



**MINUTES OF THE REGULAR  
MEETING OF  
THE  
INLAND EMPIRE UTILITIES AGENCY  
BOARD OF DIRECTORS**

**WEDNESDAY, JUNE 15, 2016  
10:00 A.M.**

**DIRECTORS PRESENT:**

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

**STAFF PRESENT:**

Chris Berch, Executive Manager of Engineering/Assistant General Manager  
Randy Lee, Executive Manager of Operations/Assistant General Manager  
Christina Valencia, Chief Financial Officer/Assistant General Manager  
Ernest Yeboah, Executive Manager of Operations/Assistant General Manager  
Adham Almasri, Senior Engineer  
Rosemary Alvarado, Supervisor of Contracts & Programs Administration  
Kathryn Besser, Manager of External Affairs  
Sharmeen Bhojani, Manager of Human Resources  
Jerry Burke, Deputy Manager of Engineering  
Andy Campbell, Deputy Manager of Planning and Environmental Resources  
Javier Chagoyen-Lazaro, Manager of Finance & Accounting  
Tina Cheng, Budget Officer  
Warren Green, Manager of Contracts and Facility Services  
Nelson Htoy, Deputy Manager of Maintenance  
Elizabeth Hurst, Environmental Resource Planner II  
Joel Ignacio, Senior Engineer  
Sylvie Lee, Manager of Planning and Environmental Resources  
Matthew Melendrez, Deputy Manager of Operations  
Lisa Morgan-Perales, Senior Water Resources Analyst  
Jason Pivovaroff, Senior Engineer  
Jesse Pompa, Senior Engineer  
Craig Proctor, Pretreatment & Source Control Supervisor  
John Scherck, Acting Deputy Manager of Engineering  
Teresa Velarde, Manager of Internal Audit  
April Woodruff, Board Secretary/Office Manager

**OTHERS PRESENT:**

Jean Cihigoyenetché, Cihigoyenetché, Grossberg, & Clouse  
Sarina Sriboonlue, Arcadis  
Braden Yu, Cucamonga Valley Water District

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

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

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

Mr. Braden Yu, Planning and Development Manager at the Cucamonga Valley Water District (CVWD), highlighted some of the improvements that CVWD has been developing for their tenant improvement process. He stated that since he has been at CVWD, they have updated the filing system, added spreadsheets for better tracking, tied the filing to GIS to better locate files, and worked with IEUA on the BAR Committee to improve the regional BAR reporting. He noted that the CVWD has continuously made pro-active improvements to their tenant improvement process. He said that recently CVWD has received audits, and noted that CVWD takes these audits very seriously. Mr. Yu said in 2009, they received an audit from IEUA. Comments on rounding errors were incorporated and corrected. He stated that this particular audit found other things that CVWD has made a best effort to put in place – checks and balances – so that the issues would not reoccur. He explained that some of the things that CVWD did to mitigate these issues included adding separation between their plan check and field inspection staff. He stated that they added hundreds of signatures to their process, including staff to conduct checks and balances and requiring inspectors, plan checkers, reviewers, the finance department, managers, and IEUA to sign off on tenant improvement plans. He stated that other things CVWD has done was to revamp the whole SOP and guidelines to address the audit issues, as well as train CVWD staff. Mr. Yu commented that as an Agency, CVWD tries to do things in a progressive fashion. He noted that much of what CVWD did in the tenant improvements process, was not to look backwards, but to move forward to avoid making the same mistakes that occurred in the past. Mr. Yu reported that CVWD has over 50,000 water connections, and over 36,000 sewer connections, and in order to try to make things equitable for everyone, it's very difficult to go backwards with the sheer volume of customers that CVWD has versus CVWD staff. He further stated that for CVWD as an agency, they always look forward and we are also restricted by their code which limits them to three years for any type of recompensement fee. He stated that it is problematic for CVWD staff to constantly look backwards because it prevents them from always moving forward and staff hopes that IEUA takes that into consideration.

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

**1. NEW HIRE INTRODUCTIONS**

Executive Manager of Operations/Assistant General Manager Randy Lee introduced Mr. Nelson Htoy, Deputy Manager of Maintenance, hired 6/6/16.

The Board of Directors welcomed Mr. Nelson Htoy to the IEUA team.

**2. PUBLIC HEARINGS**

**A. PUBLIC HEARING AND ADOPTION OF ORDINANCE NO. 104**

President Catlin called the Public Hearing to order.

Manager of Planning and Environmental Resources Sylvie Lee stated the purpose of the Hearing, and introduced the Hearing panel members.

Ms. Lee stated that there was a Cost of Service Study performed for water and services that was completed in March 2015. As a result of this study, on June 17, 2015, the Agency adopted Ordinance No. 103, to include the establishment of the water connection fee. She noted that one of the items in the Cost of Service Study, which was the actual water rates, was deferred to FY 2016/17. Therefore, for the last fiscal year, the water rates remained unchanged. Ms. Lee stated that the proposed Ordinance No. 104 includes language for water rates to be assessed by meter equivalent unit and includes language for MWD rates and charges to be consistent with the MWD administrative code. It also added a "Reserve

Account” to call upon for collection of funds for a delinquent payment from the member agencies. Ms. Lee noted that there have been previous discussions with the Board regarding if the Agency should consider incentives such as waiving fees for existing customers installing recycled water meters. Therefore, proposed language has been added in Section 202 which states, “An existing customer requesting a modification to an existing connection will be reviewed on a case-by-case basis to determine if a customer is subject to payment of the water connection fee.” Ms. Lee noted that no comments, either written or oral, have been received.

President Catlin opened the Public Hearing at 10:14 a.m., and receiving no comments, he closed the Public Hearing at 10:14 a.m.

Upon motion by Director Hall, seconded by Director Elie, the motion carried (4-0):

**M2016-6-1**

MOVED, to adopt Ordinance No. 104, establishing water connection fees, classes of water service, and regulating the sale and delivery of water within the IEUA service area.

**ORDINANCE NO. 104**

**ORDINANCE OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY, SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING WATER CONNECTION FEES, CLASSES OF WATER SERVICE, AND REGULATING THE SALE AND DELIVERY OF WATER WITHIN THE INLAND EMPIRE UTILITIES AGENCY SERVICE AREA**  
*(for full text, see Ordinance Book)*

with the following roll call vote:

<b>Ayes:</b>	Hall, Elie, Camacho, Catlin
<b>Noes:</b>	None
<b>Absent:</b>	None
<b>Abstain:</b>	None

**B. PUBLIC HEARING AND ADOPTION OF RESOLUTION NO. 2016-6-16**

President Catlin called the Public Hearing to order.

Manager of Planning and Environmental Resources Sylvie Lee stated the purpose of the Hearing, and introduced the Hearing panel members.

Ms. Lee stated that over the past several months, discussion has ensued regarding the Recycled Water Policy Principles that were adopted, and to actually implement policies in place to implement the pertinent items that resulted from the discussions. She reviewed the proposed items and the resolutions to implement certain provisions of the Recycled Water Policy Principles. She reported that Resolution No. 2016-6-17 establishes the regulations for the purchase of the recycled water above their base entitlement. This Resolution provides the establishment of the surcharge rate. She noted a Public Hearing is not required for this Resolution, but is needed to establish that there is a surcharge rate. She stated that Resolution No. 2016-6-16, which requires a Public Hearing, establishes what the rate is for the surcharge, which is the replacement water that would be available for purchase by IEUA, less the groundwater recharge rate of the \$470 per acre foot. Ms. Lee stated that no comments either written or oral were received.

President Catlin opened the Public Hearing at 10:17 a.m., and receiving no comments, he closed the Public Hearing at 10:17 a.m.

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

**M2016-6-2**

MOVED, to:

1. Adopt Resolution No. 2016-6-16, establishing surcharge rates for recycled water use above entitlement for Fiscal Year 2016/17; and

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY, SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING SURCHARGE RATES FOR RECYCLED WATER USE ABOVE ENTITLEMENT FOR FISCAL YEAR 2016/17**  
*(for full text, see Resolution Book)*

2. Adopt Resolution No. 2016-6-17, establishing regulations for the purchase of recycled water above base entitlement for Contracting Agencies;

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY, SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING REGULATIONS FOR THE PURCHASE OF RECYCLED WATER ABOVE BASE ENTITLEMENT FOR CONTRACTING AGENCIES**  
*(for full text, see Resolution Book)*

**C. PUBLIC HEARING AND ADOPTION OF RESOLUTION NO. 2016-6-14**

President Catlin called the Public Hearing to order.

Senior Water Resources Analyst Lisa Morgan-Perales stated the purpose of the Hearing, and introduced the Hearing panel members.

Ms. Morgan-Perales explained that the Urban Water Management Planning Act requires that any water agency wholesale or retail or investor-owned utility (IOU) must complete a Urban Water Management Plan (UWMP) every 5 years, if it serves a minimum of 3,000 acre foot (AF)/year of water, or serves a customer base of 3,000 connections. She stated in order to maintain eligibility for grants, loans, and any drought assistance available from the State, IEUA is required to file a plan by July 1, 2016. Ms. Perales reviewed the key changes from 2010 to 2015. IEUA built a land use model for the Agency's retail members to assist them in filing their own UWMP, by providing them with their demands out to 2035 and 2040. The 2015 UWMP also includes the Water Facilities Authority, as a component of IEUA's Plan, based on recommendation from the Department of Water Resources. She reported that IEUA completed the Integrated Water Resources Plan Phase I and the Regional Water Use Efficiency Business Plan; information from both plans were incorporated into the UWMP. She noted that staff completed some of the voluntary sections that included IEUA's Energy Management Plan and IEUA's Asset Management and climate. Ms. Morgan-Perales reported that there were no comments, written or oral, have been received to date. However, the comment period remains open based on the plan adoption of June 15; therefore the comment period will close on July 15, and any comments received will be filed with the State.

President Catlin opened the Public Hearing at 10:22 a.m., and receiving no comments, he closed the Public Hearing at 10:23 a.m.

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

**M2016-6-3**

MOVED, to:

1. Adopt Resolution No. 2016-6-14, adopting the 2015 Regional Urban Water Management Plan for the IEUA and the Water Facilities Authority; and

**RESOLUTION NO. 2016-6-14**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY, SAN BERNARDINO COUNTY, CALIFORNIA, ADOPTING THE 2015 REGIONAL URBAN WATER MANAGEMENT PLAN FOR THE INLAND EMPIRE UTILITIES AGENCY AND THE WATER FACILITIES AUTHORITY**

*(for full text, see Resolution Book)*

2. Authorize the General Manager to file the 2015 Regional Urban Water Management Plan electronically to the California Department of Water Resources, submit a CD or hardcopy to the California State Library, and submit an electronic copy, CD or hard copy to any city or county in which the suppliers provide water.

**3. CONSENT CALENDAR**

President Catlin asked if there were any Board members wishing to pull an item from the Consent Calendar for discussion.

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

**M2016-6-4**

MOVED, to approve the Consent Calendar.

- A. Approved the minutes from the April 20, 2016, Board meeting, May 11, 2016, special Board workshop, and May 18, 2016 Board meeting.
- B. Approved the total disbursements for the month of April 2016, in the amount of \$10,275,385.58.
- C. The Board adopted Resolution No. 2016-6-8, establishing the appropriation limits for Fiscal Year 2016/17.

**RESOLUTION NO. 2016-6-8**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY, SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING APPROPRIATION LIMITS FOR FISCAL YEAR 2016/17**

*(for full text, see Resolution Book)*

D. The Board:

1. Approved a seven-year competitively-let contract (No. 4600002112) to Airgas USA, LLC of Ontario, California, through June 30, 2022, for Agency-wide compressed gases, propane, and related supplies; and

*Continued...*

*M2016-6-4, continued.*

2. Authorized the General Manager to execute the contract.

E. The Board:

1. Approved the second amendment to Task Order No. 1 of the Master Agreement with Chino Basin Watermaster as part of the Recharge Master Plan Update Yield Enhancement Projects, Project No. RW15003; and
2. Authorized the General Manager, subject to non-substantive changes, to execute the amendment.

- F. The Board rejected the November 17, 2015, proposal from Regatta Solution to design and build a microturbine at Regional Plant No. 2.

G. The Board:

1. Approved the FY 2016/17 Annual Audit Plan; and
2. Directed the Manager of Internal Audit to finalize the FY 2016/17 Annual Audit Plan.

- H. The Board adopted the 2015 Regional Water Use Efficiency Business Plan.

- I. The Board adopted the 2016 Chino Basin Storm Water Resources Plan.

- J. The Board rejected the April 12, 2016, proposals for the construction of the Agency-wide Pump Efficiency Improvements, Project No. EN16070.

K. The Board:

1. Authorized the single source procurement of new polymer blending units and start up services for Regional Water Recycling Plant No. 1 (RP-1) from Velocity Dynamics, LLC for a not-to-exceed amount of \$172,000 (including tax and delivery); and
2. Authorized the General Manager to execute the purchase.

L. The Board:

1. Approved Contract No. 4600002106 to Polydyne Inc., establishing a two-year contract for the supply of Fiosperse 30S with options for three additional one-year extensions, for a potential total contract term of five years; and
2. Authorized the General Manager to execute the contract with the three potential contract extensions.

#### 4. ACTION ITEMS

##### A. FILLING VACANT SEAT ON THE BOARD OF DIRECTORS

General Counsel Jean Cihigoyenetché stated that due to the passing of Director Koopman on May 31, a vacancy had been created on the IEUA Board of Directors. He reported that the Board had two alternatives to fill the vacancy; 1. To appoint a successor to Director Koopman; or 2. To proceed with a special election. Mr. Cihigoyenetché recommended that the Agency utilize today (June 15) as the official date that the Board of Directors, as a formal body, received notice of the vacancy. Mr. Cihigoyenetché stated that he is recommending that the Agency proceed by appointment, as opposed to special election, because a special election is extremely costly for the Agency's constituency. He clarified the term of an appointee by stating that the requirement is that if the appointment is outside of 130 days, before the next General District Election, then the appointee will serve until that next district election. Since November 2016, is our next district election the appointee will serve until November 2016, where the appointee will have to run for office if they so desire. Whoever is successful at the election, will serve the remaining two years of District 2 term (short term). Mr. Cihigoyenetché is amending the Board recommendation by deleting No. 2 "Ratify notice to the County Election Official of the existence of a vacant seat on the Board of Directors of the Agency". Discussion ensued on the process that will be followed for appointment. Mr. Cihigoyenetché stated the only requirement is that the Notice of Vacancy be posted in three conspicuous areas within the district, and that posting occur no later than 15 days before an appointment. He also noted that the appointment must be concluded within 60 days from today's date. Discussion ensued regarding the appointment process. The process is up to the Board's discretion, it could be a written application, resumes, statement of qualification, and interviews. The Board will decide how this appointment will be processed at a later date. The Board amended the Board letter.

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

**M2016-6-5**

MOVED, to:

1. Adopt Resolution No. 2016-6-20, determining that the vacancy on the Board of Directors shall be by appointment as opposed to a special election;

**RESOLUTION NO. 2016-6-20**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY, SAN BERNARDINO COUNTY, CALIFORNIA, RESOLVING TO FILL THE VACANCY ON THE BOARD OF DIRECTORS OF SAID AGENCY BY APPOINTMENT**

*(for full text, see Resolution Book)*

- ~~2. Ratify notice to the County Election Official of the existence of a vacant seat on the Board of Directors of the Agency; and (Amended)~~
3. Authorize staff to post a Notice of Vacancy on the IEUA Board of Directors in three (3) or more conspicuous places within Division 2, *additionally, direct staff to post the Notice of Vacancy on the Agency's website and local newspapers (amended).*

##### B. FY 2016/17 BUDGET AMENDMENT, RATES AND FEES, AND INTER-FUND LOANS

Chief Financial Officer/Assistant General Manager Christina Valencia noted that the budget for the FY 2016/17 was adopted as part of the biennial budget in June 2015. She

stated that staff has presented the proposed amendments to both the revenues and expenses, and the Ten Year Capital Improvement Plan (TYCIP) that was adopted in May 2016 by the Regional Committee, Finance, Legal and Administration Committee, and by the Board. She stated that one of the key emphasis of her presentation will be on rates for Non-Reclaimable Wastewater (NRW) Program, which are pass-through rates for the North and South systems from the Sanitation District of Los Angeles and Santa Ana Watershed Project Authority respectively. She reviewed the proposed amendments for the total revenue and total expenses. She stated that there is a \$28.9 million reduction in total revenues and other funding sources, which is primarily driven by the reduction in imported water deliveries from MWD from 60,000 A/F to 50,000 A/F. She reported that the number of new connection for wastewater and water were also decreased based on revised forecasts received from the member agencies after the June 2015 adoption of the biennial budget. She stated that these reductions were partially offset by higher property taxes. The year to date property tax receipts are approximately 5% higher than projected, which bumped projections for FY 2016/17. Ms. Valencia reported that on the expenses there is a proposed increase of approximately \$6.3 million. She said that there is a higher increase in operating expenses of about \$8 million, which is primarily driven by special projects, such as the Ontario TCE Plume, which has been shifted over into 2016/17-17/18; and an Agency-wide panel replacement project that was introduced in 2016/17. She stated that offsetting some of those higher costs is the reduction in MWD water purchases. Ms. Valencia stated that for total fund balance, despite reduction in revenues and increase in expenses, the Agency sees a very slight change in the amended FY 2016/17 projected ending balance of approximately \$2.5 million. She reported that this is due to a higher projected ending balance of approximately \$30 million for FY 2015/16. She presented the Non-Reclaimable Wastewater (NC) Fund proposed "Pass Through" rates; the NC Funds Sourced and use of fund and fund balance, Water Resources (WW) Fund proposed water rates, and implantation strategy which will result in reduced revenues for the WW Fund over the next two fiscal years. Costs not supported by the proposed rates will be subsidized with property taxes. Ms. Valencia presented the recommended investment of property taxes to support Regional Water Resource Initiative not supported by the proposed water rates. She reported that there is no change in the 65% allocated to the RC Fund based on past practice, and that future growth for the remaining 35% will be assigned to the WW Fund beginning FY 2016/17.

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

**M2016-6-6**

MOVED, to approve:

1. The amendments to the FY 2016/17 adopted budget for all Agency's funds;
2. The Non-Reclaimable Wastewater (NC) fund Rates Resolution Nos. 2016-6-1 through 2016-6-3;

**RESOLUTION NO. 2016-6-1**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY, SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING INITIAL AND MONTHLY CAPACITY CHARGES, VOLUMETRIC CHARGES, EXCESS STRENGTH CHARGES, CAPITAL IMPROVEMENT PROJECT (CIP) CHARGES, IEUA ADMINISTRATIVE CHARGES, APPLICATION AND WASTEWATER DISCHARGE PERMIT APPLICATION FEES FOR THE INLAND EMPIRE BRINE LINE (BRINE LINE) FOR FISCAL YEAR 2016/17 (for full text, see Resolution Book)**

*Continued...*



M2016-6-6, continued.

**RESOLUTION NO. 2016-6-2**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY, SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING CAPACITY CHARGES, VOLUMETRIC CHARGES, STRENGTH CHARGES, AGENCY PROGRAM CHARGES, AND APPLICATION FEES FOR THE NON-RECLAIMABLE WASTEWATER SYSTEM (NRWS) FOR FISCAL YEAR 2016/17**

*(for full text, see Resolution Book)*

**RESOLUTION NO. 2016-6-3**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY, SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING CAPACITY CHARGES, VOLUMETRIC CHARGES, STRENGTH CHARGES, CAPITAL IMPROVEMENT PROJECT (CIP) CHARGES, IEUA ADMINISTRATIVE CHARGES, APPLICATION FEES FOR THE ETIWANDA WASTEWATER LINE (EWL) FOR FISCAL YEAR 2016/17**

*(for full text, see Resolution Book)*

3. The Regional Wastewater Operations & Maintenance (RO) fund Rate Resolutions 2016-6-4;

**RESOLUTION NO. 2016-6-4**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY\*, SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING SERVICE RATES FOR WASTEWATER DISCHARGERS TO THE REGIONAL WASTEWATER SYSTEM FOR SEPTAGE, COMMERCIAL OR INDUSTRIAL WASTEWATERS, AND EXCESSIVE STRENGTH CHARGES FOR FISCAL YEAR 2016/17.**

*(for full text, see Resolution Book)*

4. The Water Resources (WW) fund Rate Resolution Nos. 2016-6-7 and 2016-6-15;

**RESOLUTION NO. 2016-6-7**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY, SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING METER EQUIVALENT UNIT (MEU) AND THE READINESS-TO-SERVE (RTS) TEN YEAR ROLLING AVERAGE (TYRA) RATES**

*(for full text, see Resolution Book)*

**RESOLUTION NO. 2016-6-15**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY, SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING IMPORTED WATER RATES**

*(for full text, see Resolution Book)*

5. Rate Resolutions No. 2016-6-5 for Laboratory Fees, 2016-6-6 for Equipment Rental, and 2016-6-9 for the Fontana Extra-Territorial Charge;

*Continued...*

M2016-6-6, continued.

**RESOLUTION NO. 2016-6-5**  
**RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND**  
**EMPIRE UTILITIES AGENCY, SAN BERNARDINO COUNTY,**  
**CALIFORNIA, ESTABLISHING CHARGES FOR LABORATORY**  
*(for full text, see Resolution Book)*

**RESOLUTION NO. 2016-6-6**  
**RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND**  
**EMPIRE UTILITIES AGENCY, SAN BERNARDINO COUNTY,**  
**CALIFORNIA, ESTABLISHING EQUIPMENT RENTAL RATES FOR**  
**FISCAL YEAR 2016/17**  
*(for full text, see Resolution Book)*

**RESOLUTION NO. 2016-6-9**  
**RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND**  
**EMPIRE UTILITIES AGENCY, SAN BERNARDINO COUNTY,**  
**CALIFORNIA, ESTABLISHING EXTRA-TERRITORIAL SEWER**  
**SERVICE CHARGE FOR SYSTEM USERS OUTSIDE THE AGENCY'S**  
**BOUNDARIES FOR FISCAL YEAR 2016/17**  
*(for full text, see Resolution Book)*

6. An inter-fund loan from the RO fund to the WW fund for a not-to-exceed amount of \$3.2 million in FY 2016/17 to support purchase of supplemental water supplies;
7. The forgiveness of the inter-fund loan from the Administrative Service (GG) fund to the WW fund in the amount of \$4.3 million in FY 2015/16; and
8. The allocation of property tax receipts in excess of \$13.7 million from the Regional RO, Recycled Water (WC), and GG funds to the WW fund beginning in FY 2016/17, and maintain allocation of 65% of property tax receipts to the Reginal Wastewater Capital Improvement (RC) fund.

**C. ADOPTION OF RESOLUTION NOS. 2016-6-11 AND 2016-6-12 APPROVING THE AMENDMENTS TO THE SALARY SCHEDULE/MATRIXES**

Manager of Human Resources Sharmeen Bhojani presented both Action Item 4C and 4D together. Ms. Bhojani stated that the Agency entered into five year contracts with the five represented groups in FY 2013/14. She reported that the five Memorandums of Understanding (MOUs) included a 3.5% Cost Of Living Adjustment (COLA) effective July 1, 2016. She noted that the Executive Management and the Unrepresented Personnel Manuals also included a 3.5% COLA. Ms. Bhojani mentioned that as a result of the agreed upon COLA increase, the salary schedules/matrixes for seven groups needed to be amended. She stated that job classifications identified as future positions by the Agency's recent classification and compensation study were also being added to the salary matrix. Ms. Bhojani noted that by adoption of the resolutions it will formalize the changes.

Ms. Bhojani requested that the Board also adopt Resolution No. 2016-6-13 which amends the Employer Paid Member Contribution (EPMC) to CalPERS for all classic employees. She explained that effective July 1, 2016, the 3.5% COLA will be partially offset by the additional of 1.5% for classic members (hired prior to January 1, 2013) and 0.5% for classic and new members (hired on or after January 1, 2013) picking up their portion of the PERS retirement.

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

**M2016-6-7**

MOVED, to adopt Resolution Nos. 2016-6-11 and 2016-6-12, amending the salary schedules/matrixes for Unrepresented Employees, Executive Management Employees and Laboratory Unit, the General Unit, the Professional Unit, Operators' Association, and the Supervisors Unit.

**RESOLUTION NO. 2016-6-9**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY, SAN BERNARDINO COUNTY, CALIFORNIA, APPROVING THE AMENDMENT OF THE UNREPRESENTED, EXECUTIVE MANAGEMENT, LABORATORY UNIT, OPERATORS' ASSOCIATION, PROFESSIONAL UNIT AND GENERAL UNIT SALARY SCHEDULE/MATRIX**  
*(for full text, see Resolution Book*

**RESOLUTION NO. 2016-6-9**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY, SAN BERNARDINO COUNTY, CALIFORNIA, APPROVING THE AMENDMENT OF THE SUPERVISORS' UNIT SALARY SCHEDULE/MATRIX**  
*(for full text, see Resolution Book*

**D. ADOPTION OF RESOLUTION NO. 2016-6-13, AMENDING THE EMPLOYER PAID MEMBER CONTRIBUTIONS**

The Board of Directors took action on both Action items 4C and 4D together.

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

**M2016-6-8**

MOVED, to adopt Resolution No. 2016-6-13, amending the EMPC to CalPERS for all classic employees

**RESOLUTION NO. 2016-6-13**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY, SAN BERNARDINO COUNTY, CALIFORNIA, PROVIDING FOR EMPLOYER PAID MEMBER CONTRIBUTIONS TO CALPERS FOR ALL CLASSIC EMPLOYEES**  
*(for full text, see Resolution Book*

**E. SANTA ANA RIVER CONSERVATION AND CONJUNCTIVE USE PROGRAM (SARCCUP)**

Manager of Planning and Environmental Resources Sylvie Lee stated that the SARCCUP is a collaboration between the Santa Ana Watershed Project Authority (SAWPA) member agencies (Parties) to identify large-scale water supply reliability and water use efficiency projects that could benefit the Santa Ana Watershed. She reviewed that in 2014, the parties created the Santa Ana River Watermaster Action Team through a Memorandum of Understanding (MOU), to identify projects with watershed-wide benefits. In 2015, the 2014 MOU was amended to establish the SARCCUP project. Ms. Lee reported that in June 2015, the parties submitted a grant application to the State Department of Water Resources (DWR) through SAWPA for the SARCCUP project elements. The estimated costs of the SARCCUP Phase 1 project totaled \$100 million and will be funded by the \$55 million grant

funding, and \$45 million shared equally by the five SAWPA member agencies, at \$9 million each. She stated that this level of cooperation required developing several agreements including those for program financing, governance, operations, storage, exchange, management, and for working water suppliers, such as local retailers and regional water wholesale agencies. Ms. Lee reviewed the four agreements presented for approval by the Board, which are needed to progress further along with the grant award - the SARCCUP MOU for the program implementation, which is the first component to identify the facilities; the governance agreement (PA23), which will have components of the water banking elements and establish an operations committee; Ms. Lee stated that IEUA was requested to be the lead agency for the CEQA portion of the project, and all parties agreed to use Tom Dodson & Associates with ESA as a sub-consultant, equally cost shared by all parties by a CEQA Cost Share Agreement. She stated that as the parties move forward on the project, staff will be coming back with agreements and MOUs that are going to be updated as the project progresses.

Executive Manager of Engineering/AGM Chris Berch reported that at a recent SAWPA General Managers' meeting there was discussion to make clear that the General Managers are the appointees for the PA23. He asked that the Board consider when taking a motion, that staff's recommendation be amended to include the appointment of the IEUA's General Manager as IEUA's representative. President Catlin agreed with Mr. Berch's request and asked that the amendment be made to staff's recommendation.

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

**M2016-6-9**

MOVED, to:

1. Approve the June 2016 SARCCUP Memorandum of Understanding (MOU);
2. Approve Project Agreement 23 (PA23) between SAWPA and the five SAWPA member agencies for SARCCUP governance; *and appoint IEUA's General Manager as IEUA's representative on PA23 (amended)*;
3. Approve the professional services contract award to Tom Dodson & Associates (TDA) to conduct a SARCCUP CEQA evaluation for the not-to-exceed amount of \$340,397;
4. Approve the CEQA Cost Sharing Agreement; and
5. Authorize the General Manager to execute the following documents:
  - a. June 2016 SARCCUP MOU
  - b. PA23
  - c. Professional Services Contract Award to TDA
  - d. CEQA Cost Sharing Agreement

**F. PROFESSIONAL SERVICES CONTRACT AWARD FOR SEWER FEE EVALUATION**

Pretreatment & Source Control Supervisor Craig Proctor noted that during 2015 Internal Audit review of the contracting agencies processes and how they are collecting sewer fees, inconsistencies were discovered on how the fees are being calculated. He said that as part of the Regional Contract renegotiation process the Agency needs to reevaluate this process. Mr. Proctor stated that there needs to be a new method of calculating Equivalent Dwelling Units (EDU), some examples used in other agencies are -- using county land use codes and calculating by square footage. He stated that Agency needs to update the EDU

formula; take over the fee collection process, simplify the process and put the monthly fees on the county property tax roll; look at the revenue impact and a transition plan. Mr. Proctor stated that if the Agency changes the EDU formula, there could be a potential shift in costs amongst the various customer classes. He further stated that the Agency needs a consistent way to collect fees from public service facilities, and consider a sewer capacity lease option. He reported that many agencies have expressed a desire to lease capacity to their commercial and industrial customers. He said that a Request for Proposal (RFP) was posted in March, and the Agency received two responses – Carollo Engineering and Ratelis Financial Consultants. He stated that the selection panel unanimously selected Carollo's proposal. He reported that the projected cost for the proposal for the evaluation is approximately \$376,586, and staff's goal is to complete this study by January 2017.

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

**M2016-6-10**

MOVED, to:

1. Approve the professional services contract award for the Sewer Fee Evaluation to Carollo Engineers, Inc. for the not-to-exceed amount of \$376,586; and
2. Authorize the General Manager to execute the contract.

**G. 2015 INTEGRATED WATER RESOURCES PLAN**

Environmental Resources Planner II Elizabeth Hurst stated that the Integrated Water Resources Plan (IRP) Phase I represents a two-year collaboration with the member agencies and regional stakeholders, with 20 workshops held. She stated that the goal for Phase I was to develop a planning forecast on both the demands and supplies projection through 2040; evaluate the climate change impact on those supplies and demands; and develop a path forward in terms of what types of strategic regional projects that should be done. Ms. Hurst stated that Phase 2 will commence in the next fiscal year. She stated that Phase 2 will get into the details of identifying individual projects and developing some high-level scoping and funding. She presented the structure of the IRP report, which is in five sections; Overview and Purpose, Water Demands, Water Resources Inventory, Supply Portfolio Themes, and Conclusions & Next Step. Ms. Hurst also reviewed the core recommendation from Phase 1; which is continue to invest in recycled water projects; acquire supplemental water to enhance groundwater quality; reduce demand by 10% to enhance water supply resiliency; strategically purchase supplemental water for recharge; pursue external supplies to augment recharge, recycled water, build storage, and maximize storm water projects.

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

**M2016-6-11**

MOVED, to authorize development of a Programmatic Environmental Impact Report (PEIR) based on the core recommendations in the 2015 Integrated Water Resources Plan (IRP)

**5. INFORMATION ITEMS**

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

This report was received and filed by the Board.

**B. MWD UPDATE AND DROUGHT UPDATE**

Senior Engineer Jason Pivovarovoff gave a brief presentation updating the Board on MWD and the drought status. He reported that there was extensive discussion on the Colorado River Basin. He noted that MWD is interested in knowing exactly how Lake Mead will be operated over the next couple of years in terms of whether or not it will be in shortage allocation. He further noted that MWD relies on the additional amount of water on top of their basin entitlement, which accounts to 10-15% of their total supply. He stated regarding State Board Emergency Conservation regulations, there is a wholesale requirement, due today, to post the next three years of water wholesale supplies for 2017-2019 calendar years. He noted that staff has been working with MWD, WFA and member agencies for the best coordinated collaborative effort in terms of data collection.

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

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

**D. FY 2015/16 THIRD QUARTER BUDGET VARIANCE, PERFORMANCE GOALS UPDATES, AND BUDGET TRANSFERS (WRITTEN/POWERPOINT)**

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

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

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

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

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

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

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

**L. REPORT OF OPEN AUDIT RECOMMENDATIONS (WRITTEN)**

**M. AUDIT PLANNING COMMUNICATION AS REQUIRED BY SAS 114 (WRITTEN)**

**N. INTERNAL AUDIT DEPARTMENT STATUS REPORT FOR JUNE 2016 (WRITTEN)**

**O. PREQUALIFICATION PROCESS REVIEW (WRITTEN)**

**6. AGENCY REPRESENTATIVES' REPORTS**

**A. SAWPA REPORT**

President Catlin noted that the SAWPA Commission meeting is scheduled for June 21, 2016.

**B. MWD REPORT**

Director Camacho had nothing further to report.

**C. REGIONAL SEWERAGE PROGRAM POLICY COMMITTEE REPORT**

President Catlin reported that he was unable to attend the Policy Committee meeting, and deferred the update report to Executive Manager of Engineering/Assistant General Manager Chris Berch. Mr. Berch reported that the meeting was fairly routine with all items having already been presented to the IEUA Board.

**D. CHINO BASIN WATERMASTER REPORT**

Director Elie reported that safe yield has been moved to July 29, by the presiding Judge.

**7. GENERAL MANAGER'S REPORT**

The General Manager's Report was received and filed by the Board.

Acting General Manager Randy Lee reported that the Agency had to issue an emergency procurement for the RP-1 centrifuge manufacture this week due to two unexpected centrifuge failures that occurred last week. No one was hurt, but centrifuges 1 and 3 are currently inoperable. The Agency's Maintenance Engineer is currently conducting a root cause analysis of the failure. The centrifuge manufacture will be onsite next week to perform previously scheduled training and all necessary repairs. Staff will bring back the emergency procurement for ratification in a future Board meeting. Mr. Lee also mentioned that the Agency received over \$7.2 million last Friday from the Bureau of Reclamation's WaterSMART Title XVI Water Reclamation and Reuse program. This money will be used to improve groundwater and surface water in the Chino Basin.

Executive Manager of Engineering/AGM Chris Berch reported that the \$7.2 million from the Bureau of Reclamation Title XVI Water Reclamation and Reuse Program was the highest appropriated amount within the whole USBR distribution of \$30 million. He stated that it is great news for the Agency.

**BOARD OF DIRECTORS' REQUESTED FUTURE AGENDA ITEMS**

Director Elie stated that he saw an article regarding water agencies using less energy, due to the decrease in water use. He asked staff to prepare a comparison for the last period of time compared to years before, to determine if the Agency's energy and costs have decreased overall.

**8. BOARD OF DIRECTORS' COMMENTS**

Director Elie commented that he participated in the following events:

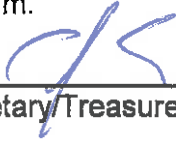
1. May 19, Orange County Water Summit, Turbulent Times, interesting speakers.
2. May 24, Cal Aero Elementary GIS dedication
3. May 24, Cortez Elementary GIS dedication
4. June 2, Chino Desalter Expansion Celebration, spoke on behalf of IEUA & CBWM
5. Chino Hills State of the Address, IEUA was recognized for grants in their video.

Director Hall commented that on June 9, she attended the Three Valleys Leadership Breakfast, Guest Speaker Mr. Tim Quinn from ACWA, spoke on California Water Policy challenges, and opportunities for 2016.

**9. CLOSED SESSION**

General Counsel Jean Cihigoyenetché reported that there are no Closed Session matters to discuss.

With no further business, President Catlin adjourned the meeting in memory of Director Gene Koopman at 11:20 p.m.



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Steven J. Elie, Secretary/Treasurer

**APPROVED: JULY 20, 2016**