



## **Regional Sewerage Program Policy Committee Meeting**

**Thursday, April 1, 2021**

**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](mailto: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.

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### **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 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.

# Regional Sewerage Program Policy Committee Meeting Agenda

April 1, 2021

Page 2 of 2

## 1. Technical Committee Report (*Oral*)

## 2. Action Item

- A. Meeting Minutes for March 4, 2021

## 3. Informational Items

- A. Regional Contract Negotiations Update (*Oral*)
- B. Grants Department Semi-Annual Update
- C. FY 2021/22 - 2030/31 Ten Year Forecast (TYF)

## 4. Receive and File

- A. Building Activity Report
- B. Recycled Water Distribution – Operations Summary
- C. Regional Contract Negotiations Meeting Notes

## 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 – May 6, 2021

## 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](http://www.ieua.org) and posted at the Agency's main office at 6075 Kimball Avenue, Building A, Chino, CA, by Thursday, March 25, 2021.

  
Sally H. Lee

**ACTION ITEM**

**2A**



## **Regional Sewerage Program Policy Committee Meeting**

### **MINUTES OF MARCH 4, 2021 MEETING**

#### **CALL TO ORDER**

A meeting of the Inland Empire Utilities Agency (IEUA)/Regional Sewerage Program Policy Committee was held via teleconference on Thursday, March 4, 2021. Chair Bill Velto/City of Upland, called the meeting to order at 3:31 p.m.

#### **PLEDGE OF ALLEGIANCE**

Committee Member Peter Rogers/City of Chino Hills led the Pledge of Allegiance. Recording Secretary Sally Lee took roll call and established a quorum was present.

#### **ATTENDANCE via Teleconference**

##### **Committee Members:**

Jesse Sandoval	City of Fontana
Debra Dorst-Porada	City of Ontario
John Dutrey	City of Montclair
Randall Reed	CVWD
Peter Rogers	City of Chino Hills
Eunice Ulloa	City of Chino
Bill Velto	City of Upland
Jasmin A. Hall	IEUA

##### **Others Present:**

Dave Crosley	City of Chino
Amanda Coker	City of Chino
Keith Kramer	City of Fontana
Noel Castillo	City of Montclair
Scott Burton	City of Ontario
Courtney Jones	City of Ontario
Christopher Quach	City of Ontario
Nicole deMoet	City of Upland
Luis Cetina	CVWD
Eduardo Espinoza	CVWD

##### **Others Present (continued):**



Terra Alpaugh	Kearns & West
Michael Harty	Kearns & West
Scott Connor	Unknown
Kathy Besser	IEUA
Christiana Daisy	IEUA
Shivaji Deshmukh	IEUA
Randy Lee	IEUA
Christina Valencia	IEUA
Jerry Burke	IEUA
Javier Chagoyen-Lazaro	IEUA
Robert Delgado	IEUA
Denise Garzaro	IEUA
Don Hamlett	IEUA
Elizabeth Hurst	IEUA
Nolan King	IEUA
Sally H. Lee	IEUA
Sylvie Lee	IEUA
Jason Marseilles	IEUA
Cathleen Pieroni	IEUA
Jeanina Romero	IEUA
Ken Tam	IEUA
Teresa Velarde	IEUA
Jeff Ziegenbein	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 at the February 25, 2021 Technical Committee meeting there was one action item: the approval of the January 28, 2021 Technical Committee meeting minutes. IEUA presented the following four information items: Return to Sewer Study update, RP-5 Expansion Quarterly Project update, Operations Division Quarterly update, and Operations and Compliance update. She shared that Michael Harty/Kearns & West will be presenting the Regional Contract Negotiations Update.

#### **2. ACTION ITEMS**

##### **A. APPROVAL OF THE FEBRUARY 4, 2021 POLICY COMMITTEE MEETING MINUTES**

**Motion:** By Eunice Ulloa/City of Chino and seconded by Peter Rogers/City of Chino Hills to approve the meeting minutes of the February 4, 2021 Regional Policy Committee meeting.

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

With the following roll call vote:

Ayes: Ulloa, Rogers, Dutrey, Reed, Sandoval, Velto  
Noes: None  
Absent: Dorst-Porada  
Abstain: None

### **3. INFORMATIONAL ITEMS**

#### **A. REGIONAL CONTRACT NEGOTIATIONS UPDATE**

Michael Harty/Kearns & West gave an update on the Regional Contract Negotiations. He stated that IEUA and the member agencies have met several times since the last report. The meeting notes from the February 10 and 11 negotiation meetings have been included in the Policy meeting packet as requested.

*Committee Member Dorst-Porada joined the meeting at 3:36 p.m.*

Mr. Harty stated the group is in the process of working through governance sections of the current contract. The methodical process will be useful in future contract efforts. He stated that next week's meeting will cover the contract's table of contents and the review of the existing term sheet agreements. These negotiations are conducted with the goal to advise legal counsel on the sections and structure of the contract.

John Dutrey/City of Montclair asked if the Policy Committee members will be given the opportunity to discuss the governance portion of the Regional Contract. Mr. Harty stated that if the Policy Committee members are interested in having that discussion, representatives of the negotiation Committee will schedule time with the Policy members. He continued that at this time, there is no formal structure regarding governance negotiations. Mr. Dutrey stated that Policy Committee should be given the opportunity to provide input in the coming months. Debra Dorst-Porada/City of Ontario, Randall Reed/CVWD, and Jesse Sandoval/City of Fontana agreed that they would like the opportunity to comment at the April or May Policy Committee meeting.

#### **B. RP-5 EXPANSION QUARTERLY PROJECT UPDATE**

Jason Marseilles/IEUA provided the quarterly update of the RP-5 Expansion Project. He shared information on the project status, major activities since the start of construction, and presented a flyover video of the project.

Ms. Eunice Ulloa/City of Chino inquired about the dirt excavation for the project. Mr. Marseilles stated that during the first week, the dirt was taken to a housing development site in the southeast portion of the City of Chino. W.M. Lyles has the responsibility to remove and relocate the dirt off-site. Mr. Marseilles stated he will obtain further information and provide it to the Committee.

#### **C. OPERATIONS DIVISION QUARTERLY UPDATE**

Robert Delgado/IEUA provided the quarterly update of the Operations Division. He shared the Agency's incident rates versus industry rates, total recordable injuries, COVID-19 priorities and impacts to the Agency, the On-Board Diagnostic System for the Agency's fleet vehicles, the new

combo hydro-jet vacuum truck, and staff's preparation for the RP-5 Expansion Project. Don Hamlett/IEUA gave an update on cybersecurity at the Agency.

Mr. Randall Reed asked if the Homeland Security department still offers complimentary cybersecurity evaluations. Mr. Hamlett stated that they do continue to offer evaluations and the Agency has taken advantage of this service. Mr. Reed asked what the Agency considered a reportable injury. Mr. Delgado stated that a reportable injury according to OSHA guidelines is defined as any incident that requires first aid or a prescription given to the injured party or individual. Mr. Delgado stated that there is a more complex formula that considers other factors and he will provide that to the Committee.

Ms. Debra Dorst-Porada/City of Ontario asked what contributed to the reduced staffing levels as a result of COVID-19. Mr. Delgado stated that it was due to a variety of reasons such as the separation of shifts to follow COVID-19 distance protocols, the need for staff to quarantine due to close contact with an individual who tested positive for COVID-19, or the employee testing positive for COVID-19.

### **3. RECEIVE AND FILE**

#### **A. PROPERTY TAXES INLAND EMPIRE UTILITIES AGENCY RECEIVED FROM ITS CONTRACTING MEMBER AGENCIES**

The Property Taxes received by the Inland Empire Utilities Agency by Contracting Member Agencies item was received and filed by the Committee.

Mr. Reed asked if it was possible to find property tax allocation by GIS location rather than by cities. Christina Valencia/IEUA stated that the information is not provided by the county by GIS location so it would be challenging to provide that information. Staff has evaluated this matter in the past and was not able to successfully find that information as the boundaries are different for each service area. General conclusions on a ratio basis can be made by evaluating the assessed values by service area by cities.

Ms. Dorst-Porada asked for clarification on Table 2 and staff provided clarifying information.

Mr. Dutrey asked what the incremental tax receipts funds are used for. Ms. Valencia stated that the Agency treats the funds as property tax, where 65 percent of the total amount is designated to the regional capital improvement fund, and the other 35 percent is allocated amongst other programs.

#### **B. BUILDING ACTIVITY REPORT**

The Building Activity Report for December 2020 was received and filed by the Committee.

Discussion ensued regarding the disparity between projected total EDUs and actual total EDUs.

#### **C. RECYCLED WATER DISTRIBUTION – OPERATIONS SUMMARY**

The Recycled Water Distribution – Operations Summary for January 2021 was received and filed by the Committee.

#### **D. REGIONAL CONTRACT NEGOTIATION MEETING NOTES**

The Regional Contract Negotiation meeting notes were received and filed by the Committee.

#### **4. OTHER BUSINESS**

##### **A. IEUA GENERAL MANAGER'S UPDATE**

General Manager Shivaji Deshmukh/IEUA stated that the preparation of the Biennial Budget for fiscal years 2021/22 and 2022/23 is underway. At the first Board workshop on Wednesday, March 3, staff provided an overview of the proposed Ten-Year Capital Improvement Plan. The proposed capital projects for the Regional Wastewater and Recycled Water programs will be presented at the March 25 Regional Technical Committee meeting as part of the Ten-Year Forecast required under the Regional Sewage Service Contract.

He also stated that during the workshop on Wednesday, March 3, the IEUA Board was provided an update on the WSIP/CBP program. He provided clarification on the name of the program. Board discussion focused on the value of the program to the region and ensuring that stakeholder input is addressed and evaluated. A steering committee consisting of local agency general managers has been established to discuss concerns and share lessons learned throughout the process. A meeting of the committee is scheduled for March 8. Staff will continue to provide updates on the status of discussions at future Board meetings.

Ms. Dorst-Porada expressed frustration with the name change of the program.

General Manager Deshmukh stated on February 12, the State Water Board released an informal administrative draft for the re-issuance of the 2006 Sanitary Sewer System Waste Discharge Requirements (SSS WDR). The SSS WDR requires public agencies that own or operate sanitary sewer systems to develop and implement sewer system management plans and report all sanitary sewer overflows (SSOs) to the State.

In reviewing these new requirements, staff is concerned with the additional responsibility placed on sewer agencies. For example, it includes a new requirement for public agencies to submit a 20-year operational budget to the State Water Board. Staff will continue to monitor and provide feedback to the State Water Board.

He commented on the opportunity for collaboration between the agencies regarding cybersecurity. The Agency is fortunate to have Don Hamlett and a dedicated member of the Integrated Systems Services team to focus on cybersecurity. Since there is a shared concern of being targeted by cyber criminals, IEUA would like to invite others to share information and resources. He stated that he will share this with the Technical Committee members as well.

##### **B. COMMITTEE MEMBER REQUESTED AGENDA ITEMS FOR NEXT MEETING**

Mr. Reed requested more information on the existing co-generators and how they are currently being utilized and plan to be utilized in the future.

##### **C. COMMITTEE MEMBER COMMENTS**

Ms. Dorst-Porada stated that she listened to the March 3 IEUA Board Workshop Meeting and was disheartened when one of the IEUA Board members asked Policy members to be cognizant of their role. She stated that her role as a Policy member is to be aware of wastewater treatment facilities, operation costs, and recycled water issues, as they are important to her city. She

stated that she represents Ontario residents as rate payers. She stated that she hoped to work together as a team.

Jasmin A. Hall/IEUA stated that comments made by one Board member do not necessarily reflect the opinion of the entire Board.

**D. NEXT MEETING – APRIL 1, 2021**

**5. ADJOURNMENT**

Chair Velto adjourned the meeting at 4:29 p.m.

Transcribed by:

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Sally H. Lee, Executive Assistant

**INFORMATION  
ITEM**

**3B**

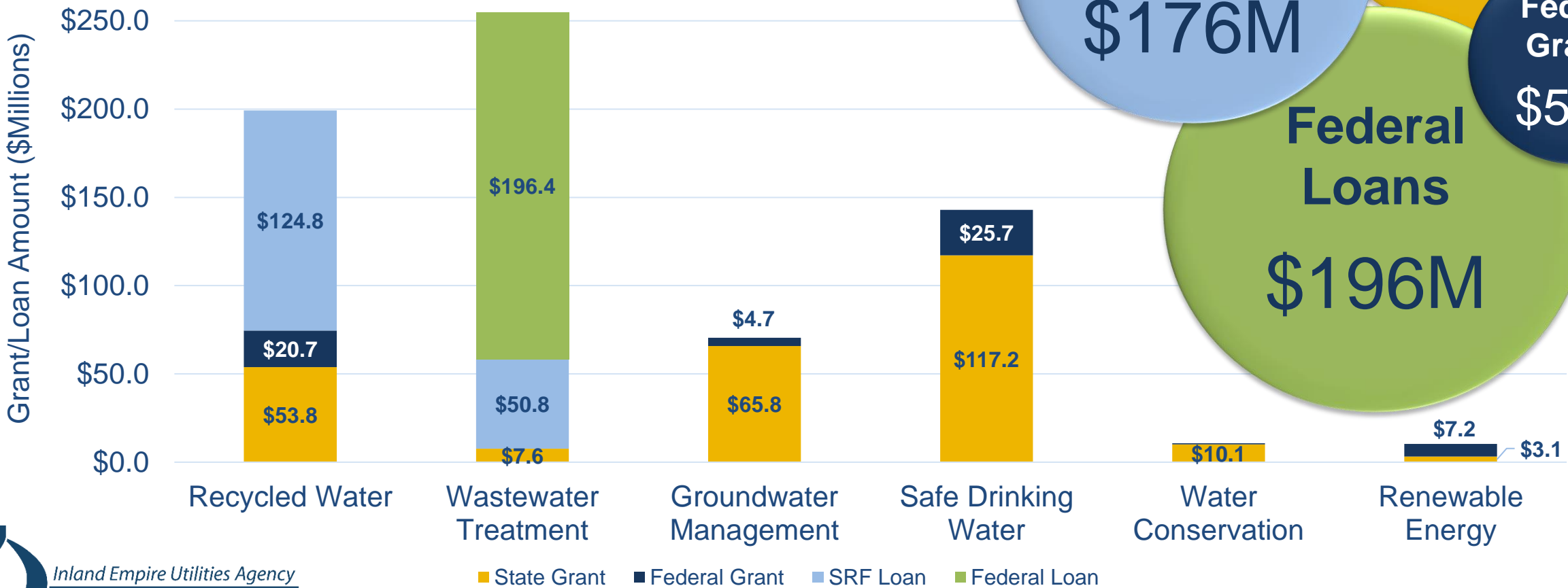
# Grants Department Semi-Annual Update



# Grant & Loan Funding Programs Overview

## 2000 – Present

**Total Grants + Loans = \$689M**



**State Loans**  
**\$176M**

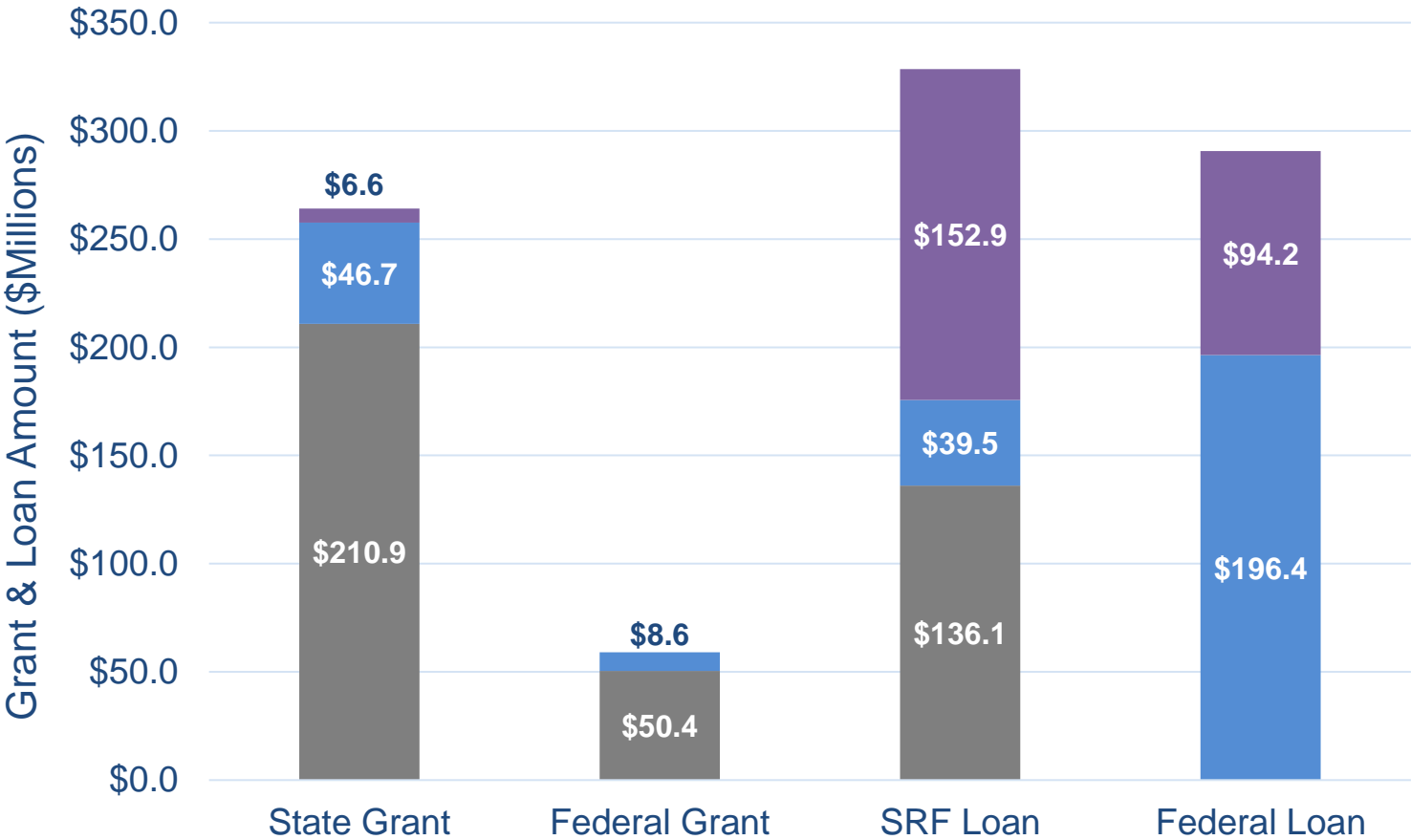
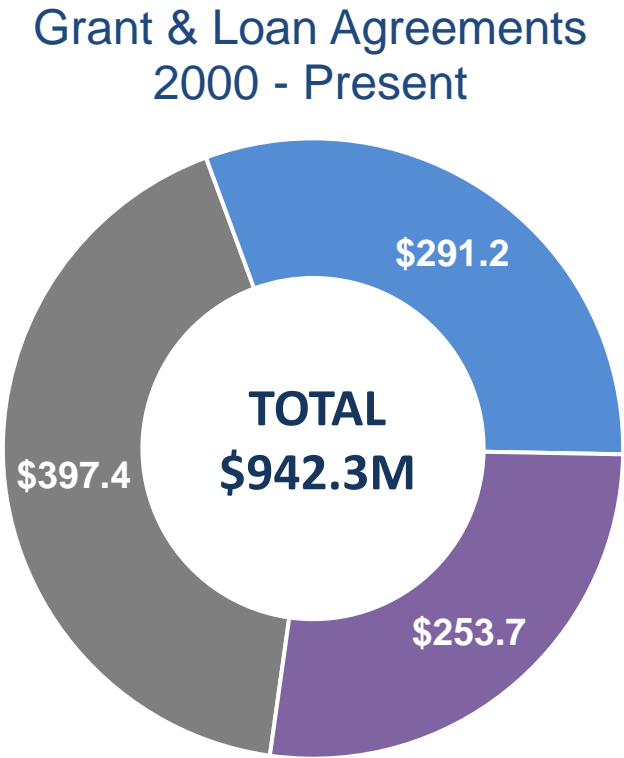
**State Grants**  
**\$258M**

**Federal Loans**  
**\$196M**

**Federal Grants**  
**\$59M**



# Grants and Loan Status



■ Completed Funding Agreements    ■ Open Funding Agreements    ■ Awarded, In Negotiation

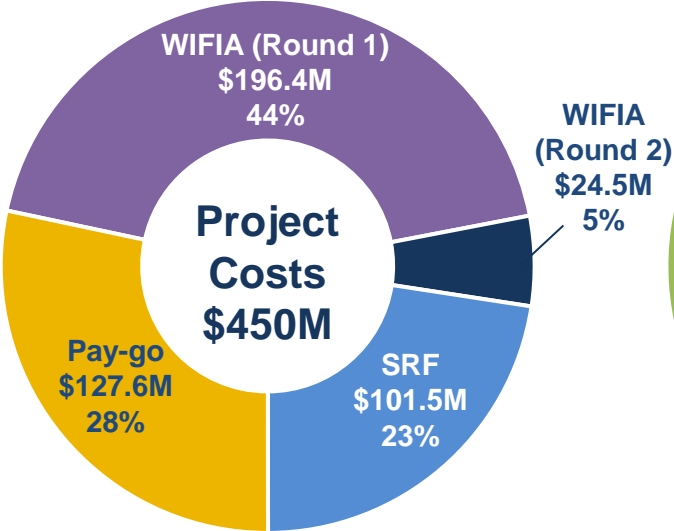
# WIFIA Funding



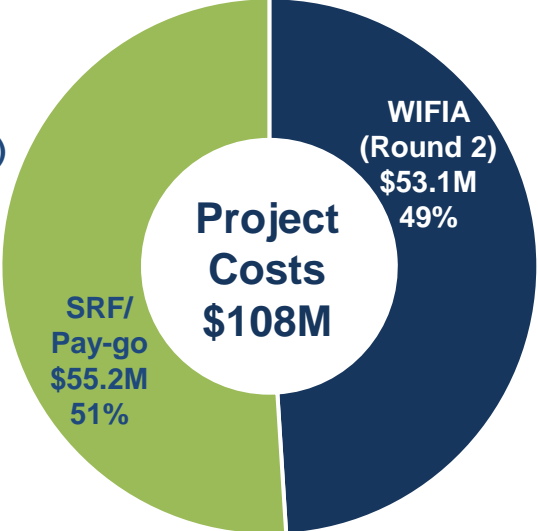
- Water Infrastructure Finance and Innovation Act
  - Low-interest loan program can fund up to 49% of project costs
  - 30-year repayment term, can be deferred up to 5 years after substantial completion
  - Minimum project cost of \$20 million
- Round 1 – IEUA executed \$196.4 million agreement with 1.36% interest rate in May 2020
- Round 2 – EPA selected IEUA's Letter of Interest (LOI) for Regional Wastewater System Improvements Program – \$94.2 million
  - One of 55 projects in 20 states selected to apply

# Regional Wastewater System Improvements Program

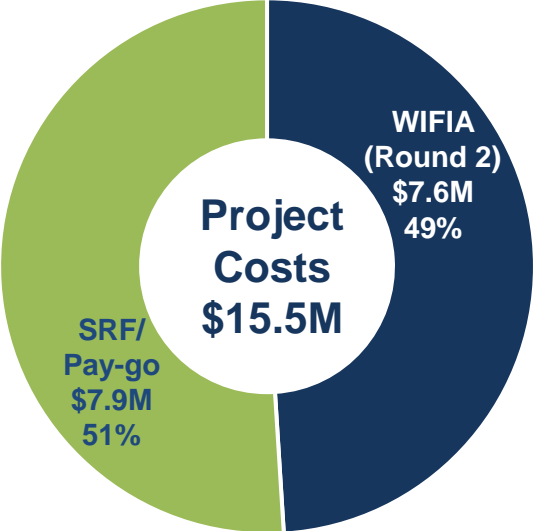
RP-5 Expansion



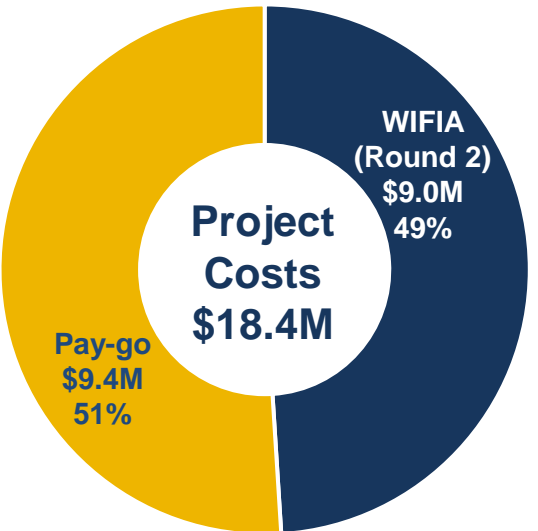
RP-1 Solids Thickening



CCWRF Process Improvements



Philadelphia Force Main Improvements



**Total project costs = \$592M**

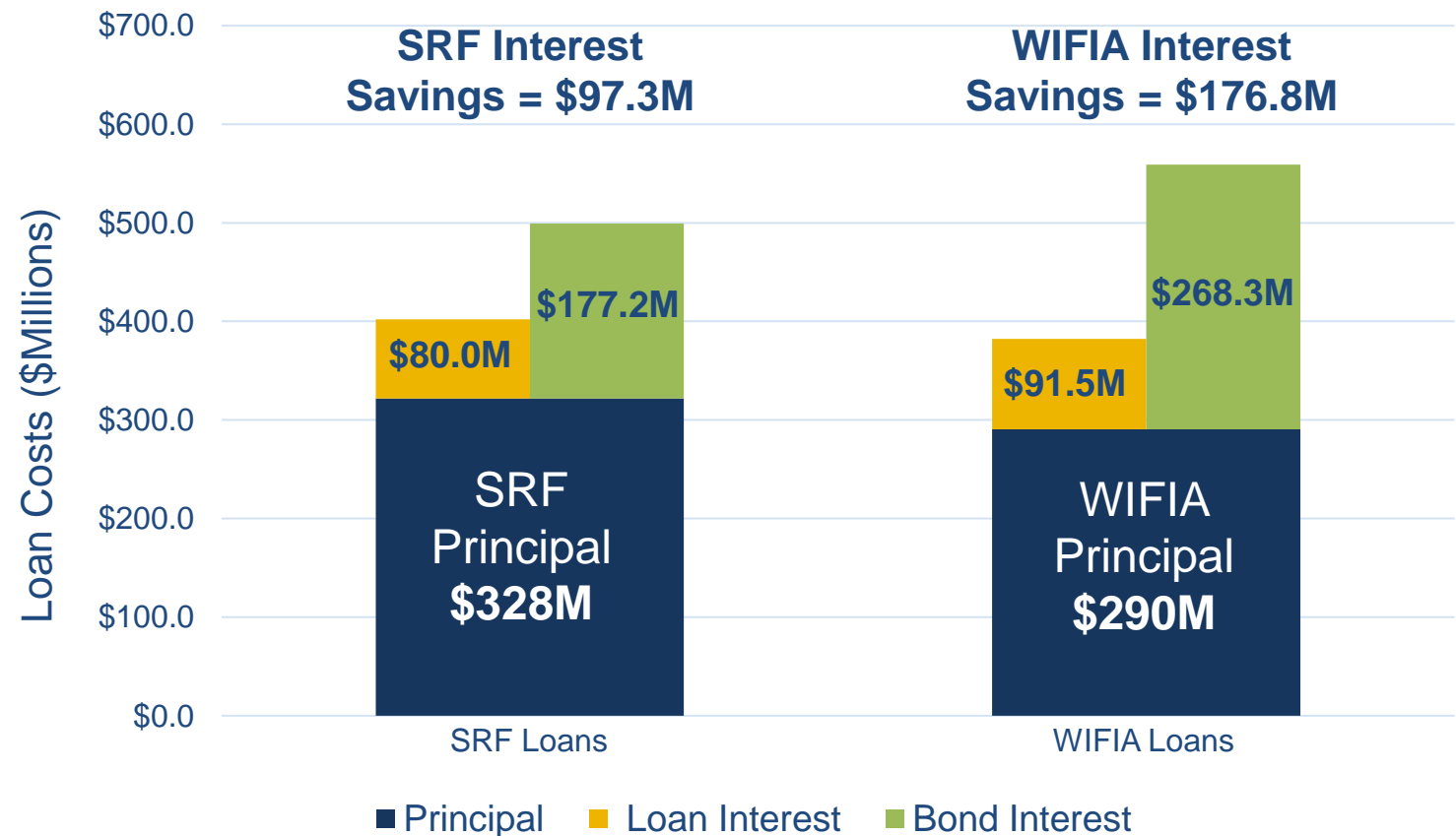
**WIFIA Funding**

**Round 1 = \$196M**  
**Round 2 = \$94M**  
**Total = \$290M**

# Low-Interest Loan Savings

- SRF Loan Terms
  - 50% of the State general obligation bond rate
  - Bond interest calculated at double the SRF rate
- EPA WIFIA Loan Terms
  - Round 1 – 1.36%
  - Round 2 estimated at 2.1%
  - Bond interest estimates based on market conditions

**Total Interest Savings = \$274M**



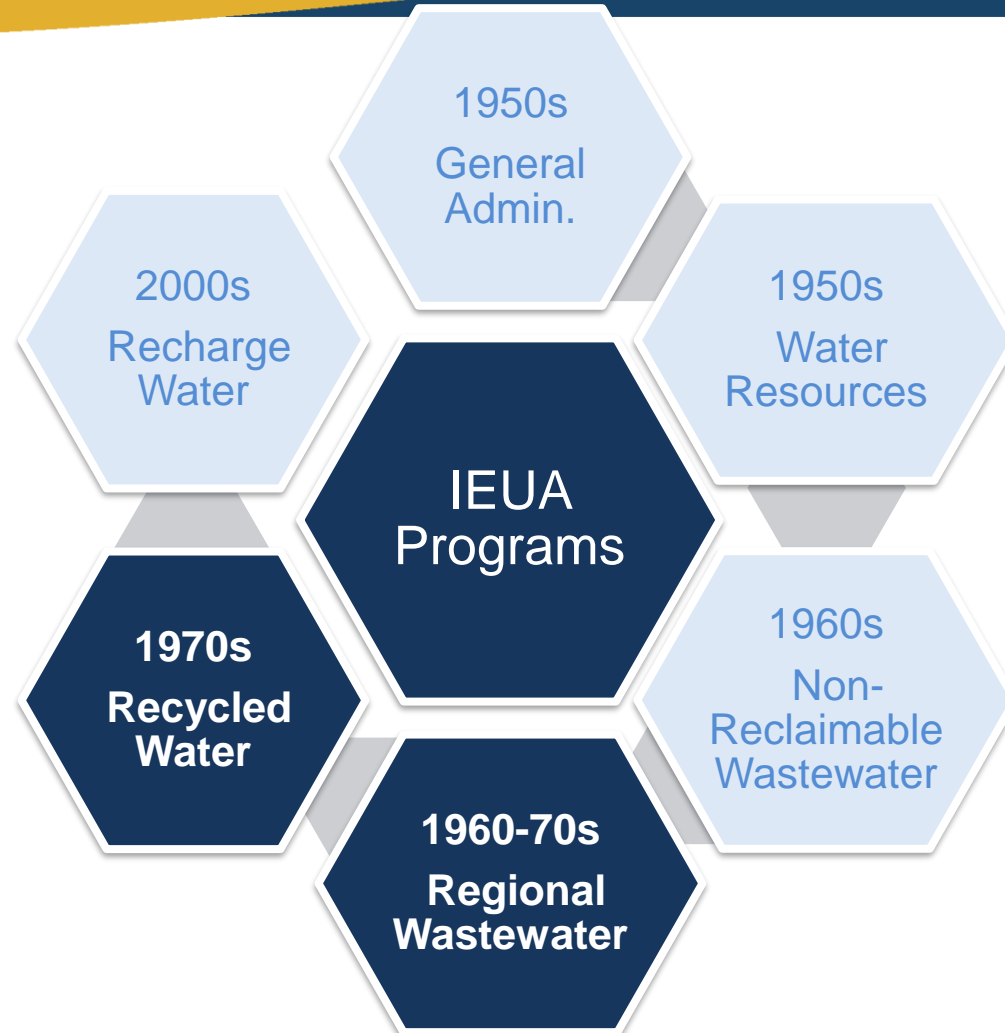
**INFORMATION  
ITEM**

**3C**

# FY 2021/22-2030/31 Ten Year Forecast (TYF)



# IEUA Programs



# Capital Improvement Projects Needed to Support

- Asset Management
  - Replacement & Rehabilitation
  - Increase Efficiency / Safety improvements
- Regulatory Compliance
  - Potential recycled water permit non-compliance for salinity limits
  - Pending new groundwater recharge water quality requirements
- Member Agency growth projections
  - Wastewater Treatment Plant Expansion
  - Facilities Improvement



# Asset Management



# Asset Management Capital Projects

Asset Management Projects (\$ Millions)	FYs 2022 – 2031 Proposed TYCIP
Asset Management Recycled Water	\$54
Asset Management Wastewater	\$51
SCADA Enterprise System	\$10
RP-1 Secondary System Rehabilitation	\$8
RP-4 Process Improvements Phase II	\$8
All other projects (54)	\$72
<b>Total</b>	<b>\$203</b>

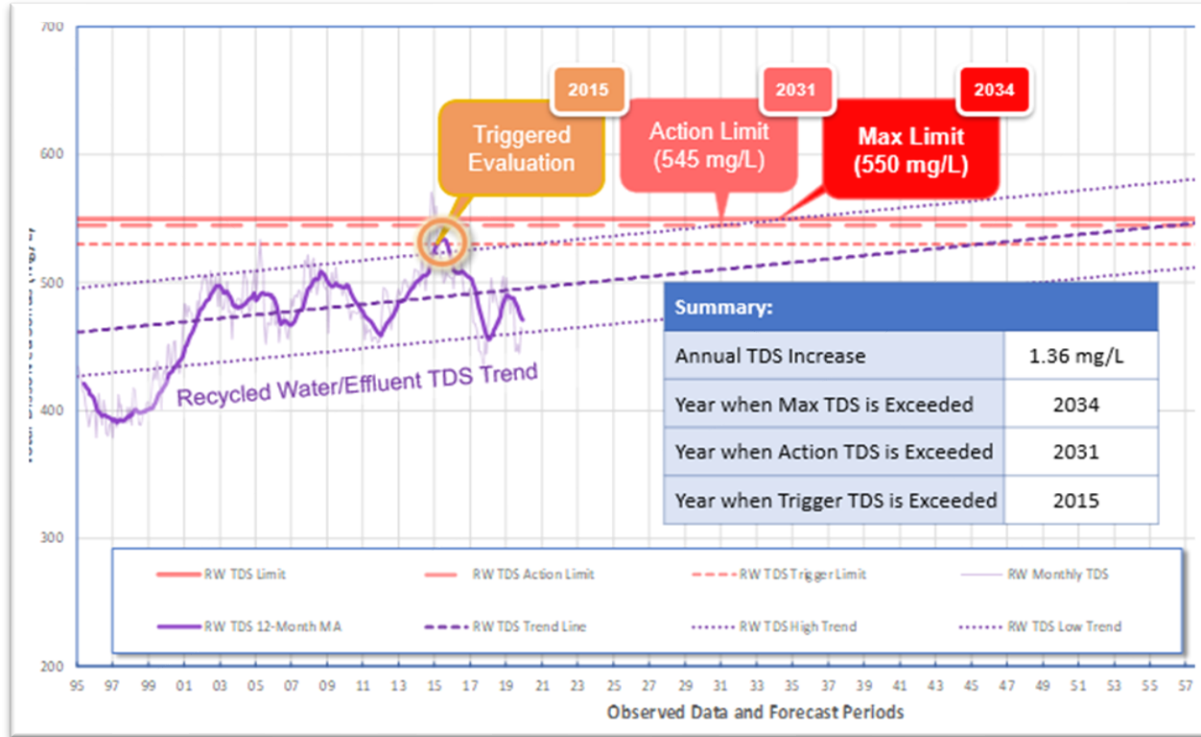
## Funding Sources (\$ Million)



**Pay-go:** Rates, connection fees and property taxes

+/- Totals may not add due to rounding

# Regulatory Compliance



Recycled water NPDES salinity permit limit projected to be exceeded by 2030



Drought and climate change may expedite salinity exceedance



Recycled water recharge regulatory limit exceeded for 1,2,3-TCP and PFAS

## Take Away

1. AWPf can be delayed **if** Basin Plan | NPDES Permit is modified
2. Increased potential to violate permit & Max Benefit requirements prior to treatment
3. System online 2022-2030 to minimize risks & meet recharge regulations



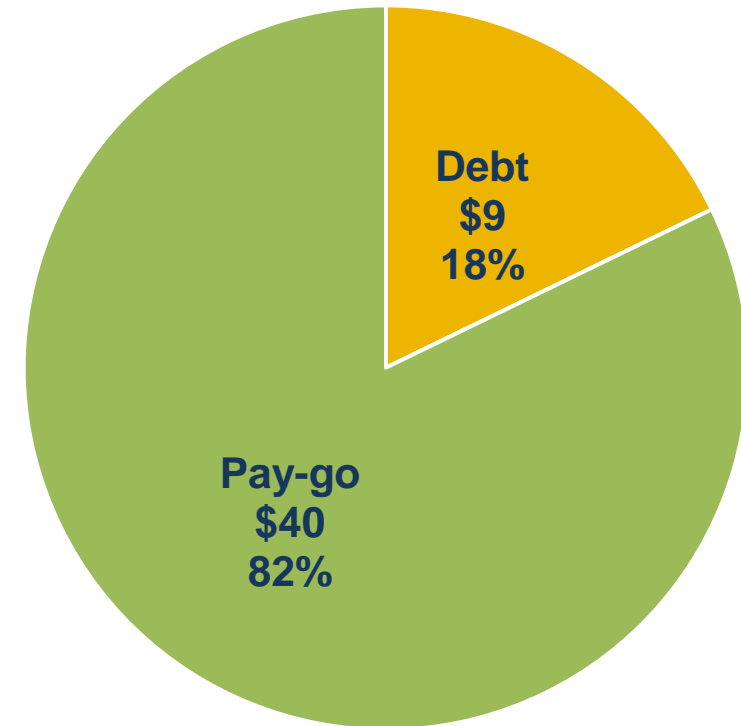
# Regulatory Compliance Projects



# Regulatory Compliance Capital Projects

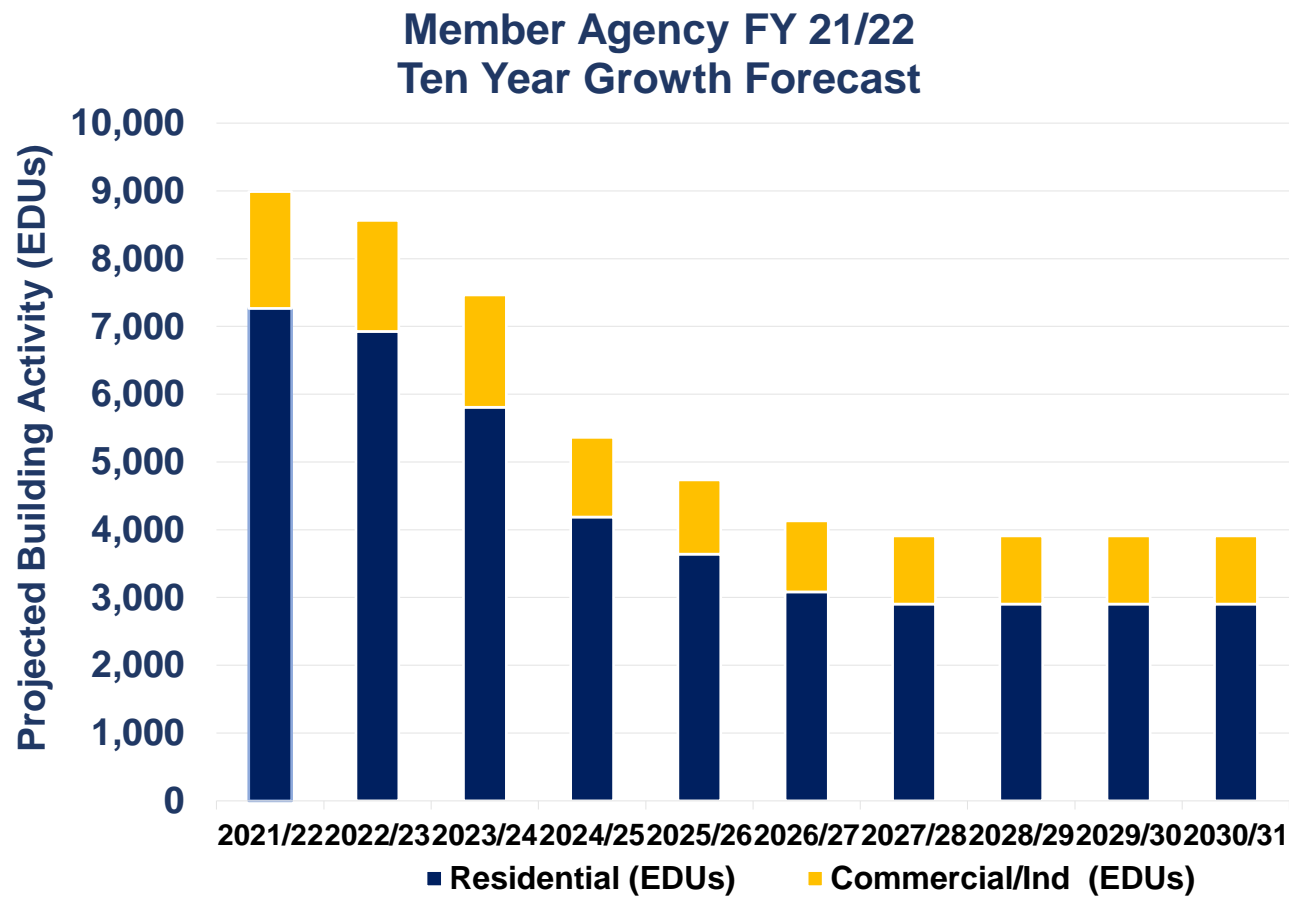
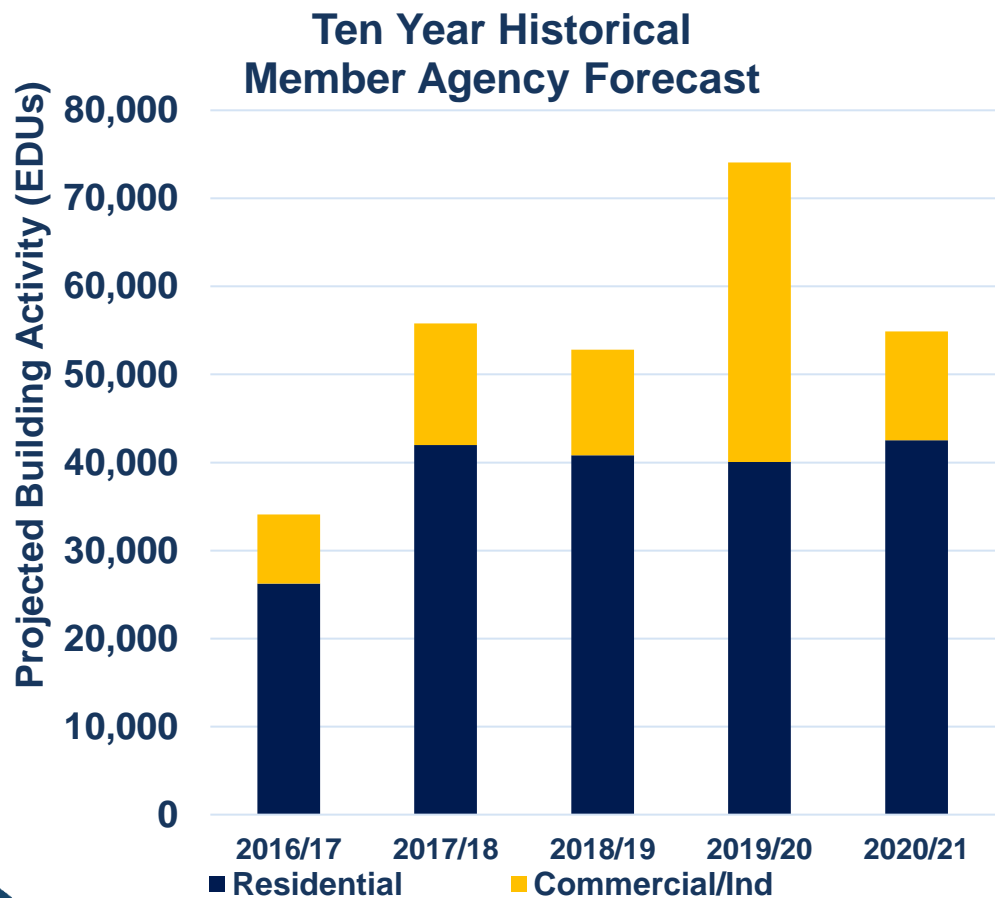
Fund (\$ Millions)	FYs 2022 – 2031 Proposed TYCIP
Advanced Water Purification Facility	\$21
CCWRF Asset Management and Improvements	\$18
RP-1 Disinfection Pump Improvements	\$7
RP-1 Flare Improvements	\$3
<b>Total</b>	<b>\$49</b>

Funding Sources (\$ Millions)



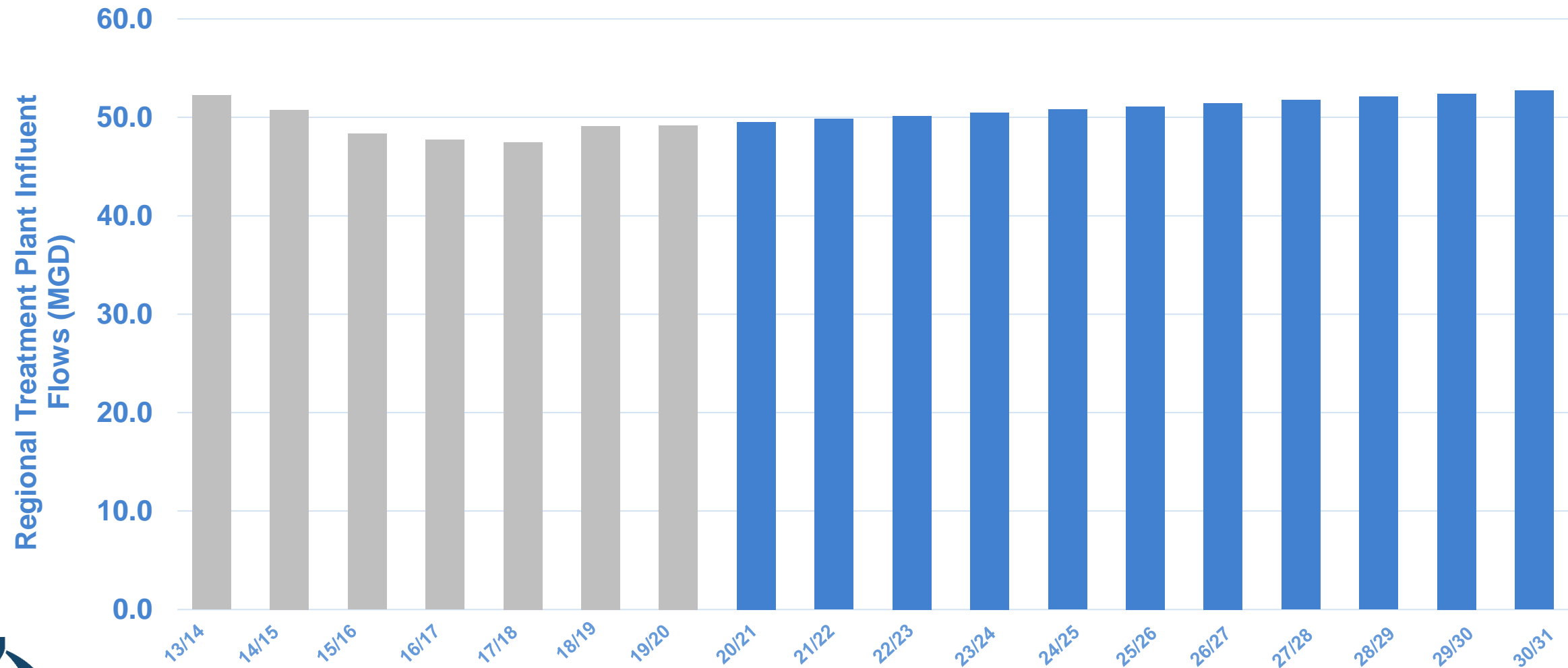
# Member Agency Growth Projection

Member Agencies Projections 54,887 new EDUs



EDU: Equivalent Dwelling Unit

# 2021-2031 Wastewater Flow Projections



# Regional Water Recycling Plant Capacities

	Hydraulic Capacity		Liquid Treatment Capacity		Solids Treatment Capacity	
	Existing	TYF	Existing	TYF	Existing	TYF
RP-4	14 mgd	14 mgd	14 mgd	14 mgd	38 mgd	60 mgd
RP-1	44 mgd	44 mgd	32 mgd	40 mgd		
CCWRF	12 mgd	12 mgd	12 mgd	12 mgd	18 mgd	30 mgd
RP-5	15 mgd	22.5 mgd	15 mgd	22.5 mgd		



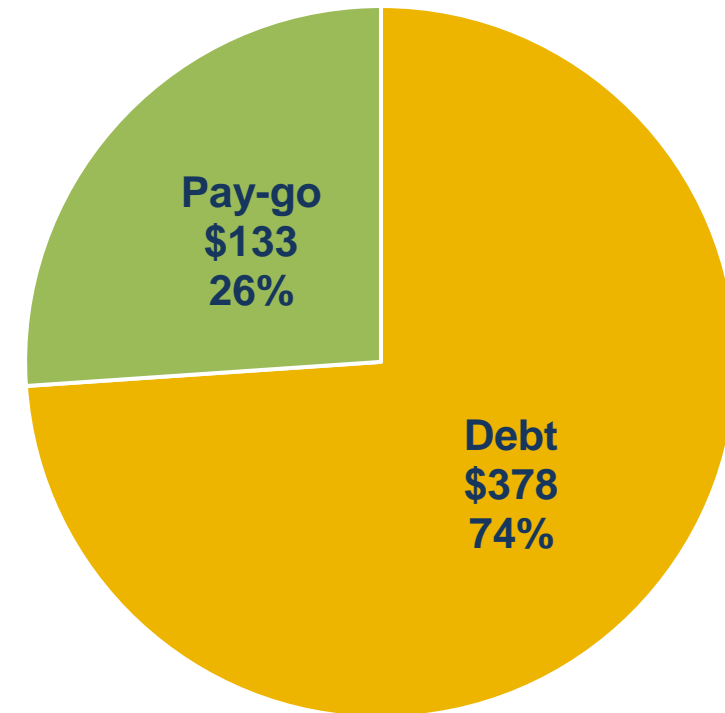
# Growth



# Growth Capital Projects

Growth Related Projects (\$ Millions)	FYs 2022 – 2031 Proposed TYCIP
RP-5 Biosolids Facility	\$183
RP-5 Expansion to 30 mgd	\$167
RP-1 Thickening Building & Acid Phase Digester	\$100
RP-1 Liquid Treatment Capacity Recovery	\$35
RP-1 Solids Treatment Expansion	\$20
Montclair Force Main Improvements	\$6
<b>Total</b>	<b>\$511</b>

Funding Sources (\$ Million)



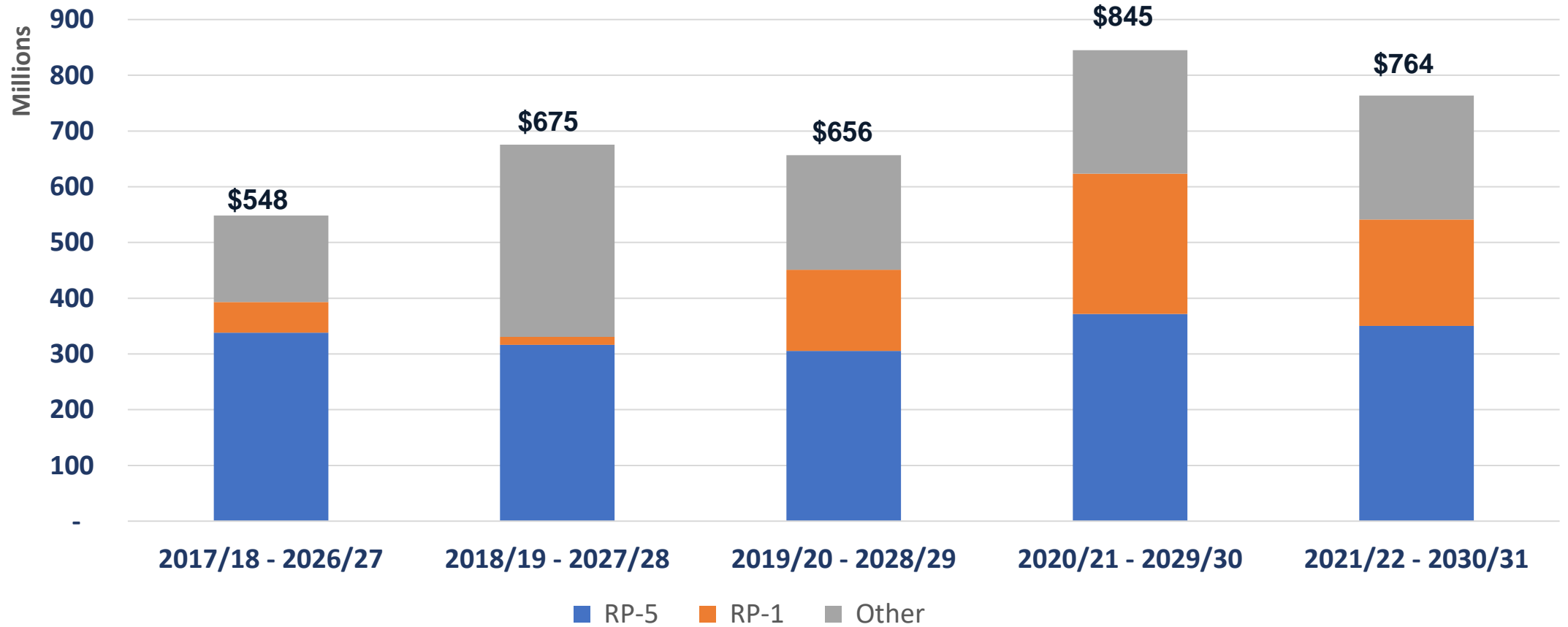
**Pay-go:** Connection fees and property taxes

**Debt:** WIFIA loan (RP-5 secured, applications for \$60M), SRF loans (RP-5, RP-1)

+/- Totals may not add due to rounding

# Proposed TYF \$764M

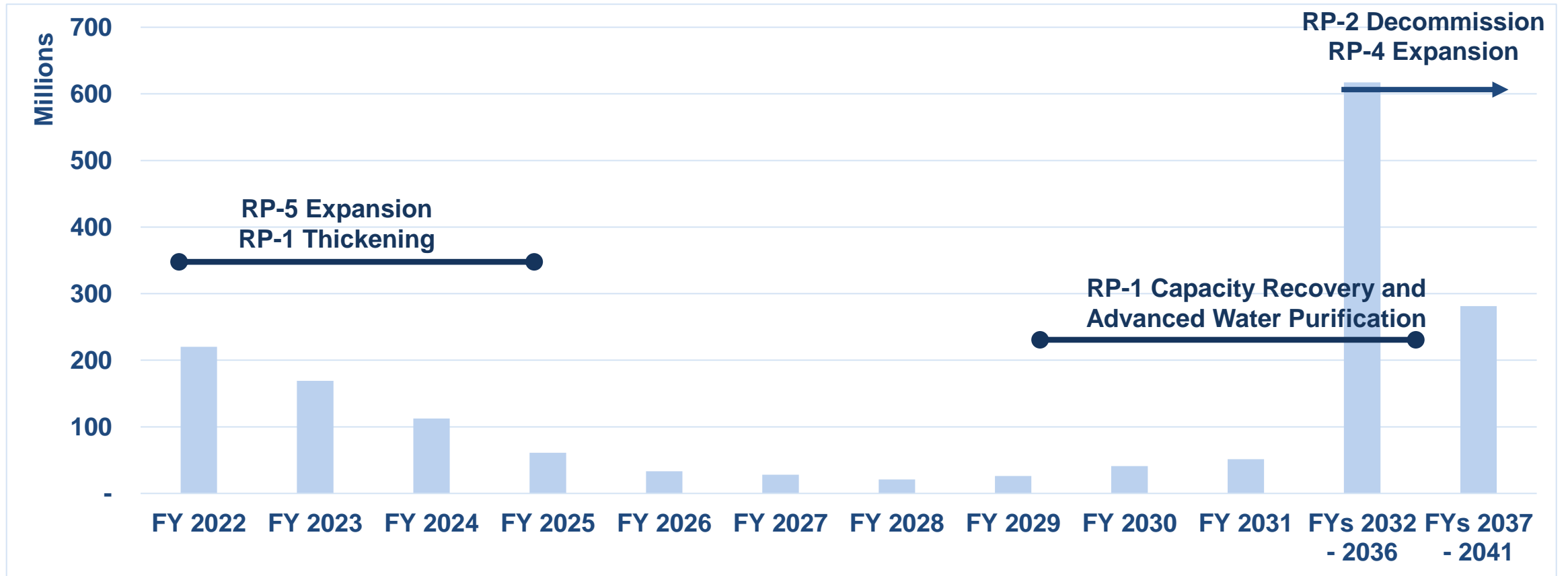
## FYs 2022- 2031



# Proposed TYF \$764M

## FYs 2022- 2031

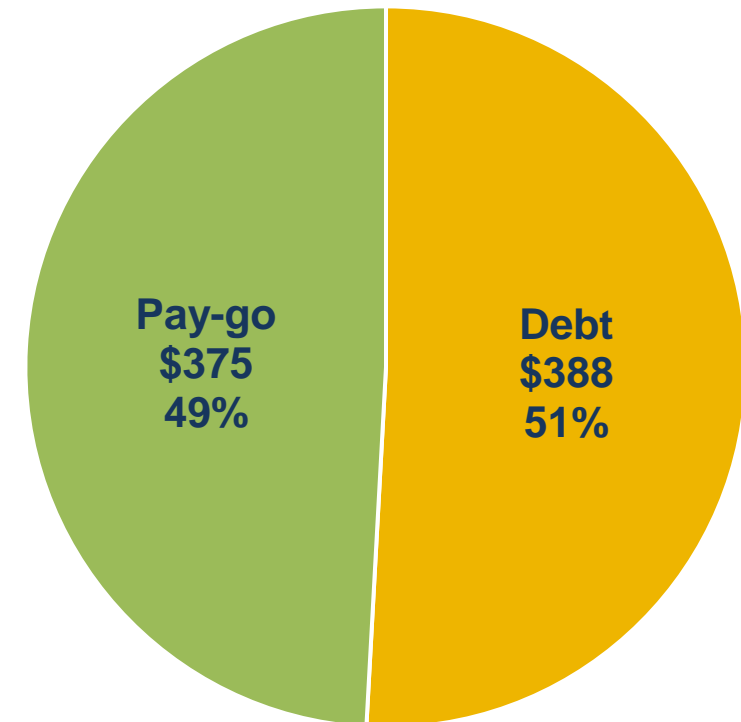
Nearly 73% planned over the first four years



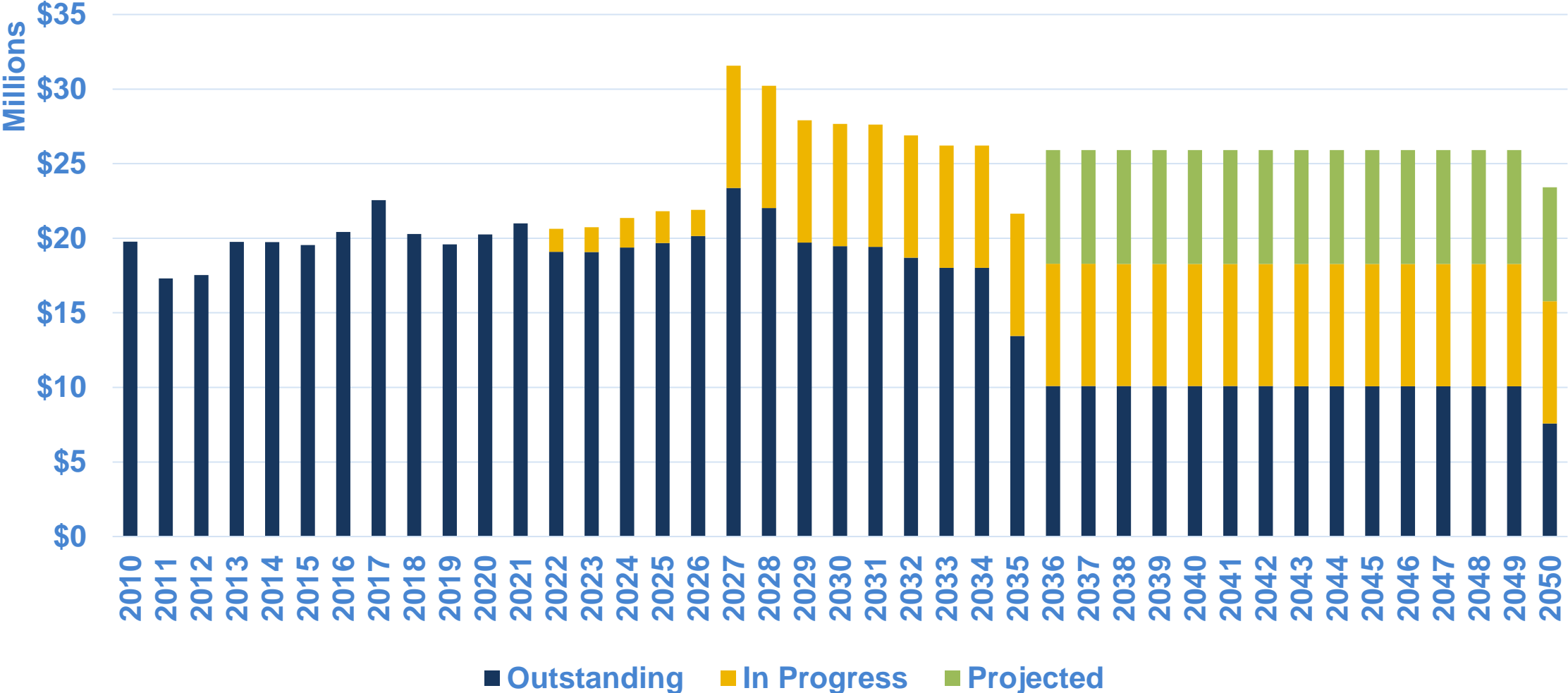
# TYF Proposed Capital Projects by Program and Funding Sources

Fund (\$ Millions)	FYs 2022 – 2031 Proposed TYCIP
Regional Wastewater Capital	\$611
Regional Wastewater Operations & Maintenance	\$92
Recycled Water	\$61
<b>Total</b>	<b>\$764</b>

Funding Sources (\$ Million)



# Projected Debt Service



# Review and Approval Timeline

Month	IEUA Committee	IEUA Board	Regional Technical Committee	Regional Policy Committee
March		03/03	03/25	
April	04/14	04/07 04/21	04/29	04/01
May	05/12	05/19	05/27	05/06
June	06/09	06/16		06/03



# 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

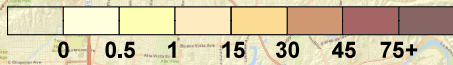
### Commercial

- <=1.0
- 1.0 - 10.0
- >10.0

### Industrial

- <=1.0
- 1.0 - 10.0
- >10.0

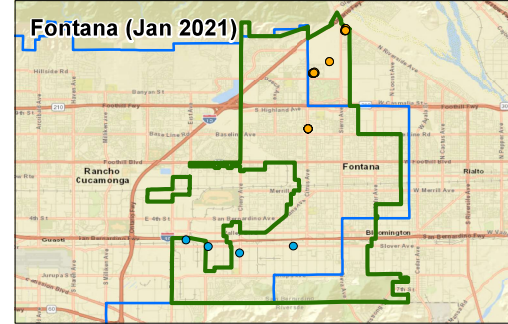
## HALF MILE GRID: TOTAL EDU's (YTD)



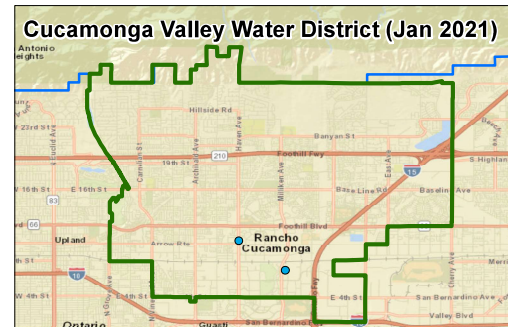
## TOTAL EDU BY WASTEWATER CONNECTION TYPE (YTD)

Contracting Agency	YTD Actual				Projected
	Commercial (EDUs)	Industrial (EDUs)	Residential (EDUs)	Total (EDUs)	
Chino	13	0	238	251	430
Chino Hills	16	0	27	43	182
CVWD	23	27	13	62	1650
Fontana	53	7	668	728	2406
Montclair	7	0	0	7	407
Ontario	90	-3	566	653	3865
Upland	18	0	35	53	381
Total	219	31	1547	1797	9321

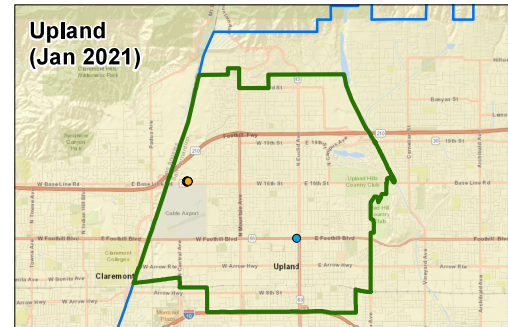
## Fontana (Jan 2021)



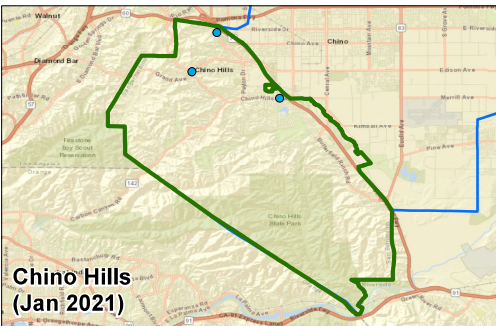
## Cucamonga Valley Water District (Jan 2021)



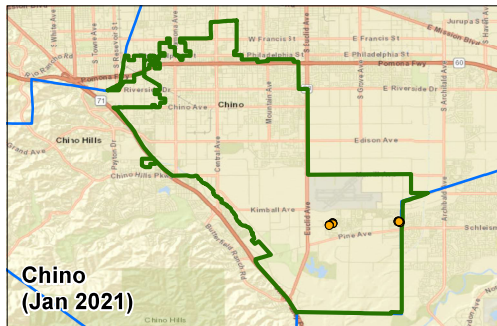
## Upland (Jan 2021)



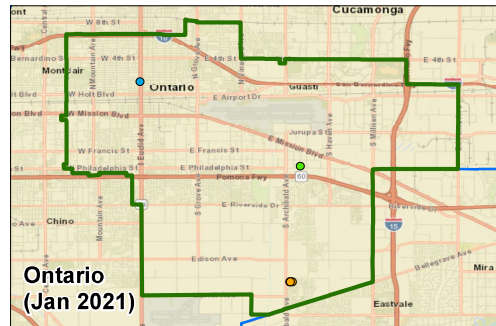
## Chino Hills (Jan 2021)



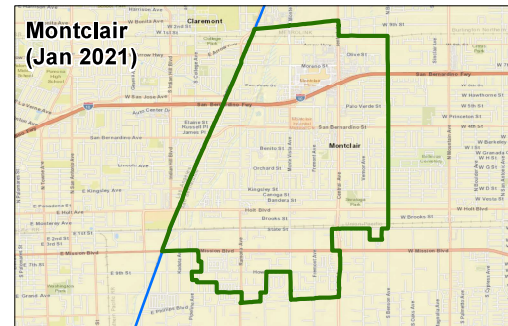
## Chino (Jan 2021)



## Ontario (Jan 2021)



## Montclair (Jan 2021)



RECEIVE AND  
FILE

**4B**



# IEUA RECYCLED WATER DISTRIBUTION – FEBRUARY 2021

## TOTAL ALL PLANTS

Influent: 49.3 MGD

Delivered: 18.7 MGD

Percent Delivered: 38%

## Preliminary Deliveries

RW GWR: 10.4 MGD

RW Direct Use: 8.3 MGD

## RP-4

Delivered: 7.9 MGD

## RP-1

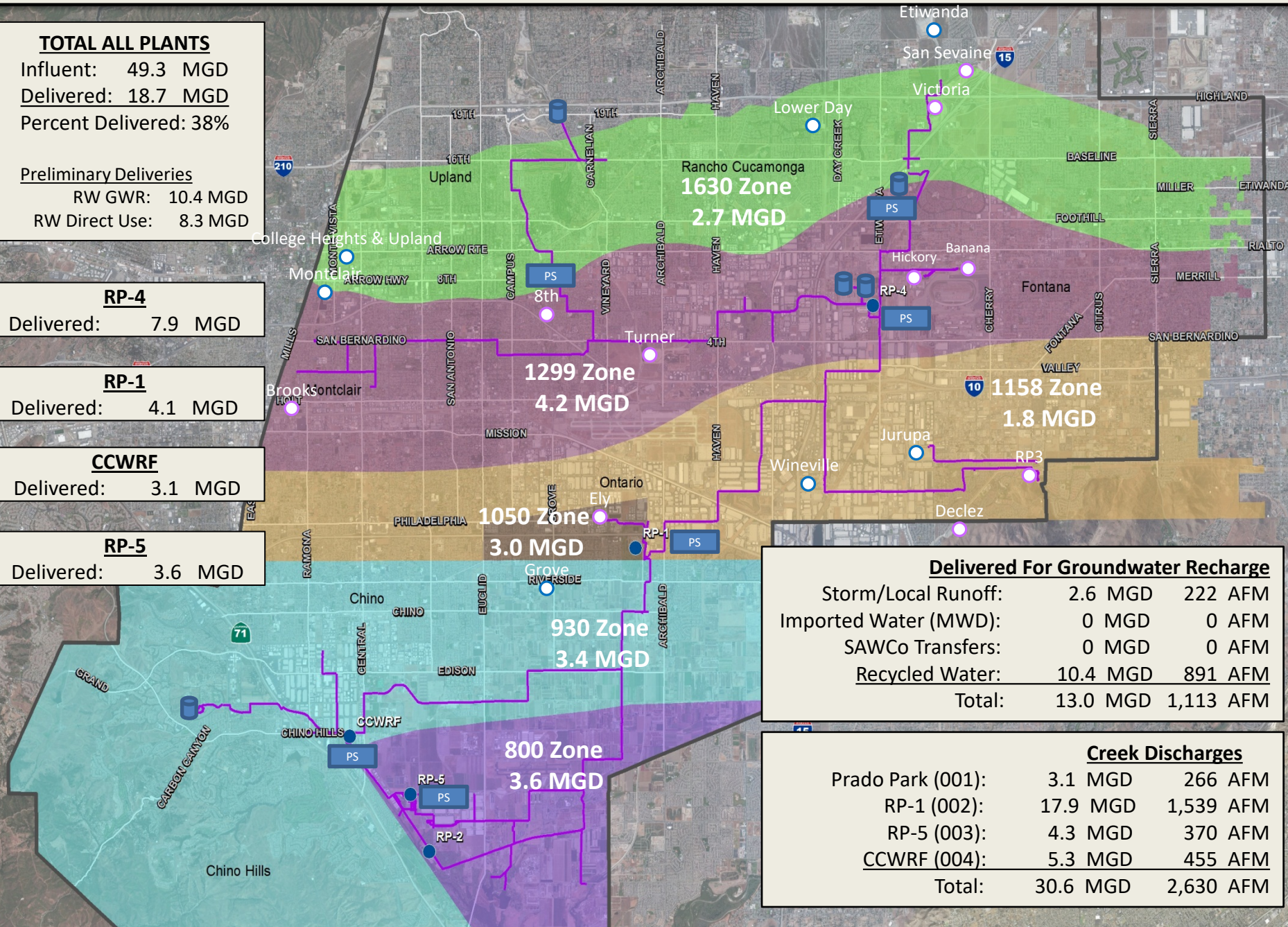
Delivered: 4.1 MGD

## CCWRF

Delivered: 3.1 MGD

## RP-5

Delivered: 3.6 MGD



## Delivered For Groundwater Recharge

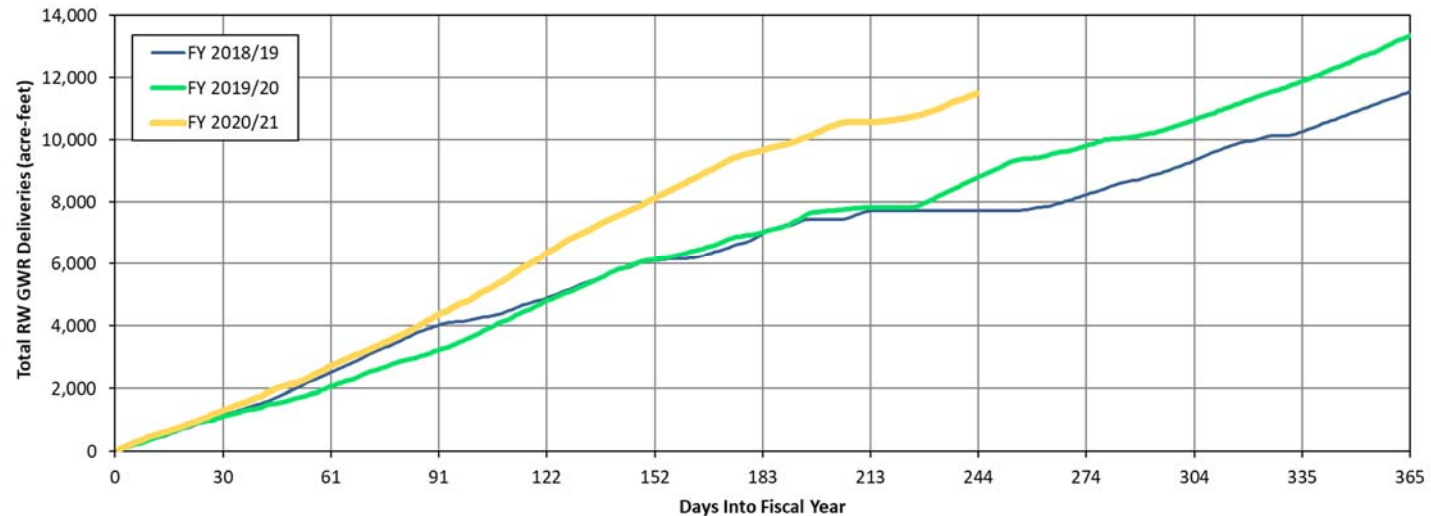
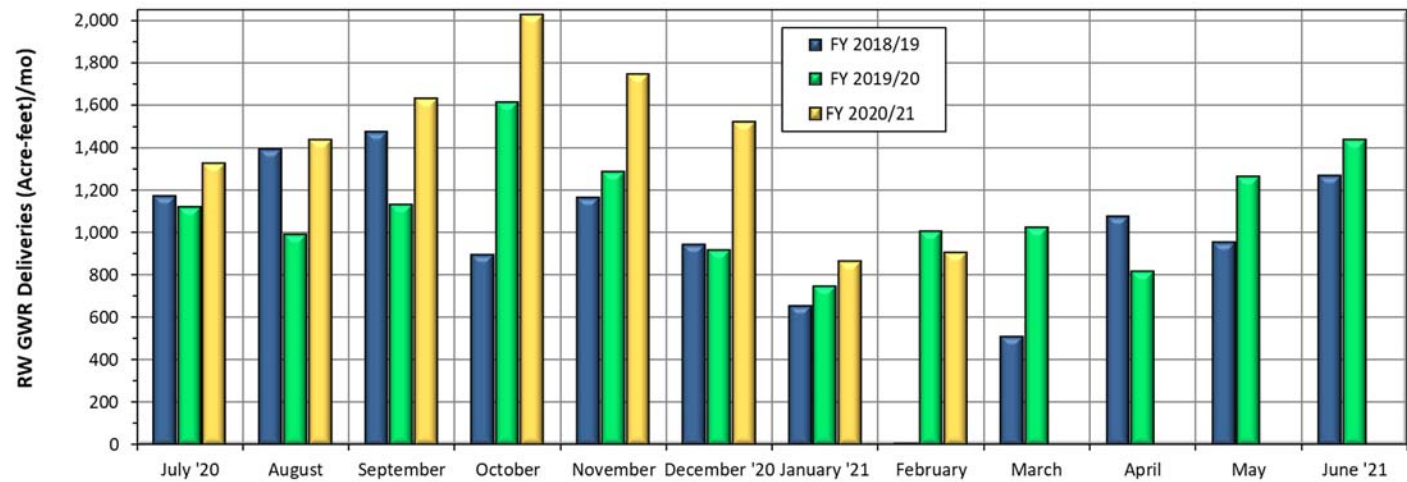
Storm/Local Runoff:	2.6 MGD	222 AFM
Imported Water (MWD):	0 MGD	0 AFM
SAWCo Transfers:	0 MGD	0 AFM
Recycled Water:	10.4 MGD	891 AFM
Total:	13.0 MGD	1,113 AFM

## Creek Discharges

Prado Park (001):	3.1 MGD	266 AFM
RP-1 (002):	17.9 MGD	1,539 AFM
RP-5 (003):	4.3 MGD	370 AFM
CCWRF (004):	5.3 MGD	455 AFM
Total:	30.6 MGD	2,630 AFM

**Recycled Water Recharge Deliveries - February 2021 (Acre-Feet)**

Basin	2/1-2/6	2/7-2/13	2/14-2/20	2/21-2/28	Month Actual	FY To Date Actual	Deliveries are draft until reported as final and do not included evaporative losses.	
Ely	0.0	0.0	0.0	0.0	0.0	687		
Banana	0.0	0.0	15.2	22.7	37.9	505		
Hickory	0.0	0.0	0.0	0.0	0.0	245		
Turner 1 & 2	0.0	0.0	0.0	0.0	0.0	439		
Turner 3 & 4	0.0	25.6	40.6	21.8	88.0			
8th Street	0.0	0.0	0.0	0.0	0.0	642		
Brooks	0.0	0.0	46.8	29.1	75.9	662		
RP3	57.6	76.5	108.0	137.9	380.0	5034		
Declez	0.0	0.0	0.0	16.3	16.3	636		
Victoria	0.0	16.5	33.6	34.4	84.5	1008		
San Sevaline	27.2	55.6	64.5	77.0	224.3	1628		
Total	84.8	174.2	308.7	339.2	906.9	11,486	8,830	AF previous FY to day actual



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## Sewage Contract Negotiations

February 24 and 25

Session 42 and 43

Key Topics: governance

### Objectives

- Determine whether to retain, revise, or remove current contract's governance provisions
- Identify governance needs not covered by the current contract language
- For new governance proposals, identify the principle driving them and options for operationalizing them

### Attendees

**Chino:**

Dave Crosley  
Amanda Crocker<sup>1</sup>

**Chino Hills:**

Ron Craig

**Cucamonga:**

Eduardo Espinoza

**Fontana:**

Armando Martinez

**Montclair:**

Noel Castillo<sup>1</sup>

**Ontario:**

Courtney Jones  
Chris Quach

**Upland:**

Nicole de Moet  
Braden Yu

**IEUA:**

Shivaji Deshmukh<sup>2</sup>  
Craig Proctor<sup>1</sup>  
Ken Tam

Christiana Daisy  
Christina Valencia

**Kearns & West Team:**

Terra Alpaugh<sup>1</sup>  
Mike Harty

<sup>1</sup>Only participated 2/24

<sup>2</sup>Only participated 2/25

### Action Items

- Ken and Terra will cross-walk the governance topic with the contract-required reports spreadsheet with an eye for which reports require an "action" by the committees.
- KW to begin to pull CA/IEUA tentative governance agreements into a term sheet.

### Perspectives & Key Outcomes

The notes below are organized by agenda topic. Contract Agency (CA)/IEUA representatives are not identified individually, but instead by their city/organizational name (e.g. Chino, IEUA). *Tentative or potential agreements among Contract Agencies that emerged from the discussions are italicized.*

### Recap of progress from Feb 10,11 Meetings

In the February 10 and 11 meetings, the CAs and IEUA began reviewing the [document that identifies all the governance provisions in the current contract](#) and evaluating those provisions for relevance and effectiveness; i.e., what should be retained in the contract, what needs to be revised, and what can be removed? KW reviewed the progress made in the Feb 10 and 11 meeting, as catalogued in that table and in the [Feb 10-11 meeting summary](#) and solicited additional feedback.

Additional feedback from the CAs included:

- **Re: acquisition of regional interceptors and wastewater treatment plants.**
  - Chino asked, with respect to the approval process for IEUA or CA acquisition of infrastructure, whether that also should include recycled water facilities. Chino raised the challenge of addressing the recycled water components of the wastewater system given how much the system has changed since the contract was written.
    - IEUA acknowledged that the recycled water/tertiary operations were part of IEUA's permit and that is why recycled water is still nominally included as part of the wastewater operations and subject to the contract. However, when the regional recycled water system was designed (e.g., the three-year business plan, vetting via the Red Team), it was envisioned as an entirely different system financially, i.e., at the gate of IEUA's treatment plant is where the recycled water distribution system starts, which is separate and apart from the wastewater system. From a financial perspective, there are no funding considerations beyond that point which are considered in the regional contract. All costs (O&M, etc.) after that point become a recycled water program expense.
      - The funds covered by the regional contract are the Regional Capital (RC) and Regional Operations (RO) Funds. These do not fund recycled water program.
    - CVWD shared their perspective that RW is and should remain part of the regional contract. They highlighted the wastewater (regional contract)-recycled water nexus as base entitlement and the CA's right to first right of refusal in terms of accessing RW as a water supply. CVWD noted that while the CAs do not build individual pipelines to pick up RW at the plant as originally envisioned in the contract, they do pay for it (via the direct use rate, recharge rate) which is the mechanism for transporting it. CVWD would like to see RW incorporated more into the regional contract.
    - KW noted that the scope of the contract and the extent to which it includes and addresses RW is a clearly identified outstanding topic for the negotiations. It should be flagged for further discussion.
    - CVWD noted that this is linked to the Recycled Water strategy discussions that IEUA has initiated.
    - IEUA agreed that if IEUA and the CAs agree that RW should be addressed under the contract, then RW infrastructure acquisition should be addressed in the section under discussion, but if they decide it should be addressed outside the contract, then those facilities would not be covered by the contract language.
  - KW asked whether the contract should describe an approach to acquiring wastewater infrastructure broadly or whether the parties would need a list of specific items (e.g., pump stations, regional interceptors) the process would apply to.
    - IEUA felt it could be addressed broadly without going into valve-level detail.
- **Re Ten Year Forecast/TYCIP:** KW asked whether IEUA felt the language related to how the Board treats Policy Committee recommendations allowed the Board enough flexibility.
  - IEUA asked if the group's interpretation of the language is that it still allows the Board the flexibility to override the Policy Committee (PC) if the PC recommendation is not in the best interest of the region's ability to operate.



- KW confirmed that is how they interpret the language but added that it also specifies that the Board must provide that justification (“findings”) in writing and that CAs could then invoke a hearing to challenge the Board. While no one has invoked a hearing in recent memory, the CAs and IEUA have clearly indicated they want to retain it as an option.
- KW is interested in whether the parties are comfortable with this language both in the context of the TYCIP and potentially, whether they would want to apply it for other recommendations.
- CVWD noted that the TYCIP plan is very sophisticated given the size and complexity of the regional system. While it is reviewed by the Technical Committee (TC) and the PC, it is difficult for the CAs to determine the priorities; they rely on IEUA to prioritize the projects, though CAs may have comments along the way. In the case of many studies, CAs hire consultants to help them provide meaningful comments given the complexity of the subject matter. If the CAs want to critique the prioritization, they either have to understand it very well or hire someone to that end; CVWD supported the provisions that allow the CAs to have significant input when needed. As an additional suggestion, CVWD suggested that it could be useful to hire a consultant through IEUA to assist the TC and PC to help them better understand these topics.
  - IEUA agreed that the wording helps reinforce the importance and role of the PC; they are comfortable with the current language.
    - Chino agreed that the current process is effective, but the new contract language should also include the appropriate amount of time needed to thoroughly review what is being proposed.
  - IEUA also observed that it is up to each CA to decide how much additional expertise they want to hire, given that they are already paying for experts in regional operations through IEUA. It could be a challenge to embed additional consultant support as part of the regional contract in that the CAs have different needs and priorities.
- **Re: Mid-year report on financial requirements.** KW noted that the mid-year report described in the contract is not produced now; IEUA instead provides a budget-to-actuals report as an informational report. At the last meeting, there was a suggestion that the governance provisions described for the mid-year report on financial requirements of review and recommendation by the PC be applied to other reports that authorize significant expenditures, but there was not discussion about what those reports might be. There is a full list of contract-required reports that could be used as a starting point.
  - IEUA wants to update wording in the contract with current practice. They asked whether there is other financial reporting the CAs want.
  - This process might be applied to budget and rates.
  - IEUA suggested cross walking this conversation with the reports spreadsheet and the changes that were suggested there.
- **Re: Capital Capacity Reimbursement Amount.** Current process is not relevant and should be replaced with a process along the lines of the TYCIP. No concerns were voiced with that approach.

### Governance in the Current Contract

After reviewing their previous conversation, the group picked up the [governance in the current contract document](#) where they left off and evaluating remaining provisions for relevance and effectiveness; i.e., what should be retained in the contract, what needs to be revised, and what can be removed?

The discussion reviewed each item in the table as follows:

*Note: KW has made edits to the table itself to reflect tentative agreements in the table itself; the notes below are intended to reflect the perspectives shared during the discussion.*

- **Reclaimable Industrial Waste**
  - When this was reviewed in 2020, no one could remember a time when something like this was taken through the technical committee.
  - IEUA noted that this is managed through the Pretreatment Committee and could be removed from the contract, or the contract could note that it should be managed through the Pretreatment Committee.
    - Chino believes that the Pretreatment Committee is a subcommittee of the Technical Committee and would report to the TC with recommendations for any new connections.
    - Upland agreed with Chino's perspective.
    - IEUA observed that they receive numerous new connections from industrial users; having to take all of those through the TC adds another level of bureaucracy.
    - Chino clarified that all connection approvals do not have to come through the TC; the Pretreatment Committee should manage that process and act on behalf of the TC with the TC providing as-needed oversight. The Technical Committee is not abdicating TC responsibilities; it is just taking them to a deeper and more technical level.
      - IEUA shared that right now meetings are ~quarterly depending on the topics that arise for discussion.
    - IEUA explained that the approval or disapproval of a new connection is between a city and IEUA, not the entire Pretreatment Committee. The quality standards are the same throughout the service area, but it is up to each city to decide whether they want to let them connect. There are also some industrial customers whose flow and strength are low enough that they do not warrant IEUA action, and it is exclusively a city-based decision.
      - The contract calls out connections of more than 15,000 gallons per day; currently, the rule of thumb is 25,000 gallons per day or they are categorized as a federally regulated industry. This will need to be updated.
    - IEUA suggested defining the Pretreatment Committee in the contract as an *ad hoc committee of the TC who will manage those issues through the Regional Pre-Treatment Agreement, which is an appendix to the contract. CAs indicated agreement.*
    - Chino suggested that the Pretreatment Committee provide a (quarterly?) update to the Technical Committee. They also assume that there is communication internal to each CA between Pretreatment Committee and TC members.

- Upland noted that Pretreatment Committee notes are already added to Technical Committee packets. IEUA suggested that they could just add any new connections from industrial users as part of that report.
- *IEUA suggested that these regular informational updates to the Technical Committee continue and be included in the contract language.* This will ensure transparency without additional bureaucracy. Chino, Upland, and IEUA voiced support.

On the second day of negotiations, Feb 25<sup>th</sup>, the group covered the topics listed in bold below from the Governance in the Current Contract document; any agreements or next steps are recorded below. Detailed notes were not compiled because only one KW staff member was available to participate.

- **Availability of the Regional Sewage System to Other Agencies**
  - Agreement to tentatively keep the language as is.
- **Extra-territorial Sewer Service**
  - Process has worked in the past; keep as is.
- **Sewage Delivery Points**
  - Process has been working; tentatively continue as is.
- **Sewage Deliveries Measurement**
  - In general, keep language as is but clarify the intention that there is an agreement between the Technical Committee and IEUA
- **Measurement of Treated Effluent**
  - Agreement to tentatively keep the language as is.
- **Service Charge Rate**
  - Service charge rate definition needs attention and comparison against the sewer user charge definition.
  - This item needs more discussion.
- **Budget**
  - Needs some clean-up to align with current practice. CAs will review process further in future discussion and agendize alongside rates.
- **Capital Improvement Projections**
  - Link to the 10-Year Forecast process. Will benefit from further review and discussion including linking of funding sources.
- **Adjustment for Over or Under Payment of Service Charges**
  - A useful provision from IEUA's perspective; tentatively keep for future contract.
  - May need to address statutes of limitations if relevant here.

## Sewage Contract Negotiations

March 10 & 11

Session 44 & 45

Key Topics: governance

### Objectives

- Refresh the group on agreements outlined in the Term Sheets in the context of the existing contract language
- Review contract ToC to inform drafting approach and identify where draft Term Sheet content would be inserted
- Check for consistency between term sheets and between term sheets and current governance conversations

### Attendees

**Chino:**

Dave Crosley  
Amanda Crocker

**Chino Hills:**

Ron Craig

**Cucamonga:**

Eduardo Espinoza

**Fontana:**

Armando Martinez

**Montclair:**

Noel Castillo

**Ontario:**

Courtney Jones  
Chris Quach  
Albert Gastelum

**Upland:**

Nicole de Moet  
Braden Yu

**IEUA:**

Shivaji Deshmukh<sup>1</sup>  
Craig Proctor  
Ken Tam  
Christiana Daisy<sup>1</sup>  
Eddie Lin

**Legal Counsel:**

Jeff Ferre<sup>1</sup>

**Kearns & West Team:**

Terra Alpaugh  
Mike Harty

<sup>1</sup>Only participated 3/10

### Action Items

- CAs will follow up with the Policy Committee representatives re: their March request to address governance in the contract at an upcoming PC meeting.
- KW to review contract exhibits for continued relevance to the new contract.

### Perspectives & Key Outcomes

The notes below are organized by agenda topic. Contract Agency (CA)/IEUA representatives are not identified individually, but instead by their city/organizational name (e.g. Chino, IEUA). *Tentative or potential agreements among Contract Agencies that emerged from the discussions are italicized.*

#### Introduction to BBK Legal Representation

Jeffe Ferre, BBK, introduced himself to the negotiating parties. He is representing CVWD, Ontario, Fontana, and Upland and will take the lead on contract drafting in partnership with IEUA's legal counsel.

The attorneys for the other three CAs-- Chino, Chino Hills, and Montclair – will review and comment upon the draft that he produces.

#### **Policy Committee request to discuss governance**

KW raised the Policy Committee's (PC) request to discuss governance in the new contract sometime soon and asked how the negotiating representatives would like KW to support that. The group asked for time to follow up with the Policy Committee representatives to get a better idea of their interest and the appropriate level of detail to provide.

#### **Joint Review of Current Contract Table of Contents & Draft Term Sheets**

The primary intent of the March 11<sup>th</sup> meeting was to review the current contract's table of contents and identify any sections that could be removed, sections with provisions that need to be updated or revised, sections where new content needs to be added, and sections where resolution will be deferred or procedural solutions outlined. KW provided an annotated [contract table of contents](#), in which they identified where the already negotiated content outlined in the term sheets would be inserted into the contract.

Listed below are the sections of the contract with sub-bullets identifying items that will be added based on the term sheets as well as comments made by IEUA and the CAs with respect to those sections during the review:

- Section 1: Definitions
  - Per Term Sheet on Process for Allocation of Capital Costs, O&M Costs & Sewage Flows, add definitions of reclaimed water
  - Governance addition: define pretreatment committee; clarify definitions for service charge and sewer user charge
- Section 2: Rights & Obligations
  - Governance addition: revise CA and IEUA acquisitions of wastewater treatment plants; potentially combine into a larger section on acquisition of infrastructure assets
- Section 3: Community Sewer Systems
  - *CAs and IEUA agreed this section is still relevant*
- Section 4: Sewer User Charges
  - Governance addition: ensure that definitions in Section 3 and 18 are consistent/aligned
- Section 5: Regional Interceptors
  - Governance topic: revise language related to acquisition of regional interceptors, and/or integrate into a larger section on acquisition of infrastructure assets (e.g., along with Section 2 language on acquisition of wastewater treatment plants)
- Section 6: (deleted)
- Section 7: Regional Sewerage System
- Section 8: Disposal of Sewage by CBMWD's Non-Reclaimable Waste Disposal System
- Section 9: Capital Financing of Regional Sewerage System
  - Remove and correct all references to Improvement District C (from here and any other parts of the contract)
  - Part A and D: per the Property Tax proposal, this is where property tax provisions would likely need to be included.
  - Part D: Governance addition: revise language related to sewage service standby charges

- Part E.2: Per Collection of Fees Term Sheet, revise and add language related to audit process (Terms 3-5).
- Part E.3: Per Reports Term Sheet, revise particulars related to the Capital Capacity Reimbursement Reports.
- Part E.5:
  - Make revisions as outlined in terms of the Term Sheet on Process for Capital Calls.
  - Per Reports Term Sheet, revise Capital Call Reports and discard/combine Determination of Demand Deficits Report into TYCIP process.
- Section 9A, Forecasting and Planning:
  - Update per Term Sheet on Forecasting, i.e. updates to the current forecasting process and addition of recycled water forecasting
  - Part B.
    - Per Reports Term Sheet, revise IEUA Ten Year Forecast reports.
    - Governance addition: clarify language about Ten Year Forecast v. TYCIP
    - Part B.3(b) Mid Year Reports: governance addition -- revise language to reflect information that is actually provided, i.e., budget-to-actuals update
  - Part C.
    - Governance addition: revise language related to capital capacity reimbursement amount
  - Part D.
    - Governance addition: revise language related to reclaimable industrial waste
- Section 9B, Available Sewerage Capacity
  - Part A.
    - Per Reports Term Sheet, discard separate “Available Sewerage Capacity, Monitoring, and Reports,” and combine into TYCIP
  - Part B.
    - Per Reports Term Sheet, tentative revisions based on final content in Forecasting Term Sheet
- Section 10: (deleted)
- Section 11: Availability of Regional System; CBMWD’s Performce
- Section 12: Extra-Territorial Sewer Service
- Section 13: Delivery Points: Connection Costs
- Section 14: Determination of Sewage Deliveries: Costs of Measuring Equipment
  - Per Process for Allocation of Capital Costs, O&M Costs, and Sewage Flows Term Sheet, add Term 2 language to this section.
  - Governance addition: revise language related to sewage deliveries measurement.
- Section 15: Control and Imposition of Sewage Contracting Agencies Right of Treated of Reclaimed
  - The Recycled Water Term Sheet remains in flux but any final language would apply to Section 15 and 16.
  - Chino noted that the group has discussed including placeholders in the contract for particularly thorny issues like recycled water and Exhibit J, outlining the approach and timeline for resolving those issues. While the negotiating parties want to complete as

- much of the contract as possible by June, they do not expect to resolve all the issues in that time period.
- IEUA agreed with Chino's comments given that IEUA has initiated discussions on long-term recycled water strategy with the CAs; it makes sense to see what direction that conversation goes in, evaluate the extent to which recycled water should be part of the regional contract, and then revise these sections accordingly.
  - Section 16: Sale, Beneficial Use or Disposal of Treated Effluent
    - Per the process for Allocation of Capital Costs, O&M Costs, and Sewage Flows Term Sheet, Term 3 will add language to this section.
    - The Third Party Agreement Term Sheet remains tentative, but any final language from that term sheet would likely be integrated into this section.
    - Part D.1
      - Per Reports Term Sheet, revise dates on notice of proposed delivery
  - Section 17: Service Charges for Maintenance and Operation of the Regional Sewerage System
  - Section 18: Service Charge Rate
  - Section 19: Regional Sewerage System Budgets
    - Part F.
      - Per Reports Term Sheet, may need to be updated depending resolution of wastewater rates discussion.
    - Part G:
      - Governance addition: capital improvement projections need a linkage to the 10-year forecast process.
  - Section 20: Billing and Payment of Service Charges
    - Per Collection of Fees Term Sheet, revise language according to Term 1.
    - Per Reports Term Sheet, there may be revisions needed to the monthly statements of service charges.
  - Section 21 (deleted)
  - Section 22 (deleted)
  - Section 23: Grants and Financial Assistance
    - Per Reports Term Sheet, language revisions are needed.
  - Section 24: Regional Policy Committee
  - Section 25: Regional Technical Committee
  - Section 26. Inspection of Facilities
  - Section 26A. Hearings
    - CVWD suggested that this section may need to be revised to allow for some type of dispute resolution prior to advancing to a board resolution and subsequent hearing.
  - Section 26. Effective Date of Contract
  - Section 28. Term of Contract
  - Section 29. Renewal Option for Continued Services
  - Section 30. Authorization and Execution of Sewage Service and Acquisition Contracts
    - Section 30B. There have been disagreements over the steps to amending the contract previously; this section will need to be clarified.
  - Section 31. Notice
  - Section 32. Partial Invalidity
  - Exhibit J:
    - Per Process for Allocation of Capital Costs, O&M Costs, & Sewage Flows Term Sheet, revisions will be incorporated per Terms 6 & 7.



- Revise based on Exhibit J Term Sheet; development of some provisions is still pending the CASA study results and resolution of several items in the BAR Subcommittee.

### **Governance in the Current Contract (continued)**

In the March 11th meeting, the CAs and IEUA continued reviewing the [document that identifies all the governance provisions in the current contract](#) and evaluating those provisions for relevance and effectiveness; i.e., what should be retained in the contract, what needs to be revised, and what can be removed?

The discussion reviewed each item in the table as follows:

*Note: KW has made edits to the table itself to reflect tentative agreements in the table itself; the notes below are intended to reflect the perspectives shared during the discussion.*

Feedback from the CAs included:

- **Re: transfer of capacity demand:**
  - Chino clarified with IEUA that this provision refers to the volume and strength of wastewater as compared to IEUA's prediction. This provision refers to those measurements for a CA as a whole, not for individual connection points.
  - IEUA said that this provision (i.e., a determination that a CA's sewage capacity is not adequate to meet forecasted demand and new connections need to be considered) has not been applied in recent memory. Chino provided the caveat that there have been individual industrial customers who have violated the volume and strength parameters outlined in the permits issued by the city, but this has never occurred for the City's contribution as a whole.
  - IEUA observed that the contract incentivizes CAs to forecast higher demand, because if development exceeds forecasts, it triggers this section which could result in a moratorium in development. IEUA suggested evaluating the language in the contract to ensure that IEUA regularly evaluates system capacity but does not penalize the CAs for being more realistic about future demand.
    - Ontario shared that this section influences their approach to completing their EDU forecast in that they understand it to put a moratorium on development if under-forecasting occurs. They supported rewording the section.
    - Upland suggested that the reason this provision has never been incurred is that all the CAs over-project at least to some extent.
  - IEUA explained that the current sewage system operates on a bubble concept, i.e., they can move flows around in the system, which suggests that this language may be a pre-regionalization relic. In addition, there are provisions in the NPDES permit stating that when actual flows reach 75 percent the system's capacity, IEUA must initiate a wastewater facilities master plan. Therefore, this provision is not necessarily needed to trigger consideration of additional capacity.
    - IEUA and CAs are currently working on the land use demand forecasting model to try to make forecasting more accurate.
  - Chino said that there should be something in the contract to aid IEUA and the CAs in their master planning of facilities. That said, if there is a forecasted capacity that is attributed to a CA and their demand is below that number whereas another CA's demand is above that number, Chino would not want that "additional forecasted capacity" to become a commodity that could be traded for money.



- Chino asked whether the transition from the current forecasting approach (i.e., all CAs complete their own forecasts) to the proposed land use demand model forecasting approach, where IEUA forecasts for the CAs, would make this section irrelevant.
    - IEUA said it depends on the results of the Land Use Demand Model development. There still needs to be agreement from all the CAs on the use of that model.
    - *The CAs and IEUA agreed that this section will depend on the outcome of the Land Use Demand Model. If that model is implemented by IEUA to forecast on behalf of the CAs, this section may not be needed.*
    - Ontario was curious how an under-forecast would be handled by IEUA at that point: i.e., if Ontario developed much more than was anticipated, would there still be penalties associated with that?
    - Montclair asked what would happen if there is still over-forecasting and resulting investment in new facilities and the associated debt.
    - CVWD said regardless of who the responsibility of forecasting resides with, a provision like this would still apply. Chino's comment about trading additional forecasted capacity is interesting but could prevent the agency who has additional capacity from future growth.
  - KW asked whether the Technical Committee (TC) and Policy Committee (PC) would still play a role in recommending new connections.
    - Ontario would still want those connections to go through TC and PC.
  - CVWD and IEUA suggested revising the numbers in this section in that the system has grown significantly.
- **Re: Major Construction Contracts, Prioritized Design Contracts, Selection of Design Engineers, and Design Review**
    - IEUA confirmed that the PC approves construction contracts over \$2 million, so that provision should remain the same. IEUA suggested that provisions involving the TC and PC in the prioritization of design contracts and selection of design engineers may reflect the lack of IEUA staff to do those tasks early in its history, whereas IEUA now completes those duties on behalf of the CAs. For larger projects, IEUA does take those items to both committees; projects over \$2 million are taken through the committees for approval and the smaller projects are presented as general informational items.
    - Ontario asked if there was a dollar threshold for design contracts to be approved by the PC. There was discussion at one point about setting that threshold around \$1 million.
      - IEUA does not believe that was ever memorialized but will look at the Board Letter from that session to confirm.
      - Chino Hills voiced interest in having design/professional services contracts that ultimately drive the CIP have some sort of dollar threshold for approval through the TC. They thought that was the general sentiment of the group.
    - Chino Hills noted that IEUA has a responsibility to prioritize projects related to regulatory compliance; there are certain activities that are not discretionary (e.g., planning requirements outlined in the NPDES permit). Chino Hills does not want to impede IEUA's ability to fulfill those requirements, but there are also discretionary items that the TC and PC would want oversight over, not just informational updates.

- Upland is ok with having IEUA review design engineers and bring them to the TC and PC but suggested they could offer CAs the opportunity to participate if they are interested.
  - IEUA has invited CA staff to be involved in the RFP process in the past, and they have occasionally participated depending on staff availability.
- Chino Hills specified interest in understanding IEUA's process prior to sending the projects to RFP; i.e., what projects are moving forward? When is IEUA master planning?
  - KW asked what the decision steps before RFP issuance consist of.
  - Upland explained that the prioritized CIP projects are brought to the TC where they can provide input/recommendations. Then the design process develops out of that.
  - It was not clear whether additional revisions to the TYCIP process were needed to address the interest in earlier involvement voiced by Chino Hills. More follow-up needed.
- IEUA asked whether the same threshold would apply for a design RFP and a construction award RFP (i.e., \$2 million).
  - Chino did not believe that the same threshold would be appropriate for a design contract.
  - Current language suggests that the TC would participate in design review; Chino is not sure the TC wants to be involved in those meetings. IEUA staff should conduct those design reviews with CA participation to remain an option. *CAs voiced agreement; the TC would like informational updates on the process.*
  - Chino also suggested re-ordering subsections A and B of Section 9C – i.e., put the process for issuing a design prior to the process for construction contracts.
  - Upland explained that they do not need to be involved in the progress of the design between the issuance of a design contract and the final design, except where there is a significant change order within the contract itself.
    - Ontario agreed that they do not want to be involved in reviewing the design plans; they would be satisfied with 1-2 updates to the TC highlighting any significant changes to the design that have arisen.
  - Upland suggested that if they anticipate a \$2 million or above construction contract will be issued for a project (based on the construction estimates in the TYCIP budget), then that design contract should be subject to this additional TC and PC involvement.
    - If the project is anticipated to be above the \$2 million threshold, Upland said it should get approval from the PC before it goes out to design; once it goes out to design via RFP, the CAs should be provided the opportunity to review the RFP.
    - Chino said the TC would want opportunity to discuss the RFP process. Assuming the RFP decision is based on quality of the proposal not dollar amount, the TC would appreciate being invited to a conversation about why a designer who may be the most expensive is being recommended for the design award. Contract should provide for that kind of advisory discussion.
- CVWD suggested having a CA-only meeting on this topic. At the heart of this topic is the desire for transparency.

- Upland thought that today's discussion captured their interests well and was not sure additional conversation was needed.
- Ontario needs a little more time to consider how involved they want to be.
- IEUA agreed that they needed their staff with engineering expertise present to continue this conversation and ensure the changes do not unduly complicate the design process.
- KW will consider how to best sequence subsequent conversations on this topic.
- **Re: grants**
  - Montclair noted that grant seeking usually requires a committee to ensure everyone understands the long-term requirements associated with any given grant.
  - IEUA has been very successful going after grants that result in significant savings for the region; in the past, IEUA has not updated the committees whenever they are negotiating grants, though they do provide semi-annual updates on where grant opportunities are, whether they will be seeking them, and which are in progress. IEUA asked whether CAs have time and resources to dedicate to grant negotiations.
    - Montclair acknowledged that timelines sometime preclude going through a committee process for approval.
  - Ontario said that *if there is a project that has already been approved as part of the TYCIP and IEUA is seeking funding via grants, the TC and PC do not need to be updated on every grant pursuit to that end. However, if the grant is intended to support a project that has not been discussed or approved by the TC or PC, then it should be brought to the TC and PC prior to applying for the grant.*
    - IEUA agreed with that principle.
- **Re: Hearings**
  - KW asked whether the CAs want to retain the hearing mechanism; up to this point, no CA has voiced interest in removing or modifying the hearing mechanism.
  - KW asked the CAs whether they will want any other dispute resolution mechanisms to be incorporated into the contract.
  - This item will be covered in more detail at the next meeting.