



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

**WEDNESDAY, SEPTEMBER 20, 2017
10:00 A.M.**

DIRECTORS PRESENT:

Steven J. Elie, President
Michael Camacho, Vice President
Jasmin A. Hall, Secretary/Treasurer
Paul Hofer
Kati Parker

STAFF PRESENT:

P. Joseph Grindstaff, General Manager
Chris Berch, Executive Manager of Engineering/AGM
Kathy Besser, Executive Manager of External Affairs and Policy Development/AGM
Randy Lee, Executive Manager of Operations/AGM
Christina Valencia, Executive Manager of Finance and Administration/AGM
Joshua Aguilar, Senior Engineer
Sharmeen Bhojani, Manager of Human Resources
Jerry Burke, Deputy Manager of Engineering
Douglas Gray, Electrical & Instrumentation Technician I
Warren Green, Manager of Contracts & Procurement
Jason Gu, Grants Officer
Branden Hodges, Pretreatment and Source Control Inspector II
Jeffrey Hyder, Electrical & Instrumentation Technician I
Joel Ignacio, Senior Engineer
Sally Lee, Executive Assistant
Sylvie Lee, Manager of Planning and Environmental Resources
Matthew Melendrez, Deputy Manager of Operations
James McShane, Electrical & Instrumentation Technician I
Cody Neal, Electrical & Instrumentation Technician I
Joshua Oelrich, Compost Facility Superintendent
Jason Pivovaroff, Senior Engineer
Stephanie Riley, External Affairs Analyst
Shaun Stone, Manager of Engineering
Teresa Velarde, Manager of Internal Audit
April Woodruff, Board Secretary/Office Manager

OTHERS PRESENT:

Joe Azucena, Repet, Inc.
Neal Beaty, Niagara Bottling, I and II
Jean Cihigoyenette, JC Law Firm

George Dadiani, Repet, Inc.
Oscar Davilla, Amphastar Pharmaceutical
Steve Delaney, New-Indy Ontario
Anne Encarnacion, The Coca Cola Company
Gia Espinoza, Gerdau
Thomas Fletcher, Crothall Healthcare
Kanan Harakh, Frito-Lay
Steve Olsen, New-Indy Ontario
Sobranie Parti, Niagara Bottling, I and II
Bob Pasma, Parallel Products
Viet Pham, Mission Linen Supply
Bob Rae, NRG California
Sunil Ram, Nestle Waters North America
Jeanette Sanchez, Sierra Aluminum Company
Robert Schoonover, Cintas Corporation
Anne Wake, Innovative Federal Strategies
Jesse White, Gerdau
Leticia White, Innovative Federal Strategies
Steven Zamudio, Steelscape

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 Elie called the meeting to order at 10:00 a.m. Director Hofer led the Pledge of Allegiance to the flag. A quorum was present.

President Elie stated that members of the public may address the Board. There was no one desiring to do so.

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

NEW HIRE INTRODUCTIONS

Executive Manager of Operations introduced the following new hires:

- James McShane, Electrical & Instrumentation Technician I, hired 7/24/17 (Randy Lee)
- Jeffrey Hyder, Electrical & Instrumentation Technician I, hired 7/24/17 (Randy Lee)
- Cody Neal, Electrical & Instrumentation Technician I, hired 7/24/17 (Randy Lee)
- Joshua Oelrich, Compost Facility Superintendent, hired 8/21/17 (Randy Lee)
- Douglas Gray, Warehouse Technician, hired 9/5/2017 (Randy Lee)

The Board of Directors welcomed James McShane, Jeffrey Hyder, Cody Neal, Joshua Oelrich, and Douglas Gray to the IEUA team.

PRESENTATIONS

INDUSTRY RECOGNITION FOR 100% COMPLIANCE WITH DISCHARGE REQUIREMENTS IN CALENDAR YEAR 2016

Executive Manager of Engineering/AGM Chris Berch stated that it has been several years since bringing this recognition forward. He stated that Source Control/Environmental Resources Supervisor Craig Proctor and his team work closely with these industries throughout the Agency's service area and their compliance is fundamental to the compliance of the Agency's wastewater treatment plants and outstanding recycled water quality. The industries being recognized today represent the best of our region and the work staff have been doing. Mr. Proctor stated that this presentation serves to recognize 26 industries for outstanding compliance for 2016. He gave a

brief history of the recognitions and the criteria for receiving recognition. He stated that 44 percent of the Agency's industries met the requirements. He handed out the certificates to the following industries: Cintas Corporation, the Coca Cola Company, Crothall Healthcare, Frito-Lay, Nestle Waters North America, New-Indy Ontario, Niagara Bottling I & II, NRG California, Regional Plant No. 1, Sierra Aluminum Company, Steelscape, Gerdau, Union Pacific Railroad, Mission Linen Supply, Repet, Amphastar Pharmaceutical, and Parallel Products. The following industries were unable to attend and were recognized: California Steel Industries, the City of Chino, TI Wire, Aquamar, O.W. Lee., Parco, and Wing Lee Farms.

INNOVATIVE FEDERAL STRATEGIES PRESENTATION

The Innovative Federal Strategies Principal Leticia White introduced Innovative Federal Strategies Associate Anne Wake to the Board of Directors. Ms. White stated that her other associate Jean Denton is back in Washington, D.C. She explained the role Innovative Federal Strategies plays with regards to the Agency and gave a Federal Legislative update. Ms. Wake also briefed the Board on updates on Federal Legislature.

CONSENT ITEMS

President Elie 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 Camacho, seconded by Director Hofer, and unanimously carried:

M2017-9-3

MOVED, to approve the Consent Calendar.

- A. Approved the minutes from the August 16, 2017, September 6, 2017 Board meetings, and September 12, 2017 Special Board meeting.
- B. Recommended that the Board approve the total disbursements for the month of July 2017, in the amount of \$14,614,778.95.
- C. The Board:
 1. Approve the Master Cost Sharing Agreement between IEUA and Chino Basin Watermaster;
 2. Approve Task Order No. 1 for the Basin Plan Amendment for a not-to-exceed total project cost of \$723,000, under the Master Cost Sharing Agreement; and
 3. Authorize the General Manager to execute the Master Cost Sharing Agreement and Task Order No. 1, subject to non-substantive changes.
- D. The Board:
 1. Award a construction contract for the San Sevaine Basin Monitoring Wells, Project No. EN13001, to Yellow Jacket Drilling in the amount of \$607,470; and
 2. Authorize the General Manager to execute the construction contract.

Continued....

M2017-9-3, continued.

E. The Board:

1. Award a construction contract for the CDA Chino I Desalter Structure Coating, Project No. DL37141, to Industrial Coating & Restoration in the amount of \$169,950.16; and
2. Authorize the General Manager to execute the construction contract.

(Director Camacho left the meeting room at 10:31 a.m.)

(Director Camacho re-entered the meeting room at 10:33 a.m.)

ACTION ITEM

BUDGET AMENDMENT FOR FISCAL YEAR 2016/17 CARRY FORWARD OF OPEN ENCUMBRANCES AND NON-ENCUMBERED COMMITMENT RELATED BUDGET

Manager of Finance & Accounting Javier Chagoyen-Lazaro stated that he is bringing forward a request to amend the FY 2017/18 budget in two components. The first component is in reference to the expenses side, the carry forward amount being approximately \$14 million of monies budgeted but not used in FY 2016/17. The second being in reference to the revenue side, associated with the expenses that is requesting to be carried forward. There are revenue streams related to grants related with projects that are needed to be expensed. Under Agency policy, all departments evaluate all unused monies at the end of the fiscal year and determine the amount needed carried over to the next fiscal year usually for ongoing projects. A key reason for these carry over amounts has to do with timing and execution of the many projects within the Agency. He explained the major categories of types of expenditures being asked to be carried over.

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

M2017-9-4

MOVED, to:

1. Approve the carry forward of open encumbrances and non-encumbered commitment related budgets from FY 2016/17 to FY 2017/18 and amend the budget in the amount of \$13,969,575; and
2. Approve amendments to the adopted FY 2017/18 budget for grant and reimbursement revenues in the amount of \$1,294,043.

CITY OF RIALTO COMPENSATION AGREEMENTS

Executive Manager of Finance and Administration/AGM Christina Valencia stated that the execution of compensation agreements between the City of Rialto, IEUA, and affected taxing entities releasing the property and sharing the proceeds is needed any time there is a transfer of property from the successor agency to the affected taxing entities. She stated that there are three compensation agreements regarding three properties – a public park, a fire station, and future development called “Area A”. For the public park and fire station, there are no sale proceeds and these properties are being transferred to the City of Rialto for governmental use. The compensation agreement will cover 12 acres of the 59 acre site of the third property, “Area A”. The land has been sold to Lewis Hillwood Rialto Company for \$1,252,000. Those proceeds will be distributed among all the taxing entities. She gave a brief history of the Redevelopment

Agencies (RDAs) in California. She stated that the share for IEUA, based on the sale price of this initial sale is approximately \$7,000. She stated that staff has been working closely with special counsel, Rutan & Tucker, LLP, and the Agency's general counsel, to review these agreements.

Upon motion by Director Parker, seconded by Director Camacho, with Director Hofer abstaining from voting, the motion carried (4-0):

M2017-9-5

MOVED, to:

1. Approve the Compensation Agreements, substantially in its final form, between the City of Rialto (City), IEUA, and other affected taxing entities for the transfer of property commonly known as "Area A" for future development (non-governmental use), and "Fire Station #205" and "Public Park" to be retained for governmental use; and
2. Authorize the General Manager or his designee, to execute the final Compensation Agreements subject to non-substantive changes.

SAN SEVAINE BASIN IMPROVEMENTS CONSTRUCTION CONTRACT AWARD

Manager of Engineering Shaun Stone stated this is the first of the Recharge Master Plan Update (RMPU) projects originally started in 2010 and revised in 2013. Mr. Stone gave an overview of the project location and scope. He stated that with the project, 600 additional acre feet of storm water and 4,100 AF of recycled water will be able to be recharged, and it will create an operations flexibility that will allow for water to be moved out of Basin 5. He stated that 17 general contractors were prequalified on February of this year, seven bids were received on July 13, 2017. Gwinco Construction & Engineering, Inc. was the lowest, responsive, responsible bidder with a bid of \$3,873,029. He ended with an overview of the project financials. Executive Manager of Engineering/AGM Chris Berch also stated that this item had gone to the Regional Sewerage Program Technical and Policy Committees and was unanimously approved. Mr. Stone added that little more than 60 percent of the project will be funded by grants. Mr. Berch stated that the remainder of the project will be funded by SRF loans. General Manager Joe Grindstaff stated that the SRF loans will be at a 1.8 percent interest rate.

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

M2017-9-6

MOVED, to:

1. Award a construction contract for the San Sevaire Basin Improvements, Project No. EN13001, to Gwinco Construction & Engineering, in the amount of \$3,873,029; and
2. Authorize the General Manager to execute the construction contract.

INFORMATION ITEMS

ENGINEERING AND CONSTRUCTION MANAGEMENT PROJECT UPDATES

Manager of Engineering Shaun Stone gave a PowerPoint presentation on the Engineering and Construction Management project updates. He provided updates on the following projects: EN18006 – RP-1 Flare Improvements; EN14042 – RP-1 1158 RWPS Upgrades; EN15008 – Water Quality Laboratory; EN17041 – Orchard Recycled Water Turnout; and EN24001 – RP-1 Liquid Treatment Capacity Recovery.

OPERATIONS DIVISION UPDATE

Executive Manager of Operations/AGM Randy Lee gave an update on the Operations Division. He gave an overview of the ground water recharge records for the last fiscal year, sales at the Inland Empire Regional Composting Facility, recent hires and staffing statistics, maintenance skills training, operations by the numbers, and some challenges the Operations Division has faced in the recent months.

MWD UPDATE

Senior Engineer Jason Pivovarovoff gave an update on the water condition and sales at Metropolitan Water District of Southern California. He stated that the State Water Project allocations remains at 85 percent. The California Department of Water Resources will announce the new and initial allocations by the end of the calendar year. Last year, the allocation was initially set at 20 percent and ended at 85 percent. The snowpack has all melted and it has been a record breaking year for precipitation at about 185 inches of total rainfall. Statewide storage is at about 75 percent of capacity. To date, 20,740 AF has been delivered through the Dry-Year Yield Program. There is about three remaining months and the average delivery has been 6,000 to 7,000 AF. He stated that the main topic of discussion the past couple months has been the California WaterFix. MWD has released three technical papers highlighting proposed infrastructure, operations, and finance and cost allocations.

General Manager Joe Grindstaff stated that Governor Jerry Brown has asked all parties of the WaterFix to take a position by an unofficial deadline of October 15th. Discussion ensued about the California WaterFix.

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

FY 2016/17 FISCAL YEAR BUDGET VARIANCE, PERFORMANCE GOALS UPDATES, AND BUDGET TRANSFERS

PUBLIC OUTREACH AND COMMUNICATION

LEGISLATIVE REPORT FROM INNOVATIVE FEDERAL STRATEGIES

LEGISLATIVE REPORT FROM WEST COAST ADVISORS

LEGISLATIVE REPORT FROM AGRICULTURAL RESOURCES

CALIFORNIA STRATEGIES, LLC MONTHLY ACTIVITY REPORT

FEDERAL LEGISLATIVE TRACKING MATRIX

STATE LEGISLATIVE TRACKING MATRIX

TREASURER'S REPORT OF FINANCIAL AFFAIRS

INTERNAL AUDIT DEPARTMENT STATUS REPORT FOR SEPTEMBER 2017

CONTRACTS AND PROCUREMENT FOLLOW-UP AUDIT

PAYROLL OPERATIONS AUDIT

AGENCY REPRESENTATIVES' REPORTS

SAWPA REPORT

Director Hall reported that at the September 19, 2017 SAWPA meeting, staff was directed to issue a request for proposals for professional services to prepare a new Brine Line rate model. A public hearing was held and Ordinance No. 8 and Resolution 2017-11, establishing new local limits and best management practices for discharges to the brine line was adopted. A "support" position was taken to AB 574 (Quirk) related to direct potable reuse and staff was directed to send a letter of support to the Governor. She lastly reported that SAWPA had appointed Richard Haller as the New SAWPA General Manager.

MWD REPORT

Director Camacho had nothing additional to report.

REGIONAL SEWERAGE PROGRAM POLICY COMMITTEE REPORT

Director Parker reported that the Regional Sewerage Program Policy Committee meeting was held on September 7, 2017. The San Sevaine Basin Improvement Construction Contract award was presented and approved by the Regional Sewerage Program Policy Committee. There were some informational items provided by staff, such as the Regional Contract update, the selection of the external facilitator to negotiate the Regional Contract for the Regional Sewerage Program Technical Committee, and a presentation of the IEUA's Long Range Plan for Finance. A commercial for the California WaterFix was shown at the meeting as well.

CHINO BASIN WATERMASTER REPORT

President Elie reported that all August meetings at the Chino Basin Watermaster were cancelled.

GENERAL MANAGER'S REPORT

General Manager Joe Grindstaff reported that he met with Ms. Halla Razak earlier in the week. He stated that he spoke to her about a succession plan to ensure a smooth transition period.

BOARD OF DIRECTORS' REQUESTED FUTURE AGENDA ITEMS

There were no Board requested future agenda items.

DIRECTORS' COMMENTS

Director Hall reported that she attended the CASA Annual Conference on August 22-24, 2017, the CASA Strategic Planning Retreat on September 10-12, 2017, and the Association of the San Bernardino Special Districts Dinner on September 18, 2017.

Director Camacho reported that he attended a Leadership Breakfast that IEUA, in partnership with Southern California Water Committee, put together on September 7, 2017. Assistant General Manager Roger Patterson from MWD gave a detailed presentation on the California WaterFix.

President Elie reported that he had attended and served as the master of ceremonies at the Leadership Breakfast on September 7, 2017, attended the garden ceremony at the Rolling Ridge Elementary School on September 7, 2017, and attended the WaterNow Alliance Steering Committee meeting on September 13-14, 2017.

CLOSED SESSION

The Board went into Closed Session at 11:45 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) 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, Under Negotiation: Price and Terms of Purchase; C. PURSUANT TO GOVERNMENT CODE SECTION 54956.9(d)(4) CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION; INITIATION OF LITIGATION: Two (2) Cases; D. PURSUANT TO GOVERNMENT CODE SECTION 54957.6 – CONFERENCE WITH LABOR NEGOTIATOR: Meet and Confer Negotiations – All Bargaining Units, Negotiating Parties: General Manager P. Joseph Grindstaff; E. PURSUANT TO GOVERNMENT CODE SECTION 54954.5 – PUBLIC EMPLOYMENT: General Manager

The meeting resumed at 12:13 p.m., and General Counsel Jean Cihigoyenetché 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:

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

The Board did not discuss.

Regarding Conference with Legal Counsel – Existing Litigation:

Mwembu vs. IEUA, Case No. CIVDS 1415762

The Board took no reportable action.

Regarding Conference with Real Property Negotiator:

Supplemental Water Transfer/Purchase

The Board took no reportable action.

Regarding Conference with Legal Counsel – Anticipated Litigation; Initiation of Litigation:

Two Cases

The Board took no reportable action.

Pursuant to Government Code Section 54957.6 – Conference with Labor Negotiator

Meet and Confer Negotiations – All Bargaining Units

Negotiating Parties: General Manager P. Joseph Grindstaff

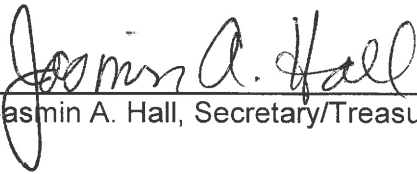
The Board took no reportable action.

Pursuant to Government Code Section 54954.5 – Public Employment

General Manager

The Board took no reportable action.

With no further business, President Elie adjourned the meeting at 12:14 p.m.



Jasmin A. Hall, Secretary/Treasurer

APPROVED: OCTOBER 18, 2017