

**MINUTES OF THE REGULAR
MEETING OF
THE BOARD OF DIRECTORS
OF
THE INLAND EMPIRE UTILITIES AGENCY*
WEDNESDAY, MARCH 21, 2012
10:00 A.M.**

DIRECTORS PRESENT:

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

DIRECTOR ABSENT:

Angel Santiago

STAFF PRESENT:

Thomas A. Love, General Manager
Craig Miller, Assistant General Manager
Christina Valencia, Chief Financial Officer
Adham Almasri, Senior Engineer
Rosemary Alvarado, Supervising Contracts and Programs Administrator
Blanca Arambula, Deputy Manager of Human Resources
Susan Barajas, Staff Internal Auditor II
Charlie Batongmalaque, Materials Management Supervisor
Kathleen Baxter, Supervising Contracts and Programs Administrator
Chris Berch, Manager of Planning & Environmental Compliance
Michael Chung, Manager of Fiscal Management
Sondra Elrod, Administration and Public Affairs Officer
Paige Gulck, Administrative Analyst
Dave Hein, Technical Buyer
Joel Ignacio, Senior Associate Engineer
Majid Karim, Deputy Manager of Engineering
Randy Lee, Acting Executive Manager of Operations
Vivian Lim, Human Resources Analyst
Suresh Malkani, Accounting Supervisor
Ryan Shaw, Associate Engineer
Teresa Velarde, Manager of Internal Audit
Robert Wallin, Contracts and Programs Administrator
Ernest Yeboah, Manager of Maintenance
April Woodruff, Board Secretary

OTHERS PRESENT:

Jack Allingham, Retiree
Dave Apodaca, MCR Tech
Jean Cihigoyenetché, Cihigoyenetché, Grossberg & Clouse
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 10:01 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. There was no one desiring to do so.

President Catlin asked if there were any changes/additions/deletions to the agenda.

General Counsel Jean Cihigoyenette stated that he has two Closed Session matters that have come to the attention of the Agency since the posting of the Board meeting agenda. He stated one is a potential litigation matter and the other is a personnel matter. Mr. Cihigoyenette stated that since there are only four members of the Board present, he would need a unanimous vote to move those items up to today's agenda. He further stated that these items require immediate consideration and action today.

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

M2012-3-4

MOVED, to approve the addition of the following two (2) Closed Session Items to the Agenda:

- a. Pursuant to Government Code Section 54956.9 – Conference with legal counsel – Anticipated Litigation: One (1) Case
- b. Pursuant to Government Code 54954.5 – Public Employee Dismissal/Discipline/Release

SUPPLIER OF THE YEAR AWARD PRESENTATION

President Catlin presented MCR Technologies, Inc. an award for the 2011 Supplier/Contractor Recognition Program. He stated that they were nominated due to their responsiveness, prompt attention, and exemplary level of customer service in supporting ISCO sampler equipment. Accepting the award on behalf of MCR Technologies, Inc. was Mr. David Apodaca.

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 Camacho, seconded by Director Elie, and unanimously carried:

M2012-3-5

MOVED, to approval of the Consent Calendar.

- A. The Board approved the minutes from the March 7, 2012, regular Board of Directors meeting.
- B. The Board approved:
 - 1. Check registers for the period of February 24, 2012, to March 8, 2012;
 - 2. Directors' Payroll for February 15, 2012;
 - 3. Employees' Payroll for February 24, 2012; and

Continued...

M2012-3-5, continued

4. Wire Transfers/ACH Payments for the period of February 24, 2012 to March 8, 2012.

C. The Board approved the Investment Report for the period of February 24, 2012 to March 8, 2012.

D. The Board:

1. Approved the inter-fund transfer of \$63,000 from the Fiscal Year 2011/12 allocation of Project No. PL03006, RP-1 Odor Control in the Regional Wastewater Capital Fund (RC) to Project No. EN12025, Hickory Basin Arizona Crossing in the Groundwater Recharge Capital Fund (RW);
2. Awarded the construction contract for the Hickory Basin Arizona Crossing, Project No. EN12025, to Kaveh Engineering and Construction, Inc. for their low bid of \$148,000; and
3. Authorized the General Manager to finalize and execute the contract.

E. The Board:

1. Approved the amendment to Agreement No. 4600000873 between IEUA and GHD (Winzler and Kelly) for additional consulting services for the Wineville Extension Recycled Water Pipeline, Project No. EN06025, for the not-to-exceed amount of \$99,785; and
2. Authorized the General Manager to execute the consultant contract amendment.

F. The Board:

1. Accepted the work as performed by ERS Industrial Services, Inc. as complete under the construction contract for the Carbon Canyon Water Recycling Facility (CCWRF) Tertiary Filters Media Replacement and Rehabilitation, Project No. EN11041; and
2. Authorized the General Manager to execute the Notice of Completion.

G. The Board:

1. Adopted an Addendum to the Peace II Project Subsequent Environmental Impact Report; and
2. Authorized the General Manager to file a Notice of Determination for the Chino Creek Extensometer Facility with the San Bernardino County Clerk of the Board.

Continued...

M2012-3-5, continued

H. The Board;

1. Adopted the CEQA Initial Study/Mitigated Negative Declaration and Mitigation, Monitoring and Reporting Program for the Turner Basin Recharge Improvements Project, Phase II, Project No. WR11017; and
2. Authorized the General Manager to file the Notice of Determination (NOD) with the San Bernardino County Clerk of the Board.

I. The Board:

1. Reviewed the proposed amendments to the existing Non-Reclaimable Wastewater System (NRWS) Ordinance No. 62; and
2. Authorized staff to schedule a Public Hearing on May 2, 2012, for adoption of the new NRWS Ordinance No. 89 to replace NRWS Ordinance No. 62.

ACTION ITEMS

CONSTRUCTION CONTRACT AWARD FOR THE CCWRF RECYCLED WATER PUMP STATION EXPANSION, PROJECT NO. EN07010

Deputy Manager of Engineering Sylvie Lee stated that the RW Pump Station expansion at CCWRF will increase the pumping capacity so that IEUA will be able to pump the available treated recycled water at any time during the day. She stated that this will ultimately aid the Agency in meeting the peak summer demands, and during low demands, any excess recycled water can be stored in the proposed 930 Reservoir. Ms. Lee stated that the project will also replace the Variable Frequency Drives (VFD's) and motors, as well as install new electrical, mechanical, and instrumentation equipment. She reported that the Agency received ten bids, and staff is recommending that the Board award the construction contract to Norman A. Olsson Construction, Inc. for \$2,880,000. Ms. Lee also stated that the project is funded by the State Revolving Fund Loans from the State Water Resources Board. She noted that this item was presented to the Engineering, Operations, and Biosolids Management Committee on March 14.

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

M2012-3-6

MOVED, to:

1. Award the construction contract for the CCWRF Recycled Water Pump Station Expansion, Project No. EN07010 to Norman A Olsson Construction, Inc. for \$2,880,000; and
2. Authorize the General Manager to execute the contract.

APPROVAL OF PREFERRED DIVISION BOUNDARY ALIGNMENT

Manager of Planning & Environmental Compliance Chris Berch stated that over the past seven months, the Board has reviewed 2010 census data and developed several scenarios to the Agency's division boundaries alignments to better balance the population growth that has occurred since 2000. He stated that at the March 5 Redistricting Workshop, the Board refined

and developed two final scenarios for consideration. Mr. Berch stated that at the March 7 Board meeting, the majority of the Directors concurred that Scenario 10E is the preferred alternative. He stated that staff is recommending that the Board approve Alignment Scenario 10E as the preferred alignment for finalization and submission to the San Bernardino County Registrar of Voters.

Director Koopman commented that he had stated his position at the March 7 Board meeting. He stated that what he finds interesting is that although the Agency was trying to use the plus and minus 4% ratio, the rationale used for Division 2 (Ontario) is that in the next 10 years there will be tremendous growth in that area. He stated that normally these are adjusted because of the current census, and the Agency has adjusted the alignment on the possibility of the next census. Director Koopman stated that he will be voting no on this item.

Upon motion by Director Camacho, seconded by Director Elie, with Director Koopman voting in the negative, the motion carried (3-1):

M2012-3-7

MOVED, to approve Alignment Scenario #10E as the preferred alignment for finalization and submission to the San Bernardino County Registrar of Voters.

INFORMATION ITEMS

ONLINE TIME ENTRY AND PAYROLL REPLACEMENT PROJECT UPDATE

Manager of Fiscal Management Michael Chung gave a PowerPoint presentation on the Time Entry and Payroll Project. He highlighted Project Goals and Objectives, Reduced Project Scope, Project Budget, and Project Schedule.

SEMI-ANNUAL MAINTENANCE UPDATE

Manager of Maintenance Ernest Yeboah gave a PowerPoint presentation on the Semi-Annual Maintenance Update. He highlighted the Major Maintenance Projects, Maintenance Cost Per Facility Labor & Materials, RP-1 Breakdown, RP-1 Work Order Hours, Work Order Breakdown by Costs for RP-1, and Equipment Repair Costs for RP-1.

MWD UPDATE

Assistant General Manager Craig Miller gave an update on the MWD Replenishment Program and Proposed Biennial Budget. He reported that the MWD rates went before the Board this month and were deferred to April. He stated that there was three options offered – a 10% increase followed by 5%, 7.5% increase followed by 5% the following year, and 5% followed by 5%. Mr. Miller stated that there was significant pushback from San Diego and a lot of questions were asked; therefore, the item was deferred. MWD will eliminate the 10% option and propose a 6% increase followed by a 5% the following year option, to the Board in April.

Manager of Planning and Environmental Compliance Chris Berch reported that MWD is going to have a necessary shutdown due to a required replacement section of turnout pipe installed in 2007, which is leaking. He stated that MWD will be shutting down a section of the Rialto Feeder. He stated that once he receives the details, he will make the appropriate notification.

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

ACCOUNTS PAYABLE FOLLOW-UP AUDIT RESPONSE

APPROACH TO FOLLOW-UP AUDITS

INTERNAL AUDIT DEPARTMENT STANDARD OPERATING PROCEDURES

INTERNAL AUDIT DEPARTMENT STATUS REPORT FOR MARCH 2012

TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR JANUARY 2012

PUBLIC OUTREACH AND COMMUNICATIONS

LEGISLATIVE REPORT FROM INNOVATIVE FEDERAL STRATEGIES, LLC

LEGISLATIVE REPORT FROM THE DOLPHIN GROUP

CALIFORNIA STRATEGIES, LLC MONTHLY ACTIVITY REPORT

IEUA MONTHLY WATER NEWSLETTER

CAPITAL IMPROVEMENT PROJECTS IMPLEMENTATION PROCESS

PRELIMINARY REVIEW OF THE TEN-YEAR CAPITAL IMPROVEMENT PLAN

AGENCY REPRESENTATIVES' REPORTS

SAWPA REPORT

President Catlin reported that the SAWPA Commission meeting was routine. He noted that the 2012 Santa Ana Watershed Conference is scheduled for April 25, at the National Orange Show Events Center in San Bernardino.

MWD REPORT

Director Camacho stated that Assistant General Manager Craig Miller provided an update during his MWD Update Report.

REGIONAL SEWERAGE PROGRAM POLICY COMMITTEE REPORT

There was no Regional Sewerage Program Policy Committee meeting.

CHINO BASIN WATERMASTER REPORT

Director Elie reported that at CBWM the search for a General Manager continues. He reported that there may be progress on the Paragraph 31 appeal.

GENERAL MANAGER'S REPORT

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

Chief Financial Officer Christina Valencia provided an update on the property taxes and the Oversight Committee. She reported that the Agency is holding steady compared to what the Agency received last year with \$14.6 million, with 5 payments left. Ms. Valencia reported that with regards to the dissolution of all the RD Agencies, each successor Agency is tasked to create an Oversight Committee to oversee the activities of the former redevelopment agencies. She stated that one of the appointees will be the Special District with the largest allocation of percentage taxes. She stated that the County is set to post the property tax share on their website on Friday.

General Manager Thomas A. Love reported the Agency had another break on the pipeline by the same contractor that hit the line last month. He stated that the Operations and Construction Management staff responded and the Agency is back on line.

BOARD OF DIRECTORS REQUESTED FUTURE AGENDA ITEMS

There were no future agenda items requested by the Board.

BOARD OF DIRECTORS' COMMENTS

There were no comments from the Board of Directors.

CLOSED SESSION

The Board went into closed session at 10:40 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) Dezhm vs. IEUA, Case No. CIVRS 1109761; B. PURSUANT TO GOVERNMENT CODE SECTION 54956.9 – CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION: Two (2) cases.

The meeting resumed at 12:22 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:

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

Martin vs. IEUA, Case No. CIVRS 1000767

Dezhm vs. IEUA, Case No. CIVRS 1109761

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

The Board did not discuss this item.

Regarding Conference with Legal Counsel – Anticipated Litigation:

Two (2) cases

The Board took no reportable action.

Regarding (voted on) Conference with Legal Counsel – Anticipated Litigation:

One (1) case

The Board took no reportable action.

Regarding (voted on) Public Employee Dismissal/Discipline/Release

The Board took no reportable action.

With no further business, President Catlin adjourned the meeting at 12:25 p.m.

Secretary

APPROVED: APRIL 18, 2012