

**MINUTES OF THE REGULAR  
MEETING OF  
THE BOARD OF DIRECTORS  
OF  
THE INLAND EMPIRE UTILITIES AGENCY\*  
WEDNESDAY, MAY 18, 2011  
10:00 A.M.**

**DIRECTORS PRESENT:**

Terry Catlin, President  
Michael Camacho, Vice President  
Steven J. Elie, Secretary/Treasurer  
Gene Koopman  
Angel Santiago

**STAFF PRESENT:**

Thomas A. Love, General Manager  
Martha Davis, Executive Manager of Policy Development  
Craig Miller, Assistant General Manager  
Patrick Sheilds, Executive Manager of Operations  
Christina Valencia, Chief Financial Officer  
Joshua Aguilar, Associate Engineer  
Adham Almasri, Senior Engineer  
Rosemary Alvarado, Supervising Contracts and Programs Administrator  
Chris Berch, Manager of Planning and Environmental Compliance  
Tina Cheng, Budget Officer  
Parivash Dezhm, Manager of Pretreatment and Source Control  
Sondra Elrod, Public Information Officer  
Warren Green, Manager of Safety and Risk Management  
Gina Hillary, Manager of Human Resources  
Majid Karim, Deputy Manager of Engineering  
Arturo Landeros, Staff Internal Auditor I  
Randy Lee, Manager of Operations  
Beth Olhasso, LT Water Resources Analyst I  
Craig Parker, Manager of Engineering  
Craig Proctor, Pretreatment and Source Control Supervisor  
Lauramae Recupero, Supervisor of Engineering Administration  
Ryan Shaw, Associate Engineer  
Jamal Zughbi, Senior Engineer  
April Woodruff, Board Secretary

**OTHERS PRESENT:**

Susan Barajas, Agency Temp  
Jean Cihigoyenette, Cihigoyenette, Grossberg & Clouse  
Marten Hebert, Decon Water Technologies  
Mark Kinsey, Monte Vista Water District  
James Linthicum, Three Valleys MWD  
Mark Saposnik, Mission Linen  
Scott Slater, Brownstein Hyatt Farber Schreck LLP  
Karl Willig, Mission Linen

A regular meeting of the Board of Directors of the Inland Empire Utilities Agency\* was held at the office of the Agency, 6075 Kimball Avenue, Bldg. A., Chino, California on the above date.

President Catlin called the meeting to order at 10:02 a.m., and he led the pledge of allegiance to the flag. A quorum was present.

President Catlin stated that members of the public may address the Board.

Mr. Karl Willig, President of Mission Linen, stated the Mission Linen is an 81 year old company, headquartered in Santa Barbara and has been in business since 1930, with approximately 3,000 employees. He stated that Mission Linen operates more than 40 plants throughout California, with the largest plant located in Chino. Mr. Willig stated that during the last 6 years, there has been a doubling in the cost of cotton and fuel; however, the most significant increase in cost has been the discharge fee to IEUA, with the fees increasing by more than 925%. Willig stated that during this same period of time, Mission Linen has spent a lot of time, effort, and money to try to mitigate the impact that their discharge has on the environment, and was able to reduce their Biochemical Oxygen Demand (BOD) and Total Suspended Solids (TSS) by more than 50%.

Mission Linen's Senior Engineer, Mr. Mark Saposnik, gave a brief report on the increases in Mission Linen's charges, and the impact that Mission Linen has in terms of reduced TSS and BOD.

Mr. Willig stated that their concern is that the plant is losing money due to the dramatic increases in costs that Mission Linen has sustained. He stated that it is their conviction, based on personal research, that the charges are inappropriately imposed. Mr. Willig states that Mission Linen is not the primary causal factor in the increases of the discharge.

Mr. Marten Hebert, an independent engineer from Decon Water Technologies, retained by Mission Linen, provided a report on his evaluation of the costs.

President Catlin commented that he is very interested in this matter, and has been kept apprised by Agency staff with regards to this issue. He stated that he is the appointed Commissioner for the Agency on the SAWPA Commission, and has regular contact with Ms. Cantu. He invites Mission Linen's engagement from the technical side, as well as the business side, and would like to review the information collected by Mission Linen. President Catlin assured Mission Linen that the Agency will continue to investigate the situation and will continue to work with SAWPA on this issue.

President Catlin asked if there were any changes/additions/deletions to the agenda. There were no changes/additions/deletions to the agenda.

#### **EMPLOYEE RECOGNITION PRESENTATION**

Executive Manager of Operations, Patrick Sheilds, stated that on March 15, there was a small fire in the amendment hopper at the IERCF. Mr. Steve Dennis who was on duty, was the first responder, and was able to extinguish the fire, minutes before the fire department arrived. Mr. Sheilds stated that Mr. Steve Dennis is being recognized today by the Board of Directors for his quick thinking, which protected the equipment from extensive damage.

President Catlin presented Mr. Steve Dennis with a Certificate of Recognition and a day off with pay.

#### **CONSENT CALENDAR**

President Catlin asked if anyone wished to remove any item from the Consent Calendar. There was no one desiring to do so.

Upon motion by Director Santiago, seconded by Director Elie, and unanimously carried:

**M2011-5-4**

MOVED, approval of the Consent Calendar.

A. The Board approved the minutes from the May 4, 2011, regular Board meeting.

B. The Board approved the Treasurer's Report as submitted.

C. The Board adopted a position of support for:

- AB 359 (Huffman): Groundwater Management Plans, as amended on April 11;
- AB 741 (Huffman): Onsite Wastewater Disposal, as amended on April 11; and
- AB 467 (Eng): Environment – Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006, as amended on March 31.

D. The Board adopted a position of support for SB 489 (Wolk): Net Metering, and seek amendments that expand the proposed Net Metering Program.

E. The Board:

1. Removed a position of opposition to AB 134 (Dickinson): Sacramento Regional Sanitation District; and
2. Adopted a neutral position.

F. The Board:

1. Approved an engineering services contract amendment with MWH Americas, Inc. for the Northwest Area Recycled Water Projects, for the not-to-exceed amount of \$105,520; and
2. Authorized the General Manager to execute the contract amendment.

G. The Board:

1. Approved the Consulting Engineering Services Contract Award for the Agency-wide HVAC Improvements and Server Room Fire Suppression, Project No. EN11036, to Kitchell Corporation for the not-to-exceed amount of \$252,727; and
2. Authorized the General Manager to finalize and execute the contract.

*(continued)*

**M2011-5-4, continued**

H. The Board:

1. Awarded the construction contract for the CCWRF Rehabilitation of the Tertiary Filters, Project No. EN11041, to ERS Industrial Services for their low bid of \$335,670; and
2. Authorized the General Manager to execute the construction contract.

I. The Board:

1. Authorized the transfer of \$501,000 from the FY 2010/11 Regional Capital Improvement (RC) Fund budget, Project No. EN11017, Capital Improvements to RP-1, RP-2, CCWRF, RP-4 and RP-5, to the Regional Operation and Maintenance (RO) Funds, Project No. EN11045, CCWRF Rehabilitation of Secondary Clarifier Phase I;
2. Awarded the construction contract for the CCWRF Rehabilitation of Secondary Clarifier Phase 1, Project No. EN11045, to Sancon Engineering, Inc. for their low bid of \$661,160; and
3. Authorized the General Manager to execute the construction contract.

J. The Board:

1. Approved the RP-1 and RP-2 Boilers Prepurchase contract award to Southern California Boilers, Project No. EN11042 for the not-to-exceed amount of \$760,000; and
2. Authorized the General Manager to finalize and execute the contract.

**ACTION ITEMS**

**ADOPTION OF RESOLUTION NO. 2011-5-2, APPROVING THE SAWPA GENERAL AND SPECIFIC PROJECT BUDGET FOR FISCAL YEARS 2011/12 AND 2012/13**

Chief Financial Officer, Christina Valencia, stated that this is the SAWPA budget for the IEUA's contribution for their planning projects and administrative support. She stated that the budget was approved yesterday (May 17) by the SAWPA Commission. Ms. Valencia stated that SAWPA adopted a budget of \$1.6 million for FY 2011/12 and \$1.7 million for FY 2012/13. She stated that this is shared among the five member agencies, and IEUA's share is increasing by 7%, which is \$317,980 for FY 2011/12, and \$339,600 for FY 2012/13.

Ms. Valencia addressed questions brought up at the May 11 Finance, Legal, and Administration Committee meeting.

Regarding the USBR partnership study budget increasing from \$3,800 in FY 2011/12, to \$14,000 in FY 2012/13, and decreasing to \$10,800 in FY 2013/14, she stated the CFO of

SAWPA explained that SAWPA received a million dollar grant from USBR, and that there are additional contributions that are due to USBR - \$75,000 next year, and \$50,000 the following year, as well as administrative support, which are equally split between the five agencies.

Ms. Valencia stated that regarding the Federal and State Lobbying costs, and the reason that the cost is increasing in future years, the SAWPA CFO explains that staff spends a lot of time in Sacramento, not only pursuing additional grant funding, but researching proposed legislation that affect our region.

Upon motion by Director Santiago, seconded by Director Catlin, and unanimously carried:

**M2011-5-5**

MOVED, to:

1. Approve and ratify the Santa Ana Watershed Project Authority (SAWPA) biennial budget for Fiscal Years 2011/12 and 2012/13, as submitted; and
2. Adopt Resolution No. 2011-5-2, approving the SAWPA general and specific project budget for Fiscal Years 2011/12 and 2012/13.

**RESOLUTION NO. 2011-5-2  
RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND  
EMPIRE UTILITIES AGENCY\*, SAN BERNARDINO COUNTY,  
CALIFORNIA, APPROVING THE BUDGET OF THE SANTA ANA  
WATERSHED PROJECT AUTHORITY FOR FISCAL YEARS 2011/12  
AND 2012/13 (for full text, see Resolution Book)**

**ADOPTION OF RESOLUTION NO 2011-5-3, AUTHORIZING THE ELIMINATION OF THE REGIONAL POLICY COMMITTEE MEMBER'S COMPENSATION**

General Manager, Thomas A. Love, stated that this item was originally requested by Director Elie. He stated that as the IEUA Board approved a reduction to the Board members' compensation as part of the Agency's cost containment efforts, staff brought this item to the Regional Policy Committee. He reported that with a 4-0 vote, the Policy Committee agreed to recommend that the IEUA Board eliminate the Regional Policy Committee Members' compensation. Additionally, the Policy Committee suggested meeting on a quarterly basis, or as needed.

President Catlin stated that, in support of the Policy Committee's action, he will waive his fee as well.

Upon motion by Director Koopman, seconded by Director Catlin, and unanimously carried:

**M2011-5-6**

MOVED, to adopt Resolution No. 2011-5-3, authorizing the elimination of the Regional Policy Committee member's compensation.

*(continued)*

**M2011-5-6, continued**

**RESOLUTION NO. 2011-5-3  
RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND  
EMPIRE UTILITIES AGENCY\*, SAN BERNARDINO COUNTY,  
CALIFORNIA, AUTHORIZING THE ELIMINATION OF THE  
REGIONAL POLICY COMMITTEE MEMBERS COMPENSATION (for  
full text, see Resolution Book)**

**AWARD OF A BLANKET SUPPLY AGREEMENT TO MARCAB COMPANY, INC. FOR  
SUPPLY AND DELIVERY OF IRON SPONGE MEDIA**

Supervising Contracts and Programs Administrator, Rosemary Alvarado, stated the staff is recommending that the Board approve the issuance of a five-year blanket purchase agreement to Marcab Company, Inc. for the purchase and delivery of iron sponge media. She stated that the iron sponge is used to operate the scrubbers systems at RP-1 and RP-2. Ms. Alvarado reported that the Agency has been purchasing this product from Marcab since 2005. She stated that staff has issued numerous solicitations over the years for this product, as well as internet searches, which always resulted in a single response from Marcab representing the Connelly product. She reported that at the May 11, Finance, Legal and Administrative Committee meeting, a request was made to research other agencies to try and identify other manufacturers for this product. Ms. Alvarado stated that staff contacted LA County Sanitation District, Orange County Sanitation District, Eastern Municipal Water District, and West Basin Municipal Water District. She reported that the product that they used differed from what the Agency used. She noted that Eastern Municipal Water District uses a product provided out of a Texas company, and staff has requested a pricing list, as well as material safety data sheet. She reported that staff has not received a response.

Upon motion by Director Elie, seconded by Director Camacho, and unanimously carried:

**M2011-5-7**

MOVED, to:

1. Approve the issuance of a five-year blanket supply agreement to the firm of Marcab Company, Inc., covering the purchase and delivery of iron sponge media at the initial fixed unit price of \$20.21/cubic foot, plus sales tax; and
2. Authorize the Manager of Contracts and Procurement to issue said blanket supply agreement.

**INFORMATION ITEMS**

**ASSET MANAGEMENT LEVELS OF SERVICE (LOS)**

Supervisor of Engineering Administration, Lauramae Recupero, gave a PowerPoint presentation on the Asset Management Levels of Service. She highlighted: What are Levels of Service (LOS), Why Levels of Service, How IEUA created the LOS, IEUA's LOS by Line of Business, and the Next Steps. Ms. Recupero noted that this item will be presented for adoption at the June 15, 2011, Board of Directors meeting.

**FY 2011/12 PROPOSED BUDGET FOR INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY**

Budget Officer, Tina Cheng, gave a report on the FY 2011/12 proposed budget for the Inland Empire Regional Composting Authority (IERCF). She stated that the budget consists of the annual budget for FY 2011/12 and a forecast for the four ensuing fiscal years. She reported that there is no change proposed in the current processing rate of \$44 per ton for FY 2011/12.

**FY 2011/12 DRAFT BUDGET OVERVIEW OF ADMINISTRATIVE SERVICES, NON-RECLAIMABLE WASTEWATER, RECHARGE WATER, AND WATER RESOURCES FUNDS**

Chief Financial Officer, Christina Valencia, gave a PowerPoint overview on the FY 2011/12 Draft Budget of Administrative Services, Non-Reclaimable Wastewater, Recharge Water, and Water Resources programs. She highlighted the FY 2011/12 Key Assumptions, Program Budgets, and Contingency Budget Scenarios.

**CADIZ WATER SUPPLY PROJECT FINANCIALS**

Cadiz Chief Financial Officer, Mr. Timothy Shaheen, gave a PowerPoint presentation on the financial overview of Cadiz Inc. He highlighted the history of Cadiz, Inc., Corporate Overview, Assets, Landholdings, Budget/Cash on Hand, General and Administrative Costs, Debt, Debt Summary, Construction Costs, Timeline, and Water Provider Participation.

Discussion ensued regarding Cadiz Inc.'s financials, project, and challenges.

**THE FOLLOWING INFORMATION ITEMS WERE RECEIVED AND FILED BY THE BOARD:**

**TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR MARCH 2011**

**FY 2011/12 OVERVIEW OF THE LONG RANGE PLAN OF FINANCE**

**PUBLIC OUTREACH AND COMMUNICATIONS**

**LEGISLATIVE REPORT FROM INNOVATIVE FEDERAL STRATEGIES, LLC**

**LEGISLATIVE REPORT FROM THE DOLPHIN GROUP**

**LEGISLATIVE REPORT FROM AGRICULTURAL RESOURCES**

**IEUA MONTHLY WATER NEWSLETTER**

**SMALL BUSINESS OUTREACH PROGRAM UPDATE**

Director Elie commented that he mentioned the Small Business Outreach Program to the new Director of the Chino Valley Chamber, and she was very interested about partnering or publicizing the program to the business community. He also suggested that staff introduce this program to the other chambers within the district.

**AGENCY DISASTER DRILLS**

**CONSTRUCTION MANAGEMENT EXECUTIVE SUMMARY PRESENTATION**

**QUARTERLY MAINTENANCE UPDATE**

**AGENCY REPRESENTATIVES' REPORTS**

**SAWPA REPORT**

Director Santiago reported that the commission discussed the loan agreement with the Orange County Flood Control District and approved a loan payment of \$10 million.

## **MWD REPORT**

Director Camacho reported that by the end of the calendar year there will be 2.7% or 225,000 acre feet of water available at the replenishment rate. It was also reported that the decision to make replenishment water available was a 56-44 vote. He reported that in June, MWD will be addressing the Local Resources Program agreement for the Chino Basin Desalter Authority.

## **REGIONAL SEWERAGE PROGRAM POLICY COMMITTEE REPORT**

President Catlin reported that IEUA Chief Financial Officer, Christina Valencia, made a presentation on the budget.

## **CHINO BASIN WATERMASTER REPORT**

Director Elie reported that there was a lot of discussion last month on the budget with the new General Manager, Desi Alvarez, starting on May 2. He reported that Watermaster will be working along with IEUA in getting replenishment water from MWD. He also reported that there is a Budget Workshop on Thursday at 10:30 (May 29).

## **GENERAL MANAGER'S REPORT**

The General Manager's Report was received and filed by the Board.

General Manager, Thomas A. Love, reported that staff has completed all of the meetings with the City Managers' offices regarding the proposed water softener ordinance, and would like to schedule a Public Hearing on the Water Softeners for June 15 at 6:00 p.m.

Executive Manager of Operations, Patrick Shields, reported that Inland Paper Mill went on recycled water on January 6. He reported that when they went on line, they installed temporary piping on their site to transport the recycled water, while their system was being designed. He stated on May 12, the line failed and they had to switch off of recycled water. Mr. Shields stated that they will be installing PVC piping and should be back on line in 7 to 8 weeks.

Mr. Shields also reported that the Agency started taking 220 acre feet of replenishment water from MWD yesterday.

## **BOARD OF DIRECTORS REQUESTED FUTURE AGENDA ITEMS**

Director Elie requested that staff provide an NRWS Overview and Imbalance Charge Status report to the June 1, Board meeting.

## **DIRECTORS' COMMENTS**

Director Elie commented that he attended the ACWA Conference. He reported that the meetings that were set up at the Capitol by Mr. Michael Boccadoro were extremely productive. He stated that Mr. Boccadoro was very knowledgeable and helpful before, during, and after the meetings.

Director Camacho commented that he attended the 9<sup>th</sup> Annual Solar Cup event, sponsored by MWD at Lake Skinner. He reported that it was a great event. Director Camacho reported that Los Osos High School, which is in his service area, placed first in the endurance class – rookie division, and third place overall for the rookie division. He recognized Community Outreach and Education Coordinator, Andréa Carruthers for her hard work and coordination in making this event a success.

## **CLOSED SESSION**

The Board went into closed session at 11:45 a.m., A. PURSUANT TO GOVERNMENT CODE SECTION 54956.9(a) – CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION: (1) IEUA vs. Mr. Anthony Maglica, Case No. RCV098354; (2) Chino Basin Municipal Water District vs. City of Chino, Case No. RCV51010; (3) Taisei-T&K Joint Venture vs. IEUA. Case No. CIVRS 914130 (4) Martin vs. IEUA, Case No. CIVRS 1000767. B. PURSUANT TO GOVERNMENT CODE SECTION 54956.8 – CONFERENCE WITH REAL PROPERTY



NEGOTIATOR: (1) Property: Water and Pipeline Capacity/Cadiz, Negotiating Parties: General Manager Thomas A. Love, Under Negotiation: Price and Terms of Purchase; (2) Property: RP-5 SHF, Negotiating Parties: Environ Strategy, Under Negotiation: Terms of Lease. C. PURSUANT TO GOVERNMENT CODE SECTION 54956.9 – CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION: Two (2) cases D. PURSUANT TO GOVERNMENT CODE SECTION 54957.6 – CONFERENCE WITH LABOR NEGOTIATOR Meet and Confer Negotiations – General Unit, Operators’ Association, Laboratory Unit, and Supervisors Unit, Negotiating Parties: Thomas A. Love and Gina Hillary

The meeting resumed at 12:43 p.m. and General Counsel, Jean Cihigoyenette, stated that the below-mentioned matters were discussed in Closed Session, and the Board took the following actions:

Regarding Conference with Legal Counsel – Existing Litigation:

Martin vs. IEUA, Case No. CIVRS 1000767

The Board took no reportable action.

Regarding Conference with Legal Counsel – Existing Litigation:

IEUA vs. Mr. Anthony Maglica, Case No. RCV098354

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

Taisei-T&K Joint Venture vs. IEUA, Case No. CIVRS 914130

The Board did not discuss these items.

Regarding Conference with Real Property Negotiator

Property: Water and Pipeline Capacity/Cadiz  
Negotiating Parties: General Manager Thomas A. Love  
Under Negotiation: Price and Terms of Purchase

Property: RP-5 SHF  
Negotiating Parties: Environ Strategy  
Under Negotiation: Terms of Lease

The Board took no reportable action.

Regarding Conference with Legal Counsel – Anticipated Litigation:

Two (2) cases.

The Board took no reportable action.

Regarding Conference with Labor Negotiator

Meet and Confer Negotiations – General Unit, Operators’ Association, Laboratory Unit, and Supervisors Unit, Negotiating Parties: Thomas A. Love and Gina Hillary

The Board took no reportable action

With no further business, President Catlin adjourned the meeting at 12:45 p.m.

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Secretary

**APPROVED: JUNE 1, 2011**