



**MINUTES OF THE REGULAR
MEETING OF
THE BOARD OF DIRECTORS
OF
THE INLAND EMPIRE UTILITIES AGENCY*
WEDNESDAY, AUGUST 19, 2015
10:00 A.M.**

DIRECTORS PRESENT:

Terry Catlin, President
Michael Camacho, Vice President
Steven J Elie, Secretary/Treasurer
Jasmin A. Hall

DIRECTORS ABSENT:

Gene Koopman

STAFF PRESENT:

P Joseph Grindstaff, General Manager
Chris Berch, Executive Manager of Engineering/Assistant General Manager
Christina Valencia, Chief Financial Officer/Assistant General Manager
Blanca Arambula, Deputy Manager of Human Resources
Kathleen Baxter, Supervisor of Contracts & Programs Administrator
Kathy Besser, Manager of External Affairs
Sharmeen Bhojani, Manager of Human Resources
Pietro Cambiaso, Senior Engineer
Nel Groenveld, Manager of Laboratories
Matt Melendrez, Deputy Manager of Operations
David Mendez, Acting Deputy Manager of Engineering
Jason Pivovaroff, Senior Engineer
Matt Poeske, Construction Project Manager, PE
Jesse Pompa, Senior Associate Engineer, PE
John Scherck, Acting Deputy Manager of Construction Management
Peter Soelter, Senior Internal Auditor
Ken Tuliau, Manager of Maintenance
Teresa Velarde, Manager of Internal Audit
April Woodruff, Board Secretary/Office Manager

OTHERS PRESENT:

John Bosler, CVWD
Jean Cihigoyenette, Cihigoyentche, Grossberg, & Clouse
Marty Cihigoyenette, Cihigoyentche, Grossberg, & Clouse
Brian Geye, Auto Club Speedway

A regular 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 Catlin called the meeting to order at 10 04 a m , and he led with the pledge of allegiance to the flag A quorum was present

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

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

NEW HIRE INTRODUCTION

Executive Manager of Operations/Assistant General Manager Ernest Yeboah introduced the following new employee:

- Mr Kenneth Tuliau, Manager of Maintenance, hired 6/08/15

The Board welcomed Mr Kenneth Tuliau to the IEUA team

1. CONSENT CALENDAR

President Catlin 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 Elie, seconded by Director Hall, and unanimously carried

M2015-8-1

MOVED, to approve the Consent Calendar.

- A The Board approved the minutes from the July 15, 2015, Board meeting.
- B The Board approved the total disbursements for the month of June 2015, in the amount of \$14,405,913.76
- C. The Board.
 - 1 Awarded a professional service contract for the preparation of a Program Environmental Impact Report (PEIR) to Tom Dodson and Associates (TDA), for a not-to-exceed amount of \$ 330,000, and
 - 2 Authorized the General Manager to execute the contract
- D The Board.
 - 1 Approved the sole-source purchase of one (1) John Deere model #6175R Cab Tractor for \$160,408,
 - 2 Approved the sole-source purchase of one (1) Brown Bear model PTOA35E-10 5 compost aerator product number 105607 rototiller aerator for \$51,526, and
 - 3 Authorized the General Manager to execute the purchases

Continued . .

E. The Board:

1. Approved Contract No. 4600001952 to California Water Technologies, LLC, establishing a two-year contract for the supply of bulk ferric chloride with options for three additional one-year extensions, for a potential total contract term of five years; and
2. Authorized the General Manager to execute the contract

F. The Board:

1. Approved a construction contract change order with Mike Bubalo Construction for the Wineville Extension Recycled Water Pipeline, Segment B, Project No. EN13045, for the not-to-exceed amount of \$280,510.66;
2. Approved an amendment to the master contract with Butier Engineering, Inc. for the On-Call Construction Management and Inspection Services, Task Order No. 2, for the not-to-exceed amount of \$95,000; and
3. Authorized the General Manager to execute the construction contract change order and the amendment.

G. The Board:

1. Approved the award of Master Service Contracts to perform painting services for the Agency's facilities and process piping systems for a total aggregate not-to-exceed amount of \$300,000 over a five-year period to the following.
 - KCC Painting (Contract No. 4600001946)
 - U. S. National Corporation (Contract No. 4600001949)
 - Tony Painting (Contract No. 4600001947); and
2. Authorized the General Manager to execute the contracts.

2. **ACTION ITEMS**

A. APPROVAL OF A MEMORANDUM OF UNDERSTANDING (MOU) AND TERM SHEET FOR AN ENERGY STORAGE SERVICES AGREEMENT WITH ADVANCED MICROGRID SOLUTIONS, INC.

Senior Associate Engineer, Jesse Pompa stated that staff had previously presented this MOU to the Board in February, with the intent to come back with either an executable agreement or any substantial changes to the MOU. He reported that there have been some changes. He stated that the initial project structure was a collaborative effort between AMS, IEUA, and SCE, which would focus using the battery storage as demand response tool for SCE. Mr. Pompa said that since that time, SCE revised the area of need, and no longer includes the Chino Sub-Station. And as a result, AMS reworked their project structure to be a one-to-one agreement with IEUA. He also noted that a

couple of changes have been made since the August 12 presentation to the IEUA Engineering, Operations, & Biosolids Management and Finance, Legal, & Administration Committees. Mr. Pompa stated the overall concept behind energy storage remains the same, it would allow the Agency more flexibility on how the load is managed at the facilities. The Agency would be able to store electricity in the batteries, when electricity rates are the lowest, then pull from the batteries when the rates are higher – saving peak demand charges. The Agency would also be able to integrate renewable resources and have the flexibility as to when the renewable energy is actually used. He stated that AMS is proposing to install 3.65 MW (35% of overall capacity) of battery storage at no expense to IEUA. He noted, for perspective, that the overall Agency load is just under 10 MW. Mr. Pompa stated that AMS included a significant termination charge as a new provision in the MOU; however, staff does not anticipate exercising the termination charge. Another provision change is the fees and cost savings. He stated that there will be one level of service with a fixed equipment fee of \$65/kW installed with all services offered included in the equipment fee. He stated that it would be a fixed equipment fee, then a performance-based service charge. Mr. Pompa stated that the estimate annual savings to IEUA is between \$56,000 (savings assurance) and \$220,000.

Discussion ensued regarding concerns with the recent changes. General Manager Joseph Grindstaff stated that this may be better because the prior terms were that AMS guarantees that the Agency would not lose monies, and now they are guaranteeing that the Agency will save a minimum of \$56,000/year, which entices the Agency to participate for the entire term. He stated that it is a fair agreement in requiring a termination fee. The termination fee is only exercised if the Agency wants to terminate the agreement.

Director Elie stated that this is yet another example of IEUA leading the charge with a public/private partnership. This is outstanding for not just the Agency's taxpayers, but also for the region, for the state, etc. Director Elie applauds staff for working so hard on completing the project.

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

M2015-8-2

MOVED, to

1. Approve the Memorandum of Understanding (MOU) and Term Sheet between Inland Empire Utilities Agency and Advanced Microgrid Solutions, Inc (AMS) for an Energy Storage Services Agreement; and
2. Authorize the General Manager, subject to non-substantial changes, to execute the MOU.

B. SERVICE TO UNINCORPORATED SAN BERNARDINO COUNTY

Executive Manager of Engineering/AGM Chris Berch provided an overview of the agreements with CSI, Speedway, and Prologis. The agreements include making a permanent connection with locations within unincorporated San Bernardino County. He stated that this project has multiple benefits for all parties associated. The benefits include Prologis, Speedway, and CSI having reliable wastewater service at a fixed reasonable cost and the region having recycled water to an area that otherwise would not. Mr. Berch reviewed the project location, as well as the project activities and the roles of each stakeholder involved within the project. Mr. Berch stated that Prologis, Speedway, and CSI will be required to pay the connection fees, as well as the capital costs associated with the infrastructure improvements. The City of Fontana will be the

retail wastewater provider, and Fontana Water Company will be the recycled water provider. He stated that the project is anticipated to be completed in 2017 Mr Berch closed stating that this project would provide approximately 1,000 AFY of recycled water

Director Elie commented that this is again another example of IEUA leading the charge, and the hard work and efforts of the IEUA staff He extended his appreciation to General Manager Joseph Grindstaff for his leadership

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

M2015-8-3

MOVED, to.

- 1 Approve the agreements with California Steel Industries, Auto Club Speedway, Prologis, City of Fontana and Fontana Water Company to provide wastewater and recycled water services to a portion of the unincorporated area of San Bernardino County, and
- 2 Authorize the General Manager, subject to non-substantial changes, to execute agreements

C. ON-CALL CONSTRUCTION MANAGEMENT AND INSPECTION SERVICES CONTRACT AMENDMENT

Acting Deputy Manager of Engineering David Mendez provided a PowerPoint presentation on the on-call construction management and inspection contract amendment Mr. Mendez stated that in January 2012, GK & Associates was awarded a contract to provide augmentation services to the department They have provided services to the capital improvement projects and also the maintenance and asset management projects He stated some of the benefits are supplemental staff on an as-needed basis, high-level expertise in engineering, constructability, schedule reviews, construction inspection, and document management, personnel provided are performance based He provided a resource allocation for CM staff hours that determines the need for supplemental project management support and inspection services for various current and future capital projects Mr Mendez stated that staff is recommending that the Board approve a contract amendment with GK & Associates for construction management services for a six-month contract extension through June 2016, for a not-to-exceed amount of \$938,075

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

M2015-8-4

MOVED, to:

- 1 Approve contract amendment 4600001141-004 with GK & Associates for construction management services for a six month contract extension through June 2016, for a not-to-exceed total amount of \$983,075; and
- 2 Authorize the General Manager to execute the consultant contract amendment

3. INFORMATION ITEMS

A. REGIONAL PRETREATMENT PROGRAM LOCAL LIMITS EVALUATION

The Board received and filed this informational item

B. ENGINEERING AND CONSTRUCTION MANAGEMENT MONTHLY UPDATE (POWERPOINT)

The Board received and filed this informational item

C. MWD AND DROUGHT UPDATE

Senior Engineer Jason Pivovarovoff provided a PowerPoint presentation on the MWD monthly recap on water conditions and sales, water supply allocation, and conservation and water use efficiency (WUE) He reported that (collectively) the 26 agencies are doing very well, and are trending below the water supply allocation plan. He stated for IEUA's individual water supply allocation for FY 15/16, the Agency's reduced Tier 1 allocation is 61,270 a/f, sales to date is just over 3,300 (5% of total Tier 1 bucket). He also provided the MWD Turf rebate program waiting list for turf for MWD's 26 agencies and dollars Director Elie requested that staff provide a similar graph for IEUA member agencies/cities

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

D. SEMI-ANNUAL LABORATORY UPDATE (POWERPOINT)

E. TREASURER'S REPORT OF FINANCIAL AFFAIRS (WRITTEN/ POWERPOINT)

F. PUBLIC OUTREACH AND COMMUNICATION (WRITTEN)

G. LEGISLATIVE REPORT FROM INNOVATIVE FEDERAL STRATEGIES (WRITTEN)

H. LEGISLATIVE REPORT FROM AGRICULTURAL RESOURCES (WRITTEN)

I. LEGISLATIVE REPORT FROM WEST COAST ADVISORS (WRITTEN)

J. CALIFORNIA STRATEGIES, LLC MONTHLY ACTIVITY REPORT (WRITTEN)

K. FEDERAL LEGISLATION TRACKING (WRITTEN)

L. STATE LEGISLATION TRACKING (WRITTEN)

M. REGIONAL PRETREATMENT PROGRAM LOCAL LIMITS EVALUATION (POWERPOINT)

4. AGENCY REPRESENTATIVES' REPORTS

A. SAWPA REPORT

President Catlin reported that he and Director Hall attended the August 18 Commission meeting and that it was a routine meeting He stated that there was some discussion on the Inland Empire Brine Line

B. MWD REPORT

Director Camacho has nothing further to report.

C. REGIONAL SEWERAGE PROGRAM POLICY COMMITTEE REPORT

President Catlin stated that on August 5, there was a Special Joint Workshop of the IEUA Board and the Regional Policy Committee. He stated that the workshop was on the Integrated Water Resources Plan (IRP), and that the meeting went well.

D. CHINO BASIN WATERMASTER REPORT

Director Elie reported that the Chino Basin Watermaster filed a status report to set a date for the final agreement. It was reported that negotiations are going well, with no delays anticipated. Cihigoyenette, Grossberg, & Clouse, Marty Cihigoyenette stated that the parties are working together to develop an agreement.

5. GENERAL MANAGER'S REPORT

The General Manager's Report was received and filed by the Board.

General Manager P. Joseph Grindstaff reported that the Feasibility Study on the plume has been released. The outreach plan is now available to the public. Mr. Grindstaff stated that he anticipates the plume issue to be complete by December 2015 following the Regional Board's final approval. Mr. Grindstaff stated that IEUA has reached a tentative agreement with Orange County Water District (OCWD) for the sale of recycled water in exchange for fresh water. The agreement is one for one. IEUA would release 10,000 AF of recycled water and OCWD will pay the full MWD price as well as the readiness to serve charge. This will allow IEUA to purchase water for our member agencies. Mr. Grindstaff stated that this agreement is beneficial for our member agencies and water quality within the region. Mr. Grindstaff stated that this would be a significant event as it would be the first time OCWD has purchased recycled water upstream of Prado. IEUA has an MOU with Jurupa Community Services District (JCSD) to develop a recycled water program. IEUA and JCSD are working on the development of an agreement including compensation for the recharge water. The agreement is anticipated to be completed by November 2015. Mr. Grindstaff stated water is flowing into RP-3 through Wineville line, and recycled water is now available for Fontana and Fontana Water Company. Mr. Grindstaff closed stating that the Agency's credit rating was upgraded from AA- to AA.

6. BOARD OF DIRECTORS REQUESTED FUTURE AGENDA ITEMS

The Board had no requested future agenda items.

7. BOARD OF DIRECTORS' COMMENTS

Director Hall commented that she will be attending the 1 Million Tons Celebration BBQ hosted by the IERCA following the Board meeting. She also reported that she met with the City of Fontana's Public Works Director and he noted that he is very pleased with the projects that IEUA is doing to help the City of Fontana, and that the City has restored its trust in IEUA moving forward. Director Hall thanked the IEUA staff for all their hard work and effort in fostering relationships with the City. Director Hall commented that she will be attending the CASA Conference beginning August 19 through 21. She also mentioned that on July 24, she participated in the RP-4 and BW Basin Tour for California Senator Connie Leyva, and she plans on attending the Fontana City Council meeting when they present the agreements for approval to provide wastewater and recycled water services to the unincorporated area of San Bernardino County.

Director Elie commented that he also participated in the RP-4 and GWR Basin Tour for California Senator Connie Leyva.

President Catlin commented that he appreciates receiving the press releases and articles from staff. He stated that it provides him heads-up on current events impacting the Agency and drought.

8. **CLOSED SESSION**

General Counsel Jean Cihigoyenetché reported that there will be no Closed Session.

With no further business, President Catlin adjourned the meeting at 10:55 a.m.



Steven J. Elie, Secretary/Treasurer

APPROVED: SEPTEMBER 16, 2015