AGENDA
MEETING OF THE
BOARD OF DIRECTORS

WEDNESDAY, JUNE 17, 2015
10:00 A.M.

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

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

FLAG SALUTE

PUBLIC COMMENT

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

ADDITIONS TO THE AGENDA

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

2. PUBLIC HEARING AND ADOPTION OF THE AGENCY'S BIENNIAL BUDGET FOR FISCAL YEAR (FYS) 2015/16 AND 2016/17
   It is recommended that the Board:
   
   1. Hold a public hearing to receive public comments on the proposed Agency's Biennial Budget for FYs 2015/16 and 2016/17;

   2. After closing the public hearing, adopt Resolution No. 2015-6-1, approving the Agency's Biennial Budget for FYs 2015/16 and 2016/17, including the Agency-wide departmental goals and objectives; an inter-fund loan from the Administrative Services (GG) fund to the Water Resources (WW) fund
for a not-to-exceed amount of $2 million in FY 2015/16, and Rate Resolution Nos. 2015-6-4 through 2015-6-7 for the Non-Reclaimable Wastewater System as outlined in the Agency's Biennial Budget;

3. Approve an annual allocation of property taxes from the GG fund to the WW fund in the amount of $1.5 million beginning in FY 2014/15; and

4. Increase the $5.5 million inter-fund loan from the Regional Wastewater Capital Improvement (RC) fund to the Recycled Water (WC) fund approved by the Board of Directors in FY 2013/14 for a not-to-exceed amount of $10.5 million for FY 2014/15.

3. CONSENT CALENDAR

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

A. MINUTES
The Board will be asked to approve the minutes from the May 20, 2015 Board meeting.

B. TREASURER’S REPORT ON GENERAL DISBURSEMENTS
It is recommended that the Board approve the total disbursements for the month of April 2015, in the amount of $15,881,432.46.

C. ADOPTION OF RESOLUTION NO. 2015-6-10, ESTABLISHING THE APPROPRIATION LIMITS FOR FISCAL YEAR 2015/16
It is recommended that the Board adopt Resolution No. 2015-6-10, establishing the Appropriation Limits for Fiscal Year (FY) 2015/16.

D. ADOPTION OF RESOLUTION NO. 2015-6-3, APPROVING THE BIENNIAL UPDATE OF THE AGENCY’S INVESTMENT POLICY
It is recommended that the Board adopt Resolution No. 2015-6-3, approving the biennial update of the Agency’s Investment Policy for Fiscal Years (FYs) 2015/16 and 2016/17.

E. ADOPTION OF THE UPDATE RESERVE POLICY
It is recommended that the Board adopt the updated Reserve Policy as of June 2015 governing all Agency funds.

F. ENGINEERING CONTRACT AWARD FOR THE RECHARGE MASTER PLAN UPDATE BASIN YIELD ENHANCEMENT PROJECTS
It is recommended that the Board:

1. Approve the consulting engineering services contract award for the preliminary design efforts for the Recharge Master Plan Update Yield Enhancement Improvements, Project No. RW15003, to
Stantec Consulting Services, Inc. for the not-to-exceed amount of $768,950; and

2. Authorize the General Manager to execute the contract.

G. AMENDMENTS TO EXTEND THE CONTRACTS FOR FEDERAL LEGISLATIVE SERVICES
It is recommended that the Board:

1. Amend Contract No. 4600001343 with Innovative Federal Strategies (IFS) to provide federal legislative services from July 1, 2015 through June 30, 2016, at a monthly retainer fee of $6,500 per month, plus reasonable business expenses, with no change in the current rate;

2. Amend Contract No. 4600001344 with Agricultural Resources to provide federal legislative services from July 1, 2015 through June 30, 2016, at a monthly retainer fee of $6,000 per month, plus reasonable business expenses, with no change in the current rate; and

3. Authorize the General Manager to finalize and execute the amendments.

H. AMENDMENT TO EXTEND THE CONTRACT WITH WEST COAST ADVISORS
It is recommended that the Board:

1. Amend Contract No. 4600001846 with West Coast Advisors to provide state legislative consulting services from July 1, 2015 through June 30, 2016, at a monthly retainer fee of $9,800 per month, plus reasonable business expenses, with no change in the current rate; and

2. Authorize the General Manager to finalize and execute the amendment.

I. AMENDMENT TO EXTEND THE CONTRACT WITH CALIFORNIA STRATEGIES, LLC
It is recommended that the Board:

1. Amend Contract No. 4600000419 with California Strategies, LLC to provide strategic local government consulting services from July 1, 2015 through June 30, 2016, at a monthly retainer fee of $6,000 per month, plus reasonable business expenses, with no change in the current rate; and

2. Authorize the General Manager to finalize and execute the amendment.
J. ADOPTION OF RESOLUTION NO. 2015-6-11, HONORING THE 65TH ANNIVERSARY OF THE INLAND EMPIRE UTILITIES AGENCY
It is recommended that the Board adopt Resolution No. 2015-6-11, honoring the 65th anniversary of the Inland Empire Utilities Agency.

K. ADOPTION OF RESOLUTION NO. 2015-6-18, COMMENDING THE 65TH ANNIVERSARY OF THE THREE VALLEYS MUNICIPAL WATER DISTRICT
It is recommended that the Board adopt Resolution No. 2015-6-18, commending the 65th anniversary of the Three Valleys Municipal Water District.

4. ACTION ITEMS

A. ADOPTION OF RESOLUTION NO. 2015-6-12, AMENDING THE EMPLOYER PAID MEMBER CONTRIBUTIONS TO CALPERS FOR ALL CLASSIC EMPLOYEES
It is recommended that the Board adopt Resolution No. 2015-6-12, amending the Employer Paid Member Contributions (EPMC) to CalPERS for all classic employees.

B. ADOPTION OF RESOLUTION NOS. 2015-6-13 THROUGH 2015-6-17, APPROVING THE AMENDMENTS TO THE SALARY SCHEDULES/MATRIXES FOR UNREPRESENTED EMPLOYEES, EXECUTIVE MANAGEMENT EMPLOYEES, AND ALL UNITS
It is recommended that the Board adopt Resolution Nos. 2015-6-13 through 2015-6-17, amending the salary schedules/matrixes for Unrepresented Employees, Executive Management Employees, and all Units.

C. ADOPTION OF RESOLUTION NO. 2015-6-2, APPROVING THE SANTA ANA WATERSHED PROJECT AUTHORITY ADOPTED BUDGET FOR FY 2015/16 AND FY 2016/17
It is recommended that the Board:

1. Ratify the Santa Ana Watershed Project Authority (SAWPA) adopted budget for Fiscal Years (FYS) 2015/16 and 2016/17, as submitted; and

2. Adopt Resolution No. 2015-6-2, approving the SAWPA general and specific project budgets for FYS 2015/16 and 2016/17.

D. RECYCLED WATER PROGRAM STRATEGY
It is recommended that the Board concur with the finding of the recycled water program as outline in the Recycled Water Program Strategy.

5. INFORMATION ITEMS

A. REGIONAL CONTRACT AUDIT REVIEW – INTERIM AUDIT REPORT FOR THE CITY OF CHINO HILLS AND DRAFT INTERIM AUDIT REPORT FOR THE CITY OF ONTARIO (WRITTEN)
B. ENGINEERING AND CONSTRUCTION MANAGEMENT MONTHLY UPDATE (POWERPOINT)

C. EAST DECLEZ: INTENT TO PURCHASE PROPERTY (WRITTEN)

D. MWD AND DROUGHT UPDATE (ORAL)

RECEIVE AND FILE INFORMATION ITEMS

E. TREASURER’S REPORT OF FINANCIAL AFFAIRS (WRITTEN/POWERPOINT)

F. FY 2014/15 THIRD QUARTER BUDGET VARIANCE, PERFORMANCE GOALS UPDATES, AND BUDGET TRANSFERS (WRITTEN)

G. PUBLIC OUTREACH AND COMMUNICATION (WRITTEN)

H. LEGISLATIVE REPORT FROM INNOVATIVE FEDERAL STRATEGIES (WRITTEN)

I. LEGISLATIVE REPORT FROM WEST COAST ADVISORS (WRITTEN)

J. LEGISLATIVE REPORT FROM AGRICULTURAL RESOURCES (WRITTEN)

K. CALIFORNIA STRATEGIES, LLC MONTHLY ACTIVITY REPORT (WRITTEN)

L. FEDERAL LEGISLATION TRACKER (WRITTEN)

M. STATE LEGISLATION TRACKER (WRITTEN)

N. FOLLOW UP ON OUTSTANDING RECOMMENDATIONS – PRETREATMENT & SOURCE CONTROL (WRITTEN)

O. REPORT ON OUTSTANDING AUDIT RECOMMENDATIONS (WRITTEN)

P. INTERNAL AUDIT DEPARTMENT STATUS REPORT FOR JUNE 2015 (WRITTEN)

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

6. AGENCY REPRESENTATIVES’ REPORTS

A. SAWPA REPORT (WRITTEN)

B. MWD REPORT (WRITTEN)
C. REGIONAL SEWERAGE PROGRAM POLICY COMMITTEE REPORT
(Meeting was cancelled for June 4th, next scheduled meeting July 2nd)

D. CHINO BASIN WATERMASTER REPORT (WRITTEN)

7. GENERAL MANAGER’S REPORT (WRITTEN)

8. BOARD OF DIRECTORS’ REQUESTED FUTURE AGENDA ITEMS

9. DIRECTORS’ COMMENTS

10. CONFERENCE REPORTS

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

11. CLOSED SESSION

A. PURSUANT TO GOVERNMENT CODE SECTION 54956.9(a) — CONFERENCE WITH LEGAL COUNSEL — EXISTING LITIGATION
   1. Chino Basin Municipal Water District vs. City of Chino, Case No. RCV51010

   2. Martin vs. IEUA, Case No. CIVRS 1000767

   3. Sheilds vs. IEUA, Case No. CIVRS 1301638

   4. Desaddi vs. IEUA, Case No. CIVRS 1304617

   5. Mwembu vs. IEUA, Case No. CIVDS 1415762

   6. Southern California Edison vs. IEUA, Case No. CIVRS 1308595

B. PURSUANT TO GOVERNMENT CODE SECTION 54956.8 — CONFERENCE WITH REAL PROPERTY NEGOTIATOR
   1. Property: Water and Pipeline Capacity/Cadiz
      Negotiating Party: General Counsel Jean Cihigoyenetche

      2. Supplemental Water Transfer/Purchase
         Negotiating Parties: General Manager P. Joseph Grindstaff
         Under Negotiation: Price and Terms of Purchase

C. PURSUANT TO GOVERNMENT CODE SECTION 54956.9
   CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION
   1. Two (2) Cases
D. **PURSUANT TO GOVERNMENT CODE SECTION 54957 – PERSONNEL MATTERS**
   1. Various Positions – Compensation Study
   2. Various Positions

12. **ADJOURN**

*A Municipal Water District*

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

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**Declaration of Posting**

I, April Woodruff, Board Secretary of the Inland Empire Utilities Agency*, A Municipal Water District, hereby certify that a copy of this agenda has been posted by 5:30 p.m. at the Agency’s main office, 6075 Kimball Avenue, Building A, Chino, CA on Thursday, June 11, 2015.

April Woodruff
5B
Engineering and Construction
Management Project Updates
June 2015
EN06025 – Wineville Recycled Water Pipeline Extension Segment A

- Contractor: CCL Contracting, Inc.
- Current Contract: $10.2 M
- Total Project Budget: $17.9 M
- Scope of Work: Construct 2.6 miles of 36-in RW Pipeline and 1.0 mile of 24-in RW Pipeline
- Current Activities:
  - ~2.6 miles of 36” pipe installed (approx. 13,500-ft)
  - ~1.0 miles of 24” pipe installed (approx. 5,400-ft)
  - Hydrostatic testing complete
- Contract Completion: July 2015
- Percent Complete: 98%
- Focus Points:
  - Project closeout activities
EN13045 – Wineville Recycled Water Pipeline Extension Segment B

- Contractor: Mike Bubalo Construction
- Current Contract Value: $8.3 M (with VE)
- Total Project Budget: $11.8 M
- Scope of Work: Construct 2.6 miles of RW Pipeline (VE Alignment Total)
- Current Activities:
  - Flow control structures
  - ~2.3 miles of 36” pipe installed (approx. 12,000-ft)
  - ~0.2 miles of 16” PVC pipe installed (approx. 1,000-ft)
- Contract Completion: July 2015
- Percent Complete: 92%
- Focus Points:
  - Delivery of RP-3 control panel may delay automated control
RA11004 – IERCF Conveyance Improvements

- Contractor: Olsson Construction
- Current Contract Value: $3.5 M
- Total Project Budget: $5.6 M
- Scope of Work: Belt conveyor modifications
- Current Activities:
  - Punch list, training, O&M manuals and project closeout documentation
- Contract Completion: Project is substantially complete
- Percent Complete: 99%
- Focus Points:
  - Startup and Training
EN09021 – RP-4 Headworks Retrofits

- Contractor: J.R. Filanc Construction
- Current Contract: $1,176,000
- Total Project Budget: $2.9 M
- Scope of Work: Install new JWCE fine screens, washer/compactor and fiberglass reinforced plastic headworks building
- Current Activities:
  - Odor control air balancing, catwalk and new conveyor install
- Contract Completion: June 2015
- Percent Complete: 95%
- Focus Point:
  - Final adjustments being made to Washer/Compactor continue

Backside of New Screening Process
EN14027 – CCWRF Rehab Secondary Clarifier No. 3

- Contractor: GSE Construction
- Current Contract: $652,000
- Total Project Budget: $1.5 M
- Scope of Work: Rehab of Secondary Clarifier
- Current Activities:
  - Clarifier No.3 placed in operation May 2015
- Contract Completion: Project is substantially complete
- Percent Complete: 99%
- Focus Point:
  - Functional Testing
  - Proceed with project closeout
EN13056 – Agency Wide HVAC Improvements Package No. 3

- Contractor: Allison Mechanical Inc.
- Current Contract: $557,000
- Total Project Budget: $1.1 M
- Scope of Work: HVAC Improvements at RP-1, RP-4, CCWRF
- Current Activities:
  - Startup of new transformer and control panel and air balance at CCWRF
  - Final punch list completion
- Contract Completion: Project is substantially complete
- Percent Complete: 99%
- Focus Point:
  - Proceed with project closeout
EN13016 – SCADA Enterprise System CCWRF

- Contractor: Technical Systems, Inc.
- Current Contract: $2,499,275
- Total Project Budget: $5.2 M
- Scope of Work: Migration of existing control system to modern SCADA system at CCWRF
- Current Activities:
  - Submittals and workshops
  - Programming
  - Electrical preparation for servers and control room
- Contract Completion: December 2015
- Percent Complete: 30%
- Focus Point:
  - Preparation for first Factory Acceptance Test
  - High-performance operator screens

Existing Aeration Building LCP-03-01
EN15008- New Water Quality Laboratory Project

- Engineering Consultant: Austin Company
- Current Contract: $1.3 M
- Total Project Budget: $21 M
- Scope of Work: Consultant Engineering Services for New Water Quality Laboratory and Central Chiller Plant Expansion
- Current Activities:
  - Update 50% Lab Design
  - Preliminary Design Central Plant
- Focus Point:
  - Design kickoff scheduled June 1, 2015
Questions?
Date: June 17, 2015

To: The Honorable Board of Directors

Through: Public, Legislative Affairs, and Water Resources Committee (06/10/15)

From: P. Joseph Grindstaff  
General Manager

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

Sylvie Lee  
Manager of Planning and Environmental Resources

Subject: East Declez: Intent to Purchase Property

RECOMMENDATION

This is an information item and no action is required.

BACKGROUND

As part of the ongoing recharge improvement discussions, the East Declez Basin was identified as a new project for the Chino Basin Watermaster (CBWM) and Inland Empire Utilities Agency (IEUA) parties’ consideration. Following a preliminary evaluation from CBWM/IEUA, it was determined that the project had significant recharge potential for recycled water, storm water, in Management Zone 3 (MZ-3), and directly adjacent to existing infrastructure. In addition, this project was identified as a good “substitute” for the lower San Sevaine Basin, since that site was no longer available and had to be removed from the Recharge Master Plan Update approved list of projects.

Declez Basin is located east of Mulberry Avenue and Philadelphia Road in Riverside County. The basin currently is operated as a stormwater capture basin, and is scheduled to receive recycled water in Fall 2015, with the completion of the Wineville Extension Recycled Water Pipeline Project. East Declez property is located directly adjacent to the existing Declez Basin and consists of 85 acres of land. The location of the property is shown below in Figure 1.

Staff is currently in the process of working with CBWM in developing the initial feasibility study to evaluate if the site is a viable site for groundwater recharge. Borings and cone penetration technology will provide hydrological data for the use of the site. Results are expected to be reached by March 2016, which will provide a determination on the feasibility of
the use of the site for groundwater recharge. In the event that it is determined to be a viable groundwater recharge site, IEUA would enter into negotiations for the purchase of this property.

IEUA has been in direct communication with the agent representing the property owner of this property. We concurred to enter into an agreement that would enable IEUA/CBWM time to determine the feasibility of the proposed project and set a cap for the purchase price of the land should IEUA pursue purchase.

The Letter of Intent to Purchase Property has the following terms:

- The property owner will hold the property for nine months with a refundable deposit of $50,000.
- For time extensions beyond nine-months, $10,000 per month of the deposit will be released to the Property owner.
- Either party can terminate the intent to purchase at any time during the nine-months or the following five months.
- If IEUA and CBWM are willing to purchase the property based on the results of the feasibility study, IEUA will pay the fair market assessed value, not-to-exceed $3 Million.
Securing the potential purchase of the East Declez property for groundwater recharge is consistent with the IEUA business goal of Water Reliability, namely development of groundwater recharge.

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

The project will be funded from the FY 2014/15 budget from the Recharge Fund RW15003.00.A.LAND.

Attachments:

- Letter of Intent to Purchase Declez Property
28 May 2015

VIA EMAIL

Joseph Grindstaff
Inland Empire Utilities Agency
6075 Kimball Avenue
Chino Hills, CA 91708

Re: Proposed Sale of approximately 85 acres of unimproved land located in Riverside County, California, and identified as APNs 173-020-020 through 173-020-023 (as more fully described hereinafter, the “Property”)

Dear Mr. Grindstaff:

On behalf of SLPR LLC (the “Seller”), I would like to present the following proposal to Inland Empire Utilities Agency, a Municipal Water District (the “Buyer”) regarding the above referenced Property. It is understood and agreed that this letter is an offer to negotiate only, and is non-binding on the parties and no obligation on the part of the Seller or the Buyer will be created except upon the execution of a definitive purchase agreement (the “Purchase Agreement”) which, generally, shall contain normal and customary terms and, specifically, the following terms and business points:

1. **Property**: The Property is approximately 85 acres in size, which is more particularly described on Exhibit A attached hereto.

2. **Purchase Price**: The purchase price (the “Purchase Price”) for the Property will be **Three Million and No/100 Dollars ($3,000,000.00)**, based on the value in the current appraisal in Buyer’s possession. Notwithstanding the foregoing, in the event Buyer elects to update the appraisal or obtain a new appraisal during the Due Diligence Period (as defined below), and the updated appraised value is less than $3,000,000.00, then Seller may elect to terminate the Purchase Agreement, unless Buyer elects to proceed with the purchase of the Property at the full Purchase Price of $3,000,000.00.

3. **Deposit**: Within three (3) days following the execution of a mutually acceptable Purchase Agreement, Buyer shall deposit in escrow the amount of **Fifty Thousand Dollars ($50,000.00)** (“Deposit”) with First American Title Insurance Company (“Escrow Holder”) established under the terms of the Purchase Agreement (“Escrow”). Following the expiration of
the Due Diligence Period and provided that Buyer has not elected to cancel the Purchase Agreement, the Deposit shall become non-refundable to Buyer unless Seller breaches Seller’s obligations under the Purchase Agreement, in which case the Deposit shall be immediately returned to Buyer; but upon the successful consummation of the subject transaction, the Deposit shall be applied to the Purchase Price of the Property.

4. Payment of Purchase Price: On or before the date of closing, Buyer shall deposit in Escrow in immediately available funds, the balance of the Purchase Price plus Buyer’s share of pro-rations and closing costs.

5. Biological Habitat Clearance. Seller will be responsible for determining whether any portion of the Property is situated within a special study zone as designated under the Alquist-Priolo Geologic Hazard Act, and Seller shall use commercially reasonable efforts to deliver a biological habitat clearance certificate for the Property issued by the appropriate governmental authority (the “Biological Clearance”) to Buyer on or before the expiration of the Due Diligence Period (as defined below).

6. Due Diligence Period:

(a) Due Diligence Period. Buyer shall have Two Hundred Seventy (270) days following the opening of Escrow to conduct its due diligence with respect to the Property (the “Due Diligence Period”) and be satisfied in Buyer’s sole and absolute discretion with the condition of the Property and all matters relating to the feasibility of the Property for Buyer’s intended use.

(b) Extensions of Due Diligence Period If Biological Clearance is Delivered Prior to Expiration of the Initial Due Diligence Period. If Seller has delivered the Biological Clearance to Buyer on or before the expiration of the initial Due Diligence Period described in Paragraph 6(a) above, Buyer will have the right to extend the Due Diligence Period in three (3) 30-day increments for a total of ninety (90) days. In the event Buyer intends to extend the Due Diligence Period under this Paragraph 6(b), Buyer must provide written notice of such election to Seller and Escrow Holder prior to 5:00 PM (PST) on the last day of the then expiration date of the Due Diligence Period, together with instructions for Escrow Holder to immediately release to Seller the sum of Ten Thousand Dollars ($10,000.00) for each 30-day extension, which amount shall remain applicable to the Purchase Price at Close of Escrow.

(c) Extensions of Due Diligence Period If Biological Clearance is not Delivered Prior to Expiration of the Initial Due Diligence Period. If despite Seller’s commercially reasonable efforts Seller is unable to obtain and deliver the Biological Clearance prior to the expiration of the initial Due Diligence Period described in Paragraph 6(a) above, then the initial Due Diligence Period shall be automatically extended to the date that Seller delivers the Biological Clearance to Buyer, up to an
additional ninety (90) days. In the event Seller is unable to obtain and deliver the Biological Clearance within said additional 90-day period, either party will be entitled to terminate the Purchase Agreement at that time. Furthermore, in the event Seller obtains and delivers the Biological Clearance subsequent to an automatic extension of the Due Diligence Period, and Buyer still requires additional time to complete its due diligence, Buyer may then elect to extend the Due Diligence Period in 30-day increments up to the total number of days left between the 90 days and the duration of the automatic extension. For example, if Seller were to deliver the Biological Clearance twenty days after the expiration of the Due Diligence Period, the total number of days available to Buyer for additional extensions would be seventy (70) days (90 – 20); resulting in two (2) 30-day extensions and one (1) 10-day extension. Any Buyer extensions exercised after delivery of the Biological Clearance pursuant to this Paragraph 6(c) will be subject to the notice and release of funds requirements set forth in Paragraph 6(b) above (except that any extension period that is less than 30 days will be prorated for purposes of the amount to be released to Seller).

7. Closing Date. The closing date (the “Close of Escrow”) shall occur on the date that is Sixty (60) days after the expiration of the Due Diligence Period.

8. Inspection of the Property. From and after the opening of Escrow, Buyer (or its agents) may, at its sole cost and expense, conduct inspections of the Property upon reasonable notice to Seller. Any invasive inspections or testing shall be subject to Seller’s prior consent, which consent is not to be unreasonably withheld by Seller. Such inspections may include, but shall not be limited to:

(a) Physical inspections;

(b) Soils tests, engineering, seismic, utility and structural studies;

(c) Review of zoning, building and other laws and permits;

(d) Review of all plans and engineering and/or soils reports in Seller’s possession or control; and

(e) Review of the Biological Clearance.

Buyer’s right of entry shall be subject to reasonable evidence of adequate insurance naming Seller as an additional insured, prior to entry upon the Property, in an amount not less than One Million Dollars ($1,000,000.00). Additionally, Buyer will be obligated to indemnify, defend and hold harmless Seller of and from any and all claims, losses, liabilities, costs, expenses, mechanic’s and materialmen’s liens, and demands of any nature arising from or related to Buyer’s (or its agents) tests and inspections on the Property.
9. **Conditions of Buyer’s Obligations.** Buyer’s obligations to consummate the purchase of the Property shall be subject to satisfaction of the following conditions:

   (a) Seller’s performance under the Purchase Agreement;

   (b) Buyer’s approval of the condition of the Property to be completed prior to the expiration of the Due Diligence Period, in Buyer’s sole and absolute discretion;

   (c) Receipt by Buyer of the Escrow Holder’s commitment to issue the Title Policy (as hereinafter defined), provided, however, that Buyer’s inability to obtain any endorsements will not be a condition to Buyer’s obligation to purchase the Property;

   (d) The absence of any material adverse changes occurring to the physical condition of the Property after the expiration of the Due Diligence Period but prior to the Close of Escrow;

   (e) Delivery of the Biological Clearance, and

   (f) Other closing conditions as may be mutually agreed upon in the Purchase Agreement.

10. **Title.**

   (a) **Title Report.** Within thirty (30) days after the opening of Escrow, Seller shall cause the Escrow Holder to deliver to Seller and Buyer, the following for the Property:

      (i) A CLTA title report covering the Property (the "Title Report");

      (ii) Copies of all exceptions identified in the Title Report; and

      (iii) To the extent available, copies of existing ALTA surveys and any boundary surveys.

   (b) **Title Policy.** At closing, Buyer shall receive a CLTA Owner’s Policy, subject only to those exceptions approved or deemed approved by Buyer during the Due Diligence Period, as will be more specifically set forth in the Purchase Agreement (the "Title Policy").

   (c) **As-Is, Where-Is.** At closing the Property will be conveyed to Buyer in its “as-is, where-is” condition with all faults, and without any express or implied warranties, except those warranties specifically set forth in writing in the Purchase Agreement, and the Purchase Agreement will contain an as-is, where-is clause acceptable to Seller.
11. **Prorations and Closing Costs.** Seller shall pay the premium for the standard portion of the Title Policy, one-half (1/2) of the Escrow Fees, its own legal and accounting fees, and transfer and sales taxes. Buyer shall pay one-half (1/2) of the Escrow fees, and any additional premium for extended CLTA title insurance coverage and any endorsements. All other costs and prorations will be allocated in accordance with local custom in Riverside County, California.

12. **Operation of Property Pending Close of Escrow.**

   (a) Seller shall not sell, convey, grant, assign or otherwise transfer (on or off record) the Property or any interest therein which would survive the Close of Escrow and which would materially and adversely affect the use of the Property for Buyer’s intended purpose, without the prior written consent of Buyer, which consent may be granted or withheld in Buyer’s reasonable discretion.

   (b) Seller shall not alter the physical condition of the Property.

   (c) Seller shall deliver to Buyer all material notices or communications Seller receives from any governmental body pertaining to the Property, promptly upon Seller’s receipt of same.

13. **Brokers.** Seller and Buyer each acknowledge that Manuel Mancha with Mancha Real Estate Advisors represents Seller and Buyer in this transaction. Seller and Buyer each represents and warrants to the other that they have not employed, dealt with or incurred any obligation to any other broker, agent or finder in connection with the Property, and that they have not incurred any obligation to pay any real estate, brokerage or other commission or fee in connection with the conveyance by Seller of the Property to Buyer, other than to Mancha Real Estate Advisors. Seller and Buyer agree that Seller will pay commissions under a separate agreement to Mancha Real Estate Advisors. Buyer and Seller agree to indemnify, defend and hold each other free and harmless from and against all costs and liabilities including, without limitation, reasonable attorneys’ fees and the costs and expenses of litigation, for causes of action or proceedings in any way related to or resulting from a breach of the foregoing representation and warranty or arising out of any action or proceedings which may be instituted by any broker, agent or finder, licensed or otherwise, claiming through, under or by reason of the conduct of the indemnifying party, respectively, in connection with this contemplated transaction.

14. **Confidentiality.** Seller and Buyer each agree not to disclose the content of this letter or of any negotiations or proprietary information received from the other party and the financial condition of the other party to any unrelated third parties, without first obtaining the prior written consent of the other party.

15. **Governing Law.** This letter shall be governed by California law.
16. **1031 Exchange.** The parties agree to reasonably cooperate with each other in the event either or both parties wish to affect the purchase and/or sale of the Property through a tax-deferred (Section 1031) exchange.

17. **Miscellaneous.** When executed by both parties, this letter merely evidences the understanding of the Seller and Buyer as to the material terms and conditions for the purchase and sale of the Property, and the parties agree to negotiate in good faith a definitive purchase agreement consistent with the terms stated herein, provided neither party shall have any obligation to the other except as is expressly set forth in a mutually agreeable form of Purchase Agreement executed by both parties.


Very truly yours,

SLPR LLC

Patrick E. Sovereign

PES:cdf

cc: Leo R. Beus (via interoffice)  
Paul E. Gilbert (via interoffice)  
Manuel Mancha (via email)
AGREED AND ACCEPTED BY BUYER

Executed as of ______________________, 2015, by the undersigned, who represents that he/she is duly authorized to execute this proposal on behalf of Buyer.

By: ________________________________

Printed Name: ______________________

Its: ________________________________
EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

[SEE ATTACHED]
INFORMATION ITEM

5E
Date:       June 17, 2015
To:        The Honorable Board of Directors
Through:   Finance, Legal, and Administration Committee (06/10/15)
From:  P. Joseph Grindstaff
       General Manager
Submitted by:  Christina Valencia
               Chief Financial Officer/Assistant General Manager
               Javier Chagoyen-Lazaro
               Manager of Finance and Accounting
Subject:  Treasurer's Report of Financial Affairs

RECOMMENDATION

The Treasurer's Report of Financial Affairs for the month ended April 30, 2015, is an informational item for the Board of Directors to review. The monthly report denotes investment transactions that have been executed in accordance with the criteria stated in the Agency's Investment Policy (Resolution No. 2014-6-11).

BACKGROUND

The Treasurer's Report of Financial Affairs for the month ended April 30, 2015, is submitted in a format consistent with State requirements.

Total cash, investments, and restricted deposits of $136,365,445, reflects an increase of $7,647,569 higher compared to the total reported for March 2015. The increase was attributed mainly to property tax receipts of $9.9 million which were partially offset by debt payments and capital expenses. Average days of cash on hand for the month ended April 30, 2015 increased to 159 days from 153 days due to the increase in available unrestricted cash. Average days of cash on hand is calculated using the monthly ending balance of unrestricted cash and cash equivalents divided by disbursements associated with operating expenses, debt service, and capital expenditures as recorded in the Agency's cash flow.

The Agency’s investment portfolio average rate of return in April 2015 was 0.489%, a decrease of 0.104% compared to the average yield of 0.593% reported in March 2015. The decrease is attributed to maturities and calls of portfolio investments with an average rate of return of 1.31%.
The Financial Affairs report is consistent with the Agency’s Business Goal of Fiscal Responsibility in providing financial reporting that accounts for cash and investment activities to fund operating requirements and to optimize investment earnings.

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

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

Attachment:

- April 2015 Treasurer’s Report of Financial Affairs
# Report of Financial Affairs

## Liquidity

<table>
<thead>
<tr>
<th>Description</th>
<th>April 2015</th>
<th>March 2015</th>
<th>Increase (Decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash, Investments, Restricted Deposits</td>
<td>$136.4M</td>
<td>$128.7M</td>
<td>$7.7M</td>
</tr>
<tr>
<td>Investment Portfolio Yield</td>
<td>0.489%</td>
<td>0.593%</td>
<td>(0.104%)</td>
</tr>
<tr>
<td>Average Days Cash on Hand</td>
<td>159 Days</td>
<td>153 Days</td>
<td>6 Days</td>
</tr>
</tbody>
</table>

## Portfolio

<table>
<thead>
<tr>
<th>Description</th>
<th>Allowable Threshold</th>
<th>Investment Value ($ million)</th>
<th>Yield</th>
<th>Current Portfolio %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Short Term, Under 1 Year:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LAIF</td>
<td>$50M</td>
<td>$24.8</td>
<td>0.283%</td>
<td>32%</td>
</tr>
<tr>
<td>CalTrust</td>
<td>$20M</td>
<td>$3.5</td>
<td>0.44%</td>
<td>5%</td>
</tr>
<tr>
<td>Citizens Business –Sweep</td>
<td>40%</td>
<td>$27.5</td>
<td>0.25%</td>
<td>36%</td>
</tr>
<tr>
<td>CBB – Certificate of Deposit</td>
<td>20%</td>
<td>$4.2</td>
<td>0.45%</td>
<td>6%</td>
</tr>
<tr>
<td>Bank of the West – MMA</td>
<td>20%</td>
<td>$1.1</td>
<td>0.18%</td>
<td>1%</td>
</tr>
<tr>
<td>State and Local Municipal Bonds</td>
<td>9%</td>
<td>$1.0</td>
<td>1.35%</td>
<td>1%</td>
</tr>
<tr>
<td>Medium Term Notes</td>
<td>20%</td>
<td>$3.0</td>
<td>0.99%</td>
<td>4%</td>
</tr>
<tr>
<td>CBB Checking</td>
<td>40%</td>
<td>$0.3</td>
<td>0.25%</td>
<td>0%</td>
</tr>
<tr>
<td><strong>1 to 3 Years:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medium Term Notes</td>
<td>20%</td>
<td>$1.0</td>
<td>1.11%</td>
<td>1%</td>
</tr>
<tr>
<td>US Treasury Note</td>
<td>n/a</td>
<td>$1.0</td>
<td>0.64%</td>
<td>1%</td>
</tr>
<tr>
<td>US Government Securities</td>
<td>n/a</td>
<td>$6.0</td>
<td>1.22%</td>
<td>8%</td>
</tr>
<tr>
<td><strong>Over 3 Years:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>US Government Securities</td>
<td>n/a</td>
<td>$3.6</td>
<td>1.85%</td>
<td>5%</td>
</tr>
</tbody>
</table>
Cash, Investments and Restricted Deposits
Month End Portfolio Yield Comparison
Day Cash On Hand
12 Months Rolling Average

In Millions

Days Cash on Hand

Unrestricted Cash and Cash Equivalents
Total Disbursements
Days Cash on Hand - 12 Mos Average Exp

May-14  159
Jun-14  173
Jul-14  159
Aug-14  153
Sep-14  173
Oct-14  159
Nov-14  153
Dec-14  159
Jan-15  173
Feb-15  159
Mar-15  173
Apr-15  159

$0
$50
$100
$150
$200
$250
$300
TREASURER'S REPORT OF FINANCIAL AFFAIRS

For the Month Ended April 30, 2015

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

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

* A Municipal Water District
<table>
<thead>
<tr>
<th><strong>Cash, Bank Deposits, and Bank Investment Accounts</strong></th>
<th>April</th>
<th>March</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Investments</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CBB Repurchase (Sweep)</td>
<td>27,502,544</td>
<td>15,417,350</td>
</tr>
<tr>
<td>Local Agency Investment Fund (LAIF)</td>
<td>24,835,685</td>
<td>24,819,768</td>
</tr>
<tr>
<td>CalTrust</td>
<td>3,540,323</td>
<td>3,539,064</td>
</tr>
<tr>
<td>Certificates of Deposit</td>
<td>4,172,210</td>
<td>4,172,210</td>
</tr>
<tr>
<td>Municipal Bonds</td>
<td>1,012,813</td>
<td>2,515,049</td>
</tr>
<tr>
<td>Medium Term Notes</td>
<td>4,002,036</td>
<td>6,001,846</td>
</tr>
<tr>
<td>U.S. Treasury Notes</td>
<td>999,707</td>
<td>999,692</td>
</tr>
<tr>
<td>U.S. Government Sponsored Entities</td>
<td>9,579,384</td>
<td>13,579,366</td>
</tr>
<tr>
<td><strong>Total Investments</strong></td>
<td>75,644,702</td>
<td>71,044,346</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Total Cash and Investments Available to the Agency</strong></th>
<th>April</th>
<th>March</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>78,053,564</td>
<td>72,755,609</td>
</tr>
</tbody>
</table>

| **Restricted Deposits**                                |             |             |
| Debt Service Accounts                                   | 5,669,713   | 2,544,713   |
| CCRA Deposits Held by Member Agencies                  | 42,184,762  | 42,174,333  |
| OPEB (CERBT) Account                                   | 7,174,218   | 7,123,318   |
| Escrow Deposits                                        | 3,283,188   | 4,119,903   |
| **Total Restricted Deposits**                          | 58,311,881  | 55,962,267  |

| **Total Cash, Investments, and Restricted Deposits**    |             |             |
|                                                        | 136,365,445 | 128,717,876 |
INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary
Month Ended
April 30, 2015

Cash, Bank Deposits, and Bank Investment Accounts

<table>
<thead>
<tr>
<th>Account</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Citizens Business Bank Demand Account (Offset by CBB Sweep Balance)</td>
<td>$258,477</td>
</tr>
<tr>
<td>Citizens Business Bank Workers’ Compensation Account</td>
<td>56,726</td>
</tr>
<tr>
<td>Bank of America Payroll Account</td>
<td>659,972</td>
</tr>
<tr>
<td>Bank of America Payroll Taxes Account</td>
<td>340,865</td>
</tr>
<tr>
<td><strong>Subtotal Demand Deposits</strong></td>
<td><strong>$1,316,040</strong></td>
</tr>
</tbody>
</table>

Other Cash and Bank Accounts

<table>
<thead>
<tr>
<th>Account</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Petty Cash</td>
<td>$2,250</td>
</tr>
<tr>
<td><strong>Subtotal Other Cash</strong></td>
<td><strong>$2,250</strong></td>
</tr>
</tbody>
</table>

Bank of the West Money Market Account | $1,050,803

US Bank Pre-Investment Money Market Account | $39,769

**Total Cash and Bank Accounts** | **$2,408,862**

Investments

**CBB Repurchase (Sweep) Investments**

<table>
<thead>
<tr>
<th>Account</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Freddie Mac Bond</td>
<td>$15,151,407</td>
</tr>
<tr>
<td>Fannie Mae Bond</td>
<td>12,351,137</td>
</tr>
<tr>
<td><strong>Subtotal CBB Repurchase (Sweep)</strong></td>
<td><strong>$27,502,544</strong></td>
</tr>
</tbody>
</table>

**Local Agency Investment Fund (LAIF)**

<table>
<thead>
<tr>
<th>Account</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>LAIF Non-Restricted Fund</td>
<td>$18,921,810</td>
</tr>
<tr>
<td>LAIF Insurance Sinking Fund</td>
<td>5,913,875</td>
</tr>
<tr>
<td><strong>Subtotal Local Agency Investment Fund</strong></td>
<td><strong>$24,835,685</strong></td>
</tr>
</tbody>
</table>

CalTrust

<table>
<thead>
<tr>
<th>Account</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short Term</td>
<td>$3,540,323</td>
</tr>
<tr>
<td><strong>Subtotal CalTrust</strong></td>
<td><strong>$3,540,323</strong></td>
</tr>
</tbody>
</table>

**Certificates of Deposit**

<table>
<thead>
<tr>
<th>Account</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Citizens Business Bank</td>
<td>$4,172,210</td>
</tr>
<tr>
<td><strong>Subtotal Certificates of Deposit</strong></td>
<td><strong>$4,172,210</strong></td>
</tr>
</tbody>
</table>
INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary
Month Ended
April 30, 2015

Investments Continued

Municipal Bonds
  State and Local Municipal Bonds
  Subtotal State Municipal Bonds


Medium Term Notes
  Toyota Motor Corporation
  General Electric Capital Corporation
  J.P. Morgan Securities
  John Deere Capital Corp
  Subtotal Medium Term Notes


U.S. Treasury Notes
  Treasury Note
  Subtotal U.S. Treasury Notes


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

Total Investments

Restricted Deposits

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

Page 4
INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary
Month Ended
April 30, 2015

CCRA Deposits Held by Member Agencies

<table>
<thead>
<tr>
<th>Agency</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Chino</td>
<td>$11,571,041</td>
</tr>
<tr>
<td>Cucamonga Valley Water District</td>
<td>7,674,103</td>
</tr>
<tr>
<td>City of Fontana</td>
<td>6,633,067</td>
</tr>
<tr>
<td>City of Montclair</td>
<td>2,559,334</td>
</tr>
<tr>
<td>City of Ontario</td>
<td>7,948,522</td>
</tr>
<tr>
<td>City of Chino Hills</td>
<td>2,986,104</td>
</tr>
<tr>
<td>City of Upland</td>
<td>2,812,591</td>
</tr>
</tbody>
</table>

Subtotal CCRA Deposits Held by Member Agencies $42,184,762

CalPERS

<table>
<thead>
<tr>
<th>Account</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>OPEB (CERBT) Account</td>
<td>$7,174,218</td>
</tr>
</tbody>
</table>

Subtotal CalPERS Accounts $7,174,218

Escrow Deposits

<table>
<thead>
<tr>
<th>Account</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chicago Title (Forestar/IEUA Holding Escrow)</td>
<td>$2,395,821</td>
</tr>
<tr>
<td>Community Bank (MNR Construction)</td>
<td>701,014</td>
</tr>
<tr>
<td>Scott Valley Bank (GSE Construction)</td>
<td>162,440</td>
</tr>
<tr>
<td>Alta Pacific Bank (Genesis Construction)</td>
<td>23,913</td>
</tr>
</tbody>
</table>

Subtotal Escrow Deposits $3,283,188

Total Restricted Deposits $58,311,881

Total Cash, Investments, and Restricted Deposits as of April 30, 2015 $136,365,445

Total Cash, Investments, and Restricted Deposits as of 4/30/15 $136,365,445
Less: Total Cash, Investments, and Restricted Deposits as of 3/31/15 128,717,876

Total Monthly Increase (Decrease) $7,647,569
### INLAND EMPIRE UTILITIES AGENCY

#### Cash and Investment Summary

*Month Ended April 30, 2015*

<table>
<thead>
<tr>
<th>Credit Rating @ Purchase</th>
<th>CHANGES IN Credit Rating</th>
<th>Par</th>
<th>Cost Basis</th>
<th>Term</th>
<th>April</th>
<th>April</th>
<th>% Coupon</th>
<th>% Yield to Maturity</th>
<th>Maturity Date</th>
<th>Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>S&amp;P</td>
<td>Moody's</td>
<td>S&amp;P</td>
<td>Moody's</td>
<td>Amount</td>
<td>Amount</td>
<td>(Days)</td>
<td>Amortization</td>
<td>Value</td>
<td>Value</td>
<td></td>
</tr>
</tbody>
</table>

#### Cash, Bank Deposits, and Bank Investment Accounts

**Citizens Business Bank**
- Demand Account
  - Amount: $258,477
  - Cost Basis: $258,477
  - Term: N/A
  - April: $258,477
  - % Coupon: 0.25%
  - % Yield to Maturity: N/A
  - Maturity: N/A
  - Market: $258,477
- Subtotal CHB
  - Amount: $258,477
  - Cost Basis: $258,477
  - Term: N/A
  - April: $258,477
  - % Coupon: 0.25%
  - % Yield to Maturity: N/A
  - Maturity: N/A
  - Market: $258,477

**Workers' Compensation Account**
- Amount: $56,726
- Cost Basis: $56,726
- Term: N/A
- April: $56,726
- % Coupon: N/A
- % Yield to Maturity: N/A
- Maturity: N/A
- Market: $56,726
- Subtotal CHB
  - Amount: $56,726
  - Cost Basis: $56,726
  - Term: N/A
  - April: $56,726
  - % Coupon: N/A
  - % Yield to Maturity: N/A
  - Maturity: N/A
  - Market: $56,726

**Bank of America**
- Payroll Checking
  - Amount: $659,972
  - Cost Basis: $659,972
  - Term: N/A
  - April: $659,972
  - % Coupon: N/A
  - % Yield to Maturity: N/A
  - Maturity: N/A
  - Market: $659,972
- Payroll Tax Checking
  - Amount: $340,865
  - Cost Basis: $340,865
  - Term: N/A
  - April: $340,865
  - % Coupon: N/A
  - % Yield to Maturity: N/A
  - Maturity: N/A
  - Market: $340,865
- Subtotal B of A
  - Amount: $1,000,837
  - Cost Basis: $1,000,837
  - Term: N/A
  - April: $1,000,837
  - % Coupon: N/A
  - % Yield to Maturity: N/A
  - Maturity: N/A
  - Market: $1,000,837

**Bank of the West**
- Money Market Plus - Business Account
  - Amount: $1,050,803
  - Cost Basis: $1,050,803
  - Term: N/A
  - April: $1,050,803
  - % Coupon: 0.10%
  - % Yield to Maturity: N/A
  - Maturity: N/A
  - Market: $1,050,803
- Subtotal Bank of the West Money Market
  - Amount: $1,050,803
  - Cost Basis: $1,050,803
  - Term: N/A
  - April: $1,050,803
  - % Coupon: 0.10%
  - % Yield to Maturity: N/A
  - Maturity: N/A
  - Market: $1,050,803

**US Bank**
- Federated Automated MMA
  - Amount: $39,769
  - Cost Basis: $39,769
  - Term: N/A
  - April: $39,769
  - % Coupon: 0.01%
  - % Yield to Maturity: N/A
  - Maturity: N/A
  - Market: $39,769
- Subtotal USB Money Market
  - Amount: $39,769
  - Cost Basis: $39,769
  - Term: N/A
  - April: $39,769
  - % Coupon: 0.01%
  - % Yield to Maturity: N/A
  - Maturity: N/A
  - Market: $39,769

**Petty Cash**
- Amount: $2,250
- Cost Basis: $2,250
- Term: N/A
- April: $2,250
- % Coupon: N/A
- % Yield to Maturity: N/A
- Maturity: N/A
- Market: $2,250

**Total Cash, Bank Deposits and Bank Investment Accounts**
- Amount: $2,408,862
- Cost Basis: $2,408,862
- Term: N/A
- April: $2,408,862
- % Coupon: N/A
- % Yield to Maturity: N/A
- Maturity: N/A
- Market: $2,408,862

*Negative demand checking balance if offset by the Daily Repurchase (Sweep) account balance*

#### Investments

**CEB Daily Repurchase (Sweep) Accounts**
- Freddie Mac Bond
  - Amount: $15,151,407
  - Cost Basis: $15,151,407
  - Term: N/A
  - April: $15,151,407
  - % Coupon: 0.25%
  - % Yield to Maturity: N/A
  - Maturity: N/A
  - Market: $15,151,407
- Pussle Mac Bond
  - Amount: $12,351,137
  - Cost Basis: $12,351,137
  - Term: N/A
  - April: $12,351,137
  - % Coupon: 0.25%
  - % Yield to Maturity: N/A
  - Maturity: N/A
  - Market: $12,351,137
- Subtotal CEB Repurchase Accounts
  - Amount: $27,502,544
  - Cost Basis: $27,502,544
  - Term: N/A
  - April: $27,502,544
  - % Coupon: 0.25%
  - % Yield to Maturity: N/A
  - Maturity: N/A
  - Market: $27,502,544

**LAIF Accounts**
- Non-Restricted Funds
  - Amount: $18,921,810
  - Cost Basis: $18,921,810
  - Term: N/A
  - April: $18,921,810
  - % Coupon: 0.28%
  - % Yield to Maturity: N/A
  - Maturity: N/A
  - Market: $18,921,810
- LAIF Sinking Fund
  - Amount: $5,913,875
  - Cost Basis: $5,913,875
  - Term: N/A
  - April: $5,913,875
  - % Coupon: 0.28%
  - % Yield to Maturity: N/A
  - Maturity: N/A
  - Market: $5,913,875
- Subtotal LAIF Accounts
  - Amount: $24,835,685
  - Cost Basis: $24,835,685
  - Term: N/A
  - April: $24,835,685
  - % Coupon: 0.28%
  - % Yield to Maturity: N/A
  - Maturity: N/A
  - Market: $24,835,685

**CALTRUST Accounts**
- Short-Term
  - Amount: $3,540,323
  - Cost Basis: $3,540,323
  - Term: N/A
  - April: $3,540,323
  - % Coupon: 0.40%
  - % Yield to Maturity: N/A
  - Maturity: N/A
  - Market: $3,540,323
- Subtotal CALTRUST Accounts
  - Amount: $3,540,323
  - Cost Basis: $3,540,323
  - Term: N/A
  - April: $3,540,323
  - % Coupon: 0.40%
  - % Yield to Maturity: N/A
  - Maturity: N/A
  - Market: $3,540,323

**Certificates of Deposit**
- CEB Certificate of Deposit
  - Amount: $4,172,210
  - Cost Basis: $4,172,210
  - Term: 425 days
  - April: $4,172,210
  - % Coupon: 0.45%
  - % Yield to Maturity: 09/19/15
  - Maturity: $4,172,210
- Subtotal Certificate of Deposits
  - Amount: $4,172,210
  - Cost Basis: $4,172,210
  - Term: 425 days
  - April: $4,172,210
  - % Coupon: 0.45%
  - % Yield to Maturity: 09/19/15
  - Maturity: $4,172,210

Page 6
INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary
Month Ended
April 30, 2015

<table>
<thead>
<tr>
<th>Credit Rating at Purchase</th>
<th>CHANGES IN Credit Rating</th>
<th>Par</th>
<th>Cost Basis</th>
<th>Term (Days)</th>
<th>April Amortization</th>
<th>April Value</th>
<th>April Coupon</th>
<th>% Yield to Maturity</th>
<th>Maturity Date</th>
<th>Market Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>S&amp;P Moody’s S&amp;P Moody’s</td>
<td>S&amp;P Moody’s</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Investments (continued)**

**US Treasury Note**
US Treasury Note
N/A AAA
$1,000,000 $999,463 15 $999,707 0.63% 0.64% 12/15/16 $1,002,030

Subtotal Treasuries
$1,000,000 $999,463 15 $999,707 0.64% $1,002,030

**U.S. Government Sponsored Entities**
(As of August 2011, all US GSE’s have been downgraded to AA+ Rating by S&P)

<table>
<thead>
<tr>
<th></th>
<th>Credit Rating</th>
<th>Par</th>
<th>Cost Basis</th>
<th>Term (Days)</th>
<th>April Amortization</th>
<th>April Value</th>
<th>April Coupon</th>
<th>% Yield to Maturity</th>
<th>Maturity Date</th>
<th>Market Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Freddie Mac Bond</td>
<td>AA+ AAA</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
<td>1,080</td>
<td>$1,000,000</td>
<td>0.75%</td>
<td>0.75%</td>
<td>12/19/16</td>
<td>$1,000,700</td>
<td></td>
</tr>
<tr>
<td>Federal Home Loan Bank</td>
<td>AA+ AAA</td>
<td>2,000,000</td>
<td>2,000,000</td>
<td>1,080</td>
<td>2,000,000</td>
<td>0.63%</td>
<td>1.25%</td>
<td>09/28/17</td>
<td>2,000,560</td>
<td></td>
</tr>
<tr>
<td>Fannie Mae Bond</td>
<td>AA+ AAA</td>
<td>1,000,000</td>
<td>999,750</td>
<td>1,800</td>
<td>999,806</td>
<td>0.72%</td>
<td>1.18%</td>
<td>12/18/17</td>
<td>998,320</td>
<td></td>
</tr>
<tr>
<td>Federal Home Loan Bank</td>
<td>AA+ AAA</td>
<td>1,000,000</td>
<td>999,806</td>
<td>1,096</td>
<td>999,806</td>
<td>1.00%</td>
<td>1.50%</td>
<td>03/26/18</td>
<td>1,001,130</td>
<td></td>
</tr>
<tr>
<td>Federal Home Loan Bank</td>
<td>AA+ AAA</td>
<td>1,000,000</td>
<td>999,710</td>
<td>1,096</td>
<td>999,710</td>
<td>1.38%</td>
<td>1.39%</td>
<td>03/26/18</td>
<td>1,001,720</td>
<td></td>
</tr>
<tr>
<td>Fannie Mae Bond</td>
<td>N/A AAA</td>
<td>2,000,000</td>
<td>2,000,000</td>
<td>1,459</td>
<td>2,000,000</td>
<td>1.63%</td>
<td>1.63%</td>
<td>12/28/18</td>
<td>2,014,460</td>
<td></td>
</tr>
<tr>
<td>Freddie Mac Bond</td>
<td>AA+ AAA</td>
<td>1,580,000</td>
<td>1,580,000</td>
<td>1,804</td>
<td>1,580,000</td>
<td>1.13%</td>
<td>2.13%</td>
<td>05/29/19</td>
<td>1,580,948</td>
<td></td>
</tr>
</tbody>
</table>

Subtotal U.S. Gov’t Sponsored Entities
$5,580,000 $9,579,250 17 $9,579,254 1.456% $5,597,848

**Municipal Bonds**

<table>
<thead>
<tr>
<th>Bond Description</th>
<th>Credit Rating</th>
<th>Par</th>
<th>Cost Basis</th>
<th>Term (Days)</th>
<th>April Amortization</th>
<th>April Value</th>
<th>April Coupon</th>
<th>% Yield to Maturity</th>
<th>Maturity Date</th>
<th>Market Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>California State General Obligation Bond</td>
<td>A- A1 A+ AA3</td>
<td>1,000,000</td>
<td>1,099,000</td>
<td></td>
<td>(2.078)</td>
<td>1,012,813</td>
<td>3.95%</td>
<td>11/01/15</td>
<td>$1,017,960</td>
<td></td>
</tr>
</tbody>
</table>

Subtotal State and Local Municipal Bonds
$1,000,000 $1,099,000 (2.078) $1,012,813 3.95% $1,017,960

**Medium Term Notes**

<table>
<thead>
<tr>
<th>Issuer</th>
<th>Credit Rating</th>
<th>Par</th>
<th>Cost Basis</th>
<th>Term (Days)</th>
<th>April Amortization</th>
<th>April Value</th>
<th>April Coupon</th>
<th>% Yield to Maturity</th>
<th>Maturity Date</th>
<th>Market Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Toyota Motor Credit Corp</td>
<td>AA+ AA3</td>
<td>1,000,000</td>
<td>1,005,293</td>
<td>986</td>
<td>(2.06)</td>
<td>1,000,519</td>
<td>0.86%</td>
<td>07/17/15</td>
<td>1,001,240</td>
<td></td>
</tr>
<tr>
<td>General Electric Floating Rate (75 bp over Liber -1% fiber)</td>
<td>AA+ AA2 A+ A1</td>
<td>1,000,000</td>
<td>988,500</td>
<td>1,265</td>
<td>273</td>
<td>999,064</td>
<td>1.26%</td>
<td>06/11/15</td>
<td>1,001,840</td>
<td></td>
</tr>
<tr>
<td>JF Morgan Securities</td>
<td>A A2 A3</td>
<td>1,090,000</td>
<td>1,005,500</td>
<td>1,094</td>
<td>(41)</td>
<td>1,004,924</td>
<td>1.25%</td>
<td>02/26/15</td>
<td>1,004,950</td>
<td></td>
</tr>
<tr>
<td>John Deere Capital Corp</td>
<td>A A2</td>
<td>1,000,000</td>
<td>1,004,000</td>
<td>1,754</td>
<td>(68)</td>
<td>1,002,039</td>
<td>1.85%</td>
<td>10/10/17</td>
<td>1,001,720</td>
<td></td>
</tr>
</tbody>
</table>

Subtotal Medium Term Notes
$4,000,000 $4,000,293 (36) $4,000,036 1.02% $4,009,660

**Total Investments**

$75,630,762 $75,718,768 $75,644,792 $75,678,200

**Source of Investment Market Values: US Bank**
### INLAND EMPIRE UTILITIES AGENCY
#### Cash and Investment Summary

**Month Ended
April 30, 2015**

<table>
<thead>
<tr>
<th>Credit Rating @ Purchase</th>
<th>CHANGES IN Credit Rating</th>
<th>Par</th>
<th>Cost Basis</th>
<th>Term</th>
<th>April</th>
<th>April</th>
<th>% Coupon</th>
<th>% Yield to Maturity</th>
<th>Maturity</th>
<th>Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>S&amp;P Moody's</td>
<td>S&amp;P Moody's</td>
<td>Amount</td>
<td>Amount</td>
<td>(Days)</td>
<td>Amortization</td>
<td>Value</td>
<td>Value</td>
<td>Date</td>
<td>Value</td>
<td></td>
</tr>
</tbody>
</table>

#### Restricted Deposits

Debt Service and Arbitrage Accounts

**9A Debt Service Accounts**
- US Bank Payment Fund
  - $3,125,000 $3,125,000 N/A N/A $3,125,000 0.00% N/A $3,125,000

- Subtotal '9A Debt Service Accts
  - $3,125,000 $3,125,000 N/A N/A $3,125,000 0.00% N/A $3,125,000

**9B Debt Service Accounts**
- US Bank Debt Serv. Accounts
  - $2,544,710 $2,544,710 N/A N/A $2,544,710 0.00% N/A $2,544,710

- Subtotal '9B Debt Service Accts
  - $2,544,710 $2,544,710 N/A N/A $2,544,710 0.00% N/A $2,544,710

**10A Debt Service Accounts**
- US Bank Debt Serv. Accounts
  - $3 $3 N/A N/A $3 0.00% N/A $3

- Subtotal '10A Debt Service Accts
  - $3 $3 N/A N/A $3 0.00% N/A $3

**Total Debt Service Accounts**
- $5,669,713 $5,669,713 N/A N/A $5,669,713 0.00% N/A $5,669,713

#### CCRA Deposits Held by Member Agencies

- City of Chino
  - $11,571,041 $11,571,041 N/A N/A $11,571,041 N/A N/A $11,571,041

- Guadalupe Valley Water District
  - 7,674,103 7,674,103 N/A N/A 7,674,103 N/A N/A 7,674,103

- City of Fontana
  - 6,633,067 6,633,067 N/A N/A 6,633,067 N/A N/A 6,633,067

- City of Montclair
  - 2,559,334 2,559,334 N/A N/A 2,559,334 N/A N/A 2,559,334

- City of Ontario
  - 7,948,522 7,948,522 N/A N/A 7,948,522 N/A N/A 7,948,522

- City of Chino Hills
  - 2,986,104 2,986,104 N/A N/A 2,986,104 N/A N/A 2,986,104

- City of Upland
  - 2,012,591 2,012,591 N/A N/A 2,012,591 N/A N/A 2,012,591

**Subtotal CCRA Deposits Held by Member Agencies**
- $42,184,762 $42,184,762 N/A N/A $42,184,762 0.00% N/A $42,184,762

(Totals as reported through March 31, 2015)

#### CalPERS Deposits

- OPER (CERIF) Account
  - $7,000,000 $7,000,000 N/A N/A $7,174,218 N/A N/A $7,174,218

**Subtotal CalPERS Deposits**
- $7,000,000 $7,000,000 $7,174,218 $7,174,218

#### Escrow Deposits

- Powert/BBU Holding Escrow (RP-1 Outfall)
  - $2,395,821 $2,395,821 N/A N/A $2,395,821 N/A N/A $2,395,821

- MNR Construction
  - 701,014 701,014 N/A N/A 701,014 N/A N/A 701,014

- GSE Construction
  - 162,440 162,440 N/A N/A 162,440 N/A N/A 162,440

- Genesis Construction
  - 23,913 23,913 N/A N/A 23,913 N/A N/A 23,913

**Subtotal Escrow Deposits**
- $3,285,188 $3,285,188 N/A N/A $3,285,188 N/A N/A $3,285,188

**Total Restricted Deposits**
- $58,137,663 $58,137,663 $58,311,881 $58,311,881

**Total Cash, Investments, and Restricted Deposits as of April 30, 2015**
- $136,177,287 $136,265,293 $136,365,445 $136,399,943
# INLAND EMPIRE UTILITIES AGENCY

## Cash and Investment Summary

*Month Ended*

*April 30, 2015*

### April Purchases

<table>
<thead>
<tr>
<th>No.</th>
<th>Date</th>
<th>Transaction</th>
<th>Investment Security</th>
<th>Par Amount Purchased</th>
<th>Investment Yield</th>
</tr>
</thead>
</table>

**Total Purchases**

|          |        |             |                              | $ -                  |                  |

### April Investment Maturities, Calls & Sales

<table>
<thead>
<tr>
<th>No.</th>
<th>Date</th>
<th>Transaction</th>
<th>Investment Security</th>
<th>Par Amount Matured/Sold</th>
<th>Investment Yield to Maturity</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>04/01/15</td>
<td>Maturity</td>
<td>California General Obligation Bond</td>
<td>$ 1,500,000</td>
<td>1.500%</td>
</tr>
<tr>
<td>2</td>
<td>04/16/15</td>
<td>Full Call</td>
<td>Federal Home Loan Bank Bond</td>
<td>2,000,000</td>
<td>1.325%</td>
</tr>
<tr>
<td>3</td>
<td>04/23/15</td>
<td>Maturity</td>
<td>JP Morgan Medium Term Note</td>
<td>2,000,000</td>
<td>0.981%</td>
</tr>
<tr>
<td>4</td>
<td>04/24/15</td>
<td>Full Call</td>
<td>Federal Home Loan Bank Bond</td>
<td>2,000,000</td>
<td>2.080%</td>
</tr>
</tbody>
</table>

**Total Maturities, Calls & Sales**

|          |        |             |                              | $ 7,500,000            |                  |
# INLAND EMPIRE UTILITIES AGENCY

## Cash and Investment Summary

*Month Ended April 30, 2015*

### Directed Investment Category

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount Invested</th>
<th>Yield</th>
</tr>
</thead>
<tbody>
<tr>
<td>CBB Repurchase (Sweep)</td>
<td>$27,502,544</td>
<td>0.250%</td>
</tr>
<tr>
<td>Local Agency Investment Fund</td>
<td>24,835,685</td>
<td>0.283%</td>
</tr>
<tr>
<td>CalTrust</td>
<td>3,540,323</td>
<td>0.440%</td>
</tr>
<tr>
<td>Medium Term Notes</td>
<td>4,002,036</td>
<td>1.020%</td>
</tr>
<tr>
<td>Municipal Bonds</td>
<td>1,012,813</td>
<td>1.350%</td>
</tr>
<tr>
<td>US Treasury Notes</td>
<td>999,707</td>
<td>0.640%</td>
</tr>
<tr>
<td>U.S. Government Sponsored Entities</td>
<td>9,579,384</td>
<td>1.456%</td>
</tr>
</tbody>
</table>

**Total Invested:** $71,472,492  
**Yield:** 0.497%

### Bank Deposit and Investment Accounts

<table>
<thead>
<tr>
<th>Account</th>
<th>Amount Invested</th>
<th>Yield</th>
</tr>
</thead>
<tbody>
<tr>
<td>Citizens Business Bank - Demand Account</td>
<td>$258,477</td>
<td>0.250%</td>
</tr>
<tr>
<td>Citizens Business Bank - Certificate of Deposit</td>
<td>4,172,210</td>
<td>0.450%</td>
</tr>
<tr>
<td>Bank of the West Money Market Account</td>
<td>1,050,803</td>
<td>0.180%</td>
</tr>
</tbody>
</table>

**Total Invested:** $5,481,490  
**Yield:** 0.389%

### Total Portfolio

**Investment Portfolio Rate of Return:** 0.489%

### Restricted/Transitory/Other Demand Accounts

<table>
<thead>
<tr>
<th>Account</th>
<th>Amount Invested</th>
<th>Yield</th>
</tr>
</thead>
<tbody>
<tr>
<td>US Bank - 2008B Debt Service Accounts</td>
<td>$2,544,710</td>
<td>0.000%</td>
</tr>
<tr>
<td>US Bank - 2010A Debt Service Accounts</td>
<td>3</td>
<td>0.000%</td>
</tr>
<tr>
<td>CCRA Deposits Held by Member Agencies</td>
<td>42,184,762</td>
<td>N/A</td>
</tr>
<tr>
<td>Citizens Business Bank - Workers' Compensation Account</td>
<td>56,726</td>
<td>N/A</td>
</tr>
<tr>
<td>US Bank - Pre-Investment Money Market Account</td>
<td>39,769</td>
<td>0.010%</td>
</tr>
<tr>
<td>CalPERS OPEB (CERBT) Account</td>
<td>7,174,218</td>
<td>N/A</td>
</tr>
<tr>
<td>Other Accounts*</td>
<td>1,003,087</td>
<td>N/A</td>
</tr>
</tbody>
</table>

**Total Other Accounts:** $56,128,275  
**Average Yield of Other Accounts:** 0.000%

### Total Agency Directed Deposits

**Total:** $133,082,257

*Note: Bank of America Payroll Deposits used as compensating balances for bank services.*
Inland Empire Utilities Agency
Treasurer's Report of Financial Affairs
For the Month Ended April 30, 2015
Combined Agency Portfolio (net of escrow deposits)
$133,082,257

- Restricted Accounts 42%
- CBB Repurchase (Sweep) 21%
- LAIF 19%
- Medium Term Notes 3%
- CBB Checking Account 1%
- Certificates of Deposit 3%
- Municipal Bonds 1%
- U.S. Government Sponsored Entities 7%
- Caltrust 2%
- US Treasury Notes 1%
Inland Empire Utilities Agency
Treasurer's Report of Financial Affairs
For the Month Ended April 30, 2015
U.S. Government Sponsored Entities Portfolio
$9,579,384

Federal Home Loan Bank Bonds 42%

Fannie Mae Bonds 31%

Freddie Mac Bonds 27%
Inland Empire Utilities Agency
Treasurer's Report of Financial Affairs
For the Month Ended April 30, 2015
Unrestricted Agency Investment Portfolio
$76,953,982

- Local Agency Investment Fund 32%
- CBB Repurchase (Sweep) 36%
- Medium Term Notes 5%
- Caltrust 5%
- CBB Checking Account 1%
- Municipal Bonds 1%
- Money Market (BofW) 1%
- US Treasuries 1%
- U.S. Government Sponsored Entities 12%
- Certificates of Deposit 6%
Inland Empire Utilities Agency
Treasurer's Report of Financial Affairs
For the Month Ended April 30, 2015
Directed Investment Portfolio Maturity Distribution
$76,953,982

<table>
<thead>
<tr>
<th>Duration</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-30 Days</td>
<td>$28,376,008</td>
</tr>
<tr>
<td>31-90 Days</td>
<td>$28,811,824</td>
</tr>
<tr>
<td>91-180 Days</td>
<td>$1,000,519</td>
</tr>
<tr>
<td>181-365 Days</td>
<td>$5,171,274</td>
</tr>
<tr>
<td>366-730 Days</td>
<td>$2,013,227</td>
</tr>
<tr>
<td>Over 2 Yrs</td>
<td>$1,999,707</td>
</tr>
<tr>
<td>Total</td>
<td>$9,581,423</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Percent</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>LAIF + CalTrust</td>
<td>74.31%</td>
</tr>
<tr>
<td>Checking+Sweep</td>
<td>1.30%</td>
</tr>
<tr>
<td>GSE+CD+MTN+MUNI</td>
<td>6.72%</td>
</tr>
<tr>
<td>Total Percent</td>
<td>12.45%</td>
</tr>
</tbody>
</table>
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 third quarter ending March 31, 2015. Exhibit A provides a comparison of actual revenues and expenses against the FY 2014/15 Amended Budget including a discussion of major categories with the most significant variances. Exhibit B provides a progress status of Division and Department Goals and Objectives as established in FY 2014/15 Adopted Budget, Exhibit C presents a summary of Operations and Maintenance (O&M) budget transfers approved by management at the third quarter, and Exhibit D lists Board approved budget amendments and the management approved budget transfers between capital projects and between O&M projects by Agency fund. Attachment A provides the FY 2014/15 financial overview of each of the Agency’s programs.

TOTAL REVENUES AND OTHER FUNDING SOURCES

Overall, the Agency received total revenues and other funding sources at the end of the third quarter of $62.8 million, or 61.1% of the Amended Budget (Exhibit A detail).

The change in the Amended Budget of $161.6 million compared to the Adopted Budget of $153.4 million is due to the early execution of the SRF loan proceeds administered by State Water Resources Control Board (SWRCB) for the Southern and Central/Wineville area projects
in the Recycled Water program. On February 18, 2015, the Board approved a budget amendment of $15 million to support related costs.

The following section highlights key variances:

- **User Charges** – Actual at 74.5% is in line with the amended budget. This category includes EDU volumetric of $36.6 million, $5.6 million for non-reclaimable wastewater fees, $3.2 million for water meter service charges, and $0.6 million for imported potable water surcharge.

- **Connection Fees** – Member agencies reported a total of 2,380 Equivalent Dwelling Units (EDU) new connections, approximately 79.3% of the budgeted 3,000 EDUs which is equivalent to $12.1 million of the budgeted $15.3 million.

- **Recycled Water Sales** – Recycled water sales at the end of the third quarter were $7.5 million. Direct delivery was 17,226 AF, $5.0 million, and groundwater recharge was 7,481 AF, $2.5 million, for 79.4% of the annual budget. Total year to date deliveries of 24,707 AF compares favorably to the 32,000 AF projected for the fiscal year.

- **MWD LPP Rebate** – Direct recycled water sales in excess of 3,500 AF and up to 17,000 AF are eligible for the Metropolitan Water District (MWD) Local Project Program (LPP) at a rate of $154/AF, for a maximum amount of $2.1 million per fiscal year. At the end of the third quarter, the total rebate was $2.0 million for 13,115 AF of credit or 97.1% of total budget.

- **Property Taxes** – Tax receipts at the end of the third quarter were $23.2 million or 58% of the Amended Budget. General ad-valorem property received from the San Bernardino County Tax Assessor (County) was $17.0 million and “pass through” incremental RDA taxes received were $6.2 million.

- **Grants & Loans** – Total receipts were $1.3 million or 5.5% of the budget. Amended Budget of $22.5 million consists of $2.3 million in grants and $20.2 million in SRF loan proceeds for the Southern and Central/Wineville Area projects. As of April 21, 2015, the execution of the SWRCB amended contract is at its final stage and eligible reimbursements are projected to be $9.3 million for the Southern Area and $10.5 million for the Central Wineville project for a total of $20.0 million in loan proceeds.

- **Cost Reimbursements** – Total cost reimbursements were $4.5 million or 83.0% of the annual budget. Reimbursements include $2.6 million from the Inland Empire Regional Composting Authority (IERCA), $1.0 million from Chino Basin Desalter Authority (CDA), and $0.9 million from Chino Basin Watermaster (CBWM). Total cost reimbursement budget of $5.4 million, includes $1.2 million from CDA, $3.5 million from IERCA, and $1.2 million from CBWM.
Other Revenues – Total other revenues actual were $1.8 million or 58.4% of the annual budget. Other revenues include $1.2 million for the recovery of the deferred 4R capital charges from Non-Reclaimable (NC) fund and $0.5 million from lease payment for the RP-5 Solids Handling Facility.

TOTAL EXPENSES AND USES OF FUNDS

The Agency’s total expenses through the third quarter were $76.5 million, or 62.1% of the $201.5 million Amended Budget.

The increase of $39.2 million between the Adopted Budget of $162.3 million and the Amended Budget of $201.5 million is mainly due to $16.8 million of encumbrances carried forward from FY 2014/15 (net of $2.5 million returned to FY 2013/14) and $22.5 million in budget amendment for various projects such as Wineville Extension Recycled Water Pipeline Segments A & B for $15.0 million; 930 Zone Recycled Water Pipeline Project for $4.0 million; and RP-1 Outfall Relocation for $3.2 million.

Key highlights of expenses are:

- **Employment Expenses** – Employment expenses through the third quarter were $25.5 million or approximately 62.5% of Amended Budget. The favorable variance was due to a higher than anticipated vacancy factor. A total of 21 positions were vacant and an additional 15 were on hold at the end of the quarter, equivalent to a 12.4% vacancy factor which exceeds the Agency’s budgeted rate of 5.0%.

- **CSDLAC & SARI Operating Fees** – Operating expenses at the end of the third quarter were $8.8 million or 76.5% of the budget. The variance was due to higher strength and imbalance charges (pass through) in the Non-Reclaimable Waste (NRW) system.

- **Utilities** – This category expended $6.7 million or 66.4% of the budget.
  - *Electricity* is slightly higher due to low production from Fuel Cell at RP-1. Low utilization from fuel cell is subsidized by importing higher electricity costs.
  - *Natural gas* utilization is low due to lower gas rate averaging $0.419/therm compared to the budgeted rate of $0.80/therm.
  - *Fuel Cell* has experienced some reliability issues over the last couple of months and has been producing electricity lower than the expected output.
  - Power generated from *solar panels* is lower this year compared to last year, which was used as a baseline when production cost was budgeted for this fiscal year. Electricity generated from the solar power is directly related to the amount of sunlight experienced this year. Grid electricity usage was higher but was offset by the actual average of $0.115/kWh compared to the budgeted rate of $0.120/kWh.
• **Special and Reimbursable Projects** – O&M project expenditures are lower than budget. Combined actual costs were $2.0 million or 25% of the Amended Budget of $8 million or 4% compared to Total Administrative Expenses Amended Budget of $56.2 million. Variance is due to majority of the projects scope of work which are currently being evaluated and developed; marketing and outreach activities as well as rebate program driven by customer demand are ongoing and all of these are anticipated to occur within the last quarter. In addition, unspent emergency projects are contingent upon occurrence of emergency events.

• **Capital** – Capital total project expenditures through the end of the third quarter were $39.9 million or 61.2% of the $65.22 million Amended Budget. Unspent encumbrances amounts to $21.4 million of which $14 million are contracts for Wineville (Mike Bubalo and CCL Contracting), Carbon Canyon Odor Replacement (Stantec), and SCADA Enterprise System (Technical Systems and Integrated Design) projects. Recycled water projects accounted for approximately 64% of total capital project costs through the third quarter and 28% are related to Regional Wastewater projects.

• **Debt Service** – Total financial and other non-operating expenses were $28.9 million or 69.0% of the $41.9 million annual budget. Interest rate for the 2008B Variable Rate Demands Bonds continues to stay below the budgeted 1% rate, the actual average year to date rate is .041%.

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

**FUND BALANCES AND RESERVES**

Total fund balance for the year ended June 30, 2014 was $151.1 million. The net shortfall in total revenue over total expense in the amount of $26.3 million resulted in an ending fund balance of $124.8 million.

The change in the total fund balance from $8.9 million (Adopted Budget) to $26.3 million (YTD ending March 31, 2015) was mainly due to higher capital expenditures on major Recycled water projects and the timing of SRF loan receipts.

**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 third quarter. The goals and objectives indicators are measures used to track the volume and complexity of work by type and to track the effort invested to accomplish that work. Staff will use the indicators to justify current resource allocations, requests for additional resources or re-allocation of staff and to track productivity.
BUDGET TRANSFERS AND AMENDMENTS

A summary of O&M budget transfers accounted for $1.4 million is provided in Exhibit C-1.

Additionally, FY 2014/15 Adopted Budget included $400,000 of General Manager (GM) Contingency Account in the RO Fund and $100,000 in the GG Fund. At the end of the third quarter, $254,150 and $100,000 from GG Fund and RO Fund, respectively were utilized to support unexpected and necessary expenses as listed in Exhibit C-2.

*Capital and O&M projects* budget transfers accounted for $1.3 million as approved by management during the third quarter, are 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

The Board reviewed the Agency’s variance report for FY 2014/15 Second Quarter Ending December 31, 2014, on March 18, 2015.

IMPACT ON BUDGET

The net shortfall in total revenues over total expenses in the amount of $26.3 million resulted in a total estimated fund balance of $124.8 million at quarter ended March 31, 2015.
FY 2014/15 Total Revenues, Expenses, and Fund Balance – YTD Third Quarter (March 31, 2015)

Regional Wastewater Capital Improvement (RC) Fund

- The fund balance indicated a decrease of $4.9 million compared to the FY 2013/14 ending fund balance was primarily due to payment of the 2005A Revenue Bond retirement paid November 2014, coupled with low property tax receipts in the first half of the fiscal year.

Regional Wastewater Operations and Maintenance (RO) Fund

- The fund balance indicated an increase of $9.9 million compared to the FY 2013/14 ending fund balance was primarily due to delayed execution of capital Replacement and Rehabilitation (R&R) and O&M projects.
Recycled Water (WC) Fund

- The fund balance indicated a decrease of $7.5 million compared to the FY 2013/14 ending fund balance was primarily due to timing of the property tax receipt. Inter fund loan from Regional Wastewater Program (RC) for $10.5 million is projected to occur in this current fiscal year end.

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Recharge Water (RW) Fund

- The fund balance presented an increase of $0.3 million compared to the FY 2013/14 ending fund balance, was due to lower capital and debt service costs.
**Non-Reclaimable Wastewater (NC) Fund**

- The fund balance resulted in a decrease of $0.4 million compared to the FY 2013/14 ending fund balance. This decrease was primarily due to lower capital and O&M expense in addition to the timing of user/service charge receipt in the first half of the fiscal year.

**Administrative Services (GG) Fund**

- The fund balance indicated a decrease of $1.2 million compared to the FY 2013/14 ending fund balance. This decrease was primarily due to the timing of property tax receipts, which is the primary revenue source for this fund.
Water Resources (WW) Fund

- The fund balance increase of $0.1 million compared to the FY 2013/14 ending fund balance was primarily due to contributions and sponsorships expense and other contract service expense not being fully utilized during the first two quarters. An increase in both expense items are projected bringing them in-line with budget in the following quarters.
FY 2014/15
3rd Quarter Budget Variance Report

Board of Directors
June 17, 2015
GOOD NEWS...

- **Recycled Water Sales** – $7.5M, 79.4% of amended budget
  - 24,707 AFY actual vs. 32,000 AFY amended budget

- **New EDU Connection Fees** - $12.1M, 79.3% of amended budget
  - 2,380 new connections compared to budgeted 3,000 units.

- **Grant and Loan Proceeds** - $1.3M, 5.5% of amended budget
  - $9.3 million billed Southern Area project in May 2015
  - $10.5 million projected to be billed for the Central Wineville project
GOOD NEWS...

- **Utilities - $6.7M, 66.4% of amended budget**
  - Lower actual SCE rate of 11.5 cents/kWh versus budgeted rate of 12.0 cents/kWh however usage was increased through the third quarter due to low production from fuel cell at RP-1.
  - Lower natural gas rates, actual average was $0.419/therm compared to the budgeted rate of $0.80/therm.

- **Employment - $25.5M, 62.5% of amended budget**
  - Weighted average vacancy factor of 12.4%, or 36 FTE’s, far above the 5% budgeted rate.

- **Capital - $39.9M, 61.2% of amended budget**
  - Timing of Southern and Central/Wineville recycled water projects are projected to be completed in June and July 2015. Delays in R&R projects is anticipated due to lack of resources (high vacancy factor).
## FY 2014/15 Q3 Operating & Non-Operating Net Decrease ($Millions)

<table>
<thead>
<tr>
<th>Operating</th>
<th>FY 2014/15 Amended Budget</th>
<th>Quarter Ended 3/31/15</th>
<th>Actual % of Amended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenue</td>
<td>$83.0</td>
<td>$62.2</td>
<td>75.0%</td>
</tr>
<tr>
<td>Operating Expense</td>
<td>$94.3¹</td>
<td>$56.2</td>
<td>59.6%</td>
</tr>
<tr>
<td><strong>Operating Net Increase (Decrease)</strong></td>
<td><strong>($11.3)</strong></td>
<td><strong>$6.0</strong></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Non-Operating</th>
<th>FY 2014/15 Amended Budget</th>
<th>Quarter Ended 3/31/15</th>
<th>Actual % of Amended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Operating Revenue</td>
<td>$78.6</td>
<td>$36.6</td>
<td>46.5%</td>
</tr>
<tr>
<td>Non-Operating Expense*</td>
<td>$107.2</td>
<td>$68.9</td>
<td>64.3%</td>
</tr>
<tr>
<td><strong>Non-Operating Net Increase (Decrease)</strong></td>
<td><strong>($28.6)</strong></td>
<td><strong>($32.3)</strong></td>
<td></td>
</tr>
</tbody>
</table>

*Non Operating Expenses:

~Budget encumbrance carry forward of $18.2 million (net of return) from FY 2013/14 to FY 2014/15:
  $1.3 million for O&M expenses, $3.1 million for special projects and $14.9 million for capital projects.

<table>
<thead>
<tr>
<th>Fund Balance</th>
<th>Total Revenue</th>
<th>Total Expense</th>
<th>Total Net Increase (Decrease)</th>
<th>Beginning Fund Balance</th>
<th>Ending Fund Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amended Annual Budget</td>
<td>$161.6</td>
<td>$201.5</td>
<td>($39.9)</td>
<td>$151.1</td>
<td>$111.2</td>
</tr>
<tr>
<td>Quarter Ended 3/31/15</td>
<td>$98.8</td>
<td>$125.1</td>
<td>($26.3)</td>
<td>$151.1</td>
<td>$124.8</td>
</tr>
<tr>
<td>Actual % of Amended</td>
<td>61.1%</td>
<td>62.1%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Questions?
I. Actual vs. Budget Summary:

<table>
<thead>
<tr>
<th></th>
<th>Adopted Annual Budget</th>
<th>Amended Annual Budget</th>
<th>Actual Quarter Ended 3/31/2015</th>
<th>Amended vs. Actual</th>
<th>% of Amended Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenues</td>
<td>$82,996,623</td>
<td>$82,996,625</td>
<td>$62,216,468</td>
<td>(20,780,157)</td>
<td>75.0%</td>
</tr>
<tr>
<td>Non-Operating (Other Sources of Fund)</td>
<td>70,436,544</td>
<td>78,613,406</td>
<td>36,559,103</td>
<td>(42,054,303)</td>
<td>46.5%</td>
</tr>
<tr>
<td>TOTAL FUNDING SOURCES</td>
<td>153,433,167</td>
<td>161,610,031</td>
<td>98,775,571</td>
<td>(62,834,460)</td>
<td>61.1%</td>
</tr>
<tr>
<td>Administrative &amp; Operating Expense</td>
<td>(91,015,073)</td>
<td>(94,316,603)</td>
<td>(56,172,514)</td>
<td>38,144,088</td>
<td>59.6%</td>
</tr>
<tr>
<td>CIP Expense</td>
<td>(29,314,800)</td>
<td>(65,201,177)</td>
<td>(39,909,794)</td>
<td>25,291,383</td>
<td>61.2%</td>
</tr>
<tr>
<td>Debt Service / Financial Expense</td>
<td>(41,966,339)</td>
<td>(41,966,339)</td>
<td>(28,954,657)</td>
<td>13,011,682</td>
<td>69.0%</td>
</tr>
<tr>
<td>TOTAL USES OF FUNDS</td>
<td>(162,296,212)</td>
<td>(201,484,118)</td>
<td>(125,036,965)</td>
<td>76,447,153</td>
<td>62.1%</td>
</tr>
<tr>
<td>Surplus/(Deficit)</td>
<td>(8,863,045)</td>
<td>(39,874,087)</td>
<td>(26,261,394)</td>
<td>13,612,692</td>
<td>65.9%</td>
</tr>
</tbody>
</table>

**EXHIBIT A**

### Actual vs. Annual Budget

**For the Quarter Ended March 31, 2015**

![Bar Chart](chart.png)

- **Revenues (Incl. Other Funding Sources)**
- **Administrative & Operating Expense**
- **CIP Expense**
- **Debt Service / Financial Expense**

- Amended Annual Budget
- Actual Quarter Ended 3/31/2015

% of the Year Elapsed: 75%
2. Actual Revenue vs. Budget:

<table>
<thead>
<tr>
<th>Operating Revenues:</th>
<th>Adopted Annual Budget</th>
<th>Amended Annual Budget</th>
<th>Actual Quarter Ended 3/31/2015</th>
<th>Amended vs. Actual</th>
<th>% of Amended Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>User Charges</td>
<td>$61,812,614</td>
<td>$61,812,614</td>
<td>$46,080,378</td>
<td>$15,732,236</td>
<td>74.5%</td>
</tr>
<tr>
<td>Recycled Water Sales</td>
<td>9,502,500</td>
<td>9,502,502</td>
<td>7,546,439</td>
<td>1,956,063</td>
<td>79.4%</td>
</tr>
<tr>
<td>MWD LPP Rebate</td>
<td>2,079,000</td>
<td>2,079,000</td>
<td>2,019,633</td>
<td>59,367</td>
<td>97.1%</td>
</tr>
<tr>
<td>Property Tax - OBM</td>
<td>3,216,278</td>
<td>3,216,278</td>
<td>1,859,815</td>
<td>1,356,463</td>
<td>57.8%</td>
</tr>
<tr>
<td>Cost Reimbursement</td>
<td>5,437,786</td>
<td>5,437,786</td>
<td>4,511,929</td>
<td>925,857</td>
<td>83.0%</td>
</tr>
<tr>
<td>Interest</td>
<td>948,445</td>
<td>948,445</td>
<td>198,274</td>
<td>750,171</td>
<td>20.9%</td>
</tr>
<tr>
<td>OPERATING REVENUES</td>
<td>82,996,623</td>
<td>82,996,625</td>
<td>62,216,468</td>
<td>20,780,157</td>
<td>75.0%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Non-Operating Revenues:</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Tax - Debt, Capital, Reserves</td>
<td>$36,987,196</td>
<td>$36,987,196</td>
<td>$21,387,873</td>
<td>$15,599,323</td>
<td>57.8%</td>
</tr>
<tr>
<td>Connection Fees</td>
<td>$15,321,000</td>
<td>$15,320,999</td>
<td>$12,149,148</td>
<td>$3,171,851</td>
<td>79.3%</td>
</tr>
<tr>
<td>Grants &amp; Loans</td>
<td>13,394,355</td>
<td>22,562,575</td>
<td>1,250,927</td>
<td>21,311,648</td>
<td>5.5%</td>
</tr>
<tr>
<td>Other Revenue</td>
<td>4,733,993</td>
<td>3,742,636</td>
<td>1,771,155</td>
<td>1,971,481</td>
<td>47.3%</td>
</tr>
<tr>
<td>NON-OPERATING REVENUES</td>
<td>70,436,544</td>
<td>78,613,406</td>
<td>36,559,103</td>
<td>42,054,303</td>
<td>46.5%</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>$153,433,167</td>
<td>$161,610,031</td>
<td>$98,775,571</td>
<td>$62,834,460</td>
<td>61.1%</td>
</tr>
</tbody>
</table>

User Charges: User charges were $46.0 million, or 74.5% of the Amended Budget. This category includes EDU volumetric fees of $36.6 million, $5.6 million Non-Reclaimable wastewater fees paid by industrial and commercial users connected to the brine line system; $3.2 million for water meter service charge to meet our Readiness-to-Serve obligation from MWD and water use efficiency programs; and $0.6 million for imported potable water surcharge.

Property Tax - AdValorem: Recycled water actual direct and groundwater recharge sales were $5.0 million (17,226 AF) and $2.5 million (7,481 AF) respectively, for a combined total $7.5 million or 79.4% of the budget. Total deliveries of 24,707 AF compares favorably to the direct and recharge recycled water budget of 32,000 AF due to dry winter along with optimum basin availability for additional groundwater recharge.

Interest Income: Interest income is approximately 20.9% of the annual budget, the variance is attributed to a lower average interest rate of 0.047% compared to the budgeted interest rate of 0.50%.

MWD LPP Rebates: Direct recycled water sales in excess of $3,500 AF and up to 17,000 AF are eligible for rebates from MWD LPP at a rate of $154/AF, for a maximum of $2.1 million per fiscal year. Total allowable rebate of $2.0 million or 13,115 AF was availed in the third quarter.

Connection Fees: Member agencies reported $12.1 million or 79.3% of the annual budget. A total of 2,380 new connections were reported through March 2015 compared to annual budget of 3,000 new EDU connections.

Grants and Loans: Total receipts were $1.3 million or 5.5% of the budget; $0.8 million grants and $0.8 million of loan proceeds from SWRRCB for the Recycled Water Southern. Amended budget of $22.5 million consists of $2.3 million in grants and $20.2 million in SRF Loan Proceeds for the Southern and Central/Wineville Area projects. As of April 21, 2015, the execution of the SWRRCB amended contract is at its final stage and eligible reimbursements are projected to be $9.3 million for the Southern Area and $10.5 million for the Central Wineville project for a total of $20 million in loan proceeds.

Cost Reimbursements JPA: Total cost reimbursements were $4.5 million or 83.0% of the annual budget. Category actual includes reimbursements of $2.6 million from the Inland Empire Regional Composting Authority (IERCA), $1.0 million from Chino Basin Desalter Authority (CDA), and $0.9 million from Chino Basin Watermaster (CBWM). Total cost reimbursement budget of $5.4 million, includes $1.2 million from CDA, $3.5 million from IERCA, and $1.2 million from CBWM.

Other Revenues: Total other revenues were $1.8 million or 56.4% of the annual budget. Revenues include $1.0 million for the recovery of the deferred 4R capital charges from Non-Reclaimable (NC) fund and $0.5 million from lease revenue for the RP-6 Solids Handling Facility, $0.3 million for gain on investment, energy rebates and gain on the sale of assets. The total other revenue budget of $3.7 million, includes $1.2 million from Non-Reclaimable Wastewater Fund (NC) for recovery from deferred 4R capital project costs, $2.0 million for project reimbursements, and $0.5 million of annual lease revenue.
### 3. Actual Operating and Capital Expense vs. Budget:

<table>
<thead>
<tr>
<th></th>
<th>Adopted Annual Budget</th>
<th>Amended Annual Budget</th>
<th>Actual Quarter Ended 3/31/2015</th>
<th>Amended vs. Actual</th>
<th>% of Amended Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Expenses</strong>:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employment</td>
<td>$40,890,683</td>
<td>$40,890,683</td>
<td>$25,545,836</td>
<td>$15,344,846</td>
<td>62.5%</td>
</tr>
<tr>
<td>Admin &amp; Operating</td>
<td>50,124,390</td>
<td>53,425,920</td>
<td>30,626,678</td>
<td>$22,799,242</td>
<td>57.3%</td>
</tr>
<tr>
<td>OPERATING EXPENSES</td>
<td>$91,015,073</td>
<td>$94,316,603</td>
<td>$56,172,514</td>
<td>$38,144,089</td>
<td>59.6%</td>
</tr>
<tr>
<td><strong>Non-Operating Expenses</strong>:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital</td>
<td>29,314,800</td>
<td>65,201,177</td>
<td>39,909,794</td>
<td>$25,291,383</td>
<td>61.2%</td>
</tr>
<tr>
<td>Debt Service and All</td>
<td>41,966,339</td>
<td>41,966,339</td>
<td>28,954,657</td>
<td>$13,011,682</td>
<td>69.0%</td>
</tr>
<tr>
<td>Other Expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NON-OPERATING EXPENSES</td>
<td>$71,281,139</td>
<td>$107,167,516</td>
<td>$68,864,451</td>
<td>$38,303,065</td>
<td>64.3%</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>$162,296,212</td>
<td>$201,484,118</td>
<td>$125,036,965</td>
<td>$76,447,154</td>
<td>62.1%</td>
</tr>
</tbody>
</table>

**Employment Expense**: **Employment - 62.5%**

This category includes both wages and benefits. Employment expenses through the third quarter were $25.5 million or approximately 62.5% of the Amended Budget. The favorable variance was due to a higher than anticipated vacancy factor. A total of 21 positions were vacant and an additional 15 positions were on hold at the end of the quarter, equivalent to a 12.4% vacancy factor which exceeds the Agency’s budgeted vacancy rate of 5.0%.

**Administrative & Operating Expense**

**Office and Administrative - 40.7%**

The favorable variance was mainly due to the unspent General Manager’s Contingency for $145,850 and avoided election expense for $200,000. Expenses related to conferences and training were lower than budgeted but the expenses are anticipated to increase when training related courses are made available in the coming months. Other line items such as contributions and sponsorships, subscriptions, advertising and education reimbursement are anticipated to be expended in the last quarter.

**Insurance Expenses - 60.9%**

The category is slightly under the budgeted due to less occurrences related to general, automobile and casualty liability and property loss or damage which resulted to lower deductible claimed.

**Professional Fees & Services - 53.5%**

Favorable variance was due to timing or deferral of services to be performed in the subsequent months for these items: **contract materials and labor** for facility administrative building repairs, field service support for calibration of critical compliance equipment, HVAC system, breaker and 12KV protection relay testing, boiler and fuel tank cleaning, repair of groundwater basins, and other technical support from outside vendors. In addition, favorable variance is due to deferred **consultant services** rendered for special audits, financial advisory, engineering consultants, and some maintenance professional services.

**Materials & Supplies/Leases/Contribution - 52.4%**

The favorable variance was primarily due to the Agency’s staff ongoing efforts to reduce the overall spending on replacement parts and routine consumables for plant treatment facilities; such as pumps, conveyors, process analyzer consumables, electrical equipment parts for motors, control panels, valve actuators and other electrical devices.

**Biosolids Recycling - 60.7%**

Favorable variance was due to digester cleaning and lab testing performed during the first two quarter which caused a delay in the disposal and transport of biosolids. Biosolids disposal has started to ramp up and is expected to align with budgeted tipping fees at $54 per ton and hauling cost at $6.48 per ton.

**Chemicals - 60.3%**

Usage was below budget due to effective process control augmentation which reduces overall chemical usage while maintaining permit compliance parameter, solids capture, and recycled water quality at reduced costs. As the fiscal year draws near, it is anticipated that this category may result to be slightly below budget.

**Utilities - 66.4%**

**Electricity**: is slightly higher due to low production from the Fuel Cell at RP-1. Low utilization from fuel cell is subsidized by importing higher electricity costs. **Natural gas** utilization is low due to lower gas rate averaging $0.419/therm compared to budgeted rate of $0.80/therm. The **Fuel Cell** has experienced some reliability issues over the last couple of months and has been producing electricity lower than the expected output. Power generated from **solar panels** is lower this year compared to last year, which was used as a baseline when production cost was budgeted for this fiscal year. Electricity generated from the solar power is directly related to the amount of sunlight experienced this year. The combined average cost per kWh of direct access and SCE electricity was $0.115/kWh compared to budgeted rate of $0.12/kWh.
Special and Reimbursable Projects - 22.2% and 33.6%

Special and reimbursable project expenditures are below budget. Combined actual costs were $2.0 million or 25.0% of the amended budget of $8.0 million. The table below provides a summary of the major projects and current status.

Financial Expenses  Financial Expense - 69%

Total financial and other non-operating expenses were $28.9 million through the third quarter. The category is expected to remain below budget due to the interest rate on the 2008B Variable Rate Demand Bonds which continues to stay below the 1% budgeted rate, the average year to date actual rate is 0.041%.

Capital Expense  Capital Costs - 67.2%

Capital actual expenditures through the third quarter were approximately $39.9 million. Unspent encumbrances amounts to $21.4 million of which $14 million are contracts for Wineville (Mike Bubalo and CCL Contracting), Carbon Canyon Odor Replacement (Stantec), and SCADA Enterprise System (Technical Systems and Integrated Design) projects. Recycled Water projects accounted for approximately 64% of costs through the third quarter and 28% are related to Regional Wastewater projects. Listed below is a brief status report on some of the major projects currently under construction.

### Summary of major capital and special project expenses and status as of March 31, 2015

<table>
<thead>
<tr>
<th>Capital Project</th>
<th>Amended FY 2014/15</th>
<th>YTD Expenditure</th>
<th>Budgeted Amount Remaining</th>
</tr>
</thead>
<tbody>
<tr>
<td>EN13023 930 Zone Recycled Water Reservoir</td>
<td>7,878,744</td>
<td>7,733,766</td>
<td>144,978</td>
</tr>
<tr>
<td>99% of the budget was expended by the end of the third quarter. The purpose of the project is to provide storage in the Southern Service Area and increase pump station capacities. Currently the project is in construction. Last month sewer repair, appurtenances, and street resurfacing on Foxglove were completed. All construction is complete, currently final testing underway, the project is completed in March 2015.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EN13038 100% of the budget was expended by the end of the third quarter. This project includes the relocation of an existing 30-inch RP-1 Outfall recycled water pipeline outside of its easement into public right-of-way. Due to increasing capacity demand from the City of Ontario, the pipeline will be upgraded to a 72-inch pipeline. Pipe delivery and excavation and grading are to be complete in January, project is completed.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EN06025 68% of the budget was expended by the end of the third quarter. The project consists of approximately 24,000 lineal feet of pipe and will serve recycled water customers as well as provide recycled water for ground water recharge at the RP-3 and Declez Basins. Construction and permitting are currently underway for this project and the project is estimated to be completed in July 2015.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EN13045 62% of the budget was expended by the end of the third quarter. The project involves the installation of 2.8 miles of 30” recycled water pipeline in addition to the associated appurtenances. This project is in conjunction with EN06025. Currently permitting and construction are in progress. In December notification to residents and pipe delivery along Marlay was completed, during January installation of pipe is expected. This project is estimated to be complete in July 2015.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EN13054 62% of the budget was expended by the end of the third quarter. The project will work to eliminate the ragging problem at the Montclair Pump Station that arose due to additional flow diverted to RP-1. The project is currently in the construction phase. HVAC redesign has been completed and the complete bypass and outage plan is being finalized. Coordination with SCE should result in an early SCE cut-over. Construction is projected to be finished in June 2015.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EN11035 Construction phase of project is complete. The project will mitigate problems at the pump station including walls and floor surfaces that will be recoated with a strong resin.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EN14012 70% of the budget was expended by the end of the third quarter. The project includes the design, procurement, and installation of drying bed improvements and temporary provisions for dewatering. The project is currently in construction and recent activities include grading of the west side drying beds, projects expected to be completed by April 2015.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>O&amp;M &amp; Reimbursable Projects</td>
<td>Amended FY 2014/15</td>
<td>YTD Expenditure</td>
<td>Budgeted Amount Remaining</td>
</tr>
<tr>
<td>WR15022 Water Use Assessments</td>
<td>800,000</td>
<td>-</td>
<td>800,000</td>
</tr>
<tr>
<td>0% of the budget was expended by the end of the third quarter. A DWR grant, to help offset costs, is expected to be awarded sometime between March and June 2015 once the grant has been approved the project is expected to begin. The project will identify water efficiency programs and tools to evaluate municipal water use assessments. This will help identify high water users to target with necessary conservation programs.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PA15001 Underground Piping Rehabilitation</td>
<td>500,000</td>
<td>-</td>
<td>500,000</td>
</tr>
<tr>
<td>0% of the budget was expended by the end of the third quarter. This project is an annual appropriation for the rehabilitation or repair of the Agency's underground assets. This includes pipes, vaults, channels, and process galleries.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
5% of the budget was expended by the end of the third quarter. The project involves the removal of solids from Wastewater Treatment Facility Digesters to allow for better processing, a reduction of equipment failures, and improvement in process performance. Digester cleaning services contract was awarded in February 2015 with estimated project completion by fiscal year end.
## Exhibit A Detail

### INLAND EMPIRE UTILITIES AGENCY

**Fiscal Year 2014/15**

**Consolidated Budget Variance Analysis Report**

*Third Quarter March 31, 2015*

<table>
<thead>
<tr>
<th></th>
<th>Adopted FY 2014/15</th>
<th>Amended FY 2014/15</th>
<th>YTD %</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Budget</td>
<td>Budget</td>
<td>Annual YTD</td>
</tr>
<tr>
<td><strong>Operating Revenues</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>User Charges</td>
<td>$61,812,614</td>
<td>$61,812,614</td>
<td>$46,080,378</td>
</tr>
<tr>
<td>Recycled Water</td>
<td>9,502,500</td>
<td>9,502,502</td>
<td>7,546,439</td>
</tr>
<tr>
<td>MWD LPP Rebates</td>
<td>2,079,000</td>
<td>2,079,000</td>
<td>2,019,633</td>
</tr>
<tr>
<td>Property Tax - O&amp;M</td>
<td>3,216,278</td>
<td>3,216,278</td>
<td>1,859,815</td>
</tr>
<tr>
<td>Cost Reimbursement from JPA</td>
<td>5,437,786</td>
<td>5,437,786</td>
<td>4,511,929</td>
</tr>
<tr>
<td>Interest Revenue</td>
<td>948,445</td>
<td>948,445</td>
<td>196,274</td>
</tr>
<tr>
<td><strong>Total Operating Revenues</strong></td>
<td>$82,996,623</td>
<td>$82,996,625</td>
<td>$62,216,468</td>
</tr>
<tr>
<td><strong>Non-Operating Revenues</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property Tax - Debt, Capital, Reserves</td>
<td>$36,987,196</td>
<td>$36,987,196</td>
<td>$21,387,873</td>
</tr>
<tr>
<td>Connection Fees (CCRA)</td>
<td>15,321,000</td>
<td>15,320,999</td>
<td>12,149,148</td>
</tr>
<tr>
<td>Grants</td>
<td>2,320,000</td>
<td>2,320,000</td>
<td>486,058</td>
</tr>
<tr>
<td>SRF Loan Receipts</td>
<td>11,074,355</td>
<td>20,242,575</td>
<td>764,869</td>
</tr>
<tr>
<td>Project Reimbursements</td>
<td>1,969,220</td>
<td>1,969,220</td>
<td>-</td>
</tr>
<tr>
<td>Other Revenue</td>
<td>2,764,773</td>
<td>1,771,416</td>
<td>1,771,155</td>
</tr>
<tr>
<td><strong>Total Non Operating Revenues</strong></td>
<td>$70,436,544</td>
<td>$78,613,406</td>
<td>$36,559,103</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>$153,433,167</td>
<td>$161,610,031</td>
<td>$98,775,571</td>
</tr>
<tr>
<td><strong>Administrative and Operating Expenses</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Employment Expenses</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wages</td>
<td>$22,295,053</td>
<td>$22,295,053</td>
<td>$15,990,349</td>
</tr>
<tr>
<td>Benefits</td>
<td>18,595,630</td>
<td>18,595,630</td>
<td>9,555,487</td>
</tr>
<tr>
<td><strong>Total Employment Expenses</strong></td>
<td>$40,890,683</td>
<td>$40,890,683</td>
<td>$25,545,836</td>
</tr>
<tr>
<td><strong>Administrative Expenses</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Office &amp; Administrative</td>
<td>$1,513,247</td>
<td>$2,007,860</td>
<td>$817,976</td>
</tr>
<tr>
<td>Insurance Expenses</td>
<td>739,000</td>
<td>739,000</td>
<td>450,130</td>
</tr>
<tr>
<td>Professional Fees &amp; Services</td>
<td>7,651,114</td>
<td>8,734,404</td>
<td>4,668,789</td>
</tr>
<tr>
<td>O&amp;M Projects</td>
<td>3,939,500</td>
<td>6,095,004</td>
<td>1,353,422</td>
</tr>
<tr>
<td>Reimbursable Projects</td>
<td>1,158,750</td>
<td>1,165,628</td>
<td>624,503</td>
</tr>
<tr>
<td><strong>Total Administrative Expenses</strong></td>
<td>$15,001,611</td>
<td>$19,432,897</td>
<td>$7,914,820</td>
</tr>
</tbody>
</table>
## INLAND EMPIRE UTILITIES AGENCY

**Fiscal Year 2014/15**

**CONSOLIDATED BUDGET VARIANCE ANALYSIS REPORT**

**Third Quarter March 31, 2015**

<table>
<thead>
<tr>
<th></th>
<th>Adopted FY 2014/15</th>
<th>Amended FY 2014/15</th>
<th>YTD 2014/15</th>
<th>Annual Budget</th>
<th>Annual YTD</th>
<th>YTD Budget</th>
<th>YTD Variance</th>
<th>YTD Used</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OPERATING EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Material &amp; Supplies/Leases</td>
<td>$2,985,473</td>
<td>$3,561,895</td>
<td>$1,868,014</td>
<td>$1,693,881</td>
<td>52.4%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Biosolids Recycling</td>
<td>3,633,660</td>
<td>4,007,924</td>
<td>2,432,568</td>
<td>1,575,356</td>
<td>60.7%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chemicals</td>
<td>4,629,380</td>
<td>4,779,463</td>
<td>2,882,972</td>
<td>1,896,491</td>
<td>60.3%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CSDLAC &amp; SARI, Operating Fees/Water</td>
<td>13,349,199</td>
<td>11,472,674</td>
<td>8,777,094</td>
<td>2,695,581</td>
<td>76.5%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td>10,525,067</td>
<td>10,171,067</td>
<td>6,751,210</td>
<td>3,419,857</td>
<td>66.4%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL OPERATING EXPENSES</strong></td>
<td>$35,122,779</td>
<td>$33,993,023</td>
<td>$22,711,858</td>
<td>$11,281,165</td>
<td>66.8%</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td><strong>TOTAL ADMINISTRATIVE and OPERATING EXPENSES</strong></td>
<td>$91,015,073</td>
<td>$94,316,603</td>
<td>$56,172,514</td>
<td>$38,144,088</td>
<td>66.8%</td>
<td></td>
<td></td>
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</tr>
<tr>
<td><strong>NON-OPERATING EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital Outlay</td>
<td>$29,314,800</td>
<td>$65,201,177</td>
<td>$39,909,794</td>
<td>$25,291,383</td>
<td>61.2%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial Expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Principal, Interest and Financial Expenditure</td>
<td>41,572,489</td>
<td>41,572,489</td>
<td>28,577,427</td>
<td>12,995,062</td>
<td>68.7%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Non Operating Expenses</td>
<td>393,850</td>
<td>393,850</td>
<td>377,230</td>
<td>16,620</td>
<td>95.8%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL NON-OPERATING EXPENSES</strong></td>
<td>$71,281,139</td>
<td>$107,167,516</td>
<td>$68,864,451</td>
<td>$38,303,065</td>
<td>64.3%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL EXPENSES</strong></td>
<td>$162,296,212</td>
<td>$201,484,118</td>
<td>$125,036,965</td>
<td>$76,447,153</td>
<td>62.1%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>REVENUES IN EXCESS/(UNDER) EXPENSES</strong></td>
<td>($8,863,045)</td>
<td>($39,874,087)</td>
<td>($26,261,394)</td>
<td>($13,612,694)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>FUND BALANCE SUMMARY</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginning Balance, July 01</td>
<td>$146,164,676</td>
<td>151,081,114</td>
<td>$151,081,114</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Surplus/(Deficit)</td>
<td>($8,863,045)</td>
<td>($39,874,087)</td>
<td>($26,261,394)</td>
<td>($13,612,694)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>ENDING BALANCE, June 30</strong></td>
<td>$137,301,631</td>
<td>$111,207,027</td>
<td>$124,819,721</td>
<td>$13,612,694</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Inland Empire Utilities Agency
### Inter-Departmental/Division Transfers FY 2014/2015
### Budget Transfer

<table>
<thead>
<tr>
<th>Fund</th>
<th>Date</th>
<th>Category</th>
<th>O &amp; M Transfer From</th>
<th>Category</th>
<th>O &amp; M Transfer To</th>
<th>Description</th>
<th>QTR</th>
</tr>
</thead>
<tbody>
<tr>
<td>10200</td>
<td>1/5/15</td>
<td>Election Expense</td>
<td>510040</td>
<td>Public Info./Prof Svcs</td>
<td>520930</td>
<td>This transfer is being requested to cover the expenses associated with the IEUA Agency History Book. This item was not budgeted for within the FY 2014/15 budget. As a result of two unplanned separations, temporary staff have been utilized during the transition period. Funds were not budgeted for the additional expense, so it is required to use a portion of the salary savings to fund the temporary staffing cost.</td>
<td>3</td>
</tr>
<tr>
<td>10200</td>
<td>1/21/15</td>
<td>HR-Reg Wages Exempt</td>
<td>502120</td>
<td>Other Contract Services</td>
<td>521080</td>
<td>The transfer is to allow BIS to process remaining SAP Maintenance Fees in FY 2014/15</td>
<td>3</td>
</tr>
<tr>
<td>10200</td>
<td>1/26/15</td>
<td>Computer Systems Maintenance</td>
<td>521410</td>
<td>Computer System Maintenance</td>
<td>521410</td>
<td></td>
<td>3</td>
</tr>
<tr>
<td>10500</td>
<td>2/18/15</td>
<td>NRWS Pipe Cleaning O&amp;M</td>
<td>EC14002</td>
<td>Electricity</td>
<td>545110</td>
<td>To supplement electricity account for NRW</td>
<td>3</td>
</tr>
<tr>
<td>10600</td>
<td>3/18/15</td>
<td>GM Contingency</td>
<td>519010</td>
<td>Other Contract Services</td>
<td>521080</td>
<td>Transfer to amend the contract with Carollo Engineers to complete the Wastewater, Water, and Recycled Water Rate and Fee Study.</td>
<td>3</td>
</tr>
<tr>
<td>10700</td>
<td>3/18/15</td>
<td>GM Contingency</td>
<td>519010</td>
<td>Other Contract Services</td>
<td>521080</td>
<td>Transfer to amend the contract with Carollo Engineers to complete the Wastewater, Water, and Recycled Water Rate and Fee Study.</td>
<td>3</td>
</tr>
<tr>
<td>10800</td>
<td>2/5/15</td>
<td>Uniforms</td>
<td>512140</td>
<td>Uniforms</td>
<td>512140</td>
<td>Transfer budget to the highest level of cost center group because uniforms are now paid for at the highest level of cost center groups, but the FY14/15 budget was split between multiple cost centers.</td>
<td>3</td>
</tr>
<tr>
<td>10800</td>
<td>2/5/15</td>
<td>Uniforms</td>
<td>512140</td>
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<td>3</td>
</tr>
<tr>
<td>10800</td>
<td>2/5/15</td>
<td>Uniforms</td>
<td>512140</td>
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<td>3</td>
</tr>
<tr>
<td>10800</td>
<td>2/5/15</td>
<td>Uniforms</td>
<td>512140</td>
<td>Uniforms</td>
<td>512140</td>
<td>Transfer budget to the highest level of cost center group because uniforms are now paid for at the highest level of cost center groups, but the FY14/15 budget was split between multiple cost centers.</td>
<td>3</td>
</tr>
<tr>
<td>10800</td>
<td>3/17/15</td>
<td>Natural Gas</td>
<td>545210</td>
<td>Residuals Disposal</td>
<td>526310</td>
<td>To supplement budget for the Biosolids Hauling Fees for RP-1 and RP-2</td>
<td>3</td>
</tr>
<tr>
<td>10800</td>
<td>3/17/15</td>
<td>Natural Gas</td>
<td>545210</td>
<td>Residuals Disposal</td>
<td>526310</td>
<td>To supplement budget for the Biosolids Hauling Fees for RP-1 and RP-2</td>
<td>3</td>
</tr>
<tr>
<td>10800</td>
<td>3/17/15</td>
<td>Natural Gas</td>
<td>545210</td>
<td>Transport to RCA</td>
<td>526520</td>
<td>To supplement budget for the Biosolids Hauling Fees for RP-1 and RP-2</td>
<td>3</td>
</tr>
<tr>
<td>10800</td>
<td>3/17/15</td>
<td>Natural Gas</td>
<td>545210</td>
<td>Transport to RCA</td>
<td>526520</td>
<td>To supplement budget for the Biosolids Hauling Fees for RP-1 and RP-2</td>
<td>3</td>
</tr>
<tr>
<td>10800</td>
<td>1/20/15</td>
<td>Agency Wide Clarifier Rehabilitation</td>
<td>PA15003</td>
<td>Waste BOD/COD</td>
<td>540210</td>
<td>To transfer budget from O &amp; M Projects PA15003 and PA15004 to supplement RP-1 Filtrate Strength Charges</td>
<td>3</td>
</tr>
</tbody>
</table>
## Exhibit C-2

**FY 2014/15 GM Contingency Account Activity**

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
<th>Account/Project No.</th>
<th>Requestor</th>
<th>GG TOTAL Budget</th>
<th>GM Contingency Budget</th>
<th>RO TOTAL Budget</th>
<th>GM Contingency Budget</th>
<th>Transfers</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>7/1/2014</td>
<td>FY 2014/15 Adopted budget</td>
<td>RO Fund 10800-112100-501000-519010</td>
<td></td>
<td></td>
<td>$400,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>GG Fund 10200-112100-100000-519010</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7/29/14</td>
<td>Budget transfer to cover WaterReuse Research Foundation pledge</td>
<td>GG Fund 10200-112100-100000-515030</td>
<td>S. Lee</td>
<td>$50,000</td>
<td>$50,000</td>
<td>$450,000</td>
<td></td>
<td>$100,000</td>
<td></td>
</tr>
<tr>
<td>8/26/14</td>
<td>Budget transfer to cover Recharge Water projected legal expenses</td>
<td>GG Fund 10200-112100-100000-520230</td>
<td>J. C. Lazaro</td>
<td>$30,000</td>
<td>$80,000</td>
<td>$420,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9/22/14</td>
<td>Transfer to Water Discovery Program project PK11001</td>
<td>GG Fund 10200-124100-100000-521080</td>
<td>S. Lee</td>
<td>$50,000</td>
<td>$133,150</td>
<td>$366,850</td>
<td></td>
<td>$183,150</td>
<td>$316,850</td>
</tr>
<tr>
<td>10/20/14</td>
<td>Transfer to Other Contract Services to cover fees for MWH TCE feasibility study</td>
<td>GG Fund 10200-124100-100000-521080</td>
<td>S. Lee</td>
<td>$50,000</td>
<td>$184,150</td>
<td>$315,850</td>
<td></td>
<td>$184,150</td>
<td>$315,850</td>
</tr>
<tr>
<td>3/18/15</td>
<td>Transfer to WR14003</td>
<td>GG Fund 10900-124100-100000-521080</td>
<td>S. Lee</td>
<td>$30,000</td>
<td>$244,150</td>
<td>$255,850</td>
<td></td>
<td>$244,150</td>
<td>$255,850</td>
</tr>
<tr>
<td>3/18/15</td>
<td>Transfer to Other Contract Services to amend contract with Carollo Engineers</td>
<td>GG Fund 10700-124100-110000-521080</td>
<td>S. Lee</td>
<td>$30,000</td>
<td>$274,150</td>
<td>$225,850</td>
<td></td>
<td>$274,150</td>
<td>$225,850</td>
</tr>
<tr>
<td>3/18/15</td>
<td>Transfer to Other Contract Services to amend contract with Carollo Engineers</td>
<td>GG Fund 10700-124100-110000-521080</td>
<td>S. Lee</td>
<td>$30,000</td>
<td>$304,150</td>
<td>$195,850</td>
<td></td>
<td>$304,150</td>
<td>$195,850</td>
</tr>
<tr>
<td>4/6/15</td>
<td>Transfer to WR14019</td>
<td>GG Fund 10700-124100-110000-570002</td>
<td>S. Lee</td>
<td>$30,000</td>
<td>$354,150</td>
<td>$145,850</td>
<td></td>
<td>$354,150</td>
<td>$145,850</td>
</tr>
</tbody>
</table>

**Year-to-date total budget transferred**

| $100,000   | $254,150 |

**Remaining budget balances as of**

| $0         | $145,850 | $145,850 |

---

cc: Joe Grindstaff, Christina Valencia
## Changes in Total Project Budgets: Inter-Departmental/Division Transfers FY 2014/15

### Exhibit D

| Fund | Capital | Request Date | Project Number | Project Title | Adopted Total Project Budget | Prior FY 2014/15 TP Changes | Current Total Project Budget | FY 2014/15 Annual Project Budget | Annual Project Budget Change | New Annual Project Budget | Justification |
|------|---------|--------------|----------------|---------------|------------------------------|-----------------------------|-----------------------------|-------------------------------|--------------------------------|---------------------|------------------------|------------------|
| 10200 | Capital | 1/28/15 | 10101 | Payroll Replacement | $2,167,000 | $0 | $2,167,000 | $53,600 | ($53,600) | $0 | IS13002 | Transfer from IS13002 to IS15002 to help fund the consulting services needed in this fiscal year to assess the current environment and establish a roadmap for the overall ECM to comply with existing regulations and policies. |
| 10300 | Capital | 3/10/15 | 10301 | CIPO Enhancements | $15,000 | $0 | $15,000 | $2,300 | $17,300 | $1,700 | EN15033 | Transferred from EN14033 to EN15033 because EN14033 is complete. Transferred funds will be used for CIPO Enhancements including modules for Potential Change Orders, Certified Payroll, and Reporting. |
| 10400 | Capital | 3/31/15 | 10401 | NRW Manhole Upgrades | $0 | $50,000 | $50,000 | $25,000 | $75,000 | $75,000 | EN14035 | Transfer from EN14040 to EN14046 to cover the design and construction costs of the project. |
| 10500 | Capital | 2/5/15 | 10501 | 930 Zone Recycled Water Pipeline Surge Tank Replacement | $11,219,538 | $4,008,791 | $15,228,329 | $650,000 | $15,878,329 | $7,529,744 | EN13023 | Board approved amendment to supplement EN13023 to cover the change order costs negotiated by all parties as discussed on March 16, 2015 during closed session. |
| 10600 | Capital | 3/10/15 | 10601 | RP-1 East Primary Clarifier East Effluent Pipeline Replacement | $7,500,000 | ($450,000) | $7,050,000 | $150,000 | $7,200,000 | $145,000 | EN15012 | Transfer from EN15012 to EN15023 to cover construction costs for the following work: add adjustable tensioning bars throughout each clarifier, replace flights within four driers, replace the drive shafts with stainless steel to prevent binding, and move deflector bars to the bottom of the new clarifiers. |

### Subtotal Administration (SG): $2,267,000

### Subtotal Non-Reclaimable Water (NC): $9,500

### Subtotal Recycled Water (WC): $10,727,056

### Subtotal Regional Operations (RO): $10,322,056

### Total Project Budgets: $89,050,000

### New TP Budget:

### Prior FY 2014/15 TP Changes:

### Current Total Project Budget:

### FY 2014/15 Annual Project Budget:

### Annual Project Budget Change:

### New Annual Project Budget:

### Project Transferred To/(From):

### Justification:

1. **IS12010** to **IS15002** for IS15002 to help fund the consulting services needed in this fiscal year to assess the current environment and establish a roadmap for the overall ECM to comply with existing regulations and policies.
2. **EN14002** to **EN15033** because **EN14002** is complete. Transferred funds will be used for CIPO Enhancements including modules for Potential Change Orders, Certified Payroll, and Reporting.
3. **EN14002** to **EN15033** to combine the two related projects. Combining projects has been shown to provide substantial design savings.
4. **EN13051** to **EN15055** to combine the two related projects. Combining projects has been shown to provide substantial design savings.
5. **EN15012** to **EN15023** to cover construction costs for the following work: add adjustable tensioning bars throughout each clarifier, replace flights within four driers, replace the drive shafts with stainless steel to prevent binding, and move deflector bars to the bottom of the new clarifiers.
<table>
<thead>
<tr>
<th>Project Number</th>
<th>Project Title</th>
<th>Adopted FY 2014/15 Project Budget</th>
<th>Prior FY 2014/15 TP Changes</th>
<th>Current Total Project Budget</th>
<th>FY 2014/15 Annual Project Budget</th>
<th>Annual Proj. Budget Change</th>
<th>New Annual Project Budget</th>
<th>Project Transferred To/(From)</th>
<th>Justification</th>
</tr>
</thead>
<tbody>
<tr>
<td>EN14037</td>
<td>Sewer Collection System Manhole Upgrades</td>
<td>$1,825,000 (1,113,000)</td>
<td>$7,412,000 (7,617,000)</td>
<td>$1,697,000 ($15,000) (15,000)</td>
<td>$470,544 ($461,544)</td>
<td>Yes</td>
<td>Yes</td>
<td>EN15056</td>
<td>Transfer from EN14037, EN15045, EN11036, and EN11051 to create new project, EN15056, to investigate and evaluate pressures in the digester gas system piping and provide recommendations for repairs and upgrades because flow fluctuations can cause potential venting to the atmosphere of digester gas which is a violation of SCAQMD regulations.</td>
</tr>
<tr>
<td>EN12022</td>
<td>RP-1 Aeration Ducting</td>
<td>$1,256,000 (0)</td>
<td>$1,256,000 (0)</td>
<td>$1,156,000 (100,000) (100,000)</td>
<td>$793,546 (693,546)</td>
<td>Yes</td>
<td>Yes</td>
<td>EN15056</td>
<td>Transfer from EN1034 to cover the cost of design of the EN15045 which was established earlier this fiscal year.</td>
</tr>
<tr>
<td>EN11034</td>
<td>HVAC &amp; Server Room Fire Suppression Improvements</td>
<td>$2,821,361 (0)</td>
<td>$2,821,361 (0)</td>
<td>$2,821,361 (0)</td>
<td>$71,360 ($71,360)</td>
<td>Yes</td>
<td>Yes</td>
<td>EN15056</td>
<td></td>
</tr>
<tr>
<td>EN11051</td>
<td>Central Plant for the New Operational Lab</td>
<td>$2,130,000 (50,000)</td>
<td>$2,180,000 (50,000)</td>
<td>$2,180,000 (50,000)</td>
<td>$180,000 (180,000)</td>
<td>No</td>
<td>No</td>
<td>EN15045</td>
<td></td>
</tr>
<tr>
<td>EN15045</td>
<td>Collection System Manhole Upgrades</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>No</td>
<td>No</td>
<td>EN15037, EN15022, EN11036, and EN11051</td>
<td></td>
</tr>
</tbody>
</table>

Subtotal Regional Capital (RC): $3,857,361

$3,907,361 $2,296,212 $2,706,232
### Inland Empire Utilities Agency

#### Changes in Total Project Budgets: Inter-Departmental/Division Transfers FY 2014/15

<table>
<thead>
<tr>
<th>Project Number</th>
<th>Project Title</th>
<th>Capital or Spec Proj?</th>
<th>Request Date</th>
<th>Total Proj Budget Change (Y/N)</th>
<th>Annual Proj Budget Change (Y/N)</th>
<th>New Proj?</th>
<th>Project Transferred To/(From)</th>
<th>Justification</th>
</tr>
</thead>
<tbody>
<tr>
<td>10500</td>
<td>O&amp;M Proj</td>
<td>Yes</td>
<td>2/18/15</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>EC14002</td>
<td>O&amp;M - Electricity: transfer from EC14002 to O&amp;M Electricity, 545110, to supplement the electricity account for NRW.</td>
</tr>
<tr>
<td>10700</td>
<td>O&amp;M Proj</td>
<td>Yes</td>
<td>3/18/15</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>WR14019</td>
<td>(GM Contingency): transfer from GM Contingency to WR14019 to fund the contract awarded by IEUA Board on March 18, 2015 to RAND to conduct additional analysis on the Integrated Resources Plan.</td>
</tr>
<tr>
<td>10800</td>
<td>O&amp;M Proj</td>
<td>Yes</td>
<td>1/20/15</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>PA15003, PA15004, EN14005</td>
<td>O&amp;M - Professional Fees, transfer from O&amp;M Professional Fees to WR14019 to fund the contract awarded by IEUA Board on March 18, 2015 to RAND to conduct additional analysis on the Integrated Resources Plan.</td>
</tr>
<tr>
<td>10900</td>
<td>O&amp;M Proj</td>
<td>Yes</td>
<td>1/22/15</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>PA15003, PA15004, EN14005</td>
<td>O&amp;M - Professional Fees, transfer from O&amp;M Professional Fees to WR14019 to fund the contract awarded by IEUA Board on March 18, 2015 to RAND to conduct additional analysis on the Integrated Resources Plan.</td>
</tr>
</tbody>
</table>

**Total Capital and O&M Project Amendment:** $1,277,900
<table>
<thead>
<tr>
<th>Fund</th>
<th>Date</th>
<th>O &amp; M From</th>
<th>Category</th>
<th>Amt Transfer Out</th>
<th>O &amp; M To</th>
<th>Category</th>
<th>Amount Transfer In</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>10800</td>
<td>1/20/15</td>
<td>PA15004</td>
<td>Tertiary Facility Rehabilitation</td>
<td>$85,000</td>
<td>540220</td>
<td>Waste-TSS</td>
<td>$85,000</td>
<td>To transfer budget from O &amp; M Projects PA15003 and PA15004 to supplement RP-1 Filtrate Strength Charges</td>
</tr>
<tr>
<td>10800</td>
<td>1/20/15</td>
<td>PA15003</td>
<td>Agency Wide Clarifier Rehabilitation</td>
<td>$200,000</td>
<td>540220</td>
<td>Waste-TSS</td>
<td>$200,000</td>
<td>To transfer budget from O &amp; M Projects PA15003 and PA15004 to supplement RP-1 Filtrate Strength Charges</td>
</tr>
<tr>
<td>10800</td>
<td>1/20/15</td>
<td>EN14005</td>
<td>Asset Management Condition Assessments</td>
<td>$100,000</td>
<td>540220</td>
<td>Waste-TSS</td>
<td>$100,000</td>
<td>To transfer budget from O &amp; M Project EN14005 to supplement RP-1 Filtrate Strength Charges</td>
</tr>
<tr>
<td>10800</td>
<td>2/4/15</td>
<td>521080</td>
<td>Other Contract Services</td>
<td>$100,000</td>
<td>540310</td>
<td>Fixed Project Cost</td>
<td>$100,000</td>
<td>Transfer from Other Contract Services to supplement RP-1 Filtrate's share for administration charges (part of Deferred 4Rs charges)</td>
</tr>
<tr>
<td>10800</td>
<td>3/18/15</td>
<td>512660</td>
<td>Equipment / Tools</td>
<td>$2,000</td>
<td>530020</td>
<td>Sodium Bisulfate</td>
<td>$2,000</td>
<td>Transfer from RP-5 Materials &amp; Supplies to CCWRF sodium bisulfate to cover the budget line item for the remainder of the year. Due to higher flows to the creek and under budgeting of this chemical, CCWRF is short on funds</td>
</tr>
<tr>
<td>10800</td>
<td>3/18/15</td>
<td>512170</td>
<td>O&amp;M Supplies</td>
<td>$3,200</td>
<td>530020</td>
<td>Sodium Bisulfate</td>
<td>$3,200</td>
<td>Transfer from RP-5 Materials &amp; Supplies to CCWRF sodium bisulfate to cover the budget line item for the remainder of the year. Due to higher flows to the creek and under budgeting of this chemical, CCWRF is short on funds</td>
</tr>
<tr>
<td>10900</td>
<td>3/18/15</td>
<td>519010</td>
<td>GM Contingency</td>
<td>$30,000</td>
<td>521080</td>
<td>Other Contract Services</td>
<td>$30,000</td>
<td>Transfer to amend the contract with Carollo Engineers to complete the Wastewater, Water, and Recycled Water Rate and Fee Study.</td>
</tr>
</tbody>
</table>

**Total O&M Transfers**

<table>
<thead>
<tr>
<th>Out</th>
<th>$1,406,200</th>
</tr>
</thead>
<tbody>
<tr>
<td>In</td>
<td>$1,406,200</td>
</tr>
<tr>
<td>Goal FY</td>
<td>Reporting Required Division</td>
</tr>
<tr>
<td>---------</td>
<td>----------------------------</td>
</tr>
<tr>
<td>60 FY 2014/15 Quarterly Agency Management</td>
<td>C</td>
</tr>
<tr>
<td>61 FY 2014/15 Quarterly Agency Management</td>
<td>C</td>
</tr>
<tr>
<td>62 FY 2014/15 Quarterly Agency Management</td>
<td>C</td>
</tr>
<tr>
<td>63 FY 2014/15 Quarterly Agency Management</td>
<td>C</td>
</tr>
</tbody>
</table>

**External Affairs**

<table>
<thead>
<tr>
<th>Goal FY</th>
<th>Reporting Required Division</th>
<th>Bus. Goal</th>
<th>Work Plan</th>
<th>Department Goal</th>
<th>Time Line</th>
<th>KPI</th>
<th>Assigned To</th>
<th>Note Month</th>
<th>Note Year</th>
<th>Status</th>
<th>Complete</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>75 FY 2014/15 Quarterly Agency Management</td>
<td>D</td>
<td>Develop and implement a communication plan to promote water use efficiency and the value of water by July 2015</td>
<td>Communication the need for continual water use efficiency in the region.</td>
<td>FY 14/15</td>
<td>Complete by July 15</td>
<td>Kathryn Besser</td>
<td>March</td>
<td>2015</td>
<td>On Schedule</td>
<td>No</td>
<td>A meeting has been scheduled for Q4 with member agencies to determine the best way to communicate with residents in service area about the ongoing drought and mandatory conservation requirements.</td>
<td></td>
</tr>
<tr>
<td>64 FY 2014/15 Quarterly Agency Management</td>
<td>C</td>
<td>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</td>
<td>Serve as the Agency Webmaster and provide current and timely information.</td>
<td></td>
<td>The Website will be updated on an ongoing and as needed basis.</td>
<td>The External Affairs Department will review the entire Website for accuracy every six months.</td>
<td>Kathryn Besser</td>
<td>March</td>
<td>2015</td>
<td>On Schedule</td>
<td>No</td>
<td>The website continues to be updated regularly in response to new issues (drought, rebates) and as requested by departments and executive management.</td>
</tr>
<tr>
<td>65 FY 2014/15 Quarterly Agency Management</td>
<td>C</td>
<td>Meet annually with affiliated agencies and elected representatives</td>
<td>Build stronger relationships with the local agencies and elected representatives in our region.</td>
<td>Ongoing</td>
<td>Meet with all member agencies in FY 14/15</td>
<td>Kathryn Besser</td>
<td>March</td>
<td>2015</td>
<td>On Schedule</td>
<td>No</td>
<td>Board and staff met with newly elected federal and state representatives to advocate on behalf of funding for projects. Several tours of IEUA facilities have been scheduled for Q4.</td>
<td></td>
</tr>
<tr>
<td>66 FY 2014/15 Quarterly Agency Management</td>
<td>C</td>
<td>Identify and participate in organizations that advance the Agency's mission, vision and key initiatives</td>
<td>Communicate the role of the Agency in the region through local partnerships.</td>
<td>Ongoing in FY 14/15</td>
<td>Attend one association/organization meeting a month</td>
<td>Kathryn Besser</td>
<td>March</td>
<td>2015</td>
<td>On Schedule</td>
<td>No</td>
<td>We have continued to meet this goal, and will be presenting at several local community organizations throughout the end of the fiscal year.</td>
<td></td>
</tr>
<tr>
<td>67 FY 2014/15 Quarterly Agency Management</td>
<td>C</td>
<td>Promote regional projects and initiatives through presentations to community based organizations, service groups, and stakeholders</td>
<td>Communicate the importance of regional/local independence (water, recycling, wastewater, and renewable energy).</td>
<td>Ongoing in FY 14/15</td>
<td>Present to 6 associations/groups in FY14/14</td>
<td>Kathryn Besser</td>
<td>March</td>
<td>2015</td>
<td>On Schedule</td>
<td>No</td>
<td>No presentations occurred in Q3, but several are scheduled for Q4 so we will be able to reach this goal by the end of the fiscal year.</td>
<td></td>
</tr>
<tr>
<td>152 FY 2014/15 Once Complete Agency Management</td>
<td>D</td>
<td>Complete water softener ordinance by December 2014 and continue to reduce salinity and nutrients in recycled water.</td>
<td>Work with the remaining cities to pass the water softener ordinance.</td>
<td>December-2014</td>
<td>Remaining Cities pass ordinances by December 2014</td>
<td>Kathryn Besser</td>
<td>March</td>
<td>2015</td>
<td>On Schedule</td>
<td>No</td>
<td>There has been no traction gained on passing with remaining city councils. We continue to reach out to all cities, auditing businesses to ensure compliance and providing bill stuffers for member agencies to send to residents.</td>
<td></td>
</tr>
<tr>
<td>Goal ID</td>
<td>FY 2014/15</td>
<td>Reporting Required Division</td>
<td>Goal</td>
<td>Work Plan</td>
<td>Department Goal</td>
<td>Time Line</td>
<td>KPI</td>
<td>Assigned To</td>
<td>Note Month</td>
<td>Note Year</td>
<td>Status</td>
<td>Complete</td>
</tr>
<tr>
<td>---------</td>
<td>------------</td>
<td>-----------------------------</td>
<td>------</td>
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<td>-------------</td>
<td>------------</td>
<td>-----------</td>
<td>--------</td>
<td>----------</td>
</tr>
<tr>
<td>159</td>
<td>Ongoing</td>
<td>Agency Management</td>
<td>F</td>
<td>Once</td>
<td>Develop a communication plan to promote being a good neighbor by June 2015</td>
<td>Ongoing</td>
<td>Complete by June 2015</td>
<td>Kathryn Besser</td>
<td>March</td>
<td>2015</td>
<td>On Schedule</td>
<td>No</td>
</tr>
<tr>
<td>Internal Audit</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Communicate the Agency-wide goals, services and functions to our entire service area including all community members, businesses, and stakeholders.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>This is an ongoing effort, and includes upcoming events like the Earth Day celebration for community members and service area-wide compost give-away.</td>
</tr>
<tr>
<td>44</td>
<td>Quarterly</td>
<td>Agency Management</td>
<td>B</td>
<td>Complete</td>
<td>Uphold a strong internal control environment by conducting independent objective internal and external audits of Agency finances and operations</td>
<td>Ongoing</td>
<td>Completed audits and feedback from stakeholders</td>
<td>Teresa Velarde</td>
<td>March</td>
<td>2015</td>
<td>On Schedule</td>
<td>No</td>
</tr>
<tr>
<td>12</td>
<td>Quarterly</td>
<td>Agency Management</td>
<td>A</td>
<td>On-going</td>
<td>Continue commitment to cost containment for operating and capital costs</td>
<td>On-going and through the audits approved by the Audit Committee and the Board during the Annual Audit Plan presentation</td>
<td>Completed planned and scheduled audits. Feedback from stakeholders</td>
<td>Teresa Velarde</td>
<td>March</td>
<td>2015</td>
<td>On Schedule</td>
<td>Approved audits are on schedule. In Progress and On Going. To-date, IA has completed 8 audits related to the Regional Contract.</td>
</tr>
</tbody>
</table>
### Goal ID FY 2014/15 Quarterly Agency Management A

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

- **Bus. Goal:** Amend the Regional Sewerage Service Contract to provide more flexibility in the use of property taxes by July 2015
- **KPI:** Board of Director filing of the final report by December 2014.
- **Assigned To:** Teresa Velarde
- **Note:** March 2015

**Complete the Regional Contract Review and provide recommendations to improve the consistent and fair application of the Regional Contract requirements among all Regional Contract Agencies. Additionally, provide recommendations to Agency management to 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 to determine if the as met the intent and requirements of the contract.**

**Note:** Complete by December 2014.

**Status:** In Progress and On Going.

*To-date Internal Audit has completed 8 reports related to the Regional Contract and have provided over 23 audit recommendations to Executive Management to consider as part of the Contract renegotiations, amendment, or ongoing monitoring of the contract. Five of the 7 member agencies have been evaluated. IA has identified several areas that require more hands-on monitoring, methods to improve billing and invoicing to ensure all information is being captured and recommendations to improve collaboration and share information.*

### Goal ID FY 2014/15 Quarterly Agency Management A

**Initiate discussions to revise and renew the Regional Sewerage Service Contract set to expire in 2023 by January 2018**

- **Bus. Goal:** Initiate discussions to revise and renew the Regional Sewerage Service Contract set to expire in 2023 by January 2018
- **KPI:** Board of Director filing of the final report by December 2014.
- **Assigned To:** Teresa Velarde
- **Note:** March 2015

**Complete the Regional Contract Review and provide recommendations to improve the consistent and fair application of the Regional Contract requirements among all Regional Contract Agencies. Additionally, provide recommendations to Agency management to 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 to determine if the as met the intent and requirements of the contract.**

**Note:** Complete by December 2014.

**Status:** On Schedule

*In Progress and On Going. To-date Internal Audit has completed 8 reports related to the Regional Contract and have provided over 23 audit recommendations to Executive Management to consider as part of the Contract renegotiations, amendment, or ongoing monitoring of the contract. Five of the 7 member agencies have been evaluated. IA has identified several areas that require more hands-on monitoring, methods to improve billing and invoicing to ensure all information is being captured and recommendations to improve collaboration and share information.*

### Goal ID FY 2014/15 Quarterly Agency Management B

**Develop a plan to conduct a feedback study to measure employee satisfaction by December 2014**

- **Bus. Goal:** Develop a plan to conduct a feedback study to measure employee satisfaction by December 2014
- **KPI:** Feedback from customers.
- **Assigned To:** Teresa Velarde
- **Note:** March 2015

**Perform a survey of auditee/customer satisfaction at the conclusion of each audit project to gather information about auditor involvement, professionalism, knowledge and ability to communicate to gain information on continuous improvement.**

**Note:** Completed after each audit. At the conclusion of each audit, IA will perform a survey of auditee/customer satisfaction to gather information about the auditee and the audit process. Additionally, during the course of the audit, IA meets several times with the auditee to maintain the relationship and ensure audit objectives are on track and address any questions or concerns on time.
<table>
<thead>
<tr>
<th>Goal ID</th>
<th>FY</th>
<th>Start</th>
<th>Reporting Required Division</th>
<th>Bus. Goal</th>
<th>Work Plan</th>
<th>Department Goal</th>
<th>Time Line</th>
<th>KPI</th>
<th>Assigned To</th>
<th>Note Month</th>
<th>Note Year</th>
<th>Status</th>
<th>Complete</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>34</td>
<td>FY 2014/15</td>
<td>Quarterly</td>
<td>Agency Management</td>
<td>B</td>
<td>Ensure staff understands and upholds their role in achieving the Agency's Mission, Vision, and Values</td>
<td>Promote a strong control environment by conducting independent, objective audits of Agency operations where the scope of the audits incorporate evaluating that Agency processes and systems comply with the Agency's Mission, Vision, Values, best practice operations, processes and programs, as well as senior management input, as the criteria against which to measure performance and results. Internal Audits are to provide an independent and objective opinion, and feedback on how closely the criteria, Agency policies, procedures, including Mission, Vision and Values are met, followed or understood. Provide recommendations to the appropriate personnel where to address gaps identified.</td>
<td>On-going. Through the audits approved by the Audit Committee and the Board</td>
<td>Feedback from auditors, senior/Executive Management, the Audit Committee Advisor, and the Audit Committee and/or Board of Directors.</td>
<td>Teresa Velarde</td>
<td>March</td>
<td>2015</td>
<td>On Schedule</td>
<td>No</td>
<td>Completed and On Going. IA has 3 professional senior-level internal auditors that uphold the values of the Institute of Internal Auditors and the values of IEUA. Internal Audits are to provide an independent and objective opinion, and feedback on how closely the criteria, Agency policies, procedures, including Mission, Vision and Values are met, followed or understood. Provide recommendations to the appropriate personnel where to address gaps identified. According to the Board-approved Internal Audit Department Charter, internal auditors must engage in continuing professional education, maintain a very professional judgement, uphold the values and requirements set forth by the Institute of Internal Auditors and the International Professional Practices Framework. Internal auditors are required to act with confidentiality, and assist the Agency in meeting its organizational goals through independent assessments.</td>
</tr>
<tr>
<td>35</td>
<td>FY 2014/15</td>
<td>Quarterly</td>
<td>Agency Management</td>
<td>B</td>
<td>Ensure staff understands and upholds their role in achieving the Agency's Mission, Vision, and Values</td>
<td>Consult and assist all levels of staff, management and Executive Management by providing audit recommendations to improve efficiencies and comply with Agency policies and procedures, as well as for improvement of practices, to strengthen controls, and incorporate best practices. Assist in providing training or coordinating roundtable discussions with the necessary levels of staff.</td>
<td>On-going. Through the audits approved by the Audit Committee and the Board</td>
<td>Feedback from auditors, senior/Executive Management, the Audit Committee Advisor, and the Audit Committee and/or Board of Directors.</td>
<td>Teresa Velarde</td>
<td>March</td>
<td>2015</td>
<td>On Schedule</td>
<td>No</td>
<td>On Going. IA is comprised of 3 high-level, professional auditors. According to the Board-approved Internal Audit Department Charter, internal auditors must engage in continuing professional education, maintain a very professional judgement, uphold the values and requirements set forth by the Institute of Internal Auditors and the International Professional Practices Framework. Internal auditors are required to act with confidentiality, and assist the Agency in meeting its organizational goals through independent assessments. As part of various audits, IA leads, coordinates and/or facilitates meetings and discussions with several key players in the organization related to an audit issue identified for the purpose of finding resolution or identifying the root cause of any issue. This is done through audit discussions, etc.</td>
</tr>
</tbody>
</table>
### Engineering

<table>
<thead>
<tr>
<th>Goal ID</th>
<th>FY Start</th>
<th>Reporting Required</th>
<th>Division</th>
<th>Bus. Goal</th>
<th>Work Plan</th>
<th>Department Goal</th>
<th>Time Line</th>
<th>KPI</th>
<th>Assigned To</th>
<th>Note Month</th>
<th>Note Year</th>
<th>Status</th>
<th>Complete</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>95</td>
<td>FY 2014/15</td>
<td>Quarterly</td>
<td>Engineering, Planning and Science</td>
<td>E</td>
<td>Provide engineers' training to understand business aspects of capital projects and increase engineering consultant design services in lieu of in-house designs to complete more projects in a shorter timeframe by July 2015</td>
<td>Provide high-quality project management for the completion of Capital Improvement Projects</td>
<td>FY 2014/15</td>
<td>Design Schedule on time =&gt;80%</td>
<td>Complete Construction Schedule on time =&gt;80%</td>
<td>Project Costs within initial Total Project Budget =&gt;90%</td>
<td>Project Costs within Initial Fiscal year Project Budget =&gt;90%</td>
<td>All Expenditures as a Percentage of Forecasted Expenditures =&gt;90%</td>
<td>Change Orders as a percentage of initial contract award value &lt;=10%</td>
<td>Majid Karim</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Goal ID</th>
<th>FY Start</th>
<th>Reporting Required</th>
<th>Division</th>
<th>Bus. Goal</th>
<th>Work Plan</th>
<th>Department Goal</th>
<th>Time Line</th>
<th>KPI</th>
<th>Assigned To</th>
<th>Note Month</th>
<th>Note Year</th>
<th>Status</th>
<th>Complete</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>FY 2014/15</td>
<td>Monthly</td>
<td>Engineering, Planning and Science</td>
<td>E</td>
<td>Conduct Lesson's Learned sessions to evaluate key construction implementations</td>
<td>Review and evaluate all projects for best practices that can be applied to future projects</td>
<td>Monthly</td>
<td>10x/year=&gt;90%</td>
<td>Majid Karim</td>
<td>April</td>
<td>2015</td>
<td>On Schedule</td>
<td>No</td>
<td></td>
</tr>
</tbody>
</table>

### Laboratory

<table>
<thead>
<tr>
<th>Goal ID</th>
<th>FY Start</th>
<th>Reporting Required</th>
<th>Division</th>
<th>Bus. Goal</th>
<th>Work Plan</th>
<th>Department Goal</th>
<th>Time Line</th>
<th>KPI</th>
<th>Assigned To</th>
<th>Note Month</th>
<th>Note Year</th>
<th>Status</th>
<th>Complete</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>147</td>
<td>FY 2014/15</td>
<td>Once Complete</td>
<td>Engineering, Planning and Science</td>
<td>B</td>
<td>Promote a safer work environment by administering and monitoring required safety and regulatory trainings</td>
<td>Meet the bi-weekly safety fatality meeting requirement.</td>
<td>All required topics completed by each December</td>
<td>Document training</td>
<td>Nel Groenfeld</td>
<td>April</td>
<td>2015</td>
<td>On Schedule</td>
<td>No</td>
<td></td>
</tr>
</tbody>
</table>

### Planning and Environmental Compliance

<table>
<thead>
<tr>
<th>Goal ID</th>
<th>FY Start</th>
<th>Reporting Required</th>
<th>Division</th>
<th>Bus. Goal</th>
<th>Work Plan</th>
<th>Department Goal</th>
<th>Time Line</th>
<th>KPI</th>
<th>Assigned To</th>
<th>Note Month</th>
<th>Note Year</th>
<th>Status</th>
<th>Complete</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>158</td>
<td>FY 2014/15</td>
<td>Once Complete</td>
<td>Engineering, Planning and Science</td>
<td>F</td>
<td>Complete odor baselines report by June 2015</td>
<td>Coordinate odor survey and develop baseline report</td>
<td>June-2015</td>
<td>Sylvie Lee</td>
<td>April</td>
<td>2015</td>
<td>On Schedule</td>
<td>No</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Goal ID</th>
<th>FY Start</th>
<th>Reporting Required</th>
<th>Division</th>
<th>Bus. Goal</th>
<th>Work Plan</th>
<th>Department Goal</th>
<th>Time Line</th>
<th>KPI</th>
<th>Assigned To</th>
<th>Note Month</th>
<th>Note Year</th>
<th>Status</th>
<th>Complete</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>162</td>
<td>FY 2014/15</td>
<td>Once Complete</td>
<td>Engineering, Planning and Science</td>
<td>F</td>
<td>Develop a regionally focused Comprehensive Mitigation Plan for construction projects by July 2016</td>
<td>Completion of the Santa Ana River Habitat Conservation Plan</td>
<td>June-2015</td>
<td>Sylvie Lee</td>
<td>April</td>
<td>2015</td>
<td>On Schedule</td>
<td>No</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Goal ID</th>
<th>FY Start</th>
<th>Reporting Required</th>
<th>Division</th>
<th>Bus. Goal</th>
<th>Work Plan</th>
<th>Department Goal</th>
<th>Time Line</th>
<th>KPI</th>
<th>Assigned To</th>
<th>Note Month</th>
<th>Note Year</th>
<th>Status</th>
<th>Complete</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>164</td>
<td>FY 2014/15</td>
<td>Once Complete</td>
<td>Engineering, Planning and Science</td>
<td>D</td>
<td>Integrate water supply, water efficiency, storm water management, energy efficiency, water quality and land use measures to promote sustainable watershed management</td>
<td>Complete Integrated Resources Plan</td>
<td>Dec 2014</td>
<td>Sylvie Lee</td>
<td>April</td>
<td>2015</td>
<td>On Schedule</td>
<td>No</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Note: The demand model has been updated with new development standards. Contracts have been executed with RAND and WEI for additional analysis of climate change implications and resiliency in the Chino Basin.*
<table>
<thead>
<tr>
<th>KPI</th>
<th>Assigned To</th>
<th>Goal Year</th>
<th>Note</th>
<th>Status</th>
<th>Completion Date</th>
<th>Time Line</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>15</td>
<td>FY 2014/15</td>
<td>March 2015</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Develop Local Limits and Science D Work with other agencies on the development and implementation of local limits and science D Identify and evaluate regional and local limits to regional water supplies and optimize use of available federal and state grants D Advocate strategies that help ensure the goals of the 2010 UWMP are met and low interest rate financing D Continue to reduce salinity and nutrients in recycled water. D Continue to reduce salinity and nutrients in recycled water. D Continue to reduce salinity and nutrients in recycled water.</td>
</tr>
<tr>
<td>16</td>
<td>FY 2014/15</td>
<td>March 2015</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Develop strategies in the outline draft of the Regional Climate Change Resiliency Plan D Continue to reduce salinity and nutrients in recycled water. D Continue to reduce salinity and nutrients in recycled water. D Continue to reduce salinity and nutrients in recycled water.</td>
</tr>
<tr>
<td>17</td>
<td>FY 2014/15</td>
<td>March 2015</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Develop project list and be ready to implement based on priority criteria. Update Regional Sewerage plan as identified in the Master Plan D Continue to reduce salinity and nutrients in recycled water. D Continue to reduce salinity and nutrients in recycled water. D Continue to reduce salinity and nutrients in recycled water.</td>
</tr>
<tr>
<td>18</td>
<td>FY 2014/15</td>
<td>March 2015</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Develop project list and be ready to implement based on priority criteria. Update Regional Sewerage plan as identified in the Master Plan D Continue to reduce salinity and nutrients in recycled water. D Continue to reduce salinity and nutrients in recycled water. D Continue to reduce salinity and nutrients in recycled water.</td>
</tr>
<tr>
<td>19</td>
<td>FY 2014/15</td>
<td>March 2015</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Develop project list and be ready to implement based on priority criteria. Update Regional Sewerage plan as identified in the Master Plan D Continue to reduce salinity and nutrients in recycled water. D Continue to reduce salinity and nutrients in recycled water. D Continue to reduce salinity and nutrients in recycled water.</td>
</tr>
<tr>
<td>20</td>
<td>FY 2014/15</td>
<td>March 2015</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Develop project list and be ready to implement based on priority criteria. Update Regional Sewerage plan as identified in the Master Plan D Continue to reduce salinity and nutrients in recycled water. D Continue to reduce salinity and nutrients in recycled water. D Continue to reduce salinity and nutrients in recycled water.</td>
</tr>
<tr>
<td>21</td>
<td>FY 2014/15</td>
<td>March 2015</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Develop project list and be ready to implement based on priority criteria. Update Regional Sewerage plan as identified in the Master Plan D Continue to reduce salinity and nutrients in recycled water. D Continue to reduce salinity and nutrients in recycled water. D Continue to reduce salinity and nutrients in recycled water.</td>
</tr>
<tr>
<td>22</td>
<td>FY 2014/15</td>
<td>March 2015</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Develop project list and be ready to implement based on priority criteria. Update Regional Sewerage plan as identified in the Master Plan D Continue to reduce salinity and nutrients in recycled water. D Continue to reduce salinity and nutrients in recycled water. D Continue to reduce salinity and nutrients in recycled water.</td>
</tr>
<tr>
<td>23</td>
<td>FY 2014/15</td>
<td>March 2015</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Develop project list and be ready to implement based on priority criteria. Update Regional Sewerage plan as identified in the Master Plan D Continue to reduce salinity and nutrients in recycled water. D Continue to reduce salinity and nutrients in recycled water. D Continue to reduce salinity and nutrients in recycled water.</td>
</tr>
<tr>
<td>24</td>
<td>FY 2014/15</td>
<td>March 2015</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Develop project list and be ready to implement based on priority criteria. Update Regional Sewerage plan as identified in the Master Plan D Continue to reduce salinity and nutrients in recycled water. D Continue to reduce salinity and nutrients in recycled water. D Continue to reduce salinity and nutrients in recycled water.</td>
</tr>
<tr>
<td>25</td>
<td>FY 2014/15</td>
<td>March 2015</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Develop project list and be ready to implement based on priority criteria. Update Regional Sewerage plan as identified in the Master Plan D Continue to reduce salinity and nutrients in recycled water. D Continue to reduce salinity and nutrients in recycled water. D Continue to reduce salinity and nutrients in recycled water.</td>
</tr>
<tr>
<td>26</td>
<td>FY 2014/15</td>
<td>March 2015</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Develop project list and be ready to implement based on priority criteria. Update Regional Sewerage plan as identified in the Master Plan D Continue to reduce salinity and nutrients in recycled water. D Continue to reduce salinity and nutrients in recycled water. D Continue to reduce salinity and nutrients in recycled water.</td>
</tr>
<tr>
<td>27</td>
<td>FY 2014/15</td>
<td>March 2015</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Develop project list and be ready to implement based on priority criteria. Update Regional Sewerage plan as identified in the Master Plan D Continue to reduce salinity and nutrients in recycled water. D Continue to reduce salinity and nutrients in recycled water. D Continue to reduce salinity and nutrients in recycled water.</td>
</tr>
<tr>
<td>Goal FY</td>
<td>Start Date</td>
<td>Note</td>
<td>Time Line</td>
<td>KPI/Measurement</td>
<td>Work</td>
<td>Goal Work Plan Department Goal Time Line</td>
<td>KPI/Measurement</td>
</tr>
<tr>
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</tr>
<tr>
<td>86 FY 2014/15 Quarterly</td>
<td>Engineering Planning</td>
<td>Complete an Agency-wide inventory of GHG emissions (tons CO2 eq/yr) work plan and baseline</td>
<td>Continuous</td>
<td>Monthly</td>
<td>Monthly</td>
<td>Monthly</td>
<td>Monthly</td>
</tr>
<tr>
<td>87 FY 2014/15 Quarterly</td>
<td>Engineering Planning</td>
<td>Develop a plan for peak Water Peak Demand</td>
<td>Continuous</td>
<td>Monthly</td>
<td>Monthly</td>
<td>Monthly</td>
<td>Monthly</td>
</tr>
<tr>
<td>95 FY 2014/15 Quarterly</td>
<td>Engineering Planning</td>
<td>Develop and implement Recycled Water Peak Demand</td>
<td>Continuous</td>
<td>Monthly</td>
<td>Monthly</td>
<td>Monthly</td>
<td>Monthly</td>
</tr>
</tbody>
</table>

Note: The table continues with similar entries for each fiscal year, detailing the goals, work plans, and timelines for the Department of Water and Power's efforts. The KPI/Measurement columns outline the specific metrics and activities to be monitored and reported on, ensuring accountability and progress tracking. The Work Plan Department Goal Time Line column provides a structured timeline for each goal, facilitating clear planning and execution.
<table>
<thead>
<tr>
<th>Goal ID</th>
<th>Reporting FY</th>
<th>Division</th>
<th>Bus. Goal</th>
<th>Work Plan</th>
<th>Department Goal</th>
<th>Time Line</th>
<th>KPI</th>
<th>Assigned To</th>
<th>Note Month</th>
<th>Note Year</th>
<th>Status</th>
<th>Notes</th>
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</thead>
<tbody>
<tr>
<td>72</td>
<td>FY 2014/15</td>
<td>Quarterly</td>
<td>Engineering, Planning and Science</td>
<td>D</td>
<td>Complete update of the Water Use Efficiency Business Plan by December 2014, the Integrated Resources Plan by October 2014, and the Urban Water Management Plan by June 2016</td>
<td>December 2014</td>
<td>Adoption of the documents</td>
<td>Sylvie Lee</td>
<td>April</td>
<td>2015</td>
<td>Behind Schedule</td>
<td>No - Delayed due to cost of service study and RW policy discussions. Modeling complete and executive summary distributed to member agencies. TM to be complete and distributed by end of April.</td>
</tr>
<tr>
<td>73</td>
<td>FY 2014/15</td>
<td>Quarterly</td>
<td>Engineering, Planning and Science</td>
<td>D</td>
<td>Develop new targets and programs to achieve 20 x 2020 requirement through water use efficiency measures, including: improve rate structures, integrate water use into billing, expand outdoor water use efficiency, and increase local use of stormwater by December 2014</td>
<td>June 2015</td>
<td>226 gpcd by 2015 &lt;200 gpcd by 2018</td>
<td>Sylvie Lee</td>
<td>April</td>
<td>2015</td>
<td>Behind Schedule</td>
<td>No - Water Use Efficiency Business Plan is approximately 60% complete, the consultant is trans. data over to a new version of the AWE model. Completion date has been extended to June 30, 2015.</td>
</tr>
</tbody>
</table>
**Business Goals & Objectives Report By Department**

**Department:** Business Information Services, Contracts and Facilities Services, Finance and Accounting, Human Resources

**Report Month:** March, April

**Year:** 2015

### Business Information Services

<table>
<thead>
<tr>
<th>Goal ID</th>
<th>FY</th>
<th>Start Date</th>
<th>Reporting Division</th>
<th>Business Goal</th>
<th>Work Plan</th>
<th>Department Goal</th>
<th>Time Line</th>
<th>KPI</th>
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<th>Note Month</th>
<th>Note Year</th>
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<th>Notes</th>
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<tbody>
<tr>
<td>11</td>
<td>FY 2014/15</td>
<td>Quarterly</td>
<td>Finance and Administration</td>
<td>A</td>
<td>Continue commitment to cost containment for operating and capital costs</td>
<td>Maintain cost of external SAP support to be within contracted amounts for all vendors</td>
<td>Quarterly</td>
<td>Actuals &lt;= quarterly average of the contracted amounts</td>
<td>Pantayatiwong</td>
<td>April</td>
<td>2015</td>
<td>On Schedule</td>
<td>No</td>
<td>Actual spending during Q3/2015 is $110,899.50 or 74% of quarterly target.</td>
</tr>
<tr>
<td>13</td>
<td>FY 2014/15</td>
<td>Quarterly</td>
<td>Finance and Administration</td>
<td>A</td>
<td>Advocate for continued receipt of property taxes and optimize grants and other funding sources to support Agency and regional investments</td>
<td>Determine requirements for new SAP enhancement that automates cost tracking for projects with multiple grants</td>
<td>July-2015</td>
<td>System go-live by 12/31/2015 + 10% reduction in process time for grants analyst after implementation</td>
<td>Pantayatiwong</td>
<td>April</td>
<td>2015</td>
<td>Behind Schedule</td>
<td>No</td>
<td>No new update.</td>
</tr>
<tr>
<td>23</td>
<td>FY 2014/15</td>
<td>Quarterly</td>
<td>Finance and Administration</td>
<td>A</td>
<td>Integrate projects identified in the long range financial planning documents, such as the Facilities Wastewater Master Plan, Technology Master Plan, Energy Plan, and the Integrated Resources Plan, into the operating and capital budget by July 2016</td>
<td>Assess challenges with Agency's financial processes: increase speed of processing reports</td>
<td>Quarterly</td>
<td>15% increase in report response time</td>
<td>Pantayatiwong</td>
<td>April</td>
<td>2015</td>
<td>On Schedule</td>
<td>No</td>
<td>The Engineering Project Dashboard was deployed in March to the project managers, executive and few staff. Prior to this dashboard, the equivalent information would have taken 15-20 minutes per project. Today, the dashboard presents the information in seconds - a dramatic increase in productivity as well as less dependent on administrative staff to gather and compile the information.</td>
</tr>
<tr>
<td>30</td>
<td>FY 2014/15</td>
<td>Quarterly</td>
<td>Finance and Administration</td>
<td>B</td>
<td>Ensure staff understands and upholds their role in achieving the Agency's Mission, Vision, and Values</td>
<td>Provide staff with opportunities for technical and professional training classes. Release new enhancements to Agency's various software applications at fixed intervals (every 4 months)</td>
<td>Every January 15, May 15 and September 15</td>
<td>50% or more of staff receiving training class per year. 100% of enhancements released plus or minus two calendar weeks from scheduled release date</td>
<td>Pantayatiwong</td>
<td>April</td>
<td>2015</td>
<td>On Schedule</td>
<td>No</td>
<td>Training for Q3 (8/11 or 45%): Kanies, Lauramere, Matt, Glenn, Rose, Ting, Khinh, Joseph</td>
</tr>
<tr>
<td>45</td>
<td>FY 2014/15</td>
<td>Quarterly</td>
<td>Finance and Administration</td>
<td>C</td>
<td>Develop a program that annually measures the effectiveness and efficiency of Agency core services based on stakeholder feedback on “quality, cost and value”</td>
<td>Develop at least one dashboard-like reporting tool for key metrics determined by the process owners</td>
<td>Quarterly</td>
<td>Project time / Available time =&gt; 50%</td>
<td>Pantayatiwong</td>
<td>April</td>
<td>2015</td>
<td>On Schedule</td>
<td>No</td>
<td>The Engineering Project Dashboard was deployed in March to the project managers, executive and few staff. The dashboard provides project schedule information (derived from Primavera) and project budget, overall and annual perspectives (derived from SAP).</td>
</tr>
<tr>
<td>46</td>
<td>FY 2014/15</td>
<td>Quarterly</td>
<td>Finance and Administration</td>
<td>C</td>
<td>Develop a program that annually measures the effectiveness and efficiency of Agency core services based on stakeholder feedback on “quality, cost and value”</td>
<td>Allocate at least 50% of staff time towards projects and research &amp; development work, aside from break-fixes, maintenance tasks (e.g., upgrades) and administrative tasks</td>
<td>Quarterly</td>
<td>Project time / Available time =&gt; 50%</td>
<td>Pantayatiwong</td>
<td>April</td>
<td>2015</td>
<td>On Schedule</td>
<td>No</td>
<td>50% spent on projects between PP02 - PP07 of 2015. Staff time spent on projects was 2,448 hrs and total staff time was 4,137 hrs. (excluded manager's hours).</td>
</tr>
<tr>
<td>47</td>
<td>FY 2014/15</td>
<td>Quarterly</td>
<td>Finance and Administration</td>
<td>C</td>
<td>Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies</td>
<td>Provide initial Lean training to all managers</td>
<td>6/30/2015</td>
<td>100% of managers trained</td>
<td>Pantayatiwong</td>
<td>April</td>
<td>2015</td>
<td>On Schedule</td>
<td>No</td>
<td>No new update.</td>
</tr>
<tr>
<td>Goal ID</td>
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<td>Reporting Required</td>
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</tr>
<tr>
<td>48</td>
<td>Finance and Administration</td>
<td>48 FY 2014/15</td>
<td>C</td>
<td>C</td>
<td>Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies</td>
<td>Train all Lean team members</td>
<td>At start of each project</td>
<td>100% of team trained</td>
<td>Kanes Pantayatiwong</td>
<td>April</td>
<td>2015</td>
<td>Behind Schedule</td>
<td>No</td>
<td>Engineering invoice approval project reached a point where the assessments have been completed. The next step will depend on the completion of Policy A-50 update. Once set, BIS can implement the technical component for approval. Biosolids handling project also started and some positive changes have been implemented in the accounting area. The project will be completed in Q4 along with documented benefits.</td>
</tr>
<tr>
<td>49</td>
<td>Finance and Administration</td>
<td>49 FY 2014/15</td>
<td>C</td>
<td>C</td>
<td>Provide timely updates to the Regional Committees and the IEUA Board on long term planning needs</td>
<td>Release new enhancements to Agency's various software applications at fixed intervals (every 4 months)</td>
<td>Continuous</td>
<td>Number of enhancements released; ROI of each enhancement when applicable</td>
<td>Kanes Pantayatiwong</td>
<td>April</td>
<td>2015</td>
<td>Behind Schedule</td>
<td>No</td>
<td>BIS is working with both Maintenance and GIS during Q3 to develop a process for automatic conversion of PR to PO for low dollar value PRs. The technical configuration is 90% complete.</td>
</tr>
<tr>
<td>52</td>
<td>Finance and Administration</td>
<td>52 FY 2014/15</td>
<td>C</td>
<td>C</td>
<td>Replace the legacy Document Management System to ensure it meets Agency-wide and regulatory public records requirements and eliminates redundant archiving systems by December 2015</td>
<td>Determine business requirements incorporating an updated taxonomy</td>
<td>April-2015</td>
<td>System on-line by December 2015</td>
<td>Kanes Pantayatiwong</td>
<td>April</td>
<td>2015</td>
<td>Behind Schedule</td>
<td>No</td>
<td>Contract for the ECM assessment was awarded. The project kick-off has taken place and the process review workshops are underway. The assessment is expected to be completed in July. After which, the RFP for the ECM solution will be issued. As of now, the solution implementation will not be completed by December 2015.</td>
</tr>
<tr>
<td>43</td>
<td>Finance and Administration</td>
<td>43 FY 2014/15</td>
<td>C</td>
<td>C</td>
<td>Determine the scope for Geographic Information Systems online applications to share information with member agencies</td>
<td>Promote the use of ArcGIS Online applications for information sharing through quarterly GIS User Group meetings</td>
<td>Quarterly</td>
<td>Reduction in ArcGIS Desktop users and increase in ArcGIS Online users/applications</td>
<td>Kanes Pantayatiwong</td>
<td>April</td>
<td>2015</td>
<td>On Schedule</td>
<td>No</td>
<td>The number of ArcGIS Desktop remains unchanged (4) while the number of ArcGIS Online has increased from 25 in Q2 to 31 active users in Q3, gain of 25%.</td>
</tr>
<tr>
<td>53</td>
<td>Finance and Administration</td>
<td>53 FY 2014/15</td>
<td>B</td>
<td>B</td>
<td>Develop and implement a plan to mentor and prepare the next generation of Agency leaders by July 2015</td>
<td>Allow staff to present his/her enhancements at the 4-month enhancement press releases</td>
<td>Every January, May and September</td>
<td>3 or more staff recognized per year</td>
<td>Kanes Pantayatiwong</td>
<td>April</td>
<td>2015</td>
<td>On Schedule</td>
<td>No</td>
<td>Joseph and Lauriane were recognized for their development of the next generation of Agency leaders.</td>
</tr>
<tr>
<td>59</td>
<td>Finance and Administration</td>
<td>59 FY 2014/15</td>
<td>C</td>
<td>C</td>
<td>Determine the scope for Geographic Information Systems online applications to share information with member agencies</td>
<td>GIS applications with CCTV videos and pipe assessment</td>
<td>July-2015</td>
<td>100% on-line within one month of video receipt</td>
<td>Kanes Pantayatiwong</td>
<td>April</td>
<td>2015</td>
<td>On Schedule</td>
<td>No</td>
<td>The videos are being delivered and uploaded to CCTV Viewer application within time allocated.</td>
</tr>
<tr>
<td>109</td>
<td>Finance and Administration</td>
<td>109 FY 2014/15</td>
<td>C</td>
<td>C</td>
<td>Determine the scope for Geographic Information Systems online applications to share information with member agencies</td>
<td>Develop web-based GIS applications that are free to use and are relevant to Agency's customers, intended for information sharing, transparency and education purposes</td>
<td>July-2015</td>
<td>Two applications on-line</td>
<td>Kanes Pantayatiwong</td>
<td>April</td>
<td>2015</td>
<td>On Schedule</td>
<td>No</td>
<td>Although no new applications added, BIS has been working with Operations and Maintenance to develop a pilot for using GIS application as the interface for reporting incidents. A vendor demo was arranged that has the solution for integrating SAP work notifications and work orders to web-based GIS (ArcGIS Online).</td>
</tr>
<tr>
<td>110</td>
<td>Finance and Administration</td>
<td>110 FY 2014/15</td>
<td>C</td>
<td>C</td>
<td>Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies</td>
<td>Determine Procurement to Payment material master content</td>
<td>9/30/2014</td>
<td>Design supports functional</td>
<td>Kanes Pantayatiwong</td>
<td>April</td>
<td>2015</td>
<td>Behind Schedule</td>
<td>No</td>
<td>Technical development for the automatic conversion of low value PRs to POs is near completion, which includes the electronic signature, data stamp, and email generation with PDF version of PO. The remaining task is to include the Terms &amp; Conditions statement to the PDF version of PO.</td>
</tr>
<tr>
<td>111</td>
<td>Finance and Administration</td>
<td>111 FY 2014/15</td>
<td>C</td>
<td>C</td>
<td>Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies</td>
<td>Implement the use of electronic signatures for invoicing on emergency contracts</td>
<td>April-2015</td>
<td>Electronic signature capability for and approvers</td>
<td>Kanes Pantayatiwong</td>
<td>April</td>
<td>2015</td>
<td>Behind Schedule</td>
<td>No</td>
<td>The technical implementation is pending the completion of Policy A-50 update, since the decision on approval threshold dictates the technical configuration.</td>
</tr>
<tr>
<td>Goal ID</td>
<td>FY</td>
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<td>Reporting Division</td>
<td>Business Goal</td>
<td>Work Plan</td>
<td>Department Goal</td>
<td>Time Line</td>
<td>KPI</td>
<td>Assigned To</td>
<td>Note Month</td>
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<tr>
<td>118</td>
<td>FY 2014/15</td>
<td>Annual</td>
<td>Finance and Administration</td>
<td>A</td>
<td>Transition to a biennial budget beginning July 1, 2015</td>
<td>Evaluate potential improvements to budgeting process, if appropriate, through enhancing SAP functionality</td>
<td>April-2015</td>
<td>&gt;= 10% reduction in number of budgeting cycle days for O&amp;M and Capital budgets</td>
<td>Kanes Pantayatiwong</td>
<td>April</td>
<td>2015</td>
<td>Behind Schedule</td>
<td>No</td>
<td>No new update.</td>
</tr>
<tr>
<td>120</td>
<td>FY 2014/15</td>
<td>Annual</td>
<td>Finance and Administration</td>
<td>C</td>
<td>Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies</td>
<td>Reduce the number of external spreadsheets utilized to address NRW rate questions</td>
<td>3/31/2015</td>
<td>50% reduction of spreadsheets in use</td>
<td>Kanes Pantayatiwong</td>
<td>April</td>
<td>2015</td>
<td>Behind Schedule</td>
<td>No</td>
<td>The project was deferred due to delay with historical data upload for Water Database. Small improvements were made to the upload process/program and reports. The NRW project will resume in Q4.</td>
</tr>
<tr>
<td>121</td>
<td>FY 2014/15</td>
<td>Annual</td>
<td>Finance and Administration</td>
<td>C</td>
<td>Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies</td>
<td>Develop new process for managing BIS support tickets and with less tools, currently 3 systems</td>
<td>January-2015</td>
<td>&lt; 3 systems in use</td>
<td>Kanes Pantayatiwong</td>
<td>April</td>
<td>2015</td>
<td>Behind Schedule</td>
<td>No</td>
<td>BIS now uses only 2 ticket management systems. BIS has stopped using Solution Manager to track support and enhancement tickets and primarily uses AIM tickets for all support requests. myPT support tickets are still being used since it provides security needed for sensitive HR and payroll issues.</td>
</tr>
<tr>
<td>149</td>
<td>FY 2014/15</td>
<td>Once Complete</td>
<td>Finance and Administration</td>
<td>A</td>
<td>Integrate projects identified in the long range financial planning documents, such as the Facilities Wastewater Master Plan, Technology Master Plan, Energy Plan, and the Integrated Resources Plan, into the operating and capital budget by July 2016</td>
<td>Assess challenges with Agency’s financial processes: develop RFP for long term modifications</td>
<td>January-2015</td>
<td>Completed by due date</td>
<td>Kanes Pantayatiwong</td>
<td>April</td>
<td>2015</td>
<td>Behind Schedule</td>
<td>No</td>
<td>No new update.</td>
</tr>
<tr>
<td>150</td>
<td>FY 2014/15</td>
<td>Once Complete</td>
<td>Finance and Administration</td>
<td>A</td>
<td>Integrate projects identified in the long range financial planning documents, such as the Facilities Wastewater Master Plan, Technology Master Plan, Energy Plan, and the Integrated Resources Plan, into the operating and capital budget by July 2016</td>
<td>Assess challenges with Agency’s financial processes: create baseline utilization</td>
<td>9/30/2014</td>
<td>completed by due date</td>
<td>Kanes Pantayatiwong</td>
<td>April</td>
<td>2015</td>
<td>Behind Schedule</td>
<td>No</td>
<td>No new update. Staff spent majority of the time on the changes needed to meet the approved Class &amp; Comp changes that went live on 4/3/2015.</td>
</tr>
<tr>
<td>163</td>
<td>FY 2014/15</td>
<td>Once Complete</td>
<td>Finance and Administration</td>
<td>B</td>
<td>Uphold a strong internal control environment by conducting independent objective internal and external audits of Agency finances and operations</td>
<td>Create a checklist to ensure all projects are reviewed against TMP standards during needs assessment for all projects</td>
<td>100% of projects have checklist completed</td>
<td>Kanes Pantayatiwong</td>
<td>April</td>
<td>2015</td>
<td>On Schedule</td>
<td>No</td>
<td>No new update.</td>
<td></td>
</tr>
</tbody>
</table>

**Contracts and Facilities Services**

<table>
<thead>
<tr>
<th>Goal ID</th>
<th>FY</th>
<th>Start</th>
<th>Reporting Division</th>
<th>Business Goal</th>
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<tbody>
<tr>
<td>108</td>
<td>FY 2014/15</td>
<td>Quaterly</td>
<td>Finance and Administration</td>
<td>C</td>
<td>Replace the legacy Document Management System to ensure it meets Agency-wide and regulatory public records requirements and eliminates redundant archiving systems by December 2015</td>
<td>Implement the new Document Management System and the Agency’s taxonomy.</td>
<td>July-2016</td>
<td>Reduce time spent on production of records by improving the location and retrieval time by 20%</td>
<td>Warren Green</td>
<td>April</td>
<td>2015</td>
<td>On Schedule</td>
<td>No</td>
<td>The Consultants continue to evaluate processes for the implementation of the ECM System. The Consultants deliver requirements include the development of a high-level taxonomy. The RM staff will endeavor to utilize the high-level taxonomy while continuing efforts to development a thorough, working level taxonomy and file plan.</td>
</tr>
</tbody>
</table>
Develop a communication plan to promote being a good neighbor by June 2015.

Ensure all current and future landscaping, and new facilities are in cooperation with current LEED and water-efficiency programs and advancements.

June-2015

100% of new landscaping design and material, along with facility design are measured against programs.

Warren Green April 2015 On Schedule No

Staff is still working on the implementation of the Agency-wide Beautification project at RP-4. We are moving forward with the RP-5 lawn conversion improvements project to remove over 5 acres of turf. Staff has started on the design and specifications for RP-1 and Carbon Canyon lawn conversion improvements. These projects will reduce the Agency’s recycled water usage and showcase large demonstration sites for our members and stakeholders to replicate.

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.

June-2015

Increase educational signage for Agency facilities where accessible by the public by 10%.

Warren Green April 2015 On Schedule No

We are currently working on new signage for the Agency’s facilities. The department is working with the External Affairs staff on signage content and will be working on signage design for various site locations.

Ensure staff understands and upholds their role in achieving the Agency’s Mission, Vision, and Values.

Conduct Agency training on department processes that are in line with the Agency’s MVV’s.

Conduct at least 3 sessions for 3 related topics.

Warren Green April 2015 On Schedule No

The Email Management through Managed Folders project was successfully completed according to schedule. The Agency is in the process of developing reports that will indicate how much disk space is saved due to the new project.

Ensure staff understands and upholds their role in achieving the Agency’s Mission, Vision, and Values.

Conduct Agency training on department processes that are in line with the Agency’s MVV’s.

Conduct at least 3 sessions for 3 related topics.

Warren Green April 2015 On Schedule No

The Agency will hold its annual Records Management training for all managers and records liaisons on April 29th.

Identify and participate in organizations that advance the Agency’s mission, vision and key initiative.

Continue to network with professional groups for the respected areas of CFM.

July-2015

Attend at least 5 training sessions/meetings for CAPPO and ARMA.

Warren Green April 2015 On Schedule No

Staff attended several different training programs during the quarter, including CAPPO, ISM training, as well as hosted a workshop with several of our sister agencies to review and identify the implementation of SB854 as well as the impacts on the Agency.

Conduct or participate in a forum to compile performance measures for agencies across the state that will serve as a benchmarking tool to drive awareness of strengths and opportunities for improvement by June 2016.

Expand best management practices in the contract and procurement processes.

June-2015

Increase in performance measurements.

Warren Green April 2015 On Schedule No

The department hosted a consortium meeting with our counterparts from Eastern, Western, Coachella Valley and Elsinore to discuss the implementation of SB854, impacts to their agencies, and other areas of the contracts and procurements business. Customer service issues, etc.

Transition to a biennial budget beginning July 1, 2015.

Establish new contracts and amendments to emphasize multi-year fixed price terms.

July-2015

50% of newly issued applicable contracts.

Warren Green April 2015 On Schedule No

During the 3rd quarter staff negotiated several new multiyear contracts (Office Depot, Grainger, etc.), including the new multiyear lease agreement with Konica Minolta. We continue to support the establishment of multiyear lease agreements with maintenance/service providers in support of overall benefit to the Agency.

Continue commitment to cost containment for operating and capital costs.

Maintain competitive purchasing programs consistent with the Agency Procurement Ordinance.

June-2015

Increase of 5% in cost savings.

Warren Green April 2015 On Schedule No

Staff continues to evaluate the contracts and saving opportunities during the procurement process. During the 3rd quarter staff processed 706 purchase orders with a total value over $16 million.
<table>
<thead>
<tr>
<th>Goal</th>
<th>FY</th>
<th>Quarterly</th>
<th>Division</th>
<th>Business Goal</th>
<th>Department Goal</th>
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<tbody>
<tr>
<td>6</td>
<td>FY 2014/15</td>
<td>Quarterly</td>
<td>Finance and Administration</td>
<td>A</td>
<td>Integrate projects identified in the long range financial planning documents, such as the Facilities Master Plan, Technology Master Plan, Energy Plan, and the Integrated Resources Plan, into the operating and capital budget by July 2016</td>
<td>Work with pertinent departments in identifying projects from various master plans and integrated into the respective program budget</td>
<td>December - April</td>
<td>None</td>
<td>Javier Chagoyen</td>
<td>April</td>
<td>2015</td>
<td>On</td>
<td>Schedule</td>
</tr>
<tr>
<td>6</td>
<td>FY 2014/15</td>
<td>Quarterly</td>
<td>Finance and Administration</td>
<td>A</td>
<td>Integrate projects identified in the long range financial planning documents, such as the Facilities Master Plan, Technology Master Plan, Energy Plan, and the Integrated Resources Plan, into the operating and capital budget by July 2016</td>
<td>Work with pertinent departments in identifying projects from various master plans and integrated into the respective program budget</td>
<td>December - April</td>
<td>None</td>
<td>Javier Chagoyen</td>
<td>April</td>
<td>2015</td>
<td>On</td>
<td>Schedule</td>
</tr>
<tr>
<td>8</td>
<td>FY 2014/15</td>
<td>Quarterly</td>
<td>Finance and Administration</td>
<td>A</td>
<td>Continue commitment to cost containment for operating and capital costs</td>
<td>Collaborate with various departments in identifying cost containment items and monitoring the performance through regular budget variance review</td>
<td>Throughout the fiscal year</td>
<td>None</td>
<td>Javier Chagoyen</td>
<td>April</td>
<td>2015</td>
<td>On</td>
<td>Schedule</td>
</tr>
<tr>
<td>18</td>
<td>FY 2014/15</td>
<td>Quarterly</td>
<td>Finance and Administration</td>
<td>A</td>
<td>Adopt rates that fully meet cost of service for key Agency programs, Non-Reclaimable Wastewater (NRW) System by July 2019, Regional Wastewater by July 2018, Recycled Water by July 2019, Water Resources by July 2020</td>
<td>Collaborate with various departments in identifying the cost of service (COS) and developing the rate structure to sufficiently support the COS for NRW system, Regional Wastewater, and Recycled Water programs</td>
<td>FY 2014/15 through 20/16/17</td>
<td>Cost of service not to exceed the service rates</td>
<td>Javier Chagoyen</td>
<td>April</td>
<td>2015</td>
<td>On</td>
<td>Schedule</td>
</tr>
<tr>
<td>18</td>
<td>FY 2014/15</td>
<td>Quarterly</td>
<td>Finance and Administration</td>
<td>A</td>
<td>Adopt rates that fully meet cost of service for key Agency programs, Non-Reclaimable Wastewater (NRW) System by July 2019, Regional Wastewater by July 2018, Recycled Water by July 2019, Water Resources by July 2020</td>
<td>Collaborate with various departments in identifying the cost of service (COS) and developing the rate structure to sufficiently support the COS for NRW system, Regional Wastewater, and Recycled Water programs</td>
<td>FY 2014/15 through 20/16/17</td>
<td>Cost of service not to exceed the service rates</td>
<td>Javier Chagoyen</td>
<td>April</td>
<td>2015</td>
<td>On</td>
<td>Schedule</td>
</tr>
<tr>
<td>14</td>
<td>FY 2014/15</td>
<td>Quarterly</td>
<td>Finance and Administration</td>
<td>A</td>
<td>Advocate for continued receipt of property taxes and optimize grants and other funding sources to support Agency and regional investments</td>
<td>Monitor the receipt of property tax, review the property tax allocation among funds</td>
<td>Throughout the fiscal year</td>
<td>None</td>
<td>Javier Chagoyen</td>
<td>April</td>
<td>2015</td>
<td>On</td>
<td>Schedule</td>
</tr>
<tr>
<td>14</td>
<td>FY 2014/15</td>
<td>Quarterly</td>
<td>Finance and Administration</td>
<td>A</td>
<td>Advocate for continued receipt of property taxes and optimize grants and other funding sources to support Agency and regional investments</td>
<td>Monitor the receipt of property tax, review the property tax allocation among funds</td>
<td>Throughout the fiscal year</td>
<td>None</td>
<td>Javier Chagoyen</td>
<td>April</td>
<td>2015</td>
<td>On</td>
<td>Schedule</td>
</tr>
<tr>
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<td>KPI</td>
<td>Assigned To</td>
<td>Note Month</td>
<td>Note Year</td>
<td>Status</td>
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<tr>
<td>15</td>
<td>FY 2014/15</td>
<td>Quarterly</td>
<td>Finance and Administration</td>
<td>Advocate for continued receipt of property taxes and optimize grants and other funding sources to support Agency and regional investments</td>
<td>Develop an Agency Grants Management Plan that will serve as a guide for the following grant activities: - Assess current grants management SWOT - Evaluate cost-benefit for each grant application - Recommend potential grant opportunities that align with the Agency mission and financial goal - Pursue new grant awards to diversify revenue. - Collaborate with departments that have projects that need grant funding) - Collaborate with the Member agencies, JPAs, and the regional leaders on projects that can be partially funded by grant or SRF loan programs. - Manage congressional grant authorizations for water desalination projects in the Chino Basin - Find grants that match with Member and Regional Agencies capital and conservation programs</td>
<td>Throughout the fiscal year</td>
<td>None</td>
<td>Javier Chagoyen</td>
<td>April</td>
<td>2015</td>
<td>On Schedule</td>
<td>No</td>
<td>in progress</td>
</tr>
</tbody>
</table>

A matrix outlining the Agency Grants Management Plan has been developed as a guide for Agency grant activities. Additional information regarding Prop 1 Water Bond grant funding opportunities will be added when they become available.
<table>
<thead>
<tr>
<th>Goal ID</th>
<th>FY</th>
<th>Quarterly</th>
<th>Division</th>
<th>Bus. Goal</th>
<th>Work Plan</th>
<th>Department Goal</th>
<th>Time Line</th>
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<tbody>
<tr>
<td>22</td>
<td>FY 2014/15</td>
<td>Quarterly</td>
<td>Finance and Administration</td>
<td>A</td>
<td>Transition to a biennial budget beginning July 1, 2015</td>
<td>Prepare a biennial budget for both Operations and CIP for Agency's various programs</td>
<td>January to June</td>
<td>To be adopted by the Board in June 2015</td>
<td>Javier Chagoyen -</td>
<td>April</td>
<td>2015</td>
<td>On Schedule</td>
<td>No</td>
<td>In progress</td>
</tr>
<tr>
<td>22</td>
<td>FY 2014/15</td>
<td>Quarterly</td>
<td>Finance and Administration</td>
<td>A</td>
<td>Transition to a biennial budget beginning July 1, 2015</td>
<td>Prepare a biennial budget for both Operations and CIP for Agency's various programs</td>
<td>January to June</td>
<td>To be adopted by the Board in June 2015</td>
<td>Javier Chagoyen -</td>
<td>April</td>
<td>2015</td>
<td>On Schedule</td>
<td>No</td>
<td>In the process of preparing various programs biennial budget. Scheduled for the Board review in May is the presentation of Administrative Service, Wastewater, Recycled Water, Water Resources, Recharge Water and Non-Reclaimable Wastewater program budget.</td>
</tr>
<tr>
<td>50</td>
<td>FY 2014/15</td>
<td>Quarterly</td>
<td>Finance and Administration</td>
<td>A</td>
<td>Annually update the Agency's Investment Policy to ensure appropriate balance among safety, liquidity and yield considerations</td>
<td>Update the Agency’s investment policy in accordance to the California Government Code (CGC)</td>
<td>March to May</td>
<td>Present the Investment Policy update to the Board for adoption in June</td>
<td>Javier Chagoyen -</td>
<td>April</td>
<td>2015</td>
<td>On Schedule</td>
<td>No</td>
<td>In progress</td>
</tr>
<tr>
<td>50</td>
<td>FY 2014/15</td>
<td>Quarterly</td>
<td>Finance and Administration</td>
<td>A</td>
<td>Annually update the Agency’s Investment Policy to ensure appropriate balance among safety, liquidity and yield considerations</td>
<td>Update the Agency’s investment policy in accordance to the California Government Code (CGC)</td>
<td>March to May</td>
<td>Present the Investment Policy update to the Board for adoption in June</td>
<td>Javier Chagoyen -</td>
<td>April</td>
<td>2015</td>
<td>On Schedule</td>
<td>No</td>
<td>In the process of updating the FY 15/16 investment policy.</td>
</tr>
</tbody>
</table>

**Human Resources**

<p>| 36     | FY 2014/15 | Quarterly | Finance and Administration    | B        | Promote positive labor relations by conducting routine informal labor/management meetings with unit representative | Hold quarterly Labor/Management meetings to address concerns and issues on an ongoing basis | Quarterly | Number of grievances filed and number of grievances resolved at Appeals Committee Level | Sharmeen Bhojani | March       | 2015     | Behind Schedule | No | Labor Management meetings were not held this quarter due to the meet and confer process for the Class and Comp Study. Six grievances were filed during this quarter. |
| 37     | FY 2014/15 | Quarterly | Finance and Administration    | B        | Promote positive labor relations by conducting routine informal labor/management meetings with unit representative | Promote and sustain open communication with all levels of staff in order to effectively resolve work related issues in a harmonious manner | June -2015 | Number of grievances filed and number of grievances resolved at Appeals Committee Level | Sharmeen Bhojani | March       | 2015     | Behind Schedule | No | Labor Management meetings were not held this quarter due to the meet and confer process for the Class and Comp Study. 77 grievances were filed during this quarter. |
| 28     | FY 2014/15 | Quarterly | Finance and Administration    | B        | Ensure staff understands and upholds their role in achieving the Agency's Mission, Vision, and Values | Develop creative communication methods for continuous education of employee benefits to increase knowledge of benefit programs and services including visiting and scheduling appointments with employees at other facilities, holding continuous lunch and learn sessions and other educational workshops and presentations | June -2015 | Survey and employee feedback Number of on-site visits, lunch and learn and other educational sessions held | Sharmeen Bhojani | March       | 2015     | On Schedule | No | New Hire Tour held in February. On site visit from Lincoln National in January and CalPERS 457 in February. The January issue of the Wave Newsletter introduced the Agency’s new EAP provided by Cigna Insurance. The March Wave issue included a link to “Start Saving Sooner”, a mini video presented by Lincoln Financial designed to show employees how saving money now can make a big difference at retirement. |
| 7      | FY 2014/15 | Quarterly | Finance and Administration    | B        | Implement the Agency-wide Classification and Compensation Study by November 2014 | Finalize the Agency-wide Classification and Compensation Study to develop a fair, consistent and competitive compensation program | November-2014 | Implementation of the Study and feedback from employees | Sharmeen Bhojani | March       | 2015     | Behind Schedule | No | The Agency ratified the Class &amp; Comp Study for all unrepresented employees and the Lab unit in January 2015. Staff is still in the meet and confer process with the other four units. The goal is to finalize the meet and confer process in June 2015. |</p>
<table>
<thead>
<tr>
<th>ID</th>
<th>Goal</th>
<th>FY Start</th>
<th>Quarterly</th>
<th>Division</th>
<th>Work Plan</th>
<th>Department Goal</th>
<th>Time Line</th>
<th>KPI</th>
<th>Assigned To</th>
<th>Note Month</th>
<th>Note Year</th>
<th>Status</th>
<th>Complete</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>54</td>
<td>Review and update the STAR Award Program to more effectively recognize outstanding performance by December 2014</td>
<td>FY 2014/15</td>
<td>Quarterly</td>
<td>Finance and Administration</td>
<td>B</td>
<td>Develop additional creative and cost-effective ways to reward and recognize outstanding and dedicated staff</td>
<td>December-2014</td>
<td>Number of employees recognized</td>
<td>Sharmeen Bhojani</td>
<td>March</td>
<td>2015</td>
<td>On Schedule</td>
<td>No</td>
<td>24 employees received an &quot;Outstanding&quot; Overall rating during this FY and recognized by Executive Management and Director Caitlin with a personalized card. Additionally, staff has been reviewing past ideas and having ongoing discussions on this subject, however, due to other priorities in this department and staffing challenges this quarter, the development of additional ways to reward employees continues to be deferred to Quarter 4.</td>
</tr>
<tr>
<td>41</td>
<td>Promote a safer work environment by administering and monitoring required safety and regulatory training</td>
<td>FY 2014/15</td>
<td>Quarterly</td>
<td>Finance and Administration</td>
<td>B</td>
<td>Provide required and supplemental training; encourage communication and employee participation in reporting workplace hazards and unsafe work practices</td>
<td>Quarterly</td>
<td>Review hazard and incident reports and worker’s comp injury logs</td>
<td>Sharmeen Bhojani</td>
<td>April</td>
<td>2015</td>
<td>On Schedule</td>
<td>No</td>
<td>This is an ongoing process. Maintain open communication with staff. Promote safe work practices. Continue periodic review of incident reports and Worker’s Compensation records.</td>
</tr>
<tr>
<td>58</td>
<td>Annually, review and revise the Workplace Injury Illness Prevention Program to prevent work related injuries/illness and reduce loss of time worked</td>
<td>FY 2014/15</td>
<td>Quarterly</td>
<td>Finance and Administration</td>
<td>B</td>
<td>Encourage Committee to make recommendations to prevent future work related injuries.</td>
<td>Annual</td>
<td>Review hazard and incident reports and worker’s comp injury logs</td>
<td>Sharmeen Bhojani</td>
<td>April</td>
<td>2015</td>
<td>On Schedule</td>
<td>No</td>
<td>Periodic reviews are conducted of the IPP, Worker’s Compensation records, and Hazard INCIDENT Reports. Hazard INCIDENT reports are reviewed at each Safety and Health Committee meeting. The summary OSHA 300 log was posted at all facilities on February 1st as required, and to provide employees information on total injuries from the prior year.</td>
</tr>
<tr>
<td>106</td>
<td>Develop a plan to conduct a feedback study to measure employee satisfaction by December 2014</td>
<td>FY 2014/15</td>
<td>Quarterly</td>
<td>Finance and Administration</td>
<td>B</td>
<td>Create and distribute an employee satisfaction survey; identify strategies to increase employee morale and promote employee retention</td>
<td>December-2014</td>
<td>Attain a positive rating of overall employee satisfaction</td>
<td>Sharmeen Bhojani</td>
<td>April</td>
<td>2015</td>
<td>On Schedule</td>
<td>No</td>
<td>This is on hold pending conclusion of the class and comp study.</td>
</tr>
<tr>
<td>107</td>
<td>Review and update the STAR Award Program to more effectively recognize outstanding performance by December 2014</td>
<td>FY 2014/15</td>
<td>Quarterly</td>
<td>Finance and Administration</td>
<td>B</td>
<td>Change the format of the STAR Award Program to ensure more employees have an opportunity to receive the award</td>
<td>December-2014</td>
<td>Number of employees recognized</td>
<td>Sharmeen Bhojani</td>
<td>March</td>
<td>2015</td>
<td>On Schedule</td>
<td>No</td>
<td>The STAR program recognizes employees in July and September. There will not be an update until FY 15 16.</td>
</tr>
</tbody>
</table>
### Business Goals & Objectives Report By Department

**Report Month:** April, March, May - Year: 2015

#### Maintenance

<table>
<thead>
<tr>
<th>Goal ID</th>
<th>FY</th>
<th>Start Year</th>
<th>Reporting Division</th>
<th>Work Plan</th>
<th>Department Goal</th>
<th>Time Line</th>
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<th>Assigned To</th>
<th>Note Month</th>
<th>Note Year</th>
<th>Status</th>
<th>Complete Notes</th>
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<tbody>
<tr>
<td>93</td>
<td>FY 2014/15</td>
<td>Quarterly</td>
<td>Operations</td>
<td>E</td>
<td>Ensure reliability of Agency assets by annually implementing the assessment program (Asset Management Plan)</td>
<td>Complete condition assessments annually</td>
<td>Complete at least five major condition assessments by end of FY14/15</td>
<td>Francis Concinemo</td>
<td>April</td>
<td>2015</td>
<td>On Schedule</td>
<td>No</td>
</tr>
<tr>
<td>98</td>
<td>FY 2014/15</td>
<td>Quarterly</td>
<td>Operations</td>
<td>F</td>
<td>Strive for 100% use of Agency bi-products by 2021</td>
<td>Ensure all treatment standards are met to maximize availability of recycled water</td>
<td>FY 2014/15</td>
<td>Attain 100% NPDES Compliance</td>
<td>Matt Melendrez</td>
<td>April</td>
<td>2015</td>
<td>On Schedule</td>
</tr>
<tr>
<td>99</td>
<td>FY 2014/15</td>
<td>Quarterly</td>
<td>Operations</td>
<td>F</td>
<td>Strive for 100% use of Agency bi-products by 2021</td>
<td>Maximize use of biosolids by sending 50% of organics to IERCF</td>
<td>FY 2014/15</td>
<td>Send 90% of organics to IERCF</td>
<td>Matt Melendrez</td>
<td>April</td>
<td>2015</td>
<td>On Schedule</td>
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<tr>
<td>101</td>
<td>FY 2014/15</td>
<td>Quarterly</td>
<td>Operations</td>
<td>F</td>
<td>Annually review and update Key Performance Indicators (KPI's) to monitor and comply with all regulatory requirements</td>
<td>Review and update all facility KPI's</td>
<td>FY 2014/15</td>
<td>1 Facility per Quarter</td>
<td>Chander Letulle</td>
<td>April</td>
<td>2015</td>
<td>On Schedule</td>
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<tr>
<td>102</td>
<td>FY 2014/15</td>
<td>Quarterly</td>
<td>Operations</td>
<td>F</td>
<td>Annually review and update the Emergency Response and Operational Plans for all facilities</td>
<td>Support Human Resources and Safety Department in the review and update of the Emergency Response and Operational Plans for all facilities.</td>
<td>FY 2014/15</td>
<td>1 Facility per Quarter</td>
<td>Chander Letulle</td>
<td>April</td>
<td>2015</td>
<td>On Schedule</td>
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<tr>
<td>78</td>
<td>FY 2014/15</td>
<td>Quarterly</td>
<td>Operations</td>
<td>D</td>
<td>Optimize IEUA's use of potable and recycled water by July 2016</td>
<td>Establish potable and recycled water baseline monitoring plan for all Agency facilities.</td>
<td>FY 2014/15</td>
<td>One facility per quarter</td>
<td>Matt Melendrez</td>
<td>April</td>
<td>2015</td>
<td>On Schedule</td>
</tr>
<tr>
<td>84</td>
<td>FY 2014/15</td>
<td>Quarterly</td>
<td>Operations</td>
<td>D</td>
<td>Develop and implement Recycled Water Peak Demand Management Plan to optimize efficient use of recycled water by June 2015</td>
<td>Develop written RW storage and delivery strategies to meet department forecasts of diurnally variable RW supplies and seasonally variable RW demands.</td>
<td>November 2014</td>
<td>Written strategies and forecasts developed by RW and GWR staff by December 1, 2014</td>
<td>Jason Marseilles</td>
<td>April</td>
<td>2015</td>
<td>Behind Schedule</td>
</tr>
<tr>
<td>85</td>
<td>FY 2014/15</td>
<td>Quarterly</td>
<td>Operations</td>
<td>D</td>
<td>Develop and implement Recycled Water Peak Demand Management Plan to optimize efficient use of recycled water by June 2015</td>
<td>Develop RW GWR SCADA improvements that implement the storage and delivery strategies by working the DCS Department</td>
<td>May 2015</td>
<td>System Improvement request to DCS Department by March 15, 2015</td>
<td>Jason Marseilles</td>
<td>April</td>
<td>2015</td>
<td>On Schedule</td>
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<tr>
<td>Goal ID</td>
<td>Goal ID</td>
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<tr>
<td>86</td>
<td>FY 2014/15 Quarterly Operations D</td>
<td>Develop and implement Recycled Water Peak Demand Management Plan to optimize efficient use of recycled water by June 2015</td>
<td>Continue weekly Peak Demand Management Meetings with key operations staff for start of CY2015 Peak Demand season</td>
<td>June 30, 2015</td>
<td>Demand Management meetings scheduled in Outlook by March 31, 2015</td>
<td>Jason Marseilles</td>
<td>April 2015</td>
<td>On Schedule</td>
<td>Yes</td>
<td>The Recycled Water Peak Demand Management meetings will resume starting April 29, 2015.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>FY 2014/15 Monthly Operations E</td>
<td>Continue to optimize operation of digestion and dewatering centrifuges to minimize operational costs</td>
<td>Produce 450 CFM of digester gas to support full operation of the fuel cell. Produce an average of 24% total solids cake.</td>
<td>FY 2014/15</td>
<td>Monthly Average of x CFM Monthly Average of 24% T.S.</td>
<td>Matt Melendrez</td>
<td>March 2015</td>
<td>On Schedule</td>
<td>No</td>
<td>Produced 24% cake solids and 462 cfm of digester gas.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>157</td>
<td>FY 2014/15 Once Complete Operations E</td>
<td>Develop a design concept for the proposed South Compost Facility by December 2014</td>
<td>Conduct a feasibility study for the South Compost Facility</td>
<td>Complete feasibility study by September 2014</td>
<td>Not applicable</td>
<td>Jeff Ziegenbein</td>
<td>April 2015</td>
<td>On Schedule</td>
<td>No</td>
<td>South Compost Facility Feasibility Study was completed and submitted in May 2014.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>148</td>
<td>FY 2014/15 Once Complete Operations C</td>
<td>Review and update the Asset Management Plan by December 2014</td>
<td>Update the Asset Management Plan annually by incorporating the findings of Condition Assessment reports and documenting changes relating to Agency assets</td>
<td>Complete by December 2014.</td>
<td>Not applicable</td>
<td>Jeff Noelte</td>
<td>April 2015</td>
<td>On Schedule</td>
<td>No</td>
<td>The Asset Management Plan for fiscal year 2015/16 was completed in January and distributed for internal and external use in February.</td>
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</tbody>
</table>
INFORMATION ITEM

5G
Date: June 17, 2015

To: The Honorable Board of Directors

Through: Public, Legislative Affairs, and Water Resources Committee (06/10/15)

From: P. Joseph Grindstaff
General Manager

Submitted by: Kathy Besser
Manager of External Affairs

Subject: Public Outreach and Communication

RECOMMENDATION

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

BACKGROUND

June 2015
- June 17, IEUA 65th Anniversary of election that created the Agency; cake and coffee will be served in HQA lobby and at all IEUA facilities.
- June 17, IEUA Summer Blood Drive, Location RP-1 and HQB Event Room, 10 a.m.-2 p.m.

July 2015
- July, Smart Irrigation Month
- July 15, IEUA Annual Employee Appreciation Picnic, Butterfield Park, 17671 Mystic Canyon Drive, Chino Hills, 11:30 a.m.-3:00 p.m.

August 2015
- August 21, 9th Annual San Bernardino County Water Conference, Cal State San Bernardino (5500 University Pkwy, San Bernardino), 8:00 a.m.-12:00 p.m.

Outreach/Education - Civic Publications Newspaper Campaign
- IEUA staff is working with Civic Publications to develop a summer 2015 water-saving campaign. This campaign will focus on water saving in a drought and will include display ads, an email blast and print media. The email blast will be sent out in mid-June and feature a picture demonstrating how Diamond Valley Lake has been affected by drought. All digital media will link to the IEUA micro-site with water-saving tips and rebate information.
• Staff ran ads in the *Daily Bulletin* for Water Awareness Month and Compost Awareness Week.

**Media and Outreach**

• A water softener ad ran in the Champion Newspaper’s Chino Connection Magazine on May 2nd. A compost giveaway ad ran in the *Chino Champion* the first weekend in May. The compost giveaway was a huge success with the IERCF giving away all 10 pallets of compost to the public before the end of the giveaway.

• IEUA staff is working with Civic Publications, *La Opinion*, and *Chino Champion* to develop campaigns for FY 2015/16.

• IEUA staff implemented an additional 12-week drought campaign in movie theaters featuring the 15-second ad that was created in fall 2014. The ad ran through the end of May on all screens at Ontario Palace (Ontario), Victoria Gardens (Rancho Cucamonga) and Harkins (Chino Hills). The ad was played in all theaters as well as the Lobby Entertainment Network (LEN).

• IEUA staff held a Drought Task Force meeting with member agencies on May 20th to develop a regional drought alert logo and tagline and will be developing an outreach plan for consistent drought messaging across the region. Drought Task Force meetings will be held every other month.

**Education and Outreach Updates**

• Water Discovery Program: 1,827 Girl Scout troop members, elementary and high school students have taken part in the park field trip from September 24, 2014 through May 28, 2015.

• IEUA staff received applications for the 2015/16 Garden in Every School® Program. Staff has reviewed the applications, conducted site evaluations, and awarded $4,500 grants to Citrus Elementary (Fontana), Cortez Elementary (Chino), Eagle Canyon Elementary (Chino Hills), Truman Middle School (Fontana), and $1,000 mini grants to Golden Elementary (Etiwanda) and Etiwanda Colony (Etiwanda) for their existing gardens.

• The 2015 MWD Solar Cup competition was a successful event for IEUA sponsored schools: Los Osos High School (Rancho Cucamonga), Chino High School (Chino) and Chino Hills High School (Chino Hills). Out of 41 teams that competed, Los Osos HS received third place overall; first place for technical awards and second places for the public service announcement and endurance. Chino HS placed 13th overall; fourth place in endurance and sixth in sprint for the Inland Empire region. Chino Hills HS placed second in the rookie division and received eighth place overall. The teams showed dedication and initiative and earned great recognition.

**PRIOR BOARD ACTION**

None.
IMPACT ON BUDGET

The above-mentioned activities are budgeted in the FY 2014/15 Administrative Service Fund, Public Information Services budget.
5H
MEMORANDUM

To: Joe Grindstaff and Kathy Besser, IEUA
From: Letitia White, Jean Denton, and Drew Tatum
Date: May 29, 2015
Re: May Monthly Legislative Update

Appropriations Update
Congress had another productive month moving the annual appropriations bills at the subcommittee level, full committee level, and on the floor. A breakdown is included below:

- House
  - Commerce Justice Science – passed at the subcommittee and full committee levels
  - Defense – passed at the subcommittee level
  - Energy and Water – passed the House
  - Legislative Branch – passed the House
  - Military Construction / VA – passed the House
  - Transportation / HUD – passed the subcommittee and full committee levels
- Senate
  - Energy and Water – passed the subcommittee and full committee levels
  - Military Construction / VA – passed the subcommittee and full committee levels

Western Drought in the Spotlight
Senator Dianne Feinstein (D-CA) has still yet to release her California drought bill this year after promising to introduce it after the two-week Easter recess. When questioned, Feinstein indicated that they were still ironing out details, and the bill wouldn’t have an effect until the end of the year, leaving more time for introduction, debate, and votes. We have heard that the latest delay has come due to the inability to reach an agreement with the Governor’s office over relaxed environmental measures. In the interim, she promised to fight to double the money she placed in the Energy and Water section of the Omnibus Appropriations bill passed at the end of the last Congress for western drought relief. The committee report included $50 million for drought efforts again this year, but Feinstein’s efforts to double it to $100 million this year fell short when her colleagues voted down her amendments at the full committee level. There is still a chance that the Energy and Water Appropriations bill could be amended on the floor of the Senate, but it would require an offset not to trigger a budget point of order. It is unclear when the bill will come to the floor, as Republicans don’t have the votes to clear bills without support from Democrats, who oppose the caps set by the Budget Control Act of 2011.
The Senate’s version of the Energy and Water bill contains the following:

- $50 million for a “Drought Emergency Assistance Program”. In FY2015, those funds were allocated by the Bureau of Reclamation in part for additional Title XVI and WaterSMART grants.
- Language instructing the Army Corps of Engineers that “emphasis should be placed on evaluating current or anticipated conditions that could require deviation from normal release schedules as part of drought contingency planning.”
- Language that the Appropriations Committee was pleased to see that the Bureau of Reclamation had increased funding for WaterSMART grants that increase efficiencies in current water uses. The Committee also appreciates Reclamation including a line in the budget request under WaterSMART to provide Drought Response and Comprehensive Drought Plans.
- A request from the Committee that the Bureau of Reclamation request level or increased funding in FY2017 to continue to combat the sustained drought in the western United States.

When Congress returns in June, the Senate Energy and Natural Resources Committee will hold a hearing to hear testimony on the status of drought conditions throughout the western United States and actions states and other organizations are taking to address them. The Committee is headed up by Senator Lisa Murkowski (R-AK) who is good friends with Senator Feinstein. Murkowski recently visited California to see the conditions first-hand, and this hearing is probably a result of that trip. The focus of the hearing will be the entire western United States, but there is expected to be a witness from California to testify how the conditions are effecting agriculture and non-agriculture use in the state. In the House, Majority Leader Kevin McCarthy (R-CA) has promised to lead the effort again on a drought bill for California. He, along with California Representatives David Valadao, Jeff Denham, and Devin Nunez have drafted a bill that could be introduced as early as June. The House passed a bill last year, but it died in the Senate after Senator Feinstein withdrew her support in the closing days of the 113th Congress. The House efforts underway are expected to be similar to the legislation passed last year.

**EPA Finalizes Water Rule as House Fights to Overturn It**

The Environmental Protection Agency and Army Corps of Engineers has finalized a rule that gives them additional jurisdiction over water quality regulations under the Clean Water Act. Last year the agency and Army Corps of Engineers released their proposed rule to redefine the “water of the United States”, and the proposed rule received over 1 million comments during the open comment period. The EPA and Corps of Engineers said in an announcement this week that they had used the comments to refine the rule, making the definition even clearer and exempting most ditches, non-tributary streams, and groundwater recharge basins.

The rule’s formation came as a response to conflicting Supreme Court rulings on what waters were covered under the Clean Water Act. EPA Administrator Gina McCarthy said that this rule helps clarify what waters are subject to Federal oversight and streamline the permitting process. “This rule will make it easier to identify protected waters and will make those protections consistent with the law as well as the latest peer-reviewed science,” McCarthy told reporters in advance of the announcement in Washington, DC. Jo-Ellen Darcy, the Army assistant secretary for civil works, said the regulation is a reminder that the Clean Water Act makes it illegal to
pollute or destroy waters without a permit. “If you’re not destroying or you’re not polluting, you don’t need a permit no matter what the water’s status is,” she said. She said traditional navigable waters such as rivers, lakes, interstate waters and territorial seas remain covered by the Clean Water Act under the final regulation. Tributaries are included because they can carry pollution downstream, Darcy said. Gullies, rills and ephemeral streams are not covered, she said. Ditches, a major point of contention in the draft rule, would only be covered if they function in the way a tributary does.

Republicans have long opposed the rule as a federal power grab. Earlier this month, the House passed a bill that would require the EPA and Army Corps of Engineers to withdraw the rule and start over by seeking more stakeholder input. As we have previously reported, the House has also included a measure to block the rule from being implemented in the Energy and Water Appropriations bill. In the Senate, the Chairman of the Environment and Public Works Committee Jim Inhofe (R-OK) has promised a hearing and markup of legislation to address what he believes is an effort by the two agencies to use the Clean Water Act as a conservation tool for habitat. The Agencies introduced the rule, which will be implemented 60 days after being published in the Federal Register, during the Congressional recess. We are sure to see more opposition emerge from Republicans and some western Democrats when Congress returns next week.

Transportation Fix Punited Again
With no prospects for a long-term bill, the House and Senate passed a two month extension of the Transportation Authorization before leaving town for the Memorial Day recess. As we have previously reported, the idea of a two month extension to line up the expiration of the authorization with the expected lull in the Highway Trust Fund had been floated this spring. Lawmakers want the pressure to pass a long-term bill to remain, which is why a short-term bill was passed. Additionally, the bill had no additional costs, which didn’t require that lawmakers consider offsets or revenue increases to pay for an extension.

The Senate Environment and Public Works Committee might be first to the table with a bill set to be released before a scheduled June 24th hearing on a six-year transportation bill. Department of Transportation Secretary Anthony Foxx believes the trick for the committee will come in the form of deciding what funding levels to authorize. Authorizing too high without the funds to pay for the bill could derail its consideration, but low authorization levels could have an adverse effect on funding conversations moving forward. The latest action indicates a growing concern by the authorizers that the tax writing committees need to move forward on proposals to pay for the measures. That’s why Senators Jim Inhofe (R-OK) and Barbara Boxer (D-CA) are moving forward on a bipartisan draft of a multi-year bill hoping to press the Senate Finance Committee to move a tax reform bill that could pay for the measure.

The same tension exists in the House where legislation has not been introduced to authorize the nation’s road and transit projects beyond the July 31st deadline. House Transportation and Infrastructure Chairman Bill Shuster (R-PA) said that his committee will release a multi-year bill when the House Ways and Means Committee identified funding for the project. The administration continues to insist that Congress should write the bill to President Obama’s budget request, or the “GROW America” levels. Their proposal would provide for $478 billion
over a six year period. So far, the administration’s proposal hasn’t gained traction in either the House or Senate over disagreements on whether a one-time tax repatriation on corporate profits being held overseas should be used to pay for the bill.

**Outlook for June**
The House and Senate will be back in session for the first four weeks of the month before a week-long district/state work period for the July 4th holiday. The Senate is returning for a rare Sunday session on May 31st in an effort to address the expiring provisions of the Patriot Act that deal with the controversial bulk data collection program that is set to expire at the end of the day on May 31st. The House passed an extension in the form of a reform bill that would make telephone companies keep the data to allow the government to collect necessary records with proper legal authorization. Senator Rand Paul, a Republican presidential candidate, took to the floor to filibuster the package right before the recess. The House returns on Monday, June 1st. This month we expect to see debate on the Highway Trust Fund, although if history is a guide, we won’t see a bill emerge until July—right before the authorization is set to expire. The House will also consider the FY16 Intelligence Authorization Act which authorizes additional programs within the intelligence community. The House will spend the later part of the month working on healthcare related bills, and they are expected to resume consideration of the Student Success Act (K-12 authorization) at the end of the month. Appropriators also plan to continue their work during the month of June. The House is ready to consider the Commerce, Justice, Science and Related Agencies bill on the floor, and the Senate is tentatively planning to consider the CJS bill and the Defense Appropriations bill at the subcommittee and full committee levels as early as the week of June 1st.
INFORMATION ITEM

51
May 29, 2015

To: Inland Empire Utilities Agency

From: Michael Boccadoro
President

RE: May Legislative Report

Overview:
May was dominated by budget and fiscal discussions and negotiations. The Governor released his May Revise, which includes updated revenues after April tax receipts, and budget subcommittees met multiple times to discuss budget items and budget trailer bills. Budget trailer bills are policy changes incorporated into the budget and this year, include a significant number of water-related budget measures. They range from giving the State Water Resources Control Board greater authority to levy more stringent penalties on violators, requiring new multi-unit structures to have sub-meters, requiring larger agencies consolidate with smaller, struggling agencies in certain circumstances and other significant items.

On the energy side, the state’s major utilities have proposed their own plan to meet the Governor’s Executive Order to reduce greenhouse gas levels to 40 percent below 1990 levels by 2030. The utilities, both investor and municipally owned, do not want the Renewable Portfolio Standard (RPS) to be extended, but rather, want the ability to create their own “Clean Energy” portfolio composed of energy efficiency, demand response, energy storage and other measures rather than just adding more solar onto the grid, as they believe extending the RPS would yield.

On May 28 both the Assembly and Senate Appropriations committees met to consider their respective Suspense Files. Suspense Files are all the bills that will have significant fiscal implications and are considered in one marathon hearing of hundreds of bills in both houses. The Senate Suspense file contained funding requests totaling over $13 billion. The Senate considered 283 and the Assembly considered 427 bills. Both houses will now focus on passing bills off their respective floors as the house of origin deadline is on June 5.

With the May 28 swearing in of Democratic Senator Steve Glazer, all 40 seats in the Senate are occupied. Senator Glazer fills the vacancy left by Senator Desaulnier moving to Congress. The new Senator has an environmental and education background and spent time as a key political advisor to Governor Brown.
Inland Empire Utilities Agency
Status Report – May 2015

Budget
The Governor released the May Revise in mid May. The May Revise is the adjusted budget after April tax receipts are received. The Governor added $7 billion in additional spending and included over $2.1 billion in drought relief funds. The funds are proposed as follows:

Governor’s May Revision Drought Package

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<thead>
<tr>
<th>Department</th>
<th>Purpose</th>
<th>$ in millions</th>
<th>Fund Source</th>
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<tr>
<td>Water Conservation</td>
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<tr>
<td>DWR</td>
<td>Urban water conservation</td>
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<td>Water efficient appliance rebates</td>
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<td>CEC</td>
<td>Water and energy technology program</td>
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<td>Water energy grant programs</td>
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<td>DGS</td>
<td>Water conservation in state buildings</td>
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<td>GF/SF</td>
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<td>CDCR</td>
<td>Energy efficiency projects at prisons</td>
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<td>DWR</td>
<td>Save Our Water campaign</td>
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**Subtotal, Water Conservation ($245)**

Other Proposition 1 Infrastructure and Planning

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<tbody>
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<td>SWRCB</td>
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<td>Water recycling</td>
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<td>Wastewater treatment</td>
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<td>Stormwater projects</td>
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<td>Groundwater sustainability grants</td>
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<tr>
<td>DWR</td>
<td>Desalination grants</td>
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**Subtotal, Other Proposition 1 ($1,809)**

Emergency Drought Response

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<td>OES</td>
<td>Drinking water delivery</td>
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</tr>
<tr>
<td>DWR</td>
<td>Removal of emergency rock barriers</td>
<td>22</td>
<td>GF</td>
</tr>
<tr>
<td>CSD</td>
<td>General assistance to migrant farm workers</td>
<td>8</td>
<td>GF</td>
</tr>
<tr>
<td>HCD</td>
<td>Move households without potable water</td>
<td>6</td>
<td>GF</td>
</tr>
<tr>
<td>SWRCB</td>
<td>Implement executive order</td>
<td>1</td>
<td>GF</td>
</tr>
</tbody>
</table>

**Subtotal, Emergency Drought Response ($121)**

Total $2,175

DWR = Department of Water Resources; CDFA = California Department of Food and Agriculture; CEC = California Energy Commission;
In addition to the May Revise, there are an unusually high number of budget trailer bills under consideration this year in the water and resources issue area. Budget trailer bills are separate from the main budget bill and increasingly contain significant policy changes.

The trailer bills include:

**Drought- Expanded Local Enforcement Authority:**
- Allows local water agencies to enforce water conservation ordinances.
- Authorized up to $10,000 for first violation (and no more penalties for 30 days)—SWRCB is only $500/day. Intent is to get those really bad actors (example: people stealing water in Santa Barbara, not for people who water their lawns on the wrong day)
- Wholesalers can enforce violations against their retail agencies

**Drought Monitoring and Reporting**
- Diversions in excess of 10 AF/YR must have a measuring device for reporting. Provision in place beyond “Drought Emergency Period”
- Only applies to Water Code Section 1846—not to illegal diversions or violators of cease and desist orders

**Drought Water System Consolidation**
- Authorizes the SWRCB to require consolidation under certain limited circumstances.
  - This item has brought significant concern about the agency who would be the one absorbing the smaller agency being liable for past violations. MWD, ACWA and others have been working with the administration to resolve these issues to ensure that the agency absorbing another agency will have appropriate liability protections.

**Drought Submetering**
- This is the language in SB 750 (Wolk) from last year that died and expected be amended into her current SB 7 (Wolk).
- Requires submeters in NEW multi-unit structures.
- Concerns about billing, meter reading and installation of submeters from water agencies.
- Other concerns about when a “remodel” would trigger having to add submeters in already constructed buildings.

**Groundwater Well Permits- CEQA Exemption for Local Ordinances for Groundwater Protection.**
- Legislative findings that would clarify that local governments may regulate groundwater pursuant to their police power (ie. health and safety).
- Exempts “groundwater protection ordinances” from CEQA—goal is to prevent CEQA lawsuit delays.
Drought Stormwater Plans
- Allows the SWRCB’s guidelines for stormwater resource plans subject to the same expedited process and rulemaking as Prop 1 guidelines to avoid delays of Administrative Procedures Act rulemaking process.

CEQA Exemption for Drought Mitigation
- The Public Resources Code exempts projects responding to a drought disaster for which a state of emergency has been called because “drought” is not included in the litigated definition of “state of emergency.”
- This would exempt certain drought relief projects that are approved during a declared state of emergency. There is no written list, but some of the projects discussed in committee include CEQA exemptions for recycled water pipeline in existing rights of way.

CEQA Exemption for Building Code Provisions Regarding Plumbing for Recycled Water
- AB 2282 (Gatto, 2014) required the Building Standards Commission and Housing Community Development to study dual plumbing for recycled water.
- This provision would exempt the study from having to go through CEQA.

These measures will likely be consolidated into one single budget trailer bill.

Utility Clean Energy Proposal
California’s five major utilities, Southern California Edison, Pacific Gas & Electric, Sempra Utilities, Sacramento Municipal Utility District and Los Angeles Department of Water & Power have joined together to offer an alternative to the proposal to increase the state’s Renewable Portfolio Standard (RPS) to 50 percent renewable power by 2030.

Their proposal requires the California Air Resources Board (CARB) to set specific greenhouse gas (GHG) reduction targets for the electric utility sector and individual utilities, and then allow each utility to implement a set of measures- in addition to procuring more renewable power- such as energy efficiency investments, transportation electrification initiatives and distributed generation programs to help achieve the new carbon-reduction targets.

The utilities cite the difficulty of integrating that much more renewable power into the grid as reason to support a clean energy standard rather than increasing the RPS.

Environmentalists, renewable power generators and others have expressed that the state should continue with the RPS program put in place.

Glazer Sworn in in the Senate
The final member of the Senate was sworn in on May 28. Senator Steve Glazer won a hotly contested Democrat versus Democrat race against Assemblymember Susan Bonilla by ten points to fill the seat vacated when Senator Desaulnier moved to Congress. With Senator Glazer officially sworn in by Governor Brown, the final count in the Senate is 26 Democrats and 14 Republicans.
Senator Glazer previously served as a city council member and three-time mayor of Orinda. A lifelong environmental advocate, Senator Glazer led efforts that raised hundreds of millions of dollars to permanently protect open space in California and 25 other states.

Senator Glazer served as a senior advisor to Governor Brown and top campaign consultant and was appointed as an California State University Trustee. He has yet to be named to any committees.

Legislative Update
The Legislature worked in their respective appropriations committees to pass bills to the floor before the May 29 deadline. They will now work to pass bills out of their house of origin before the June 5 deadline.
Agricultural Resources
635 Maryland Avenue, N.E.
Washington, D.C. 20002-5811
(202) 546-5115
agresources@erols.com

May 29, 2015

Legislative Report

TO: Joe Grindstaff
General Manager, Inland Empire Utility Agency

FR: David M. Welman
Agricultural Resources
LEGISLATIVE REPRESENTATIVE, IEUA

SU: Legislative Report, May 2015

Snapshot. IEUA awarded $5 Million Title XVI grant. The Interior Department/Bureau of Reclamation finally awarded $50 million for 50 drought projects in 11 states. The long-awaited drought bill – still being negotiated behind closed doors – remains undisclosed and under wraps. Annual funding bills are moving, but likely won’t be enacted until November or later. Late is fast becoming the annual norm. CA’s Water Rights system to be reviewed. Orange County Grand Jury calls for more recycled water.

Water and Drought

California’s Water Rights Systems Being Questioned – Demands For Full Review Growing. Drought conditions are compelling questions to be asked about water rights. Newspaper accounts are reporting abuse, over-subscription and worse and now, calling for top-to-bottom reviews. The SWRCB has initiated preliminary reviews (which could well be expanded). This has the potential to become highly contentious.

Interior Secretary Jewell and BuRec Announce $50 Million in Drought Grants – IEAU To Receive $5 Million. Last December, the annual funding bill included a $50 million special drought response. IEUA applied for a grant. Your congressional delegation supported the request. The grant announcement, originally expected in April
was finally announced at an event in late May with the Secretary and LA DWP’s Nancy Sutley. Some 50 projects received funding. IEUA was near the top of the list.

**Orange County Grand Jury Calls for More Recycled Water.** In a May 1 Report, the Orange County Grand Jury called for the County and its waste water districts to develop more recycled water in response to the sustained drought conditions and the Governor’s call for a 25% reduction in water use. According to published reports, “The amount of water available for extraction from the groundwater basin depends on annual rainfall and shrinks during droughts. In order to replenish the basin, the county will have to recycle more wastewater or buy more imported water, according to the grand jury findings. They also found that in almost all cases treating wastewater for irrigation (“purple pipe” water) or potable use is less expensive and more dependable than purchasing imported water, given that imported water sources are shrinking, while excess wastewater is simply being pumped into the ocean.”

**Ever Elusive Drought Bill – Still Unseen, Still Unintroduced, and Still Being Drafted Behind Closed Doors.** Last November, a drought bill, negotiated between San Joaquin Valley House Members and Senators Feinstein and Boxer blew up. Secrecy was a factor. The leaking of the draft generated a huge backlash across/up and down the State. At the time, parties claimed that they were “very” close, intimating that another day, two – a week, and the bill would be finalized, introduced and then considered. It didn’t happen. Senator Boxer (depending on whose version one believes) either withdrew from the close-door effort OR was kicked out of it. The bill was promised right after the new Congress convened in January. It didn’t happen again. Between January and the end of May, reps have been given one date after another for introduction – only for those arbitrary deadlines to be missed – again and again. A few weeks ago, it was expected that the bill was to be introduced prior to the Memorial Day break and Senate Energy Committee hearings would be held on June 2. No bill was introduced and the June 2 hearing will now consider address broad impacts of the “westwide” drought. Reportedly, a version of a draft bill was submitted to Governor Brown and his staff for their review.

On May 17, here’s an excerpt from the Bee (McClatchy) papers on the drought bill, “Five months into a new Congress, and deep into a lasting drought, California water legislation still stymies and splits the state’s lawmakers. Draft copies are tightly held, as if stamped Top Secret. Myriad details are in flux. The legislative timing, though a June 2 Senate hearing could yet happen, remains unsettled. Democrats are divided; some are distinctly unhappy. It all sounds so familiar, and yet there’s still no telling how this movie ends. “Right now, I don’t know,” a gloomy sounding California Democratic Sen. Dianne Feinstein said Thursday, when asked about the prospects for a bill. “It’s very difficult to put something together. Obviously change is controversial, so to propose something and then not to be able to do it makes no sense.” Feinstein and her staff power the Senate’s drought legislation effort, which so far has labored beneath what several California water experts independently called a “cone of silence.”
Senator Boxer is frustrated. House Members, up and down the State, from Rep. Garamendi at the top of the State to Rep. Grace Napolitano, the ranking Dem on one of the Water subcommittees have not been consulted or included. All have been publicly vocal with their frustration. Various water users or interests asked to be included in these water bill talks – but none were.

**Lake Mead – Dropping to Critical Levels (Allocations to be Triggered?) – May Rains Bring Limited Relief.** Media coverage has been focusing on Lake Mead. All year, it’s been dropping and is approaching a level so low it may trigger a mandatory allocation later this year or sometime early in 2016. Late May rains (no snow pack) have provided modest relief.

**Drought Conditions – California.** As May ended, all 58 California Counties are today continuing to experience drought conditions. According to the NOAA/USDA’s Drought Monitor, 100% of California is in drought. The Monitor’s weekly report for May 28 indicated that more than 90% of the entire State was in severe, extreme or exceptional drought status and more than 90% of the coastal regions (including Southern California) of the State and the entire Sacramento and San Joaquin Valleys were in the highest category of drought.

**Drought Conditions – Rest of the West.** The drought map for the West changed – abruptly – in the past 30 days. The massive killer storms in Texas and Oklahoma have altered the drought map – significantly. Coastal states (CA, OR, and WA) remain in severe drought. Same with Arizona, Nevada and Utah. Western NM and CO remain in drought, but the eastern part of both states are drought-free (now). The storms in Texas and Oklahoma have been so severe that drought conditions were all but erased in a ten-day/two-week period (which explains the massive flooding problems).

**El Nino – Maybe.** Scattered reports are now (again) suggesting that an El Nino year may be in the offing. Unclear. Too soon to know. Maybe.

**EPA-Corps of Engineers Issue New Clean Water Act Rule.**

As May came to a close, EPA Administrator, Gina McCarthy, and Assistant Secretary of the Army for Civil Works, Jo-Ellen Darcy, announced final new Clean Water Act regs.

The regs were both hailed and denounced (either both before anyone could have possibly read or reviewed them). Today, everything is politicized and this is no different.

IEUA and others asked EPA and the Corps, after reviewing the draft, to exempt recycled water facilities and projects. As requested, these projects were exempted.

**International and Security Issues Continue to Dominate and Influence the Congressional Agenda**

**Major Foreign Policy and International Conflict Issues Continue to Dominate**
**National Agenda.** As repeatedly reported over the past several months, more than a dozen international issues “continue to dominate – and, at times, overwhelm – the national and congressional agenda. They compete for time, attention and dollars.” Events in or involving Iraq and Iran are particularly sensitive. Financially, Greece is teetering on cliff and may pull out of the European Union (the financial ripple effects have the potential to be global).

- **Privacy v. Security – All but Paralyzing the House and Senate.** The highly controversial Patriot Act had a sunset clause (May 31, 2015). After extensive debate and deliberations, the House was able to pass, overwhelmingly, a bi-partisan bill, but the Senate is in a near stand-still over it. This will carry into June.

**2016 – Presidential Politics.**

- **2016 President Election – Yes, Very Underway and Part of the Daily Political Equation.** Each week brings new announcements and new entrants into the Presidential sweepstakes. On the Democratic side of the aisle, former Maryland Governor, Martin O’Malley is in the race. So is Senator Bernie Sanders, (I-VT). Meanwhile, on the R side, candidates are announcing at the rate of one/week. By the time all are in, there could be as many as 19 viable candidates, including four sitting senators and at least four former Governors. The first R debates are slated to occur as soon as August. Former Rhode Island Governor/Senator, Lincoln Chafee is expected to announce his candidacy for the D nomination in June as well (Chafee’s father, John Chafee. was Secretary of the Navy, and served in the US Senate serving as R Chair, EPW).

**Municipal Bonds**

- **Municipal Bonds for America Coalition Submitted Comprehensive Comments to Senate Finance Committee Urging Tax-Exempt Municipal Bonds Be Protected, Preserved and Retained – IEUA Signed Letter.** The Senate Finance Committee, under the direction of Chairman Hatch (R-UT) established five bi-partisan “working groups” – one of which was Community Development and Infrastructure, headed by Senator Heller (R-NV) and Senator Michael Bennet (D-CO). MBFA prepared and submitted comprehensive comments on April 15 urging the Committee, when considering tax reform, not alter or amend bond provisions. MWD, ACWA and others from the water community all signed the letter. The Working Groups were supposed to report to Chairman Hatch by now, but he just extended their review process (likely to or through the August recess). It’s not clear that the Heller-Bennet report to the Chair will be made public (many are asking).

- The Coalition is planning a July “fly-in” and lobby effort.

**Quick Takes. CADIZ Sued.** A class-action suit was filed last month accusing CADIZ of “lying to investors...” and “...knowingly disseminated false information...” San Diego Union Tribune published, “A DROUGHT LIKE NO OTHER, California’s Drought Brings State Into Unprecedented Territory.” This is a lengthy and detailed story which, in addition to chronicling the
current drought, delves into the history of droughts in the Golden State. [http://www.utsandiego.com/news/2015/may/02/drought-severity-consequences/]. **Huffman Drought Bill Pending Introduction.** Rep Huffman, Ranking D on the House Water and Power Subcommittee, is expected to introduce his own drought bill in June. **Contra Costa Times Editorial Slams Governor’s Revised Water Plan.** According to the Times, “Gov. Jerry Brown has abandoned any pretense that his massive Delta twin-tunnel project could benefit the environment, leaving it simply as one of the biggest water grabs in state history. Having failed to convince federal agencies that his plan would improve the Delta’s health, Brown dropped the $8 billion, 50-year environmental component of the tunnel project. Salvaging the ecology of the largest estuary west of the Mississippi is officially off the table. Making matters worse, what's now touted as a $17 billion project could move forward without the approval of the Legislature or California voters by simply increasing property taxes and water rates by fiat. It’s just wrong.” **Orange County House Member, Rep. Loretta Sanchez to Run for Boxer’s Senate Seat.** Long-time (10-Term) Orange County Rep. Loretta Sanchez announced that she will seek the Democratic nomination for the US Senate seat being vacated by three-term California Senator, Barbara Boxer. Sanchez presently serves on Armed Services and Homeland Security Committees. **Governor Inslee (D-WA) Declares Drought Emergency in Washington State.** During the month, a drought emergency was declared in another Pacific Coast state, a result of a similarly sustained drought north of California. According to local press in Washington, “‘This drought is unlike any we’ve ever experienced,’ said Washington Department of Ecology Director Maia Bellon. ‘Rain amounts have been normal but snow has been scarce. And we’re watching what little snow we have quickly disappear.’ Snowpack in the mountains has dropped to just 16 percent of normal levels statewide.” **Congresswoman Grace Napolitano (D-CA), the Ranking D on the T&I Water Subcommittee Pens Op-Ed with Former BuRec Commissioner Dan Beard – Tout 1 MAF Plan Through Water Recycling/Title XVI.** Napolitano, joined by Commissioner Beard and former Resources/T&I Committee staffer, David Wegner, set forth a vision for how to devise solutions to the current drought. **House Republicans Announced, After Efforts with Feinstein Stalled, That They Would Proceed With a Stand-Alone Drought Bill in the House.** House California Republicans have announced that they will introduce a drought bill, based on but not necessarily limited to the draft bill written with Senator Feinstein. Bill introduction is expected in early June. **Trial in Penalty Phase of Litigation Between San Diego and MWD Nearing Conclusion.** Decision is expected in June.

## Looking Into June.

* Further knowledge about an EL Nino
* Drought bills – from House Rs AND from Huffman
* Senate Drought hearing
* Ruling on Penalty Phase of SD-MWD litigation
INFORMATION ITEM

5K
Date: May 29, 2015
To: Inland Empire Utilities Agency
From: John Withers, Jim Brulte
Re: May Activity Report

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

- Met with IEUA Executive Management Team to review priority issues and to discuss activities for May that they wanted accomplished. (May 11).
- Followed up with IEUA on issues of interest from the ACWA Conference in Sacramento from the previous week.
- Participated in discussions with staffs of San Bernardino and IEUA to discuss coordination of County and District legislative and public policy issue agendas that Executive Staff wanted.
- Monitored LAFCO staff on the status and key issues related to the MSR process currently underway for water conservation districts countywide. Discussed MSR Lafco hearing and follow up items.
- Support and advise on IEUA/SBVMWD transfer transaction on an as needed basis.
- Provided an update on the recent filing of a Sphere of Influence amendment filing by the CVWRD.
- Continue to monitor statewide water issues including the BDCP, water bond, and drought relief act activities.
- Outreach to Board Directors as needed on issues of interest
- Monitor Santa Ana Regional Board agenda and issues of interest to IEUA.
INFORMATION ITEM

5L
### Federal Legislation of Significance

<table>
<thead>
<tr>
<th>Bill Number</th>
<th>Sponsor</th>
<th>Summary</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>n/a</td>
<td>Sen. Dianne Feinstein</td>
<td>Potential introduction of drought legislation that could turn into a western drought bill that could loosen some environmental regulations to make additional water available.</td>
<td>Delayed. Apparently there are continued discussions with the Governor's office on a potential compromise. Feinstein is unlikely to introduce legislation if opposed by the Governor's office.</td>
</tr>
<tr>
<td>n/a</td>
<td>Rep. Kevin McCarthy</td>
<td>Potential introduction of drought legislation that could turn into a western drought bill that could loosen some environmental regulations to make additional water available.</td>
<td>Potential introduction in June. McCarthy was able to push through legislation last year, and this year's bill is expected to contain similar language. He has publically said that the language might be introduced with his fellow California Republicans in late June.</td>
</tr>
<tr>
<td>S.1140</td>
<td>Senator John Barrasso</td>
<td>Requires the Secretary of the Army and the Administrator of the Environmental Protection Agency to propose a regulation revising the definition of the term “waters of the United States”.</td>
<td>The Chairman of the Senate EPW committee, Jim Inhofe, has said he will push forward with a hearing and markup of this bill in June. It will potentially receive timely consideration since the EPA and Army Corps of Engineers released the final rule, set to take effect 60 days after publication in the Federal Register.</td>
</tr>
<tr>
<td>H.R.1732</td>
<td>Rep. Bill Shuster</td>
<td>Requires the Secretary of the Army and the Administrator of the Environmental Protection Agency to withdraw their existing proposed rule regarding the waters of the United States and propose a new rule with additional stakeholder feedback.</td>
<td>This bill has passed the House. The Senate is currently considering their own version (mentioned above) but might pivot to this bill since the EPA and Army Corps have finalized the rule. Republicans will probably unanimously support the bill, but it will take support from western Democrats to overcome</td>
</tr>
<tr>
<td>n/a</td>
<td>Rep. Paul Ryan or Senator Orrin Hatch</td>
<td>Tax Reform Legislation specific to municipal bond preferential tax status.</td>
<td>There is currently no broad tax reform package up for consideration, but we suspect talk will continue as Congress looks at a long-term highway and transit funding bill.</td>
</tr>
<tr>
<td>Bill</td>
<td>Author</td>
<td>Subject</td>
<td>Status</td>
</tr>
<tr>
<td>------</td>
<td>--------------</td>
<td>----------------------------------------------</td>
<td>-----------------</td>
</tr>
<tr>
<td>AB</td>
<td>STONE (R)</td>
<td>Diamond Valley Reservoir: recreational use.</td>
<td></td>
</tr>
<tr>
<td>SB</td>
<td>Budget Committee</td>
<td>Emergency Drought Appropriations</td>
<td>Held in Assembly</td>
</tr>
</tbody>
</table>
INFORMATION
ITEM

5N
Date:       June 17, 2015

To:        The Honorable Board of Directors

Through:   Special Audit Committee (06/17/15)

From:      Teresa V. Velarde
            Manager of Internal Audit

Subject:   Follow-Up of Outstanding Recommendations - Pre-Treatment and Source Control

RECOMMENDATION

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

BACKGROUND

Internal Audit (IA) has completed the follow-up evaluation of the outstanding recommendations for Pre-Treatment and Source Control (PTSC) according to the approved Fiscal Year 2014/15 Annual Audit Plan. The Internal Audit Department Charter requires that IA perform follow-up evaluations to determine the progress made to implement the recommendations provided in previous audits. The follow-up audit evaluates the status of the eleven recommendations made in the audit reports dated August 22, 2012 and February 26, 2013. Recommendations previously provided were made to strengthen controls over industry Self-Monitoring Reports (SMRs) review and IEUA’s Enforcement Response Plan, along with invoicing and inspection activities of Significant Industrial Users (SIUs).

Based on the results of the follow-up evaluation, IA reviewed the corrective actions that have been made for two of the eleven recommendations provided in the 2012 PTSC audit. The other nine recommendations noted in the 2013 PTSC audit report are no longer applicable due to the new agreement between IEUA and the County Sanitation Districts of Los Angeles County (CSDLAC). In 2013, IEUA renegotiated the agreement with CSDLAC to ensure the rate structure provided cost-recovery, along with equitable and consistent application of the ordinance among the industries. On July 1, 2014, the new agreement became effective and resulted in changes to the invoicing methodologies and processes and procedures.

IA will evaluate PTSC’s operations and application of the new agreement with CSDLAC during a future audit.
PRIOR BOARD ACTION

On September 17, 2014, the Board of Directors approved the Annual Audit Plan for Fiscal Year 2014/15.

On December 18, 2013, the Board of Directors reconfirmed the Internal Audit Department Charter.

IMPACT ON BUDGET

None.
DATE: June 1, 2015

TO: Joe Grindstaff
General Manager

FROM: Teresa V. Velarde
Manager of Internal Audit

SUBJECT: Follow-Up of Outstanding Recommendations
Pre-Treatment and Source Control

Audit Authority
The Internal Audit (IA) Department’s Charter and the Annual Audit Plan require that IA follow-up on the status of audit recommendations to determine if corrective actions have been implemented. IA completed a follow-up review of the 11 outstanding recommendations provided in the Pre-Treatment and Source Control (PTSC) audit reports dated August 22, 2012 and February 26, 2013. The audit was performed under the authority provided by the Inland Empire Utilities Agency (IEUA) Board of Directors.

Audit Objective and Scope
The purpose of the follow-up audit was to evaluate the corrective actions implemented as a result of the 11 outstanding recommendations previously provided. The PTSC Interim Audit Report was issued in August 2012 and provided two recommendations to strengthen controls over the industry Self-Monitoring Reports (SMRs) review and IEUA’s Enforcement Response Plan. Subsequently, IA issued the final PTSC Audit Report in February 2013, which provided nine recommendations for the Invoicing and Inspection activities of Significant Industrial Users (SIUs), resulting in a total of 11 audit recommendations.

At the time of finalizing the PTSC audit report, IEUA staff was already in discussions to review the rate structure for industries and make changes to the agreement between IEUA and County Sanitation Districts of Los Angeles County (CSDLAC). On December 18, 2013, the IEUA Board of Directors approved a new agreement between IEUA and CSDLAC that became effective July 1, 2014. With the renegotiation of the agreement, IEUA’s processes and procedures have changed to meet the terms and provisions of the new agreement. Therefore, this follow-up review focuses on any previous outstanding recommendations whereby corrective actions were possible. The report that follows provides a summary of the status of each outstanding recommendation.
Audit Techniques
Audit techniques included:
- Interviews with Agency staff
- Review of prior audit reports
- Review of IEUA’s Operating and Capital Program Budget (FY 2014/15)
- Review of PTSC’s Standard Operating Procedures (SOPs)
- Review of IEUA’s Enforcement Response Plan

Audit Results – Executive Summary
At the time of the original audit report, the department responsible for the Pre-treatment duties was under PTSC reporting to the Executive Manager of Engineering. Currently, the Pre-treatment duties fall under the Planning and Environmental Compliance Department, reporting to the Executive Manager of Engineering/Assistant General Manager in the Engineering Division.

Based on the results of the review, IA reviewed the corrective actions that have been made for two of the 11 recommendations provided in the 2012 PTSC audit. The other nine recommendations noted in the 2013 PTSC audit report are no longer applicable due to the new agreement between IEUA and CSDLAC. On July 1, 2014, the new agreement became effective and resulted in changes to the invoicing methodologies and processes and procedures.

IA will evaluate PTSC’s operations and application of the new agreement with CSDLAC during a future audit when necessary or requested and as scheduled through the Annual Audit Plan.

Acknowledgements
We would like to extend our appreciation to PTSC and Planning and Environmental Resources Department staff for their cooperation during this review.

Discussions with Management
We provided the results of this follow-up review to Ms. Sylvie Lee, Manager of Planning and Environmental Resources and Mr. Craig Proctor, PTSC Supervisor on May 20, 2015, prior to finalizing this report for their review and comments.

Written Response to Internal Audit
All outstanding recommendations have been cleared. There are no outstanding recommendations and no new recommendations were provided in this report. No response is required.

TV:sn
Background
For an overview of IEUA’s Regional Pre-Treatment program, Non-Reclaimable Wastewater System (NRWS), and the Agency’s agreement with CSDLAC and Santa Ana Watershed Project Authority (SAWPA), IA refers the readers to the PTSC audit reports dated August 22, 2012 and February 26, 2013, which were received and filed by the Board of Directors, or these can be requested from the Manager of Internal Audit.

Readers are also encouraged to refer to IEUA’s Operating and Capital Program Budget for FY 2014/15 to obtain additional information.

Status of Recommendations provided in the August 22, 2012 Audit Report:

Standard Operating Procedures
Recommendation #1: PTSC should develop a Standard Operating Procedure to include all key processes in the evaluation of an Industry SMR and ensure required PTSC staff is trained on the procedures. PTSC should consider addressing/including the following in the SOP:

- The SOP should provide a systematic process for staff to follow when analyzing and reviewing industry SMRs. For example, a checklist would serve as a good tool for staff to ensure that all review steps are followed.

- The SOP should stipulate the industry criteria that is to be considered and the documents that are to be referenced when determining industry compliance (i.e. industry permits, 40 CFR 136, etc).

- The SOP should establish procedures that are to be followed when violations are noted and require staff to document violation, enforcement actions taken, and brief explanation for determination of enforcement action taken.

- Ensure PTSC staff is trained on the SOP requirements.

Status: Implemented

During the previous audit, IA found that PTSC did not have documented Standard Operating Procedures (SOPs) that detail the steps that should be followed by PTSC staff when reviewing and analyzing industry SMRs. The purpose of SOPs is to ensure processes and procedures are consistently and uniformly performed by staff during absences, staffing changes, and cross-training. Having written procedures serves as an added control to ensure functions are performed consistently and uniformly.
During this follow-up evaluation, IA noted that PTSC has the following SOPs:

- **Inspection of Industrial Users** (Dated XX/XX/XX, and signed) – provides guidelines and procedures to be utilized in performing inspections of industrial users within IEUA’s service area and compliance with Pretreatment Program standards and requirements.

- **Industrial User Self-Monitoring Reports (SMRS)** (Dated XX/XX/XX, and signed) – establishes guidelines and detailed procedures for the review of Industrial User’s SMRs and compliance with the Code of Federal Regulations (40 CFR 403.8 (f)(2)(iv)), and

- **Sample Collection and Testing** (Dated XX/XX/XX, and signed) – establishes guidelines for the collecting, handling and preserving of wastewater samples and compliance with the requirements of the Code of Federal Regulations (40 CFR Part 136).

IA reviewed the SOPs, which have been finalized, approved, and signed off by the Manager of Planning and Environmental Resources in May 2015. Going-forward, IA recommends that PTSC continue to ensure SOPs are up-to-date, added as required, and reflect current business practices/procedures to ensure consistency.

**IEUA’s Enforcement Response Plan**

**Recommendation #2: With regards to the Agency’s Enforcement Response Plan, PTSC should:**

- **Ensure that enforcement actions are in accordance with the Agency’s ERP or document the judgment used when deviating to prevent the appearance of inconsistent application.**

- **Determine if revisions are needed and incorporate them the next time the ERP is taken before the Board of Directors for adoption.**

- **Determine the need for an NRWS Enforcement Response Plan.**

**Status: Implemented**

During the previous audit, IA found instances of enforcement actions taken by PTSC staff that were not consistent with the IEUA Board-approved Enforcement Response Plan (ERP) and enforcement actions that were not carried out in a timely manner. The Code of Federal Regulations, 40 CFR 403.8 (f)(5)), requires all pre-treatment programs to develop and implement an ERP, which is currently utilized by IEUA for both the RSS program and NRWS industries. The ERP provides the guidelines and criteria to
Pre-Treatment and Source Control
Follow-up Audit Report
June 1, 2015
Page 5 of 6

determine whether industrial users (SIUs) are in compliance with the pre-treatment standards, and outlines the enforcement actions to be carried out for non-compliance.

With the renegotiation of the new agreement between IEUA and CSDLAC, the Department updated and revised the Agency’s ERP, which was presented to IEUA’s Board of Directors for approval and adoption on October 15, 2014.

IA did not perform any test work to verify if enforcement actions are in accordance with the new ERP. The new agreement between IEUA and CSDLAC resulted in changes to the processes and procedures; therefore, IA will evaluate PTSC’s operations and compliance with the Agency’s ERP during a future audit.

**Status of Recommendations provided in the February 26, 2013 Audit Report:**
The audit report dated February 2013 provided nine recommendations (as shown in the table below) for the Invoicing activities and Inspection operations related to Industrial users. Because of the changes resulting from the new agreement between IEUA and CSDLAC, the recommendations are no longer applicable.

<table>
<thead>
<tr>
<th>Number</th>
<th>Recommendation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>IA recommends that AFM and FP coordinate to perform periodic reconciliations of total actual IEUA expenses to total actual IEUA revenues collected. This periodic reconciliation process would highlight where IEUA stands financially and provide more information for setting appropriate rates that more closely recover all IEUA administrative expenses.</td>
</tr>
<tr>
<td>2</td>
<td>IA recommends that FP take the lead to establish a contact and ongoing coordination with the CSDLAC finance group to gather additional, detailed, financial information on CSDLAC projected costs that will assist in the development of more appropriate IEUA rates.</td>
</tr>
<tr>
<td>3</td>
<td>IA recommends that FP establish a process to document the analysis of the CSDLAC costs/expenses and its cost drivers by reviewing year-to-date and historical data at the time of rate setting. FP should inquire from CSDLAC about any anomalies observed during their evaluation.</td>
</tr>
<tr>
<td>4</td>
<td>IA recommends PTSC work with AFM to review invoices from CSDLAC and ensure these are accurately calculated before processing for payment; any discrepancies identified should be immediately resolved with CSDLAC.</td>
</tr>
<tr>
<td>5</td>
<td>IA recommends that PTSC initiates the process to work with other IEUA staff to evaluate the costs and benefits, and the need to retain the current level of capacity in the Brine Line, and evaluate the possibilities for selling, leasing, or relinquishing unused capacity.</td>
</tr>
<tr>
<td>6</td>
<td>IA recommends AFM evaluate the current invoicing methodology, and determine if greater efficiencies could be achieved by synchronizing the timing of the South NRWS industries invoices to correspond with the payment of the SAWPA monthly invoice, and ensure there is an adequate reconciliation process coordinated with PTSC.</td>
</tr>
<tr>
<td>7</td>
<td>IA recommends PTSC document Standard Operating Procedures to address the various processes as they relate to the NRWS program and functions, for example, coordinating the review of invoices with AFM, implementing special or new agreements, and inspection activities. Agency Policy A-51 should be used as a reference when documenting departmental Standard Operating Procedures.</td>
</tr>
</tbody>
</table>
At the time of finalizing the original PTSC audit report (date February 2013), IEUA staff and CSDLAC had already begun discussions to renegotiate the agreement and review the NRWS rate structures. IA supported the discussion efforts and recommended that any proposed revisions to the agreement and rate structure consider equity among the industries and rates are consistent with the level of services provided to the industries.

According to PTSC the current process is adequate and ensures payments are made timely. Because of the changes resulting from the new agreement with CSDLAC, IA will consider an evaluation the invoicing processes and procedures for both the North and South NRWS systems in a future audit as scheduled through the Annual Audit Plan.
Date: June 17, 2015

To: The Honorable Board of Directors

Through: Special Audit Committee (06/17/15)

From: Teresa V. Velarde
Manager of Internal Audit

Subject: Report on Outstanding Audit Recommendations

RECOMMENDATION

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

BACKGROUND

The Internal Audit Department Charter (Charter) and professional standards require that Internal Audit Department (IA) follow-up on the status of open and outstanding audit recommendations to determine if corrective action efforts have been made. The Charter also requires IA to annually provide, to the Audit Committee and Board of Directors, a report listing all outstanding audit recommendations with implementation plans and planned resolution dates.

The table that follows on the next page summarizes the total outstanding recommendations by audit report name and date when the report was issued. The attached provides a list of all outstanding recommendations.

All audit reports request that the audited businesses unit submit a corrective action plan to IA. Additionally, upon completion of the audits and during exit meetings, follow-up audit action is discussed with the auditees. The IA website on AiMS, available to all Agency employees, also provides information on the audit approach and describes the purpose and process of an internal audit and the follow-up action requirements. During audits, including follow-up audits, IA coordinate and work in collaboration with the auditees to make the follow-up process efficient.

Of the 72 open recommendations reported in the FY 2014/15 Annual Audit Plan, 39 recommendations do not require a follow-up review at this time because they relate to audits completed during FY 2013/14 and staff requires sufficient time for full implementation, therefore, these are noted as “recommendations remaining to be verified by IA”. The other 28 recommendations are in progress of being evaluated. IA staff has been working closely with various Agency representatives to follow up on the status of those recommendations. Once the in progress follow up reviews are completed, IA will provide the results in separate, documented audit reports.
List of Outstanding Recommendations

<table>
<thead>
<tr>
<th>Area Audited</th>
<th>Report Issued Date</th>
<th>Follow-up review in progress by IA</th>
<th>No. of Recs. Remaining to be Verified by IA</th>
<th>Planned Follow-Up by IA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intercompany Receivables - CDA</td>
<td>February 24, 2011</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intercompany Receivables - RCA</td>
<td>March 30, 2011</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intercompany Receivables - Watermaster</td>
<td>August 30, 2011</td>
<td>6</td>
<td></td>
<td></td>
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<tr>
<td>IT Equipment</td>
<td>August 21, 2012</td>
<td>16</td>
<td></td>
<td></td>
</tr>
<tr>
<td>IT Equipment Follow-Up</td>
<td>November 14, 2012</td>
<td>2</td>
<td></td>
<td></td>
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<tr>
<td>Payroll Audit</td>
<td>August 24, 2010</td>
<td>1</td>
<td></td>
<td>FY2016</td>
</tr>
<tr>
<td>Human Resources Follow-Up</td>
<td>June 20, 2012</td>
<td>1</td>
<td></td>
<td>FY2016</td>
</tr>
<tr>
<td>Contracts and Procurement Follow-Up</td>
<td>August 29, 2012</td>
<td>2</td>
<td></td>
<td>FY2016</td>
</tr>
<tr>
<td>SCE Utility Payments</td>
<td>August 28, 2013</td>
<td>3</td>
<td></td>
<td>FY2016</td>
</tr>
<tr>
<td>Accounts Payable Follow-Up</td>
<td>August 29, 2013</td>
<td>9</td>
<td></td>
<td>FY2017</td>
</tr>
<tr>
<td>Automobile Insurance Requirements</td>
<td>March 3, 2014</td>
<td>2</td>
<td></td>
<td>FY2017</td>
</tr>
<tr>
<td>Vehicle Security Procedures</td>
<td>March 3, 2014</td>
<td>3</td>
<td></td>
<td>FY2017</td>
</tr>
<tr>
<td>Vehicle Inventory Procedures</td>
<td>March 12, 2014</td>
<td>13</td>
<td></td>
<td>FY2017</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>28</td>
<td>39</td>
<td></td>
</tr>
</tbody>
</table>

Regional Contract Review
In addition to the outstanding recommendations from the various audits noted above, to-date, IA has completed eight different audit reports related to the Regional Contract Review:

- Interim Audit Report for Cucamonga Valley Water District (March 2015)
- Interim Audit Report for the City of Chino (December 2014)
- Interim Audit Report for the City of Fontana (December 2014)
- Interim Audit Report for the City of Montclair (September 2014)
- Interim Audit Report for the City of Upland (September 2014)
- "Survey of Comparative Information of the Seven Contracting Agencies" (September 2014)
- "Regional Contract Review – Review of the Ten Year Forecast" (June 2014)
- "Regional Contract Review – Survey of Comparable Agencies" (June 2014)

Upon completion of all reviews related to the Regional Contract Review, IA will submit a comprehensive report with final recommendations for IEUA to consider in moving forward with renegotiating the Regional Contract. To-date, IA has provided 31 recommendations.

IA anticipates completion by June/September of 2015.

PRIOR BOARD ACTION

On September 17, 2014, the Board of Directors approved the Annual Audit Plan for Fiscal Year 2014/15.
On December 18, 2013, the Board of Directors reconfirmed the Internal Audit Department Charter.

**IMPACT ON BUDGET**

None
## Outstanding Audit Recommendations
### June 2015

<table>
<thead>
<tr>
<th>Audit Performed</th>
<th>Reco #</th>
<th>Internal Audit Recommendation</th>
<th>Target Date for Implementation &amp; Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payroll Audit August 24, 2010</td>
<td>4</td>
<td>HR and FMD should work together to revise and update the Agency's Resolution No. 2005-2-9 and clarify which employees are required to sign a Confidentiality Agreement, based on their job duties and responsibilities. To specifically those whose roles involve handling sensitive and confidential information. Having employees sign a Confidentiality Agreement reinforces that confidential and sensitive information is being handled, the Confidentiality Agreement also provides the expectations and consequences for sharing or misusing confidential information.</td>
<td>No edits to Resolution as of June 2013.</td>
</tr>
<tr>
<td>Human Resources Follow-Up June 20, 2012</td>
<td>1</td>
<td>Document standard operating procedures to address the many administrative practices of the department.</td>
<td>During FY 2014/15, the HR Department's staffing level decreased and no progress has been made to address this recommendation.</td>
</tr>
<tr>
<td>Contracts and Procurement Follow-Up August 29, 2012</td>
<td>1</td>
<td>The Contracts and Procurement Department should ensure adequate separation of duties exist in procurement transactions. Specifically the functions of creating and approving the Purchase Request, creating the Purchase Order and having the ability to receive should involve a second knowledgeable individual.</td>
<td>IA will verify during follow-up evaluation.</td>
</tr>
<tr>
<td>Contracts and Procurement Follow-Up August 29, 2012</td>
<td>2</td>
<td>For all grant-related procurements, the Contracts and Procurement Department should print the confirmations from the debarment website at the time the vendor debarment is verified. The confirmation should be filed as evidence of verification, to show whether a vendor was debarred or not at the time of the procurement.</td>
<td>May 20, 2010. Departmental SOP number CPC-09001 has been revised to include a screen print of the debarment result page whether or not the vendor/contractor is listed as debared. April 30, 2014. Need to perform addtl testing to verify debarment checks are being performed.</td>
</tr>
<tr>
<td>2013 Petty Cash May 31, 2013</td>
<td>1</td>
<td>IA recommends that Accounting and Fiscal Management Department personnel take the lead in working with the responsible Agency personnel in making revisions and updates to the following Agency policies: A-02, A-75, A-68 and A-34.</td>
<td>IA to verify during follow-up evaluation.</td>
</tr>
<tr>
<td>2013 Petty Cash May 31, 2013</td>
<td>3</td>
<td>IA recommends that monthly fund reconciliations be performed by personnel independent of the petty cash reimbursement processes and that the fund reconciliation be reviewed and signed by the Petty Cash Custodian’s supervisor or manager as required by SOP CM PR-13, “Cash Management Procedures-Petty Cash”, further ensure all Petty Cash Custodians understand the requirements of the SOP.</td>
<td>IA to verify during follow-up evaluation.</td>
</tr>
<tr>
<td>2013 Petty Cash May 31, 2013</td>
<td>4</td>
<td>IA recommends that either a new SOP be developed or the current SOP CM PR-13, “Cash Management Procedures-Petty Cash” be updated to include detailed procedures over the entire petty cash reimbursement processes.</td>
<td>IA to verify during follow-up evaluation.</td>
</tr>
<tr>
<td>2013 Petty Cash May 31, 2013</td>
<td>5</td>
<td>IA recommends that Accounting and Fiscal Management review current petty cash reimbursable budget codes within SAP and develop a “Master Listing” of budget codes or “roles” within SAP for all Petty Cash Custodians to have access to and utilize them when coding expenditures.</td>
<td>IA to verify during follow-up evaluation.</td>
</tr>
<tr>
<td>2013 Petty Cash May 31, 2013</td>
<td>6</td>
<td>IA recommends that Accounting and Fiscal Management evaluate the petty cash needs of each location throughout the Agency and make any necessary adjustments to the petty cash assignments.</td>
<td>IA to verify during follow-up evaluation.</td>
</tr>
<tr>
<td>Audit Performed</td>
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<td>Internal Audit Recommendation</td>
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<tr>
<td>SCE Utility Payments</td>
<td>1</td>
<td>P&amp;E and Maintenance Management should work with the City of Chino and SCE to adequately transfer the electricity expense related to City of Chino property. The street lights in front of IEUA's HQ-A building have been identified by the Agency and SCE as the financial responsibility of the City of Chino. It was noted that over $800.00 a year is paid for the street lights' expense. P&amp;E and Maintenance previously identified this issue and had initiated discussions to transfer the account and related expense to the City of Chino. It is anticipated that by the end of calendar year 2013 this will be resolved.</td>
<td>IA to verify during follow-up evaluation.</td>
</tr>
<tr>
<td>SCE Utility Payments</td>
<td>2</td>
<td>CAP management should evaluate the entire CAP Department staff's responsibilities and leverage all department resources to achieve all tasks and at the same time avoid internal control conflicts. In addition, IA recommends that SAP authorized access be modified for employees as noted in the report section &quot;SAP Segregation of Duties - CAP Personnel&quot; to address existing internal control conflicts identified. The report details the specific conflicts. This has previously been recommended in prior CAP Follow-Up Audit Reports dated May 24, 2010 and August 28, 2012.</td>
<td>IA to verify during follow-up evaluation.</td>
</tr>
<tr>
<td>SCE Utility Payments</td>
<td>3</td>
<td>CAP personnel should take the lead in working with the responsible Agency personnel to make the necessary updates to Agency policies A-32 and A-33, and department specific SOPs.</td>
<td>IA to verify during follow-up evaluation.</td>
</tr>
<tr>
<td>Accounts Payable Follow-Up Audit</td>
<td>1</td>
<td>AFM and BIS need to work together to ensure users have appropriate access within SAP based on job responsibilities and remove/modify access privileges that are not necessary to reduce the risk of unauthorized transactions and SOD conflicts. All user access should be immediately removed when an employee resigns or changes position with the Agency.</td>
<td>IA to verify during follow-up evaluation.</td>
</tr>
<tr>
<td>Accounts Payable Follow-Up Audit</td>
<td>2</td>
<td>Access to the Vendor Master File (VMF) should only be granted to one Manager/Supervisor for AFM and CAP department with only one back-up employee, if necessary, due to Segregation of Duties conflict. This is a standard best practice across many industries. Furthermore, we recommend access be removed from all other current and past employees.</td>
<td>IA to verify during follow-up evaluation.</td>
</tr>
<tr>
<td>Accounts Payable Follow-Up Audit</td>
<td>3</td>
<td>AFM department should institute controls to ensure payment of invoices by the due date.</td>
<td>IA to verify during follow-up evaluation.</td>
</tr>
<tr>
<td>Accounts Payable Follow-Up Audit</td>
<td>4</td>
<td>AFM should work with the appropriate Agency personnel to update Agency policies and remind employees of the requirements of Agency Policy A-12, Employee Personal Computer Purchase Program; Policy A-37, Reimbursement for Attendance at a Conference, Seminar or Meeting; Policy A-50, Non-Purchase-Order Invoice Approval Procedures; Policy A-55, Agency Credit Cards; and Agency Policy A-14 Vehicle Use.</td>
<td>IA to verify during follow-up evaluation.</td>
</tr>
<tr>
<td>Accounts Payable Follow-Up Audit</td>
<td>5</td>
<td>Human Resources department, in conjunction with Information Support Systems, should ensure that loans for personal computers are not approved for items not covered by the loan program as described in Agency Policy A-12. Additionally, consider revising Agency Policy A-12 to clarify the applicability of the computer loan program to tablet computers and operating systems other than Microsoft Windows.</td>
<td>IA to verify during follow-up evaluation.</td>
</tr>
<tr>
<td>Accounts Payable Follow-Up Audit</td>
<td>6</td>
<td>AFM department should strengthen Vendor Master File procedures to establish uniformity in entering, altering and deleting vendors, and to provide guidelines for the maintenance of vendors, to ensure vendors are authorized, including the requirement that a supervisor or manager in FMD CAP approve additions, deletions, or changes to vendors.</td>
<td>IA to verify during follow-up evaluation.</td>
</tr>
<tr>
<td>Accounts Payable Follow-Up Audit</td>
<td>7</td>
<td>AFM department should ensure all new vendors provide a current, physical business address for the Vendor Master File. Additionally, AFM should establish a plan to update the master file for all active vendors that do not currently have a physical address on file.</td>
<td>IA to verify during follow-up evaluation.</td>
</tr>
<tr>
<td>Accounts Payable Follow-Up Audit</td>
<td>8</td>
<td>AFM department should work with BIS to test the features of SAP related to purging inactive vendors. Upon successful completion of the testing, AFM should identify vendors with no activity in the previous three to five years and deactivate or delete from the Vendor Master File as appropriate.</td>
<td>IA to verify during follow-up evaluation.</td>
</tr>
<tr>
<td>Accounts Payable Follow-Up Audit</td>
<td>9</td>
<td>AFM department should update all SOPs to reflect business process changes resulting from the implementation of the Agency's ERP SAP system.</td>
<td>IA to verify during follow-up evaluation.</td>
</tr>
<tr>
<td>Audit Performed</td>
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<tr>
<td>Automobile Insurance Requirements</td>
<td>1</td>
<td>IA recommends that the Contracts and Facilities Department: Take the lead to review and update and/or consolidate the existing Agency Policy A-14 “Vehicle Use Policies and Procedures” and A-36 “Automobile Insurability and Driver’s License Requirements for Current and Prospective Employees.” The policies should define and specify the requirements for employees to maintain personal automobile insurance, clarify the coverage limits and any other responsibilities and provisions. Ensure policy updates and requirements are communicated to all employees.</td>
<td>IA to verify during follow-up evaluation.</td>
</tr>
<tr>
<td>2</td>
<td></td>
<td>IA recommends that the Contracts and Facilities Department: Consider developing an appropriate “Acknowledgment Statement” form or other verification/certification document or process that outlines and verifies the requirements of the Agency’s policies related to personal automobile insurance coverage and driver’s license. Determine the need to require all employees sign the acknowledgement/verification document each year as a certification that the employee understands and accepts responsibilities when driving a personal or Agency vehicle.</td>
<td>IA to verify during follow-up evaluation.</td>
</tr>
<tr>
<td>Vehicle Security Procedures</td>
<td>1</td>
<td>CAP should take the lead to properly inventory and account for all assigned and unassigned gate transmitters. CAP should continuously work with department managers who request gate transmitters to monitor and revise access based on staff duties and responsibilities. CAP should promptly deactivate any improperly assigned/unassigned gate transmitters or for those employees and contractors that separate employment from the Agency.</td>
<td>IA to verify during follow-up evaluation.</td>
</tr>
<tr>
<td>2</td>
<td></td>
<td>CAP should ensure the appropriate signed gate transmitter form is maintained on file for all issued gate transmitters. Additionally, CAP should ensure the employee/contractor who is issued a gate transmitter understands the requirements of Agency Policy A-24 “Issuance and Inventorying of Gate Transmitters and Keys to Agency Facilities, Vehicles and/or Equipment.” This can be done at the time the employee/contractor is issued the gate transmitter via the signed form and is provided a copy of the Agency policy.</td>
<td>IA to verify during follow-up evaluation.</td>
</tr>
<tr>
<td>3</td>
<td></td>
<td>IA recommends CAP staff inventory all Certificates of Title and work to locate or replace the missing titles for Agency vehicles. Additionally, CAP should implement and communicate the proper procedure to ensure that all Certificates of Title are promptly submitted to Records Management for filing and retention.</td>
<td>IA to verify during follow-up evaluation.</td>
</tr>
<tr>
<td>Vehicle Inventory Procedures</td>
<td>1</td>
<td>Maintenance Department and HR Department should work together to develop and/or consolidate into one updated policy, the procedures for refueling Agency vehicles in order to streamline processes and clearly define the procedures for refueling Agency vehicles. Specifically, the policy should include: payment method, when to fuel, and specify if the requirement applies to assigned, pool or all vehicles. Take the lead to review and update and/or consolidate the existing Agency Policy A-14 “Vehicle Use Policies and Procedures” and A-36 “Automobile Insurability and Driver’s License Requirements for Current and Prospective Employees.” The policies should define and specify the requirements for employees to maintain personal automobile insurance, clarify the coverage limits and any other responsibilities and provisions. Ensure policy updates and requirements are communicated to all employees.</td>
<td>IA to verify during follow-up evaluation.</td>
</tr>
<tr>
<td>2</td>
<td></td>
<td>Maintenance Department should take the lead to update Agency Policy A-86, “Refueling Agency Vehicles” to include a clear definition of a “pool” versus an “assigned” vehicle and these definitions should be carried across all Agency policies that relate to Agency vehicle procedures.</td>
<td>IA to verify during follow-up evaluation.</td>
</tr>
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<tr>
<td>Vehicle Inventory Procedures March 12, 2014</td>
<td>3</td>
<td>Maintenance Department should revise Agency Policy A-86 to specifically address how Voyager fuel cards for Agency “pool” vehicles will be issued and used by employees in order to establish separate guidelines for Agency “pool” vehicles.</td>
<td>IA to verify during follow-up evaluation.</td>
</tr>
<tr>
<td>Vehicle Inventory Procedures March 12, 2014</td>
<td>4</td>
<td>Maintenance Department should work with Business Information Systems (BIS) to develop an online/electronic “vehicle reservation and approval process.” Approval should be obtained through the online/electronic process by either the employee’s supervisor or manager. If the travel in an Agency “pool” vehicle will be for the calendar day only, online/electronic approval obtained from the employee’s direct supervisor is sufficient. If travel utilizing an Agency “pool” vehicle will be overnight or several nights, or outside the service area, the employee should obtain online approval from the responsible manager and/or a member of Executive Management.</td>
<td>IA to verify during follow-up evaluation.</td>
</tr>
<tr>
<td>Vehicle Inventory Procedures March 12, 2014</td>
<td>5</td>
<td>Maintenance Department should work with the HR Department to incorporate mileage limitations and/or geographic boundaries (i.e., out-of-state) for Agency vehicles in updated Agency policies.</td>
<td>IA to verify during follow-up evaluation.</td>
</tr>
<tr>
<td>Vehicle Inventory Procedures March 12, 2014</td>
<td>6</td>
<td>Maintenance Department should evaluate the overall purpose of the VIF, to determine what elements are necessary to be reported by employee after use of an Agency vehicle, as well as determine what elements to hold the employee accountable for. Additionally, fewer incomplete forms may be returned if wording is revised to require only exceptions (an example might be: “Indicate damage to vehicle, if any”).</td>
<td>IA to verify during follow-up evaluation.</td>
</tr>
<tr>
<td>Vehicle Inventory Procedures March 12, 2014</td>
<td>7</td>
<td>Maintenance Department should determine the need to require that the VIF include an area for the employee’s direct supervisor/manager to approve and sign, specifically acknowledging where the vehicle will be used and permitting the use of the Agency vehicle, prior to checking out the vehicle as an added control and accountability measure for the vehicle and the employee.</td>
<td>IA to verify during follow-up evaluation.</td>
</tr>
<tr>
<td>Vehicle Inventory Procedures March 12, 2014</td>
<td>8</td>
<td>Maintenance Department should ensure the recipients of the VIF (currently, the receptionists) no longer accept incomplete VIF forms from an employee upon the return of the vehicle to Headquarters. The receptionists should return the form to the employee and request they fill out the VIF completely before checking-in the vehicle.</td>
<td>IA to verify during follow-up evaluation.</td>
</tr>
<tr>
<td>Vehicle Inventory Procedures March 12, 2014</td>
<td>9</td>
<td>Maintenance Department should continue to work with “Voyager Fleet Systems” and U.S. Bank to review the card issuer’s reporting capabilities, in order to develop the reports needed with the appropriate inputs (e.g., odometer readings, date of purchase, amount, credit card number, card holder name, number of gallons purchased at point-of-sale) so that the Agency can perform a thorough analysis of fuel consumption monthly.</td>
<td>IA to verify during follow-up evaluation.</td>
</tr>
<tr>
<td>Vehicle Inventory Procedures March 12, 2014</td>
<td>10</td>
<td>Maintenance Department should develop one policy or update the existing policy (ies) to outline the proper procedures for washing Agency vehicles.</td>
<td>IA to verify during follow-up evaluation.</td>
</tr>
<tr>
<td>Vehicle Inventory Procedures March 12, 2014</td>
<td>11</td>
<td>Maintenance Department should perform a routine inventory as well as regular safety/maintenance inspections for all Agency vehicles at least annually and ensure necessary safety and emergency equipment is available and operational. Issues identified should be addressed and corrected timely. Specifically, items required for safety reasons such as fire extinguishers, insurance information and accident instructions, etc. should be current and readily available in the vehicle. Documented maintenance and safety inspection results should be retained and placed in the vehicle’s file as evidence of examination.</td>
<td>IA to verify during follow-up evaluation.</td>
</tr>
<tr>
<td>Vehicle Inventory Procedures March 12, 2014</td>
<td>12</td>
<td>Maintenance Department should consider including a vehicle bumper sticker on all Agency vehicles that display the Agency’s logo and a hotline or contact phone number where issues may be reported by any member of the public.</td>
<td>IA to verify during follow-up evaluation.</td>
</tr>
<tr>
<td>Audit Performed</td>
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<tr>
<td>Vehicle Inventory Procedures</td>
<td>13</td>
<td>Periodic reconciliations for fleet (vehicles and equipment) should be performed by the Maintenance Department between any report(s) or system databases that are utilized by management to ensure accuracy when reporting fleet information and making decisions regarding fleet.</td>
<td>IA to verify during follow-up evaluation.</td>
</tr>
</tbody>
</table>

Total of 39 outstanding recommendations as of June 10, 2015 requiring IA verification and/or supported response.
INFORMATION ITEM

5P
Date: June 17, 2015

To: The Honorable Board of Directors

Through: Special Audit Committee (6/17/15)

From: Teresa V. Velarde
Manager of Internal Audit

Subject: Internal Audit Department Status Report for June 2015

RECOMMENDATION

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

BACKGROUND

The Audit Committee Charter requires that a written status report be prepared and submitted each quarter. The Internal Audit Department Status Report includes a summary of significant internal and external audit activities for the reporting period. Attached is the Status Report for June 2015.

PRIOR BOARD ACTION

On September 17, 2014 the Board of Directors approved the Annual Audit Plan for Fiscal Year 2014/15.

On December 18, 2013, the Board of Directors reconfirmed the approved Audit Committee Charter.

IMPACT ON BUDGET

None.
Projects Completed This Period

Audit: Regional Contract Review

Scope:
The objectives of the Regional Contract review include:
- Evaluation of how the seven Contracting Agencies apply the Regional Contract provisions
- Determine if the seven Contracting Agencies comply with the Regional Contract requirements
- Determine opportunities to improve processes and procedures
- Identify opportunities and make recommendations for consideration as part of the Regional Contract renegotiation

The review covers the period from July 1, 2012 through December 31, 2013 and where possible considers events subsequent to that period. IA performed a variety of audit procedures to evaluate:
- Initial Connection Fees
- Public Service Facilities Connection Fees
- Monthly Volumetric Sewerage Charges
- Extra-Territorial Fees
- Reconciliations of fees collected and paid to IEUA
- Overall recordkeeping

City of Ontario DRAFT June 2015

Expected Completion Date: September 2015

Refer to the draft report under separate cover for a complete report to date of the observations and recommendations. IA has submitted the Interim Audit Report for the City of Ontario in draft form so as to provide the City of Ontario every opportunity to provide additional information to finalize the evaluation. IA noted the following:

- Connection Fees: Prior to the June 19, 2013 revision of Exhibit J, guidance about fixture unit counts was limited to the California Plumbing Code. As a result, the City (like all Contracting Agencies) had improvised their own calculation worksheets resulting in fewer categories and varying fixture unit amounts than that shown in the revision to Exhibit J, in most cases leading to calculations made by the City that understated Connection Fees. For the items tested, Ontario under-collected about $75,000 in Connection Fees. The review found that the City of Ontario's automated calculation worksheet, built into their permits system, utilized to calculate Connection Fees, still has fewer and differing categories than outlined in Table 1 of Exhibit J, although the fixture unit values for the categories shown do now agree with Table 1. IA has included multiple recommendations to improve the Connection Fees calculation and collection processes.

- Ontario asks permit applicants to self-assess their fixture units and determine the Connection Fees they owe. This procedure omits the step of verifying that the actual Connection Fee calculation conforms to the building/plumbing plans. In addition, the City of Ontario is not fully utilizing the expertise of its Building Department staff in collecting fees.

- Public Service Facilities: Recent construction information was obtained from a variety of public records for testing. The City does not collect connection fees from construction at schools in the community. Fees of $1.4 million are reported as having been paid for Kaiser Permanente’s Ontario Medical Center. IA has included recommendations suggesting enhanced communication and collaboration with the School Districts in the community as a means of encouraging connection fee payments.
Internal Audit Department
Status Report for June 2015

- Commercial Volumetric Sewerage Accounts: Approximately a third of the monthly sewerage billing items tested noted erroneous rates or other concerns. IA has asked the City for additional information.

- Manufacturing and Industrial Entities: There appears to be a need to improve guidelines to Contracting Agencies for manufacturing and industrial enterprises to ensure that Connection Fees and monthly sewerage charges are assessed correctly, are fair and equitable, and are determined in accordance with the intent of the Regional Contract.

City of Chino Hills

Refer to the final report under separate cover for a complete report of the observations and recommendations. IA noted the following:

- Connection Fees: In most cases the calculations made by the City were materially accurate. Prior to the June 19, 2013 revision of Exhibit J guidance about fixture unit counts was limited to the California Plumbing Code. As a result, the City (like all Contracting Agencies) had improvised their own calculation worksheets resulting in fewer categories and varying fixture unit amounts than that shown in the revision to Exhibit J. IA has included multiple recommendations to improve the Connection Fees calculation and collection processes.

- Public Service Facilities: The City collected Connection Fees for all Public Services Facilities tested other than Chino Hills High School which added a pool, showers and locker rooms. The City does not generally collect Connection Fees from construction at schools in the community. IA has included recommendations suggesting enhanced communication and collaboration with the School Districts in the community as a means of encouraging connection fee payments.

- Commercial Volumetric Sewerage Accounts:
  - The Regional Contract does not provide guidance for businesses included under a master meter. Many businesses in Chino Hills are located in commercial centers served by master meters, meaning the City bills the owner or anchor tenant of a commercial center based on one water meter that serves all tenants. IA has recommended a minimum commercial rate of 1 EDU per month.
  - The Regional Contract does not provide for minimum sewer service fees of at least one EDU for commercial customers. Commercial customers are billed for sewer services based on water usage. It would seem that a commercial customer should be billed a minimum rate for 1 EDU (rate for a residential customer) even if commercial consumption is lower than one calculated EDU. IA noted instances where commercial customers are billed a lower amount than what a residential customer pays. IA has recommended that Exhibit J provide additional guidance.

Cucamonga Valley Water District

City of Chino

City of Fontana

City of Montclair

City of Upland

COMPLETED

March 2015

December 2014

December 2014

September 2014

September 2014

Refer to the final reports under separate cover for details on all observations and recommendations.

IA also submitted the following audit reports related to the Regional Contract Review:
The report titled “Regional Contract Review – Review of the Ten Year Forecast” was completed in June 2014. The scope of the Ten Year Capacity Demand Forecast (TYCDF) review was to evaluate the TYCDF prepared by each of the seven Contracting Agencies and how that information is subsequently compiled and utilized by IEUA to prepare the IEUA Ten Year Capital Improvement Plan (TYCIP). The review considered the requirements of the Regional Contract and how those requirements are met through the TYCDFs prepared by the Contracting Agencies and the TYCIP prepared by IEUA.

The report titled “Regional Contract Review – Survey of Comparable Agencies” was completed in June 2014. The report compared IEUA’s Regional Contract and program with four similar agencies/programs in California. The review evaluated the structure used to bill and collect Connection Fees and sewer service fees from residential, commercial, industrial and public service users. The review considered whether greater efficiencies could be gained from adopting different applications and methodologies in administering the contract and collecting fees as applied at other agencies.

The “Survey of Comparative Information” was completed in September 2014. This report provided a comprehensive side-by-side comparison of the preliminary responses received from each Contracting Agency about how the Regional Contract provisions are applied.

The first “Internal Audit Recommendations” report was completed in September 2014. This report provided a comprehensive list of recommendations and the related relevant Contracting Agency. This report was limited to the two Contracting Agencies that had been completed: Upland and Montclair.

A new “Internal Audit Recommendations” report has now been completed. This report has been updated to include all seven Contracting Agencies. This report is complete and is presented under separate cover for this agenda. There are three sections of recommendations:
- Connection Fees Recommendations
- Public Service Facilities Recommendations
- Monthly Sewerage Billing Recommendations

Final/Comprehensive Regional Contract Review Report
Date for full completion: September 2015

Upon completion of all reports for each of the seven Member Agencies, IA will document a final report to provide Executive Management and the Board of Directors with a summary of all IA recommendations and suggested direction to take. A brief presentation has already been made to the Executive Management team. A complete and comprehensive documented report will be the final product of the Regional Contract Review.

Audit: Pre-Treatment and Source Control Follow-Up Review

Scope:
Follow-up evaluation of the 11 outstanding recommendations provided in the Pre-Treatment and Source Control (PTSC) audit reports dated August 22, 2012 and February 26, 2013.

Status: COMPLETED
Of the 11 outstanding recommendations, two have been implemented as provided in the 2012 PTSC audit report. The other nine recommendations noted in the 2013 PTSC audit report are no longer applicable due to the new agreement between IEUA and County Sanitation Districts of Los Angeles County (CSDLAC). No additional findings or recommendations noted.

See the report under separate item in the Audit Committee Agenda.
On-going Projects

Audit: Follow up of Outstanding Recommendations Intercompany Receivables:
- Chino Desalter Authority,
- Inland Empire Regional Composting Authority (RCA), and
- Chino Basin Watermaster

Scope:
IA is in the progress of performing a follow-up evaluation to determine the status of the 10 outstanding recommendations provided in the Intercompany Receivables audit reports dated February 24, 2011, March 30, 2011 and August 30, 2011.

Status: IN PROGRESS
IA has met and discussed the outstanding recommendations with the assigned representatives in Accounting and Fiscal Management. Some of the initially requested documents and information have been received. Additional information and meetings may be requested to complete the follow-up evaluation.

IA will report on the status of each recommendation in three separate audit reports. Anticipated date for completion is July 2015.

Audit: Information Technology Equipment Follow Up Review

Scope:
IA is in the progress of performing a follow-up evaluation to determine the status of the 18 outstanding recommendations provided in the Information Technology (IT) Equipment audit reports dated August 21, 2012 and November 14, 2012.

Status: IN PROGRESS
There are 18 recommendations that require follow-up evaluation. IA is currently in the planning phase of this project. IA met with Integrated Systems Services to discuss the outstanding recommendations with the assigned representatives. All 18 recommendations require audit follow-up procedures be performed to verify if corrective actions have been implemented.

IA will report on the status of each outstanding recommendation and the anticipated date for completion is July 2015.

Project: Annual Audit Plan

Scope:
The IAD and the Audit Committee Charters require that annually, IA submit a flexible plan of proposed audit projects for the following fiscal year.

Status: IN PROGRESS
The Manager of IA has inquired of all Agency key individuals of any recommendations, referrals, key areas for audit, such as a process, contract, activity or business unit. Inquiries have been made of the External Auditors, the Audit Committee Advisor, Executive Management, the Board, as well as consider audit trends and best practices. If information is provided, a risk assessment will be completed prior to finalizing the Annual Audit Plan for Board approval.
Internal Audit Department
Status Report for June 2015

Project: Review of Internal Audit Department and Audit Committee Charters

Scope:
The IAD and the Audit Committee Charters require that annually, IA review and ensure the Charters are updated as necessary.

Status: IN PROGRESS
The Manager of IA and the Audit Committee Advisor completed a review of both Charters to ensure these are in agreement with the leading practices such as the Institute of Internal Auditors (IIA), and the American Institute of Certified Public Accountants for similar committees. At this time no changes or amendments are recommended.

Project: Review of Internal Audit Department SOP’s

Scope: As required by the Internal Audit Department Charter and the IIA Standards, the Manager of IA is responsible for documenting procedures and review/update procedures periodically to ensure these are aligned with current department practices/procedures, leading practices or new requirements.

Status: IN PROGRESS
IA has formally documented seven SOPs. SOPs serve various objectives: provide consistency in the audit methods applied, are a useful training/reference tool, establish ground rules of professional conduct and responsibilities, and provide continuity during staff changes. The seven SOPs and are provided for review and discussion under separate cover in this Audit Committee Agenda.

Project: Management Requests

Scope:
Assist Agency Management with requests for analysis, evaluations and verification of information, assist with the interpretation of policies and procedures, or providing review and feedback on new policies or procedures. These services are provided according to the IA Charter, the Annual Audit Plan, and best practices.

The management request projects are short-term projects, typically lasting no more than 60 – 75 hours each where IAD determines it has the necessary staff, skills and resources to provide assistance without having to delay/defer scheduled audits and priority projects. The scope of each review is agreed upon between the department manager requesting the evaluation/review/analysis/assistance and the Manager of IA and when deemed appropriate by Executive Management.

During this quarter, IA has been requested to serve on the Agency’s Steering Committee for Managing Records and Information. Additionally, IA assisted the Records Management group during the 18 Enterprise Content Management (ECM) sessions where various Agency steps and stages of selected activities and processes were discussed to determine the types of documents and the course and or method of submitting/issuing/saving/processing the needed documents. Additional requests related to IA’s interpretation or recommendations have been responded to and IA participates in various Agency-wide meetings and training sessions. Lastly, recently IA provided a brief workshop to Executive Management on options for moving forward with the Regional Contract recommendations.
Planned/Future/Additional Projects

**Audit:**  Master and Rotating Contracts Audit

**Scope:** To evaluate the Agency’s Master and Rotating Contracts to ensure these follow the required Agency policies and procedures and ensure controls that enforce proper contracting, procurement transactions are in place.

**Status:** Projected start date: September 2015

IA will coordinate an audit kick-off meeting in mid-June will all the responsible managers/supervisors. IA will perform preliminary surveys, planning, interviewing and inquiries of Agency personal in relation to the areas of the audit above. It is anticipated fieldwork will begin approximately in September 2015. A status report of the progress of the Master and Rotating Contracts Audit will be provided at the next Audit Committee Meeting.

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**Internal Audit Department**

**Internal Audit Department Staffing:**
The Internal Audit Department is staffed as follows:
- 1 Manager of Internal Audit
- 2 Full-time Senior Internal Auditors

**Internal Audit Staff Professional Development Activities:**
As required by the *International Standards for the Professional Practice of Internal Auditing*, auditors should continue to enhance their knowledge, skills, and other competencies through continuing professional development.

During the past quarter, IA staff continues to stay abreast of industry developments through review of industry periodicals. IA staff attended a half-day seminar on Combining Data Quality and Data Visualization, along with a full-day conference with insights on Executive Leadership, Risk and Strategic, Information Technology, and Ethics & Fraud. Two IA members continue to prepare for the 3-part Certified Internal Audit certification, the only globally-recognized certification for internal audit professionals. One Senior Auditor is a Certified Public Accountant. Additional professional development education will be scheduled in the near future.

**Future Audit Committee Meetings:**
- Wednesday, September 9, 2015 – Regularly Scheduled Audit Committee Meeting
- Wednesday, December 9, 2015 – Regularly Scheduled Audit Committee Meeting
REGULAR COMMISSION MEETING
TUESDAY, JUNE 16, 2015 – 9:30 A.M.

AGENDA

1. **CALL TO ORDER/PLEDGE OF ALLEGIANCE** (Thomas P. Evans, Chair)

2. **ROLL CALL**

3. **PUBLIC COMMENTS**
   Members of the public may address the Commission on items within the jurisdiction of the Commission; however, no action may be taken on an item not appearing on the agenda unless the action is otherwise authorized by Government Code §54954.2(b).

4. **CONSENT CALENDAR**
   All matters listed on the Consent Calendar are considered routine and non-controversial and will be acted upon by the Commission by one motion as listed below.

   A. **APPROVAL OF MEETING MINUTES: MAY 19, 2015**
      Recommendation: Approve as posted.

   B. **APPROVAL OF MEETING MINUTES: JUNE 2, 2015**
      Recommendation: Approve as posted.

   C. **TREASURER’S REPORT – MAY 2015**
      Recommendation: Approve as posted.

5. **NEW BUSINESS**

   A. **MIDDLE SANTA ANA RIVER PATHOGEN TMDL TASK FORCE – REGULATORY STRATEGIST AND TMDL COMPLIANCE EXPERT (RISK SCIENCES) (CM#2015.42)**
      Presenter: Mark Norton
      Recommendation: Approve Task Order RISK 384-08 with Risk Sciences for an amount not-to-exceed $87,300 for the next two fiscal years to serve as regulatory strategist and compliance expert for the Middle Santa Ana River Pathogen TMDL Task Force.

   B. **USE OF BUILDING RESERVE FUNDS FOR ONE AIR CONDITIONING UNIT REPLACEMENT (CM#2015.41)**
      Presenter: Rich Haller
      Recommendation: Authorize the use of $6,200 from the Building Reserve Fund to replace one air conditioning unit: Unit 7.
C. **FISCAL YEAR 2016 WORK ORDER WITH WESTERN MUNICIPAL WATER DISTRICT FOR CERTAIN OPERATIONS AND MAINTENANCE ACTIVITIES ON THE INLAND EMPIRE BRINE LINE REACHES IV, IV-A, IV-B, IV-D, IV-E AND V (CM#2015.38)**

   Presenter: Rich Haller

   **Recommendation:** Approve a Work Order with Western Municipal Water District in the amount of $119,000 for Fiscal Year 2016 Inland Empire Brine Line Operations and Maintenance activities.

D. **DAMAGE TO MAS 4B-0850 BY CALTRANS (CM#2015.39)**

   Presenter: Carlos Quintero

   **Recommendation:** Receive a report on the damage sustained on Maintenance Access Structure 4B-0850 by Caltrans crews and direct staff to file a claim against Caltrans for an amount to be determined.

E. **INLAND EMPIRE BRINE LINE ON-CALL SERVICE CONTRACTS (CM#2015.40)**

   Presenter: Carlos Quintero

   **Recommendation:** Receive a report on the Brine Line On-Call Service Contracts; and approve (1) a General Services Agreement and Task Order with Houston Harris Inc. for an amount not to exceed $318,120; (2) a General Services Agreement and Task Order with Haz Mat Trans Inc. for an amount not to exceed $98,215; and, (3) a General Services Agreement Task Order with E.S. Babcock Laboratories for an amount not to exceed $62,346.

F. **SUPPLEMENTAL ENVIRONMENTAL PROJECT (SEP) FUNDING AGREEMENT FOR SANTA ANA SUCKER HABITAT IMPROVEMENT PROJECT (CM#2015.43)**

   Presenter: Ian Achimore

   **Recommendation:** Authorize staff to execute Mandatory Minimum Penalty Order No. R8-2015-0012 Stipulations for Settlement of Mandatory Minimum Penalties by and among the Santa Ana Regional Water Quality Control Board, the City of Beaumont, and the Santa Ana Watershed Project Authority (Agreement); and authorize staff to receive $24,000 in Supplemental Environmental Project (SEP) funds from the City of Beaumont to implement a habitat improvement project for the Santa Ana sucker (Catostomus santaanae).

G. **STATEMENT OF INVESTMENT POLICY (CM#2015.44)**

   Presenter: Karen Williams

   **Recommendation:** Adopt Resolution No. 2015-05, approving the Statement of Investment Policy and delegating authority to the Chief Financial Officer to invest or reinvest funds consistent with the Statement of Investment Policy.

H. **FYE 2015 COLA AND MERIT INCREASE (CM#2015.49)**

   Presenter: Celeste Cantú

   **Recommendation:** Approve the staff recommendations for the FYE 2015 COLA (1.8%) and merit pool (5.0%).

I. **PRESENTATION AND UPDATE – CLASSIFICATION AND COMPENSATION STUDY**

   **Presenter [Presentation]:** Doug Johnson, Vice President, Ralph Andersen & Associates

   **Presenters [Update]:** Employee Compensation Ad Hoc Committee Members – Alternate Commissioner Jasmin Hall and Commissioner Edkilgore

   **Recommendation:** Receive and file.
6. **OLD BUSINESS**

   None.

7. **INFORMATIONAL REPORTS**
   
   **Recommendation:** Receive and file the following oral/written reports/updates.

   A. **OWOW UPDATE – PA 22 COMMITTEE (CM#2015.45)**  
      **Presenter:** Larry McKenney
   
   B. **CASH TRANSACTIONS REPORT – APRIL 2015**  
      **Presenter:** Karen Williams
   
   C. **INTER-FUND BORROWING – APRIL 2015 (CM#2015.46)**  
      **Presenter:** Karen Williams
   
   D. **PERFORMANCE INDICATORS/FINANCIAL REPORTING – APRIL 2015 (CM#2015.47)**  
      **Presenter:** Karen Williams
   
      **Presenter:** Karen Williams
   
   F. **FINANCIAL REPORT FOR THE THIRD QUARTER ENDING MARCH 31, 2015**
      - Inland Empire Brine Linc (IEBL)
      - SAWPA
      **Presenter:** Karen Williams
   
   G. **SAWPA ROUNDTABLE STATUS REPORT FOR THE THIRD QUARTER ENDING MARCH 31, 2015**  
      **Presenter:** Mark Norton
   
   H. **STATE LEGISLATIVE REPORT**  
      **Presenter:** Celeste Cantú
   
   I. **GENERAL MANAGER’S REPORT**

   J. **SAWPA GENERAL MANAGERS MEETING NOTES**
      - June 9, 2015

   K. **CHAIR’S COMMENTS/REPORT**

   L. **COMMISSIONERS’ COMMENTS**

8. **CLOSED SESSION**

   A. **CONFERENCE WITH LABOR NEGOTIATORS – PURSUANT TO GOVERNMENT CODE SECTION 54957.6**  
      **Agency Designated Representative:** Celeste Cantú  
      **Unrepresented Employees:** All SAWPA Employees

   B. **CONFERENCE WITH LEGAL COUNSEL – EXPOSURE TO LITIGATION – PURSUANT TO GOVERNMENT CODE SECTION 54956.9(d)(2)**  
      **Number of Potential Cases:** One
9. **ADJOURNMENT**

PLEASE NOTE:
Americans with Disabilities Act: Meeting rooms are wheelchair accessible. If you require any special disability related accommodations to participate in this meeting, please contact Kelly Berry at (951) 354-4230 or kberry@sawpa.org. Notification at least 48 hours prior to the meeting will enable staff to make reasonable arrangements to ensure accessibility for this meeting. Requests should specify the nature of the disability and the type of accommodation requested.

Materials related to an item on this agenda submitted to the Commission after distribution of the agenda packet are available for public inspection during normal business hours at the SAWPA office, 11615 Sterling Avenue, Riverside, and available at www.sawpa.org.

**Declaration of Posting**
I, Kelly Berry, Clerk of the Board of the Santa Ana Watershed Project Authority declare that on Thursday, June 11, 2015, a copy of this agenda has been uploaded to the SAWPA website at www.sawpa.org and posted in SAWPA’s office at 11615 Sterling Avenue, Riverside, California.

/s/
Kelly Berry, CMC

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**2015 - SAWPA Commission Meetings/Events**
First and Third Tuesday of the Month

(Note: Unless otherwise noted, all Commission Workshops/Meetings begin at 9:30 a.m., and are held at SAWPA.)

<table>
<thead>
<tr>
<th>January</th>
<th>February</th>
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<tbody>
<tr>
<td>1/6/15</td>
<td>2/3/15</td>
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<tr>
<td>Commission Workshop</td>
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<td>1/20/15</td>
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<td>Commission Workshop [Special]</td>
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<td>5/19/15</td>
<td>6/16/15</td>
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<td>Commission Workshop</td>
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<td>11/17/15</td>
<td>12/1 – 12/4/15 ACWA Fall Conference, Indian Wells</td>
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<td>Regular Commission Meeting</td>
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AGENCY REPRESENTATIVES’ REPORTS

6B
REVISED AGENDA

Regular Board Meeting

June 9, 2015

12:00 p.m. – Board Room

<table>
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<tr>
<th>Tuesday, June 9, 2015</th>
<th>Meeting Schedule</th>
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<td>7:00-8:00 a.m.</td>
<td>Rm. 2-413</td>
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<tr>
<td>9:00 a.m.</td>
<td>Rm. 2-146</td>
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<tr>
<td>10:30 a.m.</td>
<td>Rm. 2-456</td>
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<tr>
<td>12:00 p.m.</td>
<td>Board Room</td>
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MWD Headquarters Building • 700 N. Alameda Street • Los Angeles, CA 90012

1. Call to Order
   (a) Invocation: Naushad Aurangzeb, Principal Engineering Technician, Water System Operations
   (b) Pledge of Allegiance: Vice Chair Gloria Gray

2. Roll Call

3. Determination of a Quorum

4. Opportunity for members of the public to address the Board on matters within the Board's jurisdiction. (As required by Gov. Code § 54954.3(a))

5. OTHER MATTERS
   A. Approval of the Minutes of the Meeting for May 12, 2015. (A copy has been mailed to each Director)
      Any additions, corrections, or omissions
   B. Report on Directors' events attended at Metropolitan expense for month of May

REVISED: Date of Notice: June 3, 2015
C. Induction of new Director Stephen J. Faessel, from City of Anaheim
   (a) Receive credentials
   (b) Report on credentials by General Counsel
   (c) File credentials
   (d) Administer Oath of Office
   (e) File Oath

D. Approve preparation of a Commendatory Resolution for former Director Thomas Evans

Added
E. Approve 30-day leave of absence for Director Yen Tu, commencing July 1, 2015

F. Approve committee assignments

G. Chairman's Monthly Activity Report

6. DEPARTMENT HEADS' REPORTS
   A. General Manager's summary of Metropolitan's activities for the month of May
   B. General Counsel's summary of Legal Department activities for the month of May
   C. General Auditor's summary of activities for the month of May
   D. Ethics Officer's summary of activities for the month of May

7. CONSENT CALENDAR ITEMS — ACTION
   7-1 Approve up to $1.168 million to purchase insurance coverage for Metropolitan's Property & Casualty Insurance Program. (F&I)
 Recommendation:

Option #2:

Adopt the CEQA determination that the proposed action is not defined as a project and is not subject to CEQA, and approve up to $1.168 million to renew the expiring excess liability and specialty insurance policies, and change the Excess Workers' Compensation coverage limit from $50 million to statutory limits.

7-2 Appropriate $650,000; and authorize construction of copper sulfate storage facilities at Lake Mathews and Lake Skinner (Approp. 15441). (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is categorically exempt from CEQA, and
a. Appropriately $650,000; and
b. Authorize construction of copper sulfate storage facilities at Lake Mathews and Lake Skinner.

7-3 Appropriate $1.9 million; and authorize design to complete lining repairs on the Etiwanda Pipeline (Approp. 15441). (E&O)

Recommendation:

Option #1:

Certify that the Final EIR has been completed in compliance with CEQA and the State CEQA Guidelines; certify that the Board has reviewed and considered the information presented in the Final EIR; certify that the Final EIR reflects Metropolitan' independent judgment and analysis; adopt the Findings, SOC, and MMRP; and
a. Appropriately $1.9 million; and
b. Authorize design to complete the lining repairs on the Etiwanda Pipeline.

7-4 Approve amendments to the Metropolitan Water District Administrative Code to conform to current laws and practices and make corrections. (L&C)
Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not defined as a project and is not subject to CEQA, and approve amendments to the Administrative Code set forth in Attachment 2 to the board letter to reflect the changes recommended in the letter.

7-5 Approve amendments to Metropolitan Water District Administrative Code to revise the Department Head Evaluation process and timeline. (OP&T)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not defined as a project and is not subject to CEQA, and approve amendments to the Administrative Code set forth in Attachments 1 and 2 to the board letter to reflect the changes recommended in the letter.

(END OF CONSENT CALENDAR)

8. OTHER BOARD ITEMS — ACTION

8-1 Annual approval of Metropolitan’s Statement of Investment Policy and delegation of authority to the Treasurer to invest Metropolitan’s funds. (F&I)

Staff Recommendation:

Adopt the CEQA determination that the proposed action is not subject to CEQA, and

a. Approve the Statement of Investment Policy; and
b. Delegate authority to invest to the Treasurer for fiscal year 2015/16.

8-2 Approve and authorize execution and distribution of the Official Statement in connection with the issuance of the Special Variable Rate, Water Revenue Refunding Bonds 2015 Series 1 and 2015 Series A-2, and authorize the payment of cost of issuance from bond proceeds. (F&I)
Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not defined as a project and is not subject to CEQA, and

a. Approve the draft Official Statement substantially in the form attached to the board letter;

b. Authorize the General Manager to finalize, with changes approved by the General Manager and General Counsel, and execute the Official Statement;

c. Authorize distribution of the Official Statement in connection with marketing of the bonds; and

d. Authorize payment of costs of issuance of bonds as operations and maintenance expenses in the manner set forth in the board letter.

8-3 Authorize payments of up to $3.15 million for participation in the State Water Contractors, Inc. and the State Water Project Contractors Authority for fiscal year 2015/16. (WP&S) (Two-thirds vote required)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed actions are not defined as a project and are not subject to CEQA and, by two-thirds vote,

a. Authorize the General Manager to make payment of $2.38 million to the State Water Contractors; and

b. Authorize the General Manager to make payment of up to $760,859 to the State Water Project Contractors Authority.

8-4 Appropriate $3,530,802 for final payment to Southern California Edison for the 66 kV incoming electrical service at the F. E. Weymouth Water Treatment Plant (Approp. 15369). (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not subject to the provisions of CEQA, and appropriate $3,530,802 for the Weymouth Incoming Electrical Service.

8-5 Appropriate $12,670,000; and award $10,534,920 contract to Kana Engineering Group, Inc. to construct a solar power plant at the F. E. Weymouth Water Treatment Plant (Approp. 15391). (E&O)
Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action has been previously addressed and that no further environmental analysis or documentation is required, and
a. Appropriately $12.67 million; and
b. Award $10,534,920 contract to Kana Engineering Group, Inc. for construction of the La Verne Solar Power Plant.

8-6 Adopt Mitigated Negative Declaration for planned upgrades to Palos Verdes Reservoir. (E&O)

Recommendation:

Option #1:

Adopt the Mitigated Negative Declaration for planned upgrades to Palos Verdes Reservoir.

8-7 Express support for AB 888 (Bloom, D-Santa Monica) – Waste Management: Plastic Microbeads; and express support for H.R. 1321 (Pallone, D-New Jersey) – Microbead-Free Waters Act of 2015. (C&L)

Added

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not subject to CEQA, and authorize the General Manager to express support for AB 888 and H.R. 1321.

Revised 8-8 Express support for H.R. 1278 (Capps, D-CA) – Water Infrastructure Resilience and Sustainability Act of 2015. (C&L)

Added

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not subject to CEQA, and authorize the General Manager to express support for H.R. 1278.
Approved an amendment to a cost-sharing agreement for Colorado River Board funding; and authorize payment for up to $875,782 for support of the Colorado River Board and Colorado River Authority of California for fiscal year 2015/16. (WP&S) (Two-thirds vote required)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not subject to CEQA and, by a two-thirds vote, authorize the General Manager to:

a. Execute the Six Agency Committee agreement's amendment to extend the cost-sharing formula through June 30, 2020; and

b. Make payment of up to $875,782 for the CRB/Six Agency Committee and Authority for FY 2015/16.

9. BOARD INFORMATION ITEMS

None

10. FUTURE AGENDA ITEMS

11. ADJOURNMENT

NOTE: At the discretion of the Board, all items appearing on this agenda and all committee agendas, whether or not expressly listed for action, may be deliberated and may be subject to action by the Board.

Each agenda item with a committee designation will be considered and a recommendation may be made by one or more committees prior to consideration and final action by the full Board of Directors. The committee designation appears in parentheses at the end of the description of the agenda item e.g., (E&O, F&I). Committee agendas may be obtained from the Board Executive Secretary.

Writings relating to open session agenda items distributed to Directors less than 72 hours prior to a regular meeting are available for public inspection at Metropolitan's Headquarters Building and on Metropolitan's Web site http://www.mwdh2o.com.

Requests for a disability related modification or accommodation, including auxiliary aids or services, in order to attend or participate in a meeting should be made to the Board Executive Secretary in advance of the meeting to ensure availability of the requested service or accommodation

REVISED: Date of Notice: June 3, 2015
CHINO BASIN WATERMASTER
WATERMASTER BOARD MEETING
11:00 a.m. – May 28, 2015
WITH
Mr. Steve Elle – Chair
Mr. Paul Hofer – Vice-Chair
At The Offices Of
Chino Basin Watermaster
9641 San Bernardino Road
Rancho Cucamonga, CA 91730

AGENDA

CALL TO ORDER

PLEDGE OF ALLEGIANCE

PUBLIC COMMENTS

AGENDA - ADDITIONS/REORDER

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

A. MINUTES
   1. Minutes of the Watermaster Board Special Meeting held April 8, 2015 (Page 1)
   2. Minutes of the Watermaster Board Meeting held April 28, 2015 (Page 3)

B. FINANCIAL REPORTS
   1. Cash Disbursements for the month of March 2015 (Page 7)
   2. Watermaster VISA Check Detail for the month of March 2015 (Page 21)
      March 31, 2015 (Page 29)
   5. Budget vs. Actual Report for the Period July 1, 2014 through March 31, 2015 (Page 33)

C. WATER TRANSACTION (Page 51)
   1. Consider Approval for Notice of Sale or Transfer – The purchase of 3,000,000 acre-feet
      of water from the City of Pomona by the Cucamonga Valley Water District. This purchase is
      made from the City of Pomona’s Excess Carryover Account. Date of application: March 13,
      2015.

D. BROWNSTEIN HYATT FARBER SCHRECK – FY 2015/16 BILLING RATE ADJUSTMENT,
   AMENDMENT TO AGREEMENT FOR LEGAL SERVICES (Page 63)
   Approve the FY 2015/16 billing rate adjustment.
E. **CBWM FY 2015/16 PAY SCHEDULE** *(Page 65)*
   Approve the FY 2015/16 Pay Schedule.

II. **BUSINESS ITEMS**
   A. **INTEGRATED RESOURCES PLAN – GROUNDWATER MODELING REIMBURSEMENT AGREEMENT** *(Page 69)*
      Approve the Reimbursement Agreement.

   B. **WATERMASTER FISCAL YEAR 2015/16 PROPOSED BUDGET** *(Page 77)*
      Approve the Proposed FY 2015/16 Budget as presented.

   C. **SAFE YIELD RECALCULATION AND RESET FACILITATED PROCESS**
      *(Facilitator’s Report and Possible Action)*

   D. **GM CONTRACT CONSIDERATION**

III. **REPORTS/UPDATES**
   A. **LEGAL COUNSEL REPORT**
      1. SGMA Basin Boundary Revisions Rulemaking Process *(Page 89)*

   B. **ENGINEER REPORT**
         - Groundwater Quality
         - Land Subsidence
      2. Land Subsidence Committee Update
         - Work plan to develop a subsidence management plan for North MZ-1 area
         - 2014 Annual Report
         - Update to MZ-1 Plan

   C. **CFO REPORT**
      None

   D. **GM REPORT**
      1. CBWM 35th Annual Report
      2. ACWA Conference
      3. Other

IV. **INFORMATION**
   1. Cash Disbursements for April 2015 *(Page 91)*

V. **BOARD MEMBER COMMENTS**

VI. **OTHER BUSINESS**

VII. **CONFIDENTIAL SESSION - POSSIBLE ACTION**
    Pursuant to Article 2.6 of the Watermaster Rules & Regulations, a Confidential Session may be held during the Watermaster committee meeting for the purpose of discussion and possible action.

   1. GM Performance Evaluation
VIII. FUTURE MEETINGS AT WATERMASTER

5/22/15 Fri 10:00 a.m.* Safe Yield Recalculation and Reset Facilitated Discussion
6/11/15 Thu 9:00 a.m. Appropriative Pool
6/11/15 Thu 11:00 a.m. Non-Agricultural Pool
6/11/15 Thu 1:30 p.m. Agricultural Pool
6/18/15 Thu 9:00 a.m. Advisory Committee
6/18/15 Thu 9:30 a.m. Recharge Investigations and Projects Committee (RIPCom)
6/25/15 Thu 11:00 a.m. Watermaster Board

*Note: These meetings are intended for parties who have signed the Safe Yield Recalculation and Reset Facilitation and Non-Disclosure Agreement.

ADJOURNMENT
Date: June 17, 2015

To: The Honorable Board of Directors

From: P. Joseph Grindstaff
      General Manager

Subject: General Manager’s Report Regarding Agency Activities

OPERATIONS UPDATE
Regional Plant influent flows during the month of April is lower than the average flow received during the previous months. Agency wide average daily influent flow for the month of April was approximately 51 million gallons per day which is 1.0 to 1.5 MGD lower than the previous 12 months.
April 2015, Regional Plant sodium hypochlorite consumption averaged 112 gallons per million gallons of treated flows.

April 2015, Agency flow weighted Total Inorganic Nitrogen (TIN) was 5.2 mg/L.
General Manager’s Report
June 17, 2015
Page 3 of 12
April 2015, Agency wide effluent 12 month flow weighted average Total Dissolved Solids (TDS) was 533 mg/L.

![Agency Wide Effluent TDS](image)

**IERCF UPDATE**

*Operational Comments* – Facility throughput for May averaged approximately 90% of permitted capacity at an average of 394 tons per day of biosolids and 136 tons per day of amendments (based on a 30-day month). The facility is operating well with no violations or lost time incidents.

**Facility Throughput**

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<td>IEUA</td>
<td>4,716.63</td>
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<tr>
<td>Total</td>
<td>11,826.94</td>
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**Compost Sales** – Fiscal YTD sales through May are trending 14% higher than last year due to increased sales into the agricultural markets. Compost inventory in the storage facility is at approximately 19,000 cubic yards with capacity for an additional 31,000 cubic yards.
General Manager’s Report  
June 17, 2015  
Page 4 of 12

**Monthly Sales Summary May 2015**

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<thead>
<tr>
<th>Month</th>
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<td>13,501.36</td>
<td>$2.37</td>
<td>$31,999.99</td>
</tr>
<tr>
<td></td>
<td>Base</td>
<td>1,712.45</td>
<td>$0.70</td>
<td>$1,195.46</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>15,213.81</td>
<td>$3.07</td>
<td>$33,195.45</td>
</tr>
</tbody>
</table>

**YTD Sales Summary through May 2015**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>July</td>
<td>23,882.49</td>
<td>18,501.14</td>
<td>$39,474.57</td>
<td>$47,324.52</td>
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<tr>
<td>August</td>
<td>25,621.25</td>
<td>16,818.80</td>
<td>$27,575.69</td>
<td>$44,837.97</td>
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<tr>
<td>September</td>
<td>33,184.90</td>
<td>18,837.71</td>
<td>$37,732.49</td>
<td>$42,131.44</td>
</tr>
<tr>
<td>October</td>
<td>31,487.37</td>
<td>25,034.52</td>
<td>$31,552.56</td>
<td>$40,585.79</td>
</tr>
<tr>
<td>November</td>
<td>22,348.31</td>
<td>18,056.25</td>
<td>$37,014.11</td>
<td>$35,834.18</td>
</tr>
<tr>
<td>December</td>
<td>18,272.61</td>
<td>15,026.52</td>
<td>$23,528.45</td>
<td>$30,127.32</td>
</tr>
<tr>
<td>January</td>
<td>14,388.67</td>
<td>19,674.97</td>
<td>$38,227.06</td>
<td>$33,867.50</td>
</tr>
<tr>
<td>February</td>
<td>15,105.97</td>
<td>24,105.23</td>
<td>$37,979.47</td>
<td>$37,725.97</td>
</tr>
<tr>
<td>March</td>
<td>22,059.88</td>
<td>15,691.83</td>
<td>$56,897.95</td>
<td>$40,325.96</td>
</tr>
<tr>
<td>April</td>
<td>24,675.28</td>
<td>21,068.89</td>
<td>$47,085.22</td>
<td>$50,522.63</td>
</tr>
<tr>
<td>May</td>
<td>15,213.81</td>
<td>19,848.75</td>
<td>$33,195.45</td>
<td>$38,591.29</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>246,240.54</strong></td>
<td><strong>212,664.61</strong></td>
<td><strong>$410,263.02</strong></td>
<td><strong>$441,874.57</strong></td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td><strong>22,385.50</strong></td>
<td><strong>19,333.15</strong></td>
<td><strong>$37,296.64</strong></td>
<td><strong>$40,170.42</strong></td>
</tr>
</tbody>
</table>
Groundwater Recharge

During April 2015, recycled water recharge totaled 994 acre-feet and there was no imported water delivered. The capture of dry weather creek flows totaled 78 acre-feet. There was one rain event during the month that contributed an additional 248 acre-feet of storm water.

<table>
<thead>
<tr>
<th>SUMMARY OF CHINO BASIN GROUNDWATER RECHARGE OPERATIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>April 2015</strong></td>
</tr>
<tr>
<td><strong>Drainage System</strong></td>
</tr>
<tr>
<td><strong>Recharge Volume (AF)</strong></td>
</tr>
<tr>
<td><strong>Management Zone Subtotals</strong></td>
</tr>
<tr>
<td><strong>Basin</strong></td>
</tr>
<tr>
<td>San Antonio Channel Drainage System</td>
</tr>
<tr>
<td>College Heights</td>
</tr>
<tr>
<td>Upland</td>
</tr>
<tr>
<td>Montclair 1, 2, 3 &amp; 4</td>
</tr>
<tr>
<td>Brooks</td>
</tr>
<tr>
<td>West Cucamonga Channel Drainage System</td>
</tr>
<tr>
<td>8th Street</td>
</tr>
<tr>
<td>7th Street</td>
</tr>
<tr>
<td>Ely 1, 2, &amp; 3</td>
</tr>
<tr>
<td>Minor Drainage</td>
</tr>
<tr>
<td>Grove</td>
</tr>
<tr>
<td>Cucamonga and Deer Creek Channel Drainage System</td>
</tr>
<tr>
<td>Turner 1 &amp; 2</td>
</tr>
<tr>
<td>Turner 3 &amp; 4</td>
</tr>
<tr>
<td>Day Creek Channel Drainage System</td>
</tr>
<tr>
<td>Lower Day</td>
</tr>
<tr>
<td>Llano Channel Drainage System</td>
</tr>
<tr>
<td>Edwanda Debris</td>
</tr>
<tr>
<td>Victoria</td>
</tr>
<tr>
<td>San Sevaine Channel Drainage System</td>
</tr>
<tr>
<td>San Sevaine 1, 2, 3 &amp; 4</td>
</tr>
<tr>
<td>San Sevaine 5</td>
</tr>
<tr>
<td>West Fontana Channel System</td>
</tr>
<tr>
<td>Hickory</td>
</tr>
<tr>
<td>Banana</td>
</tr>
<tr>
<td>Decoiez Drainage System</td>
</tr>
<tr>
<td>RP3 Cells 1, 3, &amp; 4</td>
</tr>
<tr>
<td>RP3 Cell 2</td>
</tr>
<tr>
<td>DeCoiez</td>
</tr>
<tr>
<td>Non-Replenishment Recharge**</td>
</tr>
<tr>
<td>Brooks (MVWD)</td>
</tr>
<tr>
<td>Montclair (MVWD)</td>
</tr>
<tr>
<td>Turner (SAWCO)</td>
</tr>
<tr>
<td><strong>Month Total</strong> = 1,320 AF</td>
</tr>
<tr>
<td><strong>Fiscal Year to Date Total</strong></td>
</tr>
<tr>
<td>Since July 1, 2014 = 15,780 AF</td>
</tr>
<tr>
<td><strong>Calendar Year to Date Total</strong></td>
</tr>
<tr>
<td>Since Jan. 1, 2015 = 5,764 AF</td>
</tr>
</tbody>
</table>

*SW: Stormwater, LR: Local Runoff (and GF, MVWD), MW: MWD Imported Water, RW: Recycled Water
* : No stormwater/local runoff, or basin not in use due to maintenance or testing.
X: Turnouts not available - to be installed during future projects.
N : No turnout planned for installation.
** : Data are preliminary based on the data available at the time of this report preparation.
*** : Management Zone Subtotals have deducted from them any Non-Replenishment Recharge, which is recharge originating from pumped groundwater and is not new water.

Printed: Jan 01, 15
RW Distribution
During April 2015, 65% (32.6 MGD) of IEUA recycled water supply (49.9 MGD) was delivered into the distribution system for both direct use customers (22.2 MGD) and groundwater recharge (10.4 MGD). Plant discharge to creeks feeding the Santa Ana River averaged 16.5 MGD.
ENGINEERING AND CONSTRUCTION MANAGEMENT

Engineering and Construction Management’s FY14/15 budget is $64,401,431. Staff has projected to spend $58,215,737 during FY14/15 of which $51,348,383 has been expended. The following charts summarize the Engineering and Construction Management project status update.

**FY 14/15 Capital Projects**

![FY 14/15 Capital Projects Chart]

**Active Projects in Design**

24 Active Projects in Design

- 5 Projects Currently in Bid & Award
  - RA14004.00 IERCF Harmonic Filters Air Conditioning
  - EN13040.00 Prado Dechlor Communication System
  - EN13042.00 Philly Pump Station Communication System
  - EN15043.00 Montclair Lift Sta Communication System
  - EN15032.00 Agency-Wide HVAC Improvements Pkg No. 3

- 6 Projects Currently in 0-2 Months Bid & Award
  - EN15034.02 Vineyard Elementary RW Pipe Replacement
  - EN12020.00 Chino Creek Invert Repair
  - EN15046.00 NRW Manhole Upgrades FY 15/16
  - EN15045.00 Collection System Manhole Upgrades FY 15/16
  - EN14047.00 GWR and RW SCADA Control Upgrades
  - EN13018.00 Montclair Diversion Structure Improvements
Active Construction Projects

<table>
<thead>
<tr>
<th>Project ID</th>
<th>Project Title</th>
<th>Description</th>
<th>Total Project Budget ($)</th>
<th>Total Cost to Date ($)</th>
<th>FY Budget ($) 2015</th>
<th>FY Cost thru 5/31 ($)</th>
<th>CO2 Processed thru May ($)</th>
<th>% Project Complete</th>
<th>Original Est Date</th>
<th>Estimated Est Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>EN06025.01</td>
<td>Winewilla Ext RW PL Sew A</td>
<td>Continuation of the required rehab work the Primary Clarifiers</td>
<td>17,965,518</td>
<td>13,926,905</td>
<td>13,296,749</td>
<td>9,628,671</td>
<td>8,209</td>
<td>9%</td>
<td>9/15/2015</td>
<td>8/16/2015</td>
</tr>
<tr>
<td>EN08023.06</td>
<td>RF1 Primary Clarifier 2015 Rehab Proj</td>
<td>RF1 Primary Clarifier 2015 Rehab Project</td>
<td>5,635,456</td>
<td>4,985,792</td>
<td>145,000</td>
<td>273,768</td>
<td>74,300</td>
<td>8%</td>
<td>1/15/2015</td>
<td>7/22/2015</td>
</tr>
<tr>
<td>EN09021</td>
<td>RF1 Headworks Retrofit</td>
<td>RF1 Headworks Retrofit</td>
<td>2,885,900</td>
<td>2,267,296</td>
<td>1,730,075</td>
<td>1,405,793</td>
<td>69,451</td>
<td>6%</td>
<td>6/5/2016</td>
<td>6/16/2016</td>
</tr>
<tr>
<td>EN12014</td>
<td>East Avenue 1550 E RWP Relocation</td>
<td>East Avenue 1550 E RWP Relocation</td>
<td>650,116</td>
<td>567,381</td>
<td>405,180</td>
<td>6,290</td>
<td>0</td>
<td>0%</td>
<td>5/10/2016</td>
<td>5/10/2016</td>
</tr>
<tr>
<td>EN12019</td>
<td>GWR and RW Comm. Sys. Upgrades</td>
<td>GWR and RW Comm. Sys. Upgrades</td>
<td>1,594,400</td>
<td>1,951,100</td>
<td>650,000</td>
<td>18,462</td>
<td>0</td>
<td>0%</td>
<td>7/12/2015</td>
<td>10/10/2015</td>
</tr>
<tr>
<td>EN13016</td>
<td>SCADA Enterprise System</td>
<td>SCADA Enterprise System</td>
<td>950,000</td>
<td>1,151,396</td>
<td>737,747</td>
<td>547,339</td>
<td>0</td>
<td>0%</td>
<td>8/30/2016</td>
<td>8/30/2016</td>
</tr>
<tr>
<td>EN13038</td>
<td>RF1 Outfall Relocation &amp; Upgrading</td>
<td>RF1 Outfall Relocation &amp; Upgrading</td>
<td>5,200,000</td>
<td>5,175,412</td>
<td>5,200,000</td>
<td>5,175,412</td>
<td>0</td>
<td>0%</td>
<td>5/30/2015</td>
<td>6/15/2015</td>
</tr>
<tr>
<td>EN13045</td>
<td>Winewilla RW Extension Segment B</td>
<td>Winewilla RW Extension Segment B</td>
<td>11,860,300</td>
<td>7,444,224</td>
<td>9,500,000</td>
<td>7,743,776</td>
<td>6,097,976</td>
<td>7%</td>
<td>10/15/2015</td>
<td>6/9/2015</td>
</tr>
<tr>
<td>EN13046</td>
<td>Montclair Lift Station Upgrades</td>
<td>Montclair Lift Station Upgrades</td>
<td>3,548,600</td>
<td>2,794,791</td>
<td>2,535,831</td>
<td>2,156,956</td>
<td>95,749</td>
<td>0%</td>
<td>5/1/2016</td>
<td>3/27/2015</td>
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<tr>
<td>EN13056</td>
<td>Agency-Wide HVAC Improvements- Polk No. 2</td>
<td>Agency-Wide HVAC Improvements- Polk No. 2</td>
<td>1,084,500</td>
<td>704,166</td>
<td>750,025</td>
<td>667,689</td>
<td>-1,275</td>
<td>0%</td>
<td>4/15/2016</td>
<td>3/31/2016</td>
</tr>
<tr>
<td>EN14027</td>
<td>CWRF Secondary Clarifier No. 3 Rehab</td>
<td>CWRF Secondary Clarifier No. 3 Rehab</td>
<td>1,540,650</td>
<td>831,257</td>
<td>854,814</td>
<td>796,201</td>
<td>60,566</td>
<td>10%</td>
<td>7/20/2016</td>
<td>5/29/2016</td>
</tr>
<tr>
<td>EN14051</td>
<td>RF1 Conduit Stair and Catwalk Installation</td>
<td>RF1 Conduit Stair and Catwalk Installation</td>
<td>607,000</td>
<td>471,027</td>
<td>516,068</td>
<td>400,110</td>
<td>0</td>
<td>0%</td>
<td>2/10/2014</td>
<td>3/4/2014</td>
</tr>
<tr>
<td>EN14052</td>
<td>RF1 Primary Clarifier West Effluent PL Replacement</td>
<td>RF1 Primary Clarifier West Effluent PL Replacement</td>
<td>1,012,000</td>
<td>929,414</td>
<td>512,502</td>
<td>429,920</td>
<td>0</td>
<td>0%</td>
<td>9/30/2015</td>
<td>9/30/2015</td>
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<tr>
<td>EN15047</td>
<td>GWRWWS Check Valve Replacement</td>
<td>GWRWWS Check Valve Replacement</td>
<td>163,000</td>
<td>26,268</td>
<td>120,000</td>
<td>26,268</td>
<td>0</td>
<td>0%</td>
<td>6/23/2015</td>
<td>6/22/2015</td>
</tr>
<tr>
<td>EN15056</td>
<td>RF1 Digester Gas System Eval &amp; Improvements</td>
<td>RF1 Digester Gas System Eval &amp; Improvements</td>
<td>180,000</td>
<td>5,857</td>
<td>180,000</td>
<td>5,857</td>
<td>0</td>
<td>0%</td>
<td>12/31/2015</td>
<td>12/31/2015</td>
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<tr>
<td>EN18004</td>
<td>IRFC Process Improvements</td>
<td>IRFC Process Improvements</td>
<td>5,625,000</td>
<td>5,154,286</td>
<td>2,277,197</td>
<td>1,756,498</td>
<td>265,694</td>
<td>8%</td>
<td>11/24/2014</td>
<td>R/F/2015</td>
</tr>
<tr>
<td>EN19001</td>
<td>IRFC Baghouse and Dust Collection System Enhancements</td>
<td>IRFC Baghouse and Dust Collection System Enhancements</td>
<td>1,300,000</td>
<td>1,005,210</td>
<td>1,284,896</td>
<td>1,050,086</td>
<td>0</td>
<td>0%</td>
<td>3/28/2015</td>
<td>3/28/2015</td>
</tr>
</tbody>
</table>

Total construction contract payments for April: $3,626,280.16

Completed Construction Projects - Notice of Completion Filed in May 2015

<table>
<thead>
<tr>
<th>Project ID</th>
<th>Project Title</th>
<th>Description</th>
<th>Total Project Budget ($)</th>
<th>Total Cost to Date ($)</th>
<th>FY Budget ($) 2015</th>
<th>FY Cost thru 5/31 ($)</th>
<th>CO2 Processed thru May ($)</th>
<th>% Project Complete</th>
<th>Original Est Date</th>
<th>Estimated Est Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>F06023.05</td>
<td>RF1 Primary Clarifier 2015 Rehab Proj</td>
<td>Continuation of the required rehab work within the Primary Clarifiers</td>
<td>5,635,456</td>
<td>4,985,792</td>
<td>145,000</td>
<td>273,768</td>
<td>74,300</td>
<td>9%</td>
<td>2/22/2015</td>
<td>2/22/2015</td>
</tr>
</tbody>
</table>

Emergency Projects – None this month.

Office Engineering Projects

<table>
<thead>
<tr>
<th>Project ID</th>
<th>Project Title</th>
<th>Status</th>
<th>% Complete</th>
<th>Actual Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>CWI5016.03</td>
<td>Ontario RW Conn GRW-ae</td>
<td>In Construction</td>
<td>19%</td>
<td>24</td>
</tr>
<tr>
<td>CWI5016.07</td>
<td>Ontario RW Conn GRW-ae</td>
<td>In Construction</td>
<td>35%</td>
<td>5,750</td>
</tr>
<tr>
<td>CWI5016.11</td>
<td>CWAS RW Conn CRW-ae</td>
<td>In Construction</td>
<td>15%</td>
<td>0</td>
</tr>
<tr>
<td>CWI5016.13</td>
<td>RW AV Relocation on SW Haven &amp; Fourth St</td>
<td>In Construction</td>
<td>25%</td>
<td>181</td>
</tr>
<tr>
<td>CWI5016.16</td>
<td>24th Street/RWP in 800 W P2</td>
<td>In Construction</td>
<td>7%</td>
<td>2618</td>
</tr>
<tr>
<td>CWI5015.01</td>
<td>CWAS Rd Conn CRW-1</td>
<td>In Construction</td>
<td>62%</td>
<td>20,094</td>
</tr>
<tr>
<td>CWI5015.02</td>
<td>Ontario Reg Conn to ITS Group 1</td>
<td>In Construction</td>
<td>53%</td>
<td>5,644</td>
</tr>
<tr>
<td>CWI5015.03</td>
<td>ETS Protection under 96' SD in Archibald Ave</td>
<td>In Construction</td>
<td>94%</td>
<td>3145</td>
</tr>
<tr>
<td>CWI5015.06</td>
<td>City of Chino El Prado Rd Imp</td>
<td>In Construction</td>
<td>99%</td>
<td>6,888</td>
</tr>
</tbody>
</table>

GABoard-Rec\15157 GM Report 6-17-15.docx
Grants Key Activities:

**USBR Awarded $5 Million Title XVI Grant for Drinking Water Project**

In December 2014, IEUA, in association with CDA and its member agencies, submitted a grant application to USBR under the Title XVI Water Reclamation and Reuse Grant Program. On May 19, 2015, the USBR announced IEUA will be receiving a $5 Million grant award to support the $64 Million Concentrate Reduction Facility (CRF) Project construction, a core component of the $150 Million CDA Phase 3 Expansion Project.

The CDA Phase 3 Expansion Project will provide an additional 10,600 acre-feet per year (AFY) of treated potable water available through enhanced pumping of brackish groundwater from Chino Groundwater Basin. The CRF Project will enhance the efficiency of the water desalination system through increased water recovery from the membrane brine waste that is currently discharged to the Pacific Ocean. The CRF project will construct a 2.25 MGD pellet softening, clarification and secondary reverse osmosis treatment systems at the Chino II Desalter.

**SWRCB Approved $6 Million SRF Loan Funding for Recycled Water 930 Zone Project**

The SWRCB approved IEUA’s request to increase the Southern Area Recycled Water SRF loan agreement amount from $20.6 Million to $26.6 Million. This increase helped the Agency prevent an economic hardship caused by unexpected conditions. During the construction of the 930 Zone recycled water pipeline, the contractor found shallow groundwater in the path of the pipeline to be constructed. The contractor was required to dewater the excavated trench to address the water. The additional work resulted in change orders of about $6 Million. Grant Staff submitted the final SRF loan claim of $9.3 Million on May 7, 2015. The cash disbursement is expected to be received in June 2015, which will help the Agency’s cash flow significantly.

**SWRCB – 2015 Drought Relief 1%, 30-Year SRF loan and Prop 1 Grant Application**

In April 2015, the SWRCB announced the Prop 1 grant funding opportunity for Water Recycling projects. The grant program will provide 35% in grant funds for each project, in addition to the low interest loan. To qualify, a complete funding application, including the environmental documentation must be received by the SWRCB by December 2, 2015.

IEUA submitted a pre-application in April 2015, and has been working with the project managers and member agencies on the full application which is expected to be substantially completed by July 2015. Currently, the application covers nine IEUA individual water recycling projects. Member agency project(s) may also be included to enhance the integration of the recycled water supply optimization.
# Inland Empire Utilities Agency

## Active Grant and SRF Loan Summary

As of May 31, 2015

<table>
<thead>
<tr>
<th>Funding Agency</th>
<th>Project Name</th>
<th>Award Amount</th>
<th>Inversed PV 15/14</th>
<th>Inversed PV 12/13</th>
<th>Award Defense</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FEDERAL GRANTS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>United States Bureau of Reclamation (USBR)</td>
<td>Turner Basin Improvement Project                                  $ 408,712     $ 222,493       $ 179,200         $ -          $ (0)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FEMACal-EMA</td>
<td>Regional Residential Landscape Surveys and Retrofit Project                      200,000          67,926                                 91,088   40,976          0</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FEMACal-EMA</td>
<td>FEMA Winter Storm 2010 Disaster                                                                 585,831         585,831                                 -          -          0</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Active Federal Grants</td>
<td>$ 1,192,443       $ 841,207       $ 278,232         $ 60,976      $ 0</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>STATE GRANTS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Department of Water Resources (DWR)</td>
<td>Multi-Family UFUL Toilet Program                                              $ 1,050,133      $ 1,814,088       $ 36,087          $ -          $ (0)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Department of Parks &amp; Recreation ( DPR)</td>
<td>Landscape Water Audit Program                                                     194,476           194,418                                 59          -          (0)</td>
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<tr>
<td>State Water Resources Control Board (SWRBC)</td>
<td>Water Discovery Field Trip &amp; Bus                                          207,000          59,333                                 12,208    22,813          113,546</td>
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<tr>
<td>State Water Resources Control Board (SWRBC)</td>
<td>Earth Day program                                                              38,500           35,584                                 2,918          -          -</td>
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<tr>
<td>State Water Resources Control Board (SWRBC)</td>
<td>Southern Area Recycled Water                                                 4,000,000        521,739                                 3,065,383     414,686          -</td>
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<tr>
<td>State Water Resources Control Board (SWRBC)</td>
<td>Central Area Recycled Water / Infiltrate                                       4,000,000        521,739                                 3,065,383     414,686          -</td>
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<tr>
<td>MWD</td>
<td>Pilot Scale 3-D Fluorescence Emission Matrix                                         50,000          -                                 -          31,368          16,614</td>
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<tr>
<td>MWD</td>
<td>Recycled Water Intake Study                                                        25,000          -                                 -          14,508          10,492</td>
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<td>Santa Ana Watershed Project Authority (SAWPA)</td>
<td>IRWM/Miralela Recycled Water Pipeline/SCADA                                     1,000,000        -                                 -          -          1,000,000</td>
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<tr>
<td>Santa Ana Watershed Project Authority (SAWPA)</td>
<td>IRWM/San Seavine Basin Improvement                                              750,000          -                                 -          -          750,000</td>
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<tr>
<td>Santa Ana Watershed Project Authority (SAWPA)</td>
<td>IRWM/Regional Residential Landscape Retrofit                                    750,000          -                                 -          -          750,000</td>
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<td>Active State &amp; Local Grant</td>
<td>$ 13,166,219      $ 2,428,147       $ 3,114,849       $ 3,075,289      $ 4,302,946</td>
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<tr>
<td>Total Active Federal, State &amp; Local Grant</td>
<td>$ 14,358,662      $ 3,306,359       $ 3,384,998       $ 3,364,289      $ 4,302,946</td>
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<td><strong>SRF LOANS</strong></td>
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<tr>
<td>SWRRC (SRF Loans)</td>
<td>Southern Area Recycled Water                                                  $ 26,608,638      $ 5,194,535       $ 11,011,167      $ 10,402,816     $ 0</td>
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<td>Central Area Recycled Water Wellfield                                           25,000,000        -                                 -          -          12,663,100    13,600,000</td>
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<td>New Water Quality Laboratory                                                    17,100,000        -                                 -          -          16,490,440    16,490,440</td>
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<tr>
<td>Total SRF Loans</td>
<td>$ 76,209,698      $ 5,194,535       $ 11,011,167      $ 23,770,116     $ 30,079,349</td>
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<td><strong>CDA GRANTS</strong></td>
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<tr>
<td>United States Bureau of Reclamation (USBR)</td>
<td>CDA Westfield (Wells 1, 2, 3)                                                   $ 1,516,065      $ 533,307          $ -          $ -          982,788</td>
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<tr>
<td>United States Bureau of Reclamation (USBR)</td>
<td>1010 Zone Pump Station and New Product Water Lines                              3,030,000        448,193                                 757,963    2,966,474      57,367</td>
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<td>United States Bureau of Reclamation (USBR)</td>
<td>China Basin Groundwater Supply Wells and Raw Water Pipeline Projects              2,980,000        -                                 -          129,573    2,850,427</td>
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<td>SWRRC CDWCalifornia Department Of Public Health</td>
<td>CDA Phase II Expansion Projects                                               52,000,000        -                                 -          -          52,000,000</td>
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<td>MWD</td>
<td>Pilot Testing of a Biological Treatment Process (BOTTATM)                        414,216          -                                 -          185,290    228,926</td>
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<td>Active CDA Grants &amp; Loans</td>
<td>$ 60,645,927      $ 531,533       $ 17,585,149      $ 5,721,222     $ 12,287,147</td>
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<td><strong>GRAND TOTAL ACTIVE GRANTS &amp; LOANS</strong></td>
<td>$ 148,413,217      $ 9,482,387       $ 32,872,839      $ 39,361,488      $ 88,870,462</td>
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<tr>
<td><strong>Active Grants &amp; Loans</strong></td>
<td>$ 148,413,217      $ 9,482,387       $ 32,872,839      $ 39,361,488      $ 88,870,462</td>
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<tr>
<td><strong>Closed Grants</strong></td>
<td>$ 178,604,964      $ 32,872,839      $ 39,361,488      $ 39,361,488      $ 88,870,462</td>
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<td><strong>Closed SRF loans</strong></td>
<td>$ 86,107,654      $ 32,872,839      $ 39,361,488      $ 39,361,488      $ 88,870,462</td>
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<tr>
<td><strong>Closed grants and SRF loan</strong></td>
<td>$ 264,712,618      $ 32,872,839      $ 39,361,488      $ 39,361,488      $ 88,870,462</td>
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<tr>
<td><strong>Total Active and Closed Grants &amp; Loans since 2002</strong></td>
<td>$ 411,126,835      $ 32,872,839      $ 39,361,488      $ 39,361,488      $ 88,870,462</td>
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</table>
General Manager’s Report Regarding Agency Activities
June 17, 2015
Page 12 of 12

Contracts and Facilities Services:
An Emergency Purchase Order No. 4500021649 was issued to Industrial Coating for the repair of Digester 6 and 7 at RP-1. The emergency repairs were needed to fix the seeping through cracks identified on the dome area of both digesters. The repair work was initiated on Thursday, March 26, 2015. The total cost of the repair was $9,700.