

**MINUTES OF THE REGULAR
MEETING OF
THE BOARD OF DIRECTORS
OF
THE INLAND EMPIRE UTILITIES AGENCY*
WEDNESDAY, JANUARY 18, 2012
10:00 A.M.**

DIRECTORS PRESENT:

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

STAFF PRESENT:

Thomas A. Love, General Manager
Craig Miller, Assistant General Manager
Martha Davis, Executive Manager of Policy Development
Patrick Sheilds, Executive Manager of Operations
Christina Valencia, Chief Financial Officer
Rosemary Alvarado, Supervising Contracts and Programs Administrator
Chris Berch, Manager of Planning & Environmental Compliance
Michael Chung, Manager of Fiscal Management
Gabe DeSaddi, Manager of Construction Management
Sondra Elrod, Public Information Officer
Nel Groenveld, Manager of Laboratories
Gina Hillary, Manager of Human Resources
Randy Lee, Manager of Operations
Craig Parker, Manager of Engineering
Ryan Shaw, Associate Engineer
Teresa Velarde, Manager of Internal Audit
Robert Wallin, Contracts and Programs Administrator
April Woodruff, Board Secretary

OTHERS PRESENT:

Jack Allingham, Retiree
Jean Cihigoyenette, Cihigoyenette, Grossberg & Clouse
Senator Jim Brulte (ret.), California Strategies
Christopher Lancaster, Inland Valley Daily Bulletin
Susie Spears, Retiree

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 dispensed 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.

CALIFORNIA STRATEGIES ACTIVITIES UPDATE PRESENTED BY SENATOR JIM BRULTE (RET.)

Senator Jim Brulte (ret.) reported that California Strategies has been working with the Agency on water softener issues with local government, and groundwater issues in San Bernardino County. He presented a Legislative briefing PowerPoint. He highlighted Sacramento's Focus for 2012, on the Budget, Redevelopment, Pension Reform, Government Reform, Water Supply and Infrastructure Financing, and Public Goods Charge.

Director Elie requested that California Strategies provide a copy of the Governor's Budget Summary on the reorganization of the State Government. The Board thanked Senator Brulte (ret.) for his presentation.

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 Koopman, and unanimously carried:

M2012-1-1

MOVED, to approval of the Consent Calendar.

A. The Board approved the minutes from the December 21, 2011, regular Board of Directors meeting.

B. The Board approved:

1. Check registers for the period of December 9, 2011, to January 5, 2012;
2. Directors' Payroll for December 16, 2011;
3. Employees' Payroll for December 16, 2011, and December 30, 2011; and
4. Wire Transfers/ACH Payments for the period of December 4, 2011 to January 5, 2012.

C. The Board approved the Investment Report for the period of December 9, 2011 to January 5, 2012.

D. The Board:

1. Approved a 12-month advertising agreement between IEUA and the Los Angeles Newspaper Group (Inland Valley Daily bulletin) for calendar year 2012, at a cost of \$137,368; and
2. Authorized the General Manager to execute the agreement.

E. The Board:

1. Approved the amendment to Agreement No. 4600000873 between IEUA and Winzler and Kelly (GHD) for additional consulting services for the Wineville Extension Recycled Water Pipeline, Project No. EN06025, for the not-to-exceed amount of \$106,220; and

Continued...

M2012-1-1, continued.

2. Authorized the General Manager to execute the consultant contract amendment.

F. The Board:

1. Accepted the work as performed by Tamang Electric as complete under the construction contract for the RP-1 930 Pump Station Fifth Pump, Project No. EN11046; and
2. Authorized the General Manager to execute the Notice of Completion.

G. The Board:

1. Accepted the work as performed by California Professionals Engineering, Inc. as complete under the construction contract for the RP-1 Outdoor Lighting Improvements, Project No. EN11040; and
2. Authorized the General Manager to execute the Notice of Completion.

H. The Board:

1. Accepted the work as performed by Spectra Company as complete under the construction contract for the Headquarters Building Crack Repairs Project, Project No. EN11056; and
2. Authorized the General Manager to execute the Notice of Completion.

I. The Board:

1. Approved the proposed Cost Sharing Agreement between Chino Basin Watermaster (CBWM) and Inland Empire Utilities Agency (IEUA) for planning, design, and construction costs associated with implementation of recharge expansion opportunities at Turner Basins and Guasti Regional Park, with IEUA's share of the costs begin a not-to-exceed amount of \$162,236; and
2. Authorized the General Manager to finalize and execute the agreement.

J. The Board:

1. Approved Amendment No. 9 with Malcolm Pirnie, Inc. to provide consulting engineering services during the final construction phase of the RP-1 Dewatering Facility Expansion, Project No. EN06015, for the not-to-exceed fee of \$425,270; and
2. Authorized the General Manager to finalize and execute the contract.

ACTION ITEMS

ADOPTION OF RESOLUTION NO. 2012-1-1, AUTHORIZING AGENCY ORGANIZATIONAL MEMBERSHIPS AND AFFILIATIONS

Administration and Public Affairs Officer, Sondra Elrod stated that each year in January, staff presents a recommendation to the Board to approve a Resolution authorizing Agency memberships in certain organizations. She stated that, this year, staff is recommending that the Agency discontinue membership with the Urban Water Institute, California Groundwater Coalition, and Water Environment Research Foundation, due to limited benefits to the Agency. She stated that discontinuation in these memberships will save the Agency \$30,872 annually. Ms. Elrod further stated that staff is also recommending that the Board approve a new Agency membership with CalDesal, which would provide state-wide advocacy on salinity and brine management issues in the amount of \$5,000.

General Manager Thomas A. Love provided information on why the staff recommends discontinuation of the three memberships.

Director Camacho requested that staff's recommendation to approve new Agency membership in CalDesal (\$5,000), be tabled to the next Board meeting, to allow staff the opportunity to provide additional information on the benefits of this membership to the Agency.

The Board commended staff for their continued efforts in reducing costs for the Agency.

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

M2012-1-2

MOVED, to:

1. Approve to discontinue Agency membership in the following organizations; and
 - a. Water Environment Research Foundation (\$24,640)
 - b. California Groundwater Coalition (\$4,500)
 - c. Urban Water Institute (\$1,732);
2. Adopt, by roll call vote, Resolution No. 2012-1-1, authorizing organizational memberships and affiliations.

RESOLUTION NO. 2012-1-1

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, AUTHORIZING AGENCY-WIDE ORGANIZATIONAL MEMBERSHIPS AND AFFILIATIONS (For full text, see Resolution Book)

with the following roll call vote:

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

ON- CALL CONSTRUCTION MANAGEMENT SUPPORT AND INSPECTION SERVICES

Manager of Construction Management Gabe Desaddi stated that staff is recommending that the Board approve two master three-year contracts for on-call “as needed” construction management support and inspection services to be awarded to Butier and GK & Associates, beginning January 18, 2012, for a not-to-exceed total amount of \$2,500,000 or \$1,250,000 for each contract. Mr. Desaddi stated that these contracts are for work which will be required on various projects and at various times, throughout the next three years, and funding for this work is included in each individual project budget that required Construction Management Support and Inspection services. He further stated that there is no direct impact on the Agency’s fiscal year budgets. Mr. Desaddi reported that Butier and GK & Associates were ranked number one and two by a 6-member panel of Agency staff.

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

M2012-1-3

MOVED, to:

1. Award three-year contracts to Butier and GK & Associates for on-call “as needed” construction management support and inspection services for a not-to-exceed total amount of \$2,500,000 or \$1,250,000 for each contract; and
2. Authorize the General Manager to execute the contracts.

PROPOSED 2012 FEDERAL AND STATE LEGISLATIVE PRIORITIES AND STRATEGY

Executive Manager of Policy Development Martha Davis gave a PowerPoint presentation on the Proposed Federal and State Legislative Priorities for 2012. She highlighted the 2011 Key Legislative Achievements, Proposed State Legislative Core Priorities, and Proposed State and Federal Strategy.

(Director Camacho left the meeting room at 10:55 a.m.)

(Director Camacho returned to the meeting room at 11:00 a.m.)

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

M2012-1-4

MOVED, to adopt the 2012 Federal and State Legislative Priorities and Strategy.

INFORMATION ITEMS

ENGINEERING DEPARTMENT QUARTERLY UPDATE

Manager of Engineering Craig Parker provided a status update on the new Laboratory building. He reported that the design is 50% complete; however, the Lab is currently on hold due to the recent “push back” from the Regional Technical Committee on proceeding. He stated that the Agency has spent approximately \$600,000 to date, of the \$15,000,000 project budget. Mr. Parker noted that the 50% design complete will still be useful in the future. Staff continues to look for grant funding to complete the Lab, which looks to be about 3 to 4 years out.

General Manager Thomas A. Love stated that the estimate on the cost inflation on the Lab project over the next number of years, compared to the cost of construction today, is approximately \$430,000 or 2.5%. He stated that the key issue is that staff has worked through, over the last couple of years, on stabilizing the Agency’s financial situation, and debt coverage

ratio. He stated that the Agency has a low interest loan approved from the State for the Laboratory project; however, the debt service payment is not in the rate scenarios, in trying to achieve a debt coverage ratio of 1.70 by FY 2012/15.

Mr. Love gave a brief update on the Engineering Department activities.

LABORATORY SEMI-ANNUAL STATUS REPORT

Manager of Laboratories Nel Groenveld gave a Laboratory Semi-Annual Status Report PowerPoint presentation. She reported on the 2011 Samples Received, 2011 Analyses Performed, FY 2011/12 Compliance vs. Discretionary Sample and Analyses by Source, Customer Service Performance Indicator, and Miscellaneous Laboratory Activities.

Director Elie commended that Lab team for their reduction in the number of maximum turnaround time from 97 in 2008, to 44 in 2011.

MWD UPDATE

Associate Engineer Ryan Shaw gave a PowerPoint update on the MWD Replenishment Program and Proposed Budget. He highlighted the MWD Draft Biennial Budget, Sources of Funds, Uses of Funds, Proposed Rates, Replenishment Program Details, and Replenishment Program Schedule. A MWD workshop on the proposed biennial budget for Fiscal Years 2012/13 and 2013/14, is scheduled for January 24, 2012.

IEUA REDISTRICTING

Manager of Planning and Environmental Compliance Chris Berch gave a brief update on the IEUA Redistricting. He highlighted progress to date, next steps, and timeline. He stated that there is a Redistricting Workshop scheduled for February 1.

The Board requested the scenarios be provided early to allow the Board members time to review prior to the workshop.

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

TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR NOVEMBER 2011

UPDATE OF ACTUARIAL VALUATION OF POSTEMPLOYMENT MEDICAL BENEFITS

INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY'S ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED JUNE 30, 2011

PUBLIC OUTREACH AND COMMUNICATIONS

ACWA PROPOSED POLICY PRINCIPLES REGARDING THE FINANCING OF PUBLIC BENEFITS

LEGISLATIVE REPORT FROM INNOVATIVE FEDERAL STRATEGIES, LLC

LEGISLATIVE REPORT FROM THE DOLPHIN GROUP

LEGISLATIVE REPORT FROM AGRICULTURAL RESOURCES

IEUA MONTHLY WATER NEWSLETTER

RECYCLED WATER FY 2010/2011 ANNUAL REPORT

2ND QUARTER PLANNING AND ENVIRONMENTAL COMPLIANCE UPDATE

SAFETY & RISK QUARTERLY UPDATE

AGENCY REPRESENTATIVES' REPORTS

SAWPA REPORT

President Catlin reported that at yesterday's (January 17) meeting, the Commissioners took action to defer increased Commissioners' compensation, authorized staff to pursue Prop. 84 grant funding for the Orange County Coast Keeper to install stormwater BMPs that infiltrate, filter, store, evaporate, or retain runoff at selected scrap yards in the Santa Ana River Watershed. He stated that there was discussion on the O&M line cleaning for the brine line.

MWD REPORT

Director Camacho stated that Mr. Ryan Shaw provided the update during his MWD presentation.

REGIONAL SEWERAGE PROGRAM POLICY COMMITTEE REPORT

President Catlin reported that the Policy Committee meeting is postponed to January 26, 2012.

CHINO BASIN WATERMASTER REPORT

Director Elie reported that an Interim General Manager has been retained in Mr. Ken Jeske for a six-month period.

GENERAL MANAGER'S REPORT

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

General Manager Thomas A. Love provided an update on 3-year rate proposal and reported on the Technical Committee meeting. He reported that some of the agencies were comfortable with the two year; however, they had some concerns over the third year. Mr. Love stated one agency was not comfortable with any of the proposed recycled water rate increases. He stated IEUA's recommendation was adoption of a 3-year rates as presented to the Board at the December meeting. It was suggested that a special Technical Committee meeting be scheduled for this Thursday (January 19). Mr. Love stated that he will inform the Board of the meeting outcome.

Mr. Love reported that the wind turbines have begun to generate energy.

BOARD OF DIRECTORS REQUESTED FUTURE AGENDA ITEMS

There were no future agenda items requested by the Board.

BOARD OF DIRECTORS' COMMENTS

President Catlin requested that staff have California Strategies and the Dolphin Group monitor ACWA's proposed Principals and report updates to the Board.

President Catlin stated that he would like to take a moment to talk about former Senator Ruben Ayala. He stated that he will be adjourning the meeting in his memory. President Catlin stated that former Senator Ayala was an advocate for the area. He dedicated his professional life to serving the people, and did a fantastic job. He started as a School Board Member in Chino, went on to become Councilman, and then the Mayor of Chino, to a member of County Board of Supervisors, then had a long tenure in the State Senate from 1974 to 1998. Former Senator Ayala helped craft legislation for the Peripheral Canal in 1982, and we continue to talk about that today. He also wrote legislation to help IEUA to preserve some of its tax revenue. He is/was a great man.

CLOSED SESSION

The Board went into closed session at 11:55 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; (5) IEUA vs. Ontario Redevelopment Agency, Case No CIVRS1100454; (6) Dezham vs. IEUA, Case No. CIVRS 1109761; (7) IEUA vs. Ontario Redevelopment Agency, Case No CIVRS1110390 . B. PURSUANT TO GOVERNMENT CODE SECTION 54956.9 – CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION: Two (2) cases, C. PURSUANT TO GOVERNMENT CODE SECTION 54956.8 – CONFERENCE WITH REAL PROPERTY NEGOTIATOR (1) Property: 4 acres on El Prado Road; Negotiating Parties: Carson Companies; Under Negotiation: Price and Terms of Purchase

The meeting resumed at 1:25 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:

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

IEUA vs. Ontario Redevelopment Agency, Case No. CIVRS1100454

Martin vs. IEUA, Case No. CIVRS 1000767

Dezham vs. IEUA, Case No. CIVRS 1110390

The Board took no reportable action.

Regarding Conference with Legal Counsel – Existing Litigation:

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

The Board did not discuss this item.

Regarding Conference with Legal Counsel – Anticipated Litigation:

One (1) case

The Board took no reportable action.

Regarding Conference with Legal Counsel – Anticipated Litigation:

One (1) case

The Board did not discuss this item.

Regarding Conference with Property Negotiator

Property: 4 acres on El Prado Road
Negotiating Parties: Carson Companies
Under Negotiation: Price and Terms of Purchase

The Board took no reportable action.

With no further business, President Catlin adjourned the meeting at 1:29 p.m. in memory of Senator Ruben Ayala.

Secretary

APPROVED: FEBRUARY 1, 2012