AGENDA

SPECIAL MEETING OF THE BOARD OF DIRECTORS

WEDNESDAY, DECEMBER 18, 2019
9:00 A.M.
INLAND EMPIRE UTILITIES AGENCY
AGENCY HEADQUARTERS
6075 KIMBALL AVENUE, BUILDING A
CHINO, CALIFORNIA 91708

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

FLAG SALUTE

PUBLIC COMMENT

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

- Mr. Branden Hodges, Environmental Resources Planner II, promoted November 17, 2019, Environmental Compliance Department

- Mr. Abel Medrano, Compost Operator, promoted December 2, 2019, Operations & Maintenance – Organics Management
2. PRESENTATIONS

A. OPTIMUM BASIN MANAGEMENT PROGRAM – Mr. Peter Kavounas,
   Chino Basin Watermaster General Manager

3. CONSENT ITEMS

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

A. MINUTES
   The Board will be asked to approve the minutes from the November 20,
   2019 Board Meeting.

B. ADOPTION OF RESOLUTION NO. 2019-12-4, COMMENDING CVWD
   DIRECTOR KATHLEEN J. TIEGS FOR 14 YEARS OF PUBLIC
   SERVICE
   Staff recommends that the Board adopt Resolution No. 2019-12-4,
   commending Director Kathleen J. Tiegs for her 14 years of public service
   with the Cucamonga Valley Water District.

C. ADOPTION OF RESOLUTION NO. 2019-12-5, COMMENDING CVWD
   DIRECTOR OSCAR GONZALEZ FOR 11 YEARS OF PUBLIC SERVICE
   Staff recommends that the Board adopt Resolution No. 2019-12-5,
   commending Director Oscar Gonzalez for his 11 years of public service
   with the Cucamonga Valley Water District.

D. REPORT ON GENERAL DISBURSEMENTS (Finance & Admin)
   Staff recommends that the Board approve the total disbursements for the
   month of October 2019, in the amount of $21,751,419.34.

E. IEUA FISCAL YEAR (FY) 2018/19 SINGLE AUDIT AND AUDITED
   COMPREHENSIVE ANNUAL FINANCIAL REPORT (Finance & Admin)
   (Audit)
   Staff recommends that the Board:

   1. Approve the Single Audit Report for fiscal year ended June 30, 2019;

   2. Approve the Comprehensive Annual Financial Report for fiscal year
      ended June 30, 2019; and

   3. Direct staff to distribute the report as appropriate, to the various
      federal, state, and local agencies, financial institutions, bond rating
      agencies, and other interested parties.
F. INTERNAL AUDIT DEPARTMENT CHARTER AND AUDIT COMMITTEE CHARTER (Audit)
Staff recommends that the Board:

1. Approve the Audit Committee Charter and the Internal Audit Department Charter; and

2. Direct staff to implement the charters.

G. ADOPTION OF RESOLUTION NO. 2019-12-7, AMENDING THE AGENCY’S SALARY SCHEDULE/MATRIX FOR ALL GROUPS
Staff recommends that the Board adopt Resolution No. 2019-12-7, amending the Agency’s Salary Schedule/Matrix for all groups.

H. ADOPTION OF RESOLUTION NO. 2019-12-1, APPROVING THE REPORTING OF UNIFORM ALLOWANCE AS SPECIAL COMPENSATION FOR CALPERS CLASSIC MEMBERS (Finance & Admin)
Staff recommends that the Board adopt Resolution No 2019-12-1, approving the reporting of uniform allowance as special compensation for CalPERS classic members.

I. PROJECT MANAGEMENT, INSPECTION, AND ADMINISTRATIVE SERVICES CONTRACT AWARD (Eng/Ops/WR)
Staff recommends that the Board:

1. Award an aggregate consultant contract for Project Management, Inspection, and Administrative Services to Butier Engineering, Carollo Engineers, GK & Associates, Michael Baker International, MWH Contractors, Project Partners, Wallace & Associates, and Wood Environmental for a total aggregate not-to-exceed amount of $10,000,000 over a five-year period, with two, one-year options to extend; and

2. Authorize the General Manager to execute the single aggregate consultant contract, subject to non-substantive changes.

J. CONTRACT AMENDMENT FOR JANITORIAL SERVICES (Eng/Ops/WR)
Staff recommends that the Board:

1. Approve the janitorial services contract amendment with Priority Building Services, LLC, in the amount of $200,000; and

2. Authorize the General Manager to execute the contract amendment.
K. **RP-5 EXPANSION FINDING OF CONSISTENCY WITH THE PROGRAM ENVIRONMENTAL IMPACT REPORT** *(Eng/Ops/WR)*  
Staff recommends that the Board:

1. Find the RP-5 Expansion falls within the scope of the Facilities Master Plan programs included in the 2017 PEIR; and

2. Find the PEIR adequately describes the activity for the purposes of CEQA.

L. **MOTOR CONTROL CENTER, ELECTRICAL DRIVE, AND CONTROL SYSTEM HARDWARE SOLE SOURCE** *(Eng/Ops/WR) (Finance & Admin)*  
Staff recommends that the Board:

1. Adopt a finding pursuant to Public Contract Code 3400(c) that the use of Rockwell Allen Bradley motor control centers, electric drives, and control system hardware: 1) match existing components in use at IEUA facilities; 2) the components are only available from Rockwell;

2. Authorize their procurement as a sole source for future O&M and capital projects for a duration of five years; and

3. Authorize the General Manager to execute the standardization contract with Rockwell and Royal Industrial Solutions, subject to non-substantive changes.

M. **CLIMATE CHANGE ACTION PLAN UPDATE** *(Eng/Ops/WR)*  
Staff recommends that the Board adopt the proposed 2019 Climate Change Action Plan.

N. **ESTABLISHING THE GOVERNING DOCUMENTS OF THE DEFINED CONTRIBUTION PLANS ADMINISTRATIVE COMMITTEE AND HEALTH REIMBURSEMENT ARRANGEMENT TRUST COMMITTEE** *(Finance & Admin)*  
Staff recommends that the Board:

1. Adopt Resolution No. 2019-12-2, authorizing the Defined Contribution Plans Administrative Committee, Committee Charter, Statement of Investment Policies and Guidelines, Fee and Expense Policy Statement and as Plan Sponsor delegate its administrative and fiduciary authority to the Committee;

2. Adopt Resolution No. 2019-12-3, authorizing the Health Reimbursement Arrangement Trust Committee, Committee Charter, Statement of Investment Policies and Guidelines, Fee and Expense Policy Statement and as Plan Sponsor delegate its administrative authority to the Committee; and

3. Authorize the General Manager to execute associated Plans, subject to non-substantive changes.
4. **ACTION ITEMS**

A. **ELECTION OF OFFICERS**
   Staff recommends that the Board elect, by majority vote, a President, Vice President, and Secretary/Treasurer of the Inland Empire Utilities Agency Board of Directors.

B. **APPOINTMENT OF A DIRECTOR TO THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA**
   Staff recommends that the Board review and consider its appointment of a Director to serve on the Metropolitan Water District of Southern California Board by majority vote.

C. **ADOPTION OF RESOLUTION NO. 2019-12-6, APPOINTING/RE-APPOINTING AGENCY REPRESENTATIVE AND ALTERNATE REPRESENTATIVE TO THE SAWPA COMMISSION**
   Staff recommends that the Board adopt, by majority vote, Resolution No. 2019-12-6, appointing/re-appointing the Agency representative and alternate representative to the Santa Ana Watershed Project Authority (SAWPA) Commission.

D. **APPOINTMENT OF A REPRESENTATIVE AND ALTERNATE REPRESENTATIVE FOR SAWPA PROJECT AGREEMENT 23 AND PROJECT AGREEMENT 24**
   Staff recommends that the Board appoint a representative and alternate representative for the SAWPA PA 23, and for the SAWPA PA 24.

5. **INFORMATION ITEMS**

A. **MWD UPDATE (ORAL)**

B. **CBWM UPDATE (ORAL)**

C. **SAWPA UPDATE (ORAL)**

D. **CHINO BASIN PROGRAM UPDATE (ORAL)**

**RECEIVE AND FILE INFORMATION ITEMS**

E. **FISCAL YEAR 2019/20 FIRST QUARTER BUDGET VARIANCE, PERFORMANCE GOAL UPDATES, AND BUDGET TRANSFERS (WRITTEN/POWERPOINT) (Finance & Admin)**

F. **TREASURER'S REPORT OF FINANCIAL AFFAIRS (WRITTEN/POWERPOINT) (Finance & Admin)**

G. **PUBLIC OUTREACH AND COMMUNICATION (WRITTEN) (Comm & Leg Affairs)**
H. STATE LEGISLATIVE REPORT AND MATRIX FROM WEST COAST ADVISORS (WRITTEN) (Comm & Leg Affairs)

I. FEDERAL LEGISLATIVE REPORT AND MATRIX FROM INNOVATIVE FEDERAL STRATEGIES (WRITTEN) (Comm & Leg Affairs)

J. CALIFORNIA STRATEGIES, LLC MONTHLY ACTIVITY REPORT (WRITTEN) (Comm & Leg Affairs)

K. INTERNAL AUDIT DEPARTMENT QUARTERLY STATUS REPORT FOR DECEMBER 2019 (WRITTEN) (Audit)

L. HUMAN RESOURCES: AUDIT HIRING AND PROMOTIONS OPERATIONS REVIEW (WRITTEN) (Audit)

M. CONTRACT EXTENSION FOR ADVISORY SERVICES FOR THE AUDIT COMMITTEE’S FINANCIAL ADVISOR (WRITTEN) (Audit)

N. CONTRACT EXTENSION FOR FINANCIAL AND SINGLE AUDITING SERVICES FOR IEUA AND CBRFA (WRITTEN) (Audit)

O. OPERATIONS DIVISION SEMI-ANNUAL UPDATE (POWERPOINT) (Eng/Ops/WR)

P. ENGINEERING AND CONSTRUCTION MANAGEMENT PROJECT UPDATES (POWERPOINT) (Eng/Ops/WR)

6. AGENCY REPRESENTATIVES’ REPORTS

A. SAWPA REPORT
   The December 3, 2019 Regular Commission meeting was cancelled. The December 17, 2019 meeting agenda was not available at time of printing.

B. MWD REPORT (WRITTEN)
   December 10, 2019 MWD Board meeting.

C. REGIONAL SEWERAGE PROGRAM POLICY COMMITTEE REPORT
   The December 5, 2019 Regional Policy Meeting was cancelled.
   The next meeting is scheduled for February 6, 2020.

D. CHINO BASIN WATERMASTER REPORT (WRITTEN)
   November 21, 2019 CBWM Board meeting.

E. CHINO BASIN DESALTER AUTHORITY
   The December 12, 2019 CDA Special Board meeting was cancelled.
   The next meeting is scheduled for January 9, 2020.

7. GENERAL MANAGER’S REPORT (WRITTEN)

8. BOARD OF DIRECTORS’ REQUESTED FUTURE AGENDA ITEMS
9. **DIRECTORS' COMMENTS**

A. **CONFERENCE REPORTS**

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

10. **CLOSED SESSION**

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

1. Chino Basin Municipal Water District vs. City of Chino, Case No. RCV51010

2. Spicer vs. W.A. Rasic Construction, Case No. CIVDS 1711812

11. **ADJOURN**

*A Municipal Water District

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

**Declaration of Posting**

I, April Woodruff, Board Secretary/Office Manager of the Inland Empire Utilities Agency*, A Municipal Water District, hereby certify that a copy of this agenda has been posted by 5:30 p.m. at the Agency’s main office, 6075 Kimball Avenue, Building A, Chino, CA on Thursday, December 12, 2019.

April Woodruff
Executive Summary:

On July 18, 2012, the Board of Directors adopted the Facilities Supervisory Control and Data Acquisition (SCADA) Master Plan, which prepared a road map for the migration from the existing Foxboro Invensys Distributed Control System (DCS) to a Rockwell Automation Enterprise SCADA system (PlantPax). To date, Carbon Canyon Water Reclamation Facility (CCWRF), Regional Water Recycling Plant No. 1 and No. 5 (RP-1/RP-5) have migrated to PlantPax. The Regional Water Recycling Plant No. 1 (RP-1) is currently in the design phase. During the migration of CCWRF, RP-4, and RP-5 it was determined the Rockwell PlantPax SCADA system had improved compatibility with Rockwell Allen Bradley motor control centers, electrical drives, and control system hardware resulting in more efficient operations and maintenance of the facilities and simplified designs. To ensure costs for the components are competitive, a standardization agreement between Inland Empire Utilities Agency (IEUA), Rockwell, and Royal Industrial Solutions (Rockwell's local distributor) has been drafted to provide IEUA discounts from Rockwell's list price of each component.

As such, staff is requesting a finding per Public Contract Code 3400(c; 2 & 3), which allows public agencies to specify a specific product for use if the awarding authority makes a finding that one or more conditions exist.

Staff's Recommendation:

1. Adopt a finding pursuant to Public Contract Code 3400(c) that the use of Rockwell Allen Bradley motor control centers, electric drives, and control system hardware: 1) match existing components in use at IEUA facilities; 2) the components are only available from Rockwell;
2. Authorize their procurement as a sole source for future O&M and capital projects for a duration of five years; and
3. Authorize the General Manager to execute the standardization contract with Rockwell and Royal Industrial Solutions, subject to non-substantive changes.

Budget Impact

| Account/Project Name: | Budgeted (Y/N): Y | Amendment (Y/N): N | Amount for Requested Approval: |

None.

Fiscal Impact (explain if not budgeted):

None.

Full account coding (internal AP purposes only): - - - Project No.: Various
Prior Board Action:
On July 18, 2012, the Board of Directors adopted the Facilities SCADA Master Plan.

Environmental Determination:
Not Applicable

Business Goal:
The use of Rockwell Allen Bradley motor control centers, electrical drives, and control system hardware is consistent with IEUA's business goal of Business Practices, specifically the efficiency and effectiveness objective that IEUA will apply best industry practices in all processes to maintain or improve the quality and value of the services we provide to our member agencies and the public.

Attachments:
Attachment 1 - Background
Attachment 2 - PowerPoint
Attachment 3 - Rockwell Standardization Agreement
Attachment 1
Background

Subject: Motor Control Center, Electrical Drives, and Control System Hardware Sole Source

The Facilities Supervisory Control and Data Acquisition (SCADA) Master Plan is based on the concept of an Enterprise SCADA system with seamless and transparent access from any of Inland Empire Utilities Agency (IEUA’s) SCADA systems, including the wastewater treatment facilities, recycled water, and groundwater recharge systems. The master plan prepared a road map for the migration from the existing Foxboro Invensys Distributed Control System (DCS) to a Rockwell Automation Enterprise SCADA system (PlantPax). Additionally, the master plan identified a need for the following:

- Enterprise SCADA System
- Programming standards for cost effective implementation
- Long-term SCADA maintenance and technical support agreement
- Cost-effective solutions for end-of-life assets
- Integration with IEUA’s Business System

On July 18, 2012, the Board of Directors adopted the Facilities SCADA Master Plan. The primary goal of the Facilities SCADA Master Plan is to define and document a road map for the implementation of the technology, practices, and organization required to meet IEUA’s long-term vision for SCADA. IEUA’s long-term vision of its SCADA system is to build a fully integrated and uniform system that provides enterprise-wide control and the tools necessary to maintain compliance and optimize operations. To date, Carbon Canyon Water Reclamation Facility (CCWRF), Regional Water Recycling Plant No. 1 (RP-1) and the Regional Water Recycling Plant No. 5 (RP-5) have migrated to PlantPax. The Regional Water Recycling Plant No. 1 (RP-1) migration is currently in the design phase.

During the migration of CCWRF, RP-4, and RP-5 it was determined the Rockwell PlantPax SCADA system had improved compatibility with Rockwell Allen Bradley motor control centers, electrical drives, and control system hardware resulting in improved operations and maintenance of the facilities and simplified designs. The success of these components can be attributed to their unique design as noted below:

2. Preconfigured device connections, IP addresses and subnet masks.
3. IntelligENTER Software provides real time diagnostics and electronic documentation (i.e. schematics)
4. Studio 5000 software add-on profiles, predefined Logix tags and pre-engineered FactoryTalk View Human Machine Interface (HMI) Diagnostic faceplates.
5. Integration Assistant uses existing add-on profiles to automatically create controller tags eliminating errors and reducing integration time of intelligent devices in Studio 5000 software.
These unique features result in overall efficiencies for Operations, Maintenance, and Engineering and reduces overall cost for these systems. Some of the benefits of the Rockwell Allen Bradley motor control centers, electrical drives, and control system hardware include:

1. Standardization of electrical components:
   - Reduction in design time including submittal review and factory acceptance testing.
   - Reduction and minimization of rework during or after initial startup due to overlooked requirements during design.
   - Reduction and minimization change orders.
2. Standardization of spare parts and local availability.
3. Improved reliability through the reduction of 3rd party add-on devices. (3rd party gateways, power monitoring, etc.).
4. Reduced programming time - availability of device drivers, power data from each device.
   - Non-Rockwell Allen-Bradley components result in extra programming for each electrical drive, digital overload, and power monitor.
5. Reduced Configuration Time - The use of Rockwell Allen Bradley motor control centers makes the installation of equipment simpler and reduces the need for much of the discreet wiring for status reporting to SCADA. The motor control centers can be configured and allow changes to be made faster and more efficiently.
6. Ease of expandability.
7. Improved maintenance troubleshooting due to additional availability of data.

To ensure costs for the Rockwell Allen Bradley motor control centers, electrical drives, and control system hardware are competitive, a standardization agreement between IEUA, Rockwell, and Royal Industrial Solutions (Rockwell's local distributor) has been drafted to provide IEUA discounts from Rockwell's list price of each component. Details of the discount pricing is provided in the table below:

Table I: Rockwell Automation Discount Pricing
<table>
<thead>
<tr>
<th>Product Categories</th>
<th>Description</th>
<th>% Discount</th>
<th>Warranty</th>
</tr>
</thead>
<tbody>
<tr>
<td>MCCs</td>
<td>Low Voltage—Assembled</td>
<td>68% off List</td>
<td>3 Yr. Parts Warranty Included at No Cost (5 year parts warranty pending)</td>
</tr>
<tr>
<td>MCCs</td>
<td>Low Voltage—Unassembled Units/Buckets</td>
<td>40% off List</td>
<td>3 Yr. Parts Warranty Included at No Cost (5 year parts warranty pending)</td>
</tr>
<tr>
<td>Drives</td>
<td>Engineered/Configured to order, SSB</td>
<td>10% off Market Level</td>
<td>3 Yr. Parts Warranty Included at No Cost (5 year parts warranty pending)</td>
</tr>
<tr>
<td>Software</td>
<td>FactoryTalk</td>
<td>15 % off List</td>
<td>N/A</td>
</tr>
<tr>
<td>Software</td>
<td>ViewPoint</td>
<td>15 % off List</td>
<td>N/A</td>
</tr>
<tr>
<td>Software</td>
<td>VantagePoint</td>
<td>15 % off List</td>
<td>N/A</td>
</tr>
<tr>
<td>Software</td>
<td>FT Historian (Server Only)</td>
<td>20 % off List</td>
<td>N/A</td>
</tr>
<tr>
<td>PLC</td>
<td>Hardware</td>
<td>20 % off List</td>
<td>1 year Warranty</td>
</tr>
<tr>
<td>HMI</td>
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<td>20 % off List</td>
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</tr>
<tr>
<td>Services</td>
<td>RA callout services</td>
<td>15 % off Rate</td>
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</tr>
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</table>

The duration of the agreement will be three years with the option of two one-year extensions for a total of five years.

Pursuant to the Public Contract Code 3400(b) provided below, Public Agencies are allowed to make a finding to sole source a product if any one of the findings below are valid. This board action is a request for the Board to make such a finding on two accounts and authorize the sole source of Rockwell Allen Bradley motor control centers, electrical drives, and control system hardware O&M and capital projects for a duration of five years.

**PUBLIC CONTRACT CODE - PCC**

**DIVISION 2. GENERAL PROVISIONS [1100 - 22355]**
(Division 2 enacted by Stats. 1981, Ch. 306.)

**PART 1. ADMINISTRATIVE PROVISIONS [1100 - 9203]**
(Heading of Part 1 added by Stats. 1982, Ch. 1120, Sec. 2.)

**CHAPTER 3. Formation [3000 - 3505]**
(Chapter 3 added by Stats. 1983, Ch. 256, Sec. 81.)

**ARTICLE 4. Preference for Materials [3400 - 3410]**
(Heading of Article 4 renumbered from Article 5 by Stats. 2017, Ch. 816, Sec. 2.)

3400.
(a) The Legislature finds and declares that it is the intent of this section to encourage contractors and manufacturers to develop and implement new and ingenious materials,
products, and services that function as well, in all essential respects, as materials, products, and services that are required by a contract, but at a lower cost to taxpayers.

(b) No agency of the state, nor any political subdivision, municipal corporation, or district, nor any public officer or person charged with the letting of contracts for the construction, alteration, or repair of public works, shall draft or cause to be drafted specifications for bids, in connection with the construction, alteration, or repair of public works, (1) in a manner that limits the bidding, directly or indirectly, to any one specific concern, or (2) calling for a designated material, product, thing, or service by specific brand or trade name unless the specification is followed by the words “or equal” so that bidders may furnish any equal material, product, thing, or service. In applying this section, the specifying agency shall, if aware of an equal product manufactured in this state, name that product in the specification. Specifications shall provide a period of time prior to or after, or prior to and after, the award of the contract for submission of data substantiating a request for a substitution of “an equal” item. If no time period is specified, data may be submitted any time within 35 days after the award of the contract.

(c) Subdivision (b) is not applicable if the awarding authority, or its designee, makes a finding that is described in the invitation for bids or request for proposals that a particular material, product, thing, or service is designated by specific brand or trade name for any of the following purposes:

(1) In order that a field test or experiment may be made to determine the product’s suitability for future use.

(2) In order to match other products in use on a particular public improvement either completed or in the course of completion.

(3) In order to obtain a necessary item that is only available from one source.

(4) (A) In order to respond to an emergency declared by a local agency, but only if the declaration is approved by a four-fifths vote of the governing board of the local agency issuing the invitation for bid or request for proposals.

(B) In order to respond to an emergency declared by the state, a state agency, or political subdivision of the state, but only if the facts setting forth the reasons for the finding of the emergency are contained in the public records of the authority issuing the invitation for bid or request for proposals.

Staff recommends the Board of Directors adopt a finding pursuant to Public Contract Code 3400(c) that the use of Rockwell Allen Bradley motor control centers, electric drives, and control system hardware: 1) match existing components in use at IEUA facilities; 2) the components with improved compatibility are only available from Rockwell Automation.
Motor Control Center, Electrical Drives, and Control System Hardware Sole Source
Purpose and History

- Motor Control Center (MCC)'s, Electrical Drives, and Control System Hardware are located in all IEUA facilities.

- Board of Directors adopted Facilities SCADA Master Plan to Transition to Rockwell Automation PlantPax SCADA System.

- CCWRF, RP-4, and RP-5 have migrated to PlantPax. RP-1 is in design.

- Rockwell MCC's, Electrical Drives, and Control System Hardware have improved compatibility with PlantPax.

- This action will result in improved efficiency and lower costs.
Rockwell Allen Bradley Devices

- Built-in single ethernet network reduces complex cabling
- Preconfigured device connections, IP addresses and subnet masks to reduce commissioning time and network troubleshooting
- IntelligCENTER Software provides real time diagnostics and electronic documentation
- Studio 5000 software add-on profiles, predefined Logix tags and pre-engineered FactoryTalk View HMI Diagnostic faceplates reduces programming time
- Integration Assistant uses existing add-on profiles to automatically create controller tags eliminating errors and reducing integration time of intelligent devices in Studio 5000 software
- Standardization of electrical components, spare parts, and training
Standardization Agreement

- Standardization Agreement between IEUA, Rockwell Automation, and Royal Industrial Solutions
- Provides IEUA a discount from list price for parts and service
- Three-year term with two one-year extensions for a total duration of five years

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IEUA Discount for Parts and Service
Recommendation

- Adopt a finding pursuant to Public Contract Code 3400(c) that the use of Rockwell Allen Bradley motor control centers, electric drives, and control system hardware: 1) match existing components in use at IEUA facilities; 2) the components are only available from Rockwell;

- Authorize their procurement as a sole source for future O&M and capital projects for a duration of five years; and

- Authorize the General Manager to execute the standardization contract with Rockwell and Royal Industrial Solutions.

The use of Rockwell Allen Bradley motor control centers, electrical drives, and control system hardware is consistent with Inland Empire Utilities Agency (IEUA's) Business Goal of Business Practices, specifically the efficiency objective that IEUA will apply best industry practices in all processes to maintain or improve the quality and value of the services we provide to our member agencies and the public.
Standardization Agreement

between

IEUA_RA_Royal

Inland Empire Utilities Agency
A MUNICIPAL WATER DISTRICT

Rockwell Automation

ROYAL
INLAND EMPIRE

October 10, 2019
Version 3.0

CONFIDENTIAL
1.0 PURPOSE:

The purpose of this document is to capture and communicate the understanding of a collaborative relationship between IEUA, Royal and Rockwell Automation (RA) referred to as, the Standardization Agreement, hereafter known as the Agreement.

IEUA intends to standardize on the use of RA products and services within its facilities. RA and Royal have committed to an enhanced discount structure and package of values to support that.

IEUA is renewing and expanding their relationship with RA to continue to pursue its their agency goals and cost-reduction programs. Through this relationship, RA and Royal will proactively help IEUA to continue to reduce the total life cycle costs for factory products as defined in Section 3 of this Agreement and enhance service support capability to IEUA.

2.0 GOALS

The focus of this Agreement is to ensure that IEUA, Royal and RA continue to work together in a spirit of cooperation to meet mutually defined and agreed upon goals that:

1) Reduce IEUA total life cycle costs (including purchase price, engineering, installation, commissioning, training, maintenance, parts, and services) for factory solutions, and help IEUA to quantify these elements of cost reduction.

2) Increase RA's position as the standard for factory automation products and services to IEUA by increasing the percentage of RA products purchased in relation to total purchases of the product groups identified in Section 3.

3) Continuously improve the quality of the relationship by developing more opportunities for both companies to meet their business goals.
3.0 PRODUCT SCOPE

IEUA identifies RA as standard for the products specified in the product scope in Appendix A for all of their facilities.

IEUA will use these products on all appropriate applications unless in the opinion of IEUA they are not economically or technologically justified. In the event IEUA determines that the products are not economically or technologically justified, RA will be given a reasonable opportunity to comment or respond.

RA and Royal will continue to provide the resources described in this Agreement to support its products at all IEUA sites.

In the spirit of this relationship, instances of RA products not meeting IEUA’s requirements will be brought to RA’s attention. At that point, RA will be given an opportunity to make modifications or additions to their product line in order to meet IEUA’s requirements.

4.0 DURATION OF AGREEMENT AND SITES INVOLVED

This Agreement will commence on October 10, 2019 and continue until December 30, 2022. At that point, we will review with the intention to renew the agreement.

This Agreement will be subject to review a minimum of once per quarter by management representatives from IEUA, Royal and RA.

Either party may terminate this agreement, or at its option suspend performance of its obligations hereunder, after a default by the other party upon written notice to the defaulting party (hereafter the “Default Notice”) specifying the Default, unless the other party cures the Default within 30 days after receipt of the Default notice. Either party may terminate this Agreement at any time by providing thirty (30) days’ prior written notice to the other party. RA and Royal will not impose a cancellation fee.
5.0 DISCOUNT PRICING

In consideration for IEUA’s increased purchases of RA products, RA and Royal have developed a discount structure to assist IEUA in meeting IEUA’s project time line and cost-reduction goals, and to encourage the transition to RA products. The product discount structure for this Agreement will be both time and volume based. See Appendix A for discount structure.

This volume-based product pricing applies to all IEUA sites for the duration of the agreement. It is based upon the total site purchases for all supplied RA products. These products shall include hardware and software. Discounts have been selected to encourage the use of all RA products. Royal will measure purchases on an annual basis and presents the savings to IEUA.

6.0 CONTRACTOR STANDARDIZATION PROGRAM

An important element in helping IEUA reach their cost-reduction goals is to minimize the life cycle costs of IEUA's investments made with contractor installed equipment.

The list of current and potential contractors and systems integrators will be reviewed by IEUA, RA, and Royal for this Agreement. IEUA agrees to specify at the time of request to its contractors that RA is the IEUA standard for products within the scope of this Agreement and buys the equipment through Royal Industrial Solutions (IEUA's local distributor). All RA hardware & software products, as stated in Appendix A, will be included in IEUA’s total available savings dollars. Savings dollars will be calculated based upon Bill of Material (BOM) received by Royal.

RA and Royal agree to work with IEUA's contractors to provide the best solution using RA products in a way that is transparent to IEUA. RA will use its contractor standardization program that enables the parties to focus their collective resources on standardizing process and applications around specific contractors.

Pre-approved 3rd party contractors and systems integrators will purchase Rockwell hardware & software from an authorized Rockwell distributor in San Bernardino County- the same county as IEUA's headquarters located at 6075 Kimball Ave., Chino, CA in order to ensure local technical support and inventory.
RA and Royal will work to establish a separate commercial and technical relationship with each of IEUA’s key 3rd party contractors. If IEUA evaluates the opportunity and decides to purchase equipment and ship that to the 3rd party contractor, Royal will accept orders from IEUA for shipment to IEUA contractor suppliers.

7.0 REQUIRED CONTRACTS AND CONDITIONS

RA, Royal and IEUA agree to negotiate in good faith the purchase order terms and conditions to either adopt or revise these terms and conditions. Under no circumstances will either party insist upon terms and conditions that are in conflict with this agreement.
IEUA APPROVED BY:

Shivaji Deshmukh
General Manager, IEUA

RA APPROVED BY:

Polo Paredes
Industry Manager, Rockwell Automation

ROYAL APPROVED BY:

MyAn Bourdon
Account Manager, Rockwell Automation

Tom Thuerbach
General Manager, Royal Industrial Solutions

Tyler Brubaker
Sales Manager, Royal Industrial Solutions
# APPENDIX A: Rockwell Automation Pricing

Effective October 10, 2019 - December 30, 2022

<table>
<thead>
<tr>
<th>Product Categories</th>
<th>Description</th>
<th>% Discount</th>
<th>Warranty</th>
</tr>
</thead>
<tbody>
<tr>
<td>MCCs</td>
<td>Low Voltage—Assembled</td>
<td>68% off List</td>
<td>3 Yr. Parts Warranty Included at No Cost (5 year parts warranty pending)</td>
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<tr>
<td>MCCs</td>
<td>Low Voltage—Unassembled Units/Buckets</td>
<td>40% off List</td>
<td>3 Yr. Parts Warranty Included at No Cost (5 year parts warranty pending)</td>
</tr>
<tr>
<td>Drives</td>
<td>Engineered/Configured to order, SSB</td>
<td>10% off Market Level</td>
<td>3 Yr. Parts Warranty Included at No Cost (5 year parts warranty pending)</td>
</tr>
<tr>
<td>Software</td>
<td>FactoryTalk</td>
<td>15% off List</td>
<td>N/A</td>
</tr>
<tr>
<td>Software</td>
<td>ViewPoint</td>
<td>15% off List</td>
<td>N/A</td>
</tr>
<tr>
<td>Software</td>
<td>VantagePoint</td>
<td>15% off List</td>
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</tr>
<tr>
<td>Software</td>
<td>FT Historian (Server Only)</td>
<td>20% off List</td>
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</tr>
<tr>
<td>PLC</td>
<td>Hardware</td>
<td>20% off List</td>
<td>1 year Warranty</td>
</tr>
<tr>
<td>HMI</td>
<td>Hardware</td>
<td>20% off List</td>
<td>1 year Warranty</td>
</tr>
<tr>
<td>Services</td>
<td>RA callout services</td>
<td>15% off Rate</td>
<td>N/A</td>
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</tbody>
</table>
Appendix B: Authorized Distributor Letter

September 16, 2019

Mr. Shaun Stone
Inland Empire Utilities Agency 6075 Kimball Ave.
Chino, CA 91708

Re: Rockwell Automation Authorized Distributors/Royal Industrial Solutions

Dear Mr. Stone:

Rockwell Automation extends and enhances its own significant automation capabilities by partnering with a network of authorized distributors in order to ensure we are able to meet our customers technical and logistics requirements. Just a few of the many benefits that customers enjoy working with their local authorized Allen-Bradley distributor include:

- Access to local distributor inventory (including for spares and replacement parts)
- Technical assistance from local distributor product specialists
- A knowledgeable staff that has access to factory training
- Rockwell Automation provided factory support of local distributor activities

This is to confirm that Royal Industrial Solutions currently is the only distributor appointed and authorized to sell Allen-Bradley Standard Controls, Drives, PLC/MMI, Rockwell Software products and all services offerings in the geographic area in which your facilities in the Inland Empire are located. As a matter of Company policy, full factory product and sales support is made available only to the local authorized distributor, and it is Rockwell Automation's practice and policy to always promote and recommend the use of that distributor to customers in that geographic area.

Should you have any questions, please do not hesitate to contact Royal Industrial Solutions at (951) 683-6625 or our local Rockwell Automation sales office at (714) 938-9000.

Respectfully, Keith Hornberger
Rockwell Automation Channel Account Manager
714-306-2372 cell
kahornberger@ra.rockwell.com

cc: Tyler Brubaker — Royal Industrial Solutions
APPENDIX C: Agreement Terms
Effective OCT. 10, 2019 – December 30, 2022

Terms of Agreement:

- This agreement is based on the commitment that IEUA will standardize on Rockwell Automation Hardware & Software where applicable.

- IEUA will be required to provide Rockwell Automation all Contractor Bills of Materials where applicable.

- Savings are calculated on total IEUA spend using IEUA project agreement pricing, for Hardware, Software, and Field Labor/Support. This includes purchases made through contractors.

  Should contractors supplying IEUA with equipment have agreements with RA that allow contractors to get lower prices than the IEUA prices, then the lower prices will apply where applicable and all other provisions of this contract will be unaffected.

- This agreement can be extended for an additional 1 or 2 years beyond the expiration date should IEUA request it.
Date: December 18, 2019
To: The Honorable Board of Directors  From: Shivaji Deshmukh, General Manager
Committee: Engineering, Operations & Water Resources  12/11/19

Executive Contact: Christiana Daisy, Executive Manager of Engineering/AGM
Subject: Climate Change Action Plan Update

Executive Summary:
In 2018, IEUA staff developed a Climate Change Action Plan (CCAP) that described the vision and direction needed to bolster IEUA's water management system and minimize its carbon footprint. The CCAP established four main objectives that IEUA will pursue to develop an adaptable water management system that positively impacts climate change: maximize local water supplies; maintain the health of the groundwater aquifer; maximize system efficiencies; and measure performance.

The CCAP was adopted by the IEUA Board of Directors on November 21, 2018 and was then presented to the California State Water Resources Control Board (SWRCB). SWRCB requested additional information be added to the plan. IEUA staff has taken SWRCB's requests and updated the CCAP accordingly by adding clear, quantifiable greenhouse gas (GHG) reduction goals, a list of projects that will help IEUA meet this goal, and estimated GHG reductions associated with each project.

SWRCB's approval of the CCAP will strengthen IEUA's ability to pursue grant funds through the Clean Water State Revolving Fund Program.

Staff's Recommendation:
Adopt the proposed 2019 Climate Change Action Plan.

Budget Impact  Budgeted (Y/N): N  Amendment (Y/N): N  Amount for Requested Approval:
Account/Project Name:

Fiscal Impact (explain if not budgeted):

Full account coding (internal AP purposes only)  -  -  -  Project No.:
Prior Board Action:
On November 21, 2018, IEUA’s Board of Directors approved the 2018 Climate Change Action Plan.

Environmental Determination:
Statutory Exemption
CEQA exempts a variety of projects from compliance with the statute. This project qualifies for a Statutory Exemption as defined in Section 15262 of the State CEQA Guidelines. When the project is implemented, it will be subject to future environmental evaluation.

Business Goal:
The CCAP provides a framework for project development that directly aligns with several Agency Business Goals, including Water Reliability, Wastewater Management, and Environmental Stewardship.

Attachments:
Attachment 1 - PowerPoint
Attachment 2 - 2019 Climate Change Action Plan
IEUA Climate Change Action Plan Update

Inland Empire Utilities Agency
A MUNICIPAL WATER DISTRICT

Pietro Cambiaso
November 2019
Background

• “Go Gridless by 2020” Resolution (2012)
  – Energy independence from the grid, during the peak energy usage hours

• IEUA Business Goal (2013, 2016)
  – Energy Management Objective:
    “IEUA will effectively manage energy resources including renewable energy initiatives and programs to achieve statewide environmental and renewable energy goals, and stabilize future costs”
  – Environmental stewardship goal:
    “IEUA is committed to enhancing and promoting environmental sustainability and the preservation of the region’s heritage.”
Climate Change Action Plan

- IEUA Board adoption (2018)
- California State Water Resources Control Board review (2019)
  - Clear and quantifiable goals
  - List of specific potential projects
  - Greenhouse gas (GHG) reductions estimate
- Improve eligibility to receive funding
Greenhouse Gas Reductions Goals

- California Global Warming Solutions Act of 2006 (AB 32)
  - 1990 levels by 2020
  - 40% below 1990 levels by 2030
  - 80% below 1990 levels by 2050

- IEUA Proposed Goals
  - 2007 levels by 2020
  - 40% below 2007 levels by 2030
  - 80% below 2007 levels by 2050
## Potential Projects and Greenhouse Gas Reduction

<table>
<thead>
<tr>
<th>Project Type</th>
<th>Description</th>
<th>Estimated GHG Reduction (M Tons CO$_2$e)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy Efficiency</td>
<td>Blowers and pumps rehab, operational optimization</td>
<td>3,695</td>
</tr>
<tr>
<td>Biogas</td>
<td>Beneficial use of biogas at RP-1 and RP-5</td>
<td>12,900</td>
</tr>
<tr>
<td>Solar</td>
<td>Installation 1.5 MW panels at IERCF</td>
<td>1,581</td>
</tr>
<tr>
<td></td>
<td>Installation 0.07 MW panels at Water Quality Lab</td>
<td>61</td>
</tr>
<tr>
<td></td>
<td>Replacement existing 3.5 MW panels with more efficient ones</td>
<td>490</td>
</tr>
<tr>
<td></td>
<td>Installation new solar carports at various locations</td>
<td>563</td>
</tr>
<tr>
<td></td>
<td>Installation new solar panels at RP-1</td>
<td>1,181</td>
</tr>
<tr>
<td>Hydropower</td>
<td>Installation in-conduit turbine</td>
<td>364</td>
</tr>
<tr>
<td>Fleet Vehicle</td>
<td>Replacement current fleet with electric vehicles</td>
<td>274</td>
</tr>
</tbody>
</table>

*Projects will be implemented if cost effective, following a business case evaluation*
Recommendation

- Adopt the 2019 Climate Change Action Plan.

The Climate Change Action Plan provides a framework for project development that directly aligns with several Agency Business Goals, including *Water Reliability*, *Wastewater Management*, and *Environmental Stewardship*. 
Climate Change Action Plan
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Appendix 1 – RAND Memorandum: “Evaluating Options for Improving the Climate Resilience of the Inland Empire Utilities Agency in Southern California” ........................................ 21
Executive Summary

While climate change is a global concern with far-reaching impacts, regional and state agencies must assess their own ability to adapt to future changes. The State of California has responded to the anticipated environmental and economic effects of climate change by implementing statewide regulations that target reductions of Greenhouse Gas (GHG) emissions.

The Inland Empire Utilities Agency (IEUA) is a regional wastewater treatment agency and wholesale distributor of imported water in western San Bernardino County. IEUA is responsible for providing service to approximately 875,000 people over a 242-square mile area. This Climate Change Action Plan (CCAP) seeks to identify the local impacts of climate change and lay the groundwork for developing projects and management practices that will allow IEUA to continue providing reliable services to the region while remaining a steward to the environment.

IEUA has voluntarily reported and verified its GHG emissions since 2013. IEUA has also become a leader among public agencies nationwide by pursuing innovative renewable energy projects that promote sustainability and reduce demands on a strained electrical grid.

This CCAP expands on these initial steps to integrate studies that IEUA has conducted which focus on the potential impacts climate change will have on IEUA’s water management system. These studies evaluated the anticipated water supply and demand in the IEUA service area over the next 20 years and identified components within IEUA’s portfolio that can be improved to create a resilient system that is adaptable to climate change.

In conjunction with changes to IEUA’s water management system, the CCAP also establishes measures that can steer IEUA toward a net-zero impact with regard to GHG emissions. Using this information, the CCAP establishes goals and objectives that will be used to develop future projects. These goals satisfy four main areas of need to achieve a flexible, effective water management system:

- Maximize recycled water production and usage;
- Maintain health of the groundwater aquifer;
- Maximize system efficiencies; and
- Measure performance.
Introduction

Global climate change has contributed to intense heat, rising sea levels and loss of sea ice. Although the sum of potential impacts due to climate change comes with some uncertainty, there is no doubt this change is expected to disturb the pattern for water demand as well as the availability for supplies. There are many ways a warmer climate is likely to affect water management. Conditions in much of the western United States range from abnormally dry to extreme drought. The area is also experiencing a trend for reduced mountain snowpack with earlier melting runoff peaks in the spring. Temperatures are expected to rise, reducing soil moisture which will intensify summer heat waves. Due to increasing evapotranspiration through the warmer seasons, additional water resources may be needed to maintain proper irrigation and prevent the damaging effects of dry soil for the vegetation.

Regional Water Supply and Demand

Coupled with a projected steady population growth, the effects of climate change will greatly impact IEUA’s ability to meet regional water demands. To accommodate the expected increase in urban demand, agricultural land has been converted for urban usages to meet the needs of the region. This shift will cause the percentage of water pumped for urban demand to increase over the next twenty-five years as the agricultural demand for water in these areas will diminish. As the regional economy continues to evolve, the demand for water and wastewater treatment will continue to increase; raising significant challenges and concerns to meet basic needs.

Strategic planning efforts are underway to shape the regional water management system in a way that can adapt to fluctuations in both demand

![Figure 1. Projected regional demands within IEUA service area through 2040](image-url)
and supply as a result of climate change. IEUA’s 2016 Integrated Water Resources Plan (IRP) evaluated the anticipated regional water demand through 2040, shown in Figure 1. The IRP is the first time that the region’s planning has gone beyond a regional Urban Water Management Plan (UWMP) and the cities and water agencies have worked collaboratively to develop a comprehensive water resources plan. These IRP projections anticipate a continual increase in demand and include the total municipal and industrial demands as well as the amount of water needed to ensure regional sustainability by replenishing the groundwater aquifer and the Santa Ana River. The complete IRP is included as Appendix 1.

Both the IRP and the UWMP, which provide the foundation for the CCAP, were developed through public processes that engaged IEUA’s member agencies. IEUA incorporated comments from regional stakeholders that formed the final versions of each plan and evolved into the CCAP.

IEUA meets regional demand with supply from several sources, shown in Figure 2. These sources are all expected to be impacted by climate change, and each brings unique challenges to maintain their efficacy as a sustainable resource for meeting water needs.

Primary among these challenges will be IEUA’s ability to increase the amount of local resources used to meet local needs. Reducing the region’s reliance on imported water from the State Water Project (SWP), which is pumped from Northern California, will not only reduce GHG emissions from the energy-intensive water conveyance process, but it will also enhance the flexibility of IEUA’s water management system in preparation for an uncertain climate future.

It should be noted that increasing production from local resources should not be done without also balancing with equivalent groundwater replenishment. This CCAP provides a framework for developing a water management portfolio that is resilient enough to meet continually increasing demands in the face of unknown climate change impacts.
Improving Climate Resilience

Forecasting Climate Impacts

IEUA’s location in the semi-arid, populous area of southwestern San Bernardino County has raised concerns regarding its ability to continue meeting regional water demands. These concerns were recently brought to the forefront when the region encountered extreme drought conditions. Although this drought appears to be consistent with long-term patterns of climate variability, its effects may be exacerbated by ongoing climate change. These effects may have a strong impact on the region’s water supply and the length and magnitude of droughts, timing of precipitation, and temperature-driven demand. IEUA partnered with the RAND Corporation (RAND), a multi-disciplinary, non-partisan research organization and educational institution headquartered in Santa Monica, California, to evaluate how adaptive, integrative water management portfolios could improve IEUA’s abilities to meet customer needs under a wide range of futures. The complete RAND Memorandum is included as Appendix 2 and was an integral part of the IRP that helped shape this CCAP.

Figure 3. Historical and future estimated annual average temperature and precipitation for the IEUA service area

2019 IEUA CLIMATE CHANGE ACTION PLAN
RAND utilized a suite of general circulation models to generate a range of future climate projections for the IEUA service area. A total of 106 projections were downscaled and analyzed to forecast the anticipated climate scenarios that IEUA’s planning efforts will need to address.

The analysis suggests that temperatures within the IEUA service area will rise over the coming decades and that annual precipitation will continue to be highly variable, with no consensus on trends towards wetter or drier conditions. Using data from the 106 projections, RAND compiled and displayed the annual average temperature and total precipitation estimates from 1950 to 2050 for the IEUA service area, shown in Figure 3. The figure stresses the unpredictability of these variables, as temperatures began to steadily increase in the region beginning around the 1980s while precipitation followed an uncertain pattern over the same period. This information underscores the importance of identifying IEUA’s water management options and portfolios to ensure that future demand can be met under a variety of different hydrologic circumstances that appear to point toward higher temperatures and unreliable rainfall.

**Modeling Water Management**

To determine how IEUA’s water management portfolio would perform in the future, RAND conducted a study that used a mass balance model with estimated supply and demand values across the range of anticipated climate conditions.

The study consisted of a four-step process:

1. Compile information on a wide range of plausible water demand and supply futures reflecting climate change;

2. Develop a simple water management mass balance model to evaluate the performance of the IEUA system under a wide range of futures;

3. Create a portfolio development tool (PDT) to help IEUA planners and stakeholders compare attributes of different management options and develop portfolios for evaluation; and

4. Evaluate and compare how each proposed water management portfolio would enhance IEUA’s ability to deliver urban water supplies in the future under different futures of climate and demand.

The 106 future climate projections allowed RAND to stress test the IEUA water management system in its ability to meet future demand. While it is impossible to predict, with certainty, what type of climatic change the region will encounter, having a diverse set of projections benefits planning efforts in the development of a robust, adaptable water supply system.

RAND developed the PDT used in the study with the input of IEUA and its member agencies. The PDT allowed users to review individual project attributes and determine the impact that these projects, in various combinations, would have on the regional water supply and demand.

Following collaborative discussions among the regional stakeholders, a list of eight portfolios was finalized and incorporated into the study, as shown in Table 1. These portfolios were then evaluated for their ability to meet regional demand under various conditions.
<table>
<thead>
<tr>
<th>Portfolio Name</th>
<th>Portfolio Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portfolio #1</td>
<td>Maximize the Use of Prior Stored Groundwater</td>
</tr>
<tr>
<td>Portfolio #2</td>
<td>Maximize Recycled Water (Including External Supplies) and Local Supply Projects and Implement Minimal Water Efficiency</td>
</tr>
<tr>
<td>Portfolio #3</td>
<td>Portfolio 2 Plus Secure Supplemental Imported Water from MWD and Non-MWD Sources</td>
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<tr>
<td>Portfolio #4</td>
<td>Maximize Recycled Water (Including External Supplies) and Implement Moderate Water Efficiency</td>
</tr>
<tr>
<td>Portfolio #5</td>
<td>Portfolio 4 Plus Implement High Water Efficiency</td>
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<tr>
<td>Portfolio #6</td>
<td>Maximize Supplemental Water Supplies and Recycled Water Supplies</td>
</tr>
<tr>
<td>Portfolio #7</td>
<td>Maximize the Purchase of Imported Water from MWD and Implement Minimal-Moderate Level of Water Efficiency</td>
</tr>
<tr>
<td>Portfolio #8</td>
<td>Portfolio 7 Plus Maximize Recycled Water</td>
</tr>
</tbody>
</table>

**Table 1. Water management portfolios used to determine future climate resiliency**

**Climate Resiliency Study Results**

Despite uncertainty over the specific effect of climate change on IEUA’s water supply, the various projections showed an overall tendency of future decreases in IEUA’s supply sources. The largest potential impact on supply is the imported water that IEUA receives from the SWP through the Metropolitan Water District (MWD), which indicates a need to improve regional sustainability and reduced dependence on the SWP supply.

Figure 4 shows the performance of each portfolio and their ability to meet the varying demands set forth in the model. Portfolios 4, 5, 6, and 8 all met demands in over 90 percent of the demand scenarios. Based on these results, IEUA can develop a water management system that is resilient against climate change by focusing planning efforts on projects that maximize recycled water production and usage, implement water efficiency, and optimize supplemental water supplies.

Recycled water supplies, in particular, will prove to be a critical asset in bolstering a flexible management portfolio, as these supplies are:

- Not impacted by climate, making recycled water the region’s most climate resilient water supply;
- Needed to maximize supplemental water for groundwater recharge;
- Generated locally and can be beneficially used by all agencies; and
- A supplemental water source for the entire region with infrastructure that can be interfaced with that of neighboring agencies to optimize availability and use.
**Figure 4. Average Unmet Demand (2036 - 2040) for IEUA Portfolios Across Climate Projections for High Demand Scenarios**

<table>
<thead>
<tr>
<th>Portfolio</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baseline</td>
<td>Maximize the Use of Prior Stored Groundwater</td>
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<tr>
<td>#1</td>
<td>Maximize Recycled Water (Including External Supplies and Local Supply Projects) and Implement Minimal Water Efficiency</td>
</tr>
<tr>
<td>#2</td>
<td>Maximize Recycled Water (Including External Supplies) and Implement Minimal Water Efficiency</td>
</tr>
<tr>
<td>#3</td>
<td>Maximize Recycled Water (Including External Supplies) and Implement Minimal Water Efficiency</td>
</tr>
<tr>
<td>#4</td>
<td>Maximize Recycled Water (Including External Supplies) and Implement Minimal Water Efficiency</td>
</tr>
<tr>
<td>#5</td>
<td>Maximize Recycled Water (Including External Supplies) and Implement Minimal Water Efficiency</td>
</tr>
<tr>
<td>#6</td>
<td>Maximize Recycled Water (Including External Supplies) and Implement Minimal Water Efficiency</td>
</tr>
<tr>
<td>#7</td>
<td>Maximize the Purchase of Imported Water from MWD and Non-MWD Sources</td>
</tr>
<tr>
<td>#8</td>
<td>Maximize the Purchase of Imported Water from MWD and Non-MWD Sources</td>
</tr>
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</table>
Greenhouse Gas Emissions Impacts

Background

The California Global Warming Solutions Act of 2006 – also known as AB 32 – marked the beginning of an integrated climate change program. AB 32 set California’s first GHG emissions target, which called on the state to reduce emissions to 1990 levels by 2020, 40 percent below the 1990 levels by 2030, and 80 percent below 1990 levels by 2050. These targets represent benchmarks, consistent with prevailing climate science, charting an appropriate trajectory forward that is in line with California’s role in stabilizing global warming below dangerous thresholds. California is on track to exceed its 2020 climate target while the economy continues to grow.

Greenhouse Gases emitted in the state are regulated by the California Air Resources Board (CARB). CARB has also developed the Climate Change Scoping Plan, most recently updated in November 2017, which targets industries and large facilities with high global warming potential and mandates reduction measures to steadily decrease GHG emission levels. Wastewater treatment plants and composting facilities are not subject to the reduction measures addressed in the Scoping Plan. In addition, no IEUA facility emits GHGs at a high enough level for mandatory reporting.

The Connection between Water and Energy

According to the Public Policy Institute of California (PPIC), California’s water system accounts for nearly 10 percent of the state’s GHG emissions and approximately 20 percent of statewide electricity use goes to pumping, treating, and heating water. The inextricable link between water and energy, termed, “the water-energy nexus,” highlights the importance of enhancing water-use efficiency and drought resilience while at the same time focusing efforts on lowering energy usage. As the population grows and we adapt to climate change, the adoption of policies and technologies that enhance water and energy management will be essential.

IEUA GHG Emissions

In February 2014, IEUA became a member of The Climate Registry (TCR). TCR is a non-profit organization governed by the U.S. states and Canadian provinces and territories. TCR designs and operates voluntary and compliance GHG reporting programs globally and assists organizations in measuring, verifying and reporting their carbon footprints for benchmarking and management purposes. It is the only voluntary greenhouse gas (GHG) registry supported by this level of government collaboration. TCR’s reporting protocols align with international standards and provide a nexus between business, government and non-governmental organizations to share policy information and exchange best practices. Membership in TCR is voluntary and is a result of the Agency’s aim to practice environmental stewardship as a regional leader. As a member of TCR, IEUA has committed to publicly report annual GHG emissions despite not being subject to mandatory reporting. IEUA has reported GHG
emissions, as carbon dioxide equivalency, from its facilities to TCR each year since 2013. The reported emissions use TCR protocols to calculate the metric tons of carbon dioxide equivalents (MT CO₂e) emitted by IEUA facilities.

Prior to joining TCR in 2014, IEUA kept internal records of emissions. IEUA’s emissions baseline data is from 2007, the oldest emission data currently available, which was calculated using TCR protocols. AB 32 requires the state to reduce GHG emissions to 1990 levels by 2020. With no 1990 data available, IEUA set an emissions baseline using 2007 data. With 2020 approaching, IEUA has compared 2018 emissions data against the 2007 baseline to check the current track towards AB 32’s 2020 requirement.

Both direct (emissions from equipment operated within IEUA facilities) and indirect (emissions associated with services procured by IEUA, such as purchased electricity) emissions were included in the calculated values. As seen in Figure 5, the greatest source of GHG emissions in 2007 was from natural gas combustion. A large portion of the natural gas usage was from the cogeneration engines located at RP-1, RP-2, and CCWRF. The engines at RP-1 and RP-2 ran on both natural gas and digester gas, while the engine at CCWRF was powered solely by natural gas.

In comparison, the IEUA’s 2018 GHG emission sources had significant differences in distribution. Natural gas fell from 42 percent of the total GHG emitted down to 1 percent while digester gas emissions increased from 15 percent to 37 percent. This is due to the decommissioning of the cogeneration engines throughout the years due to the implementation of stricter air quality regulations. Climate change is a global concern, and IEUA’s reduction efforts must also be viewed through a global lens. While digester gas combustion results in more GHG emissions from IEUA facilities, it also lessens global GHG emissions. That is because the digester gas combustion emissions come from biogenic sources (GHGs that were recently contained in living organisms) and are therefore considered carbon neutral.

**FIGURE 5. PROPORTIONAL COMPARISON OF 2007 AND 2018 IEUA GHG EMISSIONS BY SOURCE**

Note: The “Other” category is made up of emissions from heavy duty vehicles, IEUA fleet vehicles, biosolids hauling from treatment plants, emergency generators, and liquified petroleum gas combustion.
TCR requires digester gas emissions to be reported, though they are distinguished from anthropogenic (human-made) source emissions.

Purchased electricity also increased from 2007 to 2018 from 38 percent to 60 percent. The increase in purchased electricity can be traced to the increased demand for recycled water. On a global scale, more recycled water usage means less water is being conveyed from the SWP, which is a net reduction in GHG emissions.

Although, the purchased electricity is likely to decline over time as more renewable energy projects are put in place, the percentage of GHG emissions from biogas will continue to increase due to the inevitable growing population. To help lower global GHG emissions, IEUA plans to implement projects that will beneficially utilize biogas.

The overall GHG emissions, as seen in Figure 6, include carbon neutral digester gas usage in addition to non-carbon neutral emission sources. Even with the inclusion of digester gas, IEUA has reduced GHG levels by 52% since 2007. This accomplishment is due to the implementation of clean air projects including 5 MW of new solar panels across all facilities and the addition of a 1 MW wind turbine at the RP-4 facility. The generation capacity of these two projects is about 60% of the average load of all IEUA facilities combined (8 MW – 11MW). IEUA also saw GHG reductions from shorter biosolids hauling distances to the regional indoor composting facility instead of much further disposal sites. It should be noted that when biogas is flared, instead of used to offset alternate fuel sources, it is not carbon neutral. In 2018, IEUA flared 65% of its digester gas, leaving an opportunity to more effectively utilized this resource for greater global GHG reductions. Effective use of existing biogas is a key strategy to lower global GHG to AB 32 levels in 2050.

AB 32 requires that state reduce GHG emissions to 40 percent below 1990 levels by 2030 and 80 percent below 1990 levels by 2050. IEUA has already surpassed the AB 32 40 percent
reduction by 2030 goal based on the only baseline available, 2007 GHG emissions. IEUA is targeting an 80 percent GHG emission reduction by 2050 based on the 2007 usage baseline. Implementation of more renewable projects, including beneficial utilization of available digester gas, will allow for larger reductions in global GHG emissions.

When the recent GHG emissions profiles are analyzed by facility over the same period, from 2013 to 2016, emissions have remained relatively steady or decreased, with the exception of recycled water pumping (RW) and two treatment facilities: RP-1 and RP-5. Each of these three facilities were subject to specific energy projects between 2013 and 2016 that impacted the energy usage and GHG emissions of the facility.

**RP-1**: Due to digester gas cleaning challenges, the RP-1 fuel cell was shut down temporarily in the fourth quarter of 2013 and permanently removed from service in early 2014. This resulted in increases from two GHG emissions sources: 1) purchased electricity and 2) the biogas flare. Beneficial use of the biogas produced on site is vital in achieving future global GHG reductions at the RP-1 facility.

**RP-5**: The food waste digestion process is located at the RP-5 SHF and began power generation in 2015. Total GHG emissions increased as a result of the biogas consumption in the new process. The GHG produced was from a carbon neutral digester gas usage that offset landfill GHG emissions, where it would have resulted in higher global GHG emissions from long-distance hauling followed by years of methane generation. The food waste digestion facility has since been shut down. A proposed RP-5 expansion project includes upgrading the emissions equipment on the currently inactive cogeneration units, allowing for the increased use of digester gas for carbon neutral energy production instead of purchasing electricity.

*Recycled Water Pumping*: Each year, IEUA has increased the amount of recycled water that is pumped to regional end users or groundwater replenishment basins. Pumping this water is an energy-intensive process, which requires more purchased electricity or demand from renewable processes. On a global scale, more recycled water usage means less water is being pumped from the SWP, which is a net reduction in statewide GHG emissions. Improved regional sustainability in response to climate change will necessarily increase the amount of recycled water pumping at IEUA.

**GHG Reduction Goals**

IEUA will continue to balance regional sustainability efforts with environmentally conscious energy management strategies to identify projects and objectives that holistically and cost-effectively address climate change efforts. IEUA will pursue the following strategies to minimize its facilities’ climate change impacts.

*Reduce GHGs to AB 32 Levels*: IEUA will follow AB 32 standards using the oldest emission baseline data available to reduce GHG levels to 2007 levels by 2020, 40 percent below 2007 levels by 2030, and 80 percent below 2007 levels by 2050. Progress towards meeting these goals will be tracked yearly using TCR’s reporting protocol and be made available to the public and IEUA’s stakeholders through the TCR and regular board updates. AB 32 implemented Scoping Plan updates every five years. IEUA will use these milestone years to reassess GHG reduction progress and reevaluate GHG reduction projects as necessary. The next Scoping Plan update will
be in 2023 and will give IEUA enough time to plan for the 2030 milestone.

**Strive toward carbon neutrality**: IEUA’s current renewable portfolio is capable of meeting approximately 50 percent of the agency-wide power needs.

**Report GHG Emissions**: IEUA will continue to report GHG emissions across all facilities to TCR. Tracking emissions will allow for performance measurement. Rather than focusing on lowering IEUA’s direct GHG emissions, potential projects will be evaluated on their potential to reduce global GHG emissions. IEUA will also make this Climate Change Action Plan available to the public through its Board approval process and website.

**Increase energy efficiency**: Optimizing facility processes and retrofitting equipment can result in less power demand on the electrical grid. To date, IEUA has completed energy efficiency projects saving 2,690 MWh per year resulting in 1,902 MT CO₂e of GHG emissions saved per year.

**Reduce methane emissions**: Short-lived climate pollutants (SLCPs) are powerful compounds that remain in the atmosphere for a much shorter period than longer-lived climate pollutants, such as CO₂. Methane (CH₄) has been identified as a SLCP and is a common byproduct of the wastewater treatment process. IEUA will strive toward optimizing resource recovery by pursuing projects that beneficially use the methane generated in the digestion process as a renewable source of heat and/or power generation.

**Renewable Energy Credits**: In the event where meeting an 80 percent reduction by 2050 is not possible from the utilization of renewable resources, IEUA plans to purchase renewable energy credits (REC). The RECs will ensure that IEUA’s GHG impact is aligned with the reduction standards set by AB 32.
Project Goals and Objectives

Project Development

Each year, pursuant to terms within its Regional Sewage Services Contract, the IEUA submits a ten-year forecast of system capacity demands and capital projects called the Ten-Year Capital Improvement Plan (TYCIP). The TYCIP identifies projects that are needed for the rehabilitation, replacement, or expansion of facilities owned or operated by IEUA.

The TYCIP also serves as a roadmap to achieve IEUA’s vision and goals based on the condition of facility assets and forecasted projections of water and wastewater needs.

Several planning documents, such as the Asset Management Plan, the Integrated Water Resources Plan, the Wastewater Facilities Master Plan, and the Urban Water Management Plan, have been developed with the intent of formulating the vision and projected needs of IEUA’s facilities and the region it serves. This CCAP serves as an additional planning document that will establish goals and objectives for IEUA’s future planning efforts.

Based on the information presented in this CCAP, IEUA has identified key areas that should be addressed to create a resilient water and wastewater system.
wastewater management system that also contributes to GHG emission reductions. Specific objectives within these areas will be established and used to develop projects that will prepare IEUA’s system for the effects of climate change while also minimizing the system’s impact on the environment. The goals and objectives are described in greater detail below.

Maximize Recycled Water Production and Usage

IEUA’s wastewater treatment facilities currently produce Title 22-compliant recycled water that can be used by end users for irrigation purposes or conveyed to groundwater replenishment basins to recharge the Chino Basin aquifer. Increased recycled water production and usage within the Chino Basin will ensure less reliance on the SWP, thereby reducing the significant power needs associated with pumping water from Northern California.

Objective: Expand infrastructure at IEUA sites, within the region, or surrounding areas to enhance capabilities for end user application, storage, or groundwater replenishment of recycled water.

Benefit: Enhancing recycled water use improves regional sustainability. Less reliance on the SWP supply offers flexibility during drought periods and reduces electricity usage across the state by reducing the amount of water conveyed from Northern California to the Chino Basin.

Objective: Upgrade and/or modernize facilities to ensure effective water treatment and continued compliance with all regulatory requirements.

Benefit: Compliance with environmental regulations is paramount to meeting IEUA’s business goals and avoiding service interruptions for all end users. As assets age concurrently with increasingly stringent regulatory requirements, improvements must be made to the wastewater treatment plants to ensure effective treatment. Maintaining modern facilities reduces the risk of non-compliance and enhances the reliability of recycled water for end use and groundwater replenishment.

Maintain Health of Groundwater Aquifer

Historically, much of the Chino Basin was home to agricultural use and dairy farms, which resulted in high levels of salts and nitrates in the groundwater aquifer. As part of an Optimum Basin Management Plan (OBMP) to address these concerns, the Chino Basin Watermaster established desalination facilities to treat the affected groundwater in the basin and established a comprehensive basin recharge plan to ensure that groundwater that is extracted to meet regional demand is also balanced with aquifer replenishment with storm, recycled, and imported water. Maintaining this balance and ensuring that the basin’s water meets regulatory requirements is imperative in securing long term sustainability.
**Objective:** Improve storm water capture through improvements to the groundwater replenishment system infrastructure.

**Benefit:** Because precipitation within the Chino Basin is highly variable and often scarce, storm water capture is a valuable commodity. Replenishment of the groundwater aquifer with storm water reduces the need and associated electricity used to convey recycled and/or imported water to the recharge basins.

**Objective:** Enhance groundwater replenishment capabilities within the Chino Basin through infrastructure upgrades.

**Benefit:** Increasing groundwater replenishment improves regional sustainability and facilitates hydraulic control of the basin. Upgrading the replenishment system infrastructure can improve flexibility in the type or amount of water conveyed to the recharge basins. Increased flexibility is a key component to establishing an adaptable water distribution system that can meet demands of an uncertain climate.

**Objective:** Treat groundwater effectively to remove harmful contaminants and ensure a healthy aquifer.

**Benefit:** Effective pollutant removal ensures continued environmental compliance and uninterrupted service to end users.

**Objective:** Protect the groundwater quality by properly maintaining and upgrading infrastructure to prevent system failures that may contaminate the groundwater.

**Benefit:** Preventing future contamination ensures a healthy aquifer, continued environmental compliance, and uninterrupted service to customers. In addition, preventative maintenance is more cost-effective than corrective maintenance.

**Objective:** Enhance storage capabilities of storm, recycled, or imported water through expansion of existing infrastructure or collaboration with surrounding water systems.

**Benefit:** Increasing water storage during years of high precipitation will bring the flexibility needed to withstand periods of drought. Working with other water systems in the area can benefit the entire region, optimizing the use of assets and minimizing the need for energy-intensive water imports.

**Maximize System Efficiencies**

The concept of the water-energy nexus highlights the inextricable relationship between water and energy. Simply put, generating power requires significant amounts of water, and treating and conveying water requires a significant amount of power. As a water agency taking a leadership role in environmental stewardship, IEUA identifies the need to optimize its management and both water and power.

**Objective:** Improve energy efficiencies at IEUA facilities.

**Benefit:** Wastewater treatment and recycled water conveyance are very energy-intensive processes. Strategic management and regular performance assessments of these systems can identify opportunities to save on energy usage. Less demand on the energy utilities will result in fewer GHG emissions into the atmosphere.

**Objective:** Develop water efficiency and/or conservation programs within the region.

**Benefit:** Reducing reliance on supplemental water supplies can not only be achieved through infrastructure improvements, but also through decreasing the water demand within the region.
Development and implementation of regional water conservation programs that educate on the importance of water efficiency or incentivize reduced usage can be an effective way to optimize the water supply and progress toward regional sustainability.

**Objective:** Strive for carbon neutrality through implementation of renewable power generation and beneficial use of resources.

**Benefit:** IEUA has a diverse renewable energy portfolio across its treatment plants, including 5.0 MW of solar, a 1 MW wind turbine, and a 1.5 MW cogeneration engine fueled by biogas generated. The clean power generated from these processes can combine to account for 50 percent of IEUA's electricity needs, which results in a significant demand reduction from the electrical grid. IEUA plans on taking advantage of renewable power by phasing out fleet for electric vehicles over time. IEUA's portfolio also integrates battery storage systems that can displace up to 4 MW of demand from the grid during peak periods. Expansion of this portfolio with additional renewable generations will reduce GHG emissions associated with combustion of fossil fuels that are associated with power generation at large-scale utility power plants. Future portfolio expansion may not be limited to on-site resources. For instance, diversion of regional organic waste for anaerobic digestion introduces a new renewable stream into IEUA facilities and results in a reduction of global GHG emissions.

**Measure Performance**

Improvements in overall system management can only be verified if key performance indicators are effectively tracked. Increasing water and energy efficiency requires comparison against baselines or previous periods, and the efficacy of these project goals will not be proven until sufficient performance data has been collected and analyzed.

**Objective:** Report GHG emissions annually through The Climate Registry.

**Benefit:** Annual tracking of IEUA's GHG emissions profile will allow the Agency to determine the effectiveness of implemented reduction measures. Using this information, planning efforts can focus on projects that will have the greatest impact on emissions reductions.

**Objective:** Track key performance indicators for recycled, storm, and imported water usage within IEUA’s management system.
**Benefit:** Using this performance data, IEUA can identify potential improvements to the system to optimize water usage and supply with the goal of reducing the energy needed to convey water into and within the region.
Potential Projects

Potential Projects Background

IEUA maintains a list of implementable future capital projects that will allow the agency to continue to prepare its system for the effects of climate change. These projects will also minimize IEUA’s system’s impact on the environment, including the reduction of greenhouse gas emissions. The majority of the projects being explored fall into four categories, solar, hydropower, biogas (renewable methane), and energy efficiency. All four categories focus on increasing the use of zero-carbon energy sources while reducing the total amount of energy the agency requires. The implementation of zero-carbon and energy efficiency projects will result in GHG reductions both locally and regionally. IEUA’s goal is to implement these projects while continuing to maximize recycled water production and usage, maintaining the health of the groundwater aquifer, maximizing system efficiencies, and measuring performance.

Potential Project List

The current list of projects being explored by IEUA are in varying degrees of planning and review with some being feasible for installation as soon as 2020 while others are still 10 or more years out. With IEUA already meeting the GHG reductions goal set for 2030, the focus is on long-term carbon-based energy reductions that will reduce GHG emissions and ultimately empower the agency to meet its 2050 GHG reduction goal. The list is in a constant state of adjustment and is updated as new technologies become commercially feasible, current technologies become outdated, new funding and grant sources emerge, and state or federal policies change. While in no way comprehensive, the list outlines a potential path for IEUA to meet its 2050 GHG reduction goals.

To date, IEUA has identified projects that have the potential to reduce GHG emissions at all

**Figure 8. IEUA potential project highlights**

- New carport solar covers
- New Lagoon solar cover at RP-1
- New Chlorine Basin Solar cover at RP-5
- Replacement of current solar panels with higher efficiency units

- New in conduit turbines converts water pressure into zero-carbon energy
- Utilizes previously vented pressure regulation

- Utilize RP-1 biogas as a zero-carbon energy source
- Potential to cogenerate heat and power (CHP)
- Currently investigating engines, micro turbines, and fuel cells

2019 IEUA CLIMATE CHANGE ACTION PLAN
<table>
<thead>
<tr>
<th>Project Type</th>
<th>Description</th>
<th>Estimated GHG Reduction (MT CO2e)</th>
<th>Feasible Start Date</th>
<th>Estimated Cost</th>
<th>Potential Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Solar</td>
<td>Replacement of existing 3.5 MW SunPower solar across 4 facilities. Current 20 year PPA will end in 2028, and the panels will be replaced with higher efficiency units under a new 20 year PPA.</td>
<td>490</td>
<td>2029 when current PPA will expire</td>
<td>$0 with new PPA</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Operation of 1.5 MW AMS solar at IERCF started in 2019. Current 20 year energy management service agreement (EMSA) will end in 2029, and the panels will be replaced with higher efficiency units under a new PPA.</td>
<td>1,581</td>
<td>2039 when current EMSA will expire</td>
<td>$0 with new EMSA</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Addition of 70 kW of solar panels on the rooftop of the Water Quality Lab was completed in 2018 and will start operation in 2020.</td>
<td>61</td>
<td>2020</td>
<td>$279K</td>
<td>SRF Loan</td>
</tr>
<tr>
<td></td>
<td>Addition of carport solar panels at various locations under a new PPA.</td>
<td>563</td>
<td>2030</td>
<td>$0 with new PPA</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Addition of a solar panel cover to RP-1 Lagoon Number 3 under a new PPA.</td>
<td>1,181</td>
<td>2030</td>
<td>$0 with new PPA</td>
<td></td>
</tr>
<tr>
<td>Hydropower</td>
<td>In conduit turbine that converts previously wasted vented pressure into zero-carbon energy.</td>
<td>364</td>
<td>2021</td>
<td>$0 with new PPA</td>
<td>CEC CalSEED Grant, CPUC SGIP, USBR WaterSMART</td>
</tr>
<tr>
<td>Biogas</td>
<td>Utilize existing renewable methane at RP-1 to cogenerate heat and power (CHP) through engines, micro turbine, or fuel cell.</td>
<td>12,900</td>
<td>2022</td>
<td>$0 with new PPA; Up to $23M without PPA</td>
<td>CPUC SGIP</td>
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<tr>
<td>Energy Efficiency</td>
<td>Combination of many individual upgrades to the various plants. Including blower and pump replacement or rehab and the addition of evaporative coolers</td>
<td>3,695</td>
<td>Ongoing</td>
<td>$3.5M</td>
<td>SCE</td>
</tr>
<tr>
<td>Fleet Vehicle Replacement</td>
<td>Replace current fleet with EVs, including on site charging infrastructure.</td>
<td>274</td>
<td>2022-2030, depending on release date of EV trucks</td>
<td>$3.2M</td>
<td>CARB CVRP Rebate</td>
</tr>
</tbody>
</table>

**FIGURE 9. IEUA POTENTIAL PROJECT LIST**
facilities by a total of 21,110 metric MT CO₂e of GHG. This reduction is more than the total MT CO₂e of GHG required to reduce GHG levels 80 percent below 2007 levels by 2050. Advancements in zero carbon technologies have progressed exponentially over the last decade. IEUA believes that this progress will continue and that currently undiscovered, GHG reducing projects will come to fruition within the next 30 years allowing for even greater GHG reductions.

Project Implementation

These projects will be considered for inclusion in IEUA’s TYCIP, which is informed by several of IEUA’s planning documents to generate the capital improvement program for the Agency. The TYCIP is intended to identify projects that are needed to: 1) properly maintain, rehabilitate, or replace aging infrastructure at the Agency’s facilities; and 2) achieve the planning needs of the regional system to meet future growth.

Development of the TYCIP is a collaborative Agency-wide effort that requires input from all departments, including Planning, Engineering, Operations, Maintenance, and Finance. The projects contained in this plan will be evaluated during this TYCIP development process, and the Planning Department will take the lead on seeking their inclusion in the capital program.

Clean Electric Infrastructure

In addition to the individual efforts being made by IEUA to reduce GHG emissions, the State of California has made its own strides towards reducing emissions and increasing the use of renewable energy sources. In September of 2018, Governor Jerry Brown signed SB 100 into law. SB 100 pledged to transfer 100 percent the state’s electricity to zero-carbon and renewable resources by 2045. SB 100 defines zero carbon energy sources as solar, wind, small hydro, renewable methane, geothermal, biomass, ocean wave, or fuel cells using renewable fuels. As California starts to maximize the use of zero-carbon energy sources to produce electricity, energy users in the state will see GHG emissions from energy usage continue to drop.

IEUA’s goal to reduce GHG levels 80 percent below 2007 levels by 2050 will be achieved through the implementation of local zero-carbon energy projects combined with statewide efforts to capitalize on zero-carbon energy sources for electricity production. IEUA and the State of California are aligned in their support of alternative carbon free energy sources including solar, wind, small hydro, and renewable methane.

While the list of currently identified projects are enough to bring IEUA to its 2050 reduction goal, IEUA understands the need to combine future, not yet identified, local projects and the State's cleaner, carbon-free electrical grid in order to maximize GHG reductions. In the event currently identified projects are not implementable, future projects are not identified, and California fails to meet its zero-carbon goals, IEUA plans to purchase renewable energy credits (REC). The RECs will ensure that IEUA’s GHG impact is aligned with the reduction standards set by AB 32.
Appendices

Appendix 1 – Integrated Water Resources Plan: Water Supply & Climate Change Impacts 2015-2040

Link -
https://www.dropbox.com/s/4tng6azu0blabyr/19287%20D.%20Appendix%201%20IRP%202015-2040.pdf?dl=0

Appendix 2 – RAND Memorandum: “Evaluating Options for Improving the Climate Resilience of the Inland Empire Utilities Agency in Southern California”

Link –
https://www.dropbox.com/s/tyv06l5pyx89um2/19287%20E.%20Appendix%202%20RAND%20MEMO.pdf?dl=0
CONSENT
CALENDAR
ITEM

3N
Date: December 18, 2019
To: The Honorable Board of Directors
From: Shivaji Deshmukh, General Manager
Committee: Finance & Administration
12/11/19

Executive Contact: Christina Valencia, Executive Manager of Finance & Administration/AGM
Subject: Establishing the Governing Documents of the Defined Contribution Plans
Administrative Committee and Health Reimbursement Arrangement Trust Committee

Executive Summary:
As the Plan Sponsor of the 457(b) and 401(a) deferred compensation plans (the Plans), the Agency has a fiduciary responsibility to exercise care and prudence in selecting and monitoring plan investments and monitoring the service providers to ensure plan fees are reasonable. To assist the Agency more effectively meet its fiduciary responsibility, a contract for retirement investment consulting services was awarded to Hyas Group in June 2019. In addition to taking the lead in the evaluation of Plan service providers, Hyas is also assisting the Agency in establishing a governance structure to more effectively administer the Plan activities and performance going forward, as well as adding a Health Reimbursement Arrangement (HRA) benefit. The proposed structure includes the creation of the Defined Contribution Plans Administrative Committee and the and the HRA Trust Committee (Committees) to serve as trustees of the Plans. Committee members include: Executive Manager of Finance and Administration/AGM as Chairperson, Manager of Human Resources as co-Chairperson, Manager of Finance and Accounting, two Participating Employee representatives elected by Plan participants, and the Investment Consultant. Committee members will have a fiduciary responsibility to ensure Plans are administered solely in the interest of Plan participants. These fiduciary responsibilities are outlined in the attached documents.

Staff’s Recommendation:
1. Approve Resolution No. 2019-12-2, authorizing the Defined Contribution Plans Administrative Committee, Committee Charter, Statement of Investment Policies and Guidelines, Fee and Expense Policy Statement and as Plan Sponsor delegate its administrative and fiduciary authority to the Committee;
2. Approve Resolution No. 2019-12-3, authorizing the Health Reimbursement Arrangement Trust Committee, Committee Charter, Statement of Investment Policies and Guidelines, Fee and Expense Policy Statement and as Plan Sponsor delegate its administrative authority to the Committee; and
3. Authorize the General Manager to execute associated Plans, subject to non-substantive changes.

Budget Impact

Budgeted (Y/N): N Amendment (Y/N): N Amount for Requested Approval: 

Account/Project Name:
Retirement plan investment advisory and legal counsel services for the initial assessment will be funded by Professional Services budget in the Administrative Services fund from unrestricted reserves. Thereafter, fees will be supported by Plan administrative fees paid by participants.

Fiscal Impact (explain if not budgeted):
None

Full account coding (internal AP purposes only): - - - Project No.: -
Prior Board Action:
None

Environmental Determination:
Not Applicable

Business Goal:
The engagement of a retirement plan investment advisory supports the IEUA Business Goal of Fiscal Responsibility to monitor the performance of deferred contribution programs to ensure the operation and investment are solely for providing benefits to participants and beneficiaries.

Attachments:
Attachment 1 - Background
Attachment 2 - IEUA Defined Contribution Plans Administrative Committee Charter
Attachment 3 - IEUA Defined Contribution Plans Administrative Committee Statement of Investment Policies and Guidelines
Attachment 4 - IEUA Defined Contribution Plans Administrative Committee Fee and Expense Policy Statement
Attachment 5 - IEUA HRA Trust Committee Charter - Draft
Attachment 6 - IEUA HRA Trust Committee Statement of Investment Policies and Guidelines - Draft
Attachment 7 - IEUA HRA Trust Committee Fee and Expense Policy Statement - Draft
Attachment 8 - Resolution No. 2019-12-2
Attachment 9 - Resolution No. 2019-12-3
Background

Subject: Governing Documents of the Defined Contribution Plans Administrative Committee and Health Reimbursement Arrangement Trust Committee

DEFINED CONTRIBUTION PLANS

A major component of the Agency’s retirement benefit package provided to employees includes employer sponsored 457(b) deferred compensation and 401(a) defined contribution plans (Plan or Plans). During their course of employment, and on a voluntary basis, employees may choose to contribute to a Plan, or Plans, on a tax-deferred basis. Currently, the Agency, as the Plan Sponsor, engages California Public Employees’ Retirement System (CalPERS), Lincoln Financial Group (Lincoln), and ICMA Retirement Corporation (ICMA-RC) as service providers to administer the Plans. The Executive Manager of Finance and Administration/Assistant General Manager currently serves as the Plan Administrator.

Under the California State Constitution, Article XVI Section 17, government entities that sponsor 457(b) and 401(a) plans have fiduciary responsibilities to ensure the operation and investment of the public retirement plan is for the sole purpose of providing benefits to participants and beneficiaries. Where a Plan Sponsor engages a third-party service provider to provide administrative or investments related services, as is the case for the Agency, it is still the Plan Sponsor’s main fiduciary responsibility to exercise care and prudence in selecting and monitoring Plan investments, monitoring the service providers performance and ensure Plan fees are reasonable. As of June 2019, the combined total assets of the 457(b) and 401(a) plans were just under $30 million with 361 participants, including approximately 130 retirees.

HEALTH REIMBURSEMENT ARRANGEMENT

If approved, a Health Reimbursement Arrangement (HRA) will further expand employee benefits and allow eligible employees to make contributions on a tax-deferred basis to offset qualified health care costs for participants, dependents and beneficiaries. Contributions, earnings and withdrawals are all tax free. Withdrawals may only be made to pay for eligible medical expenses as defined in Internal Revenue Service (IRS) section 213 of the Internal Revenue Code (IRC). HRAs are considered IRC section 115 Trusts and are only available to employees at public sector agencies. They are common within the public sector, especially here in southern California where the first HRA was introduced at the city of Long Beach in 1999.

Like the 401(a) Defined Contribution Plan, employee participation in an HRA is a voluntary, irrevocable defined contribution. Employees choosing to participate will designate a fixed amount or percentage contribution that cannot be modified or cancelled while still employed at the Agency. HRA participants can offset health costs such as: medical (health, dental, and eye) insurance premiums, co-pays, and prescriptions. A key advantage is the ability for retiring participants to deposit accrued sick leave balances into their HRA accounts on a tax-deferred basis. The Agency, as the Plan Sponsor, may also contribute to HRA.
Investment Consultant

Deferred compensation plans and health reimbursement arrangements are complex and subject to legal requirements. Since most Plan Sponsors do not have the expertise in-house to appropriately administer these plans, it is not uncommon to engage third party record keepers and/or retirement plan investment advisors. To assist in the evaluation of the current service providers a contract was awarded to Hyas Group to for retirement investment advisory services in June 2019.

Based on the West Coast, Hyas is one of the largest public sector retirement plan consultants in the U.S. representing over 400,000 participants and more than $30+ billion in plan assets; $15 billion of the assets are in California. Hyas has over 20 years of industry experience with 457(b), 401(a), CalPERS pension, and HRAs. Some of their local clients include: Eastern Municipal Water District, Irvine Ranch Water District, Metropolitan Water District of Southern California, San Bernardino County Employees’ Retirement Association, Alameda County Water District, and the city of Whittier.

In addition to assisting staff with the evaluation of the current 457(b) and 401(a) service providers, Hyas will also assist in establishing an HRA to expand employee benefits. As part of this process, Hyas will also assist staff in establishing a governance structure to more effectively administer these programs going forward.

Defined Contribution Plans Administrative Committee

A key objective of the evaluation process was to establish a governance structure to more effectively administer Plan activities and performance going forward. The proposed structure will include the creation of the Inland Empire Utilities Agency Defined Contribution Plans Administrative Committee (Administrative Committee) to serve as trustees of the Agency’s Plan. The Administrative Committee will be comprised of five (5) voting members, including the Executive Manager of Finance and Administration/Assistant General Manager as Chairperson and Plan Administrator, Manager of Human Resources as co-Chairperson, Manager of Finance and Accounting, and two (2) Participating Employee representatives elected by Plan participants. As Plan Sponsor, the Board of Directors will delegate administrative authority to the Administrative Committee members who will serve as trustees in a fiduciary capacity to ensure the Plans are administered solely in the interest of the plan participants and beneficiaries. Hyas Group, the retirement investment advisor contracted by the Agency, will serve in an advisory/co-fiduciary capacity to the Administrative Committee.

The Administrative Committee’s fiduciary responsibilities is outlined in the Inland Empire Utilities Agency Defined Contribution Plans Administrative Committee Charter (Attachment 2). Some of the key duties include: selecting the investment design features in accordance with the Inland Empire Utilities Agency Statement of Investment Policies and Guidelines (Attachment 3); monitoring Plan costs and ensuring service providers are providing Plan participants optimal services; administering payment of Plan-related expenses in accordance with the Inland Empire Utilities Agency Fee and Expense Policy Statement (Attachment 4), and providing Plan status reports to the Board of Directors.
Health Reimbursement Arrangement Trust Committee

As recommended by special counsel, a separate committee and governance documents are needed for the proposed HRA. Staff is recommending the same members serve in both the Administrative Committee and the Health Reimbursement Arrangement Trust Committee (HRA Committee). As trustees, HRA Committee members will have a fiduciary responsibility to ensure the HRA is administered solely in the interest of HRA participants and beneficiaries.

The HRA Committee’s fiduciary responsibilities are outlined in the Inland Empire Utilities Agency HRA Trust Committee Charter (Attachment 5), some of which include: selecting the investment design features in accordance with the Inland Empire Utilities Agency HRA Trust Committee Statement of Investment Policies and Guidelines (Attachment 6); monitoring HRA costs and ensuring service providers are providing participants optimal services; administering payment of the HRA Trust related expenses as outlined in the Inland Empire Utilities Agency HRA Trust Committee Fee and Expense Policy Statement (Attachment 7), and providing Plan status reports to the Board of Directors.

Conclusion

If approved, the proposed governance structure will enhance the overall quality and value for plan participants and their beneficiaries by more effectively monitoring investments, service provider performance, and ensuring fees remain appropriate and competitive.
Inland Empire Utilities Agency Defined Contribution Plans Administrative Committee
Committee Charter
**INLAND EMPIRE UTILITIES AGENCY**

**DEFINED CONTRIBUTION ADMINISTRATIVE COMMITTEE CHARTER**

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I. INTRODUCTION

This Charter sets forth the rights, powers, responsibilities, and obligations of the Defined Contribution Plans Administrative Committee (the “Committee”) for Inland Empire Utilities Agency (“Agency”) 457 Deferred Compensation Plan and 401 (a) Defined Contribution Plan (collectively the “Plans” and each individually a “Plan”) to provide tax deferred retirement benefits to eligible employees and their beneficiaries. The Plans are pension benefit plans established pursuant to Sections 457(b) and 401(a), respectively, of the Internal Revenue Code of 1986, as amended (the “Code”).

As the Plan Sponsor of the Plans, the Agency established the Committee as the Plan Administrator, and appointed the Executive Manager of Finance and Administration/Assistant General Manager as the chairperson of the Committee. The Committee is charged under this Charter with carrying out its duties and responsibilities as Plan Administrator. It is the intent of the Committee to fulfill its fiduciary responsibilities with respect to the Plans solely in the interest of the participants and beneficiaries.

II. MEMBERSHIP OF THE COMMITTEE

The Committee members, as fiduciaries, are to perform their duties with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

The five (5) member Committee shall consist of the following identified positions:

A. Appointed Members:
   1. Executive Manager of Finance & Administration/Assistance General Manager, as Chairperson
   2. Manager of Human Resources, as co-Chairperson
   3. Manager of Finance and Accounting

Each Appointed Member shall serve by virtue of and only so long as that member holds the identified position.

B. Elected Members:
   1. Two (2) Participating Employee Representatives

Employee representatives will be elected by active plan participants to serve a two-year term beginning the first day of the month following the election. Employee representatives must be an active participant in the 457 and/or 401(a) plans. Employee representatives may resign at any time by giving thirty (30) day notice to the Committee Chairperson and/or co-Chairperson.

Committee members shall serve without compensation. All reasonable out-of-pocket expenses of the Committee shall be paid by the Agency in accordance with its standard reimbursement policies unless paid from Plan assets.
C. Vacancies on the Committee

Vacancies on the Committee will occur upon the occurrence of any of the following events:

1. Resignation/termination of Agency employment by an appointed member.
2. A member fails to complete the requisite education and ethics training after being notified by the Plan Administrator.
3. A member is convicted of a felony or any other offense involving a violation of member’s official duties.
4. The decision of a competent court declaring void the member’s appointment.
5. The death of the member.

D. Alternates

The Committee may have up to three alternates. In the absence of the primary member, alternate members will have all rights, powers, privileges, liabilities and duties established by this Charter when attending a meeting or conducting business as directed by that matter. The Deputy Manager of Human Resources will serve as the alternate for the appointed members. Alternatives for the elected members will be the two participating employees with the most votes after the two primary elected members.

Upon resignation of an elected primary member, the Committee will appoint an alternate member to assume the primary role unless they choose not to do so.

III. COMMITTEE ACTION

The Committee shall endeavor to meet at least quarterly to review Plans performance and to review the Plans investment options offered in accordance with the Plans Investment Policy Statement. The Committee will also make changes to the investment offerings as provided under the Investment Policy Statement and as warranted. The Executive Manager of Finance and Administration/Assistant General Manager shall function as the Committee Chairperson. The Manager of Human Resources shall function as the Committee Co-Chairperson. The Chairperson, co-Chairperson or their designee is authorized to execute any document or documents on behalf of the Committee and will retain signatory authority for all Plans-related functions. The Consultant shall provide the agenda and follow up correspondence regarding Committee’s proceedings and forward these to the Agency.

The Committee Chairperson is responsible for the preparation of the meeting agenda and the agenda material. The agenda will be distributed to Committee members a minimum of one week before the scheduled meeting date. All Committee members will have the responsibility for submission of appropriate agenda items to the Committee Chairperson. Minutes will be promptly prepared following each Committee meeting and distributed to the Committee members and any other person deemed appropriate by the Committee Chairperson. Minutes of the previous meeting shall be acted upon at the following meeting.

The Agency, through its Committee, shall be responsible for the data, records, and documents pertaining to the Committee’s duties associated with the Plans. With respect to any matter brought to the Committee for a vote, each voting member shall be entitled to one vote. The Committee shall act by a majority of its members

Inland Empire Utilities Agency Defined Contribution Plans Administrative Committee

Committee Charter
and such action may be taken either by a vote at a meeting with at least three members present physically or through teleconferencing.

IV. RIGHTS AND DUTIES

A. The Committee and any representatives that it chooses to assist it to carry out its responsibilities under the Plan shall have the maximum discretionary authority permitted by law to interpret, construe and administer the Plan, to make determinations regarding participation, enrollment and eligibility for benefits under the Plan, to evaluate and determine the validity of benefit claims, and to resolve any and all claims and disputes regarding the rights and entitlements of individuals to participate in the Plan and to receive benefits and payments pursuant to the Plan. The decisions of the Committee and its representatives shall be given the maximum deference permitted by law. Pursuant to such authority, the Committee shall, in a fiduciary capacity, take the actions described below:

1. Make rules, regulations, interpretations, and computations, and take such other action as is necessary or appropriate to administer the Plans in a uniform and nondiscriminatory manner consistent with the terms of the Plan documents and applicable law for the exclusive benefit of the participants and beneficiaries in the Plans;

2. Determine who is eligible under the terms of the Plans;

3. Determine benefit levels in accordance with the terms of the Plans;

4. Obtain necessary compliance testing and Plan audits;

5. Receive, review and, where appropriate, take action concerning accounts and reports furnished by the Plans' trustee or others;

6. Prepare and file or distribute all reports and notices which are required by law or necessary to administer the Plans;

7. Collect, classify and deposit with the Plans' trustee the Plan contributions;

8. Safeguard the Plan assets;

9. Modify, amend or alter the provisions of the Plans in whole or in part to remain compliant with Internal Revenue Code Section 457 and 401 (a) and regulations thereunder;

10. Determine the investment options offered to participants of the Plans and approve changes as appropriate;

11. Determine disbursement options such as loans from the Plans as defined by the appropriate Plan Documents;

12. Establish Ad-Hoc Subcommittees as appropriate to facilitate the operation of the Plans;

Inland Empire Utilities Agency Defined Contribution Plans Administrative Committee

Comité Charter
13. Maintain or have maintained all necessary records for the administration of the Plans;

14. Authorize, subject to current Agency contracting authority, all service providers necessary or desirable for the administration of the Plans including a consultant, record keeper(s), third-party administrator(s), trustee(s), custodian(s), insurance company(ies), regulated investment company(ies), legal or special counsel and/or other such service provider(s) as shall be necessary or appropriate for the administration and operation of the Plans; and

15. Ensure all Committee members complete fiduciary and ethics training as identified by the Plan Administrator or their designee.

V. ALLOCATION AND DELEGATION OF RESPONSIBILITY

The Committee may, by written rule or by its minutes, allocate responsibilities among Committee members and may delegate to persons or firms other than Committee members the authority to carry out responsibilities under the Plan. The Committee's delegation of responsibilities will be conducted in accordance with its fiduciary duties as set forth herein. In the event a responsibility is allocated to a Committee member, no other Committee member shall be liable for any act or omission of that person except as may otherwise be required by law. If a responsibility is delegated to a person or firm other than a Committee member or their alternate, the Committee shall not be responsible or liable for any act or omission of such person or entity in carrying out such responsibility except as may otherwise be required by law.

VI. INDEMNIFICATION

The Agency shall defend, indemnify and hold harmless the members of the Committee and other employees and former employees acting for and on behalf of the Plan (“Indemnitees”) to the fullest extent permitted by law, from and against any and all liabilities, demands, claims, losses, costs and expenses, including reasonable attorneys' fees, arising out of, relating to, or resulting from any action, inaction or conduct relating to membership on the committee for the management and administration of the Plans unless the Indemnitee’s action, inaction or conduct arise out of, relate to, or result from Indemnitee’s gross negligence, bad faith, willful misconduct, or a willful violation of law including, but not limited to, a breach of fiduciary duty.

The Agency may purchase insurance to cover potential liability of one or more Committee members. The Plans may purchase insurance for the Committee members or for itself to cover liability or losses occurring by reason of the act or omission of a Committee member, if such insurance permits recourse by the insurer against the Committee member in the case of a breach of a fiduciary obligation by such Committee member. Furthermore, a Committee member may purchase insurance to cover fiduciary liability from and for his or her own account.

VII. RESPONSIBILITIES

The Committee shall have the following responsibilities related to Plans’ investments:

Inland Empire Utilities Agency Defined Contribution Plans Administrative Committee

Committee Charter
A. Selecting the investment design features of the Plans. This includes establishing:

1. The investment policy and objectives,

2. The number and types of investment alternatives available to Plan participants, and

3. Participant investment procedures;

B. Appointing, monitoring and evaluating all investment fund options in accordance with guidelines and benchmarks established within this document and consistent with applicable laws;

C. Invest the assets of the Plans with the care, skill, prudence, and diligence under the circumstances then prevailing of a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. Investments must be diversified so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so. In addition, investments must be sufficiently liquid to pay benefits as they become due under the Plan. All Plan investments must be appropriate for the type of retirement plan involved and consistent with governing law;

D. Identify appropriate investment strategies and appropriate investment funds with respect to the Plans, or properly delegate such matters to one or more investment managers and/or the participants in the Plan. In the event such matters are delegated, the Committee shall regularly monitor the investments of the Plans and, if necessary, take corrective actions;

E. Formulate policies, practices and procedures to carry out the funding of the Plans which shall be consistent with the objectives of the Plans and the provisions of applicable law. Without limiting the generality of the foregoing, the Committee shall, from time to time, accomplish the following with respect to the Plans:

1. Review short-term, intermediate and long-range investment goals;

2. Determine and project benefit liabilities;

3. Make plans to satisfy the liquidity needs of the Plans;

4. Consult with the trustee or such other advisors as may be necessary to maintain adequate funding and assure the payment of benefits due under the Plans;

Inland Empire Utilities Agency Defined Contribution Plans Administrative Committee

Committee Charter
F. Monitoring Plans costs which are charged to Plans assets and/or paid by Plans participants, including, but not limited to, investment management fees, administrative fees, trustee fees and fees paid to other Plans service providers;

G. Ensuring general investment information is available to Plan participants regarding the procedures for making investment choices under the Plans and general investment information regarding each of the investment options offered under the Plan;

H. Ensuring the service provider(s) to the Plans are providing education to plan participants, and all other services included in their service agreements; and

I. Providing at least annual reports of the Plans’ status to the Board of Directors.

Additional information regarding Plan investments may be found in the Inland Empire Utilities Agency Defined Contribution Plans Statement of Investment Policies and Guidelines (“IPS”).

VIII. STANDARD OF CARE

The Committee shall discharge its duties with respect to the Plans in such a manner as to comply with applicable law and regulations including Code Section 457 and 401(a) and regulations thereunder. Generally, all assets and income of the Plan shall be held in trust for the exclusive benefit of participants and their beneficiaries. The Committee members, as trustee and fiduciaries, are to perform their duties with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use.

IX. PLAN DOCUMENTS

The Plans shall be governed by and administered under one or more plan documents and trust agreements. These Plan documents and trust agreements, together with any other formal documents maintained for the operation and administration of the Plans, shall be available for inspection by Plans participants during business hours.

X. PRIOR VERSIONS

This Charter shall supersede and/or repeal all previous versions or actions.

XI. AMENDMENT

This Charter may be amended by a majority vote of the Inland Empire Utilities Agency Deferred Compensation Administrative Committee at a meeting called for that purpose.

Inland Empire Utilities Agency Defined Contribution Plans Administrative Committee

Committee Charter
DATED this ___ day of ____________, 2019.

INLAND EMPIRE UTILITIES AGENCY

By ______________________________________________________

Committee Chairperson

Inland Empire Utilities Agency Defined Contribution Plans Administrative Committee

Committee Charter
Inland Empire Utilities Agency Defined Contribution Plans Administrative Committee

Committee Charter
GLOSSARY

**Ad-Hoc Sub Committees:** Established as needed by the Deferred Compensation Administrative Committee to address specific needs.

**Committee Chair/Plan Administrator:** Executive Manager of Finance and Administration/Assistant General Manager, or as appointed by the Plan Sponsor.

**Deferred Compensation Administrative Committee ("Committee"):** Established by the Plan Sponsor to serve as the investment fiduciary for the Plans.

**Fees:** Fees or charges paid to third party providers for Plan administration and investment management.

**Fiduciary:** Anyone with discretionary authority or control over the administration of a retirement plan or its assets have the responsibility to act with care, prudence and solely in the best interest and for the exclusive benefit of Plan participants and beneficiaries. Fiduciaries include Plan Sponsor, Trustee, Plan Administrator, a Committee appointed by the Board, and Service Providers.

**Investment Consultant ("Consultant"):** An entity that offers investment option products and manages assets for the Plans. Examples of investment option products offered by an investment provider may include mutual funds, commingled trust funds, separate accounts and/or variable annuity contracts.

**Investment Manager:** The person(s) at the Investment Provider responsible for implementing an investment option’s investing strategy and managing its portfolio trading activities.

**Investment Objectives:** The overall financial objectives of an investor. For example, whether the investor requires income or capital appreciation. The investor’s objectives govern the investment strategy.

**Investment Provider:** An entity that offers investment option products and manages assets for the Plans. Examples of investment option products offered by an investment provider may include mutual funds, commingled trust funds, separate accounts and/or variable annuity contracts.

**Legal Counsel:** The general counsel to the Plans’ Sponsor.
**Plans:** Code Sections 457 and 401(a) deferred compensation plans established by Inland Empire Utilities Agency to provide eligible employees an opportunity to accumulate retirement savings on a tax-favored basis.

**Plan Documents:** The governing documents of the Plans.

**Plan Sponsor:** Inland Empire Utilities Agency

**Proxy Vote:** A form of voting whereby some members of a decision-making body may delegate their voting power to other members of the same body to vote in their absence, and/or to select additional representatives. A person so designated is called a "proxy" and the person designating him or her is called a "principal".

**Record-Keepers or Record Keepers:** The Service Providers engaged by the Plans to keep and maintain the Plans’ participant data.

**Special Counsel:** Legal counsel to the Committee.

**Services Provider:** An entity engaged to assist the Plans’ Sponsor, Plan Administrator and the Committee in regard to the administration of the Plans. Service Providers may include but are not limited to: the Plans’ Record-Keepers, investment consultants, accountants, and/or any other providers. This assistance may include Plan enrollment, communication, education, including providing general investment information to Plan participants regarding the procedures for making investment choices under the Plans and general investment information regarding each of the investment options offered under the Plans, distribution processing, record keeping and other administrative functions as prescribed in an agreement entered into between the Plans’ Sponsor and the Services Providers. Where appropriate, agreements with services providers must specifically note their acceptance of fiduciary responsibility.
DEFINED CONTRIBUTION PLANS
ADMINISTRATIVE COMMITTEE

STATEMENT OF INVESTMENT POLICIES
AND GUIDELINES

INLAND EMPIRE UTILITIES AGENCY

December 2019
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I. INTRODUCTION AND PURPOSE

This statement is set forth to provide a clear understanding of the investment policies, guidelines and objectives related to the administration of the Inland Empire Utilities Agency 457 Deferred Compensation and 401(a) Defined Contribution Plans (collectively the “Plans” and each individually a “Plan”). The Plans are pension benefit plans governed by Sections 457(b) and 401(a), respectively, of the Internal Revenue Code of 1986, as amended (the “Code”).

The Inland Empire Utilities Agency Defined Contribution Plans Administrative Committee (the “Committee”) was established by Inland Empire Utilities Agency (the “Agency”) as the Plan Sponsor to administer and provide oversight for the Plans, and operates pursuant to, and in compliance with the Committee Charter dated December 18, 2019. The Plans are salary deferral retirement vehicles available to eligible employees who are interested in saving for retirement on a tax-favored basis. The purpose of the Plans’ is to provide a vehicle for and to encourage additional retirement savings to supplement the retirement benefits provided to employees.

This Investment Policy Statement (IPS) is further intended to assist the fiduciaries of the Plans in making investment-related decisions in a prudent manner. It outlines the underlying philosophies and processes for the selection, monitoring and evaluation of the investment options and investment providers utilized by the Plans. This IPS will be reviewed at least annually and it can be revised at any time to reflect changes in the capital markets, plan participant objectives, or other factors relevant to the Plans.

II. SUMMARY OF RESPONSIBILITIES

A. Committee— The Committee serves as the investment fiduciary for the Plans. The Committee conducts reviews of the Defined Contribution Plans (457/401a) trusts and investments and makes recommendations as necessary. The Committee’s responsibilities include the following:

1. Establishment and maintenance of the IPS;
2. Appointment of an investment consultant to assist the Committee in selecting, monitoring, and modifying investment options;
3. Selection of investment options (including a default investment option) for the Plans, with the assistance of the investment consultant, as set forth below;
4. Providing access to investment asset classes deemed appropriate for use by participants;
5. Research, selection, and offering of specific funds appropriate for identified asset classes;
6. Monitoring the performance of the investment advisor, and removing or replacing the investment advisor to the extent determined appropriate by the Committee;
7. Monitoring the performance and suitability of investment options, with the assistance of the investment consultant;
8. Ceasing new investments to, or withdraw assets from, an investment option when determined appropriate by the Committee, with the assistance of the investment consultant;
9. Advising each participant of the participant’s responsibility for investing his or her Plan accounts in the available investment options, and assure that each participant receives adequate fund information, investment education and performance reports;
10. Managing and controlling investment related costs of the Plans.

The five (5) Committee members collectively shall serve as Trustees. The Committee is composed of the Executive Manager of Finance and Administration/Assistant General Manager as Chairperson; the Manager of Human Resources as the co-Chairperson; the Manager of Finance and Accounting; and two (2) Participating Employee Representatives.

It is the intent of the Committee to fulfill their fiduciary responsibilities with respect to the Plans solely in the interest of the participants and beneficiaries. The Committee members, as fiduciaries, are to perform their
duties with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

B. Investment Consultant – The Committee may recommend engaging an independent investment consultant (hereinafter “Consultant”) to assist in carrying out the duties and responsibilities of this Investment Policy Statement. Such Consultant must be registered with either State or Federal securities regulators pursuant to the Investment Advisors Act of 1940. The Consultant’s role is to provide information and advice to the Committee on various investment related issues. The Consultant has no discretionary control or authority over Plan assets. In its role as an advisor to the Committee the Consultant acknowledges a fiduciary role with respect to the investment advice provided to the Committee. The services of the Consultant will be set forth in a separate agreement between the Plans’ Sponsor and Investment Consultant.

C. Investment Provider – An entity that offers investment option products and manages assets for the Plans. Examples of investment option products offered by an investment provider may include mutual funds, commingled trust funds, separate accounts and/or variable annuity contracts.

D. Investment Manager – The person(s) at the Investment Provider responsible for implementing an investment option’s investing strategy and managing its portfolio trading activities.

E. Services Provider – An entity engaged to assist the Plans’ Sponsor, Plan Administrator and the Committee in regard to the administration of the Plans. Services Providers may include but are not limited to; the Plans’ record-keepers, investment consultants, accountants, and/or any other providers. This assistance may include Plan enrollment, communication, education, including providing general investment information to Plan participants regarding the procedures for making investment choices under the Plans and general investment information regarding each of the investment options offered under the Plans, distribution processing, record keeping and other administrative functions as prescribed in an agreement entered into between the Plans Sponsor and the Services Providers. Where appropriate, agreements with services providers must specifically note their acceptance of fiduciary responsibility.

F. Legal Counsel – The general counsel to the Plans’ Sponsor, or special counsel will serve as legal counsel to the Committee.

III. GENERAL COMPLIANCE

The Committee will act accordingly as Fiduciaries following best practices as established Article XVI, section 53609 of the California Constitution. These practices include but may not be limited to the Duty of Loyalty, Duty of Prudence, and Duty to Follow Plan Document.

The Plans’ investment policies and guidelines shall be reviewed on an annual basis for modifications, as needed, but may be modified at any time as deemed necessary by the Committee. The Committee may make and modify decisions regarding the investment options at least quarterly or as appropriate.

These are participant-directed Plans. Both employee and employer contributions may be directed to certain investment options specified by the Committee and/or to a broader range of investment options made available through a participant’s optional individual directed account.

The Plan fiduciaries intend to provide a range of investment options that will enable participants to invest according to varying risk tolerance, savings time horizon, and financial goals. Participants choose the investment options for their contributions from among those available under the Plans and may change their investment
choices as often as permitted by the respective Summary Plan Descriptions and investment fund managers.

As applicable, at minimum, it is intended that Plan participants shall be provided with the following opportunities:

A. Choose from a minimum of three diverse investment categories, each with materially different risk and return characteristics. At least one of the categories will provide for a high degree of safety and capital preservation.

B. Receive or have access to the following information, as updated:
   1. A description of the investment alternatives available under the Plans including a general description of the investment objectives, risk and return characteristics, and type and diversification of assets comprising each alternative;
   2. Identification of the designated Investment Providers, Managers and investment products;
   3. A description of any transaction fees or expenses charged to the Plan participant’s account, and information on costs and fees for an investment product that reduces the rate of return to Plan participants (expense ratios); and
   4. Prospectuses, annual reports, and semi-annual reports on investment products, if available.

IV. GENERAL INVESTMENT POLICY, OBJECTIVES AND STANDARDS

It is the policy of the Plans to foster an investment environment that encourages and facilitates participant efforts to supplement other sources of retirement income. The Plans will be structured in an attempt to provide Plan participants with an array of investment options that offer competitive rates of return and reasonable overall cost. Participants in the Plans are solely responsible for their own investment decisions and bear the risks and assume responsibility for the results of the investment options that they select. The Plan Sponsor and Committee make no representations, promises, or warranties regarding the suitability of Plan participation for any participant’s individual investment or retirement needs. Additionally, the Plans’ Sponsor and Committee(s) make no representations, promises or warranties about the performance of the Plans or the Plan’s investments.

The Plans exist in a very dynamic marketplace in which new investment alternatives may become available over time. At present, the market offers a broad array of investment products. These products may include:

- Fixed annuity options
- Variable annuity options
- Co-mingled trust funds
- Mutual funds
- Shares of any company, association or corporation

The primary investment objective of the Plans is to present participants with a range of investment options, which give participants an opportunity to increase the value of their investment assets in a manner consistent with varying levels of participant risk/reward tolerances and investment decision making skills. While the Plans cannot meet all Plan participant investment preferences and attitudes, the Plans attempt to provide investment vehicles for participants at various levels of investment sophistication and with varying requirements for risk and return.

Information that may be used to select which investment products to offer includes, but is not limited to, the following:

- Age, income and other demographic data on the Plans participants
- Liquidity and administrative constraints imposed on the Plans by service providers
- Development of new investment products in the marketplace
- Level of participant usage of investment products

To enable participants to establish different investment strategies, the Plans will offer investment categories that have varying return and volatility characteristics. It is the responsibility of each participant to evaluate the investment options and to select an appropriate mix.

A risk/reward structure is basic to investments. Generally, those vehicles offering the greatest return over time also carry the highest risk or volatility of return. The inherent conflict between volatility and long-range asset accumulation can be lessened through diversification among asset classes. To provide participants the opportunity to select risk/reward strategies and to diversify the Plans' assets, the Plans will offer a number of investment alternatives.

In addition to providing a range of investment options, the Plans seek to provide investment options that are competitive in terms of performance relative to appropriate investment performance and risk benchmarks. The performance and risk relationships of the Plans’ investment options will be reviewed periodically. Investment options should generally be given a full market cycle to achieve stated objectives (market cycles normally occur over 3-5 years period). Investment options are expected to meet or exceed their pre-determined benchmark index(es) net of fees. Where peer groups are definable, investment options are also expected to perform within the upper half of a sample of same style peers net of fees. In addition to net investment performance, the options' risk characteristics will also be reviewed. The risk associated with an investment option generally should be similar to that of the same-style peer group.

V. INVESTMENT OPTIONS

Investment options offered by the Plans will be categorized or grouped by similarities in investment objectives, style and risk. The Plans’ Service Provider(s) and/or Consultant may be asked to assist in determining the categories of investment options. The Plans will be structured to assist participants in meeting their long-term investment objectives by providing investment options within the following permitted investment categories (these categories are further explained in the following pages of this document):

A. Tier 1: Target Retirement Date Pre-Mixed Portfolios

B. Tier 2: Asset Class Investment Options

1. Money Market
2. Fixed/Stable Value
3. US Government Bond
4. Total Return Bond
5. U.S. Large-Size Company Equity
6. U.S. Small/Mid-Size Company Equity
7. Global Equity
8. International Equity

C. Tier 3: Self-Directed Brokerage

Investment options and categories may be added or deleted as deemed necessary. At least one investment option shall be available within each investment category. However, under no circumstances shall it be permissible for the Committee or the investment advisor to select any investment options that are sold by the investment advisor or its affiliates.
The following table outlines the objectives and performance benchmarks for each of the Plans' investment options. The risk associated with an investment option will be compared to appropriate risk benchmarks or measures for a same-style group of peer investment options, where definable.
## Tier 1: Target Retirement Date Pre-Mixed Portfolios

<table>
<thead>
<tr>
<th>Lifecycle Premixed Portfolio – Retirement Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provide different levels of income and capital growth dependent upon an individual participant’s specific target retirement or withdrawal date. Portfolios provide different allocations to stocks and bonds dependent upon the target retirement or withdrawal date that is selected. The portfolio will be well diversified including U.S. and international fixed income securities and U.S. and international equities. Stocks generally will comprise 30% of the total portfolio. The percentage of international equities generally will not exceed 50% of the equity portion of the portfolio.</td>
</tr>
<tr>
<td><strong>Benchmark Index:</strong></td>
</tr>
<tr>
<td><strong>Peer Groups:</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Lifecycle Premixed Portfolio – 2020, 2030, 2040</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provide different levels of income and capital growth dependent upon an individual participant’s specific target retirement or withdrawal date. Portfolios provide different allocations to stocks and bonds dependent upon the target retirement or withdrawal date that is selected. The portfolio will be well diversified including U.S. and international fixed income securities, and U.S. and international equities. Stocks generally will comprise 50%-85% of the total portfolio. The percentage of international equities generally will not exceed 50% of the equity portion of the portfolio.</td>
</tr>
<tr>
<td><strong>Benchmark Index:</strong></td>
</tr>
<tr>
<td><strong>Peer Groups:</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Lifecycle Premixed Portfolio – 2050, 2060</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provide different levels of income and capital growth dependent upon an individual participant’s specific target retirement or withdrawal date. Portfolios provide different allocations to stocks and bonds dependent upon the target retirement or withdrawal date that is selected. The portfolio will be well diversified including U.S. and international fixed income securities, and U.S. and international equities. Stocks generally will comprise 85%-90% of the total portfolio. The percentage of international equities generally will not exceed 65% of the equity portion of the portfolio.</td>
</tr>
<tr>
<td><strong>Benchmark Index:</strong></td>
</tr>
<tr>
<td><strong>Peer Groups:</strong></td>
</tr>
</tbody>
</table>
## TIER 2: ASSET CATEGORY INVESTMENT OPTIONS

### Money Market
Provide current income and a high degree of investment safety with little or no fluctuation of principal.

<table>
<thead>
<tr>
<th>Benchmark Index</th>
<th>90-Day Treasury Bills Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peer Group</td>
<td>Money Market</td>
</tr>
</tbody>
</table>

### Fixed / Stable Value
Provide high current income relative to cash investments and a high degree of investment safety without fluctuation of principal. Investment returns are derived primarily from interest income. A Fixed or General Account option, which is a fixed rate contract that is backed by an insurance company's balance sheet, is to be of mid-investment-grade rating or higher, and backed by a diversified pool of underlying investments. A stable value option will be invested in guaranteed investment contracts (GICs), “synthetic” portfolios, money market instruments, and others, each mainly comprised of investments of short- to intermediate maturity, and which provide for an adequate degree of liquidity. The weighted-average maturity is expected to remain between two and five years at most times. The overall weighted credit-quality rating of the option shall be the equivalent of mid-investment-grade rating or higher. The rating must be obtained from at least one credit rating agency such as Moody, S&P or Duff & Phelps. If the option’s weighted rating declines below this level, the option will be evaluated for corrective action.

| Benchmark Index          | 1. 5 Year CMT Index
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2. 90-Day Treasury Bills Index</td>
</tr>
<tr>
<td>Peer Group</td>
<td>NA</td>
</tr>
</tbody>
</table>

### US Government Bond
Provide current income consistent with preservation of capital and prudent investment management. Primarily US Government and US Government Agency debt securities. A minority portion of the fund may be invested in non-government Mortgage-Backed Securities such as privately issued adjustable rate and fixed rate mortgage loans or other mortgages related securities, asset-backed securities and corporate securities.

<table>
<thead>
<tr>
<th>Benchmark Index</th>
<th>Bloomberg Barclays US Treasury 5- 10 Year Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peer Group</td>
<td>US Intermediate Government</td>
</tr>
</tbody>
</table>

### Total Return Bond
Provide capital appreciation and income through a diversified, actively managed fixed income portfolio. The portfolio’s duration is expected to be comparable to that of its Benchmark Index, with some bandwidth allowed for the manager to exercise strategic deviation from the Benchmark. Average credit quality is expected to be investment grade. The fixed income portfolio will normally be primarily comprised of investments including money market instruments, U.S. Government and Agency bonds, mortgage-backed securities, corporate bonds, and others. The manager will be given discretion to hold securities that are not contained within the Benchmark Index, which may include Foreign Bonds, High Yield Bonds, Convertibles, Treasury Inflation Protected Securities, derivatives, and others. The portfolio’s aggregated composition and risk and return characteristics however are expected to be reflective of its asset class.

<table>
<thead>
<tr>
<th>Benchmark Index</th>
<th>Barclays Capital US Aggregate Bond Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peer Group</td>
<td>US Intermediate-Term Bond</td>
</tr>
</tbody>
</table>
**TIER 2: ASSET CATEGORY INVESTMENT OPTIONS (continued)**

<table>
<thead>
<tr>
<th>U.S. Large Company Equity</th>
<th>Benchmark Indexes:</th>
<th>Peer Groups:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Blend: S&amp;P 500 Index</td>
<td>Blend: US Large Cap Blend</td>
</tr>
<tr>
<td></td>
<td>Growth: Russell 1000 Growth Index</td>
<td>Growth: US Large Cap Growth</td>
</tr>
<tr>
<td></td>
<td>Value: Russell 1000 Value Index</td>
<td>Value: US Large Cap Value</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>U.S. Small/Mid-Size Company Equity</th>
<th>Benchmark Indexes:</th>
<th>Peer Groups:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provide long-term capital appreciation through a diversified common stock portfolio with an average market capitalization between $500 million and $10 billion. Stocks of foreign companies that are traded in the U.S. may also be included in the portfolio, but generally should not exceed more than 20% of the total portfolio.</td>
<td>Blend (active): Blended US Mid-Cap Index</td>
<td>Blend: US Mid-Cap Blend</td>
</tr>
<tr>
<td></td>
<td>Blend (passive): S&amp;P Completion Index</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Global Equity</th>
<th>Benchmark Indexes:</th>
<th>Peer Groups:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provide long-term capital appreciation through a diversified actively managed portfolio of global equities. The option normally invests in issuers from at least five different countries, including the United States.</td>
<td>MSCI All Country World Index (net)</td>
<td>World Stock</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>International Equity</th>
<th>Benchmark Indexes:</th>
<th>Peer Groups:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provide long-term capital appreciation through a diversified, actively managed portfolio of international equities. Stocks of emerging countries may be used at the discretion of the manager, but generally should not exceed more than 30% of the total portfolio.</td>
<td>Blend (active): MSCI All Country World Index ex-U.S. (net)</td>
<td>Blend: US Foreign Blend</td>
</tr>
<tr>
<td></td>
<td>Blend (passive): Custom Blended Index</td>
<td></td>
</tr>
</tbody>
</table>
TIER 3: SELF-DIRECTED BROKERAGE

**Self-Directed Brokerage**

For Plan participants who consider themselves to be knowledgeable about investment principles, the Plan may offer a brokerage account option. Such option may be provided through one or more broker-dealers, as defined and regulated by the National Association of Securities Dealers, Securities Exchange Committee or State Securities Departments. Assets held in a Self-Directed Brokerage account will be maintained in the name of the Plan Trustee or custodian for the benefit of the participant who established the account. Permissible investments for a Self-Directed Brokerage account may include registered mutual funds and other securities permitted under State law. It is the account holder’s responsibility to adhere to these and any other restrictions placed on him or her by the Committee, broker-dealer or regulatory body. It is also the account holder's responsibility not to engage in transactions prohibited by statute or any regulatory entity. Investment options available through the account may contain additional risks and are not monitored by the Committee. The Committee may further restrict permissible investments available in the Self-Directed Brokerage. Each Self-Directed Brokerage account holder will be responsible for his or her own commissions, fees or loads applicable to individual securities or mutual fund transactions for the account.

<table>
<thead>
<tr>
<th>Benchmark Index:</th>
<th>Not Applicable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peer Group:</td>
<td>Not Applicable</td>
</tr>
</tbody>
</table>

**VI. INVESTMENT OPTION SELECTION GUIDELINES**

Investment options offered to participants will be provided through investment provider(s) accessible on the Services Provider’s platform. Before introducing a new investment option, the Committee, in consultation with the Consultant and Services Provider will define the niche to be filled and assess any prospective investment option’s performance, quality, and risk characteristics. At a minimum, investment options under consideration should satisfy performance and risk considerations under actual, not modeled, conditions and over an appropriate time period. Investment option selection considerations may include, but are not limited to the following:

A. The investment option should generally, but not necessarily, have a history that spans a full market cycle, normally three to five (3-5) years.

B. The investment option should generally meet or exceed its predetermined benchmark index, net of fees.

C. The investment option should generally perform at median or within the upper half of a recognized and defined sample of same-style peer options.

D. The investment option should be able to demonstrate a consistent performance track record attributable to a specific investment manager or team of managers.

E. In selecting Target Retirement Date funds, the Committee shall consider the current and prospective composition of the Target Date funds (based on their glide path), and the corresponding risk and return implications relative to the benchmark and peer group constituents.
VII. INVESTMENT OPTION REVIEW GUIDELINES AND MONITORING

Investment providers and investment managers are required to comply with all applicable laws, rules, and regulations. However, the Committee takes no responsibility for the failure of such option and/or investment manager to comply with any and all applicable laws, rules or regulations.

It is recognized that certain Stable Value and Fixed options often have liquidity restrictions. Investment options with sales loads, redemption fees, or other non-investment management related expenses will be avoided to the extent possible.

The Committee shall meet at least semi-annually. However, investment option performance, risk and style consistency is intended to be evaluated on a quarterly basis. Performance and risk results will be evaluated using comparisons with this policy, pertinent market indices and against other same-style peers, where definable. When necessary, investment option performance and risk may be reviewed more frequently.

The Committee will periodically review the investment options’ progress in meeting the Plans’ investment objectives. Investment options will be expected to comply with all stated investment objectives, guidelines and applicable rules contained in the prospectus or fund fact sheet. The Committee may review the performance of investment options quarterly to determine if they are achieving the established objectives.

A. Investment Performance reviews

Performance reviews may include, but are not limited to, a review of:

1. Investment portfolios;
2. Fees and expenses;
3. Investment style, process and philosophy;
4. Investment management personnel; and
5. Index tracking error.

The performance review will also include measuring the options’ investment performance relative to stated benchmarks or respective indexes and peer groups; as well as the monitoring risk measures. The following will be evaluated:

B. Quantitative Measures

1. Active Investment Strategies. Options employing active management are expected to outperform their stated asset class or style benchmark net of all management fees over a trailing five-year time period; and to rank above the 50th percentile of the appropriate peer group for the same trailing five year time period. It is also expected that the risk of each option, as defined by standard deviation of returns, be commensurate with the prescribed strategy relative to the appropriate market index and/or peer group.

2. Passive Investment Strategies. Passive Options are expected to track the performance of the index strategy that the option is designed to replicate, less management fees, with marginal tracking error. It is also expected that the risk of each passive option, as defined by standard deviation of returns, be commensurate with the appropriate market index.

C. Qualitative Measures

The options will also be monitored on an ongoing basis for other material changes which the Committee may determine are of importance to the decision of whether or not to retain an investment option, such as personnel departures; organizational changes; or alterations in investment style, philosophy, or strategy; and adherence to stated guidelines.
D. **Time Periods.** The Committee acknowledges that fluctuating rates of return characterize the securities markets, particularly during short-term time-periods. Recognizing that short-term fluctuations may cause variations in an option's performance, the Committee intends to employ investment options with long-term investment strategies and will evaluate option performance from a long-term perspective. Performance over market cycles of three to five years will be weighted more heavily than performance over shorter time periods, such as one year or less.

E. **Risk Measurement.** In addition to the qualitative and quantitative measures referenced above, the Committee will also review the investment options’ risk characteristics in relation to that performance. Risk will be measured in various ways including, but not limited to:

1. Standard deviation
2. Downside risk or semi-variance
3. Risk/return ratios such as Sharp or Treynor Ratios
4. Other statistical measures such as Beta, Alpha and Variance

F. **Minimum Standards**

Notwithstanding anything to the contrary set forth above in this Section VII, the Committee will consider the following minimum standards in selecting investment options of the Plans:

1. Manager Tenure with the Fund: At least 5 years (waived for passive index funds or if Committee values previous experience.)

2. Fund Net Assets: At least $100,000,000 for Large Cap, $75,000,000 for Mid Cap & $50,000,000 for Small Cap. (Assumes aggregation of all share classes and waived for index funds).

3. 5-Year Performance in Category: Better than 50%.

4. Overall Expense Ratio in Category: Lower than 50%.

5. Minimum Fund Performance History: At least 5 years (waived for new share class, passive index funds or fund of funds).

6. Investment Options: Funds with front-end (unless accessed no-load) or back-end sales charges/loads will not be offered in the core lineup.

The Committee may select investment options that do not meet these minimum standards after due consideration and analysis in accordance with this IPS and documentation of the considerations in the selection thereof.

VIII. **INVESTMENT OPTION TERMINATION AND WATCH GUIDELINES**

Generally, all investment options are expected to remain true to their stated investment objectives and to perform as well as or better than their prescribed performance benchmarks, net of fees. The Committee recognizes the long-term nature of retirement plan investing and the variability of market returns. Periodic underperformance in any of the criteria outlined in this Investment Policy will not necessitate the termination of an option; however, any underperformance will result in consideration by the Committee of the factors causing underperformance and possible courses of action that the Committee may take.

The Committee may, at any time, place any investment option that it views as having a pattern of underperformance on a watch-status. Reasons the Committee might place an option on a watch-status, include but
are not limited to, the following:

A. Quantitative Measures

1. **Actively Managed Options**
   a) Performance below the prescribed benchmark index over a trailing five-year period, combined with
   b) Performance below the median of its peer group over a trailing five-year period

2. **Passively Managed Options.** Net of fee performance tracking error relative to the respective index that is greater than 15 basis points over a trailing five-year period.

3. **Fund Net Assets.** Less than $100,000,000 for Large Cap, $75,000,000 for Mid Cap & $50,000,000 for Small Cap (assumes aggregation of all share classes and waived for index funds).

4. **Sharpe Ratio:** If the ratio is consistently lower than the benchmark (showing risk adjusted return below the benchmark).

5. **Alpha:** If fund management is consistently subtracting value (persistent negative alpha).

6. **Upside/Downside Capture Ratios:** If the percentage of gains the fund experiences in up markets versus the losses incurred in down markets becomes unfavorable.

The Committee may select investment options that do not meet these quantitative measures after due consideration and analysis in accordance with this IPS and documentation of the considerations in the selection thereof.

Certain passive investment options operate in a marketplace that includes foreign markets whose exchanges close prior to that of the United States. In these instances, some fund managers may engage in a method of “Fair Value Pricing,” whereby the managers adjust the pricing of securities in the Fund to reflect any information that has become available after the close of the applicable foreign market. Discrepancies in performance between the applicable investment option and its performance benchmark that are due to “Fair Value Pricing” will be taken into consideration in evaluating performance of the affected investment options.

C. Qualitative Measures

1. Management team or other significant personnel turnover;
2. Changes or inconsistency in the product’s investment philosophy, process, style or risk profile;
3. Excessive or rapid asset growth or decline;
4. Pending regulatory investigations or material legal proceedings;
5. Changes to firm ownership;
6. Significant increase in management fees or expense ratio.
7. In the case of monitoring Target Retirement Date funds, the Committee shall consider the current and prospective composition of the Target Date funds (based on their glide path) and the corresponding risk and return implications relative to the benchmark and peer group constituents.
The Committee may select investment options that do not meet these qualitative measures after due consideration and analysis in accordance with this IPS and documentation of the considerations in the selection thereof.

The Committee's evaluation of a fund that is put “on watch” may include one or more of the following steps:

1. A communication to the fund company asking for an explanation of its underperformance.
2. An analysis of recent transactions, holdings, and portfolio characteristics to determine the cause for underperformance or to verify a change in style.
3. A meeting with the fund company, which may be conducted telephonically or on-site, to gain insight into organizational changes and any changes in strategy or discipline.
4. A formal review of gathered information leading to a decision to: (a) retain the fund in a normal capacity; (b) retain subject to watch status; or (c) terminate.

An investment option may remain on watch status until the Committee decides to take further action. Committee actions include, but are not limited to, the following:

- Removing the investment option from watch status; and
- Terminating the investment option and reallocating the assets to an alternate or replacement investment option by Committee direction.

To be removed from quantitative, performance related watch status, generally, performance for the preceding five-year trailing periods should be above the benchmark index or median for at least two consecutive quarters. However, barring any breakdown in process, the Committee may decide to leave an option on watch for as long as they believe it is prudent to do so.

The Committee reserves the right to terminate investment option relationships at any time, for any reason when it determines such termination is in the best interests of the Plans and their participants and beneficiaries. Upon termination, further contributions or transfers to an investment option may be frozen, or the option may be replaced with or without transferring existing assets from the replaced option. Once the decision to terminate an option and remove it from the Plans is made, asset transfer and liquidation should be handled to the best advantage of the Plans, with due consideration given to the anticipated effect on affected participants and beneficiaries.

IX. PARTICIPANT COMMUNICATIONS

Participant communication materials, including fund prospectuses, will be available from the recordkeeper/trustee and/or Plan Sponsor. Participants will be given updated investment performance information regarding each investment option at least quarterly. Ongoing educational materials intended to assist participants in making informed investment decisions will also be made available periodically.
X. INVESTMENT OVERSIGHT RESPONSIBILITY AND PROXY VOTING

The Committee shall have overall responsibility for the selection, monitoring and termination of all investment managers. Additionally, the Committee shall be responsible for reviewing and maintaining these investment policies and guidelines.

Proxy votes required by investment managers shall be cast by those parties designated by the Committee. Voting rights shall be exercised in the best interest of the participants and beneficiaries of the Plans. The Committee may insist that they exercise their voting rights themselves by communicating their intention to do so in a timely manner.

On behalf of the Inland Empire Utilities Agency 457 Deferred Compensation and 401(a) Defined Contribution Plans this Investment Policy Statement is adopted by the Committee and effective on this date:

Signature: __________________________________________________________________________
Chairperson

Name: ______________________________________________________________________________

Date: ______________________________________________________________________________
GLOSSARY

Alpha
An investment's excess return relative to one that is viewed as commensurate with its degree of risk.

Annualized Return
Rate of return of the account smoothed as though the return occurred equally over twelve-month periods. When the specified time frame is for less than a year, the rate of return in projected as though the same performance continues to occur for a twelve-month period.

Benchmarks
A standard against which the performance of the portfolio can be measured, typically against a standard index, although a client manager may also set the benchmark.

Beta
A statistical measure of an investment's volatility and degree of co-movement relative to its benchmark. A beta of 1.0 implies that an investment has, or has exhibited the same degree of volatility as its benchmark and has tended to closely track the performance of its benchmark. A beta that is above (below) 1 implies that an investment has exhibited higher (lower) overall volatility than its benchmark. Beta is often viewed as indicative of an investment's sensitivity to "systematic" or market risk.

Downside Risk
The risk that an investment's returns may be negative. Downside risk, which is more pronounced in investments with higher volatility and expected returns, is often considered in terms of frequency of loss as well as magnitude thereof.

Duration
The weighted maturity of a fixed-income investment's cash flows, used in the estimation of the price sensitivity of fixed-income securities for a given change in interest rates. Time periods are weighted by multiplying by the present value of its cash flow divided by the bond's price (a bond's cash flows consist of coupon payments and repayment of capital). A bond's duration will almost always be shorter than its maturity, with the exception of zero-coupon bonds, where maturity and duration are equal.

Growth Style Investing
Growth investors purchase companies that have above-average earnings growth and/or above-average sales growth rates.

Investment Objectives
The overall financial objectives of an investor. For example, whether the investor requires income or capital appreciation. The investor's objectives govern the investment strategy.

Large Cap
Large Capitalization — refers to those companies with a market capitalization of greater than $10 billion.
GLOSSARY (continued)

Liquidity
The ability to buy or sell an asset quickly and in large volume without substantially affecting the asset’s price.

Market Capitalization
The dollar value of a public company based on the total number of shares of stock available multiplied by the price per share.

Mid Cap
Mid Capitalization – refers to those companies with a market capitalization between $2 and $10 billion.

Net of Fees
After subtraction of management fees.

Peer Group
Contemporaries of the same asset class that can be compared against one another to achieve a larger sense of how the particular portfolio is performing.

Portfolio
Refers to the complete list of securities held in an investment vehicle.

Sharpe Ratio
A measure of risk-adjusted returns. The Sharpe Ratio is the ratio of an investment’s excess return (typically versus its index or a “risk-free” investment such as Treasury Bills) relative to its standard deviation for the corresponding period. A high (low) Sharpe Ratio indicates that an investment has provided a high (low) amount of excess return relative to the amount of risk it has incurred in doing so.

Small Cap
Small Capitalization – refers to those companies with a market capitalization between $500 million and $1.99 billion.

Semi-Variance
The variance of returns below a certain number, typically 0 or the average return within a data sample. Semi-variance is viewed as a measure of volatility of returns that fall below expectation.

Standard Deviation
Measures the range of returns and is based on a Normal Curve. Managers with lower standard deviations than the index have historically had returns that tended to fall closer to their mean return compared to the index. Managers with higher standard deviations than the index have historically had returns that tended to be further dispersed around the mean than the index. This is another measure of volatility, but it doesn’t distinguish downside performance from upside performance.
GLOSSARY (continued)

Treynor Ratio
A measure of risk-adjusted returns. The Treynor Ratio is the ratio of an investment’s excess return (typically versus its index or a “risk-free” investment such as Treasury Bills) relative to its Beta for the corresponding period. A high (low) Treynor Ratio indicates that an investment has provided a high (low) amount of excess return relative to the degree of risk it has incurred versus its applicable market in doing so.

Value Style Investing
Value investors rely on an examination of the underlying or unrealized value of a company as the primary criterion for deciding whether or not to buy a company’s stock. Value stocks are often priced lower than growth stocks due to slower growth expectations, recent financial difficulty, or a host of other reasons.

Variance
The square root of Standard Deviation.
Introduction and Purpose

The purpose of this Fee and Expense Policy Statement is to detail procedures for payment of Plan related expenses for Inland Empire Utilities Agency ("IEUA") 457 Deferred Compensation Plan and 401(a) Defined Contribution Plan (collectively "Plans"). This document is reviewed at least annually by the IEUA Defined Contribution Plans Administrative Committee ("Committee") which serves as a Fiduciary to the Plans.

Payment of Expenses

Inland Empire Utility Agency is the Plans’ Sponsor. All expenses incidental to the administration or protection of the Plans, and the management of the assets of the Plans, shall be paid from the assets of the Plans or by the Plan participants; unless the Plan Sponsor chooses to pay such expenses directly.

To the extent permitted by law, the Plans’ Administrative Allowance Account ("Account") may be reimbursed from the Plans for any direct expenses properly and actually incurred in connection with the performance of services for the Plans.

Expenses may be paid or reimbursed from the Account only upon the review and approval of the Committee, or by such other appropriate fiduciary of the Plan.

Qualified Expenses

The expenses that may be paid from, or which may be reimbursed to the Plan Sponsor for its payment of, include, but are not limited to, the following:

(a) Ongoing Plan administrative expenses, such as record keeping, legal, auditing, annual reporting, claims processing and similar administrative expenses;
(b) Investment advisory, investment management, administrative investment or service fees and expenses;
(c) Costs incurred in preparing, printing and distributing plan-related documents and other participant communication materials;
(d) Costs associated with benefit distributions and transactions;
(e) Expenses to provide investment assistance and education to participants; and
(f) Costs for providing on-going education, including the costs of attending seminars and conferences, for members of the Committee, fiduciaries and staff with respect to the Plans as necessary or appropriate to assist in the discharge of their responsibilities to the Plans.

Participant Fees in Excess of Plans’ Administration Service Provider Costs

The agreements entered into between the Plan Sponsor and Plan Administration Service Provider state that participants shall pay an explicit fee which shall be used to pay for various aspects of Plan Administration. This fee may exceed the amount retained by the Plan Administration Service Provider to pay for its services.

Fees collected in excess of those retained by the Plan Administration Service Provider and received by the Plan shall be held in an unallocated trust assets account maintained under the Plan, to be called the Administrative Allowance Account.

Inland Empire Utilities Agency Defined Contribution Plans
Fee and Expense Policy Statement
Thereafter funds accrued in this account shall be used exclusively for the benefit of Participants and their Beneficiaries, or to defray the reasonable expenses of administering and managing the Plan.

Allocation of Excess Plan Administration Fees

Excess revenue remaining in the Administrative Allowance Account may be allocated to Plan participants at the Committee's discretion. Such amounts shall be allocated to Plan participants based on their pro-rata share of Plan assets.

Amendment

This Fee Policy may be amended by a majority vote of the Committee at a properly noticed meeting called for that purpose.

On behalf of the Inland Empire Utility Agency Defined Contribution Plans this Fee and Expense Policy Statement is adopted by the Committee and effective on this date:

Signature: __________________________
               Committee Chairperson

Name: _______________________________

Date: _______________________________
HEALTH REIMBURSEMENT ARRANGEMENT TRUST COMMITTEE

COMMITTEE CHARTER

INLAND EMPIRE UTILITIES AGENCY

December 2019
Inland Empire Utilities Agency Health Reimbursement Arrangement Trust Committee

Committee Charter
INLAND EMPIRE UTILITIES AGENCY

HEALTH REIMBURSEMENT ACCOUNT TRUST COMMITTEE CHARTER

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Inland Empire Utilities Agency Health Reimbursement Arrangement Trust Committee

Committee Charter
I. INTRODUCTION

This Charter sets forth the rights, powers, responsibilities, and obligations of the Health Reimbursement Arrangement Trust Committee (the “Committee”) for Inland Empire Utilities Agency (“Agency”) to provide tax deferred retirement benefits to eligible employees and their beneficiaries. The Plans are pension benefit plans established pursuant to Sections 457(b) and 401(a), respectively, of the Internal Revenue Code of 1986, as amended (the “Code”).

As the Plan Sponsor of the Plans, the Agency established the Committee as the Plan Administrator, and appointed the Executive Manager of Finance and Administration/Assistant General Manager as the chairperson of the Committee. The Committee is charged under this Charter with carrying out its duties and responsibilities as Plan Administrator. It is the intent of the Committee to fulfill its fiduciary responsibilities with respect to the Plans solely in the interest of the participants and beneficiaries.

II. MEMBERSHIP OF THE COMMITTEE

The Committee members, as fiduciaries, are to perform their duties with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

The five (5) member Committee shall consist of the following identified positions:

A. Appointed Members:
   1. Executive Manager of Finance & Administration/Assistant General Manager, as Chairperson
   2. Manager of Human Resources, as co-Chairperson
   3. Manager of Finance and Accounting

Each Appointed Member shall serve by virtue of and only so long as that member holds the identified position.

B. Elected Members:
   1. Two (2) Participating Employee Representatives

Employee representatives will be elected by active plan participants to serve a two-year term beginning the first day of the month following the election. Employee representatives must be an active participant in the 457 and/or 401(a) plans. Employee representatives may resign at any time by giving thirty (30) day notice to the Committee Chairperson and/or co-Chairperson.

Committee members shall serve without compensation. All reasonable out-of-pocket expenses of the Committee shall be paid by the Agency in accordance with its standard reimbursement policies unless paid from Plan assets.

C. Vacancies on the Committee

Vacancies on the Committee will occur upon the occurrence of any of the following events:

Inland Empire Utilities Agency Health Reimbursement Arrangement Trust Committee

Committee Charter
1. Resignation/termination of Agency employment by an appointed member.
2. A member fails to complete the requisite education and ethics training after being notified by the Plan Administrator.
3. A member is convicted of a felony or any other offense involving a violation of member’s official duties.
4. The decision of a competent court declaring void the member's appointment.
5. The death of the member.

D. Alternates

The Committee may have up to three alternates. In the absence of the primary member, alternate members will have all rights, powers, privileges, liabilities and duties established by this Charter when attending a meeting or conducting business as directed by that matter. The Deputy Manager of Human Resources will serve as the alternate for the appointed members. Alternatives for the elected members will be the two participating employees with the most votes after the two primary elected members.

Upon resignation of an elected primary member, the Committee will appoint an alternate member to assume the primary role unless they choose not to do so.

III. COMMITTEE ACTION

The Committee shall endeavor to meet at least quarterly to review Plan performance and to review the Plan investment options offered in accordance with the Plan Investment Policy Statement. The Committee will also make changes to the investment offerings as provided under the Investment Policy Statement and as warranted. The Executive Manager of Finance and Administration/Assistant General Manager shall function as the Committee Chairperson. The Manager of Human Resources shall function as the Committee co-Chairperson. The Chairperson, co-Chairperson or their designee is authorized to execute any document or documents on behalf of the Committee and will retain signatory authority for all Plans-related functions. The Consultant shall provide the agenda and follow up correspondence regarding Committee’s proceedings and forward these to the Agency.

The Committee Chairperson is responsible for the preparation of the meeting agenda and the agenda material. The agenda will be distributed to Committee members a minimum of one week before the scheduled meeting date. All Committee members will have the responsibility for submission of appropriate agenda items to the Committee Chairperson. Minutes will be promptly prepared following each Committee meeting and distributed to the Committee members and any other person deemed appropriate by the Committee Chairperson. Minutes of the previous meeting shall be acted upon at the following meeting.

The Agency, through its Committee, shall be responsible for the data, records, and documents pertaining to the Committee’s duties associated with the Plans. With respect to any matter brought to the Committee for a vote, each voting member shall be entitled to one vote. The Committee shall act by a majority of its members and such action may be taken either by a vote at a meeting with at least three members present physically or through teleconferencing.

IV. RIGHTS AND DUTIES
A. The Committee and any representatives that it chooses to assist it to carry out its responsibilities under the Plan shall have the maximum discretionary authority permitted by law to interpret, construe and administer the Plan, to make determinations regarding participation, enrollment and eligibility for benefits under the Plan, to evaluate and determine the validity of benefit claims, and to resolve any and all claims and disputes regarding the rights and entitlements of individuals to participate in the Plan and to receive benefits and payments pursuant to the Plan. The decisions of the Committee and its representatives shall be given the maximum deference permitted by law. Pursuant to such authority, the Committee shall, in a fiduciary capacity, take the actions described below:

1. Make rules, regulations, interpretations, and computations, and take such other action as is necessary or appropriate to administer the Plans in a uniform and nondiscriminatory manner consistent with the terms of the Plan documents and applicable law for the exclusive benefit of the participants and beneficiaries in the Plans;

2. Determine who is eligible under the terms of the Plans;

3. Determine benefit levels in accordance with the terms of the Plans;

4. Obtain necessary compliance testing and Plan audits;

5. Receive, review and, where appropriate, take action concerning accounts and reports furnished by the Plans' trustee or others;

6. Prepare and file or distribute all reports and notices which are required by law or necessary to administer the Plans;

7. Collect, classify and deposit with the Plans' trustee the Plan contributions;

8. Safeguard the Plan assets;

9. Modify, amend or alter the provisions of the Plans in whole or in part to remain compliant with Internal Revenue Code Section 457 and 401 (a) and regulations thereunder;

10. Determine the investment options offered to participants of the Plans and approve changes as appropriate;

11. Determine disbursement options such as loans from the Plans as defined by the appropriate Plan Documents;

12. Establish Ad-Hoc Subcommittees as appropriate to facilitate the operation of the Plans;

13. Maintain or have maintained all necessary records for the administration of the Plans;

14. Authorize, subject to current Agency contracting authority, all service providers necessary or desirable for the administration of the Plans including a consultant, record keeper(s), third-party administrator(s), trustee(s), custodian(s), insurance company(ies), regulated investment

Inland Empire Utilities Agency Health Reimbursement Arrangement Trust Committee
Committee Charter
company(ies), legal or special counsel and/or other such service provider(s) as shall be necessary or appropriate for the administration and operation of the Plans; and

15. Ensure all Committee members complete fiduciary and ethics training as identified by the Plan Administrator or their designee.

V. ALLOCATION AND DELEGATION OF RESPONSIBILITY

The Committee may, by written rule or by its minutes, allocate responsibilities among Committee members and may delegate to persons or firms other than Committee members the authority to carry out responsibilities under the Plan. The Committee’s delegation of responsibilities will be conducted in accordance with its fiduciary duties as set forth herein. In the event a responsibility is allocated to a Committee member, no other Committee member shall be liable for any act or omission of that person except as may otherwise be required by law. If a responsibility is delegated to a person or firm other than a Committee member or their alternate, the Committee shall not be responsible or liable for any act or omission of such person or entity in carrying out such responsibility except as may otherwise be required by law.

VI. INDEMNIFICATION

The Agency shall defend, indemnify and hold harmless the members of the Committee and other employees and former employees acting for and on behalf of the Plan ("Indemnitees") to the fullest extent permitted by law, from and against any and all liabilities, demands, claims, losses, costs and expenses, including reasonable attorneys’ fees, arising out of, relating to, or resulting from any action, inaction or conduct relating to membership on the committee for the management and administration of the Plans unless the Indemnitee’s action, inaction or conduct arise out of, relate to, or result from Indemnitee’s gross negligence, bad faith, willful misconduct, or a willful violation of law including, but not limited to, a breach of fiduciary duty.

The Agency may purchase insurance to cover potential liability of one or more Committee members. The Plans may purchase insurance for the Committee members or for itself to cover liability or losses occurring by reason of the act or omission of a Committee member, if such insurance permits recourse by the insurer against the Committee member in the case of a breach of a fiduciary obligation by such Committee member. Furthermore, a Committee member may purchase insurance to cover fiduciary liability from and for his or her own account.

VII. RESPONSIBILITIES

The Committee shall have the following responsibilities related to Plans' investments:
A. Selecting the investment design features of the Plan. This includes establishing:
   1. The investment policy and objectives,
   2. The number and types of investment alternatives available to Plan participants, and
   3. Participant investment procedures;

B. Appointing, monitoring and evaluating all investment fund options in accordance with guidelines and benchmarks established within this document and consistent with applicable laws;

C. Invest the assets of the Plan with the care, skill, prudence, and diligence under the circumstances then prevailing of a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. Investments must be diversified so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so. In addition, investments must be sufficiently liquid to pay benefits as they become due under the Plan. All Plan investments must be appropriate for the type of retirement plan involved and consistent with governing law;

D. Identify appropriate investment strategies and appropriate investment funds with respect to the Plans, or properly delegate such matters to one or more investment managers and/or the participants in the Plan. In the event such matters are delegated, the Committee shall regularly monitor the investments of the Plans and, if necessary, take corrective actions;

E. Formulate policies, practices and procedures to carry out the funding of the Plan which shall be consistent with the objectives of the Plan and the provisions of applicable law. Without limiting the generality of the foregoing, the Committee shall, from time to time, accomplish the following with respect to the Plan:
   1. Review short-term, intermediate and long-range investment goals;
   2. Determine and project benefit liabilities;
   3. Make plans to satisfy the liquidity needs of the Plans;

F. Consult with the trustee or such other advisors as may be necessary to maintain adequate funding and assure the payment of benefits due under the Plan; Monitoring Plan costs which are charged to Plan assets and/or paid by Plan participants, including, but not limited to, investment management fees, administrative fees, trustee fees and fees paid to other Plan service providers;

G. Ensuring general investment information is available to Plan participants regarding the procedures for making investment choices under the Plan and general investment information regarding each of the investment options offered under the Plan;

H. Ensuring the service provider(s) to the Plan are providing education to plan participants, and all other services included in their service agreements; and

I. Providing at least annual reports of the Plan status to the Board of Directors.

Inland Empire Utilities Agency Health Reimbursement Arrangement Trust Committee

Committee Charter
Additional information regarding Plan investments may be found in the Inland Empire Utilities Agency Health Reimbursement Arrangement Trust Administrative Committee Statement of Investment Policies and Guidelines ("IPS").

VIII. STANDARD OF CARE

The Committee shall discharge its duties with respect to the Plan in such a manner as to comply with applicable law and regulations including Code Section 457 and 401(a) and regulations thereunder. Generally, all assets and income of the Plan shall be held in trust for the exclusive benefit of participants and their beneficiaries. The Committee members, as trustee and fiduciaries, are to perform their duties with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use.

IX. PLAN DOCUMENTS

The Plan shall be governed by and administered under one or more plan documents and trust agreements. These Plan documents and trust agreements, together with any other formal documents maintained for the operation and administration of the Plans, shall be available for inspection by Plan participants during business hours.

X. PRIOR VERSIONS

This Charter shall supersede and/or repeal all previous versions or actions.

XI. AMENDMENT

This Charter may be amended by a majority vote of the Inland Empire Utilities Agency Health Reimbursement Arrangement Trust Committee at a meeting called for that purpose.

DATED this _____ day of ____________, 2019.

INLAND EMPIRE UTILITIES AGENCY

By ________________________________

Committee Chairperson

Inland Empire Utilities Agency Health Reimbursement Arrangement Trust Committee

Committee Charter
GLOSSARY

Ad-Hoc Sub Committees: Established as needed by the Health Reimbursement Account Trust Committee to address specific needs.

Committee Chair/Plan Administrator: Executive Manager of Finance and Administration/Assistant General Manager, or as appointed by the Plan Sponsor.

Health Reimbursement Arrangement Trust Committee ("Committee"): Established by the Plan Sponsor to serve as the investment fiduciary for the Plans.

Fees: Fees or charges paid to third party providers for Plan administration and investment management.

Fiduciary: Anyone with discretionary authority or control over the administration of a retirement plan or its assets have the responsibility to act with care, prudence and solely in the best interest and for the exclusive benefit of Plan participants and beneficiaries. Fiduciaries include Plan Sponsor, Trustee, Plan Administrator, a Committee appointed by the Board, and Service Providers.

Investment Consultant ("Consultant"): An entity that offers investment option products and manages assets for the Plans. Examples of investment option products offered by an investment provider may include mutual funds, commingled trust funds, separate accounts and/or variable annuity contracts.

Investment Manager: The person(s) at the Investment Provider responsible for implementing an investment option’s investing strategy and managing its portfolio trading activities.

Investment Objectives: The overall financial objectives of an investor. For example, whether the investor requires income or capital appreciation. The investor’s objectives govern the investment strategy.

Investment Provider: An entity that offers investment option products and manages assets for the Plans. Examples of investment option products offered by an investment provider may include mutual funds, commingled trust funds, separate accounts and/or variable annuity contracts.

Legal Counsel: The general counsel to the Plans’ Sponsor.

Plans: Code Sections 457 and 401(a) deferred compensation plans established by Inland Empire Utilities Agency to provide eligible employees an opportunity to accumulate retirement savings on a tax-favored basis.

Plan Documents: The governing documents of the Plans.

Inland Empire Utilities Agency Health Reimbursement Arrangement Trust Committee
Committee Charter
Plan Sponsor: Inland Empire Utilities Agency

Proxy Vote: A form of voting whereby some members of a decision-making body may delegate their voting power to other members of the same body to vote in their absence, and/or to select additional representatives. A person so designated is called a "proxy" and the person designating him or her is called a "principal".

Record-Keepers or Record Keepers: The Service Providers engaged by the Plan to keep and maintain the Plans’ participant data.

Special Counsel: Legal counsel to the Committee.

Services Provider: An entity engaged to assist the Plan Sponsor, Plan Administrator and the Committee in regard to the administration of the Plans. Service Providers may include but are not limited to: the Plans’ Record-Keepers, investment consultants, accountants, and/or any other providers. This assistance may include Plan enrollment, communication, education, including providing general investment information to Plan participants regarding the procedures for making investment choices under the Plans and general investment information regarding each of the investment options offered under the Plan, distribution processing, record keeping and other administrative functions as prescribed in an agreement entered into between the Plan Sponsor and the Services Providers. Where appropriate, agreements with services providers must specifically note their acceptance of fiduciary responsibility.
HEALTH REIMBURSEMENT ARRANGEMENT TRUST COMMITTEE

STATEMENT OF INVESTMENT POLICIES AND GUIDELINES

INLAND EMPIRE UTILITIES AGENCY

December 2019
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I. INTRODUCTION AND PURPOSE

This statement is set forth to provide a clear understanding of the investment policies, guidelines and objectives related to the administration of the Inland Empire Utilities Agency Health Reimbursement Arrangement Trust Plan (collectively the “Plans” and each individually a “Plan”). The Plans are pension benefit plans governed by Sections 457(b) and 401(a), respectively, of the Internal Revenue Code of 1986, as amended (the “Code”).

The Inland Empire Utilities Agency Health Reimbursement Arrangement Trust Committee (the “Committee”) was established by Inland Empire Utilities Agency (the “Agency”) as the Plan Sponsor to administer and provide oversight for the Plans, and operates pursuant to, and in compliance with the Committee Charter dated December 18, 2019. The Plans are salary deferral retirement vehicles available to eligible employees who are interested in saving for retirement on a tax-favored basis. The purpose of the Plans is to provide a vehicle for and to encourage additional retirement savings to supplement the retirement benefits provided to employees.

This Investment Policy Statement (IPS) is further intended to assist the fiduciaries of the Plans in making investment-related decisions in a prudent manner. It outlines the underlying philosophies and processes for the selection, monitoring and evaluation of the investment options and investment providers utilized by the Plans. This IPS will be reviewed at least annually and it can be revised at any time to reflect changes in the capital markets, plan participant objectives, or other factors relevant to the Plans.

II. SUMMARY OF RESPONSIBILITIES

A. Committee — The Committee serves as the investment fiduciary for the Plans. The Committee conducts reviews of the Health Reimbursement Arrangement trusts and investments and makes recommendations as necessary. The Committee’s responsibilities include the following:

1. Establishment and maintenance of the IPS;
2. Appointment of an investment consultant to assist the Committee in selecting, monitoring, and modifying investment options;
3. Selection of investment options (including a default investment option) for the Plans, with the assistance of the investment consultant, as set forth below;
4. Providing access to investment asset classes deemed appropriate for use by participants;
5. Research, selection, and offering of specific funds appropriate for identified asset classes;
6. Monitoring the performance of the investment advisor, and removing or replacing the investment advisor to the extent determined appropriate by the Committee;
7. Monitoring the performance and suitability of investment options, with the assistance of the investment consultant;
8. Ceasing new investments to, or withdraw assets from, an investment option when determined appropriate by the Committee, with the assistance of the investment consultant;
9. Advising each participant of the participant’s responsibility for investing his or her Plan accounts in the available investment options, and assure that each participant receives adequate fund information, investment education and performance reports;
10. Managing and controlling investment related costs of the Plans.

The five (5) Committee members collectively shall serve as Trustees. The Committee is composed of the Executive Manager of Finance and Administration/Assistant General Manager as Chairperson; the Manager of Human Resources as the co-Chairperson; the Manager of Finance and Accounting; and two (2) Participating Employee Representatives.

It is the intent of the Committee to fulfill their fiduciary responsibilities with respect to the Plans solely in the interest of the participants and beneficiaries. The Committee members, as fiduciaries, are to perform their duties with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person
acting in like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

B. Investment Consultant - The Committee may recommend engaging an independent investment consultant (hereinafter “Consultant”) to assist in carrying out the duties and responsibilities of this Investment Policy Statement. Such Consultant must be registered with either State or Federal securities regulators pursuant to the Investment Advisors Act of 1940. The Consultant’s role is to provide information and advice to the Committee on various investment related issues. The Consultant has no discretionary control or authority over Plan assets. In its role as an advisor to the Committee the Consultant acknowledges a fiduciary role with respect to the investment advice provided to the Committee. The services of the Consultant will be set forth in a separate agreement between the Plans’ Sponsor and Investment Consultant.

C. Investment Provider – An entity that offers investment option products and manages assets for the Plans. Examples of investment option products offered by an investment provider may include mutual funds, commingled trust funds, separate accounts and/or variable annuity contracts.

D. Investment Manager – The person(s) at the Investment Provider responsible for implementing an investment option’s investing strategy and managing its portfolio trading activities.

E. Services Provider – An entity engaged to assist the Plans’ Sponsor, Plan Administrator and the Committee in regard to the administration of the Plans. Services Providers may include but are not limited to; the Plans’ record-keepers, investment consultants, accountants, and/or any other providers. This assistance may include Plan enrollment, communication, education, including providing general investment information to Plan participants regarding the procedures for making investment choices under the Plans and general investment information regarding each of the investment options offered under the Plans, distribution processing, record keeping and other administrative functions as prescribed in an agreement entered into between the Plans Sponsor and the Services Providers. Where appropriate, agreements with services providers must specifically note their acceptance of fiduciary responsibility.

F. Legal Counsel – The general counsel to the Plans’ Sponsor, or special counsel will serve as legal counsel to the Committee.

III. GENERAL COMPLIANCE

The Committee will act accordingly as Fiduciaries following best practices as established Article XVI, section 53609 of the California Constitution. These practices include but may not be limited to the Duty of Loyalty, Duty of Prudence, and Duty to Follow Plan Document.

The Plans’ investment policies and guidelines shall be reviewed on an annual basis for modifications, as needed, but may be modified at any time as deemed necessary by the Committee. The Committee may make and modify decisions regarding the investment options at least quarterly or as appropriate.

These are participant-directed Plans. Both employee and employer contributions may be directed to certain investment options specified by the Committee and/or to a broader range of investment options made available through a participant’s optional individual directed account.

The Plan fiduciaries intend to provide a range of investment options that will enable participants to invest according to varying risk tolerance, savings time horizon, and financial goals. Participants choose the investment options for their contributions from among those available under the Plans and may change their investment choices as often as permitted by the respective Summary Plan Descriptions and investment fund managers.
As applicable, at minimum, it is intended that Plan participants shall be provided with the following opportunities:

A. Choose from a minimum of three diverse investment categories, each with materially different risk and return characteristics. At least one of the categories will provide for a high degree of safety and capital preservation.

B. Receive or have access to the following information, as updated:
   1. A description of the investment alternatives available under the Plans including a general description of the investment objectives, risk and return characteristics, and type and diversification of assets comprising each alternative;
   2. Identification of the designated Investment Providers, Managers and investment products;
   3. A description of any transaction fees or expenses charged to the Plan participant’s account, and information on costs and fees for an investment product that reduces the rate of return to Plan participants (expense ratios); and
   4. Prospectuses, annual reports, and semi-annual reports on investment products, if available.

IV. GENERAL INVESTMENT POLICY, OBJECTIVES AND STANDARDS

It is the policy of the Plans to foster an investment environment that encourages and facilitates participant efforts to supplement other sources of retirement income. The Plans will be structured in an attempt to provide Plan participants with an array of investment options that offer competitive rates of return and reasonable overall cost. Participants in the Plans are solely responsible for their own investment decisions and bear the risks and assume responsibility for the results of the investment options that they select. The Plan Sponsor and Committee make no representations, promises, or warranties regarding the suitability of Plan participation for any participant’s individual investment or retirement needs. Additionally, the Plans’ Sponsor and Committee(s) make no representations, promises or warranties about the performance of the Plans or the Plan’s investments.

The Plans exist in a very dynamic marketplace in which new investment alternatives may become available over time. At present, the market offers a broad array of investment products. These products may include:

- Fixed annuity options
- Variable annuity options
- Co-mingled trust funds
- Mutual funds
- Shares of any company, association or corporation

The primary investment objective of the Plans is to present participants with a range of investment options, which give participants an opportunity to increase the value of their investment assets in a manner consistent with varying levels of participant risk/reward tolerances and investment decision making skills. While the Plans cannot meet all Plan participant investment preferences and attitudes, the Plans attempt to provide investment vehicles for participants at various levels of investment sophistication and with varying requirements for risk and return.

Information that may be used to select which investment products to offer includes, but is not limited to, the following:

- Age, income and other demographic data on the Plans participants
- Liquidity and administrative constraints imposed on the Plans by service providers
Development of new investment products in the marketplace
Level of participant usage of investment products

To enable participants to establish different investment strategies, the Plans will offer investment categories that have varying return and volatility characteristics. It is the responsibility of each participant to evaluate the investment options and to select an appropriate mix.

A risk/reward structure is basic to investments. Generally, those vehicles offering the greatest return over time also carry the highest risk or volatility of return. The inherent conflict between volatility and long-range asset accumulation can be lessened through diversification among asset classes. To provide participants the opportunity to select risk/reward strategies and to diversify the Plans’ assets, the Plans will offer a number of investment alternatives.

In addition to providing a range of investment options, the Plans seek to provide investment options that are competitive in terms of performance relative to appropriate investment performance and risk benchmarks. The performance and risk relationships of the Plans’ investment options will be reviewed periodically. Investment options should generally be given a full market cycle to achieve stated objectives (market cycles normally occur over 3-5 years period). Investment options are expected to meet or exceed their pre-determined benchmark index(es) net of fees. Where peer groups are definable, investment options are also expected to perform within the upper half of a sample of same style peers net of fees. In addition to net investment performance, the options’ risk characteristics will also be reviewed. The risk associated with an investment option generally should be similar to that of the same-style peer group.

V. INVESTMENT OPTIONS

Investment options offered by the Plans will be categorized or grouped by similarities in investment objectives, style and risk. The Plans’ Service Provider(s) and/or Consultant may be asked to assist in determining the categories of investment options. The Plans will be structured to assist participants in meeting their long-term investment objectives by providing investment options within the following permitted investment categories (these categories are further explained in the following pages of this document):

A. Tier 1: Target Retirement Date Pre-Mixed Portfolios

B. Tier 2: Asset Class Investment Options

1. Money Market
2. Fixed/Stable Value
3. US Government Bond
4. Total Return Bond
5. U.S. Large-Size Company Equity
6. U.S. Small/Mid-Size Company Equity
7. Global Equity
8. International Equity

C. Tier 3: Self-Directed Brokerage

Investment options and categories may be added or deleted as deemed necessary. At least one investment option shall be available within each investment category. However, under no circumstances shall it be permissible for the Committee or the investment advisor to select any investment options that are sold by the investment advisor or its affiliates.

The following table outlines the objectives and performance benchmarks for each of the Plans’ investment
options. The risk associated with an investment option will be compared to appropriate risk benchmarks or measures for a same-style group of peer investment options, where definable.
## TIER 1: TARGET RETIREMENT DATE PRE-MIXED PORTFOLIOS

### Lifecycle Premixed Portfolio – Retirement Income
Provide different levels of income and capital growth dependent upon an individual participant’s specific target retirement or withdrawal date. Portfolios provide different allocations to stocks and bonds dependent upon the target retirement or withdrawal date that is selected. The portfolio will be well diversified including U.S. and international fixed income securities and U.S. and international equities. Stocks generally will comprise 30% of the total portfolio. The percentage of international equities generally will not exceed 50% of the equity portion of the portfolio.

<table>
<thead>
<tr>
<th>Benchmark Index</th>
<th>Custom Blended Index</th>
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<tbody>
<tr>
<td>Peer Groups</td>
<td>US Target Date Retirement Income</td>
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</table>

### Lifecycle Premixed Portfolio – 2020, 2030, 2040
Provide different levels of income and capital growth dependent upon an individual participant’s specific target retirement or withdrawal date. Portfolios provide different allocations to stocks and bonds dependent upon the target retirement or withdrawal date that is selected. The portfolio will be well diversified including U.S. and international fixed income securities, and U.S. and international equities. Stocks generally will comprise 50%-85% of the total portfolio. The percentage of international equities generally will not exceed 50% of the equity portion of the portfolio.

<table>
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<th>Benchmark Index</th>
<th>Custom Blended Index</th>
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<tbody>
<tr>
<td>Peer Groups</td>
<td>US Target Date 2020, US Target Date 2030, US Target Date 2040</td>
</tr>
</tbody>
</table>

### Lifecycle Premixed Portfolio –2050, 2060
Provide different levels of income and capital growth dependent upon an individual participant’s specific target retirement or withdrawal date. Portfolios provide different allocations to stocks and bonds dependent upon the target retirement or withdrawal date that is selected. The portfolio will be well diversified including U.S. and international fixed income securities, and U.S. and international equities. Stocks generally will comprise 85%-90% of the total portfolio. The percentage of international equities generally will not exceed 65% of the equity portion of the portfolio.

<table>
<thead>
<tr>
<th>Benchmark Index</th>
<th>Custom Blended Index</th>
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<tbody>
<tr>
<td>Peer Groups</td>
<td>US Target Date 2050, US Target Date 2060+</td>
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</table>
## TIER 2: ASSET CATEGORY INVESTMENT OPTIONS

### Money Market
Provide current income and a high degree of investment safety with little or no fluctuation of principal.

<table>
<thead>
<tr>
<th>Benchmark Index:</th>
<th>90-Day Treasury Bills Index</th>
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<tbody>
<tr>
<td>Peer Group:</td>
<td>Money Market</td>
</tr>
</tbody>
</table>

### Fixed / Stable Value
Provide high current income relative to cash investments and a high degree of investment safety without fluctuation of principal. Investment returns are derived primarily from interest income. A Fixed or General Account option, which is a fixed rate contract that is backed by an insurance company’s balance sheet, is to be of mid-investment-grade rating or higher, and backed by a diversified pool of underlying investments. A stable value option will be invested in guaranteed investment contracts (GICs), “synthetic” portfolios, money market instruments, and others, each mainly comprised of investments of short- to intermediate maturity, and which provide for an adequate degree of liquidity. The weighted-average maturity is expected to remain between two and five years at most times. The overall weighted credit-quality rating of the option shall be the equivalent of mid-investment-grade rating or higher. The rating must be obtained from at least one credit rating agency such as Moody, S&P or Duff & Phelps. If the option’s weighted rating declines below this level, the option will be evaluated for corrective action.

| Benchmark Index: | 1. 5 Year CMT Index  
<table>
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<th></th>
<th>2. 90-Day Treasury Bills Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peer Group:</td>
<td>NA</td>
</tr>
</tbody>
</table>

### US Government Bond
Provide current income consistent with preservation of capital and prudent investment management. Primarily US Government and US Government Agency debt securities. A minority portion of the fund may be invested in non-government Mortgage-Backed Securities such as privately issued adjustable rate and fixed rate mortgage loans or other mortgages related securities, asset-backed securities and corporate securities.

<table>
<thead>
<tr>
<th>Benchmark Index:</th>
<th>Bloomberg Barclays US Treasury 5-10 Year Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peer Group:</td>
<td>US Intermediate Government</td>
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</table>

### Total Return Bond
Provide capital appreciation and income through a diversified, actively managed fixed income portfolio. The portfolio’s duration is expected to be comparable to that of its Benchmark Index, with some bandwidth allowed for the manager to exercise strategic deviation from the Benchmark. Average credit quality is expected to be investment grade. The fixed income portfolio will normally be primarily comprised of investments including money market instruments, U.S. Government and Agency bonds, mortgage-backed securities, corporate bonds, and others. The manager will be given discretion to hold securities that are not contained within the Benchmark Index, which may include Foreign Bonds, High Yield Bonds, Convertibles, Treasury Inflation Protected Securities, derivatives, and others. The portfolio’s aggregated composition and risk and return characteristics however are expected to be reflective of its asset class.

<table>
<thead>
<tr>
<th>Benchmark Index:</th>
<th>Barclays Capital US Aggregate Bond Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peer Group:</td>
<td>US Intermediate-Term Bond</td>
</tr>
</tbody>
</table>
### U.S. Large Company Equity
Provide long-term capital appreciation through a diversified common stock portfolio with an average market capitalization greater than $10 billion. Stocks of foreign companies that are traded in the U.S. may also be included in the portfolio, but generally should not exceed more than 20% of the total portfolio.

| Benchmark Indexes: | Blend: S&P 500 Index  
Growth: Russell 1000 Growth Index  
Value: Russell 1000 Value Index |
|-------------------|-------------------------------------------------|
| Peer Groups:      | Blend: US Large Cap Blend  
Growth: US Large Cap Growth  
Value: US Large Cap Value |

### U.S. Small/Mid-Size Company Equity
Provide long-term capital appreciation through a diversified common stock portfolio with an average market capitalization between $500 million and $10 billion. Stocks of foreign companies that are traded in the U.S. may also be included in the portfolio, but generally should not exceed more than 20% of the total portfolio.

| Benchmark Indexes: | Blend (active): Blended US Mid-Cap Index  
Blend (passive): S&P Completion Index |
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Peer Groups:</td>
<td>Blend: US Mid-Cap Blend</td>
</tr>
</tbody>
</table>

### Global Equity
Provide long-term capital appreciation through a diversified actively managed portfolio of global equities. The option normally invests in issuers from at least five different countries, including the United States.

<table>
<thead>
<tr>
<th>Benchmark Indexes:</th>
<th>MSCI All Country World Index (net)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peer Groups:</td>
<td>World Stock</td>
</tr>
</tbody>
</table>

### International Equity
Provide long-term capital appreciation through a diversified, actively managed portfolio of international equities. Stocks of emerging countries may be used at the discretion of the manager, but generally should not exceed more than 30% of the total portfolio.

| Benchmark Indexes: | Blend (active): MSCI All Country World Index ex-U.S. (net)  
Blend (passive): Custom Blended Index |
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Peer Groups:</td>
<td>Blend: US Foreign Blend</td>
</tr>
</tbody>
</table>
TIER 3: SELF-DIRECTED BROKERAGE

Self-Directed Brokerage
For Plan participants who consider themselves to be knowledgeable about investment principles, the Plan may offer a brokerage account option. Such option may be provided through one or more broker-dealers, as defined and regulated by the National Association of Securities Dealers, Securities Exchange Committee or State Securities Departments. Assets held in a Self-Directed Brokerage account will be maintained in the name of the Plan Trustee or custodian for the benefit of the participant who established the account. Permissible investments for a Self-Directed Brokerage account may include registered mutual funds and other securities permitted under State law. It is the account holder’s responsibility to adhere to these and any other restrictions placed on him or her by the Committee, broker-dealer or regulatory body. It is also the account holder’s responsibility not to engage in transactions prohibited by statute or any regulatory entity. Investment options available through the account may contain additional risks and are not monitored by the Committee. The Committee may further restrict permissible investments available in the Self-Directed Brokerage. Each Self-Directed Brokerage account holder will be responsible for his or her own commissions, fees or loads applicable to individual securities or mutual fund transactions for the account.

<table>
<thead>
<tr>
<th>Benchmark Index</th>
<th>Not Applicable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peer Group</td>
<td>Not Applicable</td>
</tr>
</tbody>
</table>

VI. INVESTMENT OPTION SELECTION GUIDELINES

Investment options offered to participants will be provided through investment provider(s) accessible on the Services Provider’s platform. Before introducing a new investment option, the Committee, in consultation with the Consultant and Services Provider will define the niche to be filled and assess any prospective investment option’s performance, quality, and risk characteristics. At a minimum, investment options under consideration should satisfy performance and risk considerations under actual, not modeled, conditions and over an appropriate time period. Investment option selection considerations may include, but are not limited to the following:

A. The investment option should, generally, but not necessarily, have a history that spans a full market cycle, normally three to five (3-5) years.

B. The investment option should generally meet or exceed its predetermined benchmark index, net of fees.

C. The investment option should generally perform at median or within the upper half of a recognized and defined sample of same-style peer options.

D. The investment option should be able to demonstrate a consistent performance track record attributable to a specific investment manager or team of managers.

E. In selecting Target Retirement Date funds, the Committee shall consider the current and prospective composition of the Target Date funds (based on their glide path), and the corresponding risk and return implications relative to the benchmark and peer group constituents.
VII. INVESTMENT OPTION REVIEW GUIDELINES AND MONITORING

Investment providers and investment managers are required to comply with all applicable laws, rules, and regulations. However, the Committee takes no responsibility for the failure of such option and/or investment manager to comply with any and all applicable laws, rules or regulations.

It is recognized that certain Stable Value and Fixed options often have liquidity restrictions. Investment options with sales loads, redemption fees, or other non-investment management related expenses will be avoided to the extent possible.

The Committee shall meet at least semi-annually. However, investment option performance, risk and style consistency is intended to be evaluated on a quarterly basis. Performance and risk results will be evaluated using comparisons with this policy, pertinent market indices and against other same-style peers, where definable. When necessary, investment option performance and risk may be reviewed more frequently.

The Committee will periodically review the investment options' progress in meeting the Plans' investment objectives. Investment options will be expected to comply with all stated investment objectives, guidelines and applicable rules contained in the prospectus or fund fact sheet. The Committee may review the performance of investment options quarterly to determine if they are achieving the established objectives.

A. Investment Performance reviews

Performance reviews may include, but are not limited to, a review of:

1. Investment portfolios;
2. Fees and expenses;
3. Investment style, process and philosophy;
4. Investment management personnel; and
5. Index tracking error.

The performance review will also include measuring the options' investment performance relative to stated benchmarks or respective indexes and peer groups; as well as the monitoring risk measures. The following will be evaluated:

B. Quantitative Measures

1. Active Investment Strategies. Options employing active management are expected to outperform their stated asset class or style benchmark net of all management fees over a trailing five-year time period; and to rank above the 50th percentile of the appropriate peer group for the same trailing five year time period. It is also expected that the risk of each option, as defined by standard deviation of returns, be commensurate with the prescribed strategy relative to the appropriate market index and/or peer group.

2. Passive Investment Strategies. Passive Options are expected to track the performance of the index strategy that the option is designed to replicate, less management fees, with marginal tracking error. It is also expected that the risk of each passive option, as defined by standard deviation of returns, be commensurate with the appropriate market index.

C. Qualitative Measures

The options will also be monitored on an ongoing basis for other material changes which the Committee may determine are of importance to the decision of whether or not to retain an investment option, such as personnel departures; organizational changes; or alterations in investment style, philosophy, or strategy; and adherence to stated guidelines.
D. Time Periods. The Committee acknowledges that fluctuating rates of return characterize the securities markets, particularly during short-term time-periods. Recognizing that short-term fluctuations may cause variations in an option’s performance, the Committee intends to employ investment options with long-term investment strategies and will evaluate option performance from a long-term perspective. Performance over market cycles of three to five years will be weighted more heavily than performance over shorter time periods, such as one year or less.

E. Risk Measurement. In addition to the qualitative and quantitative measures referenced above, the Committee will also review the investment options’ risk characteristics in relation to that performance. Risk will be measured in various ways including, but not limited to:

1. Standard deviation
2. Downside risk or semi-variance
3. Risk/return ratios such as Sharp or Treynor Ratios
4. Other statistical measures such as Beta, Alpha and Variance

F. Minimum Standards

Notwithstanding anything to the contrary set forth above in this Section VII, the Committee will consider the following minimum standards in selecting investment options of the Plans:

1. Manager Tenure with the Fund: At least 5 years (waived for passive index funds or if Committee values previous experience.)

2. Fund Net Assets: At least $100,000,000 for Large Cap, $75,000,000 for Mid Cap & $50,000,000 for Small Cap. (Assumes aggregation of all share classes and waived for index funds).

3. 5-Year Performance in Category: Better than 50%.

4. Overall Expense Ratio in Category: Lower than 50%.

5. Minimum Fund Performance History: At least 5 years (waived for new share class, passive index funds or fund of funds).

6. Investment Options: Funds with front-end (unless accessed no-load) or back-end sales charges/loads will not be offered in the core lineup.

The Committee may select investment options that do not meet these minimum standards after due consideration and analysis in accordance with this IPS and documentation of the considerations in the selection thereof.

VIII. INVESTMENT OPTION TERMINATION AND WATCH GUIDELINES

Generally, all investment options are expected to remain true to their stated investment objectives and to perform as well as or better than their prescribed performance benchmarks, net of fees. The Committee recognizes the long-term nature of retirement plan investing and the variability of market returns. Periodic underperformance in any of the criteria outlined in this Investment Policy will not necessitate the termination of an option; however, any underperformance will result in consideration by the Committee of the factors causing underperformance and possible courses of action that the Committee may take.

The Committee may, at any time, place any investment option that it views as having a pattern of underperformance on a watch-status. Reasons the Committee might place an option on a watch-status, include but
A. Quantitative Measures

1. Actively Managed Options  
   a) Performance below the prescribed benchmark index over a trailing five-year period, combined with  
   b) Performance below the median of its peer group over a trailing five-year period

2. Passively Managed Options. Net of fee performance tracking error relative to the respective index that is greater than 15 basis points over a trailing five-year period.

3. Fund Net Assets. Less than $100,000,000 for Large Cap, $75,000,000 for Mid Cap & $50,000,000 for Small Cap (assumes aggregation of all share classes and waived for index funds).

4. Sharpe Ratio: If the ratio is consistently lower than the benchmark (showing risk adjusted return below the benchmark).

5. Alpha: If fund management is consistently subtracting value (persistent negative alpha).

6. Upside/Downside Capture Ratios: If the percentage of gains the fund experiences in up markets versus the losses incurred in down markets becomes unfavorable.

The Committee may select investment options that do not meet these quantitative measures after due consideration and analysis in accordance with this IPS and documentation of the considerations in the selection thereof.

Certain passive investment options operate in a marketplace that includes foreign markets whose exchanges close prior to that of the United States. In these instances, some fund managers may engage in a method of “Fair Value Pricing,” whereby the managers adjust the pricing of securities in the Fund to reflect any information that has become available after the close of the applicable foreign market. Discrepancies in performance between the applicable investment option and its performance benchmark that are due to “Fair Value Pricing” will be taken into consideration in evaluating performance of the affected investment options.

C. Qualitative Measures

1. Management team or other significant personnel turnover;  
2. Changes or inconsistency in the product’s investment philosophy, process, style or risk profile;  
3. Excessive or rapid asset growth or decline;  
4. Pending regulatory investigations or material legal proceedings;  
5. Changes to firm ownership;  
6. Significant increase in management fees or expense ratio.  
7. In the case of monitoring Target Retirement Date funds, the Committee shall consider the current and prospective composition of the Target Date funds (based on their glide path) and the corresponding risk and return implications relative to the benchmark and peer group constituents.
The Committee may select investment options that do not meet these qualitative measures after due consideration and analysis in accordance with this IPS and documentation of the considerations in the selection thereof.

The Committee’s evaluation of a fund that is put “on watch” may include one or more of the following steps:

1. A communication to the fund company asking for an explanation of its underperformance.
2. An analysis of recent transactions, holdings, and portfolio characteristics to determine the cause for underperformance or to verify a change in style.
3. A meeting with the fund company, which may be conducted telephonically or on-site, to gain insight into organizational changes and any changes in strategy or discipline.
4. A formal review of gathered information leading to a decision to: (a) retain the fund in a normal capacity; (b) retain subject to watch status; or (c) terminate.

An investment option may remain on watch status until the Committee decides to take further action. Committee actions include, but are not limited to, the following:

- Removing the investment option from watch status; and
- Terminating the investment option and reallocating the assets to an alternate or replacement investment option by Committee direction.

To be removed from quantitative, performance related watch status, generally, performance for the preceding five-year trailing periods should be above the benchmark index or median for at least two consecutive quarters. However, barring any breakdown in process, the Committee may decide to leave an option on watch for as long as they believe it is prudent to do so.

The Committee reserves the right to terminate investment option relationships at any time, for any reason when it determines such termination is in the best interests of the Plans and their participants and beneficiaries. Upon termination, further contributions or transfers to an investment option may be frozen, or the option may be replaced with or without transferring existing assets from the replaced option. Once the decision to terminate an option and remove it from the Plans is made, asset transfer and liquidation should be handled to the best advantage of the Plans, with due consideration given to the anticipated effect on affected participants and beneficiaries.

**IX. PARTICIPANT COMMUNICATIONS**

Participant communication materials, including fund prospectuses, will be available from the recordkeeper/trustee and/or Plan Sponsor. Participants will be given updated investment performance information regarding each investment option at least quarterly. Ongoing educational materials intended to assist participants in making informed investment decisions will also be made available periodically.
X. INVESTMENT OVERSIGHT RESPONSIBILITY AND PROXY VOTING

The Committee shall have overall responsibility for the selection, monitoring and termination of all investment managers. Additionally, the Committee shall be responsible for reviewing and maintaining these investment policies and guidelines.

Proxy votes required by investment managers shall be cast by those parties designated by the Committee. Voting rights shall be exercised in the best interest of the participants and beneficiaries of the Plans. The Committee may insist that they exercise their voting rights themselves by communicating their intention to do so in a timely manner.

On behalf of the Inland Empire Utilities Agency Health Reimbursement Arrangement Trust Plan, this Investment Policy Statement is adopted by the Committee and effective on this date:

Signature: 
Chairperson

Name: 

Date: 
GLOSSARY

Alpha
An investment’s excess return relative to one that is viewed as commensurate with its degree of risk.

Annualized Return
Rate of return of the account smoothed as though the return occurred equally over twelve-month periods. When the specified time frame is for less than a year, the rate of return in projected as though the same performance continues to occur for a twelve-month period.

Benchmarks
A standard against which the performance of the portfolio can be measured, typically against a standard index, although a client manager may also set the benchmark.

Beta
A statistical measure of an investment’s volatility and degree of co-movement relative to its benchmark. A beta of 1.0 implies that an investment has, or has exhibited the same degree of volatility as its benchmark and has tended to closely track the performance of its benchmark. A beta that is above (below) 1 implies that an investment has exhibited higher (lower) overall volatility than its benchmark. Beta is often viewed as indicative of an investment’s sensitivity to “systematic” or market risk.

Downside Risk
The risk that an investment’s returns may be negative. Downside risk, which is more pronounced in investments with higher volatility and expected returns, is often considered in terms of frequency of loss as well as magnitude thereof.

Duration
The weighted maturity of a fixed-income investment’s cash flows, used in the estimation of the price sensitivity of fixed-income securities for a given change in interest rates. Time periods are weighted by multiplying by the present value of its cash flow divided by the bond’s price (a bond’s cash flows consist of coupon payments and repayment of capital). A bond’s duration will almost always be shorter than its maturity, with the exception of zero-coupon bonds, where maturity and duration are equal.

Growth Style Investing
Growth investors purchase companies that have above-average earnings growth and/or above-average sales growth rates.

Investment Objectives
The overall financial objectives of an investor. For example, whether the investor requires income or capital appreciation. The investor’s objectives govern the investment strategy.

Large Cap
Large Capitalization – refers to those companies with a market capitalization of greater than $10 billion.
GLOSSARY (continued)

Liquidity
The ability to buy or sell an asset quickly and in large volume without substantially affecting the asset’s price.

Market Capitalization
The dollar value of a public company based on the total number of shares of stock available multiplied by the price per share.

Mid Cap
Mid Capitalization – refers to those companies with a market capitalization between $2 and $10 billion.

Net of Fees
After subtraction of management fees.

Peer Group
Contemporaries of the same asset class that can be compared against one another to achieve a larger sense of how the particular portfolio is performing.

Portfolio
Refers to the complete list of securities held in an investment vehicle.

Sharpe Ratio
A measure of risk-adjusted returns. The Sharpe Ratio is the ratio of an investment’s excess return (typically versus its index or a “risk-free” investment such as Treasury Bills) relative to its standard deviation for the corresponding period. A high (low) Sharpe Ratio indicates that an investment has provided a high (low) amount of excess return relative to the amount of risk it has incurred in doing so.

Small Cap
Small Capitalization – refers to those companies with a market capitalization between $500 million and $1.99 billion.

Semi-Variance
The variance of returns below a certain number, typically 0 or the average return within a data sample. Semi-variance is viewed as a measure of volatility of returns that fall below expectation.

Standard Deviation
Measures the range of returns and is based on a Normal Curve. Managers with lower standard deviations than the index have historically had returns that tended to fall closer to their mean return compared to the index. Managers with higher standard deviations than the index have historically had returns that tended to be further dispersed around the mean than the index. This is another measure of volatility, but it doesn’t distinguish downside performance from upside performance.
GLOSSARY (continued)

Treynor Ratio
A measure of risk-adjusted returns. The Treynor Ratio is the ratio of an investment’s excess return (typically versus its index or a “risk-free” investment such as Treasury Bills) relative to its Beta for the corresponding period. A high (low) Treynor Ratio indicates that an investment has provided a high (low) amount of excess return relative to the degree of risk it has incurred versus its applicable market in doing so.

Value Style Investing
Value investors rely on an examination of the underlying or unrealized value of a company as the primary criterion for deciding whether or not to buy a company’s stock. Value stocks are often priced lower than growth stocks due to slower growth expectations, recent financial difficulty, or a host of other reasons.

Variance
The square root of Standard Deviation.
Introduction and Purpose

The purpose of this Fee and Expense Policy Statement is to detail procedures for payment of Plan related expenses for Inland Empire Utilities Agency ("IEUA") Health Reimbursement Arrangement Trust Plan ("Plans"). This document is reviewed at least annually by the IEUA Health Reimbursement Arrangement Trust Committee ("Committee") which serves as a Fiduciary to the Plans.

Payment of Expenses

Inland Empire Utility Agency is the Plans' Sponsor. All expenses incidental to the administration or protection of the Plans, and the management of the assets of the Plans, shall be paid from the assets of the Plans or by the Plan participants; unless the Plan Sponsor chooses to pay such expenses directly.

To the extent permitted by law, the Plans' Administrative Allowance Account ("Account") may be reimbursed from the Plans for any direct expenses properly and actually incurred in connection with the performance of services for the Plans.

Expenses may be paid or reimbursed from the Account only upon the review and approval of the Committee, or by such other appropriate fiduciary of the Plan.

Qualified Expenses

The expenses that may be paid from, or which may be reimbursed to the Plan Sponsor for its payment of, include, but are not limited to, the following:

(a) Ongoing Plan administrative expenses, such as record keeping, legal, auditing, annual reporting, claims processing and similar administrative expenses;
(b) Investment advisory, investment management, administrative investment or service fees and expenses;
(c) Costs incurred in preparing, printing and distributing plan-related documents and other participant communication materials;
(d) Costs associated with benefit distributions and transactions;
(e) Expenses to provide investment assistance and education to participants; and
(f) Costs for providing on-going education, including the costs of attending seminars and conferences, for members of the Committee, fiduciaries and staff with respect to the Plans as necessary or appropriate to assist in the discharge of their responsibilities to the Plans.

Participant Fees in Excess of Plans' Administration Service Provider Costs

The agreements entered into between the Plan Sponsor and Plan Administration Service Provider state that participants shall pay an explicit fee which shall be used to pay for various aspects of Plan Administration. This fee may exceed the amount retained by the Plan Administration Service Provider to pay for its services.

Fees collected in excess of those retained by the Plan Administration Service Provider and received by the Plan shall be held in an unallocated trust assets account maintained under the Plan, to be called the Administrative Allowance Account.
Thereafter funds accrued in this account shall be used exclusively for the benefit of Participants and their Beneficiaries, or to defray the reasonable expenses of administering and managing the Plan.

**Allocation of Excess Plan Administration Fees**

Excess revenue remaining in the Administrative Allowance Account may be allocated to Plan participants at the Committee’s discretion. Such amounts shall be allocated to Plan participants based on their pro-rata share of Plan assets.

**Amendment**

This Fee Policy may be amended by a majority vote of the Committee at a properly noticed meeting called for that purpose.

**On behalf of the Inland Empire Utility Agency Health Reimbursement Arrangement Trust this Fee and Expense Policy Statement is adopted by the Committee and effective on this date:**

Signature: ________________________________
Committee Chairperson

Name: ___________________________________

Date: ____________________________________

Inland Empire Utilities Agency Health Reimbursement Arrangement Trust
Fee and Expense Policy Statement
RESOLUTION NO. 2019-12-2

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, AUTHORIZING THE CREATION OF THE DEFINED CONTRIBUTION PLANS ADMINISTRATIVE COMMITTEE

WHEREAS, the Inland Empire Utilities Agency (the “Agency”) sponsors the 457 Deferred Compensation Plan and 401(a) Defined Contribution Plan (collectively the “Plans” and each individually a “Plan”), which are pension benefit plans established pursuant to Sections 457(b) and 401(a), respectively, of the Internal Revenue Code of 1986, as amended (the “Code”);

WHEREAS, pursuant to the documents governing each Plan, the Agency is the administrator of each Plan and has the power and authority to delegate its administrative functions to such persons or committees it so selects;

WHEREAS, the Agency desires to create an administrative committee and delegate its administrative and fiduciary authority with respect to the Plans to such committee.

BE IT RESOLVED, that the Agency establishes the Defined Contribution Plans Administrative Committee (the “Committee”) and adopts the Defined Contribution Plans Administrative Committee Charter (the “Charter”) attached hereto as Exhibit A;

BE IT RESOLVED, the members of the Committee shall be selected and appointed pursuant to the Charter;

BE IT RESOLVED, the Committee shall be vested with the specific powers, authority, and responsibilities set forth in the Charter; and

BE IT RESOLVED, that the Committee Chairperson, co-Chairperson, or designee is individually authorized, empowered and directed, in the name and on behalf of the Agency, to execute and deliver any and all documents, agreements and instruments, and to do or cause to be done any and all such acts that he deems necessary or advisable in order to carry out the purpose and intent of the foregoing resolutions (the execution and delivery thereof and the taking of any and all such action by such an individual to constitute conclusive evidence of such determination); and

BE IT FURTHER RESOLVED, that for purposes of facilitating the execution of this written consent, this document may be executed in one or more counterparts, each of which counterparts shall be deemed to be an original, and all of which counterparts shall constitute but one and the same instrument. This resolution was adopted by vote of the Board of Directors (“Board”) of Inland Empire Utilities Agency (the “Agency”), at a duly constituted meeting, in accordance with the Bylaws.
ADOPTED this 18th day of December, 2019.

Paul Hofer  
President of the Inland Empire  
Utilities Agency* and the Board  
of Directors thereof

ATTEST:

Kati Parker  
Secretary/Treasurer of the Inland Empire  
Utilities Agency* and the Board  
of Directors thereof
I, Kati Parker, Secretary/Treasurer of the Inland Empire Utilities Agency*, DO HEREBY CERTIFY that the foregoing Resolution No. 2019-12-2 is a true and correct copy of the action adopted by the Board of Directors of Inland Empire Utilities Agency on December 18, 2019, and that the foregoing has not been changed and remains in full force and effect.

AYES:  
NOES:  
ABSTAIN:  
ABSENT:  

Kati Parker  
Secretary/Treasurer of the Inland Empire Utilities Agency* and the Board of Directors thereof

(Seal)

*A Municipal Water District
RESOLUTION NO. 2019-12-3

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, AUTHORIZING THE CREATION OF THE HEALTH REIMBURSEMENT ACCOUNT TRUST COMMITTEE

WHEREAS, the Inland Empire Utilities Agency (the “Agency”) sponsors the Health Reimbursement Account Trust Plan (the “Plan”), which is a welfare benefit plan established to provide reimbursement for certain health care costs incurred by employees, former employees and their dependents pursuant to the terms of the Plan;

WHEREAS, the Agency is the administrator of the Plan and has the power and authority to delegate its administrative functions to such persons or committees it so selects;

WHEREAS, the Agency desires to create an administrative committee and delegate its administrative and fiduciary authority to such committee;

BE IT RESOLVED, that the Agency establishes the Health Reimbursement Account Trust Committee (the “Committee”) and adopts the Health Reimbursement Account Trust Committee Charter (the “Charter”);

BE IT RESOLVED, the members of the Committee shall be selected and appointed pursuant to the Charter;

BE IT RESOLVED, the Committee shall be vested with the specific powers, authority, and responsibilities set forth in the Charter; and

BE IT RESOLVED, that the Committee Chairperson, co-Chairperson or designee is individually authorized, empowered and directed, in the name and on behalf of the Agency, to execute and deliver any and all documents, agreements and instruments, and to do or cause to be done any and all such acts that he deems necessary or advisable in order to carry out the purpose and intent of the foregoing resolutions (the execution and delivery thereof and the taking of any and all such action by such an individual to constitute conclusive evidence of such determination); and

BE IT FURTHER RESOLVED, that for purposes of facilitating the execution of this written consent, this document may be executed in one or more counterparts, each of which counterparts shall be deemed to be an original, and all of which counterparts shall constitute but one and the same instrument. This resolution was adopted by vote of the Board of Directors (“Board”) of the Agency, at a duly constituted meeting, in accordance with the Bylaws.
ADOPTED this 18th day of December, 2019.

Paul Hofer  
President of the Inland Empire  
Utilities Agency* and the Board  
of Directors thereof

ATTEST:

Kati Parker  
Secretary/Treasurer of the Inland Empire  
Utilities Agency* and the Board  
of Directors thereof
STATE OF CALIFORNIA
COUNTY OF SAN BERNARDINO

I, Kati Parker, Secretary/Treasurer of the Inland Empire Utilities Agency*, DO HEREBY CERTIFY that the foregoing Resolution No. 2019-12-3 is a true and correct copy of the action adopted by the Board of Directors of Inland Empire Utilities Agency on December 18, 2019, and that the foregoing has not been changed and remains in full force and effect.

AYES:
NOES:
ABSTAIN:
ABSENT:

Kati Parker
Secretary/Treasurer of the Inland Empire Utilities Agency* and the Board of Directors thereof

(Seal)

*A Municipal Water District
Date: December 18, 2019
To: The Honorable Board of Directors
From: Jean Cihigoyenetch, General Counsel

Executive Contact: Shivaji Deshmukh, General Manager
Subject: Election of Officers

Executive Summary:
In accordance with the Water Code Section 71273, Election of Officers, Resolution No. 2019-11-8, and the Agency's Administrative Handbook:

(a) The Board of Directors shall select officers as described in Resolution No. 2019-11-8. Such officers shall be selected by a majority vote of the members of the Board of Directors present.
(b) The offices are President, Vice President and Secretary/Treasurer.
(c) The nominees must be members of the Board of Directors.

The current officers are as follows: President-Paul Hofer, Vice President-Jasmin A. Hall, and Secretary/Treasurer-Kati Parker.

Staff's Recommendation:
Elect, by majority vote, a President, Vice President, and Secretary/Treasurer of the Inland Empire Utilities Agency Board of Directors.

Budget Impact
Budgeted (Y/N): N  Amendment (Y/N): N  Amount for Requested Approval:
Account/Project Name:

Fiscal Impact (explain if not budgeted):
Prior Board Action:
On January 16, 2019, the Board elected Director Hofer as President, Director Hall as Vice President, and Director Parker as Secretary/Treasurer.

Environmental Determination:
Not Applicable

Business Goal:
The election of officers is in line with the Agency’s commitment to applying ethical, fiscally responsible, transparent and environmentally sustainable principles to all aspects of business and organizational conduct.

Attachments:
Date: December 18, 2019
To: The Honorable Board of Directors
From: Jean Cihigoyenetche, General Counsel

Executive Contact: Shivaji Deshmukh, General Manager
Subject: Appointment of a Director to the Metropolitan Water District of Southern California

Executive Summary:
Inland Empire Utilities Agency (IEUA) has one representative (Director) that serves on the Metropolitan Water District of Southern California Board of Directors. The IEUA Board has a policy of appointing a MWD Board Representative at the same meeting in which they elect IEUA Board Officers. Appointment to the MWD Board requires a majority vote. The current MWD Director is Director Jasmin A. Hall.

Staff's Recommendation:
Review and consider its appointment of a Director to serve on the Metropolitan Water District of Southern California Board by majority vote.

Budget Impact  Budgeted (Y/N): N  Amendment (Y/N): N  Amount for Requested Approval:
Account/Project Name:

Fiscal Impact (explain if not budgeted):

Full account coding (internal AP purposes only): - - - Project No.: - - -
Prior Board Action:
On January 16, 2019, the Board approved the nomination of Director Jasmin A. Hall as the IEUA Representative for the Metropolitan Water District of Southern California Board of Directors.

Environmental Determination:
Not Applicable

Business Goal:
The appointment of a Director to the Metropolitan Water District of Southern California Board of Directors is in line with the Agency’s commitment to applying ethical, fiscally responsible, transparent and environmentally sustainable principles to all aspects of business and organizational conduct.

Attachments:
ACTION ITEM

4C
Date: December 18, 2019
To: The Honorable Board of Directors

From: Jean Chigoyenetche, General Counsel

Committee:

Executive Contact: Shivaji Deshmukh, General Manager

Subject: Adoption of Resolution No. 2019-12-6, Appointing/Re-appointing Agency Representative and Alternate Representative to the SAWPA Commission

Executive Summary:
The Santa Ana Watershed Project Authority (SAWPA) JPA requires the appointment of member agencies commissioners be done by resolution of the member agency’s governing body. Resolution No. 2019-12-6, formalizes the requirements of the SAWPA Joint Powers Agreement. This appointment is determined by the Board President with the concurring vote of a majority of the Board. The current SAWPA Commissioner is Director Kati Parker, with Director Jasmin A. Hall as Alternate Commissioner.

Staff's Recommendation:
Adopt, by majority vote, Resolution No. 2019-12-6, appointing/re-appointing the Agency representative and alternate representative to the Santa Ana Watershed Project Authority (SAWPA) Commission.

Budget Impact  Budgeted (Y/N): N  Amendment (Y/N): N  Amount for Requested Approval:

Account/Project Name:

Fiscal Impact (explain if not budgeted):

Full account coding (internal AP purposes only):  -  -  -  Project No.:
Prior Board Action:

On January 16, 2019, the Board adopted Resolution No. 2019-1-6, appointing Director Kati Parker to serve as the Agency's Commissioner on the Commission for the Santa Ana Watershed Project Authority, with Director Jasmin A. Hall as Alternate Commissioner to the SAWPA Commission.

Environmental Determination:

Not Applicable

Business Goal:

The adoption of a Resolution, appointing a Director on the Commission for the Santa Ana Watershed Project Authority is in line with the Agency's commitment to applying ethical, fiscally responsible, transparent and environmentally sustainable principles to all aspects of business and organizational conduct.

Attachments:

Attachment 1 - Resolution No. 2019-12-6
RESOLUTION 2019-12-6

RESOLUTION OF THE BOARD OF DIRECTORS OF
THE INLAND EMPIRE UTILITIES AGENCY*, SAN
BERNARDINO COUNTY CALIFORNIA, APPOINTING/
RE-APPOINTING COMMISSIONERS TO THE SANTA
ANA WATERSHED PROJECT AUTHORITY
COMMISSION

WHEREAS, the Inland Empire Utilities Agency is a member agency of the Santa Ana Watershed Project Authority; and

WHEREAS, the Joint Powers Agreement creating the Santa Ana Watershed Project Authority, as amended, requires that each member agency designate three members of its governing body, or two members of its governing body and its General Manager, to act as its Commissioners of the Commission for the Santa Ana Watershed Project Authority.

NOW, THEREFORE, that the Board of Directors of the Inland Empire Utilities Agency a Municipal Water District does hereby RESOLVED, DETERMINE, AND ORDER as follows:

Section 1. That Director _____________ be designated and appointed/re-appointed to act as the Agency’s Commissioner on the Commission for the Santa Ana Watershed Project Authority, with Director ________________ as Alternate Commissioner to the SAWPA Commission.

Section 2. Upon the adoption of Resolution No. 2019-12-6, Resolution No. 2017-1-6 is repealed in its entirety.

Section 3. That the Board Secretary/Office Manager is hereby authorized and directed to transmit a certified copy of this resolution to the Santa Ana Watershed Project Authority.

ADOPTED this 18th day of December, 2019

__________________________________________
Paul Hofer
President of the Inland Empire Utilities Agency*
and of the Board of Directors thereof.

ATTEST:

__________________________________________
Kati Parker
Secretary/Treasurer of the Inland Empire Utilities Agency* and the Board of Directors thereof.
I, Kati Parker, Secretary/Treasurer of the Inland Empire Utilities Agency*, DO HEREBY CERTIFY that the foregoing Resolution being No. 2019-12-6, was adopted at a regular meeting on December 18, 2019, of said Agency by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Kati Parker
Secretary/Treasurer of the Inland Empire Utilities Agency* and the Board of Directors thereof

(SEAL)

* A Municipal Water District
ACTION
ITEM

4D
Date: December 18, 2019
To: The Honorable Board of Directors  From: Shivaji Deshmukh, General Manager

Executive Contact: Shivaji Deshmukh, General Manager

Subject: Appointment of a Representative and Alternate Representative for SAWPA Project Agreement 23 and Project Agreement 24

Executive Summary:

Pursuant to the Santa Ana Watershed Project Authority’s (SAWPA) Joint Powers Agreement, a Project Agreement member agency governing board is required to appoint a member of their governing board or the General Manager as a representative and/or alternate to the Project Agreement (PA) Committee.

The Board will be asked to appoint a representative and alternate representative for PA 23 and PA 24. An appointment of an alternate representative for PA 23 and PA 24 by the member agency governing board will ensure that there will be a representative in the event that the representative cannot attend a Project Agreement Committee meeting.

Staff’s Recommendation:

Appoint a representative and alternate representative for the SAWPA PA 23, and for the SAWPA PA 24.

Budget Impact  Budgeted (Y/N): Y  Amendment (Y/N): Y  Amount for Requested Approval:

Account/Project Name:

Fiscal Impact (explain if not budgeted):

Full account coding (internal AP purposes only):  -  -  -  -  Project No.:  -  -  -
Prior Board Action:
On July 17, 2019, the Board appointed Vice President Jasmin A. Hall as the alternate representative for SAWPA PA 23 and PA 24.
On June 19, 2019, the Board approved PA 24 for the Inland Empire Brine Line and designated Director Kati Parker as the representative on PA 24.

Environmental Determination:
Not Applicable

Business Goal:
The Project Agreement 23 and 24 is consistent with IEUA's business goals of Fiscal Responsibility and Business Practices by maintaining service rates and fees that support cost of service for IEUA programs in a cost effective, efficient and reliable manner.
INFORMATION ITEM

5E
Date: December 18, 2019
To: The Honorable Board of Directors
Committee: Finance & Administration
From: Shivaji Deshmukh, General Manager

Executive Contact: Christina Valencia, Executive Manager of Finance & Administration/AGM
Subject: Fiscal Year 2019/20 First Quarter Budget Variance, Performance Goal Updates, and Budget Transfers

Executive Summary:
The budget variance report presents the Agency's financial performance through the first quarter ended September 30, 2019 and various related analyses are provided in the attachments.

The Agency's total revenues and other funding sources were $55 million, or 76 percent of the fiscal year to date budget of $72 million. The unfavorable variance is primarily due to the timing of property tax receipts which commence in November of each fiscal year. Additionally grant and loan receipts which are primarily reimbursable in nature were lower than budgeted for the first quarter due to lower capital project expenditures.

The Agency's total expenses and other uses of funds were $57 million, or 75 percent of the fiscal year to date budget of $76 million. The timing of capital project execution and lower than budgeted administrative and operating expenses account for the favorable variance.

The net change of the unaudited total revenues and other funding sources over the total expenses and other uses of funds for this quarter is a decrease of $2 million.

Staff's Recommendation:
The Fiscal Year (FY) 2019/20 first quarter budget variance, performance goals updates, and budget transfers is an informational item for the Board of Directors to receive and file.

Budget Impact

<table>
<thead>
<tr>
<th>Budgeted (Y/N):</th>
<th>Amendment (Y/N):</th>
<th>Amount for Requested Approval:</th>
</tr>
</thead>
</table>

Account/Project Name:

Fiscal Impact (explain if not budgeted):
The net change of the total revenues and other funding sources over the total expenses and other uses of funds is a decrease of $2 million for the quarter ended September 30, 2019.

Full account coding (internal AP purposes only):  

Project No.:  

Prior Board Action:
None.

Environmental Determination:
Not Applicable

Business Goal:
The quarterly budget variance report is consistent with the Agency's business goal of fiscal responsibility to demonstrate the Agency has appropriately funded operational, maintenance, and capital costs.

Attachments:
Attachment 1 - Background
  Exhibit A - Q1 Budget Variance Summary and Detail Report
  Exhibit B - Business Goals and Objectives Report by Initiatives
  Exhibit C-1 - Summary of Annual Budget Transfers in the First Quarter
  Exhibit C-2 - Summary of the GM Contingency Account Activity
  Exhibit D - Project Budget Transfers for Capital & Non-Capital Projects
Attachment 2 - PowerPoint
Background

Subject: Fiscal Year 2019/20 First Quarter Budget Variance, Performance Goals Updates, and Budget Transfers

The Budget Variance report presents the Agency’s financial performance through the first quarter ending September 30, 2019, and includes the following highlights:

TOTAL REVENUES AND OTHER FUNDING SOURCES

Overall, the Agency's total revenue and other funding sources were $54.5 million, or 75.5 percent of the year to date budget of $72.1 million for the quarter ended September 30, 2019 (Exhibit A detail). The following section highlights key variances:

- **MWD Water Sales** – Total Metropolitan Water District of Southern California (MWD) pass-through imported water revenue was $15.4 million or 137.9 percent of the year to date budget. Imported water deliveries were 23,537 AF compared to the annual budgeted quantity of 60,000 AF. Higher demand through the first quarter can be attributed to increased usage due to warm weather and member agencies continuing shift to imported water away from local supplies due to water quality issues.

- **Connection Fees** – Total connection fees receipts were $7.5 million or 84.7 percent of the year to date budget. Receipts include $5.6 million for new regional wastewater system connections (EDU), and $1.9 million for new water connections (MEU). The number of new EDU connections reported through the first quarter were 810 EDUs compared to the annual budget of 4,000 EDUs and member agency projections of 6,294. New water connections were 1,230 MEUs compared to the 4,700 budgeted MEUs.

- **Property Taxes** – General ad-valorem property tax receipts from the San Bernardino County Tax Assessor will commence in November 2019 as collection of the first installment from property owners will be due to the County on November 1st. Payment of incremental Redevelopment Agencies (RDA) “pass through” taxes are due from County in January and June. Property tax receipts are budgeted based on valuation projected by the county, increased home sales, and anticipated adjustments in property tax distribution due to the dissolution of the redevelopment agencies.

- **Grants & Loans** – Total receipts were $0.8 million, or 9.4 percent of the year to date budget. First quarter grant receipts were for water use efficiency programs. Grant and loan receipts are primarily reimbursable in nature and as such are dependent upon related capital project expenditures. The annual grants budget of $13.1 million includes $7.0 million for various recycled water optimization, drought relief, and lateral projects in the Recycled Water fund, $4.8 million for Recharge Master Plan Update (RMPU) projects in the Recharge Water fund, and $1.3 million for groundwater supply wells and the Chino Creek park in the Regional Wastewater Operations fund. Grant receipts consist of reimbursements from federal, state, and local programs and may contain pass-through funding for other agencies. Annual State Revolving Fund (SRF) loan proceeds budget of
$19.2 million includes $9.8 million for the RP-5 Expansion projects in the Regional Wastewater Capital Improvement fund, and $8.1 million for various recycled water optimization and lateral projects in the Recycled Water Fund, and $1.3 million for RMPU projects in the Recharge Water fund.

- **Cost Reimbursements** – Total cost reimbursements were $1.7 million, or 103.4 percent of the year to date budget. Reimbursements include $1.1 million from the Inland Empire Regional Composting Authority (IERCA) and $0.3 million from Chino Basin Desalter Authority (CDA) for the Agency's operation & maintenance of the IERCA Composter and CDA Desalter facilities. Also included is $0.3 million for the operations & maintenance costs related to the groundwater recharge basins, net of the Agency's pro-rata share for the recycled water recharge costs. The annual total cost reimbursement budget of $6.7 million includes: $4.1 million from IERCA, $1.4 million from CDA, and $1.2 million from CBWM.

**TOTAL EXPENSES AND USES OF FUNDS**

The Agency's total first quarter expenses and uses of funds were $56.8 million, or 75.1 percent of the $75.7 million year to date budget, including the budget amendment for open encumbrances carried forward from the prior fiscal year and approved by the Board on September 18, 2019. Key expense highlights for the first quarter ending September 30, 2019 include:

**Administrative Expenses**

- **Office and Administration** – Office and administrative expense for the first quarter was $0.3 million or 47.1 percent of the year to date budget. The favorable variance was in part due to lower advertising, departmental training and related travel expense.

- **Professional Fees & Services** – Total expenses were $2.0 million, or 55.2 percent of the year to date budget. The positive variance can be attributed to the timing of contract services deferred such as: cleaning and restoration of groundwater recharge basins: repairs and calibration of critical compliance equipment and treatment process; and contractor and consultant support for project management and administrative services.

- **O&M (Non-capital) and Reimbursable Projects** – O&M and reimbursable project costs were $1.2 million or 18.0 percent of their year to date budget. The favorable balance is mainly due to lower spending on conservation, planning, and emergency projects. Other O&M projects such as the TCE Plume Cleanup project, and the agency wide roofing projects currently in design and planning phases with the majority of expense expected in the following quarters.

**Operating Expenses**

- **Operating Fees** – Spending in this category was $2.7 million, or 89.1 percent of the year to date budget. The majority of category expense is the non-reclaimable wastewater system (NRWS) “pass-through” fees from Sanitation District of Los Angeles County (SDLAC)
and Santa Ana Watershed Project Authority (SAWPA). The category also includes $0.7 million of MWD readiness-to-serve (RTS) pass-through charges with an annual budget of $3.1 million.

- **MWD Water Purchases** – Total Metropolitan Water District of Southern California (MWD) pass-through imported water purchases were $15.4 million or 137.9 percent of the year to date budget. Imported water deliveries were 23,537 AF compared to the annual budgeted quantity of 60,000 AF. Higher demand through the first quarter can be attributed to increased usage due to warm weather and member agencies continuing shift to imported water away from local supplies due to water quality issues.

**Non-Operating Expenses**

- **Capital Projects** – Total capital project expenditures through the end of the first quarter were $9.0 million or 35.9 percent of the year to date budget of $25.2 million. Favorable variance for capital spending is largely due to approximately 50 percent of budgeted projects currently in the pre-construction phases. Approximately 16 percent of projects were in the construction phase where the majority of costs are incurred. Capital projects related to the Regional Wastewater program through the first quarter were $4.2 million, or 32 percent of the $12.9 million year to date program budget. Recycled Water capital projects accounted for $4.1 million, or 69 percent of the programs $5.9 million year to date budget.

- **Financial Expenses** - First quarter expense totaled $7.4 million or 123.9 percent of the year to date budget. Actual expenses include $5.9 million paid towards principal for the 2010A Revenue bonds and various State Revolving Fund loans. Interest and financial administration fees were $1.4 million.

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

**FUND BALANCES AND RESERVES**

The net change of the total revenues and other funding sources over the total expenses and other uses of funds for the first quarter to date is a decrease of $2.3 million compared to the year-to-date budget decrease of $3.6 million due to lower than budgeted non-operating revenues.

Table 1 provides an overview of the fiscal year to date budget variance for revenues, expenses, and fund balance.
Table 1: Fiscal Year and Year to Date (YTD)
Revenues, Expenses, and Fund Balance ($Millions)
Quarter Ending September 30, 2019

<table>
<thead>
<tr>
<th>Operating</th>
<th>FY 2019/20 Amended Budget</th>
<th>Budget YTD</th>
<th>Actual YTD</th>
<th>% Budget Used YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenue</td>
<td>$161.5</td>
<td>$40.4</td>
<td>$45.1</td>
<td>111.7%</td>
</tr>
<tr>
<td>Operating Expense</td>
<td>($176.9)</td>
<td>($44.2)</td>
<td>($40.1)</td>
<td>90.7%</td>
</tr>
<tr>
<td>Net Operating Increase/(Decrease)</td>
<td>($15.4)</td>
<td>($3.8)</td>
<td>$5.0</td>
<td></td>
</tr>
<tr>
<td>Non- Operating</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-Operating Revenue</td>
<td>$127.0</td>
<td>$31.7</td>
<td>$9.4</td>
<td>29.8%</td>
</tr>
<tr>
<td>Non-Operating Expense</td>
<td>($125.0)</td>
<td>($31.5)</td>
<td>($16.7)</td>
<td>53.0%</td>
</tr>
<tr>
<td>Net Non-Operating Incr./(Decrease)</td>
<td>$2.0</td>
<td>$0.2</td>
<td>($7.3)</td>
<td></td>
</tr>
<tr>
<td>Total Sources of Funds</td>
<td>$288.5</td>
<td>$72.1</td>
<td>$54.5</td>
<td>75.5%</td>
</tr>
<tr>
<td>Total Uses of Funds</td>
<td>($301.9)</td>
<td>($75.7)</td>
<td>($56.8)</td>
<td>75.1%</td>
</tr>
<tr>
<td>Total Net Increase/(Decrease)</td>
<td>($13.4)</td>
<td>($3.6)</td>
<td>($2.3)</td>
<td></td>
</tr>
</tbody>
</table>

GOALS AND OBJECTIVES

Exhibit B provides information on division and related department goals and objectives and the status of each through the end of the first quarter. The goals and objective indicators are used to track the volume and complexity of work by type and to track the effort invested to accomplish that work. Staff use the performance indicators to track productivity and to justify current resource allocations, re-allocation and requests for additional staff.

BUDGET TRANSFERS AND AMENDMENTS

_Intra-fund O&M_ budget transfers and project transfers affecting annual budget only for the first quarter accounted for $1.7 million and $1.9 million, respectively as detailed in Exhibit C-1.

The _General Manager (GM) Contingency Account_ adopted budget of $300,000 in the Administrative Services Fund, utilized $0 through the first quarter as listed in Exhibit C-2.

_Intra-fund Capital and O&M projects_ budget transfers accounted for approximately $0.7 million as listed in Exhibit D.
The budget variance analysis report is consistent with the Agency's business goal of fiscal responsibility: to demonstrate the Agency appropriately funded operational, maintenance, and capital costs.

**IMPACT ON BUDGET**

The net change of the total revenues and other funding sources over the total expenses and other uses of funds for this quarter is a decrease of $2.3 million, lower than the year-to-date budget decrease of $3.6 million.
## Actual vs. Budget Summary:

### Quarter Ended September 30, 2019

<table>
<thead>
<tr>
<th>Category</th>
<th>Amended Budget</th>
<th>Budget Year to Date (YTD)</th>
<th>Actual Year to Date (YTD)</th>
<th>Budget YTD vs. Actual</th>
<th>% of Budget Used YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenues</td>
<td>$516,505,455</td>
<td>$40,376,364</td>
<td>$46,091,895</td>
<td>$4,715,531</td>
<td>111.7%</td>
</tr>
<tr>
<td>Non-Operating (Other Sources of Fund)</td>
<td>127,032,819</td>
<td>31,756,205</td>
<td>9,450,949</td>
<td>(22,307,256)</td>
<td>29.8%</td>
</tr>
<tr>
<td>TOTAL FUNDING SOURCES</td>
<td>288,538,274</td>
<td>72,134,569</td>
<td>54,542,844</td>
<td>(17,591,725)</td>
<td>75.5%</td>
</tr>
<tr>
<td>Administrative &amp; Operating Expense</td>
<td>(176,865,643)</td>
<td>(44,216,412)</td>
<td>(40,094,647)</td>
<td>4,121,765</td>
<td>90.7%</td>
</tr>
<tr>
<td>Capital Improvement Project Expense</td>
<td>(100,854,066)</td>
<td>(25,213,517)</td>
<td>(9,042,349)</td>
<td>16,171,168</td>
<td>35.9%</td>
</tr>
<tr>
<td>Debt Service and All Other Expenses</td>
<td>(24,175,025)</td>
<td>(6,298,696)</td>
<td>(7,705,260)</td>
<td>(1,408,564)</td>
<td>122.3%</td>
</tr>
<tr>
<td>TOTAL USES OF FUNDS</td>
<td>(301,894,734)</td>
<td>(75,728,625)</td>
<td>(56,842,256)</td>
<td>18,886,369</td>
<td>75.1%</td>
</tr>
<tr>
<td>Surplus/(Deficit)</td>
<td>($13,356,460)</td>
<td>($3,594,056)</td>
<td>($2,299,412)</td>
<td>51,294,644</td>
<td></td>
</tr>
</tbody>
</table>

### Graph: Actual vs. Budget YTD

- **Total Funding Sources**: 76%
- **Administrative & Operating Expense**: 91%
- **Capital Improvement Project Expense**: 36%
- **Debt Service and All Other Expenses**: 122%

For the Quarter
Ended September 30, 2019
### Operating Revenues:

<table>
<thead>
<tr>
<th></th>
<th>Amended Budget</th>
<th>Budget Year to Date (YTD)</th>
<th>Actual Year to Date (YTD)</th>
<th>Budget YTD vs. Actual</th>
<th>% of Budget Used YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>User Charges</td>
<td>$87,284,597</td>
<td>$21,821,149</td>
<td>$22,725,479</td>
<td>$904,330</td>
<td>104.1%</td>
</tr>
<tr>
<td>Recycled Water Sales</td>
<td>18,120,000</td>
<td>4,530,000</td>
<td>4,949,966</td>
<td>$419,966</td>
<td>109.3%</td>
</tr>
<tr>
<td>MWD Water Sales</td>
<td>44,724,000</td>
<td>11,181,000</td>
<td>15,413,135</td>
<td>$4,232,135</td>
<td>137.9%</td>
</tr>
<tr>
<td>Cost Reimbursement</td>
<td>6,683,675</td>
<td>1,670,919</td>
<td>1,728,418</td>
<td>$57,499</td>
<td>103.4%</td>
</tr>
<tr>
<td>Interest</td>
<td>4,693,183</td>
<td>1,173,296</td>
<td>274,897</td>
<td>($898,399)</td>
<td>23.4%</td>
</tr>
<tr>
<td>OPERATING REVENUES</td>
<td>161,505,455</td>
<td>40,376,364</td>
<td>45,091,895</td>
<td>4,715,531</td>
<td>111.7%</td>
</tr>
</tbody>
</table>

### Non-Operating Revenues:

| Property Tax - Debt, Capital, Reserves | $52,364,000 | $13,091,000 | $0 | ($13,091,000) | 0.0% |
| Connection Fees            | 35,734,799 | 8,933,700 | 7,568,149 | ($1,365,551) | 84.7% |
| Grants & Loans             | 34,314,005 | 8,578,501 | 808,553 | ($7,679,948) | 9.4% |
| Other Revenue              | 4,620,015 | 1,155,004 | 1,074,247 | ($80,757) | 90.3% |
| NON-OPERATING REVENUES     | 127,032,819 | 31,758,205 | 9,450,949 | ($27,307,256) | 28.9% |
| Total Revenues             | $288,538,274 | $72,134,569 | $54,542,844 | ($17,591,725) | 75.6% |

User Charges, 104.1%: User charges were $22.7 million, or 104.1 percent of the year to date budget. The category includes $18.3 million monthly sewer charges based on equivalent dwelling units (EDU), $2.7 million non-reclaimable wastewater fees paid by industrial and commercial users connected to the brine line system, and $1.7 million of monthly meter equivalent unit charges (MEU) imposed on all potable water connections and Readiness-to-Serve Ten Year Rolling Average (RTS TYRA) charges to meet our Readiness-to-Serve obligation to Metropolitan Water District (MWD).

Property Tax/AdValorem, 0%: General ad-valorem property tax receipts from the San Bernardino County Tax Assessor will begin in November 2019 as the collection of the first installment from property owners will be due to the county November 1st. Payment and "pass through" of incremental Redevelopment Agencies (RDA) taxes are due from the county in January and June. Property tax receipts are budgeted based on valuation projected by the county, increased home sales, and anticipated adjustments in property tax distribution due to the dissolution of the redevelopment agencies.

Recycled Water Sales, 109.3%: Recycled water direct sales were $3.3 million for 7,108 acre feet (AF) and groundwater recharge sales were $1.6 million for 3,028 acre feet (AF), for a combined total of $4.9 million or 10,136 AF. Total deliveries of 35,800 AF (22,000 AF Direct and 13,800 AF Recharge) are budgeted for the fiscal year. Demand for direct use and groundwater recharge varies depending on weather patterns, water use conservation efforts, reuse supply, and basin availability.

Interest Income, 23.4%: Interest Income is $0.3 million or 23.4 percent of the year to date budget. The Agency earns interest income by investing funds not immediately required for daily operations. The Agency’s average portfolio yield as of September 2019 was 2.47%. The budgeted interest rate assumption for FY 2019/20 is 2.5%.

MWD Water Sales, 137.9%: Total Metropolitan Water District of Southern California (MWD) pass-through imported water revenue was $15.4 million or 137.9 percent of the year to date budget. Imported water deliveries were 23,537 AF compared to the annual budgeted quantity of 60,000 AF. Higher demand through the first quarter can be attributed to increased usage due to warm weather and member agencies continued shift to imported water use away from local supplies due to water quality issues.

Connection Fees, 84.7%: Total connection fee receipts of $7.5 million or 84.7 percent of the year to date budget. Receipts include $5.6 million for new regional system connections (EDU), and $1.9 million for new water connections (MEU). The number of new EDU connections reported through the first quarter were 810 EDUs compared to the annual budget of 4,000 EDUs and the member agency projection of 6,294. The total new water connections were 1,120 EDUs compared to the 1,700 budgeted MEU.

Grants and Loans, 9.4%: Grant and loan receipts were $0.8 million, or 9.4 percent of the fiscal year to date budget. The majority of receipts were for water use efficiency programs. Grants and loan receipts are primarily reimbursable in nature and as such are dependent upon related capital project expenditures. The annual grants budget of $13.1 million includes $7.0 million for various recycled water optimization, drought relief, and lateral projects in the Recycled Water Fund, $4.8 million for Recharge Master Plan Update (RMPU) projects in the Recharge Water Fund, and $1.3 million for groundwater supply wells and the Chino Creek park in the Regional Wastewater Operations fund. Grant receipts consist of reimbursements from federal, state, and local programs and may contain pass-through funding for other agencies.

State Revolving Fund (SRF) loan proceeds annual budget of $19.2 million include $9.8 million for the RP-5 Solds Treatment and Liquid Expansion projects in the Regional Wastewater Capital Fund, $8.1 million for various recycled water optimization and lateral projects in the Recycled Water Fund, and $1.3 million for Recharge Master Plan Update projects in the Recharge Water Fund.
Cost Reimbursements, JPA, 103.4%  
Total cost reimbursements were $1.7 million, or 103.4 percent of the year to date budget. Actuals include reimbursements of $1.1 million from the Inland Empire Regional Composting Authority (IERCA) and $0.3 million from Chino Basin Desalter Authority (CDA) for the Agency’s operations & maintenance of the IERCA Composter and CDA Desalter facilities. Also included is $0.3 million for the operations & maintenance costs related to the groundwater recharge basins, net of the Agency’s pro-rata share for the recycled water recharge costs. Annual total cost reimbursement budget of $6.7 million includes: $4.1 million from IERCA, $2.4 million from CDA, and $1.2 million from CBWM.

Other Revenues, 93%  
Total other revenues and project reimbursements were $1.1 million, or 93.0 percent of the year to date budget. Actual receipts include $0.6 million from Chino Basin Wastewater Master (CBWM) for their share of the 2008 Rate Variable bond debt service and fixed project costs, $0.3 million in lease revenues, and $0.2 million of project reimbursement and other miscellaneous revenues.

3. Actual Operating and Capital Expense vs. Budget:

<table>
<thead>
<tr>
<th>Operating Expenses:</th>
<th>Amended Budget</th>
<th>Budget Year to Date (YTD)</th>
<th>Actual Year to Date (YTD)</th>
<th>Budget YTD vs. Actual</th>
<th>% of Budget Used YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment</td>
<td>$51,365,894</td>
<td>$12,841,475</td>
<td>$12,684,927</td>
<td>$156,548</td>
<td>98.8%</td>
</tr>
<tr>
<td>Admin &amp; Operating</td>
<td>80,775,749</td>
<td>20,193,937</td>
<td>11,996,585</td>
<td>$8,197,352</td>
<td>59.4%</td>
</tr>
<tr>
<td>MWD Water Purchases</td>
<td>44,724,000</td>
<td>11,181,000</td>
<td>15,413,135</td>
<td>($4,232,135)</td>
<td>137.9%</td>
</tr>
<tr>
<td>OPERATING EXPENSES</td>
<td>$176,865,643</td>
<td>$44,216,412</td>
<td>$40,094,647</td>
<td>$4,121,765</td>
<td>90.7%</td>
</tr>
</tbody>
</table>

Non-Operating Expenses:

| Capital             | 100,854,066    | 25,213,517               | 9,042,349                 | $16,171,168           | 35.9%               |
| Debt Service and All Other Expenses | 24,175,025 | 6,298,696 | 7,705,260 | ($1,406,564) | 122.3% |
| NON-OPERATING EXPENSES | $125,029,091 | $31,512,213 | $16,747,609 | $14,764,604 | 53.1% |
| Total Expenses      | $301,894,734   | $75,728,625               | $56,842,256               | $18,886,369           | 75.1%               |

Employment Expenses net of allocation to projects

| Employment, 98.8% | Employment expenses were $12.7 million or 98.8 percent of the year to date budget. At the end of the first quarter, 267 regular positions (FTEs) were filled compared to the 286 budgeted (290 authorized) and 12 limited term positions were filled compared to the 18 budgeted positions. Recruitment of key positions as part of the Agency’s succession planning effort is expected to lower the vacancy factor going forward. |

Administrative & Operating Expenses

| Office and Administrative, 47.1% | Office and administrative expense for the first quarter was $0.3 million. The favorable variance was in part due to lower advertising, travel, and department training expenses. |
| Professional Fees & Services, 55.2% | Total expenses were $2.0 million, or 55.2 percent of the year to date budget. The positive variance can be attributed to the timing of contract services scheduled in the following quarters such as: cleaning and restoration of the El, Jurupa, and Decluez basins; repairs and calibration of critical compliance equipment and treatment process; and contractor and consultant support for project management and administrative services. |

Materials & Supplies/Leases/Contribution, 99.1%  
Expenses through the end of first quarter were $0.9 million or 99.1 percent of year to date budget. Category budget includes costs for operations and maintenance supplies, equipment leases, and small tools and equipment.

Biosolids Recycling, 96.4%  
Biosolids expenses were $1.1 million or 96.4 percent of the year to date budget. Biosolids budget includes costs for hauling and disposal of biosolids and non-biological materials. Year to date tonnage of the agency's biosolids generated from all its water recycling facilities shipped to IERCA was 17,337 tons with a hauling rate of $56.00 per ton.

Chemicals, 9%  
Chemical expenses were $1.2 million, or 91 percent of the year to date budget. Chemicals are essential in meeting regulatory requirements, treatment process performance goals, and sustainment of high quality recycled water.
Operating Fees, 89.1%
Spending in this category was $2.7 million, or 89.1 percent of the year to date budget. The majority of the expense is Non-reclaimable wastewater system (NRWS) “pass-through” fees from Sanitation District of Los Angeles County (SDLAC) and Santa Ana Watershed Project Authority (SAWPA). The category also includes $0.7 million of readiness-to-serve (RTS) obligation pass-through to MWD, budgeted at $3.1 million.

MWD Water Purchases, 137.9%
Total Metropolitan Water District of Southern California (MWD) pass-through imported water revenue was $15.4 million or 137.9 percent of the year to date budget. Imported water deliveries were 23,537 AF compared to the annual budgeted quantity of 60,000 AF. Higher demand through the first quarter can be attributed to increased usage due to warm weather and member agencies continued shift to imported water use away from local supplies due to water quality issues.

Utilities, 92.2%
Total utility expenses were $23.3 million of the year to date budget. This category includes the purchase of electricity from Southern California Edison (SCE) or the grid, natural gas, and purchase of renewable energy generated on site from solar and wind. The favorable variance is mainly attributed to a slightly lower utility rates. The average rate for imported electricity was $0.11/kWh compared to the budgeted rate of $0.12/kWh.

O&M and Reimbursable Projects, 18.3% and 10.7%
The combined O&M and reimbursable project costs were $1.2 million or 18.0 percent of their combined year to date budget. The favorable balance is mainly due to lower spending for conservation, planning, and emergency projects. Other O&M projects such as Agency Wide Roofing and the TCE Plume Cleanup are currently in planning and design phases with the majority of expense expected to occur in the following quarters.

Financial Expenses
Financial Expense, 123.9%
Total financial expenses were $7.4 million through the end of the first quarter. Actual costs included $5.9 million paid towards principal for the 2010A Revenue Bond, and State Revolving Fund (SRF) notes. Total interest and financial administration fees were $1.4 million.

Other Expenses
Other Expenses, 94.8%
Total other expenses were $0.3 million or 94.8 percent of the year to date budget. The category expense includes the annual contribution-in-aid to the Santa Ana Watershed Project Authority.

Capital Expenses
Capital Costs, 35.9%
Total capital project expenditures year to date were $9.0 million or 35.9 percent of the year to date budget of $25.2 million. The favorable variance is primarily due to approximately 50% of budgeted projects being in the pre-construction phases. The bulk of project expenditures happen during construction and through the first quarter 16 percent of projects were in the construction phase. Capital project costs related to the regional wastewater program through the first quarter were $4.2 million, or 32 percent of the $12.9 million year to date program budget. Recycled water capital projects accounted for $4.1 million, or 69 percent of the $5.9 million year to date program budget.

Summary of major capital and non-capital project expenses and status as of September 30, 2019

<table>
<thead>
<tr>
<th>Capital Projects</th>
<th>Annual Budget</th>
<th>Actual YTD</th>
<th>% of Budget Used YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>EN17049 Baseline Recycled Water Pipeline Extension</td>
<td>6,030,000</td>
<td>1,272,340</td>
<td>21.1%</td>
</tr>
<tr>
<td>EN19001 RP-5 Liquids Treatment Expansion</td>
<td>3,000,000</td>
<td>548,892</td>
<td>18.3%</td>
</tr>
<tr>
<td>EN19006 RP-5 Solids Handling Facility</td>
<td>8,000,000</td>
<td>534,812</td>
<td>6.7%</td>
</tr>
<tr>
<td>WR15021 Napa Lateral</td>
<td>5,205,496</td>
<td>1,304,553</td>
<td>25.1%</td>
</tr>
</tbody>
</table>

Project is the design and construction of approximately 10,000 linear feet of recycled water pipeline to convey water from the existing pipeline near RP-4 to California Steel Industries and Auto Club Speedway. Project funding is a combination of grants, state loans and reimbursements. The project is currently in the construction phase, project completion is estimated in December 2019.
<table>
<thead>
<tr>
<th>O&amp;M &amp; Reimbursable Projects</th>
<th>Annual Budget</th>
<th>Actual YTD</th>
<th>% of Budget Used YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>RW19002 CBWM Pomona Extensometer</td>
<td>309,249</td>
<td>33,934</td>
<td>11.0%</td>
</tr>
<tr>
<td><strong>The goal of this project is to construct new Chino Basin Watermaster (CBWM) wells to record subsidence and groundwater levels. This is a 100% reimbursable project from CBWA for which State Revolving Fund loans and grants are also anticipated. Construction is at 95% and the project is scheduled to be completed in October 2019.</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>WR18028 Water Bank</td>
<td>1,062,943</td>
<td>931</td>
<td>0.1%</td>
</tr>
<tr>
<td><strong>The project will conduct an evaluation to understand institutional agreements and models to be developed in order to implement and coordinate storage recovery programs within the Chino Groundwater Basin for local, regional, and statewide benefits. The region’s supplemental water providers and members of the regions groundwater recharge, surface water treatment, and groundwater production facilities will work together to accomplish project goals. The project is funded equally between the Agency, Monte Vista Water District, City of Ontario, and Cucamonga Valley Water District.</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FM20002 Agency-Wide Roofing</td>
<td>1,481,064</td>
<td>15,809</td>
<td>1.1%</td>
</tr>
<tr>
<td><strong>Project is to ensure that Regional Plants and Headquarters buildings roofs are maintained in good condition or replaced if needed. An assessment for Regional Plants are currently be evaluated for repair and replacement needs. The project is currently in the design phase, this phase is estimated to be complete by February 2020.</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### OPERATING REVENUES

<table>
<thead>
<tr>
<th>Source</th>
<th>Amended Budget</th>
<th>Budget YTD</th>
<th>Actual YTD</th>
<th>Variance YTD</th>
<th>% Used</th>
<th>% Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>User Charges</td>
<td>$87,284,597</td>
<td>$21,821,149</td>
<td>$22,725,479</td>
<td>$904,330</td>
<td>104.1%</td>
<td>26.0%</td>
</tr>
<tr>
<td>Recycled Water</td>
<td>18,120,000</td>
<td>4,530,000</td>
<td>4,949,966</td>
<td>419,966</td>
<td>109.3%</td>
<td>27.3%</td>
</tr>
<tr>
<td>MWD Water Sales</td>
<td>44,724,000</td>
<td>11,181,000</td>
<td>15,413,135</td>
<td>4,232,135</td>
<td>137.9%</td>
<td>34.5%</td>
</tr>
<tr>
<td>Cost Reimbursement from JPA</td>
<td>6,683,875</td>
<td>1,670,919</td>
<td>1,728,418</td>
<td>57,499</td>
<td>103.4%</td>
<td>25.9%</td>
</tr>
<tr>
<td>Interest Revenue</td>
<td>4,693,183</td>
<td>1,173,296</td>
<td>274,897</td>
<td>(886,309)</td>
<td>23.4%</td>
<td>5.9%</td>
</tr>
<tr>
<td><strong>TOTAL OPERATING REVENUES</strong></td>
<td>$161,505,455</td>
<td>$40,376,364</td>
<td>$45,091,895</td>
<td>$4,715,531</td>
<td>111.7%</td>
<td>27.9%</td>
</tr>
</tbody>
</table>

### NON-OPERATING REVENUES

<table>
<thead>
<tr>
<th>Source</th>
<th>Amended Budget</th>
<th>Budget YTD</th>
<th>Actual YTD</th>
<th>Variance YTD</th>
<th>% Used</th>
<th>% Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Tax</td>
<td>$52,364,000</td>
<td>$13,091,000</td>
<td>0</td>
<td>($13,091,000)</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Connection Fees</td>
<td>35,734,799</td>
<td>8,933,700</td>
<td>7,568,149</td>
<td>(1,365,551)</td>
<td>84.7%</td>
<td>21.2%</td>
</tr>
<tr>
<td>Grants</td>
<td>13,137,244</td>
<td>3,284,311</td>
<td>808,553</td>
<td>(2,475,758)</td>
<td>24.6%</td>
<td>6.2%</td>
</tr>
<tr>
<td>SRF Loan Proceeds</td>
<td>21,176,761</td>
<td>5,294,190</td>
<td>0</td>
<td>(5,294,190)</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Project Reimbursements</td>
<td>3,421,915</td>
<td>855,479</td>
<td>742,141</td>
<td>(113,338)</td>
<td>86.8%</td>
<td>21.7%</td>
</tr>
<tr>
<td>Other Revenue</td>
<td>1,198,100</td>
<td>299,525</td>
<td>332,106</td>
<td>32,581</td>
<td>110.9%</td>
<td>27.7%</td>
</tr>
<tr>
<td><strong>TOTAL NON OPERATING REVENUES</strong></td>
<td>$127,032,819</td>
<td>$31,758,205</td>
<td>$9,450,949</td>
<td>($22,307,256)</td>
<td>29.8%</td>
<td>7.4%</td>
</tr>
</tbody>
</table>

### TOTAL REVENUES

<table>
<thead>
<tr>
<th>Source</th>
<th>Amended Budget</th>
<th>Budget YTD</th>
<th>Actual YTD</th>
<th>Variance YTD</th>
<th>% Used</th>
<th>% Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$288,538,274</td>
<td>$72,134,069</td>
<td>$64,542,844</td>
<td>($17,591,725)</td>
<td>75.5%</td>
<td>18.9%</td>
</tr>
</tbody>
</table>

### ADMINISTRATIVE and OPERATING EXPENSES

#### EMPLOYMENT EXPENSES

<table>
<thead>
<tr>
<th>Source</th>
<th>Amended Budget</th>
<th>Budget YTD</th>
<th>Actual YTD</th>
<th>Variance YTD</th>
<th>% Used</th>
<th>% Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages</td>
<td>$28,124,131</td>
<td>$7,031,033</td>
<td>$7,776,200</td>
<td>($745,167)</td>
<td>110.6%</td>
<td>27.6%</td>
</tr>
<tr>
<td>Benefits</td>
<td>23,241,763</td>
<td>5,810,441</td>
<td>4,908,637</td>
<td>901,805</td>
<td>84.5%</td>
<td>21.1%</td>
</tr>
<tr>
<td><strong>TOTAL EMPLOYMENT EXPENSES</strong></td>
<td>$51,365,894</td>
<td>$12,841,475</td>
<td>$12,684,927</td>
<td>$156,548</td>
<td>98.8%</td>
<td>24.7%</td>
</tr>
</tbody>
</table>

### ADMINISTRATIVE EXPENSES

<table>
<thead>
<tr>
<th>Source</th>
<th>Amended Budget</th>
<th>Budget YTD</th>
<th>Actual YTD</th>
<th>Variance YTD</th>
<th>% Used</th>
<th>% Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office &amp; Administrative</td>
<td>$2,612,246</td>
<td>$653,061</td>
<td>$307,441</td>
<td>$345,622</td>
<td>47.1%</td>
<td>11.8%</td>
</tr>
<tr>
<td>Insurance Expenses</td>
<td>1,019,801</td>
<td>254,950</td>
<td>269,769</td>
<td>(14,839)</td>
<td>105.8%</td>
<td>26.5%</td>
</tr>
<tr>
<td>Professional Fees &amp; Services</td>
<td>14,404,720</td>
<td>3,601,180</td>
<td>1,988,794</td>
<td>1,612,386</td>
<td>55.2%</td>
<td>13.8%</td>
</tr>
<tr>
<td>O&amp;M Projects</td>
<td>25,550,811</td>
<td>6,387,703</td>
<td>1,171,770</td>
<td>5,215,933</td>
<td>18.3%</td>
<td>4.6%</td>
</tr>
<tr>
<td>Reimbursable Projects</td>
<td>1,522,007</td>
<td>380,502</td>
<td>40,790</td>
<td>339,712</td>
<td>10.7%</td>
<td>2.7%</td>
</tr>
<tr>
<td><strong>TOTAL ADMINISTRATIVE EXPENSES</strong></td>
<td>$45,109,585</td>
<td>$11,277,396</td>
<td>$3,778,584</td>
<td>$7,498,814</td>
<td>33.5%</td>
<td>8.4%</td>
</tr>
</tbody>
</table>
**INLAND EMPIRE UTILITIES AGENCY**  
*Fiscal Year 2019/20*  
CONSOLIDATED BUDGET VARIANCE ANALYSIS REPORT  
Quarter Ended September 30, 2019

<table>
<thead>
<tr>
<th>Operating Expenses</th>
<th>Amended Budget</th>
<th>Budget YTD</th>
<th>Actual YTD</th>
<th>Variance YTD</th>
<th>Used YTD</th>
<th>Used Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Material &amp; Supplies/Leases</td>
<td>$3,624,830</td>
<td>$906,208</td>
<td>$897,679</td>
<td>$8,529</td>
<td>99.1%</td>
<td>24.8%</td>
</tr>
<tr>
<td>Biosolids Recycling</td>
<td>4,423,537</td>
<td>1,105,884</td>
<td>1,066,104</td>
<td>39,780</td>
<td>96.4%</td>
<td>24.1%</td>
</tr>
<tr>
<td>Chemicals</td>
<td>5,365,241</td>
<td>1,341,310</td>
<td>1,220,413</td>
<td>120,897</td>
<td>91.0%</td>
<td>22.7%</td>
</tr>
<tr>
<td>MWD Water Purchases</td>
<td>44,724,000</td>
<td>11,181,000</td>
<td>15,413,135</td>
<td>(4,232,135)</td>
<td>137.9%</td>
<td>34.5%</td>
</tr>
<tr>
<td>Operating Fees/RTS Fees/Exp. Alloc.</td>
<td>12,215,033</td>
<td>3,053,758</td>
<td>2,720,622</td>
<td>333,136</td>
<td>89.1%</td>
<td>22.3%</td>
</tr>
<tr>
<td>Utilities</td>
<td>10,037,523</td>
<td>2,509,381</td>
<td>2,313,183</td>
<td>196,198</td>
<td>92.2%</td>
<td>23.0%</td>
</tr>
<tr>
<td><strong>TOTAL OPERATING EXPENSES</strong></td>
<td>$80,390,164</td>
<td>$20,097,541</td>
<td>$23,631,136</td>
<td>($3,533,955)</td>
<td>117.6%</td>
<td>29.4%</td>
</tr>
<tr>
<td><strong>TOTAL ADMINISTRATIVE and OPERATING EXPENSES</strong></td>
<td>$176,865,643</td>
<td>$44,216,412</td>
<td>$40,094,647</td>
<td>$4,121,767</td>
<td>90.7%</td>
<td>22.7%</td>
</tr>
</tbody>
</table>

**NON-OPERATING EXPENSES**

| Capital Outlay                                | $100,854,066   | $25,213,517 | $9,042,349  | $16,171,168   | 35.9%     | 9.0%        |
| Financial Expenses                            | 23,835,105     | 5,968,776   | 7,383,071   | (1,424,295)   | 123.9%    | 31.0%       |
| Principal, Interest and Financial Expenditures | 339,920        | 339,920     | 322,189     | 17,731        | 94.8%     | 94.8%       |
| **TOTAL NON-OPERATING EXPENSES**               | $125,029,091   | $31,512,213 | $16,747,609 | $14,764,604   | 53.1%     | 13.4%       |
| **TOTAL EXPENSES**                             | $301,894,734   | $75,728,625 | $56,642,256 | $18,886,371   | 75.1%     | 18.8%       |

| Revenues in Excess/ (Under) Expenses           | ($13,356,460)  | ($3,594,056) | ($2,299,412) | $1,294,644    |           |             |

*These totals may not add up due to rounding.*
<table>
<thead>
<tr>
<th>DIVISION</th>
<th>INITIATIVES</th>
<th>ASSET MANAGEMENT – CMMS</th>
<th>CAPITAL PROJECTS</th>
<th>CAREER DEVELOPMENT</th>
<th>AGENCY SECURITY</th>
<th>SAP TRAINING AND ENHANCEMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGENCY MANAGEMENT</td>
<td></td>
<td></td>
<td></td>
<td>One staff member completed a leadership, team-building, and coaching course; one staff member participated in an Inland Empire Administrative Leadership Forum; and staff continues to complete courses offered by Skill Soft, attend seminars and cross train within the dept.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>DIVISION</td>
<td>ASSET MANAGEMENT – CMMS</td>
<td>CAPITAL PROJECTS</td>
<td>CAREER DEVELOPMENT</td>
<td>AGENCY SECURITY</td>
<td>SAP TRAINING AND ENHANCEMENTS</td>
<td></td>
</tr>
<tr>
<td>----------</td>
<td>-------------------------</td>
<td>------------------</td>
<td>--------------------</td>
<td>-----------------</td>
<td>------------------------------</td>
<td></td>
</tr>
<tr>
<td>EXTERNAL AFFAIRS AND POLICY DEVELOPMENT</td>
<td>The Grants Department continues to provide support for the RP-5 Expansion ($365M) Project by strategically pursuing state and/or federal funding. Grants management staff visited the USBR Denver office to discuss upcoming opportunities for the WaterSMART, Title XVI, and the Water Infrastructure Improvements for the Nation (WIIIN) Act. Grants and Engineering staff also had productive meetings with the SWRCB in Sacramento to discuss IEUA’s current and upcoming SRF loan and grant applications.</td>
<td></td>
<td>External Affairs staff attended a CPR/First Aid Adult and Infant training and received certification. External Affairs staff attended a PRSA/CAPIO Social Media seminar. The Grants Department attended a labor compliance workshop with the Engineering, Facilities Management, and Contracts and Procurement Departments. Initial planning meetings were held to kick off the second round of the Career Management Program. Records Management Supervisor attended two Liebert Cassidy Whitmore supervisory/management classes on Workplace Bullying and Legal Issues. Records Management Supervisor attended Feith Records</td>
<td></td>
<td>The Grants Department conducted an internal training workshop to review the first of two training manuals produced by the Business Information Services Department that cover the SAP Grants Module.</td>
<td></td>
</tr>
<tr>
<td>INITIATIVES</td>
<td>ASSET MANAGEMENT – CMMS</td>
<td>CAPITAL PROJECTS</td>
<td>CAREER DEVELOPMENT</td>
<td>AGENCY SECURITY</td>
<td>SAP TRAINING AND ENHANCEMENTS</td>
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<td></td>
<td></td>
<td></td>
<td>Management University Online course on Electronic Records Lifecycle for Records Managers in September. Records Management staff trained Agency employees on new Agency business process for budget transfers, trained ten new hire employees and several individualized Laserfiche trainings.</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>
## Business Goals Status Updates – FY 2019/20 1st Quarter

<table>
<thead>
<tr>
<th>INITIATIVES</th>
<th>ASSET MANAGEMENT – CMMS</th>
<th>CAPITAL PROJECTS</th>
<th>CAREER DEVELOPMENT</th>
<th>AGENCY SECURITY</th>
<th>SAP TRAINING AND ENHANCEMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>DIVISION</strong></td>
<td><strong>The Engineering and Construction Management Department continues to provide ongoing support to operations and maintenance to coordinate and schedule needed condition assessment of critical processes. These reports are used by engineering and operation staff to track asset condition and plan budget and project for asset repairs, replacement or rehabilitation. In parallel to this, a comprehensive study of the Agency’s asset management program is in progress and nearing completion. The study will identify needs and gaps within the Agency’s program, recommend strategies to effectively implement the program, and organize an asset governance structure to support the program. Lastly, an RFP is plan for release on mid-November. This will provide a complete system wide</strong></td>
<td><strong>Chino Basin Program: The Agency has continued to work on the technical feasibility study for the planning alternatives with the member agencies. Executive Management has initiated individual member agency conversations to better understand the synergies and needs of the Agencies, and how/if it fits within the framework of the CBP. Feasibility study is expected to be completed by Spring 2020.</strong></td>
<td><strong>The Engineering and Construction Management Department had 1 monthly mentoring session during the 1st Quarter. In August, the management staff meet with the department interns and discussed ways to help them progress in their careers and what would be helpful for them going forward within the department. Interns discussed topics such as what they have learned in the past month, things that they like about IEUA, things that they would improve. Additionally, each of the managers shared memorable career events.</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Exhibit B
<table>
<thead>
<tr>
<th>INITIATIVES</th>
<th>ASSET MANAGEMENT – CMMS</th>
<th>CAPITAL PROJECTS</th>
<th>CAREER DEVELOPMENT</th>
<th>AGENCY SECURITY</th>
<th>SAP TRAINING AND ENHANCEMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>DIVISION</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>
|            | assessment of the Agency's sewer system and prepare an optimize maintenance and capital plan to support the ongoing life cycle of the sewer system. | Department’s goal of providing high quality project management for the completion of Capital Improvement Projects the Department’s KPIs are as follows:  
1st Quarter Capital Spending was 76%.  
1st Quarter Actual Expenditures as a percentage of or forecasted expenditures was 73%.  
1st Quarter Design Scope Amendment ratio was 19.75%.  
4th Quarter Change Order ratio was 5.52%.  
4th Quarter Project Costs within 110% of Total Project Budget Established in the Project Charter was 66.67%. two out of three projects met the goal. |                                 |                               |                               |                               |
<table>
<thead>
<tr>
<th>INITIATIVES</th>
<th>ASSET MANAGEMENT – CMMS</th>
<th>CAPITAL PROJECTS</th>
<th>CAREER DEVELOPMENT</th>
<th>AGENCY SECURITY</th>
<th>SAP TRAINING AND ENHANCEMENTS</th>
</tr>
</thead>
</table>
|                      | BIS provided technical recommendations and support to the RP-5 Expansion project team with respect to document management (e.g., operation manuals, manufacture manuals) and possible processes for managing spare parts in inventory and SAP accounting. | CAP staff continues to work with Engineering staff in support of the RP-5 Expansion project.  
BIS completed the RFP for the Technology Master Plan consulting services. The TMP will provide the Agency with a roadmap for key technology projects that are aligned with Agency’s initiatives. | Finance Department staff participated in a California Asset Management Training on investing in a falling rate environment. Training covered topics such as the Federal Reserve interest rate normalization policy, and new the accommodative direction it has recently taken and what it means for investment options.  
CAP had several staff participate in various training programs, including the sessions with NCMA, CAPPO and webinars with ISM. | ISS and BIS collaborated to encrypt all of SAP servers to strengthen our cyber-security effort. The encryption guarantees that the data is secured from unauthorized access and renders it useless without the encryption keys.  
Staff worked with security consultants to add two cameras to RP-1 fence lines and gates. | Finance Department worked with BIS to implement budget transfer requests via Laserfiche to help streamline the process and provide users with a platform to view the status of their requests from start to finish.  
BIS successfully completed the semi-annual SAP payroll updates. These updates allow the Agency’s SAP system to be current on all law and regulation changes impacting payroll.  
Planning, Accounting and Pretreatment & Source Control teams worked with BIS to migrate the home-grown application for collecting the water connection fees to SAP. This transition streamlined the process by eliminated manual data entries and |
<table>
<thead>
<tr>
<th>INITIATIVES</th>
<th>ASSET MANAGEMENT – CMMS</th>
<th>CAPITAL PROJECTS</th>
<th>CAREER DEVELOPMENT</th>
<th>AGENCY SECURITY</th>
<th>SAP TRAINING AND ENHANCEMENTS</th>
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<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>associated errors as well as making the data immediately available to all parties.</td>
</tr>
<tr>
<td></td>
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<td></td>
<td></td>
<td></td>
<td>CAP and BIS collaborated to implement a new contract series (44-series) in SAP, specifically for the BPA contracts. Separating BPAs from general contracts (46-series) allow CAP staff and users to easily manage the BPAs. In the past, managing BPAs relied too much on institutional knowledge. Transferring this knowledge into the system ensures consistency and assists with succession planning.</td>
</tr>
<tr>
<td>DIVISION</td>
<td>INITIATIVES</td>
<td>ASSET MANAGEMENT - CMMS</td>
<td>CAPITAL PROJECTS</td>
<td>CAREER DEVELOPMENT</td>
<td>AGENCY SECURITY</td>
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<tr>
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<td>----------------</td>
</tr>
<tr>
<td>OPERATIONS</td>
<td>RFP process beginning for the Planning/Scheduling software.</td>
<td></td>
<td></td>
<td></td>
<td>Windows Patching Progress (goal of 85%) Business servers: 91% Bus. workstations: 92% ICS servers: 91% ICS workstations: 61% All Agency staff have had Cybersecurity training and phishing campaign continues.</td>
</tr>
<tr>
<td>Fund</td>
<td>Fund Name</td>
<td>Date</td>
<td>O&amp;M Transfer From</td>
<td>Category</td>
<td>Amt Transfer Out</td>
</tr>
<tr>
<td>----------</td>
<td>----------------------------</td>
<td>------------</td>
<td>-------------------</td>
<td>-------------------</td>
<td>------------------</td>
</tr>
<tr>
<td>10200</td>
<td>Administrative Services</td>
<td>8/21/2019</td>
<td>521080</td>
<td>Prof Svs - Other</td>
<td>$15,000.00</td>
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<td>10500</td>
<td>Non-Reclaimable Wastewater</td>
<td>9/16/2019</td>
<td>545110</td>
<td>Electricity</td>
<td>$500.00</td>
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<tr>
<td></td>
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<td>9/16/2019</td>
<td>545110</td>
<td>Electricity</td>
<td>$2,000.00</td>
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<td>10600</td>
<td>Recycled Water</td>
<td>7/1/2019</td>
<td>512110</td>
<td>Supplies - General</td>
<td>$3,500.00</td>
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<td></td>
<td></td>
<td>7/1/2019</td>
<td>512110</td>
<td>Supplies - General</td>
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<tr>
<td></td>
<td></td>
<td>7/1/2019</td>
<td>521010</td>
<td>Contract Labor</td>
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<tr>
<td></td>
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<td>7/1/2019</td>
<td>521050</td>
<td>Contract Materials</td>
<td>$7,500.00</td>
</tr>
<tr>
<td>10800</td>
<td>Regional Wastewater Operations &amp; Maintenance</td>
<td>7/1/2019</td>
<td>512170</td>
<td>O&amp;M Supplies</td>
<td>$650,000.00</td>
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<tr>
<td></td>
<td></td>
<td>7/1/2019</td>
<td>512410</td>
<td>Diesel Fuel</td>
<td>$20,000.00</td>
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<td></td>
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<td>8/19/2019</td>
<td>521010</td>
<td>Contract Labor</td>
<td>$615,000.00</td>
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<td></td>
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<td>8/19/2019</td>
<td>521010</td>
<td>Contract Labor</td>
<td>$57,834.44</td>
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<tr>
<td></td>
<td></td>
<td>7/1/2019</td>
<td>521050</td>
<td>Contract Materials</td>
<td>$305,000.00</td>
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<tr>
<td></td>
<td></td>
<td>7/1/2019</td>
<td>530000</td>
<td>Chemicals</td>
<td>$3,250.00</td>
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<tr>
<td></td>
<td>Total O&amp;M Transfers Out</td>
<td></td>
<td></td>
<td></td>
<td>$1,724,584</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Fund</th>
<th>Fund Name</th>
<th>Date</th>
<th>O&amp;M Project</th>
<th>Project Description</th>
<th>Amt Transfer Out</th>
<th>O&amp;M Project</th>
<th>Project Description</th>
<th>Amt Transfer In</th>
<th>Justification</th>
<th>QTR</th>
</tr>
</thead>
<tbody>
<tr>
<td>10200</td>
<td>Administrative Services</td>
<td>8/13/2019</td>
<td>EN20021</td>
<td>Agency SCADA Int w/SAP</td>
<td>$50,000</td>
<td>EN19038</td>
<td>HR Exit Door</td>
<td>$50,000</td>
<td>Transfer needed to complete project in FY 2019/20.</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>9/10/2019</td>
<td>EN20021</td>
<td>SCADA Interface</td>
<td>$113,000</td>
<td>CP18001</td>
<td>Security Camera</td>
<td>$113,000</td>
<td>The security camera purchase &amp; install project will begin this FY, however, the project was not budgeted for during the biennial budget process.</td>
<td>1</td>
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<tr>
<td>10300</td>
<td>Recharge Water</td>
<td>8/14/2019</td>
<td>RW15003</td>
<td>Rech Master Plan Update</td>
<td>$1,700,000</td>
<td>RW15004</td>
<td>Lower Day Basin Project</td>
<td>$1,700,000</td>
<td>Transfer required as project will be receiving permits sooner than originally anticipated.</td>
<td>1</td>
</tr>
<tr>
<td>10900</td>
<td>Regional Wastewater Capital</td>
<td>8/19/2019</td>
<td>EN17077</td>
<td>SRLS Emergency Div</td>
<td>$50,000</td>
<td>S20980</td>
<td>Prof Svs - Other</td>
<td>$50,000</td>
<td>Transfer needed to fund the consultant inspection staff labor for development projects throughout the year.</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Total Project Transfers Out</td>
<td></td>
<td></td>
<td></td>
<td>$1,913,000</td>
<td></td>
<td></td>
<td>$1,913,000</td>
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</tbody>
</table>

<table>
<thead>
<tr>
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<th>Fund Name</th>
<th>Date</th>
<th>O&amp;M Project</th>
<th>Project Description</th>
<th>Amt Transfer Out</th>
<th>O&amp;M Project</th>
<th>Project Description</th>
<th>Amt Transfer In</th>
<th>Justification</th>
<th>QTR</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total O&amp;M Transfers Out</td>
<td></td>
<td></td>
<td></td>
<td>$3,637,584</td>
<td></td>
<td></td>
<td>$3,637,584</td>
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</tr>
<tr>
<td>Date</td>
<td>From Expense Account</td>
<td>Amount Transfer Out</td>
<td>Receiver Fund Name</td>
<td>Receiver Fund Center Name</td>
<td>Receiver Project / Expense Account</td>
<td>Receiver Project / Expense Account Name</td>
<td>Amount Transfer In</td>
<td>Balance</td>
<td>Justification</td>
<td></td>
</tr>
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<tr>
<td>Beginning Balance, July 1, 2019</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$300,000</td>
<td></td>
<td></td>
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<tr>
<td>Balance, September 30, 2019</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$0</td>
<td>$300,000</td>
<td></td>
</tr>
</tbody>
</table>

**GM Contingency Transfers Summary by Fund**

- Administrative Services program
- Recharge Water program
- Non-Reclaimable Wastewater program
- Recycled Water program
- Regional Wastewater O&M program
- Regional Wastewater Capital program
- Water Resources program
- **Total GM Contingency Transfers**
### Inland Empire Utilities Agency

**Changes in Total Project Budget: Inter-Departmental/Division Capital & O&M Transfers FY 2019/20**

<table>
<thead>
<tr>
<th>Fund</th>
<th>Transfer Date</th>
<th>Project Number</th>
<th>Project Title</th>
<th>Adopted Total Project (TP) Budget</th>
<th>Prior TP Changes in Current FY</th>
<th>Amt. of Transfer In/ (Out)</th>
<th>New TP Budget</th>
<th>Annual Project Budget</th>
<th>Annual Proj. Budget Change</th>
<th>New Annual Project Budget</th>
<th>Project Transferred To/From</th>
<th>Justification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Projects</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10200</td>
<td>8/20/19</td>
<td>IS20003</td>
<td>BIZ Infrastructure Replacement</td>
<td>$410,000</td>
<td>$0</td>
<td>($6,000)</td>
<td>$404,000</td>
<td>$300,000</td>
<td>($6,000)</td>
<td>$294,000</td>
<td>IS20016</td>
<td>Transfer to create new project IS20016 to purchase a wireless control panel needed to allow ISS staff to control audio/video equipment in the Board Room.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>IS20016</td>
<td>BIZ Board Room Wireless Control</td>
<td>$0</td>
<td>$0</td>
<td>$6,000</td>
<td>$6,000</td>
<td>$0</td>
<td>$6,000</td>
<td>$6,000</td>
<td>(IS20003)</td>
<td></td>
</tr>
<tr>
<td>8/21/19</td>
<td></td>
<td>IS20003</td>
<td>BIZ Infrastructure Replacement</td>
<td>$410,000</td>
<td>($6,000)</td>
<td>($3,500)</td>
<td>$400,500</td>
<td>$294,000</td>
<td>($3,500)</td>
<td>$290,500</td>
<td>IS20017</td>
<td>Transfer to create new project IS20017 to purchase a Verizon eFemto device to boost cell phone coverage for the Verizon network in Building B.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>IS20017</td>
<td>BIZ Bldg B Verizon Signal Boost</td>
<td>$0</td>
<td>$0</td>
<td>$3,500</td>
<td>$3,500</td>
<td>$0</td>
<td>$3,500</td>
<td>$3,500</td>
<td>(IS20003)</td>
<td></td>
</tr>
<tr>
<td>Subtotal Administration (IGF):</td>
<td>$820,000</td>
<td>$814,000</td>
<td>$594,000</td>
<td>$598,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>10600</td>
<td>8/22/19</td>
<td>JR15021</td>
<td>Napa Lateral</td>
<td>$6,967,717</td>
<td>$0</td>
<td>($20,000)</td>
<td>$6,947,717</td>
<td>$5,401,496</td>
<td>($20,000)</td>
<td>$5,381,496</td>
<td>EN20061</td>
<td>Transfer to create new project, EN20061, requested to repair damages of a blow off caused by heavy traffic.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>EN20061</td>
<td>RW Area II Blow Off Repairs</td>
<td>$0</td>
<td>$0</td>
<td>$20,000</td>
<td>$20,000</td>
<td>$0</td>
<td>$20,000</td>
<td>$20,000</td>
<td>(WR15021)</td>
<td></td>
</tr>
<tr>
<td>Subtotal Recycled Water (WC):</td>
<td>$6,967,717</td>
<td>$5,401,496</td>
<td>$5,401,496</td>
<td>$5,401,496</td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>10800</td>
<td>8/22/19</td>
<td>EN19009</td>
<td>RP-1 Energy Recovery</td>
<td>$4,745,000</td>
<td>$0</td>
<td>($5,000)</td>
<td>$4,740,000</td>
<td>$300,000</td>
<td>($5,000)</td>
<td>$295,000</td>
<td>EN18039</td>
<td>Transfer to cover final invoices for augmented inspection labor and close out of the project for the Agency-wide Light Pole Replacements and Upgrades.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>EN18039</td>
<td>Agency-Wide Light Pole Replacements and Upgrades</td>
<td>$342,810</td>
<td>$0</td>
<td>$5,000</td>
<td>$347,810</td>
<td>$0</td>
<td>$5,000</td>
<td>$5,000</td>
<td>(EN19009)</td>
<td></td>
</tr>
<tr>
<td>8/26/19</td>
<td></td>
<td>EN18025</td>
<td>RP-1 Secondary System</td>
<td>$4,490,000</td>
<td>$0</td>
<td>($50,000)</td>
<td>$4,440,000</td>
<td>$175,000</td>
<td>($50,000)</td>
<td>$125,000</td>
<td>EN20059</td>
<td>Transfer from EN18025 and EN19009 to fund new project, EN20059, requested by Operations due to the discovery that when the Prado Station fails, an IEUA manhole overflows into the environment.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>EN19009</td>
<td>RP-1 Energy Recovery</td>
<td>$4,745,000</td>
<td>($5,000)</td>
<td>($30,000)</td>
<td>$4,715,000</td>
<td>$295,000</td>
<td>($30,000)</td>
<td>$265,000</td>
<td>EN20059</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>EN20059</td>
<td>Prado Lift Station Clean-Out</td>
<td>$0</td>
<td>$0</td>
<td>$80,000</td>
<td>$80,000</td>
<td>$0</td>
<td>$80,000</td>
<td>$80,000</td>
<td>(EN18025/ EN19009)</td>
<td></td>
</tr>
<tr>
<td>8/27/19</td>
<td></td>
<td>EN18025</td>
<td>RP-1 Secondary System</td>
<td>$4,490,000</td>
<td>($50,000)</td>
<td>($125,000)</td>
<td>$4,365,000</td>
<td>$125,000</td>
<td>($125,000)</td>
<td>$0</td>
<td>EN20060</td>
<td>Transfer to fund new project, EN20060, to repair the RP-1 Plant 2 Sledge piping that was damaged and needs a complete replacement of all piping and valves to pump sludge from the primary clarifiers to the gravity thickeners.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>EN20060</td>
<td>RP-1 Plant 2 Sledge Piping Repair</td>
<td>$0</td>
<td>($50,000)</td>
<td>($125,000)</td>
<td>$0</td>
<td>$125,000</td>
<td>($125,000)</td>
<td>$0</td>
<td>(EN18025)</td>
<td></td>
</tr>
<tr>
<td>9/16/19</td>
<td></td>
<td>EN18042</td>
<td>RP-1 Civil Restoration and Upgrades</td>
<td>$1,007,000</td>
<td>$0</td>
<td>($41,000)</td>
<td>$966,000</td>
<td>$320,000</td>
<td>($41,000)</td>
<td>$279,000</td>
<td>EN20059</td>
<td>Transfer to Prado Lift Station project because construction bids received were higher than originally estimated for the project.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>EN20059</td>
<td>Prado Lift Station Clean-Out and Overflow</td>
<td>$0</td>
<td>$0</td>
<td>$80,000</td>
<td>$80,000</td>
<td>$0</td>
<td>$80,000</td>
<td>$80,000</td>
<td>(EN18042)</td>
<td></td>
</tr>
<tr>
<td>9/30/19</td>
<td></td>
<td>EN19009</td>
<td>RP-1 Energy Recovery</td>
<td>$4,745,000</td>
<td>($50,000)</td>
<td>($15,000)</td>
<td>$4,695,000</td>
<td>$265,000</td>
<td>($15,000)</td>
<td>$250,000</td>
<td>EN20060</td>
<td>Transfer to repair sludge piping that was damaged and needs a complete replacement. The contractor's cost came in higher than the original estimate due to the higher cost to provide custom piping to fit between the existing connections.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>EN20060</td>
<td>RP-1 Plant 2 Sledge Piping Repair</td>
<td>$0</td>
<td>$125,000</td>
<td>$15,000</td>
<td>$140,000</td>
<td>$125,000</td>
<td>$15,000</td>
<td>$140,000</td>
<td>(EN19009)</td>
<td></td>
</tr>
<tr>
<td>Subtotal Regional Operations (RO):</td>
<td>$24,564,810</td>
<td>$24,679,810</td>
<td>$24,685,000</td>
<td>$24,685,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10900</td>
<td>9/30/19</td>
<td>EN22004</td>
<td>115E East Reservoir (Coating, Painting and Upgrade)</td>
<td>$2,200,000</td>
<td>$0</td>
<td>($200,000)</td>
<td>$2,000,000</td>
<td>$1,000,000</td>
<td>($200,000)</td>
<td>$800,000</td>
<td>EN15043</td>
<td>Transfer to create FY budget for EN15043 that did not have FY budget due to the San Bernardino County review process for the purchase of the easement being unknown.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>EN15043</td>
<td>SBC/CFD Recycled Water Easement Project</td>
<td>$660,897</td>
<td>$0</td>
<td>$200,000</td>
<td>$860,897</td>
<td>$0</td>
<td>$200,000</td>
<td>$200,000</td>
<td>(EN22004)</td>
<td></td>
</tr>
</tbody>
</table>

### Exhibit D

**Capital Total Project Budget:** $2,860,897  
**Total Annual Capital Budget:** $1,000,000
## Inland Empire Utilities Agency

### Changes in Total Project Budget: Inter-Departmental/Division Capital & O&M Transfers FY 2019/20

<table>
<thead>
<tr>
<th>Fund</th>
<th>Transfer Date</th>
<th>Project Number</th>
<th>Project Title</th>
<th>Adopted Total Project (TP) Budget</th>
<th>Prior TP Changes in Current FY</th>
<th>Amt. of Transfer In / Out</th>
<th>New TP Budget</th>
<th>Annual Project Budget</th>
<th>Annual Proj. Budget Change</th>
<th>New Annual Project Budget</th>
<th>Project Transferred To / From</th>
<th>Justification</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Adopted</td>
<td>Amended</td>
<td>Adopted</td>
<td>Amended</td>
<td>$35,213,424</td>
<td>$35,322,424</td>
<td>$8,684,496</td>
<td>$8,684,496</td>
<td></td>
</tr>
<tr>
<td>10200</td>
<td>8/20/19</td>
<td>IS20015</td>
<td>SAP Roadmap &amp; Strategy</td>
<td>$400,000</td>
<td>0</td>
<td>($100,000)</td>
<td>$300,000</td>
<td>$200,000</td>
<td>($100,000)</td>
<td>$100,000</td>
<td>(IS20014)</td>
<td>Transfer to fund IS20014 in FY 2019/20 to award the contract following the RFP process which is scheduled to begin in September 2019.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>IS20014</td>
<td>Technology Master Plan</td>
<td>$0</td>
<td>0</td>
<td>$100,000</td>
<td>$100,000</td>
<td>0</td>
<td>$100,000</td>
<td>$100,000</td>
<td>(IS20015)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Subtotal Administration (GG):</td>
<td>$400,000</td>
<td>$400,000</td>
<td>$200,000</td>
<td>$200,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10800</td>
<td>9/30/19</td>
<td>EN20035</td>
<td>FY 2019/20 D&amp;M Safety Project</td>
<td>$500,000</td>
<td>0</td>
<td>($100,000)</td>
<td>$400,000</td>
<td>$500,000</td>
<td>($100,000)</td>
<td>$400,000</td>
<td>(EN20043)</td>
<td>Transfer to cover higher proposals from the Engineer's than originally estimated. The additional budget will cover the consultant's pre-design fee and internal staff labor to review the design.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>EN20043</td>
<td>RP-1 Pipe Gallery Staircase Evaluation</td>
<td>$50,000</td>
<td>0</td>
<td>$100,000</td>
<td>$150,000</td>
<td>$50,000</td>
<td>$100,000</td>
<td>$150,000</td>
<td>(EN20035)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Subtotal Regional Operations (RO):</td>
<td>$1,080,000</td>
<td>$1,080,000</td>
<td>$1,197,000</td>
<td>$1,197,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>O&amp;M Total Project Budget</td>
<td>Adopted</td>
<td>Amended</td>
<td>Adopted</td>
<td>Amended</td>
<td>$2,480,000</td>
<td>$2,480,000</td>
<td>$1,397,000</td>
<td>$1,397,000</td>
<td></td>
</tr>
</tbody>
</table>

### Total Capital and O&M Project Transfers:
- $735,500

### Total Project Budget Change - Capital:
- $109,000

### Total Project Budget Change - O&M Proj:
- $0

### Total Project Budget - Net Change:
- $109,000
FY 2019/20 Budget Variance Report
1st Quarter Ended September 30, 2019

Finance & Accounting
December 2019
# FY 2019/20 1st Quarter Ending September 30, 2019

($ Millions)

<table>
<thead>
<tr>
<th></th>
<th>Amended Budget</th>
<th>Budget YTD*</th>
<th>Actual YTD*</th>
<th>% Budget Used YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Sources of Funds</td>
<td>$288.5</td>
<td>$72.1</td>
<td>$54.5</td>
<td>75.5%</td>
</tr>
<tr>
<td>Total Uses of Funds</td>
<td>301.9</td>
<td>75.7</td>
<td>56.8</td>
<td>75.1%</td>
</tr>
<tr>
<td>Net Increase/(Decrease)</td>
<td>($13.4)</td>
<td>($3.6)</td>
<td>($2.3)</td>
<td></td>
</tr>
</tbody>
</table>

*YTD – Year to Date

## Highlights

- Total Sources of Funds were below the year to date budget by ~25%
- Total Uses of Funds were below YTD budget by ~25%
- Net decrease of $2.3 million to fund balance, lower than the budgeted $3.6 million
## FY 2019/20 1st Quarter Ending September 30, 2019
($ Millions)

<table>
<thead>
<tr>
<th>Sources of Funds</th>
<th>Amended Budget</th>
<th>Budget YTD*</th>
<th>Actual YTD*</th>
<th>% Budget Used YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>User Charges</td>
<td>$87.3</td>
<td>$21.8</td>
<td>$22.7</td>
<td>104.1%</td>
</tr>
<tr>
<td>Recycled Water Sales</td>
<td>18.1</td>
<td>4.5</td>
<td>5.0</td>
<td>109.3%</td>
</tr>
<tr>
<td>MWD Imported Water Sales</td>
<td>44.7</td>
<td>11.2</td>
<td>15.4</td>
<td>137.9%</td>
</tr>
<tr>
<td>Other Operating Revenues*</td>
<td>11.4</td>
<td>2.9</td>
<td>2.0</td>
<td>70.4%</td>
</tr>
<tr>
<td>Total Operating Revenues</td>
<td>$161.5</td>
<td>$40.4</td>
<td>$45.1</td>
<td>111.7%</td>
</tr>
</tbody>
</table>

*Other Operating Revenue includes contract cost reimbursements and interest revenue

## Highlights
- Increased demand for recycled water direct use and groundwater recharge due to warmer weather conditions
- Metropolitan Water District (MWD) imported water sales is higher due to a continued shift to potable water from local supplies by some member agencies.
## FY 2019/20 1st Quarter Ending September 30, 2019
($ Millions)

<table>
<thead>
<tr>
<th>Sources of Funds</th>
<th>Amended Budget</th>
<th>Budget YTD*</th>
<th>Actual YTD*</th>
<th>% Budget Used YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Operating Revenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property Tax</td>
<td>$52.4</td>
<td>$13.1</td>
<td>$0.0</td>
<td>0.0%</td>
</tr>
<tr>
<td>Connection Fees</td>
<td>35.7</td>
<td>8.9</td>
<td>7.5</td>
<td>84.7%</td>
</tr>
<tr>
<td>Grants &amp; Loans</td>
<td>34.3</td>
<td>8.6</td>
<td>0.8</td>
<td>9.4%</td>
</tr>
<tr>
<td>Other Non-Operating Revenues*</td>
<td>4.6</td>
<td>1.1</td>
<td>1.1</td>
<td>93.0%</td>
</tr>
<tr>
<td><strong>Total Non-Operating Revenues</strong></td>
<td><strong>$127.0</strong></td>
<td><strong>$31.7</strong></td>
<td><strong>$9.4</strong></td>
<td><strong>29.8%</strong></td>
</tr>
<tr>
<td><strong>Total Operating Revenues</strong></td>
<td><strong>161.5</strong></td>
<td><strong>40.4</strong></td>
<td><strong>45.1</strong></td>
<td><strong>111.7%</strong></td>
</tr>
<tr>
<td><strong>Total Sources of Funds</strong></td>
<td><strong>$288.5</strong></td>
<td><strong>$72.1</strong></td>
<td><strong>$54.5</strong></td>
<td><strong>75.5%</strong></td>
</tr>
</tbody>
</table>

* Other Non-Operating revenues includes project reimbursements, lease revenue, and realized gain on investments

## Highlights
- Property tax receipts begin in November
- New connections reported YTD:
  - 810 Equivalent Dwelling Units
  - 1,230 Meter Equivalent Units
  Budgeted at 4,000 and 4,700 units, respectively
- Grant and loan receipts are primarily reimbursable and dependent upon related capital project expenditures
## FY 2019/20 1st Quarter Ending September 30, 2019
($ Millions)

<table>
<thead>
<tr>
<th>Uses of Funds</th>
<th>Amended Budget</th>
<th>Budget YTD*</th>
<th>Actual YTD*</th>
<th>% Budget Used YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Expense</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employment Expense (net of allocation to projects)</td>
<td>$51.4</td>
<td>$12.8</td>
<td>$12.7</td>
<td>98.8%</td>
</tr>
<tr>
<td>Professional Fees &amp; Services</td>
<td>14.4</td>
<td>3.6</td>
<td>2.0</td>
<td>55.2%</td>
</tr>
<tr>
<td>Utilities</td>
<td>10.0</td>
<td>2.5</td>
<td>2.3</td>
<td>92.2%</td>
</tr>
<tr>
<td>MWD Water Purchases</td>
<td>44.7</td>
<td>11.2</td>
<td>15.4</td>
<td>137.9%</td>
</tr>
<tr>
<td>O&amp;M and Reimb. Project Exp.</td>
<td>27.1</td>
<td>6.8</td>
<td>1.2</td>
<td>17.9%</td>
</tr>
<tr>
<td>Other Operating Expenses*</td>
<td>29.3</td>
<td>7.3</td>
<td>6.5</td>
<td>88.2%</td>
</tr>
<tr>
<td><strong>Total Operating Expense</strong></td>
<td><strong>$176.9</strong></td>
<td><strong>$44.2</strong></td>
<td><strong>$40.1</strong></td>
<td><strong>90.7%</strong></td>
</tr>
</tbody>
</table>

*Other operating expense includes operating fees, chemicals, biosolids recycling, materials & supplies and office & administrative expenses

---

### Highlights

- Professional fees & services below YTD Budget due to timing of scheduled contract services
- O&M and Reimbursement Projects below budget due to timing of repair and maintenance related projects
### FY 2019/20 1st Quarter Ending September 30, 2019
($ Millions)

<table>
<thead>
<tr>
<th>Uses of Funds</th>
<th>Amended Budget</th>
<th>Budget YTD*</th>
<th>Actual YTD*</th>
<th>% Budget Used YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Operating Expense</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital Projects</td>
<td>$100.9</td>
<td>$25.2</td>
<td>$9.0</td>
<td>35.9%</td>
</tr>
<tr>
<td>Financial Expense</td>
<td>23.8</td>
<td>6.0</td>
<td>7.4</td>
<td>123.9%</td>
</tr>
<tr>
<td>Other Non-Operating Expense*</td>
<td>0.3</td>
<td>0.3</td>
<td>0.3</td>
<td>94.8%</td>
</tr>
<tr>
<td>Total Non-Operating Expense</td>
<td>$125.0</td>
<td>$31.5</td>
<td>$16.7</td>
<td>53.0%</td>
</tr>
<tr>
<td>Total Operating Expense</td>
<td>176.9</td>
<td>44.2</td>
<td>40.1</td>
<td>90.7%</td>
</tr>
<tr>
<td>Total Uses of Funds</td>
<td>$301.9</td>
<td>$75.7</td>
<td>$56.8</td>
<td>75.1%</td>
</tr>
</tbody>
</table>

*Other Non-Operating Expense includes Santa Ana Watershed Project Authority (SAWPA) member contributions and other miscellaneous expense*

**Highlights**

- Total capital project expenditures below budget as approximately 50% of projects are currently in the design phase versus 16% of projects in the construction phase.

- Financial Expense exceeded budget due to principal and interest payments for the 2010A Revenue Bond and various State Revolving Fund loans.
The Budget Variance Analysis report is consistent with the Agency’s business goal of fiscal responsibility to ensure actual revenues and expenditures are consistent with those approved by the Board of Directors.
INFORMATION
ITEM

5F
Date: December 18, 2019
To: The Honorable Board of Directors
Committee: Finance & Administration
From: Shivaji Deshmukh, General Manager
12/11/19

Executive Contact: Christina Valencia, Executive Manager of Finance & Administration/AGM
Subject: Treasurer's Report of Financial Affairs

Executive Summary:
The Treasurer's Report of Financial Affairs for the month ended October 31, 2019 is submitted in a format consistent with the State Requirement.

For the month of October 2019, total cash, investments, and restricted deposits of $250,323,923 reflects an increase of $5,190,411 compared to the total of $245,133,512 reported for September 2019. The increase was mainly due to an increase in Capital Capacity Reimbursement Account deposits held by member agencies and EDU receipts offset by a $4.5 million contribution towards the Agency’s CalPERS pension unfunded accrued liability (UAL). The average days cash on hand for the month ended October 31, 2019 decreased slightly from 219 days to 218 days.

The unrestricted Agency investment portfolio yield in October 2019 was 2.413 percent, a decrease of 0.053 percent compared to the September 2019 yield of 2.466 percent. The slight decrease in overall yield is mainly attributed to the lower yields in the Local Agency Investment Fund (LAIF) and in the California Asset Management Program (CAMP) funds reflective of declining interest rates in the market.

Staff’s Recommendation:
The Treasurer's Report of Financial Affairs for the month ended October 31, 2019 is an information item for the Board of Director's review.

Budget Impact  Budgeted (Y/N): N  Amendment (Y/N): Y  Amount for Requested Approval:
Account/Project Name:

Fiscal Impact (explain if not budgeted):
Interest earned on the Agency's investment portfolio increases the Agency's overall reserves.

Full account coding (internal AP purposes only): Project No.: - - -
Prior Board Action:


Environmental Determination:

Not Applicable

Business Goal:

The Financial Affairs report is consistent with the Agency's Business Goal of Fiscal Responsibility in providing financial reporting that accounts for cash and investment activities to fund operating requirements and to optimize investment earnings.

Attachments:

Attachment 1 - Background
Attachment 2 - PowerPoint
Attachment 3 - Treasurer's Report of Financial Affairs
The Treasurer’s Report of Financial Affairs for the month ended October 31, 2019 is submitted in a format consistent with State requirements. The monthly report denotes investment transactions that have been executed in accordance with the criteria stated in the Agency’s Investment Policy (Resolution No. 2019-3-1).

Agency total cash, investments, and restricted deposits for the month of October 2019 was $250.3 million, an increase of $5.2 million from the $245.1 million reported for the month ended September 30, 2019. The increase was mainly due to the increase in Capital Capacity Reimbursement Account (CCRA) deposits held by member agencies and EDU receipts offset by a $4.5 million contribution towards the Agency’s CalPERS pension unfunded accrued liability (UAL).

Table 1 represents the unrestricted Agency investment portfolio, by authorized investment and duration, with total portfolio amount of $130.1 million. The Agency portfolio excludes cash and restricted deposits in the amount of $120.2 million held by member agencies and with fiscal agents.

### Table 1: Agency Portfolio

<table>
<thead>
<tr>
<th>Authorized Investments</th>
<th>Allowable Threshold ($ million or %)</th>
<th>Investment Value as of October 31, 2019 ($ million)</th>
<th>Average Yield %</th>
<th>Portfolio % (Unrestricted)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Under 1 Year</td>
<td>1-3 Years</td>
<td>Over 3 Years</td>
</tr>
<tr>
<td>LAIF* - Unrestricted</td>
<td>$65</td>
<td>14.8</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>CAMP** - Unrestricted</td>
<td>n/a</td>
<td>14.9</td>
<td></td>
<td>14.9</td>
</tr>
<tr>
<td>Citizens Business Bank - Sweep</td>
<td>40%</td>
<td>8.0</td>
<td></td>
<td>8.0</td>
</tr>
<tr>
<td><strong>Sub-Total Agency Managed</strong></td>
<td></td>
<td>$37.7</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Broked Certificates of Deposit</td>
<td>30%</td>
<td>3.0</td>
<td>0.8</td>
<td>0</td>
</tr>
<tr>
<td>Medium Term Notes</td>
<td>30%</td>
<td>0.7</td>
<td>7.8</td>
<td>9.0</td>
</tr>
<tr>
<td>US Treasury Notes</td>
<td>n/a</td>
<td>2.2</td>
<td>28.1</td>
<td>18.9</td>
</tr>
<tr>
<td>US Gov't Securities</td>
<td>n/a</td>
<td>1.8</td>
<td>14.3</td>
<td>5.8</td>
</tr>
<tr>
<td><strong>Sub-Total PFM Managed</strong></td>
<td></td>
<td>$7.7</td>
<td>$51.0</td>
<td>$33.7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>$45.4</td>
<td>$51.0</td>
<td>$33.7</td>
</tr>
</tbody>
</table>

*LAIIF – Local Agency Investment Fund  
**CAMP – California Asset Management Program  
+- due to rounding
Figure 1: Cash, Investments, and Restricted Deposits

Average days cash on hand is calculated using the monthly ending balance of unrestricted cash and cash equivalents divided by disbursements associated with operating expenses, debt service, and capital expenditures as recorded in the Agency’s cash flow. The average days cash on hand for the month ended October 31, 2019 decreased from 219 days to 218 days as shown in Figure 2.

Figure 2: Days Cash on Hand – 12 Month Rolling Average

Monthly cash and investment summaries are available on the Agency’s website at: https://www.ieua.org/fy-2019-20-cash-and-investment-summary/
Treasurer's Report of Financial Affairs for Month Ended October 31, 2019

Inland Empire Utilities Agency
A Municipal Water District

Javier Chagoyen-Lazaro
Finance and Accounting
December 2019
Agency Liquidity

- The increase was mainly due to the increase in Capital Capacity Reimbursement Account (CCRA) deposits held by member agencies and high water and EDU receipts offset by a $4.5M contribution towards the Agency's CalPERS unfunded pension liability.
- Slight decrease in overall yield mainly attributed to lower yields in Local Agency Investment Fund (LAIF) and in California Asset Management Program (CAMP) reflective of declining interest rates in the market.

<table>
<thead>
<tr>
<th>Description</th>
<th>October ($ million)</th>
<th>September ($ million)</th>
<th>Increase/ (Decrease) ($ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment Portfolio</td>
<td>$130.1</td>
<td>$130.8</td>
<td>($0.7)</td>
</tr>
<tr>
<td>Cash and Restricted Deposits</td>
<td>$120.2</td>
<td>$114.3</td>
<td>$5.9</td>
</tr>
<tr>
<td><strong>Total Investments, Cash, and Restricted Deposits</strong></td>
<td><strong>$250.3</strong></td>
<td><strong>$245.1</strong></td>
<td><strong>$5.2</strong></td>
</tr>
<tr>
<td>Investment Portfolio Yield</td>
<td>2.413%</td>
<td>2.466%</td>
<td>(0.053%)</td>
</tr>
<tr>
<td>Weighted Average Duration (Years)</td>
<td>1.15</td>
<td>1.16</td>
<td>(0.01)</td>
</tr>
<tr>
<td>Average Cash on Hand (Days)</td>
<td>218</td>
<td>219</td>
<td>(1)</td>
</tr>
</tbody>
</table>


Inland Empire Utilities Agency
A Municipal Water District
## Agency Investment Position

<table>
<thead>
<tr>
<th>Authorized Investments</th>
<th>Allowable Threshold ($ million or %)</th>
<th>Under 1 Year</th>
<th>1 – 3 Years</th>
<th>Over 3 Years</th>
<th>Total</th>
<th>Average Yield %</th>
<th>Portfolio % (Unrestricted)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Agency Investment Fund</td>
<td>$65</td>
<td>$14.8</td>
<td>$0</td>
<td>$0</td>
<td>$14.8</td>
<td>2.19%</td>
<td>11.4%</td>
</tr>
<tr>
<td>California Asset Management Program</td>
<td>n/a</td>
<td>14.9</td>
<td>-</td>
<td>-</td>
<td>14.9</td>
<td>2.05%</td>
<td>11.4%</td>
</tr>
<tr>
<td>Citizens Business Bank – Sweep</td>
<td>40%</td>
<td>8.0</td>
<td>-</td>
<td>-</td>
<td>8.0</td>
<td>1.00%</td>
<td>6.2%</td>
</tr>
<tr>
<td><strong>Sub-Total Agency Managed</strong></td>
<td></td>
<td>$37.7</td>
<td>$0</td>
<td>$0</td>
<td>$37.7</td>
<td>1.88%</td>
<td>29.0%</td>
</tr>
<tr>
<td>Brokered Certificates of Deposit (CD)</td>
<td>30%</td>
<td>$3.0</td>
<td>$0.8</td>
<td>$0</td>
<td>$3.8</td>
<td>3.12%</td>
<td>3.0%</td>
</tr>
<tr>
<td>Medium Term Notes</td>
<td>30%</td>
<td>0.7</td>
<td>7.8</td>
<td>9.0</td>
<td>17.5</td>
<td>2.83%</td>
<td>13.4%</td>
</tr>
<tr>
<td>US Treasury Notes</td>
<td>n/a</td>
<td>2.2</td>
<td>28.1</td>
<td>18.9</td>
<td>49.2</td>
<td>2.53%</td>
<td>37.8%</td>
</tr>
<tr>
<td>US Government Securities</td>
<td>n/a</td>
<td>1.8</td>
<td>14.3</td>
<td>5.8</td>
<td>21.9</td>
<td>2.60%</td>
<td>16.8%</td>
</tr>
<tr>
<td><strong>Sub-Total PFM Managed</strong></td>
<td></td>
<td>$7.7</td>
<td>$51.0</td>
<td>$33.7</td>
<td>$92.4</td>
<td>2.63%</td>
<td>71.0%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>$45.4</td>
<td>$51.0</td>
<td>$33.7</td>
<td>$130.1</td>
<td>2.413%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>
Portfolio Yield Comparison

[Graph showing yield comparison over different months from Nov-18 to Oct-19 for Agency Yield, 2008B Bond Rate, LAIF Yield, and 6 Months T-Bill with specific percentages highlighted for each category and month.]
The Treasurer's Report of Financial Affairs is consistent with the Agency's business goal of fiscal responsibility.
TREASURER'S REPORT OF FINANCIAL AFFAIRS

For the Month Ended October 31, 2019

Inland Empire Utilities Agency
A Municipal Water District

All investment transactions have been executed in accordance with the criteria stated in the Agency's Investment Policy (Resolution No. 2019-3-1) adopted by the Inland Empire Utilities Agency’s Board of Directors during its regular meeting held on May 15, 2019.

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

* A Municipal Water District
**INLAND EMPIRE UTILITIES AGENCY**

**Cash and Investment Summary**

*Month Ended October 31, 2019*

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

<table>
<thead>
<tr>
<th></th>
<th>October</th>
<th>September</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>($290,081)</td>
<td>$929,191</td>
<td>($1,219,272)</td>
</tr>
</tbody>
</table>

### Investments

**Agency Managed**
- Citizens Business Bank (CBB) Repurchase ($Sweep)
- Local Agency Investment Fund (LAIF)
- California Asset Management Program (CAMP)

**Total Agency Managed Investments**

<table>
<thead>
<tr>
<th></th>
<th>October</th>
<th>September</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>37,718,905</td>
<td>38,540,312</td>
<td>(821,407)</td>
</tr>
</tbody>
</table>

**PFM Managed**
- Certificates of Deposit
- Municipal Bonds
- Commercial Paper
- Medium Term Notes
- U.S. Treasury Notes
- U.S. Government Sponsored Entities

**Total PFM Managed Investments**

<table>
<thead>
<tr>
<th></th>
<th>October</th>
<th>September</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>92,429,947</td>
<td>92,302,167</td>
<td>127,780</td>
</tr>
</tbody>
</table>

**Total Investments**

<table>
<thead>
<tr>
<th></th>
<th>October</th>
<th>September</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$130,148,852</td>
<td>$130,842,479</td>
<td>($693,627)</td>
</tr>
</tbody>
</table>

**Total Cash and Investments Available to the Agency**

<table>
<thead>
<tr>
<th></th>
<th>October</th>
<th>September</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$129,858,771</td>
<td>$131,771,670</td>
<td>($1,912,899)</td>
</tr>
</tbody>
</table>

### Restricted Deposits

- CAMP Water Connection Reserve
- LAIF Self Insurance Reserve
- Debt Service Accounts
- Capital Capacity Reimbursement Account (CCRA) Deposits Held by Member Agencies**
- California Employers’ Retirement Benefit Trust Account - CERBT (Other Post Employment Benefits - OPEB)
- Escrow Deposits

**Total Restricted Deposits**

<table>
<thead>
<tr>
<th></th>
<th>October</th>
<th>September</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>55,668</td>
<td>54,295</td>
<td>1,373</td>
</tr>
</tbody>
</table>

**Total Cash, Investments, and Restricted Deposits**

<table>
<thead>
<tr>
<th></th>
<th>October</th>
<th>September</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$250,323,923</td>
<td>$245,133,512</td>
<td>$5,190,411</td>
</tr>
</tbody>
</table>

*Total reported as of September 2019*
**INLAND EMPIRE UTILITIES AGENCY**  
Cash and Investment Summary  
Month Ended  
October 31, 2019

**Cash, Bank Deposits, and Bank Investment Accounts**

<table>
<thead>
<tr>
<th>Account</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>CBB Demand Account (Negative balance offset by CBB Sweep Balance)</td>
<td>($832,473)</td>
</tr>
<tr>
<td>CBB Payroll Account</td>
<td>-</td>
</tr>
<tr>
<td>CBB Workers' Compensation Account</td>
<td>61,621</td>
</tr>
<tr>
<td><strong>Subtotal Demand Deposits</strong></td>
<td>($770,852)</td>
</tr>
</tbody>
</table>

**Other Cash and Bank Accounts**

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

**US Bank Pre-Investment Money Market Account**

<table>
<thead>
<tr>
<th>Account</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Cash and Bank Accounts</strong></td>
<td>($290,081)</td>
</tr>
</tbody>
</table>

**Unrestricted Investments**

**CBB Repurchase (Sweep) Investments**

<table>
<thead>
<tr>
<th>Account</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Freddie Mac</td>
<td>$8,031,064</td>
</tr>
<tr>
<td><strong>Subtotal CBB Repurchase (Sweep)</strong></td>
<td>$8,031,064</td>
</tr>
</tbody>
</table>

**Local Agency Investment Fund (LAIF)**

<table>
<thead>
<tr>
<th>Account</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>LAIF Fund</td>
<td>$14,792,356</td>
</tr>
<tr>
<td><strong>Subtotal Local Agency Investment Fund</strong></td>
<td>$14,792,356</td>
</tr>
</tbody>
</table>

**California Asset Management Program (CAMP)**

<table>
<thead>
<tr>
<th>Account</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short Term</td>
<td>$14,895,485</td>
</tr>
<tr>
<td><strong>Subtotal CAMP</strong></td>
<td>$14,895,485</td>
</tr>
</tbody>
</table>

**Subtotal Agency Managed Investment Accounts**

<table>
<thead>
<tr>
<th>Account</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>$37,718,905</strong></td>
<td><strong>$37,718,905</strong></td>
</tr>
</tbody>
</table>
**Unrestricted Investments Continued**

<table>
<thead>
<tr>
<th>Brokered Certificates of Deposit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brokered Certificates of Deposit</td>
</tr>
<tr>
<td>Subtotal Brokered Certificates of Deposit</td>
</tr>
</tbody>
</table>

**Medium Term Notes**

<table>
<thead>
<tr>
<th>Company</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>UPS of America Inc</td>
<td>$741,770</td>
</tr>
<tr>
<td>Hershey Company</td>
<td>334,879</td>
</tr>
<tr>
<td>American Honda Finance</td>
<td>782,307</td>
</tr>
<tr>
<td>UnitedHealth Group Inc</td>
<td>755,558</td>
</tr>
<tr>
<td>Toyota Motor</td>
<td>1,187,087</td>
</tr>
<tr>
<td>Bank of NY Mellon</td>
<td>2,767,843</td>
</tr>
<tr>
<td>American Express</td>
<td>791,041</td>
</tr>
<tr>
<td>Walt Disney Company</td>
<td>804,940</td>
</tr>
<tr>
<td>Paccar Financial Corp</td>
<td>929,575</td>
</tr>
<tr>
<td>Visa Inc</td>
<td>805,289</td>
</tr>
<tr>
<td>Bank of America</td>
<td>779,214</td>
</tr>
<tr>
<td>Oracle Corporation</td>
<td>1,398,391</td>
</tr>
<tr>
<td>Amazon Inc</td>
<td>927,228</td>
</tr>
<tr>
<td>Burlington North Santa Fe Corp</td>
<td>793,536</td>
</tr>
<tr>
<td>Pfizer Inc</td>
<td>1,274,608</td>
</tr>
<tr>
<td>Walmart Inc</td>
<td>1,493,037</td>
</tr>
<tr>
<td>Walt Disney Company</td>
<td>936,277</td>
</tr>
<tr>
<td><strong>Subtotal Medium Term Notes</strong></td>
<td><strong>17,502,570</strong></td>
</tr>
</tbody>
</table>
### Unrestricted Investments Continued

#### U.S. Treasury Notes
- Treasury Note: $49,208,609
- Subtotal U.S. Treasury Notes: $49,208,609

#### U.S. Government Sponsored Entities
- Fannie Mae Bank: 9,146,619
- Freddie Mac Bank: 7,998,780
- Federal Home Loan Bank: 4,708,523
- Subtotal U.S. Government Sponsored Entities: $21,853,922

Subtotal PFM Managed Investment Accounts: $92,429,947

### Total Investments
Subtotal: $130,148,852

### Restricted Deposits

#### Investment Pool Accounts
- CAMP - Water Connection Reserves: $16,571,811
- LAIF - Self Insurance Fund Reserves: 6,492,046
- Subtotal Investment Pool Accounts: $23,163,857

#### Debt Service
- 2008B Debt Service Accounts: $2,520,572
- 2017A Debt Service Accounts: 4,705,652
- Subtotal Debt Service: $7,226,224
**Restricted Deposits Continued**

**CCRA Deposits Held by Member Agencies**
- City of Chino: $11,579,148
- Cucamonga Valley Water District: 11,514,585
- City of Fontana: 10,695,090
- City of Montclair: $3,111,788
- City of Ontario: 23,891,915
- City of Chino Hills: 6,484,292
- City of Upland: 4,827,148

Subtotal CCRA Deposits Held by Member Agencies**: $72,103,966

**Total reported as of September 2019**

**CalPERS**
- CERBT Account (OPEB): $17,815,437

Subtotal CalPERS Accounts: $17,815,437

**Escrow Deposits**
- Stanek Construction: $55,668

Subtotal Escrow Deposits: $55,668

**Total Restricted Deposits**: $120,465,152

**Total Cash, Investments, and Restricted Deposits as of October 31, 2019**: $250,323,923

Total Cash, Investments, and Restricted Deposits as of 10/31/19: $250,323,923

Less: Total Cash, Investments, and Restricted Deposits as of 09/30/19: 245,133,512

**Total Monthly Increase (Decrease)**: $5,190,411
## INLAND EMPIRE UTILITIES AGENCY
### Cash and Investment Summary

**Month Ended**
October 31, 2019

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

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

**Citizens Business Bank (CBB)**

- Demand Account
  - ($832,473) ($832,473) N/A ($832,473) N/A N/A ($832,473)
  - 61,621 61,621 N/A 61,621 N/A N/A 61,621
- Subtotal CBB Accounts
  - ($770,852) ($770,852) N/A ($770,852) N/A N/A ($770,852)

**US Bank (USB)**

- Custodial Money Market (Investment Mgmt.)
  - $360,581 $360,581 N/A $360,581 N/A 1.36% N/A $360,581
  - 117,940 117,940 N/A 117,940 N/A 1.36% N/A 117,940
- Subtotal USB Account
  - $478,521 $478,521 N/A $478,521 N/A 1.36% N/A $478,521

**Petty Cash**

- $2,250 $2,250 N/A $2,250 N/A N/A $2,250

**Total Cash, Bank Deposits and Bank Investment Accounts**

- ($290,081) ($290,081) N/A ($290,081) N/A N/A ($290,081)

### Investments

**CRR Daily Repurchase (Sweep) Accounts**

- Freddie Mac
  - $8,031,064 $8,031,064 N/A $8,031,064 1.00% N/A $8,031,064
  - $8,031,064 $0,031,064 N/A $0,031,064 1.00% N/A $8,031,064

**LAIF Accounts**

- Non-Restricted Funds
  - $14,792,356 $14,792,356 N/A $14,792,356 2.19% N/A $14,792,356
  - $14,792,356 $14,792,356 N/A $14,792,356 2.19% N/A $14,792,356

**CAMP Accounts**

- Non-Restricted Funds
  - $14,895,485 $14,895,485 N/A $14,895,485 2.05% N/A $14,895,485
  - $14,895,485 $14,895,485 N/A $14,895,485 2.05% N/A $14,895,485

**Subtotal Agency Managed Investment Accounts**

- $37,718,905 $37,718,905 N/A $37,718,905 1.88% N/A $37,718,905

### Brokered Certificates of Deposit (CDs)

| Bank of Nova Scotia Houston | 06/07/18 | 718 | A-1 | P-1 | $1,400,000 | $1,400,000 | 729 | $1,409,836 | 3.08% | 3.10% | 06/05/20 | $1,422,340 |
| Bank of Montreal Chicago | 08/03/18 | 770 | A-1 | P-1 | $1,400,000 | $1,400,000 | 721 | $1,400,000 | 3.12% | 3.22% | 06/03/20 | 1,412,811 |
| Synchro Bank | 10/02/15 | 1800 | N/R | N/R | $240,000 | $240,000 | 1827 | $240,000 | 2.25% | 2.25% | 10/02/20 | 241,254 |
| Royal Bank of Canada NY | 06/08/18 | 1079 | AA- | Aa2 | $815,000 | $815,000 | 1095 | $815,000 | 3.24% | 3.24% | 06/07/21 | 834,270 |

**Subtotal Brokered CDs**

- $3,865,000 $3,865,464 $3,064,836 3.12% $3,910,675

<table>
<thead>
<tr>
<th>Settlement Date</th>
<th>Security Length</th>
<th>Credit Rating &amp; Item Purchase Date</th>
<th>Par</th>
<th>Cost Basis</th>
<th>Term (Days)</th>
<th>October</th>
<th>% Coupon</th>
<th>% Yield to Maturity</th>
<th>Maturity Date</th>
<th>Market</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>S&amp;P Moody's</td>
<td>Amount</td>
<td>Amount</td>
<td></td>
<td>Value</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Investments (continued)**

**Medium Term Notes**

<table>
<thead>
<tr>
<th>Issuer</th>
<th>Date</th>
<th>Rating</th>
<th>Par</th>
<th>Cost Basis</th>
<th>Term (Days)</th>
<th>October</th>
<th>% Coupon</th>
<th>% Yield to Maturity</th>
<th>Maturity Date</th>
<th>Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>UPS of America Inc</td>
<td>04/18/18</td>
<td>A</td>
<td>$725,000</td>
<td>$892,046</td>
<td>714</td>
<td>$741,770</td>
<td>8.38%</td>
<td>2.75%</td>
<td>04/01/20</td>
<td>$744,007</td>
</tr>
<tr>
<td>Toyota Motor</td>
<td>01/08/19</td>
<td>Aa3</td>
<td>200,000</td>
<td>199,880</td>
<td>731</td>
<td>199,928</td>
<td>3.05%</td>
<td>3.08%</td>
<td>01/08/21</td>
<td>203,071</td>
</tr>
<tr>
<td>Hershey Company</td>
<td>05/10/18</td>
<td>A1</td>
<td>335,000</td>
<td>336,769</td>
<td>1101</td>
<td>334,879</td>
<td>3.12%</td>
<td>3.12%</td>
<td>05/15/21</td>
<td>341,313</td>
</tr>
<tr>
<td>American Honda Finance</td>
<td>04/18/18</td>
<td>A2</td>
<td>800,000</td>
<td>767,016</td>
<td>1181</td>
<td>782,907</td>
<td>4.60%</td>
<td>3.00%</td>
<td>07/12/21</td>
<td>797,498</td>
</tr>
<tr>
<td>Toyota Motor</td>
<td>04/27/18</td>
<td>Aa3</td>
<td>1,000,000</td>
<td>978,790</td>
<td>1355</td>
<td>987,159</td>
<td>2.60%</td>
<td>3.21%</td>
<td>01/11/22</td>
<td>1,017,141</td>
</tr>
<tr>
<td>Bank of NY Mellon</td>
<td>04/18/18</td>
<td>A1</td>
<td>1,400,000</td>
<td>1,371,048</td>
<td>1391</td>
<td>1,382,355</td>
<td>2.60%</td>
<td>3.18%</td>
<td>02/07/22</td>
<td>1,420,829</td>
</tr>
<tr>
<td>American Express</td>
<td>04/18/18</td>
<td>A-2</td>
<td>800,000</td>
<td>785,488</td>
<td>1415</td>
<td>791,441</td>
<td>2.70%</td>
<td>3.20%</td>
<td>03/03/22</td>
<td>813,821</td>
</tr>
<tr>
<td>Walt Disney Company</td>
<td>04/18/18</td>
<td>A2</td>
<td>815,000</td>
<td>796,692</td>
<td>1416</td>
<td>804,540</td>
<td>2.45%</td>
<td>3.00%</td>
<td>03/04/22</td>
<td>828,244</td>
</tr>
<tr>
<td>Paczak Financial Corp</td>
<td>04/18/18</td>
<td>A+</td>
<td>930,000</td>
<td>929,498</td>
<td>1096</td>
<td>929,575</td>
<td>2.55%</td>
<td>2.67%</td>
<td>05/10/22</td>
<td>946,531</td>
</tr>
<tr>
<td>Vina Inc</td>
<td>04/18/18</td>
<td>Aa3</td>
<td>1,025,000</td>
<td>975,407</td>
<td>1611</td>
<td>965,289</td>
<td>2.15%</td>
<td>3.03%</td>
<td>09/15/22</td>
<td>834,538</td>
</tr>
<tr>
<td>Bank of America</td>
<td>04/18/18</td>
<td>A2</td>
<td>890,000</td>
<td>769,264</td>
<td>1647</td>
<td>779,214</td>
<td>2.55%</td>
<td>3.43%</td>
<td>19/21/22</td>
<td>807,448</td>
</tr>
<tr>
<td>Oracle Corp</td>
<td>04/19/18</td>
<td>A1</td>
<td>1,420,000</td>
<td>1,389,041</td>
<td>1763</td>
<td>1,398,391</td>
<td>2.63%</td>
<td>3.11%</td>
<td>02/15/23</td>
<td>1,448,205</td>
</tr>
<tr>
<td>Amazon Inc</td>
<td>04/15/19</td>
<td>Aa-3</td>
<td>935,000</td>
<td>925,996</td>
<td>1774</td>
<td>927,228</td>
<td>2.40%</td>
<td>2.66%</td>
<td>02/22/23</td>
<td>952,490</td>
</tr>
<tr>
<td>Burlington North Santa Fe Corp</td>
<td>04/18/18</td>
<td>A3</td>
<td>800,000</td>
<td>790,800</td>
<td>1792</td>
<td>793,536</td>
<td>3.00%</td>
<td>3.26%</td>
<td>03/15/23</td>
<td>825,344</td>
</tr>
<tr>
<td>Bank of NY Mellon</td>
<td>05/24/19</td>
<td>A1</td>
<td>1,375,000</td>
<td>1,387,595</td>
<td>1555</td>
<td>1,385,408</td>
<td>3.50%</td>
<td>3.27%</td>
<td>04/28/23</td>
<td>1,444,222</td>
</tr>
<tr>
<td>UnitedHealth Group Inc</td>
<td>10/24/19</td>
<td>A3</td>
<td>720,000</td>
<td>755,741</td>
<td>1330</td>
<td>755,558</td>
<td>3.50%</td>
<td>2.08%</td>
<td>06/15/23</td>
<td>755,662</td>
</tr>
<tr>
<td>Pfizer Inc</td>
<td>04/04/19</td>
<td>A1</td>
<td>1,266,000</td>
<td>1,276,392</td>
<td>1807</td>
<td>1,276,609</td>
<td>2.95%</td>
<td>2.67%</td>
<td>03/15/24</td>
<td>1,316,457</td>
</tr>
<tr>
<td>Walmart Inc</td>
<td>09/05/19</td>
<td>AA2</td>
<td>1,425,000</td>
<td>1,459,156</td>
<td>1768</td>
<td>1,493,037</td>
<td>2.85%</td>
<td>1.78%</td>
<td>07/06/24</td>
<td>1,498,196</td>
</tr>
<tr>
<td>Walt Disney Company</td>
<td>09/06/19</td>
<td>A2</td>
<td>940,000</td>
<td>936,165</td>
<td>1820</td>
<td>936,277</td>
<td>1.75%</td>
<td>1.04%</td>
<td>08/30/24</td>
<td>932,460</td>
</tr>
</tbody>
</table>

Subtotal Medium Term Notes

$17,505,000  $17,480,784  $17,002,580  2.03%

Subtotal FFM Managed Investment Accounts

$93,141,000  $92,031,519  $92,429,947  2.63%

Total Investments

$150,859,905  $129,750,424  $130,148,852  2.63%

(Source of Investment Amortized Cost: FFM)

**Restricted Deposits**

**Investment Pool Accounts**

<table>
<thead>
<tr>
<th>Account</th>
<th>Par</th>
<th>Cost Basis</th>
<th>Terminal</th>
<th>% Coupon</th>
<th>% Yield to Maturity</th>
<th>Maturity Date</th>
<th>Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>CAMP - Water Connection Reserves</td>
<td>$16,671,811</td>
<td>$16,671,811</td>
<td>N/A</td>
<td>2.05%</td>
<td>N/A</td>
<td>N/A</td>
<td>$16,671,811</td>
</tr>
<tr>
<td>LAIF - Self Insurance Reserve</td>
<td>6,492,046</td>
<td>6,492,046</td>
<td>N/A</td>
<td>2.19%</td>
<td>N/A</td>
<td>N/A</td>
<td>6,492,046</td>
</tr>
<tr>
<td>Total Investment Pool Accounts</td>
<td>$23,163,857</td>
<td>$23,163,857</td>
<td>N/A</td>
<td>2.99%</td>
<td>N/A</td>
<td>N/A</td>
<td>$23,163,857</td>
</tr>
</tbody>
</table>

**Debt Service and Arbitrage Accounts**

<table>
<thead>
<tr>
<th>Account</th>
<th>Par</th>
<th>Cost Basis</th>
<th>Terminal</th>
<th>% Coupon</th>
<th>% Yield to Maturity</th>
<th>Maturity Date</th>
<th>Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008B Debt Service Accounts</td>
<td>$2,620,572</td>
<td>$2,620,572</td>
<td>N/A</td>
<td>1.27%</td>
<td>N/A</td>
<td>N/A</td>
<td>$2,620,572</td>
</tr>
<tr>
<td>2017A Debt Service Accounts</td>
<td>4,705,652</td>
<td>4,705,652</td>
<td>N/A</td>
<td>0.15%</td>
<td>N/A</td>
<td>N/A</td>
<td>4,705,652</td>
</tr>
<tr>
<td>Total Debt Service Accounts</td>
<td>$7,326,224</td>
<td>$7,326,224</td>
<td>N/A</td>
<td>0.55%</td>
<td>N/A</td>
<td>N/A</td>
<td>$7,326,224</td>
</tr>
</tbody>
</table>

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary
Month Ended
October 31, 2019

8
<table>
<thead>
<tr>
<th>Settlement Date</th>
<th>Security Length</th>
<th>Credit Rating @ Purchase Date</th>
<th>Par Amount</th>
<th>Cost Basis Amount</th>
<th>Term (Days)</th>
<th>October Value</th>
<th>% Coupon</th>
<th>% Yield to Maturity</th>
<th>Maturity Date</th>
<th>Market Value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>S&amp;P 600 Moody's 720</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Restricted Deposits (continued)**

<table>
<thead>
<tr>
<th>Agency/Group</th>
<th>Par Amount</th>
<th>Cost Basis Amount</th>
<th>Term (Days)</th>
<th>October Value</th>
<th>% Coupon</th>
<th>% Yield to Maturity</th>
<th>Maturity Date</th>
<th>Market Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Chino</td>
<td>$11,579,148</td>
<td>$11,579,148</td>
<td>N/A</td>
<td>$11,579,148</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>$11,579,148</td>
</tr>
<tr>
<td>City of Chino Hills</td>
<td>6,484,292</td>
<td>6,484,292</td>
<td>N/A</td>
<td>6,484,292</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>6,484,292</td>
</tr>
<tr>
<td>Fontana Valley Water District</td>
<td>11,514,585</td>
<td>11,514,585</td>
<td>N/A</td>
<td>11,514,585</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>11,514,585</td>
</tr>
<tr>
<td>City of Fontana</td>
<td>10,695,090</td>
<td>10,695,090</td>
<td>N/A</td>
<td>10,695,090</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>10,695,090</td>
</tr>
<tr>
<td>City of Montclair</td>
<td>3,117,788</td>
<td>3,117,788</td>
<td>N/A</td>
<td>3,117,788</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>3,117,788</td>
</tr>
<tr>
<td>City of Ontario</td>
<td>23,891,915</td>
<td>23,891,915</td>
<td>N/A</td>
<td>23,891,915</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>23,891,915</td>
</tr>
<tr>
<td>City of Upland</td>
<td>4,827,148</td>
<td>4,827,148</td>
<td>N/A</td>
<td>4,827,148</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>4,827,148</td>
</tr>
</tbody>
</table>

Subtotal CCRA Deposits Held by Member Agencies**

**Total reported as of September 2019

<table>
<thead>
<tr>
<th>Agency/Group</th>
<th>Par Amount</th>
<th>Cost Basis Amount</th>
<th>Term (Days)</th>
<th>October Value</th>
<th>% Coupon</th>
<th>% Yield to Maturity</th>
<th>Maturity Date</th>
<th>Market Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>CalPERS Deposits</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CalPERS Account (OPPE)</td>
<td>$15,000,000</td>
<td>$15,000,000</td>
<td>N/A</td>
<td>$17,815,437</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>$17,815,437</td>
</tr>
</tbody>
</table>

CalPERS Strategy 1 Performance as of September 30, 2019 based on a 1 Year Net Return was 7.62%.

<table>
<thead>
<tr>
<th>Agency/Group</th>
<th>Par Amount</th>
<th>Cost Basis Amount</th>
<th>Term (Days)</th>
<th>October Value</th>
<th>% Coupon</th>
<th>% Yield to Maturity</th>
<th>Maturity Date</th>
<th>Market Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Escrow Deposits</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stanek Contractors Escrow</td>
<td>$55,668</td>
<td>$55,668</td>
<td>N/A</td>
<td>$55,668</td>
<td>N/A</td>
<td>Y/A</td>
<td>N/A</td>
<td>$55,668</td>
</tr>
</tbody>
</table>

Subtotal Escrow Deposits                                 | $55,668      | $55,668          | N/A         | $55,668       | N/A      | Y/A               | N/A           | $55,668      |

Total Restricted Deposits                                 | $117,649,715 | $117,649,715     | N/A         | $120,465,152  |          |                   |               | $120,465,152 |

Total Cash, Investments, and Restricted Deposits as of October 31, 2019

<table>
<thead>
<tr>
<th>Agency/Group</th>
<th>Par Amount</th>
<th>Cost Basis Amount</th>
<th>Term (Days)</th>
<th>October Value</th>
<th>% Coupon</th>
<th>% Yield to Maturity</th>
<th>Maturity Date</th>
<th>Market Value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$248,219,539</td>
<td>$247,110,058</td>
<td></td>
<td>$250,323,923</td>
<td></td>
<td></td>
<td></td>
<td>$252,557,302</td>
</tr>
</tbody>
</table>
### October Purchases

<table>
<thead>
<tr>
<th>No.</th>
<th>Date</th>
<th>Transaction</th>
<th>Investment Security</th>
<th>Type</th>
<th>Par Amount Purchased</th>
<th>Investment Yield to Maturity</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>10/03/19</td>
<td>Purchase</td>
<td>United States Treasury Notes</td>
<td>Treasury Bond</td>
<td>$1,310,000</td>
<td>2.13%</td>
</tr>
<tr>
<td>2</td>
<td>10/24/19</td>
<td>Purchase</td>
<td>United Health Group Inc Corp Notes</td>
<td>Corporate Note</td>
<td>720,000</td>
<td>3.50%</td>
</tr>
</tbody>
</table>

$2,030,000

### October Investment Maturities, Calls & Sales

<table>
<thead>
<tr>
<th>No.</th>
<th>Date</th>
<th>Transaction</th>
<th>Investment Security</th>
<th>Type</th>
<th>Par Amount Matured/Sold</th>
<th>Investment Yield to Maturity</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>10/03/19</td>
<td>Sale</td>
<td>Federal Home Loan Banks Notes</td>
<td>Bond</td>
<td>$500,000</td>
<td>2.13%</td>
</tr>
<tr>
<td>2</td>
<td>10/03/19</td>
<td>Sale</td>
<td>Federal Home Loan Banks Notes</td>
<td>Bond</td>
<td>750,000</td>
<td>2.38%</td>
</tr>
<tr>
<td>3</td>
<td>10/24/19</td>
<td>Sale</td>
<td>Boeing Co. Corp Note</td>
<td>Corporate note</td>
<td>680,000</td>
<td>8.75%</td>
</tr>
</tbody>
</table>

**Total Maturities, Calls & Sales**

$1,930,000
## Directed Investment Category

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount Invested</th>
<th>Yield</th>
</tr>
</thead>
<tbody>
<tr>
<td>CRR Repurchase (Sweep)</td>
<td>$8,031,064</td>
<td>1.000%</td>
</tr>
<tr>
<td>LAIF - Unrestricted</td>
<td>14,792,356</td>
<td>2.190%</td>
</tr>
<tr>
<td>CAMP - Unrestricted</td>
<td>14,895,485</td>
<td>2.050%</td>
</tr>
<tr>
<td>Brokered Certificates of Deposit</td>
<td>3,864,836</td>
<td>3.124%</td>
</tr>
<tr>
<td>Medium Term Notes</td>
<td>17,502,580</td>
<td>2.833%</td>
</tr>
<tr>
<td>US Treasury Notes</td>
<td>49,208,609</td>
<td>2.532%</td>
</tr>
<tr>
<td>U.S. Government Sponsored Entities</td>
<td>21,853,922</td>
<td>2.603%</td>
</tr>
<tr>
<td><strong>Total Investment Portfolio</strong></td>
<td><strong>$130,148,852</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Investment Portfolio Rate of Return</strong></td>
<td></td>
<td>2.413%</td>
</tr>
</tbody>
</table>

## Restricted/Transitory/Other Accounts

<table>
<thead>
<tr>
<th>Account</th>
<th>Amount Invested</th>
<th>Yield</th>
</tr>
</thead>
<tbody>
<tr>
<td>CCRA Deposits Held by Member Agencies</td>
<td>$72,103,966</td>
<td>N/A</td>
</tr>
<tr>
<td>CalPERS OPEB (CERBT) Account</td>
<td>17,815,437</td>
<td>N/A</td>
</tr>
<tr>
<td>CAMP Restricted Water Connection Reserve</td>
<td>16,671,811</td>
<td>2.050%</td>
</tr>
<tr>
<td>LAIF Restricted Insurance Reserve</td>
<td>6,492,046</td>
<td>2.190%</td>
</tr>
<tr>
<td>US Bank - 2008B Debt Service Accounts</td>
<td>2,620,572</td>
<td>1.270%</td>
</tr>
<tr>
<td>US Bank - 2017A Debt Service Accounts</td>
<td>4,705,652</td>
<td>0.150%</td>
</tr>
<tr>
<td>US Bank - Pre-Investment Money Market Account</td>
<td>478,521</td>
<td>1.360%</td>
</tr>
<tr>
<td>Citizens Business Bank - Demand Account</td>
<td>(832,473)</td>
<td>N/A</td>
</tr>
<tr>
<td>Citizens Business Bank - Workers' Compensation Account</td>
<td>61,621</td>
<td>N/A</td>
</tr>
<tr>
<td>Other Accounts*</td>
<td>2,250</td>
<td>N/A</td>
</tr>
<tr>
<td>Escrow Account</td>
<td>55,668</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Total Restricted/Transitory/Other Accounts</strong></td>
<td><strong>$120,175,071</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Average Yield of Other Accounts</strong></td>
<td></td>
<td>2.021%</td>
</tr>
</tbody>
</table>

## Total Agency Directed Deposits

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount Invested</th>
</tr>
</thead>
<tbody>
<tr>
<td>*Petty Cash</td>
<td>$250,323,923</td>
</tr>
</tbody>
</table>

*Petty Cash
Inland Empire Utilities Agency
Treasurer’s Report of Financial Affairs
Month Ended October 31, 2019
U.S. Government Sponsored Entities Portfolio
$21,853,922

Fannie Mae Bonds, 41.9%

Freddie Mac Bonds, 36.6%

Federal Home Loan Bank Bonds, 21.5%
Inland Empire Utilities Agency
Treasurer's Report of Financial Affairs
Month Ended October 31, 2019
Unrestricted Agency Investment Portfolio
$130,148,852

- CBB Repurchase (Sweep), 6.2%
- Local Agency Investment Fund, 11.4%
- Medium Term Notes, 13.4%
- Certificates of Deposit, 3.0%
- U.S. Government Sponsored Entities, 16.8%
- US Treasuries, 37.8%
Inland Empire Utilities Agency
Treasurer's Report of Financial Affairs
Month Ended October 31, 2019
Agency Investment Portfolio Maturity Distribution (Unrestricted)
$130,148,852

<table>
<thead>
<tr>
<th>Maturity Range</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-30 Days</td>
<td>$29,687,841</td>
</tr>
<tr>
<td>31-180 Days</td>
<td>$8,031,064</td>
</tr>
<tr>
<td>181-365 Days</td>
<td>$5,230,194</td>
</tr>
<tr>
<td>366-730 Days</td>
<td>$21,594,567</td>
</tr>
<tr>
<td>2 to 3 Years</td>
<td>$29,392,103</td>
</tr>
<tr>
<td>Over 3 Yrs</td>
<td>$33,721,976</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Maturity Range</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-30 Days</td>
<td>29.09%</td>
</tr>
<tr>
<td>31-180 Days</td>
<td>1.91%</td>
</tr>
<tr>
<td>181-365 Days</td>
<td>4.02%</td>
</tr>
<tr>
<td>366-730 Days</td>
<td>16.59%</td>
</tr>
<tr>
<td>2 to 3 Years</td>
<td>22.58%</td>
</tr>
<tr>
<td>Over 3 Yrs</td>
<td>25.81%</td>
</tr>
</tbody>
</table>
INFORMATION ITEM

5G
Date: December 18, 2019
To: The Honorable Board of Directors
Committee: Community & Legislative Affairs
From: Shivaji Deshmukh, General Manager
Subject: Public Outreach and Communication

Executive Summary:
- December 11, MWD Water is Life Poster Contest Recognition Event, 10:00 a.m. – 1:00 p.m., MWD Headquarters

- December 18, IEUA Holiday Luncheon, 11:30 a.m. – 3:00 p.m., Los Serranos Country Club: 15656 Yorba Avenue, Chino Hills

- The Water Discovery Program has reached 821 students and 17 schools for this current school year. We currently have a total of 52 schools and 2,409 students scheduled for the 19/20 school year.

- IEUA has been working on developing partnerships with local water providers to continue obtaining busing grants/sponsorships for schools outside of IEUA's service area for the Water Discovery Program. To date, San Bernardino Valley Municipal Water District has partnered with IEUA to sponsor schools within their area to participate in the Water Discovery Program.

Staff's Recommendation:
This is an informational item for the Board of Directors to receive and file.

Budget Impact  Budgeted (Y/N): Y  Amendment (Y/N): N  Amount for Requested Approval:
Account/Project Name:

Fiscal Impact (explain if not budgeted):

Full account coding (internal AP purposes only)  -  -  -  Project No.: -
Prior Board Action:
N/A

Environmental Determination:
Statutory Exemption
N/A

Business Goal:
IEUA is committed to providing a reliable and cost-effective water supply and promoting sustainable water use throughout the region.
IEUA is committed to enhancing and promoting environmental sustainability and the preservation of the region's heritage.

Attachments:
Attachment 1 - Background
Background

Subject: Public Outreach and Communication

December
- December 11, MWD Water is Life Poster Contest Recognition Event, 10:00 a.m. – 1:00 p.m., MWD Headquarters
- December 18, IEUA Holiday Luncheon, 11:30 a.m. – 3:00 p.m., Los Serranos Country Club: 15656 Yorba Avenue, Chino Hills

January
- January 16, 3rd Annual Women in Water Symposium, 8:00 a.m. – 3:00 p.m., Cuyamaca College: 900 Rancho San Diego Parkway, El Cajon (IEUA to host booth)
- January 24, IEUA’s Leadership Lunch (in partnership with Southern California Water Coalition) – Speaker TBD, 11:30 a.m. – 2:00 p.m., DoubleTree Hotel: 222 N. Vineyard Avenue, Ontario

Media and Outreach
- Staff is finalizing the Regional Water Recycling Facility No. 5 video, which explains the wastewater treatment process.
- The website redesign project is on schedule with a targeted launch date of late December 2019.
- IEUA staff promoted Agency education programs by highlighting 2020 Solar Cup participants, recognizing National STEAM (Science, Technology, Engineering, Art, and Math) Day and promoting the Water Discovery Field Trip Program through social media channels.
- On November 13, IEUA launched the first of a series of posts dedicated to spreading awareness about FOG (fats, oils and greases) and the proper disposal of it.
- New “IEUA is Hiring” social media channel post debuted on November 18, 2019.
- IEUA recognized November 19 as World Toilet Day and highlighted the role of wastewater treatment facilities in making it possible to provide a sanitary and effective method of disposal for human waste.
- IEUA reminded residents to take advantage of the first rain of the season to promote water-efficient habits by social media outreach.
- IEUA published the South Heritage Circle road closure on Nextdoor on November 21. The post targeted only surrounding neighborhoods located within one mile of the Fontana closure. As of November 26, the post received 465 impressions and two “thank you” messages.
- November: 16 posts were published to the IEUA Facebook page, 16 posts were published to IEUA’s Instagram and 22 tweets were sent on the @IEUAWater Twitter handle.
  - The top three Facebook posts, based on reach and engagement, in the month of November were:
    - 11/4 IEUA is Hiring
- 11/20 First Rain of The Season
- 11/9 Food Bank Partnership with CAPSB and Bloomington JROTC
  - The top three tweets, based on reach and engagement, in the month of November were:
    - 11/2 High School Students Build Hulls for Solar Cup 2020
    - 11/6 IEUA General Manager on Panel for World Water Tech
    - 11/20 First Rain of The Season
  - The top three Instagram posts, based on reach and engagement, in the month of November were:
    - 11/9 Food Bank Partnership with CAPSB and Bloomington JROTC
    - 11/7 IEUA Board President at RP-1
    - 11/20 First Rain of The Season
- A *Kick the Habit* ad ran in the *Champion’s Winter Connection* section on November 2.
- A *Kick the Habit* ad will run in the *Champion’s Thanksgiving* section on November 26.
- A *Kick the Habit* ad will run in the *Champion’s Holiday Greetings* section on December 15.
- A Sustainable Living spadea will run in the *Daily Bulletin* in December.
- A *Kick the Habit* ad will run in the *La Opinion* on December 9.
- The *Kick the Habit* digital banner ad continues to run in the *Fontana Herald News*.

For the month of November, there were 5,775 searches for a park in IEUA’s service area on Yelp, where Chino Creek Wetlands and Education Park was viewed 787 times on a mobile device.

**Education and Outreach Updates**
- The Water Discovery Program has reached 821 students and 17 schools for this current school year. We currently have a total of 52 schools and 2,409 students scheduled for the 19/20 school year.
- IEUA has been working on developing partnerships with local water providers to continue obtaining busing grants/sponsorships for schools outside of IEUA’s service area for the Water Discovery Program. San Bernardino Valley Municipal Water District has partnered with IEUA to sponsor schools within their area to participate in the Water Discovery Program.
- The participating Garden in Every School® sites are currently in the design phase. St. Joseph School in Upland has applied for a turf removal rebate through SoCal WaterSmart. Randall Pepper Elementary will receive a grant from Fontana Water Company to assist with the cost of removing turf. Loving Savior in Chino Hills is preparing their garden site for planting in early January 2020.
- IEUA staff attended MWD’s “Water is Life” recognition event with the Agency’s recognized student winner, Adrian Wisely from Magnolia Elementary School in Upland, and parents.
November 27, 2019

To: Inland Empire Utilities Agency

From: Michael Boccadoro
Beth Olhasso
Maddie Munson

RE: November Report

Overview:

California enters the holiday season with over 80 percent of the state experiencing abnormally dry conditions. Water managers remain hopeful that the recent patterns of larger late winter/spring storms will arrive to provide the snowpack needed. Above average reservoir storage is also helping keep worries and concerns from reaching a “panic” level among water managers. A series of storms are expected to blanket California just in time for the Thanksgiving holiday.

The state announced that they will be suing the federal government over the Biological Opinions (BiOps) on the grounds that the BiOps will fail to adequately protect ESA listed species affected by CVP operations. The 2008 and 2009 BiOps were also mired in years of litigation, so lawsuits over the most recent BiOps do not come as a surprise. The state has not yet formally filed the lawsuit, so it is unclear whether or not they will be seeking an injunction on the federal government’s new operating rules that could go into effect for the current water year.

The Office of Environmental Health Hazard Assessment (OEHHA) recently released an online mapping tool designed to help implement the state’s “human right to water” policy. The tool, and associated report, are the first step toward developing a baseline “from which to comprehensively track challenges in water quality, accessibility, and affordability that individual California water systems face,” according to the report. ACWA and CMUA have raised some concerns with the tool and report and hope to work on some changes before final action is taken.

The California Ocean Protection Council (OPC) released a draft 5 year plan recently, which includes a provision to set a target date by 2022 for phasing out coastal discharges into the ocean, with the intent of achieving an 80-100% reduction in ocean discharges by 2040.

The Senate Energy, Utilities and Communications Committee recently held a marathon eight-hour hearing on Public Safety Power Shutoffs (PSPS). The hearing was well attended by legislators, including the President pro Tem. All three IOUs testified as did the Governor’s new Energy Czar Ana Matosantos. Members voiced frustrations with all the IOUs, particularly PG&E.

November and December are the two quietest months in the Capitol. Final bill action was taken by Governor Newsom in October and members remain in their districts until January. Some work is being done in preparation for the second year of the two-year session, but work will begin in earnest in January. It is believed that the Governor’s Water Resilience Portfolio will be released in early December, at which time discussions on a water bond will likely intensify.
Water Supply Conditions
A high-pressure ridge has kept any significant precipitation away from California throughout the fall. As has been the case over the past several years, California enters the holiday season with over 90 percent of the state experiencing abnormally dry conditions. Water managers remain hopeful that the recent patterns of larger late winter/spring storms will arrive to provide the snowpack needed. Above average reservoir storage is also helping keep worries and concerns among water managers at bay for now.
Newsom Administration Responds to BiOps

The Newsom Administration has finally responded to the federal government’s proposed operational rules for the State Water Project (SWP) and Central Valley Project (CVP). The federal government last month released the update to the 10-year old rules and associated environmental documents that dictate how the massive water projects can be operated. Since their release, environmentalists have been highly critical of the federal government’s announcement, saying that the new rules are less protective of endangered species such as Chinook salmon and Delta smelt.

Because both the SWP and CVP projects go through endangered and threatened Chinook salmon and Delta smelt habitat, the federal Endangered Species Act (ESA) requires in depth scientific review of how proposed project operations will affect these species. This review is detailed in lengthy documents called Biological Opinions (BiOps). Water users have been calling for an updated review incorporating more recent scientific studies of the Sacramento-San Joaquin Delta ecosystem since the adoption of the 2008 and 2009 BiOps.

Traditionally, the U.S. Bureau of Reclamation and the California Department of Water Resources (DWR) have used the same rules to operate the CVP and SWP, which run parallel to each other and each have pumping facilities in the South Delta. For the first time ever, DWR is developing their own operating rules to run the SWP as they are unhappy with the Bureau’s new rules. Governor Newsom and DWR had hinted at this unprecedented action earlier this year, but made it official last week when they released a 600 page draft environmental impact report that begins to lay out how DWR proposes to operate the SWP in a way that will meet the requirements of the California Endangered Species Act and the Porter-Cologne Water Quality Control Act. Most are still reviewing the lengthy technical document to determine exactly how DWR’s plan will differ from Bureau’s plan, but SWP water users are concerned that DWR could develop more stringent operational rules that will over compensate for Bureau’s differing approach, resulting in greatly reduced water deliveries for SWP contractors. For now, however, there are some key notes to be taken from the Draft EIR, most notably that the proposed project is proposed to be very similarly operated as the federal CVP and would “result in less than significant impacts” on aquatic biological resources and water quality. Some are starting to wonder why the Newsom Administration is so distraught by the BiOps when their own Draft EIR is so similar. More to come as the details emerge.

In addition to this announcement, the state also announced that they will be suing the federal government over the Biological Opinions on the grounds that the BiOps will fail to adequately protect ESA listed species affected by CVP operations. The 2008 and 2009 BiOps were also mired in years of litigation, so lawsuits over the most recent BiOps do not come as a surprise. The state has not yet formally filed the lawsuit, so it is unclear whether or not they will be seeking an injunction on the federal government’s new operating rules that could go into effect for the current water year.

In the wake of these two actions by the Newsom Administration, many have called into question the viability of the voluntary agreements that the state has been attempting to broker with water users and other stakeholders affected by the State Water Resources Control Board’s ongoing efforts to update the Bay Delta Water Quality Control Plan. The parties to the voluntary agreements are both CVP and SWP contractors, and so there is speculation that the uncertainty created by the state’s actions against the federal government will be too much to overcome as negotiations continue.
OEHHA “Human Right to Water” Mapping Tool Causing Concern
The Office of Environmental Health Hazzard Assessment (OEHHA) recently released an online mapping tool designed to help implement the state’s “human right to water” policy. The tool, and associated report, are the first step toward developing a baseline “from which to comprehensively track challenges in water quality, accessibility, and affordability that individual California water systems face,” according to the report.

ACWA and CMUA have raised concerns that the tool and report have technical issues and have urged OEHHA hold a public meeting to discuss comments prior to finalization of the report. Additionally, they would like the raw data used in the creation of the tool, and an ongoing collaboration process to address future changes. Finally, they raised significant concern about the “exposure subcomponent” indicator in the tool. They note that the indicator “does not accurately represent water quality contamination at the household tap.”

Ocean Protection Council Releases Plan to Eliminate Ocean Discharge
The California Ocean Protection Council (OPC) released a draft 5 year plan recently, which includes a provision to set a target date by 2022 for phasing out coastal discharges into the ocean, with the intent of achieving an 80-100% reduction in ocean discharges by 2040, in conjunction with the State Water Board and Regional Water Boards (see pages 17-18). The goal is included as part of Objective 1.2 which seeks to “Minimize Causes and Impacts of Ocean Acidification and Hypoxia.” The draft plan was up for adoption November 13th, but after significant pushback from statewide agencies including CASA, WaterReuse, ACWA and CMUA, the OPC decided to make the November hearing “information only.” They will consider the plan for adoption in February.

In the interim, the water agencies listed above will be engaging with the OPC to talk about this very ambitious goal.

PSPS Hearing
The Senate Energy, Utilities and Communications Committee recently held a marathon eight hour hearing on Public Safety Power Shutoffs (PSPS). In a rare move underscoring the issue’s importance, the leader of the Senate pro Tem Toni Atkins, attended the hearing and made opening comments, even though she does not sit on the Senate Energy Committee. Additionally, she published an op-ed prior to the hearing titled “California needs an action plan to confront wildfires and provide reliable electricity.” The committee hearing was also open to all Senators, even those who do not sit on the committee and was well attended by numerous Senators and even a few Assembly members. In addition, the Governor sent his top advisors to testify — again demonstrating that this is one of — if not his top — priorities.

The most captivating moment of the hearing was when PG&E’s CEO, Bill Johnson, faced the panel of Senators. While several of the Senators grilled him on the company’s handling of PSPSs, the panel of Senators didn’t appear to have a consistent set of thoughts about what to do next. Most explicit was Senate Pro Tem Atkins, who urged the development of a comprehensive action plan.

State officials — including high-level members of the Governor’s team — outlined a host of problems stemming from PSPS events, especially poor stakeholder coordination. It was plainly clear all impacted stakeholders — ranging from local governments to businesses — have a very dim view of a utility choosing to utilize a PSPS. Senator Mike McGuire summarized it nicely: People are exhausted, and they deserve better. There was not much positive said about using PSPSs. There appeared to be broad agreement that PSPSs cannot be a long-term solution.

Several themes emerged as potential legislation for 2020.
- **Grid hardening as a long-term solution.** Legislators were eager to talk about and ask questions about grid hardening efforts. The IOUs each discussed their hardening efforts, such as targetted undergrounding, installing covered conductors and new sectionalizing equipment, and positioned them as long-term solutions that will help avoid the need to initiate PSPS events. The Senate Pro Tem said a realistic timeline for grid hardening is needed. It wouldn’t be surprising to see legislation to hold IOUs accountable for their grid hardening efforts.

- **Legislators are highly interested in backup generation, particularly distributed energy resources (DERs) and microgrids.** The issue of customer backup generation was brought up time and time again, and each IOU said it is open to looking at microgrids and DERs as solutions.

Edison senior VP of transmission and distribution defended use of PSPS and system upgrades. Like SDG&E’s COO, the Edison executive discussed the utility’s sectionalizing devices and grid hardening efforts. In particular, Edison is installing more than 10,000 fast-acting fuses and has four sectionalizing devices on each circuit, so the utility doesn’t have to shut off the entire line. At the height of the PSPS event that Southern California Edison (SCE) initiated, only two percent of customers were without power. The Edison executive defended PSPS, saying that it serves a vital purpose: Safety patrols after the PSPS revealed branches on lines that could have sparked fires.

There are expected to be more hearings when the legislature comes back in January.

**Legislative Update**

November was a quite month in the Capitol. With members back in their districts and all final action on bills taken by the Governor in October, there isn’t much to report on the legislative front. Attention is slowly turning to new bill ideas for January. Discussions of a water bond continue, but remain very general as stakeholders await the release of the Water Resilience Portfolio, which will likely serve as an outline for water bond discussions.
<table>
<thead>
<tr>
<th>Bill Number</th>
<th>Author/Sponsor</th>
<th>Title and/or Summary</th>
<th>Summary</th>
<th>IEUA Position</th>
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<tbody>
<tr>
<td>AB 292</td>
<td>Quirk</td>
<td>Recycled water: raw water and groundwater augmentation</td>
<td>This bill would eliminate the definition of &quot;direct potable reuse&quot; and instead would substitute the term &quot;groundwater augmentation&quot; for &quot;indirect potable reuse for groundwater recharge&quot; in these definitions. The bill would revise the definition of &quot;treated drinking water augmentation.&quot;</td>
<td>SUPPORT</td>
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<td>AB 405</td>
<td>Rubio</td>
<td>Sales and use taxes: exemption: water treatment</td>
<td>Would exempt from Sales and Use Tax the gross receipts from the sale in this state of, and the storage, use, or other consumption in this state of, chemicals used to treat water, recycled water, or wastewater regardless of whether those chemicals or other agents become a component part thereof and regardless of whether the treatment takes place before or after the delivery to consumers.</td>
<td>SUPPORT</td>
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<tr>
<td>AB 533</td>
<td>Holden</td>
<td>Income taxes: exclusion: water conservation or efficiency programs: water runoff management improvement programs</td>
<td>This bill, for taxable years beginning on or after January 1, 2019, and before January 1, 2024, would provide an exclusion from gross income for any amount received as a rebate, voucher, or other financial incentive issued by a water service provider for any water conservation or efficiency program or water runoff management improvement program, as provided.</td>
<td>SUPPORT</td>
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<tr>
<td>AB 557</td>
<td>Wood</td>
<td>Atmospheric Rivers: Research, Mitigation, and Climate Forecasting Program</td>
<td>Would appropriate $9,250,000 from the General Fund to the Department of Water Resources in the 2019–20 fiscal year to operate the Atmospheric Rivers: Research, Mitigation, and Climate Forecasting Program.</td>
<td>SUPPORT</td>
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<tr>
<td>AB 654</td>
<td>Rubio</td>
<td>Public records: utility customers: disclosure of personal information</td>
<td>Would authorize a local agency to disclose the name, utility usage data, and home address of utility customers to an officer or employee of another governmental agency when the disclosure is not necessary for the performance of the other governmental agency’s official duties but is to be used for scientific, educational, or research purposes, and the requesting agency receiving the disclosed material agrees to maintain it as confidential in accordance with specified criteria.</td>
<td>SUPPORT</td>
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<td>AB 756</td>
<td>Christina Garcia</td>
<td>Public water systems: perfluoroalkyl substances and polyfluoroalkyl substances.</td>
<td>Would authorize the State Water Resources Control Board to order a public water system to monitor for perfluoroalkyl substances and polyfluoroalkyl substances. The bill would require a community water system or a nontransient noncommunity water system, upon a detection of these substances, to report that detection, as specified. The bill would require a community water system or a nontransient noncommunity water system where a detected level of these substances exceeds the response level to take a water source where the detected levels exceed the response level out of use or provide a prescribed public notification.</td>
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<td>AB 841</td>
<td>Ting</td>
<td>Drinking water: contaminants: perfluoroalkyl and polyfluoroalkyl substances</td>
<td>Would require the Office of Environmental Health Hazard Assessment to adopt and complete a work plan within prescribed timeframes to assess which substances in the class of perfluoroalkyl and polyfluoroalkyl substances should be identified as a potential risk to human health, as provided. The bill would require the office, as part of those assessments, to determine which of the substances are appropriate candidates for notification levels to be adopted by the state board. The bill would require the Office of Environmental Health Hazard Assessment, by January 1, 2022, to provide to the Legislature an update on the assessment.</td>
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<td>AB 1180</td>
<td>Friedman</td>
<td>Recycled Water</td>
<td>The California Safe Drinking Water Act requires the State Water Resources Control Board to administer provisions relating to the regulation of drinking water to protect public health. Current law requires, on or before January 1, 2020, the state board to adopt standards for backflow protection and cross-connection control through the adoption of a policy handbook, as specified. This bill would require that handbook to include provisions for the use of a swivel or changeover device to supply potable water to a dual-plumbed system during an interruption in recycled water service.</td>
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**OPPOSE**

**Signed by Governor**

**SUPPORT**

**2-Year Bill**

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<table>
<thead>
<tr>
<th>Bill</th>
<th>Author</th>
<th>Description</th>
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<tr>
<td>AB 1194</td>
<td>Frazier</td>
<td>Sacramento-San Joaquin Delta: Delta Stewardship Council</td>
<td>Would increase the membership of the Delta Stewardship Council to 13 members, including 11 voting members and 2 nonvoting members</td>
<td>OPPOSE</td>
<td>2-year bill</td>
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<tr>
<td>AB 1204</td>
<td>Rubio</td>
<td>Public water systems: primary drinking water standards: implementation date.</td>
<td>Would require the adoption or amendment of a primary drinking water standard for a contaminant in drinking water not regulated by a federal primary drinking water standard or that is more stringent than a federal primary drinking water standard to take effect 3 years after the date on which the state board adopts or amends the primary drinking water standard. The bill would authorize the state board to delay the effective date of the primary drinking water standard adoption or amendment by no more than 2 additional years as necessary for capital improvements to comply with a maximum contaminant level or treatment technique.</td>
<td>SUPPORT</td>
<td>2-year bill</td>
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<tr>
<td>AB 1588</td>
<td>Gloria</td>
<td>Drinking water and wastewater operator certification programs</td>
<td>Current law requires the State Water Resources Control Board to issue a water treatment operator certificate and water distribution operator certificate by reciprocity to any person holding a valid, unexpired, comparable certification issued by another state, the United States, prescribed territories or tribal governments, or a unit of any of these. Current law requires the board to classify types of wastewater treatment plants for the purpose of determining the levels of competence necessary to operate them. This bill would require the board to evaluate opportunities to issue a water treatment operator certificate or water distribution operator certificate by reciprocity, or a wastewater certificate by examination waiver, to persons who performed duties comparable to those duties while serving in the United States military, as specified.</td>
<td>SUPPORT</td>
<td>Signed by Governor</td>
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<td>AB 1672</td>
<td>Bloom</td>
<td>Product labeling: flushable products</td>
<td>Current law regulates the labeling requirements on various consumer products. This bill would express the intent of the Legislature to enact legislation to prohibit the sale or advertisement of any nonwoven disposable product labeled as &quot;flushable&quot; or &quot;sewer and septic safe&quot; if that product fails to meet specified performance standards.</td>
<td>SUPPORT</td>
<td>2-Year Bill</td>
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<td>ACA 1</td>
<td>Aguilar-Curry</td>
<td>Local government financing: affordable housing and public infrastructure: voter approval</td>
<td>SUPPORT</td>
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<td>The California Constitution prohibits the ad valorem tax rate on real property from exceeding 1% of the full cash value of the property, subject to certain exceptions. This measure would create an additional exception to the 1% limit that would authorize a city, county, city and county, or special district to levy an ad valorem tax to service bonded indebtedness incurred to fund the construction, reconstruction, rehabilitation, or replacement of public infrastructure, affordable housing, or permanent supportive housing, or the acquisition or lease of real property for those purposes, if the proposition proposing that tax is approved by 55% of the voters of the city, county, or city and county, as applicable, and the proposition includes specified accountability requirements.</td>
<td>Assembly Floor-first vote failed, can be acted upon Jan 2020</td>
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<td>SB 1</td>
<td>Atkins</td>
<td>California Environmental, Public Health, and Workers Defense Act of 2019</td>
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<td>Defense of Wildlife</td>
<td>Current state law regulates the discharge of air pollutants into the atmosphere. The Porter-Cologne Water Quality Control Act regulates the discharge of pollutants into the waters of the state. The California Safe Drinking Water Act establishes standards for drinking water and regulates drinking water systems. The California Endangered Species Act requires the Fish and Game Commission to establish a list of endangered species and a list of threatened species, and generally prohibits the taking of those species. This bill would require specified agencies to take prescribed actions regarding certain federal requirements and standards pertaining to air, water, and protected species, as specified.</td>
<td>VETOED</td>
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<td>SB 200</td>
<td>Monning</td>
<td>Safe and Affordable Drinking Water Fund</td>
<td>SUPPORT</td>
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<td>Would establish the Safe and Affordable Drinking Water Fund in the State Treasury to help water systems provide an adequate and affordable supply of safe drinking water in both the near and the long term. The bill would authorize the board to provide for the deposit into the fund of federal contributions, voluntary contributions, gifts, grants, and bequests and would provide that moneys in the fund are available, upon appropriation by the Legislature, to the board to fund grants, loans, contracts, or services to assist eligible recipients.</td>
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<td>SB 204</td>
<td>Dodd</td>
<td>State Water Project: Contracts</td>
<td>Would require the Department of Water Resources to provide at least 10 days' notice to the Joint Legislative Budget Committee and relevant policy and fiscal committees of the Legislature before holding public sessions to negotiate any potential amendment of a long-term water supply contract that is of project-wide significance with substantially similar terms intended to be offered to all contractors, or that would permanently transfer a contractual water amount between contractors.</td>
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<td>SB 307</td>
<td>Roth</td>
<td>Water conveyance: use of facility with unused capacity</td>
<td>This bill would prohibit a transfer of water from using a water conveyance facility that has unused capacity to transfer water from a groundwater basin underlying desert lands, as defined, that is in the vicinity of specified federal lands or state lands to outside of the groundwater basin unless the State Lands Commission, in consultation with the Department of Fish and Wildlife, finds that the transfer of the water will not adversely affect the natural or cultural resources of those federal and state lands.</td>
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<td>SB 332</td>
<td>Hertzberg</td>
<td>Ocean Discharge</td>
<td>Would declare, except in compliance with the bill's provisions, that the discharge of treated wastewater from ocean outfalls is a waste and unreasonable use of water. The bill would require each wastewater treatment facility that discharges through an ocean outfall and affiliated water suppliers to reduce the facility's annual flow as compared to the average annual wastewater discharge baseline volume, as prescribed, by at least 50% on or before January 1, 2030, and by at least 95% on or before January 1, 2040. The bill would subject the owner or operator of a wastewater treatment facility, as well as the affiliated water suppliers, to a civil penalty of $2,000 per acre-foot of water above the required reduction in overall volume discharge for the failure to meet these deadlines.</td>
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<td>SB 414</td>
<td>Caballero</td>
<td>Small System Water Authority Act of 2019</td>
<td>Would create the Small System Water Authority Act of 2019 and state legislative findings and declarations relating to authorizing the creation of small system water authorities that will have powers to absorb, improve, and competently operate noncompliant public water systems. The bill, no later than March 1, 2020, would require the</td>
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**Notes:**
- **WATCH**
- **2-year bill**
- **OPPOSE**
- **Chaptered**
- **OPPOSE UNLESS AMENDED**
- **Held in Approps**
- **SUPPORT**
- **2-year bill**
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<tbody>
<tr>
<td>Eastern MWD/CMUA</td>
<td>state board to provide written notice to cure to all public agencies, private water companies, or mutual water companies that operate a public water system that has either less than 3,000 service connections or that serves less than 10,000 people, and are not in compliance, for the period from July 1, 2018, through December 31, 2019, with one or more state or federal primary drinking water standard maximum contaminant levels, as specified.</td>
<td></td>
</tr>
<tr>
<td>SB 667</td>
<td>Hueso</td>
<td>Would require the Department of Resources Recycling and Recovery to develop, on or before January 1, 2021, and would authorize the department to amend, a 5-year needs assessment to support innovation and technological and infrastructure development, in order to meet specified organic waste reduction and recycling targets, as provided. The bill would require, on or before June 1, 2021, the department, in coordination with the Treasurer and the California Pollution Control Financing Authority, to develop financial incentive mechanisms, including, among other mechanisms, loans and incentive payments, to fund and accelerate public and private capital towards organic waste diversion and recycling infrastructure. SUPPORT IF AMENDED 2-year bill</td>
</tr>
<tr>
<td>SB 669</td>
<td>Caballero</td>
<td>Would establish the Safe Drinking Water Fund in the State Treasury and would provide that moneys in the fund are continuously appropriated to the State Water Resources Control Board. The bill would require the state board to administer the fund to assist community water systems in disadvantaged communities that are chronically noncompliant relative to the federal and state drinking water standards and do not have the financial capacity to pay for operation and maintenance costs to comply with those standards, as specified. Held in Approps</td>
</tr>
<tr>
<td>AJR 8</td>
<td>Quirk</td>
<td>Would urge the United States Congress to specifically add California to the Nutria Eradication and Control Act of 2003 and to authorize an appropriation of $4,000,000 to help the state implement a nutria eradication program. SUPPORT Chaptered</td>
</tr>
</tbody>
</table>
MEMORANDUM

To: IEUA Community & Legislative Affairs Committee

From: Letitia White, Jean Denton, Drew Tatum, Shavenor Winters

Date: November 29, 2019

Re: November Monthly Legislative Update

Congress Passes Legislation to Avoid Shutdown, President Signs
President Donald Trump signed a four-week spending bill on Thursday, November 21 before a continuing resolution (CR) that had been in effect expired, putting off a possible government shutdown until December 20.

The Senate cleared the measure earlier Thursday in a 74-20 vote, after it passed the House on a 231-192 vote Tuesday, November 19.

The stopgap measure is necessary because Congress has yet to complete action on the 12 annual spending bills needed to keep agencies operating during the current fiscal year that began on October 1, 2019.

During debate on the CR, the Senate rejected an attempt by Senator Rand Paul, a Republican from Kentucky, to cut the level of spending under the bill by 1 percent and to direct the savings toward highway and environmental spending.

The measure approved by Congress extends through March 15 the elements of the Foreign Intelligence Surveillance Act that are set to expire on December 15.

The measure also keeps the Export-Import Bank open until December 20 as lawmakers attempt to negotiate a long-term re-authorization of the export finance agency. It gives members of the military a 3.1% pay increase, allows the Census to spend more money and averts a funding cliff for transportation spending next year. Community health centers and other health programs also receive funding through December 20.

House Appropriations Committee Chairwoman Nita Lowey (D-NY) and Senate Appropriations Committee Chairman Richard Shelby (R-AL) had made negotiating the 302(b) subcommittee allocation topline numbers a top priority over the last several weeks, but a final agreement was not reached until Saturday, November 24.

The final agreement has not been made public, and likely will not be until individual bills or minibus appropriations packages are released. Chairwoman Lowey and Chairman Shelby have said that the major sticking points, such as how to address funding for the southern border, will
be debated by the subcommittees. Any issues that have not been resolved by December 6th are to be passed back to the full committee front offices.

Among the most problematic issues that remains outstanding is how much funding, if any, to provide for a southern border wall in the Homeland Security Appropriations bill and how to backfill funds in the Military Construction-VA Appropriations bill that have been diverted to pay for the wall in the current fiscal year.

With an agreement in place on topline spending numbers, many appropriations subcommittee chairmen have expressed optimism that their subcommittees will be able to finalize their spending bills in a matter of weeks. Senator Roy Blunt (R-MO) said that his subcommittee, the Labor-HHS Appropriations Subcommittee, should have its bill finalized before the current CR expires on December 20.

While Senator Blunt and others have expressed optimism that their spending bills will be completed, another CR will likely be necessary to allow some of the more controversial bills to be finalized. Additionally, the House and Senate have a handshake agreement that they will not bring large omnibus appropriations packages to the floor. With a compressed floor schedule remaining in December, the House and Senate will only have three working weeks to complete work before the CR expires.

Any bills that cannot be completed before that time will likely be funded into the new year by a CR that is attached to the last appropriations bill to move before the end of the calendar year.

**Senate Holds Hearing on Section 401 of Clean Water Act**

In late November, the Senate Environment and Public Works Committee held a hearing to analyze S. 1087, the Water Quality Certification Improvement Act of 2019, and other potential reforms to the implementation of Section 401 of the Clean Water Act (CWA). Section 401 of the Clean Water Act requires that an applicant for a federal license or permit provide a certification that any discharges from the facility will comply with the act, including state-established water quality standard requirements.

In his opening statements, Senate Environment and Public Works Chairman John Barrasso (R-WY) stated that Section 401 was created to give states a seat at the table, but recently states have “weaponized” the provision to stop energy projects from moving forward.

Witnesses and members in support of S.1087 stated that the legislation seeks to establish a modernized approach to Section 401- to reduce uncertainty and prevent misuse. Opponents of the legislation maintain that the measure would erode states’ rights to benefit special interests.

Concerns that stemmed around EPA’s proposed rule include restricting the time that states must make 401 decisions and grant federal agencies veto authority over state decisions. A point of disagreement centered on what role states versus federal government should play.
House Judiciary Committee Approves Marijuana Legalization Bill

The House Judiciary Committee passed a bill Wednesday, November 27 that would effectively make marijuana legal.

The Marijuana Opportunity Reinvestment and Expungement (MORE) Act of 2019 advanced out of committee by a vote of 24-10.

Rep. Jerrold Nadler (D-NY), Chairman of the House Judiciary Committee, introduced the bill and has gathered more than 50 co-sponsors of the bill in the House.

Under the MORE Act, marijuana would be removed from the Controlled Substances Act, federally legalizing cannabis across the country. Additionally, past federal cannabis criminal convictions would be required to be expunged.

The bill would also establish the Cannabis Justice Office, an organization that would introduce a 5 percent tax on state-legal cannabis sales, among other things. Marijuana-related businesses, such as dispensaries, would be able to apply for loans and grants through the Small Business Administration.

Moreover, Veterans Affairs doctors would be allowed to prescribe medical marijuana in accordance with individual state cannabis laws.

The vote marks the first time that a congressional committee has voted in approval of the legalization of marijuana.

Senate Panel Approves Trump Energy Nominees

The Senate Energy and Natural Resources Committee, through bipartisan support, approved two of President Trump's energy nominees on Tuesday, November 26.

The committee voted 16-4 for Dan Brouillette to replace Rick Perry as Secretary of the Energy Department, with five Democrats crossing over to join Republicans in approving him. Brouillette is currently the deputy energy secretary, working as Perry's second-in-command.

The Committee also advanced the nomination of James Danly as a Republican commissioner on the Federal Energy Regulatory Commission (FERC) by 12-8 vote. Danly has been the FERC general counsel since 2017 and is a former lawyer at Skadden, Arps, Slate, Meagher & Flom.

Their nominations will now be considered before the full Senate, where they are both expected to be confirmed. This week Senate Majority Leader Mitch McConnell(R-KY) filed cloture on Brouillette's nomination and the full Senate is scheduled to vote on cloture on his nomination on Monday, December 2, with a final confirmation vote expected the following day.

The committee also approved Katharine MacGregor to be Deputy Secretary of the Interior Department, the second-in-command position to Secretary David Bernhardt.
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**Anti-Robocall Agreement Reached**
House and Senate negotiators reached an agreement on bipartisan legislation to combat illegal robocalls and anticipate a vote on the measure this year.

The House and Senate passed separate legislation earlier this year with broad bipartisan support, and staff have been working since August to reach agreement on provisions from the two anti-robocall bills.

The Senate in May passed the Telephone Robocall Abuse Criminal Enforcement and Deterrence (TRACED) Act (S. 151) by a vote of 97-1. The House in July passed the Stopping Bad Robocalls Act (H.R. 3375) in a 429-3 vote.

The House is expected to soon take up the amended Senate bill, and the Senate would then vote on the House-passed version. The earlier bipartisan support indicates the revised measure could clear both chambers.

Nearly 47.8 billion robocalls were made in 2018, an increase of 17 billion over the previous year. These are often illegal phone calls that can lead to scams of consumers. The bill would require phone carriers to implement call authentication technology so consumers can trust caller identification.

The legislation would also increase the authority for the Federal Communications Commission and law enforcement to go after people who intentionally flout telemarketing restrictions.

**Impeachment Inquiry Enters New Phase**
The impeachment inquiry into alleged wrongdoings by President Donald Trump entered a new phase during the week of November 11 with the first public hearings in the House Permanent Select Committee on Intelligence.

In a memo on hearing procedures sent to House members prior to the hearing, Chairman Adam Schiff (D-CA) said that he would not allow lawmakers to use the sessions to pursue questions about the “sham investigations” that Trump is accused of pressuring Ukraine to conduct. “Nor will the committee facilitate any efforts by President Trump or his allies to threaten, intimidate, or retaliate against the whistle-blower” whose complaint led to the investigation, he wrote.

The House adopted a new set of rules for the Trump impeachment inquiry that shifted most of the focus to the House Intelligence Committee first rather than the Judiciary Committee where past impeachments have originated.

Democrats are attempting to make a case that Trump put pressure on Ukrainian President Volodymyr Zelenskyy to conduct investigations targeting former vice president Joe Biden and his son Hunter Biden’s ties to a Ukrainian company, Burisma Holdings, and into a conspiracy theory that Ukraine, not Russia, had interfered in the 2016 U.S. election.
They contend Trump sought to leverage an Oval Office meeting desired by Zelenskiy and the release of nearly $400 million in U.S. military assistance to Ukraine to get a commitment to open investigations into those subjects.

Republicans argue no such investigations were undertaken by Ukraine and the aid was released. Additionally, Republicans noted that none of the witnesses that have publicly testified to date have direct knowledge of the alleged request for an investigation, nor were they on the phone during a phone call between the two leaders.

The House has signaled that the inquiry could be over before the end of the year, with a potential vote on the articles of impeachment sometime in December.

The House Intelligence Committee has likely finished its part of the investigation with Chairman Schiff indicating that while he was open to additional depositions or open hearings, work had already begun on the report ahead of Thanksgiving. Schiff has indicated the report will be transferred to the Judiciary Committee shortly after lawmakers return from their Thanksgiving recess.

Once that report is completed, it will be sent to the House Judiciary Committee which will decide whether or not to send articles of impeachment to the floor. The Judiciary Committee has already announced its first public hearing scheduled for Wednesday, December 4 titled: The Impeachment Inquiry into President Donald J. Trump: Constitutional Grounds for Presidential Impeachment.

The hearing on Wednesday aims to explain high crimes and misdemeanors, the constitutional grounds for impeachment, and how the evidence collected by numerous House committees applies. Nadler sent Trump a letter notifying him of the hearing and giving him until Sunday, December 1 to say whether he or his attorney plan to participate. Officials who briefed reporters said that no final decision has been made on whether to push for testimony from witnesses who have so far refused to appear.

The White House this week said it’s reviewing the invitation to testify. White House spokeswoman Stephanie Grisham made the comment in an emailed statement and reiterated that Trump hasn’t done anything wrong.

If the House does pass articles of impeachment, it would also need to hold a separate vote to send them to the Senate and to appoint “messengers” to try the case in the Senate on behalf of the House.

Senate Select Committee on Intelligence Chairman Richard Burr (R-NC) predicted the Senate’s handling of potential articles of impeachment could take up to two months and should the House vote to impeach the President the Senate would likely begin its trial in January with an approximate timeline of 5-6 weeks of consideration.

Unless new rules are agreed to, the Senate would be in session six days per week with the trial beginning a noon daily. Senate Minority Whip Dick Durbin (D-IL) has said he expects Senate
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Democrats who are seeking the party’s nomination for president to be present every day of the trial, noting that their constitutional duties came first. A protracted Senate trial could take those members off the campaign trail for weeks.

House Committee Approved Far-Reaching PFAS Package
The House Committee on Energy and Commerce approved a legislative package late November 20 that would radically change the way the federal government regulates “forever chemicals” known as PFAS. The legislation, H.R. 535, combines 12 different bills and passed 31-19, largely on party lines.

Two Republicans, Representative Fred Upton (R-MI) and David McKinley (R-WV) crossed party lines to support the legislation.

The consolidated version of H.R. 535 would place these chemicals on the Superfund hazards substances list from the Environmental Protection Agency, force the agency to set nationwide drinking water standards for PFAS, and block companies from producing new chemicals in this class.

PFAS, also known as per- and polyfluoroalkyl substances, are nonstick agents used to make some cookware and are also found in firefighting foam. They have seeped into groundwater aquifers in many areas and are very difficult to remediate.

Committee Ranking Member Greg Walden (R-OR) said he is concerned about the potential consequences for industry if all PFAS are regulated as a single group and expressed concerns that the package would not move in the Senate.

“We still have significant concerns and we know this package will not make it into law,” Walden said. “Let’s not politicize this critical environmental issue.”

Walden opposed the measure’s attempt to regulate PFAS under the Superfund law by triggering a “hazardous” designation under the Clean Air Act. He also said the legislation would hamper efforts to find alternatives to the most concerning chemicals in the class.

Representative Debbie Dingell (D-MI) said the committee’s Democratic leaders made a “good faith” effort to address Republican concerns, and that many of the provisions have “good, bipartisan support.”

“While I am disappointed that we did not get a deal in time for today’s markup, I am going to remain optimistic,” Dingell said.

Republicans sought to include a measure that would set drinking water standards for the two most studied PFAS chemicals—perfluorooctanoic acid (PFOA) and perfluorooctane sulfonic acid (PFOS). Neither are still manufactured in the United States but can leak into surface waters and groundwater from landfills and other areas.
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The EPA also said it would to release this month a notice of proposed rulemaking on adding PFOA and PFOS to the list of hazardous substances under the Superfund program, a month behind its prior schedule. That’s according to the White House’s biannual regulatory agenda out on November 20.

The Republican measure would also require water utilities to monitor unregulated PFAS and allow for a five-year grace period before enforcement actions could begin. It would have mandated reporting of new PFAS on the Toxics Release Inventory and as well as regulation of new long-chain chemicals under the Toxic Substances Control Act.

House Energy and Commerce Chairman Representative Frank Pallone (D-NJ) panned the measure, saying the standard wouldn’t be protective enough of children, wouldn’t ban incineration of PFAS, and wouldn’t provide guidance for firefighters who use PFAS-containing firefighting foam.

Upton, who broke with his party to back the Democratic package, also supported the Republican amendment because it had a better chance of becoming law.

“We don’t want to end up with an empty cup of water,” Upton said. “We’d rather have half a glass than none of it.”

Many of the provisions in H.R. 535 are also included in an annual defense authorization bill that has passed both the House and Senate.

Rep. Adam Smith (D-WA), Chairman of the House Armed Services committee, said that lawmakers are torn over whether to add PFAS to the Superfund hazardous substances list. Doing this could force the Pentagon to pay potentially billions of dollars to clean up sites where firefighting activity on military bases caused PFAS contamination.

EPA Announces Availability of $4.8 Million in PFAS Research Funding
At the 2019 Annual Meeting of the New Mexico Farm & Livestock Bureau on November 22, 2019, U.S. Environmental Protection Agency’s (EPA) Regional Administrator Ken McQueen announced the availability of $4.8 million in funding to expand research on managing per- and polyfluoroalkyl substances (PFAS) in rural America and the agricultural sector.

EPA says this funding is part of its extensive efforts to help communities address the larger issue of PFAS nationwide. In a memorandum issued in February 2019, EPA Administrator Andrew Wheeler called for the agency to prioritize new federal research that will help farmers, ranchers, and rural communities by generating new scientifically-driven information on PFAS, potential PFAS impacts in agricultural settings, and actions people can take to address PFAS in their communities.

“EPA is following through on our commitment under the PFAS Action Plan and the memo to close the gaps in the science around PFAS as quickly as possible by supporting cutting-edge research that will help manage PFAS issues in agricultural and rural economies,” said EPA
Administrator Andrew Wheeler. “We want to make sure that decision makers at the federal, state, and local levels have the best science available to make informed decisions. These new research grants will help identify potential impacts of PFAS to farms, ranches and rural communities.”

“While our scientific understanding of PFAS continues to develop, the people of New Mexico, especially farmers and ranchers, already know how it can affect the water resources that are so critical to the state’s environmental and economic wellbeing,” said Regional Administrator Ken McQueen. “With this funding, EPA is committing to finding solutions to the challenges PFAS presents and bringing relief to rural communities.”

EPA is seeking grant applications that help improve the agency’s understanding of the potential impacts of PFAS on water quality and availability in rural communities and agricultural operations across the United States. Specifically, the agency is seeking research on PFAS occurrence, fate, and transport in water sources used by rural communities and agricultural operations and new or improved PFAS treatment methods appropriate for small drinking water and wastewater systems including influents, effluents, and biosolids/residuals. Some of the questions EPA hopes to answer include:

How do serial biosolids applications impact PFAS concentrations and accumulation over time?
What are the impacts of factors such as soil type, crop type, and landscape traits, such as topography, that may influence PFAS concentration and accumulation?
How do we treat and clean up PFAS from water, soil and biosolids used in agricultural settings?

EPA is accepting applications through February 11, 2020.

**EPA Defends “Secret Science” Rule**
An EPA official defended the agency’s proposed “secret science” rule but declined to answer questions about the basis for the rule, which has drawn criticism from environmental groups and other agency watchers in an appearance before the House Science, Space, and Technology Committee on Wednesday, November 13.

Jennifer Orme-Zavaleta, principal deputy assistant administrator for science at the Environmental Protection Agency and a career employee with a doctorate in wildlife science and public health, testified before the committee.

The EPA’s April 2018 proposal, also known as the “secret science” rule, would bar the EPA from using scientific research that isn’t or can’t be made public, marking a change from the EPA’s decades-old approach to using science in rulemaking. Under a proposed tiered approach, the EPA would use different strategies for handling individuals’ data based on varying disclosure risks.

Democrats grilled her about a leaked draft of the EPA’s Strengthening Transparency in Regulatory Science proposal (RIN:2080-AA14), in which the agency said its authority for
Issuing the rule stems from the Federal Housekeeping Statute, which authorizes heads of federal agencies to issue regulations on their internal governance and operations.

Critics have said the proposal is a bid to sideline the science that the EPA uses in regulations, because the agency wouldn’t be able to rely on epidemiological studies that often rely on private medical information.

In the leaked draft, first reported by the New York Times, the EPA referenced language from the housekeeping statute that says the head of an executive department “may prescribe regulations for the government of his department, the conduct of its employees, the distribution and performance of its business, and the custody, use, and preservation of its records, papers, and property.”

Several Democrats said they didn’t understand how that language gives the EPA the authority to issue the proposal.

Orme-Zavaleta said those questions are beyond her area of expertise and offered to provide fuller answers later.

She also said that draft isn’t the most current version of the proposal, which was submitted to the Office of Management and Budget for review on November 8. She neither confirmed nor denied that the language about the housekeeping statute is included in the latest version.

Rep. Frank Lucas (R-OK), the panel’s ranking member, said the hearing was “about attacking the EPA under the current administration,” and questioned why Congress was scrutinizing the proposal when it’s still being finalized.

The EPA is working on a supplemental proposal, to be appended to the original “secret science” proposal and set to be released in early 2020, in response to some 600,000 comments the agency has received about the plan.

According to her testimony, the rule wouldn’t be applied retroactively.

**BLM Reaffirms Commitment to Fast Tracking Major Projects, Continues Move West**

In a Thanksgiving note to staff, Bureau of Land Management (BLM) Acting Director William Pendley said he was thankful for the agency’s achievements, including changes to the environmental review process that allows for fast-tracking of major projects on public lands.

Projects on government land like logging, mining, and pipelines cannot proceed without an environmental impact statement (EIS) — something critics have said unnecessarily slow down projects as government experts weigh how it would impact the environment and ecosystem.

The Trump administration has vowed to speed the process.
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“The average EIS once ran for 1,485 pages and took over four years to complete. This year, those numbers dropped to 151 pages within 15 months. Similarly, the average [environmental assessment] length prior to 2017 was 42 pages written over one year. This year, those numbers dropped to 27 pages in just three months,” Pendley wrote of “streamlining the environmental review process.”

Environmentalists have complained that the Trump administration is speeding ahead on reviews without doing their due diligence.

In 2017, the Department of the Interior, which oversees BLM, announced a new process for doing environmental reviews, centralizing the process with some of the highest-level staff at Interior. Those who review National Environmental Policy Act (NEPA) analyses include the chief of staff, the deputy secretary, and the deputy solicitor for Interior.

The move has broad support from industry and entities constructing projects under BLM authority.

In other Bureau of Land Management (BLM) efforts, employees were given reassignment letters Tuesday, November 12 as the agency marches forward with its relocation Westbound relocation, giving staff 30 days to accept the move or face being booted from the federal workforce.

The delivery of the letters means BLM employees will begin moving over the next four months, cementing a controversial plan that spreads about 300 Washington-based staffers across various offices out West and leaves just 61 of the bureau's 10,000 employees in the nation's capital.

The Public Lands Foundation, a group of BLM retirees, said the agency "will be effectively kneecapped" by the relocation as teams are split up and spread across different offices.

The letter suggests that employees who do not choose to move could lose their jobs. Current BLM employees said the agency has not done enough to help employees who wish to remain in D.C. find another job elsewhere within the Department of the Interior as promised.

"If you do not accept this directed geographic reassignment, you may be subject to a removal from federal service," the letter reads.

In other emails and appearances, BLM Acting Chief William Pendley has been less direct, instead focusing on a desire to retain current staff as the agency shifts resources west.

At an appearance before the House Natural Resources Committee in September, Pendley said BLM would help those who do not want to take "more fulfilling jobs out West" by finding them roles elsewhere within Interior.

In response, Rep. Raúl Grijalva (D-AZ), Chairman of the House Natural Resources Committee, sent two letters Thursday, November 14 asking for answers about the Interior Department’s (DOI) anticipated plan to ship the majority of its Washington, D.C.-based Bureau of Land Management (BLM) employees to new offices in the West.
In his letter to Interior Secretary David Bernhardt, Grijalva asks for the analysis and documents justifying the move, which critics argue could silence career employees by moving them further away from the political action in the nation’s capital.

In a separate letter, Grijalva also asked the Government Accountability Office to look into the process that Interior is using to move its employees, with a specific emphasis on how congressional funding is being used, how staff were consulted and whether their goals are actually in line with their stated reasoning.

House Seeks to Expand EV, Solar Tax Incentives
House Ways and Means Democrats called for the expansion of an electric vehicle tax credit and the extension of tax credits for solar energy in a draft package released November 19.

The package is meant to open the door for industry feedback—it already has support from energy groups like the Alliance to Save Energy, according to a release. Democrats hope to fine tune the measure once they get buy-in from industries involved. The package does not include details of how to pay for the expanded incentives.

Representative Mike Thompson (D-CA), chairman of the Subcommittee on Select Revenue Measures, said the package is a “starting point.”

“We are waiting to hear back from my colleagues both on the committee and off the committee who have an interest in this. And from outside stakeholders,” he said.

The push will now begin to include some of these energy provisions in a year-end tax bill that could be attached to must-pass legislation. The bill’s expansion of the electric vehicle credit and battery storage credits, and its extension of credit for offshore wind facilities have the best chance of ending up in year-end legislation.

Currently a $7,500-per-vehicle credit for electric vehicles begins to phase down once a manufacturer sells 200,000 vehicles. Tesla and General Motors have already surpassed the 200,000-vehicle threshold. The bill would make a $7,000-per-vehicle credit available for vehicles sold above that limit, up to 600,000.

Senate Finance Committee member Bill Cassidy (R-LA) raised concerns about an expansion of the electric vehicle tax credit in remarks made on November 19.

“You have to realize that electric car vehicles are being bought by the well-off and being subsidized by those who are less well off,” he said.

The measure would extend through 2024 a credit for electricity produced from renewable energy sources, such as qualified hydropower, and a 30% investment tax credit for solar energy property, a perk that would be phased down in later years. The measure would also extend for
one year a credit for carbon oxide sequestration facilities that begin construction before the end of 2024.

A credit for wind energy would be preserved at 60% for 2018 and 40% for 2019 and extended through 2024 at 60%.

A credit for biodiesel at $1 per gallon would be extended through 2021, before phasing out through 2024.
<table>
<thead>
<tr>
<th>Bill Number</th>
<th>Sponsor/ Cosponsor</th>
<th>Title and/or Summary</th>
<th>Summary/Status</th>
<th>Latest Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>n/a</td>
<td>n/a</td>
<td>Status of the 12 annual appropriations bills in the Senate</td>
<td>The Senate has not yet introduced or passed any of its twelve annual appropriations bills.</td>
<td>In total the Senate Appropriations Committee has advanced ten of its twelve bills, leaving only the Military Construction-VA and Labor-HHS bills to be advanced by the Committee. On September 18 the Senate attempted to begin consideration of the first House minibus consisting of the following appropriations bills: Defense; Energy and Water; Labor-HHS; and State-Foreign Operations. The attempt failed to gain enough votes for cloture and Senate consideration. During the week of October 28, Appropriations Chairman Richard Shelby (R-AL) offered a substitute amendment allowing the Senate to use H.R. 3055 – a House passed bill as the legislative vehicle for the fiscal 2020 Commerce-Justice-Science, Agriculture-FDA, Interior-Environment, and</td>
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<tr>
<td>H.R. 1695</td>
<td>Rep. Betty McCollum (D-MN)</td>
<td>Community Services Block Grant Reauthorization Act of 2019</td>
<td>The legislation would amend the Community Services Block Grant Act to reauthorize and modernize the Act.</td>
<td>The measure was introduced in the House on March 12, 2019 to the House Committee on Education and Labor. The legislation has bipartisan cosponsorship.</td>
</tr>
<tr>
<td>S. 2356</td>
<td>Sen. Mike Braun (R-IN)</td>
<td>Define WOTUS Act of 2019</td>
<td>The measure would create a new WOTUS definition to void the previous Obama era definition that is currently</td>
<td>The legislation was introduced on July 31 and referred to the Committee on Environment and Public Works. The legislation has bipartisan cosponsorship.</td>
</tr>
<tr>
<td>H.R. 1764</td>
<td>Rep. John Garamendi (D-CA)</td>
<td>The bill to amend the Federal Water Pollution Act</td>
<td>The legislation would amend the Federal Water Pollution Control Act with respect to permitting terms, and for other purposes.</td>
<td>Introduced on March 15 and then referred to the Subcommittee on Water Resources and Environment. The legislation has bipartisan cosponsorship.</td>
</tr>
<tr>
<td>S. 1790</td>
<td>Sen. Jim Inhofe (R-OK)</td>
<td>National Defense Authorization Act, 2020</td>
<td>The National Defense Authorization Act, 2020 is the annual authorization for Defense programs. This year, the legislation included language aimed at addressing the risks and challenges associated with per- and polyfluoroalkyl substances (PFAS). This provision will ensure that the EPA sets a national drinking water standard for PFAS and PFDA. It will also require industrial manufacturers and users to notify the public when PFAS chemicals are released into the environment. The EPA will also have to issue guidance on how to dispose of and destroy PFAS. The legislation also provides authorization</td>
<td>Passed the Senate on Thursday, June 27, 2019, though an amendment vote was held the following day. Both chambers have proceeded to conference on their respective measures, with the House and Senate naming conferences to reconcile differences. Note: Senator Jim Inhofe has released a separate “skinny” authorization bill that he said could be advanced if talks break down. The new legislation does not include language related to PFAS chemicals.</td>
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<tr>
<td>Bill Number</td>
<td>Sponsor(s)</td>
<td>Title of Legislation</td>
<td>Description</td>
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<tr>
<td>H.R.3497</td>
<td>Rep. Peter DeFazio (D-OR)</td>
<td>Water Quality Protection and Job Creation Act of 2019</td>
<td>Requires a report to Congress on the current and future workforce needs for publicly owned treatment works and information on steps taken to meet those needs. Reauthorizes sections of the Federal Water Pollution Control Act that provide grants to States and interstate agencies, including: State Management Assistance: Section 106(a); Watershed Pilot Projects: Section 122(c); Alternative Water Source Projects Pilot Program: Section 220(d); Sewer Overflow and Stormwater Reuse Municipal Grants: Section 221(f)(1); and State Water Pollution Control Revolving Funds. Changes the length of permits for NPDES permits to not exceeding 10 years in certain circumstances. Introduced on March 6 and referred to the Subcommittee on Water Resources and Environment of the House Transportation Committee. The Committee marked up the legislation and reported it with an amendment in the nature of a substitute—expanding the scope of the legislation.</td>
<td></td>
</tr>
<tr>
<td>H.R.1508 / S. 146</td>
<td>Rep. Blumenauer (D-OR) / Sen. John Hoeven (R-ND)</td>
<td>Move America Act of 2019</td>
<td>The measure would amend the Internal Revenue Code of 1986 to provide for Move America bonds and Move America credits. The House bill was introduced on March 5 and then referred to the House Committee on Ways and Means. Note: All tax issues are likely to be addressed as part of a larger tax package. The Ways and Means Committee is considering forming a tax extenders package, which would be the most likely venue for this legislation. The Senate bill was introduced in the Senate on January 16th and</td>
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<tr>
<td>H.R.1744</td>
<td>Rep. Mark Takano (D-CA)</td>
<td>S.T.O.R.A.G.E. Act (Storage Technology for Operational Readiness And Generating Energy Act) Energy Storage Systems by Electric Utilities</td>
<td>The bill would provide for the consideration of energy storage systems by electric utilities as part of a supply side resource process, and for other purposes. The bill was introduced on March 13 and the referred to the Committee on Energy and Commerce, and in addition to the Subcommittee on Energy of the Committee on Science, Space, and Technology.</td>
<td></td>
</tr>
<tr>
<td>H.R.1362</td>
<td>Rep. Grace Napolitano (D-CA)</td>
<td>Water Recycling Investment and Improvement Act</td>
<td>This legislation would create a competitive grant program for the funding of water recycling and reuse projects by raising the authorization cap for the Title XVI program from $50 million to $500 million. The legislation would also raise the authorization cap from $20 million. Introduced in the House on February 13. The House Natural Resources Subcommittee on Water, Oceans, and Wildlife held a hearing on the legislation on June 13.</td>
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</tr>
<tr>
<td>H.R.579</td>
<td>Rep. Scott Tipton (R-CO)</td>
<td>Water Rights Protection Act of 2019</td>
<td>This bill would prohibit the conditioning of any permit, lease, or other use agreement on the transfer of any water right to the United States by the Secretaries of the Interior and Agriculture, and for other purposes. Introduced in the House on January 15th. Referred to the Conservation and Forestry Subcommittee of the Agriculture Committee on 2/7 and to the Water, Oceans, and Wildlife Subcommittee of the House Natural Resources Committee on 2/4. A similar amendment was submitted to the House Rules Committee for consideration in the Interior-Environment Appropriations bill, but was</td>
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<tr>
<td>Bill Number</td>
<td>Sponsor(s)</td>
<td>Bill Title</td>
<td>Summary</td>
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<tr>
<td>H.R. 855</td>
<td>Rep. Scott Peters (D-CA)</td>
<td>STRONG (Strengthening the Resiliency of our Nation on the Ground Act) Act</td>
<td>The bill would work to minimize the economic and social costs resulting from losses of life, property, well-being, business activity, and economic growth associated with extreme weather events by ensuring that the United States is more resilient to the impacts of extreme weather events in the short- and long-term, and for other purposes.</td>
<td>Introduced in the House and referred to the Subcommittee on Economic Development, Public Buildings, and Emergency Management of the House Transportation Committee on February 7th.</td>
</tr>
<tr>
<td>S. 361/H.R. 807</td>
<td>Sen. Cory Gardner (R-CO) / Rep. Ken Buck (R-CO)</td>
<td>Water and Agriculture Tax Reform Act of 2019</td>
<td>The measure would work to amend the Internal Revenue Code of 1986 to facilitate water leasing and water transfers to promote conservation and efficiency.</td>
<td>Introduced and referred to the Committee on Finance (Senate) and Ways and Means Committee (House).</td>
</tr>
<tr>
<td>S.420/H.R. 1120</td>
<td>Sen. Ron Wyden (D-OR) / Rep. Earl Blumenauer (D-OR)</td>
<td>Marijuana Revenue and Regulation Act</td>
<td>A bill to amend the Internal Revenue Code of 1986 to provide for the taxation and regulation of marijuana products, and for other purposes.</td>
<td>The bill was introduced in the Senate on February 7th and was referred to the Finance Committee.</td>
</tr>
<tr>
<td>H.R.34</td>
<td>Rep. Eddie Bernice Johnson (D-TX)</td>
<td>Energy and Water Research Integration Act of 2019</td>
<td>The legislation would ensure consideration of water intensity in the Department of Energy's energy research, development, and demonstration programs to help guarantee efficient, reliable, and sustainable delivery of energy and clean water resources.</td>
<td>The bill was introduced in the House on January 3rd. It was marked up and ordered to be reported by the House Science and Technology Committee on May 1, 2019 and was passed by the House on July 23, 2019 by voice vote. On July 24, the bill was referred to the Senate Committee on Energy and Natural Resources.</td>
</tr>
<tr>
<td>H.R. 2313</td>
<td>Rep. Jared Huffman (D-CA)</td>
<td>Water Conservation Rebate Tax Parity Act</td>
<td>The measure would amend the Internal Revenue Code of 1986 to expand the exclusion for certain conservation subsidies to include subsidies for water conservation or efficiency measures and storm water management measures.</td>
<td>The bill was introduced in the House on April 12 and then referred to the Committee on Ways and Means. Note: All tax issues are likely to be addressed as part of a larger tax package. The Ways and Means Committee is considering forming a tax extenders package, which would be the most likely venue for this.</td>
</tr>
<tr>
<td>H.R.1747</td>
<td>Rep. Rob Wittman (R-VA)</td>
<td>National Fish Habitat Conservation Through Partnerships Act</td>
<td>The measure aims to achieve measurable habitat conservation results through strategic actions of Fish Habitat Partnerships that lead to better fish habitat conditions and increased fishing opportunities, establish a consensus set of national conservation strategies as a framework to guide future actions and investment by Fish Habitat Partnerships, broaden the community of support for fish habitat conservation, fill gaps in the National Fish Habitat Assessment and the associated.</td>
<td>A hearing has been held in the House Natural Resources Committee on the legislation and the legislation was ordered to be reported out of committee on September 25.</td>
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<tr>
<td>Bill</td>
<td>Sponsor(s)</td>
<td>Description</td>
<td>Details</td>
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<tr>
<td>S.1419</td>
<td>Sen. James Lankford (R-OK)</td>
<td>Early Participation in Regulations Act</td>
<td>The legislation would direct agencies to issue advanced notices for rules costing more than $100 million annually. The bill would require agencies to outline the problem the rule intends to solve and listen to the public’s input on the subject.</td>
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<tr>
<td>H.R. 3794</td>
<td>Rep. Paul A. Gosar (R-AZ)</td>
<td>Public Land Renewable Energy Development Act of 2019</td>
<td>The measure was introduced in the House on July 17, 2019 and was then referred to both the Committee on Natural Resources and the Committee on Agriculture. A hearing on the bill was held on July 25 by the Subcommittee on Energy and Mineral Resources. On August 9th, the bill was referred to the Subcommittee on Conservation and Energy of the House Agriculture Committee. The measure was later referred to the Subcommittee on Energy and Mineral Resources were a hearing was held on the legislation. On November 20th, a mark-up session was held and the bill was ordered to be reported by voice vote.</td>
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<tr>
<td>S. 1344</td>
<td>Sen. Cory Booker (D-NJ) and Tim Scott (R-SC)</td>
<td>Reinstall Opportunity Zone Data Mandates</td>
<td>The bill would require the Secretary of the Treasury to collect data and issue a report on the opportunity zone tax incentives enacted by the 2017 tax reform legislation. The reporting requirements were part of the original legislation as introduced, but they were not incorporated in H.R.1 (the tax package) when it was advanced in the Senate.</td>
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</table>

The legislation has bipartisan cosponsorship.
<table>
<thead>
<tr>
<th>Bill Number</th>
<th>Sponsor</th>
<th>Description</th>
<th>Content</th>
</tr>
</thead>
<tbody>
<tr>
<td>H.R. 355</td>
<td>Rep. Debbie Dingell (D-MI)</td>
<td>PFAS Action Act of 2019</td>
<td>The legislation combines 12 different bills that had previously been introduced into one legislative package that would change the way the federal government regulates &quot;forever chemicals&quot; known as PFAS. The consolidated version of H.R. 355 would place these chemicals on the Superfund hazards substances list from the Environmental Protection Agency, force the agency to set nationwide drinking water standards for PFAS, and block companies from producing new chemicals in this class. The legislation was reported out of the House Energy and Commerce Committee on November 20, 2019, by a vote of 31 to 19, largely along party lines.</td>
</tr>
<tr>
<td>Discussion Draft (not yet introduced)</td>
<td>Sen. Tom Udall (D-NM) and Rep. Alan Lowenthal (D-CA)</td>
<td>Legislation to Address the Global Plastic Waste Crisis</td>
<td>Sen. Tom Udall and Rep. Alan Lowenthal have released a discussion draft of legislation that seeks to address the global plastic waste crisis. They are currently seeking feedback on the legislation before introducing a bill. The draft would require plastic producers to take responsibility for collecting and recycling material, require nationwide container deposits, ban certain pollutant products, impose a fee on the distribution of non-reusable carryout bags, create a new minimum recycled content requirement, protect state and local governments by allowing them to enact more stringent standards, requirements, and additional product bans. Open comments were taken until November 21, 2019. A final bill has not yet been introduced.</td>
</tr>
<tr>
<td>Enacted Legislation</td>
<td>H.R. 3055</td>
<td>Continuing Resolution (CR) Extends funding through December 20</td>
<td>Funding would generally be at levels provided under fiscal 2019 appropriations laws. However, the CR contains a number of program extensions that will now run through December 20 (or another date as noted), including: - National Flood Insurance Program - Temporary Assistance for Needy Families Program - EB-5 regional investor visa; the E-Verify program; and other immigration authorities - An extension of FISA section 215 authorities (through March 15, 2020) The House amended the original version of the bill which, was serving as an appropriations minibus, to remove the appropriation bills and proceeded to lay in language for the continuing resolution. On November 19 the House passed the measure with a vote of 231-192. The Senate considered the measure on November 21 and passed it by a vote of 74-20. Immediately following, the vote the President signed the bill into law.</td>
</tr>
<tr>
<td>H.J.Res. 31</td>
<td>Rep. Lucille Roybal-Allard (D-CA)</td>
<td>Consolidated Appropriations Act, 2019 (Conference Reports for the Agriculture, Commerce-Justice Science, Financial Services-General Government, Interior-Environment State-Foreign Operations, and Transportation-HUD Appropriation bills).</td>
<td>The House and Senate came to an agreement on a Conference Report for the 7 remaining FY19 appropriations bills after holding an official conference on the FY19 Homeland Security Appropriations bill. The Homeland Security section contained approximately $1.3 billion for border funding in the Rio Grande Valley of Texas and slight reduction in funding for ICE detention beds. The other 6 appropriations bills contained conference reports similar to those that had been The bill was introduced on January 22nd and was passed by both the Senate and the House before being signed into law on February 15th. This bill's enactment finalized full year funding for all federal agencies for fiscal year 2019 through September 30, 2019.</td>
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<tr>
<td>Bill</td>
<td>Sponsor</td>
<td>Description</td>
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<td>S.47</td>
<td>Sen. Lisa Murkowski (R-AK)</td>
<td>Natural Resources Management Act (renamed the John D. Dingell, Jr. Conservation, Management, and Recreation Act)</td>
<td>This bill sets forth provisions regarding various programs, projects, activities, and studies for the management and conservation of natural resources on federal lands. Specifically, the bill addresses: Land conveyances, exchanges, acquisitions, withdrawals, and transfers; the Santa Ana River Wash Plan Land Exchange Act; national parks, monuments, memorials, wilderness areas, other conservation and recreation areas; and federal reclamation projects. For California, the legislation included the Santa Ana River Wash Plan Land Exchange Act and the California Desert Protection and Recreation Act of 2019, which was a compromise between individual bills introduced by Senators Dianne Feinstein and Congressman Paul Cook in previous Congresses.</td>
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<tr>
<td>H.R. 2157</td>
<td>Rep. Nita Lowey (D-NY)</td>
<td>Supplemental Appropriations Act, 2019</td>
<td>This bill provides $19.1 billion in FY2019 supplemental appropriations to several federal departments and agencies for expenses related to the consequences of recent wildfires, hurricanes, volcanoes, earthquakes, typhoons, and other natural disasters. The funding provided by this bill is designated as emergency spending, which is exempt from discretionary spending limits and other budget enforcement rules.</td>
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<tr>
<td>H.R. 3877</td>
<td>Rep. John Yarmuth (D-KY)</td>
<td>Bipartisan Budget Act of 2019</td>
<td>The measure would amend the Balanced Budget and Emergency Deficit Control Act of 1985, to establish a congressional budget for fiscal years 2020 and 2021 and to temporarily suspend the debt limit for two years through July 31, 2021. Once the debt ceiling suspension lifts in 2021, the measure would prohibit the Treasury Department from utilizing extraordinary measures. The 2-year proposal calls for increasing the discretionary spending caps for fiscal years 2020 and 2021 above the levels set in the Budget Control Act of 2011. The compromise would increase fiscal 2020 spending limits on non-defense programs by $24.5 billion over current levels, to $621.5 billion. Defense spending caps for fiscal</td>
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<tr>
<td>S.1689</td>
<td>Sen. Cory Booker (D-NJ)</td>
<td>A bill to permit States to transfer certain funds from the clean water revolving fund of a State to the drinking water revolving fund of the State in certain circumstances, and for other purposes.</td>
<td>Allows States to transfer certain funds from the Clean Water Revolving Fund of a State to the Drinking Water Revolving Fund of the State in certain circumstances, and for other purposes. The authority is valid for one year and must be requested by states in consultation with the EPA administrator to transfer no more than 5% of the clean water funds to drinking water funds after a determination that available funds in the Clean Water Revolving Fund of the State are necessary to address a</td>
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<td>The legislation includes several temporary extensions that run the length of the Continuing Resolution (CR), including the National Flood Insurance Program, the Export-Import Bank, the E-verify program, and other immigration authorities. The legislation also includes anomalies related to the Census Bureau, Secret Service, reimbursement for farmers under the Commodity Credit Corporation, among others.</td>
<td>The House introduced a Continuing Resolution (CR) with limited anomalies to extend federal government funding through November 21 and avoid a government shutdown. The House passed the measure by a vote of 301 to 123 on September 19, and the Senate proceeded to pass the legislation on September 26. The legislation was passed into law on September 27.</td>
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</table>
Date: November 28, 2019

To: Inland Empire Utilities Agency

From: John Withers, Jim Brulte

Re: November 2019 Activity Report

1. This month Jim Brulte and John Withers participated in the monthly senior staff meeting which was attended by senior Executive Management Team members on November 14th.

2. Regional Contract
   - Good progress meeting with Subgroups (Santa Ana River issues, Governance issues, Wastewater rates)
   - Received various stakeholder proposals and will consider alternatives
   - Chuck Hays raised property tax allocation issue

3. Biennial Budget

4. Chino Basin Program
   - Progress slowing. IEUA staff to meet with stakeholders on feedback
   - Stakeholder issues:
     1. Resistance to give state water for 25 years (Ontario)
     2. Value of improvements
     3. Water quality in the future

5. Rate Study (Carollo)
   - IEUA is recommending that the Board adopt the 2-year monthly EDU rates to allow Agency time to collect the flow and loading samples
   - Introduction of a fixed fee component to offset capital costs for recycled water program
   - Recycled water workshop on December 16, 2019

6. Discussed regional personnel changes

7. Member Questions and Answers
   - Answered questions from IEUA Board members and the GM since the meeting including ongoing leadership changes at City of Fontana
Date: December 18, 2019
To: The Honorable Board of Directors
From: Teresa Velarde, Manager of Internal Audit
Committee: Audit

Manager Contact: Teresa Velarde, Manager of Internal Audit
Subject: Internal Audit Department Quarterly Status Report for December 2019

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

During this quarter, Internal Audit (IA) staff worked primarily on the Human Resources Audit: Hiring and Promotions Operations Review and completed the quality control review of the Agency’s Fiscal Year (FY) 2018/19 Comprehensive Annual Financial Report. Additionally, IA worked on various on-going and required administrative items such as the budget process tasks and completed training as required by the IA Department’s Charter, among other duties and responsibilities.

IA continues to assist with any requests for audit work, review of Agency policies, and procedures and recommendations for internal controls, as well as work on routine audit projects as specified in the Annual Audit Plan. The attached report provides details and information of the audit projects.

Staff’s Recommendation:
This is an information item.

Budget Impact  Budgeted (Y/N): Y  Amendment (Y/N): N  Amount for Requested Approval:

Account/Project Name:
N/A

Fiscal Impact (explain if not budgeted):
N/A

Full account coding (internal AP purposes only):  -  -  -  Project No.: -  -  -
Prior Board Action:
On September 18, 2019, the Board of Directors approved the amended FY 2019/20 Annual Audit Plan. The original FY 2019/20 Annual Audit Plan was approved on June 19, 2019. The plan was in accordance with auditing standards and the Charter requirements.

On December 19, 2018, the Board of Directors reconfirmed the approved Audit Committee and the Internal Audit Department Charters.

Environmental Determination:
Not Applicable

Business Goal:
The Status Report is consistent with the Agency's Business Goals of Fiscal Responsibility, Workplace Environment, and Business Practices by describing IA's progress in providing independent evaluations and audit services of Agency financial and operational activities and making recommendations for improvement, to promote a strong ethical and internal control environment, safeguarding assets and fiscal health, providing recommendations to improve efficiencies and to assist management in achieving organizational goals and objectives.

Attachments:
Attachment 1 - Internal Audit Department Quarterly Status Report for December 2019
Attachment 2 - Results of Internal Audit's Quality Control Review: Fiscal Year 2019 Comprehensive Annual Financial Report
Projects Completed This Period

Project: Human Resources Audit: Hiring and Promotions Review

Scope:
To evaluate processes and operations of the Human Resources Department (HR). The Hiring and Promotions Operations Review is the first of the HR audit reports to be completed. The review evaluated policies, controls, processes and practices for hiring and promoting, including recruitment, applications, background checks and document retention processes and methods.

Status: Complete
The audit found that HR has effective processes in place to assist management in their recruitment and promotion efforts. IA has identified opportunities to improve and strengthen processes and controls. During the period from January 1, 2016 to July 3, 2019 (approximately 42 months), the Agency hired 150 new employees and had 37 promotions. IA provides the following recommendations for HR to consider, detailed observations and recommendations are included in the audit report, under separate cover:

- **Candidate selection:** Consider including additional justifying information to support the final selection.
- **Workflows & Electronic files:** Consider implementing automation opportunities for HR documents and files.
- **Fire/Waterproof cabinets:** Consider investing in fireproof and waterproof cabinets to safeguard HR files.
- **Performance appraisals:** Determine the best process to ensure compliance with Agency Policy A-20, to ensure performance appraisals are completed and provided to employees in a timely manner.
- **Internal Promotions:** Consider additional controls/oversight over internal promotions during interim periods of temporary leadership (specifically during periods of interim General Manager, Executive Managers and/or Manager of Human Resources).
- **Ethics Policy/Confidentiality Agreement/Conflict of Interest Policy:** Consider formalizing a comprehensive Agency-wide Ethics and Conflicts of Interest policy and/or training for all employees.
- **Contractors:** Work with Contracts and Procurement to establish contracts with vendors used by HR.
- **Policies & SOPs:** Update Agency policies and SOPs related to hiring and recruitment.


Scope:
As required by the Agency’s Fiscal Ordinance and State requirements, an Independent Certified Public Accountant should express an opinion on the fair presentation of the financial statements. Internal Audit performs a quality control review of the CAFR and provides comments for consideration.

Status: Complete
Lance, Soll & Lunghard, LLP (LSL), the Agency’s external audit firm, completed final audit field work in October and has reviewed the financial statements and CAFR documents. Internal Audit coordinates with both Finance and Accounting and the External Auditors to review the financial statements and the CAFR.

IA’s role is that of an added level of quality control review to double check totals, transfers of information and to ensure a professional presentation. IA also reviews the requirements of the GFOA for the annual award and the disclosures required by the Agency’s outstanding bonds.

IA’s review includes a review of the trial balances for each fund, the individual fund statements, the combining/combined financial statements for fund groups (wastewater and nonmajor), Management’s Discussion and Analysis (MD&A), the Introductory Section, the Basic Financial Statements and Notes, and the Statistical & Supplementary sections of the CAFR. IA applied the following procedures to conduct the quality control review of the CAFR:
Internal Audit Department  
Quarterly Status Report for December 2019

- Reviewed the referencing of dollar amounts and totals among the narratives, notes and statements for math accuracy and consistency, and for overall professional presentation.
- Verified that the FY 2019 amounts and totals on the financial statements were transferred accurately from the FY 2019 Trial Balance.
- Verified that the FY 2018 amounts/totals for all financial statements were transferred accurately from the FY 2018 published CAFR to the FY 2019 CAFR.
- Recalculated the FY 2019 totals on all financial statements for mathematical accuracy.
- Checked titles and years to ensure updates were made for the years they correspond to.
- Reviewed narratives for completeness, spelling and grammatical accuracy.

IA compared the Continuing Disclosures required by the Agency’s bond documents to the prior year (2018) CAFR for consistency and completeness and noted no exceptions.

IA also compared the 2019 CAFR information to the recommendations from GFOA from their review of the 2018 CAFR. IA noted that the GFOA graded all 14 sections of the CAFR with a “proficient” rating. GFOA comments were:

- Formatting of the table of contents
- Reporting and classification of “Restricted assets”
- Describing the valuation techniques used in the fair value measurement for “Level 2” inputs
- The use of “covered employee payroll” as the measure of payroll for disclosures concerning “Other Post-Employment Benefits (OPEB)”

IA reviewed the draft 2019 CAFR documents to ensure that the GFOA comments had been considered and implemented.

IA provided comments and recommendations to the Finance and Accounting department when items were identified for their review. The compilation of the CAFR is an Agency-wide team effort. IAs report to Finance and Accounting’s management is included as an attachment.

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**Project:** Contract Extension with Lance, Soll & Lunghard, LLP (LSL) for:
Financial and Single Auditing services for IEUA
Financial Auditing services for the Chino Basin Regional Financing Authority (CBRFA)

**Scope:**
State law and IEUA’s Fiscal Ordinance require that an annual financial audit be completed by an independent Certified Public Accountant (CPA) to ensure the accountability of the annual financial statements, to assess the effectiveness of internal controls and to determine compliance with laws and regulations. Lance, Soll and Lunghard, LLP (LSL) the Agency’s external audit firm, has been engaged by IEUA for the last four fiscal years to complete the external financial audit and single audit of the Agency’s operations.

**Status:** Complete
LSL has served as the Agency’s external audit firm since FY 2016. The Agency will exercise the final option to extend the contract for the external financial audit and single audit services for one year through Fiscal Year 2020. This will be LSL’s 5th and final year. State requirements state that the Agency must rotate the External Financial Auditor every 5 years. The Audit Committee is responsible for oversight of the audit services.

LSL attended the June Audit Committee Meeting to discuss the scope of the financial audit. The external auditors were at the Agency in October 2019 to perform final field work related to the FY 2019 CAFR and will present the results of the audit at the Audit Committee meeting scheduled for December 2019.
Internal Audit Department
Quarterly Status Report for December 2019

Project: Audit Committee Financial Advisor Contract Extension

Scope: The Agency will execute a new contract to establish a new consultant agreement with Rogers, Anderson, Malody & Scott, LLP to have Mr. Travis Hickey, CPA continue serving as the Audit Committee’s external financial expert.

Status: Complete
The contract is a 5-year contract with two single-year options, as allowed under the Procurement Ordinance. The firm is keeping their annual fee at $6,500 for the entire duration of the contract.

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Project: Audit Committee and Internal Audit Department Charter Updates

Scope: To review and make necessary updates to the IA Charter and the AC Charter as required to ensure they meet best practices and the Agency’s goals.

Status: Complete
The purpose of the Audit Committee and IAD Charters is to document the purpose, authority and responsibilities of each. A role of the IAD is to further ensure that the responsibilities of the Audit Committee are fulfilled. According to best practices, the authority of the IAD should be documented in a Charter to align the role of the department in a way to provide independent assurance and assistance to the Board and Executive Management in ensuring organizational goals are achieved. Best practices and both Charters require that IA completes a review of the Charters annually and makes necessary edits/changes. IA proposed changes related to the handling of projects and requests. The Charters were presented in draft form in September 2019 with proposed updates for consideration by the Audit Committee. IA is bringing the charters in final form under separate cover.

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Project: Report on Open Recommendations as of December 2019*

Scope: The IAD Charter requires IA to follow-up on the status of outstanding recommendations to determine if corrective actions have been implemented. Follow-up reviews are scheduled through the Board-approved Annual Audit Plan. Executive Management supports the implementation efforts of the recommendations previously provided and/or the development of alternative controls to address the original risks identified.

Status: Complete & On-going- Status of outstanding recommendations as of December 2019.

The table below provides the number of recommendations outstanding as of this Status Report. Additional details about each of the outstanding recommendations is submitted with the Annual Audit Plan each June. This summary provides an updated count of the outstanding recommendations. This summary includes new recommendations provided during this fiscal year as well as considers any recommendations cleared during the year (up to the prior quarter). A follow up review is typically scheduled between 12–24 months from the date of the original audit, to allow time for full implementation. If a recommendation is deemed not implemented, the recommendation remains outstanding or alternate controls to mitigate any risks are evaluated to determine if the risk has been addressed and the recommendation is no longer applicable. A follow up review is also scheduled sooner, if requested by the Audit Committee or Executive Management. The audited business units are encouraged to submit additional information for IA review if they determine the recommendation has been satisfied.

As shown on the following table, of the 78 recommendations:
- 19 recommendations are planned to be reviewed in the current fiscal year (approximately 25%)
- 20 recommendations are expected to be reviewed in the following fiscal year (approximately 23%)
- 39 recommendations that are highlighted in gray do not require follow-up as the issuance date is within the last 18 months (approximately 52%).
### Area Audited

<table>
<thead>
<tr>
<th>Area Audited</th>
<th>Report Issued Date</th>
<th>No. of Recs. Remaining to be Verified by IA*</th>
<th>Planned Follow-Up</th>
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<tbody>
<tr>
<td>Accounts Payable Follow-Up (Deferred Recommendations related to Agency Policies)</td>
<td>August 29, 2013</td>
<td>2</td>
<td>FY 2020</td>
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<tr>
<td>Follow-Up – IT Equipment Audit – ISS</td>
<td>February 29, 2016</td>
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<td>FY 2020</td>
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<td>Master Trade Contracts</td>
<td>September 1, 2016</td>
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<td>FY 2020</td>
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<td>Follow-Up – IT Equipment Audit – FAD</td>
<td>December 5, 2016</td>
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<td>FY 2020</td>
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<td>Audit of Master Services Contracts</td>
<td>December 5, 2016</td>
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<td>FY 2020</td>
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<tr>
<td>2017 Petty Cash Audit &amp; Follow-Up Review</td>
<td>June 5, 2017</td>
<td>7</td>
<td>FY 2021</td>
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<td>Water Use Efficiency Programs Audit</td>
<td>June 5, 2017</td>
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<td>Contracts and Procurement Follow-Up Audit</td>
<td>August 30, 2017</td>
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<td>Payroll Operations Audit</td>
<td>August 30, 2017</td>
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<td>Procurement Card Audit</td>
<td>March 1, 2018</td>
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<td>FY 2022</td>
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<td>Wire Transfers Audit</td>
<td>March 1, 2018</td>
<td>5</td>
<td>FY 2022</td>
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<td>Garden in Every School</td>
<td>May 31, 2018</td>
<td>7</td>
<td>FY 2022</td>
</tr>
<tr>
<td>Inter-fund Transactions Audit</td>
<td>August 30, 2018</td>
<td>3</td>
<td>FY 2022</td>
</tr>
<tr>
<td>Agency Vehicle Operational Follow-up audit: Review of Vehicle Inventory Procedures</td>
<td>November 29, 2018</td>
<td>3</td>
<td>FY 2022</td>
</tr>
<tr>
<td>Water Connection Fees Audit</td>
<td>February 25, 2019</td>
<td>5</td>
<td>FY 2023</td>
</tr>
<tr>
<td>Accounts Payable Follow-Up Audit</td>
<td>May 30, 2019</td>
<td>5</td>
<td>FY 2023</td>
</tr>
<tr>
<td>Voyager Fuel Card Audit</td>
<td>May 30, 2019</td>
<td>4</td>
<td>FY 2023</td>
</tr>
</tbody>
</table>

#### Total Outstanding Audit Recommendations

78

### Recommendations related to the Regional Contract Review

(These recommendations are planned for full implementation with the renegotiation of the Regional Contract. IA will not follow up on these items until the renegotiation has been finalized.)


*The Outstanding Recommendations Table does not update the status of recommendations resolved by follow-up audits during the current quarter or add any new recommendations resulting from the projects completed during this quarter (as noted in this Status Report). The table is revised for those changes once all items have been received by the Audit Committee and the Board of Directors which is when items are determined to be final.

### Projects in Process

**Project:** Human Resources Audit – additional areas

**Scope:**

IA is performing an operational audit of the HR Department that will be completed in phases. An audit report will be provided after the completion of each area reviewed. To-date, IA has completed the first review which evaluated the Agency’s Hiring and Promotions processes. Reports will be submitted under separate cover. Other planned areas of review include:

- Goals and Objectives
- Performance Workload Indicators
- Policies, Processes and SOPs
- Effectiveness and Efficiencies
- Employee Grievance Process
- Training & Education Programs
- Personal Computer Loan Program
- Other requested areas of review

**Status:** On-going - IA continues to work with HR through this audit.
Internal Audit Department
Quarterly Status Report for December 2019

Planned/Future/Additional Projects

Project: Recycled Water Program Revenue Audit

Scope:
Recycled water revenue in FY 2017/18 was almost $16.9 million. IA is beginning to evaluate whether the internal controls over revenue recognition comply with Agency policies and legal and regulatory requirements, revenues are recorded accurately in the Agency’s accounting records and financial statements and identify any potential additional revenue due the Agency. The Planning & Environmental Resources and Finance and Accounting departments are the primary contact departments. This was a request by the Audit Committee to move this audit up in priority.

Status: Initial Research in Progress
A final report is anticipated to be completed by March 2020.

Project: Garden in Every School® Follow-Up Audit

Scope:
To evaluate the implementation status of the 7 recommendations provided in the May 31, 2018 Garden in Every School® Audit report and determine if additional time is necessary to fully implement recommendations.

Status: Initial Research in Progress
The original report was completed at the request of the Audit Committee. The scope of the original audit was to evaluate if gardens are used as intended and identify opportunities to improve the program. IA provided 7 recommendations which staff began to work on. Recently, External Affairs staff indicated that they have either implemented or are in progress of implementing recommendations and asked if we would provide additional review to certify the implementation status. IA continues to work with staff.

A final report is anticipated to be completed by March 2020.

Project: Management Requests

Scope:
Assist Agency Management with requests for analysis, evaluations and verification of information, assist with the interpretation of policies and procedures, and/or provide review and feedback on new policies or procedures. These services are provided according to the IAD Charter, the Annual Audit Plan, and best practices. The management request projects are short-term projects, typically lasting no more than 60-75 hours where IA determines it has the necessary staff, skills and resources to provide the requested assistance without having to delay/defer scheduled audits and priority projects. The scope of each review is agreed upon between the department manager requesting the evaluation, review, analysis or assistance, the Manager of IA and when deemed appropriate by Executive Management.

During this quarter, IA was working on the following “Management Requests”:
- Continued to assist with policy language interpretation and review of Agency policies.
- Participated in Safety Committee and IT Security Committee
Project: Special Projects

Scope:
Perform special reviews and projects including analyzing transactions, evaluating documents and policies, verifying information, assisting with interpretation of Agency Policies or other required procedures, and providing recommendations and feedback on results of the analysis, engaging necessary assistance if and/or when necessary, reporting to the General Manager and the Audit Committee. These services are provided according to the IA and Audit Committee Charters, the Annual Audit Plan, and/or best practices.

Special Projects can be short or long-term projects, typically requiring more than 80 hours of staff time and requiring setting aside or delaying work on scheduled audit projects. The scope of the review is not generally known, and the work must be handled with the highest degree of confidentiality and care, as with all audit projects. Special Projects are usually considered highly confidential.

Internal Audit Department Staffing

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

Internal Audit Staff Professional Development Activities:
As required by the International Standards for the Professional Practice of Internal Auditing, and the IA Charter, auditors must regularly enhance their knowledge, skills, and other competencies through continuing professional development. During the past quarter, IA staff has continued to stay abreast of industry developments through review of industry literature and participation in on-line webinars.

The Internal Audit Manager is a member of the governing board of the Inland Empire Chapter of the Institute of Internal Auditors (IIA). The governing board sets direction for the chapter. One Senior Auditor serves on the same Chapter’s Board of Directors as the Chapter Secretary.

Two IA members are preparing for the 3-part Certified Internal Auditor (CIA) examination and certification. The CIA is the only globally recognized certification for internal audit professionals and is the highest certification that can be attained by an internal auditor.

The Manager of IA has a Master’s degree in Public Administration. The Manager of IA and One Senior Auditor are Certified Government Audit Professionals (CGAP®). The CGAP® certification program is designed for auditors working in the public sector and demonstrates government knowledge and expertise. One Senior Auditor is a Certified Public Accountant (CPA) and Certified Internal Auditor (CIA).

Future Audit Committee Meetings:
- Monday, March 9, 2020 – Regularly Scheduled Audit Committee Meeting
- Monday, June 8, 2020 – Regularly Scheduled Audit Committee Meeting
- September 2020 - Special Audit Committee Meeting (Date to be finalized) (this year, the regularly scheduled date falls on a Holiday)
- Monday, December 7, 2020 - Regularly Scheduled Audit Committee Meeting
Date: December 5, 2019

To: Christina Valencia, CFO/AGM
Javier Chagoyen-Lazaro, Manager of Finance and Accounting
Suresh Malkani, Principal Accountant

From: Teresa V. Velarde, Manager of Internal Audit
Peter Soelter, Senior Internal Auditor
Sapna Nangia, Senior Internal Auditor

Subject: Results of Internal Audit’s Quality Control Review:
Fiscal Year 2019 Comprehensive Annual Financial Report (CAFR)

The Internal Audit Department (IA) performs an annual quality control review of the Agency’s Comprehensive Annual Financial Report (CAFR) prepared by the Finance and Accounting Department (FAD). IA’s review is performed on “working draft” sections of the CAFR as FAD continues to finalize the information presented in the financial statements and the various sections of the CAFR. For the FY 2019 CAFR, IA completed the initial review prior to the December 9, 2019 Audit Committee Meeting and provided comments, edits and recommendations to FAD for consideration prior to finalizing the CAFR. This memo documents IA’s quality control review and provides a general summary of the results.

IA’s review includes a review of the trial balances for each fund, the individual fund statements, Management’s Discussion and Analysis (MD&A), the Introductory Section, the Financial Statements and Notes, the Required Supplementary Information and the Statistical sections of the CAFR. IA applied the following procedures to conduct the quality control review of the CAFR:

- Reviewed for math accuracy and consistency in the referencing of dollar amounts and totals among the narratives, notes and statements, and for overall professional presentation.

- Verified that the FY 2019 amounts and totals on the financial statements were transferred accurately from the FY 2019 Trial Balance.

- Verified the consistency of the amounts between the overall Basic combining Financial Statements and combining Non-Major Financial Statements as compared to the individual fund financial statements.

- Verified that the FY 2018 amounts/totals for all financial statements were transferred accurately from the FY 2018 published CAFR to the FY 2019 CAFR.

- Recalculated for mathematical accuracy the FY 2019 totals on all financial statements.

- Checked titles and years to ensure updates were made for the years they correspond to.

- Reviewed narratives for consistency, completeness, spelling and grammatical accuracy.
Results of Internal Audit’s Quality Control Review:
Fiscal Year 2018 Comprehensive Annual Financial Report
December 5, 2019
Page 2 of 3

IA also reviewed the Continuing Disclosure Compliance Report for the outstanding bonds owed by IEUA and compared them to the prior year’s disclosures.

Additionally, IA reviewed the comments made by the Government Finance Officers Association (GFOA) on the prior year (FY 2018) CAFR to determine whether those comments had been addressed in the current year (FY 2019) CAFR.

Finally, in addition to the Agency’s CAFR, IA reviewed the draft financial statements of the Chino Basin Regional Financing Authority for the year ended June 30, 2019.

Criteria and Observations
IA did not perform tests of financial transactions, nor audit the accounts or any financial information and did not assess the reliability or accuracy of the information reported in the financial statements. The Agency relies on the professional work of the External Auditors, Lance, Soll and Lunghard, LLP (LSL), who are the Agency’s Certified Public Accountants, contracted to provide reasonable assurance that the financial statements are free of material misstatement. The External Auditors and IA rely on Agency’s management for the completeness and reliability of the information presented in the CAFR. Consistent with the requirements of the IA Charter and the Audit Committee Charter requirements, IA’s review is intended to provide an additional level of quality control.

During IA’s quality control review, observations that IA noted were promptly communicated to FAD staff for appropriate corrective action. IA did not verify that all comments/recommendations were addressed or incorporated because FAD continues to finalize the CAFR. The observations IA considered most significant and requiring attention prior to finalizing and publishing the CAFR (details have been provided to FAD under separate correspondence, additional copies can be requested from IA) are:

- Noted rounding differences and inconsistencies between the 2018 CAFR and the 2019 CAFR within the financials and the narratives.
- Noted rounding differences and inconsistencies between and among the schedules and in the narratives.
- Noted some presentation differences in the financial statements compared to the prior year.
- Provided edits, made various comments and recommendations to all sections.
- Noted instances where there were differences in amounts between different sections of the CAFR, for example among the schedules.
- Noted some mathematical errors, including percentage calculations.

Bond Disclosure Compliance Review
IA’s comparison of the 2019 Continuing Disclosures to those of the prior year for consistency and completeness noted no exceptions. However, the Continuing Disclosures chart includes the statement that “no total assessed value noted”. FAD stated that the updated assessed value for
IEUA’s service area is not easily determinable and therefore the description of the “Housing Market” was included as a comparable measure.

**Government Finance Officers Association (GFOA) comments**

IA noted that the GFOA provided grades for 14 separate sections of the Agency’s CAFR and all sections received a grade of “proficient”. The GFOA did, however, have five individual comments about presentation and disclosures:

*IA reviewed the most recently available draft of the CAFR and believes that two of the comments have been addressed. IA discussed the other three comments with FAD. FAD made an additional revision to address one comment and obtained additional guidance from the Agency’s external auditors for the other two comments. Therefore, all of the individual GFOA comments have now been addressed.*

**Chino Basin Regional Financing Authority**

IA provided comments and suggestions to FAD about the information provided in the Notes to the Financial Statements about Long-Term Debt.

**IA Recommendation**

1. During IA’s review IA noted that many of IA’s comments and suggestions were being repeated from the prior year. Discussions with FAD noted that FAD revises the final CAFR drafts before printing and that these revisions are not transferred back to the original Word, Excel and other documents used in the CAFR development process.

IA suggests that, once the CAFR has been completed and issued and in preparation for the following year, FAD perform a comprehensive review of all spreadsheets, worksheets and financial statements used for the development of the CAFR so that the most current versions, wording and classifications are used throughout. This will reduce duplication of effort, repetitive review comments and create a more efficient CAFR completion process each successive year.

**Conclusion**

IA appreciates the opportunity to provide the quality control review of the draft FY 2019 CAFR and looks forward to the final version of the FY 2019 CAFR that will be presented for Board of Directors’ approval on December 18, 2019. IA appreciates staff’s cooperation during this review.

IA looks forward to receiving the final CAFR documents for IA’s regulatory filing purposes.

Please contact any member of the Internal Audit Department if you have questions.
INFORMATION ITEM

5L
Date: December 18, 2019
To: The Honorable Board of Directors
From: Teresa Velarde, Manager of Internal Audit
Committee: Audit
Manager Contact: Teresa Velarde, Manager of Internal Audit
Subject: Human Resources Audit: Hiring and Promotions Operations Review

Executive Summary:
Internal Audit completed an audit of the Human Resources Department (HR) related to Hiring and Promotions. Overall, HR has effective processes in place to assist Agency departments in their recruitment and promotion efforts. The audit identified opportunities to further strengthen and tighten processes and controls, including:
- Consider including additional justifying information to support the final candidate selection,
- Consider implementing automation opportunities for HR documents and files,
- Consider investing in fireproof and waterproof cabinets to safeguard HR files,
- Consider the best process to ensure compliance with Agency Policy A-20, to ensure performance appraisals are completed and provided to employees in a timely manner,
- Consider additional controls/oversight over internal promotions (specifically during periods of interim General Manager, Executive Management, and/or Manager of Human Resources),
- Consider formalizing a comprehensive Agency-wide Ethics and Conflict of Interest policy and training for all employees,
- Establish written contracts with vendors used by HR, and
- Update Agency policies and department-specific SOPs related to hiring and recruitment.

The report attached provides details of the observations and recommendations.

Staff’s Recommendation:
This is an information item.

Budget Impact

Budgeted (Y/N): Y
Amendment (Y/N): N
Amount for Requested Approval:

Account/Project Name:
N/A

Fiscal Impact (explain if not budgeted):
N/A

Full account coding (internal AP purposes only): - - -

Project No.:
Prior Board Action:
On September 18, 2019, the Board of Directors approved the amended Fiscal Year 2019/20 Annual Audit Plan. The original Fiscal Year 2019/20 Annual Audit Plan was approved on June 19, 2019. This audit was schedule in the Annual Audit Plan.

On December 19, 2018, the Board of Directors reconfirmed the approved Audit Committee and the Internal Audit Department Charters.

Environmental Determination:
Not Applicable

Business Goal:
The Human Resources Audit: Hiring and Promotions Operations Review is consistent with the Agency's Business Goals of Fiscal Responsibility, Workplace Environment, and Business Practices by providing an independent evaluation of the Human Resources Department, suggesting recommendations for improvements, monitoring the internal control environment of the Agency, and assisting Agency management in achieving organizational goals and objectives.

Attachments:
DATE: December 2, 2019

TO: Shivaji Deshmukh
General Manager

FROM: Teresa V. Velarde
Manager of Internal Audit

SUBJECT: Human Resources Audit: Hiring and Promotions Operations Review

Audit Authority
The Inland Empire Utilities Agency (IEUA or Agency) Internal Audit Department (IA) performed an audit of the Human Resources Department Hiring and Promotions Policies, Procedures and Operations. The audit was performed under the authority given by the IEUA Board of Directors and the Fiscal Year 2019/20 Annual Audit Plan. The attached report provides IA’s observations and recommendations.

Audit Objective and Scope
The objectives of the Human Resources Audit are to evaluate various processes and operations of the Human Resources Department (HR) and determine whether Agency policies are followed, and department standard operating procedures are implemented. Additionally, the audit will evaluate the department’s published business goals, key performance indicators and workload indicators to determine whether those are met and to evaluate key functions and compare those with other similar agencies. Lastly, the audit intends to follow up on any outstanding recommendations from prior audit reports.

IA intends to perform the Human Resources audit in multiple stages. The Hiring and Promotions Operations Review is the first report and it evaluated policies and processes for hiring and promoting employees, including recruitment, applications, background checks and document retention processes. The Hiring and Promotions Operations Review Report is the first of the Human Resources Audit reports. IA will finalize an audit report after the completion of each area reviewed.
Audit Techniques:
Audit techniques included:
- Interviews of Agency staff
- Walkthroughs of department processes
- Review of Agency policies, department procedures, and practices
- Review of recruitment and employee personnel files
- Analysis of financial transactions and supporting documents

Audit Results – Executive Summary
Overall, HR has effective processes in place to assist management in their recruitment and promotion efforts. IAs review identified opportunities to improve and strengthen processes and controls. The bullet points below provide a summary:

- **Candidate selection:** Consider including additional information in the recruitment file of the final candidate selected and ensure the justification is included to close out the file.
- **Workflows & electronic files:** Implement processes to automate workflows and retain electronic files.
- **Fireproof & waterproof cabinets:** Consider acquiring cabinets that are fireproof and waterproof to safeguard personnel, recruitment, and other HR related files.
- **Performance appraisals:** Determine the best method to ensure compliance with Agency Policy A-20, to ensure employee performance appraisals are completed timely.
- **Internal promotions:** Consider additional controls and oversight over internal promotions for management level positions during periods of temporary leadership and changes (such as interim General Manager, Executive Managers and/or Manager of Human Resources).
- **Confidentiality Agreement/Conflict of Interest Policies:** Implement a comprehensive Ethics and Conflicts of Interest policy and training for all employees.
- **Contracts:** Establish written contract with vendors used by HR.
- **Policies & SOPs:** Ensure Agency policies and department-specific SOPs related to hiring and recruitment are updated to the current format and requirements, and processes/procedures listed are up to date.

The Human Resources Audit: Hiring and Promotions Operations Review is consistent with the Agency’s Business Goals of Fiscal Responsibility, Workplace Environment, and Business Practices by providing an independent evaluation of the Human Resources Department, suggesting recommendations for improvements, monitoring the internal control environment of the Agency, and assisting Agency management in achieving organizational goals and objectives.

Acknowledgements
IA would like to extend our appreciation to the Human Resources Department staff for their cooperation and assistance during this review.

Discussions with Management
Drafts of this audit report were provided to the Human Resources Department for their review and input; prior to finalizing, their comments have been incorporated.
Human Resources Audit
Hiring and Promotions Operations Review
December 2, 2019
Page 3 of 19

Background

The Human Resources Department (HR) is responsible for providing support to Agency management and employees, in the areas of recruitment, employee retention, benefits and training programs. Additionally, HR is responsible for assisting in the application and administration of the various bargaining units' Memorandum of Understanding (MOU) and Personnel Manuals, establishment of positive labor relations with bargaining units, motivation for staff, and compliance with personnel State and Federal laws and regulations.

Reorganization
During Fiscal Year (FY) 2018/19, HR Department was moved from the Finance and Administration Division to the Agency Management Division, reporting directly to the General Manager. In addition, the Safety unit was moved from HR to the Contracts and Procurement Department.

Department Staffing
As of July 1, 2019, the staffing and reporting structure for the HR Department is as follows:

<table>
<thead>
<tr>
<th>Position</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manager of Human Resources</td>
<td>1</td>
</tr>
<tr>
<td>Deputy Manager of Human Resources</td>
<td>1</td>
</tr>
<tr>
<td>Human Resources Officer</td>
<td>1</td>
</tr>
<tr>
<td>Human Resources Analysts</td>
<td>2</td>
</tr>
<tr>
<td>Human Resources Technician</td>
<td>1</td>
</tr>
<tr>
<td>Interns</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total HR Positions</strong></td>
<td><strong>6</strong></td>
</tr>
</tbody>
</table>

Human Resources Department Expenses
The table below provides expense information for the HR Department, which includes HR, Benefits and Training. HR department expenses are mostly for wages and benefits.

<table>
<thead>
<tr>
<th>Description</th>
<th>FY 2017 (actual)</th>
<th>FY 2018 (actual)</th>
<th>FY 2019 (actual)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages</td>
<td>$ 821,940</td>
<td>$ 736,792</td>
<td>$ 667,978</td>
</tr>
<tr>
<td>Benefits</td>
<td>367,713</td>
<td>385,462</td>
<td>289,593</td>
</tr>
<tr>
<td>Office &amp; Administration</td>
<td>121,043</td>
<td>88,511</td>
<td>94,832</td>
</tr>
<tr>
<td>Professional Fees &amp; Services</td>
<td>197,157</td>
<td>381,885</td>
<td>406,045</td>
</tr>
<tr>
<td>Other</td>
<td>462</td>
<td>534</td>
<td>22,244</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td><strong>$ 1,508,315</strong></td>
<td><strong>$ 1,593,184</strong></td>
<td><strong>$ 1,480,692</strong></td>
</tr>
</tbody>
</table>

Source: Department information obtained from the Agency's financial system (SAP).
Agency-Wide Employment Information
Salaries and benefits expenses amount to approximately a quarter of the Agency’s total expenses for an estimated 300 or more employees, and the expenses range between $49 to $ 51 million for each of the last three Fiscal Years 2016/17 to 2018/19.

Agency Staffing
Agency-wide Staffing levels are in the table below:

<table>
<thead>
<tr>
<th>Description</th>
<th>Authorized Positions</th>
<th>Filled Positions</th>
<th>Vacant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff</td>
<td>290</td>
<td>267</td>
<td>23</td>
</tr>
<tr>
<td>Interns</td>
<td>38</td>
<td>22</td>
<td>16</td>
</tr>
<tr>
<td>Directors</td>
<td>5</td>
<td>5</td>
<td>-</td>
</tr>
<tr>
<td>Limited Term</td>
<td>16</td>
<td>12</td>
<td>4</td>
</tr>
<tr>
<td>Totals</td>
<td>349</td>
<td>308</td>
<td>43</td>
</tr>
</tbody>
</table>

*Source: Position Control Report, August 2019.*

Hiring & Internal Promotions Processes
The HR Department is responsible for facilitating and processing all hiring and internal promotions. The process must follow the requirements of Agency Policies and HR Standard Operating Procedures (SOPs), including:

<table>
<thead>
<tr>
<th>Agency Policy/SOP &amp; Number</th>
<th>Title/Topic</th>
<th>Effective Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>A-26</td>
<td>Procedure to Conduct a Recruitment to Fill a Vacant Position, which includes A-83, Guide on Pre-Employment Inquiries and Interviewing Techniques</td>
<td>7/15/2005</td>
</tr>
<tr>
<td>HR4-20</td>
<td>New Hire Background Checks</td>
<td>10/13/2016</td>
</tr>
<tr>
<td>HR4-27</td>
<td>New/Reclassified Employee Notification Form</td>
<td>7/1/2008</td>
</tr>
<tr>
<td>HR4-29</td>
<td>New Hire Processing</td>
<td>10/13/2016</td>
</tr>
</tbody>
</table>

The recruitment process for both new hires and promotions includes the following steps:

- An Agency department determines a position needs to be filled and completes a *Request to Fill a Vacant Position* form and submits to HR.

- HR will work with the requesting department to obtain the various approvals and determine the needs of the department.

- HR will begin recruitment for the position and utilize various sources to advertise for a 2-week period and/or until the 1st review of applications.
HR receives all applications electronically. Any applications that do not meet the minimum qualifications and/or are incomplete do not continue through the recruitment process.

HR forwards the remaining applications to the hiring department for Subject Matter Expert (SME) review.

After SME review of the applications, candidates:
  
  o May be invited to participate in a test and/or practical exam. Candidates’ responses are reviewed by a rater for pass/fail and can be used to filter for eligible candidates that are invited for in-person interviews.
  
  o May be invited for in-person interviews.

Interviews are scheduled. Interviewers are selected that include staff and/or external resources (such as representatives from member or similar agencies).

Interviews are conducted, candidates are scored and ranked by the interviewers. All supporting and scoring documents are retained in the corresponding recruitment files and/or personnel files.

An eligibility list is established listing all eligible candidates based on the practical exam and the interviews.

Recommendation memo is completed, including reference checks if applicable. Fact sheet is prepared and signed by all necessary parties. Job offer is made to the candidate selected by the Hiring Manager. Once the offer has been accepted, HR will complete all the required items:

  o New Hire Process Checklist: Lists the pre-employment processing (i.e., background check, physical, etc.); benefit, employment, and final new hire documents required; new employee resource guide & handbook.

  o Classification Change Checklist: Lists the items to be provided and/or completed for internal promotions, i.e., offer letter/job description, Resolution 2013-5-1 (at will employment), MOU/Personnel Manual/Salary Matrix, Confidentiality Agreement, Benefits Eligibility, etc. For internal promotions, a background check is not required as with New Hires, pre-employment physical may be required only if the position requires a higher physical exam than given when first hired.

New hire/promotion announcement is distributed Agency-wide. HR compiles and closes out the recruitment file, updates the employee’s personnel file and updates the Agency’s financial system with the corresponding payroll information.

Attachment 1 provides a process flow diagram of the hiring and promotion process.
Observations and Recommendations

NEW HIRES
A new hire is a new employee selected through the recruitment process.

To evaluate whether the recruitment process follows Agency policy requirements, IA selected 20 of 150 new hires that began employment with the Agency during the period from January 1, 2016 to July 3, 2019 (42 months). IA reviewed the recruitment files and personnel files to verify that the various steps in the recruitment process were followed and documented.

IA noted that in all 20 instances HR followed the requirements of Agency Policy A-26 Procedure to Conduct a Recruitment to Fill a Vacant Position (effective 7/15/2005) and related HR SOPs. IA’s review of the selected files and supporting documentation noted that the recruitment process has evolved over the period examined. Changes to the process were attributed to refinements due to HR staff experiences and training. This resulted in updates and new ideas to incorporate into and improve the hiring process. For example, IA noted some changes in the sequence of required steps, such as the timing of a written exam and interview. In other instances, additional tools and documents were used and retained in the files that documented the selection process, for example scoring tools and other notes. The enhancements observed in the process followed Agency Policy A-26 and provided additional support and documentation in the various files.

IA reviewed the recruitment files for the 20 candidates/positions selected. IA noted:

- Recruitment files are kept for all positions advertised. These are locked and safeguarded in HR’s office for the required retention period of two years, then sent to storage for records retention.

- Multiple applicants applied and submitted the required applications for all recruitments. Incomplete applications were not accepted by HR for any positions.

- In some instances, if the hiring manager required an additional assessment, such as a practical/written exam as part of the selection criteria, the additional assessment tested for questions and topics relevant to the position.

- Additional information about the position from the recruitment website is retained.

- In the recruitment files, IA observed:
  
  - The same interview panel interviewed all candidates. (IA noted only one instance where there was a change in the interview panel for some of the interviews, and this was for an internship position).
  - The same questions were asked of all candidates during interviews.
Interviewers gave each candidate a numerical assessment and provided some evaluation notes and a recommendation to hire or not hire the candidate.

Overall, IA noted that the recruitments followed Agency policies, are well documented and files contain the required supporting information. IA provides the following recommendations for HR to consider.

**Observation:**

*Recruitment files should include additional justification for the final selection.*

IA noted that based on high scores and positive comments, most recruitments resulted in more than one acceptable candidate. In some cases, the top-ranked candidate was not always the hired candidate. From the documentation reviewed, it is initially unclear whether a higher ranked candidate informally declined the position or whether there were other reasons for hiring a similarly ranked, but not the highest ranked candidate. IA recommends that the recruitment file include the justification for the final selection in order to close-out the selection process and document the reasoning for the selection. HR indicated that this information is documented in the selected candidate's personnel file, and they agree justification should be added to the recruitment file (separate from the individual's personnel file) so that the recruitment file stands alone and does not leave any unanswered questions.

**2019 Recommendation #1:**

*Human Resources should include additional justification information for the final selection made in the recruitment file to close out the recruitment file and ensure it stands alone.*

**Observation:**

*There are opportunities to automate the recruitment processes and transition from manual files to electronic files.*

IA noted some steps in the recruitment process are automated. The Agency uses the “Neogov” system for candidates to submit applications and their resumes and this same system tracks all candidates through the recruitment process. HR maintains manual “recruitment” and “personnel” files, stored within the HR offices (until they are moved to Records Management for storage). The recruitment processes are primarily manual. For instance, the “Request to Fill” form is circulated manually and requires up to 5 “wet” signatures to process. The applications, interview questions and responses, and ranking information are all printed documents and included in either the recruitment or personnel files. Some recruitment files are inches thick with paper documents that may add up to 2 volumes. This means files reaching 300 pages or more of manual documents for each
recruitment. There were 150 recruitments since January 2016 amounting to 9 or 10 filing boxes of manual recruitment documents.

To make the recruitment process more efficient, HR should consider implementing automated "workflows" and electronic document retention processes to streamline the hiring and personnel processes and retain the recruitment documentation electronically and to be more environmentally conscious.

**2019 Recommendation #2:**
*Human Resources should take the lead and work with Business Information Services and determine ways to implement automated workflows for recruitment documents and forms and utilize electronic files.*

**Observation:**
*Hardcopy files should be safeguarded in fireproof and waterproof cabinets.*

IA had previously completed a Payroll Operations Audit (dated August 30, 2017) and recommended that, until the Agency automates personnel and other HR related files, the printed physical files should be maintained in fireproof and waterproof cabinets for safeguarding as a disaster preparedness effort to safeguard the original manual personnel documents.

**2019 Recommendation #3:**
*Human Resources should take the lead to install fireproof and waterproof filing cabinets to safeguard manual personnel, recruitment, and other HR related files, in the event of a disaster.*

**Observation:**
*Agency Policies and department Standard Operating Procedures for recruitment and hiring processes require updates.*

Currently, the following policies and SOPs address recruitment and hiring policies:

<table>
<thead>
<tr>
<th>Agency Policy/SOP &amp; Number</th>
<th>Title/Topic</th>
<th>Effective Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>A-26</td>
<td>Procedure to Conduct a Recruitment to Fill a Vacant Position, which includes A-83, Guide on Pre-Employment Inquiries and Interviewing Techniques</td>
<td>7/15/2005</td>
</tr>
<tr>
<td>HR4-20</td>
<td>New Hire Background Checks</td>
<td>10/13/2016</td>
</tr>
<tr>
<td>HR4-27</td>
<td>New/Reclassified Employee Notification Form</td>
<td>7/1/2008</td>
</tr>
<tr>
<td>HR4-29</td>
<td>New Hire Processing</td>
<td>10/13/2016</td>
</tr>
</tbody>
</table>

IA recommends HR ensure all policies and SOPs are brought to the most current Agency required format as described in A-01: Documentation of Policies and Procedures,
Effective November 11, 2013 and A-51: Standard Operating Procedures, effective November 11, 2013. Additionally, HR should ensure all policies and SOPs contain the most current requirements and match the Agency’s current practices to ensure policy matches practices. Keeping policies updated and current ensures employees are provided with the most current and accurate information and can be held accountable to the policy requirements.

**2019 Recommendation #4:**

*Human Resources should take the lead to ensure all Agency policies related to hiring and recruitment, as well as the department's SOPs are updated to include the most recent and accurate requirements for the processes and Agency formats.*

**PROMOTIONS**

A promotion is the advancement of an employee within the Agency. IA evaluated the processes for internal promotions to determine if the documentation complied with Agency policy requirements, and to evaluate whether the process and documentation support the promotion decisions and minimize any potential risks for the Agency.

To evaluate the Agency’s promotion process, IA selected 10 of the 37 promotions that occurred over the previous 42 months. IA reviewed the personnel files and documents for the selected employees. IA tested the following:

- Ensure Agency Policies and Department SOPs were followed
- All HR checklists were followed and completed
- All supporting documents were retained and appropriately signed when needed
- The appropriate recruitment process was followed, and all steps were documented
- Performance Appraisals were completed as required under Agency Policy A-20

Promotions by Agency Department were:

<table>
<thead>
<tr>
<th>Time Period: January 1, 2016 to July 3, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Department Name</strong></td>
</tr>
<tr>
<td>Agency Management</td>
</tr>
<tr>
<td>Engineering &amp; Construction Management</td>
</tr>
<tr>
<td>External Affairs</td>
</tr>
<tr>
<td>Integrated Systems Services</td>
</tr>
<tr>
<td>Laboratories</td>
</tr>
<tr>
<td>Operations &amp; Maintenance</td>
</tr>
<tr>
<td>Planning &amp; Environmental Resources</td>
</tr>
<tr>
<td><strong>Total number of promotions</strong></td>
</tr>
</tbody>
</table>
The following table provides information about the records selected for review:

<table>
<thead>
<tr>
<th>Promotions selected for review</th>
<th>Total Number of:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Applications received</td>
<td>Internal applications candidates</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>10</td>
<td>527</td>
<td>33</td>
</tr>
<tr>
<td>(Total received for the 10 files selected. The lowest was 2 and the highest was 139)</td>
<td>(Total received for the 10 files selected. The lowest was 1 and the highest was 6)</td>
<td>(Total received for the 10 files selected. The lowest was 2 and the highest was 11)</td>
</tr>
</tbody>
</table>

**Observation:**

Employee performance appraisals were not completed according to Agency-Policy.

IA tested the timeliness of the completion of performance appraisals to determine whether a performance appraisal was completed before and after the promotion according to Agency policies. **Agency Policy A-20 Performance Appraisals** (effective date May 16, 2019) establishes the guidelines and timelines for the preparation and administration of the performance appraisals and states the following:

- A performance appraisal shall be prepared **every year** for employees.
- An appraisal is due to be provided to the employee **upon their appraisal review date**.
- An appraisal review completed with the employee within **15 calendar days** of the appraisal due date **shall not be considered late**.
- Supervisors and management employee’s appraisals are due September 15th of each year for the prior fiscal year appraisal period.

Because the performance appraisal is a formal, documented evaluation of an employee’s performance, it is a valuable tool for both the employee and the supervisor. As well, it can be a resource to determine whether the candidate is in good standing and eligible for promotion opportunities. Having a completed performance appraisal on file is not a requirement for promotion at the Agency, but it can be additional justification about the competency and performance of an employee. IA’s noted the following in regards to the performance appraisal activity:

<table>
<thead>
<tr>
<th>Status</th>
<th>Number of Performance Appraisals that were late for Employees Promoted and the date range</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016</td>
</tr>
<tr>
<td>Not yet due</td>
<td>N/A</td>
</tr>
<tr>
<td>Completed on time</td>
<td>2</td>
</tr>
<tr>
<td>Not Completed</td>
<td>1</td>
</tr>
<tr>
<td>Late</td>
<td>7</td>
</tr>
<tr>
<td>Range in number of days of late performance appraisals</td>
<td>4 – 107 days</td>
</tr>
</tbody>
</table>

**Source:** IA’s Promotion’s Review.
Using the Agency-wide *Merit Review Report*, IA has compiled the number of appraisals that are late and the amount of time (as of a specified point in time) for the last four calendar years, the table below highlights how late some employee’s evaluations can be:

<table>
<thead>
<tr>
<th>Description</th>
<th>Agency-wide Merit Review Report Date of Report:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>February 29, 2016</td>
</tr>
<tr>
<td>Number of employees</td>
<td>289</td>
</tr>
<tr>
<td>Late performance Appraisals</td>
<td>35</td>
</tr>
<tr>
<td>Range in number of days of late performance appraisals</td>
<td>1 – 900 days</td>
</tr>
</tbody>
</table>

*Source: IEUA’s Merit Review Report provided by HR Department.*

Based on IA’s review, completion and timeliness of employee’s performance appraisals continues to be an on-going issue. This observation was originally noted in IA’s audit report *Human Resources Operations Audit and Response* completed in July 2007. During that time, performance appraisals selected for review were between 1 day to 273 days late for both probationary and permanent employees.

According to the HR Department, enforcing the timely completion of performance appraisals has been and continues to be an issue across the Agency. HR provides monthly reminders through the Merit Review Report and also during Manager and/or Executive meetings. While this has sometimes improved timeliness, there are still many late evaluations. HR believes this has been a problem because there is a lack of consequences for those responsible to complete them.

**2019 Recommendation #5:**

Human Resources should work with Executive Management to determine the best approach to ensure compliance with the Agency Policy A-20 on completing timely performance appraisals for employees.

**Observation:**

*Consider additional controls/oversight over internal promotions.*

IA’s review of the selected files showed that the hiring managers have a level of discretion to select their staff through hiring and/or promotions; IA found no noncompliance with Agency policies and procedures in the hiring and promotion processes. As an added control/guideline over internal promotions, and to prevent any potential appearance of impropriety and to reduce any potential for complaints, IA recommends that promotions of management staff and above be frozen or temporarily held up for further review, during times when Agency leadership changes or when vacancies exist for the HR Manager, Executive Managers and/or the General Manager. This is a soft recommendation to consider increasing controls and oversight over internal promotions.
Observation: There is a need to formalize an Agency Ethics Policy, including documenting the requirement for a Confidentiality Agreement and a Conflict of Interest policy/requirements and related training.

Currently, HR requires that some employees sign a Confidentiality Agreement. A confidentiality agreement is a memorandum signed by the employee and outlines the expectations and consequences for handling confidential information. There is no formal Agency-wide policy that determines which employees should sign a Confidentiality Agreement. HR Department stated they require only new and/or promoted employees with access to confidential information to sign a one-time Confidentiality Agreement with no renewal requirement. IA has recommended that this be signed by all or no employees.

The Agency’s External Financial Auditors recommended that the Agency consider adopting a Conflict of Interest Policy that applies to all Agency employees to minimize risks of fraud and collusion.

On January 17, 2018, the Board of Directors adopted the Agency’s Administrative Handbook which is specific to the Board of Director’s conduct and functions. The Administrative Handbook, in Chapter 7 has a specific chapter, Conflict of Interest and discusses the expectation for all Agency employees and the Board to avoid all conflicts of interest.

On January 17, 2018 the Board rescinded Agency Resolution #2005-2-9, which was the Agency’s documented Ethics Policy which addressed the conduct of all Agency employees. The resolution is still referenced in the main website under EthicsPoint and in Aim and it is tied to 8 other Agency policies. IA has previously recommended this Resolution be evaluated and updated to ensure it is clear and updated. Because the resolution has been rescinded, there is no formal documented Agency Ethics Policy. As a general best practice, the Agency should have a formal policy that documents the ethical conduct of employees.

HR should work with Executive Management to determine the best approach to address having a formalized Ethics Policy and training, Conflict of Interest policy and training and the need for the confidentiality agreement. At a minimum, training should be provided to all Agency employees; departments should encourage their employees to take department specific training to increase the awareness of these topics.

2019 Recommendation #6: Human Resources should work with Executive Management to determine an approach/method on how to address: having an Agency-wide Ethics Policy, the requirement for a Confidentiality Agreement for selected employees, and Conflict of Interest policy and related training that covers all topics. Any requirement should be documented and be clearly communicated to all Agency employees.
CONTRACTING PRACTICES EVALUATION

IA reviewed the following vendors used by HR:
- NBI – performs background checks for new hires
- US Healthworks/Concentra: Performs physical examinations for new hires and drug testing and other health care screenings of employees.

Agency Procurement Ordinance
The Agency's Board-approved Procurement Ordinance #108 describes the methods and authorizations necessary to legally obtain goods and services in the course of conducting Agency business. The Procurement Ordinance states in Section 8:

SECTION 8: PROHIBITION OF UNAUTHORIZED PROCUREMENT COMMITMENTS AND REQUIREMENTS FOR PROCUREMENT FUNDING

1. No work or services, except in emergency situations, shall be authorized or accepted until an appropriate and approved procurement instrument has been fully secured or executed, as required pursuant to this Ordinance. If work or services are procured in violation of this provision, and the value of the procurement is $10,000 or less, then the employee securing the unauthorized procurement shall obtain the written approval of the GM and/or the Manager of CAP to secure the purchase requisition documents necessary to generate the appropriate purchase order or contract for payment. Unauthorized procurements with a value in excess of $10,000 shall require approval from the Board. Public works field change orders do not fall under the provision of this section. A violation of this provision shall be cause for disciplinary action up to and including termination of the violator. The

Attachment 2 has additional excerpts from the Agency’s Procurement Ordinance.

In support of the Procurement Ordinance, the Agency has also established Agency Policy A-32: Authority to Contractually Commit the Agency. This policy includes language describing who has authority to make procurement commitments in Section 3.4 Funding and Authority to Commit the Agency:

B. Pursuant to the Board's ordinance for best value procurements and procurement-related activities, after obtaining appropriate internal approvals for budgetary authorization, only the following Agency employees are authorized to contractually obligate or commit the Agency for the purchase of materials, equipment, supplies, leases, consultants and services:

- General Manager;
- Executive Managers/AGM;
- Manager of CAP;
- CAP staff and specific staff members delegated with specific authority ascribed by the Manager of CAP; and,
- Individual staff members who have been issued procurement/credit cards within the cards authorized parameters
Impact

In FY 2019, the Agency paid NBI $7,565 and the clinic $12,036. Neither expense represents a significant dollar amount. However, without an “agreement” on file, the procurement method for these services does not follow the Agency’s approved procurement process.

IA discussed the vendor activity with the Contracts and Procurement Department. They indicated that it would be best to establish an approved procurement document or agreement with the vendors to ensure the Agency is receiving the best value, minimizing liability and protecting the best interests of employees and their confidential information.

There are multiple risks to the Agency when payments are being made to vendors for goods or services that are not supported by the appropriate procurement documents and processes:

1. There is no contractual document describing the scope of the services.
2. There is no contractual document describing costs for the services to be provided.
3. There is no supporting information that the Agency has obtained the best price or highest quality for the services to be provided.
4. There is no supporting information that the services are authorized or in the Agency’s best interests.
Both activities (background checks and physical exams) are important and necessary to the proper functioning of the Agency and the services that HR provides. IA provides the following recommendation.

**2019 Recommendation #7:**
IA recommends that Human Resources and Contracts and Procurement work together to establish written contracts for all vendors used by HR to document the scope, terms and conditions and prices for the services. The contracts should establish what information is included in the invoices for payment and what information needs to be maintained separately and confidentially.
Attachment 1:

IEUA's Hiring and Promotions Process

Steps:


   Department determines a position needs to be filled.

   Complete Request to Fill a Vacant Position Form.

   HR will work with the Hiring Department on Recruitment Details:
   - Type of Recruitment (internal/external)
   - Advertising Resources to be used
   - Length of time for advertising
   - Testing required (if applicable)

2. Receipt of Applications and Department Review.

   Applications Received.

   Internal/External Applications that meet the minimum qualifications are forwarded to the Subject Matter Experts (Hiring Department) for review.

   Test or Examination
   (Written exam, performance/practical exam, or other tests/visits exam)
   Or Interview

3. Testing, Candidate Selection, and Interviews Conducted.

   Testing and/or Practical Exams required by Hiring Department (if applicable)

   Test/Exam results reviewed for Pass or Fail.

   Candidates admitted for Interview.

   Interviews Conducted.

   Second interviews may be conducted, but not required.

4. Selection of Final Candidate, Job Offer, Acceptance, Announcement, and Solidify Personnel files.

   Candidate selected from eligibility list by Hiring Department, Recommendation Forms completed and Job Offer Provided.

   Candidate accepts Job Offer.

   HR completes a New Hire Process Checklist in process a New Hire or Classification Change Candidate in process promotion.

   New Hire or Promotion Announcement.

   Human Resources completes & closes Recruitment File, updates Personnel files with the required documents, and updates the Agency's financial system.
Attachment 2:

EXCERPTS FROM PROCUREMENT ORDINANCE #108 (approved October 16, 2019)

DEFINITIONS (SECTION 1):

Z. “Professional Services” shall mean any specially-trained and experienced individual, firm or corporation, providing services and advice in financial, economic, accounting, engineering, information services, technical, architectural, or other administrative/professional matters.

PROCUREMENT PROCESS (SECTION 3):

2. Multi-year procurement terms and extension limits are as follows:

A. The term for initial procurements may not exceed five years.

B. The aggregate term of all extensions for initial procurements may not exceed two years, as determined by the GM.

C. Exceptions to the term limits, as determined by the GM, shall be compelling, in the best interest of the Agency, and documented accordingly.

3. Negotiated procurement parameters and term limits (subject to other provisions of this Ordinance) are as follows:

A. Negotiated procurements shall be authorized in writing by the respective Department Manager, and approved by the Manager of CAP for documented circumstances where there exists a single or sole source supplier, or unusual time or other constraint (e.g., power and energy, emergency communications, insurance carrier, specialized materials, services or equipment, information technology equipment, limited-time discount opportunities, best-value, etc.).

B. Negotiated procurements shall not require any formal or informal solicitation. However, for single or sole source negotiated procurements exceeding $100,000, Board approval is required.

C. The aggregate term, including all extensions thereof, of any negotiated procurement may not exceed seven years.

D. Exceptions to the term limits shall be compelling, in the best interest of the Agency, and documented accordingly in the GM Report to the Board.
AUTHORIZATION LIMITS (SECTION 2):

<table>
<thead>
<tr>
<th>Approver</th>
<th>Emergency</th>
<th>Competitively-Let</th>
<th>Single or Sole Source</th>
<th>Public Works Change Order &amp; Amendments</th>
<th>Non Public Works Change Order &amp; Amendments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board</td>
<td>Unlimited</td>
<td>$500K</td>
<td>$100K</td>
<td>$100K</td>
<td>$40K</td>
</tr>
<tr>
<td>GM</td>
<td>Unlimited</td>
<td>$100K</td>
<td>$100K</td>
<td>$100K</td>
<td>$40K</td>
</tr>
<tr>
<td>Exec. Mgr. of Fin. &amp; Admin.</td>
<td>As delegated</td>
<td>$500K</td>
<td>$100K</td>
<td>$100K</td>
<td>$40K</td>
</tr>
<tr>
<td>Mgr. of CAP</td>
<td>As delegated</td>
<td>$500K</td>
<td>$100K</td>
<td>$100K</td>
<td>$40K</td>
</tr>
</tbody>
</table>

PROHIBITIONS (SECTIONS 8 & 9):

SECTION 8: PROHIBITION OF UNAUTHORIZED PROCUREMENT COMMITMENTS AND REQUIREMENTS FOR PROCUREMENT FUNDING

1. No work or services, except in emergency situations, shall be authorized or accepted until an appropriate and approved procurement instrument has been fully secured or executed, as required pursuant to this Ordinance. If work or services are procured in violation of this provision, and the value of the procurement is $10,000 or less, then the employee securing the unauthorized procurement shall obtain the written approval of the GM and/or the Manager of CAP to secure the purchase requisition documents necessary to generate the appropriate purchase order or contract for payment. Unauthorized procurements with a value in excess of $10,000 shall require approval from the Board. Public works field change orders do not fall under the provision of this section. A violation of this provision shall be cause for disciplinary action up to and including termination of the violator. The Manager of CAP shall retain the discretion to refer any violation of this provision to the Internal Audit Department for investigation.

2. No procurement instrument, except in emergency situations, shall be used which commits Agency funds or other financial obligations thereof, unless and until such unencumbered funding has been identified, authorized, and appropriated for said procurement.

SECTION 9: DEPARTMENT COOPERATION

All Agency employees, agents, volunteers, contractors, sub-contractors, consultants, etc., shall comply with the provisions of this Ordinance to ensure the responsible and prudent expenditure of public funds, and to maintain the preservation of the public trust.
### Attachment 3:

**2019 Audit Recommendations provided in the report:**

<table>
<thead>
<tr>
<th>Rec #</th>
<th>Recommendations</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Human Resources should include additional justification information for the final selection made in the recruitment file to close out the recruitment file and ensure it stands alone.</td>
</tr>
<tr>
<td>2</td>
<td>Human Resources should take the lead and work with Business Information Services and determine ways to implement automated workflows for recruitment documents and forms and utilize electronic files.</td>
</tr>
<tr>
<td>3</td>
<td>Human Resources should take the lead to install fireproof and waterproof filing cabinets to safeguard manual personnel, recruitment, and other HR related files, in the event of a disaster.</td>
</tr>
<tr>
<td>4</td>
<td>Human Resources should take the lead to ensure all Agency policies related to hiring and recruitment, as well as the department's SOPs are updated to include the most recent and accurate requirements for the processes and Agency formats.</td>
</tr>
<tr>
<td>5</td>
<td>Human Resources should work with Executive Management to determine the best approach to ensure compliance with the Agency Policy A-20 on completing timely performance appraisals for employees.</td>
</tr>
<tr>
<td>6</td>
<td>Human Resources should work with Executive Management to determine an approach/method on how to address: having an Agency-wide Ethics Policy, the requirement for a Confidentiality Agreement for selected employees, and Conflict of Interest policy and related training that covers all topics. Any requirement should be documented and be clearly communicated to all Agency employees.</td>
</tr>
<tr>
<td>7</td>
<td>IA recommends that Human Resources and Contracts and Procurement work together to establish written contracts for all vendors used by HR to document the scope, terms and conditions and prices for the services. The contracts should establish what information is included in the invoices for payment and what information needs to be maintained separately and confidentially.</td>
</tr>
</tbody>
</table>
Date: December 18, 2019
To: The Honorable Board of Directors
From: Teresa Velarde, Manager of Internal Audit

Manager Contact: Teresa Velarde, Manager of Internal Audit

Subject: Contract Extension for Advisory Services for the Audit Committee's Financial Advisor

Executive Summary:

The Audit Committee Charter states "The Audit Committee shall have access to at least one financial expert, an outside party with no voting rights, who will provide consulting services and shall be compensated as agreed upon, in writing with the Audit Committee, the Board, Agency management and its designees". Since 2008, Mr. Travis C. Hickey, CPA has been the Audit Committee Financial Advisor. Mr. Hickey has provided accounting and auditing services to governmental agencies since 1997, including experience with water and wastewater activities. Mr. Hickey attends the Agency's Audit Committee Meetings and provides advisory services to both the Audit Committee and the Internal Audit Department to ensure their responsibilities, as outlined in the Board-approved Charters, are fulfilled. Mr. Hickey has gained extensive knowledge of the Agency's operations, has developed professional relationships with Agency staff and and is a valuable asset to the organization. The Audit Committee members agreed the services of the External Financial Advisor are consistent with the Charter and best practices and considered a value to the Agency. The Audit Committee members provided direction to extend the consulting agreement for the maximum allowable time under the Procurement Ordinance. The contract is for 5 years plus 2 single year options. The contract falls within the approval authority of the General Manager/Manager of Contracts for $6,500 per year.

Staff's Recommendation:

This is an information item for the Board of Directors.

Budget Impact  Budgeted (Y/N): Y  Amendment (Y/N): N  Amount for Requested Approval:
Account/Project Name:
N/A

Fiscal Impact (explain if not budgeted):
N/A

Full account coding (internal AP purposes only):  -  -  -  Project No.:  -  -  -
Prior Board Action:
On December 19, 2018, the Board of Directors reconfirmed the approved Audit Committee and the Internal Audit Charters. The Audit Committee Charter describes the composition of the Audit Committee and includes the requirement to have an External Financial Audit Committee Advisor.

Environmental Determination:
Not Applicable

Business Goal:
The Contract for Audit Committee Financial Advisor services is consistent with the Agency's Business Goals of Fiscal Responsibility, Workplace Environment and Business Practices by ensuring that best practices as recommended by audit and accounting guidance are followed and the Board has a team of professionals to assist with fulfilling their oversight and governance responsibilities.

Attachments:
Attachment 1 - Contract No. 460002846 for Audit Advisory Services
CONTRACT NUMBER: 4600002846
FOR
AUDIT ADVISORY SERVICES

THIS CONTRACT (the "Contract"), is made and entered into this 25th day of November, 2019, 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 interchangeably referred to as "IEUA" and "Agency") and Rogers, Anderson, Malody & Scott, LLP with offices located in San Bernardino, California (hereinafter referred to as "Consultant"), for audit advisory services.

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: Teresa V. Velarde, Manager of Internal Audit
   Address: 6075 Kimball Avenue, Building A
             Chino, California 91708
   Telephone: (909) 993-1521
   Facsimile: (909) 993-1983
   Email: tvelarde@ieua.org

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

   Consultant: Travis C. Hickey, CPA
               Rogers, Anderson, Malody & Scott LLP
   Address: 290 North D Street, Suite 300
             San Bernardino, California 92401
   Cell: (951) 233-2261
   Facsimile: (909) 889-5361
   Email: travis_hickey@msn.com
3. **ORDER OF PRECEDENCE:** The documents referenced below represent the Contract Documents. Where any conflicts exist between the General Terms and Conditions, or addenda attached, then the governing order of precedence shall be as follows:

   A. Amendments to Contract Number 4600002846
   B. Contract Number 4600002846 General Terms and Conditions
   C. Consultant's Proposal dated November 19, 2019, Exhibit A

4. **SCOPE OF WORK AND SERVICES:** Consultant's services and responsibilities, specifically Mr. Travis C. Hickey, CPA, shall include providing independent, objective advisory services and recommendations to the Agency's Audit Committee and the Internal Audit Department. Consultant shall conduct services at the request of the Project Manager on behalf of the Audit Committee, as needed. Consultant shall provide an estimate to the Project Manager of the hours needed to conduct the services and shall obtain a written notice to proceed prior to conducting the service. Any change to the designated Consultant shall be approved by the Agency in writing by an Amendment to the Contract.

   **Familiarity With Scope Of Work:** By execution of this Agreement, Consultant warrants that:

   (1) It has thoroughly investigated and considered the scope of the Work under this Agreement to be performed, based on all available information; and

   (2) It carefully considered how the Work should be performed; and

   (3) It fully understands the difficulties and restrictions attending the performance of the Work under this Agreement; and

   (4) It has the professional and technical competency to perform the Work and the production capacity to complete the Work in a timely manner with respect to the Scope of Work.

5. **TERM:** The term of this Contract shall extend from the date of the Notice to Proceed and terminate on December 31, 2024, which shall be agreed to by both parties, reduced to writing, and amended to this Contract. Agency hereby reserves the right to exercise (2) one-year optional extensions to the Contract term.

6. **COMPENSATION:** Agency shall pay Consultant's properly-executed invoice, approved by the Project Manager, within thirty (30) days following receipt of the invoice by IEUA. Invoices shall include the name of assigned personnel, fully-burdened hourly billing rate, dates worked, a brief description of work, as well as the Contract Number 4600002846 for payment. Payment shall be withheld for any service which does not meet Agency requirements or have proven unacceptable until such service is revised, the invoice resubmitted and accepted by the Project Manager. Consultant's original invoice shall be submitted electronically to apgroup@ieua.org.

   In compensation for the Work represented by this Contract, Agency shall pay Consultant at a fixed annual fee of $6,500 per year for a NOT-TO-EXCEED maximum total of $32,500.00 for all services provided in accordance with Exhibit A, referenced herein, attached hereto, and made a part hereof.
Agency may, at any time, make changes to the Scope of Work, including additions, reductions, and changes to any or all of the Work, as directed in writing by the Agency. Such changes shall be made by an Amendment to the Contract. Any changes shall be made by a written Amendment to the Contract.

7. **CONTROL OF THE WORK:** The 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.

8. **FITNESS FOR DUTY:**

   A. **Fitness:** Consultant 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.

      4. **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:** Coverage shall be at least as broad as:

      1. Commercial General Liability (CGL): Insurance Services Office (ISO) Form CG 00 01 covering CGL on an "occurrence" basis, including products and completed operations, property damage, bodily injury and personal & advertising injury with limits no less than $1,000,000 per occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location (ISO CG 25 03 or 25 04) or the general aggregate limit shall be twice the required claim limit.
2. Automobile Liability: ISO Form Number CA 00 01 covering any auto (Code 1), or if Consultant has no owned autos, covering hired, (Code 8) and non-owned autos (Code 9), with limit no less than $1,000,000 per accident for bodily injury and property damage.

3. Workers' Compensation and Employers Liability: Workers' compensation limits as required by the State of California, with Statutory Limits, and Employer's Liability Insurance with limit of no less than $1,000,000 per accident for bodily injury or disease.

4. Professional Liability (Errors and Omissions): Insurance appropriates to the Consultant's profession, with limit no less than $1,000,000 per occurrence or claim, $2,000,000 aggregate.

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, claims 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. Additional Insured Status: The Agency, its officers, officials, employees, and volunteers are to be covered as additional insureds on the CGL policy with respect to liability arising out of work or operations performed by or on behalf of the Consultant including materials, parts or equipment furnished in connection with such work or operations. General liability coverage can be provided in the form of an endorsement to the Consultant's insurance (at least as broad as ISO Form CG 20 10 11 85 or both CG 20 10, CG 20 26, CG 20 33, or CG 20 38; and CG 20 37 forms if later revisions used).

   b. Primary Coverage: The Consultant's insurance coverage shall be primary insurance coverage at least as broad as ISO CG 20 01 04 13 as respects the Agency, its officer, officials, employees and volunteers. Any insurance or self-insurance maintained by the Agency, its officers, officials, employees, volunteers, property owners or engineers under contract with the Agency shall be excess of the 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 hereby grants to Agency a waiver of any right to subrogation which any insurer of said Consultant may acquire against the Agency by virtue of the payment of any loss under such insurance. Consultant agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not the Agency has received a waiver of subrogation endorsement from the insurer.

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 current A.M. 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 original certificates and amendatory endorsements or copies of the applicable policy language effecting coverage required by this clause. All certificates and endorsements are to be received and approved by the Agency before work commences. However, failure to obtain the required documents prior to the work beginning shall not waive the Consultant's obligation to provide them. The Agency reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by these specifications, at any time.

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

Inland Empire Utilities Agency, a Municipal Water District
Attn: Angela Witte
P.O. Box 9020
Chino Hills, California 91709
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, employees and agents against any claim or liability arising from or based on the violation of any such law, ordinance, regulation, order or decree, whether by the 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. For this project subcontractor list law shall apply.

E. **Grant-Funded Projects:** For Federal/State grant/loan-funded projects, the Consultant shall be responsible to comply with all grant requirements related to the Project. These may include, but shall not be limited to: Davis-Bacon Act, Endangered Species Act, Executive Order 11246 (Affirmative Action Requirements), Equal Opportunity, Disadvantaged Business Enterprise (DBE) Requirements, Competitive Solicitation, Record Retention and Public Access to Records, and Labor Compliance and Compliance Review.

F. **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.

Consultant understands and acknowledges that executing this Agreement may inhibit the Consultant from engaging in future contracts, jobs, or agreements with the Agency that is, or can be considered, related to the Scope of Work due to a potential conflict of interest.

G. **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 IEUA 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.

H. 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 shortcomings 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 Consultant's liability with respect to any claims 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.

I. 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 1281.6, 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 subcontractor 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.

J. Attorney's Fees: In the event an action is commenced by a party to this Contract against the other to enforce its rights or obligations arising from this Contract, the prevailing party in such action, in addition to any other relief and recovery ordered by the court or arbitration, shall be entitled to recover all statutory costs, plus reasonable attorney's fees.

K. Worker's Legal Status: For performance against this Contract, Consultant shall only utilize employees and/or subConsultants that are authorized to work in the United States pursuant to the Immigration Reform and Control Act of 1986.

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

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 prepared by the Consultant and/or the Consultant's subcontractor(s) pertaining to this Contract. Any modifications or reuse of such materials for purposes other than those intended by the Contract shall be at the Agency's sole risk and without liability to 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:

1. 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.

2. 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.

3. 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, trademark, trade name, copyright, or patent infringement or other violations of any Proprietary Rights of any person.

Consultant shall defend, indemnify and hold harmless, Agency, its officers, directors, agents, employees, successors, assigns, servants, and volunteers 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 best 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, or to put up a satisfactory bond to permit Agency's continued use of the Work and Documentation.

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: Warren T. Green  
Manager of Contracts  
Inland Empire Utilities Agency, a Municipal Water District  
P.O. Box 9020  
Chino Hills, California 91709

Consultant: Travis C. Hickey, CPA  
Rogers, Anderson, Malody & Scott, LLP  
290 North D Street, Suite 300  
San Bernardino, California 92401

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 this work.

In the event of litigation concerning disclosure of information Consultant considers exempt from disclosure, (e.g., "Confidential," "Proprietary" or "Trade Secret,") 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. **CERTIFICATION UNDER LABOR CODE SECTION 1861 BY CONSULTANT:** I, the undersigned Consultant, am aware of the provisions of Section 3700 et seq. of the Labor Code which requires every employer to be insured against liability for Worker's Compensation or to undertake self-insurance in accordance with the provisions of the Code, and I, the undersigned Consultant, agree to and will comply with such provisions before commencing the performance of the work of this Agreement.

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 termination of the Contract. 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, County of San Bernardino.

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-Involved services up to the date of such termination.
24. **FORCE MAJEUERE:** 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.

26. **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.

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 indemnify rights or otherwise shall accrue to a third party as a result of this Agreement of 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)

**ROGERS, ANDERSON, MALODY & SCOTT, LLP:**

[Signature]
Manager of Contracts and Procurement

[Signature]
Partner

(Date)

(Date)

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Exhibit A
November 19, 2019

Audit Committee
Inland Empire Utilities Agency
Attn: Teresa Velarde, Internal Audit Manager
6075 Kimball Avenue
Chino, CA 91708

Dear Ms. Velarde:

We are pleased to provide our proposal to continue serving as a financial expert, providing advisory and consulting services to the Audit Committee (Committee) of the Board of Directors of the Inland Empire Utilities Agency (Agency). Mr. Travis Hickey has served in this capacity since 2008 with the previous eight years being in association with Rogers, Anderson, Malody & Scott, LLP (RAMS). Over this period Mr. Hickey has served as a trusted resource and advisor to both the Committee and the Internal Audit Department (IAD). In addition to the Committee meetings and Board meeting where the annual audit is presented, Mr. Hickey has assisted the Agency with a variety of other projects including presenting training on fraud in government organizations, reviewing the Committee and IAD Charters, and assisting the Agency with the external audit firm selection.

As a member of both the American Institute of Certified Public Accountants and the California Society of Municipal Finance Officers, Mr. Hickey continues to maintain his skills in areas related to governmental accounting and auditing. Additionally, over the course of providing services to the Agency for the past eleven years, Mr. Hickey has gained a wealth of knowledge about internal operations and practices which allows him to provide the highest level of service to the Committee. We believe that his exposure to prior internal audits and other matters before the Committee make him uniquely qualified to provide the best possible advice to the Agency. Lastly, in association with RAMS, a whole host of resources are available to the Agency including qualified staff in Mr. Hickey's absence as well as additional experts in the areas governmental accounting, auditing, and taxation.
We are pleased to offer our services to the Agency for the term of this agreement at a fixed annual fee of $6,500 per year. The proposed fee represents a slight increase over the previous contract, which was not increased during the prior eight years. We understand the Agency is contemplating a five year contract with two one-year renewal options. We are pleased to report that our fee during this term (including optional extension years) will be unchanged.

We look forward to continuing our relationship with the Agency, Committee, and Internal Audit Department and thank you for providing us the opportunity to present our proposal. Should you have any questions, please feel free to call me at (909) 889-0871.

Sincerely,

ROGERS, ANDERSON, MALODY & SCOTT, LLP

Terry P. Shea, CPA
INFORMATION ITEM

5N
Date: December 18, 2019
To: The Honorable Board of Directors

From: Teresa Velarde, Manager of Internal Audit

Committee: Audit

Manager Contact: Teresa Velarde, Manager of Internal Audit

Subject: Contract Extension for Financial and Single Auditing Services for IEUA and CBRFA

Executive Summary:

The Agency will exercise option two of two to extend the contract for Financial and Single Auditing services in the combined amount of $40,380 for one year through Fiscal Year (FY) 2019/20 (to December 31, 2020) with the external audit firm, Lance, Soll, and Lunghard, LLP (LSL), for Inland Empire Utilities Agency (IEUA) and Chino Basin Regional Financing Authority (CBRFA). LSL’s fees are: $31,270 Financial Audit and $4,710 Single Audit for IEUA and $4,400 for CBRFA.

As required by IEUA’s Fiscal Ordinance Number 102, a financial and single audit must be completed annually by an independent Certified Public Accountant. LSL has been the Agency’s external audit firm since FY 2015/16. The firm is located in Brea, CA and has two other offices located in California. LSL has been providing auditing services to governmental agencies for over 85 years and employs approximately 115 employees, including 18 partners. The firm’s representatives are involved in the public sector industry through professional memberships, associations, and committees. LSL is committed to providing excellent government audit services and meeting all timelines. The professional services provided thus far by LSL have met the Agency’s requirements.

Staff’s Recommendation:

This is an information item for the Board of Directors.

Budget Impact

Budgeted (Y/N): Y  Amendment (Y/N): Y  Amount for Requested Approval:

Account/Project Name:
N/A

Fiscal Impact (explain if not budgeted):
N/A

Full account coding (internal AP purposes only):  

Project No.:
Prior Board Action:

On December 19, 2018, the Board reconfirmed the Audit Committee Charter that states it has the authority to recommend the auditing and consulting services for Board approval. On March 16, 2016, the Board of Directors approved contract number 4600002079 for financial and single auditing services (IEUA) and 4600002081 for financial auditing services (CBRFA), each for three years with the option to extend two additional years (in single-year increments) with LSL.

Environmental Determination:

Not Applicable

Business Goal:

The Financial and Single Auditing services contract with LSL is consistent with the Agency’s Business Goals of Fiscal Responsibility, Workplace Environment and Business Practices by following recommended practices for the procurement of such services to provide independent evaluations and oversight of the Agency financial statements.

Attachments:

Attachment 1 - Contract Amendment No. 4600002079-002 for External Financial and Single Auditing Services
Attachment 2 - Contract Amendment No. 4600002081-002 for Chino Basin Regional Financing Authority Financial Auditing Services
CONTRACT AMENDMENT NUMBER: 4600002079-002

FOR

EXTERNAL FINANCIAL AND SINGLE AUDITING SERVICES

AMENDMENT NUMBER TWO is made and entered into this 10th day of October, 2019, by and between the Inland Empire Utilities Agency, a Municipal Water District, organized and existing in the County of San Bernardino under and by virtue of the laws of the State of California (hereinafter referred to as “IEUA” and “Agency”) and Lance, Soll & Lunghard, LLP, with offices located in Brea, California (hereinafter referred to as “Consultant”), shall revise the Contract as follows:

REVISE SECTION 3, TERM, ADDING A PARAGRAPH, TO READ: With the execution of Contract Amendment Number 4600002079-002, the termination date of this Contract shall be extended to December 31, 2020; unless agreed to by both parties, reduced to writing, and amended in this Contract.

ALL OTHER PROVISIONS OF THIS CONTRACT REMAIN UNCHANGED

The parties hereto have mutually covenanted and agreed as per the above amendment item, and in doing so have caused this document to become incorporated into the Contract Documents.

INLAND EMPIRE UTILITIES AGENCY:

LANCE, SOLL & LUNGHARD, LLP:

[Signature]
Warren T. Green
Manager of Contracts and Procurement

(Date)

[Signature]
Deborah A. Harper
Partner

(Date)

10/10/2019
CONTRACT AMENDMENT NUMBER: 4600002081-002
FOR
CHINO BASIN REGIONAL FINANCING AUTHORITY
FINANCIAL AUDITING SERVICES

AMENDMENT NUMBER TWO is made and entered into this 10th day of October, 2019, by and between the Inland Empire Utilities Agency, a Municipal Water District, organized and existing in the County of San Bernardino under and by virtue of the laws of the State of California (hereinafter referred to as “IEUA” and “Agency”) and Lance, Soll & Lunghard, LLP, with offices located in Brea, California (hereinafter referred to as “Consultant”), shall revise the Contract as follows:

REVISE SECTION 3, TERM, ADDING A PARAGRAPH, TO READ: With the execution of Contract Amendment Number 4600002081-002, the termination date of this Contract shall be extended to December 31, 2020; unless agreed to by both parties, reduced to writing, and amended in this Contract.

ALL OTHER PROVISIONS OF THIS CONTRACT REMAIN UNCHANGED

The parties hereto have mutually covenanted and agreed as per the above amendment item, and in doing so have caused this document to become incorporated into the Contract Documents.

INLAND EMPIRE UTILITIES AGENCY: LANCE, SOLL & LUNGHARD, LLP:

Warren T. Green Deborah A. Harper
Manager of Contracts and Partner
Procurement

(Date) (Date)

10/10/19 10/10/2019

Contract Amendment 4600002081-002 JV
10/9/2019
INFORMATION ITEM

50
Operations Division
Semi-Annual Update

Randy Lee, Executive Manager of Operations/AGM
December 2019
Safety: Total Recordable Incidents

IEUA Recordable Incidents

<table>
<thead>
<tr>
<th>Year</th>
<th>Incidents</th>
</tr>
</thead>
<tbody>
<tr>
<td>CY15</td>
<td>11</td>
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<tr>
<td>CY16</td>
<td>10</td>
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<td>CY17</td>
<td>6</td>
</tr>
<tr>
<td>CY18</td>
<td>9</td>
</tr>
<tr>
<td>YTD19</td>
<td>8</td>
</tr>
</tbody>
</table>

IEUA Recordable Incident Rate vs. Industry

- BLS Incident Rate for Utilities Water/Sewage
- IEUA Incident Rate
- IEUA Incident Trend

Incident Rate = Recordable Incidents × 200,000 / Number of hours worked
Solids Loading to Treatment Plants
Ammonia

IEUA Plant Influent Flow vs Ammonia Loading by Facilities

- RP-1
- RP-4
- RP-5
- CCWRF
- Total Influent Flow

Inland Empire Utilities Agency
A Municipal Water District
Plant Effluent Total Inorganic Nitrogen

Effluent Total Inorganic Nitrogen (TIN)
TIN = ammonia + nitrate + nitrite

Pre-2006 limit @ 10 mg/L
Current limit @ 8 mg/L

TIN (mg/L)

Inland Empire Utilities Agency
A Municipal Water District
Collections

- **Sanitary Sewer System**
  - One Incident 11/2019
    - NRW System

- **Odor Complaint**
  - Ontario 10/2019
    - NRW System

- **Mutual Aid Support**
  - City of Chino (8/2019)
    - Private Lift Station
  - City of Ontario (10/2019)
    - CASA Wipe Study
  - Semi-Annual Meeting (10/2019)
Inland Empire Regional Composting Facility

**Compost Sales**
- 110 Active customers
  - 65% Landscape markets
  - 30% Agriculture
  - 5% Give back (local cities)

**Maintenance**
- All work – Work Orders
- Ops & Maintenance
- Manual scheduling
- Manual KPIs
- Defect elimination

**Capital Projects**
- Trommel screen replacement
- Baghouse ducting optimization
- Wash pad cover
- Transition air duct
- Facility painting
- Asphalt recoating
RP-1 Plant No. 2 Effluent Conveyance Improvements
Project Goal: Increase Utilization and Capacity

Total Project Budget: $2.4 M
Project Completion: May 2020
Construction Percent Complete: 10%

<table>
<thead>
<tr>
<th>Phase</th>
<th>Consultant/Contractor</th>
<th>Current Contract</th>
<th>Amendments/Change Orders</th>
</tr>
</thead>
<tbody>
<tr>
<td>Design</td>
<td>Stantec</td>
<td>$232 K</td>
<td>0%</td>
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<tr>
<td>Construction</td>
<td>J.R. Filanc</td>
<td>$1.8 M</td>
<td>0%</td>
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</table>

Completed Potholing
Force Main Improvements
Project Goal: Increase Asset Life

Total Project Budget: $4.2 M
Project Completion: June 2021
Design Percent Complete: 99%

<table>
<thead>
<tr>
<th>Phase</th>
<th>Consultant/Contractor</th>
<th>Current Contract</th>
<th>Amendments/Change Orders</th>
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</thead>
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<tr>
<td>Design (Current)</td>
<td>GHD</td>
<td>$324 K</td>
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<td>Construction</td>
<td>-</td>
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</table>

San Bernardino Lift Station
NRW Pipeline Relining Along Cucamonga Creek
Project Goal: Extend Useful Life

Total Project Budget: $2.4 M
Project Completion: September 2020
Design Percent Complete: 95%

<table>
<thead>
<tr>
<th>Phase</th>
<th>Consultant/Contractor</th>
<th>Current Contract</th>
<th>Amendments/Change Orders</th>
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</thead>
<tbody>
<tr>
<td>Design</td>
<td>Michael Baker</td>
<td>$49 K</td>
<td>58.1%</td>
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<tr>
<td>Construction</td>
<td>-</td>
<td>$0</td>
<td>0.0%</td>
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</tbody>
</table>

NRW Pipeline
HQ Driveway Improvements
Project Goal: Improve Accessibility

Total Project Budget: $400 K
Project Completion: November 2020
Percent Design Complete: 5%

<table>
<thead>
<tr>
<th>Phase</th>
<th>Consultant/Contractor</th>
<th>Current Contract</th>
<th>Amendments/Change Orders</th>
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</thead>
<tbody>
<tr>
<td>Project Development (Current)</td>
<td>Valued Engineering</td>
<td>$40 K</td>
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<tr>
<td>Construction</td>
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<td>$0</td>
<td>0%</td>
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</tbody>
</table>

Current East Entrance
RP-1 Headworks Sump Pump Redundancy
Project Goal: Improve efficiency and reliability

Total Project Budget: $150 K
Project Completion: June 2020
Design Percent Complete: 90%

<table>
<thead>
<tr>
<th>Phase</th>
<th>Consultant/Contractor</th>
<th>Current Contract</th>
<th>Amendments/Change Orders</th>
</tr>
</thead>
<tbody>
<tr>
<td>Design</td>
<td>In-House</td>
<td>N/A</td>
<td>N/A</td>
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<tr>
<td>Construction</td>
<td>TBD</td>
<td>$0</td>
<td>0%</td>
</tr>
</tbody>
</table>
RP-1 MCB and Old Lab Building Rehab
Project Goal: Improve Efficiency

Total Project Budget: $1.6 M
Project Completion: June 2021
Design Percent Complete: 0%

<table>
<thead>
<tr>
<th>Phase</th>
<th>Consultant/Contractor</th>
<th>Current Contract</th>
<th>Amendments/Change Orders</th>
</tr>
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<tbody>
<tr>
<td>Design</td>
<td>TBD</td>
<td>$0</td>
<td>0%</td>
</tr>
<tr>
<td>(Current)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Construction</td>
<td>TBD</td>
<td>$0</td>
<td>0%</td>
</tr>
</tbody>
</table>

Existing Lab
1. Call to Order
   
   (a) Invocation: Eduardo Garcia, Associate Chemist, Water Systems Operations

   (b) Pledge of Allegiance: Director Stephen Faessel

2. Roll Call

3. Determination of a Quorum

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

5. OTHER MATTERS

   A. Approval of the Minutes of the Adjourned Meeting for November 5, 2019 and the Minutes of the Special Board Meeting on November 12, 2019 (Copies have been mailed to each Director)

      Any additions, corrections, or omissions

   B. Report on Directors' events attended at Metropolitan expense for month of November 2019

   C. Approve committee assignments

Date of Notice: November 21, 2019
D. Approve Commendatory Resolutions for Directors Frank M. Heldman representing Central Basin Municipal Water District; and Glen C. Dake representing the City of Los Angeles

E. Presentation of 10-year Service Pin to Director Brett R. Barbre

F. Chainwoman’s Monthly Activity Report

6. DEPARTMENT HEADS’ REPORTS

A. General Manager’s summary of activities for the month of November 2019

B. General Counsel’s summary of activities for the month of November 2019

C. General Auditor’s summary of activities for the month of November 2019

D. Ethics Officer’s summary of activities for the month of November 2019

7. CONSENT CALENDAR ITEMS — ACTION

7-1 Authorize an agreement with Industrial Electric Machinery in an amount not-to-exceed $350,000 to provide condition assessments for the main pump motors at the Colorado River Aqueduct pumping plants; the proposed action is in furtherance of a project that the Board previously determined is exempt or otherwise not subject to CEQA. (E&O)

7-2 Approve amendments to the Metropolitan Water District Administrative Code to conform to current law, practices and regulations; the General Manager has determined the proposed action is exempt or otherwise not subject to CEQA. (L&G)

7-3 Approve write off of $1,446,292.60 in uncollectible costs; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA. (L&G)
7-4 Authorize filing claims with the federal government for the recovery of costs resulting from damages to Metropolitan infrastructure due to the crash of a military helicopter in the amount of approximately $315,000; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA. (L&C)

7-5 Express support for establishing the California Water Data Consortium and approve funding of $200,000 to make The Metropolitan Water District of Southern California a founding member; the General Manager has determined the proposed action is exempt or otherwise not subject to CEQA. (WP&S)

END OF CONSENT CALENDAR

8. OTHER BOARD ITEMS — ACTION

8-1 Adopt Twenty-Third Supplemental Resolution to the Master Revenue Bond Resolution authorizing the issuance of up to $270 million of Water Revenue Bonds, 2020 Series; and approve expenditures to fund the costs of issuance of the Bonds of approximately $2 million; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA. (F&I)

8-2 Direct staff: (1) to incorporate the use of the 2019/20 fiscal-year-end balance of the Water Stewardship Fund to fund all demand management costs in the proposed Fiscal Years 2020/21 and 2021/22 Biennial Budget; and (2) to not incorporate the Water Stewardship Rate, or any other rates or charges to recover demand management costs, with the proposed rates and charges for calendar years 2021 and 2022; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA. (F&I)
8-3 Award $5,316,900 contract to Gracon LLC to rehabilitate the discharge structure at Gene Wash Reservoir; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA. (E&O)

8-4 Award two procurement contracts for the seismic upgrade of the Casa Loma Siphon Barrel No. 1: (1) $9,237,782 procurement contract to Kubota Corporation to provide Earthquake Resistant Ductile Iron Pipe; and (2) $6,134,207.50 procurement contract to Northwest Pipe Company to provide steel pipe; and authorize $300,000 increase to an agreement with Carollo Engineers, Inc., for a new not-to-exceed total of $2.5 million, for technical support during procurement; the proposed action is in furtherance of a project that was previously determined to be exempt or otherwise not subject to CEQA. (E&O)

8-5 Adopt State Legislative Priorities and Principles for 2020; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA. (C&L)

8-6 Adopt Federal Legislative Priorities and Principles for 2020; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA. (C&L)

8-7 Authorize the General Manager to enter into agreements with Bard Water District and farmers within Bard Unit, to provide incentives for land fallowing related to the Bard Seasonal Fallowing Program, for up to $1.4 million in 2020 and escalated annually through 2026; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA. (WP&S)

8-8 Authorize amendments to agreements with Desert Water Agency and Coachella Valley Water District regarding the exchange and delivery of water; the General Manager has determined that these actions are exempt or otherwise not subject to CEQA. (WP&S)

Date of Notice: November 21, 2019
8-9  Review and consider the City of San Diego’s certified Final EIR/EIS and take related CEQA actions, and authorize the General Manager to enter into a Local Resources Program Agreement with the San Diego County Water Authority and the City of San Diego for San Diego Pure Water North City Project Phase 1. (WP&S)

9.  BOARD INFORMATION ITEMS

9-1  Update on Conservation Program

10. FOLLOW-UP ITEMS

11. FUTURE AGENDA ITEMS

12. ADJOURNMENT

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

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

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

Date of Notice: November 21, 2019
AGENCY REPRESENTATIVES' REPORTS

6D
CHINO BASIN WATERMASTER
WATERMASTER BOARD MEETING
11:00 a.m. – November 21, 2019
Mr. Jeff Pierson – Chair
Mr. Darron Poulsen – Vice-Chair
At The Offices Of
Chino Basin Watermaster
9641 San Bernardino Road
Rancho Cucamonga, CA 91730

AGENDA

CALL TO ORDER

PLEDGE OF ALLEGIANCE

PUBLIC COMMENTS

RECOGNITION OF OUTGOING MEMBER’S SERVICE ON WATERMASTER BOARD

AGENDA - ADDITIONS/REORDER

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

A. MINUTES
   Approve as presented:
   1. Minutes of the Watermaster Board Meeting held October 24, 2019

B. FINANCIAL REPORTS
   Receive and file as presented:
   1. Cash Disbursements for the month of September 2019
   2. Watermaster VISA Check Detail for the month of September 2019
   3. Combining Schedule for the Period September 1, 2019 through September 30, 2019
   5. Budget vs. Actual Report for the Period September 1, 2019 through September 30, 2019

C. APPLICATION FOR RECHARGE – JURUPA COMMUNITY SERVICES DISTRICT
   Approve the Application for Recharge and direct Watermaster staff to account for this supplemental water recharged in Jurupa Community Services District’s existing Local Supplemental Storage account.

II. BUSINESS ITEMS
A. FISCAL YEAR 2019/20 ASSESSMENT PACKAGE
   Approve the Fiscal Year 2019/20 Assessment Package as presented, including the levying of assessments for production year 2018/19 Desalter Replenishment Obligation.

B. RESOLUTION TO LEVY REPLENISHMENT AND ADMINISTRATIVE ASSESSMENTS FOR FISCAL YEAR 2019/20
   Adopt Resolution 2019-06 as presented.

Watermaster’s function is to administer and enforce provisions of the Judgment and subsequent orders of the Court, and to develop and implement an Optimum Basin Management Program
C. 2018/19 ANNUAL REPORT OF THE GROUND-LEVEL MONITORING COMMITTEE
   Approve the 2018/19 Annual Report of the Ground-Level Monitoring Committee, along with filing a copy with the Court.

III. REPORTS/UPDATES
   A. LEGAL COUNSEL REPORT
      1. December 13, 2019 Court Hearing
      2. Ely 3 Basin Complaint
   
   B. ENGINEER REPORT
      1. 2020 Safe Yield Reset
      2. Request for MS4 Data/Information
   
   C. CFO REPORT
      2. Fiscal Year 2019/20 Assessment Invoicing
   
   D. GM REPORT
      1. Status Report: OBMP Update
      3. Other
   
IV. INFORMATION
   1. Cash Disbursements for October 2019

V. BOARD MEMBER COMMENTS

VI. OTHER BUSINESS

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

VIII. FUTURE MEETINGS AT WATERMASTER
   11/19/19 Tue 1:30 p.m.  Groundwater Recharge Coordinating Committee (GRCC–held at CBWCD)
   11/21/19 Thu 8:00 a.m.  Appropriative Pool Strategic Planning (Confidential Session Only)
   11/21/19 Thu 9:00 a.m.  Advisory Committee
   11/21/19 Thu 11:00 a.m. Watermaster Board*
   12/11/19 Wed 9:00 a.m.  OBMP Update Listening Session 8
   12/12/19 Thu 9:00 a.m.  Appropriative Pool
   12/12/19 Thu 11:00 a.m. Non-Agricultural Pool
   12/12/19 Thu 1:30 p.m.  Agricultural Pool
   12/19/19 Thu 9:00 a.m.  Advisory Committee
   12/19/19 Thu 11:00 a.m. Watermaster Board**

*Rescheduled from 11/28/19 due to the Thanksgiving holiday
**Rescheduled from 12/26/19 due to the Christmas holiday

ADJOURNMENT

Watermaster’s function is to administer and enforce provisions of the Judgment and subsequent orders of the Court, and to develop and implement an Optimum Basin Management Program.
PLANNING & ENVIRONMENTAL RESOURCES

A. Imported Water

Full Service Imported Water Deliveries Summary
(FY 2008/09 to 2019/20)

B. Reclamation System
Regional Plants 1, 4, 5 and Carbon Canyon Water Recycling Facility met all the NPDES requirements and effluent/recycled water limitations.

1. The Agency-wide average sewer influent flow for the month of November 2019 was 49.7 million gallons per day (mgd) (preliminary value), which is a 1.6 mgd increase from the October 2019 total influent flow.
2. The discharge permit effluent limit for total dissolved solids (TDS) is 550 mg/L. The 12-month running average TDS value for November 2019 was 472 mg/L (preliminary value).

3. The discharge permit effluent limit for total inorganic nitrogen (TIN) is 8 mg/L. The 12-month running average TIN value for November 2019 was 4.5 mg/L (preliminary value).

On November 25, 2019, a Category 1 SSO of approximately 37,000 gallons occurred at the intersection of 5th Street and Berlyn Avenue. The spill appearance point was a manhole. The cause of the spill was attributed to not taking proper precautions when opening a flange to a pressurized NRWS pipeline. A portion of the flows were recovered and returned to a collection system.

**Air Quality**
There were no reportable incidents relating to air quality compliance during the month of November 2019. IEUA is awaiting notices from the SCAQMD Legal Department for the RP-1 violations received in December 2017.
INLAND EMPIRE REGIONAL COMPOSTING FACILITY

A. Operational Comments
Facility throughput for November averaged approximately 90% of permitted capacity at an average of 404 tons per day of biosolids and 128 tons per day of amendments (based on the 30-day month-to-date). Biosolids volumes are on target for the fiscal year. The facility is operating well with no violations, environmental compliance issues, or lost-time incidents.

B. Biosolids Summary

<table>
<thead>
<tr>
<th>SOURCE</th>
<th>WET TONS MONTH</th>
<th>WET TONS FISCAL YEAR-TO-DATE</th>
<th>REVENUE MONTH</th>
<th>REVENUE FISCAL YEAR-TO-DATE</th>
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<tr>
<td>Los Angeles County Sanitation District</td>
<td>5,507.70</td>
<td>29,391.29</td>
<td>$308,431.20</td>
<td>$1,645,912.24</td>
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<tr>
<td>Inland Empire Utilities Agency</td>
<td>5,911.12</td>
<td>29,235.12</td>
<td>$331,022.72</td>
<td>$1,637,166.72</td>
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<tr>
<td>Orange County Sanitation District</td>
<td>689.92</td>
<td>3,707.81</td>
<td>$40,015.36</td>
<td>$215,052.98</td>
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<tr>
<td>TOTAL</td>
<td>12,108.74</td>
<td>62,334.22</td>
<td>$679,469.28</td>
<td>$3,498,131.94</td>
</tr>
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</table>

C. Compost Summary
Sales volumes were increased from last year. Inventory is currently at 4,500 cubic yards. Inventory is projected to be depleted over the next two months from pending orders. Sales are projected to exceed production through the winter to meet the demands of the agriculture markets.

D. Compost Monthly Sales

<table>
<thead>
<tr>
<th>CUBIC YARDS</th>
<th>$/CUBIC YARD</th>
<th>TOTAL REVENUE</th>
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</thead>
<tbody>
<tr>
<td>25,873.18</td>
<td>$1.04</td>
<td>$26,834.01</td>
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</tbody>
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E. Fiscal Year-To-Date Sales Summary

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<th></th>
<th></th>
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<tbody>
<tr>
<td>July</td>
<td>15,197.96</td>
<td>14,910.11</td>
<td>$26,993.99</td>
<td>$24,972.01</td>
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<tr>
<td>August</td>
<td>18,235.92</td>
<td>15,194.50</td>
<td>$47,097.00</td>
<td>$28,866.84</td>
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<tr>
<td>September</td>
<td>11,554.41</td>
<td>17,728.97</td>
<td>$18,735.36</td>
<td>$24,979.50</td>
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<tr>
<td>October</td>
<td>24,986.59</td>
<td>19,523.68</td>
<td>$37,115.24</td>
<td>$28,489.44</td>
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<tr>
<td>November</td>
<td>25,873.18</td>
<td>22,037.03</td>
<td>$26,834.01</td>
<td>$28,310.45</td>
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<tr>
<td>TOTAL</td>
<td>95,848.06</td>
<td>89,394.29</td>
<td>$156,775.60</td>
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<tr>
<td>AVERAGE</td>
<td>19,169.61</td>
<td>17,878.86</td>
<td>$31,355.12</td>
<td>$27,123.65</td>
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</table>
RECYCLED WATER

A. **Groundwater Recharge – November 2019**
During November 2019, recycled water recharge totaled 1,316 acre-feet. Rain occurred over 4 days late in the month with stormwater and dry weather flow captures preliminarily estimated at 1,400 acre-feet. Recharge of imported water from MWD totaled 1,204 acre-feet. For supplemental water deliveries (imported and recycled), Chino Basin Watermaster will remove 1.5% for evaporation losses during the month of November. Considering evaporation losses, total recharge for the month is preliminarily estimated at 3,882 acre-feet.

![Total Groundwater Recharge – through November 2019](image)

![Recycled Water Delivered to Groundwater Recharge – through November 2019](image)
B. Recycled Water Distribution – November 2019
During November 2019, 59% (29.8 MGD) of IEUA recycled water supply (50.2 MGD) was delivered into the distribution system for direct use customers (15.5 MGD) and groundwater recharge (14.3 MGD). Plant discharge to creeks feeding the Santa Ana River averaged 20.4 MGD.
GRANTS UPDATE

A. Grant/Loan Applications Submitted:
   1. On November 1, the Santa Ana Watershed Project Authority (SAWPA) submitted an application to the Department of Water Resources (DWR) for projects providing regional benefits as part of the Integrated Regional Water Management (IRWM) program. The IEUA-JCSD Recycled Water Intertie Project was one of the projects included in the application, with a recommended award of $2.6 million. The program is expected to announce awards in mid-2020.

B. Grant/Loan Applications in Process:
   None.

C. Grant/Loan Agreement Negotiation:
   1. On November 5, Grants and Finance management staff, along with IEUA’s financial and legal consulting team, participated in a kickoff call with the Environmental Protection Agency (EPA) to begin the negotiation process for the $178 million Water Infrastructure Finance and Innovation Act (WIFIA) loan agreement that will provide low-interest funding for the RP-5 Expansion Project. The loan agreement is expected to be finalize in the spring of 2020.

D. Grant Reimbursements Processed and Reporting Activities:
   1. Grant reimbursements were processed for:
      - SWRCB - Chino Basin Improvement & Groundwater Clean-Up Project Invoice #3 for $268,733.16
      - SWRCB – Storm Water: Wineville, Jurupa and RP-3 Basin Improvements and Pumping and Conveyance System Project Invoice #5 for $13,287.22
      - SAWPA/DWR – Regional Residential Landscape Retrofit Invoice #20 for $2,975.62

E. Other Department Activities:
   1. Grants and Planning staff participated in a call with US Bureau of Reclamation (USBR) staff to discuss comments stemming from the USBR’s review of IEUA’s Drought Contingency Plan, which was partially funded through a USBR Drought Response Program grant. The USBR complimented the quality of the Drought Contingency Plan and offered several comments for incorporation into the final document, which is expected to be finalized by March 2020.
ENGINEERING AND CONSTRUCTION MANAGEMENT DEPARTMENT
Engineering and Construction Management’s current FY 2019/20 budget is $99,354,685. As of November 30th, staff has projected to spend $67,899,575 (~68%).

The accompanying attachments have detailed information for IEUA’s capital improvement program.
- Attachment A: Bid and Award Look Ahead Schedule
- Attachment B: Active Capital Improvement Project Status
- Attachment C: Emergency Projects
# Attachment A

## Bid and Award Look Ahead Schedule

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Project Bid Opening Date</th>
<th>Project Bid Award Date</th>
</tr>
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<tbody>
<tr>
<td>1. EN200014.00/EN20015.00 Collection System/NRWS Manhole Upgrades - 10/20</td>
<td>4-Dec-19</td>
<td>15-Jan-20</td>
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<tr>
<td>2. EN19027.00 NRW Pipeline Relining Along Cacoma City Creek</td>
<td>8-Jan-20</td>
<td>19-Feb-20</td>
</tr>
<tr>
<td>3. EN17043.00 RP 1 Primary Clarifier Rehab</td>
<td>9-Dec-19</td>
<td>19-Feb-20</td>
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<tr>
<td>4. EN17110.00 RP 4 Process Improvements</td>
<td>12-Dec-19</td>
<td>19-Feb-20</td>
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<tr>
<td>5. EN22002.00 NRW East End Flowmeter Replacement</td>
<td>16-Jan-20</td>
<td>18-Mar-20</td>
</tr>
<tr>
<td>6. EN19525.00 Regional Force Main Improvements</td>
<td>20-Jan-20</td>
<td>18-Mar-20</td>
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<tr>
<td>7. EN18005.00 RP 1 Flare Improvements</td>
<td>28-Feb-20</td>
<td>15-Apr-20</td>
</tr>
<tr>
<td>8. EN19006.00 RP 5 Bosunida Facility/EN19011.00 RP 5 Expansion to 30 mgd</td>
<td>4-Mar-20</td>
<td>15-Apr-20</td>
</tr>
<tr>
<td>9. EN23002.00 Philadelphia Lift Station Force Main Improvements</td>
<td>13-Feb-20</td>
<td>15-Apr-20</td>
</tr>
<tr>
<td>10. EN17041.00 Orchard Recycled Water Turnout Improvements</td>
<td>4-Mar-20</td>
<td>20-May-20</td>
</tr>
<tr>
<td>11. FM20002.00 Agency Wide Roofing</td>
<td>13-Feb-20</td>
<td>20-May-20</td>
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<tr>
<td>12. EN20037.00 Agency Wide Chemical Containment Coating Rehabilitation</td>
<td>8-Apr-20</td>
<td>20-May-20</td>
</tr>
<tr>
<td>13. EN20008.00 HQ Parking Lot FY19/20</td>
<td>27-Mar-20</td>
<td>20-May-20</td>
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<td>14. EN20058.00 RP 1 Waste Wash Water Basin Pumps Replacement</td>
<td>7-May-20</td>
<td>18-Jun-20</td>
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<tr>
<td>15. RW15003.06 Wineville/Jacqua Force Main Improvements (RMPU PID 23a)</td>
<td>8-May-20</td>
<td>15-Jul-20</td>
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<tr>
<td>16. RW15003.07 Montclair Basin Improvements (RMPU PID 2)</td>
<td>7-May-20</td>
<td>15-Jul-20</td>
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<td>17. EN20041.00 RP 1 TR-1 Beache Mising Repair</td>
<td>3-Jun-20</td>
<td>15-Jul-20</td>
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<td>18. EN20055.00 CCWRF Tertiary Panel Rebuild</td>
<td>30-Jun-20</td>
<td>19-Aug-20</td>
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<td>19. EN20040.00 HQ Driveaway Improvements</td>
<td>18-Jun-20</td>
<td>16-Sep-20</td>
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<td>20. EN20056.00 RSS Haven Avenue Repairs</td>
<td>5-Aug-20</td>
<td>16-Sep-20</td>
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<tr>
<td>21. EN20051.00 RP 1 MCB and Old Lab Building Rehab</td>
<td>3-Aug-20</td>
<td>16-Sep-20</td>
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</tbody>
</table>
Attachment B
Active Capital Improvement Project Status

### Design Schedule Performance
- 76% On-Time
- 0% Recovery in Progress
- 24% Behind Schedule

### Construction Schedule Performance
- 79% On-Time
- 0% Recovery in Progress
- 21% Behind Schedule

<table>
<thead>
<tr>
<th>No.</th>
<th>Project ID</th>
<th>Project Title</th>
<th>Total Expenditures thru 11/30/2019 ($)</th>
<th>Total Project Budget ($)</th>
<th>Project Schedule Performance</th>
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<th>Schedule Recovery Plan</th>
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<tr>
<td>1</td>
<td>FM20001</td>
<td>HQ Interior Replacements</td>
<td>24,485</td>
<td>320,000</td>
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<td>FA20001</td>
<td>Agency Wide Paving</td>
<td>4,425</td>
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<td>WC Asset Management (Assessment Only)</td>
<td>47,141</td>
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<td>Fre-Design</td>
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<td>4</td>
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<td>5</td>
<td>EN20054</td>
<td>Agency Wide Chemical Containment Coating Evaluation</td>
<td>7,220</td>
<td>50,000</td>
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<td>Fre-Design</td>
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<td>6</td>
<td>EN19020</td>
<td>Asset Management Planning Document</td>
<td>201,957</td>
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<td>Fre-Design</td>
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<td>7</td>
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<td>Agency Wide Roofing</td>
<td>35,389</td>
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<td>8</td>
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<td>Agency Wide Pavement Management Study</td>
<td>36,738</td>
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<td>9</td>
<td>EN11009</td>
<td>RP-1 Disinfection Pump Improvements</td>
<td>1,018,251</td>
<td>8,490,000</td>
<td>On-Time</td>
<td>Design</td>
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<tr>
<td>10</td>
<td>EN20034.02</td>
<td>RP-5 IPE Guide Rail</td>
<td>3,577</td>
<td>-</td>
<td>On-Time</td>
<td>Bid and Award</td>
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</table>

The quote received from the original call consultant was higher than expected and additional quotes were requested from consultants for comparison. Project is behind by 30 days and will be recovered during design.
### Agency-Wide (Cont.)

<table>
<thead>
<tr>
<th>No.</th>
<th>Project ID</th>
<th>Project Title</th>
<th>Total Expenditures thru 12/30/2019 ($)</th>
<th>Total Project Budget ($)</th>
<th>Project Schedule Performance</th>
<th>Status</th>
<th>Schedule Recovery Plan</th>
</tr>
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<tbody>
<tr>
<td>11</td>
<td>EN20035.01</td>
<td>RP-4 CCB Instrumentation Relocation (Budget is in EN20035)</td>
<td>8,562</td>
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<td>On-Time</td>
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<tr>
<td>12</td>
<td>EN20036.01</td>
<td>Carpenter Avenue 30-inch RWW Line Restoration (Budget is in EN20036)</td>
<td>11,959</td>
<td></td>
<td>On-Time</td>
<td>Construction</td>
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<tr>
<td>13</td>
<td>EN17020.05</td>
<td>Agency-Wide Recycled Water System Repairs and Improvements (Budget is in EN17020)</td>
<td>4,029</td>
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<td>On-Time</td>
<td>Project Acceptance</td>
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<tr>
<td>14</td>
<td>EN17080</td>
<td>System Cathodic Protection Improvements</td>
<td>1,020,964</td>
<td>3,540,851</td>
<td>Behind Schedule</td>
<td>Project Acceptance</td>
<td>The project is in PACD. There will be no recovery. The final activity is closing out punch list items.</td>
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<tr>
<td>15</td>
<td>EN13016</td>
<td>SCADA Enterprise System</td>
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<td>Closed</td>
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<tr>
<td>16</td>
<td>EN17020</td>
<td>WC On-Call Operations and Maintenance Support</td>
<td>-</td>
<td>2,045,000</td>
<td>On-Time</td>
<td>N/A</td>
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<td>17</td>
<td>EN19024</td>
<td>Collection System Asset Management (Assessment Only)</td>
<td>85,430</td>
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<td>18</td>
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<td>19</td>
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<td>RO Safety Operations and Maintenance Projects FY19/20</td>
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<td>0.00%</td>
<td>Not Started</td>
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<td>20</td>
<td>EN20036</td>
<td>WC On-Call/Small Projects FY 19/20</td>
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<td>0.00%</td>
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**Totals**: 2,596,754 40,747,415

### Carbon Canyon

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<th>Project Title</th>
<th>Total Expenditures thru 12/30/2019 ($)</th>
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<th>Schedule Recovery Plan</th>
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<tbody>
<tr>
<td>21</td>
<td>EN20055</td>
<td>CCWRF Teritary Panel Rebuild</td>
<td>6,885</td>
<td>170,000</td>
<td>On-Time</td>
<td>Project Evaluation</td>
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<td>22</td>
<td>FVX0139</td>
<td>CCWRF Headworks Electrical Replacement</td>
<td>39,005</td>
<td>300,000</td>
<td>On-Time</td>
<td>Construction</td>
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**Totals**: 45,990 479,000

### Chino Desalter Authority (CDA)

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<th>No.</th>
<th>Project ID</th>
<th>Project Title</th>
<th>Total Expenditures thru 12/30/2019 ($)</th>
<th>Total Project Budget ($)</th>
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<tbody>
<tr>
<td>23</td>
<td>EN1001/21</td>
<td>TCE Flume Chest</td>
<td>13,011,265</td>
<td>21,290,000</td>
<td>On-Time</td>
<td>Design</td>
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**Totals**: 13,011,265 21,290,000

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General Manager’s Report
December 18, 2019
Page 10 of 15
### Collections

<table>
<thead>
<tr>
<th>No.</th>
<th>Project ID</th>
<th>Project Title</th>
<th>Total Expenditures thru 11/30/2019 ($)</th>
<th>Total Project Budget ($)</th>
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<th>Schedule Recovery Plan</th>
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</thead>
<tbody>
<tr>
<td>24</td>
<td>EN19038</td>
<td>NRW Manhole and Pipeline Condition Assessment</td>
<td>46,681</td>
<td>915,000</td>
<td>Recovery in Progress</td>
<td>Project Evaluation</td>
<td>The project was delayed because staff needed additional time and effort to complete the project scope of work. The project will be re-baselined as soon as the MIP document is released which scheduled for Dec. 4, 2019.</td>
</tr>
<tr>
<td>25</td>
<td>EN20056</td>
<td>RSS Haven Avenue Repair &amp; Replacement</td>
<td>12,011</td>
<td>6,000,000</td>
<td>On-Time</td>
<td>Consultant Contract Award</td>
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<tr>
<td>26</td>
<td>EN30034</td>
<td>NRW Manhole Upgrades - 29/20</td>
<td>26,512</td>
<td>200,000</td>
<td>On-Time</td>
<td>Design</td>
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<tr>
<td>27</td>
<td>EN19025</td>
<td>Regional Force Main Improvements</td>
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<td>4,173,000</td>
<td>On-Time</td>
<td>Design</td>
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<tr>
<td>28</td>
<td>EN22002</td>
<td>NRW East End Flowmeter Replacement</td>
<td>360,336</td>
<td>1,066,985</td>
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<td>Design</td>
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<tr>
<td>29</td>
<td>EN35002</td>
<td>Philadelphia Lift Station Force Main Improvements</td>
<td>446,127</td>
<td>18,848,000</td>
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<td>Design</td>
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<tr>
<td>30</td>
<td>EN19027</td>
<td>NRW/Pipeline Relining Along Curritucka Creek</td>
<td>87,668</td>
<td>2,395,000</td>
<td>Recovery in Progress</td>
<td>Design</td>
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<td>31</td>
<td>EN20015</td>
<td>Collection System Upgrades 18/20</td>
<td>13,052</td>
<td>500,000</td>
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<td>Null and Award</td>
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<tr>
<td>32</td>
<td>EN19041</td>
<td>San Bernardino Lift Station Facility Improvements</td>
<td>44,525</td>
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<td>Construction</td>
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<tr>
<td>33</td>
<td>EN20059</td>
<td>Pradi Lift Station Clean-out and Overflow Design and Construction</td>
<td>25,573</td>
<td>121,000</td>
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<td>Project Acceptance</td>
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<td><strong>Totals</strong></td>
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<td><strong>1,753,433</strong></td>
<td><strong>35,137,985</strong></td>
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### Groundwater Recharge

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<th>Total Expenditures thru 11/30/2019 ($)</th>
<th>Total Project Budget ($)</th>
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<th>Schedule Recovery Plan</th>
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<tbody>
<tr>
<td>34</td>
<td>RW15003.03</td>
<td>Montclair Basin Improvements (Budget is in RW15003)</td>
<td>257,329</td>
<td>-</td>
<td>Recovery in Progress</td>
<td>Design</td>
<td>Obtaining all regulatory permits is taking more time than originally anticipated. The project schedule will be re-baselined after a contract is awarded.</td>
</tr>
<tr>
<td>35</td>
<td>RW15003.06</td>
<td>Winneville/Burupa Force Main Improvements (Budget is in RW15003)</td>
<td>1,391,765</td>
<td>-</td>
<td>On-Time</td>
<td>Design</td>
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<tr>
<td>36</td>
<td>RW15004</td>
<td>Lower Day Basin Improvements</td>
<td>564,821</td>
<td>4,008,000</td>
<td>Recovery in Progress</td>
<td>Bid and award</td>
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<td>37</td>
<td>RW15003.05</td>
<td>RP-3 Basin Improvements (Budget is in RW15003)</td>
<td>847,156</td>
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<td>On-Time</td>
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<td>38</td>
<td>RW15003</td>
<td>Recharge Master Plan Update</td>
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<td>16,417,000</td>
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<td><strong>Totals</strong></td>
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<td><strong>3,840,675</strong></td>
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### Headquarters

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<th>Schedule Recovery Plan</th>
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<tr>
<td>39</td>
<td>IN20040</td>
<td>HQ Driveway Improvements</td>
<td>21,705</td>
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<td>40</td>
<td>IN20008</td>
<td>HQ Parking Lot FY19/20</td>
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<td><strong>Totals</strong></td>
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### IERCF

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<tbody>
<tr>
<td>41</td>
<td>RA15001.01</td>
<td>IERCF Duct Work Phase 1 (Budget is in RA15001)</td>
<td>126,400</td>
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<td>On-Time</td>
<td>Construction</td>
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<tr>
<td>42</td>
<td>RA17007.01</td>
<td>IERCF Design Build Wash Pad Cover (Budget is in RA17007)</td>
<td>46,965</td>
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<td>43</td>
<td>RA19002</td>
<td>IERCF Trommel Screen Improvements</td>
<td>1,389,488</td>
<td>1,600,000</td>
<td>Behind Schedule</td>
<td>Construction</td>
<td>The project is waiting on completion of one punch list item. Recovery is not possible. Staff are working with contractor to resolve the item and complete the work.</td>
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<tr>
<td>44</td>
<td>RA15001</td>
<td>IERCF Baghouse and Dust Collection System Enhancements</td>
<td>-</td>
<td>1,790,000</td>
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<td>45</td>
<td>RA17007</td>
<td>IERCF Building Improvements</td>
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<td>550,000</td>
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<td><strong>1,562,792</strong></td>
<td><strong>3,850,000</strong></td>
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### Regional Water Recycling Plant No. 1 (RP-1)

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<th>No.</th>
<th>Project ID</th>
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<th>Total Expenditures thru 12/30/2019 ($)</th>
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<tbody>
<tr>
<td>46</td>
<td>EN20058</td>
<td>RP-1 TP-1 Waste Wash Water Basin Pumps Replacement</td>
<td>6,113</td>
<td>650,000</td>
<td>Recovery In Progress</td>
<td>Consultant Award</td>
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<td>47</td>
<td>EN19043</td>
<td>RP-1 Centrifuge Fuel Air Line</td>
<td>1,777</td>
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<td>48</td>
<td>EN20041</td>
<td>RP-1 TP-1 Wash Mixing Repairs</td>
<td>57,768</td>
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<td>Pre-Design</td>
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<tr>
<td>49</td>
<td>EN20043</td>
<td>RP-1 Pipe Gallery Stavrooe Evaporation</td>
<td>7,986</td>
<td>150,000</td>
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<td>Pre-Design</td>
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<tr>
<td>50</td>
<td>EN19016.05</td>
<td>SCADA Enterprise System - (Regional Water Recycling Plant No. 3) (Budget is in EN19016)</td>
<td>539,976</td>
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<td>On-Time</td>
<td>Pre-Design</td>
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<td>51</td>
<td>EN17044</td>
<td>RP-1 12KV Switchgear and Generator Control Upgrades</td>
<td>1,495,447</td>
<td>5,870,284</td>
<td>Behind Schedule</td>
<td>Design</td>
<td>There has been manufacturer delay for control panels and 12kv gear. The schedule has been extended to 6-30-19 for final design and construction. The lost time cannot be recovered.</td>
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<tr>
<td>52</td>
<td>EN18006</td>
<td>RP-1 Flare Improvements</td>
<td>736,609</td>
<td>5,642,000</td>
<td>Recovery In Progress</td>
<td>Design</td>
<td>Staff is awaiting revised SCAGMD regulations to ensure compliance. After extensive flare supplier market research, only two flare suppliers were found that can meet SCAGMD emission requirements. One supplier was competitively preselected to ensure quality and compliance. The project will be re-baselined after construction contract award.</td>
</tr>
<tr>
<td>53</td>
<td>EN20042</td>
<td>RP-1 Headworks Sump Pump Rodunility</td>
<td>6,602</td>
<td>150,000</td>
<td>On-Time</td>
<td>Design</td>
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<tr>
<td>54</td>
<td>EN20060</td>
<td>RP-1 Plant 2 Sludge Piping Repair</td>
<td>2,117</td>
<td>140,000</td>
<td>On-Time</td>
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<tr>
<td>55</td>
<td>EN17082</td>
<td>Mechanical Restoration and Upgrades</td>
<td>840,009</td>
<td>10,646,000</td>
<td>On-Time</td>
<td>Construction</td>
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<tr>
<td>56</td>
<td>EN14043</td>
<td>1158 WWTP Upgrades</td>
<td>2,502,249</td>
<td>7,720,000</td>
<td>On-Time</td>
<td>Construction</td>
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<tr>
<td>57</td>
<td>EN15012.01</td>
<td>RP-1 Plant No. 2 Effluent Conveyance Improvements (Budget is in EN15012)</td>
<td>2,502,249</td>
<td>7,720,000</td>
<td>On-Time</td>
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<tr>
<td>58</td>
<td>EN17042</td>
<td>Digester 6 and 7 Roof Repairs</td>
<td>3,447,293</td>
<td>7,856,000</td>
<td>On-Time</td>
<td>Construction</td>
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<tr>
<td>59</td>
<td>EN14019</td>
<td>RP-1 Headworks Primary and Secondary Upgrades</td>
<td>9,640,024</td>
<td>9,750,000</td>
<td>On-Time</td>
<td>Project Acceptance</td>
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<td>60</td>
<td>EN15012</td>
<td>RP-1 Primary Effluent Conveyance Improvements</td>
<td>8,724,000</td>
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<td>On-Time</td>
<td>Warranty</td>
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<td><strong>Totals</strong></td>
<td><strong>19,644,663</strong></td>
<td><strong>57,263,248</strong></td>
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### Regional Water Recycling Plant No. 2 (RP-2)

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<th>Total Expenditures 11/30/2019 ($)</th>
<th>Total Project Budget ($)</th>
<th>Project Schedule Performance</th>
<th>Status</th>
<th>Schedule Recovery Plan</th>
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<tbody>
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<td><strong>Totals</strong></td>
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### Regional Water Recycling Plant No. 4 (RP-4)

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<th>Total Expenditures 11/30/2019 ($)</th>
<th>Total Project Budget ($)</th>
<th>Project Schedule Performance</th>
<th>Status</th>
<th>Schedule Recovery Plan</th>
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<tr>
<td>61</td>
<td>EN19010</td>
<td>RP-4 Influent Screen Replacement</td>
<td>72,197</td>
<td>3,090,000</td>
<td>On-Time</td>
<td>Design</td>
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<tr>
<td>62</td>
<td>EN17043</td>
<td>RP-4 Primary Clarifier Flothab</td>
<td>533,896</td>
<td>7,681,542</td>
<td>On-Time</td>
<td>Bid and Award</td>
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<td>63</td>
<td>EN17110</td>
<td>RP-4 Process Improvements</td>
<td>6,292,389</td>
<td>20,092,296</td>
<td>On-Time</td>
<td>Bid and Award</td>
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<tr>
<td>64</td>
<td>EN13016.03</td>
<td>SCADA Enterprise System - (Regional Water Recycling Plant No. 4) (Budget is in EN13016)</td>
<td>4,462,513</td>
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<td>On-Time</td>
<td>Construction</td>
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<tr>
<td>65</td>
<td>EN19029</td>
<td>RP-4 Outfall Pipeline</td>
<td>527,586</td>
<td>945,000</td>
<td>Outfall Scheduled</td>
<td>Construction</td>
<td>A combination of delays in obtaining multiplicity permits, shutdown delays caused by Ontario, and problems with contractor’s insurance have delayed the project. No recovery possible and a non-compensable time adjustment is being processed.</td>
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<td><strong>Totals</strong></td>
<td>11,888,580</td>
<td>32,628,918</td>
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### Regional Water Recycling Plant No. 5 (RP-5)

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<th>Project Title</th>
<th>Total Expenditures 11/30/2019 ($)</th>
<th>Total Project Budget ($)</th>
<th>Project Schedule Performance</th>
<th>Status</th>
<th>Schedule Recovery Plan</th>
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</thead>
<tbody>
<tr>
<td>66</td>
<td>EN19001</td>
<td>RP-5 Expansion to 30 mgd</td>
<td>11,435,738</td>
<td>175,000,000</td>
<td>On-Time</td>
<td>Bid and Award</td>
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<tr>
<td>67</td>
<td>EN19006</td>
<td>RP-5 Biosolids Facility</td>
<td>11,273,015</td>
<td>160,400,000</td>
<td>On-Time</td>
<td>Bid and Award</td>
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<tr>
<td>68</td>
<td>EN14043</td>
<td>RP-5 RW Pipeline Bottleneck</td>
<td>2,766,607</td>
<td>3,137,169</td>
<td>Bottled Schedule</td>
<td>Construction</td>
<td></td>
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<td>69</td>
<td>EN13016.04</td>
<td>SCADA Enterprise System - (Regional Water Recycling Plant No. 5) (Budget is in EN13016)</td>
<td>4,631,843</td>
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<td>On-Time</td>
<td>Project Acceptance</td>
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<tr>
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<td><strong>Totals</strong></td>
<td>30,967,233</td>
<td>343,537,169</td>
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<td>Project ID</td>
<td>Project Title</td>
<td>Total Expenditures thru 11/30/2019 ($)</td>
<td>Total Project Budget ($)</td>
<td>Project Schedule Performance</td>
<td>Status</td>
<td>Schedule Recovery Plan</td>
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<tr>
<td>EN15007</td>
<td>1158 Reservoir Site Cleanup</td>
<td>58,544</td>
<td>1,215,000</td>
<td>Recovery in Progress</td>
<td>Project Evaluation</td>
<td>The project scope is not defined yet. Staff is waiting for approval from Department of</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Toxic Substances Control (DTSC) on Southern California Edison facility investigation</td>
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<td></td>
<td>report. Project will be re-baselined once the scope has been defined.</td>
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<tr>
<td>EN17041</td>
<td>Orchard Recycled Water Turnout</td>
<td>186,867</td>
<td>477,000</td>
<td>Recovery in Progress</td>
<td>Design</td>
<td>A permit from Army Corps of Engineers (USACE) is taking longer to obtain than originally</td>
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</tr>
<tr>
<td></td>
<td>Improvements</td>
<td></td>
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<td></td>
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<td>planned. The project schedule will be baselined once the project is awarded and the</td>
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<td>contractor’s schedule is received.</td>
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<tr>
<td>EN22004</td>
<td>1158 East Reservoir Re-coating/painting and Upgrades</td>
<td>4,245</td>
<td>2,180,000</td>
<td>On-Time</td>
<td>Bid and award</td>
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<tr>
<td>EN21004</td>
<td>1158 West Reservoir Re-coating/painting and Upgrades</td>
<td>20,566</td>
<td>1,381,000</td>
<td>On-Time</td>
<td>Bid and award</td>
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<td>EN7049</td>
<td>Baseline RKPI Extension</td>
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<td>6,921,000</td>
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<td>Construction</td>
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<tr>
<td>WR15021</td>
<td>Napa Lateral</td>
<td>3,879,869</td>
<td>6,767,717</td>
<td>On-Time</td>
<td>Construction</td>
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<td>18,941,717</td>
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<td>Overall Totals</td>
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<td>575,511,472</td>
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# Attachment C

## Emergency Projects

<table>
<thead>
<tr>
<th>Project ID</th>
<th>Contractor</th>
<th>Task Order Description (Details of Circumstance and Cause of the Emergency)</th>
<th>Location</th>
<th>TO #</th>
<th>Original Not-to-Exceed / Estimate</th>
<th>Actual Cost thru 5/31/2019</th>
<th>Date of Award</th>
<th>Status</th>
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<td>CCWBF</td>
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<td>1</td>
<td>EN20017.01</td>
<td>CCWBF 3&quot; RW Line Break</td>
<td>CCWBF</td>
<td>TO-0019</td>
<td>22,500</td>
<td>14,987</td>
<td>10/1/2019</td>
<td>Inactive</td>
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<td>2</td>
<td>EN20062.00</td>
<td>Cleo Creek Wetlands Park Potable Water Line Leak Repair</td>
<td>HQ</td>
<td>TO-0018</td>
<td>10,000</td>
<td>5,121</td>
<td>9/30/2019</td>
<td>Complete</td>
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<table>
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<th>Contractor</th>
<th>Task Order Description</th>
<th>Details of the Circumstance/Cause of Emergency</th>
<th>Scope of Repair</th>
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Totals: 20,109