



**MINUTES OF THE REGULAR
MEETING OF
THE BOARD OF DIRECTORS
OF
THE INLAND EMPIRE UTILITIES AGENCY*
WEDNESDAY, MARCH 18, 2015
10:00 A.M.**

DIRECTORS PRESENT:

Terry Catlin, President
Michael Camacho, Vice President
Steven J. Elie, Secretary/Treasurer
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
Ernest Yeboah, Executive Manager of Operations/Assistant General Manager
Adham Almasri, Senior Engineer
Rosemary Alvarado, Supervising Contracts and Programs Administrator
Blanca Arambula, Deputy Manager of Human Resources
Kathleen Baxter, Supervising Contracts and Programs Administrator
Kathy Besser, Manager of External Affairs
Sharmeen Bhojani, Manager of Human Resources
Andy Campbell, Deputy Manager of Planning
Andrea Carruthers, Senior External Affairs Specialist
Javier Chagoyen-Lazaro, Manager of Accounting and Fiscal Management
Tina Cheng, Budget Officer
David Choi, Associate Engineer
Warren Green, Manager of Contracts and Facilities Services
Jason Gu, Grants Officer
Elizabeth Hurst, Water Resources Analyst I
Majid Karim, Acting Manager of Engineering
Sylvie Lee, Manager of Planning & Environmental Compliance
Abel Medrano, Compost Worker
David Mendez, Deputy Manager of Construction Management
Sapna Nangia, Senior Internal Auditor
Stephen Parker, Operator II
Jason Pivovarovoff, Senior Engineer
Matt Poeske, Construction Project Manager
Jesse Pompa, Senior Associate Engineer
Craig Proctor, Pretreatment & Source Control Supervisor
Peter Soelter, Senior Internal Auditor
Rachael Solis, Acting Supervisor of Engineering Administration
Teresa Velarde, Manager of Internal Audit
Ben Yuen, Operator V

Jamal Zughbi, Senior Engineer/Project Manager
April Woodruff, Board Secretary/Office Manager

OTHERS PRESENT:

John Bosler, Cucamonga Valley Water District
Marty Cihigoyenetye, Cihigoyenetché, Grossberg & Clouse
Nicole deMoet, City of Montclair
Casey Harris, Butier Engineering
Mike Hudson, City of Montclair
Steve Nix, City of Chino Hills
Ryan Shaw, City of Ontario
Bryan Wilson, Butier Engineering
Braden Yu, CVWD

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 10:00 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/deletions to the agenda.

Director Hall requested that Consent Calendar Item I. Engineering Services Contract Amendment for the RP-4 Disinfection Facility Improvements, and Item J. Engineering Services Contract Award for the CCWRF Inspection of the 72-Inch Mixed Liquor Pipeline; be pulled for further discussion.

1. PUBLIC HEARING AND ADOPTION OF ORDINANCE NO. 101

President Catlin called the Public Hearing to order. President Catlin stated that the purpose of the hearing is to provide the public an opportunity to submit comments on the proposed Ordinance No. 101, establishing and setting forth the policies governing Agency authority and dollar limit for best value procurements and procurement-related activities.

Manager of Contracts and Facilities Services (CFS) Warren Green, stated that the purpose of this hearing is to provide the public with an opportunity to submit comments on Ordinance No.101. He introduced the following hearing panel members: Director Catlin, Director Camacho, Director Elie, Director Koopman, and Director Hall.

Mr. Green gave an overview of the Procurement Ordinance No. 101. The ordinance was last updated in August 2013. Mr. Green stated that the Ordinance remains the same at large; however, as a result of organizational changes within the organization, and process improvements throughout the Agency new definitions have been added throughout the ordinance for clarification. Additional language was added regarding the prequalification process. He recommended increasing the General Manager's authority to reject all bids from \$250,000 to \$500,000; as well as increasing the single sole source threshold from \$50,000 to \$100,000. As discussed in the March 11, 2015 committee meetings, language has been added to the change order and amendment authorization. The language now states at the discretion of the General Manager or Manager of CFS, a change order or amendment may be required to go to the Board for approval regardless of its value. In closing, Mr. Green stated that this language provides additional governance and transparency.

President Catlin opened the Public Hearing at 10:05 a.m. President Catlin asked if there was anyone who would like to make a public comment. He also verified that there were no written comments. Hearing no comments, the Public Hearing was closed at 10:05 a.m.

Upon motion by Director Elie, seconded by Director Camacho, the motion carried (5-0):

M2015-3-1

MOVED, to adopt Ordinance No. 101, establishing and setting forth the policies governing Agency authority and dollar limits for best value procurements and procurement-related activities.

**ORDINANCE NO. 101
RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND
EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY,
CALIFORNIA, ESTABLISHING AND SETTING FORTH THE POLICIES
GOVERNING AGENCY AUTHORITY AND DOLLAR LIMITS FOR BEST
VALUE PROCUREMENTS AND PROCUREMENT-RELATED
ACTIVITIES. (for full text, see Resolution Book)**

With the following roll call vote:

Ayes: Hall, Elie, Camacho, Koopman, Catlin
Noes: None
Abstain: None
Absent: None

2. CONSENT CALENDAR

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

M2015-3-2

MOVED, to approve the Consent Calendar.

- A. The Board approved the minutes from the January 21, and February 18, 2015, Board meetings.
- B. The Board adopted Resolution No. 2015-3-2, commending Cucamonga Valley Water District for 60 years of service.

**RESOLUTION NO. 2015-3-2
RESOLUTION OF THE BOARD OF DIRECTORS OF THE
INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO
COUNTY, CALIFORNIA, COMMENDING CUCAMONGA
VALLEY WATER DISTRICT FOR 60 YEARS OF SERVICE. (for
full text, see Resolution Book)**

- C. The Board approved the total disbursements for the month of January 2015, in the amount of \$11,618,767.82.

Continued...

M2015-3-2, continued

D. The Board:

1. Approved the award of a five-year lease to Konica Minolta, through March 31, 2020, for supply and delivery of 14 various size multi-function copier machines; and
2. Authorized the General Manager to execute the lease agreement.

E. The Board:

1. Approved the award of a competitively-let contract to Office Depot Office Max of Baton Rouge, FL (Contract No. 4600001835), through February 28, 2020; for the supply and delivery of office supplies; and
2. Authorized the General Manager to execute the contract.

F. The Board:

1. Approved the award of a competitively-let contract (Contract No. 4600001831) with Grainger of Ontario through October 20, 2019; for supply and delivery of maintenance, repair, and operating related supplies; and
2. Authorized the General Manager to execute the contract.

G. The Board:

1. Awarded a professional services contract to RAND for Integrated Resources Plan WEAP Model Resilience Testing to augment the Integrated Resources Plan (Project No. WR14019), for a not-to-exceed amount of \$75,000 to increase the total project budget from \$539,179 to \$614,179; and
2. Authorized the General Manager to execute the contract.

H. The Board:

1. Amended the professional services contract (Contract No. 4600001658) with Carollo Engineers, for the Wastewater, Water, and Recycled Water Rate and Fee Study, for a not-to-exceed amount of \$334,963; and
2. Authorized the General Manager to execute the contract.

I. PULLED.

J. PULLED.

Continued...

M2015-3-2, continued

K. The Board:

1. Approved the construction contract award to J.R. Filanc Construction Company for the RP-1 Digester Gas System Evaluation Improvements, Project No. EN15056, in the amount of \$407,835; and
2. Authorized the General Manager to execute the construction contract.

3. ACTION ITEMS

ENGINEERING SERVICES CONTRACT AMENDMENT FOR THE RP-4 DISINFECTION FACILITY IMPROVEMENTS

Director Hall requested an overview of project costs in the different phases and the budget for the projects.

Acting Manager of Engineering Majid Karim stated this item is for a consultant contract award to change the scope of work. He said that the consultant's scope of work was to provide for the relocation of the chemical facilities pumps within the building to a more central location. There were two injection points that the consultant was hired to take care of. After further review by the Technical Services and Operations departments, it was requested that changes be made within the existing building so that it can be re-used for other purposes, as well as addition of extra injection points for the chemical system. He reported that it increased the scope of the project significantly. Mr. Karim stated the difference was in the design consultant's cost from \$90,000 to approximately \$204,000.

Director Hall stated that she made this request because she recalls a process to review this type of change in scope was implemented earlier this year, and asked if this process is being followed.

Mr. Karim stated that this particular project was caught in-between the process change implementation phase. However, the new process currently being followed for new projects is close collaboration between Engineering, Technical Services, and Operations early on to develop the scope of work.

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

M2015-3-3

MOVED, to:

1. Approve the amendment to the engineering services contract with IDS Group for the additional consulting services for the RP-4 Disinfection Facility Improvements, Project No. EN14018, for the not-to-exceed amount of \$105,110; and
2. Authorize the General Manager to execute the consultant contract amendment.

ENGINEERING SERVICES CONTRACT AWARD FOR THE CCWRF INSPECTION OF THE 72-INCH MIXED LIQUOR PIPELINE

Director Hall verified that current processes were in place to reduce cost/budget changes in the projects.

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

M2015-3-4

MOVED, to:

1. Approve the award of an engineering services contract for the CCWRF "Mixed" Liquor Pipeline Inspection, Project No. EN15048, to V&A Consulting Engineer, Inc., for a not-to-exceed amount of \$158,839; and
2. Authorize the General Manager to execute the consultant contract.

A. FISCAL YEAR 2015/16 THROUGH 2024/25 TEN-YEAR CAPITAL IMPROVEMENT PLAN

Water Resources Analyst I Elizabeth Hurst gave a PowerPoint presentation highlighting the key drivers of the FY 2015/16-2019/20 TYCIP. Ms. Hurst stated that the key drivers include 40,523 new EDU's projected from the member agencies over the next ten years and the numerous capital projects listed within the Agency's planning documents. A majority of the planning documents are still in process and expected to be completed this fall. Ms. Hurst stated that the TYCIP is intended to be a planning document; therefore, only the projects that can be accommodated by the approved budget will move forward. Ms. Hurst gave an overview of project costs by fund, as well as the funding sources. In closing, Ms. Hurst reviewed the TYCIP schedule. Director Hall thanked staff for their time in reviewing the TYCIP.

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

M2015-3-5

MOVED, to approve the proposed Fiscal Year 2015/16 through 2024/25 Ten-Year Capital Improvement Plan (TYCIP).

B. ADOPTION OF THE REGIONAL WASTEWATER EDU VOLUMETRIC RATE FOR FISCAL YEARS 2015/16 THROUGH 2019/20

Chief Financial Officer/Assistant General Manager Christina Valencia stated that the Board received revised copies of the item that clearly state Regional Committees recommendation of approval for only approval of FYs 2015/16 and 2016/17 rates as proposed. The Regional Committees were notified of the change via email. Ms. Valencia stated that this presentation focuses on the monthly EDU rate; all other rates will be brought to the Board in May, 2015 for adoption. The EDU rate is being accelerated to ensure the City of Fontana meets a critical deadline. The City of Fontana is the only member agency that collects the EDU rate through the property tax roll. Ms. Valencia stated that the key objectives of the rates are achieving full cost of service, legal compliance, fiscal stability, equitable allocation, infrastructure and stability of the Agency. The rates were identified in November, 2014; no changes have been made since that time. The proposed rate for FY 2015/16 is \$15.89, a total increase of \$1.50 from FY 2014/15. For FY 2016/17 and FY 2017/18 a proposed increase of \$1.25 each year, \$1.20 for FY 2018/19 and lastly \$0.41 for FY 2019/20. The goal of the five year rates increasing to a total of \$20.00 by FY 2019/20 is to achieve cost of service (COS) over a

responsible period of time. As mentioned earlier, this presentation was presented to the Regional Committees and their recommendation was to approve the proposed rates for FYs 2015/16 and 2016/17 only. Another option for the Board to consider is the adoption of rates for only two fiscal years. However, in order to meet the Board's objective to achieve cost of service, the rates would have to be \$2.20 per EDU for FY 2015/16 and \$2.20 per EDU for FY 2016/17. Ms. Valencia stated that this option was included in the staff report. Mr. Grindstaff stated that he does not recommend the two-year rate option over the five year rates; this was illustrated to show all options of achieving COS rates. Ms. Valencia addressed Director Hall's question by stating that the financial reports are provided to the Regional Committee twice a year which should meet their request for a "check in" over the five year rate period. Ms. Valencia added that the five year rates are consistent with the majority of the member agencies who have also adopted five year rates. Mr. Berch provided an overview of the wastewater rate comparison survey showing the Agency's combined rate (IEUA rate plus member agency local service rate) to be amongst the lowest in the region.

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

M2015-3-6

MOVED, to adopt Rate Resolution No. 2015-3-1, establishing service rates for Improvement District "C" for Fiscal Year 2015/16 through 2019/20 for the EDU volumetric rate of the Regional Wastewater Program.

RESOLUTION NO. 2015-3-1
RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING SERVICE RATES FOR IMPROVEMENT DISTRICT "C" FOR FISCAL YEAR 2015/16 THROUGH YEAR 2019/20. (for full text , see Resolution Book)

C. DESIGN/BUILD CONTRACT AWARD OF THE COMMUNICATION SYSTEM UPGRADES

Acting Manager of Engineering Majid Karim gave a PowerPoint presentation on the communication system upgrades design/build contract award. Mr. Karim provided a background overview of the project stating that the existing communication system has reached the end of its useful life. The project is a 50 percent cost shared project with Chino Basin Watermaster (CBWM) and that this project has received grant funding from Santa Ana Watershed Authority (SAWPA) under Prop 84. The design/build scope of work includes upgrading radio systems at multiple recharge sites. Mr. Karim provided an overview of the received proposals and associated costs stating that staff recommendation is to award the contract to the lowest bidder, Sun Wireless. Mr. Berch wanted to thank Mr. Karim for his hard work in working closely with CBWM on this project.

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

M2015-3-7

MOVED, to:

1. Award the construction contract to Sun Wireless for the construction of the Communication System Upgrades, Project No. EN12019, for a not-to-exceed total amount of \$826,294; and
2. Authorize the General Manager to execute the construction contract.

4. INFORMATION ITEMS

A. REGIONAL CONTRACT REVIEW – INTERIM AUDIT REPORT FOR CUCAMONGA VALLEY WATER DISTRICT

Manager of Internal Audit Teresa Velarde gave a PowerPoint presentation on the departments findings in the Cucamonga Valley Water District (CVWD) regional contract audit. Ms. Velarde stated that the objective of the audit is to assist in implementation and renegotiation of the regional contract. Internal Audit (IA) has provided 23 recommendations for IEUA management to consider on a going-forward basis and in renegotiating for the regional contract. The recommendations have been provided to CVWD as well. Ms. Velarde stated that the audit focused on public service facilities, stating that numerous facilities have never paid EDU connection fees. She stated that this is consistent throughout the audit of all member agencies thus far. Ms. Velarde provided an overview of the recommendations resulting from their audit, again stating that they are consistent with the findings throughout the member agencies. In closing, she provided an update on the member agencies completed to date. Mr. Grindstaff stated that it is his intention to follow up with the member agencies regarding unpaid connection fees, as previously directed by the Board. He would like to develop a common policy to deal with each member agency equally, this is not a matter currently included within the regional contract.

Director Camacho left the meeting at 10:40 A.M.

Director Camacho returned to the meeting at 10:45 A.M.

B. ENGINEERING AND CONSTRUCTION MANAGEMENT FY 2014/15 MONTHLY UPDATE

Acting Manager of Engineering Majid Karim gave a PowerPoint presentation on Engineering and Construction Management Projects. Mr. Karim gave an overview of the 930 Zone Recycled Water Pipeline, the Montclair Lift Station Upgrades, the Philadelphia Pump Station Upgrades, and the Wineville projects. Mr. Karim provided a status update on the IERCF projects and the RP-4 Headworks Retrofits stated it is estimated to be 63 percent complete. In closing, he stated that the emergency project for the CCWRF RAS Pump Station is estimated to cost \$15,500.

C. MWD UPDATE

Senior Engineer Jason Pivovarovoff updated the Board on the MWD water sales. Mr. Pivovarovoff stated that the state water project is at a 20 percent allocation as of February 2015. Mr. Grindstaff stated, though some allocations are up from last year, they are still well below average; California remains in a significant drought. Mr. Pivovarovoff stated that MWD has been actively pursuing additional supplies and transfers through the state water project. They have identified 100,000 acre foot, mostly from rice farmers selling off their allocations. In closing, MWD will be going to their Board in April, 2015 with the recommendation of where Water Supply Allocation Plan will end up for the next fiscal year. Staff will work closely with the member agencies and come back to the Board with more information. Ms. Davis stated that we are running through our storage of water, how we use our water, and how we use our storage matters. Ms. Davis stated that we need to plan for more dry years; the choices we make now can make a huge difference. Mr. Grindstaff stated that we plan to prepare materials for our member agencies illustrating what the rules are now regarding water usage.

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

D. TREASURER'S REPORT OF FINANCIAL AFFAIRS

E. FY 2014/15 SECOND QUARTER BUDGET VARIANCE PERFORMANCE GOALS UPDATES AND BUDGET TRANSFER

F. PUBLIC OUTREACH AND COMMUNICATION

G. LEGISLATIVE REPORT FROM INNOVATIVE FEDERAL STRATEGIES

H. LEGISLATIVE REPORT FROM THE DOLPHIN GROUP

I. LEGISLATIVE REPORT FROM AGRICULTURAL RESOURCES

J. CALIFORNIA STRATEGIES, LLC MONTHLY ACTIVITY REPORT

K. INTERNAL AUDIT DEPARTMENT STATUS REPORT FOR MARCH 2015

L. INLAND BIOENERGY PROJECT STATUS REPORT FRO MARCH

M. RECYCLED WATER UPDATE

5. AGENCY REPRESENTATIVES' REPORTS

A. SAWPA REPORT

Director Catlin reported that the SAWPA Commission meeting discussed how projects would be vetted for the Prop. 84 under the accelerated timeline; a special committee meeting may be held next week to further review. Lastly, the Army Corp of Engineers would like to remove the existing mural on Prado Dam due to the mural containing lead-based paint. The community would like to see a new mural implemented in its place; SAWPA has been tasked to lead this project. Kathy Besser will serve as the Agency representative on the committee.

B. MWD REPORT

Director Camacho had no additional comments.

C. REGIONAL SEWERAGE PROGRAM POLICY COMMITTEE REPORT

President Catlin reported that he was not in attendance; however the multi-year rates were presented to the Committee.

D. CHINO BASIN WATERMASTER REPORT

Director Elie reported that the safe yield discussions are ongoing. Watermaster is behind on their annual reports and is working to bring the report up to date.

6. GENERAL MANAGER'S REPORT

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

7. BOARD OF DIRECTORS REQUESTED FUTURE AGENDA ITEMS

The Board had no requested future agenda items.

8. BOARD OF DIRECTORS' COMMENTS

Director Hall attended the MWD Three Valleys Leadership breakfast, as well as the CASA conference in Washington. Director Hall has discussed with Mr. Grindstaff setting up a

process of ensuring preparedness of staff attending conferences. Ms. Hall also attended the Special District dinner sponsored by IEUA on March 16, 2015.

Director Elie attended the Special District Dinner on March 16, 2015; he stated it was very well attended. Director Elie attended a reception of our co-sponsor of Water Agencies in the Inland Empire and Orange County in Sacramento.

Director Camacho attended the MWD Three Valleys Leadership breakfast, the State of the City for Rancho Cucamonga, and the Water Education for Latino Leaders Conference, all great events.

Director Koopman attended the Special District Dinner on March 16, 2015; it was a very well attended event.

President Catlin attended the Special District Dinner on March 16, 2015.

9. CLOSED SESSION

The Board went into Closed Session at 11:30 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) Desaddi vs. IEUA, Case No. CIVRS 1304617; (5) Mwembu vs. IEUA Case No. CIVDS 1415762; (6) Southern California Edison vs. IEUA, Case No. CIVRS 1308595; (7) Qualco vs. IEUA, Case No. CIVRS 1304057 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 Cihigoyenetché; (2) Supplemental Water Transfer/Purchase, General Manager P. Joseph Grindstaff; C. PURSUANT TO GOVERNMENT CODE SECTION 54956.9 – CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION: Three (3) Cases; D. PURSUANT TO GOVERNMENT CODE SECTION 54957 – PERSONNEL MATTERS: (1) Various Positions – Compensation Study, (2) Various Positions; E. PURSUANT TO GOVERNMENT CODE SECTION 54957 – PERSONNEL MATTERS – PUBLIC EMPLOYEE PERFORMANCE EVALUATION: (1) Manager of Internal Audit

The meeting resumed at 12:25 p.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

Desaddi vs. IEUA, Case No. CIVRS 1304617

Mwembu vs. IEUA, Case No. CIVDS 1415762

Southern California Edison vs. IEUA, Case No. CIVRS 1308595

Qualco vs. IEUA, Case No. CIVRS 1304057

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:

Three (3) Cases

The Board took no reportable action.

Regarding Personnel Matters:

Various Positions – Compensation Study

Various Positions

The Board did not discuss.

Regarding Public Employee Performance Evaluation:

Manager of Internal Audit

The Board did not discuss.

With no further business, President Catlin adjourned the meeting at 1:20 P.M.



Steven J. Elie, Secretary/Treasurer

APPROVED: APRIL 15, 2015