

Inland Empire Utilities Agency Regional Sewerage Program Policy Committee Meeting

MINUTES OF May 5, 2011 MEETING

CALL TO ORDER

A regular meeting of the IEUA/Regional Sewerage Program – Policy Committee was held on May 5, 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
Kathy Tiegs Cucamonga Valley Water District
Acquanetta Warren..... City of Fontana
Jim Bowman..... City of Ontario
Terry Catlin..... Inland Empire Utilities Agency

Absent Committee Members:

Paul EatonCity of Montclair
Kenneth WillisCity of Upland

Others Present:

Thomas Love Inland Empire Utilities Agency
Craig Miller..... Inland Empire Utilities Agency
Christina Valencia..... Inland Empire Utilities Agency
Chris Berch..... Inland Empire Utilities Agency
Patrick Sheilds Inland Empire Utilities Agency
Andrea Caruthers..... Inland Empire Utilities Agency
Sondra Elrod Inland Empire Utilities Agency
Tony Mata City of Fontana
Steve Nix City of Chino Hills
Chris Bond City of Chino Hills

PLEDGE OF ALLEGIANCE TO THE FLAG

Committee Member Jim Bowman/City of Ontario, led those present in the Pledge of Allegiance.

PUBLIC COMMENTS

There were no public comments.

Thomas Love/IEUA introduced Craig Miller, Assistant General Manager, who joined IEUA in early March.

TECHNICAL COMMITTEE REPORT

Steve Nix/City of Chino Hills reported that IEUA presented the FY 2011/12 operating budget and ten-year CIP to the Technical Committee at the May 5, 2011 meeting. It was unanimously approved by the Technical Committee and recommended for approval to the Policy Committee.

ACTION ITEMS**1. Approval of Minutes – March 3, 2011**

Motion: By Committee Member Earl Elrod/City of Chino, and seconded by Committee Member Jim Bowman/City of Ontario, to approve the minutes of March 3, 2011 as written.

Motion Carried: Unanimously. Kathy Tiegs/CVWD abstained.

2. Regional Policy Committee Compensation

Thomas Love/IEUA gave a brief presentation of the agenda item, outlining IEUA's continuing efforts to identify cost containment measures. The IEUA Board of Directors took action, in March, to reduce their board member compensation by over 10%. It was suggested that the Policy Committee members discuss the possibility of eliminating their \$100 per meeting compensation paid for by IEUA. This Policy Committee compensation issue will be discussed at an upcoming IEUA Board meeting on May 18, 2011.

Kathy Tiegs/CVWD would support a motion of eliminating the stipend paid by IEUA for attending the Policy meetings.

Jim Bowman/City of Ontario would also support a motion eliminating compensation for attendance at the Policy meetings.

Earl Elrod/City of Chino was also in support of eliminating compensation.

Bill Kruger/Chino Hills stated he, too, agreed with his fellow committee members to eliminate compensation.

Motion: By Committee Member Kathy Tiegs/CVWD, and seconded by Committee Member Jim Bowman/City of Ontario, to recommend to the IEUA Board of Directors the elimination of the Policy Committee member compensation from IEUA.

Motion Carried: Unanimously.

Terry Catlin/IEUA stated that, in support of the Committee's action, he will waive his fee as well.

Earl Elrod/City of Chino asked, in order to save staff time, could the Policy Committee meet on an "as needed" or quarterly basis.

Thomas Love/IEUA concurred and said that they could meet on an "as needed" basis unless there is important business to be conducted, such as at the upcoming June meeting, where IEUA will be bringing approval of the budget. Mr. Love stated that staff will take that as direction and will plan the agendas accordingly.

Kathy Tiegs/CVWD stated that she liked Mr. Elrod's suggestion of meeting on a quarterly basis and would prefer quarterly meetings to "as needed"; the more advanced notice the better.

Earl Elrod/City of Chino asked if the Technical Committee meetings could also be quarterly and the time changed to 3:00 PM to avoid staff overtime.

Thomas Love/IEUA said that it was important for IEUA staff to have more frequent meetings with the Technical Committee but the time could be moved to earlier in the day.

Motion: By Committee Member Earl Elrod/City of Chino, and seconded by Committee Member Kathy Tiegs/CVWD, to change the Policy Committee meetings from monthly to quarterly.

Motion Carried: Unanimously.

INFORMATIONAL ITEMS

3. Preliminary FY 2011/12 Overview of the Draft Regional Wastewater and Recycled Water Budgets and Ten-Year Capital Improvement Plan

Christina Valencia/IEUA gave a PowerPoint presentation outlining the budget timeline for adoption, cost containment actions, and key 2011/12 budget assumptions. She also talked about what evolved from discussions about the proposed rate increases, contingency budget scenarios, and gave an overview of the Ten Year Capital Improvement Plan.

Terry Catlin/IEUA asked about the deferrals of equipment maintenance for cost containment. He assumes these deferrals will not impact IEUA's services to the members due to a reduction in equipment.

Thomas Love/IEUA said that the deferrals were picked very carefully. He added that, if a particular facility needs rehabilitation mid-year because of more deterioration, it might cost more money to do that on an emergency basis and, possibly, a less favorable bidding climate. However, it would not impact the levels of service.

Kathy Tiegs/CVWD asked about revenue received thru property taxes going towards recycled water and the left-over amount from that which gets allocated to recycled and O&M.

Christina Valencia/IEUA stated that there is an allocation between programs. Sixty-five percent (65%) by the regional contract is restricted for the RC fund. Most of the money that the RC fund gets supports the debt service allocated to that fund. In addition, a portion of that property tax is taken, about \$1.5M, which goes to the WC fund, which is the recycled water fund to support their debt services associated with the 2008A bonds. Also, \$700K goes to support the 2008B bonds for the RW fund. All of that is funded by the RC property tax allocation. So, it's all for debt, not O&M. There are O&M allocations on property taxes in two programs; GG Admin Services and the RO fund. This is the same allocation that's been used for approximately 20 years. The most recent change, about 3 years ago, was to take a portion of the RO fund and give it to the WC fund to support their debt service costs for the SRF loans. This temporary change will end in 2013/14; a 4-year period.

Kathy Tiegs/CVWD asked why the employment expenses were increasing by 16% if the vacancy rates are being maintained.

Christina Valencia/IEUA stated that the premiums are increasing which drives up the increase in employment costs.

Kathy Tiegs/CVWD wanted to go on record regarding the Heritage project which represents about a \$2M capital investment for the distribution line. Not only would that deliver more recycled water to Cucamonga Valley and Heritage, but also the City of Fontana; approximately 800 to 1300 AF. She questions where we would get the “biggest bang for our buck” if it’s going to cost \$2M and we’ve been budgeting for that to get that line in to assist Fontana with recycled water.

Acquanetta Warren/City of Fontana commented about the deferrals and the higher cost to repair equipment, and asked for an example of the type of equipment that could experience that problem.

Thomas Love/IEUA stated that they identify a piece of equipment nearing the end of its useful life and identify that for replacement in a given year. It could be a pump, a truck, or asphalt paving where chemical unloading occurs. Every year there are rehabilitation replacement projects in the budget, but some of that equipment may last longer than 12 months. So, the replacement is deferred, unless it’s a critical piece of equipment that, if it fails, would result in a permit violation, or wastewater not being treated. Those would be replaced before they fail.

4. Asset Management Levels of Service

Thomas Love/IEUA gave a brief presentation on the Levels of Service (LOS), how they were created and identified by lines of business; i.e., wastewater treatment, recycled water, and biosolids composting. This information was presented for information and to get feedback from the member agencies. It will be reviewed again with the IEUA Board in May, workshops will be conducted, and then be presented to the Board again in June for adoption.

Kathy Tiegs/CVWD commented that she would like IEUA to consider redefining their “customers” because IEUA serves 7 member agencies and the member agencies are the customers. The member agencies serve their constituents who rely on the agencies to perform at a high level of service.

Thomas Love/IEUA agreed that the member agencies provide the retail service to the customers and those customers have a level of service expectation for the system they are using.

RECEIVE AND FILE

5. Recycled Water Program Update

Receive and file the Recycled Water Program Update included in the agenda packet.

Kathy Tiegs/CVWD mentioned that recycled water deliveries were down due to the heavy rainfall that occurred earlier in the year. Agricultural users are important users of recycled water and the rainy season really impacted the revenue stream coming in. As future development continues the farms will not be there to take recycled water.

Thomas Love/IEUA agreed that the seasonal variability on recycled water is a challenge. And, as the agricultural areas are developed there’s a combination of residential and commercial and some industrial, mostly box warehouses, which are very low water users. However, as development occurs, they plumb for recycled water and the majority of use and demand is irrigation; i.e., parks, schools, and landscaped medians.

Earl Elrod/City of Chino inquired about building up of reserves and that the purchase of water would be down this year because of the rains.

Thomas Love/IEUA said that with the wet year, they will purchase much less water from Metropolitan Water District. The cost of MET water is 100% pass-through. If IEUA incurs the expense, they will bill the agencies for that expense. If they don't incur the expense, it's not billed; it doesn't end up in IEUA's reserves.

IEUA Monthly Water Newsletter

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

OTHER BUSINESS

6. Agenda Items for Next Meeting

Approval of FY 2011/12 Regional Wastewater and Recycled Water Budgets and Ten-Year Capital Improvement Plan.

7. Committee Member Comments

Kathy Tiegs/CVWD thanked IEUA staff for the presentations and continuing hard work. She appreciates that IEUA staff are always available with information when questions arise.

8. Next Meeting - June 2, 2011

ADJOURNMENT - Meeting was adjourned at 5:50 p.m.

Transcribed by: *Pamela Sharp*

Pamela Sharp, Administrative Secretary, City of Chino Hills