



**MINUTES OF THE
MEETING OF
THE
INLAND EMPIRE UTILITIES AGENCY
BOARD OF DIRECTORS**

**WEDNESDAY, SEPTEMBER 18, 2019
10:00 A.M.**

DIRECTORS PRESENT:

Jasmin Hall, Vice President
Kati Parker, Secretary/Treasurer
Michael Camacho
Steven J. Elie

DIRECTORS ABSENT:

Paul Hofer, President

STAFF PRESENT:

Shivaji Deshmukh, General Manager
Kathy Besser, Executive Manager of External Affairs & Policy Development/AGM
Randy Lee, Executive Manager of Operations/AGM
Shaun Stone, Acting Executive Manager of Engineering/AGM
Christina Valencia, Executive Manager of Finance & Administration/AGM
Joshua Aguilar, Senior Engineer
Jerry Burke, Deputy Manager of Engineering
Emanuel Cardoso, Operations Supervisor
Andrea Carruthers, Manager of External Affairs
Javier Chagoyen-Lazaro, Manager of Finance & Accounting
Lisa Dye, Manager of Human Resources
Warren Green, Manager of Contracts & Procurement
Nel Groenveld, Manager of Laboratories
Elizabeth Hurst, Senior Environmental Resources Planner
Linda Johnson, Records Management Supervisor
Yvonne Lam, External Affairs Specialist I
Laura Mantilla, Executive Assistant
William McDonnell, Environmental Resources Planner I
Andrew Ng, Wastewater Treatment Plant Operator III
Cathleen Pieroni, Manager of Government Relations
Jesse Pompa, Deputy Manager of Grants
John Scherck, Senior Project Manager
Matthew Solis, Laboratory Scientist I
Daniel Solorzano, Technology Specialist I
Travis Sprague, Senior Associate Engineer
Christopher Stull, Compost Operator
Wilson To, Technology Specialist II
Teresa Velarde, Manager of Internal Audit
Ryan Ward, Wastewater Treatment Plant Operator-in-Training
April Woodruff, Board Secretary/Office Manager

OTHERS PRESENT:

Jean Cihigoyenette, JC Law Firm
Marty Cihigoyenette, JC Law Firm
Steve Corrington, MIH Water
Eric Grubb, Cucamonga Valley Water District
Harvey Luth, Chino Valley Fire District
Laer Pearce, Cadiz

A meeting of the Board of Directors of the Inland Empire Utilities Agency* was held at the office of the Agency, 6075 Kimball Avenue, Bldg. A, Chino, California on the above date.

Vice President Hall called the meeting to order at 9:59 a.m. and Director Parker led the Pledge of Allegiance to the flag. A quorum was present.

PUBLIC COMMENT

Vice President Hall stated that members of the public may address the Board.

Mr. Harvey Luth from the Chino Valley Fire District Board introduced himself. He stated that recently he was appointed as the liaison by the Chino Valley Fire District Board and will be attending the IEUA Board meetings to continue to build the relationship between the two Districts.

ADDITIONS TO THE AGENDA

Vice President Hall asked if there were any changes/additions/deletions to the agenda. There were no changes/additions/deletions to the agenda.

NEW EMPLOYEE INTRODUCTIONS

Executive Manager of Operations/AGM Randy Lee introduced:

- Mr. Andrew Ng, Wastewater Treatment Plant Operator III, hired July 17, 2019, Operations & Maintenance – North.
- Mr. Emanuel Cardoso, Operations Supervisor, hired July 23, 2019, Operations & Maintenance – Chino Desalter.

General Manager Shivaji Deshmukh introduced:

- Ms. Lisa Dye, Manager of Human Resources, hired August 12, 2019, Human Resources.

Acting Executive Manager of Engineering/AGM Shaun Stone introduced:

- Mr. Matthew Solis, Laboratory Scientist I, hired August 25, 2019, Laboratory.

Executive Manager of External Affairs & Policy Development/AGM Kathy Besser introduced:

- Ms. Yvonne Lam, External Affairs Specialist I, hired September 3, 2019, External Affairs.

General Manager Shivaji Deshmukh introduced:

- Mr. William McDonnell, Environmental Resources Planner I, hired September 9, 2019, Planning & Environmental Compliance.

The Board of Directors welcomed Mr. Ng, Mr. Cardoso, Ms. Dye, Mr. Solis, Ms. Lam, and Mr. McDonnell to the IEUA team.

PROMOTIONS

The following staff members were promoted:

- Ms. Elizabeth Hurst, Senior Environmental Resources Planner, promoted July 14, 2019, Planning & Environmental Compliance.
- Mr. Ryan Ward, Wastewater Treatment Plan Operator-in-Training, promoted July 28, 2019, Operations & Maintenance - South.
- Mr. Christopher Stull, Compost Operator, promoted August 11, 2019, Operations and Maintenance – Organics Management.

The Board of Directors congratulated Ms. Hurst, Mr. Ward, and Mr. Stull on their promotion.

CONSENT ITEMS

Vice President Hall asked if there were any Board members wishing to pull an item from the Consent Calendar for discussion. There was no one desiring to do so.

Upon motion by Director Camacho, seconded by Director Parker, and unanimously carried:

M2019-9-1

MOVED, to approve the Consent Calendar.

- A. The Board approved the minutes from the August 21, 2019 Board meeting and the September 4, 2019 Board workshop/meeting.
- B. The Board approved the total disbursements for the month of July 2019, in the amount of \$17,010,691.72.
- C. The Board adopted the following Resolutions:
 - 1. No. 2019-9-2, authorizing participation in the Local Agency Investment Fund (LAIF) and designating signatories for the deposit and withdrawal of funds;

**RESOLUTION 2019-9-2
RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, AUTHORIZING PARTICIPATION IN THE LOCAL AGENCY INVESTMENT FUND AND DESIGNATING SIGNATORIES FOR THE DEPOSIT AND WITHDRAWAL OF FUNDS (for full text, see Resolution Book)**

- 2. No. 2019-9-3, authorizing and designating signatories for depository agreement, depository cards, deposits, transfers, checks and withdrawals of funds;

Continued...

RESOLUTION 2019-9-3

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, AUTHORIZING AND DESIGNATING SIGNATORIES OF DEPOSITORY AGREEMENTS, DEPOSITORY CARDS, DEPOSITS, TRANSFERS, CHECKS, AND WITHDRAWAL OF FUNDS (for full text, see Resolution Book)

3. No. 2019-9-4, authorizing and designating signatories for investment agreements, investments authorizations, and investment fund transfers to fund investment transactions; and

RESOLUTION 2019-9-4

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, AUTHORIZING AND DESIGNATING SIGNATORIES OF INVESTMENT AGREEMENTS, INVESTMENT AUTHORIZATIONS, AND INVESTMENT FUND TRANSFERS TO FUND INVESTMENT TRANSACTIONS (for full text, see Resolution Book)

4. No. 2019-9-5, authorizing and designating signatories for transfer documents for the movement of funds and investment securities to safekeeping with a third-party Custodian.

RESOLUTION 2019-9-5

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, AUTHORIZING AND DESIGNATING SIGNATORIES OF TRANSFER DOCUMENTS FOR THE MOVEMENT OF FUNDS AND INVESTMENT SECURITIES TO SAFEKEEPING WITH A THIRD-PARTY CUSTODIAN (for full text, see Resolution Book)

- D. The Board adopted Resolution No. 2019-9-6, authorizing the General Manager to enter into a financial assistance agreement with the USBR for the subject project.

RESOLUTION 2019-9-6

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, AUTHORIZING THE INLAND EMPIRE UTILITIES AGENCY TO ENTER INTO A FINANCIAL ASSISTANCE AGREEMENT UNDER THE WATERSMART: WATER RECLAMATION AND REUSE RESEARCH PROGRAM UNDER THE TITLE XVI PROGRAM FOR FISCAL YEAR 2019 WITH THE U.S. DEPARTMENT OF INTERIOR – BUREAU OF RECLAMATION AND DESIGNATING A REPRESENTATIVE TO EXECUTE THE FINANCIAL ASSISTANCE AGREEMENT, AND ANY AMENDMENTS THERETO (for full text, see Resolution Book)

Continued...

M2019-9-1, continued

E. The Board:

1. Approved the Sub-Grantee Agreement between SAWPA and IEUA; and
2. Authorized the General Manager to execute the Sub-Grantee Agreement, subject to non-substantive changes.

F. The Board adopted Resolution No. 2019-9-1, committing an additional 0.3 MGD of Pipeline and 0.3 MGD of Treatment and Disposal Capacity to the Inland Empire Brine Line Lease Capacity Pool.

**RESOLUTION 2019-9-1
RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND
EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY,
CALIFORNIA, CONTRIBUTING ADDITIONAL CAPACITY TO THE
INLAND EMPIRE BRINE LINE LEASE CAPACITY POOL (for full
text, see Resolution Book)**

G. The Board:

1. Awarded a construction contract for the RP-1 Mechanical Restoration and Improvements Project to Kiewit Infrastructure West Co., in the amount of \$6,627,000;
2. Approved a contract amendment to Stantec Consulting Services Inc., for engineering services during construction for the not-to-exceed amount of \$430,000; and
3. Authorized the General Manager to execute the contract and contract amendment, subject to non-substantive changes.

H. The Board:

1. Awarded a construction contract for the San Bernardino Lift Station Facility Improvements, Project No. EN19041, to AToM Engineering Construction, Inc., in the amount of \$118,398; and
2. Authorized the General Manager to execute the contract, subject to non-substantive changes.

I. The Board:

1. Approved a contract award to Capital Improvement Program Office (CIPO) Cloud Software, LLC for support and services on the Project Management Documentation System for a not-to-exceed amount of \$718,500 for a term of seven years;

Continued...

M2019-9-1, continued

2. Approved a budget amendment in the amount of \$210,000 in the Regional Wastewater Capital Improvement Fund; and
3. Authorized the General Manager to execute the contract and budget amendment, subject to non-substantive changes.

J. The Board:

1. Approved the consulting contract amendment for the RP-1 Flare Improvements, Project No. EN18006, to Lee & Ro, Inc., for a not-to-exceed amount of \$76,524; and
2. Authorized the General Manager to execute the consulting engineering services amendment, subject to non-substantive changes.

- K.** The Board approved the Fiscal Year 2019/20 Annual Audit Plan Amendment to be consistent with the requirements of the IA Charter.

ACTION ITEMS

FISCAL YEAR 2018/19 CARRY FORWARD BUDGET AMENDMENT

Manager of Finance & Accounting Javier Chagoyen-Lazaro gave a presentation on the Fiscal Year 2018/19 Carry Forward Budget Amendment. Mr. Chagoyen-Lazaro stated that the open encumbrances and non-encumbered commitments to be carried forward from FY 2018/19 to FY 2019/20 total \$23,335,061, primarily for project related expenditures and \$8,277,786 in offsetting grant receipts (revenue), resulting in a net carry forward of \$15,107,275.

Upon motion by Director Camacho, seconded by Director Elie, and unanimously carried:

M2019-9-2

MOVED, to:

1. Approve the carry forward of open encumbrances and non-encumbered commitments related budgets from FY 2018/19 to FY 2019/20 and amend the budget in the amount of \$23,335,061; and
2. Approve an amendment to the FY 2019/20 budget for grant receipts in the amount of \$8,227,786.

ASSOCIATION OF CALIFORNIA WATER AGENCIES (ACWA) BALLOT FOR REGION 9 BOARD ELECTION FOR THE 2020/21 TERM

General Manager Shivaji Deshmukh stated that the Agency received ACWA's ballot for Region 9 Board Election for the 2020/21 term. He reviewed the two voting options and stated that the Board could vote for the slate recommended by the Region 9 Nominating Committee or vote for an individual Region 9 chair, vice chair and three to five board members. A brief discussion ensued regarding the ballot.

Upon motion by Director Elie, seconded by Director Parker, and unanimously carried:

M2019-9-3

MOVED, to vote for the slate as recommended by ACWA's Region 9 Nominating Committee.

INFORMATION ITEMS

ENGINEERING AND CONSTRUCTION MANAGEMENT PROJECT UPDATES

Deputy Manager of Engineering Jerry Burke gave a PowerPoint presentation on the Engineering and Construction Management project updates. He provided updates on the following projects: Agency-Wide Recycled Water System Repairs and Improvements; RP-1 Filter Valve Replacement; RP-1 Civil Restoration and Upgrades; RP-4 Influent Screen Placement; NRWS Manhole Upgrades – FY 2019/20; and Agency-Wide Chemical Containment Coating Rehabilitation and Repairs.

MWD UPDATE

Manager of Government Relations Cathleen Pieroni reviewed MWD's process for setting its rates and charges biennially by illustrating the rates and charges adopted by MWD's Board in April 2018 for both Fiscal Years 2018/19 and 2019/20. She noted that in October 2018, the MWD Board updated the biennial rates and charges with the Board decision to support the CA WaterFix project. Contrasting MWD's ten-year look ahead on rates and charges as established in April 2018 vs. October 2018, she illustrated that the projected annual rate increases had increased from 3 percent per annum to 4.1 percent annually. She stated that the comparison provides a good representation of the near term anticipated rate increases associated with the CA WaterFix project.

FY 2019/20 is the second year of MWD's biennial rate-setting process and no changes to the FY 2019/20 rates were proposed. However, MWD did report that its CIP program had spent \$100 million more than budgeted in FY 2018/19, requiring a change in its proposed financial approach. Typically, MWD budgets to fund 60% or more of its capital expenditures from operating revenues, not debt. In order to address the budget shortfall, MWD proposed funding FY 2019/20 capital expenditures by \$30 million cash and \$270 million from bond funds. Doing so is anticipated to help conserve cash reserves to buffer changes to revenues and expenditures and to mitigate future rate increases. Finally, Ms. Pieroni stated that MWD staff will soon begin the process of preparing the FY 2020/21 and 2021/22 biennial budget and rates. The final proposal will be presented to the MWD Board in April 2020.

CBWM UPDATE

General Manager Deshmukh stated that CBWM held Listening Session #6 of the 2020 Optimum Basin Management Program Update on September 11. He also stated that the draft 2020 Storage Management Plan was released on September 6, and IEUA staff is reviewing the documents.

SAWPA UPDATE

General Manager Deshmukh stated that the Commission unanimously approved the Inland Empire Brine Line Lease Agreement between SAWPA and the Chino Basin Desalter Authority for a period of six months with the option to extend. The Commission also approved a transfer of funds from SARCCUP Conservation Rates Fund Program to the Water Use Efficiency Program. On September 17, the Commission received an update on the Inland Empire Brine Line operational issues related to the brine line in IEUA's service area and received a report on the

Disadvantaged Community Involvement Program, which will be presented to the Board in October.

CHINO BASIN PROGRAM UPDATE

General Manager Deshmukh stated that Sylvie Lee is in Sacramento working on the operational concepts of the Chino Basin Program (CBP) with the California Department of Fish & Wildlife and coordinating with MWD. General Manager Deshmukh stated that IEUA is working with Brown & Caldwell on developing the concept and alternatives of the project. IEUA continues to meet with stakeholders on the concept and is gathering information to address their inquiries. General Manager Deshmukh stated staff is looking forward to hearing from Ms. Karla Nemeth from the Department of Water Resources on her thoughts and views of the program. General Manager Deshmukh stated that IEUA held a workshop on September 5, which focused on the water sources, value proposition and the economic analysis.

LABORATORY SEMI-ANNUAL UPDATE

Manager of Laboratories Nel Groenveld stated that the Environmental Laboratory Accreditation Program (ELAP) of the State Water Board completed an assessment of the lab on August 1 and 2, 2019 and informed IEUA of some deficiencies. The Agency is awaiting the deficiency letter from ELAP. Ms. Groenveld informed the Board of the new instruments that were recently installed and reported on the Fiscal Year 2019/20 sample performance indicators. Ms. Groenveld stated that the lab is currently completing samples from the TCE Plume well development and RP-5. Ms. Groenveld announced she will be retiring soon. The Board congratulated Ms. Groenveld on her retirement.

THE FOLLOWING INFORMATION ITEMS WERE RECEIVED AND FILED BY THE BOARD:

AMENDMENTS TO THE AGENCY RECORDS RETENTION SCHEDULE

TREASURER'S REPORT OF FINANCIAL AFFAIRS

FISCAL YEAR 2018/19 FOURTH QUARTER BUDGET VARIANCE, PERFORMANCE GOAL UPDATES AND BUDGET TRANSFERS

INTERNAL AUDIT DEPARTMENT QUARTERLY STATUS REPORT

REPORT OF OPEN AUDIT RECOMMENDATIONS AS OF SEPTEMBER 2019

INTERNAL AUDIT DEPARTMENT STANDARD OPERATING PROCEDURES (SOPS)

AUDIT COMMITTEE CHARTER AND INTERNAL AUDIT DEPARTMENT CHARTER

WATER CONNECTION FEES (WCF): FOLLOW-UP AUDIT

WAREHOUSE ANNUAL PHYSICAL INVENTORY – INTERNAL AUDIT INVENTORY OBSERVATION REPORT

AGENCY VEHICLE OPERATIONAL AUDIT: REVIEW OF VEHICLE SECURITY PROCEDURES FOLLOW-UP AUDIT

PUBLIC OUTREACH AND COMMUNICATION

STATE LEGISLATIVE REPORT AND MATRIX FROM WEST COAST ADVISORS

FEDERAL LEGISLATIVE REPORT AND MATRIX FROM INNOVATIVE FEDERAL STRATEGIES

CALIFORNIA STRATEGIES, LLC MONTHLY ACTIVITY REPORT

AGENCY REPRESENTATIVES' REPORTS

SAWPA REPORT

Director Parker reported the following: the Commission approved the temporary Brine Line Discharge Lease Agreement with Chino Basin Desalter; the SAWPA building renovation project is 95 percent complete and the Commission approved an additional transfer of approximately \$40,000 to finish the building renovation; and the Commission authorized the hiring of legal services to provide support to in-house General Counsel.

MWD REPORT

Vice President Hall reported that MWD is having a Board retreat on October 21 and 22 to discuss the finances, investments, local programs, budget, and projects.

REGIONAL SEWERAGE PROGRAM POLICY COMMITTEE REPORT

Director Parker stated the September meeting was cancelled.

CHINO BASIN WATERMASTER REPORT

Director Elie stated there was no meeting in August.

CHINO BASIN DESALTER AUTHORITY REPORT

There was nothing further to report.

GENERAL MANAGER'S REPORT

General Manager Deshmukh provided the following updates:

- The 2020 Rate Study was rescheduled for October 16.
- The IEUA/IERCA Battery and Solar Project dedication event is scheduled for September 19.
- IEUA's benefits fair is immediately following today's Board meeting.

BOARD OF DIRECTORS' REQUESTED FUTURE AGENDA ITEMS

There were no requested future agenda items.

DIRECTORS' COMMENTS

Director Camacho stated he attended the 64th Annual CASA Conference on August 21-23 and the 34th Annual WateReuse Symposium from September 8-11.

Director Parker stated she attended the 64th Annual CASA Conference on August 22. She stated that IEUA received two awards: Solar Project at IERCA and the Operator Training Certification Program.

Director Elie stated he attended the Chino Valley Fire District 9-11 Memorial Tribute on September 11; provided a tour to Chino Council Member Mark Hargrove of RP-5 on August 23; the 64th Annual CASA Conference on August 21 and 22.

Vice President Hall stated she attended ASBCSD Membership Meeting on September 16 and the Chaffey College Measure of Our Success on Measure L on September 17.

(Director Camacho left the Board meeting at 11:03 a.m.)

CLOSED SESSION

The Board went into Closed Session at 11:05 a.m., A. PURSUANT TO GOVERNMENT CODE SECTION 54956.9(a) – CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION: (1) Chino Basin Municipal Water District vs. City of Chino, Case No. RCV51010 (2) Spicer vs. W.A. Rasic Construction, Case No. CIVDS 1711812; B. PURSUANT TO GOVERNMENT CODE SECTION 54956.8 – CONFERENCE WITH REAL PROPERTY NEGOTIATOR: (1) TP-1 Outfall Line. Negotiating Parties: Acting Executive Manager of Engineering/AGM Shaun Stone and Lewis Operating Corporation. Under Negotiation: Price and Terms of Purchase. C. PURSUANT TO GOVERNMENT CODE SECTION 54956.9(d) – CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION: Two cases; D. PURSUANT TO GOVERNMENT CODE SECTION 54957 – PERSONNEL MATTERS – PUBLIC EMPLOYEE PERFORMANCE EVALUATION: (1) Manager of Internal Audit (2) Board Secretary/Office Manager (3) General Manager.

The meeting resumed at 12:16 p.m., and General Counsel Jean Cihigoyenetché stated that the below-mentioned matters were discussed in Closed Session, and the Board with Director Camacho and Director Hall absent, took the following actions:

Regarding Conference with Legal Counsel – Existing Litigation:

Chino Basin Municipal Water District vs. City of Chino, Case No. RCV51010

The Board did not discuss.

Regarding Conference with Legal Counsel – Existing Litigation:

Spicer vs. W.A. Rasic Construction, Case No. CIVDS 1711812

The Board took no reportable action.

Regarding Conference with Real Property Negotiator:

TP-1 Outfall Line

Upon motion by Director Elie, seconded by Director Parker, and unanimously carried:

M2019-9-4

MOVED, to enter into a sales transaction for the TP-1 Outfall Line to Lewis Operating Corporation for the principal sum of \$550,000, with additional terms and conditions in a written agreement to be prepared and agreed to by the parties, and authorized the General Manager to execute the sales agreement.

Regarding Conference with Legal Counsel – Anticipated Litigation:

Case #1

The Board took no reportable action.

Regarding Conference with Legal Counsel – Anticipated Litigation:

Case #2

The Board did not discuss.

Regarding Personnel Matters – Public Employee Performance Evaluation:

Manager of Internal Audit

The Board did not discuss.

Regarding Personnel Matters – Public Employee Performance Evaluation:

Board Secretary/Office Manager

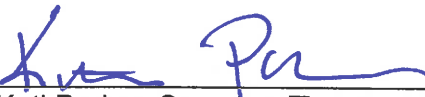
The Board did not discuss.

Regarding Personnel Matters – Public Employee Performance Evaluation:

General Manager

The Board did not discuss.

With no further business, Vice President Hall adjourned the meeting at 12:17 p.m.



Kati Parker, Secretary/Treasurer

APPROVED: OCTOBER 16, 2019