



**MINUTES OF THE REGULAR
MEETING OF
THE BOARD OF DIRECTORS
OF
THE INLAND EMPIRE UTILITIES AGENCY*
WEDNESDAY, APRIL 16, 2014
10:00 A.M.**

DIRECTORS PRESENT:

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

STAFF PRESENT:

Christina Valencia, Chief Financial Officer/Assistant General Manager
Ernest Yeboah, Executive Manager of Operations/Assistant General Manager
Chris Berch, Executive Manager of Engineering/Assistant General Manager
Jean Cihigoyenetche, General Counsel
Sharmeen Bhojani, Manager of Human Resources
Javier Chagoyen-Lazaro, Manager of Finance & Accounting
Tina Cheng, Budget Officer
Warren Green, Manager of Contracts and Facilities Services
Craig Parker, Manager of Engineering
Craig Proctor, Pretreatment and Source Control Supervisor
Cheyanne Reseck-Francis, Administrative Assistant
Stephanie Riley, Administrative Assistant
Albert VanBreukelen, Deputy Manager of Plant Maintenance
Larry Vanderpool, Deputy Manager of Maintenance Planning
Walid Wasfy, Associate Engineer
April Woodruff, Board Secretary/Office Manager
Jeff Ziegenbein, Deputy Manager of Ops & Organics

OTHERS PRESENT:

Rich Haller, SAWPA
Henry Viramontes, Viramontes Express
Suzanne Viramontes, Viramontes Express

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 10:06 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. There were no changes/additions/deletions to the agenda.

INLAND EMPIRE BRINE LINE SPECIAL PRESENTATION

Mr. Rich Haller, SAWPA presented Mr. Craig Proctor with a certificate of appreciation. Mr. Haller stated that SAWPA relied on Mr. Proctor for his technical expertise in updating the numerous documents, participating in the hiring of new staff, as well as playing a vital role in revamping the pretreatment program. Director Catlin added that this task was a huge undertaking and thanked both SAWPA and Mr. Proctor for their hard work.

SUPPLIER OF THE YEAR AWARD PRESENTATION

Manager of Contracts and Facilities Services Warren Green announced Viramontes as the Supplier of the Year. Director Catlin provided a brief overview of the award selection process and stated a total of 8 suppliers were recommended. Director Catlin stated that Viramontes was chosen for their continued dependability and expertise in serving the Agency.

NEW HIRE INTRODUCTION

Executive Manager of Operations/Assistant General Manager Ernest Yeboah introduced Mr. Walid Wasfy, Associate Engineer, who was hired on March 31, 2014. The Board welcomed Mr. Wasfy to the IEUA team.

4. CONSENT CALENDAR

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

M2014-4-1

MOVED, to approve the Consent Calendar.

- A. The Board approved the minutes from the March 19, 2014, Board Meeting, April 2, 2014, Special Board Workshop.
- B. Approved the total disbursement for the month of February 2014, in the amount of \$12,030,573.09.
- C. The Board:
 - 1. Adopted Resolution No. 2014-4-1, declaring its intent to adopt the FY 2014/15 budget for the Agency's Regional Wastewater, Recycled Water, Non-Reclaimable Wastewater, and Water Resources Programs and fixing time and place of hearing thereon for FY 2014.15; and

RESOLUTION NO. 2014-4-1

RESOLUTION OF THE INLAND EMPIRE UTILITIES AGENCY, A MUNICIPAL WATER DISTRICT, SAN BERNARDINO COUNTY, CALIFORNIA, DECLARING ITS INTENT TO ADOPT BUDGETS FOR THE REGIONAL SEWAGE, RECYCLED WATER, NON-RECLAIMABLE WASTEWATER, AND WATER RESOURCES PROGRAMS AND FIXING TIME AND PLACE OF HEARING THEREON

(for full text , see Resolution Book)

Continued...

2. Set a hearing date of June 18, 2014, and directed staff to distribute the Resolution to the appropriate agencies in compliance with the Regional Sewage Service Contract.

- D. The Board adopted Resolution No. 2014-4-5, commending Ms. Patricia Bonawitz for 21 year of public service.

RESOLUTION NO. 2014-4-5
RESOLUTION OF THE INLAND EMPIRE UTILITIES AGENCY, A MUNICIPAL WATER DISTRICT, SAN BERNARDINO COUNTY, CALIFORNIA, COMMENDING PATRICIA BONAWITZ FOR 21 YEARS OF PUBLIC SERVICES, AND EXTENDING BEST WISHES TO HER UPON A WELL-DESERVED RETIREMENT
(for full text , see Resolution Book)

- E. The Board:

1. Amended Agreement No. 4600000419 with California Strategies, LLC to provide strategic local government consulting services from July 1, 2014 through June 30, 2015, at a monthly retainer fee of \$6,000 per month, plus reasonable business expenses, with no change in the current rate; and
2. Authorized the General Manager to execute Agreement Amendment No. 4600000419-005.

- F. The Board:

1. Ratified contract Amendment No. 4600001525-001 in the amount of \$39,000 with The Brickman Group Ltd. LLC for the Landscape Transformation Program;
2. Approved Contract Amendment Number 4600001525-002 in the amount of \$61,000 for a total not-to-exceed contract amount of \$250,000; and
3. Authorized the General Manager to execute the Amendment.

- G. The Board adopted Resolution No. 2014-4-2, proclaiming May 5, 2014 through May 11, 2014, as International Compost Awareness Week.

RESOLUTION NO. 2014-4-2
RESOLUTION OF THE INLAND EMPIRE UTILITIES AGENCY, A MUNICIPAL WATER DISTRICT, SAN BERNARDINO COUNTY, CALIFORNIA, PROCLAIMING MAY 5 2014 THROUGH MAY 11, 2014, AS INTERNATIONAL COMPOST AWARENESS WEEK

Continued...

M2014-4-1, continued

(for full text , see Resolution Book)

- H. The Board adopted Resolution No. 2014-4-3, calling for enhanced water use efficiency efforts to extend regional water supplies for Inland Empire residents and businesses.

RESOLUTION NO. 2014-4-3

RESOLUTION OF THE INLAND EMPIRE UTILITIES AGENCY, A MUNICIPAL WATER DISTRICT, SAN BERNARDINO COUNTY, CALIFORNIA, CALLING FOR EXTRAORDINARY WATER USE EFFICIENCY EFFORTS TO EXTEND REGIONAL WATER SUPPLIES FOR INLAND EMPIRE RESIDENTS AND BUSINESSES

(for full text , see Resolution Book)

- I. The Board:
1. Approved the one-year option to renew Contract No. 4600000926 with Gabriel I. Cruz (GIC) Transport, Inc. for biosolids transportation and recycling services in the amount of \$500,000 through June 30, 2015; and
 2. Authorized the General Manager to execute the contract amendment.
- J. The Board:
1. Approved the Starlite Reclamation Environmental Services Capacity Right Agreement Amendment;
 2. Authorized the General Manager to execute the Amendment.

1. ACTION ITEMS

A. ADOPTION OF RESOLUTION NO. 2014-4-4, AUTHORIZING AGENCY ORGANIZATIONAL MEMBERSHIP AND AFFILIATIONS

Chief Financial Officer/Assistant General Manager Christina Valencia stated that per California Water Code – Section 71597 the Board of Directors must approve by resolution the authorization of memberships and affiliations with certain organizations. Ms. Valencia proposed that the Board approve all Agency-wide memberships greater than \$5,000, totaling \$163,120 for FY 2014/15 and delegate the approval of all memberships less than \$5,000 to the General Manager, totaling \$11,511 for FY 2014/15.

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

M2014-4-2

MOVED, to:

1. Approve the Agency-wide memberships and affiliations for FY 2014/15, in the amount of \$163,120 as detailed in the Agency-wide membership listing;
2. Delegate authority to the General Manager, or in his absence, his designee to approve all Agency-wide annual memberships and affiliations less than \$5,000; and
3. Adopt Resolution No. 2014-4-4, authorizing organizational memberships and affiliations.

B. SELECTION OF A REGULAR SPECIAL DISTRICT MEMBER AND ALTERNATE MEMBER OF THE LOCAL AGENCY FORMATION COMMISSION

Chief Financial Officer/Assistant General Manager Christina Valencia stated that it is recommended that the Board of Directors select a candidate to serve as regular special district and a candidate to serve as the alternate special district member of the Local Agency Formation Commission (LAFCO). Ms. Valencia stated that Mr. James V. Curatalo currently holds the position of Regular Special district Member and Mr. Robert Smith holds the position of alternate special district member.

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

M2014-4-3

MOVED, to select, Mr. James Curatalo to serve as a Regular Special District member, and Mr. Bob Smith to serve as the Alternate Regular Special District member.

With the following roll call vote:

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

C. CONTRACT AMENDMENT FOR THE WINEVILLE EXTENSION RECYCLED WATER PIPELINE SEGMENTS A AND B

Manager of Engineering Craig Parker provided a background of the Butier Engineering contract, highlighting that this contract amendment will provide Butier Engineering with full control of this project. He stated that this amendment will provide Butier Engineering with two task orders to complete both project phases, segment A and segment B, for the Wineville project, with an estimated completion of December 2015. Mr. Parker stated that the total of the two task orders amounts to \$1,875,000.

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

M2014-4-4

MOVED, to:

1. Approve a contract amendment to Butier Engineering Inc. for construction management services for a not-to-exceed total amount of \$1,875,000; and
2. Authorize the General Manager to execute the consultant contract amendment.

D. PURCHASE OF FOUR IRON SPONGE MEDIA TANKS FOR REGIONAL WATER RECYCLING PLANT NO. 1

Deputy Manager of Plant Maintenance Albert VanBreukelen, presented a brief background of the current tanks at Regional Water Recycling Plant No. 1. Mr. VanBreukelen provided recommendations to purchase four iron sponge media tanks, highlighting the benefits of redundancy. The redundancy limits risk of non-compliance, provides the ability for media change out, and helps to avoid the need to emergency media replacements.

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

M2014-4-5

MOVED, to:

1. Ratify the emergency procurement of two iron sponge media tanks; and
2. Approve the purchase of two additional iron sponge media tanks for the Regional Water Recycling Plant (RP-1), for a not-to-exceed amount of \$260,000 including freight and sales tax, from Marcab Company, Inc.

6. INFORMATION ITEMS

A. FISCAL YEAR 2014/15 PRELIMINARY BUDGET FOR THE REGIONAL WASTEWATER, RECYCLED WATER, AND RECHARGE WATER PROGRAMS

Chief Financial Officer/Assistant General Manager Christina Valencia stated that based on the regional contract the Regional Wastewater, Recycled Water and Recharge Water must be presented to the Technical Committee prior to the IEUA Board of Directors for approval; the presentation will be presented to the Technical Committee on April 24, 2014. She added that the adoption of FY 2014/15 budget will be presented to the Board on June 18, 2014. Ms. Valencia presented the re-allocation of property taxes for FY 2014/15, stating that 3% of property taxes will be allocated to the Water Resources Program to help fund the administration and implementation of water efficiency and conservation projects. This will lower the Administrative Services fund property tax allocation from 8% in previous years to 5% for FY 2014/15. Ms. Valencia provided an overview of the Ten Year Capital Improvement Plan (TYCIP), stating that there have been no changes to the total TYCIP; however, FY 2014/15 has been reduced due to the deferment of projects to FY 2015/16. Ms. Valencia continued to provide an overview of the debt, highlighting that per the recommendation of the Board the 2005A bonds will be

paid off in FY 2014/15, totaling \$16 million. Ms. Valencia stated that the rise in net employment costs is primarily due to the prefunding of pension unfunded accrued liability. Ms. Valencia also highlighted that the total full time equivalent positions (FTE's) will be permanently reduced from 295 to 290. Ms. Valencia stated that the Agency is currently working on determining drought projects and numerous long term plans that may generate new projects, which could potentially reduce the current fund balances. Ms. Valencia also highlighted that the debt coverage ratio (DCR) has been adjusted to show both parity DCR, as well as total DCR. Parity DCR includes bonded debt only, reaching the target DCR in FY 2015/16, whereas the total DCR reaches the target in FY 2021/22. Ms. Valencia stated that she has reassured the stakeholders that the proposed reallocation of property taxes forecasted for future years from the Regional program will not affect the proposed rates which are driver by full cost of service recovery.

B. ENGINEERING AND CONSTRUCTION MANAGEMENT FY 2013/14 MONTHLY UPDATE

Manager of Engineering Craig Parker gave a PowerPoint overview on the projects currently ongoing. Mr. Parker provided the status of ongoing easement negotiations with the San Bernardino Flood Control District. Mr. Parker stated that the RP-1 and RP-2 Boilers Replacement project has been completed. He also reported the project status of Wineville Recycled Water Pipeline and the 930 Zone Projects. Mr. Parker provided the project status for the IERCF Conveyance Improvements, highlighting that the contractor has met with the conveyance fabricator and the project is on track to be completed in November 2014.

C. CONTRACTS & FACILITIES SERVICES DEPARTMENT QUARTERLY UPDATE

Manager of Contracts and Facilities Services (CAP) Warren Green gave a PowerPoint presentation showing that 64 contracts and 753 purchase orders have been executed year to date. He highlighted that the department is currently looking into eP2P (electronic procure to pay) processes to make the processes of procurement more efficient with throughout the Agency. Mr. Green also stated that the department is working on enhancing customer service with llt Agency departments and congratulated his staff for receiving their 11th Achievement of Excellence in Procurement (AEP) award. Mr. Green stated that Santa Ana Watershed Association (SAWA) current lease is due to expire in June 2014 and they have opted not to renew. Mr. Green continued on to explain that the SAWA provides education in the park, which is required as part of the park grant. He stated that staff is currently looking at the options for the future and will bring these back to the Board for review. Mr. Green also provided a status of surplus management, facilities standardization and beautification. Mr. Green stated that all departments have completed their records management compliance for 2013 and wanted to commend the Records Management Staff, as well as the liaisons for their hard work in completing this essential task.

D. MWD UPDATE

Executive Manager of Engineering/Assistant General Manager Chris Berch reported that MWD adopted their budget on April 8, 2014; the budget was approved with a 1.5% blended increase across the board. For Tier 1 Untreated Water the rate will be reduced from \$593 to \$582 effective January 1, 2015. Mr. Berch stated that discussion was also held regarding the drought and how it affects the region. He stated that MWD is looking at projects that would provide more access to multiple supply systems, highlighting a possibility of Diamond Lake connecting to the Rialto feeder.

E. SCE INTERCONNECTION UPDATE

Executive Manager of Engineering/Assistant General Manager Chris Berch reported that the Agency has received the agreement for RP-1; it is anticipated to be executed within the next week. Mr. Berch stated that the Agency has received the draft agreement for RP-5 and they are currently still in negotiations.

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

F. TREASURER'S REPORT OF FINANCIAL AFFAIRS

G. PUBLIC OUTREACH AND COMMUNICATION

H. LEGISLATIVE REPORT FROM INNOVATIVE FEDERAL STRATEGIES

I. LEGISLATIVE REPORT FROM DOLPHIN GROUP

J. LEGISLATIVE REPORT FROM AGRICULTURAL RESOURCES

K. CALIFORNIA STRATEGIES, LLC MONTHLY ACTIVITY REPORT

L. 3RD QUARTER PLANNING & ENVIRONMENTAL COMPLIANCE UPDATE

M. IEUA QUARTERLY WATER UPDATE

N. INLAND EMPIRE BRINE LINE REACH IV-A SULFIDE FORMATION

5. AGENCY REPRESENTATIVES' REPORTS

A. SAWPA REPORT

President Catlin reported that the 2014 emergency grant program is shifting funds from the OWOW round 2, making the projects that were submitted during the OWOW round 2 a lower priority. The shift is intended to provide greater funding for the central valley area. President Catlin stated the Mr. Craig Proctor and Mr. Chris Berch were present at the last meeting where Mr. Proctor gave a presentation at the Board's request.

B. MWD REPORT

Director Camacho had nothing additional to report.

C. REGIONAL SEWERAGE PROGRAM POLICY COMMITTEE REPORT

President Catlin reported that at the April 3 Policy meeting the Budget workshop was presented by Finance.

D. CHINO BASIN WATERMASTER REPORT

Director Catlin reported that during the regularly held meeting discussion was held regarding the filing for safe yield, a new baseline is to be determined by October 2014. Director Elie stated that the Fontana motion is still pending. Director Elie also stated that CBWM is currently undergoing a job survey comparing like positions to determine reasonable salary. Director Catlin also stated the staff is currently working on the FY 2014/15 budget.

6. GENERAL MANAGER'S REPORT

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

Chief Financial Officer/Assistant General Manager Christina Valencia reported that the Earth Day event was being held at the Chino Creek Park. Ms. Valencia also commended the staff that has been instrumental in completing one full year of the new SAP payroll system. Ms. Valencia stated that letters of support have been sent out regarding three bills, Senate Bill

1014 regarding disposal of pharmaceuticals, and Assembly Bill's 1499 & 1624 regarding the expansion of the Self-Generation Incentive Program (SGIP).

7. BOARD OF DIRECTORS REQUESTED FUTURE AGENDA ITEMS

There were no requested future agenda items.

8. BOARD OF DIRECTORS' COMMENTS

Director Koopman reported that he attended the City of Ontario Address on March 19, 2014; he stated that the event was well done with stimulating presentation.

Director Camacho reported he attended the California Water Policy Conference on April 3 and 4, they event was well attended and informative.

Director Elie reported that he attended the City of Ontario Address on March 19, 2014. Director Elie also gave a presentation to the Rancho Del Chino Rotary.

Director Hall reported she attended the Fontana Unified School District meeting where she gave a presentation regarding the Agency's education programs. The meeting was well attended and she is optimistic that the City of Fontana schools will be participating more within the programs offered. Director Hall also stated that on March 29th she was recognized by the 47th district for her continuous service in volunteering and service within the community.

9. CLOSED SESSION

The Board went into Closed Session at 11:24 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) Kaveh Engineering and Construction Inc. Corp vs. IEUA, Case No. CIVRS 1402048 B. PURSUANT TO GOVERNMENT CODE SECTION 54956.9 – CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION: One (1) Case;

The meeting resumed at 11:44 a.m. and General Counsel Jean Cihigoyenatche 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:

Martin vs. IEUA, Case No. CIVRS 1000767

Sheilds vs. IEUA, Case No. CIVRS 1301638

Desaddi vs. IEUA, Case No. CIVRS 1304617

Kaveh Engineering and Construction Inc. Corp. vs. IEUA, Case No. CIVRS 1402048

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 these items.

Regarding Conference with Legal Counsel – Anticipated Litigation:

One (1) case

The Board took no reportable action.

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

Steven J. Elie, Secretary/Treasurer

APPROVED: MAY 14, 2014