

**MINUTES OF THE REGULAR
MEETING OF
THE BOARD OF DIRECTORS
OF
THE INLAND EMPIRE UTILITIES AGENCY*
WEDNESDAY, SEPTEMBER 21, 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
Craig Miller, Assistant General Manager
Martha Davis, Executive Manager of Policy Development
Patrick Sheilds, Executive Manager of Operations
Christina Valencia, Chief Financial Officer
Tina Cheng, Budget Officer
Gabe DeSaddi, Manager of Construction Management
Parivash Dezham, Manager of Pretreatment and Source Control
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
Steven Lacey, Instrument Technician II
Arturo Landeros, Staff Internal Auditor I
Randy Lee, Manager of Operations
Mark Lopez, Training Officer
David Malm, Deputy Manager of Integrated System Services
Vivian Paek, Human Resources Analyst
Craig Parker, Manager of Engineering
Kenneth Tam, Assistant Engineer
Teresa Velarde, Manager of Internal Audit
Robert Wallin, Contracts/Programs Administrator
Jamal Zughbi, Senior Engineer
April Woodruff, Board Secretary

OTHERS PRESENT:

Jack Allingham, Retiree
Susan Barajas, Agency Temp
Jean Cihigoyenetché, Cihigoyenetché, Grossberg & Clouse
David Farugia, SBPEA
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.

Instrument Technician I Steve Lacey stated that he is a resident of Rancho Cucamonga. He stated that he has been employed by IEUA, for 21.5 years. He also stated that he was one of the five primary negotiating team members during the negotiation process. He spoke of times at the Agency where employees banded together as a family to help one another and the community. He also said employees worked on projects together with a common goal of making it work right. However, today Maintenance and Operations are isolated from information on projects until installation, where staff is then required to make the system work. Mr. Lacey listed some spending items that he felt were unnecessary during these tight times. He concluded by stating that this entire financial burden is being placed on the backs of the working class people here at the Agency.

Labor Relations Representative David Farugia from the San Bernardino Public Employee Association stated that he represents approximately 95 General Unit employees. He stated that the employees understand that it has been a turbulent and uncertain economic time, and the employees understood that going into negotiations. Mr. Farugia reported that the employees understood that no cost of living raise for the past two years was due to the economic times; however, with less people doing more work, the employees' first proposal was for "let's just hang on for now, and continue the contract as it is, and maybe next year things would turn around". He said that the Agency stated that there were concessions needed to be made for mainly economic reasons. Mr. Farugia noted that non-economic concession such as: the inability to rescind a resignation, medical capped at a certain amount with employees paying for the balance - with the Board receiving 100% medical coverage, and eliminating the \$250 hazard pay annual incentive, was upsetting to the overall morale. He stated that he would like if the Board of Directors would consider periodically meeting in the evening to allow working employees an opportunity to attend Board meetings to voice their concerns. He stated that hopefully the economy will turn around, and that he reminds himself with Director Elie's quote – "There was a bright future in water."

The Board thanked Messrs. Lacey and Farugia for their comments.

President Catlin asked if there were any changes/additions/deletions to the agenda. General Manager Thomas A. Love requested that the Board pull Action Item 2B, Adoption of Resolution No. 2011-9-2, Approving the Personnel Manual for the SBPEA, General Unit, and Resolution No. 2011-9-3, Providing for Employers Paid Member Contributions (EMPC) to CalPERS for all General Unit Employees, as this item is longer relevant.

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 Elie, and unanimously carried:

M2011-9-4

MOVED, to approval of the Consent Calendar.

- A. The Board approved the minutes from September 7, 2011, regular Board of Directors meeting.
- B. The Board approved the Treasurer's Report on General Disbursements and Investment Report, as submitted.
- C. The Board approved the carry forward of open encumbrances and related budget in the amount of \$12,087,591 from FY 2010/11 to FY 2011/12.

Continued...

M2011-9-4, continued.

D. The Board:

1. Approved the 2011/12 Internal Audit Department Annual Audit Plan;
2. Directed the Manager of Internal Audit to finalize the 2011/12 Audit Plan.

E. The Board:

1. Approved the RP-1 and RP-2 Boilers Pre-purchase contract amendment to Southern California Boiler for the installation of the boilers and ancillary equipment, Project No. EN11042, to the not-to-exceed amount of \$350,000; and
2. Authorized the General Manager to finalize and execute the contract.

F. The Board:

1. Awarded the Design-Build Contract for the 930 West Reservoir's Communication Monopole to Spectrum Engineering and Surveying for \$120,500; and
2. Authorized the General Manager to execute the contract.

G. The Board:

1. Approved a two-year contract with SunGard Public Sector Inc., for the turnkey support services of the Agency's Integrated Financial Accounting System (IFAS); and
2. Authorized the General Manager to execute the contract.

H. The Board authorized the procurement of excess general automobile, and public entity errors and omissions liability insurance effective October 1, 2011, at a not-to-exceed amount of \$440,000.

ACTION ITEMS

ADOPTION OF RESOLUTION NO. 2011-9-2, APPROVING THE MOU FOR THE SBPEA, GENERAL UNIT, AND RESOLUTION NO. 2011-9-3, PROVIDING FOR EMPLOYER PAID MEMBER CONTRIBUTIONS (EPMC) TO CALPERS FOR ALL GENERAL UNIT EMPLOYEES

ADOPTION OF RESOLUTION NO. 2011-9-4, APPROVING THE MOU FOR THE SBPEA, LABORATORY UNIT, AND RESOLUTION NO. 2011-9-5, PROVIDING FOR EMPLOYER PAID MEMBER CONTRIBUTIONS (EPMC) TO CALPERS FOR ALL LABORATORY UNIT EMPLOYEES

ADOPTION OF RESOLUTION NO. 2011-9-8, APPROVING THE MOU FOR THE SUPERVISORS' UNIT, AND RESOLUTION NO. 2011-9-9, PROVIDING FOR EMPLOYER PAID MEMBER CONTRIBUTIONS (EPMC) TO CALPERS FOR ALL SUPERVISORS' UNIT EMPLOYEES

Manager of Human Resources Gina Hillary stated that she will make a presentation for Action Items 2A, 2C, and 2D, all together. Ms. Hillary stated that staff is requesting that the Board adopt Resolutions, which would approve the Memorandum of Understandings and provide for Employer Paid Member Contributions to CalPERS for employees in the General, Laboratory, and Supervisors Unit. She stated that the negotiation process has concluded with the Units and a majority of their members have voted to ratify the MOUs. Ms. Hillary highlighted the substantive changes to the terms and conditions of employment for the Units, and the substantive changes made exclusively to each specific unit. She reported that there were no additional employment expenses associated with these MOUs. She concluded her presentation by thanking the negotiating teams for these units as those employees worked with the Agency's negotiating team to reach agreement on an MOU that maintains a harmonious relationship between the parties while recognizing the economic challenges facing IEUA.

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

M2011-9-5

MOVED, to adopt:

1. Resolution No. 2011-9-2, approving the MOU for the SBPEA, General Unit; and

RESOLUTION NO. 2011-9-2

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, APPROVING THE MEMORANDUM OF UNDERSTANDING FOR SAN BERNARDINO PUBLIC EMPLOYEES' ASSOCIATION (SBPEA), GENERAL UNIT EMPLOYEES (for full text, see Resolution Book).

2. Resolution No. 2011-9-3, providing for Employer Paid Member Contributions (EPMC) to CalPERS for all General Unit employees.

RESOLUTION NO. 2011-9-3

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, PROVIDING FOR EMPLOYER PAID MEMBER CONTRIBUTIONS TO CALPERS FOR ALL GENERAL UNIT EMPLOYEES (for full text, see Resolution Book).

1. Resolution No. 2011-9-4, approving the Memorandum of Understanding (MOU) for the Laboratory Unit; and

RESOLUTION NO. 2011-9-4

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, APPROVING THE MEMORANDUM OF UNDERSTANDING FOR THE LABORATORY UNIT EMPLOYEES (for full text, see Resolution Book).

2. Resolution No. 2011-9-5, providing for Employer Paid Member Contributions (EPMC) to CalPERS for all Laboratory Unit employees.

Continued....

M2011-9-5, continued.

RESOLUTION NO. 2011-9-5
RESOLUTION OF THE BOARD OF DIRECTORS OF THE
INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO
COUNTY, CALIFORNIA, PROVIDING FOR EMPLOYER PAID
MEMBER CONTRIBUTIONS TO CALPERS FOR ALL
LABORATORY UNIT EMPLOYEES (for full text, see Resolution Book).

1. Resolution No. 2011-9-8, approving the Memorandum of Understanding (MOU) for the Supervisors' Unit; and

RESOLUTION NO. 2011-9-8
RESOLUTION OF THE BOARD OF DIRECTORS OF THE
INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO
COUNTY, CALIFORNIA, APPROVING THE MEMORANDUM OF
UNDERSTANDING FOR THE SUPERVISORS' UNIT
EMPLOYEES (for full text, see Resolution Book).

2. Resolution No. 2011-9-9, providing for Employer Paid Member Contributions (EPMC) to CalPERS for all Supervisors' Unit employees.

RESOLUTION NO. 2011-9-9
RESOLUTION OF THE BOARD OF DIRECTORS OF THE
INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO
COUNTY, CALIFORNIA, PROVIDING FOR EMPLOYER PAID
MEMBER CONTRIBUTIONS TO CALPERS FOR ALL
SUPERVISORS' UNIT EMPLOYEES (for full text, see Resolution Book).

Director Koopman commented that the past has demonstrated when the Agency does well, the employees do very well. He said that the unemployment rate for this area is approximately 12%, and that is a lot of unemployed people. Director Koopman commented that with one job opening, the Agency received 1,200 applicants. He stated that the Board of Directors' responsibility is to keep this Agency healthy. He said that this is a good contract considering the economic times, and everyone needs to do the best they can.

Director Elie thanked Manager of Human Resources Gina Hillary for her leadership during the negotiation period. He stated that the Negotiating Team was acting on the Board's direction. He noted that neither side got everything they wanted. He stated that he has been practicing law for 24 years, and it is always said in settlement – "If everyone is unhappy, then it is probably a good settlement." Director Elie commented that this contract will help keep the Agency's strength going, and that there is an Agency to continue. He said that there are a number of water agencies that are in serious financial trouble. Director Elie commented that the Board must protect the Agency as a whole, as well as the taxpayers who elected them into office. He noted that the 14-15% unemployed within the Inland Empire still continue to pay the taxes that help to support this Agency, and continues to pay for our jobs. He noted that the Agency has saved jobs, and have been able to eliminate jobs through attrition, and other mechanisms, as opposed to laying people off. Director Elie stated that he fully supports this contract as a negotiated contract to a very difficult issue.

ADOPTION OF RESOLUTION NO. 2011-9-2, APPROVING THE PERSONNEL MANUAL FOR THE SBPEA, GENERAL UNIT, AND RESOLUTION NO. 2011-9-3, PROVIDING FOR EMPLOYER PAID MEMBER CONTRIBUTIONS (EPMC) TO CALPERS FOR ALL GENERAL UNIT EMPLOYEES

General Manager Thomas A. Love requested that this item be pulled off the Agenda.

INFORMATION ITEMS

DIVISION BOUNDARY AND 2010 CENSUS REVIEW (WRITTEN)

Manager of Planning and Environmental Compliance Chris Berch briefly reviewed the proposed divisional boundaries. He stated that a Division Boundary Board Workshop will be scheduled to discuss various options. Brief discussions ensued regarding providing the Board with options to review prior to the workshop.

PRETREATMENT & SOURCE CONTROL DEPARTMENT SEMIANNUAL UPDATE (POWERPOINT)

Manager of Pretreatment and Source Control Parivash Dezhm gave a PowerPoint presentation on the Pretreatment & Source Control Department Semiannual Update. She highlighted the Water Softener Ordinance, SSMP Audit, Philadelphia Pump Station Forcemain Repairs, New CCTV Software, Chino Desalter Pipeline Cleaning Project, SAWPA Imbalance Formula, EE Flow Meter, and Compliance.

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

RATE PROPOSAL TIMELINE FOR FY 2012/13 REGIONAL WASTEWATER & RECYCLED WATER PROGRAMS (POWERPOINT)

TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR JULY 2011

FY 2010/11 FOURTH QUARTER BUDGET VARIANCE AND PERFORMANCE GOALS UPDATES

INTERNAL AUDIT DEPARTMENT STATUS REPORT FOR SEPTEMBER 2011

ENVIRONMENTAL COMPLIANCE AUDIT

WAREHOUSE FOLLOW-UP AUDIT

CHINO BASIN WATERMASTER ACCOUNTS RECEIVABLE AUDIT

AUDIT PLANNING COMMUNICATION AS REQUIRED BY SAS 114 FROM DIEHL, EVANS COMPANY, LLP

PUBLIC OUTREACH AND COMMUNICATIONS

CALIFORNIA STRATEGIES MONTHLY REPORT

LEGISLATIVE REPORT FROM INNOVATIVE FEDERAL STRATEGIES, LLC

LEGISLATIVE REPORT FROM THE DOLPHIN GROUP

2011 FEDERAL AND STATE LEGISLATIVE STRATEGY MID-YEAR UPDATE

IEUA MONTHLY WATER NEWSLETTER

ANNUAL WATER USE REPORT FOR FISCAL YEAR 2010/11

CONSTRUCTION MANAGEMENT EXECUTIVE SUMMARY

AGENCY REPRESENTATIVES' REPORTS

SAWPA REPORT

President Catlin reported that the SAWPA Commission made some changes to formula that allocates the charges for the imbalance. He stated that there is a significant shift from organic to the mineral-based dischargers, i.e. CDA. President Catlin reported that based on the preliminary data, it did look like a lot of the imbalance was due to the mineral-based dischargers. He stated that there is much more data to be received and analyzed, as well as more discussions to occur. He stated further changes and updates will be made as early as three months or so. President Catlin also stated that the Commission approved new permit limits for BOD's. He further stated that the next annual OWOW Conference will be held at the National Orange Show on April 25, 2012.

MWD REPORT

Director Camacho reported that new MWD Director Ed Chavez from the Upper San Gabriel Valley Municipal Water District was sworn in, and that a new Chief Financial Officer was selected.

REGIONAL SEWERAGE PROGRAM POLICY COMMITTEE REPORT

Next meeting is October 6, 2011.

CHINO BASIN WATERMASTER REPORT

President Catlin reported that main discussions were on replenishment water that has been delivered since May, and the funding agreement between IEUA and the CBWM.

GENERAL MANAGER'S REPORT

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

General Manager Thomas A. Love thanked the Negotiations Representatives. He stated that it was a challenging year for labor negotiations on both sides. He extended his appreciation for the very frank discussions and the level of professionalism and respect throughout the negotiation process.

BOARD OF DIRECTORS REQUESTED FUTURE AGENDA ITEMS

President Catlin requested that staff work with San Bernardino Valley Municipal Water District to schedule a joint Board of Directors meeting with IEUA and SBVMWD to discuss joint water supply opportunities.

Director Elie requested that staff consider having periodic evening Board of Director meetings to accommodate those who may desire to attend a meeting but have to work during the day.

BOARD OF DIRECTORS' COMMENTS

There were no comments from the Board of Directors.

CLOSED SESSION

The Board went into closed session at 11:07 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; (5) IEUA vs. Ontario Redevelopment Agency, Case No CIVRS1100454. B. PURSUANT TO GOVERNMENT CODE SECTION 54956.9 – CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:

Two (2) 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 D. PURSUANT TO GOVERNMENT CODE SECTION 54957 – PERSONNEL MATTERS (1) General Manager; (2) Board Secretary

The meeting resumed at 12:00 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

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 these items.

Regarding Conference with Legal Counsel – Anticipated Litigation:

Two (2) cases

The Board took no reportable action.

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.

Regarding Personnel Matters

(1) General Manager

(2) Board Secretary

The Board took no reportable action.

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

Secretary

APPROVED: OCTOBER 5, 2011