

**MINUTES OF THE REGULAR
MEETING OF
THE BOARD OF DIRECTORS
OF
THE INLAND EMPIRE UTILITIES AGENCY*
WEDNESDAY, AUGUST 17, 2011
10:00 A.M.**

DIRECTORS PRESENT:

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

STAFF PRESENT:

Thomas A. Love, General Manager
Patrick Sheilds, Executive Manager of Operations
Christina Valencia, Chief Financial Officer
Joshua Aguilar, Associate Engineer
Andrea Carruthers, Community Outreach and Education Coordinator I
Sondra Elrod, Public Information Officer
Warren T. Green, Manager of Safety and Risk Management
Gina Hillary, Manager of Human Resources
Pat Jackson, Senior Accounting Technician
Majid Karim, Deputy Manager of Engineering
Joe King, Instrument Technician II
Steven Lacey, Instrument Technician II
Cameron Langner, Manager of Contracts and Procurement
Alan Lau, Associate Engineer
Liza Muñoz, Senior Office Engineer
Beth Olhasso, LT Water Resources Analyst I
Ray Reyes, Instrument Technician II
Jack Schlapkohl, Instrument Technician II
Robert Wallin, Contracts/Programs Administrator
April Woodruff, Board Secretary

OTHERS PRESENT:

Jack Allingham, Retiree
Jean Cihigoyenetche, Cihigoyenetche, Grossberg & Clouse
Deidre Rodriguez, SBPEA
John Withers, California Strategies, Inc.
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 10:00 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.

Mr. Jack Allingham requested permission to reserve his comments until after Closed Session.

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

Director Koopman requested that Consent Calendar Item 1C, CONSTRUCTION CONTRACT AWARD FOR THE CARBON CANYON WATER RECYCLING FACILITY (CCWRF) AERATION BASINS AIR DUCTING REPLACEMENT, PROJECT NO. EN08013.05, be pulled and placed on the Agenda as an Action Item for presentation.

CLOSED SESSION

The Board went into closed session at 10:07 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. B. PURSUANT TO GOVERNMENT CODE SECTION 54956.9 – CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION: Three (3) cases C. PURSUANT TO GOVERNMENT CODE SECTION 54957.6 – CONFERENCE WITH LABOR NEGOTIATOR Meet and Confer Negotiations – General Unit, Operators’ Association, Laboratory Unit, and Supervisors Unit, Negotiating Parties: Thomas A. Love and Gina Hillary

The meeting resumed at 10:55 a.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

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

Martin vs. IEUA, Case No. CIVRS 1000767

The Board did not discuss these items.

Regarding Conference with Legal Counsel – Anticipated Litigation:

Three (3) cases

The following Board action is to be reported.

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

M2011-8-1

MOVED, to ratify the initiation of litigation against the City of Ontario Redevelopment Agency based upon their merger of redevelopment districts.

The Board took no reportable action on the other two cases.

Regarding Conference with Labor Negotiator

Meet and Confer Negotiations – General Unit, Operators’ Association, Laboratory Unit, and Supervisors Unit, Negotiating Parties: Thomas A. Love and Gina Hillary

The Board took no reportable action.

President Catlin reported that, as a consequence of the discussion in closed session, Action Item 2B, ADOPTION OF RESOLUTION NO. 2011-8-2, APPROVAL OF THE PERSONNEL MANUAL FOR THE GENERAL UNIT, was deferred to a later time, and will not be discussed today.

Mr. Jack Allingham thanked the Board for allowing the change in the normal procedures. He stated on Action Item 2B, approval of the Personnel Manual for the General Unit, he had a copy of the Agency’s last final proposals to the Association, and all of the things in there are interesting. He stated that he also understands that the medical increase that is proposed by the Agency, there is a counter to that, that the Board may or may not be aware of. Mr. Allingham stated that the counter is to split those rise in costs, 50/50, in the future, and as those costs go up, this would allow future years to be rolled in without it having to be re-negotiated. He said in regards to the retirement, the Agency is asking that the employees pay 3% of what the Agency pays is 8%. He stated that the counter to that is a 2% the first year, 2% the second year, and 1% the third year increases for the employees. He said that this ends up in a three-year contract, rather than having to re-negotiate and go through all of these things every year. These three items, and I mentioned two of them, the last item would be to not change the seniority system within the recognized plan that is already in the MOU. Mr. Allingham said that with these changes proposed through the Employee Association would give you a three-year signed contract, not an imposal (?). He stated that an imposal (?) doesn’t look good to neighboring agencies and neighboring organizations, but a signed contract does, and to have a three-year agreement, instead of a one-year agreement for these changes, to me will be well advised to look into that. Mr. Allingham stated that the other thing that interests him is that in all of Agency’s agendas, you say the negotiations between the different organizations representative Mr. Love and Gina Hillary. He said that it doesn’t say anything in there about the attorney that you hired to be your mouthpiece or to get representation from. Is the Board aware that there is an attorney that the Agency has that is representing the Agency, when in your agendas you are saying Mr. Love and Ms. Hillary are the ones doing the negotiations. He said that he sees a little bit of deception there than what is actually being reported. He thanked the Board for listening.

CONSENT CALENDAR

President Catlin asked if anyone wished to remove any item from the Consent Calendar.

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

M2011-8-2

MOVED, to approval of the Consent Calendar.

A. The Board approved the minutes from the July 14, 2011, special Board meeting, and the July 20, 2011, regular Board meeting.

B. The Board approved the Treasurer’s Report on General Disbursements and Investment Report, as submitted.

Continued...

M2011-8-2, continued.

C. PULLED.

D. The Board:

1. Approved the award of Master Services Contract for the Minor Construction, Maintenance, and Emergency Contract Program to the following companies; and

- 1) Big Sky Electric
- 2) Blue Diamond Landscape
- 3) Caliagua, Inc.
- 4) Coonstruction, Inc.
- 5) David Wasden, Inc.
- 6) Davis Electric
- 7) FM Electric
- 8) 4-Con Engineering
- 9) Herca Telecom
- 10) J. Fletcher Creamer
- 11) MCC Equipment Rentals
- 12) MBCC
- 13) Morrow Meadows Corporation
- 14) Murray Plumbing and Heating
- 15) Norstar Plumbing and Engineering
- 16) Project Line
- 17) SEMA
- 18) Slunaker Construction
- 19) SFM Constructors
- 20) United Riggers
- 21) W.A. Rasic
- 22) WDC Exploration and Wells

2. Authorized the General Manager to execute and issue said contracts.

E. The Board:

1. Approved issuance of Contract No. 4600000993 to Kemira Water Solutions, Inc., for supply of ferric chloride for up to a five-year term; and
2. Authorized the General Manager to execute and issue said Amendment.

F. The Board:

1. Approved Agreement No. 4600001007 with Bottom Line Utility Solutions to provide retrofit services for the purchase and installation of indoor high-efficiency devices for a not-to-exceed amount of \$240,901;

Continued...

M2011-8-2, continued.

2. Approved Agreement No. 4600001006 with Maureen Erbeznic & Associates to provide retrofit services for the purchase and installation of indoor high-efficiency landscape devices for a not-to-exceed amount of \$102,395; and
3. Authorized the General Manager to execute the agreements.

G. The Board:

1. Awarded the construction contract for the RP-1 Digester Gas Condensate Sump Improvements, Project No. EN11038, to Mike Bubalo Construction Co., Inc. for their low bid of \$371,417; and
2. Authorized the General Manager to execute the construction contract.

ACTION ITEMS

ADOPTION OF RESOLUTION NO. 2011-8-1, AUTHORIZING NO PERFORMANCE AWARDS FOR WORK PERFORMED IN FISCAL YEAR 2010/11

General Manager Thomas A. Love stated that due to the current economic situation and consistent with cost containment measures, funding for this performance incentive program this year, as was also done last year, will not be funded.

Director Elie stated that since he has been on the Board (7 months), he has tried at every meeting to make cost cutting measures. He stated that the Board is very engaged and very aware of what is going on all around the Agency, including cutting the Board member's compensation, working to have less Board meetings, and making every effort to reduce costs. Director Elie stated that this item sends a strong message to the community that the Agency will continue to save the taxpayers' dollars in every step. He noted that Mr. Love and Ms. Hillary are Agency employees that represent the Agency during the labor negotiations, and the Board of Directors is very aware that an attorney has also been retained. He further noted that the Board of Directors is engaged in all aspects of the negotiations and is supportive of the team.

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

M2011-8-3

MOVED, to adopt Resolution No. 2011-8-1, authorizing no performance awards for work performed in Fiscal Year 2010/11 for all staff classifications.

**RESOLUTION NO. 2011-8-1
RESOLUTION OF THE BOARD OF DIRECTORS OF THE
INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO
COUNTY, CALIFORNIA, AUTHORIZING NO PERFORMANCE
AWARDS FOR WORK PERFORMED IN FISCAL YEAR 2010/11
FOR ALL STAFF CLASSIFICATIONS (for full text, see
Resolution Book).**

ADOPTION OF RESOLUTION NO. 2011-8-2, APPROVAL OF THE PERSONNEL MANUAL FOR THE GENERAL UNIT

President Catlin reported that this item will be deferred to a later time.

AMENDMENT TO AGREEMENT NO. 4600000419 WITH CALIFORNIA STRATEGIES, LLC

General Manager Thomas A. Love stated that this item was presented to the Public, Legislative Affairs, and Water Resources Committee on August 10. He stated that Messrs. John Withers and Jim Brulte of California Strategies, LLC have provided services for the Agency for the last two years. He stated that over the past year, California Strategies, LLC was instrumental in assisting the Agency with some work, at a political level, on the water softeners initiative, and the Stormwater Task Force established by the County Board of Supervisors to evaluate a project at the Turner Basins. Mr. Love said that the Agency would like to continue to retain the services of California Strategies, LLC, and as a cost containment measure, California Strategies, LLC has agreed to reduce their monthly retainer. Mr. Love reported that at the Committee meeting last week, there was discussion of possible unforeseen assignments that California Strategies, LLC could assist the Agency with, therefore, staff has modified the agreement since the Committee meeting to include the addition of authorizing the General Manager the authority to approve additional task orders negotiated with California Strategies, LLC, up to a total amount of \$10,000.

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

M2011-8-4

MOVED, to:

1. Amend Agreement No. 4600000419 with California Strategies, LLC to provide strategic local government consulting services retroactively from July 1, 2011, through June 30, 2012, at a monthly retainer fee of \$6,000. Any additional requested services outside of the core services would be negotiated on a task order basis, approved by the General Manager, at a not-to-exceed additional total amount of \$10,000, through the term of the amended agreement;
2. Amend the budget for "Other Contract Services" under the Administrative Services Fund from \$60,000 to \$82,000; and
3. Authorize the General Manager to execute the agreement amendment.

CARSON REIMBURSEMENT AGREEMENT FOR EL PRADO ROAD IMPROVEMENTS, PROJECT NO. EN12012

Deputy Manager of Engineering Majid Karim stated that improvements for the El Prado Road were initially required in 2003, when the Agency developed the park, treatment plant, and headquarters. He stated that the City of Chino agreed to defer those improvements until there was further development south of the Agency's property on El Prado Road. Mr. Karim reported that on June 9, the Agency received a letter from the City of Chino notifying the Agency that the Carson Companies will be improving the eastside of El Prado Road, and requested that the Agency proceed with the 2003 deferred improvements. He stated that the improvements include adding one lane, curb and gutter, landscaping, sidewalk, fire hydrants, and street light, with an estimated cost for the improvements of \$1,259,975. He noted that there was an increase in the cost of permits due to additional documentation requirements. Mr. Karim stated that the project includes having The Carson Companies manage the improvements for the Agency in order to avoid multiple owners and contractors, and to save time and costs for construction. He noted that The Carson Companies has committed to the Agency's prevailing wage and competitive bid requirements.

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

M2011-8-5

MOVED, to:

1. Approve the Reimbursement Agreement with Carson Companies (Carson) for El Prado Road Improvements;
2. Approve the creation of a new project, El Prado Road Improvements, Project No. EN12012, within the Regional Wastewater Capital (RC) Fund with a total project budget of \$1,259,975 from reserves within the RC Fund; and
3. Authorize the General Manager to execute the Reimbursement Agreement.

CONSTRUCTION CONTRACT AWARD FOR THE CARBON CANYON WATER RECYCLING FACILITY (CCWRF) AERATION BASINS AIR DUCTING REPLACEMENT, PROJECT NO. EN08013.05

Deputy Manager of Engineering Majid Karim gave a PowerPoint presentation on the CCWRF Replacement of Aeration Basin Air Ducting construction award. He stated that this project is for the replacement of the air ducting from the blowers to the aeration basins at the Carbon Canyon Facility. He said that staff noted the existence of leaky joints and localized leaks along the air duct. Mr. Karim reported that an inspection was conducted by Schiff and Associates, which confirmed external general and localized pitting corrosion on the exposed steel pipe at the entry point of the 565 feet long air ducting, and on the interior pipe surface. Also noted, there were many pipe joints did not appear to be welded properly. He stated that the analyses determined that replacement of the air ducting provided a long-term solution. He further stated that the Engineering Department completed an in-house design of the project, which saved the Agency approximately \$55,000 in consultant costs. Mr. Karim provided the scope of work, which included replacing the buried 30-inch galvanized steel air ducting with a 304 stainless steel air ducting that will be mostly supported above ground for easy access. He noted that staff investigated the use of galvanized steel and reinforced fiber plastic pipes; however, the overall durability, cost, and benefits worked in favor of stainless steel. Mr. Karim stated that the difference in the lowest bid of \$1,027,354 from SCW Contracting versus the Engineer's estimate of \$752,000 is due to the steep rise in steel prices in recent months.

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

M2011-8-6

MOVED, to:

1. Award the construction contract for the CCWRF Aeration Basins Air Ducting Replacement, Project No. EN08013.05, to SCW Contracting for their low bid of \$1,027,354;
2. Authorize the transfer of \$1,015,000 from the project Capital Upgrades to RP-1, RP-2, CCWRF, RP-4, and RP-5, Project No. EN11017 in the Regional Wastewater Capital (RC) Fund to Plant Equipment Improvements, EN08013, master project to sub-project CCWRF Aeration Basins Air Ducting Replacement, Project No. EN08013.05 in the Regional Capital Operation and Maintenance (RO) Fund; and

Continued...

M2011-8-6, continued.

3. Authorize the General Manager to execute the construction contract.

INFORMATION ITEMS

EMERGENCY REPAIR WORK ON COLUMN AT IERCF (WRITTEN)

Manager of Safety and Risk Management Warren T. Green gave a PowerPoint update on the IERCF Column Incident. He highlighted the IERCF Building Background, Column Incident, Insurance, Response to Damage, Repair Status, and Steps Moving Forward.

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

TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR JUNE 2011

PUBLIC OUTREACH AND COMMUNICATIONS

LEGISLATIVE REPORT FROM INNOVATIVE FEDERAL STRATEGIES, LLC

LEGISLATIVE REPORT FROM THE DOLPHIN GROUP

LEGISLATIVE REPORT FROM AGRICULTURAL RESOURCES

IEUA MONTHLY WATER NEWSLETTER

SMALL BUSINESS OUTREACH

TECHNICAL SERVICES UPDATE

OPERATIONS UPDATE

SAWPA REPORT

President Catlin stated that there is nothing to report at this time.

MWD REPORT

Director Camacho stated that there is nothing significant to report.

General Manager Thomas A. Love reported that the MWD Board will be sending a Letter of Support for Mr. Randy Record for the ACWA position, and staff will recommend that the IEUA Board take a similar action.

REGIONAL SEWERAGE PROGRAM POLICY COMMITTEE REPORT

Next meeting is October 6, 2011.

CHINO BASIN WATERMASTER REPORT

Director Elie reported that the Budget was approved.

GENERAL MANAGER'S REPORT

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

General Manager Thomas A. Love reported that the Water Quality Association sent a letter regarding the Agency's water softener ban and General Counsel will address this issue.

Mr. Love stated that the Agency received a Notice of Violation through e-mail from the Regional Board, through the Dairy Enforcement Branch, which sited run-off from fields where recycled water was being used. He reported that staff is contacting the sender of the letter, ensuring them that Agency staff will follow-up on this issue, and will conduct periodic inspections of the sites and ensure that recycled water is used in accordance with the permit.

Mr. Love provided a brief redistricting update. He reported that Division 1 (Catlin), Division 2 (Koopman) and Division 3 (Elie) went down in terms of percentage of population; and Division 4 (Santiago) and Division 5 (Camacho) went up in terms of percentage of population. He stated that a formal report will be presented to the Board for feedback, and then a recommendation will be presented to the Board at a later date.

Mr. Love stated that MWD came out with the assessed valuations for the voting percentage. He reported that IEUA dropped from 3.93% to 3.89%.

Mr. Love reported that the City of Upland is experiencing another round of layoffs, therefore, IEUA staff will be working with different individuals from the Department of Public Works from the City of Upland. He also reported there has been discussion in Sacramento at the Federal level, of Pension Reform.

Mr. Love reported that the Department of Water Resources issued a statement that they have enough water supplies in the state water project system to increase the allocation above 80%; however, they feel it is prudent that they keep the reserve in storage for future years' needs.

Chief Financial Officer Christina Valencia reported that the State Bond that the Agency purchased in October, from the State of Illinois that was scheduled to mature in January of 2014, which staff has been tracking very closely with the credit downgrade for the nation, the Agency was able to sell the Bond on Friday (August 12). She reported that compared to if the Agency would have purchased a GSE or Treasury for the same term period, the Agency gained \$3,000 overall in the investment.

BOARD OF DIRECTORS REQUESTED FUTURE AGENDA ITEMS

Director Koopman stated that at the last Ag Pool meeting, it was discussed that there are going to be more wells dug for the desalters. He reported that there were concerns that this may impact surrounding agricultural wells. Director Koopman stated that is was explained at the Ag Pool meeting that there is a plan in place by IEUA that will be followed. He asked staff provide to the Board, the plan they talking about. He would also like to know if the plan will be sufficient to take care of the pending problems that may arise. He also would like staff to determine if this is IEUA's responsibility.

BOARD OF DIRECTORS' COMMENTS

Director Koopman stated that he is very happy to see Manager of Finance Michael Chung back at work after his recent heart attack. He said that Mr. Chung looks great.

Director Koopman also wanted to echo Director Elie's comments by stating that the Board of Directors is always aware of the activities that take place at the Agency, and noted that Agency staff always works under the direction of the Board.

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

Secretary

APPROVED: SEPTEMBER 7, 2011