

Inland Empire Utilities Agency Regional Sewerage Program Policy Committee Meeting

MINUTES OF February 3, 2011 MEETING

CALL TO ORDER

A regular meeting of the IEUA/Regional Sewerage Program – Policy Committee was held on February 3, 2011, at the City of Chino Hills, 14000 City Center Drive, Chino Hills, California. Committee Chairperson, Bill Kruger, City of Chino Hills, called the meeting to order at 5:06 p.m.

ATTENDANCE

Committee Members:

Bill Kruger, Chairperson	City of Chino Hills
Earl Elrod	City of Chino
Terry Catlin.....	Inland Empire Utilities Agency
Kathy Tiegs	Cucamonga Valley Water District
Acquanetta Warren.....	City of Fontana
Paul Eaton	City of Montclair
Debra Dorst-Porada.....	City of Ontario
Gino Filippi	City of Upland

Absent Committee Members:

None.

Others Present:

Thomas Love	Inland Empire Utilities Agency
Christina Valencia.....	Inland Empire Utilities Agency
Martha Davis.....	Inland Empire Utilities Agency
Craig Parker.....	Inland Empire Utilities Agency
Tina Cheng	Inland Empire Utilities Agency
Craig Proctor	Inland Empire Utilities Agency
Beth Olhasso.....	Inland Empire Utilities Agency
Chris Berch.....	Inland Empire Utilities Agency
Sylvie Lee.....	Inland Empire Utilities Agency
Sondra Elrod.....	Inland Empire Utilities Agency
Randy Lee.....	Inland Empire Utilities Agency
Patrick Sheilds	Inland Empire Utilities Agency
Jim Hill	City of Chino
Chuck Hays	City of Fontana
Dan Chadwick	City of Fontana
Mike Hudson	City of Montclair
Nicole Greene	City of Montclair
Mohamed El-Amamy	City of Ontario
Anthony La	City of Upland

Shaun StoneCity of Upland
 John Bosler Cucamonga Valley Water District
 Martin Zvirbulis Cucamonga Valley Water District
 Braden Yu Cucamonga Valley Water District
 Carrie Corder Cucamonga Valley Water District
 Steve Nix City of Chino Hills
 Chris Bond City of Chino Hills

PLEDGE OF ALLEGIANCE TO THE FLAG

Committee Member Earl Elrod/City of Chino, led those present in the Pledge of Allegiance.

PUBLIC COMMENTS

There were no public comments.

TECHNICAL COMMITTEE REPORT

Steve Nix/City of Chino Hills, reported that the Technical Committee discussed 2 items at their February 3 meeting. The first was a rate increase that they had been working on for several months. There were 5 motions put before the Technical Committee. Motion No. 1 was to only view this as a one-year rate increase for FY 2011/12 as opposed to the 2-year increase that was recommended by IEUA. This was unanimously approved by a 7-0 vote. Motion No. 2 was to not increase the EDU rate at \$.41 per month as recommended by IEUA. This passed on a 4-3 vote. Motion No. 3 was to not increase the connection charge above the current \$4,766. This also passed on a 4-3 vote. Motion No. 4 was to raise the recycled water \$20/acre foot for direct sales as recommended by IEUA for one year. That was unanimously approved by a 7-0 vote. Motion No. 5 was to raise the recycled water rate for recharge purposes in the amount of \$30 for one year. This also passed on a 7-0 vote.

The other action item in front of the Technical Committee was a recommendation for approval to the Policy Committee on the adoption of an ordinance restricting installation of water softeners. That was approved by a 7-0 vote.

ACTION ITEMS

1. Approval of Minutes – January 6, 2011

Motion: By Committee Member Earl Elrod/City of Chino, and seconded by Committee Member Kathy Tiegs/CVWD, to approve the minutes of January 6, 2011 as written.

Motion Carried: Unanimously with abstentions by Paul Eaton/City of Montclair, Debra Dorst-Porada/City of Ontario, and Acquanetta Warren/City of Fontana who did not attend the January meeting.

2. Fiscal Year 2011/12 Rate Increases for Regional Wastewater and Recycled Water Programs

Thomas Love/IEUA gave a PowerPoint presentation outlining the Agency’s mission, policies and financial goals, and long range plan of finance. Key assumptions, cost containment results, proposed rates were discussed and 2 scenarios were offered for consideration. Scenario 1 has a \$.41 per EDU increase effective July 2, 2011, with a \$.90 increase thereafter. Scenario 2 has no sewer and no EDU rate increase in 2011 but a \$1.25 increase in 2012/13. Between the two, the rate at the end of 3 years under Scenario 1 is actually less than the rate under Scenario 2. The cost assumptions remain consistent between the 2 scenarios and the only adjustment made is the deferral of revenue due to not increasing the sewer rate. The recycled water recommended increases are the same on Scenario 1 and Scenario 2.

Mr. Love also advised that in terms of the process under the regional sewerage contract, the Policy Committee advises the IEUA Board on issues related to the regional sewer service contract. On the issue of rates and other matters, the Policy Committee is an advisory role but the IEUA Board of Directors does rely on the Policy Committee's input and advice. Whatever action is taken today, that information will be presented to the Board of Directors with the intent of bringing a decision on these rates to the IEUA Board on February 16, 2011.

Gino Filippi/City of Upland asked about the 2% reduction in EDU's and what that represented in terms of residences or units.

Mr. Love stated that the 2% represents 48,000 units.

Bill Kruger/City of Chino Hills asked that the motions be taken one at a time and then called for Motion No. 1 and questions/comments.

Motion No. 1: By Earl Elrod/City of Chino, and seconded by Paul Eaton/City of Montclair, that any rate increases that are approved or disapproved by the Policy Committee meeting on February 3, 2011, will be for FY 2011/12 only.

Motion Carried: Unanimously.

Bill Kruger/City of Chino Hills called for Motion No. 2 and questions/comments.

Kathy Tiegs/CVWD thanked Thomas Love and IEUA staff for keeping everyone informed and for all the workshops that were held to get this information out there thoroughly, and completely, so that everyone had the opportunity to understand it. CVWD supports the \$.41 increase, recognizing that if we forego it for a year, the subsequent year could be significantly more.

Deborah Dorst-Porada/City of Ontario agreed with Ms. Tiegs' comments. The City of Ontario expects their financial officer and city manager to be kept up-to-date on everything that's going on within the economy, within the State, and to be forecasting the probabilities for 2, 3, and 5 years down the road, and to make sure that we're able to meet those obligations. I worry when I read things like "run to fail". I'm concerned that in this economy, in the Inland Empire with our unemployment rate at 14%, I see that IEUA gave bonuses. I'd like this body to ask the agency here to prepare several budget scenarios. If you end up having a decrease in usage, how are you going to be able to financially handle that? I'd also like to see a budget scenario on the consequences of not getting redevelopment money. Let's be prepared for that and what would that look like for this agency. In Ontario, we had to ask our unions not to take raises and they did that for us. I would just ask that you run your financial house as tight as Ontario runs its house.

Thomas Love/IEUA responded to the previous comments by saying that they do warrant more in depth dialogue at a separate occasion. In previous presentations, they have looked out 5 years in advance which was presented to both the Policy Committee and, at length, to the Technical Committee. They not only look at 2 years, but 5 years in advance in their capital program and they always do a 10-year capital improvement plan. The other comment addressed was about "run to failure". In IEUA's asset management program as they look at the equipment, there are certain pieces of equipment that have a certain amount of redundancy, as required. There may be a pump that might be near its useful life. Instead of replacing that pump before it's entirely worn out, we let it run to failure hoping that we might get another 30,000 hours out of that pump and defer the cost of a replacement. If it's a critical piece of equipment where that

failure would cause an interruption of our service levels, it would actually be replaced before it failed. Also in IEUA’s negotiations last year, there was a 0 COLA, but of our 4 represented units, we did reach impasse on 2. This year will be very challenging.

Bill Kruger/City of Chino Hills commented that the agencies asked for and got a budget workshop in order to discuss many of the items that are being brought forward today.

Terry Catlin/IEUA also commented that IEUA looked at numerous scenarios and the process was started early. About \$78M of RDA money goes into these rates and, if that is lost, it equates to \$2 in the EDU rate. IEUA looked at those issues, as well as others, and is looking further ahead than what might have been summarized here.

Bill Kruger/City of Chino Hills asked for any further comments or questions and, hearing none, called for Motion No. 2.

Motion No. 2: By Earl Elrod/City of Chino, and seconded by Paul Eaton/City of Montclair, the monthly EDU (Equivalent Dwelling Unit) volumetric rate shall remain at its current level of \$11.14 for FY 2011/12.

Motion Carried: Roll call vote of 5-2 in favor.

Bill Kruger/City of Chino Hills called for Motion No 3 and questions/comments.

Motion No. 3: By Earl Elrod/City of Chino, and seconded by Paul Eaton/City of Montclair, to keep the EDU connection rate at its current level of \$4,766 for FY 2011/12.

Motion Carried: Roll call vote of 5-2 in favor.

Bill Kruger/City of Chino Hills called for Motion No. 4 and questions/comments.

Motion No. 4: By Earl Elrod/City of Chino, and seconded by Paul Eaton/City of Montclair, to support IEUA staff’s proposed increase of \$20, from \$95 to \$115/acre foot for recycled water direct sale rate for FY 2011/12 only.

Motion Carried: Unanimously.

Bill Kruger/City of Chino Hills called for Motion No. 5 and questions/comments.

Motion No. 5: By Earl Elrod/City of Chino, and seconded by Acquanetta Warren/City of Fontana, to support IEUA staff’s recommendation for a \$30 increase for recycled water recharge rate from \$115 to \$145/acre foot for FY 2011/12 only.

Motion Carried: Unanimously.

3. Self-Regenerating Water Softener Control Program

Martha Davis/IEUA gave a PowerPoint presentation to update the Policy Committee on the findings and recommendations of the Water Softener Task Force Committee which met from September 2010 through January 2011. One of the key recommendations that came out of these meetings was not to change the water softeners that we have in place, except through a voluntary rebate program, but to address what happens next in terms of trying to prevent additional softeners being installed. Also, a model ordinance was drafted for the contracting agencies to use and modify with the idea that all would all be speaking with one voice whereby future installation would be prohibited and the exchange tanks would be okay. The recommendation of the Task Force is for IEUA to adopt the regional ordinance first, and then the contracting agencies follow, scheduling adoption of their ordinances over a 6-month time period. Upon recommendation of the Technical and Policy Committees, IEUA would schedule a public hearing for the adoption of the regional ordinance in March or early April. Adoption of the proposed ordinance would occur the following month. The contracting agencies would then initiate their ordinance adoption processes with the goal of completing the adoption of all of the ordinances by December 2011. Another recommendation of the task force was that IEUA will hold a regional workshop.

Also, IEUA has been really working the last year on developing community support for this program. They have done numerous briefings to business groups, chambers of commerce, and service groups. They have been talking with the Inland Valley Realtors Association so that, as homes are being sold or purchased, they can provide information on the rebate program.

Ms. Davis also thanked everyone for their support in going through this process and advised that the removal program has been very effective. Approximately 300 water softeners have been removed as of early January, which equates to about 53 tons of salt that has been kept out of the recycled water.

Bill Kruger/City of Chino Hills said that during the workshop he would like to see some discussion of the policing of it.

Martha Davis/IEUA stated that, yes, that would be part of the ordinance and they are trying to structure the ordinance so it does not put any additional burden on staff that they don't already have.

Debra Dorst-Porada/City of Ontario asked how much time would be needed to give a presentation to service clubs and/or the chamber.

Martha Davis/IEUA said that 15 minutes would be perfect and added that if additional briefings are required, they would be very happy to provide the support.

Terry Catlin/IEUA added that the exchange cylinders that Martha talked about have been in place for some time, so it's not a new thing and that there are options out there for our residents.

Bill Kruger/City of Chino Hills called for a motion and vote.

Motion: By Committee Member Paul Eaton/City of Montclair, seconded by Committee Member Kathy Tiegs/CVWD, to approve the adoption by IEUA and the contracting agencies of ordinances to prohibit the future installation of residential self-generating water softeners.

Motion Carried: Unanimously.

INFORMATIONAL ITEMS**RECEIVE AND FILE****4. IEUA Monthly Water Newsletter**

Receive and file the IEUA Monthly Water Newsletter included in the agenda packet.

5. Recycled Water FY 2009/10 Annual Report

Receive and file the Recycled Water FY 2009/10 Annual Report included in the agenda packet.

OTHER BUSINESS**6. Agenda Items for Next Meeting**

None.

7. Committee Member Comments

Kathy Tiegs/CVWD thanked Thomas Love and all of staff's efforts for listening, responding and taking it up a couple of levels. Through the discussions and the workshops she thinks the message has been pretty loud and clear that transparency with a capital T has impacted all of us and we're looking at IEUA to increase that level of transparency. They are available to assist, to discuss, to help, whatever it takes. It's a new era, with new leadership at IEUA, and it's the opportunity for change.

Thomas Love/IEUA appreciated Ms. Tiegs' offer. He further stated that any briefings that the cities may want whether it's through their Public Works Department, their engineers, the representatives on the Technical Committee, their City Managers, and even with the elected representatives, IEUA was available to discuss any issues.

Debra Dorst-Porada/City of Ontario said she would like to echo Kathy Tiegs' comments and also to please be mindful of the people that we're serving and their pocketbooks. She really enjoyed getting to know the material here; it opened up her eyes to a lot of things.

Earl Elrod/City of Chino also thanked staff and said they all worked very hard together to come to a compromise that would facilitate everybody.

Acquanetta Warren/City of Fontana also thanked staff and introduced herself as the Mayor of Fontana and said she will be replacing John Roberts on the Policy Committee who is now Fontana's Mayor Pro Tem. She looks forward to working with this organization and wanted also to mention that cities are in the fight for their lives right now, redevelopment, etc. and they certainly will be reaching out to IEUA staff to assist those efforts. She asked all organizations around the State to pray for our cities and our counties because what is being proposed by the Governor's budget is going to alter the quality of life in our communities that we've worked so hard to sustain.

Bill Kruger/City of Chino Hills echoed all of the previous comments. He said it took a long time to get here and we'll see what evolves as it goes to the Board. Hopefully, we can continue to work together and somehow manage to come to a solution that will work. He thanked all who participated in the process and hopes that we're able to go forward and be successful because, quite possibly, the worst is yet to come.

8. Next Meeting - March 3, 2011

ADJOURNMENT - Meeting was adjourned at 6:07 p.m.

Transcribed by: *Pamela Sharp*
Pamela Sharp, Administrative Secretary, City of Chino Hills