Inland Empire Utilities Agency
A MUNICIPAL WATER DISTRICT

MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY* WEDNESDAY, FEBRUARY 17, 2016 10:00 A.M.

DIRECTORS PRESENT:

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

DIRECTORS ABSENT:

Terry Catlin, President
Gene Koopman

STAFF PRESENT:

P. Joseph Grindstaff, General Manager
Chris Berch, Executive Manager of Engineering/Assistant General Manager
Christina Valencia, Chief Financial Officer/Assistant General Manager
Blanca Arambula, Deputy Manager of Human Resources
Tom Ash, Senior Environmental Resources Planner
Jerry Burke, Deputy Manager of Engineering
Adham Almasri, Senior Engineer
Pietro Cambiaso, Environmental Compliance and Energy Supervisor
Andy Campbell, Deputy Manager of Planning and Environmental Resources
Andrea Carruthers, Senior External Affairs Specialist
Lucia Diaz, Facilities Program Supervisor
Connie Gibson, Executive Assistant
Warren Green, Manager of Contracts and Facility Services
Jason Gu, Grants Officer
Randy Lee, Manager of Operations
Sylvie Lee, Manager of Planning and Environmental Resources
Dave Mendez, Acting Deputy Manager of Engineering
Lisa Morgan-Perales, Senior Water Resources Analyst
Liza Munoz, Senior Engineer
Jeff Noelte, Manager of Technical Services
Jason Pivovaroff, Senior Engineer
Craig Proctor, Pretreatment & Source Control Supervisor
John Scherck, Acting Deputy Manager of Construction Management
Peter Soelter, Senior Internal Auditor
Al VanBreukelen, Deputy Manager of Maintenance
April Woodruff, Board Secretary/Office Manager

OTHERS PRESENT:

Jean Cihigoyenetche, Cihigoyenetche, Grossberg, & Clouse
Vivian Castro, Chino Basin Water Conservation District
Kara-Lee Darnell, Tripepi Smith & Associates

*A Municipal Water District

Tom Dodson, Tom Dodson & Associates
Justin Scott-Coe, Monte Vista Water District
Pranesh Venugopal, The Energy Network
Jamie Fern, TEL
Matt Schroeder, TGG
Ryan Shaw, City of Ontario
Carl Wallace, Wallace & Associates

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.

Vice President Camacho called the meeting to order at 10:07 a.m., and he led with the pledge of allegiance to the flag. A quorum was present.
Vice President Camacho stated that members of the public may address the Board. There was no one desiring to do so.

Vice President Camacho asked if there were any changes/additions/deletions to the agenda. There were no changes, additions or deletion to the agenda.

1. **CONSENT CALENDAR**
Vice President Camacho asked if there were any Board members wishing to pull an item from the Consent Calendar for discussion. There was no one desiring to do so.

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

M2016-2-1

MOVED, to approve the Consent Calendar.

A. Approved the minutes from the January 20, Board Meeting.

B. Approved the total disbursements for the month of December 2015, in the amount of $19,602,753.89.

C. The Board adopted Resolution No. 2016-2-1, authorizing participation in the California Asset Management Program.

RESOLUTION NO. 2016-2-1
RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY, SAN BERNARDINO COUNTY, CALIFORNIA, TO JOIN WITH OTHER PUBLIC AGENCIES AS A PARTICIPANT OF THE CALIFORNIA ASSET MANAGEMENT TRUST AND TO INVEST IN SHARES OF THE TRUST AND IN INDIVIDUAL PORTFOLIOS
(for full text, see Resolution Book)

D. The Board moved the *Adopted Resolution No. 2016-2-2, Authorizing Agency Organizational Memberships and Affiliations* Board letter to the March Board meeting, as it requires a 4/5 vote.

E. PULLED from Consent Calendar Item to Action Item.

Continued…

*A Municipal Water District

M2016-2-1, continued.

F. The Board:

1. Approved the landscape service contract to EcoTech Services, Inc. for the CCWRF Lawn Conversion Improvements Project, for a not-to-exceed amount of $124,000;

2. Approved a budget amendment to increase the Regional Wastewater Operations and Maintenance (RO) Fund revenue and expense in the amount of $200,000; and

3. Authorized the General Manager to execute the contract.

G. The Board:

1. Approved Contract No. 4600002004 to Managed Mobile, Inc. of Placentia, California, establishing a two-year contract for on-site vehicle maintenance services, with an option for two, one-year extensions, for a not-to-exceed amount of $150,000 for the initial two-year term; and

2. Authorized the General Manager, or the designee, to execute the contract with two one-year potential contract extensions.

H. The Board:

1. Awarded a three-year contract to Carollo Engineers, Inc., GK & Associates, MHW, and Wallace & Associates Consulting, Inc. for on-call "as needed" project management, engineering, and construction staff augmentation support service for a not-to-exceed total amount of $1,500,000 for each contract; and

2. Authorized the General Manager to execute the contracts.

I. The Board:

1. Adopted Resolution No. 2016-2-3, authorizing the Agency to enter into a financial assistance agreement with the U.S. Department of Interior – Bureau of Reclamation (USBR) for a grant application submitted on January 20, 2016, for the recycled water laterals for the California Steel Industries and the Auto Club Speedway to Increase Local Water Supply and Energy Efficiency Project; and

Continued...

M2016-2-1, continued.

RESOLUTION NO. 2016-2-3
RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY, SAN BERNARDINO COUNTY, CALIFORNIA, AUTHORIZING THE INLAND EMPIRE UTILITIES AGENCY TO ENTER INTO A FINANCIAL ASSISTANCE AGREEMENT UNDER THE WATERSMART: WATER AND ENERGY EFFICIENCY GRANTS FOR FY 2016 WITH THE U.S. DEPARTMENT OF INTERIOR – BUREAU OF RECLAMATION AND DESIGNATING A REPRESENTATIVE TO EXECUTE THE FINANCIAL ASSISTANCE AGREEMENT, AND ANY AMENDMENT THERETO FOR THE NAPA AND SAN BERNARDINO AVENUE LATERAL PROJECT
(for full text, see Resolution Book)

2. Authorized the General Manager, Assistant General Managers, or his designees to execute the financial assistance agreement, any amendments, and any grant related documents thereto.

J. The Board:

1. Adopted the Addendum No. 2 to the Facilities Master Plan Program Environmental Impact Report; and

2. Authorized the General Manager to file the Notice of Determination (NOD) with the San Bernardino County Clerk of the Board.

K. The Board:

1. Approved the construction contract for the 1630 East and West Recycled Water Pump Station Surge Protection, Project No. EN15055, to J.R. Filanc Construction Company for $729,000; and

2. Authorized the General Manager to execute the contract.

L. The Board:

1. Authorized the single source procurement of new aeration basin membrane diffusers that the membrane diffuser reskinning services for Regional Water Recycling Plant No. 4 from OVIVO USA, LLC for a not-to-exceed amount of $1,032,000; and

2. Authorized the General Manager, or his designee, to execute the purchase.

ACTION ITEM

ADOPTION OF RESOLUTION NO. 2016-2-5, FOR THE INTERIM APPOINTMENT OF A RETIRED ANNUITANT

Chief Financial Officer/AGM Christina Valencia stated that the Executive Manager of Engineering Ernest Yeboah retired in January. She reported that the Agency began an active recruitment process to permanently fill the vacated position. Ms. Valencia mentioned that this is a critically needed positon for the Agency and requires specialized experience and qualifications. She said that it is imperative that the Agency fill this position on an interim basis while the recruitment is ongoing. She stated that Mr. Ernest Yeboah will be appointed Executive Manager of Operations/Assistant General Manager in the interim. She stated that the Government Code requires the Agency to adopt a certification resolution when hiring a retiree before 180 day has passed since their retirement date. Therefore staff is requesting that the Board adopt Resolution No. 2016-2-5, for exception to the 180-day wait period.

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

M2016-2-3

MOVED, to adopt Resolution No. 2016-2-5 for exception to the 180-day wait period Government Code Sections 7522.56 & 21221(h) and for the interim appointment of Ernest Yeboah, as a retired annuitant, to the position of Executive Manager of Operations/Assistant General Manager.

PRESENTATION

Ms. Kara-Lee Darnell from Tripepi Smith & Associates gave a PowerPoint presentation on the *Kick the Habit* campaign.

2. ACTION ITEMS

A. WATER PURCHASE AND STORAGE AGREEMENT

Executive Manager of Engineering/AGM Chris Berch stated that the MWD Administrative Code requires that Cucamonga Valley Water District (CVWD) must maintain a minimum flow of 15 cubic-feet/second to their water treatment plant through the MWD turnout at any time. He stated that this demand has resulted in ongoing operational challenges for CVWD. Mr. Berch stated in 2015, CVWD and IEUA developed an approach that would help CVWD meet their minimum flow needs and enable the Agency to purchase water and store water in the Chino Basin. All the terms and provisions are included in the Water Storage Agreement. He stated that approval of the Agreement would affect the purchase of up to 5,000 acre-feet of water. He also stated that based on the MWD Untreated Tier 1 rate of $594/acre foot, approximately $3,000,000 of water could be purchased and stored under this agreement. Mr. Berch noted that this agreement meets the IEUA adopted Business Goal of *Water Reliability* by reducing demands for imported water during dry and normal years and storing imported water into the Chino Basin during wet years.

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

M2016-2-2

MOVED, to:

1. Approve the Water Storage Agreement between Inland Empire Utilities Agency and Cucamonga Valley Water District for the purchase of up to 5,000 acre-feet of supplemental water;

2. Approve the use of $2,700,000 of "one-time" incremental property taxes to fund the purchase of supplemental water; and

3. Authorize the General Manager, subject to non-substantial changes, to execute the Agreement.

B. ENERGY MANAGEMENT PLAN

Environmental Compliance and Energy Supervisor Pietro Cambiaso gave a PowerPoint presentation on the Energy Management Plan (EMP). Mr. Cambiaso reminded the Board that the primary objectives of the EMP is to benchmark the Agency's current energy infrastructure to achieve the objectives set forth in the Agency's Business Goals. He stated that the plan will also identify projects and business practices that could improve the Agency's Integrated Demand Side Management (IDSM) and work in concert with energy utilities whenever possible to benefit grid management. Mr. Cambiaso focused on the changes to the EMP since the first time it was presented to the Board. He stated that the primary change is that the Plan now includes biosolids and organics. He stated that the Plan will include organics diversion, which would assist member agencies to comply with the State's organics diversion requirements; divert organics from landfills to IEUA's solid facilities; and reduce critical short-lived climate pollutants. He stated that the revised EMP has been submitted to CEQA. Mr. Cambiaso updated the Board on the recent energy management efforts, i.e. energy audits completed and efficiency measure identified; energy storage agreement in development, and the Organics Diversion Feasibility Study is in process. A brief discussion ensued regarding the processes of adopting the EMP and the other components that are impacted by the Programmatic EIR.

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

M2016-2-3

MOVED, to concur with the proposed initiatives and findings as outlined in the Energy Management Plan.

C. AGENCY-WIDE LIGHTING IMPROVEMENTS CONSTRUCTION CONTRACT AWARD

Executive Manager of Engineering/AGM Chris Berch reported that as part of the Agency-Wide Energy Efficiency Study Project, staff has been working with The Energy Network (TEN) and the Water Infrastructure and System Efficiency (WISE) Program to identify opportunities to reduce the total electricity usage and costs. He stated that based on a business case evaluation, the Agency-Wide Lighting Improvement Project was launched to replace lighting fixtures with Design Lights Consortium (DLC) approved LED fixture within RP-1, RP-4, RP-5, Carbon Canyon Water Recycling Facility (CCWRF), Inland Empire Regional Composting Facility, and the Headquarter buildings. The project objective will include: $115,823 in utilities incentives from Southern California Edison

(SCE); reduction in energy usage by over 1.6 million kWh, reduction in greenhouse gas emission equal to 16,608 tons of carbon dioxide; reduction in maintenance costs, and it will further recognize the Agency as a community leader. Mr. Berch reported that in addition to the objectives, the Agency was offered an on-bill financing option through SCE for approximately 80% of the construction costs, or $1,099,888 over a 10-year period. He stated that the on-bill financing will allow the Agency to finance most of the construction costs with a 0% interest rate and amortized payments over a 10-year period, with no balloon payment, as the amount financed will be paid in full by the end of the term. Mr. Berch also reported that it is anticipated that the generated electrical savings are projected to offset the monthly loan payments. He said that the construction will consist of two phases. Phase I will occur at RP-4 and the IERCF. Upon the Phase I completion, the energy savings will be verified by comparing readings from the data loggers installed before and after construction. Following verification, Phase II will occur at all the remaining sites. Mr. Berch noted that the Agency-Wide Lighting Improvements Project is part of the Agency's Energy Management Goal to optimize the facility energy use and effectively manage renewable resources to achieve peak power independence, contain future energy costs, and achieve statewide renewable energy, distributed generation and greenhouse gas.

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

M2016-2-4

MOVED, to:

1. Approve the construction contract for the Agency-wide Lighting Improvements Project No. EN16013, to Facilities Solutions Group for a not-to-exceed amount of $1,400,320; and

2. Authorized the General Manager to finalize and execute the contract.

3. INFORMATION ITEMS

A. REGIONAL CONTRACT AMENDMENT AND RENEWAL UPDATE

Manager of Planning and Environmental Resources Sylvie Lee gave a PowerPoint update on the Regional Contract amendment and renewal. She highlighted the goals and objectives, which were to renew the Regional Contract, and update and streamline the document, with a completion date of January 2017. She stated that the schedule is important due to significant capital financing demands for RP-5 and RP-1 expansion and improvement projects, and the long-term debt borrowings to be evaluated by the financing agencies. She noted that a 1% interest rate difference represents $1/EDU/month to each resident. Ms. Lee highlighted the proposed methodology, and the next steps.

B. MID-YEAR BUILDING ACTIVITY REPORT

Executive Manager of Engineering/AGM Chris Berch stated that for the first half of Fiscal Year 2015/16 there were approximately 2,600 new EDU, which is on target compared to the forecast. He stated; however, the City of Ontario only had 288 new EDUs compared to the 3,000 projected. He said that most of the new EDUs came from Cucamonga Valley Water District with more than 600 industrial EDUs in the month of December. Overall, the building activities resulted in approximately $1.3 million in New wastewater connection fees.

C. **CHINO BASIN BOUNDARY UPDATE FOR THE 2014 SUSTAINABLE GROUNDWATER MANAGEMENT ACT (SGMA)**

Deputy Manager of Planning and Environmental Resources Andy Campbell gave a PowerPoint presentation on the Chino Basin Boundary Update for the 2014 Sustainable Groundwater Management Act (SGMA). He reported that the sustainable groundwater management act (SGMA) requires sustainability plans for non-adjudicated groundwater basins. He stated for the Chino Basin, which is adjudicated, SGMA provides for a basin boundary change process to resolve conflicts in groundwater basin boundaries between the boundaries defined by the state and those set by an adjudication. Mr. Campbell said that IEUA will serve as the local agency for CBWM to make a boundary change request under the SGMA. Staff will prepare a resolution for the board for its March meeting as needed to submit a SGMA boundary request.

D. **MWD AND DROUGHT UPDATE**

Senior Engineer Jason Pivovaroff gave a MWD Monthly Recap PowerPoint presentation. He highlighted the water conditions and sales. He reported that the State Water Project (SWP) allocation increased from 10% to 15%; through December; snowpack is 99% of normal; and Delta exports have been reduced and restricted. Mr. Pivovaroff stated that the first time in history, Lake Mead is on the Colorado River aqueduct system (CRA) expecting to experience a shortage in storage levels for water to a critical level possibly in 2016; likely in 2017. He also reported that the SWP and the CRA are both off line due to leak repairs. Mr. Pivovaroff reported that the MWD adopted the Integrated Water Resources Plan last month; however, it also raised key policy questions by both Directors and member agencies. In 2016, the committee will identify the scope, reliability, level of service, conservation programming, and overall storage. Mr. Pivovaroff noted that the overall MWD rates are expected to be increased an average of 4% to 4.5% over the next 10 years. He reviewed the proposed rates for calendar year 2017 and 2018 and provided a projected volumetric overview.

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

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

F. **PUBLIC OUTREACH AND COMMUNICATION (WRITTEN)**

G. **LEGISLATIVE REPORT FROM INNOVATIVE FEDERAL STRATEGIES (WRITTEN)**

H. **LEGISLATIVE REPORT FROM WEST COAST ADVISORS (WRITTEN)**

I. **LEGISLATIVE REPORT FROM AGRICULTURAL RESOURCES (WRITTEN)**

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

K. **FEDERAL LEGISLATIVE TRACKING MATRIX (WRITTEN)**

L. **ENGINEERING AND CONSTRUCTION MANAGEMENT PROJECT UPDATES (POWERPOINT)**

M. **UNFUNDED LIABILITIES FOR PENSION AND OTHER POST-EMPLOYMENT BENEFITS UPDATE (POWERPOINT)**

N. **WATER CONSERVATION PROGRAM UPDATE (POWERPOINT)**

O. **CONSERVATION & DATA INITIATIVES (POWERPOINT)**

P. **LABORATORY SEMI-ANNUAL UPDATE (POWERPOINT)**

4. **AGENCY REPRESENTATIVES' REPORTS**

A. **SAWPA REPORT**
Director Hall reported that SAWPA hired Mr. Paul Browning to interview member agencies to evaluate SAWPA's mission, goals, and key areas of focus.

B. **MWD REPORT**
Director Camacho had nothing further to report.

C. **REGIONAL SEWERAGE PROGRAM POLICY COMMITTEE REPORT**
(February meeting was cancelled. Next meeting scheduled for March 3, 2016)

D. **CHINO BASIN WATERMASTER REPORT**
Director Elie reported that the Judge moved the hearing to the second week in April. He also reported that he was re-elected asCBWM Chair.

5. **GENERAL MANAGER'S REPORT**
The General Manager's Report was received and filed by the Board.

General Manager Joseph Grindstaff mentioned that the State Board actually received all the Agency's grant applications within the time period where the state was offering potentially 1% low-interest loans, and a loan forgiveness of up to 35%. He noted that all the Agency's projects are eligible for the 35%. Mr. Grindstaff stated staff is still working to determine whether the Agency will be eligible for the 1% given the high number of applications competing for the funding. He mentioned a number of projects that could benefit, such as recycled water up in the Cucamonga area to Fontana, including the CSI Speedway projects; the deal with Jurupa to bring water from the South, and a potential project with Pomona, bringing water over to desalinate for recharge in the basin. He also mentioned that the State Board has extended, with some modifications, the requirement for conservation through the month of April. He stated as of today, the reservoirs still remain significantly below average, even if a precipitation is above average. He stated that it is likely that the conditions will remain officially in drought.

6. **BOARD OF DIRECTORS' REQUESTED FUTURE AGENDA ITEMS**
The Directors had no requested future agenda items.

7. **BOARD OF DIRECTORS' COMMENTS**
Director Hall reported that she attended the January 20-22 CASA Conference in Palm Springs. She also mentioned that she will be attending the CASA Washington DC Conference from February 22-24, along with General Manager Joe Grindstaff and Kathy Besser.

Director Elie reported that he attended the Southern California Water Committee Quarterly Luncheon at Western MWD. He also noted that Mr. Rich Atwater will be retiring as the Executive Director and Mr. Charlie Wilson is stepping down as Chair assuming the Executive Director position. He stated that Mr. Charlie Wilson will be the guest speaker at the Special Districts dinner meeting in March.

Director Camacho stated that he sponsored a MWD Tour of the State Water Project and the Sacramento-San Joaquin Delta on February 5-6.

8. **CLOSED SESSION**
The Board went into Closed Session at 11:35 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) Mwembu vs. IEUA Case No. CIVDS 1415762; B. PURSUANT TO GOVERNMENT CODE SECTION 54956.8 – CONFERENCE WITH REAL PROPERTY NEGOTIATOR: (1) 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: One (1) Case; D. PURSUANT TO GOVERNMENT CODE SECTION 54957 – PERSONNEL MATTERS: (1) Various Positions – Compensation Study, (2) Various Positions; E. PURSUANT TO GOVERNMENT CODE SECTON 54957 – PERSONNEL MATTERS – PUBLIC EMPLOYEE PERFORMANCE EVALUATION: (1) General Manager

The meeting resumed at 12:24 p.m., and General Counsel Jean Cihigoyenetche stated that the below-mentioned matters were discussed in Closed Session, and the Board took the following actions:

Regarding Conference with Legal Counsel – Existing Litigation:

Martin vs. IEUA, Case No. CIVRS 1000767

The Board took no reportable action.

Regarding Conference with Legal Counsel – Existing Litigation:

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

Mwembu vs. IEUA. Case No. CIVDS 1415762

The Board did not discuss.

Regarding Conference with Real Property Negotiator:

Supplemental Water Transfer/Purchase

The Board did not discuss.

Regarding Conference with Legal Counsel – Anticipated Litigation:

One (1) Case

The Board did not discuss.

Regarding Personnel Matters:

Various Positions – Compensation Study

General Manager Joe Grindstaff reported that the Inland Empire Utilities Agency (IEUA) participated in negotiating with all of the units in an attempt to implement the 2014 classification and compensation study. IEUA has reached agreement and implemented with all units except the Supervisors and the General Unit. The Supervisor's Unit sent the Agency a letter on December 22, 2015, requesting that the negotiations be concluded and not proceed any further, and that the Unit was electing to proceed under the current MOU effective through

2018. The General Unit has still not ratified. The General Unit was given the Agency's last, best, and final offer back in early November, which would result in all of the members receiving a salary increase. Since then, the General Unit recently asked for clarification on the IEUA's last, best, and final offer, which IEUA has provided. The last, best, and final offer provides that until February 17, 2016, the IEUA would recommend that the Board implement retroactive wage increases that are a direct and indirect result of the classification and compensation study. The Board has approved the last, best, and final offer, as written, with the advancement and proficiency requirements and clarification of the last, best, and final offer and will adopt the recommendation set forth as to the retroactive pay, if the last, best, and final offer is ratified by March 2, 2016. If the General Unit does not ratify by this date, the Agency will assume the last, best, and final offer has been rejected.

Regarding Personnel Matters:

Various Positions

The Board took no reportable action.

Regarding Personnel Matters – Public Employee Performance Evaluation

General Manager

The Board did not discuss.

With no further business, Vice President Camacho adjourned the meeting at 12:30 p.m.

Steven J. Elie, Secretary/Treasurer

APPROVED: MARCH 16, 2016