



**MINUTES OF THE  
WORKSHOP/MEETING OF  
THE  
INLAND EMPIRE UTILITIES AGENCY  
BOARD OF DIRECTORS**

**WEDNESDAY, AUGUST 7, 2019  
10:00 A.M.**

**DIRECTORS PRESENT:**

Paul Hofer, President  
Jasmin A. Hall, Vice President  
Steven J. Elie  
Michael Camacho

**DIRECTORS ABSENT:**

Kati Parker, Secretary/Treasurer

**STAFF PRESENT:**

Shivaji Deshmukh, General Manager  
Kathy Besser, Executive Manager of External Affairs & Policy Development/AGM  
Randy Lee, Executive Manager of Operations/AGM  
Shaun Stone, Acting Executive Manager of Engineering/AGM  
Christina Valencia, Executive Manager of Finance & Administration/AGM  
Pietro Cambiaso, Deputy Manager of Planning & Environmental Resources  
Javier Chagoyen-Lazaro, Manager of Finance & Accounting  
Warren Green, Manager of Contracts and Procurement  
Paula Hooven, Financial Analyst II  
Sylvie Lee, Manager of Planning & Environmental Resources  
Alex Lopez, Senior Financial Analyst  
Liza Munoz, Senior Engineer  
Sapna Nangia, Senior Internal Auditor  
Craig Proctor, Source Control/Environmental Resources Supervisor  
Cheyanne Reseck, Administrative Assistant II  
Peter Soelter, Senior Internal Auditor  
Daniel Solorzano, Technology Specialist I  
Ken Tam, Senior Engineer  
Teresa Velarde, Manager of Internal Audit  
April Woodruff, Board Secretary/Office Manager

**OTHERS PRESENT:**

Jean Cihigoyenatche, JC Law Firm  
Paul Monsen, NPCA  
Laer Pearce, Cadiz Water Project

A 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 Hofer called the meeting to order at 10:05 a.m. and led the pledge of allegiance to the flag. A quorum was present.

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

Mr. Laer Pearce from the Cadiz Water Project (Project) stated that Senate Bill (SB) 307 was signed by Governor Newsom on July 31<sup>st</sup>. He stated that his coalition had urged a veto. Governor Newsom, Speaker Rendon, and SB 307's author have stated on record that the intent of SB 307 is not to stop the Project but to give it another layer of study. He stated that the governor's signing statement clarified that any additional review should be open and transparent, and the scope is limited to science specific matters. He stated that opponents of the Project have been asking member agencies to oppose the Project and discouraging Three Valleys Municipal Water District (TVMWD) from undertaking a new study that will lead to definitive science based answers to questions about the Project's possible impact on mountain springs in the Cadiz Watershed. TVMWD approved undertaking the study in July 2019 and opponents have been invited to participate. It is the only study called for by a public agency that will feature multi-disciplinary experts, non-governmental organizations, and government agencies that is based on measured data that is able to reconcile questions that still exist. He mentioned that the pilot water treatment testing has been concluded, and the report will be out in the near future. He also mentioned that Cadiz Water meets all current state and federal water quality standards at the wellhead without treatment. He stated that the Project has also committed to meeting MWD's standards.

Mr. John Monsen from the National Parks Conservation Association (NPCA) stated that the NPCA is pleased that SB 307 passed. He said that the bill establishes a standard where the State Lands Commission, in consultancy with other agencies, need to affirmatively find that the project will not harm the California desert. He mentioned that the TVMWD study is funded by Cadiz with consultants who have sided with Cadiz.

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

## **ACTION ITEM**

### **AMEND WIFIA LOAN APPLICATION AMOUNT**

General Manager Shivaji Deshmukh stated that this item was brought to the Board of Directors at the July 17, 2019 Board meeting, where staff presented a recommendation related to the WIFIA loan application. That recommendation was based on a certain engineer's estimate for the RP-5 project and administrative costs associated with the application. He said that staff is bringing the item back to the Board to inform them of the updated engineer's estimate and what the administrative costs may total.

Executive Manager of Finance & Administration/AGM Christina Valencia stated Parsons was working on the 90 percent design of the RP-5 Expansion when staff brought this item to the Board of Directors in July. Upon completion, Parsons found that there is an additional cost of \$35 million. Ms. Valencia said that as the project continues, staff will be taking advantage of any cost saving opportunities. To ensure that staff has enough leverage to optimize the state and federal funding, which is the lowest cost of borrowing available to the Agency for this project, the loan application submitted for WIFIA should be at the maximum amount. The request in July was for the 49 percent maximum allowable amount and a not-to-exceed amount of \$161 million. With the additional

construction cost estimate of \$35 million, the staff is asking that the amount be maintained at the 49 percent maximum amount, which will increase the loan request to \$178 million. Staff is also asking for formal authorization to pay the \$100,000 loan application submittal fee and reimburse (Environmental Protection Agency (EPA) for any legal and credit costs incurred as part of their credit review process.

Discussion ensued regarding the WIFIA process.

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

**M2019-8-1**

MOVED, to:

1. Maintain the RP-5 Expansion Project WIFIA loan application amount to the maximum 49 percent of total project costs allowable by the WIFIA load program; and
2. Authorize payment of processing costs, including application submittal fee, credit rating fees, and reimbursement of credit processing fees to EPA, for the not-to-exceed amount of \$950,000.

**WORKSHOP**

**RATE STUDY UPDATE**

General Manager Shivaji Deshmukh stated that staff has a brief update on the rate study process that has included staff, contracting agencies, and other affected stakeholders.

Manager of Finance and Accounting Javier Chagoyen-Lazaro gave an update on the scope and timeline of the rate study, various outreach meetings with stakeholders, the FY 2020/21 proposed rates/fees, the status of the different components of the rate study, and the next steps planned. He stated that the Agency needs to ensure that the revenue sources are stable, and the rates are fair and practical to implement.

Discussion ensued regarding the proposed monthly EDU rates, member agencies' feedback from the rate study meetings, structure of the rate study workshops, data on planning documents, and the timeline for the rate study. Mr. Chagoyen-Lazaro mentioned that staff plans to have the rate study completed by the end of October or November. When all the studies are finalized, staff will bring this item back to the Board of Directors in spring 2020.

*10:36 a.m. Director Camacho entered the room.*

**IEUA PROCUREMENT ORDINANCE NO. 101**

General Manager Shivaji Deshmukh stated that staff is presenting potential updates to the Agency's procurement policies. Depending on the Board's input, staff will bring the item back to the Board for approval in the future through a public hearing process.

Manager of Contracts & Procurement Warren Green gave an overview of the objective of the ordinance, past revisions, proposed revisions, and the timeline of the process.

Discussion ensued on the proposed ordinance revisions and the Agency's bid process.

## **BOARD OF DIRECTORS POLICIES WORKSHOP**

General Manager Shivaji Deshmukh stated that the Manager of Internal Audit Teresa Velarde will be presenting policies related to the Board of Directors in travel, benefits, and communication. Ms. Velarde stated that staff has received various questions and requests for research and information regarding the Board of Director's policies. She said that this workshop is intended to provide the Board of Directors with information about current Board policies, and staff is asking the Board for guidance and direction in moving forward with any updates or changes. During the June 2019 Audit Committee and Board of Directors meeting, travel and conferences were discussed. At that time, a written report and related policies were provided to the Board of Directors. She stated that based on the discussion from those meetings, staff is providing revised additional items for the Board's consideration.

Discussion ensued regarding the budget for the Board of Directors and how to identify the various expenses for conferences or for representation.

Ms. Velarde gave an update regarding travel and conferences, proposed revisions for the administrative handbook, and budget allocations and organization.

President Hofer stated that transparency is the goal for this entire process. Members of the public should understand how public funds are being spent. He noted that Directors should attend and participate in conferences based on what they perceive as important in their understanding of what they do.

Ms. Velarde presented a suggestion by staff to provide a written report based on division and financial records monthly or quarterly after any training, conferences, or travel takes place by the Board of Directors. Director Camacho stated that he would like this to be implemented quarterly by division. Ms. Velarde recapped the discussion by stating there will be no list of pre-approved conferences and travel. Director Elie stated that staff currently provides a weekly list of conferences and events that indicates which Directors are attending.

Ms. Velarde gave an update on findings regarding cell phone reimbursement and the Agency's current policy on Agency cell phones. Director Elie stated that he would like the normal protocol to be followed when requesting information from staff.

Ms. Velarde said that Audit Department Charter states that any requests from the Board of Directors shall be coordinated with the General Manager. The Handbook also states that if the request takes longer than one hour, it should be presented to the Board of Directors via any means. Ms. Velarde mentioned that the approved Audit Department Plan (Plan) provides the flexibility to deviate from the Plan when it is necessary or if the Manager of Internal Audit deems it necessary to deviate from the Plan. Ms. Velarde said that she plans to report any changes or readjustments to the Plan at the next quarterly Audit Committee meeting.

Ms. Velarde gave an overview of the Agency's healthcare benefits for the Board of Directors and an update on findings regarding healthcare benefits. Discussion ensued regarding the survey results. Director Hall stated that based on the survey results, many Board members are not provided health benefits. She stated that this should be reexamined. Director Elie stated that there is not a need for a study. However, if there is a study done, he would like it to be a more comprehensive study. Ms. Velarde stated that the Internal Audit department aims to compare the Agency with the most comparable organizations when they conduct their surveys.

Discussion ensued regarding personal devices being used for Agency business.

**DIRECTORS' COMMENTS**

There were no comments from the Board of Directors.

With no further business, President Hofer adjourned the meeting at 11:45 a.m.



Kati Parker, Secretary/Treasurer

**APPROVED: NOVEMBER 20, 2019**