



Regional Sewerage Program Policy Committee Meeting

AGENDA
Thursday, April 5, 2018
4:00 p.m.

Location

Inland Empire Utilities Agency
Boardroom
6075 Kimball Avenue
Chino, CA 91708

Call to Order

Pledge of Allegiance

Public Comment

Changes/Additions/Deletions to the Agenda

1. Technical Committee Report (Oral)

2. Action Item

- A. Approval of the December 7, 2017 and February 01, 2018 Meeting Minutes
- B. Napa Lateral Design Build Contract Award

3. Informational Items

- A. Regional Contract Update/Renewal (Oral)
- B. FY 2018/19 Ten Year Capital Improvement Plan
- C. Legislative Update

4. Receive and File

- A. Building Activity Update
- B. Recycled Water Distribution – Operations Summary
- C. Regional Contract Facilitation Scoping Phase 2A

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 – May 3, 2018

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, April 2, 2018.



Laura Mantilla

ACTION ITEM

2A



Regional Sewerage Program Policy Committee Meeting

MINUTES OF DECEMBER 7, 2017 MEETING

CALL TO ORDER

A meeting of the IEUA/Regional Sewerage Program – Policy Committee was held on Thursday, December 7, 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 4:02 p.m.

ATTENDANCE

Committee Members:

Peter Rogers	City of Chino Hills
Kathy Tiegs	Cucamonga Valley Water District
Jesse Armendarez	City of Fontana
Trisha Martinez (Alternate)	City of Montclair
Jim Bowman	City of Ontario
Debbie Stone	City of Upland
Kati Parker	Inland Empire Utilities Agency

Absent Committee Members:

Eunice Ulloa	City of Chino
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Others Present:

Katie Gienger	City of Ontario
Braden Yu	Cucamonga Valley Water District
Halla Razak	Inland Empire Utilities Agency
Joseph Grindstaff	Inland Empire Utilities Agency
Chris Berch	Inland Empire Utilities Agency
Kathy Besser	Inland Empire Utilities Agency
Christina Valencia	Inland Empire Utilities Agency
Sylvie Lee	Inland Empire Utilities Agency
Chander Letulle	Inland Empire Utilities Agency
Laura Mantilla	Inland Empire Utilities Agency
Craig Proctor	Inland Empire Utilities Agency
Shaun Stone	Inland Empire Utilities Agency

PLEDGE OF ALLEGIANCE

Committee Member Jim Bowman 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

Derek Wieske/City of Montclair reported that the Technical Committee met on November 30, 2017, and approved all the action items unanimously. The Technical Committee was provided with an update on the septic feasibility study. Mr. Wieske then provided an update on item 3A – Regional Contract Renewal and stated that the facilitator will be providing a white paper in December. The facilitation team and the Technical Committee will be meeting for a special workshop on January 18 and a joint meeting will be scheduled for February.

2. ACTION ITEMS**A. APPROVAL OF THE MINUTES OF NOVEMBER 2, 2017 REGIONAL POLICY COMMITTEE MEETING**

Motion: By Jim Bowman/City of Ontario and seconded by Trisha Martinez/City of Montclair to approve the minutes of the November 2, 2017 Regional Policy Committee meeting.

Motion carried: Unanimously with Peter Rogers/City of Chino Hills abstaining.

B. RP-5 AERATION DIFFUSER REPLACEMENT CONSTRUCTION CONTRACT AWARD

Shaun Stone/IEUA gave a presentation on the construction contract award for the RP-5 Aeration Diffuser Replacement Project. Mr. Stone stated that equipment was installed in 2004 and was partially replaced in 2011. Due to the aeration diffuser degrading, the diffusers have become less effective and the process has reduced performance and reliability, resulting in an increase in electricity usage. In addition to the panels, mechanical mixers and sprayer piping need to be replaced. IEUA received four bids on November 7, 2017. The lowest bid was from Genesis Construction for \$2,987,654. Mr. Stone then explained the discrepancy between the Engineer's estimate and bids. Mr. Stone requested that the Policy Committee recommend to the IEUA Board of Directors to award the construction contract to Genesis Construction in the amount of \$2,987,654.

Motion: By Jim Bowman/City of Ontario and seconded by Peter Rogers/City of Chino Hills to make recommendation to the IEUA Board of Directors to approve the construction contract for the RP-5 Aeration Diffuser Replacement to Genesis Construction in the amount of \$2,987,654.

Motion carried: Unanimously.

3. INFORMATIONAL ITEMS**A. REGIONAL CONTRACT UPDATE/RENEWAL**

Kathy Tiegs/CVWD thanked IEUA for engaging a facilitator to conduct interviews with all the agencies before coming together. She is looking forward to the next steps and emphasized that it is pivotal for everyone to make a commitment to attend the joint meeting once it is scheduled.

B. RP-1 CAPACITY RECOVERY PROJECT CONSULTANT CONTRACT AWARD

This information item was received and filed by the Committee.

C. OPERATIONS UPDATE

This information item was received and filed by the Committee.

4. RECEIVE AND FILE

A. BUILDING ACTIVITY UPDATE

The Building Activity Update for September 2017 was received and filed by the Committee.

B. RECYCLED WATER DISTRIBUTION – OPERATIONS SUMMARY

The Recycled Water Distribution Operations Summary for October 2017 was received and filed by the Committee.

C. P&ER ANNUAL REPORTS (ENERGY, SEMI-ANNUAL & ANNUAL RECYCLED WATER, WATER USE, 10-YEAR GROWTH FORECAST & BAR)

The P&ER Annual Reports were received and filed by the Committee.

D. SEPTIC FEASIBILITY STUDY UPDATE

Ms. Tiegs inquired about the next steps for the septic feasibility study. Chris Berch/IEUA explained that the consultant developed and identified where septic opportunities are within the service area; a draft of that report will be provided within the next couple of months. Mr. Berch stated that IEUA provided a summary of the number of septic systems and cost for the conversions. Mr. Berch stated that the guidelines for Proposition 1 were released for water quality and added septic-to-sewer conversion. Ms. Martinez asked that IEUA present this item in the future at a City of Montclair Council meeting. Mr. Berch stated that IEUA will do that once the report is finalized.

5. OTHER BUSINESS

A. IEUA GENERAL MANAGER'S UPDATE

Halla Razak stated that she and Joseph Grindstaff will be presenting to the California Water Commission on December 13, for the Proposition 1 funding for storage. IEUA is requesting \$480 million.

B. COMMITTEE MEMBER REQUESTED AGENDA ITEMS FOR NEXT MEETING

None.

C. COMMITTEE MEMBER COMMENTS

Ms. Tiegs asked if IEUA can add updates of legislative issues that impact water and bond issues to the Committee meetings. Ms. Razak responded that IEUA would be happy to do so.

D. NEXT MEETING

Mr. Berch stated that the Technical Committee elected not to hold a meeting in December, due to the holidays. Mr. Berch proposed that the Policy Committee meeting be deferred to February 1, 2018. The Committee concurred.

6. ADJOURNMENT – Meeting was adjourned at 4:19 p.m.

Transcribed
by:

Laura Mantilla, Executive Assistant



Regional Sewerage Program Special Joint Policy & Technical Committee Meeting

MINUTES OF FEBRUARY 1, 2018 MEETING

CALL TO ORDER

A meeting of the IEUA/Regional Sewerage Program – Policy Committee was held on Thursday, February 1, 2018, 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 4:04 p.m.

ATTENDANCE

Committee Members:

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

Others Present:

Dave Crosley	City of Chino
Amanda Coker	City of Chino
John Bosler	Cucamonga Valley Water District
Braden Yu	Cucamonga Valley Water District
Chuck Hays	City of Fontana
Nicole deMoet	City of Montclair
Scott Burton	City of Ontario
Katie Gienger	City of Ontario
Rosemary Hoerning	City of Upland
Halla Razak	Inland Empire Utilities Agency
Chris Berch	Inland Empire Utilities Agency
Kathy Besser	Inland Empire Utilities Agency
Randy Lee	Inland Empire Utilities Agency
Christina Valencia	Inland Empire Utilities Agency
Sylvie Lee	Inland Empire Utilities Agency

Others Present:

Laura Mantilla	Inland Empire Utilities Agency
Craig Proctor	Inland Empire Utilities Agency
Shaun Stone	Inland Empire Utilities Agency
Michael Dias	Inland Empire Utilities Agency
Ken Tam	Inland Empire Utilities Agency
Michael Harty	Kearns & West
Dennis Diemer	Diemer Engineering
Michael Rudinica	MPR Consulting

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. INFORMATIONAL ITEMS**A. REGIONAL CONTRACT UPDATE/RENEWAL**

Michael Harty, Dennis Diemer and Michael Rudinica (Facilitation Team) introduced themselves to the Regional Sewage Committees. Mr. Harty presented the same presentation (attached) that was presented to the Technical Committee on January 18, 2018. The Facilitation Team gave an overview of the following:

- Scope of work of Phase 1
- Current contract structure
- Findings and observations
- Obstacles and challenges for a new agreement that were identified during the interviews
- Negotiation timeline (about 3-year process)
- Options that were identified in the assessment

Mr. Harty then discussed the three options and asked the Committees what they would like to do on negotiating this contract:

- Option A – Defer negotiations until January 2, 2020
- Option B – Pursue issue by issue negotiations as opportunities (scoping) and send out a schedule (3 to 4-year timeframe)
- Option C – Invest resources in current negotiation initiative (2 to 3-year timeframe)

(Jim Bowman left the meeting room at 5:05 p.m.)

Mr. Armendarez asked if they want to do nothing. Luis Cetina recommended Option C with specific timelines and set goals for the Technical Committee to develop a third amendment addressing EDUs and recycled water within this year. Scott Burton stated that that Jim Bowman had to leave therefore, Ontario will not be voting. He stated there is no point in waiting. There is a lot to work on. It might be

prudent to layout and scope the issues and prioritize them, maybe start with Exhibit J. Halla Razak stated that at the Technical Committee on January 18, the Committee discussed tackling the easier issues.

Mr. Armendarez had recommended Option B and C, but then amended his motion to Option C and stated that the Technical Committee workout the scoping and bring it back to the Policy Committee with a timeframe. Ms. Martinez seconded.

2. ADJOURNMENT – Meeting was adjourned at 5:15 p.m.

Transcribed

by:

Laura Mantilla, Executive Assistant

ACTION ITEM

2B

Date: March 29, 2018/April 5, 2018
To: Regional Committees
From: Inland Empire Utilities Agency *HHH*
Subject: Napa Lateral Design-Build Contract Award

RECOMMENDATION

It is requested that the Regional Committees recommend the IEUA Board of Directors award the construction contract for the design-build contract for the Napa Lateral, Project No. WR15021, to Ferreira Construction Company in the amount of \$5,332,122 with recognition that recycled water used for this project will not be from a member agency's base entitlement unless otherwise agreed.

BACKGROUND

In November 2015, IEUA coordinated with the City of Fontana (Fontana Water Company), California Steel Industries (CSI), and the Auto Club Speedway (Speedway) to provide recycled water for delivery to CSI and Speedway for industrial and irrigation use. In December 2015, IEUA submitted an application to the California State Water Resources Control Board (SWRCB) for financial assistance through the Proposition 1 Water Recycling funding program. In November 2017, IEUA received the notification from the SWRCB that the project was selected for financial assistance through a principal forgiveness of \$2,500,000 and a low interest loan.

The project consists of the design and construction of approximately 10,000 linear feet of 12-inch, 16-inch, and 24-inch pipelines along Napa Street and San Bernardino Avenue in the unincorporated area of San Bernardino County. Each lateral will connect to IEUA's existing recycled water transmission pipeline located along Etiwanda Avenue. It is anticipated that at least 500 acre-feet per year of recycled water usage will be obtained as a result of this project.

On December 13, 2017, a request for bids was advertised to the prequalified contractors. Several contractors participated in three pre-bid meetings held on December 19, 2017, January 9, 2018, and January 23, 2018. On March 15, 2018, the following four bids were received:

Bidder's Name	Final Bid Amount
Ferreira Construction Company	\$5,332,122
J. R. Filanc	\$9,117,000
W. A. Rasic	\$9,183,800
J. De Sigio Construction	\$14,573,562

Engineer's Estimate	\$5,434,000
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Ferreira Construction Company was the lowest responsive and responsible bidder with a final bid amount of \$5,332,122. The final bid amount was inclusive of the additive and deductive items stated in the bid forms. Ferreira Construction Company was pre-qualified for the project; presenting the required experience having performed similar projects with other utilities and cities and showing good workmanship and responsiveness. Additionally, Ferreira Construction Company has performed very successfully for IEUA on previous projects.

The following table is the anticipated project cost:

Description	Estimated Cost
Design & Construction (this action)	\$5,332,122
Contingency (~10%)	\$533,212
<i>Construction Management Labor Estimate (8%)</i>	<i>\$469,500</i>
Total Project Cost:	\$6,334,834
Total Project Budget	*\$6,050,000
SRF Principal Forgiveness (Grant)	(\$2,500,000)
Overall Total Project Cost:	\$3,834,834

*The total project budget will be adjusted during the Fiscal Year 2018/19 Ten Year Capital Improvement Plan (TYCIP) budget review.

The following is the project schedule:

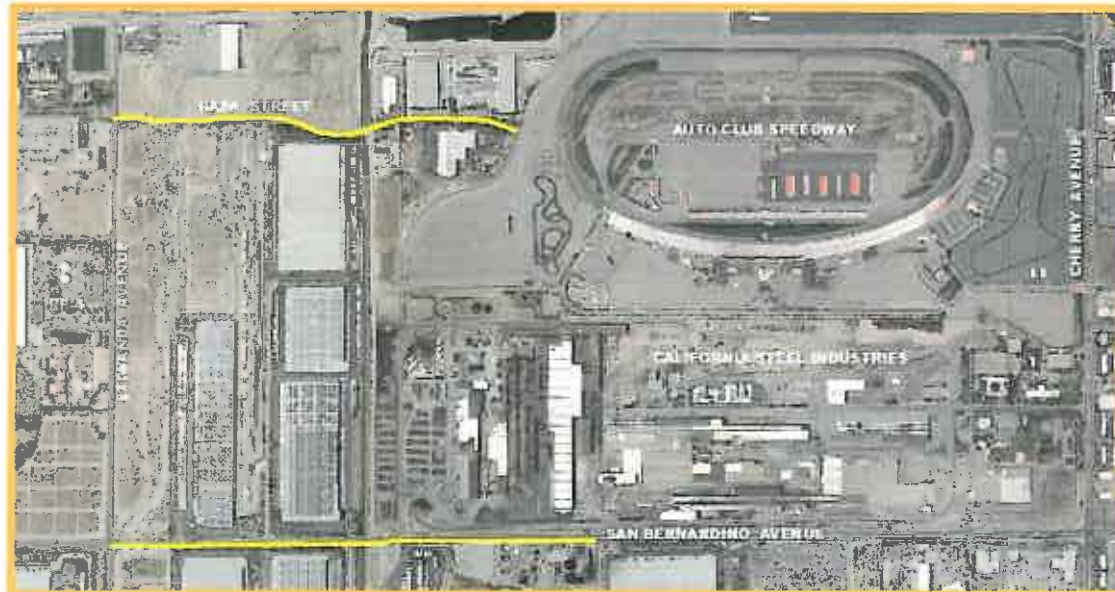
Project Milestone	Date
Design-Build Contract Award	April 2018
Construction Completion	June 2019

The Napa Lateral Project is consistent with *IEUA's Business Goal of Water Reliability* in which IEUA will maximize the use of recycled water to enhance regional water reliability.

Napa Lateral

Design-Build Contract Award

Project No. WR15021



Project Location

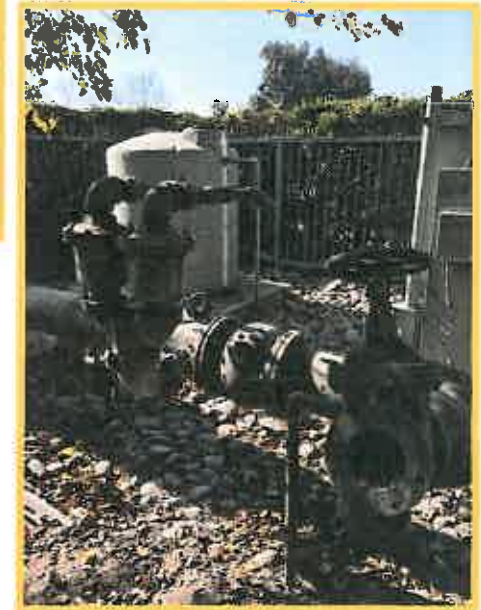


The Project

- Coordination to provide recycled water to City of Fontana (Fontana Water Company), California Steel Industries, and Auto Club Speedway in 2015
- Prequalified ten Design-Build entities to submit proposals in 2016
- Received State Water Resources Control Board Proposition 1 Water Recycling funding in 2017
- Design and construct 10,000 linear feet of 12", 16", and 24" pipelines in Napa Street and San Bernardino Avenue through Design-Build project delivery



CSI Lateral Location



Speedway Connection Point

Contractor Selection

Four bids were received on March 15, 2018:

Bidder's Name	Final Bid Amount
Ferreira Construction Company	\$5,332,122
J. R. Filanc	\$9,117,000
W. A. Rasic	\$9,183,800
J. De Sigio Construction	\$14,573,562
Engineer's Estimate	\$5,434,000

Project Budget and Schedule

Description	Estimated Cost
Design & Construction (this action)	\$5,332,122
Contingency (~10%)	\$533,212
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Total Project Cost:	\$6,334,834
Total Project Budget:	*\$6,050,000
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Overall Total Project Cost:	\$3,834,834

Project Milestone	Date
Design-Build Contract Award	April 2018
Construction Completion	June 2019

*The total project budget will be adjusted through the Fiscal Year 2018/19 Ten Year Capital Improvement Plan (TYCIP) budget review.

Recommendation

It is requested that the Regional Committees recommend the IEUA Board of Directors award the construction contract for the design-build contract for the Napa Lateral, Project No. WR15021, to Ferreira Construction Company in the amount of \$5,332,122 with recognition that recycled water used for this project will not be from a member agency's base entitlement unless otherwise agreed.

The Napa Lateral Project is consistent with *IEUA's Business Goal of Water Reliability*, specifically the Recycled Water objective that IEUA will maximize the use of recycled water to enhance regional water reliability.

**INFORMATION
ITEM**

3B

Fiscal Year 18/19 Ten Year Capital Improvement Plan

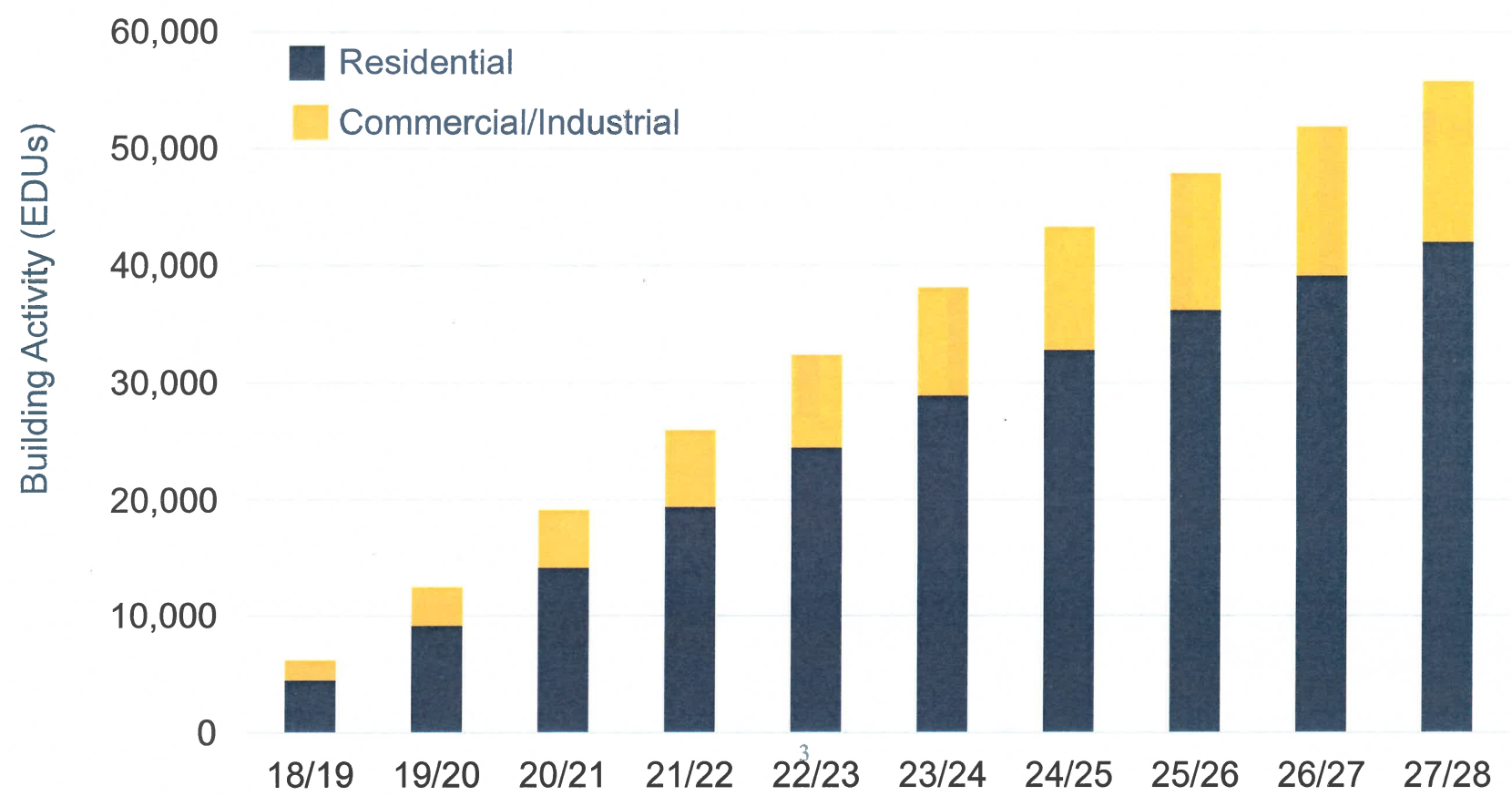


Key Drivers of the Fiscal Year 18/19 Ten Year Capital Improvement Plan

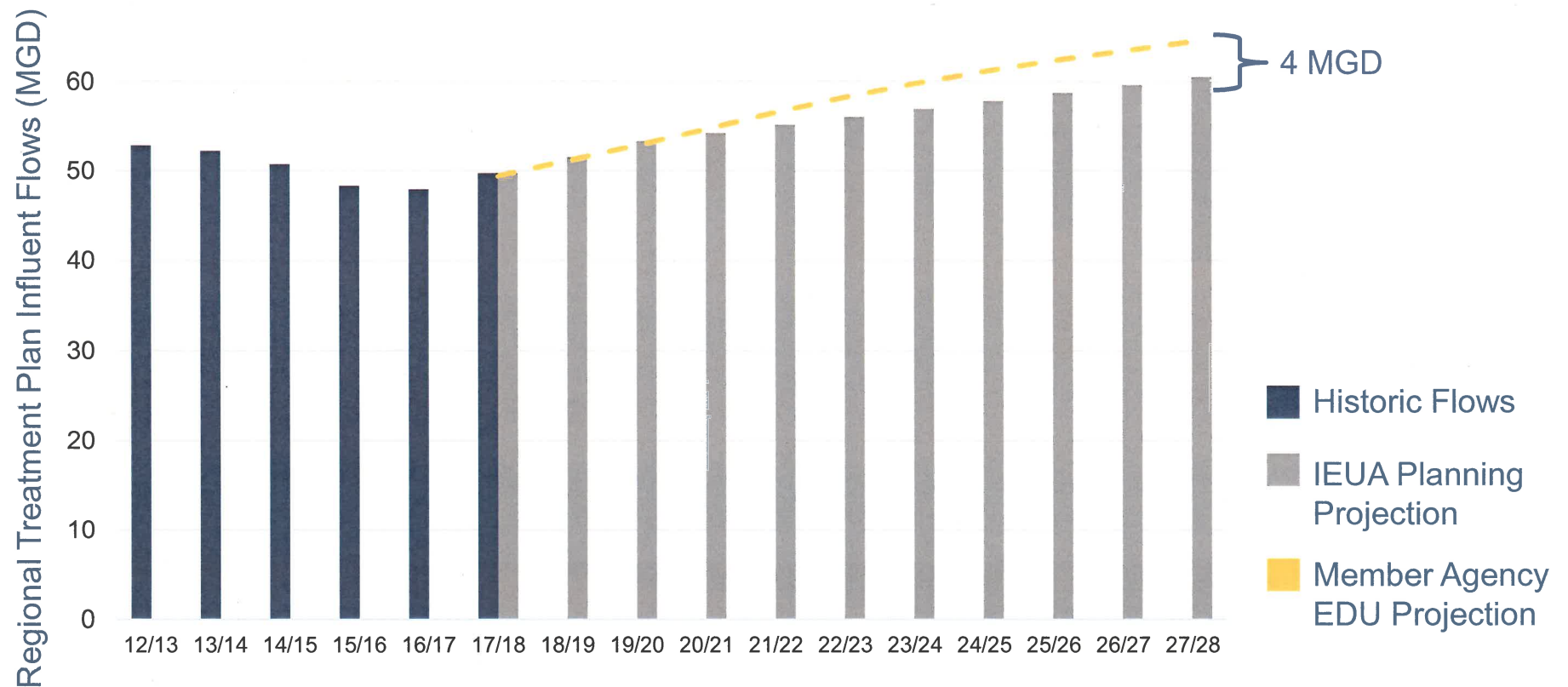
- Member Agency growth projections
- Current wastewater influent flows and concentrations
- Contributing Documents:
 - 2013 Recharge Master Plan Update
 - 2015 Wastewater Facilities Master Plan Update
 - 2015 Recycled Water Program Strategy Update
 - 2015 Energy Management Plan
 - 2016 Integrated Resources Plan
 - 2016 Water Use Efficiency Business Plan

New Equivalent Dwelling Unit (EDU) Forecast

(2017 Member Agency Forecast Data - Cumulative)



Fiscal Year 18/19-27/28 Wastewater Flow Projections



Major Treatment Facility Capacity/Expansion Project

Estimated Treatment Plant Expansion Schedule

Ten Year Capital Improvement Planning Window

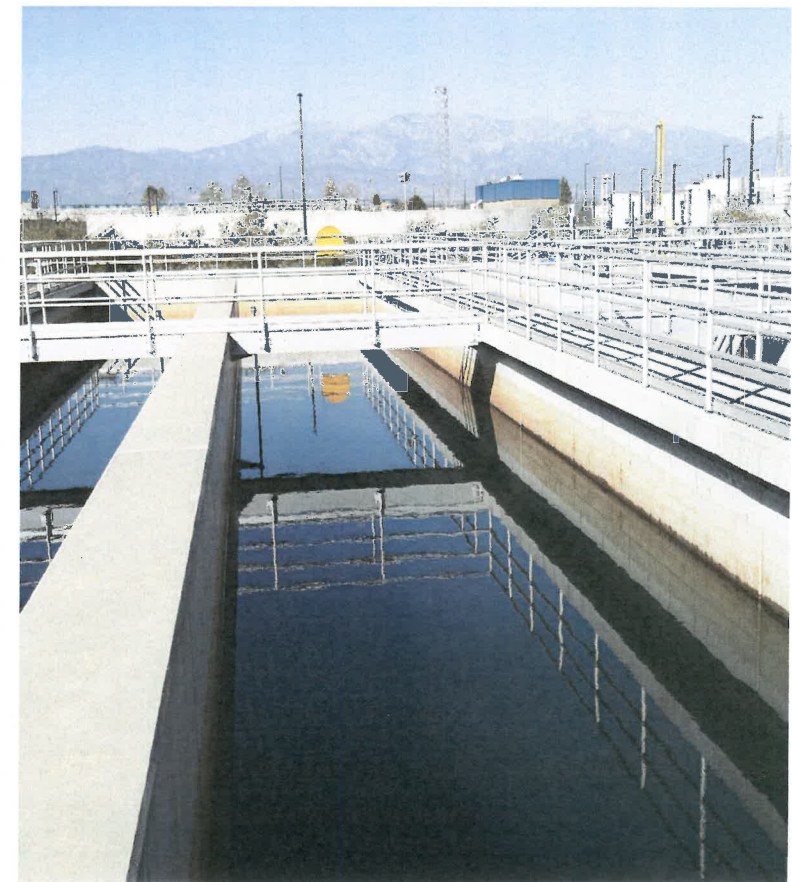
Description	15/20	20/25	25/30	30/35	Total Cost
RP-1 Liquids Capacity Recovery					\$182 M
RP-1 Solids Treatment Expansion					\$45 M
RP-2 Decommissioning					\$30 M
RP-5 Liquid Treatment Expansion					\$160 M
RP-5 Solids Treatment Facility					\$165 M

Ten Year Capital Improvement Plan Budget Summary

- Fiscal Year 17/18 TYCIP: \$717 Million
- Fiscal Year 18/19 TYCIP: \$716 Million
- No major deviations in capital improvement projects
- Major Capital Projects in the TYCIP:
 - Construction of Regional Treatment Plant No. 5 Solids & Liquids Expansion
 - Regional Treatment Plant No. 1 Capacity Recovery/Expansion Design completion by 2028
 - Includes asset repair and replacement program for all systems

Fiscal Year 18/19 Ten Year Capital Improvement Plan Adoption Schedule

- 3/29/18 Info Item to Tech Committee
- 4/04/18 Info item to IEUA Committees
- 4/05/18 Info Item to Policy Committee
- 4/11/18 Info item to IEUA Board
- 4/26/18 Action item to Tech Committee
- 5/03/18 Action item to Policy Committee
- 5/09/18 Action item to IEUA Committees
- 5/16/18 Action item to IEUA Board



INFORMATION

ITEM

3C

IEUA Bill Matrix

Last Updated 3-13-18

Year	IEUA Action	Bill No.	Author	Bill Name	Final Status	Comments
2017	<u>Support</u>	<u>Prop 68 (SB 5)</u>	de León	Water Bond	Ballot in June, 18	Coalition support once it was Prop 68 (2/18)
2018	<u>Support</u>	<u>SB 606</u>	Skinner and Hertzberg	Water Management Planning	-	Implementing the Gov. Exec. Order
2018	<u>Support</u>	<u>AB 1668</u>	Friedman	Water Management Planning	-	Implementing the Gov. Exec. Order
				Sacramento-San Joaquin Delta: Delta		
2018	<u>Oppose</u>	<u>AB 1876</u>	Frazier	Stewardship Council	-	MWD Coalition Letter
2018	Watch	<u>SB 2050</u>	Caballero	Small System Water Authority Act of 2018	-	Eastern MWD Bill
				Water quality: Safe and Affordable Drinking		Public goods charge, also included in a
2018	Watch	<u>SB 623</u>	Monning	Water Fund	-	budget trailer
						Signatures still being verified for inclusion on
2018	Watch	Water Bond	Jerry Merrill	<u>Water Supply and Water Quality Act of 2018</u>	-	the November ballot.

**RECEIVE AND
FILE**

4A

Building Activity Report - YTD Fiscal Year 2017/18



Legend

- Service Area
- Unincorporated

EDU (YTD)

Residential

- ≤1.0
- 1.0 - 10.0
- >10.0

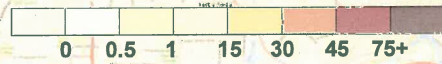
Commercial

- ≤1.0
- 1.0 - 10.0
- >10.0

Industrial

- ≤1.0
- 1.0 - 10.0
- >10.0

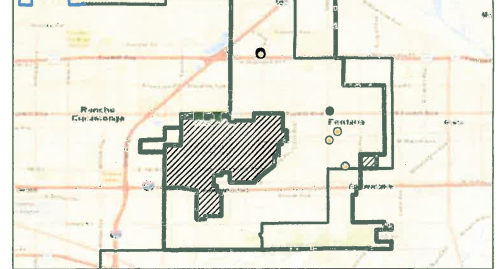
HALF MILE GRID: TOTAL EDU's (YTD)



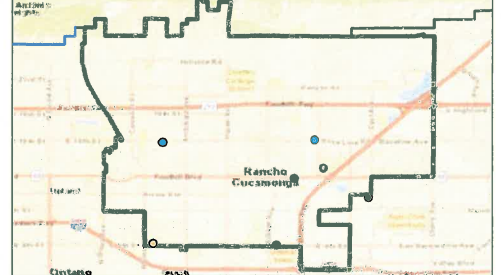
TOTAL EDU BY WASTEWATER CONNECTION TYPE (YTD)

Contracting Agency	YTD Actual				Projected
	Residential (EDUs)	Commercial (EDUs)	Industrial (EDUs)	Total (EDUs)	Total (EDUs)
Chino	424	23	1	448	725
Chino Hills	145	21	0	166	702
CVWD	271	65	0	336	364
Fontana	299	33	0	332	960
Montclair	39	6	0	45	115
Ontario	374	49	2	425	2350
Upland	47	33	0	80	226
Total	1599	230	3	1832	5442

Fontana (Jan 2018)



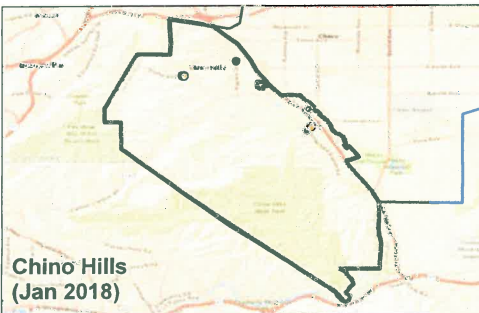
Cucamonga Valley Water District (Jan 2018)



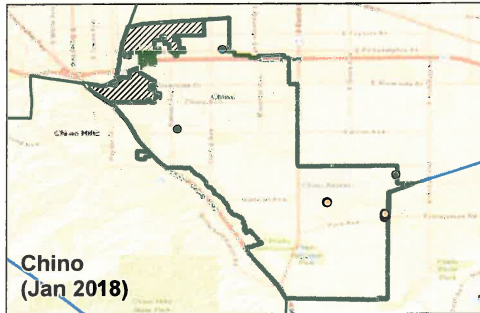
Upland (Jan 2018)



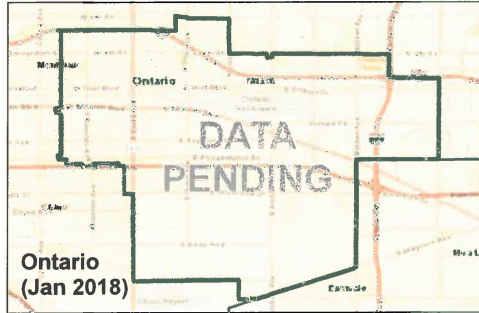
Chino Hills (Jan 2018)



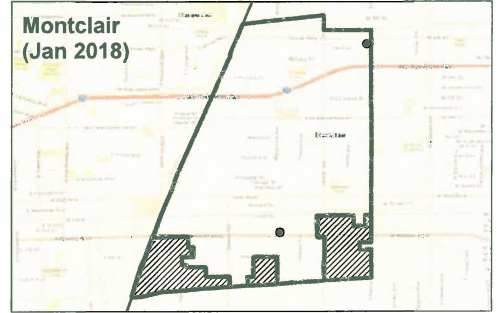
Chino (Jan 2018)



Ontario (Jan 2018)



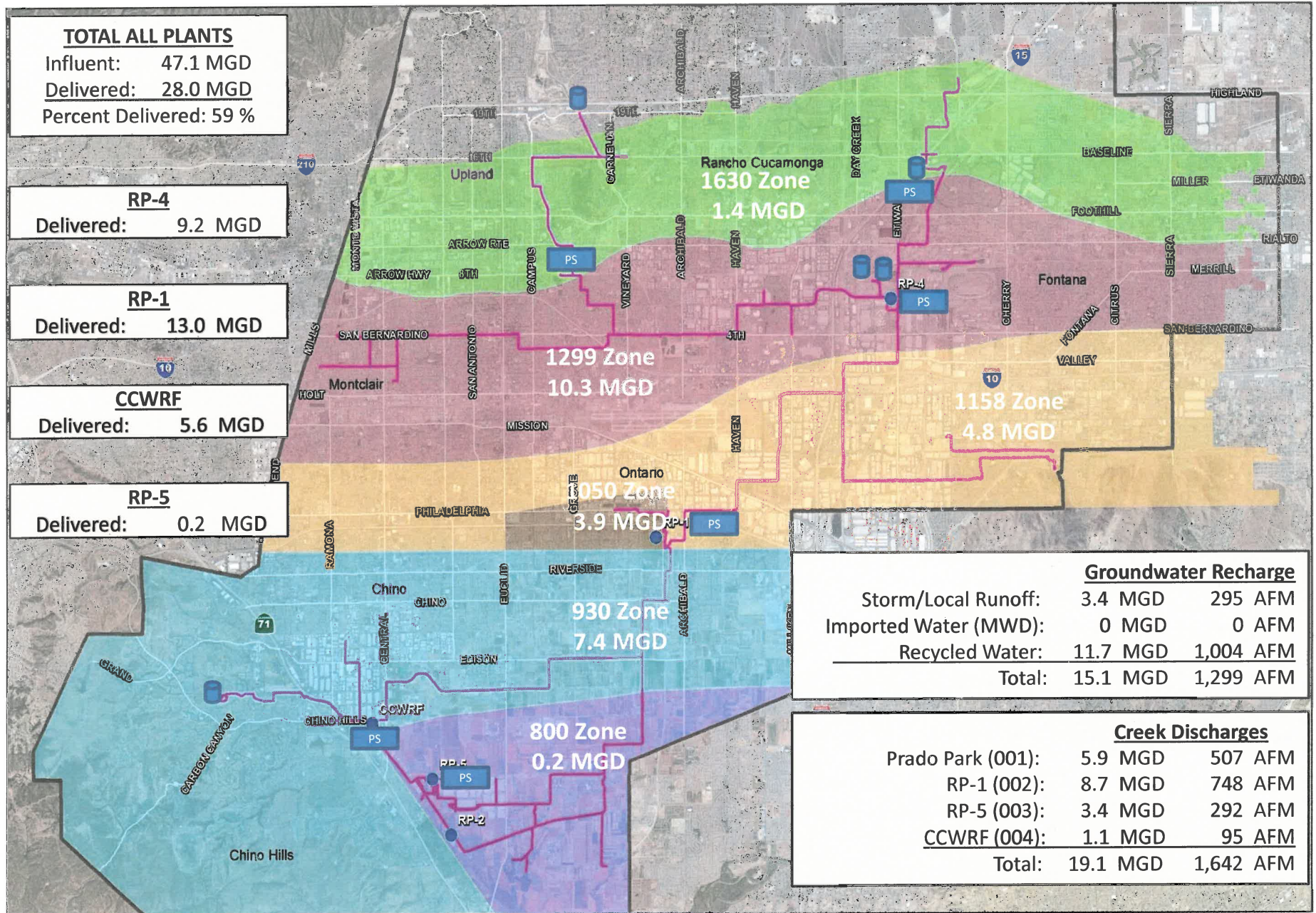
Montclair (Jan 2018)



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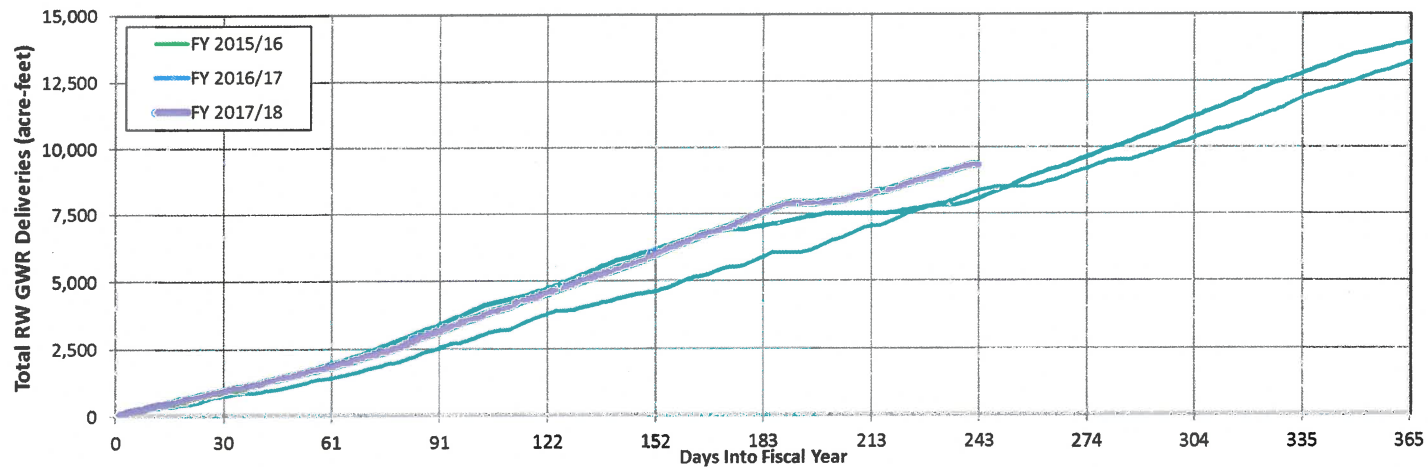
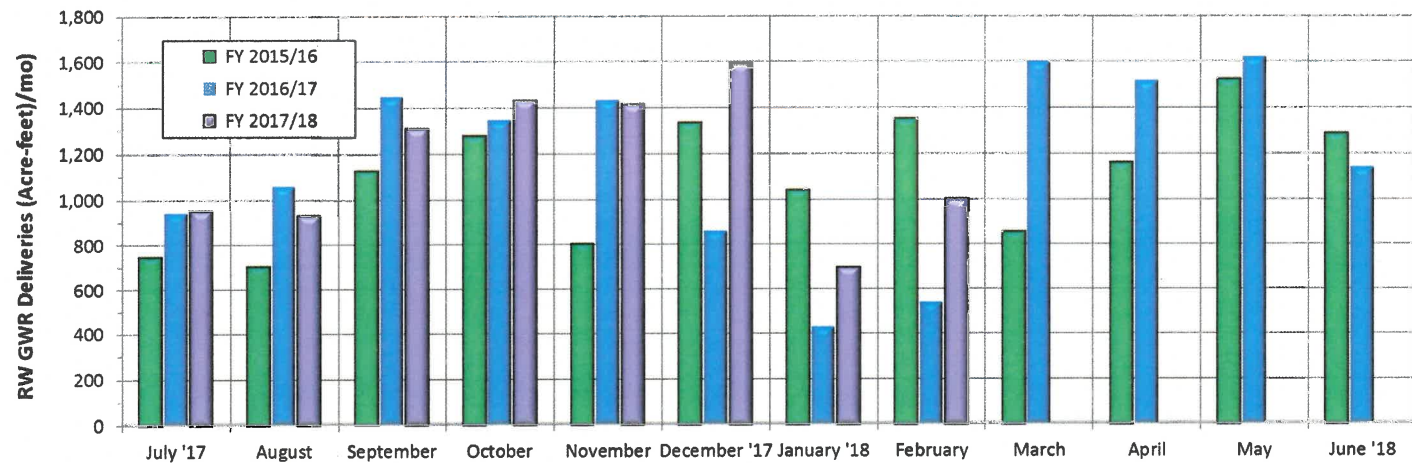
4B

IEUA RECYCLED WATER DISTRIBUTION – FEBRUARY 2018



Recycled Water Recharge Deliveries / Plan - February 2018 (Acre-Feet)

Basin	2/1-2/10	2/11-2/17	2/18-2/24	2/25-2/28	Month Actual	FY To Date Actual	Deliveries are draft until reported as final.	
Ely	52.1	62.6	62.3	6.9	183.9	842		
Banana	125.6	47.8	25.7	9.7	208.8	1606		
Hickory	15.0	60.2	44.2	17.3	136.7	988		
Turner 1 & 2	0.0	0.0	0.0	6.0	6.0	935		
Turner 3 & 4	0.0	0.0	6.0	7.3	13.3			
8th Street	78.8	3.2	0.0	0.0	82.0	1039		
Brooks	19.2	36.5	41.6	10.1	107.4	1037		
RP3	57.8	54.6	97.6	21.8	231.8	2113		
Declez	0.0	0.0	0.0	0.0	0.0	0		
Victoria	32.7	1.2	0.0	0.0	33.9	773		
San Sevaïne	0.0	0.0	0.0	0.0	0.0	0		
Total	381.2	266.1	277.4	79.1	1,003.8	9,333	8,058	AF, Previous FY To Date Actual



RECEIVE AND
FILE

4C

KEARNS WEST

530.231.5680
www.kearnswest.com

February 16, 2018

Via email

Chris Berch

Assistant GM/Executive Manager of Engineering Inland Empire Utilities Agency
6075 Kimball Avenue
Chino, CA 91708

Subject: Regional Sewage Service Contract Negotiation Project - Phase 2A

Dear Chris:

Kearns & West is pleased to submit this proposal for Phase 2A scoping services consistent with the direction provided by the Technical and Policy Committee at their February 1, 2018 Workshop. The Workshop concluded our Phase 1 services to IEUA and the Contract Agencies. In accordance with our Phase 1 Scope of Work, the Kearns & West team successfully developed an understanding of the current 50 year Regional Sewage Service Contract, completed in-depth interviews with IEUA and the seven Contract Agencies, and identified and categorized the issues needing to be updated or revised in the upcoming Contract negotiations. In addition to identifying numerous policy, technical, and administrative issues to be negotiated, the Kearns West team also identified several “qualitative” issues, such as trust and communications, that we believe also need to be improved in order to successfully complete negotiation of the Contract.

The Kearns & West team is proposing a Scoping Phase 2A wherein we will work with IEUA and the Contract Agencies to review, confirm and prioritize the issues identified in Phase 1. As part of the Phase 2A services we will also be reviewing the sequencing of the negotiations for the identified issues, looking for “easy wins” early on, and confirming the appropriate negotiation structure and approach. Finally, we will develop and confirm an overall schedule for completion of the entire negotiation process and identify the needed resource commitments from IEUA and the Contract Agencies.

The negotiation process envisioned for Phase 2B will be a multi-year process with significant time and resource commitments from all of the participating agencies. We believe the Phase 2A effort as more fully described in the attached Scope of Work is essential to making sure IEUA and the Contract Agencies have a common vision for Contract negotiation success, and fully understand and support the forthcoming negotiation process in Phase 2B.

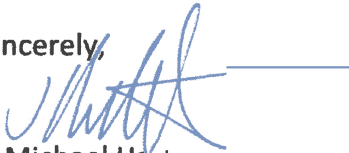
KEARNS WEST

530.231.5680
www.kearnswest.com

We propose to continue with the same Kearns West team that successfully completed the Phase 1 effort. Michael Harty will continue to be the lead representative from Kearns West and utilize his over 20 years of facilitation experience and multi-party negotiation skills. Michael Rudinica from MPR Consulting and Dennis Diemer from Diemer Engineering, Inc. will continue to serve as technical experts and advisors utilizing their over 40 years each of relevant experience.

We appreciate this opportunity and happy to discuss further with you and to provide any additional information you may need. We look forward to hearing from you.

Sincerely,



J. Michael Harty
Principal/Senior Mediator Kearns
& West, Inc.

Cc: Chuck Hayes, Technical
Committee Chair

PROPOSED SCOPE OF WORK – REGIONAL SEWAGE SERVICE CONTRACT NEGOTIATION PROJECT , PHASE 2A

Introduction

IEUA and the seven Contract Agencies seek to reach agreement on a revised Regional Sewage Service Contract. To this end, all the Agencies contracted with the Kearns & West Team to meet with the Agencies and determine the issues and potential disagreements with the existing contract. This work, called Phase 1, was completed and a summary presentation was made to a joint meeting of both the Policy and Technical Committees in accordance with the existing Kearns & West contract. At this summary presentation, the Policy Committee discussed options and decided it would be mutually beneficial to continue with the discussions/negotiations currently underway to revise the Service Contract and to use the positive momentum that was established during Phase 1 to reach final resolution on the terms for a revised Contract. The Kearns & West Team was asked to submit a Proposal to hold a “Scoping Session” (called Phase 2A) with the Technical Committee to further refine issues needing to be negotiated, develop a priority list of these issues, and establish a timeline for their resolution. Once this scoping effort is accomplished, the agencies can then decide how best to proceed with the next Phase of actual negotiations (Phase 2B).

The attached table is a budget estimate for a Phase 2A work effort.

Project Goals

In general terms the services under this SOW are intended to provide the Parties with:

- 1) Facilitation and independent technical skills to help further refine and prioritize the issues identified during the Phase 1 effort.
- 2) Assistance in developing a mutual list of common issues to be resolved, a timeline goal for completing Contract renegotiation and determining the best structure going forward to conduct these negotiations.
- 3) Developing a common vision on moving forward.

The same composition of the Kearns & West Team is proposed to continue with the Phase 2A work to maintain continuity and build upon the learning curve established from Phase 1.

Phase 2A Tasks

Phase 2A is an opportunity to take the data collected independently during Phase 1 and for the first time as a group have the parties express individual opinions/views on the identified issues. Collectively the parties would develop a mutual understanding and agreement of issues and concerns to work through and determine a timeline for

resolving them. The structure for these discussions would also be a priority (e.g.- all parties attend all meetings, or a subcommittee from some parties attend all meetings on an issue with a reporting back to the full TAC.)

Task 1- Prepare Issues and Priority Spreadsheet

Based upon the preliminary meetings the Kearns & West Team conducted during Phase 1, we propose to generate a questionnaire outlining the issues which emerged and also provide the agencies the opportunity to add any specific issues they believe were not captured properly. We will transmit this spreadsheet electronically to all Agencies and ask them to prioritize each of the identified issues and to add any additional issues should be included in Phase 2. Our Team will summarize this information and any new data for consideration by the Technical Committee.

Task 2 - Meet with Technical Advisory Committee to Review Issues and Priorities

Once the data is received from the agencies, we will prepare a presentation and facilitate an in-person Scoping Session to build agreement on the questionnaire issues and priorities. The goal of the session will be to confirm issues and priorities, identify area(s) of “easy wins” during negotiations, identify linkages between issues, and prepare a sequence of the issues for the Phase 2 negotiation effort to follow. A discussion on negotiation structure and approach, and a timeline for completion of the Service Contract negotiation, will also be facilitated to assist in guiding Phase 2 efforts.

Task 3 - Prepare Summary of Preliminary Results and Recommendations

The Kearns & West Team will review and compile the results of the Scoping Session and prepare preliminary Phase 2A recommendations for the Technical Committee’s consideration and input.

Task 4 - Follow Up Meeting with Technical Advisory Committee

The K&W Team will meet with the Technical Committee a second time to confirm the parties’ understanding of, and agreement with, the final questionnaire’s list of negotiation issues and priorities, the recommendations for the structure of the negotiations, the identification of “easy wins”, the sequencing of issues for negotiations, and the overall negotiation timeline.

Task 5 - Prepare Final Scoping Report

Based on the results of the second meeting, a Final Report will be prepared by the K&W Team describing the Phase 2A process and results. We anticipate this report will be considered by both the Technical and Policy Committees as part of decision making on Phase 2B. Included in the final report will be a draft scope of work and estimated budget for the Phase 2B effort for the parties’ consideration.

Phase 2A Schedule

The schedule to complete the Phase 2A effort is primarily dependent on the scheduling of the Task 2 and Task 4 meetings with the Technical Advisory committee. If the Kearns & West team were issued a Notice to Proceed by the end of February 2018, and the Task 2 and Task 4 meetings were held on the same day as the regularly scheduled Technical Committee meetings in March and April, the Task 5 final report could be delivered by the first week in May 2018. This schedule could be shortened by approximately one month (i.e.- completion of Task 5 final report by the first week of April 2018) if the two meetings with the Technical Committee were scheduled sooner and approximately two weeks apart.

IEUA and Member Agencies - Regional Wastewater Contract Negotiation - Budget Estimate Scoping Phase 2A

Assumed Period of Work: March 2018 - April 2018 (2 months)*	Harty	Diemer	Rudinica	KW Associate	TOTAL	
	\$225.00	\$250.00	\$250.00	\$145.00		
PHASE I - PROJECT INITIATION THROUGH WORKSHOP ON ASSESSMENT FINDINGS AND RECOMMENDATIONS FOR NEGOTIATION PROCESS						ASSUMPTIONS:
Task 1: Prepare Issues and Priority Spreadsheet	1	1	1		\$725.00	Includes development of a spreadsheet tool listing contract negotiation issues from Phase 1. Agencies to prioritize and add additional issues for negotiation.
Task 2: Meeting with Technical Advisory Committee to review issues and priorities	5	5	4		\$3,375.00	Meet with Technical Committee to review issues and initial prioritization. Discuss linkages, sequencing, "easy wins", negotiation structure and approach, and contract negotiation schedule.
Task 3: Prepare Summary of Preliminary Results and Recommendations	2	2	2		\$1,450.00	Prepare initial summary of recommendations based on Technical Committee meeting. Includes followup communications with IEUA and contract agencies as needed.
Task 4: Followup Meeting with Technical Advisory Committee	5	5	4		\$3,375.00	Meet with Technical Committee to review preliminary results and recommendations summary.
Task 5: Prepare Final Scoping Report	4	4	4		\$2,900.00	Prepare final Scoping Report with finalized recommendations, including draft scope of work, budget and schedule for Phase 2B.
TOTAL HOURS	17	17	15	0	49	
TOTAL LABOR	\$3,825	\$4,250	\$3,750	\$0	\$11,825	
TOTAL LABOR - PHASE I					\$11,825	

Other Direct Costs	Quantity	Price/unit	Time (min)			ASSUMPTIONS:
Mileage @ federal reimbursement rate of .54/mile	300	0.54			\$162	Assumes RT driving from Santa Ana/Ontario Airport to IEUA or other Agency offices.
Airfares	4	\$400			\$1,600	Assumes two trips for scoping meetings with Technical Advisory Committee
Taxis, Uber, Parking		\$200			\$200	
Meeting materials		\$200.00			\$200	Per lot per 2 meetings. Includes flip charts, printing, and basic equipment cost.
Per diem meals	6	\$64.00			\$384	Assumes 2017 federal GSA per diem rate of \$64/day.

4C Phase 2A IEUA Estimate of Services final draft (002)

Lodging	2	300			\$600	Lodging will be billed at the actual cost and will not exceed \$300/night without prior approval.
Total ODCs					\$3,146	

Total Hours for Tasks 1-5	17	17	15	-	49	
Total Labor Cost for Tasks 1-5	\$3,825	\$4,250	\$3,750	\$0	\$11,825	
Total ODC for Tasks 1-5					\$3,146	
Total Labor and ODC for Phase 2A, Tasks 1-5					\$14,971	

* Assumes meetings with Technical Committee are held in conjunction with standing monthly Technical Committee meetings. Phase 2A Schedule can be shortened if scoping meetings with Technical Committee are scheduled more frequently than monthly.