



**MINUTES OF THE
WORKSHOP
OF
THE BOARD OF DIRECTORS
OF
THE INLAND EMPIRE UTILITIES AGENCY*
WEDNESDAY, APRIL 6, 2016
10:00 A.M.**

DIRECTORS PRESENT:

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

DIRECTOR ABSENT:

Gene Koopman

STAFF PRESENT:

P. Joseph Grindstaff, General Manager
Chris Berch, Executive Manager of Engineering/Assistant General Manager
Christina Valencia, Chief Financial Officer/Assistant General Manager
Ernest Yeboah, Executive Manager of Engineering/Assistant General Manager
Kathy Besser, Manager of External Affairs
Jerry Burke, Deputy Manager of Engineering
Andy Campbell, Deputy Manager of Planning & Environmental Resources
Laura Cashion, Grants Administrator
Javier Chagoyen-Lazaro, Manager of Finance and Accounting
Jason Gu, Grants Officer
David Liang, Grants
Randy Lee, Manager of Operations
Sylvie Lee, Manager of Planning and Environmental Resources
Craig Proctor, Pretreatment and Source Control Supervisor
Cheyanne Reseck-Francis, Administrative Assistant II
Joyce Rucker, Senior Accountant
Shaun Stone, Manager of Engineering
Teresa Velarde, Manager of Internal Audit
Stephanie Riley, Executive Assistant

OTHERS PRESENT:

Jean Cihigoyenetché, Cihigoyenetché, Grossberg, and Clouse
Steve Nix, City of Chino Hills

A meeting of the Board of Directors of the Inland Empire Utilities Agency* was held at the office of the Agency, 6075 Kimball Avenue, Bldg. A., Chino, California on the above date.

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

President Catlin stated that members of the public may address the Board.

Public Comments requested by Mr. Steve Nix, City of Chino Hills

Mr. Nix requested that the Board consider possible revision to the language of recently adopted IEUA Ordinance No. 103. The Ordinance was adopted in July of 2015. Mr. Nix stated that the Ordinance is for the one water connection fee requiring a fee payment of any new domestic and/or recycled water meter installed after January 1, 2016. The City of Chino Hills has been proactive in encouraging customers to convert landscaping to recycled water whenever practical; however, recently a situation arose where the literal wording creates an injustice in this process. The City has several commercial industries that has the potential to use recycled water, as well as churches and other organizations. It was found very common in the City that landscaping was set up as a separate designated meter; however, most of the churches in the city have a single meter that fed both domestic and landscaping service. Mr. Nix stated that recently in a particular case, the City encouraged a church to switch their landscaping to recycled water; however, they had the single service meter. In this case when the paperwork was filed, the church was required to pay the one water connection fee for the new meter connection; however, a facility next door transferred their landscape to recycled water and because they had a separate landscape meter already, they were not required to pay the one water connection fee. Mr. Nix, stated that the city feels that it is a slight inequity and the city would like to continue to encourage those that can convert to recycled water. However, the City believes that this practice is cost prohibitive. Mr. Nix stated that the City is requesting either a editing of the language of the Ordinance or whether there could be a different interpretation of how it can be applied. He stated that until such time, the City will not pursue any further recycled water conversions, which they feel is a detriment to the entire area. The City requests IEUA's consideration in this matter. President Catlin thanked Mr. Nix for his comments and stated that staff would look into the matter.

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

1. ACTION ITEMS

A. RESOLUTION NO. 2016-4-4. INTENT TO AMEND REGIONAL SEWERAGE SERVICE CONTRACT

Manager of Planning and Environmental Resources Sylvie Lee gave a PowerPoint presentation on the Resolution of Intent to Amend Regional Contract. With the increased use of recycled water, conversations began about four years ago regarding inequities of use amongst the member agencies. She stated that the conversations led to the unanimous adoption of the Recycled Water Policy Principles. Ms. Lee stated that the intent is to amend sections 15 and 16 of the Regional Contract based upon the Recycled Water Policy Principles. The key proposed changes include defining the contracting Agencies base entitlements and a method of providing replacement water for contracting agencies using above entitlement. Ms. Lee added that the proposed changes include defining temporary entitlement for the City of Chino until the year 2023, and define a surcharge rate for use exceeding temporary entitlement. Ms. Lee also went over some of the key changes in the proposed amendment.

She stated that staff has been working with the member agencies to finalize the language of the amendment. A draft was presented, a final amendment is expected in the coming weeks, allowing the member agencies time to take the amendment to their respective councils/boards as needed and provide a recommendation at the May Technical Committee and May Policy Committee. Ms. Lee gave an overview of the regional contract

amendment schedule, stating that the public hearing would be held on June 15, 2016. Ms. Lee stated that staff's recommendation is to adopt Resolution No. 2016-4-4, declaring the intent to amend sections 15 and 16 of the Regional Contract and set a public hearing for June 15, 2016. Mr. Berch stated that a draft was presented today due to the 60 day needed to hold a public hearing per the contract; and the changes anticipated are considered to be wordsmithing.

Director Hall stated that the City of Fontana had concerns with the interpretation of wording in the resolution related to the process of contract amendment. General Manager Joseph Grindstaff and General Counsel Jean Cihigoyenette provided clarification. Mr. Cihigoyenette stated that in this case, all of the member agencies agreed to the substance of the change. However, during the course of discussion the question was raised by the member agencies as to whether or not if there was not unanimous support of the amendment, would IEUA have approved the changes. Mr. Cihigoyenette stated that member agencies were worried they could be setting a precedent by agreeing to this amendment, and as a result proposed the wording in the resolution due to the different interpretations of section 30.B of the Regional Contract.

Director Elie stated that without the leverage of section 30.B, the City of Chino would not have agreed and there would not have been unanimous agreement of this amendment. Director Elie referred to the March 25, 2016 letter regarding the Chino Basin Regional Sewerage Service Contract signed by the Contracting Agencies' City Managers (noting that Cucamonga did not sign the letter), as being very, very, very disturbing. He stated that the letter was counter-productive, and had nothing to do with what we are doing here, which is trying to solve the problems that were raised by some of those very cities that signed the March 25 letter.

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

M2016-4-1

MOVED, to:

1. Adopt Resolution No. 2016-4-4, declaring its intent to amend Sections 15 and 16 of the Regional Sewerage Service Contract; and
2. Set a public hearing date of June 15, 2016, at 10:00 a.m. for adoption of the proposed contract amendments.

1. INLAND EMPIRE UTILITIES AGENCY'S GRANTS STRATEGIC PLAN WORKSHOP

Executive Manager of Engineering/Assistant General Manager Chris Berch and Grants Officer Jason Gu jointly gave a PowerPoint presentation on the grants strategic plan. Mr. Berch stated that the Board's input received today would be integrated in the grant plan that will be created over the next few months. Mr. Berch provided an overview of the grant's management cycle and the activities over the last 15 years. Mr. Gu provided a detailed overview of the funding awarded to the Agency through grants and SRF loans over the last 15 years, totaling approximately \$420 million. He continued to breakdown the total by funding type and funding sources. Mr. Gu stated that the Agency had received funding and is continuing to pursue funding from the state from Proposition 1. Mr. Berch reviewed the Grant planning for the next ten years, emphasizing the grants and loans to be pursued for regional capital and facility rehabilitation. Mr. Berch highlighted the funding strategies for four categories including recycled water, groundwater recharge, drinking water, and wastewater treatment. Mr. Berch stated that the post-grant award activities are just as important and the

pre-award activities. The activities include, negotiating grant agreements, compliance and oversight, auditing and closing out the grants. In closing, Mr. Berch reviewed the structure of the Grants Department and the next steps in the future of the department.

With no further business, President Catlin adjourned the meeting at 11:05 a.m.



Steven J. Elie, Secretary/Treasurer

APPROVED: MAY 18, 2016