



Inland Empire Utilities Agency
A MUNICIPAL WATER DISTRICT

**MINUTES OF THE SPECIAL
MEETING OF
THE BOARD OF DIRECTORS
OF
THE INLAND EMPIRE UTILITIES AGENCY*
WEDNESDAY, OCTOBER 14, 2015
10:00 A.M.**

DIRECTORS PRESENT:

Terry Catlin, President
Michael Camacho, Vice President
Steven J. Elie, Secretary/Treasurer

DIRECTORS ABSENT:

Jasmin A. Hall
Gene Koopman

STAFF PRESENT:

P. Joseph Grindstaff, General Manager
Chris Berch, Executive Manager of Engineering/Assistant General Manager
Martha Davis, Executive Manager of Policy Development/Assistant General Manager
Christina Valencia, Chief Financial Officer/Assistant General Manager
Pietro Cambiaso, Supervisor-Environmental Compliance and Energy
Andy Campbell, Deputy Manager of Planning and Environmental Resources
Kathleen Baxter, Supervisor of Contracts & Program Administrator
Warren Green, Manager of Contracts and Facility Services
Jason Gu, Grants Officer
Liz Hurst, Environmental Resources Planner II
Sylvie Lee, Manager of Planning and Environmental Resources
Adham Almasri, Senior Engineer
Ernest Yeboah, Executive Manager of Operations/Assistant General Manager
Dave Mendez, Acting Deputy Manager of Engineering
Lisa Morgan-Perales, Senior Water Resources Planner II
Jesse Pompa, Senior Associate Engineer-PE
Shaun Stone, Manager of Engineering
Teresa Velarde, Manager of Internal Audit
Jamal Zughbi, Senior Engineer
April Woodruff, Board Secretary/Office Manager

OTHERS PRESENT:

Jean Cihigoyenette, Cihigoyenette, Grossberg, & Clouse

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 10:04 a.m., and he led with the pledge of allegiance to the flag. A quorum was present.

President Catlin stated that members of the public may address the Board. There was no one desiring to do so.

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

NEW HIRE INTRODUCTION

Deferred to the November 18, Board meeting.

1. CONSENT CALENDAR

President Catlin asked if there were any Board members wishing to pull an item from the Consent Calendar for discussion. There was no one desiring to do so.

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

M2015-10-1

MOVED, to approve the Consent Calendar.

- A. The Board approved the minutes from the September 2, 2015, Board Workshop meeting, and the September 16, 2015 Board meeting.
- B. The Board approved the total disbursements for the month of August 2015, in the amount of \$13,263,433.81.
- C. The Board:
 - 1. Approved award of a five-year competitively-let contract with two one-year options to Planet Bids; and
 - 2. Authorized the General Manager to execute the contract.
- D. The Board:
 - 1. Approve Contract Number 4600001986 for banking services to Citizens Business Bank for a five-year contract with an option to extend for two additional years; and
 - 2. Authorize the General Manager to execute the contract.
- E. The Board:
 - 1. Adopt Resolution No. 2015-10-1, approving the application for grant funds from the Recreation Trails Program from the California Department of Parks and Recreation; and
 - 2. Authorized the General Manager or his designee to conduct all negotiations, execute and submit all documents, including but not limited to applications, agreements, and amendments, which may be necessary for the completion of the projects.

Continued....

M2015-10-1, continued.

RESOLUTION NO. 2015-10-1
RESOLUTION OF THE BOARD OF DIRECTORS OF THE
INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO
COUNTY, CALIFORNIA, APPROVING THE APPLICATION
FOR GRANT FUNDS FROM THE RECREATIONAL TRAILS
PROGRAM *(for full text, see Resolution Book)*

F. The Board:

1. Awarded a professional services contract with ARCADIS U.S., Inc. for the development of two 2015 Urban Water Management Plans including a land use-based water demand model (Project No. WR16026), for a not-to-exceed amount of \$334,540; and
2. Authorized the General Manager to execute the contract.

G. The Board:

1. Approved the Consultant Contract Amendment No. 1 to the Austin Company for the Water Quality Laboratory, Project No. EN15008, for the not-to-exceed amount of \$71,500;
2. Authorized the General Manager to execute the contract amendment.

2. **ACTION ITEMS**

A. CONSTRUCTION CONTRACT AWARD FOR THE MONTCLAIR FLOW SPLITTER BOX AND METERING STATION UPGRADES

Senior Engineer Adham Almasri gave a PowerPoint presentation on the Montclair Splitter Box and Metering Station upgrades construction contract award. He stated that the splitter box and metering station, which has been in operation since 1988, are located in an unincorporated area of San Bernardino County, and receives sewage flows from several IEUA service areas. The flows are typically diverted to RP-1 or Carbon Canyon with the capability of diverting flows to the Non-Reclaimable Wastewater line (NRW) in the event of an emergency. Mr. Almasri reported that the Operation and Maintenance staff has determined that the gates are inoperable and beyond repair. There is also the safety concern of manually operating the gates in an increasingly heavy traffic area. He stated that the project scope is to install 3 new electric actuated stainless steel isolation gates, new stainless steel traffic rated access hatches, and new up-to-date flow probes with remote dependable readout and redundancy. Staff solicited bids and staff is recommending that the Board approve the construction contract award to J.F. Shea Construction in the amount of \$557,565. He noted that the Engineer's estimate is \$540,000, and construction completion is anticipated for July 2016.

Director Elie asked staff what cause such a large variance between J.F. Shea and the next proposal. Staff responded that it is due to the cost of bypassing the sewage flows, and that J.F. Shea owns their equipment, and have no rental costs.

Upon motion by Director Elie seconded by President Catlin, and unanimously carried:

M2015-9-2

MOVED, to:

1. Approve the construction contract award for J.F. Shea Construction for the Montclair Splitter Box and Metering Station Upgrades, Project No. EN13028 in the amount of \$557,565; and
2. Authorize the General Manager to finalize and execute the contract

B. ENERGY STORAGE SERVICES AGREEMENT WITH ADVANCED MICROGRID SOLUTIONS, INC.

Senior Associate Engineer-PE Jesse Pompa reported that he had presented the MOU for this agreement to the Board back in August, and since that time staff, the Agency's legal counsel and financial consultants (PFM) have reviewed the language and terms and have reached an agreement that it is beneficial to the Agency. IEUA will be the first water agency to benefit from energy storage. He gave a PowerPoint presentation on the Energy Storage Services Agreement with Advanced Microgrid Solutions (AMS). He provided the key details, such as how the flexibility of the energy storage, enables the Agency to manage the loads at the facilities by integrating our renewable resources and steer the Agency towards peak power independence by 2020. He stated that AMS will install 3.65 MW of battery storage across six IEUA facilities, with the largest being at RP-1 and RP-4. It will be a 10-year term agreement, AMS will install the equipment at no cost to the Agency. IEUA will pay fixed equipment fees once the batteries go online on a monthly basis and annually the Agency will pay performance-based service charges. Third party agreements for demand response will be negotiated with SCE and subject to approval by all parties. He reviewed the fee structure by stating that the estimated savings to IEUA will be between \$55,000 and \$230,000 annually. The battery installations are anticipated to be complete by June 2016.

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

M2015-9-3

MOVED, to:

1. Approve the Energy Storage Services Agreement between Inland Empire Utilities Agency and Advanced Microgrid Solutions, Inc. (AMS); and
2. Authorize the General Manager to finalize and execute the Agreement subject to non-substantive changes.

3. INFORMATION ITEMS

A. ENGINEERING AND CONSTRUCTION MANAGEMENT MONTHLY UPDATE

Manager of Engineering Shaun Stone gave a PowerPoint presentation on the Engineering and Construction Management monthly update. He provided an update on the Water Quality Laboratory, which is 85% complete in lab design, 30% complete in central plant design, and retained a third party expert for design review. He stated that the Wineville Recycled Water Pipeline Extension Segment B pipeline is complete and water is flowing to the basins and the manual operation is going well. Staff is expecting delivery of the control panels this week and installation will begin over the next two weeks. Mr. Stone said that regarding the SCADA Enterprise System CCWR, staff completed all of the factory acceptance testing. He stated that the next step is to install the headworks remote input/output for the actual field testing. He said that there is not much update from last month on the Agency-wide HVAC improvements, package no. 3. Staff is still receiving long lead time submittals and reviewing shop drawings. He stated that the Chino Creek Invert repair is the smallest and most simple project. It was anticipated to take about two weeks. The diversion plan was to design to divert approximately 5% of the channel flow of 3 to 4 inches; however, due to the recent major storm event, the channel was flowing five feet deep. The storm event caused some fairly significant damage. During the storm event, the creek picked up the k-rail and sent it approximately 15 feet down stream and tumbled the k-rails out of the project site. He stated that the resulting damage was that the hydraulic pressure got under the slab and lifted it 9 inches across the channel bottom. He stated that staff is having open discussions with the Corps of Engineers on how to mitigate and repair, including a cost-share discussion. He noted that there were existing issues with the Corps of Engineers' hydraulic relief under-drain system, which were discovered when staff started the project. He stated that due to the cost of the repairs, this project will go into next year's budget. He also noted that the temporary repairs are sealed, rebarred and concreted, which will hold up during the future storm events.

B. FY 2014/15 BUILDING ACTIVITY SUMMARY TEN-YEAR GROWTH SURVEY

Supervisor-Environmental Compliance and Energy Pietro Cambiaso gave a PowerPoint presentation on the FY 2014/15 building activity ten-year growth survey summary. He stated that for last fiscal year the Agency had approximately 3,000 new EDU's, which is in line with the IEUA budgeted forecast, and significantly below the IEUA member agency forecast of 5,105 EDUs. He reported that most of the growth occurred in the cities of Ontario, Chino, and Fontana, with Chino exceeding its projected numbers. Mr. Cambiaso stated the 70% of the new growth is in the Southern service area, which is consistent with the Wastewater Facilities Master Plan. He noted that 3,000 new EDUs is below average, based on historical EDU growth all the way back to 1988/89; however, it peaks compared to 2010/11. He stated that the member agencies are expecting an increase up to 5,000 in the next fiscal year, and a reduction of approximately 2,000 in 2025/26, when build-out of the area is reached.

C. MWD AND DROUGHT UPDATE

Executive Manager of Engineering/AGM Chris Berch shared a couple of slides that were presented at MWD committee and Board meetings this week. He presented the minimum and maximum trend of Northern Sierra rainfall, the wettest at 88.5 inches and driest at 17.1 inches, with the average at 50 inches. He reported that last year's rainfall was 37.2 inches. He stated that MWD will begin trending currently expected El Nino against the 1997/98 El Nino. Mr. Berch stated that on the Northern Sierra snowpack, the trend was similar to the rainfall. MWD also discussed the significant drop in MWD water purchases. He stated that in July, August and September trended that lowest deliveries since 1980. He also reported that meeting the Level 3 (15% reduction), which was

implemented last year, is currently trending on the average total of 20% reduction and continues to trend downward. Regarding the Turf Removal Rebates, Mr. Berch stated that the waiting list total is \$19.9M, and IEUA is third highest dollars in reserve amount. MWD is beginning to move projects from the waiting list to the active queue. Also presented at MWD was a conceptual plan on the project to work with LA County Sanitation District to reclaim 150 MGD worth of flow. He reported that a formal agreement is expected next month, which will trigger a 1 MGD pilot plan at the Carson facility.

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

- D. **TREASURER'S REPORT OF FINANCIAL AFFAIRS (WRITTEN/ POWERPOINT)**
 - E. **PUBLIC OUTREACH AND COMMUNICATION (WRITTEN)**
 - F. **LEGISLATIVE REPORT FROM INNOVATIVE FEDERAL STRATEGIES (WRITTEN)**
 - G. **LEGISLATIVE REPORT FROM AGRICULTURAL RESOURCES (WRITTEN)**
 - H. **LEGISLATIVE REPORT FROM WEST COAST ADVISORS (WRITTEN)**
 - I. **CALIFORNIA STRATEGIES, LLC MONTHLY ACTIVITY REPORT (WRITTEN)**
 - J. **FEDERAL LEGISLATION TRACKING (WRITTEN)**
 - K. **FUNDING OF ESTIMATE WORKERS' COMPENSATION LIABILITIES (WRITTEN)**
 - L. **FY 2014/15 FOURTH QUARTER BUDGET VARIANCE, PERFORMANCE GOALS AND UPDATES, AND BUDGET TRANSFERS (WRITTEN)**
 - M. **ANNUAL WATER USE REPORT FOR FISCAL YEAR 2014/15 (WRITTEN)**
 - N. **RECYCLED WATER FY 2014/15 UPDATE (POWERPOINT)**
4. **AGENCY REPRESENTATIVES' REPORTS**
- A. **SAWPA REPORT**
President Catlin reported that SAWPA is working on an RFP for Strategic Planning to bring in a consultant to help the Commission plan strategically. They are in the process of reviewing the three of the proposals submitted. SAWPA is also working on an RFP for a Lobbyist.
 - B. **MWD REPORT**
Director Camacho mentioned that MWD is expecting El Nino to be greater than the 1997 El Nino, due to the earlier signs and warmer water.
 - C. **REGIONAL SEWERAGE PROGRAM POLICY COMMITTEE REPORT**
Meeting was cancelled for October 1. The next meeting is scheduled for November 5.
 - D. **CHINO BASIN WATERMASTER REPORT**
Director Elie reported that the Safe Yield is moving along, and there should be a filing in the next couple of weeks. He reported that the CBWM Board is up for renewal.

5. GENERAL MANAGER'S REPORT

General Manager P. Joseph Grindstaff provided a LAFCO update.

Chief Financial Officer Christina Valencia reported that the 2008B Variable Revenue Bonds letter of credit (LOC) with Union Bank is set to expire on November 26, 2015. She said that the Agency was unsuccessful in securing a renewal with Union Bank. However, Union Bank did agree to extend the term of the existing LOC agreement through the end of January 2016. As part of the extension, Union Bank increased the rate slightly from 40 basis points (bps) to 45, resulting in approximately \$4,000 in additional LOC fees for the 60 day period. This amount is well below the General Manager's approval threshold per the Agency's Procurement Ordinance. The General Manager has executed the extension agreement with Union Bank. An RFP for the substitution of the LOC was issued and negotiations with one of the respondents has been initiated. An RFP for remarking services for these bonds was also issued. Proposal for these services are due on Monday, October 19, 2016. We will be bringing both contracts to the Board for approval prior to the expiration of the LOC extension on January 25, 2016.

6. BOARD OF DIRECTORS' REQUESTED FUTURE AGENDA ITEMS

Director Elie requested that staff provide an El Nino Preparedness Plan for the Agency.

7. BOARD OF DIRECTORS' COMMENTS

Director Camacho reported that on September 30, he attended the Three Valleys MWD Water Resources Update welcoming Senators Bob Huff and Connie Leyva, as well as local water expert to provide the most updated information on water supplies, conservation efforts, local groundwater conditions, desalination prospects and more. He stated that the Senate hearing was well attended.

Director Elie reported that he also attended the September 30, Senate hearing.

President Catlin reported that on September 25, he attended the Chino Basin Water Conservation District – Are Umbrellas Enough? Prepping for the Godzilla El Nino. The panel included Ms. Cantu, Mr. Troxel, and Claremont College Professor Mr. Pontel and the discussion was on if we are prepared for the El Nino.

8. CLOSED SESSION

The Board went into Closed Session at 10:43 a.m., A. PURSUANT TO GOVERNMENT CODE SECTION 54956.9(a) – CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION: (1) Chino Basin Municipal Water District vs. City of Chino, Case No. RCV51010; (2) Martin vs. IEUA, Case No. CIVRS 1000767; (3) Sheilds vs. IEUA, Case No. CIVRS 1301638; (4) Mwembu vs. IEUA Case No. CIVDS 1415762; B. PURSUANT TO GOVERNMENT CODE SECTION 54956.8 – CONFERENCE WITH REAL PROPERTY NEGOTIATOR: (1) Property: Water and Pipeline Capacity/Cadiz, Negotiating Parties: General Counsel Jean Cihigoyenette; (2) Supplemental Water Transfer/Purchase, Negotiating Party: General Manager P. Joseph Grindstaff; C. PURSUANT TO GOVERNMENT CODE SECTION 54956.9 – CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION: TWO (2) Cases; D. PURSUANT TO GOVERNMENT CODE SECTION 54957 – PERSONNEL MATTERS: (1) Various Positions – Compensation Study, (2) Various Positions.

The meeting resumed at 11:30 a.m. and General Counsel Jean Cihigoyenetché 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:

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

Martin vs. IEUA, Case No. CIVRS 1000767

Sheilds vs. IEUA, Case No. CIVRS 1301638

Mwembu vs. IEUA, Case No. CIVDS 1415762

The Board took no reportable action.

Regarding Conference with Real Property Negotiator:

Property: Water and Pipeline Capacity/Cadiz

Supplemental Water Transfer/Purchase

The Board took no reportable action.

Regarding Conference with Legal Counsel – Anticipated Litigation:

Two (2) Cases

The Board did not discuss.

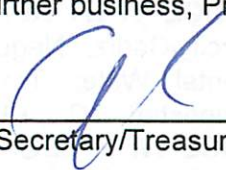
Regarding Personnel Matters:

Various Positions – Compensation Study

Various Positions

The Board took no reportable action.

With no further business, President Catlin adjourned the meeting at 11:32 a.m.



Steven J. Elie, Secretary/Treasurer

APPROVED: NOVEMBER 18, 2015