



*Inland Empire Utilities Agency*

A MUNICIPAL WATER DISTRICT

**Multi-Year Rate Proposals  
for the Regional Wastewater &  
Recycled Water Programs  
FYs 2012/13 – 2014/15**

**Board of Directors**

**February 1, 2012**

# Agenda:

- ❖ Presentations
- ❖ Key Drivers & Objectives
- ❖ Multi-Year Rate Proposals



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# **PRESENTATIONS**

# Presentations

- ❖ 10/06/2011 Initial presentation to the Regional Technical Committee
- ❖ 10/06/2011 Regional Policy Committee was cancelled due to lack of quorum
- ❖ 11/17/2011 Budget workshop re-scheduled to December.
- ❖ 12/06/2011 Budget workshop
- ❖ 01/12/2011 Regional Technical Committee defers recommendation
- ❖ 01/19/2011 Regional Technical Committee (Special Meeting) recommends approval of proposed rates FY 2012/13 and FY 2013/14 and provisionally approves proposed rates for FY 2014/15
- ❖ 01/26/2011 Regional Policy Committee
- ❖ On-going One on one discussions with Committee members and key staff.



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# **KEY DRIVERS & OBJECTIVES**

# KEY DRIVERS & OBJECTIVES FOR PROPOSED MULTI-YEAR RATES

<b>Key Drivers</b>	<b>Objectives</b>
Decreasing Revenues	Implement annual rate increases to offset decreasing revenues
Increasing Costs	Achieve full cost of service rates and ultimately eliminate rate subsidies, (e.g. property taxes)
Declining Fund Reserves	Replenish and sustain adequate fund reserves
Weakening Debt Coverage Ratio	Improve debt coverage ratio to maintain and improve AA rating for long term financing cost savings

# KEY DRIVERS & OBJECTIVES FOR PROPOSED MULTI-YEAR RATES



- Will adequately support projected O&M and capital replacement costs throughout the three year period,
- Will not need to be increased within this period, and
- Raise the Agency's total debt coverage ratio to:
  - 1.50X by FY 2013/14, and
  - 1.70x by FY 2014/15

# Benefits of Multi-Year Rates:

- ❖ Will help improve long term financial planning and budgeting for IEUA and its member agencies
- ❖ Will help sustain IEUAs AA long term credit rating
- ❖ Will help ensure market accessibility, flexibility and lower borrowing costs in the future
- ❖ Will help eliminate or minimize Prop 218 requirements for member agencies



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# **MULTI-YEAR RATE PROPOSALS**

# Multi-Year Rate Proposals

## FYs 2012/13 – 2014/15



	Current Rate	Proposed FY 2012/13	Proposed FY 2013/14	Proposed FY 2014/15
EDU Rate Increase		\$1.25	\$1.00	\$1.00
<b>EDU Volumetric Rate</b>	<b>\$11.14</b>	<b>\$12.39</b>	<b>\$13.39</b>	<b>\$14.39</b>
EDU New Connection Increase		\$143	\$98	\$100
<b>EDU New Connection Fee</b>	<b>\$4,766</b>	<b>\$4,909</b>	<b>\$5,007</b>	<b>\$5,107</b>
Direct Delivery Rate Increase		\$40	\$60	\$75
<b>Direct Delivery Rate</b>	<b>\$115</b>	<b>\$155</b>	<b>\$215</b>	<b>\$290</b>
GWR Surcharge Rate for Recharged Deliveries		\$40	\$40	\$45
<b>GWR Recharged Rate (Direct Delivery + GWR Surcharge Rate)</b>	<b>\$145</b>	<b>\$195</b>	<b>\$255</b>	<b>\$335</b>
<b>Debt Coverage Ratio</b>	<b>1.24x</b>	<b>1.43x</b>	<b>1.48x</b>	<b>1.70x</b>

# Regional Committees Recommendation

Recommended approval of the Regional Wastewater and Recycled Water Program rate increases for FY 2012/13, FY 2013/14 and FY 2014/15, as recommended IEUA staff, subject to re-evaluation of the rates for FY 2014/15 by February 2014 to allow member agencies time to meet Prop 218 requirements.

# EDU WASTEWATER RATE SURVEY REGIONAL AGENCIES (FY 2011/12)



Agency	EDU Rate
<b>WHOLESALE + LOCAL SERVICE RATE</b>	
Western Municipal Water District	\$34.62
Orange County Sanitation District	\$22.25
Inland Empire Utilities Agency (Includes member agency average local service rate: $\$7.57 + \$11.14 = \$18.71$ )	\$18.71
<b>WHOLESALE RATE ONLY</b>	
Eastern Municipal Water District	\$23.54
Irvine Ranch Water District	\$16.90
Inland Empire Utilities Agency	\$11.14

# RECYCLED WATER RATE SURVEY REGIONAL AGENCIES (FY 2011/12)



WHOLESALE AGENCIES	
Agency	Per AF Rate
West Basin Municipal Water District (Tiered Rates)	\$540 - \$1,270
Irvine Ranch Water District	\$449
*Orange County Water District (Green Acres rate as of Jan 2010)	\$326
Eastern Municipal Water District (Tiered Rates)	\$187.75 - \$299.50
Inland Empire Utilities Agency (\$115 Direct Deliveries + \$30 Groundwater Recharge Surcharge)	\$115 - \$145

\*OCWD rate based on FY 10/11 rates, pending survey results for FY 11/12.



# ***QUESTIONS?***

***RECOMMEND APPROVAL OF PROPOSED RATES FOR  
FISCAL YEARS 2012/13 – 2014/15  
FOR THE REGIONAL WASTEWATER AND  
RECYCLED WATER PROGRAMS.***