



Regional Sewerage Program Policy Committee Meeting

**Thursday, December 3, 2020
3:30 p.m.
Teleconference Call**

PURSUANT TO THE PROVISIONS OF EXECUTIVE ORDER N-25-20 ISSUED BY GOVERNOR GAVIN NEWSOM ON MARCH 12, 2020, AND EXECUTIVE ORDER N-29-20 ISSUED BY GOVERNOR GAVIN NEWSOM ON MARCH 17, 2020 ANY COMMITTEE MEMBER MAY CALL INTO THE COMMITTEE MEETING WITHOUT OTHERWISE COMPLYING WITH ALL BROWN ACT'S TELECONFERENCE REQUIREMENTS.

In effort to prevent the spread of COVID-19, the Regional Sewerage Program Policy Committee Meeting will be held remotely by teleconference

Teleconference: 1-415-856-9169/Conference ID: 552 973 583#

This meeting is being conducted virtually by video and audio conferencing. There will be no public location available to attend the meeting; however, the public may participate and provide public comment during the meeting by calling into the number provided above. Alternatively, you may email your public comments to the Recording Secretary Sally H. Lee at shlee@ieua.org no later than 24 hours prior to the scheduled meeting time. Your comments will then be read into the record during the meeting.

Call to Order/Flag Salute

Roll Call

Public Comment

Members of the public may address the Committee on any item that is within the jurisdiction of the Committee; however, no action may be taken on any item not appearing on the agenda unless the action is otherwise authorized by Subdivision (b) of Section 54954.2 of the Government Code. Comments will be limited to three minutes per speaker.

Additions/Deletions to the Agenda

In accordance with Section 54954.2 of the Government Code (Brown Act), additions to the agenda require two-thirds vote of the legislative body, or, if less than two-thirds of the members are present, a unanimous vote of those members present, that there is a need to take immediate action and that the need for action came to the attention of the local agency subsequent to the agenda being posted.

1. Technical Committee Report

The November 26, 2020 Technical Committee Meeting was cancelled due to the Thanksgiving Holiday. The next Special Technical Committee meeting is scheduled for December 7, 2020.

2. Action Item

A. Meeting Minutes for November 5, 2020

3. Informational Items

A. Regional Contract Negotiations Update (Oral)
B. Debt Overview

4. Receive and File

A. Building Activity Report
B. Recycled Water Distribution – Operations Summary

5. Other Business

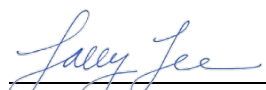
A. IEUA General Manager's Update
B. Committee Member Requested Agenda Items for Next Meeting
C. Committee Member Comments
D. Next Meeting – January 7, 2020

6. Adjournment

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Recording Secretary (909) 993-1926, 48 hours prior to the scheduled meeting so that the Agency can make reasonable arrangements.

DECLARATION OF POSTING

I, Sally H. Lee, Executive Assistant of the Inland Empire Utilities Agency, A Municipal Water District, hereby certify that a copy of this agenda has been posted to the IEUA Website at www.ieua.org and posted in the foyer at the Agency's main office at 6075 Kimball Avenue, Building A, Chino, CA, on Wednesday, November 25, 2020.


Sally H. Lee

ACTION ITEM

2A



Regional Sewerage Program Policy Committee Meeting

MINUTES OF NOVEMBER 5, 2020 MEETING

CALL TO ORDER

A meeting of the Inland Empire Utilities Agency (IEUA)/Regional Sewerage Program Policy Committee was held via teleconference on Thursday, November 5, 2020. Chairwoman Debbie Stone, City of Upland, called the meeting to order at 3:30 p.m.

PLEDGE OF ALLEGIANCE

Randall Reed/Cucamonga Valley Water District (CVWD) led those present via teleconference in the Pledge of Allegiance. Recording Secretary Sally Lee took roll call and established a quorum was present.

ATTENDANCE via Teleconference

Committee Members:

Randall Reed	CVWD
Eunice Ulloa	City of Chino
Peter Rogers	City of Chino Hills
Kati Parker	IEUA
Tenice Johnson	City of Montclair
Debra Dorst-Porada	City of Ontario
Debbie Stone	City of Upland

Committee Members Absent:

Jesse Armendarez	City of Fontana
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Others Present:

John Bosler	CVWD
Eduardo Espinoza	CVWD
Dave Crosley	City of Chino
Noel Castillo	City of Montclair
Courtney Jones	City of Ontario
Christopher Quach	City of Ontario
Nicole deMoet	City of Upland
Steve Nix	City of Upland

Others Present (continued):

Terra Alpaugh	Kearns & West
Michael Harty	Kearns & West
Jason Cary	Unknown
Scott Connor	Unknown
Jesus DeKharlo	Unknown
David Schwarmer II	Unknown
Kathy Besser	IEUA
Christiana Daisy	IEUA
Shivaji Deshmukh	IEUA
Christina Valencia	IEUA
Jerry Burke	IEUA
Andy Campbell	IEUA
Javier Chagoyen-Lazaro	IEUA
Denise Garzaro	IEUA
Sally H. Lee	IEUA
Sylvie Lee	IEUA
Cathleen Pieroni	IEUA
Craig Proctor	IEUA
Scott Oakden	IEUA
Jeanina Romero	IEUA
Ken Tam	IEUA
Teresa Velarde	IEUA

PUBLIC COMMENTS

There were no public comments.

ADDITIONS/CHANGES TO THE AGENDA

There were no additions or changes to the agenda.

1. TECHNICAL COMMITTEE REPORT

Nicole deMoet/City of Upland stated that the last Technical Committee meeting was held on October 29. There were two action items approved: 1. Meeting Minutes for September 24, 2020, and 2. Request from the City of Ontario for a Regional Connection Point to the Kimball Interceptor. The Committee also heard a semi-annual update on the Groundwater Recharge/Recycled Water and Return to Sewer Pilot Study as informational items. She shared that the Committee also discussed scheduling conflicts for the next two Technical Committee meetings, which will fall on Thanksgiving Day and New Year's Eve, and determined that the November Technical Committee meeting will be cancelled and in its place, there will be a Special Technical Committee meeting in the beginning of December. She stated that Michael Harty from Kearns and West will be presenting the Regional Contract Negotiations Update under informational items today.

2. ACTION ITEMS

A. APPROVAL OF THE OCTOBER 1, 2020 POLICY COMMITTEE MEETING MINUTES

Motion: By Randall Reed/CVWD and seconded by Debra Dorst-Porada/City of Ontario to approve the meeting minutes of the October 1, 2020 Regional Policy Committee meeting.

Motion carried by roll call vote: Ayes: 6; Absent: 1; Noes: 0

With the following roll call vote:

Ayes:	Reed, Dorst-Porada, Ulloa, Rogers, Johnson, Stone
Noes:	None
Absent:	Armendarez
Abstain:	None

3. INFORMATIONAL ITEMS**A. REGIONAL CONTRACT NEGOTIATIONS UPDATE**

Michael Harty/Kearns & West gave an update on the Regional Contract Negotiations. He expounded on the progress, issues, and resources challenges throughout the process. He explained the negotiation topics that have been completed, currently underway, and outstanding topics. He presented the contract negotiation timeline, three options for the Sewerage Contract Negotiations and potential Policy Committee roles to support the contract negotiations. Debra Dorst-Porada/City of Ontario stated that Option C, to collectively decide to let the current contract expire in January 2023 and see what happens at that point is not a viable option for the City of Ontario. She stated that Option B is the more likely option. She stated that this contract has been negotiated since 2018 and she would not like to be negotiating until 2023. She requested that a June 2021 date be included as a deadline. She also stated that she would not like the Policy Committee to form any committees to fill any of the roles suggested by Kearns and West as staff are employed to fulfill these roles. She stated that she would like the General Manager to inform the Policy Committee members on a monthly basis on the progress of the Regional Contract Negotiations. She stated that in consideration of Ontario's residents, this item needs to be finished. Randall Reed/CVWD stated that he agrees with Committee Member Dorst-Porada. He stated that this process needs to be accelerated and it should not wait until 2021. He stated with close to a billion dollars of debt, the Committee has agreed to build a new sewer plant, and equivalent dwelling units (EDUs) are still being discussed. He stated that it's understanding the day-to-day cost of operations and future capital debt and not so much understanding flow rates. Items can be moved back and forth if industrial/commercial lows compared to residential lows needs to change are found. Eunice Ulloa/City of Chino stated she is aware that staff is working diligently on this matter, but she would also not like to see negotiations continue for another two years. She stated that deadlines will be helpful to speed up the process. General Manager Shivaji Deshmukh/IEUA stated that generally, staff agrees with the approach of Option B. He stated that staff is able to and will continue providing monthly updates on the Regional Contract Negotiations. He stated that the Regional Contract can be viewed for its technical aspects and the policy aspects. He stated that at a staff level, there has been success in looking at the technical portions such as flow and strength and how that impacts calculations that impact rates. General Manager Deshmukh stated the Agency is now at a point of higher-level policy issues such as governance, decision-making authority, and advisory committees. He stated that it would be prudent for the Policy Committee members to address those subjects. Staff cannot set those policies but can

provide recommendations. Budget and rates are also items that are set by the Policy level officials with recommendations from staff. He stated that from IEUA's perspective, staff endeavors to find new ways to look at new issues. Approximately eight months ago, a new meeting group was formed to solicit high-level input who have direct connection with policy makers. These meetings have been very productive and looked for ways to improve communication. The timeline of mid-2021 discussed by the Policy Committee is viable and staff will bring this item back and report on the progress as we move forward. Ms. Dorst-Porada stated that City Manager Scott Burton is communicating what the city council has directed him to communicate to IEUA. High level staff are aware of the policy level officials' direction and there is no need for another Committee to communicate direction.

B. RECYCLED WATER PROGRAM

Andy Campbell/IEUA gave a presentation of the Groundwater Recharge/Recycled Water Semi-Annual Update. Mr. Campbell gave an overview of the historical recycled water demand, recycled water recharge program, groundwater recharge annual history, groundwater recharge deliveries for the past 12 months, historical monthly highs for groundwater recharge deliveries, and the Agency's recycled water distribution for September 2020. Mr. Reed asked if the 400 milligrams/liter of TDS was an average for recharge water or flow of recycled water and State Water. Mr. Campbell stated that the 400 mg/L is the maximum benefit groundwater overall blend of the entire basin. Mr. Reed asked if the levels of TDS were typical for the three different water sources. Mr. Campbell stated that recycled water is approximately 500 mg/L with slight fluctuations, storm water varies as pure rainwater can be 100 mg/L up to 250 mg/L, and State Water Project water is generally in the 250 mg/L range.

4. RECEIVE AND FILE

A. ANNUAL REPORTS – BUILDING ACTIVITY, RECYCLED WATER & ENERGY

The Annual Reports – Building Activity, Recycled Water, and Energy were received and filed by the Committee.

B. RECYCLED WATER DISTRIBUTION – OPERATIONS SUMMARY

The Recycled Water Distribution – Operations Summary for September 2020 was received and filed by the Committee.

5. OTHER BUSINESS

A. IEUA GENERAL MANAGER'S UPDATE

General Manager Deshmukh/IEUA stated that a meeting of the Finance Directors for respective member agencies was held on November 4. Key topics for this meeting included an update on the RP-5 Expansion Project, the recently completed financing transactions, the proposed timeline for the 2022 Rate Study and key takeaways from the General Managers' Retreat held on October 26. The Agency plans to host these meetings on a quarterly basis to provide Finance Directors an opportunity to share highlights, opportunities, and challenges from their respective agencies. He also stated that CVWD has responded to the Groundwater Recharge (GWR) notice of availability that was sent to member agencies. CVWD has requested the maximum GWR available to them, which in this case will be approximately 1,500 acre feet (AF) from City of Chino's full GWR share for the currently fiscal year and approximately 1,500 AF from City of Ontario's first and second quarter GWR share, approximately 3,000 AF total. As CVWD has been the only agency to respond, and they are expected to have approximately 8,000

AF of excess base entitlement, the Agency expects the full amount of available GWR to go to them. Lastly, the November Technical Committee meeting falls on Thanksgiving Day and the December Technical Committee meeting falls on New Year's Eve. At the last Technical Committee meeting, it was suggested to schedule a Special Technical Committee meeting at the beginning of December as a bridge for these two meetings. Currently, a Special Technical Committee meeting is scheduled for December 7 at 10:30 a.m. This is being brought to the Policy Committee Chair and members for direction to see if they would like to hold a Special Policy meeting following the Special Technical Committee meeting or cancel the next regularly scheduled meeting on December 3 and resume meeting on January 7. As always, staff will always alert the Chair if any urgent matters come up. An item staff would like to bring to the Policy Committee members at the next meeting is the Agency's debt program. There have been a couple comments and staff would like to ensure to provide updated information to the Committee. Ms. Dorst-Porada requested to keep the regularly scheduled Policy Committee meetings.

B. COMMITTEE MEMBER REQUESTED AGENDA ITEMS FOR NEXT MEETING

There were no Committee Member requests for agenda items for the next meeting.

COMMITTEE MEMBER COMMENTS

Ms. Dorst-Porada stated that one of the points on the Regional Contract Negotiations presentation is to "respect confidentiality." She asked for this point to be explained. General Manager Deshmukh stated that one of the approaches taken in negotiation and discussion is there are many forums for open ideas. Some of these ideas that may not surface to the term sheet or be included in the agreements should be respected; it is to facilitate a more collaborative environment at the workshops. Ms. deMoet stated this slide was provided by Michael Harty to describe his thoughts of his role when providing this update. These were his intentions and goals for this presentation to respect the confidentiality of IEUA's perspective, the perspectives of each of the contracting agencies, and any individual conversations taken place with the facilitator. Ms. Dorst-Porada stated that she would hope that all contracting agencies would enjoy different perspectives and ways of coming to a healthy agreement. Mr. Deshmukh stated that the Kearns & West contract includes direct meetings with each of the contract agencies and IEUA. He agrees with the Committee member's perspective on trying to be transparent and open.

C. NEXT MEETING – DECEMBER 3, 2020

6. ADJOURNMENT

Chair Stone adjourned the meeting at 4:20 p.m.

Transcribed by:

Sally H. Lee, Executive Assistant

**INFORMATION
ITEM**

3B

Debt Overview



How is Debt Used?

Agency's Debt Policy

- Finance acquisitions, expansion and improvement of facilities and infrastructure
- Repay existing obligations

Why to use Debt?

Types of Debt

Long term

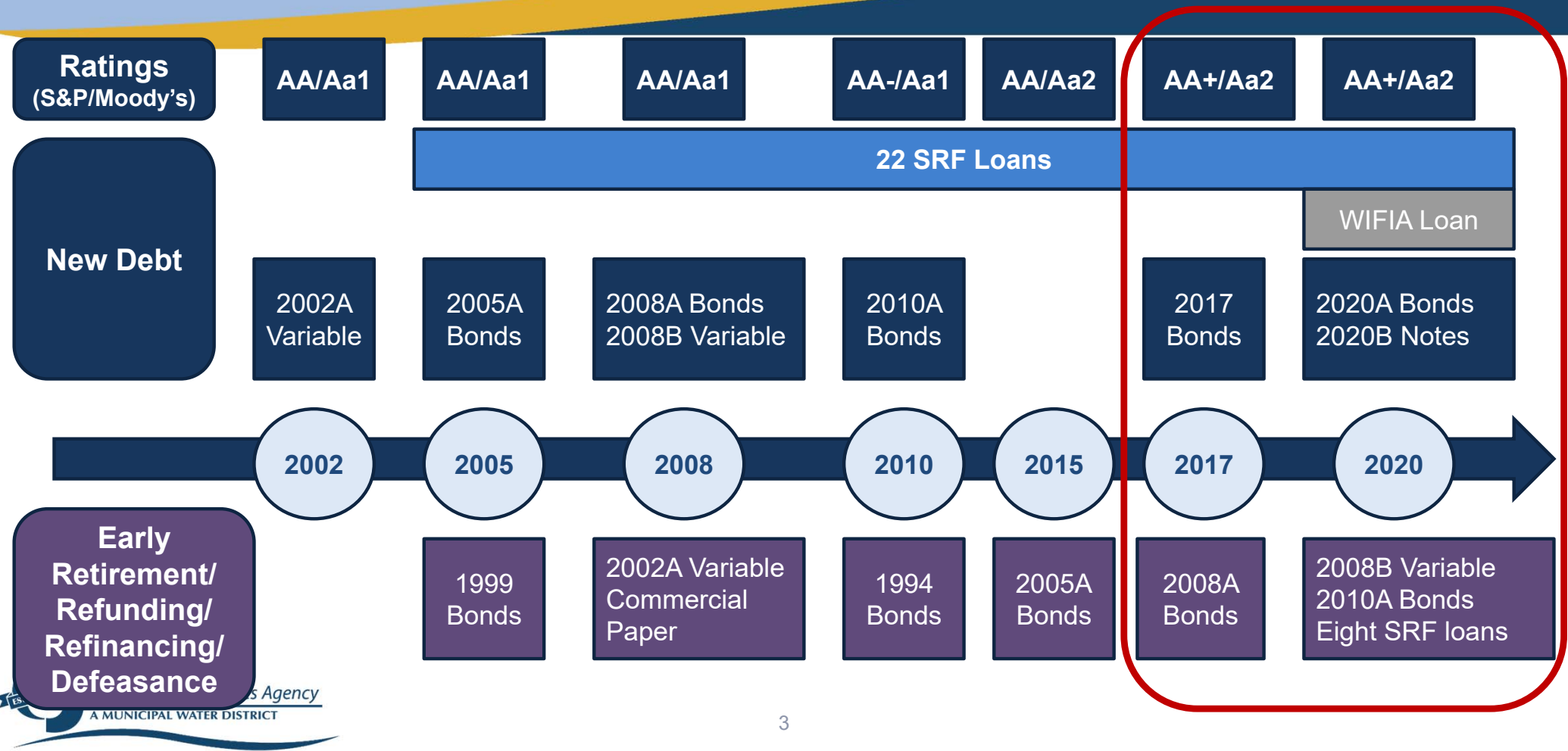
- Public Bonds
- State Revolving Fund Loans
- WIFIA* Loans

Short term

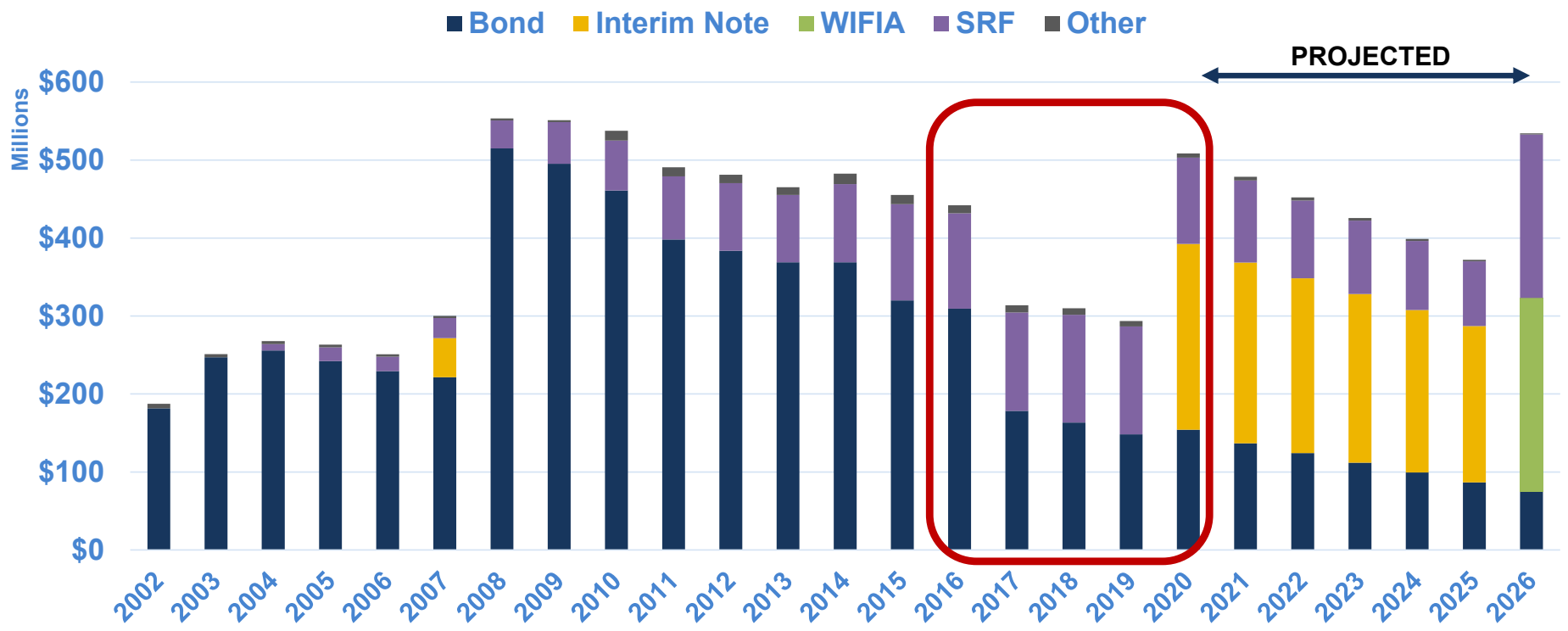
- Commercial Paper
- Public Revenue Notes

*Water Infrastructure Finance and Innovation Act

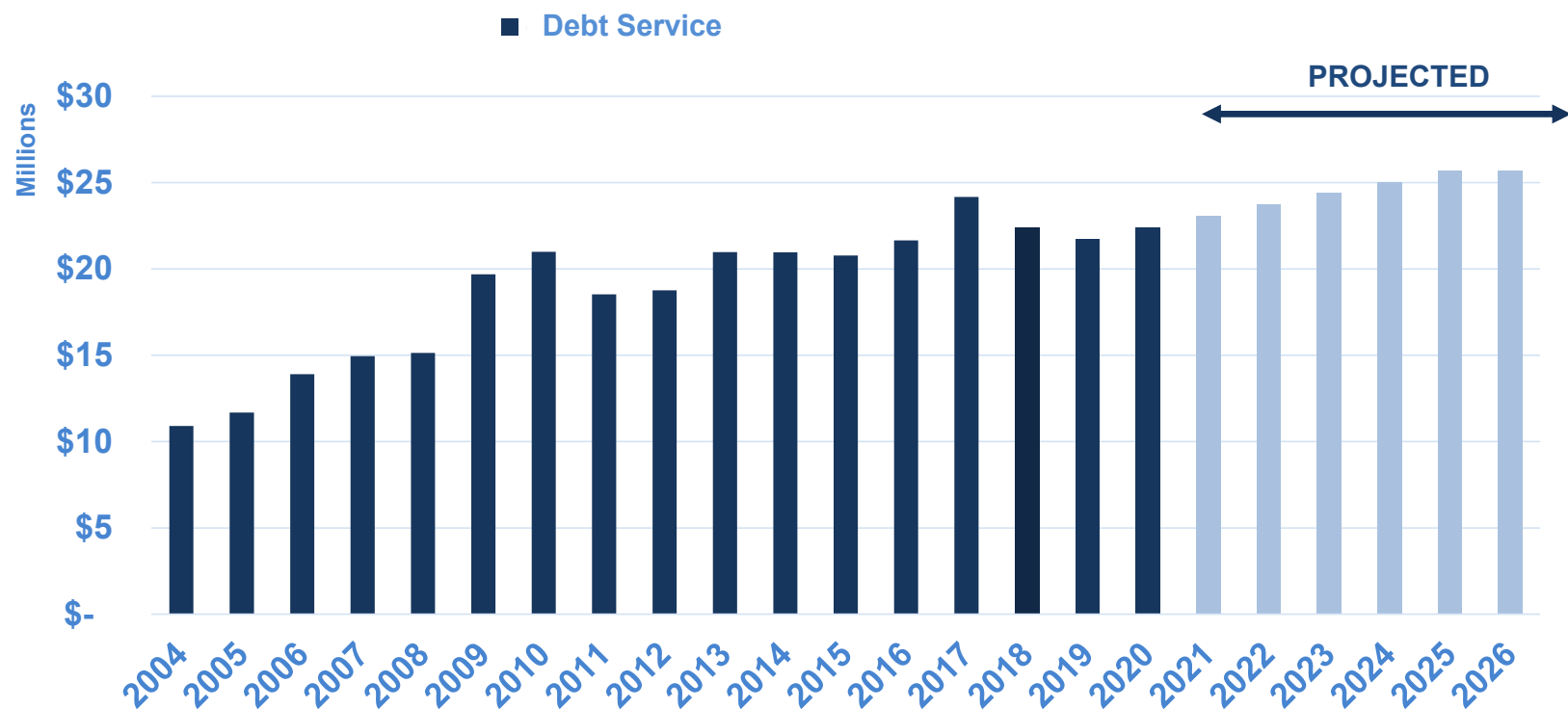
Debt Management Highlights



Outstanding Debt Trend



Evolution of Debt Service and Debt Coverage Ratio

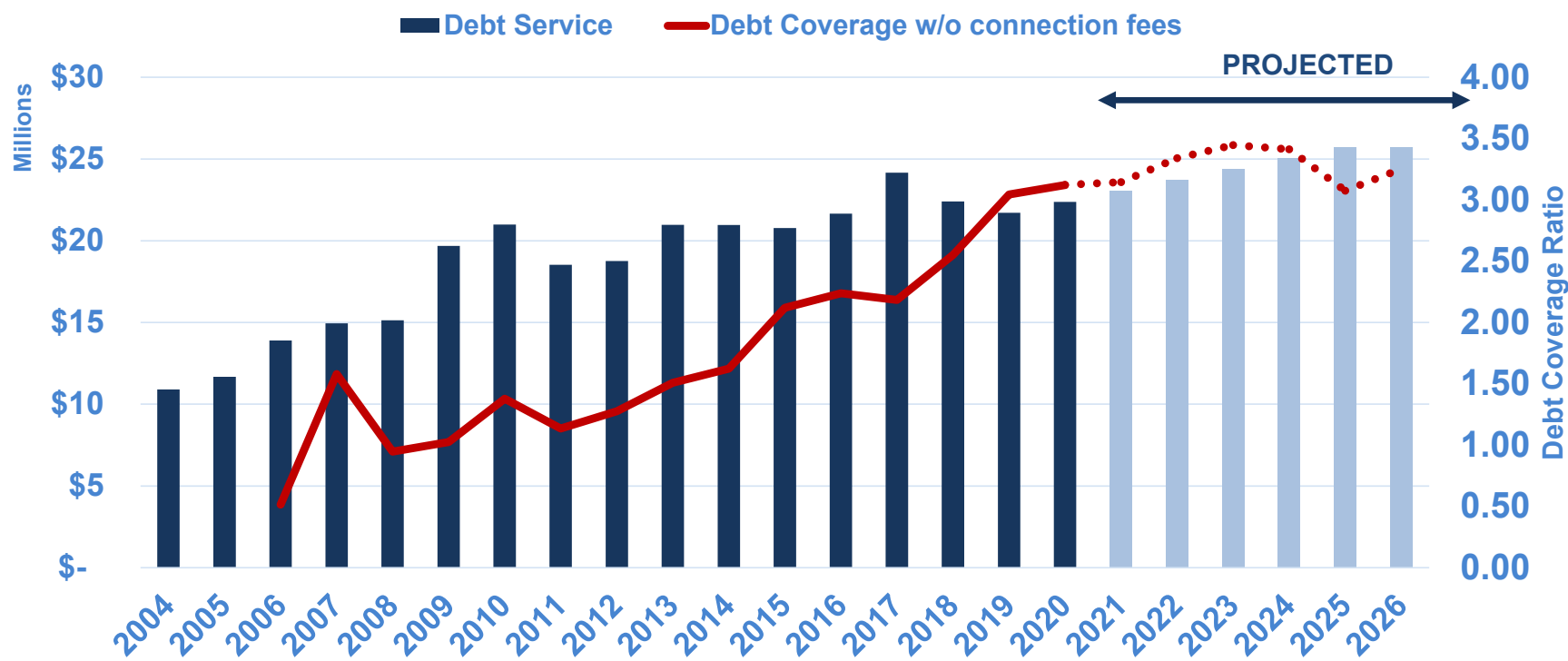


Debt Coverage Ratio

$$\frac{\text{Annual Revenues} - \text{Annual Operating Expenses}}{\text{Net Operating Revenue}}$$

$$\frac{\text{Net Operating Revenue}}{\text{Annual Debt Service}} = \text{Annual Debt Coverage Ratio}$$

Evolution of Debt Service and Debt Coverage Ratio





Questions?

**RECEIVE AND
FILE**

4A

Building Activity Report - YTD Fiscal Year 2020/21



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

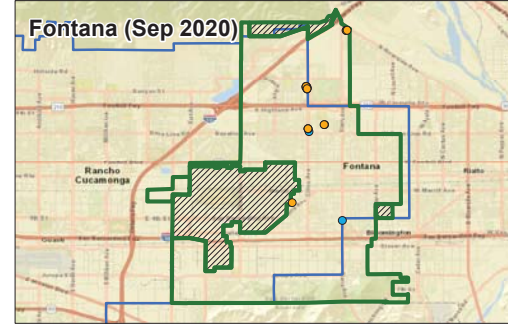
HALF MILE GRID: TOTAL EDU's (YTD)



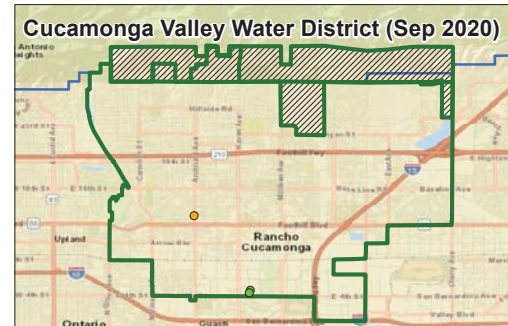
TOTAL EDU BY WASTEWATER CONNECTION TYPE (YTD)

Contracting Agency	YTD Actual			Projected	
	Commercial (EDUs)	Industrial (EDUs)	Residential (EDUs)	Total (EDUs)	Total (EDUs)
Chino	11	0	107	118	430
Chino Hills	12	0	27	39	182
CVWD	12	27	1	40	1650
Fontana	15	4	250	269	2406
Montclair	7	0	0	7	407
Ontario	31	-3	212	241	3865
Upland	15	0	0	15	381
Total	104	28	597	729	9321

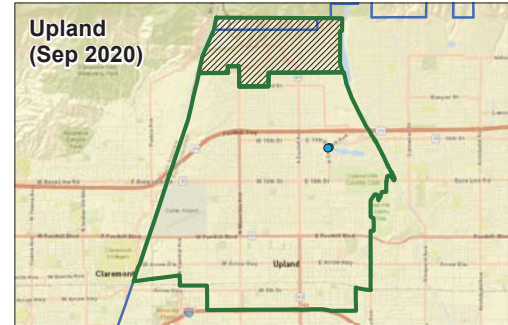
Fontana (Sep 2020)



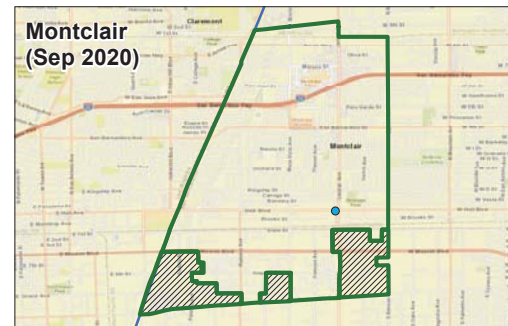
Cucamonga Valley Water District (Sep 2020)



Upland (Sep 2020)



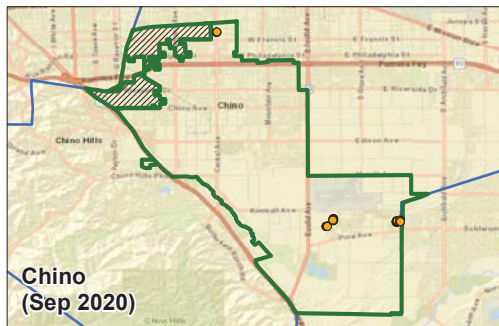
Montclair (Sep 2020)



Chino Hills (Sep 2020)



Chino (Sep 2020)



Ontario (Sep 2020)



RECEIVE AND
FILE

4B

IEUA RECYCLED WATER DISTRIBUTION – OCTOBER 2020

TOTAL ALL PLANTS

Influent: 51.1 MGD
 Delivered: 39.8 MGD
 Percent Delivered: 78%

Preliminary Deliveries

RW GWR: 21.4 MGD
 RW Direct Use: 18.4 MGD

RP-4

Delivered: 7.5 MGD

RP-1

Delivered: 20.8 MGD

CCWRF

Delivered: 5.6 MGD

RP-5

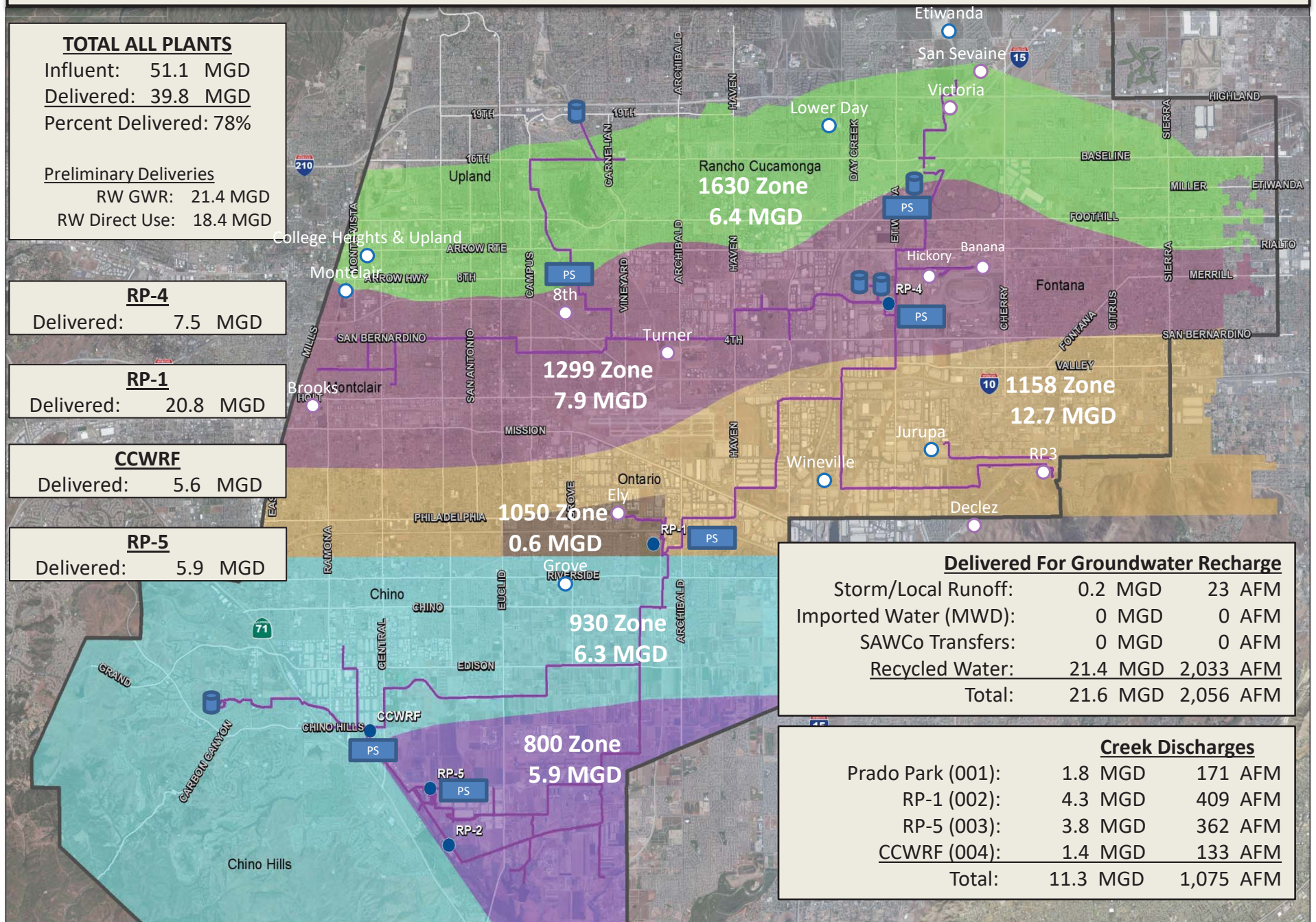
Delivered: 5.9 MGD

Delivered For Groundwater Recharge

Storm/Local Runoff:	0.2 MGD	23 AFM
Imported Water (MWD):	0 MGD	0 AFM
SAWCo Transfers:	0 MGD	0 AFM
Recycled Water:	21.4 MGD	2,033 AFM
Total:	21.6 MGD	2,056 AFM

Creek Discharges

Prado Park (001):	1.8 MGD	171 AFM
RP-1 (002):	4.3 MGD	409 AFM
RP-5 (003):	3.8 MGD	362 AFM
CCWRF (004):	1.4 MGD	133 AFM
Total:	11.3 MGD	1,075 AFM



Recycled Water Recharge Actuals - September 2020 (Acre-Feet)

Basin	9/1-9/5	9/6-9/12	9/13-9/19	9/20-9/26	9/27-9/30	Month Actual	FY To Date Actual	Deliveries are draft until reported as final.	
Ely	0.0	0.0	0.0	0.0	0.8	0.8	262		
Banana	0.0	0.0	0.0	0.0	0.0	0.0	0		
Hickory	21.2	10.6	25.7	12.2	15.3	85.0	218		
Turner 1 & 2	0.0	0.0	0.0	0.0	0.0	0.0	0		
Turner 3 & 4	0.0	0.0	0.0	0.0	0.0	0.0			
8th Street	17.0	20.3	11.3	54.8	37.2	140.6	453		
Brooks	17.5	27.6	39.4	26.6	20.1	131.2	414		
RP3	145.1	180.2	190.0	228.8	138.9	883.0	1686		
Declez	0.0	0.0	0.0	0.0	0.0	0.0	329		
Victoria	23.0	27.4	44.2	56.0	32.8	183.4	556		
San Sevaline	41.9	53.4	54.1	51.5	8.9	209.8	488		
Total	265.7	319.5	364.7	429.9	254.0	1,633.8	4,406	3,252	AF previous FY to day actual

