

NOTICE OF MEETING

**OF THE
REGIONAL SEWERAGE PROGRAM
POLICY COMMITTEE**

OF THE



WILL BE HELD ON

THURSDAY, SEPTEMBER 7, 2017

4:00 P.M.

**BOARDROOM
AT THE OFFICE OF THE AGENCY
6075 KIMBALL AVENUE, BUILDING A
CHINO, CA 91710**



Regional Sewerage Program Policy Committee Meeting

AGENDA

Thursday, September 7, 2017

4:00 p.m.

Location

Inland Empire Utilities Agency
Boardroom
6075 Kimball Avenue
Chino, CA 91710

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 July 27, 2017 Meeting Minutes
- B. San Sevaine Basin Improvements Construction Contract Award

3. Informational Items

- A. Regional Contract Update/Renewal (*Oral*)
- B. Long Range Plan of Finance

4. Receive and File

- A. Building Activity Update
- B. Recycled Water Distribution – Operations Summary

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 – October 5, 2017 at RP-1 (*Tour at 3:00pm*)

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 on Monday, September 4, 2017.



Laura Mantilla

ACTION ITEM

2A



Regional Sewerage Program Policy Committee Meeting

MINUTES OF JULY 27, 2017 MEETING

CALL TO ORDER

A meeting of the IEUA/Regional Sewerage Program – Policy Committee was held on Thursday, July 27, 2017, at Rossa's Cucina Enoteca located at 425 N. Vineyard, Ontario, California. Chairman Jesse Armendarez, City of Fontana, called the meeting to order at 5:32 p.m.

ATTENDANCE

Committee Members:

Peter Rogers	City of Chino Hills
Jesse Armendarez	City of Fontana
Trisha Martinez (Alternate)	City of Montclair
Debbie Stone	City of Upland
Kati Parker	Inland Empire Utilities Agency
Earl Elrod	City of Chino
Debra Dorst-Porada (Alternate)	City of Ontario

Absent Committee Members:

Kathy Tiegs	Cucamonga Valley Water District
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Others Present:

Jesus Plasencia	City of Chino
Katie Gienger	City of Ontario
Rosemary Hoerning	City of Upland
Braden Yu	Cucamonga Valley Water District
John Bosler	Cucamonga Valley Water District
Chris Berch	Inland Empire Utilities Agency
Joseph Grindstaff	Inland Empire Utilities Agency
Randy Lee	Inland Empire Utilities Agency
Laura Mantilla	Inland Empire Utilities Agency
Jesse Pompa	Inland Empire Utilities Agency

PLEDGE OF ALLEGIANCE

Chairman Armendarez 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

Chris Berch/IEUA reported that the Technical Committee met this afternoon and unanimously approved the SCADA Enterprise System for RP-4 & RP-5. The Technical Committee was provided with a brief update on the Regional Contract, which Mr. Berch will cover under agenda item 3A.

2. ACTION ITEMS**A. Approval of the Minutes of June 2, 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 June 2, 2017 Regional Policy Committee meeting.

Motion carried: Unanimously.

B. SCADA Enterprise System (RP-4 & RP-5)

Mr. Berch stated that the SCADA Enterprise System is the computerized systems used to operate the treatment plants. He stated that the Committee memo was updated and reflects an updated proposal price. The updated version was presented to the Technical Committee today and was unanimously approved. He indicated it is part of the regional update of the Master Plan to upgrade all the computer systems that run the treatment plants for the facilities. Last year the Carbon Canyon facility was completed. The second phase of the project is on the migration of RP-4 & RP-5. The last phase will be for RP-1, which will happen in the next two years. The contract for this recommendation is based on the proposal received from CDM Smith in the amount of \$5,277,527. Three proposals were received; however, one was deemed non-responsive due to non-compliance with the State Revolving Fund. A selection committee consisting of the City of Chino Hills and IEUA staff selected CDM Smith, as they provided the best value. The Technical Committee and IEUA staff recommends to the IEUA Board of Directors to award the contract to CDM Smith.

Motion: By Earl Elrod/City of Chino and seconded by Peter Rogers/City of Chino Hills to make recommendation to the IEUA Board of Directors to award the design-build contract for the SCADA Enterprise System (RP-4 & RP-5) to CDM Smith in the amount of \$5,277,527.

Motion carried: Unanimously.

3. INFORMATIONAL ITEMS**A. Regional Contract Update/Renewal**

Mr. Berch reported that IEUA has been working with the Technical Committee to work through a selection of a facilitator to help with the Regional Contract renewal. He stated that there are six different facilitators that are interested in facilitating. IEUA will be scheduling interviews with

them and anticipate that within the next two weeks a facilitator will be selected to help the Technical Committee and IEUA move forward. The intention is then to have a kick-off meeting scheduled with the Policy makers, as well as the IEUA Board and the Technical Committee.

4. RECEIVE AND FILE

A. Building Activity Update

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

B. Recycled Water Distribution – Operations Summary

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

5. OTHER BUSINESS

A. IEUA General Manager's Update

Joseph Grindstaff stated that the Board will be participating in the selection of his replacement. A recruitment has been done and they are conducting interviews on August 4, 2017. His replacement is expected to be in place by September.

B. Committee Member Requested Agenda Items for Next Meeting

None.

C. Committee Member Comments

None.

D. Next Meeting – September 7, 2017

The regular meeting on August 3, 2017 was cancelled.

6. ADJOURNMENT – Meeting was adjourned at 5:40 p.m.

Transcribed by:


Laura Mantilla, Executive Assistant

ACTION ITEM

2B

Date: August 31, 2017/September 7, 2017

To: Regional Committees

From: Inland Empire Utilities Agency 

Subject: San Sevaine Basin Improvement Construction Contract Award

RECOMMENDATION

It is requested that the Regional Committees recommend to the IEUA Board of Directors to award the construction contract for the San Sevaine Basin Improvement, Project No. EN13001, in the amount of \$3,873,029 to Gwinco Construction & Engineering, Inc.

BACKGROUND

In 2013, IEUA and Chino Basin Watermaster (Watermaster) approved a series of proposed recharge enhancement projects under the Recharge Master Plan Update (RMPU). The San Sevaine Basin Improvement project is part of the RMPU. This project captures and recharges up to an additional 642 acre-feet of storm water and 4,100 acre-feet of recycled water in the Chino Basin. The improvement proposes to install a pump station at the most southern basin and lay piping to the upper basins allowing for the transfer of available stormwater for groundwater recharge. The improvement will also allow for additional recycled water to be recharged in the upper basin during the dry season. Dudek, the engineering consultant, prepared the construction plans and will continue to provide engineering services during construction.

On February 6, 2017, IEUA pre-qualified 17 general contractors to bid on the project. On March 16, 2017, IEUA released an invitation for bids to the eligible contractors through PlanetBids. On July 13, 2017, the following seven bids were received:

Bidder's Name	Total Price
Gwinco Construction & Engineering, Inc.	\$ 3,873,029
Ferreira DBA Ferreira Coastal Construction Co	\$ 4,232,282
H & H General Contractors, Inc.	\$ 4,269,200
Canyon Springs Enterprise DBA RSH Construction	\$ 4,528,356
Norstar Plumbing and Engineering, Inc	\$ 4,979,000
Environment Construction, Inc.	\$ 5,318,848
CDM Constructors, Inc.	\$ 6,176,663
Engineer's Estimate	\$4,265,000

Gwinco Construction & Engineering was the lowest responsive bidder with a bid price of \$3,873,029. Gwinco was pre-qualified by IEUA by presenting the required experience on performing similar projects with other utilities and cities showing good workmanship and responsiveness. Gwinco's bid forms met the required submittal and demonstrated a good faith effort to solicit for disadvantage business enterprise.

This project is 50-percent cost shared with Watermaster as part of the RMPU project under Task Order Agreement No. 8 of the Master Agreement of 2014 between IEUA and Watermaster.

Also, \$1,125,000 of the total project is funded by grants of which \$750,000 is provided by the California Department of Water Resources and Santa Ana Watershed Project Authority through the Proposition 84 Integrated Regional Water Management Program, and \$375,000 is provided by United States Department of the Interior's Bureau of Reclamation through the Water Use Efficiency Program.

The following table is the anticipated project cost:

Description	Estimated Cost
Design Services	\$752,179
Preliminary Design Contract (actual cost)	\$256,000
Design Contract (actual cost)	\$320,028
IEUA Design Services (actual cost)	\$176,151
Construction Services	\$425,800
Design Consultant Construction Services	\$38,800
IEUA Construction Services	\$387,000
Construction	\$4,260,029
Construction Contract	\$3,873,029
Contingency (~10%)	\$387,000
Total Project Cost:	\$5,438,008
Total Project Budget:	\$ 6,295,000
Remaining Budget (for the Basin Monitoring Wells):	\$856,992

The remaining funds within the budget is set aside for the Monitoring Well construction which will be awarded and constructed separately.

The following is the project schedule:

Project Milestone	Target Date
• Construction Contract Award	September 2017
• Construction Completion	September 2018

The San Sevaine Basin Improvement Project is consistent with the *IEUA's Business Goal of Water Reliability* specifically the Groundwater Recharge objective that IEUA will maximize groundwater recharge projects in the region through strategic, cost-effective partnerships, and development.

San Sevaine Basin Improvement Construction Contract Award Project No. EN13001



Shaun J. Stone, P.E.
August 2017

Project Location



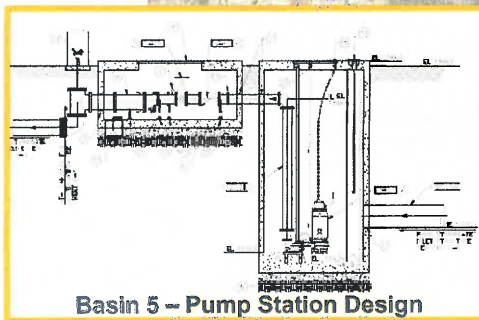
Project Scope

Basin Improvements:

- Pump Basin 5 water to upper Basins
 - Install pump station in Basin 5
 - Build conveyance piping to upper basins
- Connect to RW source
 - Uses new piping to recharge upper basins

Project Benefits:

- Increase stormwater recharge to 642 acre-feet per year
- Increase recycled water recharge 4,100 acre-feet per year
- Increase operational flexibility for vector control



Recycled Water Connection

New Piping

Basin 5

Basin 1

Basin 2

Basin 3

Basin 4

Location of New Piping Discharges to Basins 1, 2, & 3

LEGEND

- OTHER WELLS
- GROUNDWATER BASIN

0 400 800 1,600 Feet

Contractor Selection

Bids bids received on July 13, 2017:

Proposals Received

Bidder's Name	Total
Gwinco Construction & Engineering, Inc.	\$ 3,873,029
Ferreira DBA Ferreira Coastal Construction Co	\$ 4,232,282
H & H General Contractors, Inc.	\$ 4,269,200
Canyon Springs Enterprise DBA RSH Construction	\$ 4,528,356
Norstar Plumbing and Engineering, Inc	\$ 4,979,000
Environment Construction, Inc.	\$ 5,318,848
CDM Constructors, Inc.	\$ 6,176,663
Engineer's Estimate	\$4,265,000

Project Budget and Schedule

Description	Estimated Cost	Project Milestone	Date
Design Services	\$752,179	Construction Contract Award	September 2017
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Contingency (10%)	\$387,000		
Total Project Cost:	\$5,438,008		
Total Project Budget:	\$6,295,000		
Remaining Budget (for Basin Monitoring Wells):	\$856,992		

Remaining to be used for another planned construction activity

Recommendation

It is requested that the Regional Committees recommend to the IEUA Board of Directors to award the construction contract for the San Sevaine Basin Improvement, Project No. EN13001, in the amount of \$3,873,029 to Gwinco Construction & Engineering, Inc.

The San Sevaine Basin Improvement Project is consistent with the **IEUA's Business Goal of Water Reliability** specifically the Groundwater Recharge objective that IEUA will maximize groundwater recharge projects in the region through strategic, cost-effective partnerships, and development.

**INFORMATION
ITEM**

3B



Date: August 31, 2017/September 7, 2017

To: Regional Committees

From: Inland Empire Utilities Agency

Subject: Long Range Plan of Finance

RECOMMENDATION

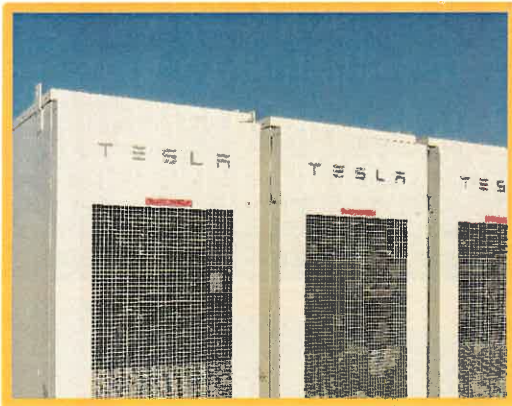
This is a summary of the Long Range Plan of Finance for the Regional Committees review. The full version can be accessed by clicking on the link below:

<https://18x37n2ovtbb3434n48jhbs1-wpengine.netdna-ssl.com/wp-content/uploads/2017/07/8-2-2017-Board-Meeting-and-Workshop-Package.pdf>

BACKGROUND

This item was presented to the IEUA Board of Directors meeting on August 2, 2017.

Long Range Plan of Finance (LRPF) Workshop



Purpose of Long Range Planning

Purpose

Enables the Agency to effectively plan for future challenges and opportunities

Basis

FYs 2018-2027 Ten Year Capital Improvement Plan (TYCIP)

FY 2017/18 & 2018/19 Biennial Budget

Scope

20 Years
Fiscal Years
2017/18 – 2036/37

Strategic

- Provides a long-view for decision making
- Supports informed policy decisions
- Projects the impact of policy changes
- Leads legislative initiatives

Financial

- Identifies long term requirements
- Focuses on major drivers for revenues and expenditures
- Evaluates long term impact of current decisions

Key Policy Decisions

Sources of funds

- Maintain rates that fully cover *O&M and *R&R costs
- “Growth pays for Growth”
- Property taxes to support capital investment and debt service costs
- Optimize grants and low cost borrowing to finance capital investment

* O&M – Operations and maintenance costs

* R&R = Replacement and rehabilitation costs

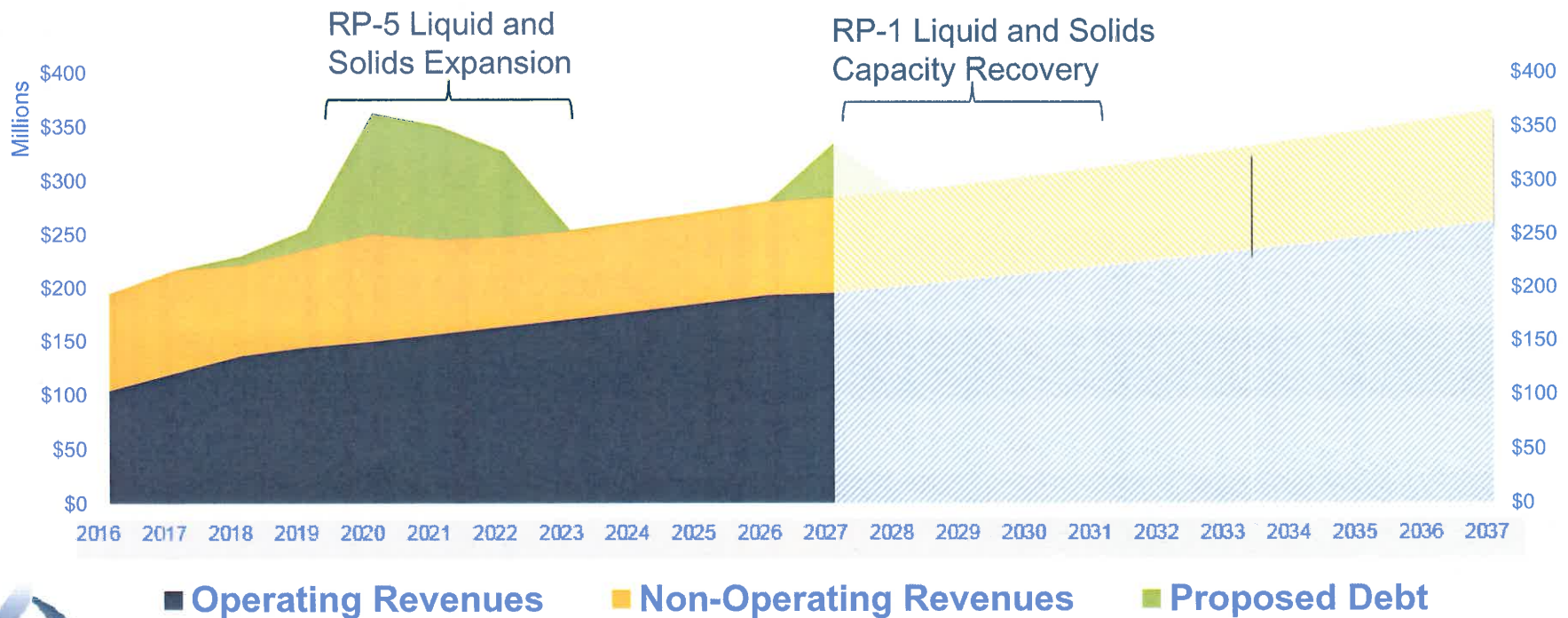
Uses of funds

- Continue commitment to sustainable cost containment for operating and capital costs
- Execute long term planning initiatives:
 - Support economic development
 - Establish water storage bank
 - Secure supplemental water supplies
 - Reduce energy costs and achieve carbon neutrality
 - Fully fund retirement obligations

Sources of Funds

LRPF: Baseline

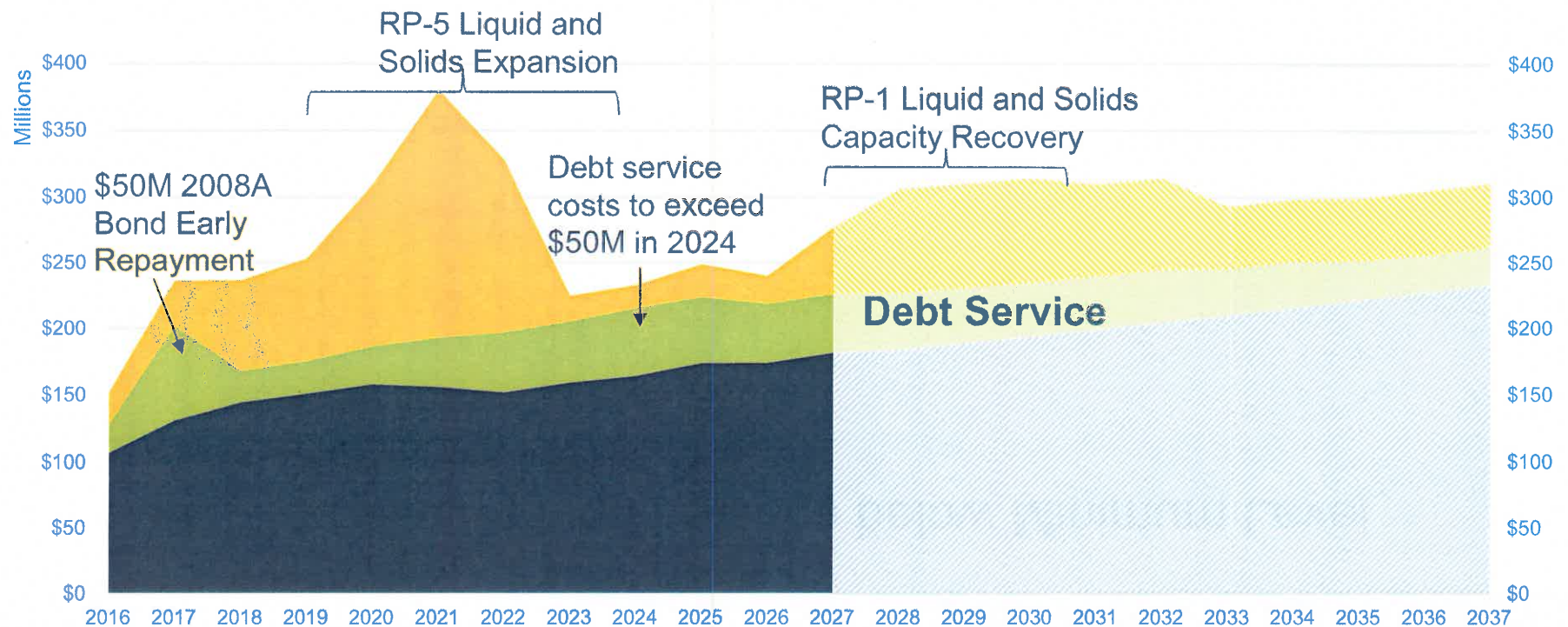
- No change in adopted multi-year rates through FY 2019/20
- After FY 2019/20 rates adjusted by *CPI
- ~\$377 million new borrowing needed to support capital investment over the next 10 years



Uses of Funds

LRPF: Baseline

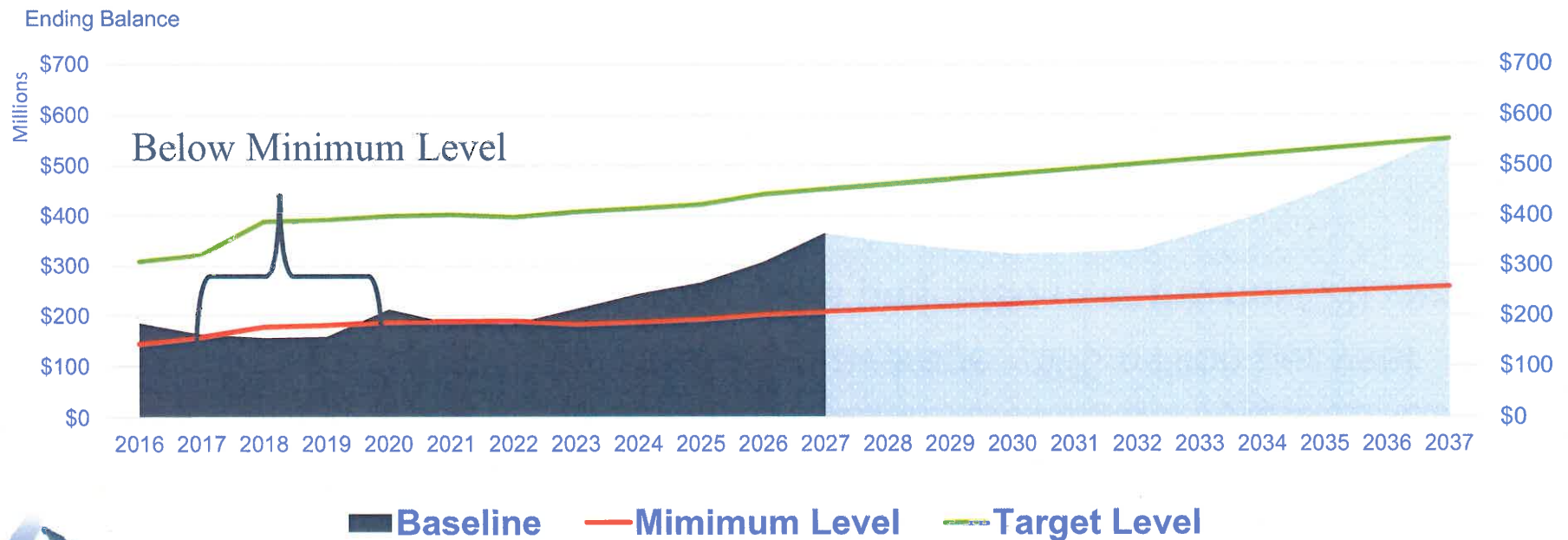
- After FY 2026/27, capital project costs average ~\$60 million per year
- ~\$38 million annual debt services costs projected over the next 20 years



Project Execution Timeline

Impact on Fund Balance

- Estimated ending fund balance below Minimum Level in FYs 2018 and 2019




What Can Happen?

Economic
Cycles

Hydrologic
Cycles

Legal
Issues

Succession
Planning

- 
- If next recession occurs in the next 3 to 5 years
 - Slow down in new development = Lower connection fees
 - Drop in assessed property values = Lower property taxes
 - Lower revenues = Higher risk of uncollectible accounts
 - State budget deficits = Potential shift of property taxes from local government

- 
- Lower borrowing cost = Lower interest rates
 - Lower inflation = Lower construction cost

What Can Happen?

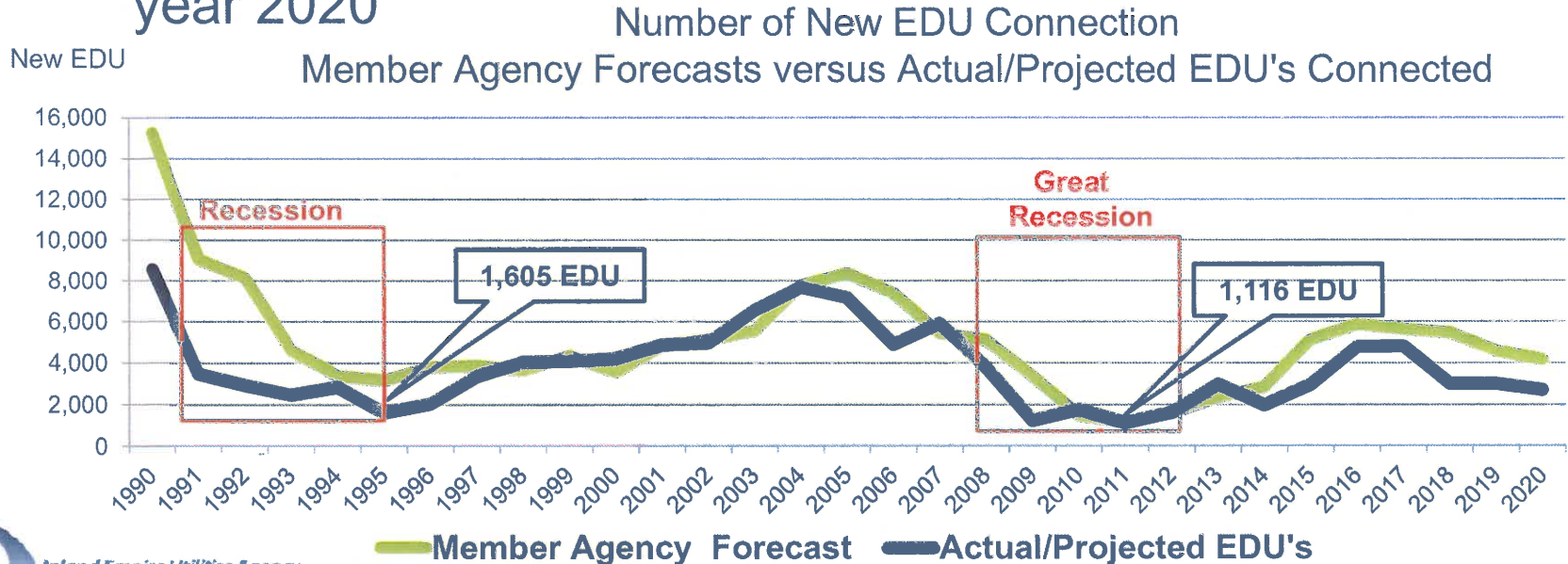
Economic
Cycles

Hydrologic
Cycles

Legal
Issues

Succession
Planning

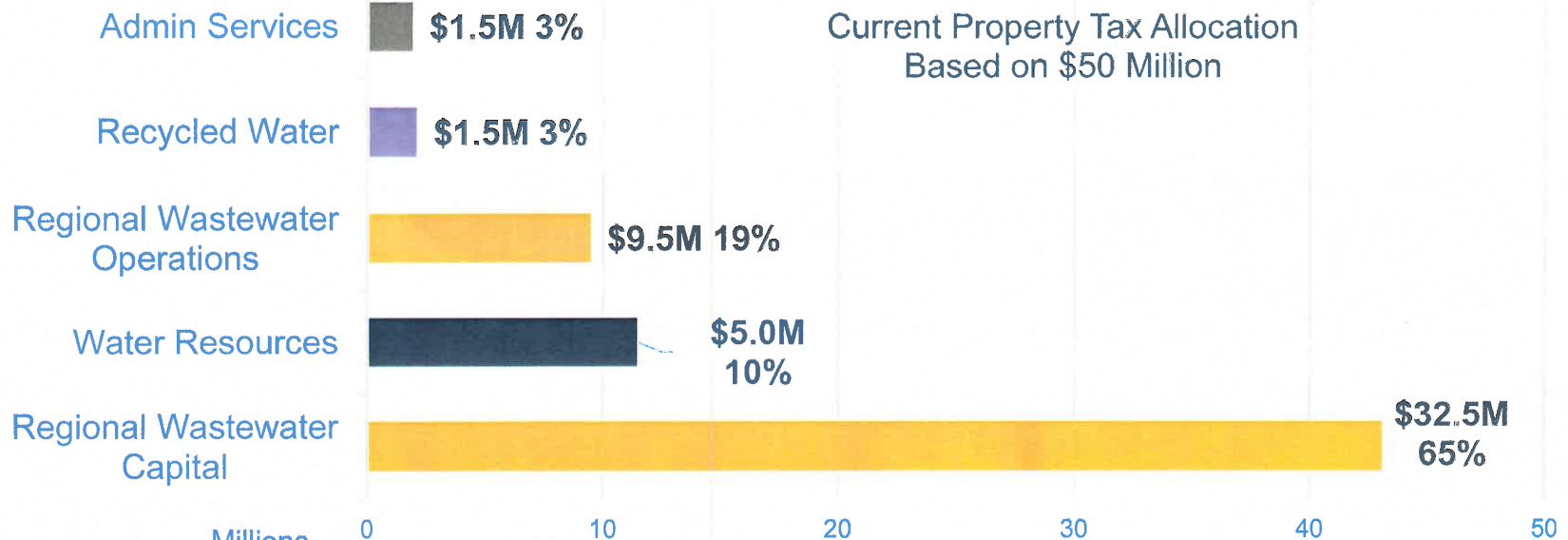
- Drop in new connections due to economic downturns
- 3,000 to 1,500 new connections per year projected beyond year 2020



What Can Happen?



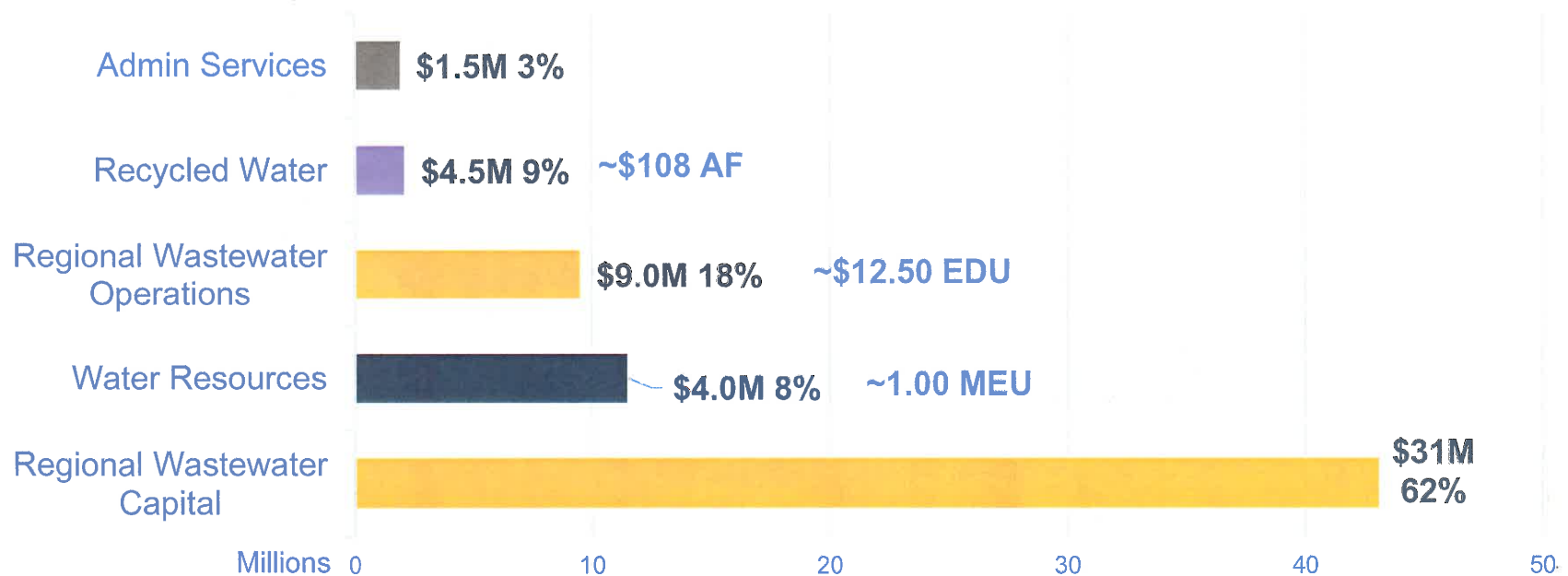
Potential shift of property taxes to support State budget deficits



What Can Happen?



Potential rate increases to offset property tax shift



Proposed Scenarios

Scenario 1

BASELINE

- CIP
 - FYs 2018-2027 based on TYCIP
 - FYs 2028-2037 annual average of ~\$60M
 - New EDU connections
 - 33,000 first 10 years
 - 25,000 second 10 years
- O&M
 - FYs 2017/18 and 2018/19 Biennial O&M Budget
 - Operating revenues & expenses adjusted by CPI

Scenario 2

ECONOMIC SLOWDOWN

- 30% reduction in new connection fees
- 10% reduction in property taxes

Impact:

Deferral of non-critical capital and special projects

Scenario 3

PROPERTY TAX SHIFT

- Shift of property taxes by the State to cover budget deficits
 - Estimated shift of \$10M million per year (net of debt service costs)
- 50% reduction in new connection fees
- 10% reduction in property taxes

Impact:

- Rate adjustment
- Deferral of non-critical capital and special projects
- Suspension of additional payment to retirement obligations

Next Step

Timeline	Event
August 2017	LRPF Board Workshop
Aug/Sept 2017	LRPF Board Workshop presentation to Regional Committees
Nov 2017/ Feb 2018	Update the Ten Year Capital Improvement Plan for FYs 2018/29 – 2027/28
March 2018	LRPF Draft report to Finance Committee and Board of Directors
Mar/Apr 2018	LRPF Draft report to Regional Committees
May 2018	LRPF Final report to Finance Committee and Board of Directors

**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

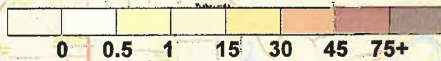
Commercial

- ≤1.0
- 1.0 - 10.0
- >10.0

Industrial

- ≤1.0
- 1.0 - 10.0
- >10.0

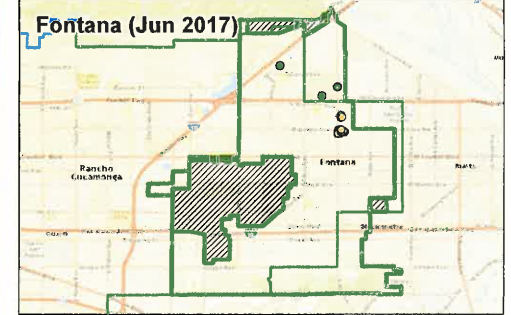
HALF MILE GRID: TOTAL EDU's (YTD)



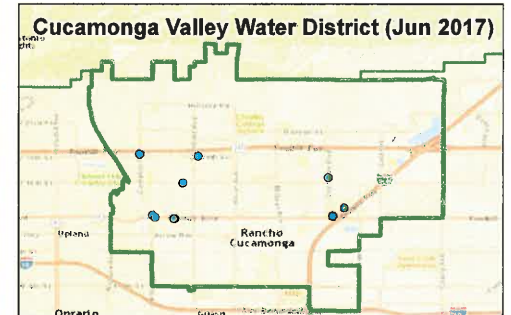
TOTAL EDU BY CONNECTION TYPE (YTD)

Contracting Agency	YTD Actual			Total (EDUs)	Projected
	Residential (EDUs)	Commercial (EDUs)	Industrial (EDUs)		
Chino	493	160	4	657	610
Chino Hills	945	72	0	1017	1236
CVWD	364	127	1	493	364
Fontana	591	147	4	742	695
Montclair	87	47	8	8	85
Ontario	1505	214	217	1937	2050
Upland	171	31	0	202	237
Total	4156	798	235	5189	5277

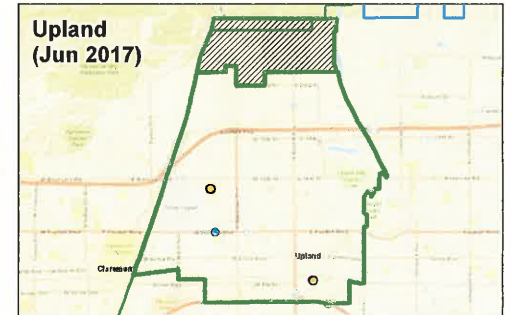
Fontana (Jun 2017)



Cucamonga Valley Water District (Jun 2017)



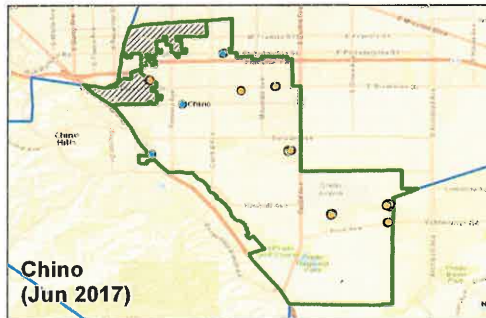
Upland (Jun 2017)



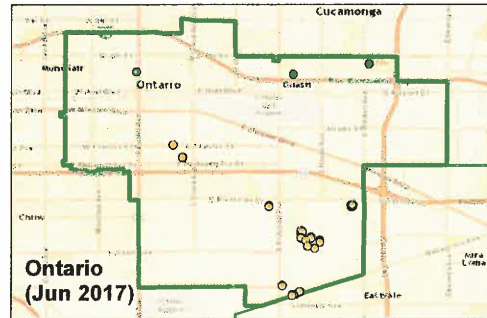
Chino Hills (Jun 2017)



Chino (Jun 2017)



Ontario (Jun 2017)



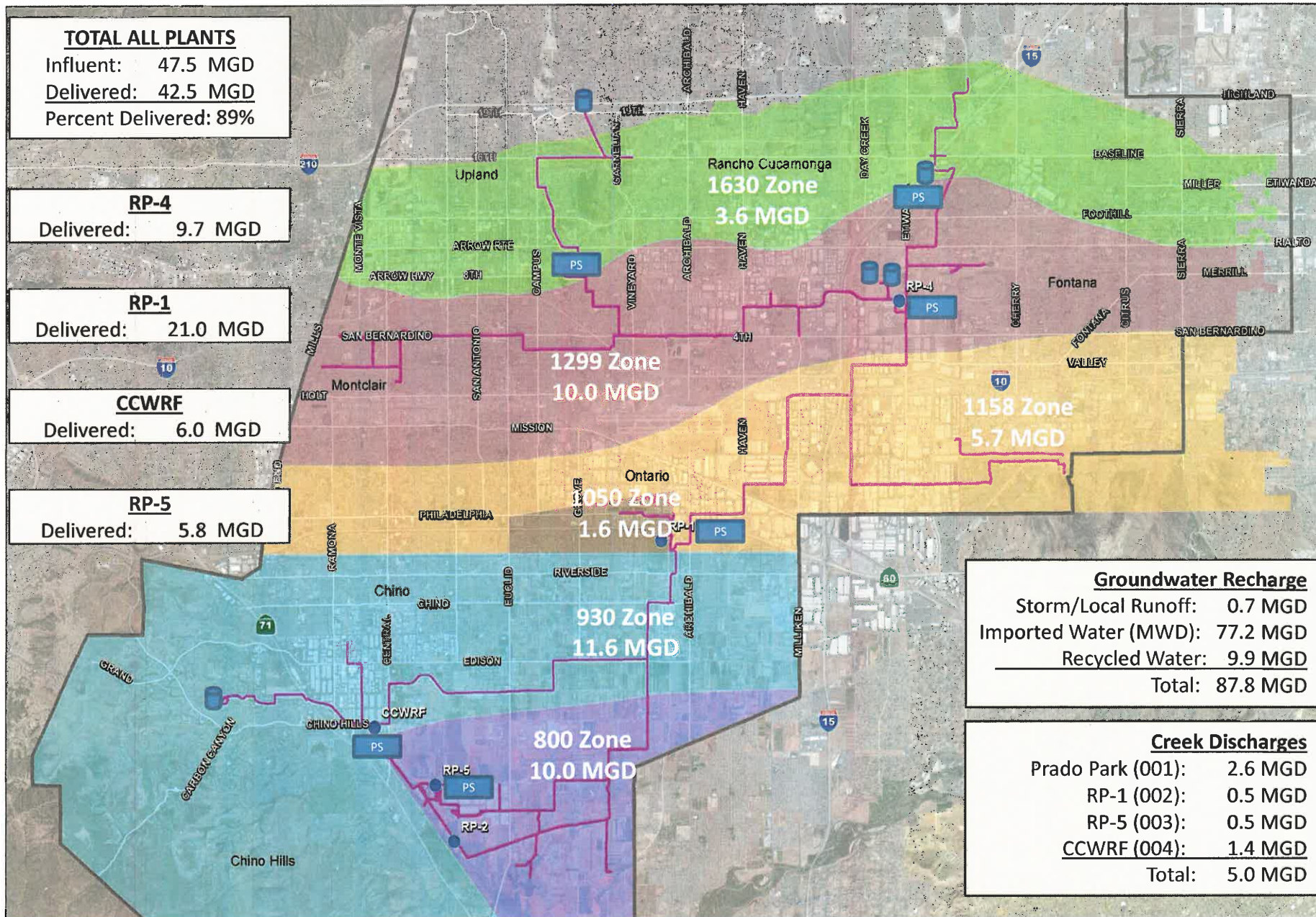
Montclair (Jun 2017)



RECEIVE AND
FILE

4B

IEUA RECYCLED WATER DISTRIBUTION – JULY 2017



Recycled Water Recharge Actuals / Plan - July 2017 (Acre-Feet)

Basin	7/1-7/8	7/9-7/15	7/16-7/22	7/23-7/31	Month Actual	FY To Date Actual	Deliveries are draft until reported as final.	
Ely	0.0	21.2	8.8	3.5	34	34		
Banana	0.0	0.0	0.0	0.0	0	0		
Hickory	0.0	19.4	64.2	77.4	161	161		
Turner 1 & 2	57.1	34.7	39.0	24.7	156	156		
Turner 3 & 4	0.0	0.0	0.0	0.0	0			
8th Street	0.0	0.0	0.0	1.2	1	1		
Brooks	64.5	13.6	67.3	16.0	161	228		
RP3	81.9	21.2	43.2	78.4	225	225		
Declez	0.0	0.0	0.0	0.0	0	0		
Victoria	45.2	30.8	0.0	63.6	140	140		
San Sevaime	0.0	0.0	0.0	0.0	0	0		
Total	248.7	140.9	222.5	264.8	877	945	944	AF, Previous FY End of Month Actual

