



**MINUTES OF THE REGULAR
MEETING OF
THE BOARD OF DIRECTORS
OF
THE INLAND EMPIRE UTILITIES AGENCY*
WEDNESDAY, SEPTEMBER 16, 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
Adham Almasri, Senior Engineer
Blanca Arambula, Deputy Manager of Human Resources
Kevin Asprer, Associate Engineer
Sharmeen Bhojani, Manager of Human Resources
Javier Chagoyen-Lazaro, Manager of Finance and Accounting
Warren Green, Manager of Contracts and Facility Services
Jason Gu, Grants Officer
Sylvie Lee, Manager of Planning and Environmental Resources
Bill Leever, Groundwater Recharge Coordinator
Nasrin Maleki, Senior Engineer
Matt Melendrez, Deputy Manager of Operations
John Scherck, Acting Deputy Manager of Construction Management
Rachael Solis, Supervisor of Engineering Administration
Shaun Stone, Manager of Engineering
Ken Tuliau, Manager of Maintenance
Teresa Velarde, Manager of Internal Audit
Jamal Zughbi, Senior Engineer
April Woodruff, Board Secretary/Office Manager

OTHERS PRESENT:

Jean Cihigoyenette, Cihigoyenette, Grossberg, & Clouse

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. General Manager Joseph Grindstaff requested that the Board move Information Item 3I, Engineering and Construction Management Monthly Updates, from "Received and Filed" to be presented before the Board. It was the consensus of the Board to do so.

NEW HIRE INTRODUCTION

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

- Mr. William Leever, Groundwater Recharge Coordinator, hired 6/22/15
- Mr. Kevin Asprer, Associate Engineer, hired on 7/13/15

Executive Manager of Engineering/Assistant General Manager Chris Berch introduced the following new employee:

- Mr. Shaun Stone, Manager of Engineering, hired on 8/31/15

The Board welcomed Messrs. William Leever, Kevin Asprer, and Shaun Stone 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 Camacho, seconded by Director Elie, and unanimously carried.

M2015-9-1

MOVED, to approve the Consent Calendar.

- A. The Board approved the minutes from the August 19, 2015, Board meeting, and the August 5, 2015 Special Joint Workshop of the IEUA Board and Regional Policy Committee.
- B. The Board approved the total disbursements for the month of July 2015, in the amount of \$18,602,805.09.
- C. The Board approved the carry forward of open encumbrances and related budget in the amount of \$15,646,000 from FY 2014/15 to FY 2015/16.
- D. The Board adopted Resolution No. 2015-9-1, authorizing the General Manager, or his designee, to sign and file an application with the State Water Resources Control Board (SWRCB) for a Planning Grant Financial Assistance Agreement through the Water Recycling Planning Program for the development of a feasibility study for a recycled water interconnection with Monte Vista Water District (MVWD) and the City of Pomona (Pomona).

Continued . .

**RESOLUTION NO. 2015-9-1
RESOLUTION OF THE BOARD OF DIRECTORS OF THE
INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO
COUNTY, CALIFORNIA, ESTABLISHING ITS INTENTION TO
APPLY FOR A FINANCIAL ASSISTANCE GRANT FOR THE
FEASIBILITY STUDY OF A RECYCLED WATER
INTERCONNECTION BETWEEN THE CITY OF POMONA,
MONTE VISTA WATER DISTRICT AND INLAND EMPIRE
UTILITIES AGENCY (for full text, see Resolution Book)**

E The Board

1. Approved the FY 2015/16 Internal Audit (IA) Annual Audit Plan, and
2. Directed the Manager of Internal Audit to finalize the FY 2015/16 Annual Audit Plan

F The Board

- 1 Approved the construction contract award for the NRW collection System Manhole Upgrades FY 2015/16, Project No. EN15046, and Collection system Manhole Upgrades FY 2015/16, Project No EN15045, to Genesis Construction for their low bid of \$594,777, and
2. Authorized the General Manager to execute the contract

G The Board

- 1 Approved a Task Order Change Order for the RP-1 Flare System Improvements, new iron sponge installation, Project No EN13046, to W.A Rasic Construction for the lump sum amount of \$160,278; and
- 2 Authorized the General Manager to finalize and execute the Change Order

H The Board

- 1 Approved an engineering services contract amendment for Stantec Consulting, Inc for the Recycled Water Program, Southern Project Area, for the not-to-exceed fee of \$48,746, and
- 2 Authorized the General Manager to finalize and execute the contract amendment.

Continued ...

M2015-9-1, continued

I The Board:

- 1 Approved an amendment to the Memorandum of Understanding (MOU) agreement between IEUA and Eastern Municipal Water District for the implementation and management of a multi-agency Freesprinklenozzles.com Voucher Program (Phase VI) for a not-to-exceed amount of \$243,750; and
2. Authorized the General Manager to finalize and execute said agreement

J The Board.

1. Approved Contract No. 460000019734 to Univar USA, Inc. establishing a two-year contract for the supply of 25% Sodium Bisulfite with options for three additional one-year extensions, for a potential total contract term of five years, and
- 2 Authorized the General Manager or his designee to execute the contract with the three potential contract extensions

- K. The Board adopted Resolution No. 2015-9-5, excusing the absence of Director Gene Koopman from regular Board meetings pursuant to bylaw Section 101.

RESOLUTION NO. 2015-9-5

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, EXCUSING THE ABSENCE OF DIRECTOR GENE KOOPMAN FROM REGULAR BOARD MEETINGS PURSUANT TO BYLAWS SECTION 101 *(for full text, see Resolution Book*

2. ACTION ITEMS

A. ADOPTION OF RESOLUTION NOS. 2015-9-2, 2015-9-3, AND 2015-9-4, FOR THE 2015 DROUGHT RELIEF RECYCLED WATER SUPPLY OPTIMIZATION PROGRAM

Grants Officer Jason Gu stated that staff is recommending that the Board adopt Resolutions Nos 2015-9-2 through 2015-9-4, and authorize the General Manager to execute a Memorandum of Understanding (MOU) with the City of Ontario, which would allow the Agency to apply for a SRF loan/grant with the State Water Resources Control Board (SWRCB) for the 2015 Drought Relief Recycled Water Supply Optimization Program Mr Gu reported that in April 2015, the SWRCB announced the Proposition 1 Water Recycling Grant Program, which provides for 35% Prop 1 grant with a maximum \$15 million per project, in addition to the 1% Interest Incentive SRF loan funding that the SWRCB approved March 2014 He stated that the Agency and the City of Ontario are jointly working on a SRF loan/grant application for the Drought Relief Recycled Water Supply Optimization Program He noted that this joint project has an estimated total cost of \$55.2 million Mr. Gu further stated that the application is seeking a \$15,000,000 Prop

1 grant, and the balance will be the 1% SRF loan shared proportionately by Ontario and the Agency

The projects included in the application are:

Sub-Project	Description	Project No.	Amount
San Sevaire Basin Improvements	Construct a small pump station and 2,000-foot pipeline from Basin 5 to Basin 3	EN13001	\$6,000,000
RP-1 1158 RWPS Upgrades	Upsize the pump station for GWR demands	EN14042	\$4,000,000
RP-5 RW Pipeline Bottleneck	Evaluate upsize of the RP-5 RW piping system	EN14043	\$1,200,000
RP-1 Parallel Outfall Pipeline	Construct 11,800 LF of pipeline from RP-1 to Riverside Drive	EN19003	\$5,000,000
RW Pressure Sustaining Valve	Install pressure sustaining valves on high-volume users of recycled water in order to maintain system pressure	EN16034	\$1,700,000
930-800 West CCWRF PRV	Construct a Pressure Relief Valve to send water from the 930 pressure zone to the 800 pressure zone for CCWRF	EN17007	\$600,000
Napa Lateral/Speedway/CSI	Construct 11,330 LF of RW/WW pipeline and pump station to connect the speedway and steel plant to IEUA Treatment Plant	WR15021	\$6,000,000
Baseline Recycled Water Extension	Extend the Baseline Avenue RW pipeline by 6,800 LF to Cherry Avenue in the City of Fontana	WR08030	\$3,500,000
IEUA Funding Total			\$28,000,000
Ontario Euclid/Riverside RW Pipelines	Expand the City's RW distribution system by adding 18 miles of pipelines, including laterals, and irrigation booster pump retrofits	Ontario	\$20,000,000
Ontario Funding Total			\$20,000,000
Contingency - 15%			\$7,200,000
Total Project Cost			\$55,200,000

Mr Gu stated that the City of Ontario has adopted an MOU, approving the Euclid and Riverside Recycled Water Pipeline project budget in the amount of \$20,000,000, SRF loan repayment, and fee for IEUA's grants administration. A detailed inter-agency reimbursement agreement between IEUA and Ontario will be negotiated upon approval of the funding by SWRCB

He stated that a \$7,200,000 contingency is included in the application and is available for both agencies on an as needed basis for unforeseen change orders to avoid unnecessary grant contract amendments. IEUA and Ontario are not obligated if the contingency is not needed. The unused loan will be returned to the State

M2015-9-2

MOVED, to

- 1 Adopt Resolution No 2015-9-2, authorizing the General Manager to sign and file an application and agreement with the State Water Resources Control Board (SWRCB), for the 2015 Drought Relief Recycled Water Supply Optimization Program, Phase I Project (Project),

RESOLUTION NO. 2015-9-2

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, AUTHORIZING THE GENERAL MANAGER TO EXECUTE THE FINANCIAL ASSISTANCE APPLICATIONS AND AGREEMENTS WITH THE STATE WATER RESOURCES CONTROL BOARD, FOR THE 2015 DROUGHT RELIEF RECYCLED WATER SUPPLY OPTIMIZATION PROGRAM, PHASE I PROJECT
(for full text, see Resolution Book)

- 2 Adopt Resolution No. 2015-9-3, pledging net revenues for the repayment of the State Revolving Fund (SRF) loan from the SWRCB for the Project,

RESOLUTION NO. 2015-9-3

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, DEDICATING CERTAIN REVENUES FOR THE REPAYMENT OF STATE REVOLVING FUND (SRF) FINANCING FROM THE STATE WATER RESOURCES CONTROL BOARD FOR THE 2015 DROUGHT RELIEF RECYCLED WATER SUPPLY OPTIMIZATION PROGRAM, PHASE I PROJECT *(for full text, see Resolution Book)*

3. Adopt Resolution No 2015-9-4, establishing its intention to be reimbursed for expenditures related to the construction of the Project, and

RESOLUTION NO. 2015-9-4

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING ITS INTENTION TO BE REIMBURSED FOR EXPENDITURES RELATED TO THE CONSTRUCTION OF PUBLIC FACILITIES AND IMPROVEMENT RELATED TO THE 2015 DROUGHT RELIEF RECYCLED WATER SUPPLY OPTIMIZATION PROGRAM, PHASE I *(for full text, see Resolution Book)*

4. Authorize the General Manager to execute an MOU with the City of Ontario (City) that allows IEUA to apply for the SRF Loan/Grant for the City, and authorizing the IEUA to manage the funding for the City

3. INFORMATION ITEMS

A. MWD AND DROUGHT UPDATE

Executive Manager of Engineering/AGM Chris Berch provided an update on the CII Turf Removal applications. He reported that it's getting to a point where we're starting to see some of the turf rebates being paid under the original \$450 million that was set. There is a stand-by pool of approximately \$40 million of applications that were on hold pending consideration, when others drop out. He reported that people have not dropped yet, however, it is expected that it will happen shortly, and it is anticipated that all applications on the waiting list will be funded if the rules are followed. He reported from February 1, 2014 through August 31, 2015, 340 applications were submitted; 6,794,641 sq. ft. of turf was removed; and 90 sites were completed and paid.

B. ENGINEERING AND CONSTRUCTION MANAGEMENT MONTHLY UPDATE (POWERPOINT) (reordered from Information Item #3.I)

Acting Deputy Manager of Construction Management John Scherck gave a PowerPoint presentation on the Engineering and Construction Management Project Updates. He gave an overview of the Wineville Recycled Water Pipeline Extension Segment B – 95% complete, SCADA Enterprise System CCWRF - 48% complete, New Water Quality Laboratory Project – 50% lab design complete; and Agency-wide HVAC Improvements, Package No. 3 – new project. He also provided a list of 7 minor construction projects, and 25 emergency projects for the 2014/15 fiscal year.

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

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

D. PUBLIC OUTREACH AND COMMUNICATION (WRITTEN)

E. LEGISLATIVE REPORT FROM INNOVATIVE FEDERAL STRATEGIES (WRITTEN)

F. LEGISLATIVE REPORT FROM AGRICULTURAL RESOURCES (WRITTEN)

G. LEGISLATIVE REPORT FROM WEST COAST ADVISORS (WRITTEN)

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

I. STATE LEGISLATION TRACKING (WRITTEN)

J. ENGINEERING AND CONSTRUCTION MANAGEMENT PROGRAM MANAGEMENT PLAN (WRITTEN)

K. FOLLOW-UP AUDIT REPORT OF OUTSTANDING RECOMMENDATIONS INTERCOMPANY RECEIVABLES (WRITTEN)

L. REGIONAL CONTRACT REVIEW - INTERIM AUDIT REPORT FOR THE CITY OF ONTARIO (WRITTEN)

M. EXTERNAL FINANCIAL AND SINGLE AUDIT SERVICES REQUEST FOR PROPOSAL PROCESS AND AUDIT COMMITTEE FINANCIAL ADVISOR CONTRACT EXTENSION (WRITTEN)

N. INTERNAL AUDIT (IA) DEPARTMENT STATUS REPORT FOR SEPTEMBER 2015

4. AGENCY REPRESENTATIVES' REPORTS

A. SAWPA REPORT

President Catlin stated that Director Hall attended the meeting as his alternate, as he was unable to attend the SAWPA meeting. President Catlin reported that one of the big items that was approved by the Commission, was having SAWPA employees take on the share of their portion of PERS.

B. MWD REPORT

Director Camacho mentioned that he was unable to attend the MWD meetings due to Agency business.

General Manager Joseph Grindstaff reported MWD has circulated at staff level, which they will be presenting before the Board, an information item that includes MWD taking on responsibility for recycling from the Los Angeles County Sanitation District plant. The goal will be that they recycle everything at the Carson plant, similar to the groundwater replenishment system. They would RO all the effluent and bring it back upstream. He stated that under their Phase III Plan they would bring approximately 30,000 a/f per year to the Chino Basin, which would help the Agency meet the TDS requirements, and it would be a reliable supply of water.

C. REGIONAL SEWERAGE PROGRAM POLICY COMMITTEE REPORT

Meeting was cancelled for September 3.

D. CHINO BASIN WATERMASTER REPORT

Director Elie reported that the settlement documents are close to final. He stated that there was a hearing approximately a month ago, where the City of Chino tried to get the Judge to make a ruling and the Judge declined. There should be a report submitted to the Board to approve the documents agreed upon by the parties and put through the pool process, and once the documents are approved by the Watermaster Board, there will be an opportunity to object. Director Elie said that yesterday, the City of Chino also served most of the Watermaster family, with the exception of the municipals, with requests for admission.

5. GENERAL MANAGER'S REPORT

General Manager P. Joseph Grindstaff mentioned that the Agency has a dispute with SAP since July. During an SAP system audit, it was discovered that the Agency was out of compliance with one of the reporting solutions. He stated that SAP has provided some proposed solutions to the problem, however, the proposed solutions would require spending additional funds not budgeted. The Agency is proposing taking the funds out of the GM Contingency account. SAP is insisting that this issue be resolved by the end of the month, or the proposed solution offers will be off the table. Mr. Grindstaff advised the Board that he may have to use emergency authority to approve approximately \$135,000 contract with SAP. He will bring this item back to the Board for ratification.

Director Hall entered the meeting room at 10:30 a.m.

6. BOARD OF DIRECTORS' REQUESTED FUTURE AGENDA ITEMS

The Board had no requested future agenda items.

7. BOARD OF DIRECTORS' COMMENTS

There were no additional comments from the Board of Directors.

8. CLOSED SESSION

The Board went into Closed Session at 10.31 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) Martin vs IEUA, Case No. CIVRS 1000767; (3) Sheilds vs IEUA, Case No CIVRS 1301638; (4) Mwembu vs IEUA Case No CIVDS 1415762, B. PURSUANT TO GOVERNMENT CODE SECTION 54956 8 – CONFERENCE WITH REAL PROPERTY NEGOTIATOR. (1) Property Water and Pipeline Capacity/Cadiz, Negotiating Parties. General Counsel Jean Cihigoyenetché; (2) Supplemental Water Transfer/Purchase, Negotiating Party General Manager P Joseph Grindstaff; C PURSUANT TO GOVERNMENT CODE SECTION 54956.9 – CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION TWO (2) Cases, D. PURSUANT TO GOVERNMENT CODE SECTION 54957 – PERSONNEL MATTERS. (1) Various Positions – Compensation Study, (2) Various Positions

The meeting resumed at 11 35 a.m. and General Counsel Jean Cihigoyenetché stated that the below-mentioned matters were discussed in Closed Session, and the Board took the following actions:

Regarding Conference with Legal Counsel – Existing Litigation

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

Martin vs. IEUA, Case No CIVRS 1000767

Sheilds vs. IEUA, Case No CIVRS 1301638

Mwembu vs. IEUA, Case No. CIVDS 1415762

The Board took no reportable action.

Regarding Conference with Real Property Negotiator:

Property Water and Pipeline Capacity/Cadiz

Supplemental Water Transfer/Purchase

The Board took no reportable action

Regarding Conference with Legal Counsel – Anticipated Litigation.

The first case of (2) Cases

The Board took no reportable action

Regarding Conference with Legal Counsel – Anticipated Litigation.

The second case of (2) Cases

The Board did not discuss.

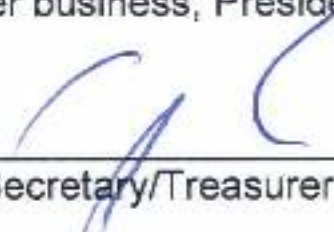
Regarding Personnel Matters:

Various Positions – Compensation Study

Various Positions

The Board took no reportable action.

With no further business, President Catlin adjourned the meeting at 11:36 a.m.



Steven J. Elie, Secretary/Treasurer

APPROVED: OCTOBER 14, 2015