

NOTICE OF MEETING

OF THE
REGIONAL SEWERAGE PROGRAM
POLICY COMMITTEE

OF THE



WILL BE HELD ON
THURSDAY, JULY 27, 2017
5:30 P.M.

AT ROSSA'S CUCINA
425 N. VINEYARD AVENUE
ONTARIO, CA 91764



Regional Sewerage Program Policy Committee Meeting

AGENDA **Thursday, July 27, 2017** **5:30 p.m.**

Location

Rossa's Cucina
425 N. Vineyard Avenue
Ontario, CA 91764

Call to Order and Roll Call

Pledge of Allegiance

Public Comment

Changes/Additions/Deletions to the Agenda

1. Technical Committee Report (*Oral*)

2. Action Item

- A. Approval of the June 2, 2017 Meeting Minutes
- B. SCADA Enterprise System (Regional Water Recycling Plant No. 4 & 5)
Design Build Construction Contract Award

3. Informational Items

- A. Regional Contract Update/Renewal (*Oral*)

4. Receive and File

- A. Building Activity Update
- B. Recycled Water Distribution – Operations Summary
- C. IEUA Letter to Member Agencies – Regional Contract Negotiations

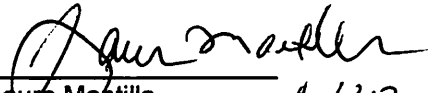
5. Other Business

- A. IEUA General Manager's Update
- B. Committee Member Requested Agenda Items for Next Meeting
- C. Committee Member Comments
- D. Next Meeting – September 7, 2017

6. Adjournment

DECLARATION OF POSTING

I, Laura Mantilla, Executive Assistant of the Inland Empire Utilities Agency, A Municipal Water District, hereby certify that a copy of this agenda has been posted by 5:30 p.m. in the foyer at the Agency's main office, 6075 Kimball Avenue, Building A, Chino, CA and Rossa's Cucina, 425 N. Vineyard Avenue, Ontario, CA on Monday, July 24, 2017.



Laura Mantilla # 1317

ACTION ITEM

2A



Regional Sewerage Program Policy Committee Meeting

MINUTES OF JUNE 1, 2017 MEETING

CALL TO ORDER

A meeting of the IEUA/Regional Sewerage Program – Policy Committee was held on Thursday, May 4, 2017, at the Inland Empire Utilities Agency located at 6075 Kimball Avenue, Chino, California. Chairman Jesse Armendarez, City of Fontana, called the meeting to order at 4:00 p.m.

ATTENDANCE

Committee Members:

Peter Rogers	City of Chino Hills
Luis Cetina (alternate)	Cucamonga Valley Water District
Jesse Armendarez	City of Fontana
Trisha Martinez (alternate)	City of Montclair
Debbie Stone	City of Upland
Kati Parker	Inland Empire Utilities Agency

Absent Committee Members:

Earl Elrod	City of Chino
Jim Bowman	City of Ontario

Others Present:

Katie Gienger	City of Ontario
Braden Yu	Cucamonga Valley Water District
John Bosler	Cucamonga Valley Water District
Christina Valencia	Inland Empire Utilities Agency
Chris Berch	Inland Empire Utilities Agency
Sylvie Lee	Inland Empire Utilities Agency
Shaun Stone	Inland Empire Utilities Agency
Kathy Besser	Inland Empire Utilities Agency
Randy Lee	Inland Empire Utilities Agency
Laura Mantilla	Inland Empire Utilities Agency

PLEDGE OF ALLEGIANCE

Committee Member Trisha Martinez led those present in the pledge of allegiance to the flag. A quorum was present.

PUBLIC COMMENTS

There were no public comments.

1. TECHNICAL COMMITTEE REPORT

Chuck Hays/City of Fontana reported that the Technical Committee met on May 25, 2017, and the Committee approved the following action items:

- Approved the meeting minutes of April 27, 2017.
- Unanimously approved the proposed Fiscal Years 2017/18 and 2018/19 Ten Year Capital Improvement Plan and the Regional Wastewater, Recycled Water and Recharge Water programs.
- Unanimously approved to change future meetings to begin at 2:00 p.m.

In addition, Mr. Hays stated that the following informational items were presented

- Chris Berch/IEUA gave an update on the Regional Contract.
- Pietro Cambiaso/IEUA provided an overview of the Agency's renewable energy programs and projects.

2. ACTION ITEMS**A. Approval of the Minutes of May 4, 2017 Regional Policy Committee Meeting**

Motion: By Peter Rogers/City of Chino Hills and seconded by Debbie Stone/City of Upland to approve the minutes of the May 4, 2017 Regional Policy Committee meeting.

Motion carried: Unanimously.

B. 2017/18 & 2018/19 Ten Year Capital Improvement Plan (TYCIP) and IEUA Regional Budget

Christina Valencia/IEUA stated that last month the Policy Committee was given a preliminary overview of the proposed Fiscal Years 2017/18 and 2018/19 Ten Year Capital Improvement Plan (TYCIP) and the O&M Biennial Budget for the Regional Wastewater, Recycled Water and Recharge Water programs. Ms. Valencia informed the Policy Committee that the presentation was also reviewed with the Technical Committee on May 25, 2017, which they unanimously approved. Ms. Valencia explained that the TYCIP amount changed from \$815 million to \$833 million. She noted that the change was due to projects added and change in scope. Ms. Valencia indicated that no adjustments are being proposed for the multi-year rates and fees adopted for these programs in 2015 through fiscal year 2019/2020.

Ms. Valencia then gave an overview of the Wastewater Capital Improvement fund, noting that expenditures for this fund are budgeted at \$50 million over the next two years. She stated that debt service cost remains levelled at \$22 million per year. Ms. Valencia then reviewed the funding sources that support those expenditures. The cost for the Wastewater Operations fund remains steady over

the next two years at approximately \$94 million per fiscal year. Ms Valencia informed the Committee that the Agency is not anticipating receiving enough revenues from our rates and property taxes to cover all the budgeted costs and the Agency is projecting a draw from reserves to cover the shortfall of \$7.2 million in FY 2017/18, and \$2.4 million in FY 2018/19.

Ms. Valencia continued with an overview of the Recycled Water fund expenditures and revenues and noted that expenditures are about \$31 million over the next two years, primarily due to planned capital project expenditures. Due to the uncertainty of SRF funding availability, a key assumption over the next two years is use of fund reserves to support these capital project investments. Ms. Valencia then reviewed the next steps and timeline.

Motion: By Luis Cetina/Cucamonga Valley Water District and seconded by Trisha Martinez/City of Montclair to make recommendation to the IEUA Board of Directors to approve the proposed biennial O&M budget for regional wastewater and recycled water programs and TYCIP.

Motion carried: Unanimously.

3. INFORMATIONAL ITEMS

A. Regional Contract Update/Renewal

Chris Berch/IEUA stated that IEUA is developing a response letter, which will be shared with the Technical Committee and Policy Committee at the end of June, after it has been reviewed by the IEUA Board.

4. RECEIVE AND FILE

A. Building Activity Update

The Building Activity Update was received and filed by the Committee.

B. Recycled Water Distribution – Operations Summary

The Recycled Water Distribution Operations Summary was received and filed by the Committee.

5. OTHER BUSINESS

A. IEUA General Manager's Update

None.

B. Committee Member Requested Agenda Items for Next Meeting

None.

C. Committee Member Comments

None.

D. Next Meeting – TBD

The Committee discussed potential dates for July's Policy meeting. IEUA will contact the member agencies that were not present to schedule a date.

6. ADJOURNMENT – Meeting was adjourned at 4:22 p.m.

Transcribed by:

Laura Mantilla, Executive Assistant

ACTION ITEM

2B



Inland Empire Utilities Agency
A MUNICIPAL WATER DISTRICT

Date: July 27, 2017
To: Regional Committees
From: Inland Empire Utilities Agency
Subject: Design-Build Contract Award for the SCADA Enterprise System
RP-4 & RP-5 Migration

RECOMMENDATION

It is requested that the Regional Committees recommend to the IEUA Board of Directors to award the design-build contract for the SCADA Enterprise System (RP-4 & RP-5) Project Nos. EN13016.03 & EN13016.04, to CDM Smith in the amount of \$5,192,864.

BACKGROUND

Inland Empire Utilities Agency's (IEUA) existing Supervisory Control and Data Acquisition (SCADA) System is comprised of a wide variety of equipment located at various facilities throughout the Agency's service area. This system has been instrumental in enabling IEUA staff to maintain outstanding plant compliance while reducing the operation shift coverage from 24-hours per day to single shift coverage. IEUA has separate control systems for wastewater treatment plants, recycled water, and the groundwater recharge system. The control system is approximately a 60/40 mix of Foxboro's Distributed Control System (DCS) and Rockwell Automation's SCADA system, respectively (the DCS has been in service for more than 20 years and has reached its end-of-life). The SCADA Master Plans (approved in 2012) established the need for a migration from the existing Invensys Foxboro DCS to Rockwell Automation's PlantPax SCADA Enterprise System.

As identified in the Master Plan, the Carbon Canyon Water Recycling Facility (CCWRF) was the first facility to be migrated to the PlantPax system. In May of 2013, the consultant contract was awarded to the engineering team of Westin Engineering Inc. (Westin), Rockwell Automation, and Parsons to perform design services for all facilities to be migrated. In December 2014, Technical Systems, Inc. was awarded the construction contract to integrate the PlantPax system into CCWRF's controls strategy. The CCWRF migration was successfully completed in March 2016.

The second phase of the SCADA project focuses on the migration of Regional Plant Nos. 4 (RP-4) and 5 (RP-5). Beginning in June 2016, Westin performed pre-design work for the RP-4 and RP-5 migrations by developing a scope of work and supporting documents for a Design-Build Request for Proposals (RFP).

On March 27, 2017, IEUA advertised on *PlanetBids* the RFP to three pre-qualified contractors in compliance with Senate Bill 785, which allows public agencies to select design-build contractors based on the best value (qualifications and costs) to the Agency rather than low bid. This project delivery method was preferred due to the sensitivity of the controls systems to ongoing treatment plants operations and the significant impact that quality experience can have on the success of this project. All three contractors participated in the job walk on April 17, 2017.

On May 31, 2017, the following proposals were received:

Contractor's Name	Total Price
Tesco Controls	Non-Responsive
CDM Smith	\$5,192,864
Technical Systems, Inc.	\$5,603,500
Engineer's Estimate	\$5,900,000

The proposal from Tesco Controls was determined to be non-responsive due to non-compliance with State Revolving Fund (SRF) loan requirements. The State Water Resources Control Board issued a determination of non-compliance because the proposal did not demonstrate good faith efforts in soliciting the Disadvantaged Business Enterprise program.

The proposals were reviewed by a selection committee consisting of the City of Chino Hills and IEUA staff from Engineering, Integrated Systems Services, Contracts and Procurement, and Grants. Pursuant to SB 785, the proposals were evaluated based on technical experience, capital and life-cycle costs, schedule, proposed work plan, and safety record. Based on these criteria, the committee determined that CDM Smith provided the best value to IEUA for this project. During the prequalification process, IEUA staff evaluated CDM Smith's financial statements and verified references and found them to be in good standing.

The following table is the projected project cost:

Description	Estimated Cost
Design Services	\$2,942,296
Consultant Predesign Contract	\$225,000
Detailed Design (this action)	\$2,377,296
IEUA Design Services	\$250,000
Project Development	\$90,000
Construction Services	\$501,000
Design Consultant Construction Services	\$215,000
IEUA Construction Services (10%)	\$260,000
Construction Services Contingency (10%)	\$26,000
Construction	\$2,882,231
Construction (this action)	\$2,620,231
Contingency (10%)	\$262,000
Total Project Cost	\$6,325,527
Total Project Budget (for all four treatment facilities)	\$13,900,000
Expended to Date	\$5,416,613
Remaining Budget	\$2,157,860

The following is the project schedule:

Project Milestone	Date
Design-Build Contract Award	August 2017
RP-5 Construction Completion	September 2018
RP-4 Construction Completion	May 2019

The SCADA Enterprise System Project is consistent with IEUA's *Business Goal of Business Practices and Asset Management* that strives to apply best industry practices in all processes to maintain or improve the quality and value of the services we provide to our member agencies and the public and will ensure the regional sewer system and treatment facilities are well maintained, upgraded to meet evolving requirements, sustainably managed, and can accommodate changes in regional water use.

**RECEIVE AND
FILE**

4A

Building Activity Report - YTD Fiscal Year 2016/17



Legend

- Service Area
- Unincorporated

EDU (YTD)

Residential

- <=1.0
- 1.0 - 10.0
- >10.0

Commercial

- <=1.0
- 1.0 - 10.0
- >10.0

Industrial

- <=1.0
- 1.0 - 10.0
- >10.0

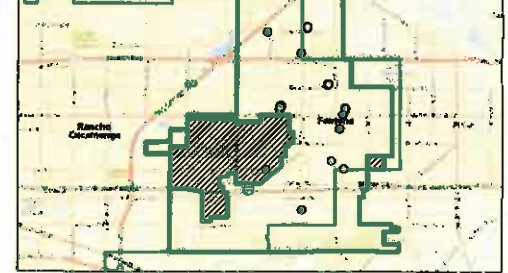
HALF MILE GRID: TOTAL EDU's (YTD)



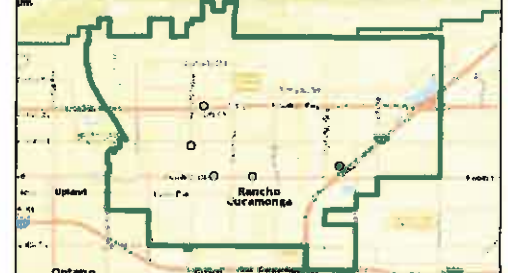
TOTAL EDU BY CONNECTION TYPE (YTD)

Contracting Agency	YTD Actual			Total (EDU)	Proposed Total (EDU)
	Residential (EDU)	Commercial (EDU)	Industrial (EDU)		
Chino	414	155	4	573	610
Chino Hills	872	18	0	890	1236
CVWD	364	80	1	445	364
Fontana	504	118	4	626	695
Montclair	87	45	8	8	85
Ontario	1410	215	217	1842	2050
Upland	126	31	0	157	237
Total	3777	662	235	4674	5277

Fontana (May 2017)



Cucamonga Valley Water District (May 2017)



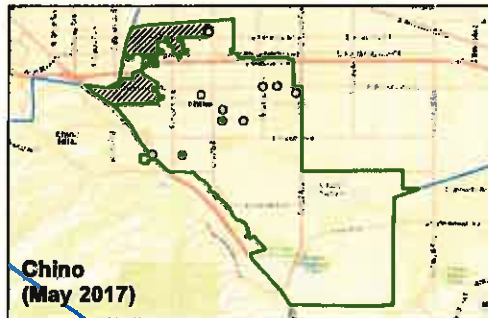
Upland (May 2017)



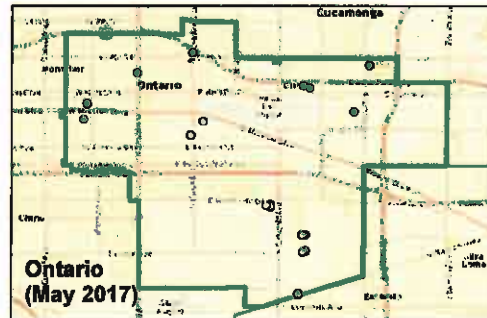
Chino Hills (May 2017)



Chino (May 2017)



Ontario (May 2017)



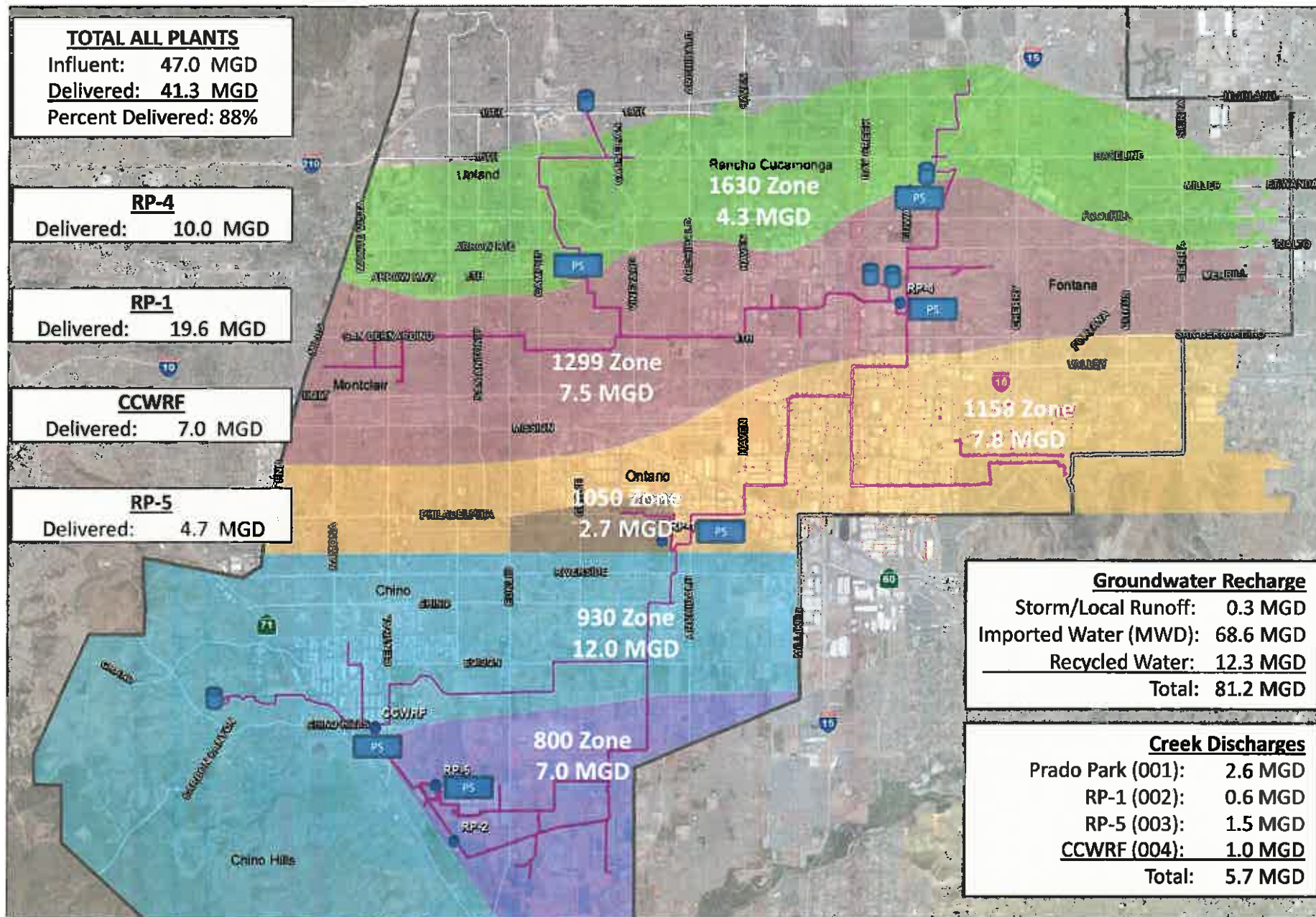
Montclair (May 2017)



**RECEIVE AND
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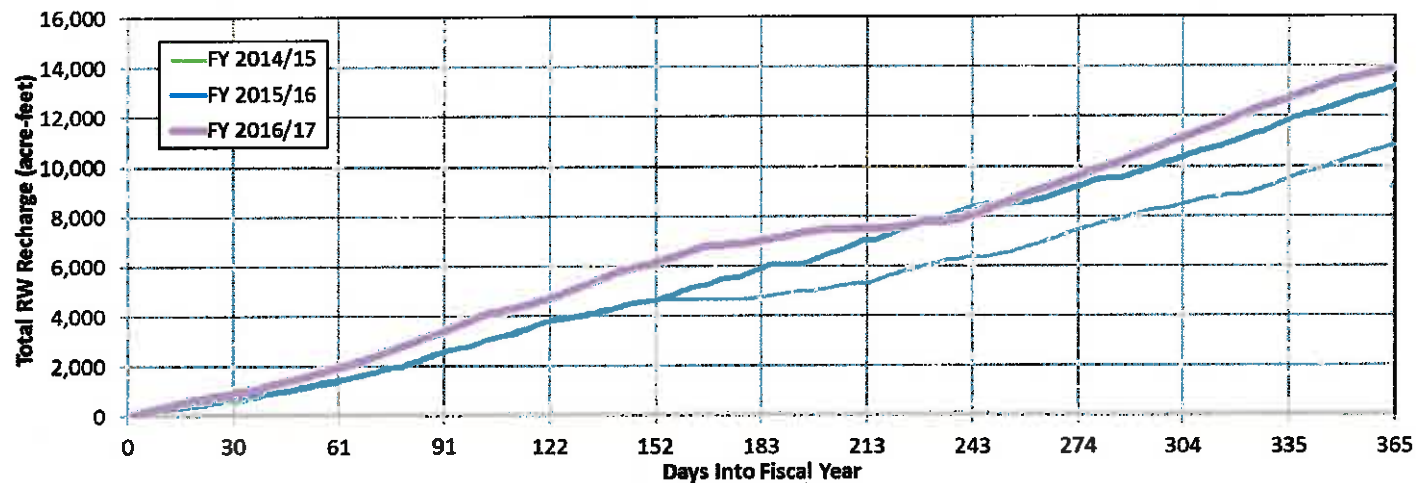
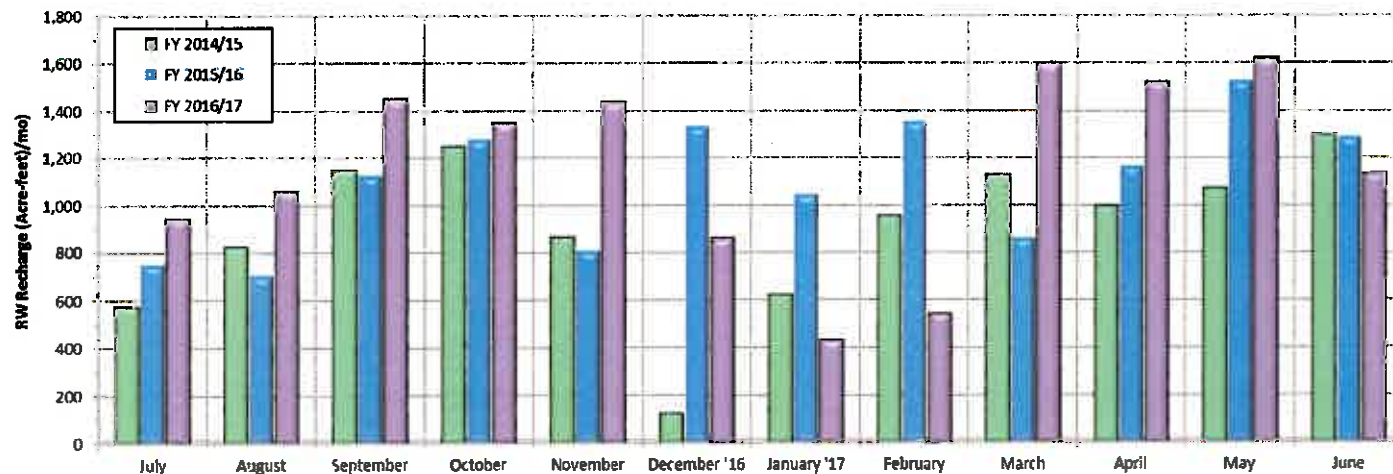
4B

IEUA RECYCLED WATER DISTRIBUTION – JUNE 2017



Recycled Water Recharge Deliveries / Plan - June 2017 (Acre-Feet)

Basin	6/1-6/8	6/9-6/15	6/16-6/22	6/23-6/30	Month Actual	FY To Date Actual		
Ely	84.0	55.4	8.9	0.3	149	1,491		
Banana	0.0	0.0	0.0	0.0	0	500		
Hickory	0.0	0.0	0.0	0.0	0	136		
Turner 1 & 2	14.9	37.9	21.3	16.0	90	1,236		
Turner 3 & 4	9.7	0.0	0.0	0.0	10	0		
8th Street	44.2	68.1	56.3	20.0	189	2,271		
Brooks	0.0	0.0	0.0	30.4	30	385		
RP3	203.1	90.5	64.4	105.2	463	5,770		
Declez	0.0	0.0	0.0	0.0	0	514		
Victoria	81.0	49.5	39.1	31.0	201	1,621		
San Sevaine	0.0	0.0	0.0	0.0	0	0		
Total	436.9	301.4	190.0	202.9	1,131	13,924	13,222	AF, Previous FY End of Month Actual



**RECEIVE AND
FILE**

4C



6075 Kimball Avenue • Chino, CA 91708
P.O. Box 9020 • Chino Hills, CA 91709
TEL (909) 993-1600 • FAX (909) 993-1983

www.ieua.org

June 30, 2017

The Honorable Jesse Armendarez
Regional Sewerage Program Policy Committee Chair
City of Fontana
8353 Sierra Avenue
Fontana, CA 92335

Mr. Chuck Hays
Regional Sewerage Program Technical Committee Chair
Public Works Director
City of Fontana
8353 Sierra Avenue
Fontana, CA 92335

Re: Regional Contract Negotiations

Dear Council Member Armendarez and Mr. Hays:

Inland Empire Utilities Agency (IEUA) is addressing this letter to all agencies contracted under the Regional Sewerage Service Agreement (Regional Contract) in the hopes of establishing a process whereby the terms and conditions of the Regional Contract can be renegotiated in earnest. While preliminary discussions of renegotiation have taken place, IEUA hopes that the parties can now implement a more rigorous negotiating process.

The Regional Contract was first executed in January 1973. Prior to that, local agencies by and large had handled their own wastewater treatment. However, during that timeframe, with the implementation of the Clean Water Act, the regulatory framework was changing and treatment compliance was becoming more difficult. Additionally, in 1963 Orange County had filed a lawsuit seeking an adjudication of water rights within the upper Santa Ana River watershed, naming over 2,500 party defendants, including the local agencies who would ultimately become parties to the Regional Contract.

Ultimately, it was decided that these issues were best addressed by consolidating wastewater treatment responsibilities with one entity. While IEUA (Chino Basin Municipal Water District) had not been involved with treatment up to that time, the local agencies determined to consolidate wastewater treatment services, and entered into a series of agreements which vested that authority in IEUA. First, the local agencies agreed to a settlement of the Orange County lawsuit in 1969 whereby the local agencies were dismissed from the lawsuit but agreed to be bound by a physical solution reached between IEUA, Orange County and other municipal defendants. The physical solution, known as the Prado Settlement, called for the delivery of a specified amount of water from the Chino Basin to the Prado Basin. The Prado Settlement also noted that the source of IEUA's contribution would be effluent from treatment facilities serving the local agencies. Soon thereafter the Regional Contract was consummated.

The term of the Regional Contract will lapse in 2023; however, anticipated growth and development within the jurisdictions of contracting agencies has prompted the need for significant and immediate capital improvements to increase treatment capacity. Additionally, regulatory enforcement requires the relocation of operations currently conducted at RP- 2 to the RP-5 site. While the IEUA Board of Directors and staff are prepared to implement this significant undertaking, the financial institutions funding these projects require a long-term, stable and reliable revenue stream in order to issue debt. The remaining short-term of the Regional Contract provides neither the term, reliability or stability needed for long-term financing.

Accordingly, time is of the essence in establishing a commitment between the parties for long-term wastewater treatment services. In order to implement these capital projects, so as to accommodate the contracting agencies' planned capacity requirements, a new long-term agreement must be in place no later than March 2018.

SUBJECT MATTER FOR NEGOTIATION

IEUA believes that the subject matter for discussion between the parties can be divided, generally, into two categories: technical issues and policy issues. Examples of technical issues would include the calculation of Equivalent Dwelling Units (EDUs) which are currently calculated under Exhibit J to the Regional Contract. Meter points and responsibility, sewer design standards for collection facilities, and pretreatment programs are also technical in nature.

Policy issues include governance, the authority to establish rates, fees and charges and the process of contract amendment. Also included in this category would be the authority to determine property tax allocation, authority over approval of capital projects, the sale of recycled water and the terms and conditions upon which an agency can withdraw from the Regional Contract. These are examples only and are not intended to be an exhaustive list of issues to be negotiated.

IEUA feels that the negotiation process also affords the perfect opportunity to reconsider the very structure and manner of providing wastewater treatment services to our region. Many wastewater treatment agencies such as the County Sanitation Districts of Los Angeles County and Western Municipal Water District, provide services under the terms of an ordinance as opposed to a contract. IEUA believes that an ordinance provides the best method to deliver wastewater treatment services and can be drafted in such a way to preserve benefits provided under the Regional Contract, including the option to purchase recycled water.

SUGGESTED PROCESS

We recommend that each contracting agency establish a negotiating team comprised of one member with policymaking authority and one member with technical expertise. Meetings can be held every two weeks at a designated location beginning on August 15, 2017, until an agreement is reached. We still believe it would be beneficial to all parties to have an independent third-party facilitator help complete the contract negotiation process in a well-organized, efficient and timely manner. IEUA is prepared to offer the names of candidates to serve in that capacity and enter into a contract to provide such services prior to the start of these meetings.

Water Smart – Thinking in Terms of Tomorrow

Steven J. Elie
President

Michael E. Camacho
Vice President

Jasmin A Hall
Secretary/Treasurer

Paul Hofer
Director

Kati Parker
Director

P. Joseph Grindstaff
General Manager

COOPERATION

Renegotiating regional wastewater services will require the cooperation and commitment of all parties. Recently a "Term Sheet" enumerating discussion topics was submitted to IEUA under the auspices of the Regional Technical Committee. It was later determined that several members of that committee were not in support of much of what was put forth in the Term Sheet. The Term Sheet also suggests that some contracting agencies wish to preserve their right to withdraw sewer flows from IEUA treatment facilities. Although the Regional Contract provides for withdrawal under certain terms and conditions, it seems prudent that the member agencies decide whether they intend to withdraw from regional services prior to IEUA incurring significant debt to expand facilities, which may not be needed. Alternatively, the right to withdraw, if preserved, must recognize the withdrawing agency's continuing obligation to the repayment of debt incurred on its behalf and ongoing impacts to existing agencies.

Recently, IEUA undertook the project of evaluating and restructuring how EDUs are calculated under Exhibit J to the Regional Contract. It seems to be the consensus of all contracting parties that this work needs to be done. Carollo Engineers was retained to do this work; however, almost one year into the process, IEUA still awaits information on flows from some of the contracting agencies. We need to improve the level of cooperation if the goals and needs of all the parties are to be met. IEUA seeks to re-initiate the negotiation process so that it may proceed in earnest within the prescribed time limits.

NEXT STEPS

This letter will be included in the next Technical and Policy Committee meeting agendas for discussion.

Respectfully,
Inland Empire Utilities Agency


P. Joseph Grindstaff
General Manager

cc: Honorable Earl Elrod, City of Chino
Honorable Kathy Tiegs, Cucamonga Valley Water District
Honorable Peter Rogers, City of Chino Hills
Honorable Kati Parker, Inland Empire Utilities Agency
Honorable Paul Eaton, City of Montclair
Honorable Jim W. Bowman, City of Ontario
Honorable Debbie Stone, City of Upland
Jesus Plasencia, City of Chino
John Bosler, Cucamonga Valley Water District

Council Member Armendarez

June 30, 2017

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Ron Craig, City of Chino Hills

Michael Hudson, City of Montclair

Scott Burton, City of Ontario

Rosemary Hoerning, City of Upland

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