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

WEDNESDAY, JUNE 8, 2016
9:00 A.M.

CALL TO ORDER

PUBLIC COMMENT

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

ADDITIONS TO THE AGENDA

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

1. ACTION ITEMS

A. MINUTES
The Committee will be asked to approve the Public, Legislative Affairs, and Water Resources Committee meeting minutes of May 11, 2016.

B. CBWM MASTER AGREEMENT SECOND AMENDMENT TO TASK ORDER NO. 1
It is recommended that the Committee/Board:

1. Approve the second amendment to Task Order No.1 of the Master Agreement with the Chino Basin Watermaster as part of the Recharge Master Plan Update Yield Enhancement Projects, Project No. RW15003; and

2. Authorize the General Manager, subject to non-substantive changes, to execute the amendment.
C. **REGIONAL WATER USE EFFICIENCY BUSINESS PLAN (2015-2020)**
   It is recommended that the Committee/Board adopt the 2015 Regional Water Use Efficiency Business Plan.

D. **2015 INTEGRATED WATER RESOURCES PLAN**
   It is recommended that the Committee/Board authorize the development of a Programmatic Environmental Impact Report (PEIR) based on the core recommendations in the 2015 Integrated Water Resources Plan (IRP).

E. **SANTA ANA RIVER CONSERVATION AND CONJUNCTIVE USE PROGRAM (SARCCUP)**
   It is recommended that the Committee/Board:

   1. Approve the June 2016 SARCCUP Memorandum of Understanding (MOU);

   2. Approve Project Agreement 23 (PA23) between SAWPA and the five SAWPA member agencies for SARCCUP governance;

   3. Approve the professional services contract award to Tom Dodson & Associates (TDA) to conduct a SARCCUP CEQA evaluation for the not-to-exceed amount of $340,397;

   4. Approve the CEQA Cost Sharing Agreement; and

   5. Authorize the General Manager to execute the following documents:

      a. June 2016 SARCCUP MOU
      b. PA23
      c. Professional Services Contract Award to TDA
      d. CEQA Cost Sharing Agreement

F. **2016 CHINO BASIN STORM WATER RESOURCES PLAN**
   It is recommended that the Committee/Board adopt the 2016 Chino Basin Storm Water Resources Plan.

G. **PROFESSIONAL SERVICES CONTRACT AWARD FOR SEWER FEE EVALUATION**
   It is recommended that the Committee/Board:

   1. Approve the professional services contract award for the Sewer Fee Evaluation to Carollo Engineers, Inc. for the not-to-exceed amount of $376,586; and

   2. Authorize the General Manager to execute the contract.
2. INFORMATION ITEMS

A. PUBLIC OUTREACH AND COMMUNICATION (WRITTEN)

B. LEGISLATIVE REPORTS (WRITTEN)
   1. Innovative Federal Strategies
   2. West Coast Advisors
   3. Ag Resources

C. CALIFORNIA STRATEGIES MONTHLY REPORT (WRITTEN)

D. FEDERAL LEGISLATION MATRIX (WRITTEN)

E. STATE LEGISLATION MATRIX (WRITTEN)

F. 2015 REGIONAL URBAN WATER MANAGEMENT PLAN (WRITTEN/POWERPOINT)

G. RECYCLED WATER RESOLUTIONS (WRITTEN)

H. PLANNING AND ENVIRONMENTAL RESOURCES UPDATE (ORAL)

3. GENERAL MANAGER'S COMMENTS

4. COMMITTEE MEMBER COMMENTS

5. COMMITTEE MEMBER REQUESTED FUTURE AGENDA ITEMS

6. ADJOURN

* A Municipal Water District

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

Proofed by: [Signature]

DECLARATION OF POSTING

April Woodruff, Board Secretary of the Inland Empire Utilities Agency, A Municipal Water District, hereby certify that a copy of this agenda has been posted by 5:30 p.m. in the foyer at the Agency's main office, 6075 Kimball Avenue, Building A, Chino on Thursday, June 2, 2016.

[Signature]
Public, Legislative Affairs, and Water Resources Committee

ACTION
ITEM
1A
MINUTES
PUBLIC, LEGISLATIVE AFFAIRS, AND WATER RESOURCES COMMITTEE MEETING
INLAND EMPIRE UTILITIES AGENCY*
AGENCY HEADQUARTERS, CHINO, CA

WEDNESDAY, MAY 11, 2016
9:30 A.M.

COMMITTEE MEMBERS PRESENT
Steven J. Ellie, Chair
Michael Camacho

STAFF PRESENT
Jasmin Hall, Alternate Director
P. Joseph Grindstaff, General Manager
Chris Berch, Executive Manager of Engineering/AGM
Christina Valencia, Chief Financial Officer/AGM
Kathy Bessar, Manager of External Affairs
Andy Campbell, Deputy Manager of Planning and Environmental Resources
Laura Cashion, Grants Administrator
Jason Gu, Grants Officer
Elizabeth Hurst, Environmental Resources Planner
Joel Ignacio, Senior Engineer
Sylvie Lee, Manager of Planning and Environmental Resources
Jason Pivovaroff, Senior Engineer
Shaun Stone, Manager of Engineering
Teresa Velarde, Manager of Internal Audit
April Woodruff, Board Secretary/Office Manager

OTHERS PRESENT
None.

The meeting was called to order at 9:30 a.m. There were no public comments received or additions to the agenda.

ACTION ITEMS
The Committee:

- Approved the Public, Legislative Affairs, and Water Resources Committee meeting minutes of April 13, 2016.

- Recommended that the Board:

  1. Adopt Resolution No. 2016-5-2, authorizing IEUA's General Manager to execute the Groundwater Grant Program application with the SWRCB for the Chino Basin Improvements and Groundwater Cleanup Project through the Chino Basin Regional Financing Authority (CBRFA);

  2. Adopt Resolution No. 2016-5-3, authorizing IEUA's General Manager to execute the Stormwater Grant Program application with the SWRCB for
the RMPU Project referred to as the Wineville, Jurupa, and RP-3 Basin Improvements and Groundwater Cleanup Project through the CBRFA;

3. Adopt Resolution No. 2016-5-4, authorizing IEUA’s General Manager to execute the Clean Water State Revolving Fund (CWSRF) loan application with the SWRCB for the planning and design of the RMPU Project through the CBRFA;

4. Adopt Resolution No. 2016-5-5, dedicating certain revenues for the repayment of the SRF loan for the Planning and Design of the RMPU Project;

5. Authorize IEUA’s General Manager to approve the Master Cost Sharing Agreement between CBWM and IEUA; and

6. Authorize IEUA’s General Manager to approve the Master Recharge Facilities Financing Agreement between CBRFA, IEUA, and CBWM;

as a Consent Calendar Item on the May 18, 2016, Board meeting agenda.

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

- Legislative Reports
- California Strategies, LLC Activity Report
- Federal Legislation Matrix
- State Legislative Matrix
- Water Ordinance No. 104
- Planning and Environmental Resources Update
- Public Outreach and Communication Report
- Santa Ana River Watermaster Overview
- 2015 Regional Urban Water Management Plan

GENERAL MANAGER’S COMMENTS
General Manager Joseph Grindstaff announced that Mr. Randy Lee has been selected as the Executive Manager of Operations/AGM effective May 8, 2016.

COMMITTEE MEMBER COMMENTS
None.

COMMITTEE MEMBER REQUESTED FUTURE AGENDA ITEMS
There were no Committee member requested future agenda item.

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

Respectfully submitted,

April Woodruff
Board Secretary/Office Manager

*A Municipal Water District
APPROVED: JUNE 8, 2016
Public, Legislative Affairs, and Water Resources Committee

ACTION
ITEM
1B
Date:       June 15, 2016

To:         The Honorable Board of Directors

Through:    Public, Legislative Affairs, and Water Resources Committee (06/08/16)
           Finance, Legal, and Administration Committee (06/08/16)

From:       P. Joseph Grindstaff
            General Manager

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

               Shaun J. Stone
               Manager of Engineering

Subject:     CBWM Master Agreement Second Amendment to Task Order No. 1

**RECOMMENDATION**

It is recommended that the Board of Directors:

1. Approve the second amendment to Task Order No. 1 of the Master Agreement with Chino Basin Watermaster as part of the Recharge Master Plan Update Yield Enhancement Projects, Project No. RW15003; and

2. Authorize the General Manager, subject to non-substantive changes, to execute the amendment.

**BACKGROUND**

In 2013, an amendment to the 2010 Recharge Master Plan Update (RMPU) was approved by Inland Empire Utilities Agency (IEUA) and Chino Basin Watermaster (CBWM). This 2013 amended RMPU listed potential projects that would increase stormwater and recycled water recharge to the Chino Basin Groundwater System. In August 2014, a Master Agreement was executed to define the roles and responsibilities in managing and funding the implementation of the RMPU yield enhancement projects. This was followed by the approval of Task Order No. 1 (TO1) under the Master Agreement to implement and budget the design of nine (9) RMPU projects. In April 2015, IEUA and CBWM approved an amendment to TO1 primarily to authorize the budget and scope for the inclusion of a new recharge project called East Declez Basin on an
adjacent parcel to the Declez Basin. The new project proposed the purchase of 85 acres to develop a new recharge basin with the potential stormwater benefit of 913 acre-feet per year (AFY) for groundwater recharge. The proposed new amendment to TO1 is to remove the East Declez project from the design scope and budget.

In February 2016, the East Declez feasibility report was completed. The report found the site to have a limited subsurface storage and a recharge. On April 14, CBWM’s Appropriative Pool determined to cancel the East Declez project.

This second amendment to Task Order No. 1 shall exclude all scope and budget that is associated with the East Declez project with the exception of all expenses associated with the feasibility study and preliminary environmental review.

IEUA and CBWM’s individual total share on the amended total budget is $250,250 and $3,689,250, respectively.

The CBWM Master Agreement Second Amendment to Task Order No. 1 is consistent with the IEUA business goal of Water Reliability by promoting a reliable and efficient groundwater recharge system.

PRIOR BOARD ACTION

On April 15, 2015, the Board of Directors approved the first Amendment to the Recharge Master Plan Task Order No. 1 with Watermaster.

On August 20, 2014, the Board of Directors approved the Task Order No. 1 under the 2014 Master Agreement between Inland Empire Utilities Agency and Chino Basin Watermaster.

On July 16, 2014, the Board of Directors approved the Master Cost Sharing Agreement (Master Agreement) between Inland Empire Utilities Agency and Chino Basin Watermaster.

IMPACT ON BUDGET

This amendment will reduce the projected budget within the approved Ten Year Capital Improvement Projects by $3.6 million for the design/planning efforts (soft cost) and $19.8 million for construction (hard cost) for Project Nos. RW15003 and EN18007, respectively, which are budgeted under the Recharge Water (RW) Fund.

Attachments:
1. CBWM master Agreement Second Amendment to Task Order No. 1
SECOND AMENDMENT
to
TASK ORDER NO. 1
2013 RMPU AMENDMENT YIELD ENHANCEMENT PROJECTS
PLANNING, PERMITTING AND DESIGN
under the
MASTER AGREEMENT REGARDING THE
MANAGEMENT OF COLLABORATIVE RECHARGE PROJECTS
between
INLAND EMPIRE UTILITIES AGENCY
and
CHINO BASIN WATERMASTER

This Second Amendment to Task Order No. 1 is made and entered into as of the _____ day of June, 2016 by and between the Inland Empire Utilities Agency (IEUA) and the Chino Basin Watermaster (Watermaster) (each a “Party” and collectively, the “Parties”).

RECITALS

A. Task Order No. 1 for the 2013 RMPU Amendment Yield Enhancement Projects Planning, Permitting and Design (the “Task Order”) was approved by IEUA on August 20, 2014, and by Watermaster on August 28, 2014.

B. The First Amendment to Task Order No. 1 was approved by IEUA and Watermaster on April 1, 2015. Task Order No. 1 was amended to reflect the inclusion of a new project, the East Declez Project, within the Recharge Master Plan list of projects and the removal of Sierra Basin and Lower San Sevaine which are no longer viable RMPU project. The Sierra Basin was no longer an option due to the City of Fontana’s desire to use the land for other purposes, while Lower San Sevaine is no longer an option due to the land where the project was to be located was sold to a home developer.

C. Following a review of the feasibility study for the East Declez project, at the April 14, 2016 Appropriative Pool Meeting, it was decided that the East Declez project would not be further developed. A total of $114,000 of funds from Task Order No. 1 was used for the development of the feasibility study.

D. IEUA and Watermaster wish to amend Task Order No. 1 to reflect these changes on the listed RMPU projects which are considered for design, decrease the total projected design cost, and to adjust the reimbursement schedule under which Watermaster provides its share of the costs to IEUA.

NOW THEREFORE IT IS AGREED TO AMEND THE TASK ORDER AS FOLLOWS:
1. Section 2 of the Task Order titled SCOPE shall be amended to read:

The activities to be undertaken pursuant to this Task Order include preliminary design, proof-of-concept analyses, completion of the CEQA process, permitting, and final design for the following 2013 RMPU Amendment Yield Enhancement Projects, as those projects are further described in the 2013 RMPU Amendment:

<table>
<thead>
<tr>
<th>ID</th>
<th>Basin Projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>18a</td>
<td>CSI Storm Water Basin</td>
</tr>
<tr>
<td>23a</td>
<td>2013 RMPU Proposed Wineville PS to Jurupa, Expanded Jurupa PS to RP3 Basin, and 2013 Proposed RP3 Improvements</td>
</tr>
<tr>
<td>27a</td>
<td>Declez Basin</td>
</tr>
<tr>
<td>-</td>
<td>East Declez Basin - Feasibility Study only</td>
</tr>
<tr>
<td>11</td>
<td>Victoria Basin</td>
</tr>
<tr>
<td>14</td>
<td>Turner Basin</td>
</tr>
<tr>
<td>15a</td>
<td>Ely Basin</td>
</tr>
<tr>
<td>2</td>
<td>Montclair Basins</td>
</tr>
</tbody>
</table>

1 Declez Basin project (ID 27) was incorrectly omitted in the first Amendment to Task Order #1. There is no impact to overall cost.

Under this task order the following is an estimated scheduled and projected cost breakdown for each phase of work:

<table>
<thead>
<tr>
<th>Phases</th>
<th>Start</th>
<th>Finish</th>
<th>Projected Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Development</td>
<td>07/01/14</td>
<td>04/15/15</td>
<td>$27,000</td>
</tr>
<tr>
<td>Preliminary Design</td>
<td>04/16/15</td>
<td>08/26/16</td>
<td>$838,000</td>
</tr>
<tr>
<td>Environmental</td>
<td>02/19/15</td>
<td>11/16/16</td>
<td>$336,000</td>
</tr>
<tr>
<td>Design</td>
<td>08/29/16</td>
<td>12/29/17</td>
<td>$2,638,500</td>
</tr>
<tr>
<td>Permits</td>
<td>08/29/16</td>
<td>12/29/17</td>
<td>$100,000</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>$3,939,500</td>
</tr>
</tbody>
</table>

2. Section 5 of the Task Order titled BUDGET AND COST ALLOCATION shall be amended to read:

The budget for the activities to be undertaken pursuant to this Task Order is three million nine hundred thirty-nine thousand five hundred dollars ($3,939,500) unless the scope of work is changed and an increase is authorized by the Parties ("Budget"). The Parties agree that these costs are shared consistent with the methodology described in Peace II Agreement Section 8.1(b), and that IEUA’s share of the costs is based on a 50% allocation of the
costs of those portions of the project for which there is a recycled water component. The Budget includes IEUA capital, administrative, and overhead expenses associated with IEUA’s provision of the services described in Section 3, above. The fiscal year budget allocation is as follows:

<table>
<thead>
<tr>
<th>Design - RMPUE Design</th>
<th>Fiscal Year 2014/15</th>
<th>Fiscal Year 2015/16</th>
<th>Fiscal Year 2016/17</th>
<th>Fiscal Year 2017/18</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Watermaster</td>
<td>$619,750</td>
<td>$2,000,000</td>
<td>$1,069,500</td>
<td>$3,689,250</td>
<td></td>
</tr>
<tr>
<td>IEUA</td>
<td>$14,183</td>
<td>$236,067</td>
<td>-</td>
<td>-</td>
<td>$250,250</td>
</tr>
<tr>
<td>Total</td>
<td>14,183</td>
<td>$855,817</td>
<td>$2,000,000</td>
<td>$1,069,500</td>
<td>$3,939,500</td>
</tr>
</tbody>
</table>

3. Section 6 of the Task Order titled TOTAL BUDGETED COST shall be amended to read:

   The Parties agree to pay their respective portion of the total costs, and the parties shall not be required to pay more than $3,939,500 (“Total Budgeted Cost”).

4. Section 7 of the Task Order titled MAXIMUM COSTS TO WATERMASTER shall be amended to read:

   The costs to be required of Watermaster under this Agreement shall not exceed its share of the Total Budgeted Cost, as shown in Section 5 above, or $3,689,250.

ALL OTHER PROVISIONS SHALL REMAIN UNCHANGED.

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

INLAND EMPIRE UTILITIES AGENCY:

__________________________
Joseph Grindstaff
General Manager

CHINO BASIN WATERMASTER:

__________________________
Peter Kavounas
General Manager
IEUA/CBWM Master Agreement
2nd Amendment to Task Order No. 1
Project No. RW15003.01
June 2016

Inland Empire Utilities Agency
A MUNICIPAL WATER DISTRICT

Joel Ignacio, P.E.
Senior Engineer
- Amend Task Order No. 1 under the Master Agreement with Chino Basin Watermaster to reflect Watermaster's recent decisions on the East Declez Project

85 acres of new property east of Declez Basin
Project Background

Jan. 2015
CBWM & IEUA
Identified 85-acres east of Declez Basin as a potential new recharge basin

Apr. 2015
CBWM & IEUA
Executed amendment to Task Order 1 to allow further evaluation on East Declez

Jun. 2015
IEUA
Establish a letter of intent with the property owner to begin discussions on purchasing the site

Jul. 2015
IEUA
Contracted consulting services with Thomas Harder & Co. to prepare the feasibility study and report

Nov. 2015
IEUA
Entered into agreement to establish the terms purchasing the property $50K refundable deposit

Feb. 2016
IEUA
Completed the East Declez Feasibility Study and Report

- Presented Feasibility Report
  - Recharge Investigation and Projects Committee - February 18, 2016
  - Watermaster’s Pool Members - March 10, 2016
  - IEUA’s Board of Director’s committees - April 13, 2016
On April 7, 2016, CBWM decided to cancel the East Declez Project.

- Remove East Declez Scope and Budget
- Include all cost on Feasibility and Preliminary Environmental Review
- Concurrently, CBWM is processing the same amendment for approval in June
  - $250,250 is IEUA’s total share
  - $3,689,250 CBWM’s total share
Recommendation

Approve the second Amendment to Task Order No. 1 of the Master Agreement with Chino Basin Watermaster as part of the Recharge Master Plan Update Yield Enhancement Projects, Project No. RW15003 and authorize the General Manager, subject to non-substantive changes, to execute the amendment.

The CBWM Master Agreement 2nd Amendment to Task Order No. 1 is consistent with IEUA's Business Goal of Water Reliability by promoting a reliable and efficient groundwater recharge system.
Date: June 15, 2016

To: The Honorable Board of Directors

Through: Public, Legislative Affairs, and Water Resources Committee (06/08/16)

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: Regional Water Use Efficiency Business Plan (2015-2020)

RECOMMENDATION

It is recommended that the Board of Directors adopt the 2015 Regional Water Use Efficiency Business Plan.

BACKGROUND

As the regional wholesale supplier of water for the area, IEUA has the role of coordinating the region’s activities and programs to reduce water demands. IEUA has worked closely with its member agencies to facilitate the application of thousands of water saving activities throughout the region. IEUA member agencies, whose direct contact with retail customers is crucial to the implementation of water use efficiency measures, have co-funded these efforts with IEUA and have taken a proactive approach in educating and working with their customers to conserve water.

In September 2009, the Agency completed an interim Regional Water Use Efficiency Business Plan (Plan) developed in-house by staff and the member agencies to provide a limited assessment of existing conditions and to establish an agreed upon work plan for implementing short-term initiatives. The first long-term Plan (2010-2015) was completed in September 2010, and was fundamental in providing more expertise and in-depth technical analysis. That Plan delivered needed guidance for developing new cost-effective water use efficiency (WUE) programs that focused limited financial and program resources on those activities yielding the highest water savings return. The 2010 Plan provided a blueprint that assisted IEUA and its member agencies in comprehensively planning for and implementing WUE activities and programs over the last five years. The 2010 Plan served as a working document and, as such, must be modified and updated
Regional Water Use Efficiency Business Plan
June 15, 2016
Page 2 of 3

as programs continue and needs change. Changes and/or reviews of the Plan occur every five years to align with the Urban Water Management Planning Act reporting cycle.

The 2015 Plan was completed in January 2016 and was presented for review and comment to member agencies in February 2016. The 2015 Plan provides more in-depth research and technical analysis on past, present and potential future programming. It includes detailed sector analyses based on economics, end-use data, saturation based on implemented WUE programs, identification of active and passive water savings within the region, cost-benefit analyses for existing and potential WUE programs, and potential water savings opportunities.

The Plan is intended to assist member agencies with voluntary and regulatory compliance strategies over the next five years and to provide a pathway by which IEUA and its member agencies can ensure state grants and loans eligibility. The Plan includes a topic on Sustainable Communities Strategy, which addresses watershed-wide project planning that considers regional collaboration and multi-beneficial objectives such as a water-energy nexus, stormwater capture and retention, and low impact development. The Sustainable Communities Strategy will allow IEUA to maintain eligibility for and to access the highest level of grant and/or loan opportunities. The following table provides an overview of the 2015 Plan:

<table>
<thead>
<tr>
<th>Plan Overview</th>
<th>With Budget-Based Rates</th>
<th>Without Budget-Based Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional IEUA Cost per Acre-foot</td>
<td>$52 per acre-foot</td>
<td>$208 per acre-foot</td>
</tr>
<tr>
<td>Five-Year Water Savings (active programs)</td>
<td>33,554 acre-feet</td>
<td>16,095 acre-feet</td>
</tr>
<tr>
<td>Lifetime Water Savings (active programs)</td>
<td>147,836 acre-feet</td>
<td>31,446 acre-feet</td>
</tr>
<tr>
<td>Avoided Costs (NPV)</td>
<td>$152.7 Million</td>
<td>$28.9 Million</td>
</tr>
<tr>
<td>Five-Year Total Budget*</td>
<td>$7.5 Million</td>
<td>$7.5 Million</td>
</tr>
</tbody>
</table>

*Budget includes IEUA regional program costs exclusive of outside funding.

Lastly, the 2015 Plan provides a detailed pathway that directly links to the core recommendations outlined in the Agency’s 2015 Phase I - Integrated Resources Plan (IRP). The IRP establishes a goal of reducing current urban water use by at least 10% by 2040 through the implementation of water use efficiency actions. Phase II of the IRP Process will expand the regional focus of supply to the specifics of implementation and projects recommended in the Plan, which will be evaluated and incorporated into the IRP Phase II Project List.

The Plan is consistent with the Agency’s Business Goal of increasing Water Reliability by promoting water use efficiency and education to enhance water supplies within the region; and meeting the region’s need to develop reliable and diverse local water resources in order to reduce dependence on imported water supplies.
PRIOR BOARD ACTION


IMPACT ON BUDGET

Programs that are identified in the WUE Business Plan for regional implementation are included or will be included as part of the water conservation budget in the Water Resources (WW) Fund for FY 2016/17 and subsequent years. Several programs are also eligible for partial reimbursement to IEUA under MWD’s Conservation Credits Program and the Department of Water Resources.

Attachment: Regional Water Use Efficiency Business Plan (2015-2020), available at this link: https://ieua.hostedftp.com/J0p4vHbDLAZdfgrQjTCM8vOFd
IEUA Regional Water Use Efficiency Business Plan - Historical Timeline

- September 2009 – Interim Water Use Efficiency Business Plan
  - 1-Year (Establish Goals & Objectives–implement short-term initiatives)

- September 2010 – Long-Term Water Use Efficiency Business Plan
  - 5-Year Plan – 2010-2015 – Blueprint for implementing WUE Programs

- April 2016 – Regional Water Use Efficiency Business Plan
  - 5-Year Plan – 2015-2020 – synergized with IRP Process
Conservation Past, Present, Future

Water Use Efficiency remains the LEAST EXPENSIVE means of finding "new" water

It is estimated that 2 million acre feet of water could be saved at costs below what it would be to tap new sources.

(Waste Not, Want Not: pg. 18)
2015 Regional Business Plan
New Strategy

- Target inefficient water users, not just any customer
- Utilize new technologies: data analytics, budget-based water rate structures and technology-based information systems
- Re-think traditional programming and implement new approaches
- Include programming scalability to meet changing water supply conditions
- Water Resource Strategy: Treat water use efficiency and conservation as a component of the regional water supply portfolio
### IEUA Performance

**Total Water Savings: FY 10 - 14**

<table>
<thead>
<tr>
<th>Original Plan</th>
<th>Actual</th>
<th>Avg./Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,174 AC/feet</td>
<td>2,339</td>
<td>585 AC/feet</td>
</tr>
</tbody>
</table>

**200% of Goal**

**Total Expenditures: FY 10 - 14**

<table>
<thead>
<tr>
<th>Original Plan</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1.47 Million</td>
<td>$790 Hundred Thousand</td>
</tr>
</tbody>
</table>

**50% Saved**

**Savings**

$683 Hundred Thousand

*Savings are attributed to obtaining external funding (MWD, DWR, USBR)*
## 5-Year Plan Overview

<table>
<thead>
<tr>
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</tr>
</tbody>
</table>

*Budget includes IEUA regional program costs exclusive of outside funding.
*Budget includes $300,000 per year for education and outreach programs.
Recommendation

Staff recommends the Board adopt the 2015 Regional Water Use Efficiency Business Plan.

The plan is consistent with the Agency's Business Goal of Water Reliability by promoting water use efficiency and education to enhance water supplies within the region; and meeting the region's need to develop reliable and diverse local water resources in order to reduce dependence on imported water supplies.
Public, Legislative Affairs, and Water Resources Committee

ACTION
ITEM
1D
Date: June 15, 2016

To: The Honorable Board of Directors

Through: Public, Legislative Affairs, and Water Resources Committee (06/08/16)

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: 2015 Integrated Water Resources Plan

RECOMMENDATION

It is recommended that the Board of Directors authorize development of a Programmatic Environmental Impact Report (PEIR) based on the core recommendations in the 2015 Integrated Water Resources Plan (IRP).

BACKGROUND

With the adoption of the Chino Basin Optimum Basin Management Plan in 2000, the region embarked on a new era of water management. Over the past fifteen years, more than $500 million was invested by IEUA and our retail agencies to drought-proof the region by expanding groundwater, stormwater, recycled water and conservation programs and facilities. These investments also leveraged the region’s ability to secure hundreds of millions of dollars in state and federal grants and loans. As a result, when the record-breaking drought of 2012 began, the region was prepared. Throughout this unprecedented time, sufficient water supply was available to meet the water needs of the region without constraining new development or economic growth. These local water resources provided the flexibility and resiliency needed to adapt, and became the foundation for identifying future water resources for the region. Climate change is now creating uncertain conditions and new water management challenges for the region’s future.

IEUA in partnership with member agencies initiated its first Integrated Water Resources Plan (IRP) to anticipate future water supply challenges and to ensure that continued investments in water resources and water use efficiency meet the future water needs of the region. The key findings of the IRP include:
The region’s past investments in local water supplies and the diversification of the available water resources have positioned the region well to deal with the future impacts of climate change. If no further actions were taken beyond the currently planned investments in regional supplies and water use efficiency, the region would be able to meet 80-90% of its projected water needs by 2040.

- Established a regional water demand forecast that identified 45,400 acre-feet per year (AFY) of additional water supply will be needed by 2040 to accommodate regional growth and other environmental and/or contractual stream flow obligation.
- Identified over 70 potential regional and local water supply projects and opportunities.
- Portfolios that combined water supply and water efficiency actions yielded the most adaptive strategies for the region.
- Climate scenarios reveal that the addition of very modest levels of water use efficiency (such as 10% reduction in water use) improved the performance of all portfolios and yielded significant benefits the region.
- Recycled water is the region’s most climate resilient water supply because the amount of available water to the region is not impacted by dry years.
- Highlighted the importance of securing supplemental water — surface, imported, and external recycled water supplies — when it is available to build a stronger supply buffer for dry years or when State Water Project availability is limited.
- Groundwater reserves help address future climate uncertainties or catastrophic events, such as a major facility or pipeline break or a loss in supplies. A broader regional benefit is the role that these reserves can play when managed as a regional water bank to enhance water supply reliability within the Santa Ana Watershed and across Southern California.

The IRP will ensure that the region is prepared for the next round of funding opportunities. The Agency is anticipating approximately $675 million to be available to the region over the next 25 years. To meet the schedule for upcoming grant funding opportunities and establish planning priorities, the IRP process was divided into two phases:

**Phase 1 – Analysis and Recommendations:** Phase 1 focused on an extensive analysis of future projected water needs and water supply strategies under conditions of climate change and growth. Results from Phase 1 include summaries of the recommended regional water resource strategies; corresponding ranges of costs for the various supply categories; and a regionally developed, all-inclusive list of potential supply projects (local and regional). This information will be used to complete a PEIR, which is needed to ensure that projects are grant eligible. At the conclusion of the PEIR, the IRP will then be brought back in fall 2016 for adoption by the IEUA Board of Directors. The 2015 IRP report is the culmination of Phase 1.

**Phase 2 - Implementation and Capital Improvement Program (CIP):** Phase 2 will address additional detailed project level analysis including project scopes, costs, prioritization, and implementation scheduling. Phase 2 will also include the disaggregation of the regional demand and supplies to the local retail level. Continued discussions will be facilitated through a Regional Water Forum. Phase 2 is anticipated to begin in summer 2016.
Projects that align with the IRP findings will be evaluated through a PEIR in mid-2016. In addition, as funding opportunities become available, specific project cost and environmental assessments will be conducted as needed, particularly in relation to the regional benefit of the proposed actions. Phase 2 of the IRP will include detailed project level analysis including project scopes, costs, prioritization, and implementation process. IEUA staff greatly appreciated the engagement and assistance of member agency staff through the development of the 2015 IRP.

The development of the 2015 IRP is consistent with the Agency’s Business Goal of increasing Water Reliability by meeting the region’s need to develop reliable, drought-proof and diverse local water resources in order to reduce dependence on imported water supplies.

**PRIOR BOARD ACTION**

None.

**IMPACT ON BUDGET**

None.

Attachment: Integrated Water Resources Plan available at:  
https://ieua.hostedftp.com/JAQK0u0bqxTZ2KDZYZ0oLiZa6E
Goals Established for the 2015 IRP

Resilience • Water Efficiency • Sustainability • Cost Effectiveness

- Resilience:
  - Regional water management flexibility to adapt to climate change and economic growth, and any changes that limit, reduce or make water supplies unavailable.

- Water Efficiency:
  - Meet or exceed rules and regulations for reasonable water use.

- Sustainability:
  - Provide environmental benefits, including energy efficiency, reduced green house gas emissions, and water quality improvements to meet the needs of the present without compromising the ability of future generations meeting their own needs.

- Cost-Effectiveness:
  - Supply regional water in a cost effective manner and maximize outside funding.
Integrated Water Resources Plan

- **Phase 1 – Identification and Vision of IRP:**
  - 2040 demand forecast
  - Climate change modeling of water supplies
  - Resiliency testing of resource strategies
  - Regional resources strategies development

- **Phase 2 – Implementation/Capital Investment Program:**
  - Disaggregation of regional demand and supplies
  - Capital project scope, costs, funding, and prioritization
  - Implementation schedule development
Phase 1 Key Findings

- Past investments help minimize climate change impacts
- 45,400 AFY of additional water supply needed by 2040
- Identified +70 potential regional and local water projects
- Strategies including WUE yielded most resilient strategies for the region
- Recycled Water is the region's most climate resilient supply
- Importance of maintaining and increasing groundwater storage for future use
FIVE SECTIONS

- Section 1 – Overview and Purpose
- Section 2 – Water Demands
- Section 3 – Water Resources Inventory
- Section 4 – Supply Portfolio Themes
- Section 5 – Conclusions & Next Steps
Core Recommendations from Phase 1

- Resilience • Water Efficiency • Sustainability • Cost Effectiveness

- Continue to invest in recycled water projects
- Acquire supplemental water to enhance groundwater quality
- Reduce demand by 10% to enhance water supply resiliency
- Strategically purchase supplemental water for recharge
- Pursue external supplies to augment recharge, RW and build storage.
- Maximize stormwater recharge projects.
Recommendation


The development of the 2015 IRP is consistent with the Agency's Business Goal of increasing Water Reliability by meeting the region's need to develop reliable, drought-proof and diverse local water resources in order to reduce dependence on imported water supplies.
Public, Legislative Affairs, and Water Resources Committee

ACTION

ITEM

1E
Date: June 15, 2016

To: The Honorable Board of Directors

Through: Public, Legislative Affairs, and Water Resources Committee (6/8/16)
Finance, Legal & Administration Committee (6/8/16)

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: Santa Ana River Conservation and Conjunctive Use Program (SARCCUP)

RECOMMENDATION

It is recommended that the Board of Directors:

1. Approve the June 2016 SARCCUP Memorandum of Understanding (MOU);

2. Approve Project Agreement 23 (PA23) between SAWPA and the five SAWPA member agencies for SARCCUP governance;

3. Approve the professional services contract award to Tom Dodson & Associates (TDA) to conduct a SARCCUP CEQA evaluation for the not-to-exceed amount of $340,397;

4. Approve the CEQA Cost Sharing Agreement; and

5. Authorize the General Manager to execute the following documents:
   a. June 2016 SARCCUP MOU
   b. PA23
   c. Professional Services Contract Award to TDA
   d. CEQA Cost Sharing Agreement

BACKGROUND

SARCCUP is the result of collaboration between the Santa Ana Watershed Project Authority (SAWPA) member agencies (Parties) to identify large-scale water supply reliability and water
use efficiency projects that could benefit the Santa Ana River Watershed. SARCCUP will initially include development of new infrastructure and incorporation of existing infrastructure to create 60,000 acre-feet per year of wet year put and dry year take capacities for 180,000 acre-feet of groundwater storage in the San Bernardino Area Basins, the San Jacinto Basin, the Chino Basin, and the Elsinore Basin. SARCCUP conservation elements include development of 10,439 acre-feet per year of increased supply by removing *Arundo donax*, an invasive plant species, from the Santa Ana River, restoration of Santa Ana Sucker fish habitat, and implementation of economics based water conservation measures.

The parties began collaboration in 2014 when they created the Santa Ana River Watermaster Action Team through an MOU to explore identification of projects with watershed-wide benefits, which became SARCCUP, a regional conservation and conjunctive use program. In May 2015, the Parties’ 2014 MOU was amended to establish foundational principles for SARCCUP. In June 2015, the Parties submitted a grant application to the State Department of Water Resources (DWR) through SAWPA for the SARCCUP project elements. SAWPA was awarded $55 million in grants for the SARCCUP project by DWR. The estimated costs of SARCCUP Phase 1 projects total $100 million and will be funded by the $55 million grant funding and $45 million shared equally by the five SAWPA member agencies.

The implementation of SARCCUP water banking elements requires unprecedented cooperation by the Parties and other agencies. The level of cooperation requires developing several agreements including those for program financing, governance, operations, storage, exchange, management, and for working with water suppliers such as local retailers and regional water wholesale agencies. The Parties have prepared the 2016 SARCCUP MOU for Program Implementation restating their desired cooperation, describing the phase 1 SARCCUP facilities, and identifying needed agreements. Each party is seeking adoption of the MOU by their Board of Directors in June 2016 prior to SAWPA and DWR finalizing the SARCCUP grant award contract in July 2016.

The governance of SARCCUP will be through project agreements made under the joint powers authority of SAWPA. The SARCCUP water conservation elements are being implemented through the governance of the existing Project Agreement 22 (PA22). The water banking elements are to be implemented through the governance established by a new agreement, Project Agreement 23 (PA23). PA23 covenants establish the covered project facilities, an operations committee, accounting needs, unanimous budget approval, an open term duration, ownership of facilities, financial responsibilities, indemnification of SAWPA, and requirements of withdrawal. PA23 must be signed by all SARCCUP Parties including SAWPA. Each party is seeking adoption of PA23 by their Board of Directors in June 2016 prior to SAWPA and DWR finalizing the SARCCUP grant contract in July 2016.

The Parties identified IEUA as the agency to lead the California Environmental Quality Act review for SARCCUP. IEUA has competitively-bid on-call master contracts with TDA and Environmental Science Associates (ESA) for environmental reviews. The Parties, being pleased with past TDA and ESA work, all agreed that TDA and ESA should be selected to begin CEQA such that the evaluation can begin forthwith and for the Parties to meet the aggressive...
construction schedule. The proposed contract with the TDA/ESA team identifies the appropriate environmental needs for all SARCCUP components under CEQA. IEUA will act as the Lead Agency under CEQA with the remaining Parties to act as Responsible Agencies. TDA/ESA prepared a cost estimate of $340,397. The 2016 MOU for Program Implementation identifies that the CEQA cost will be shared equally amongst the Parties. A CEQA cost-sharing agreement has been prepared.

The SARCCUP MOU for Program Implementation, PA23, and CEQA work are consistent with the Agency’s Business Goal of increasing Water Reliability by meeting the region’s need to develop reliable, drought-proof and diverse local water resources in order to reduce dependence on imported water supplies.

PRIOR BOARD ACTION

On May 20, 2015, the IEUA Board of Directors approved an amendment to the May 2014 Santa Ana River Watermaster Action Team MOU. The amendment supported continued collaboration towards the identified projects now known as SARCCUP and the newly stated foundational principles of SARCCUP.

On May 21, 2014, the IEUA Board of Directors approved an MOU for the Santa Ana River Watermaster Action Team in support of IEUA collaboration with the SAWPA member agencies to identify possible large-scale water supply reliability and water use efficiency projects that could benefit the entire Santa Ana River Watershed; and to collaborate to cost share projects and to secure Proposition 84 or other funding for implementation of identified projects.

IMPACT ON BUDGET

The award of the professional services contract for the SARCCUP CEQA, for the not-to-exceed amount of $340,397 is within the total project budget of Project No. WR16024 in the Water Resources (WW) Fund. The SARCCUP total project budget for FY2015/16 is $2,000,000. The CEQA evaluation will be equally cost shared by the five SARCCP member agencies and thus the IEUA share will be $68,079.

Attachments:
1. SARCCUP Memorandum of Understanding for Program Implementation
2. Project Agreement 23
3. Contract 460002107 with Tom Dodson & Associates for SARCCUP CEQA
4. CEQA Cost Share Agreement
Santa Ana River Conservation and Conjunctive Use (SARCCUP) 2016 Program Authorizations

Andy Campbell

Inland Empire Utilities Agency
A MUNICIPAL WATER DISTRICT

IEUA Board of Directors Meeting
June 2016
SARCCUP* Collaboration

- May 2014 MOU created Santa Ana River Watermaster Action Team
- May 2015 MOU amendment established SARCCUP
- December 2015:
  - $100 million SARCCUP Prop 84 grant application
  - $55 million in grant funding is awarded
- Local cost share: $45 million shared equally by SARCCUP agencies

* SARCCUP: Santa Ana River Conservation and Conjunctive Use Program
MOU for Program Implementation

- SARCCUP requires multiple agreements
- MOU restates Parties' cooperation, describes facilities, & identifies agreements:
  - financing, governance, operations, storage, exchange, & management
- MOU needed prior to SAWPA-DWR grant contract in July 2016
SARCCUP Governance Agreement

- Existing Project Agreement (PA22) governs water conservation
- Project Agreement 23 (PA23) governs:
  - water banking elements
  - operations committee, open term duration, budget approval, and financial responsibilities
- PA23 needed prior to SAWPA-DWR grant contract in July 2016
SARCCUP CEQA

- IEUA identified as lead agency for CEQA review
  - IEUA’s master environmental contract: TDA and ESA
  - Parties unanimously agreed to use TDA & ESA
- New CEQA contract with TDA/ESA: $340,397
- CEQA cost shared equally amongst SARCCUP agencies: $68,079
Recommendation
It is recommended that the Board of Directors

- Approve the June 2016 SARCCUP Memorandum of Understanding (MOU);
- Approve Project Agreement 23 (PA23) between SAWPA and the five SAWPA member agencies for SARCCUP governance;
- Approve the professional services contract award to Tom Dodson & Associates (TDA) to conduct a SARCCUP CEQA evaluation for the not-to-exceed amount of $340,397;
- Approve the CEQA Cost Sharing Agreement; and
- Authorize the General Manager to execute the following documents:
  * June 2016 SARCCUP MOU
  * PA23
  * Professional services contract award to TDA
  * CEQA Cost Sharing Agreement

The plan is consistent with the Agency's Business Goal of Water Reliability by promoting water use efficiency and education to enhance water supplies within the region; and meeting the region's need to develop reliable and diverse local water resources in order to reduce dependence on imported water supplies.
ATTACHMENT 1:

SARCCUP Memorandum of Understanding for Program Implementation
Santa Ana River Conservation and Conjunctive Use Program (SARCCUP)  
Memorandum of Understanding for Program Implementation 

This Memorandum of Understanding ("MOU") is executed as of June ___, 2016  
("Effective Date"), by and among, Eastern Municipal Water District (Eastern MWD),  
Inland Empire Utilities Agency (IEUA), Orange County Water District (OCWD), San  
Bernardino Valley Municipal Water District (SBVMWD), and Western Municipal Water  
District (Western MWD), collectively referred to herein as "Parties" and individually as  
"Party".

I. Recitals / Objectives

1. The purpose of the MOU is to describe the Santa Ana River Conservation  
and Conjunctive Use Program (SARCCUP) objectives, benefits, facilities  
descriptions, and to define future agreements that will be required for project  
implementation and operation, and grant administration.

2. In 2014, the Parties entered into a memorandum of understanding  
("2014 MOU") to collaborate in the exploration, analysis and implementation  
of one or more projects concerning large-scale, regional water supply  
reliability projects that would provide benefits to the entire watershed.  
Further, the Parties agreed to work together and take such action to secure  
grants or other necessary funding, including applying for Santa Ana  
Watershed Project Authority's (SAWPA) One Water One Watershed  
(OWOW) Proposition 84 2015 Integrated Regional Water Management  
(IRWM) funding in October 2015, to help pay for the projects and programs  
selected by the Parties, known collectively as the SARCCUP program. In May  
2015, the Parties executed Amendment 1 to the 2014 MOU. The 2014 MOU,  
along with Amendment 1, are attached as Exhibit A.

3. Pursuant to the 2014 MOU, the Parties have worked collaboratively to  
develop a regional conjunctive use program. SARCCUP is a multi-agency,  
watershed-scale program that will initially create 180,000 acre-feet (AF) of  
storage capacity that would provide up to 60,000 AF per year (AFY) of water  
during dry years (dry year yield) for up to 3 years; develop 10,439 AFY of  
increased supply by removing arundo, an invasive plant species, from the  
Santa Ana River, restore Santa Ana Sucker fish habitat; and implement  
additional water conservation measures. SARCCUP will collectively provide  
up to 70,439 AFY of new local dry-year water supply that would supplement,  
and perhaps replace, imported water supplies during a drought.

4. The SARCCUP program provides multiple, regional benefits to the Santa Ana  
River Watershed:

   a. Develops a large-scale, conjunctive-use project that utilizes unused  
storage space in the watershed’s groundwater basins allowing the banking  
of wet-year supplies for use in dry years, facilitating the augmentation of
drought and emergency water supplies, and supplementing, or perhaps reducing, the demand for imported water during droughts.

b. Restores habitat for the Santa Ana Sucker, a threatened species and recovers water being consumed by arundo, an invasive plant species. Creation of 18,250 linear feet of new habitat will significantly improve conditions for the Santa Ana Sucker fish along the Santa Ana River. SARCCUP also includes removal of 640 acres of Arundo donax and restoration of 41 acres of habitat with native species.

c. Implements water use efficiency measures to lower water demands in the watershed. The Water Use Efficiency (WUE) element includes extending the OWOW Proposition 84 2014 Drought Round WUE program for technical support for conservation programs and public outreach. The Parties will also be contracting with SAWPA to support the implementation of conservation-based rates by water agencies that currently do not have conservation-based rates and providing outreach guidance in drought tolerant landscaping maintenance through the services of Orange County Coastkeeper and other entities.

5. Eastern MWD, IEUA, and Western MWD are Metropolitan Water District of Southern California (MWDSC) member participating agencies.

6. OCWD is a participating agency that receives imported water from MWDSC through the Municipal Water District of Orange County (MWDOC). MWDOC is a member of the MWDSC.

7. SBVMWD is a participating agency that, like MWDSC, is a State Water Contractor.

8. The SARCCUP groundwater storage and recovery facilities are located in the service areas of Eastern MWD, IEUA, SBVMWD and Western MWD.

9. An "extraordinary supply", as defined by MWDSC, is: "...extraordinary increases in local supplies in times of shortage above the base period, including such efforts as purchasing water transfers or overproducing groundwater yield." In addition, MWDSC adopted five principles for determining extraordinary supply status:

a. No negative impacts to other member agencies
b. Provides supply in addition to existing regional supplies
c. Specifically designed program or supply action
d. Intended for consumptive use in a MWDSC water supply allocation
e. Fully documented resource management actions
10. The purpose of SARCCUP is to supplement, or perhaps replace, imported water from the Bay-Delta available during dry years by initially creating 180,000 AF of local groundwater storage by banking surplus imported water during wet years in any of the Chino, Elsinore, San Bernardino, and San Jacinto Groundwater Basins ("storage locations") for future recovery to serve operational needs and provide supplies during droughts or emergencies.

11. The Parties will be collaborative, equal partners in the storage capacity created by all of the SARCCUP facilities, including the ability to store and recover water. The SARCCUP bank augments the supply of dry-year yield during droughts or during natural or man-made interruptions of imported water supplies. Water can be conveyed throughout the watershed via hard piping, exchanges and/or in-lieu use. The SARCCUP facilities are described herein. A schematic reflecting all of the regional water facilities, including those defined as SARCCUP, is included as Exhibit B.

12. In early 2016, SAWPA was formally notified that it had been awarded $64,268,000 by the California Department of Water Resources for its OWOW Proposition 84 2015 IRWM grant proposal, which includes SARCCUP. From this grant award to SAWPA, $55 million was designated by OWOW governance for SARCCUP implementation. The SARCCUP Prop 84 grant award includes the development of a Watershed-Scale Master Plan that includes the proposed SARCCUP facilities, and identifies additional facilities that could be included in future phases of the program. The goal of the Master Plan is to identify facilities needed to take advantage of approximately 1.0 million acre-feet (MAF) of total available groundwater storage capacity within the watershed for use in capturing available excess supplies during wet years and enhancing available local supplies during droughts and emergencies. Facilities identified for future phases of SARCCUP could be targets for future grant opportunities.

13. In January 2016, SBVMWD entered into a contract, on behalf of the Parties, with the firm CH2M to develop a decision-support model (Exhibit B) as part of the Master Plan process and work is ongoing under that contract as of the date of this MOU. The Parties have agreed to reimburse their one-fifth share of the total cost to SBVMWD. The overarching goals for the model effort is to simulate the anticipated operations of the proposed SARCCUP facilities, quantify the benefits, quantify the costs and identify future phases of SARCCUP.

14. IEUA has entered into a contract with Tom Dodson & Associates, on behalf of the Parties, to identify the appropriate environmental compliance document for all SARCCUP components under the California Environmental Quality Act (CEQA). IEUA will act as the "Lead Agency" under CEQA, with the remaining Parties to act as "Responsible Agencies". The Parties have agreed to reimburse their one-fifth share of the total cost to IEUA. Project-level CEQA
documents can either be completed by the local agency performing the project construction, or if far enough along in design, the project-level analysis can be included in a comprehensive document for agency project approval.

15. Multiple agreements are required between the Parties and other project stakeholders to allow for SARCCUP development, implementation, operation, and grant administration. This MOU defines those agreements, and a graphic demonstrating the relationships between all agreements can be found in Exhibit C. The relationships between the grant administration agreements are shown in Exhibit D.

II. SARCCUP Conjunctive-Use Facilities Descriptions

1. Sources of water: Water purchased for storage in the SARCCUP facilities would include water purchased by the Parties collectively and individually, as well as transfers between the Parties. Sources of water for storage under the SARCCUP program include, but are not limited to:

   a. Imported water purchased from MWDSC;

   b. Extraordinary supply water purchased on the market and wheeled to the storage locations; and

   c. State Water Project (SWP) water purchased from SBVMWD and wheeled to the storage locations.

2. Chino Basin Facilities: SARCCUP facilities within the Chino Basin will create new storage capacity of 96,000 AF. Recharge and dry year yield will average 32,000 AFY for three years. Facilities include:

   a. Construction of the Baseline Feeder Extension, which includes about 6.5 miles of 48-inch pipeline and connections along the pipeline to feed water to existing recharge facilities and water agencies;

   b. Rehabilitation of up to three existing groundwater production wells and adding pumping and distribution appurtenances;

   c. Improvements for imported water diversion capacity from flood control channels to existing recharge basins and facilities at the Montclair and Jurupa basins;

   d. Construction of a dual-use turnout on the existing Devil Canyon-Azusa Pipeline to allow for recharge and for takes by the Water Facilities Authority.
3. **Elsinore Basin Facilities**: SARCCUP facilities within the Elsinore Basin will create new storage capacity of 4,500 AF. Recharge and dry year yield will average 1,500 AFY for three years. Facilities include:

   a. Construction of two new dual-purpose injection wells with pipelines and appurtenances.

4. **San Bernardino Basin Area Facilities**: SARCCUP facilities within the San Bernardino Basin Area will create new storage capacity of 60,000 AF. Recharge and dry year yield will average 20,000 AFY for three years. Facilities include:

   a. Construction of five new groundwater production wells, transmission pipeline and appurtenances;

   b. Expansion of the capacity in the Redlands Pump Station by 60 cfs through the addition of three new pumps with a capacity of 20 cfs each.

5. **San Jacinto Basin Facilities**: SARCCUP facilities within the San Jacinto Basin will create new storage capacity of 19,500 AF. Recharge and dry year yield will average 6,500 AFY for three years. Facilities include:

   a. Development of a new 39-acre recharge site, known as the Mountain Avenue West site:
      
      i. Site grading to form the recharge basins;
      
      ii. Installation of pipeline laterals, flow control valves, and metering facilities;
      
      iii. Monitoring well installations.

   b. Use of an existing raw water pipeline to deliver imported water for recharge to the Mountain Avenue West site;

   c. Development of three new groundwater production wells for recovery of the banked water, including vertical turbine pumps and motors, distribution pipelines, and appurtenances.

III. **Key Agreements to be Developed for SARCCUP**

   1. **Agreements between the Parties**

      a. **Coordinated Operating, Storage, Exchange and Management Agreement**
i. Defines a management structure, known as the "Operating Committee", that includes participants from all of the Parties and MWDOC, and will oversee project operations and finance decisions;

ii. Defines how the Parties will share equitably in the storage accounts, operate and maintain the facilities, recharge imported water, extract/exchange banked water and keep an accounting of the storage accounts;

iii. Defines operations planning and reporting requirements;

iv. Sets term for 30 years upon execution, with option for renewal in 10-year increments.

b. Funding Agreement

i. Defines costs associated with operations and maintenance of the SARCCUP conjunctive use facilities and establishes procedures to develop an operating budget on an annual basis;

ii. Identifies "postage stamp" rate for recharge within any SARCCUP bank;

iii. Identifies "postage stamp" rate for extraction from any SARCCUP bank;

iv. Identifies how and when postage stamp rates are adjusted;

v. Identifies management, accounting and reporting of funds and process for reconciling accounts each year.

vi. Identifies the cost for the Parties to utilize SARCCUP facilities when they are not needed by SARCCUP.

2. Agreement between the Parties and Santa Ana Watershed Project Authority (SAWPA)

   a. Project Agreement 23, or "PA23"

      i. Responsible for management of the SARCCUP program and will provide necessary documentation to SAWPA

      ii. There is no set term for the agreement.

3. Agreement between the Parties, MWDOC, and MWDSC

   a. MWDSC Demonstration Project Agreement

      i. Defines how MWDSC's system would be used to facilitate exchanges between the Parties;

      ii. Defines method of calling Party taking MWDSC supply in-lieu of that Party producing groundwater;

      iii. Terms of this agreement will not conflict with Extraordinary Supply provisions;
iv. Utilizes the terms of the SBVMWD/MWDSC Agreement to deliver water to the storage facilities of other SARCCUP agencies;
v. Defines benefits to MWDSC.

4. Additional agreements

a. Eastern MWD and Hemet-San Jacinto Watermaster
   i. Storage Agreement needed to bank 19,500 AF

b. IEUA and Chino Basin Watermaster (or Watermaster pool members)
   i. Storage Agreement needed to bank 96,000 AF

c. MWDSC and SBVMWD Agreement

IV. Exhibits
    1. SARCCUP 2014 MOU and Amendment 1 between the Parties
    2. Schematic of Regional SARCCUP Facilities
    3. SARCCUP Agreements Relationship Architecture
    4. SARCCUP Grant Management Agreements Relationship Architecture

IN WITNESS WHEREOF, the Parties have agreed to execute this MOU as of the effective date.

EASTERN MUNICIPAL WATER DISTRICT

By ________________________________

Name ________________________________

Its ________________________________

INLAND EMPIRE UTILITIES AGENCY

By ________________________________

Name ________________________________

Its ________________________________
ORANGE COUNTY WATER DISTRICT
By ________________________________
Name ________________________________
Its ________________________________

SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT
By ________________________________
Name ________________________________
Its ________________________________

WESTERN MUNICIPAL WATER DISTRICT
By ________________________________
Name ________________________________
Its ________________________________
MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding ("MOU") is executed as of May 1, 2014 ("Effective Date"), by and among, Inland Empire Utilities Agency ("IEUA"), Orange County Water District ("OCWD"), San Bernardino Valley Municipal Water District ("Valley District"), Western Municipal Water District ("Western"), and Eastern Municipal Water District ("Eastern"). IEUA, OCWD, Valley District, Western and Eastern are collectively referred to herein as "Parties" and individually as "Party."

RECIPIALS

A. On April 17, 1969, the Superior Court entered a Stipulated Judgment as a result of the case of Orange County Water District v. City of Chino, et al., (Case No. 117628-County of Orange), concerning rights of the water users and other entities in the lower area of the Santa Ana River basin downstream of Prado Dam as against those in the upper area tributary to Prado Dam. The Judgment designates the Parties, excluding Eastern, as responsible for representing the interests of the upper and lower areas and gives such agencies the responsibility to fulfill the obligations set forth in the Stipulated Judgment.

B. Each Party represents a regional water agency that covers the Santa Ana River watershed, and with the exception of Eastern, collectively makes up the Santa Ana River Watermaster created by the Stipulated Judgment.

C. Although Eastern is not a member of the Santa Ana River Watermaster, the Parties collectively desire to invest and collaborate to identify possible large-scale water supply reliability and water use efficiency projects that could benefit the entire Santa Ana Watershed, which projects may only be possible through securing grant funding.

D. The Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006, commonly known as Proposition 84, authorized over $1.5 billion for water supply and water quality projects throughout the state of California. The Proposition 84 funding is allocated to various regions within the state, with the Santa Ana region receiving a funding allocation of $114 million.

E. To date, the state of California has released Proposition 84 funding in two rounds, with $12 million released in the first round and $16 million released in the second round.

F. The Santa Ana Watermaster Committee supports the Parties' desire to explore and identify possible watershed-wide projects, and has unofficially named the Parties the "Santa Ana Watermaster Action Team."

G. The Parties desire to collaborate to secure Proposition 84 funding and any other available funding for the identification, evaluation and implementation of certain large-scale water supply reliability projects, including the projects specifically identified in this MOU and any future projects determined by the Parties, all of which will wholly affect and benefit the Santa Ana River Watershed.

H. This MOU may be amended in the future to include other interested stakeholders.

NOW, THEREFORE, in consideration of the matters recited above and the covenants, conditions and promises contained herein, the Parties agree as follows:
OPERATIVE PROVISIONS

1. Purpose. The Parties desire to collaborate in the exploration, analysis and implementation of one or more projects identified in this MOU, and including any future projects and programs identified by the Parties, concerning large-scale water supply reliability projects that will provide benefits to the entire watershed. Further, the Parties will work together and take such action(3,6),(998,993) as may be necessary to secure grants or other necessary funding, including Proposition 84 funding, to pay for the projects and programs selected by the Parties.

2. Term. The term of this MOU shall commence on the Effective Date and shall continue until terminated upon the written consent of the Parties. An individual Party may terminate its participation in the MOU at any time without approval of the remaining Parties.

3. Projects. The current proposed watershed-wide projects or programs contemplated by this MOU include the following:

   a. Habitat Restoration and Arundo Removal. Develops plans and creates habitat for listed species to help offset any “take” associated with water projects and removes arundo, an invasive plant that consumes approximately 4 acre-feet of water per acre.

   b. Recycled Water Optimization. Upper watershed continues to deliver treated wastewater to the lower watershed via the Santa Ana River in exchange for the lower watershed delivering imported water to the upper watershed.

   c. Regional Conjunctive Use. Agencies in the watershed participate in and receive reliability benefit from regional projects that increase the storage of local stormwater and imported water primarily in wet years for later extraction, treatment and delivery both directly and through in-lieu exchange primarily during dry years.

   d. Economic Based Water Use Efficiency Program. Develops a set of innovative, best in class water conservation tools, new and supplemental incentive programs, and water use efficiency rate structure implementation support that can be applied on a regional basis to help achieve water conservation targets established by the State of California.

4. Future Projects. In addition to the projects and programs identified in Section 3 above, the Parties will continue, during the term of this MOU, to diligently work together to identify, examine and implement additional watershed-wide projects and programs, all of which will be subject to this MOU. The implementation of any project or program, and the associated terms and obligations, will be determined and may be memorialized in a separate written agreement executed by the Parties.

5. Contracting Party. One of Parties will serve as the contracting Party for each of the projects and programs contemplated by this MOU. The Parties hereby agree that whichever agency is designated as the contracting Party for the project or program has the authority and power to bind the Santa Ana River Watermaster Action Team. The Contracting Party will also provide necessary administrative support for the various projects and programs contemplated and/or implemented by the Parties. The Parties agree that the Contracting Party shall have no liability of any kind for acts performed or taken as the contracting party in furtherance of the purpose of this MOU. Selection of the Contracting Party will be done by general consensus and will be ratified by an action of the Contracting Party’s Board of Directors.
6. **Obligations of the Parties.** Each Party agrees to cooperate in the fulfillment of the purpose of this MOU and to act in good faith at all times. The Parties will be responsible for cost sharing, in such amounts as determined by the Parties, of any costs or fees incurred in connection with the projects or programs. The Parties will make every effort to collaborate to identify possible projects and programs that satisfy the intent of this Agreement and further agree to enter into additional agreements and execute documents reasonably necessary to carry out the intent of this MOU.

7. **General.**

a. **Notices.** Any written communication required or permitted to be given hereunder will be deemed received upon personal delivery or forty-eight (48) hours after deposit in any United States mail depository, first class postage prepaid, and addressed to the Party for whom intended as follows:

   If to IBUA: Inland Empire Utilities Agency  
   6075 Kimball Ave.  
   Chino, CA 91708  
   Attn: Joe Grindstaff, General Manager

   If to OCWD: Orange County Water District  
   18700 Ward Street  
   Fountain Valley, CA 92708  
   Attn: Michael R. Markus, General Manager

   If to Valley District: San Bernardino Valley Municipal Water District  
   380 East Vanderbilt Way  
   San Bernardino, California 92408  
   Attn: Douglas D. Hendrick, General Manager

   If to Western: Western Municipal Water District  
   14205 Meridian Parkway  
   Riverside, CA 92518  
   Attn: John V. Rossi, General Manager

   If to Eastern: Eastern Municipal Water District  
   2270 Trumble Road  
   Perris, CA 92570  
   Attn: Paul D. Jones II, P.E., General Manager

b. **Entire Agreement.** This MOU contains the entire agreement between the Parties with respect to the matters herein provided and may only be amended by a subsequent written amendment executed by all the Parties.

c. **Counterparts.** This MOU may be executed in one or more counterparts, each of which shall be deemed an original but which together shall constitute a single agreement.
d. **Signing Authority.** Each of the Parties represent that the persons signing this MOU have the appropriate authority to execute this MOU and bind the respective Party to the terms contained herein.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties have agreed to execute this MOU as of the Effective Date.

Inland Empire Utilities Agency

By:________
Name: Jennifer Distaf
Its: General Manager

Orange County Water District

By:________________________
Name: Shawn Dewane
Its: President, Board of Directors

San Bernardino Valley Municipal Water District

By:________________________
Name: Douglas D. Headrick
Its: General Manager

Western Municipal Water District

By:________________________
Name: John V. Rossi
Its: General Manager

Eastern Municipal Water District

By:________________________
Name: Paul D. Jones II, P.E.
Its: General Manager
In WITNESS WHEREOF, the Parties have agreed to execute this MOU as of the Effective Date.

Inland Empire Utilities Agency
By: ____________________________
Name: __________________________
Its: ____________________________

Orange County Water District
By: ____________________________
Name: Shawn Dewane
Its: President

San Bernardino Valley Municipal Water District
By: ____________________________
Name: __________________________
Its: ____________________________

Western Municipal Water District
By: ____________________________
Name: __________________________
Its: ____________________________

Eastern Municipal Water District
By: ____________________________
Name: Paul D. Jones II, P.E.
Its: General Manager
d. **Signing Authority.** Each of the Parties represent that the persons signing this MOU have the appropriate authority to execute this MOU and bind the respective Party to the terms contained herein.

[Signature Page Follows]

In WITNESS WHEREOF, the Parties have agreed to execute this MOU as of the Effective Date.

Inland Empire Utilities Agency

By: __________________________

Name: Joe Grindstaff
Its: General Manager

Orange County Water District

By: __________________________

Name: Shawn Dewane
Its: President, Board of Directors

San Bernardino Valley Municipal Water District

By: __________________________

Name: Douglas D. Headrick
Its: General Manager

Western Municipal Water District

By: __________________________

Name: John V. Rossi
Its: General Manager

Eastern Municipal Water District

By: __________________________

Name: Paul D. Jones II, P.E.
Its: General Manager
d. **Signing Authority.** Each of the Parties represent that the persons signing this MOU have the appropriate authority to execute this MOU and bind the respective Party to the terms contained herein.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties have agreed to execute this MOU as of the Effective Date.

Inland Empire Utilities Agency

By: __________________________
Name: Joe Grindstaff
Its: General Manager

Orange County Water District

By: __________________________
Name: Shawn Dewane
Its: President, Board of Directors

San Bernardino Valley Municipal Water District

By: __________________________
Name: Douglas D. Headrick
Its: General Manager

Western Municipal Water District

By: __________________________
Name: John V. Rossi
Its: General Manager

Eastern Municipal Water District

By: __________________________
Name: Paul D. Jones II, P.E.
Its: General Manager
d. **Signing Authority:** Each of the Parties represent that the persons signing this MOU have the appropriate authority to execute this MOU and bind the respective Party to the terms contained herein.

**In Witness Whereof,** the Parties have agreed to execute this MOU as of the Effective Date.

**Inland Empire Utilities Agency**

By: ____________________________
Name: __________________________
Its: ____________________________

**Orange County Water District**

By: ____________________________
Name: __________________________
Its: ____________________________

**San Bernardino Valley Municipal Water District**

By: ____________________________
   Douglas D. Headrick
   Its: General Manager

**Western Municipal Water District**

By: ____________________________
Name: __________________________
Its: ____________________________

**Eastern Municipal Water District**

By: ____________________________
   Paul D. Jones Jr., P.E.
   Its: General Manager
AMENDMENT NUMBER 1

This amendment to the May 2014 Memorandum of Understanding ("MOU") to collaborate to identify possible large-scale water supply reliability and water use efficiency projects that could benefit the entire Santa Ana Watershed is executed as of _______, 2015 ("Effective Date"), by and among, Inland Empire Utilities Agency ("IEUA"), Orange County Water District ("OCWD"), San Bernardino Valley Municipal Water District ("Valley District"), Western Municipal Water District ("Western"), and Eastern Municipal Water District ("Eastern"). IEUA, OCWD, Valley District, Western and Eastern are collectively referred to herein as "Parties" and individually as "Party."

RECITALS

A. On April 17, 1969, the Superior Court entered a Stipulated Judgment as a result of the case of Orange County Water District v. City of Chino, et al., (Case No. 117628-County of Orange), concerning rights of the water users and other entities in the lower area of the Santa Ana River basin downstream of Prado Dam as against those in the upper area tributary to Prado Dam. The Judgment designates the Parties, excluding Eastern, as responsible for representing the interests of the upper and lower areas and gives such agencies the responsibility to fulfill the obligations set forth in the Stipulated Judgment.

B. Each Party represents a regional water agency that covers the Santa Ana River watershed, and with the exception of Eastern, collectively makes up the Santa Ana River Watermaster created by the Stipulated Judgment.

C. Although Eastern is not a member of the Santa Ana River Watermaster, the Parties collectively desire to participate in large-scale water supply reliability and water use efficiency projects/programs that benefit the entire Santa Ana Watershed, which projects may only be possible through securing grant funding. The combination of such projects and water resources management programs comprise a Santa Ana River Conjunctive Use Program (SARCUP).

D. The Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006, commonly known as Proposition 84, authorized over $1.5 billion for water supply and water quality projects throughout the State of California. The Proposition 84 funding is allocated to various regions with the Santa Ana region receiving a funding allocation of $114 million.

E. To date, the state of California has released Proposition 84 funding in two rounds, with $12 million released in the first round and $16 million released in the second round. A third round is expected in 2015.

F. The Water Quality, Supply, and Infrastructure Improvement Act of 2014 (Proposition 1), approved by California voters in November 2014, authorizes $7.12 billion in general obligation bonds for state water supply infrastructure projects, such as public water system improvements, surface and groundwater storage, drinking water protection, water recycling and advanced water treatment technology, water supply management and conveyance, wastewater treatment, drought relief, emergency water supplies, and ecosystem and watershed protection and restoration.
Specific spending proposals in Proposition 1 include:

* $520 million to improve water quality for “beneficial use,” for reducing and preventing drinking water contaminants, disadvantaged communities, and the State Water Pollution Control Revolving Fund Small Community Grant Fund.
* $1,495 billion for competitive grants for multi-benefit ecosystem and watershed protection and restoration projects.
* $810 million for expenditures on, and competitive grants and loans to, integrated regional water management plan projects.

$63 million has been allocated to the Santa Ana Region

* $2.7 billion for water storage projects, dams and reservoirs.
* $725 million for water recycling and advanced water treatment technology projects.
* $900 million for competitive grants and loans for projects to prevent or clean up the contamination of groundwater that serves as a source of drinking water.
* $395 million for statewide flood management projects and activities.

These monies are expected to be distributed to worthy projects in the next few years.

G. The Santa Ana Watermaster Committee supports the Parties’ desire to explore and identify possible watershed-wide projects, and has unofficially named the Parties the "Santa Ana Watermaster Action Team" (Action Team).

H. The Action desires to develop dry-year yield that could meet 10 to 15% of their demands during drought periods.

I. The Parties desire to collaborate to secure Proposition 84 and 1 funding and any other available funding for the identification, evaluation and implementation of certain SARCUP projects and any future projects determined by the Parties, all of which will wholly affect and benefit the Santa Ana River Watershed per the Foundational Principles attached as Exhibit A.

J. This MOU may be amended in the future to include other interested public agencies, non-profit organizations and other stakeholders.

Now, THEREFORE, in consideration of the matters recited above and the covenants, conditions and promises contained herein, the Parties agree as follows:

OPERATIVE PROVISIONS

1. Purpose. The Parties desire to collaborate in the implementation of SARCUP including any future projects identified by the Parties, concerning large-scale water supply reliability projects that will provide benefits to the entire watershed. Further, the Parties will work together and take such action as may be necessary to secure grants or other necessary funding, including Propositions 84 and 1 funding, to pay for the SARCUP projects selected by the Parties.

2. Term. The term of this MOU shall commence on the Effective Date and shall continue until terminated upon the written consent of the Parties. An individual Party may terminate its participation in the MOU at anytime without approval of the remaining Parties.

3. Projects. The current proposed SARCUP contemplated by this MOU includes the following:
a. Habitat Restoration and Arundo Removal. Develops plans and creates habitat for listed species to help offset any "take" associated with water projects and removes Arundo, an invasive plant that consumes approximately 4 acre-feet of water per acre.

b. Regional Conjunctive Use. Regional conjunctive use is an integrated water resources management strategy that optimizes all sources of water in a coordinated surface and groundwater storage program including water use efficiency best practices in order to maximize the drought reliability of water supplies for the whole Santa Ana River watershed and better manage emergency outages from imported supplies. Agencies in the watershed participate in and receive reliability benefit from regional projects that increase the storage of local stormwater and imported water primarily in wet years for later extraction, treatment and delivery both directly and through in-lieu exchange primarily during dry years.

c. Economic Based Water Use Efficiency Program. Develops a set of innovative, best-in-class water conservation tools, new and supplemental incentive programs, and water use efficiency rate structure implementation support that can be applied on a regional basis to help achieve water conservation targets established by the State of California.

4. Future Projects. In addition to the SARCUP projects identified in Section 3 above, the Parties will continue, during the term of this MOU, to diligently work together to identify, examine and implement additional SARCUP projects, all of which will be subject to this MOU. The implementation of any SARCUP project, and the associated terms and obligations, will be determined and may be memorialized in a separate written agreement executed by participating Parties.

5. Contracting Party. One of Parties will serve as the contracting Party for each of the SARCUP projects contemplated by this MOU. The Parties hereby agree that whichever agency is designated as the contracting Party for the SARCUP project has the authority and power to bind the Santa Ana River Watermaster Action Team within the authority previously established by the Team. The designated Party shall not bind the Team in excess of the previously established authority without prior approval of the Team. The Contracting Party will also provide necessary administrative support for the various SARCUP projects contemplated and/or implemented by the Parties. The Parties agree that the Contracting Party shall have no liability of any kind for acts performed or taken as the contracting party in furtherance of the purpose of this MOU. Selection of the Contracting Party will be done by general consensus and will be ratified by an action of the Contracting Party's Board of Directors.

6. Obligations of the Parties. Each Party agrees to cooperate in the fulfillment of the purpose of this MOU and to act in good faith at all times. Exhibit A contains the Foundational Principles of the collaboration. The Parties will be responsible for cost sharing, in such amounts as determined by the Parties, of any costs or fees incurred in connection with the SARCUP projects. The Parties will make every effort to collaborate to identify possible projects that satisfy the intent of this Agreement and further agree to enter into additional agreements and execute documents reasonably necessary to carry out the intent of this MOU.

7. General.

a. Notices. Any written communication required or permitted to be given hereunder
will be deemed received upon personal delivery or forty-eight (48) hours after deposit in any United States mail depository, first class postage prepaid, and addressed to the Party for whom intended as follows:
If to IEUA: Inland Empire Utilities Agency
6075 Kimball Ave.
Chino, CA 91708
Attn: Joe Grindstaff, General Manager

If to OCWD: Orange County Water District
18700 Ward Street
Fountain Valley, CA 92708
Attn: Michael R. Markus, General Manager

If to Valley District: San Bernardino Valley Municipal Water District
380 East Vanderbilt Way
San Bernardino, California 92408
Attn: Douglas D. Headrick, General Manager

If to Western: Western Municipal Water District
14205 Meridian Parkway
Riverside, CA 92518
Attn: John V. Rossi, General Manager

If to Eastern: Eastern Municipal Water District
2270 Trumble Road
Perris, CA 92570
Attn: Paul D. Jones II, P.E., General Manager

b. Entire Agreement. This MOU contains the entire agreement between the Parties with respect to the matters herein provided and may only be amended by a subsequent written amendment executed by all the Parties.

c. Counterparts. This MOU may be executed in one or more counterparts, each of which shall be deemed an original but which together shall constitute a single agreement.

d. Signing Authority. Each of the Parties represent that the persons signing this MOU have the appropriate authority to execute this MOU and bind the respective Party to the terms contained herein.

[Signature Page Follows]
IN WITNESS WHEREOF, the Parties have agreed to execute this MOU as of

Inland Empire Utilities Agency
By: ______________________________
Name: Joe Grindstaff
Its: General Manager

Orange County Water District
By: ______________________________
Name: Shawn Dewane
Its: President, Board of Directors

San Bernardino Valley Municipal Water District
By: ______________________________
Name: Douglas D. Headrick
Its: General Manager

Western Municipal Water District
By: ______________________________
Name: John V. Rossi
Its: General Manager

Eastern Municipal Water District
By: ______________________________
Name: Paul D. Jones II, P.E.
Its: General Manager
EXHIBIT "A"

Santa Ana River Conjunctive-Use Program (SARCUP)

Foundational Principles

The goals of the SARCUP are to maximize the development and use of local and imported water supplies and to conjunctively manage these local water supplies such that the aggregate yield and water supply reliability generated by the SARCUP is greater than the independent management of these resources. Local supplies include surface water, groundwater, and recycled water originating in the Watershed. Imported supplies include State Water Project (SWP), Colorado River Aqueduct (CRA) water and other supplies that can be imported into the Watershed through SWP, CRA and other facilities. When the total of local and imported supplies exceed demand the surplus supplies will be stored in Watershed groundwater basins, groundwater basins outside the Watershed and potentially surface storage facilities. The basic principles required to build the SARCUP are listed below.

1. Maximize the Development and Use of Local and Imported Supplies. Local water supplies will be developed to their maximum potential limited by water rights agreements and permits issued by the State Board. The Parties will maximize their take of imported water by taking as much imported water as is available to them.

2. Collaborative Management of Unused Storage Space in the Watershed. Unused storage space in a groundwater basin consists of the volume of unsaturated sediments that is not needed to regulate normal sources of recharge to achieve the current yields of a basin. The maximum unused storage space in the Watershed is about 1,000,000 af and is distributed as follows:
   - Chino Basin – 500,000 af
   - Elsinore and Riverside Basins – 60,000 af
   - Orange County Basin – 100,000 af
   - San Bernardino Basin Area (SSBA) – 40,000 af
   - San Jacinto Basin – 300,000 af

3. There are many projects that can be used to exploit this unused storage to improve water supply reliability and reduce demand on imported-water sources during drought and other periods of reduced local and imported water supplies. Some of the lower cost and simpler drought/emergency water supply projects are currently known and can be implemented rapidly while the more expensive and complex projects need information to flesh out and time to

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1 IEUA and the Chino Basin and Watermaster have an existing 150,000 storage program included in the 500,000 af space.
develop implementation agreements. A watershed-scale conjunctive-use architecture is proposed herein to facilitate the implementation of the lower cost and simpler projects in the context of the regional need for conjunctive use projects that improve drought/emergency water supply, and to assure that regional benefit of watershed-scale conjunctive-use projects. The Parties propose to:

- Work together to develop and implement conjunctive-use projects that improve water supply reliability by increasing drought/emergency water supply. Such projects will include water conservation measures and habitat improvement activities (e.g. Arundo removal) that improve watershed water reliability.

- Facilitate cooperative use of the unused storage space in the watershed’s groundwater basins by identifying storage blocks that will be sequentially developed to increase wet-year storage and dry-year yield for the watershed.
  
  - The Parties agree that the first group of projects will be recharge and extraction facilities that will enable storage of wet-year supplies and provide the listed dry-year yield, as follows:

<table>
<thead>
<tr>
<th>Basin</th>
<th>Total Storage (AF)</th>
<th>Dry-Year Yield (AFY for 3 years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chino</td>
<td>100,000</td>
<td>33,300</td>
</tr>
<tr>
<td>SBBA</td>
<td>60,000</td>
<td>20,000</td>
</tr>
<tr>
<td>San Jacinto</td>
<td>19,500</td>
<td>6,500</td>
</tr>
<tr>
<td>Elsinore</td>
<td>4,500</td>
<td>1,500</td>
</tr>
<tr>
<td>TOTAL</td>
<td>184,000</td>
<td>61,300</td>
</tr>
</tbody>
</table>

- The first group of projects will primarily rely on exchange agreements and existing regional conveyance facilities to put water into storage and produce water from storage and convey it to Parties when a dry-year call is made.
- The Parties would conduct planning investigation that result in a watershed-scale conjunctive-use program master plan that would lead to the implementation of conjunctive-use programs with successive storage blocks of unused storage.

4. The Parties will work collaboratively to secure funding for the projects. The Parties will work together to secure grant, and other, funding for the projects. The Parties are presently working on a Proposition 84, Round 3 grant application for $60 million that requires $45 million of local matching funds.

5. The Parties share equitably for the benefits of the SARCUP. The benefits and costs of the SARCUP will be allocated based on each Party’s relative financial
participation. Each of the agencies agree to provide an equal share of the $45 million of matching funds, or $9 million, so that each agency shares equally in the benefits.

6. **Non-compete for grant funding.** A Party(s) that opts out of participating in a new local water supply development project, imported water supply project and or conjunctive-use project will not compete for grant funding from the Proposition 84 funding source and other grant funding sources that the participating Parties are pursuing.

7. **The Parties will not compete for the imported water that can be obtained for the purposes of the SARCUP.** Imported water sources include SWP and CRA water acquired from Metropolitan Water District of Southern California (Metropolitan), SWP water acquired by SBVMWD, Sacramento Valley water acquired by a Party or the Parties and conveyed to the watershed through the SWP, and water produced by future ocean desalination\(^2\) projects. The Parties will pool their resources, based on their level of participation, to acquire and convey imported water being sought by the SARCUP participants to the watershed for the SARCUP projects.

8. **Recovery of water from storage.** In the initial development of the SARCUP, the Parties that overlie basins with stored SARCUP water would reduce their take of imported water during stored water recovery periods. Imported water deliveries will be reprogramed from Parties that have direct access to water in storage to Parties that do not have direct access to the SARCUP stored water. This will require exchange agreements that involve the Parties and Metropolitan and others.

   In the subsequent expansion of the SARCUP, the Parties may seek to add regional conveyance facilities consistent with the SARCUP master plan.

9. **Continue Expansion of the SARCUP.** The Parties will continue to: refine the SARCUP over time adapting to changes in the water supply environment and economic conditions; implement subsequent phases of the SARCUP; and collaborate on the acquisition of grant funding.

---

\(^2\) Ocean desalination is characterized herein as imported water as it originates outside what is conventionally referred to as the Santa Ana Watershed.
Exhibit 3 – SARCCUP Agreements Relationship Architecture

SARCCUP Agencies
- EMWD
- IEUA
- OCWD
- SBVMWD
- WMWD

Coordinated Operating, Storage, Exchange and Management Agreement
- SARCCUP Agencies

Funding Agreement
- SARCCUP Agencies

PA-23 Agreement
- SARCCUP agencies/SAWPA

MWDC SARCCUP Demonstration Agreement
- MWDC
- 3 MWDC Member Agencies
- OCWD/MWDOC
- SBVMWD

Other Agreements
- EMWD ↔ HSJ Watermaster
- IEUA ↔ CB Watermaster
- SBVMWD ↔ MWDC
Department of Water Resources (DWR) (granting agency)

DWR provides oversight on grant performance and project implementation.

Santa Ana Watershed Project Authority (SAWPA)

Grant administration and oversight of project performance.

Planning Agreement 23 (PA23)

Responsible for management of the SARCCUP program and will provide necessary documentation to SAWPA.

Agency 1

Responsible for project component implementation of Facilities #1.

Agency 2

Responsible for project component implementation of Facilities #2.

Agency 3

Responsible for project component implementation of Facilities #3.

Agency 4

Responsible for project component implementation of Facilities #4.

Agency 5

Responsible for project component implementation of Facilities #5.
ATTACHMENT 2:

Project Agreement 23
SANTA ANA WATERSHED PROJECT AUTHORITY

PROJECT AGREEMENT 23

SANTA ANA RIVER CONSERVATION & CONJUNCTIVE USE PROGRAM PROJECT COMMITTEE

THIS AGREEMENT is made on __________, 2016, by and between the SANTA ANA WATERSHED PROJECT AUTHORITY ("SAWPA"), a joint powers agency created pursuant to Government Code Section 6500 et seq., and the following Member Agencies of SAWPA, referred to hereinafter as Project Agreement 23 ("PA23") Committee Members: EASTERN MUNICIPAL WATER DISTRICT ("EASTERN"); INLAND EMPIRE UTILITIES AGENCY ("IEUA"); ORANGE COUNTY WATER DISTRICT ("OCWD"); SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT ("VALLEY"); and WESTERN MUNICIPAL WATER DISTRICT ("WESTERN").

RECITALS

A. The PA23 Committee Members are all special districts with broad authority over water resources, including powers to develop, protect, and enhance water supply and reliability within the region.

B. The PA23 Committee Members are all the members that make up SAWPA, a joint powers authority formed by the SAWPA Joint Powers Agreement, in 1975.

C. The SAWPA Joint Powers Agreement, as amended, provides for SAWPA’s exercise of the shared powers of the Member Agencies, including through the formation of Project Committees for specific purposes.

D. Through the Department of Water Resources (DWR) Regional Acceptance Process, SAWPA was supported by the agencies in the watershed to be the agency given the responsibility to administer the grant funds made available to the watershed for Integrated Regional Water Management and was approved by DWR. SAWPA developed and administers the Integrated Regional Water Resources Management Plan (IRWMP) process for the Santa Ana Region (the One Water One Watershed Plan), including administering grant funds as the State of California makes those grant funds available.

E. SAWPA and the Member Agencies previously executed Project Agreement 22 (PA22) for the purpose of collaboratively implementing water use efficiency improvements throughout the Santa Ana River watershed. The PA22 Committee is implementing programs for that purpose, including the use of grant funds from the 2014 Proposition 84 Drought Round. PA22 empowers the PA22 Committee Members to implement further water use efficiency improvement activities using other funds as they become available.

F. The Santa Ana River watershed comprises a number of groundwater basins, which represent a significant resource in terms of potential water storage and subsequent dry year supply. The PA23 Members desire to improve the resiliency of the entire region by implementing a program that operates the groundwater basins conjunctively with other available imported sources of
supply to optimize the use of available basin storage and their dry year yield values across the watershed.

G. The SAWPA Member Agencies developed the Santa Ana River Conservation and Conjunctive Use Program (SARCCUP) as a regional program of planning, infrastructure, management and operations to improve utilization of groundwater basins conjunctively with imported water to create additional dry year yield benefits. SARCCUP Phase 1 includes the following program elements: master plan, water use efficiency, Arundo Donax removal, Santa Ana Sucker habitat creation, and a conjunctive use program (water banking). SARCCUP includes ecosystem improvement measures and water use efficiency measures. The water use efficiency measures are to be administered by the existing PA22.

H. DWR called for grant applications for the remaining Proposition 84 IRWMP grant funds in 2015. SAWPA applied for and was awarded an IRWMP implementation grant in that round for $64.3 million, including $55.0 million for SARCCUP. The estimated total cost of SARCCUP is slightly more than $100 million. SAWPA will receive $3.2 million of the total grant funds to administer the 2015 Round of Proposition 84 grants, including SARCCUP and two other projects. Future phases of SARCCUP may be implemented using other funds that may be made available.

I. The parties hereto desire to enter into an agreement with each other and SAWPA in accordance with Section 18 of the SAWPA Joint Powers Agreement to implement and administer SARCCUP, as described herein (excluding the water use efficiency elements, which are to be administered through PA22), and any related projects implemented by the PA23 Committee Members consistent with its purpose

**COVENANTS**

Based on the foregoing facts, and in consideration of the mutual covenants of the PA23 Committee Members and SAWPA, it is agreed that:

1. The PA23 Committee is hereby established for the purpose of improving utilization of groundwater basins for the benefit and improved resiliency of the entire Santa Ana River watershed through conjunctive use with available sources of supply. The scope of this Project Agreement includes implementing SARCCUP, as that project is described in the Proposition 84 2015 Round grant application and DWR grant agreement, except the water use efficiency element of SARCCUP which shall be administered through PA22.

2. Implementation of SARCCUP is anticipated to require one or more agreements with Committee Members and with entities who are not parties to this Project Agreement. The PA23 Committee will determine, for each such agreement, whether the PA23 Committee, the individual PA23 Committee Members, SAWPA, or certain individual agencies are the necessary party or parties.

3. Facilities constructed for the purposes of this Project Agreement may be owned by SAWPA, individual PA23 Committee Members or local retail water providers within the service territories of one or more PA23 Committee Members. The PA23 Committee will approve one or more operating agreements that specify how infrastructure funded through this Project Agreement
(including with Proposition 84 grant funds) will be operated to ensure the anticipated regional benefits.

4. This Project Agreement has no set term. PA23 shall remain active as long as at least two PA23 Committee Members remain parties hereto. The PA23 Committee will implement measures funded pursuant to the Proposition 84 grant description above, will ensure compliance with the schedule requirements of the grant, and may implement other measures consistent with the purpose described in Section 1 above.

5. The PA23 Committee will be operated as a distinct account within SAWPA's accounting system for the administration by SAWPA of Proposition 84 grant funds for SARCCUP and for any other funds that may be made available to the PA23 Committee for actions within the Committee's purpose. The parties will use accounting standards that are compliant with State of California grant requirements.

6. In addition to and separate from the PA23 Committee, SAWPA will continue its role of administering the IRWMP program for the region, including executing and implementing grant agreements with the State. Proposition 84 allows for funds to be available from grants for grant administration, which will be used by SAWPA for that purpose. SAWPA services in support of the PA23 Committee shall be accounted for as project costs. Funds available to SAWPA for services in support of the PA23 Committee shall be approved in accordance with the budgeting process described in Section 10 below.

7. PA23 Committee Members will appoint representatives to the Committee per Section 18 of the SAWPA Joint Powers Agreement. It is the intention of the parties hereto that the PA23 Committee will constitute the executive authority through which SAWPA shall act for purposes of this Project Agreement. All budget and operating decisions of the PA23 Committee will be made by unanimous consent of the PA23 Committee Members. All expenditures with the designations and limitations of the approved PA23 budget and all decisions implementing an approved operating plan shall be made on the authorization of a majority of the PA23 Committee.

8. The PA23 Committee will have, without further ratification by the PA23 Committee Members' or SAWPA, such authority as may be necessary to implement the provisions of this Project Agreement so long as expenditures are within the PA23 budget.

9. The PA23 Committee may establish advisory or non-voting Committee Members or advisory sub-committees who represent other agencies or stakeholders in or near the region to assist the Committee in effecting its purpose. The number and designation of such advisory participants will be reported to the SAWPA Commission.

10. In conjunction with each SAWPA budget, SAWPA shall prepare a budget for the PA23 Committee that shall address the sources and uses of funds and the respective financial obligations and functions of the PA23 Committee Members, including the matching funds included in any grant agreements. The budget shall include the planned use of any Proposition 84 grant funds available to SARCCUP after the grant administration cost is allocated to SAWPA, and shall include costs for SAWPA support of the PA23 Committee. If any PA23 Committee Member fails or refuses to approve any PA23 budget, said budget shall be returned to the PA23
Committee for restudy and revision. In the event a budget acceptable to all of the members is not obtained prior to the start of the fiscal year, the PA23 Committee may continue to operate at the level of expenditure authorized by the last approved PA23 budget and the members shall be obligated to fund such operations. The parties hereto acknowledge that SAWPA grant administration costs will be reviewed and periodically approved by the SAWPA Commission. The PA23 budget will be approved by the PA23 Committee and shall be included in the SAWPA budget for approval by the SAWPA member agencies' governing boards per the SAWPA Joint Powers Agreement. SAWPA shall provide a quarterly report to the PA23 Committee of actual expenses relative to the approved budget.

11. A semi-annual report of PA23 Committee implementation of SARCCUP will be provided to the OWOW Steering Committee and the SAWPA Commission.

12. The PA23 Committee Members shall be financially responsible for all liabilities and expenses, including administrative, consultant and legal expenses incurred in connection with PA23 activities, and to the extent necessary shall reimburse SAWPA for any and all such costs and expenses that are incurred on behalf of the PA23 Committee to the extent not otherwise covered by PA23 revenues or funds, or SAWPA’s liability insurance. Unless otherwise specified, PA23 Committee Members shall have an equal share in such financial obligation.

13. Individual agency indemnification of the other PA23 Member Agencies for activities related to SARCCUP will be addressed in future agreements. The PA23 Committee Members will indemnify and hold harmless SAWPA and any SAWPA member agency not then participating as a member of the PA23 Committee from any and all financial liability, including claims or disputes, arising from or in connection with project-related contracts or actions, to the extent such liability is not fully covered by PA23 revenues or funds, or SAWPA’s liability insurance.

14. PA23 Committee Members may withdraw from this Project Agreement at any time upon not less than 60 days written notice to the other members. Obligations of the withdrawing agency, including any liabilities related to any grant agreement or other financing commitment associated with PA23, will be determined according to the PA23 budget then in effect or by the PA23 Committee.

15. No right, duty, or obligation of whatever kind or nature created herein will be assigned by any party to this Project Agreement without the prior written consent of SAWPA.

16. This Project Agreement shall inure to the benefit of and bind the successors and assigns of the parties hereto.

17. Each signatory hereto warrants that the execution of this Project Agreement represents the approval of that Agency’s board of directors of this Agreement.
IN WITNESS WHEREOF, the signatories hereto have executed this Project Agreement to be effective as of the day and year first written above.

SANTA ANA WATERSHED PROJECT AUTHORITY
By ______________________________
Its ______________________________

EASTERN MUNICIPAL WATER DISTRICT
By ______________________________
Its ______________________________

INLAND EMPIRE UTILITIES AGENCY
By ______________________________
Its ______________________________

ORANGE COUNTY WATER DISTRICT
By ______________________________
Its ______________________________

SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT
By ______________________________
Its ______________________________

WESTERN MUNICIPAL WATER DISTRICT
By ______________________________
Its ______________________________
ATTACHMENT 3:

Contract 460002107 with Tom Dodson & Associates for SARCCUP CEQA
CONTRACT NUMBER: 4600002107

FOR

SANTA ANA RIVER CONSERVATION AND CONJUNCTIVE USE PROGRAM (SARCCUP)
PROGRAM ENVIRONMENTAL IMPACT REPORT (PEIR)

THIS CONTRACT (the "Contract"), is made and entered into this __ day of __________, 2016, by
and between the Inland Empire Utilities Agency, a Municipal Water District, organized and existing in the
County of San Bernardino under and by virtue of the laws of the State of California (hereinafter referred to
interchangeably as "IEUA" and "Agency"), Tom Dodson & Associates, Inc. with offices located in San
Bernardino, California (hereinafter referred to as "Consultant") and Environmental Science Associates
Corporation (ESA), with offices located in Los Angeles, California (hereinafter referred to as
"Subconsultant"), to provide joint consulting environmental services for the preparation of a Program
Environmental Impact Report (PEIR).

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

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

   Project Manager: Andy Campbell, PG, CHg, Deputy Manager of Planning &
                   Environmental Resources
   Address: 6075 Kimball Avenue, Building "A"
            Chino, California 91708-9174
   Telephone: (909) 993-1907
   Email: acampbell@ieua.org
   Facsimile: (909) 993-1983

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

   Consultant: Tom Dodson and Associates
   Project Manager: Tom Dodson, President
   Address: 2150 N. Arrowhead Avenue
            San Bernardino, California 92405
   Telephone: (909) 882-3612
   Email: tda@tdaenv.com
   Facsimile: (909) 882-7015

3. ORDER OF PRECEDENCE: The documents referenced below represent the Contract
   Documents. Where any conflicts exist between the General Terms and Conditions, or addenda
   attached, then the governing order of precedence shall be as follows:
A. Amendments to Contract 4600002107.

B. Contract Number 4600002107, General Terms and Conditions.

C. Agency’s Request for Proposal and all germane correspondence, incorporated herein by this reference.

D. Consultant’s proposal dated May 10, 2016 which is attached hereto, incorporated herein and made a part hereof by this reference as Exhibit A.

4. **SCOPE OF WORK AND SERVICES**: Consultant services and responsibilities shall include and be in accordance with tasks identified in Consultant’s Proposal, which is attached hereto, incorporated herein and made a part hereof by this reference as Exhibit A.

5. **TERM**: The term of this Contract shall extend from the date of the Notice to Proceed and terminate on June 30, 2017, unless agreed to by both parties, reduced to writing, and amended to this Contract.

6. **COMPENSATION**: The Agency shall pay Consultant’s properly-executed invoices, subsequent to approval by the Project Manager, within thirty (30) calendar days following receipt of the invoice. Payment will be withheld for any service which does not meet the requirements of this Contract or has proven unacceptable until such service is revised, resubmitted, and accepted by the Project Manager.

As compensation for work performed under this Contract, Agency shall pay Consultant the **NOT-TO-EXCEED** maximum of $340,397.20 in accordance with the fee schedule contained in Consultant’s Proposal, which is attached hereto, incorporated herein and made a part hereof by this reference as Exhibit A.

7. **PAYMENT**: Consultant’s invoice must be submitted according to the nine (9) tasks outlined in Exhibit A, achieved by Consultant, and accepted by the Agency’s Project Manager, and shall include a breakdown by items completed, all associated labor categories provided, labor hours supplied and associated hourly rates, dates worked, the current monthly amount due, and the cumulative amount invoiced to-date against this Contract, using the Agency’s standard Excel-based invoicing template Exhibit B. Invoice shall not be submitted in advance and shall not be dated earlier than the actual date of submittal. All invoices shall be submitted electronically with all required back-up to apgroup@leua.org. Payment shall be made according to the nine (9) tasks outlined in Exhibit A, achieved by Consultant, and accepted by the Agency’s Project Manager.

8. **CONTROL OF THE WORK**: Consultant shall perform the Work in compliance with the Work Schedule. If performance of the Work falls behind schedule, the Consultant shall accelerate the performance of the Work to comply with the Work Schedule as directed by the Project Manager. If the nature of the Work is such that Consultant is unable to accelerate the Work, Consultant shall promptly notify the Project Manager of the delay, the causes of the delay, and submit a proposed revised Work Schedule.

9. **KEY PERSONNEL**: Consultant shall enlist the key personnel as depicted in Consultant’s Proposal, which is attached hereto, incorporated herein and made a part hereof by this reference as Exhibit A. Any material changes in key personnel shall be reported in writing to the Agency’s Project
Manager. For purposes of the Work, joint consulting environmental services include substantial participation of Subconsultant Environmental Science Associates Corporation (ESA).

10. **FITNESS FOR DUTY**

A. **Fitness:** Consultant and its Subconsultant personnel on the Jobsite:

1. Shall report for work in a manner fit to do their job;

2. Shall not be under the influence of or in possession of any alcoholic beverages or of any controlled substance (except a controlled substance as prescribed by a physician so long as the performance or safety of the Work is not affected thereby); and

3. Shall not have been convicted of any serious criminal offense which, by its nature, may have a discernible adverse impact on the business or reputation of Agency.

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

C. **Grant-Funded Projects:** This is a grant-funded (e.g., Proposition 84) project. The Consultant shall be responsible to comply with all grant requirements related to the project as outlined in Exhibit C, attached hereto and made a part hereof. These may include, but shall not be limited to: Davis-Bacon Act, Endangered Species Act, Executive Order 11246 (Affirmative Action Requirements), Equal Opportunity, Competitive Solicitation, Record Retention and Public Access to Records, and Compliance Review. Federal funding of any portion of this project will have separate, additional reporting accountability on the use of funds.

1. **INSURANCE:** During the term of this Contract, the Consultant shall maintain at Consultant's sole expense, the following insurance.

A. **Minimum Scope of Insurance**:

1. General Liability: $1,000,000 combined single limit per occurrence for bodily injury, personal injury and property damage. Coverage shall be at least as broad as Insurance Services Office form number GL 0001-87 covering Comprehensive General Liability. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location, or the general aggregate limit shall be twice the required single occurrence limit.

2. Automobile Liability: $1,000,000 combined single limit per accident for bodily injury and property damage. Coverage shall be at least as broad as Insurance Services Office form number CA 00 01 87, covering Automobile Liability, including "any auto."

3. Workers' Compensation and Employers Liability: Workers' compensation limits as required by the Labor Code of the State of California and employers Liability limits of $1,000,000 per accident.
4. Professional Liability Insurance in the amount of $1,000,000 per occurrence.

B. **Deductibles and Self-Insured Retention**: Any deductibles or self-insured retention must be declared to and approved by the Agency. At the option of the Agency, either: the insurer shall reduce or eliminate such deductibles or self-insured retention as respects the Agency, its officers, officials, employees and volunteers; or the Consultant shall procure a bond guaranteeing payment of losses and related investigations, claim administration and defense expenses.

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

1. General Liability and Automobile Liability Coverage
   a. The Agency, its officers, officials, employees, volunteers, property owners and any engineers under contract to the Agency are to be covered as insureds, endorsements GL 20 11 07 66, CG2010 1185 and/or CA 20 01 (Ed. 0178), as respects: liability arising out of activities performed by or on behalf of the Consultant, products and completed operations of the Consultant, premises owned, occupied or used by the Consultant, or automobiles owned, leased, hired or borrowed by the Consultant. The coverage shall contain no special limitations on the scope of protection afforded to the Agency, its officers, officials, employees or volunteers.
   b. The Consultant's insurance coverage shall be primary insurance as respects the Agency, its officer, officials, employees and volunteers. Any insurance or self-insurance maintained by the Agency, its officers, officials, employees, or volunteers shall be excess of the Consultant's insurance and shall not contribute with it.
   c. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the Agency, its officers, officials, employees or volunteers.
   d. The Consultant's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.
   e. The Consultant may satisfy the limit requirements in a single policy or multiple policies. Any such additional policies written as excess insurance shall not provide any less coverage than that provided by the first or primary policy.

2. Workers' Compensation and Employers Liability Coverage
   The insurer shall agree to waive all rights of subrogation against the Agency, its officers, officials, employees and volunteers for losses arising from work performed by the Consultant for the Agency.

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

D. **Acceptability of Insurers:** All insurance is to be placed with insurers with a Best's rating of no less than A:VII, and who are admitted insurers in the State of California.

E. **Verification of Coverage:** Consultant shall furnish the Agency with certificates of insurance and with original endorsements effecting coverage required by the Agency for themselves and all Subconsultants prior to commencing work or allowing any Subconsultants to commence work under any subcontract. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. All certificates and endorsements are to be approved by the Agency before work commences. The Agency reserves the right to require complete, certified copies of all required insurance policies, at any time.

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

   Attn. Ms. Angela Witte, Risk Specialist
   c/o Inland Empire Utilities Agency
   P.O. Box 9020
   Chino Hills, California 91709

11. **LEGAL RELATIONS AND RESPONSIBILITIES**

A. **Professional Responsibility:** The Consultant shall be responsible, to the level of competency presently maintained by other practicing professionals performing the same or similar type of work.

B. **Status of Consultant:** The Consultant is retained as an independent Consultant only, for the sole purpose of rendering the services described herein, and is not an employee of the Agency.

C. **Observing Laws and Ordinances:** The Consultant shall keep itself fully informed of all existing and future state and federal laws and all county and city ordinances and regulations which in any manner affect the conduct of any services or tasks performed under this Contract, and of all such orders and decrees of bodies or tribunals having any jurisdiction or authority over the same. The Consultant shall at all times observe and comply with all such existing and future laws, ordinances, regulations, orders and decrees, and shall protect and indemnify, as required herein, the Agency, its officers and employees against any claim or liability arising from or based on the violation of any such law, ordinance, regulation, order or decree, whether by the Consultant or its employees.

D. **Subcontract Services:** Any subcontracts for the performance of any services under this Contract shall be subject to the written approval of the Project Manager.

E. **Hours of Labor:** The Consultant shall comply with all applicable provisions of California Labor Code Sections 1810 to 1817 relating to working hours. The Consultant shall, as a penalty to the Agency, forfeit $25.00 for each worker employed in the execution of the Contract by the Consultant or by any Subconsultants for each calendar day during which
such worker is required or permitted to work more than eight (8) hours in any one (1) calendar day and forty (40) hours in any one (1) calendar week in violation of the provisions of the Labor Code.

F. **Travel and Subsistence Pay:** The Consultant shall make payment to each worker for travel and subsistence payments which are needed to execute the work and/or service, as such travel and subsistence payments are defined in the applicable collective bargaining agreements with the worker.

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

H. **Conflict of Interest:** No official of the Agency who is authorized in such capacity and on behalf of the Agency to negotiate, make, accept or approve, or to take part in negotiating, making, accepting or approving this Contract, or any subcontract relating to services or tasks to be performed pursuant to this Contract, shall become directly or indirectly personally interested in this Contract.

I. **Equal Opportunity and Unlawful Discrimination:** During the performance of this Contract, the Consultant shall not unlawfully discriminate against any employee or employment applicant because of race, color, religion, sex, age, marital status, ancestry, physical or mental disability, sexual orientation, veteran status or national origin. The Agency is committed to creating and maintaining an environment free from harassment and discrimination. To accomplish these goals the Agency has established procedures regarding the implementation and enforcement of the Agency's Harassment Prohibition and Equal Employment Opportunity commitments. Please refer to Agency Policies A-29 (Equal Employment Opportunity) and A-30 Harassment Prohibition for detailed information or contact the Agency's Human Resources Administrator. A copy of either of these Policies can be obtained by contacting the Project Manager for your respective Contract. Please advise any of your staff that believes they might have been harassed or discriminated against while on Agency property, to report said possible incident to either the Project Manager, or the Agency's Human Resources Administrator. Please be assured that any possible infraction shall be thoroughly investigated by the Agency.

J. **Non-Conforming Work and Warranty:** Consultant represents and warrants that the Work and Documentation shall be adequate to serve the purposes described in the Contract. For a period of not less than one (1) year after acceptance of the completed Work, Consultant shall, at no additional cost to Agency, correct any and all errors in and shortcomings of the Work or Documentation, regardless of whether any such errors or shortcoming is brought to the attention of Consultant by Agency, or any other person or entity. Consultant shall within three (3) calendar days, correct any error or shortcoming that renders the Work or Documentation dysfunctional or unusable and shall correct other errors within thirty (30) calendar days after Consultant's receipt of notice of the error. Upon request of Agency, Consultant shall correct any such error deemed important by Agency in its sole discretion to Agency's continued use of the Work or Documentation within seven (7) calendar days after Consultant's receipt of notice of the error. If the Project Manager rejects all or any part of the Work or Documentation as unacceptable and agreement to correct such Work or
Documentation cannot be reached without modification to the Contract. Consultant shall notify the Project Manager, in writing, detailing the dispute and reason for the Consultant's position. Any dispute that cannot be resolved between the Project Manager and Consultant shall be resolved in accordance with the provisions of this Contract.

The total amount of all claims the Agency may have against the Consultant under this Contract or arising from the performance or non-performance of the Work under any theory of law, including but not limited to claims for negligence, negligent misrepresentation and breach of contract, shall be strictly limited to the lesser of the fees or $500,000. As the Agency's sole and exclusive remedy under this Contract any claim, demand or suit shall be directed and/or asserted only against the Consultant and not against any of the Consultant's employees, officers or directors.

The Consultant's liability with respect to any claims arising out of this Contract shall be absolutely limited to direct damages arising out of the Work and the Consultant shall bear no liability whatsoever for any consequential loss, injury or damage incurred by the Agency, including but not limited to, claims for loss of use, loss of profits and loss of markets.

K. Disputes:

1. All disputes arising out of or in relation to this Contract shall be determined in accordance with this section. The Consultant shall pursue the work to completion in accordance with the instruction of the Agency's Project Manager notwithstanding the existence of dispute. By entering into this Contract, both parties are obligated, and hereby agree, to submit all disputes arising under or relating to the Contract, which remain unresolved after the exhaustion of the procedures provided herein, to independent arbitration. Except as otherwise provided herein, arbitration shall be conducted under California Code of Civil Procedure Sections 1280, et. seq, or their successor.

2. Any and all disputes during the pendency of the work shall be subject to resolution by the Agency Project Manager and the Consultant shall comply, pursuant to the Agency Project Manager instructions. If the Consultant is not satisfied with any such resolution by the Agency Project Manager, they may file a written protest with the Agency Project Manager within seven (7) calendar days after receiving written notice of the Agency's decision. Failure by Consultant to file a written protest within seven (7) calendar days shall constitute waiver of protest, and acceptance of the Agency Project Manager's resolution. The Agency's Project Manager shall submit the Consultant's written protests to the General Manager, together with a copy of the Agency Project Manager's written decision, for their consideration within seven (7) calendar days after receipt of said protest(s). The General Manager shall make his or her determination with respect to each protest filed with the Agency Project Manager within ten (10) calendar days after receipt of said protest(s). If Consultant is not satisfied with any such resolution by the General Manager, they may file a written request for arbitration with the Project Manager within seven (7) calendar days after receiving written notice of the General Manager's decision.
3. In the event of arbitration, the parties hereto agree that there shall be a single neutral Arbitrator who shall be selected in the following manner:

a. The Demand for Arbitration shall include a list of five names of persons acceptable to the Consultant to be appointed as Arbitrator. The Agency shall determine if any of the names submitted by Consultant are acceptable and, if so, such person shall be designated as Arbitrator.

b. In the event that none of the names submitted by Consultant are acceptable to Agency, or if for any reason the Arbitrator selected in Step (a) is unable to serve, the Agency shall submit to Consultant a list of five names of persons acceptable to Agency for appointment as Arbitrator. The Consultant shall, in turn, have seven (7) calendar days in which to determine if one such person is acceptable.

c. If after Steps (a) and (b), the parties are unable to mutually agree upon a neutral Arbitrator, the matter of selection of an Arbitrator shall be submitted to the San Bernardino County Superior Court pursuant to Code of Civil Procedure Section 1281.6, or its successor. The costs of arbitration, including but not limited to reasonable attorneys' fees, shall be recoverable by the party prevailing in the arbitration. If this arbitration is appealed to a court pursuant to the procedure under California Code of Civil Procedure Section 1294, et. seq., or their successor, the costs of arbitration shall also include court costs associated with such appeals, including but not limited to reasonable attorneys' fees which shall be recoverable by the prevailing party.

4. Joinder in Mediation/Arbitration: The Agency may join the Consultant in mediation or arbitration commenced by a contractor on the Project pursuant to Public Contracts Code Sections 20104 et seq. Such joinder shall be initiated by written notice from the Agency's representative to the Consultant.

12. **INDEMNIFICATION:** Consultant shall indemnify the Agency, its directors, employees and assigns, and hold them harmless from all liabilities, demands, actions, claims, losses and expenses, including reasonable attorneys' fees, which arise out of or are related to the negligence, recklessness or willful misconduct of the Consultant, its directors, employees, agents and assigns, in the performance of work under this contract.

13. **OWNERSHIP OF MATERIALS AND DOCUMENTS/CONFIDENTIALITY:** The Agency retains ownership of any and all partial or complete reports, drawings, plans, notes, computations, lists, and/or other materials, documents, information, or data ("Work Product") prepared by the Consultant and/or the Consultant's Subconsultants pertaining to this Contract upon full payment of all monies owed to the Consultant. Said materials and documents are confidential and shall be available to the Agency from the moment of their preparation, and the Consultant shall deliver same to the Agency whenever requested to do so by the Project Manager and/or Agency. The Consultant agrees that same shall not be made available to any individual or organization, private or public, without the prior written consent of the Agency.
14. **TITLE AND RISK OF LOSS:**

A. **Documentation:** Title to the Documentation shall pass to Agency when prepared; however, a copy may be retained by Consultant for its records and internal use. Consultant shall retain such Documentation in a controlled access file, and shall not reveal, display or disclose the contents of the Documentation to others without the prior written authorization of Agency or for the performance of Work related to the project.

B. **Material:** Title to all Material, field or research equipment, and laboratory models, procured or fabricated under the Contract shall pass to Agency when procured or fabricated, and such title shall be free and clear of any and all encumbrances. Consultant shall have risk of loss of any Material or Agency-owned equipment of which it has custody.

C. **Disposition:** Consultant shall dispose of items to which Agency has title as directed in writing by the Agreement Administrator and/or Agency.

15. **PROPRIETARY RIGHTS:**

A. **Rights and Ownership:** Agency's rights to inventions, discoveries, trade secrets, patents, copyrights, and other intellectual property, including the Information and Documentation, and revisions thereto (hereinafter collectively referred to as "Proprietary Rights"), used or developed by Consultant in the performance of the Work, shall be governed by the following provisions:

Proprietary Rights conceived, developed, or reduced to practice by Consultant in the performance of the Work shall be the property of Agency, and Consultant shall cooperate with all appropriate requests to assign and transfer same to Agency.

If Proprietary Rights conceived, developed, or reduced to practice by Consultant prior to the performance of the Work are used in and become integral with the Work or Documentation, or are necessary for Agency to have complete enjoyment of the Work or Documentation, Consultant shall grant to Agency a non-exclusive, irrevocable, royalty-free license, as may be required by Agency for the complete enjoyment of the Work and Documentation, including the right to reproduce, correct, repair, replace, maintain, translate, publish, use, modify, copy or dispose of any or all of the Work and Documentation and grant sublicenses to others with respect to the Work and Documentation.

If the Work or Documentation includes the Proprietary Rights of others, Consultant shall procure, at no additional cost to Agency, all necessary licenses regarding such Proprietary Rights so as to allow Agency the complete enjoyment of the Work and Documentation, including the right to reproduce, correct, repair, replace, maintain, translate, publish, use, modify, copy or dispose of any or all of the Work and Documentation and grant sublicenses to others with respect to the Work and Documentation. All such licenses shall be in writing and shall be irrevocable and royalty-free to Agency.

B. **No Additional Compensation:** Nothing Set forth in this Contract shall be deemed to require payment by Agency to Consultant of any compensation specifically for the assignments and assurances required hereby, other than the payment of expenses as may be actually incurred by Consultant in complying with this Contract.
16. **INFRINGEMENT:** Consultant represents and warrants that the Work and Documentation shall be free of any claim of trade secret, trade mark, trade name, copyright, or patent infringement or other violations of any Proprietary Rights of any person.

Consultant shall indemnify and hold harmless Agency, its officers, directors, employees, successors, assigns, and servants free and harmless from any and all liability, damages, losses, claims, demands, actions, causes of action, and costs including reasonable attorney's fees and expenses arising out of any claim that use of the Work or Documentation infringes upon any trade secret, trade mark, trade name, copyright, patent, or other Proprietary Rights.

Consultant shall, at its expense and at Agency's option, refund any amount paid by Agency under the Contract, or exert its reasonable efforts to procure for Agency the right to use the Work and Documentation, to replace or modify the Work and Documentation as approved by Agency so as to obviate any such claim of infringement.

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

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

   **Consultant:**  
   Mr. Tom Dodson  
   Principal, Tom Dodson and Associates  
   2150 N. Arrowhead Avenue  
   San Bernardino, CA 92405

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

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

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

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

20. **RIGHT TO AUDIT:** The Agency reserves the right to review and/or audit all Consultant's records
related to the Work. The option to review and/or audit may be exercised during the term of the
Contract, upon termination, upon completion of the Contract, or at any time thereafter up to
twelve (12) months after final payment has been made to Consultant. The Consultant shall
make all records and related documentation available within three (3) working days after said
records are requested by the Agency.

21. **INTEGRATION:** The Contract Documents represent the entire Contract of the Agency and the
Consultant as to those matters contained herein. No prior oral or written understanding shall
be of any force or effect with respect to those matters covered by the Contract Documents. This
Contract may not be modified, altered or amended except by written mutual agreement by the
Agency and the Consultant.

22. **GOVERNING LAW:** This Contract is to be governed by and constructed in accordance with
the laws of the State of California.

23. **TERMINATION FOR CONVENIENCE:** The Agency reserves and has the right to immediately
suspend, cancel or terminate this Contract at any time upon written notice to the Consultant. In
the event of such termination, the Agency shall pay Consultant for all authorized and
Consultant-invoiced services up to the date of such termination.

24. **FORCE MAJEURE:** Neither party shall hold the other responsible for the effects of acts
occurring beyond their control; e.g., war, riots, strikes, natural disasters, etcetera.

25. **NOTICE TO PROCEED:** No services shall be performed or furnished under this Contract
unless and until this document has been properly signed by all responsible parties and a Notice
to Proceed order has been issued to the Consultant.

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

**INLAND EMPIRE UTILITIES AGENCY:**

P. Joseph Grindstaff
General Manager

(Date)

**TOM DODSON & ASSOCIATES, INC.:**

Tom Dodson
Principal

(Date) 5/7/16

**ENVIRONMENTAL SCIENCE ASSOCIATES:**

Tom Barnes
Director, Southern California Water

(Date) 5-19-16

Contract 4600002107 (RW) 05/11/2016 Page 11 of 11
Exhibit A
May 10, 2016

Mr. Andy Campbell
Inland Empire Utilities Agency
6075 Kimball Avenue
Chino, CA 91708

Dear Andy:

Tom Barnes (ESA Water) and I deeply appreciated the opportunity to submit the attached proposal to prepare a program environmental document for the Santa Ana River Conservation and Conjunctive Use Program (SARCCUP). Tom Dodson & Associates (TDA) and ESA Water propose to compile a program environmental impact report (PEIR) to address a number of conservation and conjunctive use projects throughout the Santa Ana River Basin. The purpose of this document will be to identify potential environmental impacts and recommended mitigation measures to reduce potentially significant impacts to a less than significant level. The attached proposal outlines the detailed work plan we intend to implement in order to provide a Final SARCCUP PEIR within approximately 12 months. We look forward to meeting with Inland Empire Utilities Agency (IEUA) and the other regional water agencies with the goal of compiling a comprehensive PEIR that will facilitate ultimate development of each of the program elements. Should you have any questions, please do not hesitate to contact me.

Sincerely,

[Signature]

Tom Dodson
Attachment
cc: Chris Berch
    Tom Barnes
I. INTRODUCTION

In 2016 Tom Dodson & Associates (TDA) and ESA Water (ESA) were selected to provide environmental compliance support for Inland Empire Utilities Agency, Eastern Municipal Water District, Orange County Water District, San Bernardino Valley Municipal Water District and Western Municipal Water District (Agencies). The Agencies have requested that we submit a proposal to prepare the Santa Ana River Conservation and Conjunctive Use Program (SARCCUP) Environmental Impact Report (PEIR) This PEIR would serve as the baseline environmental document for the watershed-scale project that consists of three project elements:

1) Habitat improvements including the removal of Arundo (giant reed) and restoration of habitat suitable for the Santa Ana Sucker.

2) Water-use efficiency programs including turf removal.

3) Groundwater banking throughout the Santa Ana River watershed.

The PEIR will provide a baseline environmental document to comply with the California Environmental Quality Act (CEQA) and support future site-specific projects as they are funded and implemented by each Agency.

TDA and ESA jointly propose to compile this documentation for IEUA with ESA providing the majority of environmental support to compile the PEIR. We will jointly prepare and process the new PEIR with IEUA and coordinate the content of the document with the other Responsible Agencies to ensure that it will meet their CEQA requirements. The proposed scope of work follows.

II. SCOPE OF WORK

Our team will provide support to carry out the following steps to comply with CEQA requirements: prepare a project description; oversee research and preparation of technical studies and impact analyses; prepare a screechcheck (administrative review draft) program PEIR; prepare and circulate a draft PEIR including developing all transmittal documents and a broad distribution list; prepare responses to comments submitted on the draft PEIR; compile a Final PEIR for certification; prepare a notice of determination; ensure that all CEQA procedural requirements are fulfilled; and attend meetings with the Agency as required.

Task 1: Compile the Project Description

We will prepare a draft project description that compiles all the projects within the program to be implemented by each of the Responsible Agencies. The draft project description will be submitted to IEUA and each of the other Responsible Agencies for review and comment. A final project description will be compiled and used for three purposes: first, to compile and distribute a Notice of Preparation of an EIR to the general public, interested parties and stakeholders; second, the project description will be used to assist in establishing the scope of issues and areas of particular interest for the compilation of the environmental baseline information; and third, to initiate AB 52 consultation with Native American tribes.

Once the Project Description is compiled we will integrate it into a Notice of Preparation (NOP) document that is used to announce a project to the public. A draft NOP will be completed; submitted to IEUA for review and comment; and we will finalize the NOP for public distribution.
The NOP establishes the date of the PEIR environmental baseline and the objective is to have this as early in the process as possible.

We will facilitate up to 3 public scoping meetings to receive comments on the scope of the DPEIR. We will prepare a presentation and conduct the meetings.

Task 2: Conduct Research and Compile Baseline Environmental Setting Data

The team will prepare the existing environmental setting for each of the issues topics included in Appendix G of the CEQA Guidelines.

1. **Aesthetic Resources**: To characterize aesthetic issues, we will utilize the General Plans of the affected cities and the counties to describe the aesthetic resources (scenic vistas, scenic resources, and light and glare) within the project area. No special studies or investigations are proposed for the aesthetic issues. All environmental setting information in this section will be based upon existing data sources, except for those locations where specific near-term capital improvements are proposed. It is recognized that there may be or only be a few locations where near-term new facilities are proposed, but it is our goal to incorporate sufficient data into the PEIR that such facilities can be comprehensively addressed. For these locations site specific evaluations of aesthetic resource values will be compiled.

2. **Agricultural Resources**: To establish the agricultural baseline information, we will utilize the General Plans of the affected cities and counties; data from the Soil Conservation Service’s soil surveys for San Bernardino and Riverside Counties; data from the State Department of Conservation; and data from the other published documents that address agricultural resource issues in the Chino Basin. No special studies or investigations are proposed for agricultural resource issues. All environmental setting information in this section will be based upon existing data sources, except for those locations where specific near-term capital improvements are proposed. For these locations site specific evaluations of agricultural resources will be compiled.

3. **Air Quality**: Air quality data will be compiled from detailed information available through the South Coast Air Quality Management District (SCAQMD) for the existing setting. In the project description we will define anticipated programmatic construction and operational scenarios to be used for emission forecasts. Air emissions calculations will be conducted using the CaEEMod emissions model to assess emissions of typical construction activities such as pipeline installation, tank construction, and treatment plant construction projects. Assumptions for these construction activities will be compiled. The assumptions will be focused on near-term project types. This analysis will include a comparison of annual emissions with a State Implementation Plan (SIP) evaluation. We will incorporate data from the nearest monitoring station as is required by SCAQMD’s CEQA Air Quality Handbook. An air quality technical report will be prepared that will provide the baseline emission calculations to be used in the future with specific projects before the State Water Resources Control Board or other agencies.

4. **Biological Resources**: To establish the biological resources baseline information, we will utilize the Department of Fish and Game’s Natural Diversity Data Base for San Bernardino and Riverside Counties; and data from the other published documents that address biological resource issues in the Chino Basin. Only targeted special field studies or investigations are proposed for biological resource issues. All environmental setting
information in this section will be based upon existing data sources, except for those locations where specific near-term capital improvements are proposed. For these locations site specific biological resource evaluations will be compiled.

5. **Cultural Resources:** To establish the cultural resources baseline information. We will utilize data from the State Historic Preservation Office and the archaeological information centers for San Bernardino and Riverside Counties; and data from the other published documents that address cultural resource issues in the region. The new cultural resources section in the Initial Study Environmental Checklist Form will be utilized, and we will contact local Native American representative to obtain information regarding Tribal Cultural Resources. All environmental setting information in this section will be based upon existing data sources, except for those locations where specific near-term capital improvements are proposed. For these locations site specific records checks and, if necessary, cultural resource field surveys will be compiled.

6. **Geology and Soils:** To establish the geology and soils baseline information, we will utilize data from the State Geologist's Office and the County geologists for San Bernardino and Riverside Counties; data from the soil surveys for the two counties; and data from the other published documents that address geological resource issues in the region. No special studies or investigations are proposed for geology and soil issues. Paleontological resource issues will be addressed now be addressed in this section of the Initial Study. All environmental setting information in this section will be based upon existing data sources, except for those locations where specific near-term capital improvements are proposed. For these locations site specific geology and soil resource field surveys will be compiled, if necessary.

7. **Greenhouse Gas/Climate Change:** In conjunction with the air quality forecast, we will generate the data to address greenhouse gas (GHG) emissions from future activities and we will also quantify the efforts by Responsible Agencies to generate energy to offset demand from the energy grids. We will evaluate the GHG issues in the context of the Southern California Association of Government’s (SCAG) Regional Sustainability plans and the SCAQMD’s preliminary thresholds of significance. In the project description we will define anticipated programmatic construction and operational scenarios to be used for emission forecasts.

8. **Hazards and Hazardous Materials:** Information on hazards and hazardous materials will be obtained data bases for known sites within the region. All environmental setting information in this section will be based upon existing data sources.

9. **Hydrology and Water Quality:** The data for hydrology will be obtained from regional documents on surface and groundwater hydrology and water quality. To compile all of the required information for the hydrology and water quality issues, we do not anticipate any special studies or investigations. All environmental setting information in this section will be based upon existing data sources.

10. **Land Use and Planning:** The land use data will be compiled from detailed information available through the General Plans of the affected jurisdictions within the region. No specific field studies or investigations will be required.
11. **Mineral Resources:** To establish the mineral resources baseline information, we will utilize data from the State Division of Mines and Geology. No special studies or investigations are proposed for mineral resource issues.

12. **Noise:** The noise data will be compiled from detailed information available through the General Plans of the affected jurisdictions within the Chino Basin and special noise studies contained in other documents within the project area. No specific field studies or investigations will be required.

13. **Population and Housing:** Regional population and housing data will be compiled from detailed information available through the General Plans of the affected jurisdictions within the affected region and SCAG data sources. Data from the State Department of Finance will also be utilized. Growth inducement will be addressed in this document, so we will utilize the regional planning documents, such as SCAG's growth projections and Growth Management Plan, to establish the baseline for discussing this issue. No specific field studies or investigations will be required.

14. **Public Services:** Public service data will be compiled from detailed information available through the General Plans of the affected jurisdictions within the Chino Basin and contacts with respective public service entities (such as school districts) as deemed appropriate. No specific field studies or investigations will be required.

15. **Recreation:** Recreation resource data will be compiled from detailed information available through the General Plans and master recreation plans of the affected jurisdictions within the region and contacts with respective recreation providers (such as County Regional Parks), as deemed appropriate. No specific field studies or investigations will be required.

16. **Transportation/Traffic:** Transportation/traffic data will be compiled from detailed information available local Cities, Counties, and from Caltrans. We will also utilize regional planning documents, such as SCAG's Regional Mobility Plan, to establish the baseline for discussing this issue. No specific field studies or investigations will be required.

17. **Utilities and Service Systems:** Utilities and service system data will be compiled from detailed information available through the General Plans of the affected jurisdictions within the region. No specific field studies or investigations will be required.

Tom Dodson and Tom Barnes will oversee preparation of all the sections discussing the existing environment and will final edit all of the final text for this section of the PEIR. The site-specific work will be covered by the cost estimate attached to this proposal. We anticipate taking a lead role in coordinating the Responsible Agency review times for the PEIR sections as they are prepared. This will include establishing a review schedule and coordinating to maintain the schedule.

**Task 3: Prepare the Environmental Impact Evaluation**

We will utilize the data from the project description to forecast potential environmental impacts from implementing the program, including constructing, installing and operating the proposed programs and facilities. The impact forecast will be as specific as possible for the proposed projects and affected environment. Mitigation measures will be identified, as appropriate, for each environmental issue with potentially significant impacts. The impact analysis format used for this project is as follows: introduction (to the issues); environmental setting, including legal or
regulatory requirements; project impacts; mitigation measures; cumulative impacts; and unavoidable adverse environmental impact (including any impacts caused by implementing mitigation measures). To the extent feasible, potential environmental effects will be quantified; however, we anticipate that some impact forecasts will be qualitative, such as discussions of aesthetic issues.

Tom Dodson and Tom Barnes will oversee and edit all of the final text for this section of the document.

**Task 4: Prepare All Remaining EIR Sections**

The CEQA mandated sections (Alternatives, Growth Inducement, and a Summary of Irreversible Environmental Impacts) will be provided under this subtask. The series of alternatives that will be evaluated in this document will be defined as part of the project description. We will prepare a comparative alternative evaluation as outlined in the State CEQA Guidelines, Section 15126 (d). A mitigation monitoring plan will be developed under this task and it can be included in the Draft PEIR if IEUA wants it included. The end product of these subtasks is the Screencheck Draft PEIR for review by the IEUA and Responsible Agencies. It will be submitted to IEUA and Responsible Agencies for review, comment, and approval in accordance with the schedule outlined below.

**Task 6: Print and Distribute the Draft PEIR**

We will meet with IEUA to collect all comments on the Screencheck draft PEIR (DPEIR). These comments will be responded to and a DPEIR for public distribution will be compiled and published for distribution. We anticipate broad distribution of the DPEIR and we anticipate supplying about 100 copies of the DPEIR for distribution and will arrange to have copies delivered to the State Clearinghouse and all parties on distribution. We anticipate publishing a second volume of technical appendices that will be available upon with the electronic copies and only a few hard copies of the DPEIR and technical Studies. At the end of this task, the DPEIR will be distributed for the 45-day public review and comment period.

We will facilitate up to three (3) public meetings to receive comments on the DPEIR. We will prepare a presentation and conduct the meetings.

**Task 6: Prepare Responses to Comments and Final Program EIR**

Following completion of the 45-day review period (note that we will meet with the IEUA upon request to discuss any comment letter that arrives before the end of the review period), we will meet with the IEUA to review proposed responses to all comments received on the DPEIR. Once general agreement on the content of responses is obtained, they will be prepared and a draft set of responses to comment will be delivered to IEUA for final review and comment. We anticipate the responses to comments will be completed within 30 days of the close of the public comment period, barring the need to develop original data. If major new issues are raised that were previously not addressed in the DPEIR and that IEUA concludes must be addressed in the Final PEIR, we will perform additional analyses based on mutual agreement on the scope of work and a modified fee.

The end product of this effort will be a Final PEIR (FPEIR) available for certification. Sufficient copies will be published to distribute the FPEIR to all parties that comment and to provide copies for IEUA's internal use and hearings. We will assist with the distribution of these
documents. These responses to comments will be prepared in a separate volume, unless IEUA requests that a combined FPEIR document be prepared for distribution.

Task 7: Prepare Notice of Determination

Following the hearing where the Final EIR is considered for certification, we will provide and file a Notice of Determination (NOD) for IEUA. The NOD will be filed with the San Bernardino and Riverside County Clerks, and with the State Clearinghouse. The fee for this task includes the approximate $3,000 filing fee for the Department of Fish and Wildlife.

Task 8: Public Meetings/Hearings and Participation

We will attend up to three public scoping meetings and three DPEIR public meetings. This assumes two persons at each meeting/hearing and four hours per hearing. All meetings with IEUA are included in the previous tasks.

Task 9: Prepare Findings of Fact and Statement of Overriding Consideration

We will prepare findings and statement documents for IEUA. Other Responsible Agencies may prepare their Findings based on the IEUA Findings. Or they may prepare separate Findings.
## TABLE 1: PRICING PROPOSAL
ESA Labor Detail and Expense Summary

<table>
<thead>
<tr>
<th>Employee Name</th>
<th>ESAS</th>
<th>Deduct</th>
<th>Medicare</th>
<th>Social</th>
<th>Medicare</th>
<th>Social</th>
<th>Disability</th>
<th>Social</th>
<th>Benefits</th>
<th>Social</th>
<th>Total Labour Cost</th>
<th>Total Project Cost</th>
<th>Percentage of Project Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>John Doe</td>
<td>500</td>
<td>100</td>
<td>50</td>
<td>200</td>
<td>50</td>
<td>200</td>
<td>100</td>
<td>100</td>
<td>200</td>
<td>100</td>
<td>800</td>
<td>1200</td>
<td>30%</td>
</tr>
</tbody>
</table>

**Total Hours**

| Total Hours | 800 |

**Total Labour Cost**

| Total Labour Cost | 800 |

**Total Project Cost**

| Total Project Cost | 2000 |

**Communication Fees on Labour Cost**

| Communication Fees | 50 |

**ESA Labor Costs**

| ESA Labor Costs | 1500 |

**ESA Non-Labor Expenses**

| ESA Non-Labor Expenses | 1000 |

**Total Project Price**

| Total Project Price | 3000 |

---

The table above represents a pricing proposal for an ESA labor detail and expense summary. It includes details such as employee names, labor costs, and project costs, along with various expenses and fees. The total hours, total labor cost, and total project cost are also included. The communication fees on labor costs and ESA labor costs are specified. The total project price includes all these components.
## Attachment A
### Pricing Proposal Template
#### ESA Non-Labor Expenses

<table>
<thead>
<tr>
<th>Reimbursable Costs</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Supplies</td>
<td>$9,500</td>
</tr>
<tr>
<td>Printing/Reproduction</td>
<td>$90</td>
</tr>
<tr>
<td>Document and Map Reproductions (CD + Digital photography)</td>
<td>$200</td>
</tr>
<tr>
<td>Postage and Delivery</td>
<td>$300</td>
</tr>
<tr>
<td>Welfare</td>
<td>$50</td>
</tr>
<tr>
<td>Vehicle Rental</td>
<td>$2,500</td>
</tr>
<tr>
<td>Lodging</td>
<td>$800</td>
</tr>
<tr>
<td>Airfare</td>
<td>$200</td>
</tr>
<tr>
<td>Other Travel Related</td>
<td>$200</td>
</tr>
</tbody>
</table>

**Subtotal Reimbursable Costs**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$12,000</td>
</tr>
</tbody>
</table>

10%  
**10% for non-reimbursable expenses**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$1,200</td>
</tr>
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**Total Reimbursable Costs**

<table>
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<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$13,200</td>
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### ESA Equipment Usage

<table>
<thead>
<tr>
<th>Equipment</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Equipment</td>
<td></td>
</tr>
<tr>
<td>Company Vehicle Usage</td>
<td></td>
</tr>
<tr>
<td>HP Printer</td>
<td></td>
</tr>
<tr>
<td>Computer (Max 30)</td>
<td></td>
</tr>
<tr>
<td>Trivoda GPS</td>
<td></td>
</tr>
<tr>
<td>Trolley GPS</td>
<td></td>
</tr>
<tr>
<td>Laser Level</td>
<td></td>
</tr>
<tr>
<td>Garmin GPS or equivalent</td>
<td></td>
</tr>
<tr>
<td>Laptop Computers</td>
<td></td>
</tr>
<tr>
<td>LCD Projector</td>
<td></td>
</tr>
<tr>
<td>Inkjet Meter</td>
<td></td>
</tr>
<tr>
<td>Electrophores</td>
<td></td>
</tr>
<tr>
<td>RMP Pump</td>
<td></td>
</tr>
<tr>
<td>Scanning IR</td>
<td></td>
</tr>
<tr>
<td>Total Station Unit</td>
<td></td>
</tr>
<tr>
<td>Field Tools</td>
<td></td>
</tr>
<tr>
<td>Digital Weather Meter</td>
<td></td>
</tr>
<tr>
<td>Generator/Wind/Pipe Phase</td>
<td></td>
</tr>
<tr>
<td>Miscellaneous Small Equipment</td>
<td></td>
</tr>
<tr>
<td>Stirring/Welding Pipe (3,000 meters)</td>
<td></td>
</tr>
</tbody>
</table>

**Hydrologic Data Collection, Water Current, Level and Wave Measurement Equipment**

<table>
<thead>
<tr>
<th>Equipment</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Culvert Flow Meter</td>
<td></td>
</tr>
<tr>
<td>Logging Rain Gage</td>
<td></td>
</tr>
<tr>
<td>Hand-Held Hand-Held Current Meter</td>
<td></td>
</tr>
<tr>
<td>Logging Water Level Logging-Current Pressure Transducer</td>
<td></td>
</tr>
<tr>
<td>Logging Water Level-Flow Pressure Transducer</td>
<td></td>
</tr>
<tr>
<td>Logging Streamflow Pressure Logger</td>
<td></td>
</tr>
<tr>
<td>Well Probe</td>
<td></td>
</tr>
<tr>
<td>Strike/Mounted Tripod/Winch</td>
<td></td>
</tr>
</tbody>
</table>

**Water Quality Equipment**

<table>
<thead>
<tr>
<th>Equipment</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Logging Turbidimeter/Flow Level Recorder</td>
<td></td>
</tr>
<tr>
<td>Logging Temperature Probe</td>
<td></td>
</tr>
<tr>
<td>Hand-Held Turbidimeter/Conductivity Meter w/Datalogger</td>
<td></td>
</tr>
<tr>
<td>Refractometer</td>
<td></td>
</tr>
<tr>
<td>YSI Hand-Held Salinity Meter</td>
<td></td>
</tr>
<tr>
<td>Hand-held Conductivity/Disolved Oxygen Probe</td>
<td></td>
</tr>
</tbody>
</table>

**Sedimentation / Geotechnical Equipment**

<table>
<thead>
<tr>
<th>Equipment</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Penetrometer</td>
<td></td>
</tr>
<tr>
<td>Echo-Trach Geotechnical Sampler with Bridge Crane</td>
<td></td>
</tr>
<tr>
<td>Resolved Sediment Sampler with Bridge Crane</td>
<td></td>
</tr>
<tr>
<td>Ultrascan</td>
<td></td>
</tr>
<tr>
<td>Shear Strength Vane</td>
<td></td>
</tr>
<tr>
<td>Auger (316L core) @ $ 380</td>
<td></td>
</tr>
</tbody>
</table>

**Ductal**

<table>
<thead>
<tr>
<th>Equipment</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1/4 in Aluminum Line with 15 HP Outboard Motor</td>
<td></td>
</tr>
<tr>
<td>Single or Double Power Cranes</td>
<td></td>
</tr>
<tr>
<td>1/16 Benson Vane w/10 HP Outboard</td>
<td></td>
</tr>
</tbody>
</table>

**Total Equipment Usage Costs**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ -</td>
</tr>
</tbody>
</table>
Exhibit B
# Consulting Services Invoice

**Inland Empire Utilities Agency**

**Consulting Services Invoice**

**Company:** ABC Company  
**Address:**  
**Phone No.:**  
**Contract No.:** 45-xxxx  
**IEDA Project Manager:**  
**Invoice Date:** 10/15/2015

## ORIGINAL CONTRACT:

<table>
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<th>Item Description</th>
<th>Original Contr. Value</th>
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<th>Total to Date From: 9/30/2015</th>
<th>Progress to Date</th>
<th>Remaining Contract Value</th>
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</thead>
<tbody>
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<td>45-xxxx</td>
<td>50% Design Services</td>
<td>$0.00</td>
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<td>#DIV/0! $0.00</td>
<td>#DIV/0! $0.00</td>
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<tr>
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<td>85% Design Services</td>
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<td>#DIV/0! $0.00</td>
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<td>#DIV/0! $0.00</td>
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<tr>
<td>3</td>
<td>Final Design</td>
<td>$0.00</td>
<td>#DIV/0! $0.00</td>
<td>#DIV/0! $0.00</td>
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<tr>
<td>4</td>
<td>Constr Support Services</td>
<td>$0.00</td>
<td>#DIV/0! $0.00</td>
<td>#DIV/0! $0.00</td>
<td>#DIV/0! $0.00</td>
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</table>

Subtotal Original Contract: $0.00

## CONTRACT AMENDMENTS:

<table>
<thead>
<tr>
<th>PO No.</th>
<th>Item Description</th>
<th>Amended Contract Value</th>
<th>Total This Period From: 9/1/2015 To: 9/30/2015</th>
<th>Total to Date From: 9/30/2015</th>
<th>Progress to Date</th>
<th>Remaining Contract Value</th>
</tr>
</thead>
</table>

Subtotal Contr. Amend: $0.00

Total Contr. with Amend: $0.00

## PAYMENT SUMMARY FOR THIS PERIOD:

| From: 9/1/2015 To: 9/30/2015 | Amount Earned Original Contract | $0.00 |
| Amount Earned Amendments | $0.00 |
| Back Charges | $0.00 |
| Amount Due This Period | $0.00 |

## CONTRACT SCHEDULE SUMMARY:

**Contract Start Date:** 10/9/2014  
**Contract Duration:** 365  
**Authorized Time Extension:** 0  
**Contract Completion Date:** 10/9/2015  
**Revised Completion Date:** 10/9/2015  
**Contract Time Expired:** 102%  
**Contract Work Complete:** #DIV/0!

---

**Consultant Approval:**  
**Title:**  
**Signature:**  
**Date:**

**Inland Empire Utilities Agency Approvals:**  
**Proj. Engineer:**  
**Date:**  
**Exec Mgr. / Assistant GM:**  
**Date:**

**Deputy Manager:**  
**Date:**  
**General Manager:**  
**Date:**
Exhibit C
Grant Requirements

The SARCCUP (Project) may be funded by a Department of Water Resources/Santa Ana Watershed Project Authority Prop 84 Integrated Regional Water Management Grant. IEUA has not yet received a grant contract for this project.

Such Agreements have regulatory requirements that the Inland Empire Utilities Agency will be required to include in all contracts for work related to the performance of these Agreements. Although IEUA does not yet have a contract, the consultants and contractors must assist IEUA in meeting the federal and state requirements that apply to the scope stated in their contracts. If a grant agreement is received before this agreement is complete that includes additional requirements, the IEUA may need to revise this contract to include the new requirements.

In this document, IEUA is referred to as a Sub-Grantee. If a subcontractor or sub-consultant is hired, the grant requirements language must be included in the subcontractor or sub-consultant’s contract in its entirety.

The following attachments provide more details about the specific requirements and must be included in all contracts for this project:

1. Signage on Construction Site and Written Document Requirements

2. Integrated Regional Water Management Grant Requirements for Contractors and Consultants
Signage.

The Recipient shall place a sign at least four feet tall by eight feet wide made of 3/4 inch thick exterior grade plywood or other approved material in a prominent location on the Project site. The sign shall include the following color logos (available from the division) and the following disclosure statement:

"Funding for this project has been provided in full or in part under the Disaster Preparedness and Flood Prevention Bond Act of 2006, administered by State of California, Department of Water Resources through an agreement with the Santa Ana Watershed Project Authority and the One Water, One Watershed Plan."

The Project sign may include another agency’s required promotional information so long as the logos and disclosure statement are equally prominent on the sign. The sign shall be prepared in a professional manner.
Written Documents, Reports or Brochures

Before printing/submitting reports consultant or contractors must check with the IEUA Grants Officer to verify the following language is required when the report is finalized:

The Recipient shall include the following disclosure statement and logos in any document, written report, or brochure prepared in whole or in part pursuant to this Agreement:

Funding for this project has been provided in full or in part through an agreement with the Department of Water Resources through the Santa Ana Water Project Authority One Water One Watershed Plan. The contents of this document do not necessarily reflect the views and policies of the Department of Water Resources or the Santa Ana Water Project Authority nor does mention of trade names or commercial products constitute endorsement or recommendation for use. (Gov. Code§ 7550, 40 CFR § 31.20.)
SARCCUP
SANTA ANA WATER PROJECT AUTHORITY

Integrated Regional Water Management Grant Requirements
For Contractors and Consultants

Contract Template between SAWPA and Sub-Grantee

Section 10: COMPLIANCE WITH LAWS AND REGULATIONS (Pg. 5)

The Sub-grantee agrees that it shall, at all times, comply with and require its contractors and
subcontractors to comply with all applicable federal and state laws, regulations and guidelines.
The Sub-grantee shall comply with, implement, and fulfill all environmental mitigation measures
applicable to the project, and which may otherwise be required by this Contract and the IRWMP
Grant Agreement, the California Environmental Quality Act (“CEQA”), and the State CEQA
Guidelines.

Section 16 RECORDS AND REPORTS (Pg. 7)

(B) The Sub-Grantee shall require all Project contractors and subcontractors to maintain
books, records, and other material relative to the Project in accordance with generally accepted
accounting standards, and to require that such contractors and subcontractors retain such books,
records and other material for a minimum of five (5) years after Project completion. The Sub-
Grantee shall require that such books, records, and another material shall be subject, at all
reasonable times, to inspection, copying, and audit by SAWPA, DWR or its authorized
representatives.

Section 24: ARBITRATION (Pg. 11)

Any dispute which may arise under this Contract by and between the SAWPA and the Sub-
Grantee, including the Sub-Grantee’s subcontractors, laborers, and suppliers, shall be submitted
to binding arbitration. The arbitrator shall decide each and every dispute in accordance with the
laws of the State of California, and all other applicable laws. Unless the Parties stipulate in
writing to the contrary, prior to the appointment of the arbitrator, all disputes shall first be
submitted to non-binding mediation.

Section 25: COST AND ATTORNEY FEES (Pg. 11)

In the event of arbitration or litigation between the parties here arising from this Contract, it is
agreed that the prevailing party shall entitled to recover reasonable costs and attorney fees.

Section 29: INDEMNIFICATION (Pg. 11)

(A) The Sub-Grantee shall defend, indemnify and hold harmless SAWPA and DWR and their
directors, commissioners, officers, agents, and assigns and (collectively the Indemnified Parties),
against any and all losses, claims and damages or liabilities, joint or several, including attorney’s
fees and expenses incurred with or arising from this Contract, and the transactions, funding and construction activities contemplated by this Contract. Sub-Grantee shall reimburse Indemnified Parties for any legal or other expenses incurred by it in connection with investigating any claims against it and defending any actions, insofar as such losses, claims, damages, liabilities or actions arise out of or related to this Contract, and the transactions, funding and construction activities contemplated by this Contract. Sub-Grantee shall indemnify and save the Indemnified Parties harmless from and against any claims, losses, damages, attorney’s fees and expenses arising from and against any claims, losses, damages, attorney’s fees and expenses arising from any and all contracts, contractors, subcontractors, suppliers, laborers, and any other person, entity furnishing or supplying such services, materials, or supplies in connection with Sub-Grantee’s Project funded, in part, by this Contract. Sub-Grantee shall indemnify and save Indemnified Parties harmless from and against any claims, losses, damages, attorney’s fees, obligations under this Contract, or any act of negligence by the Sub-Grantee or any of its agents, contractors, subcontractors, servants, employees, or licensees concerning the subject matter of this Contract or Project. Sub-Grantee shall indemnify and hold the Indemnified Parties harmless from and all claims, losses, damages, attorney’s fees and expenses arising out of the completion of the Project or the authorization of payment of Project Costs to or by the Sub-Grantee. No indemnification is required under this section for claims, losses or damages arising out of the sole and exclusive misconduct or negligence under this Contract by SAWPA.

(B) The Sub-Grantee understands and agrees that is has compiled and will comply with the CEQA and the State CEQA Guidelines for the project which is the subject matter of this Grant Funding Contract. Sub-Grantees understands and agrees that it is ultimately and solely responsible, as the lead agency, for compliance with CEQA and any mitigation measures require for the Project. The Sub-Grantee hereby agrees to indemnify, defend and hold harmless SAWPA and the DWR from any and all claims or actions related to this Project that may be made by any third party or public agency alleging, among other things, violations of CEQA or the State CEQA Guidelines.

(C) In addition to complying with the insurance requirements contained in the IRWMP Grant Agreement, including Section 23 of Exhibit D.23) of that Agreement, the Sub-Grantee shall ensure that adequate insurance coverage is provided by Sub-Grantee and/or its contractors and subcontractors on the Project funded, in part by this Contract. Such insurance shall include adequate coverage for comprehensive commercial general liability, property insurance. Including all builders’ risk insurance. Such insurance coverage shall, at a minimum, insure against injuries to third parties, damage to property owned by third parties, physical damage to the Project and all related facilities, theft of building materials and supplies intended for the Project, delays in Project completion, delays in Project Completion due to strikes and governmental actions, liquidated damages, employee injuries and work related illnesses, design errors resulting in increased project costs, environmental damage caused by construction activities related to the Project, and nonperformance by the contractors and subcontractors. Such insurance coverage shall be provided by admitted insurance companies authorized to do business in the State of California, and with a minimum “Best’s Insurance Guide” rating of “A: VII”.

Page 2 of 8
Section 30: PROJECT AND INFORMATION ACCESS (Pg. 12)

The Sub-Grantee agrees to ensure that SAWPA, DWR, or any authorized representative thereof,
shall have reasonable access to the Project site at all reasonable times during Project
construction, and thereafter for the useful life of the Project.

# 18 LABOR COMPLIANCE (Pg. 19)

Grantee agrees to comply with all applicable California Labor Code requirements and Standard
Conditions (see D.28).

Grantee must, independently or through a third party, adopt and enforce a Department of Industrial
Relations-certified Labor Compliance Program (LCP) meeting the requirements of Labor Code
section 1771.5 for projects funded by:

a) Proposition 84 (Safe Drinking Water, Water Quality and Supply, Flood Control, River and
Coastal Protection Bond Act of 2006; PRC sections 75075 et seq. or

b) Any other funding source requiring an LCP.

At the State’s request, Grantee must promptly submit written evidence of Grantee’s compliance
with the LCP requirements.

STANDARD CONDITIONS (Contract Exhibit D Pg. 124)

D.1) ACCOUNTING AND DEPOSIT OF FUNDING DISBURSEMENT:
a) Separate Accounting of Funding Disbursements and Interest Records: Grantee shall account
for the money disbursed pursuant to this Grant Agreement separately from all other Grantee
funds. Grantee shall maintain audit and accounting procedures that are in accordance with
generally accepted accounting principles and practices, consistently applied. Grantee shall keep
complete and accurate records of all receipts, disbursements, and interest earned on expenditures
of such funds. Grantee shall require its contractors or subcontractors to maintain books, records,
and other documents pertinent to their work in accordance with generally accepted accounting
principles and practices. Records are subject to inspection by State at any and all reasonable
times.

b) Fiscal Management Systems and Accounting Standards: The Grantee agrees that, at a
minimum, its fiscal control and accounting procedures will be sufficient to permit tracing of
grant funds to a level of expenditure adequate to establish that such funds have not been used in
violation of state law or this Grant Agreement.

c) Disposition of Money Disbursed: All money disbursed pursuant to this Grant Agreement shall
be deposited, administered, and accounted for pursuant to the provisions of applicable law.
d) Remittance of Unexpended Funds: Grantee shall remit to State any unexpended funds that were disbursed to Grantee under this Grant Agreement and were not used to pay Eligible Project Costs within a period of sixty (60) calendar days from the final disbursement from State to Grantee of funds or, within thirty (30) calendar days of the expiration of the Grant Agreement, whichever comes first.

D.2) ACKNOWLEDGEMENT OF CREDIT: Grantee shall include appropriate acknowledgement of credit to the State and to all cost-sharing partners for their support when promoting the Project(s) or using any data and/or information developed under this Grant Agreement. During construction of (each/the) project, Grantee shall install a sign at a prominent location, which shall include a statement that the project is financed under the Disaster Preparedness and Flood Prevention Bond Act of 2006, administered by State of California, Department of Water Resources. Grantee shall notify State that the sign has been erected by providing them with a site map with the sign location noted and a photograph of the sign.

D.3) AIR OR WATER POLLUTION VIOLATION: Under State laws, the Grantee shall not be: (1) in violation of any order or resolution not subject to review promulgated by the State Air Resources Board or an air pollution control district; (2) subject to cease and desist order not subject to review issued pursuant to Section 13301 of the Water Code for violation of waste discharge requirements or discharge prohibitions; or (3) finally determined to be in violation of provisions of federal law relating to air or water pollution.

D.5) AMERICANS WITH DISABILITIES ACT: By signing this Grant Agreement, Grantee assures State that it complies with the Americans with Disabilities Act (ADA) of 1990, (42 U.S.C., 12101 et seq.), which prohibits discrimination on the basis of disability, as well as all applicable regulations and guidelines issued pursuant to the ADA.

D.7) AUDITS
Pursuant to Government Code Section 8546.7, the Grantee shall be subject to the examination and audit by the State for a period of three years after final payment under this Grant Agreement with respect to all matters connected with this Grant Agreement, including but not limited to, the cost of administering this Grant Agreement. All records of Grantee or its contractor or subcontractors shall be preserved for this purpose for at least three (3) years after project completion or final billing, whichever comes later.

D.10) CEQA: Activities funded under this Grant Agreement, regardless of funding source, must be in compliance with the California Environmental Quality Act (CEQA) (Public Resources Code §21000 et seq.).

D.11) CHILD SUPPORT COMPLIANCE ACT: For any Grant Agreement in excess of $100,000, the Grantee acknowledges in accordance with Public Contract Code 7110, that:
a) The Grantee recognizes the importance of child and family support obligations and shall fully comply with all applicable state and federal laws relating to child and family support enforcement, including, but not limited to, disclosure of information and compliance with earnings assignment orders, as provided in Chapter 8 (commencing with section 5200) of Part 5 of Division 9 of the Family Code; and

b) The Grantee, to the best of its knowledge is fully complying with the earnings assignment orders of all employees and is providing the names of all new employees to the New Hire Registry maintained by the California Employment Development Department.

D.13) COMPETITIVE BIDDING AND PROCUREMENTS: Grantee shall comply with all applicable laws and regulations regarding securing competitive bids and undertaking competitive negotiations in Grantee’s contracts with other entities for acquisition of goods and services and construction of public works with funds provided by State under this Grant Agreement.

D.15) CONFLICT OF INTEREST: All participants are subject to State and Federal conflict of interest laws. Failure to comply with these laws, including business and financial disclosure provisions, will result in the application being rejected and any subsequent contract being declared void. Other legal action may also be taken. Applicable statutes include, but are not limited to, Government Code, Section 1090 and Public Contract Code, Sections 10410 and 10411, for State conflict of interest requirements.

a) Current State Employees: No State officer or employee shall engage in any employment, activity, or enterprise from which the officer or employee receives compensation or has a financial interest and which is sponsored or funded by any State agency, unless the employment, activity, or enterprise is required as a condition of regular State employment. No State officer or employee shall contract on his or her own behalf as an independent contractor with any State agency to provide goods or services.

d) Employees and Consultants to the Grantee: Individuals working on behalf of a Grantee may be required by the Department to file a Statement of Economic Interests (Fair Political Practices Commission Form 700) if it is determined that an individual is a consultant for Political Reform Act purposes.

D.18) DRUG-FREE WORKPLACE CERTIFICATION: Certification of Compliance: By signing this Grant Agreement, Grantee, its contractors or subcontractors hereby certify, under penalty of perjury under the laws of State of California, compliance with the requirements of the Drug-Free Workplace Act of 1990 (Government Code 8350 et seq.) and have or will provide a drug-free workplace by taking the following actions:

a) Publish a statement notifying employees, contractors, and subcontractors that unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited and specifying actions to be taken against employees, contractors, or subcontractors for violations, as required by Government Code Section 8355(a)(1).
b) Establish a Drug-Free Awareness Program, as required by Government Code Section 8355(a)(2) to inform employees, contractors, or subcontractors about all of the following:
   i) The dangers of drug abuse in the workplace,
   ii) Grantee’s policy of maintaining a drug-free workplace,
   iii) Any available counseling, rehabilitation, and employee assistance programs, and
   iv) Penalties that may be imposed upon employees, contractors, and subcontractors for drug abuse violations.

c) Provide, as required by Government Code Sections 8355(a)(3), that every employee, contractor, and/or subcontractor who works under this Grant Agreement:
   i) Will receive a copy of Grantee’s drug-free policy statement, and
   ii) Will agree to abide by terms of Grantee’s condition of employment, contract or subcontract.

D.22) GOVERNING LAW: This Grant Agreement is governed by and shall be interpreted in accordance with the laws of the State of California.

D.23) INDEMNIFICATION: Grantee shall indemnify and hold and save the State, its officers, agents, and employees, free and harmless from any and all liabilities for any claims and damages (including inverse condemnation) that may arise out of the Project(s) and this Agreement, including, but not limited to any claims or damages arising from planning, design, construction, maintenance and/or operation of levee rehabilitation measures for this Project and any breach of this Agreement. Grantee shall require its contractors or subcontractors to name the State, its officers, agents and employees as additional insured on their liability insurance for activities undertaken pursuant to this Agreement.

D.24) INDEPENDENT CAPACITY: Grantee, and the agents and employees of Grantees, in the performance of the Grant Agreement, shall act in an independent capacity and not as officers, employees, or agents of the State.

D.25) INSPECTION OF BOOKS, RECORDS, AND REPORTS: During regular office hours, each of the parties hereto and their duly authorized representatives shall have the right to inspect and to make copies of any books, records, or reports of either party pertaining to this Grant Agreement or matters related hereto. Each of the parties hereto shall maintain and shall make available at all times for such inspection accurate records of all its costs, disbursements, and receipts with respect to its activities under this Grant Agreement. Failure or refusal by Grantee to comply with this provision shall be considered a breach of this Grant Agreement, and State may withhold disbursements to Grantee or take any other action it deems necessary to protect its interests.

D.26) INSPECTIONS OF PROJECT BY STATE: State shall have the right to inspect the work being performed at any and all reasonable times during the term of the Grant Agreement. This right shall extend to any subcontracts, and Grantee shall include provisions ensuring such access in all its contracts or subcontracts entered into pursuant to its Grant Agreement with State.
D.28) LABOR CODE COMPLIANCE: The Grantee will be required to keep informed of and take all measures necessary to ensure compliance with applicable California Labor Code requirements, including, but not limited to, Section 1720 et seq. of the California Labor Code regarding public works, limitations on use of volunteer labor (California Labor Code Section 1720.4), labor compliance programs (California Labor Code Section 1771.5) and payment of prevailing wages for work done and funded pursuant to these Guidelines, including any payments to the Department of Industrial Relations under Labor Code Section 1771.3.

D.30) NONDISCRIMINATION: During the performance of this Grant Agreement, Grantee and its contractors or subcontractors shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex (gender), sexual orientation, race, color, ancestry, religion, creed, national origin (including language use restriction), pregnancy, physical disability (including HIV and AIDS), mental disability, medical condition (cancer/genetic characteristics), age (over 40), marital status, and denial of medial and family care leave or pregnancy disability leave. Grantee and its contractors or subcontractors shall ensure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. Grantee and its contractors or subcontractors shall comply with the provisions of the Fair Employment and Housing Act (Gov. Code § 12990 (a-f) et seq.) and the applicable regulations promulgated there under (California Code of Regulations, Title 2, Section 7285 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code Section 12990 (a-f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations, are incorporated into this Agreement by reference and made a part hereof as if set forth in full. Grantee and its contractors or subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement.

Grantee shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under the Grant Agreement.

D.31) NO DISCRIMINATION AGAINST DOMESTIC PARTNERS: For contracts over $100,000 executed or amended after January 1, 2007, the Grantee certifies by signing this Grant Agreement, under penalty of perjury under the laws of State of California that Grantee is in compliance with Public Contract Code section 10295.3.

D.38) RIGHTS IN DATA: Grantee agrees that all data, plans, drawings, specifications, reports, computer programs, operating manuals, notes and other written or graphic work produced in the performance of this Grant Agreement shall be made available to the State and shall be in the public domain to the extent to which release of such materials is required under the California Public Records Act., Cal. Gov't Code §6250 et seq. Grantee may disclose, disseminate and use in whole or in part, any final form data and information received, collected and developed under this Grant Agreement, subject to appropriate acknowledgement of credit to State for financial support. Grantee shall not utilize the materials for any profit-making venture or sell or grant rights to a third party who intends to do so. The State shall have the right to use any data described in this paragraph for any public purpose.
D.41) SUSPENSION OF PAYMENTS: This Grant Agreement may be subject to suspension of payments or termination, or both, and Grantee may be subject to debarment if the State determines that:
   a) Grantee, its contractors, or subcontractors have made a false certification, or
   b) Grantee, its contractors, or subcontractors violates the certification by failing to carry out the requirements noted in this Grant Agreement.

D.46) THIRD PARTY BENEFICIARIES: The parties to this Agreement do not intend to create rights in, or grant remedies to, any third party as a beneficiary of this Agreement, or any duty, covenant, obligation or understanding established herein.

D.47) TIMELINESS: Time is of the essence in this Grant Agreement.

D.50) WORKERS' COMPENSATION: Grantee affirms that it is aware of the provisions of Section 3700 of the California Labor Code, which requires every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and Grantee affirms that it will comply with such provisions before commencing the performance of the work under this Grant Agreement and will make its contractors and subcontractors aware of this provision.
ATTACHMENT 4:

CEQA Cost Share Agreement
June ________, 2016

Paul Jones  
Eastern Municipal Water District  
P.O. Box 8300  
Perris, CA 92572-8300  

John Rossi  
Western Municipal Water District  
16400 El Prado Road  
Chino, CA 91708  

Mike Markus  
Orange County Water District  
P.O. Box 8300  
Fountain Valley, CA 92728-8300  

Doug Headrick  
San Bernardino Valley Municipal Water District  
380 East Vanderbilt Way  
San Bernardino, CA 92408  

Re: Cost Sharing Letter Agreement  
Santa Ana River Conservation & Conjunctive Use Program (SARCCUP)  
Program Environmental Impact Report  

This Cost Sharing Letter Agreement (Agreement) sets forth the understanding among the undersigned parties regarding the sharing of costs for consultant support services for SARCCUP. Inland Empire Utilities Agency (IEUA) has engaged Tom Dodson & Associate (TDA) for development of a Program Environmental Impact Report (PEIR) for SARCCUP implementation. The Scope of Services which is the subject of this Agreement is set forth in Exhibit A (Scope).  

IEUA and the undersigned parties (collectively referred to as Parties and individually as Party) hereby agree to equally share the cost of the consultant support services pursuant to the provisions set forth below.  

1. Scope of Services  
TDA (Consultant) and its consultant Environmental Science Associates (ESA) will prepare a PEIR for SARCCUP as required to identify potential significant impacts and recommend mitigation measures to reduce potentially significant impacts to a less than significant level. The Scope is further described in Exhibit A attached hereto and incorporated herein by reference.
2. Cost Sharing

(a) Cost of Services
IEUA has entered into, or intends to enter into, an agreement with TDA (Consultant Agreement) for performance of the Scope with a not-to-exceed cost of $340,397 (Compensation).

(b) Cost Sharing Among the Undersigned Parties
The Parties hereto each agree to be responsible for reimbursement of the payments made under the Contract with TDA (Consultant) not to exceed one fifth of the total cost or $68,079.40 per party as follows:

(i) Upon receipt by IEUA of each written statement from Consultant regarding the amount due and owing for the applicable time period (Progress Payment), IEUA shall be responsible for payment to Consultant for the amount due and owing.

(ii) The Parties shall be responsible for payment of an equal share of the amount due and owing under each Progress Payment to be billed by IEUA to each Party, quarterly. None of the Parties shall be responsible for payment of any amounts in excess of its share as set forth herein, without the prior written consent of the Party being requested to pay such additional amount.

(iii) IEUA shall provide a copy of the Progress Payment to each Party along with a cover letter setting forth the calculation of the share due and owing by each Party. Within thirty (30) days of the date of said cover letter (Invoice), each Party shall submit payment to IEUA for its share as set forth in this Agreement.

3. Effective Date and Term
This Agreement shall be effective on the date of full execution of this Agreement by all of the Parties (Effective Date). The term of this Agreement shall be from the Effective Date to the date of completion of performance of the Scope under the Consultant Contract pursuant to the schedule and deadlines set forth in Exhibit A and other schedules and deadlines as may be determined by the Parties and Consultant. The Parties may elect to extend the term with prior written consent of the Parties.


(a) Indemnification
Each Party (Indemnitors) hereby agrees to defend, indemnify and hold free and harmless the other Parties (Indemnitees) from and against any and all liability, expense, including defense costs and legal fees, and claims for damages of any nature whatsoever, arising from or connected with Indemnitors’ activities under this Agreement.
(b) Notices
Correspondence to be given to any Party may be sent by first-class mail, addressed and delivered as set forth below in the signature blocks for each Party.

(c) Representation of Authority
Each Party represents to the other that it has the authority to enter into this Agreement and that the individual signing this Agreement on behalf of their respective Party has the authority to execute this Agreement and to bind their respective Party to the terms and conditions of this Agreement.

(d) Counterparts
This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

(e) Governing Law
This Agreement shall be governed by and construed in accordance with the laws of the State of California.

(f) Cooperation. The Parties acknowledge that they are entering into an arrangement in which the cooperation of all of the Parties will be required, including the execution of necessary further documents. The Parties agree to cooperate in good faith with each other and review and submit timely documents for the benefit of SARCCUP.

BY SIGNING BELOW, THE PARTIES AGREE TO BE BOUND BY THE PROVISIONS OF THIS AGREEMENT

INLAND EMPIRE UTILITY AGENCY

By: _____________________________
    Joe Grindstaff, General Manager

Dated: ___________________________

P.O Box 9020
Chino Hills, CA 91709
WESTERN MUNICIPAL WATER DISTRICT

By: ____________________________
    John V. Rossi, General Manager

Dated: __________________________

14205 Meridian Parkway
Riverside, CA 92518

EASTERN MUNICIPAL WATER DISTRICT

By: ____________________________
    Paul Jones, General Manager

Dated: __________________________

P.O. Box 8300
Perris, CA 92572-8300

ORANGE COUNTY WATER DISTRICT

By: ____________________________
    Mike Markus, General Manager

Dated: __________________________

P.O. Box 8300
Fountain Valley, CA 92728-8300
SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT

By: ____________________________
    Doug Headrick, General Manager

Dated: ____________________________

380 East Vanderbilt Way
San Bernardino, CA 92408
Date: June 15, 2016

To: The Honorable Board of Directors

Through: Public, Legislative Affairs, and Water Resources Committee (06/08/16)

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: 2016 Chino Basin Storm Water Resources Plan

RECOMMENDATION

It is recommended that the Board of Directors adopt the 2016 Chino Basin Storm Water Resources Plan.

BACKGROUND

Inland Empire Utilities Agency prepared the 2016 Chino Basin Storm Water Resources Plan (Chino Basin SWRP) functional equivalency document to be in compliance with grant application requirements for Proposition 1 Storm Water grant funding. IEUA staff worked closely with Chino Basin Watermaster and Wildermuth Environmental to complete an accurate and thorough document. Water Code section 10563 requires public agencies to develop a SWRP as a condition of receiving grant funds from a bond for storm water and dry weather runoff capture projects. The Chino Basin SWRP was prepared according to State published guidelines for an equivalency document, and demonstrates that the aggregation of Chino Basin existing storm water and dry weather flow management programs along with their implementation agreements are functionally equivalent to a SWRP. The Chino Basin SWRP is scheduled for adoption by Santa Ana Watershed Project Authority (SAWPA) into the Santa Ana River Watershed’s Integrated Regional Water Resources Management Plan One Water One Watershed 2.0 (OWOW) at the May 26, 2016 OWOW Steering Committee and with subsequent recommendation for adoption at the June 21, 2016 SAWPA Commission meeting. Completing the Chino Basin SWRP at this time allows the Agency to apply for project implementation funds from a Proposition 1 Storm Water Grant during Round 1 (deadline July 8, 2016) as opposed to later completion for round 2 qualification (anticipated in 2018).
The Chino Basin SWRP summarizes the past 16 years of planning and implementation of storm water recharge in the Chino Basin. It draws heavily on the region’s 1999 Optimum Basin Management Plan (OBMP), 2001 Recharge Master Plan, 2013 Recharge Master Plan Update, Four-Party Agreement for Operation and Maintenance of the Recharge Facilities, OWOW 2.0, and IEUA’s 2015 Integrated Resources Plan. The plan acknowledges that storm water planning is a continuous process and future planning documents can be added to the SWRP as they are prepared. For example, IEUA’s forthcoming Phase 2 IRP and Low Impact Development Storm Water Plan can be used to update the Chino Basin SWRP when completed.

The Chino Basin SWRP is organized into two main narratives: 1) Storm Water Resource Planning in the Chino Basin and 2) Storm Water Resource Plan Checklist and Self-Certification. IEUA has established a SWRP webpage (www.ieua.org/stormwater-resources plan/) that contains a portable document file (PDF) of the plan and links to the plan’s references. As requested in the Guidelines, relevant GIS shape files used to construct the plans map are also accessible from the IEUA SWRP webpage.

The 2016 Chino Basin SWRP is a synthesis document of existing planning documents which, have been environmentally evaluated or are in the process of being evaluated. The plan has no legally binding authorization and is statutorily exempt from CEQA.

The development of the Storm Water Resources Plan is consistent with the Agency’s Business Goal of increasing Water Reliability by meeting the region’s need to develop reliable, drought-proof and diverse local water resources in order to reduce dependence on imported water supplies.

**PRIOR BOARD ACTION**

None.

**IMPACT ON BUDGET**

None.
Chino Basin
Storm Water Resources Plan

Inland Empire Utilities Agency
A MUNICIPAL WATER DISTRICT

IEUA Board of Directors Meeting
June 2016
Water Code section 10563 requires public agencies to develop a Storm Water Resource Plan.

Condition of receiving grant funds from a bond for storm water and dry weather runoff capture projects.
Water Code section 10565 requires the State Water Board to establish guidance for SWRPs.

- Watershed Collaboration
- Quantitative Prioritization
- Implementation Strategy and Schedule
- Public Outreach and Participation
- Checklist and Self-Certification
- All functional equivalency plans

IEUA prepared an equivalency SWRP
Chino Basin SWRP

- Follows self-certification outline
- Summarizes Optimum Basin Management Plan, Recharge Master Plans, Integrated Resources Plan & others regional planning docs
- Provides references, as required
- Is statutorily exempt from CEQA as a synthesis document with no legally binding authorization
Why Include Chino Basin SWRP in OWOW 2.0

- SWRP Guidelines
  - Approach on a Watershed scale yielding multiple benefits
  - Participate in a Regional Integrated Resources Management Plan
  - Coordinate with agencies that exercise their own authorities and mandates to address storm water and dry weather runoff management
  - Plan, coordinate, support, and collaborate among two or more lead local agencies responsible for Plan implementation
Next Steps

* SAWPA OWOW Steering Committee, May 26, 2016
* SAWPA Commission, June 21, 2016
Recommendations

It is recommended that the Board of Directors

- Adopt the 2016 Chino Basin Stormwater Resources Plan and
- Find that the plan is statutorily exempt from CEQA as a synthesis document with no legally binding authorization

The plan is consistent with the Agency's Business Goal of Water Reliability by promoting water use efficiency and education to enhance water supplies within the region; and meeting the region's need to develop reliable and diverse local water resources in order to reduce dependence on imported water supplies.
Public, Legislative Affairs, and Water Resources Committee

ACTION
ITEM
1G
Date: June 15, 2016

To: The Honorable Board of Directors

Through: Public, Legislative Affairs, and Water Resources Committee (6/8/16)
         Finance, Legal & Administration Committee (6/8/16)

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: Professional Services Contract Award for Sewer Fee Evaluation

RECOMMENDATION

It is recommended that the Board of Directors:

1. Approve the professional services contract award for the Sewer Fee Evaluation to Carollo Engineers, Inc. for the not-to-exceed amount of $376,586; and

2. Authorize the General Manager to execute the contract.

BACKGROUND

The Inland Empire Utilities Agency (IEUA) and the Regional Contracting Agencies (Contracting Agencies) are currently governed by the Regional Sewage Service Contract (the Contract). As part of the Contract, the calculation for the determination of Equivalent Dwelling Unit (EDU) connection fees is defined in the section referred to as “Exhibit J”. Exhibit J was first adopted with the Contract amendment in 1984 with subsequent amendments occurring in 1994, 2005 and 2013.

During the initial adoption of Exhibit J, the flows for one EDU were set at 270 gallons per day and Biochemical Oxygen Demand (BOD) and Suspended Solids (SS) concentrations at 230 mg/L and 220 mg/L, respectively. Over time, with the advent of water conservation efforts and water efficient fixtures, it has been generally accepted that wastewater flows have declined since the EDU was initially defined in Exhibit J and is no longer representative. Additionally, the Contracting Agencies and IEUA have found the fixture counting process and the classification of the business categories established by Exhibit J to be a labor intensive and subjective process.
Although Exhibit J was updated in 2013, the recent IEUA Internal Audit review of the Contracting Agencies EDU fee collection process found there are still inconsistencies and varying interpretation and application particularly for the commercial category types. This has resulted in varying degrees of discrepancies in connection fee assessment.

The Contracting Agencies also assess and collect recurring monthly sewer fees from the residential, commercial and industrial users. The only information provided to IEUA from the Contracting Agencies is total EDUs. The Contracting Agencies currently determine total non-residential EDUs through two different methods. The first method bases the monthly non-residential EDUs on the number of EDUs calculated via Exhibit J. The second method calculates the non-residential EDUs from actual water meter readings. These two methods create inconsistencies in how the monthly sewer fees are assessed.

A request for proposal (RFP) was issued on March 16, 2016 seeking the professional services of a consultant to complete a sewer fee evaluation for the Agency’s service area. The evaluation will include an analysis of the following:

- EDU calculation
- Other agency business models
- Public service facilities
- Leasing of capacity
- Fee collection process
- Revenue impacts
- Transition plan

On April 21, 2016, IEUA received two responses to the RFP from Carollo Engineers, Inc. (Carollo) and Raftelis Financial Consultants, Inc. A selection panel consisting of representatives from the Cucamonga Valley Water District, the City of Fontana and IEUA reviewed the two proposals. Carollo was selected as the preferred consultant based on their understanding of the scope of work, the project team qualifications, previous similar project experience, and their ability to meet the project schedule. The projected cost of the sewer fee evaluation is $376,586. The sewer fee evaluation is scheduled to be completed by January 2017. It is expected that the data collected through this evaluation will be critical to the updates currently being considered for the Regional Contract.

The sewer fee evaluation aligns with the Agency’s business goals of Fiscal Responsibility and Business Practices by maintaining service rates and fees that fully support the costs of service for key Agency programs and providing regional benefit in an equitable manner within the Agency’s service area.

**PRIOR BOARD ACTION**

None.
IMPACT ON BUDGET

The award of the professional services contract for the Sewer Fee Evaluation for the IEUA service area, for the not-to-exceed amount of $376,586 is within the total project budget of Project No. PL16016 in the Regional Wastewater Capital Improvement (RC) Fund. The current total project budget for FY 2015/16 is $50,000 and $350,000 for FY 2016/17.

Attachment: Contract No. 4600002109, Carollo Engineers, Inc.
Sewer Fee Evaluation
Project Background

- “Exhibit J” of Regional Contract
- Inconsistencies in “Exhibit J” interpretation (2015 Audit)
  - Fixture units
  - Sewage factors
  - Commercial category types
  - Industrial users
- Need to reevaluate process
Project Goals

- New Method to Calculate Equivalent Dwelling Unit (EDU)
- Revenue collection methodologies
  - Sewer use factor survey
  - Functional cost allocation
  - Fee collection process
  - Revenue impacts and transition plan
- Public service facilities
- Sewer capacity lease
- Ease of data collection
Consultant Proposals/Selection

- Request for Proposal (RFP) posted on March 16, 2016
- Two responses to the RFP received on April 21, 2016
  - Carollo Engineering (Carollo)
  - Raftelis Financial Consultants, Inc.
- Selection Panel with members from CVWD, City of Fontana & IEUA unanimously selected Carollo's proposal
- Projected cost of sewer fee evaluation is $248,506.

<table>
<thead>
<tr>
<th>Project Milestone</th>
<th>Date</th>
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<tbody>
<tr>
<td>Receipt of Professional Services Proposals</td>
<td>April 2016</td>
</tr>
<tr>
<td>Proposal Selection</td>
<td>May 2016</td>
</tr>
<tr>
<td>Feasibility Contract Award</td>
<td>June 2016</td>
</tr>
<tr>
<td>Feasibility Study Completion</td>
<td>January 2017</td>
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</tbody>
</table>
Recommendation

Staff recommends the Board of Directors approve the professional services contract award for the Sewer Fee Evaluation to Carollo Engineers for the not-to-exceed amount of $376,586 and authorize the General Manager to execute the contract.

The sewer fee evaluation aligns with the Agency's Business Goals of Fiscal Responsibility and Business Practices by maintaining service rates and fees that fully support the costs of service for key Agency programs and providing regional benefit in an equitable manner within the Agency's service area.
CONTRACT NUMBER: 4600002109
FOR
CONSULTING ENGINEERING SERVICES FOR
EVALUATION OF CALCULATION AND COLLECTION OF
SEWER FEES METHODOLOGY FOR THE IEUA SERVICE AREA

THIS CONTRACT (the "Contract"), is made and entered into this ___ day of ____________, 2016, by and between the Inland Empire Utilities Agency, a Municipal Water District, organized and existing in the County of San Bernardino under and by virtue of the laws of the State of California (hereinafter referred to as "Agency") and Carollo Engineers, Inc. with offices located in Walnut Creek, California (hereinafter referred to as "Consultant") for Consulting Engineering Services required for an evaluation of the calculation and collection of sewer fees methodology for the IEUA service area.

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

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

   Project Manager: Craig Proctor, Pretreatment and Source Control Supervisor
   Address: 6075 Kimball Avenue, Building "A"
            Chino, California 91708-9174
   Telephone: (909) 993-1845
   Email: cproctor@ieua.org
   Facsimile: (909) 993-1983

**CONSULTANT ASSIGNMENT:** Special inquiries related to this Contract and the effects of this Contract shall be referred to the following:

   Consultant: Toby Weisert, Project Manager
   Address: 3150 Bristol Street, Suite 500
            Costa Mesa, CA 92626
   Telephone: (714) 593-5128
   Email: TWeisert@carollo.com
   Facsimile: (714) 593-5101
2. **ORDER OF PRECEDENCE:** The documents referenced below represent the Contract Documents. Where any conflicts exist between the General Terms and Conditions, or addenda attached, then the governing order of precedence shall be as follows:

A. Amendments to Contract 4600002109.

B. Contract Number 4600002109, General Terms and Conditions.

C. Consultant's revised proposal, which is attached hereto, incorporated herein and made a part hereof as Exhibit A.

D. Agency's Request for Proposals RFP-RW-16-007 and all germane Addenda and correspondence, incorporated herein by this reference.

3. **SCOPE OF WORK AND SERVICES:** Consultant services and responsibilities shall include and be in accordance with tasks identified in Consultant's revised Scope of Work, which is attached hereto, incorporated herein and made a part hereof as Exhibit A.

4. **TERM:** The term of this Contract shall extend from the date of the Notice to Proceed and terminate on June 30, 2017 unless agreed to by both parties, reduced to writing, and amended to this Contract.

5. **COMPENSATION:** The Agency shall pay Consultant's properly-executed invoices, subsequent to approval by the Project Manager, within thirty (30) calendar days following receipt of the invoice. Consultant's invoice must be submitted according to milestones achieved by Consultant and accepted by the Agency's Project Manager, and shall include a breakdown by tasks completed, the current monthly amount due, and the cumulative amount invoiced to date against this contract. Payment will be withheld for any service which does not meet the requirements of this Contract or has proven unacceptable until such service is revised, resubmitted, and accepted by the Project Manager. Consultant shall not be paid more than eighty (80) percent of the contract price for less than 80 percent of the milestones achieved during the course of this contract.

All invoices shall be submitted electronically with all required back-up to apgroup@jeua.org. Consultant shall be provided with and utilize the Agency's standard Excel-based Consulting Services Invoice Template (Exhibit B), attached hereto and made a part thereof, for the submittal of each invoice. Invoicing shall not be submitted in advance of, or shall not be dated earlier than, the actual date of submittal.

As compensation for work performed under this Contract, Agency shall pay Consultant a NOT-TO-EXCEED maximum of $376,586.00 in accordance with Consultant's fee schedule, attached hereto, referenced herein, and made a part hereof as Exhibit C.

Payment shall be made according to the milestones achieved by Consultant and accepted by the Agency's Project Manager.

6. **CONTROL OF THE WORK:** Consultant shall perform the Work in compliance with the Work Schedule. If performance of the Work falls behind schedule, the Consultant shall accelerate the performance of the Work to comply with the Work Schedule as directed by the Project Manager. If the nature of the Work is such that Consultant is unable to accelerate the Work, Consultant
shall promptly notify the Project Manager of the delay, the causes of the delay, and submit a proposed revised Work Schedule.

7. **GRANT FUNDED PROJECTS:** This is not a grant-funded project.

8. **FITNESS FOR DUTY:**
   A. **Fitness:** Consultant and its Subcontractor personnel on the Jobsite:
      1. Shall report for work in a manner fit to do their job;
      2. Shall not be under the influence of or in possession of any alcoholic beverages or of any controlled substance (except a controlled substance as prescribed by a physician so long as the performance or safety of the Work is not affected thereby); and
      3. Shall not have been convicted of any serious criminal offense which, by its nature, may have a discernible adverse impact on the business or reputation of Agency.
   B. **Compliance:** Consultant shall advise all Consultant and subcontractor personnel and associated third parties of the requirements of this Contract ("Fitness for Duty Requirements") before they enter on the Jobsite and shall immediately remove from the Jobsite any employee determined to be in violation of these requirements. Consultant shall impose these requirements on its Subcontractors. Agency may cancel the Contract if Consultant violates these Fitness for Duty Requirements.

9. **INSURANCE:** During the term of this Contract, the Consultant shall maintain at Consultant's sole expense, the following insurance:

   A. **Minimum Scope of Insurance**:

      1. **General Liability:** $1,000,000 combined single limit per occurrence for bodily injury, personal injury and property damage. Coverage shall be at least as broad as Insurance Services Office form number GL 0001-87 covering Comprehensive General Liability. If Commercial General Liability insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location, or the general aggregate limit shall be twice the required single occurrence limit.

      2. **Automobile Liability:** $1,000,000 combined single limit per accident for bodily injury and property damage. Coverage shall be at least as broad as Insurance Services Office form number CA 00 01 87, covering Automobile Liability, including "any auto."

      3. **Workers' Compensation and Employers Liability:** Workers' compensation limits as required by the Labor Code of the State of California and employers Liability limits of $1,000,000 per accident.
4. Professional Liability Insurance in the amount of $1,000,000 per occurrence.

B. **Deductibles and Self-Insured Retention:** Any deductibles or self-insured retention must be declared to and approved by the Agency. At the option of the Agency, either: the insurer shall reduce or eliminate such deductibles or self-insured retention as respects the Agency, its officers, officials, employees and volunteers; or the Consultant shall procure a bond guaranteeing payment of losses and related investigations, claim administration and defense expenses.

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

1. **General Liability and Automobile Liability Coverage**
   
   a. The Agency, its officers, officials, employees, volunteers, property owners and any engineers under contract to the Agency are to be covered as insureds, endorsements GL 20 11 07 66, CG2010 1185 and/or CA 20 01 (Ed. 0178), as respects: liability arising out of activities performed by or on behalf of the Consultant, products and completed operations of the Consultant, premises owned, occupied or used by the Consultant, or automobiles owned, leased, hired or borrowed by the Consultant. The coverage shall contain no special limitations on the scope of protection afforded to the Agency, its officers, officials, employees or volunteers.

   b. The Consultant's insurance coverage shall be primary insurance as respects the Agency, its officer, officials, employees and volunteers. Any insurance or self-insurance maintained by the Agency, its officers, officials, employees, or volunteers shall be excess of the Consultant's insurance and shall not contribute with it.

   c. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the Agency, its officers, officials, employees or volunteers.

   d. The Consultant's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

   e. The Consultant may satisfy the limit requirements in a single policy or multiple policies. Any such additional policies written as excess insurance
shall not provide any less coverage than that provided by the first or primary policy.

2. Workers' Compensation and Employers Liability Coverage

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

3. All Coverages

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

D. Acceptability of Insurers: All insurance is to be placed with insurers with a Best's rating of no less than A:VII, and who are admitted insurers in the State of California.

E. Verification of Coverage: Consultant shall furnish the Agency with certificates of insurance and with original endorsements effecting coverage required by the Agency for themselves and all subcontractors prior to commencing work or allowing any subcontractor to commence work under any subcontract. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. All certificates and endorsements are to be approved by the Agency before work commences. The Agency reserves the right to require complete, certified copies of all required insurance policies, at any time.

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

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

10. LEGAL RELATIONS AND RESPONSIBILITIES

A. Professional Responsibility: The Consultant shall be responsible, to the level of competency presently maintained by other practicing professionals performing the same or similar type of work.

B. Status of Consultant: The Consultant is retained as an independent Consultant only, for the sole purpose of rendering the services described herein, and is not an employee of the Agency.
C. **Observing Laws and Ordinances:** The Consultant shall keep itself fully informed of all existing and future state and federal laws and all county and city ordinances and regulations which in any manner affect the conduct of any services or tasks performed under this Contract, and of all such orders and decrees of bodies or tribunals having any jurisdiction or authority over the same. The Consultant shall at all times observe and comply with all such existing and future laws, ordinances, regulations, orders and decrees, and shall protect and indemnify, as required herein, the Agency, its officers and employees against any claim or liability arising from or based on the violation of any such law, ordinance, regulation, order or decree, whether by the Consultant or its employees.

D. **Subcontract Services:** Any subcontracts for the performance of any services under this Contract shall be subject to the written approval of the Project Manager.

E. **Hours of Labor:** The Consultant shall comply with all applicable provisions of California Labor Code Sections 1810 to 1817 relating to working hours. The Consultant shall, as a penalty to the Agency, forfeit $25.00 for each worker employed in the execution of the Contract by the Consultant or by any subcontractor for each calendar day during which such worker is required or permitted to work more than eight (8) hours in any one (1) calendar day and forty (40) hours in any one (1) calendar week in violation of the provisions of the Labor Code.

F. **Travel and Subsistence Pay:** The Consultant shall make payment to each worker for travel and subsistence payments which are needed to execute the work and/or service, as such travel and subsistence payments are defined in the applicable collective bargaining agreements with the worker.

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

H. **Conflict of Interest:** No official of the Agency who is authorized in such capacity and on behalf of the Agency to negotiate, make, accept or approve, or to take part in negotiating, making, accepting or approving this Contract, or any subcontract relating to services or tasks to be performed pursuant to this Contract, shall become directly or indirectly personally interested in this Contract.

I. **Equal Opportunity and Unlawful Discrimination:** During the performance of this Contract, the Consultant shall not unlawfully discriminate against any employee or employment applicant because of race, color, religion, sex, age, marital status, ancestry, physical or mental disability, sexual orientation, veteran status or national origin. The Agency is committed to creating and maintaining an environment free from harassment and discrimination. To accomplish these goals the Agency has established procedures regarding the implementation and enforcement of the Agency’s Harassment Prohibition and Equal Employment Opportunity commitments. Please refer to Agency Policies A-29 (Equal Employment Opportunity) and A-30 Harassment Prohibition for detailed information or contact the Agency’s Human Resources Administrator. A copy of either of these Policies can be obtained by contacting the Project Manager for your respective Contract. Please advise any of your staff that believes they might have been harassed
or discriminated against while on Agency property, to report said possible incident to either the Project Manager, or the Agency's Human Resources Administrator. Please be assured that any possible infraction shall be thoroughly investigated by the Agency.

J. Non-Conforming Work and Warranty: Consultant represents and warrants that the Work and Documentation shall be adequate to serve the purposes described in the Contract. For a period of not less than one (1) year after acceptance of the completed Work, Consultant shall, at no additional cost to Agency, correct any and all errors in and shortcomings of the Work or Documentation, regardless of whether any such errors or shortcoming is brought to the attention of Consultant by Agency, or any other person or entity. Consultant shall within three (3) calendar days, correct any error or shortcoming that renders the Work or Documentation dysfunctional or unusable and shall correct other errors within thirty (30) calendar days after Consultant's receipt of notice of the error. Upon request of Agency, Consultant shall correct any such error deemed important by Agency in its sole discretion to Agency's continued use of the Work or Documentation within seven (7) calendar days after Consultant's receipt of notice of the error. If the Project Manager rejects all or any part of the Work or Documentation as unacceptable and agreement to correct such Work or Documentation cannot be reached without modification to the Contract, Consultant shall notify the Project Manager, in writing, detailing the dispute and reason for the Consultant's position. Any dispute that cannot be resolved between the Project Manager and Consultant shall be resolved in accordance with the provisions of this Contract.

The total amount of all claims the Agency may have against the Consultant under this Contract or arising from the performance or non-performance of the Work under any theory of law, including but not limited to claims for negligence, negligent misrepresentation and breach of contract, shall be strictly limited to the lesser of the fees or $500,000. As the Agency's sole and exclusive remedy under this Contract any claim, demand or suit shall be directed and/or asserted only against the Consultant and not against any of the Consultant's employees, officers or directors.

The Consultant's liability with respect to any claims arising out of this Contract shall be absolutely limited to direct damages arising out of the Work and the Consultant shall bear no liability whatsoever for any consequential loss, injury or damage incurred by the Agency, including but not limited to, claims for loss of use, loss of profits and loss of markets.

K. Disputes:

1. All disputes arising out of or in relation to this Contract shall be determined in accordance with this section. The Consultant shall pursue the work to completion in accordance with the instruction of the Agency's Project Manager notwithstanding the existence of dispute. By entering into this Contract, both parties are obligated, and hereby agree, to submit all disputes arising under or relating to the Contract, which remain unresolved after the exhaustion of the procedures provided herein, to independent arbitration. Except as otherwise provided herein, arbitration shall be conducted under California Code of Civil Procedure Sections 1280, et. seq., or their successor.
2. Any and all disputes during the pendency of the work shall be subject to resolution by the Agency Project Manager and the Consultant shall comply, pursuant to the Agency Project Manager instructions. If the Consultant is not satisfied with any such resolution by the Agency Project Manager, they may file a written protest with the Agency Project Manager within seven (7) calendar days after receiving written notice of the Agency's decision. Failure by Consultant to file a written protest within seven (7) calendar days shall constitute waiver of protest, and acceptance of the Agency Project Manager's resolution. The Agency's Project Manager shall submit the Consultant's written protests to the General Manager, together with a copy of the Agency Project Manager's written decision, for his or her consideration within seven (7) calendar days after receipt of said protest(s). The General Manager shall make his or her determination with respect to each protest filed with the Agency Project Manager within ten (10) calendar days after receipt of said protest(s). If Consultant is not satisfied with any such resolution by the General Manager, they may file a written request for arbitration with the Project Manager within seven (7) calendar days after receiving written notice of the General Manager's decision.

3. In the event of arbitration, the parties hereto agree that there shall be a single neutral Arbitrator who shall be selected in the following manner:

   a. The Demand for Arbitration shall include a list of five names of persons acceptable to the Consultant to be appointed as Arbitrator. The Agency shall determine if any of the names submitted by Consultant are acceptable and, if so, such person shall be designated as Arbitrator.

   b. In the event that none of the names submitted by Consultant are acceptable to Agency, or if for any reason the Arbitrator selected in Step (a) is unable to serve, the Agency shall submit to Consultant a list of five names of persons acceptable to Agency for appointment as Arbitrator. The Consultant shall, in turn, have seven (7) calendar days in which to determine if one such person is acceptable.

   c. If after Steps (a) and (b), the parties are unable to mutually agree upon a neutral Arbitrator, the matter of selection of an Arbitrator shall be submitted to the San Bernardino County Superior Court pursuant to Code of Civil Procedure Section 1281.8, or its successor. The costs of arbitration, including but not limited to reasonable attorneys' fees, shall be recoverable by the party prevailing in the arbitration. If this arbitration is appealed to a court pursuant to the procedure under California Code of Civil Procedure Section 1294, et. seq., or their successor, the costs of arbitration shall also include court costs associated with such appeals, including but not limited to reasonable attorneys' fees which shall be recoverable by the prevailing party.
4. **Joinder in Mediation/Arbitration:** The Agency may join the Consultant in mediation or arbitration commenced by a contractor on the Project pursuant to Public Contracts Code Sections 20104 et seq. Such joinder shall be initiated by written notice from the Agency's representative to the Consultant.

11. **INDEMNIFICATION:** Consultant shall indemnify the Agency, its directors, employees and assigns, and hold them harmless from all liabilities, demands, actions, claims, losses and expenses, including reasonable attorneys' fees, which arise out of or are related to the negligence, recklessness or willful misconduct of the Consultant, its directors, employees, agents and assigns, in the performance of work under this contract. Notwithstanding the foregoing, to the extent that this Contract includes design professional services under Civil Code Section 2782.8, as may be amended from time to time, such duties of Consultant to defend and to indemnify Agency shall only be to the full extent permitted by Civil Code Section 2782.8. Notwithstanding the foregoing, for any claim alleging Consultant's negligent performance of professional services, Consultant's obligations regarding the Agency's defense under this paragraph include only the reimbursement of the Agency's reasonable defense costs incurred to the extent of Consultant's negligence as expressly determined by a final judgment, arbitration, award, order, settlement, or other final resolution. Consultant shall not be responsible for warranties, guarantees, fitness for a particular purpose, breach of fiduciary duty, or loss of anticipated profits. Additionally, Consultant shall not be responsible for acts and decisions of third parties, including governmental agencies, other than Consultant's subconsultants, that impact project completion and/or success.

12. **OWNERSHIP OF MATERIALS AND DOCUMENTS/CONFIDENTIALITY:** The Agency retains ownership of any and all partial or complete reports, drawings, plans, notes, computations, lists, and/or other materials, documents, information, or data ("Work Product") prepared by the Consultant and/or the Consultant's subcontractor(s) pertaining to this Contract upon full payment of all monies owed to the Consultant. Said materials and documents are confidential and shall be available to the Agency from the moment of their preparation, and the Consultant shall deliver same to the Agency whenever requested to do so by the Project Manager and/or Agency. The Consultant agrees that same shall not be made available to any individual or organization, private or public, without the prior written consent of the Agency.

13. **TITLE AND RISK OF LOSS:**

   A. **Documentation:** Title to the Documentation shall pass to Agency when prepared; however, a copy may be retained by Consultant for its records and internal use. Consultant shall retain such Documentation in a controlled access file, and shall not reveal, display or disclose the contents of the Documentation to others without the prior written authorization of Agency or for the performance of Work related to the project.

   B. **Material:** Title to all Material, field or research equipment, and laboratory models, procured or fabricated under the Contract shall pass to Agency when procured or
fabricated, and such title shall be free and clear of any and all encumbrances. Consultant shall have risk of loss of any Material or Agency-owned equipment of which it has custody.

C. Disposition: Consultant shall dispose of items to which Agency has title as directed in writing by the Agreement Administrator and/or Agency.

14. PROPRIETARY RIGHTS:

A. Rights and Ownership: Agency's rights to inventions, discoveries, trade secrets, patents, copyrights, and other intellectual property, including the information and Documentation, and revisions thereto (hereinafter collectively referred to as "Proprietary Rights"), used or developed by Consultant in the performance of the Work, shall be governed by the following provisions:

Proprietary Rights conceived, developed, or reduced to practice by Consultant in the performance of the Work shall be the property of Agency, and Consultant shall cooperate with all appropriate requests to assign and transfer same to Agency.

If Proprietary Rights conceived, developed, or reduced to practice by Consultant prior to the performance of the Work are used in and become integral with the Work or Documentation, or are necessary for Agency to have complete enjoyment of the Work or Documentation, Consultant shall grant to Agency a non-exclusive, irrevocable, royalty-free license, as may be required by Agency for the complete enjoyment of the Work and Documentation, including the right to reproduce, correct, repair, replace, maintain, translate, publish, use, modify, copy or dispose of any or all of the Work and Documentation and grant sublicenses to others with respect to the Work and Documentation.

If the Work or Documentation includes the Proprietary Rights of others, Consultant shall procure, at no additional cost to Agency, all necessary licenses regarding such Proprietary Rights so as to allow Agency the complete enjoyment of the Work and Documentation, including the right to reproduce, correct, repair, replace, maintain, translate, publish, use, modify, copy or dispose of any or all of the Work and Documentation and grant sublicenses to others with respect to the Work and Documentation. All such licenses shall be in writing and shall be irrevocable and royalty-free to Agency.

B. No Additional Compensation: Nothing Set forth in this Contract shall be deemed to require payment by Agency to Consultant of any compensation specifically for the assignments and assurances required hereby, other than the payment of expenses as may be actually incurred by Consultant in complying with this Contract.
15. **INFRINGEMENT:** Consultant represents and warrants that the Work and Documentation shall be free of any claim of trade secret, trade mark, trade name, copyright, or patent infringement or other violations of any Proprietary Rights of any person.

Consultant shall indemnify and hold harmless Agency, its officers, directors, employees, successors, assigns, and servants free and harmless from any and all liability, damages, losses, claims, demands, actions, causes of action, and costs including reasonable attorney's fees and expenses arising out of any claim that use of the Work or Documentation infringes upon any trade secret, trade mark, trade name, copyright, patent, or other Proprietary Rights.

Consultant shall, at its expense and at Agency's option, refund any amount paid by Agency under the Contract, or exert its reasonable efforts to procure for Agency the right to use the Work and Documentation, to replace or modify the Work and Documentation as approved by Agency so as to obviate any such claim of infringement.

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

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

Consultant:  Mr. Robert S. Grantham  
Vice President  
Carollo Engineers, Inc.  
3150 Bristol Street, Suite 500  
Costa Mesa, CA  92626

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

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

18. **PUBLIC RECORDS POLICY:** Information made available to the Agency may be subject to the California Public Records Act (Government Code Section 6250 et seq.) The Agency's use and disclosure of its records are governed by this Act. The Agency shall use its best efforts
to notify Consultant of any requests for disclosure of any documents pertaining to Consultant. In the event of litigation concerning disclosure of information Consultant considers exempt from disclosure; (e.g., Trade Secret, Confidential, or Proprietary) Agency shall act as a stakeholder only, holding the information until otherwise ordered by a court or other legal process. If Agency is required to defend an action arising out of a Public Records Act request for any of the information Consultant has marked "Confidential," "Proprietary," or "Trade Secret," Consultant shall defend and indemnify Agency from all liability, damages, costs, and expenses, including attorneys' fees, in any action or proceeding arising under the Public Records Act.

19. **RIGHT TO AUDIT:** The Agency reserves the right to review and/or audit all Consultant's records related to the Work. The option to review and/or audit may be exercised during the term of the Contract, upon termination, upon completion of the Contract, or at any time thereafter up to twelve (12) months after final payment has been made to Consultant. The Consultant shall make all records and related documentation available within three (3) working days after said records are requested by the Agency.

20. **INTEGRATION:** The Contract Documents represent the entire Contract of the Agency and the Consultant as to those matters contained herein. No prior oral or written understanding shall be of any force or effect with respect to those matters covered by the Contract Documents. This Contract may not be modified, altered or amended except by written mutual agreement by the Agency and the Consultant.

21. **GOVERNING LAW:** This Contract is to be governed by and constructed in accordance with the laws of the State of California.

22. **TERMINATION FOR CONVENIENCE:** The Agency reserves and has the right to immediately suspend, cancel or terminate this Contract at any time upon written notice to the Consultant. In the event of such termination, the Agency shall pay Consultant for all authorized and Consultant invoiced services up to the date of such termination.

23. **FORCE MAJEURE:** Neither party shall hold the other responsible for the effects of acts occurring beyond their control; e.g., war, riots, strikes, natural disasters, etcetera.

24. **NOTICE TO PROCEED:** No services shall be performed or furnished under this Contract unless and until this document has been properly signed by all responsible parties and a Notice to Proceed order has been issued to the Consultant.

25. **AGENCY-PROVIDED INFORMATION AND SERVICES:** The Agency shall furnish Consultant available studies, reports and other data pertinent to Consultant's services; obtain or authorize Consultant to obtain or provide additional reports and data as required; furnish to Consultant services of others required for the performance of Consultant's services hereunder, all subject to Agency's prior approval, and Consultant shall be entitled to use and rely upon all such information and services provided by the Agency or others in performing Consultant's services under this Agreement.
26. **ESTIMATES AND PROJECTIONS:** Consultant has no control over the cost of labor, materials, equipment or services furnished by others, over the incoming water quality and/or quantity, or over the way the Agency’s plant and/or associated processes are operated and/or maintained. Data and cost projections are based on Consultant’s opinion based on experience and judgment. Consultant cannot and does not guarantee that actual base unit quantities realized and/or costs will not vary from the data and cost projections prepared by Consultant and Consultant does not and will be not liable to and/or indemnify the Agency and/or any third party related to any inconsistencies between Consultant’s data and/or cost projections and actual base unit quantities and/or associated energy cost savings realized by the Agency and/or any third party in the future. However, nothing herein shall relieve Consultant from liability for its failure to perform the work to the standard of skill and care expected of a consultant under the same or similar circumstances.

27. **THIRD PARTIES:** The services to be performed by Consultant are intended solely for the benefit of the Agency. No person or entity not a signatory to this Agreement shall be entitled to rely on Consultant’s performance of its services hereunder, and no right to assert a claim against Consultant by assignment of indemnity rights or otherwise shall accrue to a third party as a result of this Agreement or the performance of Consultant’s services hereunder.

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

**INLAND EMPIRE UTILITIES AGENCY:**
(A Municipal Water District)

P. Joseph Grindstaff  
General Manager

(Date)

**CAROLLO ENGINEERS, INC.:**

Robert G. Grantham  
Vice President

(Date)

Dr. Graham Juby  
Vice President

(Date)

[ Balance Of This Page Intentionally Left Blank ]
Exhibit A
SCOPE OF WORK

BACKGROUND

IEUA is seeking the services of a consultant to evaluate the Agency's methodology for calculation and collection of sewer connection fees. This evaluation will include a review of the current Exhibit J and monthly sewer billing procedures by the Contracting Agencies. As part of this study, Carollo will conduct a review of other wastewater agencies business models for calculating and collecting sewer connection fees and monthly sewer billing. Based on this review and by accounting for IEUA's unique attributes, Carollo will provide several alternatives including the advantages and disadvantages of each alternative and recommendations for a new business model that will streamline and improve the work process that will work for both IEUA and the Contracting Agencies.

SCOPE OF WORK

The scope of work outlines our approach for undertaking the Sewer Use Fee evaluation. As IEUA recently adopted a five-year rate plan, this scope of work doesn't not include the recalculation of said charges, rather the feasibility and operational impacts of redefining an EDU. The scope consists of the following tasks:

Task 0. Data Collection and Review

Carollo will work with IEUA to gather data required to perform the study. In order to streamline the data collection and review process, Carollo will provide IEUA with a detailed data request prior to the project kick-off meeting, and provide an amended data request as needed following the meeting.

Task 1. Method to Calculate Sewer Connection Fees

Carollo will evaluate the formula and the sewage factors currently used to determine the equivalent dwelling units (EDU) as defined in Exhibit J of the Regional Contract. The current methodology assumes an EDU is equal to the discharge from a single-family residential connection and uses fixture count and sewage factors for commercial business categories. An EDU is assumed to total 270 gallons per day of sewer discharges.

Carollo will review the existing methodology and propose a less subjective and labor intensive method of calculation of sewer EDUs and associated fees. For each feasible alternative, Carollo will discuss the advantages, disadvantages, potential costs shifts between customer classes, and any associated revenue risk. Carollo will also evaluate the feasibility of using and future availability of data necessary to update the EDUs over time. Data could likely be used from San Bernardino County records, such as land use codes, building square footage, business category type, water usage, or other data. Carollo will also consider the compatibility of the proposed approach with IEUA's GIS so that data that is utilized for the development of the EDU can be integrated into IEUA's current GIS to allow for validation and audit.
Task 2. Revenue Collection Methodologies

Carollo will evaluate the current method being used to collect connection fees and monthly sewer charges, evaluate how other wastewater agencies collect these fees and their business models, and provide alternatives and considerations for IEUA. It is critical that any recommended program provides both transparency and auditability of the billing process.

2.1. Sewer Use Factor Survey

Carollo will perform a survey of other wastewater utilities to review the basis of their EDU calculations. We will use a combination of available online data and personal communication to gather current information for a representative sample of California agencies similar to IEUA. Up to eight (8) agencies will be incorporated into the survey.

2.2. Functional Cost Allocation

Changing the underlying EDU basis will not only impact connection fee collections, but could potentially impact rate revenues as the number of EDU changes due to modifications to the flow and loading assumptions. Consequently, Carollo will update the sewer rate functional allocations.

As part of the recently completed sewer connection fee study, Carollo developed a functional cost allocation, which assigned capital costs to three functional categories - flow; biochemical oxygen demand (BOD), and suspended solids (SS). Because customers discharge differing levels of flow and loadings into the wastewater system, this is a critical step to equitably recovering costs from system users.

The current monthly wastewater rates have an assumed allocation of 37% to flow, 31% to BOD, and 32% to SS. Because IEUA’s costs have changed over time and in order to continue to comply with Proposition 218, it is important to review and update this allocation. Carollo will develop a line-item allocation of IEUA’s five year financial forecast, building on the recent capital allocation performed as part of the connection fee study. Because of our intimate knowledge of the Agency’s system and operations, this allocation will be grounded in sound engineering principles rather than relying on industry standards that may or may not apply to IEUA.

2.3. EDU Update

Based on a review of potential EDU calculation methodologies and the update to the functional allocation, Carollo will calculate new EDUs for the top two (2) alternative methods chosen in concert with IEUA staff. Because this update is highly dependent upon available data, Carollo will work with IEUA staff to help assist collecting information from Contracting Agencies and supporting agencies as necessary.

Carollo will review the water demand patterns for commercial discharges within up to three (3) of the Contracting Agencies. By evaluating water demands, Carollo can provide a more accurate understanding of the IEUA’s commercial customer profiles, which will help to develop sewer discharge assumptions that better align with sewer discharge demands. This review will be for a sampled set of customers chosen in collaboration with IEUA staff and will represent low, medium, and high flow discharges.
2.4. Revenue Risk and Impacts

Whenever changing the underlying EDU basis or calculations, there could be a potential change in monthly sewer charge revenues and shifts of costs between customer classes. Specifically related to IEUA, the Agency might experience shifts between Contract Agencies. For each proposed methodology, Carollo will evaluate the potential revenue impacts to the extent that IEUA can provide the necessary data.

The sewer connection fee was updated in 2015. The charge is based on flow, BOD, and TSS and accounts for buildout needs based on the current EDU calculations. Carollo will evaluate how the change in the EDU might alter the total number of EDUs into the system and how it could impact the total revenues to be collected from the sewer connection fees.

DELIVERABLE:
Report chapter that delineates the basis of the new functional allocation, the survey of similar wastewater agencies, the potential approaches to calculating EDUs, and the recommended EDU calculation methodology and revenue impacts.

2.5. Connection Fee Collection Process

Sewer connection fees are currently collected by each Contracting Agency and remitted to IEUA. This process has resulted in some inconsistencies in EDU calculations between agencies and uncertainty of the revenues that will be collected. As a result, IEUA is considering taking over this process on behalf of the Contracting Agencies.

Carollo will review the current process for collecting connection fees and evaluate alternative approach that might be feasible, including having IEUA serve as the collection agency. As part of this review, Carollo will meet with each of the Contracting Agencies to review their collection policies and procedures, as well as how the information is shared between internal divisions and external agencies. While IEUA will be aware of a new development that must tap into a collection main, IEUA might not be aware of a change in use for an existing property that would otherwise change the EDU count and could trigger an incremental connection fee. By better understanding each agency’s process and internal information systems, such as the use of Track-It development services software, Carollo will be able to recommend a process that more efficiently and effectively tracks developments.

Finally, Carollo will examine the process that governmental buildings are approved in order to develop a process that allows IEUA to appropriately collect fees from public service facilities as allowed under Government Code §54999, as described in the scope below.

DELIVERABLE:
Report chapter that defines the current connection fee collection procedures and challenges, defines feasible collection alternatives, including the advantages and disadvantages of each alternative, a planning-level cost estimate to implement these programs, and implementation considerations and next steps.
2.6 Monthly Sewer Fees Collection Process

Carollo will evaluate collection alternatives for monthly sewer fees through the County Property Tax Roll. Several regional agencies, such as the Orange County Sanitation District and the Los Angeles County Sanitation District, recover user fees on the annual tax assessment. This approach has two main advantages - provides a secure revenue source, as non-payments become a lien against the property; and it can reduce administrative costs and burdens. However, this approach can create a financial burden on some ratepayers that have difficulty paying large semi-annual payments.

Carollo will create a billing methodology survey, defining the advantages and disadvantages of different billing approaches, including direct monthly billing and collection through the annual tax assessment. The advantages and disadvantages will consider internal and external costs, customer acceptance, and administrative requirements.

DEVELOPABLE:
Report chapter that outlines available billing alternatives, including the advantages and disadvantages of each alternative, a planning-level cost estimate to implement these programs, and implementation considerations and next steps.

2.7 Implementation Impact & Transition

While this study will produce a redefined EDU based on updated metrics for consistency, transparency, and auditability, the true revenue impact and cost shifts will not be fully known until all customers are transitioned. Where the above tasks provide IEUA with the necessary foundation to evaluate and assess the potential EDU changes (based on sample data), customer shifts and revenue impacts may necessitate further evaluation when applied in full to all customers and Contract Agencies.

For budgeting purposes, this task is optional as the selected methodologies may not necessitate the effort or as this could be performed by IEUA. However, if requested, Carollo would analyze customer data from across the IEUA service area and link the data with the new metrics. By doing so, the analysis would provide IEUA with a full understanding of the potential shifts. Additionally, Carollo will work with IEUA to develop a Transition Plan for implementing the proposed changes to the EDU methodology.

DEVELOPABLE:
Report chapter that outlines revenue shifts throughout the IEUA service area, implementation considerations, and transition options to mitigate administrative or Contract Agency impacts.

Task 3. Public Service Facilities

Currently not all public service facilities are charged sewer rates and connection fees. This practice is not applied uniformly by all member agencies. This results in lost revenues and potentially creates a conflict under Proposition 218. Under California Government Code §54999, agencies may impose or increase an existing impact fee on public entities "after [an] agreement has been reached between the two agencies through negotiations entered into by" the District
and the public entity on whom the fee is being imposed. In compliance with this statutory requirement and IEUA's own equity requirements, fees imposed on public entities are "determined on the basis of the same objective criteria and methodology applicable to comparable nonpublic users, based on customer classes established in consideration of service characteristics, demand patterns, and other relevant factors."

Carollo will evaluate the exclusion of Public Service Facilities from the charge for connection fees and monthly sewer charges, the financial impact if these charges are apportioned to other customers of the Regional System, and compliance to regulatory or statutes, such as Propositions 26 and 218. Carollo will meet with IEUA staff and legal counsel to discuss the implications and considerations of CGC §54999. Carollo will also discuss the approaches developed and applied for other peer agencies, such as the Sacramento Regional Sanitation District. Finally, Carollo will also discuss a transition plan, assuming IEUA wishes to modify the current program. This transition plan will determine the cost impact on this customer class as IEUA can provide the necessary customer data to support this analysis.

DELIVERABLE:

Report chapter that outlines considerations for imposing connection fees and sewer charges on public service facilities in order to recover a proportional share of system costs. The chapter will reference statutory guidelines, such as CGC §54999. Finally, if IEUA wishes to modify its current practice, the chapter will outline a preliminary transition plan and the cost impacts to these customers as a class.

Task 4. Leasing of Capacity

IEUA and its regional partners would like to encourage continued growth to the region's industrial base. This expansion supports the economic prosperity of the region, as well as directly and indirectly helps to spread wastewater system costs, thus providing a positive impact to IEUA's customers. As it has always been IEUA's policy to equitably distribute and recover costs to its customers, any industrial program must align with legal standards (Prop 218 and 26; Government Codes §66013 and §54999).

Due to the magnitude of the upfront cost for large dischargers, connection fees could ostensibly be cost prohibitive and/or deter the relocation or expansion of industrial customers. However, in accordance with Government Code §66013, IEUA must proportionally recover costs from all users, and therefore must impose a connection fee. Because these industrial customers are a unique class of wastewater user, IEUA has some latitude in how it imposes the fee. More specifically, IEUA could lease capacity to industrial customers, rather than charge them an upfront connection fee. A similar approach could be used for large commercial customers, such as restaurants.

Carollo will explore leasing options that could be made available to industrial and commercial customers and the potential revenue risk. This leasing option will consider approaches used by other agencies such as the Orange County and Napa Sanitation District. As these agencies have done, it is critical to evaluate commercial and industrial customers independently, as they
each place a unique burden on the IEUA system that does differ from each other, as well as residential customers.

DELIVERABLE:
Report chapter that defines how industrial customers are a unique class and could therefore be provided a capacity lease, the calculation of a proposed capacity lease rate, and considerations for implementing such a program.

Task 5. Draft and Final Report
Carollo will provide to IEUA a draft and final report that summarizes the findings and the proposed sewer use fees. IEUA comments on the draft report will be incorporated and a final report will be prepared. The report will provide IEUA with the necessary information to support the recommended changes and create a sound administrative record.

DELIVERABLE:
Carollo will provide IEUA with an electronic copy and ten (10) hard copies of the draft report for review. We will provide IEUA with both electronic and ten (10) hard copies of the final report and an electronic copy of any developed Microsoft® Excel model will be provided.

Task 6. Meetings and Presentations
Carollo believes that regular communications are essential for delivery of a successful project that meets IEUA's objectives. We will meet with IEUA to discuss the project, verify data, and discuss the draft report. Key anticipated meetings include the following:

- **Kick-off Meeting.** Prior to the design of the project, Carollo will review necessary documents and shall attend an informal meeting to receive the Agency's input. It is anticipated that the Carollo's core project team will be in attendance. The Agency's project manager will provide a presentation of the scope and a schedule for the project.

- **Bi-weekly Meetings.** A bi-weekly meeting will be conducted between the Agency project manager and Carollo's project manager to review the status of action items and deliverables. The meeting will be conducted by telephone conference.

- **Monthly Meetings.** Once a month, a bi-weekly meeting will be replaced by a monthly meeting. Carollo's project manager will lead the meeting and provide updates on the progress of the feasibility study, milestones achieved, any decisions required to maintain the progress of the project, and any potential issues that may affect the project schedule. Carollo's core project team and Agency's core project team may be in attendance, as needed. The meeting shall be conducted onsite at the Agency's Headquarters Building. In addition, to facilitate acceptance of the study results, stakeholders can be invited to these meetings to help with the development process.

- **Board Presentation.** Preparation for and attendance at one Board presentation is included in the scope of work.

Each of these meetings will result in a critical project milestone in that key decisions will be made and results finalized based on the outcome of these meetings.
Exhibit B
## INLAND EMPIRE UTILITIES AGENCY

### CONSULTING SERVICES INVOICE

**Company:** ABC Company  
**Address:**  
**Phone No.:**  
**Program/Proj No.:** RFO-1 Improvement Project, EN TAXX  
**Contract No.:**  
**Contract Value:**  
**Contact Person:** Jamal Al-Kudzi  
**Invoice Date:** 10/16/2015

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### PAYMENT SUMMARY FOR THIS PERIOD:

- **From:** 9/1/2015  
- **To:** 9/30/2015

**Amount Earned Original Contract:** $0.00  
**Amount Earned Amendments:** $0.00  
**Back Charges:** $0.00  
**Total Amount Due This Period:** $0.00

### PRIOR PAYMENT SUMMARY:

**From:**  
**To:**

**Amount Earned Original Contract:** $0.00  
**Amount Earned Amendments:** $0.00  
**Back Charges:** $0.00  
**Total Amount Due This Period:** $0.00

### TOTAL PAYMENT SUMMARY:

**Total Contract:**

- **Total Original Contract:** $0.00  
- **Total Contract Amendments:** $0.00  
- **Total Payments to Date:** $0.00  
- **Payment this period:** $0.00  
- **Balance of Contract:** $0.00

### CONTRACT SCHEDULE SUMMARY:

- **Contract Start Date:** 10/9/2014  
- **Contract Duration:** 365  
- **Contract Completion Date:** 10/9/2015  
- **Authorized Time Extension:** 0  
- **Revised Completion Date:** 10/9/2015

### PROJECT COMPLETION SUMMARY:

- **Contract Time Expired:** 102%  
- **Contract Work Complete:** #DIV/0!

### Consultant Approval:

**Title:**  
**Signature:**  
**Date:**

### Inland Empire Utilities Agency Approvals:

- **Proj. Engineer:**  
  **Date:**  
  **Exec. Mgr. / Assistant GM:**  
  **Date:**  
- **Deputy Manager:**  
  **Date:**  
  **General Manager:**  
  **Date:**

12/8/2015
Exhibit C
# Inland Empire Utilities Agency - Sewer Fee Study

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## Estimated Schedule

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- Draft Report
- Kick-off Meeting
- Final Report
- Meetings/Presentations
Date: June 15, 2016

To: The Honorable Board of Directors

Through: Public, Legislative Affairs and Water Resources Committee (6/8/16)

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 receive and file.

BACKGROUND

July

- July is Smart Irrigation Month
- July 16 – Chino Community Garden Grand Opening, 9:00 a.m. to 12:00 p.m., 5976 Riverside Drive, Chino
- July 20 (Tentative) – Employee Appreciation Picnic, 11:30 a.m., Location TBD

August

- August 12 – San Bernardino County Water Conference, Ontario Convention Center, 3400 Shelby Street, Ontario

Outreach/Education - Civic Publications Newspaper Campaign

- IEUA sent an email blast on May 26 with the subject line reading **May is Water Awareness Month: Are you AWARE of your WATER USE?** The email blast led viewers to the KickWaterWaste.com website.
- IEUA ran a Water Awareness Month advertisement in the Daily Bulletin on May 15.

Media and Outreach

- Staff is developing summer messaging tips and re-vamping the **Kick the Habit** logo to include a summer brand for messaging during the summer months. The tips will focus on the State Water Resources Control Board’s permanent restrictions following the Governor’s Executive Order.
Staff is updating the *Kick the Habit* movie trailer and will outreach through local theaters for 14 weeks beginning June 17.

Staff is developing advertisements to promote “No Drugs Down the Drain” and IEUA’s Automatic Water Softener Rebate program. These advertisements will run in June in the *Daily Bulletin*, *Fontana Herald News* and *La Opinion* newspapers.

*A Kick the Habit* advertisement will run in the *Champion Newspaper*’s Healthy Living section on June 18.

IEUA staff placed a ¼ page *Kick the Habit* advertisement in the *Fontana Herald News* for the month of June.

*Kick the Habit* bus advertisements in English and Spanish began on October 5, 2015 for an initial six-month run and will continue to run for another six months.

In May, 27 items were posted to Facebook and 24 tweets were sent under the @IEUAwater Twitter handle.

Staff began implementing Friday Foliage as a weekly spot on IEUA’s social media channels to highlight water efficient California native and drought tolerant plants. It also features pictures of the plants and information regarding the plant (i.e. good for slopes, attractive to butterflies, the location of where to locate them in the Chino Creek Park, etc.)

For Water Awareness Month (May), staff implemented social media posts including *Where’s Wally?* and *Advice from Owlie*. Staff developed water tip videos to display on social media sites and the Agency website. The post categories and water tip videos will continue to be an Agency staple for outreach moving forward into the summer months.

**Education and Outreach Updates**

- The Water Discovery Program is booked through the 2015/2016 school year. 1,597 Girl Scout troop members, elementary, middle and high school students have taken part in the park field trip from July 1, 2015 through May 30, 2016. The Busing Mini-Grant program was extended through December 2020.

- Solar Cup 2016 was a huge success for IEUA teams. Henry J. Kaiser High School in the city of Fontana, took 1st place overall in the rookie division at the three-day competition at Metropolitan’s Lake Skinner. In the competitions leading to their 1st place finish, they received the most points in the endurance race, the 200-meter sprint and the Inland Empire Region Public Service Announcement categories. Chino High School in the city of Chino, placed 2nd overall against 38 teams in the veterans division, an incredible jump from their 13th place finish last year. They received the most points for their Inland Empire Region Public Service Announcement and was awarded the 2nd most points for the 200-meter sprint in the Inland Empire Region.

- The Garden in Every School® team conducted site visits in May to evaluate the proposed garden sites at schools that submitted grants for program year 2016/17. After evaluation, Montclair High School in the city of Montclair, Arroyo Elementary in the city of Ontario, Townsend Junior High School in the city of Chino, and Rolling Ridge Elementary in the city of Chino Hills have been selected and awarded the grant.

- Staff will begin working with member agencies in June to plan the 2016 Water Conservation Fair.
PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

The above-mentioned activities are budgeted in the FY 2015/16 Administrative Service Fund, External Affairs Services budget.
INFORMATION
ITEM
2B
MEMORANDUM

To: Joe Grindstaff and Kathy Besser, IEUA
From: Letitia White, Jean Denton, and Drew Tatum
Date: May 26, 2016
Re: May Monthly Legislative Update

As House Starts Appropriations Process, Amendments Stall Progress

While House Republican lawmakers hoped to advance a budget at the beginning of the month, they were unsuccessful in bringing a budget to the floor during the month of May. Republicans in the House have yet to resolve a dispute regarding the increased budget caps agreed to in the Bipartisan Budget Act of 2015. That agreement raised the discretionary spending accounts by roughly $30 billion in FY15 and FY16 by extending budget sequestration for an additional two fiscal years. Conservatives have insisted on marking a budget resolution at the original spending levels agreed to in the 2011 budget law that put sequestration in place.

In an effort to satisfy conservatives, Republican leaders offered $30 billion in cuts to entitlement programs during the next two fiscal years. Since the entitlement cuts have been introduced as standalone legislation, many fear the legislation would not advance in the Senate, where Republicans do not have enough votes to overcome a filibuster.

Due to the impasse on the budget resolution, the House was unable to bring any appropriations bills to the floor before May 15. The House Appropriations Committee readied bills for the floor throughout April and the beginning of May in anticipation of floor action in the later part of May. The first bill that went to the floor was the Military Construction-VA bill, which is traditionally a non-controversial bill that traditionally receives bipartisan support. Chaos erupted on the floor when an amendment barring LGBT discrimination by federal contractors was narrowly defeated. The presiding officer held the vote open when it appeared that the amendment would pass, allowing time for Members to change their vote to defeat the amendment.

In addition to funding level disputes, appropriators expected that a number of controversial amendments could surface this year to threaten progress on the annual spending bills. Last year, an amendment barring the display of the Confederate flag at national cemeteries ended work on individual appropriations bills in the House.

After considering the Military Construction-VA Appropriations bill, the House moved to the Energy and Water Appropriations bill. That legislation contains controversial provisions from a House-passed bill by Representative David Valadao (R-CA) that would loosen environmental
Innovative Federal Strategies LLC

protections to allow additional water to be pumped from the delta to the Central Valley and municipalities in southern California. Democrats attempted to remove the language at the Committee level, and they attempted again via a floor amendment. The vote to strip the language on the floor went down along party lines in a 169-247 vote. Lawmakers took on a number of controversial subjects during amendment votes on wide-ranging topics like the Iran nuclear agreement, sanctuary cities, the North Carolina transgender bathroom law and protections for LGBT individuals in federal contracting.

The House ultimately voted overwhelmingly to reject the Energy and Water spending bill on a 112-305 vote, with 130 Republicans voting against the measure with nearly all Democrats. The House’s overwhelming rejection Thursday of the legislation casts some doubt on the future of the fiscal 2017 appropriations process. House members left for a one-week recess following the vote, which will give members time to discuss how to move ahead and allow temperatures to cool.

House Appropriations bills are generally brought to the floor with an open rule for amendments, allowing the minority party to make the majority party take politically sensitive votes. Republicans were already considering changing rules for appropriations floor work so that amendments had to be pre-filed in the Congressional Record, so that leadership wouldn’t be caught off guard. The turmoil that ensued after the Energy and Water bill failed will likely amplify the need for some form of a closed rule in order to continue the appropriations process.

Republicans have made returning to regular order a theme this year. While there is no clear path for the appropriations process in June, Republicans will likely take the recess to chart a path forward for the FY17 cycle.

Senate Moves Forward with First Three Appropriations Measures
The Senate relied on a provision in the Bipartisan Budget Act of 2015 to deem spending levels rather than passing a budget resolution to begin the process of bringing appropriations bills to the floor. Additionally, since all appropriations bills were packaged together in the Consolidated Appropriations Act, 2016, the Senate had six legislative vehicles to move appropriations bills before they received any new spending bills from the House this year without the threat of their legislation being blue-slipped in the House.

The first appropriations bill to move in the Senate was the Energy and Water Appropriations bill. The Senate originally began consideration of the legislation before the end of April, but an amendment offered by Senator Tom Cotton (R-AZ) that would have prohibited the administration from purchasing heavy water—a byproduct of the creation of nuclear energy—from Iran stalled consideration. After two failed attempts to cut off debate on the Energy and Water Bill, the Senate successfully passed its first appropriations measure once it dispensed with the Cotton amendment. After the amendment failed on a procedural vote, Senator Cotton agreed to withdraw it. Lawmakers then agreed to yield back the remaining debate time on the legislation, quickly passing its first appropriations bill of the year.

Using another FY16 legislative vehicle, the Senate then moved to consideration of two appropriations measures, the Military Construction-VA bill and the Transportation-HUD bill.
Innovative Federal Strategies LLC

Additionally, the Senate attached a $1.1 billion supplemental appropriations bill to combat the Zika virus to the legislative vehicle. With little controversy, the Senate voted 89-8 to pass the second and third regular appropriations bills along with the Zika package.

While the House traditionally uses an open rule for amendments on appropriations measures, Senate leaders are able to use complex procedural maneuvers to block controversial amendments. The Senate did not bring up an appropriations bill during the final week of the month, instead opting to begin consideration of the National Defense Authorization Act.

House, Senate to Conference on Supplemental Zika Legislation
The House agreed to go to conference with the Senate to work out major differences in each chamber’s proposal to combat the Zika virus, a step toward talks as Democrats in Congress and the president push hard for fast action on the mosquito-borne virus that has been linked to birth defects in newborns. House members voted 233-180 for a rule that would allow the chamber to go to conference with the Senate over differences in the two chambers’ versions of their fiscal 2017 Military Construction-VA appropriations measures and legislation to address the Zika virus. The House then agreed by voice vote to go to conference.

The Senate will also need to agree to go to conference, and that agreement could come before lawmakers leave town for the Memorial Day recess. Democrats urged Republican leaders to cancel the Memorial Day recess to stay in town and quickly send a final Zika bill to the president. The Obama administration in February requested $1.9 billion in emergency spending to develop vaccines, combat mosquito populations and more. The House opted for a much smaller package, advancing a $622 million package that was fully offset and that expires at the end of the current fiscal year. The Senate passed a $1.1 billion package that was neither offset nor expires.

House Republicans have argued that additional funding can be provided through the fiscal year 2017 appropriations process. They contend that a supplemental package should only run through the end of the fiscal year so that spending can be controlled. The Senate considered several measures before settling on the $1.1 billion package that provided the funding without offsets. Once both chambers agree to a conference, Republican leaders and appropriators will have to bridge a wide spending disparity between each chamber’s proposal.

After completion of the Energy Policy Modernization Act in the Senate during the month of April, the House took up the legislation and substituted in its own package. The amendment contains a number of bills that have passed the House but have not advanced in the Senate, including H.R.8—the energy bill that passed the House in 2015 along party lines. The House substitute amendment also includes a slew of land, water, wildlife and conservation bills as well as a section on energy research and development.

Among the controversial provisions included in the substitute amendment passed by the House on May 25 is the drought legislation introduced by Representative David Valadao (R-CA) that passed the House last year. California Republicans—who are eager to pass a drought bill after
negotiations broke down with Senator Dianne Feinstein (D-CA)—have been attaching the legislation to bills moving to the House in order to bring the Senate to the negotiating table.

"We'll just keep trying, we're not giving it up," said Representative Jim Costa (D-CA). Costa is one of the few Democrats aligned with Republicans in favor of the drought legislation. He indicated it was too early to know which legislative vehicle would successfully carry drought legislation to final passage, but indicated renewed hope that California Democrats and Republicans would negotiate a final package this year. Republicans have been attempting to create as many opportunities to conference the drought legislation as possible, attaching the legislation to high-profile or must pass bills.

Sensor Hold Western Drought Hearing
The Senate Energy and Natural Resources Committee held hearing on several drought bills at the end of May, including Senator Feinstein's California Long-Term Provisions for Water Supply and Short-Term Provisions for Emergency Drought Relief Act. The hearing was the first on Senator Feinstein's latest drought package. In testifying in support of her legislation, Senator Feinstein noted that this is the second iteration of her legislation this Congress. She noted that her offices have continued to solicit feedback from federal, state, and local stakeholders. She also mentioned the support from ACWA and 104 local water agencies and individuals who have written letters of support for the legislation.

Four other Western water bills were also reviewed, foreshadowing the strategy proposed by Senate Energy and Natural Resources Committee Chairwoman Lisa Murkowski (R-AK) of advancing a west-wide drought bill later this year. Also making an appearance before the subcommittee was new legislation introduced by Senator Jeff Flake (R-AZ) and several Western-state Republicans that contains many Republican priorities to deal with drought conditions in their home states. While the Bureau of Reclamation was generally supportive of Feinstein's legislation, they indicated they had some concerns with the Flake bill.

Subcommittee Chairman Mike Lee (R-UT) indicated that details for a west-wide package are still being negotiated, but that this hearing was part of the first steps for the Committee to move forward. In addition to the requirement that the bill support west-wide drought mitigation, Chairman Lee also mentioned that the bill would need to be fully paid for through offsets or new revenue provisions.

FAA Deadline Looms
With the FAA reauthorization deadline looming in mid-July, the House has been slow to consider a long-term reauthorization. In April, the Senate Commerce Committee advanced legislation to reauthorize the agency through the end of fiscal year 2017. With broad bipartisan support, the Senate cleared the legislation on a vote of 95-3. The Senate legislation does not include the controversial provisions to privatize air traffic control operations championed by House Transportation and Infrastructure Chairman Bill Shuster (R-PA).

With no action in the House on its own legislation or the Senate-passed bill, Senate Commerce Committee leaders have sent a letter to Representatives Bill Shuster (R-PA) and Peter DeFazio (D-OR) urging the House Transportation and Infrastructure Committee to take up the Senate's
FAA reauthorization bill and pass it before the July 15 expiration date of current FAA authority. Highlighting the 95-3 approval the Senate bill got on the floor, Sens. John Thune (R-SD) and Bill Nelson (D-FL) took a diplomatic approach, nodding to the merits in Shuster's embattled pro-privatization bill, but argued that the only realistic path to avoiding another short-term extension would be to take up the Senate's more middle-of-the-road bill.

Although there are some six weeks remaining before the FAA's current authorization expires, there are only 23 legislative days remaining.

Outlook for June
Both the House and Senate will be in recess for the final week of May/first week of June for the Memorial Day recess.

The House schedule for June is very unclear after the Energy and Water Appropriations bill failed on the floor. Lawmakers will likely use the recess to chart a path forward on the fiscal year 2017 bills, including looking at changing the way bills are brought to the floor. With the FAA deadline pending, lawmakers may opt to spend time on competing FAA proposals to either dispense with the legislation or conference with the Senate.

The Senate will continue consideration of the National Defense Authorization Act upon returning from recess. Additionally, the Senate still has legislative vehicles to pass additional appropriations bills.

If a compromise can be reached on supplemental Zika appropriations legislation, both chambers could pass a compromise conference report during the month of June.
May 26, 2016

To: Inland Empire Utilities Agency

From: Michael Boccadoro
President

RE: May Legislative Report

Overview:
The Legislature spent most of May working in Budget subcommittees and in Appropriations Committees. With the state budget required to be adopted by June 15, subcommittees were busy working on their changes to the Governor’s proposed Fiscal Year 2016-17 state budget. Notably, the remainder of the recycled water funding from Proposition 1 was added into the budget by both houses. Additionally, the plan to allocate $3 billion from the Greenhouse Gas Reduction Fund has become a contentious battle for funds with changes being made without legislative consultation. Specifically, the Senate Budget Committee recently reduced the funding for CalRecycle’s Organics Diversion program from $100 million to just $50 million. It is unclear if the Legislature will pass the GGRF plan with the budget, as it might get held until the end of session as leverage for votes on other important climate related measures.

A recent Proposed Decision (PD) from the California Public Utilities Commission (CPUC) on the future of the Self Generation Incentive Program (SGIP) includes some significant changes to the program. The PD allocates 75 percent of the SGIP funds for energy storage projects with the remaining 25 percent to energy generation projects.

The saga over the closure of the San Onofre Nuclear Generating Station (SONGS) continues with the CPUC re-opening the decision that allocated the costs of shuttering the plant. After the original decision was rendered, documents were uncovered showing that then CPUC President Michael Peevey had improper communications with a Southern California Edison official where they discussed and agreed on how the costs would be allocated between ratepayers and shareholders. The process, scope and timelines for the new proceeding have not been determined.

Southern California Edison has warned lawmakers of the likelihood of rolling blackouts this summer because of the loss of Aliso Canyon. The natural gas storage facility remains unable to store gas until all the wells are checked and certified as safe.

In late April, the Department of Water Resources increased its State Water Project water delivery estimate from 45 percent to 60 percent. DWR originally set a 10 percent allocation, but moderate winter and spring rains have allowed DWR staff to increase the allocation as Northern California Reservoirs are now sitting above historic average.

On May 18, the State Water Resources Control Board adopted amended emergency conservation regulations that significantly relax water conservation standards. The new regulations rely on individual agencies to use their water supply forecasts for the next three years to self-certify their
estimates and water-use needs. The final regulation adopted is very similar to the proposal submitted by Eastern Municipal Water District, Western Municipal Water District, Irvine Ranch Water District and the Metropolitan Water District of Southern California.

SB 970 (Leyva), IEUA’s sponsored bill to promote the use of existing digester capacity at wastewater treatment plants for food waste diversion, is awaiting action on the Senate Floor. Assuming the bill is passed to the Assembly, IEUA and WCA will work with the author, stakeholders, the Senate Environmental Quality Committee and the Assembly on amendments to the bill ahead of a June policy committee hearing.

The State Water Resources Control Board recently ruled on a number of petitions regarding the California WaterFix. The petitions included one from MWD requesting increased involvement, flow criteria requirement petitions from the San Joaquin Tributary Authority, and a number of others.

Inland Empire Utilities Agency
Status Report – May 2016

SGIP
A Proposed Decision was recently released by the California Public Utilities Commission that proposed several changes to the Self Generation Incentive Program (SGIP). The major change requires incentive budgets to be separated into two categories- energy storage and generation. Seventy-five percent of the funding would be allocated to energy storage projects. The remaining twenty-five percent would go to generation projects, with 10 percent of the generation budget allocated to renewable energy projects.

The Proposed Decision sets levels starting between 60 and 90 cents per kWh with a $1.20 per kWh adder for biogas. The incentives would step down on three levels, depending on the technology.

SCE/SONGS
The CPUC has re-opened the proceeding involving allocating the costs related to the premature shut-down of the San Onofre Nuclear Generation Station (SONGS). After the CPUC approved the settlement in November 2014, it was revealed that Southern California Edison (SCE) had improper communications with then CPUC President Michael Peevey. SCE and Peevey had conversations to agree that ratepayers should be responsible for more than $3 Billion in costs to shutter the plant.

It is unclear at this point whether the ruling will allow for a total renegotiation of the settlement. There is also a court case pending that could have implications in the settlement. Procedural next steps will not be determined until July 21.
**Aliso Canyon**
Southern California Edison recently warned lawmakers that Southern California faces the risk of rolling blackouts this summer because of the loss of Aliso Canyon natural gas storage facilities. Governor Brown also recently signed a bill that continues the ban on using Also Canyon until comprehensive testing has been completed and all the wells are certified as safe.

During normal years, Aliso Canyon supports 9,800 MW of electric generation, 60 percent for the California Independent System Operator (CAISO) and 40 percent for Los Angeles Department of Water and Power.

**SWP Allocation Increased to 60 Percent**
In late April, the Department of Water Resources increased its State Water Project water delivery estimate from 45 percent to 60 percent. DWR originally set a 10 percent allocation, but moderate winter and spring rains have allowed DWR staff to increase the allocation.

SWP contractors requested 4,172,786 acre-feet for 2016. If the 60 percent allocation holds, contractors will receive 2,503,671 acre-feet. This year’s allocation is the highest since 2011, when SWP contractors received 80 percent of contracted amounts. The last full allocation was in 2006. Last year contractors received just 20 percent.

The main SWP reservoirs are Lake Oroville and San Luis Reservoir. Lake Oroville is at 94 percent of capacity, but San Luis stands at just 37 percent capacity and 46 percent of historic averages.

**SWRCB Emergency Water Conservation Measures**
On May 18, the State Water Resources Control Board adopted amended emergency conservation regulations that significantly relax water conservation standards. The new regulations rely on individual agencies to use their water supply forecasts for the next three years to self-certify their estimates and water-use needs. The final regulation adopted is very similar to the proposal submitted by Eastern Municipal Water District, Western Municipal Water District, Irvine Ranch Water District and the Metropolitan Water District of Southern California.

Environmentalists were unsuccessful in adding a “conservation floor” into the regulations that would require a minimum level of conservation. However, they were successful in adding a requirement that water districts base their supply projections on an assumption that there will be no temporary urgency change petitions of waivers of otherwise applicable water-quality standards. Such waivers were authorized by Executive Order and are set to expire.

**SB 970 (Leyva) Organic Food Waste Diversion**
SB 970 (Leyva), the IEUA sponsored bill aimed at helping the state meet its organics diversion goals by demonstrating regional programs using digester capacity at existing wastewater treatment facilities to co-digest biosolids and diverted food waste, is awaiting action on the Senate Floor. As a reminder, while the bill had broad support from many members of the Senate Environmental Quality Committee, the committee chair and committee staff were more comfortable with language that directs CalRecycle to consider some specific criteria when awarding grants in their existing program. The committee has committed to work with IEUA and the author’s office as the bill moves over to the Assembly to insert some more operative
language that will create an opportunity for these types of regional food waste diversion projects to receive appropriate funding from CalRecycle.

**SWRCB Rules on WaterFix Hearing Petitions**

Over the last several weeks, multiple parties have filed petitions and motions to the State Water Resources Control Board regarding the ongoing WaterFix hearing to approve or deny the project’s water right and change of diversion point. The board made a comprehensive ruling on the following petitions:

- Department of Water Resources and U.S. Department of the Interior: Request for 60-day continuance of all dates and deadlines associated with hearings – GRANTED
  - Part 1A to begin July 26, 2016 at 9 am. Part 1B to begin October 20, 2016 at 9 am.
- San Luis Delta Mendota Water Authority (SJTA submitted a supporting letter): Motion for Disqualification of Hearing Officers Felicia Marcus and Tam Doduc – DENIED
- Friends of the River and Sierra Club of California: Opposing SLDMWAs’s motion and renewing request to cancel proceedings until the Water Quality Control Plan for the Bay-Delta (Bay-Delta Plan) has been updated – DENIED
- Metropolitan Water District of Southern California: Request to amend notice of intent to appear, seeking for the first time to participate as a party in the hearing (in Parts 1 and 2 with 6 witnesses during Part 1B). MWD’s original NOI indicated that MWD intended only to present policy statements in Parts 1 and 2. – DENIED
- Several parties submitted revised NOIs, by the deadline, in which they propose to call witnesses in Part 1B – Board staff will contact those parties to confirm that new witness testimony proposed to be presented in Part 1B is testimony that could have been presented in Part 2.
- Planning and Conservation League, California Sportsfishing Protection Alliance, Restore the Delta, California Water Impact Network, Environmental Justice Coalition for Water, Environmental Water Caucus, Sierra Club California, Friends of the River, and Local Agencies of the North Delta: Petition to dismiss the WaterFix petition until a complete petition is submitted, on the grounds that a recent agreement between DWR and Contra Costa Water District resulted in changes to the WaterFix that need to be described in a complete petition, according to the California Environmental Quality Act (CEQA) – DENIED
- South Delta Water Agency: Request to suspend hearing for 60 days to hold a second pre-hearing conference to address issues including various pending motions, requests, and petitions, and DWR’s and Interior’s use of different modeling assumptions for the EIR/EIS and Biological Assessment – DENIED
- San Joaquin Tributaries Authority and members: Application to dismiss the petition on grounds that it does not include a legally sufficient proposal for the “appropriate Delta flow criteria” as required by the Sacramento-San Joaquin Delta Reform Act of 2009 – DENIED
State Budget
As the June 15 deadline to pass the FY 2016-17 state budget nears, Senate and Assembly Budget committees and sub committees are taking final action on many items.

Greenhouse Gas Reduction Fund
Notably, the Senate Budget Committee recently passed a Greenhouse Gas Reduction Fund (GGRF) spending plan that was drastically altered from the plan heard in subcommittee and was not released until hours before the committee took final action. Committee members, and even the chair, were also surprised at the new plan in front of them, having not been consulted prior to its release.

The new plan drastically cuts funding for short-lived climate pollutant (SLCP) reduction, specifically reducing the $100 million proposed in the Governor’s original plan to CalRecycle for organics diversion, down to $50 million. There was significant public comment in the budget committee hearing.

The Assembly adopted the Governor’s proposal, therefore the entire GGRF plan will move into Conference Committee where the matter will be discussed before final action.

There is talk that the final budget package will not include the GGRF funding. Many believe that the administration and legislative leadership will hold the funding back until they are able to get a two-thirds vote on Senator Pavley’s (D- Agoura Hills) SB 32, which would specifically authorize and extend the cap and trade program. They could also be holding the funding until Senator Lara’s (D- Bell Gardens) SB 1383, which would set specific short-lived climate pollutant reduction mandates, is passed as well.

The GGRF plan can be passed by Budget Trailer Bill any time before the end of session on August 31.

Recycled Water
Senate and Assembly Sub Committees have passed identical language allocating the remaining Proposition 1 recycled water funds. Both subcommittees took the same action, so the measure will not have to go to conference committee.

Consolidation Trailer Bill
24 hours before a scheduled hearing, a budget trailer bill on water district consolidation emerged. As a reminder, a budget trailer bill passed last year allowing the SWRCB to require consolidation in unincorporated areas. There was significant opposition because the language did not adequately outline who would pay for such consolidations.

The measure was taken up quickly, and without proper policy committee hearings, there were allowing for some unintended holes in the final bill. Now, a “cleanup” trailer bill has emerged and at the same time, Senator Wolk has resurrected a bill, SB 552, she already has over in the Assembly to address similar consolidation issues. While the specific language of the trailer bill has yet to be released, Senator Wolk’s SB 552 has been amended to allow for mandatory consolidation of mobile home parks anywhere in the state. Additionally, and most concerning to
many parties, is that the bill allows for an “administrator” to be appointed who would have powers to set rates.

While parties are not thrilled with the current content of SB 552, an actual bill that has hearings is preferable to a trailer bill that bypasses legislative policy hearings and could be taken up on the floor at any point.

SB 552 will likely be referred to committee and set for hearing at the beginning of June. The trailer bill does not need to pass with the budget and has until August 31 to pass.

Public Goods Charge
Many were worried that the administration would try to move a public goods charge on water as a budget trailer bill. The administration has indicated that they are not going to try to do so. Additionally, Senator Pavley has indicated that she is not planning to move SB 20, her public goods charge bill that is already in the Assembly.

Legislative Update
Policy Committees have not met since the May 6 deadline for all bills to be out of policy committees. Most of the month was spent in budget sub committees and in appropriations committees. Appropriations committees will take up their respective “suspense files” on May 27. Bills that have a cost of over $100,000 automatically go to the suspense file and are considered in one hearing. Both houses will spend the first week of June in floor sessions to move bills out of their original house before the June 3 deadline. The rest of June will be full of policy committee hearings for bills in their second house. July 1 marks the deadline for bills to be out of their second house policy committees, as well as the start of the month-long summer recess for the legislature.
Little was accomplished (or even considered) in the first part of 2016. In April, the House and Senate went into what I reported as “high activity.” May continued that “high activity” but also revealed the legislative limitations, especially in the House.

**Snapshots**

**Budget**

- House did not adopt a budget by May 15 as required by the Budget Act, but the House leadership instructed their Appropriators to proceed anyway.

- Last month, I reported that
  - “…this (finalizing the Budget and turning to funding bills) remains a huge problem, especially for the Speaker.” That proved to be accurate.

  - “Speaker Ryan, when it comes to establishing an overall budget, is being blocked by his own Caucus (a repeat of Boehner’s problems in 2013, 14 and 2015...).”

  - “House Appropriators want to proceed – and are declaring that they will bring their bills to the floor beginning May 15 no matter what.”
House Appropriations

Energy and Water Appropriations

Last month, House Energy and Water Appropriations Subcommittee marked up its bill and readied it for floor consideration (first of twelve funding bills). It couldn’t be brought to the floor until after May 15 and/or if/when a budget was approved.

And, at the time, I reported that the bill contains language overturning/setting aside CVPIA, ESA and other laws (applicable to CVP operations) – taken directly from the Valadao bill. These changes, if approved, have significant implications for State water rights. These provisions are highly controversial and divisive.

A Budget Resolution was not approved, but the House leadership and Appropriators brought the bill to the House floor anyway.

The Freedom Caucus objected for multiple reasons (primary being that Speaker Ryan refused to overturn the Boehner-Obama budget – spending level – deal), and voted the bill down (typically, if the leadership lacks votes, the bill is simply pulled – this time, they allowed the vote and the bill was rejected). Voting down this bill is causing an upheaval with the House GOP.

House Leadership and House Appropriators are trying to revise the bill and bring it back to the floor sometime in early June.

If the House is unable to move annual funding bills (most are ready to go), then this all but guarantees a CR of some kind in later September/early October.

Senate Appropriations

Energy and Water Appropriations

Again, as reported, the Senate Energy and Water Appropriations also began moving through the legislative process. At Senator Feinstein’s request, the bill included language to “maximize” water deliveries to the San Joaquin Valley – but stopped short of repealing or waiving the Endangered Species Act and other environmental laws. Her amendment also included water recycling language as well.

The Senate has not moved the Energy and Water bill yet.

Drought bill(s) – House and Senate

Controversial Valadao Language

The House is “all-in” on the Valadao drought bill. Led by House Majority Leader, McCarthy, the House is amending any and every possible bill that moves with language from Valadao’s bill.

A stand-alone bill was introduced, reported and passed the House (and then sent to the US Senate, where it is pending).

Valadao’s bill (or at least major portions of it) were included (by amendment) in
the Energy and Water Appropriations bill (see above)

At the end of May, the House amended the House Energy Bill with the full Valadao bill and appointed conference.

Portions of the Valadao bill were included in the Senate drought bill introduced by Senator Flake (which also includes language on Colorado River operations – itself controversial).

Valadao’s drought/regulatory relief bill, in one form or another, is now pending in three House bills and one Senate bill.

Energy Bill – House and Senate Conference Pending

The Murkowski-Cantwell bi-partisan energy bill overwhelmingly passed the Senate. First time in a decade that the Senate’s been able to fashion and move a bill – one that garnered votes from all but twelve (12) senators.

A house version of the bill was passed some time previously.

The bills are dramatically different.

The House took their version of the Energy Bill, amended it by including some 20 different House bills (many highly controversial) – brought it to the House floor, passed it and now asked for a conference. The new House bill is now more than 800-pages.

House conferees were named right before the Memorial Day break. The Senate has yet to name conferees.

As noted above, the Valadao drought/regulatory relief bill was included as an amendment to the Energy bill and will be a factor in the conference (once convened).

Water Resources Development Act (WRDA) 2016, Senate WaterSense/Water Softener Language

Last month, I reported that “Chairman Inhofe (R-OK) and Ranking Member Barbara Boxer (D-CA) introduced a new WRDA bill the last week of April and marked it up three days later. The massive bill was moved through the Environment and Public Works Committee in less than an hour (no amendments). The bill authorizes (for the first time), EPA’s WaterSense Program, as highlighted by the WaterReuse Association, to identify and promote water efficient products, buildings…including reuse and recycling technologies.” This WRDA bill contains provisions pertaining to water softener devices that are unacceptable to Southern California and national water organizations. These machines undermine water recycling and drought initiatives (in Southern California and any other salt-sensitive regions/areas).

JEUA, LA Sanitation District, WaterReuse Association and ACWA submitted draft report language to Senators Inhoff and Boxer. A “white paper” on the subject was drafted at the
end of May and circulated to key members of the Committee and California delegation. In addition, it was provided to key Brown Administration officials and the State’s Office in DC (Hall of States).

The objective is to change or qualify this language to eliminate incentives or programmatic direction for water softener technology to be use in salt-sensitive areas.

This was an issue in 2011. IEUA and others successfully got the WaterSense program to suspend a review of different salt-removal machines (any and all were detrimental for Southern California. It required the intervention of the EPA Administrator’s Office.

**Senate Drought bill**

**Still Pending – Awaiting Energy Committee Markup**

- Senators Murkowski and Cantwell – their legislative priority – is the Energy bill – soon to be conferenced.

- A drought bill is the next priority.

- Senator Michael Lee (R-UT), Chair, Subcommittee on Water and Power (Senate Committee on Energy and Natural Resources), recently stated that the Committee will only consider a “westwide” bill (and by implication stated that it will not consider a California-only bill).

- There are a series of water bills (Montana, Washington, Wyoming, New Mexico) and other states that have individual bills which could readily be fashioned into westwide bill (though that has not happened yet). Provisions of the Flake and Feinstein’s drought bills also have westwide implications.

- Unknowns...when the Senate will take up the drought bill is not known at this time. Whether or not a westwide drought bill must wait for the Energy Bill to be finalized (and a conferenced bill approved and signed into law) is another unknown.

**Drought Monitor**

**Drought in California and the West**

- According to the most recent Drought Monitor, drought conditions in California are improving in Northern California, but about half the state remains in Extreme (D-3) and Exceptional (D-4) status – all located in the San Joaquin Valley and portions of Southern California.

**Tax Reform Agenda**

- Municipal Bonds for America (MBFA) is holding House/Senate briefings on June 2 on the value and importance of municipal bond funding. Similar briefings a year ago generated stand-room-only attendance.
Drought Relief Funding – IEUA Grant Application Pending

- BuRec is expected to announce Title XVI/WaterSense grant funding awards – sometime in early June resulting from the $100 million for drought relief appropriated last December at Senator Feinstein’s request.

- IEUA submitted applications and your congressional delegation supported the request.

Unanticipated Drought-Related Federal Tax (Turf Rebate) Issue

- Still pending – still unresolved. It’s a significant issue for MWD in particular.

Lake Mead/Lake Powell

- Lake Mead and Lake Powell. During May, BuRec announced that Lake Mead dropped to 37% of capacity – it’s lowest level since filling. Lake Powell is slightly better at 48%. Mandatory allocation triggers are being watched very carefully (which, if they were to occur, would do so at the end of the calendar year).

Shift in Attitude

Water Recycling

- Recycled water has always been considered an “urban” issue (unfairly in my opinion). Nevertheless, the program was – for a quarter century – labeled, perceived and considered an “urban” program.

- In the past few months, media reports have told of ag interest.

- In mid-May, the California Farm Bureau Federation published an article about the value of recycled water and the transfer of recycled water from an urban water agency to an ag district.

- This is a positive development – one that I hope can be turned into greater financial support for Title XVI.
Date: May 26, 2016
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 Kathy Besser to review priority issues and to discuss activities for May that Executive Staff wanted accomplished
- Discussed ways to highlight the customer return on investment for the building of recharge basins in our service territory.
- Discussed LAFCO and made recommendations to staff about upcoming issues.
- Support and advise on IEUA/SBVMWD transfer transaction on an as needed basis.
- Provided a progress update on the recent request for documents from the CVWRD.
- Continue to monitor statewide water issues including The Water Fix, water bond, and drought relief act activities. Made recommendation regarding the request for money from various state special funds.
- Monitor Santa Ana Regional Board agenda and issues of Interest to IEUA.
- Attend ACWA Conference May 2-5 and interact with IEUA staff and Directors
INFORMATION
ITEM
2D
### Federal Legislation of Significance

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<td>H.R.5055 / S.2804</td>
<td>Rep. Mike Simpson / Sen. Lamar Alexander</td>
<td>FY 17 Energy and Water Development and Related Agencies Appropriations bill</td>
<td>The President’s budget request to Congress was released on February 9, 2016. <strong>President’s Budget Request for priority programs:</strong> Title XVI: $21.5 million WaterSMART: $23.4 million <strong>House Energy and Water Appropriations Committee Report:</strong> Title XVI: $24 million WaterSMART: $24 million <strong>Senate Energy and Water Appropriations Committee Report:</strong> Title XVI: $21.5 million WaterSMART: $23.4 million Western Drought: $100 million The Senate Energy and Water Appropriations bill has passed the Senate. The Senate’s legislation included additional funding, but no authorization for western drought. The House Energy and Water Appropriations bill failed to pass the House on a vote of 112-305, with 130 Republicans voting against the measure with nearly all Democrats. While the House legislation did not include additional funding for western drought, language has been included to provide additional pumping flexibility in the delta (the Valadao bill). A number of contentious amendments were added to the legislation, alienating both Republicans and Democrats. Amendments included wide-ranging topics like the Iran nuclear agreement, sanctuary cities, the North Carolina transgender bathroom law and protections for LGBT individuals in federal contracting.</td>
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<td>S.2533</td>
<td>Sen. Dianne Feinstein (D-CA)</td>
<td>California Long-Term Provisions for Water Supply and Short-Term Provisions for Emergency Drought Relief Act</td>
<td>Senator Feinstein’s latest drought bill received its first hearing in the Water Subcommittee of the Energy and Natural Resources Committee along several other bills, including a western package introduced by Senator Jeff Flake (R-AZ). In testifying in support of her legislation, Senator Feinstein noted that this is the second iteration of her legislation this Congress. She noted that her offices have continued to solicit feedback from federal, state, and local stakeholders. She also mentioned the support from ACWA and 104 local water agencies and individuals who have written letters of support for the legislation.</td>
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<td>S.2902</td>
<td>Sen. Jeff Flake</td>
<td>Western Water Supply and Planning Enhancement Act of 2016</td>
<td>Senator Flake introduced his legislation less than a week before the Water Subcommittee of the Senate Energy and Natural Resources Committee held a hearing along other drought bills, including Senator Feinstein’s drought package. Senator Flake’s bill is cosponsored by several western state Republicans and contains many Republican priorities to deal with drought conditions in their home states. Included in the legislation are reforms at the Bureau of Reclamation along with provisions relating to the Colorado River.</td>
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<td>H.R.2898</td>
<td>Rep. David Valadao</td>
<td>Western Water and American Food Security Act of 2015</td>
<td>Passed the House. House Republicans have inserted the Valadao bill into several pieces of legislation currently moving through the House. Several provisions from his bill have been included in the Energy and Water Appropriations bill that failed in the House during the last week of May. The legislation was also included in the House Amendment to the Energy Policy Modernization Act. Republicans hope to place the language in several bills in order to conference with the Senate on a drought package before the end of 2016.</td>
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<td>S.2012</td>
<td>Sen. Lisa Murkowski</td>
<td>Energy Policy Modernization Act of 2015</td>
<td>The Energy Policy Modernization Act has passed both the House and Senate in different forms, setting up a possible conference committee between the two chambers. The original Senate bill was the first broad energy reform policy bill in eight years considered by the Senate. The bill includes a number of policy priorities from both Republicans and Democrats and came as a result of months of negotiations, meetings outreach and other activities aimed at a truly bipartisan bill. The bill instead on fossil fuels and infrastructure: natural gas pipeline permitting, authorizing the main federal conservation fund, job training, updating the grid, as well as a push on energy efficiency. The legislation was brought back to the floor in April after an agreement was reached on amendments. While originally a target for energy tax breaks, those amendments were not added to the legislation. The House took up the legislation during the final week of the month. The House inserted its own substitute amendment that included a number of bills that have passed the House but have not advanced in the Senate, including H.R.8—the energy bill that passed the House in 2015 along party lines. The substitute amendment also contains the Valadao drought bill passed by the House in 2015. After passing the substitute amendment, the House voted to go to conference with the Senate. The Senate is expected to vote to go to conference either before the recess or upon returning.</td>
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<td>H.R.4470</td>
<td>Rep. Dan Kildee (D-MI) / Rep. Fred Upton (R-MI)</td>
<td>Safe Drinking Water Act Improved Compliance Awareness Act</td>
<td>The House has approved legislation to clarify the Environmental Protection Agency's authority to notify the public about danger from lead in their drinking water. The bill is the first approved by Congress to respond to the water crisis in Flint, Michigan. The legislation requires the Environmental Protection Agency to notify the public when concentrations of lead in drinking water rise above mandated levels and to create a plan to improve communication between the agency, utilities, states, and consumers. While the bill's authors admit that the new legislation will not prevent future water contamination, they contend that it will prevent the situation from dragging out as has happened in Flint. The legislation has not been taken up in the Senate, but it is expected to receive bipartisan support when Senators vote.</td>
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<tr>
<td>H.R.3143 / S.886</td>
<td>Rep. Jerry McNerney (D-CA) / Sen. Tom Udall (D-MN)</td>
<td>Smart Energy and Water Efficiency Act of 2015</td>
<td>Directs the Department of Energy (DOE) to establish and carry out a smart energy and water efficiency management pilot program to award grants to three to five eligible entities (authorities that provide water, wastewater, or water reuse services) to demonstrate advanced and innovative technology-based solutions that will: (1) increase and improve the energy efficiency of water, wastewater, and water reuse systems to help communities make significant progress in conserving water, saving energy, and reducing costs; (2) support the implementation of innovative processes and the installation of advanced automated systems that provide real-time data on energy and water; and (3) improve energy and water conservation, water quality, and predictive maintenance of energy and water systems, through the use of Internet-connected technologies, including sensors, intelligent gateways, and security embedded in hardware. The legislation was referred to the Senate Committee on Energy and Natural Resources. Hearings have also been held.</td>
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<td>H.R.5303 / S.2848</td>
<td>Rep. Bill Shuster (R-PA) / Sens. Jim Inhofe (R-OK) and Barbara Boxer (D-CA)</td>
<td>Water Resources Development Act of 2016</td>
<td>The Senate Environment and Public Works Committee has advanced its Water Resources Development legislation for consideration by the Senate. IFS is working with ACWA on language included in the legislation establishing a WaterSense program. We are seeking to add report language that would require the EPA to consider impacts to wastewater when considering equipment for the WaterSense label.</td>
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<td>The House Transportation and Infrastructure Committee marked up their version of the Water Resources Development Act and ordered it to be reported by voice vote.</td>
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<td>Both the House and Senate hope to complete consideration of the WRDA bill this year, putting the legislation back on to an every other year reauthorization.</td>
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<td>AB 1704</td>
<td>Dodd</td>
<td>Water Rights</td>
<td>Current law requires applicants for appropriation of water for small domestic, small irrigation, or livestock stockpond use to register with the State Water Resources Control Board, as specified. Current law requires the registration to include a certification that the registrant has contacted a representative of the Department of Fish and Wildlife and has agreed to comply with conditions set forth by the Department of Fish and Wildlife. This bill would, instead, require the registrant to provide a copy of the registrant's registration form to the Department of Fish and Wildlife and agree to general conditions, as specified.</td>
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<td>AB 1713</td>
<td>Eggman</td>
<td>Sacramento-San Joaquin Delta: peripheral canal</td>
<td>Current law requires various state agencies to administer programs relating to water supply, water quality, and flood management in the Sacramento-San Joaquin Delta. The bill would prohibit the construction of a peripheral canal, as defined, unless expressly authorized by an initiative voted on by the voters of California on or after January 1, 2017, and would require the Legislative Analyst's Office to complete a prescribed economic feasibility analysis prior to a vote authorizing the construction of a peripheral canal.</td>
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<td>AB 1738</td>
<td>McCarty</td>
<td>Building Standards: Dark Graywater</td>
<td>Would define &quot;dark graywater&quot; as a specified wastewater that comes from kitchen sinks and dishwashers. This bill would require the Department of Housing and Community Development, at the next triennial building standards rulemaking cycle, to adopt and submit for approval building standards for the construction, installation, and alteration of dark graywater systems for indoor and outdoor uses. This bill contains other existing laws.</td>
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<td>AB 1749</td>
<td>Mathis</td>
<td>California Environmental Quality Act: exemption: recycled water pipelines</td>
<td>CEQA exempts from its requirements projects consisting of the construction or expansion of recycled water pipeline and directly related infrastructure within existing rights of way, and directly related groundwater replenishment, if the project does not affect wetlands or sensitive habitat, and where the construction impacts are fully mitigated, and undertaken for the purpose of mitigating drought conditions for which a state of emergency was proclaimed by the Governor on a certain date. CEQA provides that this exemption</td>
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<td>AB 1755</td>
<td>Dodd</td>
<td>The Open and Transparent Water Data Act</td>
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<td>AB 1842</td>
<td>Levine</td>
<td>Water Pollution: Fines</td>
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<td>AB 1925</td>
<td>Chang</td>
<td>Desalination: Statewide Goal</td>
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<tr>
<td>AB 2206</td>
<td>Williams</td>
<td>Biomethane: interconnection and injection into common carrier pipelines: research</td>
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remains operative until the state of emergency has expired or until January 1, 2017, whichever occurs first. This bill would extend that date to January 1, 2022.

Would enact the Open and Transparent Water Data Act. The act would require the Department of Water Resources to establish a public benefit corporation that would create and manage (1) a statewide water information system to improve the ability of the state to meet the growing demand for water supply reliability and healthy ecosystems, that, among things, would integrate existing water data information from multiple databases and (2) an online water transfer information clearinghouse for water transfer information that would include a database of historic water transfers and transfers pending responsible agency approval and a public forum to exchange information on water market issues.

Current law imposes a maximum civil penalty of $25,000 on a person who discharges various pollutants or other designated materials into the waters of the state. This bill would impose an additional civil penalty of not more than $10 for each gallon or pound of polluting material discharged. The bill would require that the civil penalty be reduced for every gallon or pound of the illegally discharged material that is recovered and properly disposed of by the responsible party.

The Cobey-Porter Saline Water Conversion Law, states the policy of this state that desalination projects developed by or for public water entities be given the same opportunities for state assistance and funding as other water supply and reliability projects, and that desalination be consistent with all applicable environmental protection policies in the state. This bill would establish a goal to desalinate 300,000 acre-feet of drinking water per year by the year 2025 and 500,000 acre-feet of drinking water per year by the year 2030.

Would request the California Council on Science and Technology to undertake and complete a study analyzing the regional and gas corporation specific issues relating to minimum heating value and maximum siloxane specifications adopted by the Public Utilities Commission for biomethane before it can be injected into common carrier gas pipelines. If
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<td>AB 2304</td>
<td>Levine</td>
<td>California Market Water Exchange</td>
<td>Would establish the California Water Market Exchange, governed by a 5-member board, in the Natural Resources Agency. This bill would require the market exchange, on or before December 31, 2017, to create a centralized water market platform on its Internet Web site that provides ready access to information about water available for transfer or exchange.</td>
<td>Assembly Appropriations Committee</td>
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<td>AB 2313</td>
<td>Williams</td>
<td>Renewable Natural Gas</td>
<td>The California Global Warming Solutions Act of 2006 establishes the State Air Resources Board as the state agency responsible for monitoring and regulating sources emitting greenhouse gases. This bill would require the state board to study and evaluate a strategy or strategies to increase the in-state production and use of renewable natural gas, as defined, to further specified goals.</td>
<td>Senate Rules Committee</td>
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<td>AB 2488</td>
<td>Dababneh</td>
<td>Protected species: unarmored threespine stickleback: taking or possession.</td>
<td>Would permit the Department of Fish and Wildlife to authorize, under the California Endangered Species Act, the take of the unarmored threespine stickleback (Gasterosteus aculeatus williamsoni) attributable to the periodic dewatering, inspection, maintenance, or repair of the Metropolitan Water District of Southern California's Foothill Feeder water supply facility from Castaic Dam to the Joseph Jensen Treatment Plant in the County of Los Angeles, as specified, if certain conditions are satisfied.</td>
<td>Senate Natural Resources and Water 6/14</td>
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<td>AB 2583</td>
<td>Frazier</td>
<td>Sacramento-San Joaquin Delta Reform Act of 2009</td>
<td>Would add a definition of the California Water Fix to the Sacramento-San Joaquin Delta Reform Act of 2009. This bill would eliminate certain provisions applicable to the BDCP and would revise other provisions to instead refer to a new Delta water conveyance project for the purpose of exporting water. This bill would require new Delta water conveyance infrastructure to be considered as interdependent parts of a system and to be operated in a way that maximizes benefits for each of the coequal goals. This bill contains other related provisions and other existing laws.</td>
<td>OPPOSE</td>
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<tr>
<td>AB 2702</td>
<td>Atkins</td>
<td>Climate Change</td>
<td>Would state the intent of the Legislature to enact legislation that would continue the work with local</td>
<td>Assembly Appropriations Committee</td>
</tr>
<tr>
<td>Bill</td>
<td>Sponsor</td>
<td>Description</td>
<td>Summary</td>
<td></td>
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<tr>
<td>---------</td>
<td>----------</td>
<td>----------------------------------------------------------------------------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
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</tr>
<tr>
<td>ACA-8</td>
<td>Bloom</td>
<td>Local government financing: water facilities and infrastructure: voter approval</td>
<td>Would create an additional exception to the 1% limit for a rate imposed by a city, county, city and county, or special district to service bonded indebtedness incurred to fund the construction, reconstruction, rehabilitation, or replacement of wastewater treatment facilities and related infrastructure, potable water producing facilities and related infrastructure, nonpotable water producing facilities and related infrastructure, and stormwater treatment facilities and related infrastructure, that is approved by 55% of the voters of the city, county, city and county, or special district, as applicable, if the proposition meets specified requirements, and would authorize a city, county, city and county, or special district to levy a 55% vote ad valorem tax. This bill contains other related provisions and other existing laws.</td>
<td></td>
</tr>
<tr>
<td>SB 163</td>
<td>Hertzberg</td>
<td>Wastewater treatment: recycled water</td>
<td>Would declare that the discharge of treated wastewater from ocean outfalls, except in compliance with the bill's provisions, is a waste and unreasonable use of water in light of the cost-effective opportunities to recycle this water for further beneficial use. This bill, on or before January 1, 2026, would require a wastewater treatment facility discharging through an ocean outfall to achieve at least 50% reuse of the facility's actual annual flow, as defined, for beneficial purposes.</td>
<td></td>
</tr>
<tr>
<td>SB 885</td>
<td>Wolk</td>
<td>Construction Contracts: Indemnity</td>
<td>Would specify, with certain exceptions, for construction contracts entered into on or after January 1, 2017, that a design professional, as defined, only has the duty to defend himself or herself from claims or lawsuits that arise out of, or pertain or relate to, negligence, recklessness, or willful misconduct of the design professional. Under the bill, a design professional would not have a duty to defend claims or lawsuits against any other person or entity arising from a construction project, except that person's or entity's reasonable defense costs arising out of the design professional's degree of fault, as specified.</td>
<td></td>
</tr>
<tr>
<td>Bill</td>
<td>Sponsor</td>
<td>Description</td>
<td>Summary</td>
<td></td>
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<tr>
<td>SB 1043</td>
<td>Allen</td>
<td>Renewable gas: biogas and biomethane</td>
<td>Would require the State Air Resources Board to consider and adopt policies to significantly increase the sustainable production and use of renewable gas, as defined, and, in so doing, would require the state board, among other things, to ensure the production and use of renewable gas provides direct environmental benefits and identify barriers to the rapid development and use of renewable gas and potential sources of funding.</td>
<td></td>
</tr>
<tr>
<td>SB 1318</td>
<td>Wolk</td>
<td>Local government: drinking water infrastructure or services: wastewater infrastructure or services</td>
<td>Would prohibit a local agency formation commission from authorizing a city or a district to extend drinking water infrastructure or services or wastewater infrastructure or services until it has extended those services to all disadvantaged communities within or adjacent to its sphere of influence, as specified, or has entered into an agreement to extend those services to those disadvantaged communities, unless specified conditions are met. This bill contains other related provisions and other existing laws.</td>
<td></td>
</tr>
</tbody>
</table>

Senate Appropriations
Suspense

Senate Floor
INFORMATION ITEM 2F
Date: June 15, 2016
To: The Honorable Board of Directors
Through: Public, Legislative Affairs, and Water Resources Committee (06/08/16)
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: 2015 Regional Urban Water Management Plan

RECOMMENDATION

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

BACKGROUND

The California Water Code (CWC) Section 10620(a) requires an urban water supplier to prepare and adopt an urban water management plan (UWMP) consistent with CWC Section 10640. All urban water suppliers (including wholesalers), either publicly or privately owned, serving municipal water to greater than 3,000 customers or supplying more than 3,000 acre-feet annually are required to prepare and file its UWMP with the Department of Water Resources (DWR), the California State Library, and any city or county within which the participating agency.

An UWMP is a planning tool that provides guidance to water management agencies for the development of reliable water supplies to meet the needs of their communities. An UWMP is required for an urban water supplier to be eligible for DWR state grants, loans, and drought assistance. The Regional UWMP requires a detailed assessment of a number of planning issues including:

- The water supplies necessary to meet annual demands over a 25-year period, under multi-year drought and average year conditions;
- The stages of actions to be taken to address up to a 50% reduction in water supplies;
- The actions to be taken to address a catastrophic interruption in water supplies; and,
- The opportunities to maximize conservation and use of recycled water, local groundwater supplies, and other water supplies to reduce demands for imported supplies.
In addition to the mandatory reporting requirements, the 2015 Regional UWMP captures other Agency planning efforts incorporating its regional visions. Specifically, the Agency’s completed Phase I Integrated Resources Plan (IRP) and the Water Use Efficiency (WUE) Business Plan Update (2015-2020). Key elements of these documents have been incorporated into the UWMP to enhance the UWMP requirements as outlined in the 2015 UWMP Guidebook for Wholesale Water Suppliers. Examples include unique regional planning factors influencing water supply reliability, population growth, supply and demand projections, demand management measures, and the impacts of projected land use and future WUE standards on water demands. The UWMP also includes chapters on Climate Change Vulnerability Assessment and Voluntary Reporting of Energy Intensity.

Traditionally, the Agency and the Water Facilities Authority each completed individual UWMPs; however, based on duplication of efforts and discussion with DWR, a Regional UWMP was completed with the integration of content from both agencies.

In the 2015 UWMP, a Land-Use Based Model (Model) was developed from IEUA member agencies’ General Plan land use data that incorporates existing and future development within the region. The Model provides member agencies with agency specific demands and projections while maintaining individual agency data at the retail level. The primary objective of the Model was to disaggregate regional data to the member agency level for IEUA’s UWMP. The demand projections developed in the model will be used by the Agency and member agencies for any system or supply planning purposes that require detailed demand estimates and projections, such as conservation savings analyses.

As a requirement of the 2015 Regional UWMP, IEUA worked with the members as a Regional Alliance to recalculate 2010 regional urban water use demand baselines and re-calibrate the 2015 and 2020 gallons per capita day (GPCD) compliance targets. Based on the analysis, the new regional baseline was set at 227 GPCD and the 2015 target was re-calibrated at 218 GPCD. In calculating the 2015 regional compliance with SB X7-7, the region’s actual 2015 GPCD is reported to be 160 GPCD bringing all member agencies into compliance with the statute through the Regional Alliance. While IEUA, as a wholesale agency is not required to comply with SB X7-7, SB X7-7 provides that an urban water retailer may meet its urban water use target individually or through a regional water management group (Regional Alliance) by way of a mutual agreement. Once a Regional Alliance is filed with the DWR it is the responsibility of the wholesale agency to report to DWR on regional compliance. IEUA and its eight retail member agencies entered into a Memorandum of Understanding for establishing a Regional Alliance to comply with the Water Conservation Act of 2009 (SB X7-7) in May 2013.

The UWMP is consistent with the Agency’s Business Goal of increasing Water Reliability by promoting water use efficiency and education to enhance water supplies within the region; and meeting the region’s need to develop reliable and diverse local water resources in order to reduce dependence on imported water supplies.
PRIOR BOARD ACTION

On June 2, 2011, the IEUA Board of Directors adopted the IEUA 2010 Regional Urban Water Management Plan.

IMPACT ON BUDGET

None.

Attachments:

- The Final 2015 Regional Urban Water Management Plan (2015-2020) can be viewed at the following link: https://ieua.hostedftp.com/CnVg6zIClMACoKUGQqowmEL6Zs
- Resolution 2016-6-14
- Public Hearing Notice
RESOLUTION NO. 2016-6-14

A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE INLAND EMPIRE UTILITIES AGENCY*
(IEUA), SAN BERNARDINO COUNTY,
CALIFORNIA, ADOPTING THE 2015 REGIONAL
URBAN WATER MANAGEMENT PLAN FOR THE
INLAND EMPIRE UTILITIES AGENCY AND THE
WATER FACILITIES AUTHORITY

WHEREAS, the California Legislature enacted Assembly Bill 797, (Water Code Section 10610 et seq., known as the Urban Water Management Planning Act) during the 1983-1984 Regular Session, and as amended subsequently, which mandates that every urban water supplier providing water for municipal purposes either directly or indirectly to more than 3,000 customers or supplying more than 3,000 acre-feet of water annually, prepare an Urban Water Management Plan at least once every five years; and

WHEREAS, the Inland Empire Utilities Agency* is a wholesale supplier of water for 242-square miles in the western portion of San Bernardino County; and

WHEREAS, the Water Facilities Authority* is a wholesale supplier of water for 135-square miles in the west end of San Bernardino County; and

WHEREAS, pursuant to Section 10620 of the Urban Water Management Planning Act, the Inland Empire Utilities Agency and the Water Facilities Authority have participated together to prepare the 2015 Regional Urban Water Management Plan.

NOW, THEREFORE, the Board of Directors of the Inland Empire Utilities Agency* does hereby RESOLVE, DETERMINE, AND ORDER as follows:

Section 1. The 2015 Regional Urban Water Management Plan is hereby adopted.

Section 2. The General Manager is hereby authorized to file an electronic copy of the 2015 Regional Urban Water Management Plan with the State Department of Water Resources within 30 days following its adoption and no later than July 1, 2016.

Section 3. The General Manager is hereby authorized to file a CD or hardcopy of the 2015 Regional Urban Water Management Plan with the California State Library no later than 30 days after its adoption.
Section 4. The General Manager is hereby authorized to submit an electronic copy or a CD or hardcopy of the adopted 2015 Regional Urban Water Management to any city or county in which the suppliers provide water no later than 30 days after its adoption.

Section 5. The General Manager is hereby authorized and directed to implement the adopted 2015 Regional Urban Water Management Plan, including recommendations to the Board of Directors regarding necessary procedures, rules, and regulations in an effort to carry out effective and equitable water programs.

Section 6. The Resolution shall take effect upon adoption.

ADOPTED this 15th day of June, 2016.

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

ATTEST:

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

(SEAL)

* A Municipal Water District
I, Steven J. Elie, Secretary/Treasurer of the Inland Empire Utilities Agency*, DO HEREBY CERTIFY that the foregoing Resolution being No. 2016-6-14 was adopted at a Regular Board Meeting on June 15, 2016, of said Agency by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

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

(seal)

* A Municipal Water District
NOTICE OF PUBLIC HEARING
BY THE BOARD OF DIRECTORS OF
THE INLAND EMPIRE UTILITIES AGENCY TO ADOPT
THE 2015 REGIONAL URBAN WATER MANAGEMENT PLAN
SAN BERNARDINO COUNTY, STATE OF CALIFORNIA

NOTICE IS HEREBY GIVEN that the Board of Directors of the Inland Empire Utilities Agency has scheduled a public hearing to adopt the 2015 Regional Urban Water Management Plan, San Bernardino County, State of California.

NOTICE IS FURTHER GIVEN that said public hearing will be held at the following time and place for the purpose of hearing any and all public testimony on the above-stated issue.

DATE: Wednesday, June 15, 2016 – 10:00 a.m.

PLACE: Inland Empire Utilities Agency Board Room
6075 Kimball Avenue, Building A
Chino, CA 91710

All interested persons are invited to attend the public hearing and provide comments regarding the 2015 Regional Urban Water Management Plan that includes information for the Inland Empire Utilities Agency and the Water Facilities Authority. Oral statements will be heard, but for the accuracy of the record all important testimony should be submitted in writing.

NOTICE IS FURTHER GIVEN that a copy of the Draft 2015 Regional Urban Water Management Plan can be found on the Agency’s website at http://www.ieua.org/news_reports/notices.html or a hard copy is available at the IEUA Headquarters. Please direct comments and questions to the Planning & Environmental Compliance Department, Lisa Morgan-Perales at (909) 993-1520.
2015 Regional Urban Water Management Plan Update

Lisa Morgan-Perales

Inland Empire Utilities Agency
A Municipal Water District

IEUA Board of Directors Meeting
June 2016
The California Water Code requires an urban water supplier (including wholesalers), supplying more than 3,000 acre-feet annually or serving municipal water to 3,000 customers to prepare and adopt an urban water management plan (UWMP) and file with the Department of Water Resources (DWR) every five (5) years.

The UWMP is required for an urban water supplier to be eligible for state grants, loans, and drought assistance.

The UWMP must be adopted by the Board of Directors and submitted to DWR by July 1, 2016.
Key UWMP Code Changes

- Mandatory Electronic Submittal – WUE data Online Submittal Tool
- Mandatory Use of Standardized Forms
- Demand Management Measures (DMMs) – Requires narratives describing DMMs past 5-years and future DMMS to achieve water use targets
- Mandatory Water Loss Reporting – Requires a plan to quantify and report on distribution system water loss
- Voluntary Reporting of Passive Savings – future water projections based on savings from codes, standards, ordinances, etc.
- Voluntary Reporting of Energy Intensity & Climate Vulnerabilities
2015 Regional UWMP Development

- Land-Use Based Model Development
- Water Facilities Authority Partnership
- Integrated Resources Plan Incorporation
- Water Use Efficiency Business Plan Update
- IEUA’s 2015 Recycled Water Program Strategy
- IEUA’s Energy Management Plan
- IEUA’s Asset Management Plan
## Regional Alliance Compliance

### Retail Level Data

<table>
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<tr>
<th>Agency</th>
<th>2015 Service Area Population</th>
<th>Baseline GPCD (10-15 year)</th>
<th>2015 Target GPCD</th>
<th>2015 Actual GPCD</th>
<th>2020 Target GPCD</th>
<th>Selected Compliance Method (1 or 3)</th>
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<td>Chino Hills</td>
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<td>Upland</td>
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<td><strong>IEUA Region</strong></td>
<td><strong>866,027</strong></td>
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<td><strong>218</strong></td>
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<td>Includes RW Credit</td>
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<td>Includes WUE Credit</td>
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</tbody>
</table>
Recommendaion

1. Hold a public hearing to receive public comments
3. Authorize the General Manager to file the Plan with the Department of Water Resources, the California State Library, and any city or county in which the suppliers provide water.

The plan is consistent with the Agency’s Business Goal of Water Reliability by promoting water use efficiency and education to enhance water supplies within the region; and meeting the region’s need to develop reliable and diverse local water resources in order to reduce dependence on imported water supplies.
Public, Legislative Affairs, and Water Resources Committee

INFORMATION
ITEM
2G
Date: June 15, 2016

To: The Honorable Board of Directors

Through: Public, Legislative Affairs, and Water Resources Committee (6/8/16)
         Finance, Legal & Administration Committee (6/8/16)

From: P. Joseph Grindstaff
       General Manager

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

             Sylvie Lee
             Manager of Manning and Environmental Resources

Subject: Recycled Water Resolutions

RECOMMENDATION

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

BACKGROUND

The Inland Empire Utilities Agency (IEUA) and its Contracting Agencies have developed a successful regional Recycled Water Program for both direct use and groundwater recharge. In 2000, the region identified that recycled water use was a critical component in drought-proofing and maintaining its economic growth. With imported water rates increasing and long-term imported supply reliability in decline, the region committed to aggressively and proactively develop local water supplies to offset these impacts. This set the path for the development of a regional recycled water distribution system.

While the foundational commitment to beneficial reuse of recycled water has remained unchanged, some fundamental concepts have been questioned over the past few years, particularly since 2011. This resulted in the region working together to develop Recycled Water (RW) Policy Principles to address the changes since the inception of the program.

The Recycled Water (RW) Policy Principles that were approved by the Regional Committees in January and March 2016, and as adopted by the Board in March 2016, were developed in response to inequities identified by several Contracting Agencies regarding the use of the recycled water in excess of their respective base entitlement. The Regional Contract was proposed to be amended through a public hearing with the IEUA Board on June 15, 2016 to address the RW Policy...
Recycled Water Resolutions
June 15, 2016
Page 2 of 2

Principles. The proposed contract amendment language was developed over the last six months based on feedback from the Contracting Agencies. While meaningful discussion has taken place during workshops with the Regional Technical Committee members and IEUA, the Contracting Agencies are in fundamental disagreement on the contract amendment language. Contracting Agencies also have differing opinions on Section 30 of the Regional Contract that outlines the process for which the Board approves Regional Contract amendments. As a result, the public hearing scheduled for June 15, 2016 to amend the Regional Contract was cancelled.

In order to move forward as a region and for consideration for the implementation of core components of the RW Policy Principles, staff is recommending the Board adopt Resolution No. 2016-6-16 and Resolution No. 2016-6-17 which addresses the following:

- Provides the basis for the amount of recycled water use that the City of Chino will be grandfathered for the next several years
- Sets the definition for surcharge rate for use over base entitlement
- Establishes a surcharge rate for use in excess of entitlement

The proposed Resolutions are consistent with the Agency's Business Goal of increasing Water Reliability by meeting the region’s need to develop reliable, drought-proof and diverse local water resources in order to reduce dependence on imported water supplies.

PRIOR BOARD ACTION

On March 16, 2016, the Board adopted the Recycled Water Policy Principles and directed staff to develop Regional Contract amendments.

IMPACT ON BUDGET

None.

Attachments:

1. Resolution No. 2016-6-16
2. Resolution No. 2016-6-17
3. Notice to Rescind Resolution No. 2016-4-4
Date: May 24, 2016

To: Regional Policy Committee

From: Inland Empire Utilities Agency

Subject: Rescinding Notice of Intent to Amend Regional Contract

On April 6, 2016, The Inland Empire Utilities Agency Board of Directors adopted Resolution No. 2016-4-4, declaring its intent to amend the Regional Contract, per Section 30B of the Regional Sewage Service Contract.

This memorandum shall serve as a notification that the prior notice of intent to amend the Regional Contract is being rescinded. The public hearing scheduled for June 15, 2016, at 10 a.m. in the Inland Empire Utilities Agency Board Room at 6075 Kimball Avenue, Building A, Chino, California has been cancelled.
RESOLUTION NO. 2016-6-16

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING SURCHARGE RATES FOR RECYCLED WATER USE ABOVE ENTITLEMENT FOR FISCAL YEAR 2016/17

WHEREAS, The Regional Advisory Committees have reviewed and recommended service rates for Fiscal Year 2016/17:

NOW, THEREFORE, the Board of Directors of the Inland Empire Utilities Agency* does hereby RESOLVE, DETERMINE, AND ORDER as follows:

Section 1. That effective July 1, 2016, the surcharge rate for purchase of replacement water by IEUA will be set by the difference between the purchase and delivery cost of the replacement water and IEUA recycled water recharge rate for the fiscal year. Fiscal Year 2016/17 rates are as follows for the various categories:

1. Imported water from Metropolitan Water District rate per IEUA Rate Resolution 2016-6-7 and 2016-6-15 less recycled water groundwater recharge rate of $470 per acre foot.

2. Chino Basin Groundwater purchase rate less recycled water recharge rate of $470 per acre foot.

ADOPTED this 15th day of June, 2016.

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

ATTEST:

Secretary/Treasurer of the Inland Empire Utilities Agency* and of the Board of Directors thereof

* A Municipal Water District
I, Steven J. Elie, Secretary/Treasurer of the Inland Empire Utilities Agency*,
DO HEREBY CERTIFY that the foregoing Resolution being No. 2016-6-16, was adopted at
a regular meeting on June 15, 2016, of said Agency* by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

(SEAL)

Secretary/Treasurer

* A Municipal Water District
RESOLUTION NO. 2016-6-17

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY* (IEUA), SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING REGULATIONS FOR THE PURCHASE OF RECYCLED WATER ABOVE BASE ENTITLEMENT FOR CONTRACTING AGENCIES

WHEREAS, the IEUA Board of Directors has adopted Ordinance No. 69, regulating the availability and use of recycled water from the Regional Recycled Water Distribution System; and

WHEREAS, Section 16 A. 2 of the Chino Basin Regional Sewage Service Contract establishes each Contracting Agency’s Base Entitlement to recycled water; and

WHEREAS, IEUA and the Contracting Agency’s have determined that the purchase of recycled water in excess of a Contracting Agency’s Base Entitlement, delivered through the IEUA regional recycled water system, requires the establishment of policies and principles to promote the equitable allocation of recycled water within the IEUA service area; and

WHEREAS, in furtherance thereof, on January 28, 2016 and March 3, 2016 respectively, the Regional Technical and Policy Committees approved the Recycled Water Policy Principles, and on March 16, 2016 the IEUA Board of Directors adopted the Recycled Water Policy Principles; and

WHEREAS, the Recycled Water Policy Principles serve as a guideline to the establishment of these regulations governing the purchase of recycled water in excess of a Contracting Agency’s Base Entitlement, delivered through the IEUA regional recycled water system.

NOW, THEREFORE, the Board of Directors of the Inland Empire Utilities Agency* does hereby RESOLVE, DETERMINE, AND ORDER as follows:

Section 1. Definitions

Base Entitlement – Shall mean the total base supply of effluent which is subject to the right of first purchase from IEUA by the Contracting Agencies receiving sewerage service at any regional treatment plant, said portion being in the proportion that the quantity of sewage delivered into the regional sewerage system by the Contracting Agency bears to the total quantity of sewage delivered into the regional sewerage system by all Contracting Agencies, less normal processing losses resulting from the treatment of sewage.

Contracting Agency – Shall mean any sewage collection agency located, in whole or part, within the boundaries of IEUA which has entered into a service contract with IEUA.
Section 2. That effective July 1, 2016, the use of recycled water above a Contracting Agency's Base Entitlement will require the Contracting Agency to provide replacement water.

1. Any Contracting Agency exceeding entitlement shall provide replacement water by one of the following means:
   i. Stored water in the Chino Groundwater Basin,
   ii. Acquisition of another contracting agency's unused entitlement, or
   iii. Payment of a surcharge rate to IEUA per Section 3, below.

2. The annual amount of replacement water will be calculated as a reconciliation on the annual usage and the entitlement once a year, within 90 days following the end of the fiscal year.

3. Replacement water will be purchased by IEUA within 12 months following the Contracting Agency's payment of the surcharge rate.

Section 3. Effective July 1, 2016, the surcharge rate for the purchase of replacement water by IEUA will be calculated by IEUA based on the difference between the IEUA recycled water rate for the fiscal year and the purchase and delivery cost of the replacement water as set forth in the rate resolution by the IEUA Board.

Section 4. That effective July 1, 2016 through June 30, 2023, the City of Chino has temporary annual Base Entitlement based on Fiscal Year 2014/15 annual usage for its associated Fiscal Year 2014/15 customers of 8,324 acre-feet. The groundwater recharge allocation for Chino will be curtailed during the temporary period if the use of recycled water exceeds its base entitlement.

ADOPTED this 15th day of June, 2016.

President of the Inland Empire Utilities Agency* and of the Board of Directors thereof
Resolution No. 2016-6-17
Page 3 of 3

ATTEST:

______________________________
Secretary/Treasurer of the Inland Empire
Utilities Agency* and of the Board
of Directors thereof

* A Municipal Water District

STATE OF CALIFORNIA            )
COUNTY OF SAN BERNARDINO        )SS

I, Steven J. Elie, Secretary/Treasurer of the Inland Empire Utilities Agency*,
DO HEREBY CERTIFY that the foregoing Resolution being No. 2016-6-17, was adopted at
a regular meeting on June 15, 2016, of said Agency* by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

______________________________
Secretary/Treasurer

* A Municipal Water District