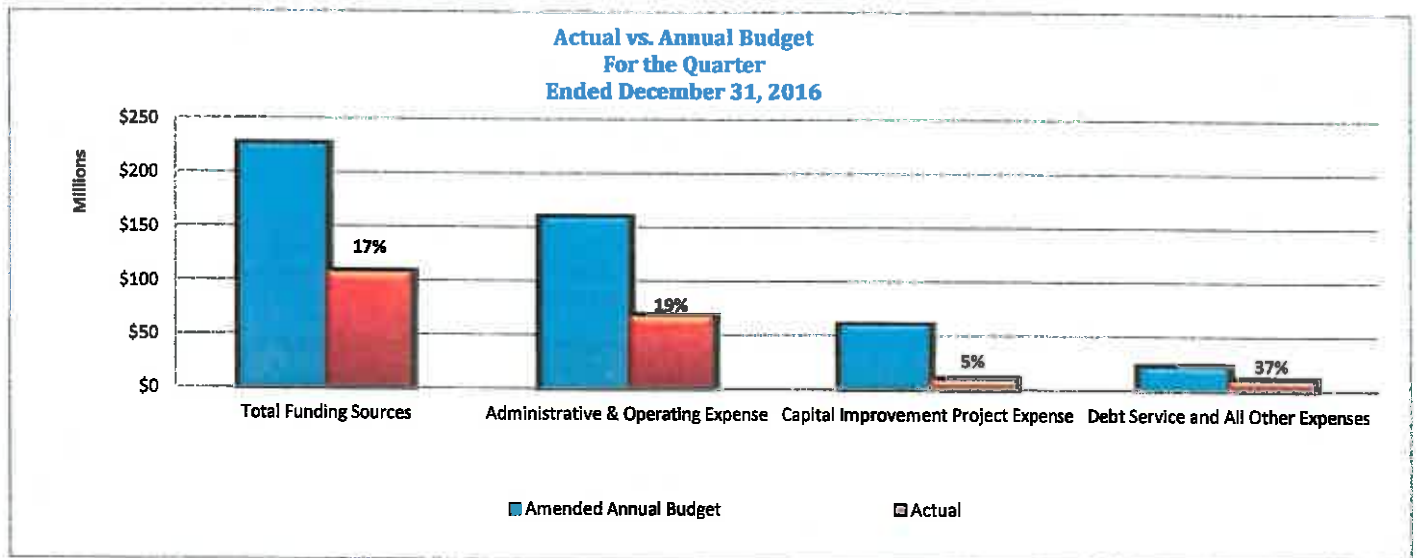
The net change in total revenues over total expenses in the amount of \$19.2 million resulted in a total estimated fund balance of \$204.0 million, for the second quarter ended December 31, 2016.

I. Actual vs. Budget Summary:

Second Quarter Ended December 31, 2016

% of the Year
Elapsed: 50%

	Adopted Annual Budget	Amended Annual Budget	Actual	Amended vs. Actual	% of Amended Budget
Operating Revenues	\$126,854,961	\$126,851,978	\$67,031,285	(\$59,820,693)	52.8%
Non-Operating (Other Sources of Fund)	98,976,777	98,976,778	40,603,428	(58,373,350)	41.0%
TOTAL FUNDING SOURCES	225,831,738	225,828,756	107,634,713	(118,194,043)	47.7%
Administrative & Operating Expense	(146,702,633)	(158,977,965)	(68,020,725)	90,957,239	42.8%
Capital Improvement Project Expense	(60,387,558)	(59,707,635)	(9,965,254)	49,742,381	16.7%
Debt Service and All Other Expenses	(23,653,357)	(22,358,268)	(10,401,964)	11,956,304	46.5%
TOTAL USES OF FUNDS	(230,743,548)	(241,043,868)	(88,387,943)	152,655,924	36.7%
Surplus/(Deficit)	(\$4,911,810)	(\$15,215,112)	\$19,246,770	\$34,461,881	



2. Actual Revenue vs. Budget:

Second Quarter Ended December 31, 2016

% of the Year
Elapsed: 50%

	Adopted Annual Budget	Amended Annual Budget	Actual	Amended vs. Actual	% of Amended Budget
Operating Revenues:					
User Charges	\$71,875,415	\$71,872,436	\$35,917,639	\$35,954,797	50.0%
Recycled Water Sales	15,735,000	15,734,996	9,256,492	6,478,504	58.8%
MWD Water Sales	28,670,598	28,670,598	16,217,447	12,453,151	56.6%
MWD LPP Rebate	2,079,000	2,079,000	1,477,368	601,632	71.1%
Property Tax - O&M	1,972,200	1,972,200	723,846	1,248,354	36.7%
Cost Reimbursement	5,913,343	5,913,343	2,928,790	2,984,553	49.5%
Interest	609,405	609,405	509,703	99,702	83.6%
OPERATING REVENUES	126,854,961	126,851,978	67,031,285	59,820,693	52.8%
Non-Operating Revenues:					
Property Tax - Debt, Capital, Reserves	\$42,732,600	\$42,732,600	\$15,683,916	\$27,048,684	36.7%
Connection Fees	20,068,020	20,068,020	13,264,950	6,803,070	66.1%
Grants & Loans	28,008,654	28,008,655	10,219,403	17,789,252	36.5%
Other Revenue	8,167,503	8,167,503	1,435,159	6,732,344	17.6%
NON-OPERATING REVENUES	98,976,777	98,976,778	40,603,428	58,373,350	41.0%
Total Revenues	\$225,831,738	\$225,828,756	\$107,634,713	\$118,194,043	47.7%

- User Charges, 50%** User charges were \$35.9 million, or 50.0% of the Amended Budget. The category includes equivalent dwelling unit (EDU) volumetric charges of \$28.3 million, \$2.8 million Non-Reclaimable wastewater fees paid by industrial and commercial users connected to the brine line system; \$2.6 million monthly meter charge (MEU) imposed on all potable water connections and water meter service charge to meet our Readiness-to-Serve obligation from MWD and water use efficiency programs.
- Property Tax/ AdValorem, 36.7%** The \$16.4 million in property tax receipts included \$16.1 million of general ad-valorem property tax from San Bernardino County and \$358 thousand from Redevelopment Agencies (RDA) "pass-through" incremental taxes. Cumulative taxes received from the county through the second quarter are 5% higher compared to taxes received through December of last year.
- Recycled Water Sales, 58.8%** Recycled water actual direct and groundwater recharge sales were \$5.7 million (12,812AF) and \$3.6 million (6,237 AF) respectively, for a combined total \$9.3 million. Total year to date deliveries are 19,049 AF compared to the 37,100 AF (24,200 AF Direct and 12,900 AF Recharge) budgeted for the fiscal year. Sales demand for direct use and groundwater recharge varies depending on weather patterns, water use conservation efforts, reuse supply, and basin availability.
- Interest Income, 83.6%** Interest Income is \$0.5 million or 83.6% of the annual budget. Interest rates have been trending up which accounts for the positive variance. In December, the Local Agency Investment Fund (LAIF) reported a yield of 0.719%, and CalTrust had a yield of 0.990%.
- MWD Water Sales, 56.6%** Total MWD pass-through imported water revenue was \$16.2 million or 56.6% of amended budget. A total of 23,149 AF of pass through water was delivered at the end of the second quarter compared to 50,000 AF budgeted for FY 2016/17. This exceeds last year's sales through December of 15,345 AF when sales were low due to water use reduction efforts used in response to the drought.
- MWD LPP Rebates, 71.1%** 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. Rebate receipts through the end of the second quarter totaled \$1.5 million for delivery of 9,593 AF. The MWD LPP rebate is set to expire in June 2017.
- Connection Fees, 66.1%** Total connection fees were \$13.3 million, or 66.1% of the amended budget. This category includes \$11.5 million for 2,024 new EDU connections compared to the 3,000 budgeted for the fiscal year. New EDU connections reflect 38% of the member agencies' forecast of 5,277 EDUs for FY 16/17. This category also includes water connection fees implemented last fiscal year. Amount received through the second quarter was 2,805 new connections for \$1.8 million, or 60% of the \$2.9 million budget. Water connection fees are a one-time fee paid directly to the Agency for any new or upsized water meter connection to the Agency's regional water distribution system.

Grants and Loans, 36.5% Grant and loan receipts through the second quarter are \$10.2 million, or 36.5% of the Amended Budget. \$10.1 million of grant receipts are pass-through receipts to Chino Basin Desalter Authority for the TCE Plume Cleanup project. Grants and loans proceeds are primarily reimbursable in nature and thus are dependent on related capital projects expenditures and are reimbursable.

Cost Reimbursements JPA, 49.5% Total cost reimbursements were \$2.9 million, or 49.5% of the amended budget. Category actuals include reimbursements of \$1.8 million from the Inland Empire Regional Composting Authority (IERCA) and \$0.6 million from Chino Basin Desalter Authority (CDA) for the Agency's operation & maintenance of the IERCA Composter and CDA Desalter facilities. Also included is \$0.5 million from Chino Basin Watermaster (CBWM) for operations & maintenance costs related to the groundwater recharge basins, net of the Agency's pro-rata share for the recycled water recharge costs. Total cost reimbursement budget of \$5.9 million includes: \$3.5 million from IERCA, \$1.5 million from CDA, and \$0.9 million from CBWM.

Other Revenues, 17.6% Total other revenues were \$1.4 million, or 17.6% of the \$8.2 million amended budget. Total other revenues include \$0.4 million from lease revenue and energy rebates, and \$1.0 million in project reimbursements. Project reimbursement receipts are 11.9% of the amended budget. Delays in the reimbursable projects from recycled water and water resources programs accounted for the lower revenue.

3. Actual Operating and Capital Expense vs. Budget:

Second Quarter Ended December 31, 2016				% of the Year Elapsed: 50%	
	Adopted Annual Budget	Amended Annual Budget	Actual	Amended vs. Actual	% of Amended Budget
Operating Expenses:					
Employment	\$43,326,017	\$42,601,461	\$22,223,487	\$20,377,974	52.2%
Admin & Operating	103,376,616	116,376,504	45,797,238	\$70,579,266	39.4%
OPERATING EXPENSES	\$146,702,633	\$158,977,965	\$68,020,726	\$90,957,239	42.8%
Non-Operating Expenses:					
Capital	60,387,558	59,707,635	9,965,254	\$49,742,381	16.7%
Debt Service and All Other Expenses	23,653,357	22,358,268	10,401,964	\$11,956,304	46.5%
NON-OPERATING EXPENSES	\$84,040,915	\$82,065,903	\$20,367,218	\$61,698,685	24.8%
Total Expenses	\$230,743,548	\$241,043,868	\$88,387,944	\$152,655,924	36.7%

Employment Expense Employment , 52.2%
 Employment expenses were \$22.2 million or 52.2% of the Amended Budget. This slightly unfavorable variance reflects higher O&M labor expense due to lower capital and special project spending than budgeted. The category also includes \$3.5 million of expense for other post employment benefits and retirement unfunded accrued liability, budgeted at \$7 million. In addition, the Agency currently employs 18 limited term employees, compared to the adopted staffing plan of 16 limited term positions. The cost of these additional positions in the Engineering, Planning, and Science Division is offset by a higher than anticipated vacancy factor of 8%, equivalent to 24 full-time (FTE) positions, compared to budgeted vacancy rate of 2% (6 FTEs). Recruitment of key positions as part of the Agency's succession planning effort will lower the vacancy factor going forward.

Administrative & Operating Expense Office and Administrative, 29%
 The favorable variance was due to the inclusion of \$577,400 (20% of category's budget) for the GM contingency, and election expense for \$300k (11% of budget). Also contributing to the favorable variance was the ads/newspaper budget in the amount of \$177,000. Contracts for ads and newspapers have been entered and spending is anticipated in the remaining two quarters.

Professional Fees & Services , 27.2%
 Positive variance can be attributed to the timing of contracts and services that were deferred and which are anticipated to be spent in the remaining quarters for services associated with work performed by outside contractors such as the annual financial audit, annual software maintenance, financial advisor and bond counsel, and dig alert notifications.

Materials & Supplies/Leases/Contribution , 38.5%
 This category includes spending of \$1.3 million, or 39% of the budget for materials and supplies, and \$25,000, or 27% of budget for leases and rental related expenses. The favorable variance was primarily due to staff's effort to monitor operational equipment usage to ensure maximum use from supplies. Accelerated spending is anticipated in this category in the following quarters of the fiscal year.

Biosolids Recycling , 40.1%

The favorable variance in this category is due to an increase in the utilization of the RP-2 solar pad to dry biosolids which causes a reduction in residual disposal costs. Total tonnage shipped to IERCA was 28,891 tons at \$55 per ton. Total tonnage hauled was 18,488 tons at a blended rate of \$5.80 per ton which is lower than the budgeted transportation blended cost of \$8.29 per ton.

Chemicals , 43.7%

Chemical expenses were \$2.0 million, or 44% of budget. The majority of the spending was for Polymer 750A and 748E and Sodium Hypochlorite. Usage of 462,300 lbs of Polymer 750A and 221,100 lbs of Polymer 748E accounted for \$790,000 of expenses in this category. Bypassed sewer flows caused a reduction in the amount of raw waste water treated due to the rehabilitation of critical aeration equipment.

Operating Fees - 49.8%

Spending in this category was on target particularly in the areas of waste volumetric fees, waste TSS charges, and waste BOD/COD charges, which account for a combined \$3.0 million of expenses. This category also includes \$1.6 million of expenses for readiness-to-serve obligation collected by MWD budgeted at \$3.1 million.

MWD Water Purchases , 50.9%

Total MWD pass-through imported water purchases were \$16.2 million for 23,149 AF or 46% of 50,000 AF budgeted for the fiscal year.

Utilities , 36.4%

Electricity expense showed an unfavorable variance of 57.5% of the amended budget, or \$3.6 million of expenses. Usage was 35.9 million kWh through the end of the second quarter compared to the annual Agency average of 70.0 million kWh. Electricity usage is higher than budgeted because the fuel cell has been offline since July 2016 and electricity has been pulled from Southern California Edison to make up for the loss in fuel cell production.

Natural gas usage was low, also due to the fuel cell, partially offsetting the higher electricity costs. Natural gas usage was 42,794 therms through the end of the second quarter, at a winter rate of \$0.832/Therm, compared to expected annual usage of 1.2 million Therms and budgeted rate of \$0.80/therm.

O&M and Reimbursable Projects , 30% and 42.8%

The combined O&M and reimbursable project costs were \$10.2 million or 30% of the amended budget. The favorable variance is mainly due to lower spending in Agency-wide aeration projects, SAWPA Action Santa Ana River Conservation & Conjunction Use Program (SARCCUP), various planning documents, and recycled water intertie projects budgeted at \$8.4 million or 25% of the category's amended budget, of which only \$636 thousand has been spent year-to-date. The table below provides a summary of the major projects and current status.

Financial Expense

Financial Expense , 16.7%

Total financial expenses were \$10.1 million or 45.7% compared to budget through the end of the second quarter. Actual costs included \$5.6 million in principal payments (\$4.1 million for 2010A Bond paid in August 2016) and \$4.5 million in interest, and other financial administration fees.

Other Expenses

Other Expenses , 100.4%

Total other expenses were \$342 thousand or 100.4% compared to budget through the end of the second quarter. Unfavorable variance in this category is due to contributions-in-aid to the Santa Ana Watershed Project Authority of \$288 thousand which were paid in full for the fiscal year last July, and unforeseen reimbursements to FEMA for prior year grant receipts.

Capital Expense

Capital Costs , 16.7%

Capital expenditures through the end of second quarter were \$10.0 million or 16.7% when compared to the amended budget of \$59.7 million which includes encumbrances of \$4.5 million of capital project budget carried forward from FY 2015/16 budget. Favorable variances in spending are largely driven by changes in project schedules. Capital project costs and budget related to the regional wastewater program through the second quarter were \$8.0 million and \$34.1 million, respectively. Recycled water capital projects accounted for \$1.6 million of expenditures compared to \$13.5 million budget. Listed below is a brief status report for some of the major projects currently under construction.

Summary of major capital and special project expenses and status as of December 31, 2016

Capital Projects		Amended FY 2016/17	YTD Expenditure	Budgeted Amount Remaining
EN15008	Water Quality Laboratory The scope of the project is the construction of a new, state of the art, 17,000 sq. laboratory and expand existing central plant to supply chilled water for the laboratory air conditioning and heating system. The project's fiscal year spending is on track with the budget. Engineering has completed the environmental biological survey in compliance with CEQA requirements, and issued the notice to proceed to the contractor for mobilization and commencement of the construction work. The installation of underground utilities has begun, and project control schedule update and solar system design coordination are underway.	7,000,000	3,047,034	3,952,966
EN19006	RP-5 Solids Handling Facility This project includes the detailed design, permitting, and construction of the new solids handling facility at RP-5 to decommission the RP-2 facility. The schedule for RP-5 Expansion Preliminary Design Report (PDR), a prequel project to EN19006, has been extended from January 2017 to March 2017. The award of the design contract for EN19006 will follow the completion of the RP-5 Expansion PDR and has been scheduled for April 2017.	3,125,000		3,125,000

RW15003 Recharge Master Plan Update Projects 3,100,000 506,998 2,593,002
 The scope for this project is to implement only the soft cost efforts related to the Recharge Master Plan such as: preliminary design, environmental review, permitting, and final design. The preliminary design phase of the project was completed at the end of the second quarter and the scope of the project was reduced as a result of the report. The projected design cost is now estimated at \$2.5 million.

EN13001 San Sevaine Basin Improvements 3,085,000 128,972 2,956,028
 As part of the 2013 Amendment to the 2010 Recharge Master Plan Update (RMPU), this project will evaluate, design, and construct basin improvements needed to maximize infiltration and recharge capture at the San Sevaine basins. The final recommendation from the preliminary development report proposes to implement, a new storm water/recycled water pump station in Basin 5, directly tie it into all existing RW pipeline, place new pipelines and headwalls in Basins 1, 2 and 3, and install monitoring wells and lysimeters. The proposed improvements will add 642 AF per year of storm water and 4,100 AF per year of recycled water for groundwater recharge. Currently, the final design phase was delayed due to an extended permitting phase for regulatory permits, so spending through the end of the fiscal year is expected to be below budget.

O&M & Reimbursable Projects		Amended FY 2016/17	YTD Expenditure	Budgeted Amount Remaining
EN16021	Chino Basin Groundwater Wells This project involves the remediation of the South Archibald Plume in conjunction with the Chino Basin Desalter Authority (CDA). The project requires payment to the Chino Basin Desalter Authority in full prior to the execution of the contracts. The full amount of the fiscal year budget was given to CDA in anticipation of forthcoming design and construction contracts. The project also received grant funding through USBR, which was also passed through to CDA.	7,481,073	7,870,950	(389,877)
PA17006	Agency-Wide Aeration Panel Replacements The project scope of PA17006 involves the replacement of aeration panels at RP-1, RP-4, RP-5, and CCWRF. In the current fiscal year, funding has been allocated to complete the replacement at RP-1 in conjunction with EN16024, the RP-1 Mixed Liquor Return Pump project which is currently in construction.	2,200,000	-	2,200,000
WR16024	SAWPA Action SARCCUP The Santa Ana River Conservation & Conjunctive Use Program is known as SARCCUP. It was created with various other water agencies to utilize funds from SAWPA Prop 84 grants to develop a watershed-scale conjunctive use program. IEUA cost sharing for the SARCCUP project has yet to be initiated.	1,854,492	168,959	1,685,533

INLAND EMPIRE UTILITIES AGENCY
Fiscal Year 2016/17
CONSOLIDATED BUDGET VARIANCE ANALYSIS REPORT
Second Quarter Ended December 31, 2016

	Adopted FY 2016/17 Annual Budget	Amended FY 2016/17 Annual Budget	YTD Actual	YTD Variance	YTD % Budget Used
<u>OPERATING REVENUES</u>					
User Charges	\$71,875,415	\$71,872,436	\$35,917,639	(\$35,954,797)	50.0%
Recycled Water	15,735,000	15,734,996	9,256,492	(6,478,504)	58.8%
MWD Water Sales	28,670,598	28,670,598	16,217,447	(12,453,151)	56.6%
MWD LPP Rebates	2,079,000	2,079,000	1,477,368	(601,632)	71.1%
Property Tax - O&M	1,972,200	1,972,200	723,846	(1,248,354)	36.7%
Cost Reimbursement from JPA	5,913,343	5,913,343	2,928,790	(2,984,553)	49.5%
Interest Revenue	609,405	609,405	509,703	(99,702)	83.6%
TOTAL OPERATING REVENUES	\$126,854,961	\$126,851,978	\$67,031,285	(\$59,820,693)	52.8%
<u>NON-OPERATING REVENUES</u>					
Property Tax - Debt, Capital, Reserves	\$42,732,600	\$42,732,600	\$15,683,916	(\$27,048,684)	36.7%
Connection Fees	20,068,020	20,068,020	13,264,950	(6,803,070)	66.1%
Grants	10,715,255	10,715,256	10,219,403	(495,853)	95.4%
SRF Loan Proceeds	17,293,399	17,293,399	0	(17,293,399)	0.0%
Project Reimbursements	7,292,963	7,292,963	971,335	(6,321,628)	13.3%
Other Revenue	874,540	874,540	463,824	(410,716)	53.0%
TOTAL NON OPERATING REVENUES	\$98,976,777	\$98,976,778	\$40,603,428	(\$58,373,350)	41.0%
TOTAL REVENUES	\$225,831,738	\$225,828,756	\$107,634,713	(\$118,194,043)	47.7%
<u>ADMINISTRATIVE and OPERATING EXPENSES</u>					
EMPLOYMENT EXPENSES					
Wages	\$23,690,863	\$22,966,307	\$13,160,942	\$9,805,365	57.3%
Benefits	19,635,154	19,635,154	9,062,545	10,572,609	46.2%
TOTAL EMPLOYMENT EXPENSES	\$43,326,017	\$42,601,461	\$22,223,487	\$20,377,974	52.2%
ADMINISTRATIVE EXPENSES					
Office & Administrative	\$1,767,847	\$2,806,064	\$812,554	\$1,993,510	29.0%
Insurance Expenses	840,500	840,498	357,993	482,505	42.6%
Professional Fees & Services	9,793,857	11,504,439	3,128,181	8,376,258	27.2%
O&M Projects	23,219,025	33,294,874	10,001,543	23,293,131	30.0%
Reimbursable Projects	490,272	490,272	210,052	280,220	42.8%
TOTAL ADMINISTRATIVE EXPENSES	\$36,111,501	\$48,935,947	\$14,510,323	\$34,425,624	29.7%

INLAND EMPIRE UTILITIES AGENCY
Fiscal Year 2016/17

CONSOLIDATED BUDGET VARIANCE ANALYSIS REPORT
Second Quarter Ended December 31, 2016

	Adopted FY 2016/17 Annual Budget	Amended FY 2016/17 Annual Budget	YTD Actual	YTD Variance	YTD % Budget Used
OPERATING EXPENSES					
Material & Supplies/Leases	\$2,866,883	\$3,516,528	\$1,355,497	\$2,161,031	38.5%
Biosolids Recycling	4,469,101	4,407,405	1,769,337	2,638,068	40.1%
Chemicals	4,674,015	4,674,015	2,043,405	2,630,610	43.7%
MWD Water Purchases	31,856,220	31,856,220	16,217,447	15,638,773	50.9%
Operating Fees/RTS Fees/Exp. Alloc.	11,790,850	11,438,343	5,696,537	5,741,806	49.8%
Utilities	11,608,046	11,548,046	4,204,692	7,343,354	36.4%
TOTAL OPERATING EXPENSES	\$67,265,115	\$67,440,557	\$31,286,915	\$36,153,642	46.4%
TOTAL ADMINISTRATIVE and OPERATING EXPENSES	\$146,702,633	\$158,977,965	\$68,020,725	\$90,957,240	42.8%
<u>NON-OPERATING EXPENSES</u>					
CAPITAL OUTLAY	\$60,387,558	\$59,707,635	\$9,965,254	\$49,742,381	16.7%
FINANCIAL EXPENSES					
Principal, Interest and Financial Expenditure	22,001,426	22,016,968	10,059,449	11,957,519	45.7%
OTHER NON OPERATING EXPENSES	1,651,931	341,300	342,515	(1,215)	100.4%
TOTAL NON-OPERATING EXPENSES	\$84,040,915	\$82,065,903	\$20,367,218	\$61,698,685	24.8%
TOTAL EXPENSES	\$230,743,548	\$241,043,868	\$88,387,943	\$152,655,925	36.7%
REVENUES IN EXCESS/ (UNDER) EXPENSES	(\$4,911,810)	(\$15,215,112)	\$19,246,770	\$34,461,881	
FUND BALANCE SUMMARY					
Unaudited Beginning Balance, July 01	\$160,207,357	184,793,882	\$184,793,882	\$0	
Surplus/ (Deficit)	(4,911,810)	(15,215,112)	19,246,769	34,461,881	
ENDING BALANCE, June 30	\$155,295,547	\$169,578,770	\$204,040,651	\$34,461,881	

FY 2016/17

Business Goals & Objectives Report By Department

Department: ALL

Report Month: October, November, December: Year:2017

Goal ID	FY Start	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
Agency Management														
217	FY 2016/17	Quarterly	Agency Management	C	Continue to apply Lean Management principles to streamline current business processes and systems and eliminate waste and redundancies	Develop and implement a standardized procedure for writing and processing committee/board letter	Completed by June 30, 2017	Implement two procedures per quarter until completed	April Woodruff	February	2017	On Schedule		External Affairs is working with Board Secretary on the new board letter format
218	FY 2016/17	Quarterly	Agency Management	C	Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies	Develop and implement a standardized procedure for writing and processing committee/board letter	Completed by June 30, 2017	Implement two procedures per quarter until completed	April Woodruff	February	2017	On Schedule		External Affairs is working with Board Secretary on new board letter format.
220	FY 2016/17	Quarterly	Agency Management	C	Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies	Develop a standard operating procedure handbook for the Executive Management Department area	Completed by June 30, 2017	Implement two procedures per quarter until completed	April Woodruff	February	2017	On Schedule		This project was assigned to Executive Assistant. First draft to be completed on May 31, 2017
221	FY 2016/17	Quarterly	Agency Management	C	Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies	Update and maintain "Duties and Annual Calendar or Responsibilities" manual for the Board Secretary position	Completed by June 30, 2017	Update 25% per quarter	April Woodruff	February	2017	On Schedule		This project is on hold until department is fully staffed. Recruitment for additional Executive Assistant is scheduled.
222	FY 2016/17	Quarterly	Agency Management	C	Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies	Increase the efficiency of the executive administrative group through streamlining processes	Ongoing	Review and improve two processes per quarter	April Woodruff	February	2017	On Schedule		Ongoing - Agency Management staff works to continually improve procedures within the department to further streamline processes.
Contracts and Facilities Services														
172	FY 2015/16	Quarterly	Finance and Administration	A	Continue commitment to cost containment for operating and capital costs	Implement new solicitation tool for expanded competition cost savings	Complete by Jan. 2016	Increase of 5% in cost savings	Warren Green	February	2017	On Schedule	No	In support of the Agency's business operations, CAP conducts analysis and reviews in support of securing the best value to the Agency, as well as attempts cost saving measures on all purchases.
173	FY 2016/17	Quarterly	Finance and Administration	B	Promote a safer work environment by administering and monitoring required safety and regulatory trainings	Conduct Agency training on department processes that are in line with the Agency's MVV	Ongoing		Warren Green	February	2017	On Schedule	No	Staff completes safety training topics on a regular basis in support of 100% compliance with the Agency's Safety Tailgate program. Additionally, staff provides process training to various departments.
174	FY 2016/17	Quarterly	Finance and Administration	C	Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies	Maintain average processing time within CFS's published service level objectives -95%	Ongoing		Warren Green	February	2017	On Schedule	No	Staff reviews their MESA multiple times during the day and supports urgent and emergency requisitions as appropriate. Additionally, staff meets with Maintenance and Operations every two weeks discuss what is PR's are pending and coming to the department.
175	FY 2016/17	Quarterly	Finance and Administration	C	Provide timely updates to the Regional Committees and the IEUA Board on long term planning needs	Identify and participate in organizations that advance the Agency MV and key initiatives	Ongoing		Warren Green	February	2017	On Schedule	No	Staff participates in CAPPO, NCMA, ARMA and various other organizations that promote the professional development of staff and are consistent with the Agency's MVV.

FY 2016/17

Business Goals & Objectives Report By Department

Goal ID	FY Start	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
242	FY 2016/17	Quarterly	Finance and Administration	C	Replace the legacy Document Management System to ensure it meets Agency-wide and regulatory public records requirement and eliminates redundant archiving systems	Implement the new ECM System, Agency taxonomy project, and legal holds process	Ongoing	Will conduct inventory of both paper and electronic records by October 15, 2016	Linda Johnson	February	2017	On Schedule		Due to loss of RM staff, inventory was delayed. On task to complete by June 2017
242	FY 2016/17	Quarterly	Finance and Administration	C	Replace the legacy Document Management System to ensure it meets Agency-wide and the regulatory public records requirement and eliminates redundant archiving systems	Implement the new ECM System, Agency taxonomy project, and legal holds process	Ongoing	Will conduct inventory of both paper and electronic records by October 15, 2016	Linda Johnson	February	2017	Behind Schedule		The project was delayed as a result of changes in the File Structures for each department. Project staff worked with departments and the vendor to ensure we are implementing the system we want which pushed the project delivery date. The inventory project is underway. No update at this time.
243	FY 2016/17	Annual	Finance and Administration	C	Replace the legacy Document Management System to ensure it meets Agency-wide and regulatory public records requirement and eliminates redundant archiving systems	In collaboration with BIS, implement an email or Electronic Data Interchange (EDI) solution for purchase order transmission to the vendors.	Ongoing	Transmission of purchase orders to vendors via direct email or EDI by January 2017.	Warren Green	February	2017	On Schedule		
244	FY 2016/17	Annual	Finance and Administration	C	Replace the legacy Document Management System to ensure it meets Agency-wide and regulatory public records requirement and eliminates redundant archiving systems	In collaboration with BIS, establish purchase requisition accessible Open Catalog Interface (OCI) catalogs for end user.	Ongoing	Add two new OCI vendors, open for use by all staff through the PR process, by June 2017	Warren Green	February	2017	On Schedule		We have not added any additional vendors with OCI capabilities.
245	FY 2016/17	Quarterly	Finance and Administration	C	Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies	Maintain average processing time within CFS's published service level objectives = 95%	Ongoing	Run quarterly staff and department service level reports and publish in the General Manager's quarterly report	Warren Green	February	2017	On Schedule		While we have not published the information in the GM report, we continue to evaluate the performance of the department on a regular basis; including PO's issued, Contracts issued, YTD \$, etc.
Engineering														
208	FY 2016/17	Quarterly	Engineering, Planning and Science	D	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	Perform evaluations to identify measures to improve recycled water quality and implement measures based on priority.	Ongoing	Install recycle water screens at RP-1 and RP-5	Shaun Stone	February	2017	On Schedule	No	The project design is at 50% and currently on schedule.
214	FY 2016/17	Quarterly	Engineering, Planning and Science	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 2022	Provide high quality project management design for Capital Improvement Projects.	Ongoing	In-House Design Engineer = 10%	Shaun Stone	January	2017	On Schedule		For projects that finish construction during or after FY1617 the overall percentage is 14.75% 9 of 61 projects are in house design
215	FY 2016/17	Quarterly	Engineering, Planning and Science	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 2022	Provide high quality project management design for Capital Improvement Projects.	Ongoing	Fiscal Year Capital Spending = 90%	Shaun Stone	January	2017	On Schedule		FY Budget = \$64M; Projected spending = \$42M Overall projection = 66%. As of 12/31 Engineering had 6 projects representing \$7M in budget variance. Please see our November 2016 GM report for detail variances for the 6 projects.
216	FY 2016/17	Quarterly	Engineering, Planning and Science	E	Conduct Lesson's Learned sessions to evaluate key construction implementations	Review and evaluate all projects for best practices that can be applied to future projects.	Ongoing	10x/year > 90%	Shaun Stone	January	2017	On Schedule		Conducted 1 Lesson Learned; Montclair Splitter Box - Access Hatches In December 2016

FY 2016/17

Business Goals & Objectives Report By Department

Goal ID	FY Start	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
115	FY 2016/17	Semi-Annual	Engineering, Planning and Science	D	Develop plan to improve the quality of recycled water to meet customer's needs by June 2017	Perform evaluations to identify measures to improve recycled water quality and implement measures based on priority	Complete by June 2017	Install recycle water screens at RP-1 and RP-5	Shaun Stone	February	2017	On Schedule	No	Engineering is now leading this project. The project design is at 50% and currently on schedule.
156	FY 2016/17	Once Complete	Engineering, Planning and Science	E	Evaluate advances in laboratory design for inclusion in the construction of the Water Quality Laboratory facility	Upon funding, design and construct latest technology lab	48 months after funding is received	Upon funding 12 months for design and 36 months to construct	Shaun Stone	January	2017	On Schedule	No	The consultant contract was awarded in May 2015 and the design was completed 9 months later in February 2016. The construction contract was awarded in May 2016. The construction work is scheduled to be completed in August 2018.
External Affairs														
166	FY 2016/17	Quarterly	Agency Management	C	Promote regional projects and initiatives through presentations to community based organizations, service groups, and stakeholders	Cultivate positive relationships with local and regional media	Ongoing	Present to 6 associations /groups	Kathy Besser	February	2017	On Schedule	No	Presented to the Rancho Chino Rotary on the Chino Creek Wetlands & Educational Park.
167	FY 2016/17	Quarterly	Agency Management	D	13. Advocate strategies that help anticipate and mitigate the impacts of droughts and climate change on the region	Develop, support, promote, and participate in water education programs	Ongoing		Kathy Besser	January	2017	On Schedule	No	Conducted additional outreach for education programs, resulting in significantly increased numbers of tours. Tour activities focus more on conservation. Increased social media posts to include appropriate messaging for winter.
168	FY 2016/17	Quarterly	Agency Management	F	Support legislation to reduce drugs in waterways through take back programs	Support legislation to reduce drugs in waterways through take back programs	Completed by FY 16/17		Kathy Besser	February	2017	On Schedule	No	No activity in Q2.
223	FY 2016/17	Quarterly	Agency Management	B	Ensure staff understands and upholds their role in achieving the Agency's Mission, Vision, and Values	Incorporate the Agency's Mission, Vision, and Values into all staff activities including: creating collateral materials, employee newsletter, and posting to the IEUA website. Increase public recognition of Agency brand	By June 2016 and ongoing	Continue to update printed materials, newsletters, and website with current content	Kathryn Besser	February	2017	On Schedule		Continued to assist with development of updated Agency business goals - with the focus now on Key Performance Indicators - to ensure mission, vision and values are included in long term planning. New Agency PowerPoint has been created to increase branding.
224	FY 2016/17	Monthly	Agency Management	C	Update and maintain the Agency's website to clearly communicate key activities, issues, policies, and key documents, and continue to optimize use of social network media	Serve as the Agency Webmaster and provide current and timely information	By June 2016 and ongoing	Review the website for accuracy on a continual basis	Kathryn Besser	February	2017	On Schedule		Continuing meetings with department managers to ensure content remains accurate. Continue to switch out front page "sliders" on a timely basis to ensure current programs are being promoted.
228	FY 2016/17	Quarterly	Agency Management	C	Promote regional projects and initiatives through presentations to community based organizations, service groups, and stakeholders	Communicate the importance of regional/local water independence and conservation	By June 2016 and ongoing	Form a Drought Task Force with member agencies. Continue marketing campaigns and social media outreach. Present to associations or community organizations quarterly	Kathryn Besser	February	2017	On Schedule		Modified regional drought campaign to adjust to changing seasons and community perceptions. Also evaluated current media being used and eliminated areas that didn't receive much response.
229	FY 2016/17	Quarterly	Agency Management	D	Complete water softener ordinance by December 2014 and continue to reduce salinity and nutrients in recycled water	Work with the cities of Chino, Chino Hills, and Ontario to pass the water softener ordinance	By June 2016 and ongoing	Remaining cities to pass ordinance by end of FY 2015/16	Kathryn Besser	February	2017	On Schedule		Three remaining cities have not passed ordinance - will work with Planning Department to address new city councils beginning in Q3.

Business Goals & Objectives Report By Department

Goal ID	FY Start	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
230	FY 2016/17	Monthly	Agency Management	F	Develop a communication plan to promote being a good neighbor	Communicate the Agency-wide goals, services, and functions to our entire service area, including all community members, businesses, and stakeholders.	By June 2016 and ongoing	FY2015/16 will continue to increase number of events attended in order to reach the entire service area	Kathryn Besser	February	2017	On Schedule		Brochures and technical illustrations were delayed, with new expected printing date at the end of FY16/17. Continue to increase number of social media postings.
Finance and Accounting														
184	FY 2016/17	Quarterly	Finance and Administration	A	Reinstate the Agency's long term credit rating to AAA and maintain a debt coverage ratio to support such rating	Reinstate the Agency's long term credit rating to AAA and maintain a debt coverage ratio to support such rating	Ongoing		Tina Cheng	January	2017	On Schedule	No	During the 2008A bond refinancing process, the Agency received upgraded credit ratings from rating agencies; Standard & Poor (S&P) had upgraded the Agency's credit rating from AA to AA+, Moody's rated the Agency from Aa1 to Aa2.
185	FY 2016/17	Quarterly	Finance and Administration	A	Continue to monitor market opportunities for retirement, refunding, or restructuring of outstanding debt to reduce costs.	Monitor market opportunities for retirement, refunding, or restructuring of outstanding debt to reduce costs.	Ongoing		Tina Cheng	January	2017	On Schedule	No	The Agency 2008A bond went through refinancing which is schedule to close on February 2, 2017. The refinancing of 2008A bonds (\$125 M) includes defeasance of \$50M, which will provide the Agency long term savings in debt service costs, as well as reduce payment period.
186	FY 2016/17	Quarterly	Finance and Administration	B	Promote a safer work environment by administering and monitoring required safety and regulatory trainings.	Promote a safer work environment by administering and monitoring required safety and regulatory trainings.	Ongoing		Tina Cheng	January	2017	On Schedule	No	Attended required safety training each month.
258	FY 2016/17	Quarterly	Finance and Administration	A	Advocate for continued receipt of property taxes and optimize grants and other funding sources to support Agency and regional investments.	Advocate for continued receipt of property taxes and optimize grants and other funding sources to support Agency and regional investments.	Ongoing	Review program fund allocations and adjust if necessary to meet program needs.	Tina Cheng	January	2017	On Schedule		Continue to monitor the property tax receipts and allocate among programs based on adopted budget.
Grants														
273	FY 2016/17	Semi-Annual	Engineering, Planning and Science	A	Advocate for continued receipt of property taxes and optimize grants and other funding sources to support Agency and regional investments	Manage congressional grant authorizations for water desalination projects in the Chino Basin	Ongoing	Until completion of the \$26M congressional authorization	Jason Gu	January	2017	On Schedule		IEUA has received \$20.8 million out of the \$26M Congressional Grant Authorization. A \$5.2M Title XVI grant application was submitted during this quarter.
274	FY 2016/17	Quarterly	Engineering, Planning and Science	A	Advocate for continued receipt of property taxes and optimize grants and other funding sources to support Agency and regional investments	Collaborate with departments that have projects that need grant funding.	Ongoing	Collaborating with IEUA and member agencies on preparing, submitting and monitoring grant and SRF loan applications for eligible projects.	Jason Gu	January	2017	On Schedule		Collaborating with Accounting & Fiscal Management, External Affairs, Planning, Engineering, Construction Management, and Operations on preparing, submitting and monitoring grant and SRF loan applications for eligible projects.
275	FY 2016/17	Quarterly	Engineering, Planning and Science	A	Advocate for continued receipt of property taxes and optimize grants and other funding sources to support Agency and regional investments	Find grants that match with Member and Regional Agencies capital and conservation programs	Ongoing	Continues as Federal and State grants are available	Jason Gu	January	2017	On Schedule		Collaborated with CDA, CBWM, and member agencies on preparing, submitting grant and loan applications, and monitoring grant and SRF loan funded projects.

FY 2016/17

Business Goals & Objectives Report By Department

Goal ID	FY Start	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Start Month	End Year	Status	Complete	Notes
181	FY 2016/17	Quarterly	Engineering, Planning and Science	A	Advocate for continued receipt of property taxes and optimize grants and other funding sources to support Agency and regional investments	Recommend potential grant opportunities that align with the Agency mission and financial goal	Ongoing		Jason Gu	January	2017	On Schedule	No	Recommended multiple State and Federal Grant and SRF loan opportunities that align with the Agency mission and financial goal. Several applications and pre-applications were submitted.
182	FY 2016/17	Quarterly	Engineering, Planning and Science	A	Advocate for continued receipt of property taxes and optimize grants and other funding sources to support Agency and regional investments	Pursue new grant awards to diversify revenue	Ongoing		Jason Gu	January	2017	On Schedule	No	Major new grant applications and pre-applications were submitted to the State Water Resources Control Board and USBR. A \$10M stormwater grant award was received. Opportunities through the state Prop 1 grant program and Federal WaterSMART program are continually being reviewed for potential grants.
183	FY 2016/17	Quarterly	Engineering, Planning and Science	A	Advocate for continued receipt of property taxes and optimize grants and other funding sources to support Agency and regional investments	Collaborate with departments that have projects that need grant funding	Ongoing		Jason Gu	January	2017	On Schedule	No	Collaborating with Accounting & Fiscal Management, External Affairs, Planning, Engineering, Construction Management, and Operations on preparing, submitting and monitoring grant and SRF loan applications for eligible projects.
Internal Audit														
231	FY 2016/17	Monthly	Agency Management	A	Continue commitment to cost containment for operating and capital costs.	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 containment	On-going and through the audits approved by the Audit Committee and the Board during the Annual Audit Plan presentation	Completed planned and scheduled audits approved through the Annual Audit Plan. Comments and discussions during Audit Committee Meetings and exit meeting	Teresa Velarde	February	2017	On Schedule		Completed and on-going. In this period, Internal Audit completed two audits that promote a strong control environment - The Information Technology Accountability Follow-up Audit for Finance related recommendations and the Master Services Contract Audit for professional services. These audits were planned as part of IAs Board-approved Annual Audit Plan.
232	FY 2016/17	Monthly	Agency Management	A	Initiate discussions to revise and renew the Regional Sewerage Service Contract set to expire in 2023 by January 2018	Close out and finalize the Regional Contract Review with 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 improve and clarify clauses and requirements of the contract to negotiate a new contract going forward. Complete the evaluation of the connection and monthly sewer rate calculations, as well as Exhibit J application, as well as RCA's internal processes and procedures, supporting documentation	On-going follow-up review or additional evaluation as needed or requested by Management or the Board	Completion. Comments and discussions during Executive Management Meetings, Audit Committee Meetings and exit meetings	Teresa Velarde	February	2017	On Schedule		Completed in October 2015. Completed the audits of the 7 member agencies, discussed the results with the contracting agencies and the Audit Committee and the IEUA Board of Directors as well as with Tech Committee. The Final Report for the Regional Contract Audit was completed in October of 2015. Over 20 recommendations were provided to evaluate, change and improve: the monthly sewer billing, the connection fee billing, the business model of the Regional Contract. Various meetings, discussions and presentations were provided by IAD. To-date, the Agency has been able to collect over \$800K in connection fees resulting from audit findings. IAD continues to stay involved with various discussions of moving forward with the recommendations provided, and resolving issues identified. IA continues to assist with analysis and

Business Goals & Objectives Report By Department

Goal ID	FY Start	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
						to determine if these meet the intent and requirements of the contract. And provide workshops for the Board of Directors and the Regional Policy and Technical Committees, and provide workshops for the Board of Directors and the Regional Policy and Technical Committees								Information requests.
235	FY 2016/17	Monthly	Agency Management	B	Uphold a strong internal control environment by conducting independent objective internal and external audits of Agency finances and operations	Promote a strong control environment by conducting independent objective audits of Agency operations where the focus and audit scope includes identifying areas and providing recommendations for strong internal controls, effectiveness and efficiency in operations. Broaden, improve and expand knowledge, reliance and utilization of financial and information systems to gather, research, analyze, and examine different types, more detailed and larger scopes of data to evaluate and test during audit procedures for any type of audit or reviewed. Promote a strong control environment that preserve the public perception of the Agency and safeguard Agency assets where the focus is identifying areas and providing recommendations to improve customer service that is effective and responsive Per direction or approval by the Audit Committee and Board, and through coordination with senior management, Internal Audit would identify 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 goals and identify areas for improvement, make recommendations to improve efficiencies. Conduct independent objective audits of Agency operations	Ongoing and through approved audits as approved through the Annual Audit Plan	Completed audits. Comments and discussions from stakeholders and during Executive Management Meetings, Audit Committee Meetings and exit meetings	Teresa Velarde	February	2017	On Schedule		Completed and on-going. As described in the IAD Charter and as required by professional standards, IAs responsibilities includes to promote a strong control environment. IA continuously accomplishes this by conducting independent objective operational audits of Agency's business departments/units where the focus and audit scope includes identifying areas where controls can be made more effective or areas where costs can be contained and providing recommendations for strong internal controls, effectiveness and efficiency in operations and processes and procedures. Improve and expand knowledge, reliance and utilization of financial and information systems to gather, research, analyze, and examine different types, more detailed and larger scopes of data to evaluate and test during audit procedures for any type of audit. Promote a strong control environment that preserve the public perception of the Agency and safeguard Agency assets where the focus is identifying areas and providing recommendations to assist the Agency in achieving organizational goals.

FY 2016/17

Business Goals & Objectives Report by Department

Goal ID	FY Start	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
236	FY 2016/17	Monthly	Agency Management	B	Prepare and implement a Disaster Preparedness Plan and conduct periodic emergency response drills by July 2017	Update and maintain the IAD's Disaster Preparedness Plan and submit to the Audit Committee for review and submittal to the Board	Annually as part of the review of all IAD procedures and Charter	Review with the Audit Committee Advisor and Audit Committee members as well as Executive Management	Teresa Velarde	February	2017	On Schedule		Complete. IA has SOP #006 "IA Internal Audit Department Business Continuity and Disaster Recovery." the purpose of the SOP is to document the role and responsibility of IA. IAs role will be to assist in the continuance of critical activities and to help Agency Management minimize the impact of the incident to the Agency's core operations. Additionally, as part of the Agency's effort to implement a disaster plan in place, IA staff are placed on the Incident Organizational Chart. IA is committed to assisting other departments and the Agency document a disaster preparedness plan.
241	FY 2016/17	Monthly	Agency Management	C	Leverage private/public partnership opportunities	Establish, maintain and strengthen audit-related private/public partnership opportunities to have network ties and associates where audit-related topics can be shared, discussed, and evaluated with the goal of continuous internal audit processes improvement	On-going	Feedback from auditees, senior/Executive Management, the Audit Committee Advisor, the Audit Committee and Board	Teresa Velarde	February	2017	On Schedule		Complete and Ongoing. Professional guidelines require all auditors be professional and are expected to achieve continuous professional development including professional association networking, this goal is achieved through those requirements and participating in conference and training events. Additionally, this goal is achieved through every audit project as it becomes an opportunity to promote friendly, helpful customer service, build the business networks and provide any assistance or information necessary. This is achieved both internally with Internal Agency staff, externally, with employees in outlying locations and non-Agency employees that are business professional peers and contacts.
Laboratory														
300	FY 2016/17	Quarterly	Engineering, Planning and Science	A	Continue commitment to cost containment for operating and capital costs	Evaluate advances in laboratory design for inclusion in the construction of the new Water Quality Laboratory	December 2016	Support Engineering during design phase by participation in design review.	Nel Groenveld	February	2017	On Schedule		Ongoing, Lab staff is responding to RFIs from the Construction management team.
302	FY 2016/17	Monthly	Engineering, Planning and Science	B	Promote a safer work environment by administering and monitoring required safety and regulatory trainings	Meet the bi-weekly safety tallgate meeting requirement	December 2016	Hold bi-weekly safety meetings	Nel Groenveld	February	2017	On Schedule		Lab staff completed all the required safety meetings for Calendar year 2016.
Maintenance														
308	FY 2016/17	Quarterly	Operations	B	Establish a cross training program across departments and divisions to enhance understanding of Agency programs	Develop and implement a division-wide training program to enhance understanding by Agency staff of wastewater treatment process and compliance; modern maintenance practices; and recycled water maintenance.	By June 30, 2017	Hold one training session each quarter	Randy Lee	February	2017	On Schedule		Maintenance training continues through March.

Business Goals & Objectives Report By Department

Goal ID	FY Start	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
246	FY 2016/17	Monthly	Operations	C	Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies	Provide exceptional and responsive customer service.	Continuous	Increase facilities services response time for support services by 15%.	Lucia Diaz	February	2017	On Schedule		On-going Facilities continues to monitor the activities associated with the Track it system in response to the level of service. There are times where staff is dependent upon other departments for support.
247	FY 2016/17	Quarterly	Operations	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	Identify educational opportunities for environmentally friendly facilities and landscapes	Ongoing	Increase educational signage by 10% for Agency facilities that are accessible by the public.	Lucia Diaz	February	2017	On Schedule		Received signage. Installation is on hold.
Operations														
306	FY 2016/17	Quarterly	Operations	F	Strive for 100% use of Agency bi-products by 2021	Support the development and implementation of the Energy Management Plan to ensure 100% use of digester gas	By June 2016 Ongoing	Meet 100% of established implementation goals; on-going	Chander Letulle, Matt	January	2017	On Schedule		Operations has supported all implementation goals. Due to equipment issues at RP-1 and RP-2 gas utilization is lower than expected.
307	FY 2016/17	Monthly	Operations	F	Strive for 100% use of Agency bi-products by 2021	Maximize use of biosolids by sending 90% of organics to IERCF	By June 2016 Ongoing	Send 90% of organics to IERCF; on-going	Randy Lee	February	2017	On Schedule		All Agency biosolids have been sent to the IERCF, processed into compost and sold into landscape and agricultural markets.
80	FY 2016/17	Quarterly	Operations	D	Optimize IEUA's use of potable and recycled water by July 2016	Identify projects necessary to reduce potable and recycled water usage.	FY 2016/17	One facility per quarter	Matt Melendrez	January	2017	On Schedule	No	A project has been identified to convert the RP-1 centrifuge oil coolers from potable water to utility water.
198	FY 2016/17	Quarterly	Operations	D	Develop and implement a communication plan to promote water use efficiency and the value of water by July 2015	Measure baseline usage of potable and recycled water usage.	Ongoing through June 2016		Matt Melendrez and	January	2017	On Schedule	No	Potable water usage data is collected and monitored for all sites. Recycled water usage data is collected and monitored at RP-5, CCWRF, RP-1 and RP-2. A project has been identified to add a meter at RP-4.
199	FY 2016/17	Quarterly	Operations	D	Develop and implement a communication plan to promote water use efficiency and the value of water by July 2015	Maintain peak demand management readiness	Ongoing through June 2016		Andy Campbell	February	2017	On Schedule	No	Weekly demand management meetings will be resumed in May after storm season ends in April 2017.
200	FY 2016/17	Quarterly	Operations	D	Develop and implement a communication plan to promote water use efficiency and the value of water by July 2015	Maintain pump station readiness	Ongoing through June 2016		Andy Campbell	February	2017	On Schedule	No	Pump station readiness is continuously monitored by RW staff. Any deficiencies of readiness are addressed and remedied.
201	FY 2016/17	Quarterly	Operations	D	Develop and implement a communication plan to promote water use efficiency and the value of water by July 2015	Continue weekly Peak Demand Management meetings with key operations staff for start of 2016 Peak Demand season.	Ongoing through June 2016		Andy Campbell	February	2017	On Schedule	No	Weekly demand management meetings will be resumed in May after storm season ends in April 2017.
202	FY 2016/17	Quarterly	Operations	D	Develop plan to improve the quality of recycled water to meet customer's needs by June 2017	Prepare and submit to CDPH start-up reports for new basin as delivery mechanisms are completed	Completed by June 2016 and Ongoing		Andy Campbell	February	2017	On Schedule	No	Declez Basin start-up is complete; start-up report will be completed in third quarter.

FY 2016/17

Business Goals & Objectives Report By Department

Goal ID	FY Start	Reporting Period	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
203	FY 2016/17	Quarterly	Operations	D	Identify and protect the best recharge land sites in the service region by June 2016	Ensure all treatment standards are met to maximize availability of recycled water.	Completed by June 2016 and Ongoing		Matt Melendrez and	January	2017	On Schedule	No	According to Compliance's Incident Report Summary all facilities are meeting or exceeding standards.
204	FY 2016/17	Quarterly	Operations	D	Identify and protect the best recharge land sites in the service region by June 2016	Identify projects necessary to reduce potable and promote recycled water usage	Completed by June 2016 and Ongoing		Matt Melendrez and	January	2017	On Schedule	No	Projects have been identified to switch processes from potable to recycle water. Operations is working with Maintenance, and Engineering to complete these projects. For example San Bernardino Lift Station packing water system and the RP-1 Centrifuge cooling water system.
206	FY 2016/17	Quarterly	Operations	D	Conduct research to find new methods to safely recharge more water into Chino Basin by June 2016	Maintain basin readiness through basin cleanings	Completed by June 2016 and Ongoing		Andy Campbell	February	2017	On Schedule	No	Conducted 3DFEEM study with Jorg Drewes. Final report for study was completed February 2016. Study with other sampling results assisted IEUA in obtaining 50% RWC for most of its RW GWR basins.
Planning and Environmental Compliance														
190	FY 2016/17	Quarterly	Engineering, Planning and Science	C	Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies	Apply LEAN management principles to streamline current practices and develop long-term strategy for permitting of the O&M activities of recharge basins	To be Completed by June 2017		Sylvia Lee	January	2017	On Schedule	No	ACOE will submit the public notice by early February 2017
191	FY 2016/17	Quarterly	Engineering, Planning and Science	C	Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies	Develop a regulatory permitting strategy to support the implementation of the regional water and wastewater programs as identified in the planning documents	To be Completed by June 2017		Sylvia Lee	January	2017	On Schedule	No	Draft PEIR filed on 12/20/2016, public meeting on 1/25/2017, public review comment period ends 2/2/2017.
193	FY 2016/17	Quarterly	Engineering, Planning and Science	D	Identify and protect the best recharge land sites in the service region by June 2016	Evaluate new projects and programs to support regional water reliability	Continuous	Meet the schedule as defined by the IRP	Sylvia Lee	January	2017	On Schedule	No	Demonstrate Ag water use efficiency utilizing biosolid compost. Potential to reduce Ag water use by 25%, maintaining high basin levels.
195	FY 2016/17	Quarterly	Engineering, Planning and Science	D	Conduct research to find new methods to safely recharge more water into Chino Basin by June 2016	Complete the MWD Foundational Action Research Program and develop a tertiary injection research project plan to find new methods to safely recharge more water in to Chino Basin	Through June 2016 and Ongoing	Develop the plans	Sylvia Lee	January	2017	On Schedule	No	Reviewing research and information from the State Water Resources Control Board with regards to the development of regulations for direct potable reuse.
196	FY 2016/17	Quarterly	Engineering, Planning and Science	D	Accelerate implementation of capital projects where appropriate to "drought proof" regional water supplies and optimize use of available federal and state grants and low interest rate financing	Accelerate implementation of "Drought Proof" projects to optimize use of federal and state grants and loans; develop the project list based on priority.	Continuous	Keep updated project list and be coordinated with member agencies	Sylvia Lee	January	2017	On Schedule	No	Seeking and applying for grants to support Agriculture and healthy soils via the increased use of biosolid compost.
89	FY 2016/17	Quarterly	Engineering, Planning and Science	D	Identify and protect the best recharge land sites in the service region by June 2016	Implement the schedule consistent with the IRP	continuous	Meet the schedule as defined by the IRP	Sylvia Lee	February	2017	On Schedule	No	This is an ongoing process working with CBWM on the recharge master plan projects, and investigating projects as they arise from IRP and RW Program Strategy. SL

FY 2016/17

Business Goals & Objectives Report By Department

Goal ID	FY Start	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
271	FY 2016/17	Monthly	Engineering, Planning and Science	A	Initiate discussions to revise and renew the Regional Sewerage Services Contract set to expire in 2023 by January 2018	Collaborate with the Member agencies, JFAs, and the regional leaders on projects that can be partially funded by grant or SRF loan programs	Ongoing	Collaborating with IEUA and member agencies on preparing, submitting and monitoring grant and SRF loan applications for eligible projects.	Sylvie Lee	January	2017	On Schedule		CEQA Plus was prepared for the Pomona/MVWD/IEUA Recycled Water Inter tie Project. The grant application is being expanded to include recent forms provided by the State Water Resources Control Board. The Feasibility Study may be expanded to include evaluation of additional alternatives as well as further evaluation on any anticipated groundwater quality impacts to local wells.
272	FY 2016/17	Monthly	Engineering, Planning and Science	A	Advocate for continued receipt of property taxes and optimize grants and other funding sources to support Agency and regional investments	Recommend and pursue new grant awards/opportunities to diversify revenue.	Ongoing	Grants Opportunities announcements to Agency departments and member agencies.	Sylvie Lee	January	2017	On Schedule		Staff prepared a USBR Water Conservation Field Services Grant for IEUA's regional Residential Pressure Regulation Program and submitted it on Jan. 23, 2017.
278	FY 2016/17	Annual	Engineering, Planning and Science	C	Identify and participate in organizations that advance the Agency's mission, vision, and key initiatives	Participate in local and regional meetings such as CASA, SCAP, Water Reuse, SCWC, CWEA, and ACWA, to advance the Agency's mission, vision and key initiatives.	Continuous	Attend at regular meetings	Sylvie Lee	January	2017	On Schedule		Staff is actively participating in meetings, workshops, conferences, task forces, and seminars regarding issues relating to the Agency's goals.
279	FY 2016/17	Quarterly	Engineering, Planning and Science	C	Promote regional projects and initiatives to boost business and industry relocations and promote economic development in the region	Promote local initiatives; consider and recognize the business impacts when developing regulations, policies, and planning documents	Continuous	Maintain the schedules as established in the regulations, policies and planning documents	Sylvie Lee	February	2017	On Schedule		Staff in process of evaluating the Exhibit J sewer fee calculation methodology, which will modernize the calculations. SL
280	FY 2016/17	Monthly	Engineering, Planning and Science	C	Provide timely updates to the Regional Committees and the IEUA Board on long term planning needs	Provide regular updates to the Regional Committees and IEUA Board on long term planning needs.	Continuous	Provide monthly/quarterly/annual updates as needed.	Sylvie Lee	February	2017	On Schedule		Updates have been provided on planning issues through the quarter. SL
283	FY 2016/17	Quarterly	Engineering, Planning and Science	D	Advocate for ordinances requiring use of permeable pavement in new parking lots	Work with member agencies to develop ordinances, programs, and initiatives to promote storm water capture.	June 2016 Ongoing	Ongoing development of programs, plans, and policies to support storm water capture	Sylvie Lee	January	2017	On Schedule		Internal discussions about the stormwater program have begun. Civic Spark Fellows are doing supporting research. Program to kick off in Spring 2017
284	FY 2016/17	Semi-Annual	Engineering, Planning and Science	D	Optimize IEUAs use of potable and recycled water by July 2016	Optimize IEUA's use of potable and recycled water by completion of the recommended updates of the Recycled Water Program Strategy (RWPS).	June 2016 Ongoing	Adopt the RWPS	Sylvie Lee	February	2017	On Schedule		Complete. SL
289	FY 2016/17	Annual	Engineering, Planning and Science	D	Conduct research to find new methods to safely recharge more water into Chino Basin by June 2016	Develop and implement the Recycled Water Peak Demand Management Plan to optimize efficient use of recycled water. Work with member agencies to encourage new developments to connect to recycled water.	Continuous	Continuous dialogue with member agencies and through customers as needed to connect new customers and support demand management initiatives.	Sylvie Lee	February	2017	On Schedule		Coordination with Member Agencies for RW demand management is ongoing and usually coordinated prior to summer months. SL

FY 2016/17

Business Goals & Objectives Report By Department

Goal ID	FY Start	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
295	FY 2016/17	Quarterly	Engineering, Planning and Science	F	Develop a communication plan to promote being a good neighbor	Develop a communication plan to neighboring businesses of odor performance monitoring.	Continuous	Periodic/as needed monitoring performed	Sylvie Lee	January	2017	On Schedule		Perform quarterly odor survey at all facilities.
296	FY 2016/17	Quarterly	Engineering, Planning and Science	F	Develop a communication plan to promote being a good neighbor	Assist Operations and External Affairs with odor complaint investigations and assist with mitigation.	Continuous	Provide support as needed	Sylvie Lee	January	2017	On Schedule		Perform odor monitoring, as needed to assist Operations, External Affairs during complaints investigation and mitigation.
297	FY 2016/17	Quarterly	Engineering, Planning and Science	F	Lead efforts to advocate for emerging trends and proposed changes to rules and regulations	Actively participate in the legislative process through advice letters and comments	Continuous	Actively participate and submit comments/letters as issues arise through ACWA, WaterReuse, SCAP.	Sylvie Lee	February	2017	On Schedule		Provided comments to External Affairs regarding P&ER's legislative priorities. Continuous. SL
299	FY 2016/17	Annual	Engineering, Planning and Science	F	Develop a regionally focused Comprehensive Mitigation Plan for construction projects by July 2016	Complete a Santa Ana River Multi Species Habitat Conservation Plan (SAR-MSHCP) and develop a long-term strategy for mitigation for other regional projects.	June 2017	Adopt the SAR-MSHCP by June 2017	Sylvie Lee	January	2017	Behind Schedule		Project impacts assessment and mitigation discussions underway. Plan may be delayed until SAR model completed.

Inland Empire Utilities Agency
 Inter-Departmental / Division Transfers FY 2016/2017
 Budget Transfer

Fund	Date	O&M Transfer From	Category	Amt Transfer Out	O&M Transfer To	Category	Amount Transfer In	Description	QTR
10200	11/14/16	545230	Fuel Cell Power	\$60,000	511120	Employee Training	\$60,000	Transfer to cover additional training costs for the Maint. Dept. including Root Cause Analysis, Planning and Scheduling, and ISS Cyber Security Training.	2
10800	12/8/16	521080	Other Contract Svcs	\$3,000	519310	Operating Permits & Lic	\$3,000	Transfer for certification application fee for the Magnolia Channel	2
			Total O&M Transfers Out	\$63,000		Total O&M Transfers In	\$63,000		

**Inland Empire Utilities Agency
FY 2016/17 GM Contingency Account Activity**

Exhibit C-2

Date	Description	Account/Project No.	Requestor	GM Contingency		Balance
				Budget	Transfers	
7/1/2016	FY 2016/17 Adopted budget	RO Fund 10800-112100-501000-519010		\$400,000		\$400,000
9/27/2016	Transfer to cover unforeseen clean-up and abatement fees	RO Fund 10800-112100-501000-520210	A. Woodruff		\$20,000	\$380,000
10/17/2016	Transfer to cover unforeseen clean-up and abatement fees	RO Fund 10800-112100-501000-520210	A. Woodruff		\$30,000	\$350,000
11/10/2016	Transfer to cover unforeseen clean-up and abatement fees	RO Fund 10800-112100-501000-520210	A. Woodruff		\$60,000	\$290,000
RO Fund GM Contingency				\$400,000	\$110,000	\$290,000
7/1/2016	FY 2016/17 Adopted budget	GG Fund 10200-112100-100000-519010		\$300,000		\$300,000
8/31/2016	Transfer to cover the purchase of computers for new staff in External Affairs	GG Fund 10200-146100-105000-980000	K. Besser		\$3,700	\$296,300
12/15/2016	Transfer to cover the purchase of IEUA shirts for employees	GG Fund 10200-120100-100000-511310	S. Bhojani		\$8,900	\$287,400
GG Fund GM Contingency				\$300,000	\$12,600	\$287,400
GM CONTINGENCY GRAND TOTAL				\$700,000	\$122,600	\$577,400

cc: Joe Grindstaff, Christina Valencia

Inland Empire Utilities Agency
Changes in Total Project Budgets: Inter-Departmental/Division Transfers FY 2016/17

Exhibit D

Fund	Capital or Spec Proj?	Request Date	Total Proj Budget Change (Y/N)?	Annual Proj Budget Change (Y/N)?	New Proj? (Y/N)	Project Number	Project Title	Adopted Total Project (TP) Budget	Proj TP Changes in Current FY	Current Total Project Budget	Amt. of Transfer In / (Out)	New TP Budget	Annual Project Budget	Annual Proj Budget Change	New Annual Project Budget	Project Transferred To/(From)	Justification
10200	Capital	10/18/16	Yes	Yes	Yes	EN15052	Primavera Enhancements	\$193,400	\$0	\$193,400	(\$15,000)	\$178,400	\$72,447	(\$15,000)	\$57,447	IS17027	Transfer from EN15052 to create new project IS17027 to fund the acquisition of new PC workstations for the Civic Spark Fellows in the Planning department.
						IS17027	New PC Workstations	\$0	\$0	\$0	\$15,000	\$15,000	\$0	\$15,000	\$15,000	(EN15052)	
Capital	11/17/16	Yes	Yes	No	IS16020	SAP User Interface Improvements	\$142,070	\$0	\$142,070	(\$1,000)	\$141,070	\$142,070	(\$1,000)	\$141,070	IS17025	Transfer from IS16020 to IS17025 to purchase equipment to allow GWR interns to access the GWR SCADA.	
					IS17025	New Workstations - External Affairs	\$0	\$3,700	\$3,700	\$1,000	\$4,700	\$3,700	\$1,000	\$4,700	(IS16020)		
Capital	11/22/16	Yes	Yes	Yes	IS16015	FY 15/16 Workstation Replacement	\$159,200	\$0	\$159,200	(\$4,850)	\$154,350	\$13,908	(\$4,850)	\$9,058	IS17030	Transfer to create new project, IS17030, to fund the purchase of a new TV, cable management, and TV bracket needed to upgrade the Raines Conference Room AV system.	
					IS17030	Raines Conference Room AV Upgrade	\$0	\$0	\$0	\$4,850	\$4,850	\$0	\$4,850	\$4,850	(IS16015)		
Subtotal Administration (GG):							\$494,670		\$499,370		\$232,125		\$232,125				
10300	Capital	11/3/16	Yes	Yes	No	RW15002	Upper Santa Ana River	\$160,000	\$0	\$160,000	(\$11,000)	\$149,000	\$355,674	(\$11,000)	\$344,674	RW15001	Transfer from RW15002 to RW15001 due to re-categorization of project type from the staffing at the Regional Board.
						RW15001	Long-Term Basin-Wide	\$150,000	\$0	\$150,000	\$11,000	\$161,000	\$117,567	\$11,000	\$128,567	(RW15002)	
Subtotal Groundwater Recharge (RW):							\$310,000		\$310,000		\$478,241		\$478,241				
10600	Capital	11/2/16	Yes	Yes	Yes	EN15055	1630 E&W Recycled Water Pump Station	\$1,590,000	\$0	\$1,590,000	(\$100,000)	\$1,490,000	\$1,840,000	(\$100,000)	\$1,240,000	EN17060	Transfer to create new project, EN17060, to replace a pump case and an impeller for two 1299 pumps at RP-4 that have damage likely due to material incompatibility with chlorine in the effluent.
						EN17060	1299 Recycled Water Pumps Replacement	\$0	\$0	\$0	\$100,000	\$100,000	\$0	\$100,000	\$100,000	(EN15055)	
Capital	12/21/16	Yes	Yes	Yes	EN13001	San Sevalve Basin Improvements	\$6,460,000	\$0	\$6,460,000	(\$165,000)	\$6,295,000	\$3,250,000	(\$165,000)	\$3,085,000	EN17067	Transfer to create new project, EN17067, to build a new groundwater monitoring well at the Dedez Basin as required by the California Recycled Water Recharge Regulation.	
					EN17067	Dedez Basin RW Compliance Monitoring Wells	\$0	\$0	\$0	\$165,000	\$165,000	\$0	\$165,000	\$165,000	(EN13001)		
Subtotal Recycled Water (WC):							\$8,090,000		\$8,090,000		\$4,990,000		\$4,990,000				
10800	Capital	10/20/16	Yes	Yes	Yes	EN16070	Agency-wide Sewage Pump Efficiency	\$1,275,000	(\$625,000)	\$650,000	(\$300,000)	\$350,000	\$635,000	(\$300,000)	\$335,000	EN17059	Transfer from EN16070 to create new project, EN17059, to fund the installation of two previously purchased iron sponges at RP-1 that will serve as backup to the existing iron sponges.
						EN17059	RP-1 Iron Sponges Installation	\$0	\$0	\$0	\$300,000	\$300,000	\$0	\$300,000	\$300,000	(EN16070)	
Capital	11/22/16	Yes	Yes	Yes	IS15020	Process Automation and Control IT Improvement	\$500,000	\$0	\$500,000	(\$8,000)	\$492,000	\$500,000	\$0	\$500,000	IS17033	Transfer from IS15020 to create new project, IS17033, to implement a firewall to segment the wastewater network from the GWR/RW network.	
					IS17033	SCADA Network Firewall	\$0	\$0	\$0	\$8,000	\$8,000	\$0	\$0	\$0	(IS15020)		

Inland Empire Utilities Agency
Changes In Total Project Budgets: Inter-Departmental/Division Transfers FY 2016/17

Exhibit D

Fund	Capital or Spec Proj?	Request Date	Total Proj Budget Change (Y/N)?	Annual Proj Budget Change (Y/N)?	New Proj? (Y/N)	Project Number	Project Title	Adopted Total Project (TP) Budget	Prior TP Changes in Current FY	Current Total Project Budget	Amt. of Transfer In./Out)	New TP Budget	Annual Project Budget	Annual Proj. Budget Change	New Annual Project Budget	Project Transferred To/(From)	Justification		
Capital	11/22/16	Yes	Yes	Yes	Yes	IS15020	Process Automation and Control IT Improvement	\$500,000	(\$8,000)	\$492,000	(\$48,000)	\$444,000	\$500,000	\$0	\$500,000	IS17095	Transfer from IS15020 to create new project, IS17095, to fill gaps identified in the cyber security assessment report and help comply with the NIST cyber security framework.		
						IS17095	SCADA Network Switch Replacement	\$0	\$0	\$0	\$48,000	\$48,000	\$0	\$0	\$0	(IS15020)			
Capital	11/22/16	Yes	Yes	Yes	Yes	IS15020	Process Automation and Control IT Improvement	\$500,000	(\$56,000)	\$444,000	(\$17,000)	\$427,000	\$500,000	\$0	\$500,000	IS17031	Transfer from IS15020 to create new project, IS17031, to fund the purchase of a Dell server required to host a Vulnerability Scanner and Intrusion detection system software for the SCADA network.		
						IS17031	Server for Cyber Security Services	\$0	\$0	\$0	\$17,000	\$17,000	\$0	\$0	\$0	(IS15020)			
Capital	11/22/16	Yes	Yes	Yes	Yes	IS15020	Process Automation and Control IT Improvement	\$500,000	(\$73,000)	\$427,000	(\$61,000)	\$366,000	\$500,000	\$0	\$500,000	IS17032	Transfer from IS15020 to create new project, IS17032, to prevent extended downtime at RP-4 that would result in the case of a fire at the Data Center.		
						IS17032	Imergen Fire Suppression System - RP-4	\$0	\$0	\$0	\$61,000	\$61,000	\$0	\$0	\$0	(IS15020)			
Capital	11/22/16	Yes	Yes	Yes	Yes	IS15020	Process Automation and Control IT Improvement	\$500,000	(\$134,000)	\$366,000	(\$130,000)	\$236,000	\$500,000	\$0	\$500,000	IS17029	Transfer from IS15020 to create new project, IS17029, to provide hardware redundancy for non-SCADA compliance-related services.		
						IS17029	3PAR Storage Area Network/SAN	\$0	\$0	\$0	\$130,000	\$130,000	\$0	\$0	\$0	(IS15020)			
Subtotal Regional Operations (RO)								\$3,775,000		\$2,879,000		\$3,135,000		\$3,135,000					
10900 Capital	11/16/16	Yes	Yes	Yes	Yes	EN14019	RP-1 Headworks Primary and Secondary Upgrades	\$10,500,000	\$0	\$10,500,000	(\$60,000)	\$10,440,000	\$1,500,000	(\$60,000)	\$1,440,000	EN17063	Transfer to create new project, EN17063, for replacement of cast iron gates at RP-4 that have corrosion due to liquid environment. The new project will replace the gates with stainless steel gates.		
						EN17063	RP-4 Anoxic Splitter Box Gates	\$0	\$0	\$0	\$60,000	\$60,000	\$0	\$60,000	\$60,000	(EN14019)			
Subtotal Regional Capital (RC)								\$10,500,000		\$10,500,000		\$1,500,000		\$1,500,000					
								Capital Total Project Budget		Capital Total Project Budget		Total Annual Capital Budget							
								Adopted	Current	Amended	Adopted	Amended							
								\$23,129,670	\$22,237,370	\$22,237,370	\$9,930,366	\$9,930,366							
10700 O&M Proj	10/25/16	Yes	Yes	Yes	Yes	WR16025	WW Planning Documents	\$1,000,000	\$0	\$1,000,000	(\$400,831)	\$599,169	\$999,362	(\$400,831)	\$598,531	WR17023	Transfer from WR16025 to create new project, WR17023, funded by grants from the United States Bureau of Reclamation.		
						WR17023	Chino Basin Drought Contingency Plan	\$0	\$0	\$0	\$400,831	\$400,831	\$0	\$400,831	\$400,831	(WR16025)			
Subtotal Water Resources (WAR)								\$1,000,000		\$1,000,000		\$999,362		\$999,362					

**Inland Empire Utilities Agency
Changes in Total Project Budgets: Inter-Departmental/Division Transfers FY 2016/17**

Exhibit D

Fund	Capital or Spec Proj?	Request Date	Total Proj Budget Change (Y/N)?	Annual Proj Budget Change (Y/N)?	New Proj? (Y/N)	Project Number	Project Title	Adopted Total Project (TP) Budget	Prior TP Change in Current FY	Current Total Project Budget	Amt. of Transfer In / (Out)	New TP Budget	Annual Project Budget	Annual Proj. Budget Change	New Annual Project Budget	Project Transferred To/(From)	Justification
10800	O&M Proj	11/2/16	Yes	Yes	Yes	PL17001	RO Planning Documents	\$250,000	\$0	\$250,000	(\$50,000)	\$200,000	\$250,000	(\$50,000)	\$200,000	PL17004	Transfer to create new project, PL17004, to fund the Wastewater Flow and Loading Study, which is coordinated by the California Association of Sanitation Agencies (CASA).
						PL17004	Wastewater Flow and Loading Study	\$0	\$0	\$0	\$50,000	\$50,000	\$0	\$50,000	\$50,000	(PL17001)	
O&M Proj	12/1/16	Yes	Yes	No	EN17019	FY 16/17 RO Emergency O&M	\$800,000	\$0	\$600,000	(\$20,000)	\$580,000	\$600,000	(\$20,000)	\$580,000	EN16019	Transfer to pay the final change orders owed to the contractors for subproject EN16019.06, RP-1 Dewatering Non-Adhering Surface Coating Removal.	
					EN16019	FY 15/16 RO Emergency O&M	\$800,000	\$0	\$600,000	\$20,000	\$620,000	\$85,000	\$20,000	\$105,000	(EN17019)		
Subtotal Regional Operations (RO):							\$1,450,000		\$1,480,000		\$980,000		\$980,000				

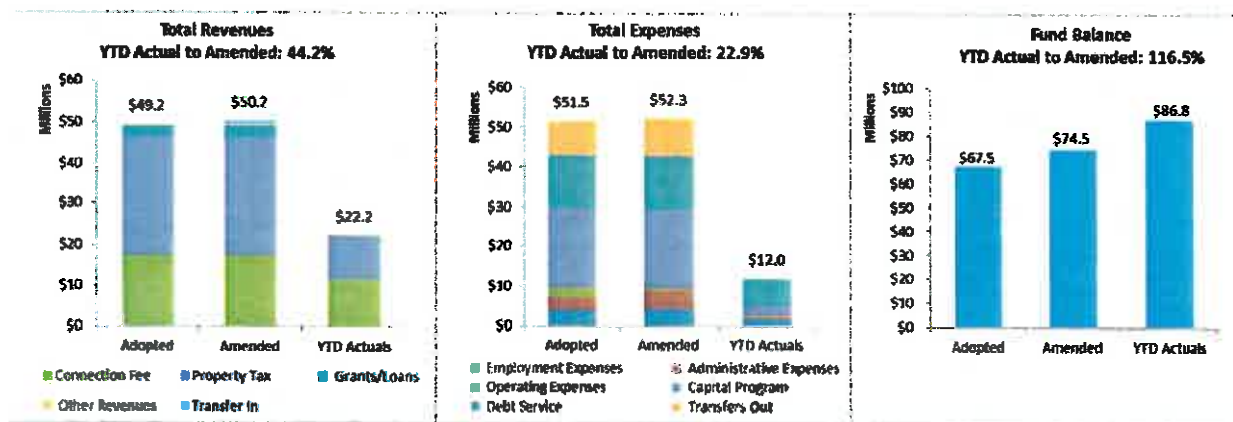
O&M Total Project Budget		O&M Total Project Budget		Total Annual O&M Project Budget	
Adopted	Current	Amended	Adopted	Amended	
\$2,450,000	\$2,450,000	\$2,450,000	\$1,934,362	\$1,934,362	

Total Capital and O&M Project Transfers:	\$1,391,681
Total Project Budget Change - Capital:	\$0
Total Project Budget Change - O&M Proj:	\$0
Total Project Budget - Net Change:	\$0

Financial Overview of Agency's Programs FY 2016/17 quarter ended December 31, 2016 Total Revenues, Expenses, and Fund Balance

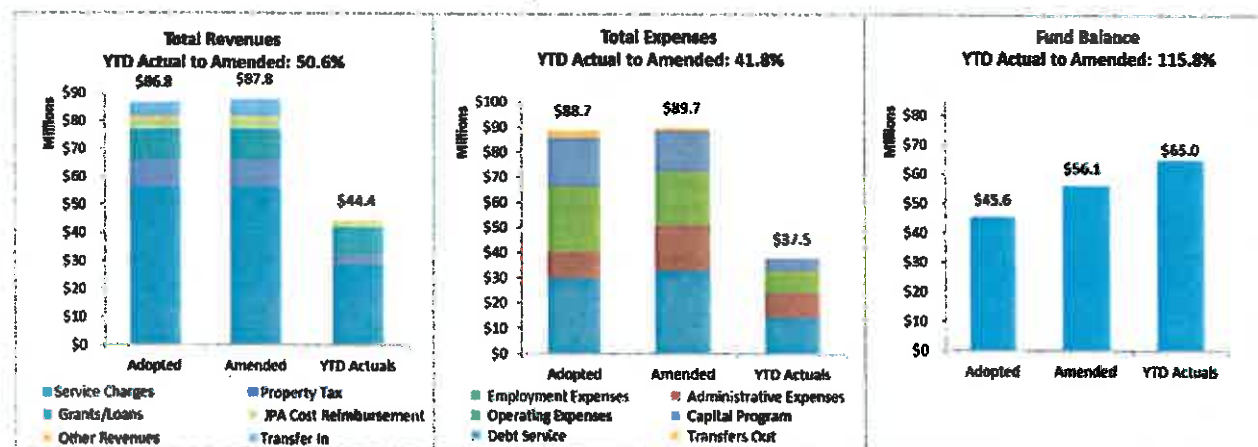
Regional Wastewater Capital Improvement (RC) Fund

The fund balance indicated an increase of \$12.2 million compared to the amended budget primarily due to favorable connection fee revenues, and low capital spending.



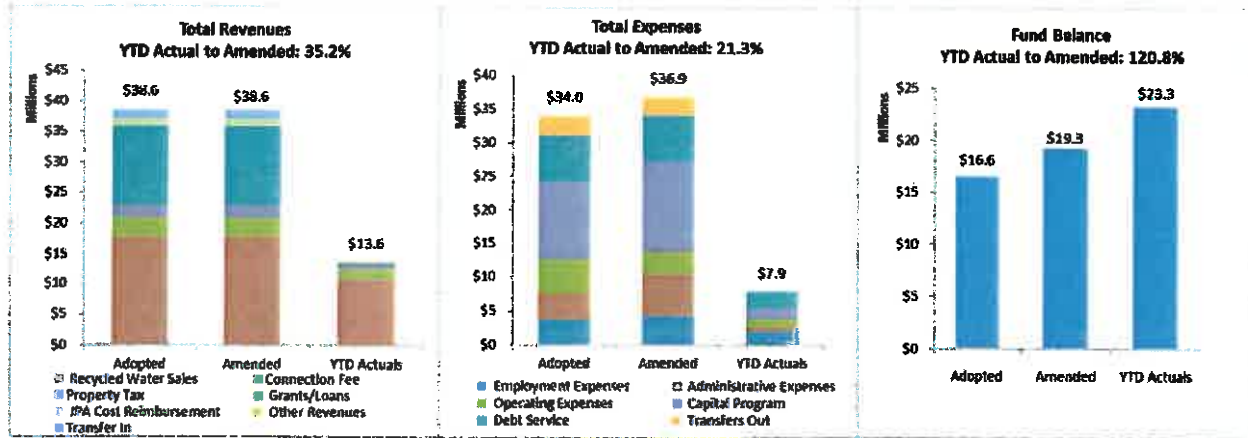
Regional Wastewater Operations and Maintenance (RO) Fund

The fund balance indicated an increase of \$9.1 million compared to the amended budget mainly due to the timing of execution of O&M and capital replacement and rehabilitation projects and lower than budgeted administrative expenses.



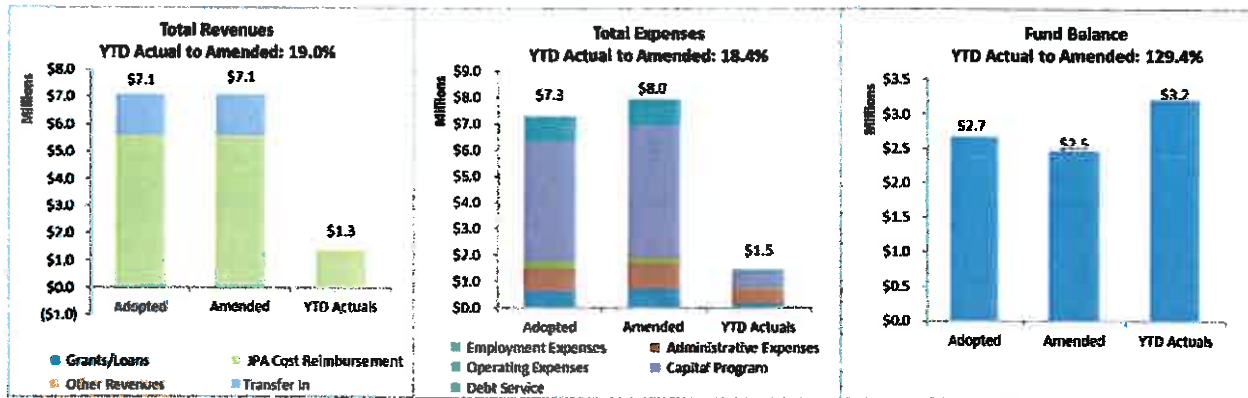
Recycled Water (WC) Fund

The fund balance indicated an increase of \$4.0 million compared to the amended budget primarily due to higher than anticipated recycled water sales, low administrative expenses, and timing in the execution of capital projects.



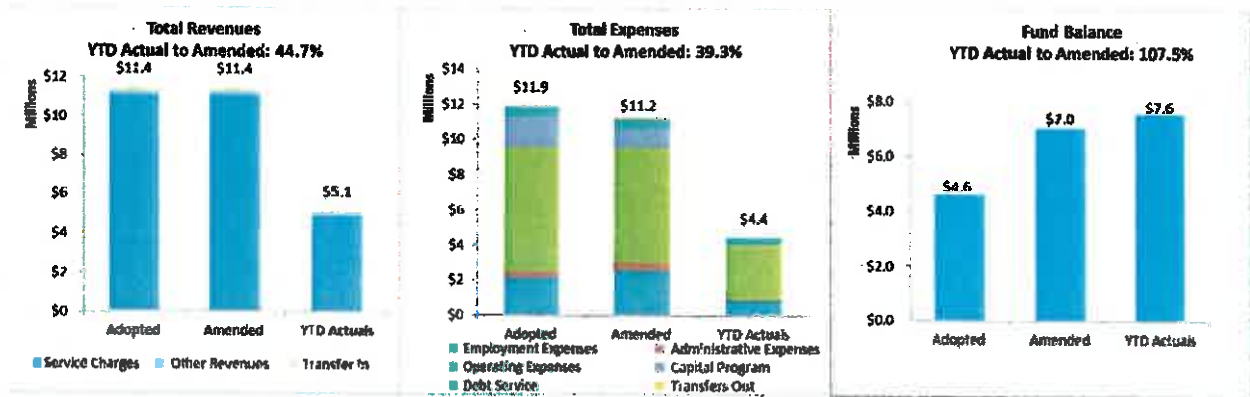
Recharge Water (RW) Fund

The fund balance shows an increase of \$0.7 million compared to the amended budget due to timing of operation spending & delays in capital project execution.



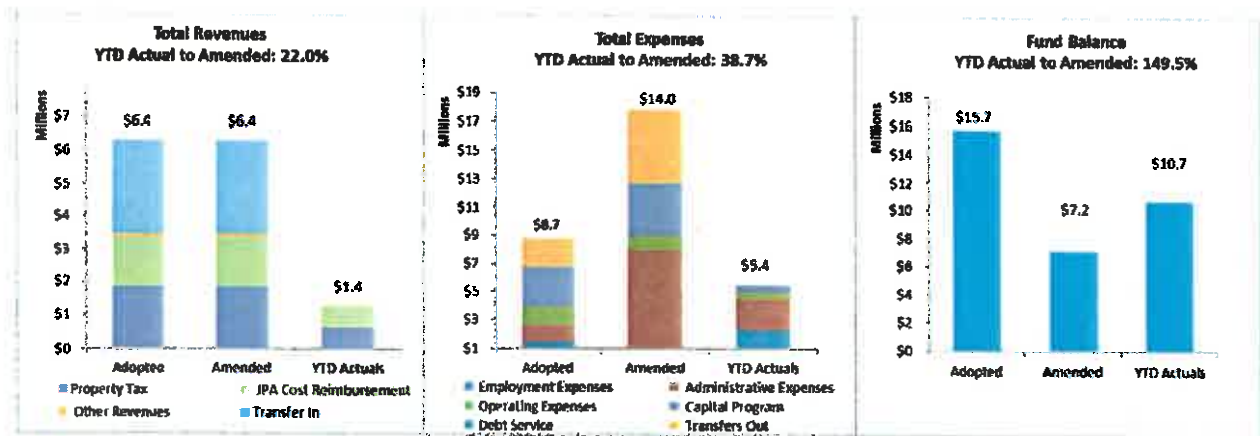
Non-Reclaimable Wastewater (NRW) Fund

The fund balance shows an increase of \$0.5 million compared to the amended budget due to favorable variance in employment expenses and capital project expenditures.



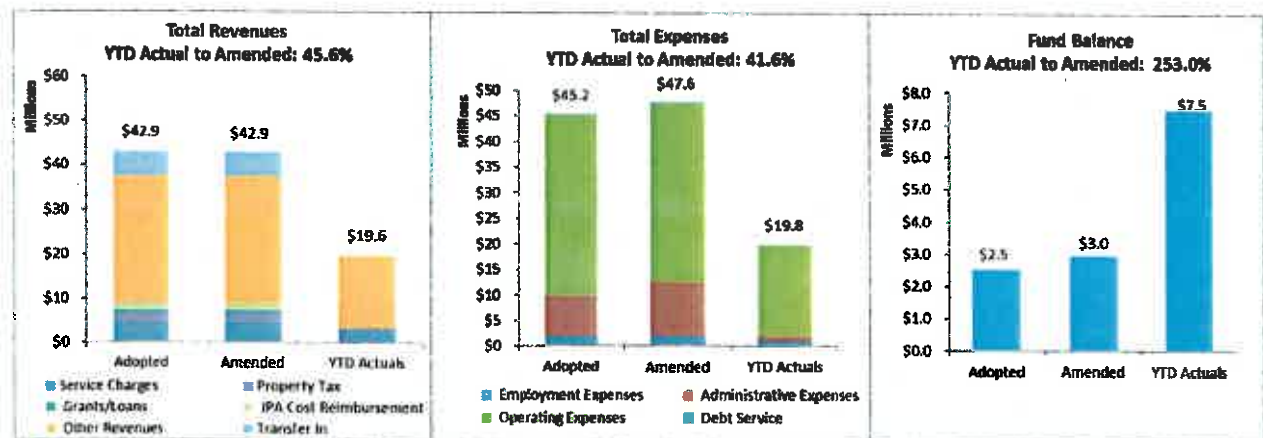
Administrative Services (GG) Fund

The fund balance indicated an increase of \$3.5 million compared to the amended budget due to lower capital spending and the timing of inter-fund loan activities.



Water Resources (WW) Fund

The fund balance indicates an increase of \$4.5 million compared to the amended budget due to collection of user charges and lower administrative spending.



FY 2016/17 Budget Variance Report

2nd Quarter ended Dec. 31, 2016

Board Meeting



Sources of Funds Highlights

Actuals compared to Amended Budget

Favorable Variance

- **Wastewater/Water Connection Fees: \$13.3M, 66.1%**
 - 2,024 new EDU connections vs. 3,000 budgeted
 - 2,805 new Water connections vs. 2,730 budgeted
- **Recycled Water Sales: \$9.3M, 58.8%**
 - 19,049 AF actual year to date vs. 37,100 AFY budgeted

Unfavorable Variance

- **Grants and Loans: \$10.2M, 36.5%**
 - Delays in grant and loan reimbursable projects
- **Property Tax: \$16.4M, 36.7%**
 - Additional receipts anticipated in third quarter

Uses of Funds Highlights

Actuals compared to Amended Budget

Favorable Variance:

- **Capital Projects: \$10.0M, 16.7%**
 - Delayed project execution primarily due to changes in project schedules
- **Professional Fees & Services: \$3.1M, 27.2%**
 - Delays in contract materials & other contractual service execution
- **Office & Administration: \$0.8M, 29.0%**
 - Included unspent GM contingency & delayed billings of election expenses

Unfavorable Variance

- **Employment Expenses: \$22.2M, 52.2%**
 - Includes \$3.5M contribution to other post-employment benefits and retirement unfunded accrued liability

Project Budget Updates

- **Total Project Budget Change in Second Quarter**
 - \$1,391,681 transferred between 30 projects within the same fund*
 - \$920,850 transferred between capital projects
 - \$470,831 transferred between O&M projects
 - No change in appropriated budget for FY 2016/17

***Transfer details provided in Exhibit D.**

FY 2016/17 Q2 Consolidated Fund Balance

Operating	FY 2016/17 Amended Budget	Second Quarter Ended 12/31/16	Actual % of Amended Budget
Operating Revenue	\$126.8	\$67.0	52.8%
Operating Expense	\$159.0	\$68.0	42.8%
Operating Net Increase/(Decrease)	(\$32.2)	(\$1.0)	
Non- Operating			
Non-Operating Revenue	\$99.0	\$40.6	41.0%
Non-Operating Expense	\$82.0	\$20.4	24.8%
Non-Operating Net Increase/(Decrease)	\$17.0	\$20.2	
Consolidated	FY 2016/17 Amended Budget	Second Quarter Ended 12/31/16	Actual % of Amended Budget
Total Sources of Funds	\$225.8	\$107.6	47.7%
Total Uses of Funds	\$241.0	\$88.4	36.7%
Total Net Increase/(Decrease)	(\$15.2)	\$19.2	
Beginning Fund Balance	\$184.8	\$184.8	
Ending Fund Balance	\$169.6	\$204.0	

Questions?

The budget variance analysis report is consistent with the Agency's business goal of fiscal responsibility

**RECEIVE AND
FILE**

3B



Regional Sewerage Program Policy Committee Meeting

CHAIR AGENDA
Thursday, April 6, 2017
4:30 p.m.

Location

Inland Empire Utilities Agency
Event Room – Building B
6075 Kimball Avenue
Chino, CA 91710

Call to Order and Roll Call

Pledge of Allegiance

Public Comment

Changes/Additions/Deletions to the Agenda

- 1. Technical Committee Report (Oral) – Chuck Hays**
- 2. Action Item**
 - A. Approval of the March 2, 2017 Meeting Minutes
- 3. Informational Items**
 - A. Regional Contract Update/Renewal (Oral) – Chuck Hays
 - B. Septic Study – Ken Tam
 - C. Budget Workshop – Javier Chagoyen-Lazaro
- 4. Receive and File**
 - A. 2016/17 Second Quarter Budget Variance
 - B. Building Activity Update
 - C. Recycled Water Distribution – Operations Summary
- 5. Other Business**
 - A. IEUA General Manager's Update
 - B. Committee Member Requested Agenda Items for Next Meeting
 - C. Committee Member Comments
 - D. Next Meeting – April 6, 2017

6. Adjournment

DECLARATION OF POSTING

I, Laura Mantilla, Executive Assistant of the Inland Empire Utilities Agency, A Municipal Water District, hereby certify that a copy of this agenda has been posted by 5:30 p.m. in the foyer at the Agency's main office, 6075 Kimball Avenue, Building A, Chino, CA on Monday, April 3, 2017.

Laura Mantilla

**RECEIVE AND
FILE**

3C

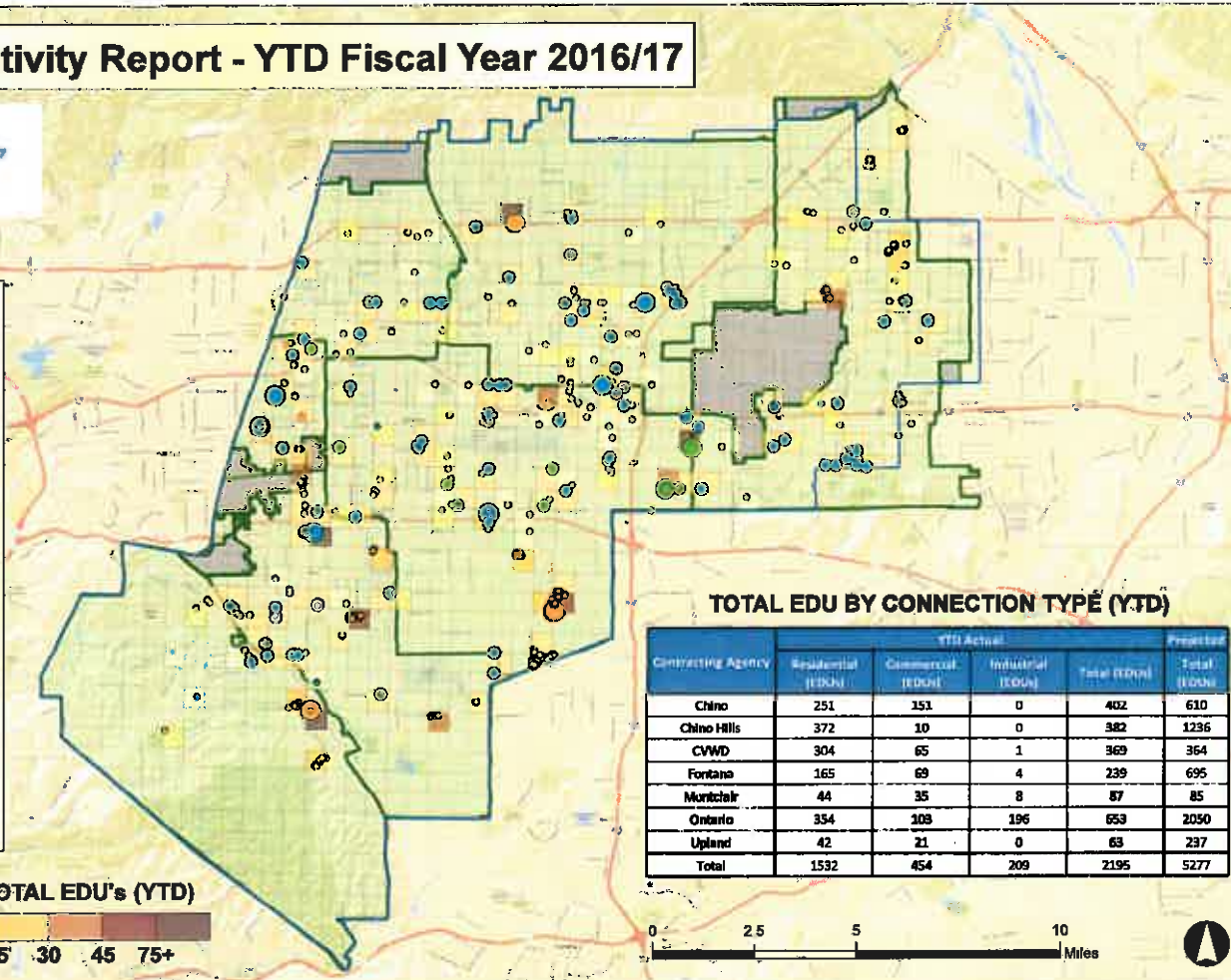
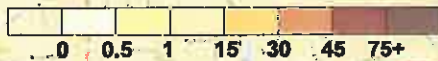
Building Activity Report - YTD Fiscal Year 2016/17



Legend

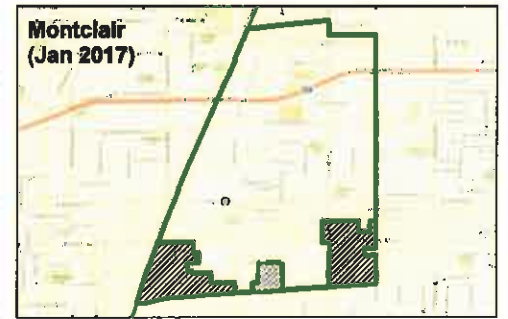
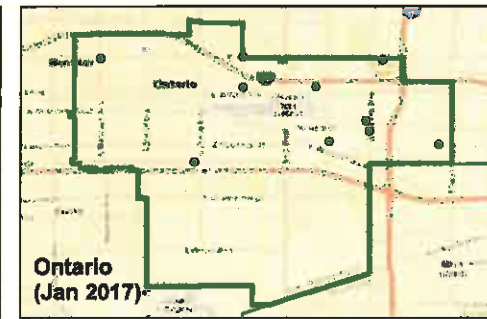
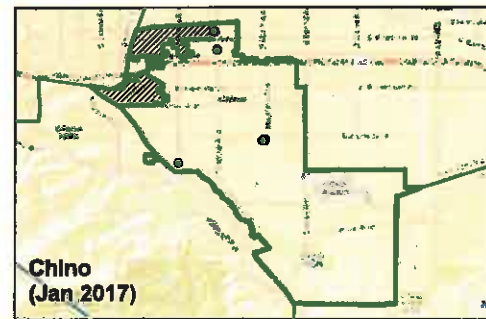
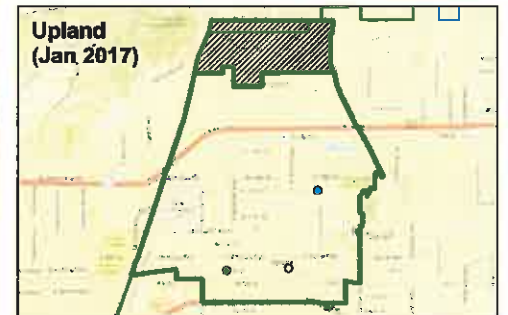
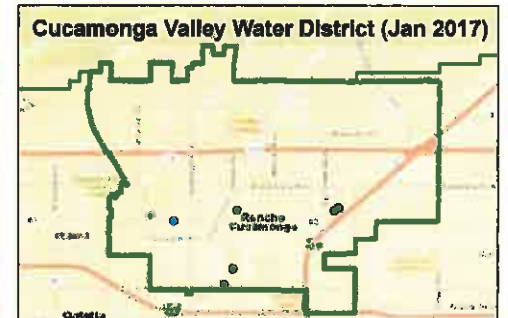
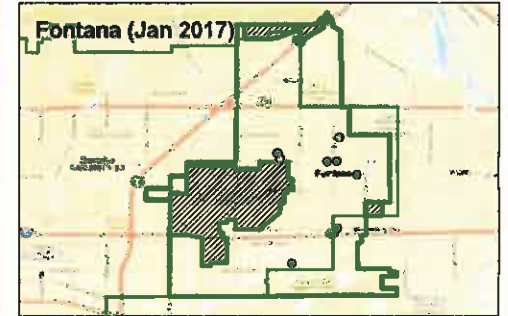
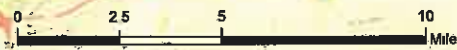
- Service Area
- Unincorporated
- EDU (YTD)**
- Residential**
- ≤1.0
- 1.0 - 10.0
- >10.0
- Commercial**
- ≤1.0
- 1.0 - 10.0
- >10.0
- Industrial**
- ≤1.0
- 1.0 - 10.0
- >10.0

HALF MILE GRID: TOTAL EDU's (YTD)



TOTAL EDU BY CONNECTION TYPE (YTD)

Contracting Agency	YTD Actual			Total EDU's	Proposed
	Residential (EDUs)	Commercial (EDUs)	Industrial (EDUs)		
Chino	251	251	0	402	610
Chino Hills	372	10	0	382	1236
CVWD	304	65	1	369	364
Fontana	165	69	4	239	695
Montclair	44	35	8	87	85
Ontario	354	208	196	653	2050
Upland	42	21	0	63	237
Total	1532	454	209	2195	5277



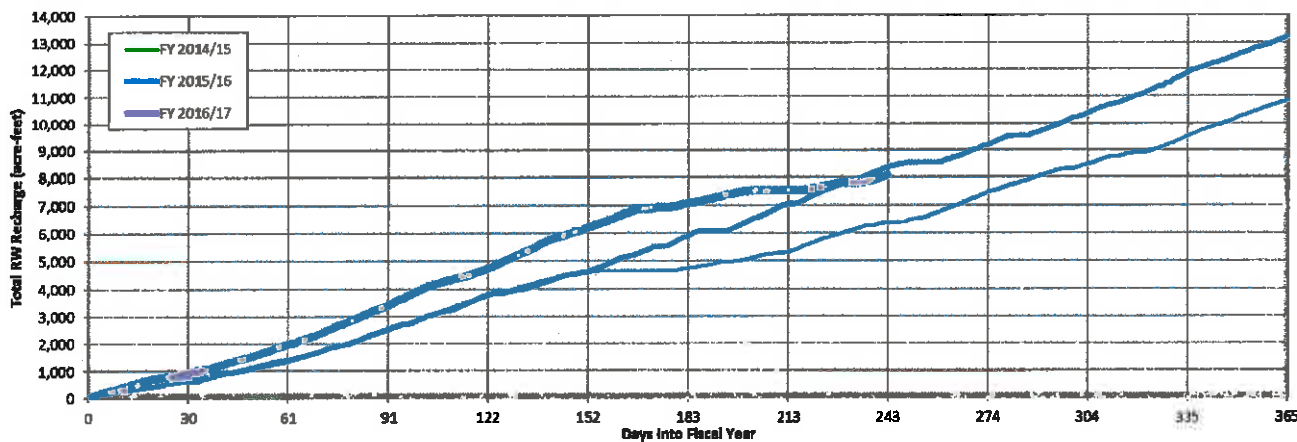
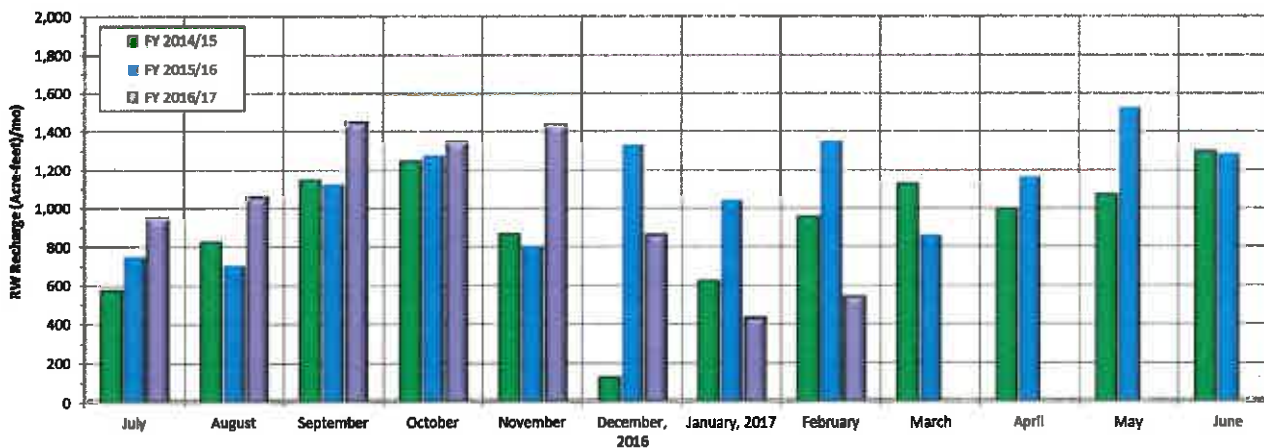
**RECEIVE AND
FILE**

3D

Recycled Water Recharge Deliveries / Plan - February 2017 (Acre-Feet)

Deliveries are draft until reported as final.

Basin	2/1-2/10	2/11-2/17	2/18-2/24	2/25-2/29	Month Actual	Month Plan	FY To Date Actual	
Ely	0.0	0.0	0.0	0.0	0.0	200	779	
Banana	0.0	0.0	0.0	0.0	0.0	100	500	RW GWR for February impacted by Stormwater
Hickory	0.0	0.0	0.0	0.0	0.0	150	136	Stormwater for all site February was 1,835 AF
Turner 1 & 2	0.0	8.2	25.9	31.7	65.7	100	442	Stormwater for all sites January was 4,712 AF
Turner 3 & 4	0.0	8.2	0.0	0.0	8.2	50		
8th Street	0.0	0.0	3.1	31.2	34.3	0	1443	
Brooks	0.0	0.0	0.0	0.0	0.0	100	293	
RP3	163.3	91.8	36.8	87.1	381.3	200	3379	
Declez	0.0	0.0	0.0	0.0	0.0	0	514	
Victoria	0.0	8.2	21.4	23.0	52.7	100	572	
San Sevaine	0.0	0.0	0.0	0.0	0.0	0	0	
Total	163.3	116.5	89.4	173.0	542.2	1000	8,058	8,391 AF, Previous FY End of Month Actual



**PREVIOUS REQUESTED
ITEMS**

4A

Laura Mantilla

From: Sylvie Lee
Sent: Friday, February 24, 2017 10:21 AM
To: Chuck Hayes; Chris Berch; Christina Valencia
Cc: Braden; Dan Chadwick; John Cucamonga Valley Water; Katie; Mark Wiley; Mike Hudson; Montclair - ; Nguyen, Chris; Pacencia; Rosemary Hoerning; Scott Burton; Laura Mantilla; Craig Proctor
Subject: RE: TAC,Study,Flow
Attachments: Flow,BOD,TSS,TDS.XLSX

All:

Per your request below on item 3, attached is the flow information along with strength by treatment plant.

Sincerely,
Sylvie.

Sylvie Lee
Manager of Planning & Environmental Resources



From: Chuck Hays [mailto:chays@fontana.org]
Sent: Thursday, February 16, 2017 2:23 PM
To: Chris Berch <cberch@ieua.org>; Christina Valencia <cvalencia@ieua.org>; Sylvie Lee <slee@ieua.org>
Cc: Braden <BradenY@cvwdwater.com>; Dan Chadwick <dchadwic@fontana.org>; John Cucamonga Valley Water <johnb@cvwdwater.com>; Katie <kgienger@ontarioca.gov>; Mark Wiley <mwiley@chinohills.org>; Mike Hudson <mhudson@ci.montclair.ca.us>; Montclair - <ndemoet@Cityofmontclair.org>; Nguyen, Chris <cnguyen@dpw.sbcounty.gov>; Pacencia <jplasencia@cityofchino.org>; Rosemary Hoerning <rhoerning@ci.upland.ca.us>; Scott Burton <sburton@ontarioca.gov>
Subject: TAC,Study,Flow

Chris, Christina, Sylvie, please see below,

1. At the March 18, 2015 meeting, the Board of Directors approved a five-year rate increase in sewer service fees. At the meeting, IEUA staff told the Board that staff would provide the Regional Committees a thorough review of the rates FYs 2017/18-2019/20 prior to the rates becoming effective FY2017/18. We would like to place the fiscal review on the April 2017 Technical Committee Agenda. The review should include both the RO and RC funds.

2. The Technical Committee is recommending moving forward with the Carollo Sewer Use Fee Study using the data received from the 3 agencies. Based upon their original proposal, they should have sufficient information to complete the project. The Technical Committee members would like to keep this process moving forward without any further delays.
3. The Technical Advisory Committee is requesting that IEUA provide updated numbers on the actual annual flow into each of the treatment plants over the past 5 years.

If you have any questions please feel free to contact me to discuss.

Thanks



Chuck Hays

Public Works Director • Public Works

City of Fontana • 16489 Orange Way • Fontana, CA 92335

chays@fontana.org • Office: (909) 350-6530



This email contains material that is CONFIDENTIAL and/or PRIVILEGED and for the sole use of the intended recipient. Any review, distribution or forwarding without express permission is prohibited. If you are not the intended recipient, please contact the sender and delete all copies. Thank you

Chuck Hayes



"Water Smart - Thinking in Terms of Tomorrow"

6075 Kimball Ave / Chino, California 91708

Tel: / Fax:

Email: chays@fontana.org Website: www.ieua.org

Connect with us



RP-1 (M-INF 1A) Influent Monitoring Data

Date	Flow*	TSS	BOD ₅	TSS
	MGD	Avg	Avg	Avg
Jan-12	26.6	441	416	593
Feb-12	26.3	465	315	403
Mar-12	27.1	484	501	501
Apr-12	26.4	464	620	747
May-12	26.7	468	428	464
Jun-12	27.2	490	403	427
Jul-12	27.6	466	414	417
Aug-12	28.2	444	390	430
Sep-12	27.1	466	410	419
Oct-12	26.9	467	413	414
Nov-12	27.3	478	524	509
Dec-12	28.1	468	595	901
Jan-13	27.8	498	429	441
Feb-13	27.7	499	355	426
Mar-13	27.7	469	346	471
Apr-13	26.1	476	373	490
May-13	26.3	488	448	463
Jun-13	27.0	477	538	503
Jul-13	26.8	469	537	460
Aug-13	28.0	463	529	467
Sep-13	28.7	477	474	427
Oct-13	28.5	465	465	419
Nov-13	27.6	482	476	409
Dec-13	28.1	478	454	454
Jan-14	27.8	491	580	566
Feb-14	27.6	466	462	471
Mar-14	26.4	468	515	489
Apr-14	25.5	480	521	482
May-14	24.2	507	495	481
Jun-14	24.1	490	444	498
Jul-14	26.0	495	475	473
Aug-14	27.4	510	443	427
Sep-14	25.6	494	335	351
Oct-14	24.9	561	399	482
Nov-14	27.4	569	360	394
Dec-14	25.6	566	368	364
Jan-15	27.7	538	364	382
Feb-15	26.3	506	375	376
Mar-15	25.4	539	512	485
Apr-15	25.9	536	501	447
May-15	22.5	516	707	537
Jun-15	22.0	517	582	441
Jul-15	22.3	502	422	431
Aug-15	22.5	480	415	416
Sep-15	23.4	492	383	510
Oct-15	23.1	498	346	423
Nov-15	23.2	511	405	474
Dec-15	24.3	477	378	435
Jan-16	25.5	482	348	371
Feb-16	23.7	492	397	443
Mar-16	23.7	505	461	495
Apr-16	24.2	507	495	452
May-16	23.8	506	475	480
Jun-16	23.9	491	463	427
Jul-16	22.0	499	404	355
Aug-16	22.8	470	404	402
Sep-16	24.9	470	412	339
Oct-16	24.0	482	407	298
Nov-16	23.7	481	314	377
Dec-16	23.3	493	474	429

RP-4 (M-INF 1B) Influent Monitoring Data

Date	Flow	TSS	BOD ₅	TSS
	Avg	Avg	Avg	Avg
Jan-12	10.1	408	264	262
Feb-12	9.9	447	242	255
Mar-12	9.4	482	410	295
Apr-12	9.1	469	412	300
May-12	9.0	472	372	305
Jun-12	9.6	448	366	326
Jul-12	9.8	454	322	238
Aug-12	9.8	464	343	349
Sep-12	10.5	534	374	341
Oct-12	10.8	505	306	218
Nov-12	10.2	488	313	211
Dec-12	10.0	508	437	230
Jan-13	9.6	481	364	257
Feb-13	9.4	438	327	436
Mar-13	9.3	487	313	431
Apr-13	10.2	518	356	496
May-13	10.2	499	415	407
Jun-13	10.9	525	514	442
Jul-13	11.0	490	394	335
Aug-13	10.7	467	429	349
Sep-13	10.4	520	516	357
Oct-13	9.6	505	422	364
Nov-13	9.8	590	348	301
Dec-13	9.3	570	233	235
Jan-14	9.4	581	284	315
Feb-14	9.7	520	420	313
Mar-14	9.8	521	389	271
Apr-14	9.8	530	357	344
May-14	10.9	543	352	256
Jun-14	10.9	528	283	249
Jul-14	11.2	516	335	294
Aug-14	10.7	526	387	280
Sep-14	10.0	502	298	285
Oct-14	10.5	515	260	254
Nov-14	9.8	559	364	269
Dec-14	6.3	584	342	283
Jan-15	7.5	532	349	341
Feb-15	8.5	543	327	290
Mar-15	11.1	553	431	297
Apr-15	11.3	554	518	278
May-15	11.0	547	570	317
Jun-15	11.0	543	367	291
Aug-15	11.2	549	317	285
Sep-15	10.6	507	295	255
Oct-15	10.4	527	255	221
Nov-15	11.0	525	289	235
Dec-15	9.8	492	324	323
Jan-16	8.7	501	359	317
Feb-16	9.4	521	338	281
Mar-16	9.7	557	311	270
Apr-16	8.6	509	398	313
May-16	9.9	536	492	310
Jun-16	10.0	506	378	311
Aug-16	10.0	489	398	372
Sep-16	9.0	490	374	355
Oct-16	8.5	500	462	367
Nov-16	9.6	522	424	297
Dec-16	9.7	514	414	348

RP-5 (M-INF 3A) Influent Monitoring Data

Date	Flow**	TSS	BOD ₅	TSS
	Avg	Avg	Avg	Avg
Jan-12	7.8	547	293	365
Feb-12	8.1	528	245	277
Mar-12	8.1	553	318	252
Apr-12	8.9	538	343	312
May-12	8.3	528	300	299
Jun-12	7.6	517	292	281
Jul-12	8.3	551	342	300
Aug-12	8.9	526	303	298
Sep-12	8.3	534	295	293
Oct-12	7.8	539	268	174
Nov-12	7.2	510	245	321
Dec-12	8.5	551	398	247
Jan-13	8.1	532	559	594
Feb-13	8.2	504	282	238
Mar-13	8.4	519	240	236
Apr-13	9.1	525	239	204
May-13	9.0	536	339	237
Jun-13	8.0	583	369	268
Jul-13	7.6	536	360	248
Aug-13	8.2	557	384	333
Sep-13	8.0	551	276	214
Oct-13	8.0	522	343	232
Nov-13	8.2	535	400	276
Dec-13	8.2	517	345	305
Jan-14	8.0	535	346	315
Feb-14	8.1	513	476	393
Mar-14	7.6	539	378	383
Apr-14	8.6	537	446	371
May-14	8.2	541	369	276
Jun-14	7.8	564	311	271
Jul-14	6.5	529	319	244
Aug-14	6.2	437	387	332
Sep-14	6.5	436	293	274
Oct-14	6.4	571	284	274
Nov-14	7.6	581	335	276
Dec-14	9.4	578	328	301
Jan-15	9.8	563	292	287
Feb-15	9.7	549	399	280
Mar-15	8.7	540	370	283
Apr-15	8.0	557	517	301
May-15	9.4	570	649	426
Jun-15	8.3	580	536	340
Jul-15	7.7	562	382	309
Aug-15	7.8	546	310	261
Sep-15	7.9	552	268	234
Oct-15	8.6	581	299	286
Nov-15	8.2	562	290	278
Dec-15	8.1	561	340	305
Jan-16	8.9	536	341	265
Feb-16	8.9	554	381	341
Mar-16	7.7	525	387	347
Apr-16	7.4	620	418	371
May-16	7.3	585	373	324
Jun-16	7.1	543	316	264
Jul-16	7.1	582	330	225
Aug-16	7.2	547	334	230
Sep-16	7.0	531	323	239
Oct-16	7.2	581	401	282
Nov-16	7.4	590	484	328
Dec-16	7.6	592	715	520

CCWRP (M-INF 4) Influent Monitoring Data

Date	Flow	TSS	BOD ₅	TSS
	Avg	Avg	Avg	Avg
Jan-12	7.9	546	314	228
Feb-12	7.4	526	308	314
Mar-12	7.5	559	517	448
Apr-12	7.9	549	627	730
May-12	7.9	558	544	520
Jun-12	7.8	546	416	416
Jul-12	7.2	553	419	336
Aug-12	6.7	509	392	348
Sep-12	7.2	532	433	428
Oct-12	7.5	529	433	374
Nov-12	7.5	510	470	389
Dec-12	7.1	520	537	356
Jan-13	7.2	543	445	315
Feb-13	7.2	536	365	295
Mar-13	6.9	536	353	384
Apr-13	7.1	552	418	376
May-13	6.5	543	464	367
Jun-13	6.5	532	464	467
Jul-13	6.7	515	658	487
Aug-13	6.1	585	715	557
Sep-13	6.2	553	560	377
Oct-13	6.5	527	584	279
Nov-13	7.0	545	467	363
Dec-13	7.4	436	389	298
Jan-14	7.3	566	387	245
Feb-14	6.5	561	450	318
Mar-14	7.7	520	446	312
Apr-14	8.2	570	505	317
May-14	8.4	585	465	247
Jun-14	8.2	564	352	307
Jul-14	7.8	529	425	349
Aug-14	7.6	559	490	298
Sep-14	9.4	596	380	316
Oct-14	9.5	590	386	362
Nov-14	9.3	596	425	387
Dec-14	7.3	583	350	304
Jan-15	6.0	570	353	302
Feb-15	6.0	606	402	307
Mar-15	4.9	589	547	343
Apr-15	4.8	594	645	246
May-15	6.1	554	637	379
Jun-15	6.6	544	530	337
Jul-15	7.3	559	456	343
Aug-15	7.4	537	347	232
Sep-15	7.3	581	359	338
Oct-15	6.9	548	388	285
Nov-15	6.7	568	319	253
Dec-15	6.7	584	345	303
Jan-16	6.2	551	331	274
Feb-16	5.9	548	362	269
Mar-16	7.2	563	376	312
Apr-16	7.2	565	445	401
May-16	7.0	557	485	389
Jun-16	7.0	641	469	360
Jul-16	7.6	642	451	351
Aug-16	8.0	595	434	419
Sep-16	7.6	538	390	368
Oct-16	7.2	573	464	419
Nov-16	7.8	580	586	442
Dec-16	7.8	604	480	414

*RP-4 recycle flows and RP1-RP-5 bypass flows are subtracted from RP-1 Inf flow to show only RP-1 service area flows.

**RP-5 Inf flow includes RP-5 Inf pump station flow and Prado/Butterfield Ranch flow. RP-2 Recycle Flows are not included.