



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

**WEDNESDAY, OCTOBER 2, 2019
10:00 A.M.**

DIRECTORS PRESENT:

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

DIRECTORS ABSENT:

None

STAFF PRESENT:

Shivaji Deshmukh, General Manager
Kathy Besser, Executive Manager of External Affairs & Policy Development/AGM
Christiana Daisy, Executive Manager of Engineering/AGM
Randy Lee, Executive Manager of Operations/AGM
Christina Valencia, Executive Manager of Finance & Administration/AGM
Jerry Burke, Deputy Manager of Engineering
Javier Chagoyen-Lazaro, Manager of Finance & Accounting
Tina Cheng, Budget Officer
Paula Hooven, Financial Analyst II
Elizabeth Hurst, Senior Environmental Resources Planner
Sylvie Lee, Manager of Planning & Environmental Resources
Alex Lopez, Senior Financial Analyst
Jason Marseilles, Senior Engineer
Cathleen Pieroni, Manager of Government Relations
Craig Proctor, Source Control/Environmental Resources Supervisor
John Scherck, Senior Project Manager
Shaun Stone, Manager of Engineering/AGM
Daniel Solorzano, Technology Specialist I
Kenneth Tam, Senior Engineer
Wilson To, Technology Specialist II
Teresa Velarde, Manager of Internal Audit
April Woodruff, Board Secretary/Office Manager
Jeff Ziegenbein, Manager of Regional Compost Operations

OTHERS PRESENT:

Marty Cihigoyenette, JC Law Firm

A workshop/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.

President Hofer called the meeting to order at 10:00 a.m. and led the pledge of allegiance to the flag. A quorum was present.

President Hofer stated that members of the public may address the Board. There was no one desiring to do so.

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

WORKSHOP

CHINO BASIN PROGRAM UPDATE

Manager of Planning & Environmental Resources Sylvie Lee gave a presentation on the status of the Chino Basin Program (CBP). Ms. Lee discussed the challenges that the Agency was facing in 2016 with meeting the wastewater treatment facilities' permit limits for Total Dissolved Solids (TDS), groundwater challenges and drinking water quality issues such as 1,2,3-TCP and Nitrates. Ms. Lee explained how the CBP came about and how it would help address these issues. Ms. Lee discussed the needs of the member agencies and explained the components of the project, which is to build an Advanced Water Treatment facility (AWT) for salinity management; construct wellhead treatment facilities to meet drinking water requirements; build pipeline network for intra-basin transfer capacity amongst stakeholders; pump back to the Metropolitan Rialto Feeder; and develop a plan for Metropolitan's Rialto Feeder shutdown.

Ms. Lee stated that the project cost estimate is about \$385 million. IEUA received a conditional funding award of \$207 million from the Prop 1 Water Storage Investment Program to implement the CBP. Ms. Lee reviewed the components that were defined in the project application and stated that to be eligible for funding, IEUA would need to build an AWT facility that will treat and store 15,000 acre-feet per year in the Chino Basin and IEUA, through MWD will facilitate an exchange with the State for the benefit of the Delta to use for the Chinook salmon. Ms. Lee stated that IEUA has had multiple workshops with the CBP stakeholders on the process and Memorandums of Understandings were executed. The stakeholders are working together to refine the project components and figure out the operational obligations to construct the system.

Ms. Lee informed the Board that IEUA received comment letters from the Regional Contracting Agencies and the CBWM Appropriative Pool regarding their concerns. IEUA responded to the letters and discussed the concerns with the contracting agencies and stakeholders to address these items. Ms. Lee then reviewed the 12-month average data points on IEUA's influent limit on TDS and explained the projected impact by 2036 based on a 5-year rolling average. She stated that IEUA applied for a 5-year rolling average with the Regional Board. Director Parker asked when the State Board will amend the permit. Ms. Lee stated in about six months. Ms. Lee continued with an update on the Habitat Conservation Plan and reviewed the objectives, benefits for the habitat, and partnership of the project. Director Elie commended the staff for continuing to look at win-wins in search of new water. Lastly, Ms. Lee reported on the Preliminary Design Report (PDR) workplan, schedule and PFAS.

RP-5 EXPANSION PROJECT UPDATE & FINANCIAL PLANNING

Manager of Engineering Shaun Stone provided an update on the status of the RP-5 Expansion Project. He stated that the project for the liquid treatment expansion will increase from 15 MGD capacity to 30 MGD capacity. The solids treatment facility will include new thickening, digestion and dewatering facilities, odor control, new electrical and Supervisory Control and Data Acquisition (SCADA), gas condition, the Renewable Energy Efficiency Project (REEP), and offsite facilities. The total project cost is \$360 million and the total project budget is \$340 million. The recommendation at last month's Board meeting was to wait for bids before any adjustments are made to the budget. Mr. Stone then reviewed the project milestones and transition to construction upcoming items.

Manager of Finance and Accounting Javier Chagoyen-Lazaro reviewed the assumptions on how IEUA will pay for the RP-5 Expansion Project. Mr. Chagoyen-Lazaro explained where the project falls in the ten-year Capital Improvement Plan. He stated the current assumptions are to finance about \$280 million and \$80 million will be paid with wastewater connection fee reserves and some property taxes. Mr. Chagoyen-Lazaro then reviewed the RP-5 cash flow, funding sources and estimated annual debt service cost. Mr. Chagoyen-Lazaro stated that IEUA will continue to pursue grant funding opportunities, evaluate refinancing/bundling options of existing debt and consider different amortization options for the new borrowing to level debt service cost. Mr. Chagoyen-Lazaro then reviewed the outstanding principal debt and debt coverage ratio and the financing timeline for the State Revolving Fund (SRF) and Water Infrastructure and Information Act (WIFIA) loans. Discussion ensued on the bond covenants.

DIRECTORS' COMMENTS

There were no comments from the Board of Directors.

CLOSED SESSION

The Board went into Closed Session at 11:09 a.m., A. 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 11:35 a.m., and General Counsel Jean Cihigoyenetche stated that the below-mentioned matters were discussed in Closed Session, and the Board, took the following actions:

Regarding Personnel Matters – Public Performance Evaluation:

Manager of Internal Audit

The Board took no reportable action.

Regarding Personnel Matters – Public Performance Evaluation:

Board Secretary/Office Manager

The Board took no reportable action.

Regarding Personnel Matters – Public Performance Evaluation:

General Manager

The Board took no reportable action.

With no further business, President Hofer adjourned the meeting at 11:37 a.m.



Kati Parker, Secretary/Treasurer

APPROVED: OCTOBER 16, 2019