



Regional Sewerage Program Policy Committee Meeting

AGENDA **Thursday, May 1, 2014** **4:30 p.m.**

Location

Inland Empire Utilities Agency
6075 Kimball Avenue
Chino, CA 91708

Thursday, May 1, 2014

Call to Order and Roll Call

Pledge of Allegiance

Public Comment

- 1. Technical Committee Report – Jim Hill (Oral)**
- 2. Approval of Minutes**
 - A. Minutes of April 3, 2014 Meeting
- 3. Informational Items**
 - A. Rotation of Chair Agency (Written)
 - B. Cost Containment Update (Written/Powerpoint)
 - C. Review of the Multi Year Rate Increases for FYs 2012/13 – 2014/15
(Oral)
 - D. FY2014/15 Draft Budget (Written/Powerpoint)
- 4. Receive and File**
 - A. Building Activity Report (YTD)
 - B. Recycled Water Operations Summary
- 5. Other Business**
 - A. IEUA General Manager's Update
 - B. Committee Member Requested Agenda Items for Next Meeting
 - C. Committee Member Comments
 - D. Next Meeting – June 5, 2014
- 6. Adjournment**

DECLARATION OF POSTING

I, Cheyanne Reseck-Francis, Administrative Assistant of the Inland Empire Utilities Agency, A Municipal Water District, hereby certify that a copy of this agenda has been posted by 5:30 p.m. in the foyer at the Agency's main office, 6075 Kimball Avenue, Building A, Chino, CA on Thursday, April 24, 2014.



Cheyenne Reseck-Francis

**APPROVAL OF
MINUTES**


2A

TO BE SENT UNDER SEPARATE COVER

INFORMATION
ITEM

3A



Date: April 24/May 1, 2014
To: Regional Committees
From:  Inland Empire Utilities Agency
Subject: Rotation of Chair Agency for Monthly Regional Committee Meetings

RECOMMENDATION

This is an informational item on the rotation of the host agency for the monthly Regional Committee meetings.

BACKGROUND

Traditionally, one of the Regional Sewer Service Contracting Agencies hosts the monthly committee meetings for a two-year term. The City of Chino has chaired since July 2012, and the chair agency is due to rotate in July 2014. The following are the agencies that have hosted over the last ten years:

Ontario	2000-2002
Fontana	2002-2004
Montclair	2004-2006
Upland	2006-2008
CVWD	2008-2010
Chino Hills	2010-2012
Chino	2012-2014

The next agency in the rotation is the City of Ontario. Therefore, the Regional Sewage Committee meetings will be chaired by the City of Ontario, beginning with the July 2014 meetings.

INFORMATION
ITEM

3B



Date: April 24, 2014/May 1, 2014
To: *AW* Regional Committees
From: Inland Empire Utilities Agency
Subject: Update on IEUA's Cost Containment Plan

RECOMMENDATION

This is an informational item for the Regional Technical Committee to receive and file.

BACKGROUND

In response to the economic downturn of 2008, the Agency's Board of Directors formally adopted a Cost Containment Plan (Plan) to reduce capital and operating costs (O&M) and minimize pressure for rate increases. In FY 2008/09, actual reductions in O&M costs of \$14 million far exceeded the \$7 million target. The following year, an additional \$7 million favorable variance was reported for O&M expenses. Capital costs were also significantly reduced primarily through deferral of non-critical projects. As a result, the Ten Year Capital Improvement Plan (TYCIP) adopted in FY 2008/09 was decreased by \$218 million in FY 2011/12.

Since implementation in FY 2008/09, the Plan has been very effective in reducing and containing costs (both operational and capital), even as health insurance premiums, pension contributions rates, chemicals, and other operating expenses have continued to increase. Cumulative cost reductions through FY 2012/13 are estimated at \$245 million as reported in Table 1.

Following is a brief summary of the key actions taken to achieve cost reductions to date in some of the major expense categories.

Employment Costs. Wages have held fairly steady since FY 2008/09, despite continual increases in benefit costs. Sustainment of employment has been accomplished through a combination of actions, including: permanent reduction in staffing levels, zero cost of living adjustment (COLAs) awarded since FY 2009/10, elimination of performance incentives, significant revisions in personnel benefits, and transition from three shifts to a single shift for all Agency facilities.

Since the beginning of the recession in FY 2007/08, the Agency has decreased staffing levels, primarily through attrition, by 66 positions. The decreased staffing level is comprised of a permanent reduction of 13 full time equivalent (FTEs) in FY 2010/11; a 50% cut in the internship program, and a significant decrease in the number of limited term positions recruited

to support the Agency's capital program in lieu of recruiting permanent FTEs. In addition to the reduced staffing level, in FY 2010/11 the Agency increased the budgeted vacancy factor twofold from 3% to 6%, equivalent to 18 FTEs. By only filling critical positions, the Agency has maintained an average vacancy factor of 6% over the last 6 years.

A significant change that contributed to cost reductions was the successful cross training of operations staff across the various facilities resulting the elimination of two of the three work shifts and drastically reducing overtime costs by over 50%; from as high as \$905,000 in FY 2007/08 to \$429,000 in FY 2012/13, as well as the number of certified operators by 10 FTEs. Other cost reductions in employment costs included: no COLAs were awarded to employees since July 2009, and elimination of performance incentives in FY 2009/10. Beginning in October 2011, employees began funding 2% of the Employee Paid Member Contribution (EPMC) pension rate, by FY 2017/18 employees will be funding the full amount of EPMC. Additionally, employee health premium contributions were modified from a percentage of health premiums to a fixed amount, hence minimizing the Agency's exposure to future rising health insurance premiums.

Offsetting some of the achieved cost reductions in employment costs was continual increase in CalPERS pension contribution rates. The total CalPERS contribution rate (employer and employee portions) increased from 19.73% of salaries in FY 2009/10 to 23% in FY 2013/14.

Operational Costs. Increases in operating costs have also been minimized through innovative approaches in chemical application, higher use of renewal energy sources, and the transition to a single shift for plant operations. It is worth noting that IEUA was one of the first agencies to successfully eliminate multiple shifts through effective cross training and remote monitoring of facilities during dark hours. This innovative approach has reduced overtime costs by an average of 45% annually since FY 2008/09.

Utilities costs also have been successfully sustained at an average of \$7 million per year since FY 2009/10; partly due to effective use of alternative energy sources and favorable market prices. Chemical costs decreased from \$4.3 million in FY 2008/09 to an annual average of \$3.7 million over the past 5 years, primarily due to effective monitoring of consumption, more aggressive negotiation of multi-year procurement contracts, and increased deliveries of recycled water, which reduces chemical treatment.

Capital Costs. Due to a significant reduction in flow forecasts as a result of the economic recession and the drastic slowdown in housing growth since FY 2008/09; the Agency shifted its focus from planning major new facilities and expansion of existing facilities to planning for repair, replacement, and modification of aging facilities through the implementation of an Asset Management Program. Deferral of capital construction projections resulted in a decrease of \$218 million in the Ten Year Capital Improvement Plan (TYCIP) adopted in FY 2011/12 compared to the TYCIP adopted in FY 2008/09. The deferred capital projects were primarily for expansion and improvement of Agency facilities needed to meet the anticipated continued growth throughout the region.

Debt Service Costs. In 2010, the Agency issued the 2010A Revenue Bonds to refinance the 1994 Revenue Bonds. The lower interest rate and elimination of the debt service account resulted in present value savings of approximately \$7 million of future debt service costs. After refinancing 1994 bonds in 2010, the only new debt incurred by the Agency has been low interest State Revolving Fund (SRF) loans issued by the State Water Resources Control Board (SWRCB), to support the expansion of the Regional Recycled Water Distribution System and replacement of the RP1 Dewatering Facility. In addition to the low interest rate, ranging from 0% to 2.7%, the Agency has also optimized grant funding from SWRCB (up to 25% of the loan agreement).

Grants. In spite of the fiscal crisis in both the State and Federal budgets, the Agency has been successful in securing grant funding to support capital investment and reduce debt service costs. Between FYs 2008/09 and FY 2012/13, the Agency received nearly \$51 million in grant reimbursements primarily from SWRCB, U.S. Bureau of Reclamation, and Department of Water Resources.

Conclusion

Cost containment continues to be a key objective for the Agency and is an integral part of the Business Goals (Fiscal Responsibility) adopted by Board in October 2012. The Agency's commitment to cost containment is evident in the proposed FY 2014/15 Budget and ensuing four year forecasts. Some of key cost containment initiatives include:

- Additional reduction of 5 FTEs from 295 to 290
- Vacancy factor of up to 5%, equivalent to 15 FTEs
- Replacement & Rehabilitation (R&R) projects based on the Agency's Asset Management Plan
- 50% of the 8% CalPERS employee contribution rate funded by employees beginning July 2014, increasing to 100% by FY 2017/18
- \$2 million reduction in annual debt service costs beginning in FY 2015/16 by refunding high interest rate bonds callable in November 2014, set to mature in 2023
- Leveraging low interest, 30 year term, SRF loans and grants to support construction of the Wineville/Central Area recycled water and New Water Quality Laboratory projects

Table 1: Achieved Cost Containment Reductions: FYs 2008/09 –2013/14

Major Expense Category	Cost Savings (\$ Millions)
I. Employment	
<ul style="list-style-type: none"> • 13 Full Time Equivalent (FTEs) permanent reduction in FY 2010/11 	\$1.8
<ul style="list-style-type: none"> • 6% average vacancy factor maintained over the last 6 fiscal years (average annual savings = \$2M, included in the annual budget) 	
<ul style="list-style-type: none"> • 10 Limited term positions (LTD) versus 17 LTDs 	1.0
<ul style="list-style-type: none"> • 18 intern positions versus 33 intern positions 	0.2
<ul style="list-style-type: none"> • Achieved a single shift for all IEUA facilities and reduction of 45% of overtime pay since FY 2008/09 through effective staffing allocation and planning 	2.5
<ul style="list-style-type: none"> • Granted staff zero COLA since FY 2010/11 and suspended performance awards since FY 2009/10 	5.5
<ul style="list-style-type: none"> • Employees began paying 2% of Employer Paid Member Contribution (EPMC) beginning in October 2011, and will fund 100% by FY 2017/18 	6.0
Total Employment	\$17.0
II. Operations	
<ul style="list-style-type: none"> • Optimization of chemical and utilities use through effective use of key performance indicators to monitor consumption 	\$3.0
<ul style="list-style-type: none"> • Biosolids recycling costs contained at an annual average of \$3.5 million since FY 2008/09, due to effective use of the Inland Empire Regional Composting Facility for organics management 	
Total Operation	\$3.0
III. Capital and Debt Service	
<ul style="list-style-type: none"> • Deferred capital projects focused primarily on expansion and improvement of Agency facilities 	\$218.0
<ul style="list-style-type: none"> • Reduced debt service payments by \$7 million (present value) with the refunding of the 1994 Revenue Bonds (2010A Revenue Refunding Bonds) 	7.0
Total Capital & Debt	\$225.0
Total Cost Containment	\$245.0




Inland Empire Utilities Agency

A MUNICIPAL WATER DISTRICT


Update on IEUA's Cost Containment Plan

April 24, 2014


IEUA Cost Containment Plan

- Formally adopted in FY 2008/09
 - In response to economic downturn in 2008
 - Intended to reduce operating & capital costs
 - Actual reductions through FY 2012/13 are estimated at \$245 million
- 

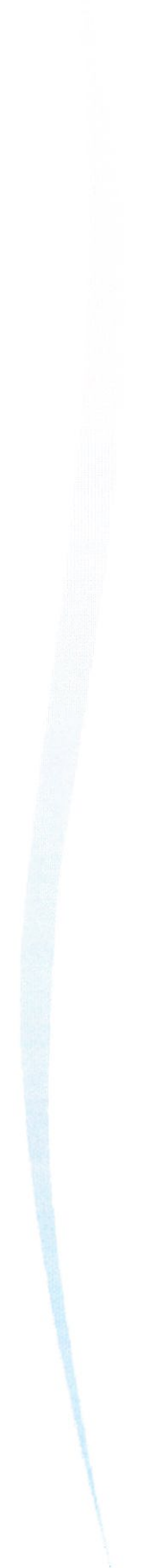
Agency-wide approach to cost reductions

- Reduced staffing level by 66 positions
 - Maintained a 6% average vacancy factor over the last 6 years
 - Achieved a single shift for all Agency facilities through cross training and remote monitoring
 - No COLAs awarded since July 2009 and eliminated performance incentives
 - Employees began paying a portion of the CalPERS employee rate in October 2011
- 

Agency-wide approach to cost reductions

- Optimized consumption of chemicals and utilities through effective use of KPIs and aggressive negotiation of multi-year contracts
 - Realized present value savings of \$7 million in future debt service costs from refinancing of 1994 Revenue Bonds (2010A Series)
 - Deferred \$218 million of non-critical capital projects
- 

IEUA remains committed to cost containment

- Cost containment is a key objective of the IEUA Business Goals adopted in October 2013
 - Included in the FY 2014/15 proposed budget and four year forecasts:
 - Permanent reduction of an additional 5 FTEs to 290 authorized FTE positions
 - Employees to fund 50% of the employee CalPERS pension contribution rate beginning July 1st.
 - \$2 million cut in debt service costs beginning FY 2015/16 from the refunding of the 2005A Bonds
- 




Inland Empire Utilities Agency

A MUNICIPAL WATER DISTRICT

Questions?

RECEIVE AND
FILE

3D

Date: April 24/May 1, 2014
To: Regional Committees
From:  Inland Empire Utilities Agency
Subject: Fiscal Year 2014/15 Preliminary Budget for the Regional Wastewater, Recycled Water, and Recharge Water Programs

RECOMMENDATION

This is an informational item on the FY 2014/15 Preliminary Budget for the Agency's Regional Wastewater, Recycled Water, and Recharge Water Programs for the Regional Committees to review.

BACKGROUND

Since the end of the recession in December 2009, the economic recovery has not followed the patterns set by prior recoveries. Instead, recovery has seen weak growth in the economy's potential with labor force, capital stock, and productivity growing less rapidly than expected. Nonetheless, improved economic conditions are noticeable throughout the Agency's service area. The current economic recovery, while sluggish, provides the Agency and its member agencies a chance to leverage the projected increase in primary revenues including new EDU connection fees and property taxes.

Despite the projected increase in these primary revenue sources, a key challenge is still the achievement of full cost of service rates for all Agency programs as defined in the Agency's Long Range Plan of Finance (2007). While the multi-year rate increases have narrowed the gap between program revenues and costs; a structural deficit still exists. Achieving rates that fully cover operating and replacement and rehabilitation (R&R) costs is essential to ensuring the Agency meets its commitment to deliver reliable and high quality level of service. As the Agency moves beyond the three year adopted rates, future rate structures that support full cost of service will continue to be a high priority to ensure the Agency's financial health. Continuing the practice of adopting multiyear rate increases will also support the Agency's transition to a biennial budget in FY 2015/16, as well as provide member agencies more stability in their financial planning.

Another significant challenge is the current drought crisis which prompted the Governor to declare a State of Emergency in January 2014. Although there is uncertainty as to how long these drought conditions will prevail, the severity of this drought has mobilized federal, state, and local agencies to designate emergency funding to support water use efficiency, water quality,

and water reliability and sustainability projects throughout the State. To leverage these funding opportunities, the Agency is working collaboratively with its member agencies and regional stakeholders to identify projects that will help to mitigate the drought impact in future years. These projects and funding sources will be included in future TYCIP and O&M budgets.

FY 2014/15 Key Budget Assumptions

The proposed FY 2014/15 Budget and the FY 2014/15-2023/24 Ten Year Capital Improvement Plan (TYCIP) adopted by the Agency's Board of Directors (Board) in February 2014 are based on cautious optimism of continual progressive economic recovery and growth throughout the region. A significant component of the proposed budget and TYCIP are Replacement and Rehabilitation (R&R) projects identified in the 2014 Asset Management Plan, some of which were previously deferred as part of the Agency's cost containment plan implemented in response to the 2008 economic downturn.

Additionally, the proposed budget for the Regional Wastewater and Recycled Water programs is based on the last year of the multi-year rates adopted by the Board in February 2012, for Fiscal Years (FYs) 2012/13 – 2014/15. Listed in Exhibit A are the rates effective on July 1, 2014.

While these multi-year rates have helped to move the Agency closer to its ultimate goal (2007 Long Range Financial Plan) of having full cost of service rates to support operating and capital replacement costs, as illustrated in Exhibit C, the adopted rates for FY 2014/15 are still below the total cost of service for both the Regional Wastewater Operations & Maintenance (RO) and Recycled Water (WC) funds. Other key budget assumptions are listed in Table 1.

Table 1: Other Key Assumption for FY 2014/15 Budget

Revenues of Other Funding Sources	Expenses and Other Uses of Funds
3,000 new EDU connections, conservatively less than the 5,106 units projected by member agencies.	Permanent reduction of 5 full time equivalent (FTE) positions from 295 to 290, plus continued commitment to maintain a vacancy factor of up to 5%, equivalent to 15 FTEs.
3.2 million total number of billable volumetric EDUs; slight increase of .25% over projected actual for current fiscal year.	3% COLA offset by an additional 1% employee funded PERS contribution rate. Effective 7/1/14, classic employees will be paying 50% of the 8% employee contribution rate.
32,000 acre feet (AF) total recycled water deliveries (21,500 AF direct plus 10,500 AF recharged water deliveries).	Prefunding the unfunded accrued liabilities (UAL) for retirement benefits; \$4.5 million (pension) plus \$1.5 million (OPEB).
3% increase in property tax receipts consistent with the San Bernardino County Tax Assessor projected increase in assessed property values	Retirement of high interest bonds callable in November 2014.
Low interest State Revolving Fund (SRF) loans and grants for the Southern and Central/Wineville Area recycled water construction projects.	Capital Improvement Plan (CIP) based on the FYs 2015-2014 TYCIP adopted in February 2014.

Not included in the proposed FY 2014/15 O&M Budget and adopted TYCIP are projects still to be identified with the completion of various long term planning initiatives currently underway, such as the updated Wastewater Facilities Master Plan, Integrated Resources Plan, and Recycled Water Program Strategy. Projects emerging from these long term documents will be integrated into next year’s TYCIP.

Regional Wastewater Capital Improvement (RC) Fund

A major revenue source for the RC fund is the fees levied for new connections to its regional wastewater system, referred to as new EDU connections fees. Pursuant to the Regional Sewage Service Contract (Regional Contract), member agencies collect and hold these funds in a trust account (Capital Construction Reimbursement Accounts) until they are “called” or requested by the Agency to support Regional capital expenditures. Following the 2008 economic downturn, the number of new EDU connections plummeted from an annual average of 5,400 units over the preceding ten fiscal years (FY 1998/99 – FY 2007/08) to 1,318 units in FY 2008/09 and 1,116 units in FY 2010/11.

As mentioned above, a spur of new development increased new EDU connections to 1,614 units in FY 2011/12, and followed suit in FY 2012/13 with an additional 2,996 units, ending well above the 1,700 budgeted units. As of February 2014, the number of new EDU connections year to date of 1,100 units is shy of the levels in previous fiscal years. This volatility is an important reminder of the need to take a more conservative approach in forecasting and budgeting future

connections. Hence, the new EDU connections for FY 2014/15 have been lowered to 3,000 units, well below the 5,106 units projected by member agencies.

Table 2: FY 2014/15 RC Fund Major Revenues & Other Sources of Funds

Fund	Major Revenue Category	Amount \$Millions	Key Assumptions
Regional Wastewater Capital (RC)	New EDU Connections Fees	\$15.3	3,000 new EDUs connections compared to 1,800 units projected for FY 2013/14. New EDU connection fee to increase from \$5,007 per EDU to \$5,107/EDU effective 7/1/14.
	Property Tax Receipts	\$26.1	Assumes a 3% increase in FY 2014/15. Allocation of 65% of total property tax receipts to RC fund are designated for debt service costs in FY 2014/15.

Property tax receipts are another major funding source for the RC fund. In accordance with the Regional Contract, property tax receipts collected from Improvement District "C" (IDC) are fully allocated to the RC fund. IDC tax receipts represent 65%, or approximately \$26.1 million of total property tax receipts. A 3% increase in total property tax receipts is assumed for FY 2014/15, based on the San Bernardino County Tax Assessor estimate of a 3% increase in assessed values. Property tax receipts are budgeted in the RC fund for FY 2014/15 and are fully designated to support debt service costs of \$30.2 million, which includes early repayment of the 2005 bonds callable in November 2014.

Table 3: FY 2014/15 RC Fund Major Expenses & Other Uses of Funds

Fund	Major Expenses Category	Budget \$Millions	Key Assumptions
Regional Wastewater Capital (RC)	Operating Expenses	\$5.7	Administrative costs for support of the Regional capital program.
	Debt Service Costs	\$30.2	Includes principal & interest for 2005A, 2008A, 2008B and 2010A bonds and SRF loan for RP-1 Dewatering Expansion Facility. Also included \$14.2M for retirement of 2005A bonds.
	Capital Project Costs	\$6.0	See Table 3 for summary of major capital projects.
	Inter-Fund Transfers	\$1.9	Capital and debt service cost support to the Administrative (GG), Recycled Water (WC), and the Recharge Water (RW) funds.

In addition to debt service costs, the other major expenditure in the RC fund is capital expenditures. A total of \$6.0 million in capital project costs is budgeted in FY 2014/15, which

accounts for nearly 23% of the proposed \$26.0 million capital improvement plan (CIP) for FY 2014/15. Some of the major projects for FY 2014/15 are listed on Table 4.

Table 4: FY 2014/15 RC Fund Major Capital Projects

Project Name	Total Project Budget \$Thousands	FY 14/15 Budget \$Thousands
RP-5 Flow Equalization & Effluent Monitoring	\$2,144	\$700
Agency Wide HVAC Improvements	\$1,244	\$600
Fontana Interceptor Relief & Sewer Manholes Rehab.	\$3,035	\$600
CCWRF Odor Control System Replacement	\$5,070	\$500
Collection System Repairs Phase V	\$575	\$400

Regional Wastewater O&M (RO) Fund

The Regional Wastewater Operations & Maintenance (RO) fund accounts for the revenue and operating costs directly related to the domestic sewage treatment service and organic management activities, including employment costs to operate and support the Inland Empire Regional Composting Authority (IERCA). Over 77%, or \$45.9 million, of the \$59.4 million operating revenue and other funding sources are generated from monthly EDU volumetric fees charged to the Agency’s contracting member agencies for collection and treatment of domestic sewage. Other revenue and funding sources include \$8.8 million of property tax receipts (equivalent to 22% of total property taxes) and \$3.5 million in reimbursement from IERCA.

Table 5: FY 2014/15 RO Fund Major Revenues & Other Sources of Funds

Fund	Major Revenue Category	Budget \$Millions	Key Assumptions
Regional Wastewater Operations & Maintenance (RO)	Monthly EDU Volumetric Charges	\$45.9	Projected growth of 0.25% in the number of billable EDUs compared to FY 2013/14 adopted budget. EDU Volumetric rate to increase from \$13.39/EDU to \$14.39/EDU effective 7/1/14.
	Property Tax Receipts	\$8.8	Assumes a 3% increase in FY 2014/15 in assessed property values, per county assessor. Allocation of 22% of total property tax receipts to RO Fund are designated to support debt service and capital replacement and rehabilitation (R&R).
	Contract Reimbursement	\$3.5	Reimbursement of employment costs from the IERCA

Effective July 1, 2014, the Monthly EDU Volumetric fee will increase from \$13.39 per EDU to \$14.39 in accordance with the multi-year rates adopted by the Board in February 2012, (Exhibit A). The assumption of 0.25% growth in the number of billable EDU's for FY 2014/15 and the \$1 per EDU increase are expected to provide an additional \$3.3 million in FY 2014/15.

As indicated in Table 5, 22%, or \$8.8 million of the total property tax receipts allocated to the RO fund in FY 2014/15 is fully designated to support the \$9.2 million of R&R projects.

Total operating costs of \$57.1 million budgeted in FY 2014/15 show an increase of \$7.9 million compared to the FY 2013/14 amended budget of \$49.2 million and an increase of \$11.7 million compared to FY 2013/14 projected actuals of \$45.4 million. The projected higher costs in FY 2014/15 are primarily due to higher employment costs which include; implementation of the salary increases offset by an increase in employee funded pension contribution rates as per the negotiated MOUs, \$4.5 million to support the prefunding of the unfunded accrued liability (UAL) for pension benefits, additional costs associated with retirement benefits (PERS employer rate) and insurance premiums, and an estimated \$1.2 million related to the Class and Compensation (C&C) study currently underway. Utilities and chemical costs are projected to increase in FY2014/15 due to additional use of natural gas and polymers for the Fuel Cell and RP-1 Dewatering facilities, respectively. Both facilities are now in full operation. Table 6 below is a summary of the major expense categories and key assumptions.

Table 6: FY 2013/14 RO Fund Major Expense Categories

Fund	Major Expense Category	Budget \$Millions	Key Assumptions
Regional Wastewater Operations & Maintenance (RO)	Employment	\$28.4	Permanent reduction of Full Time Equivalent (FTE) positions from 295 to 290, maintain a vacancy factor of up to 5%, 3% COLA per MOUs, 5% increase in CalPERS employer contribution rate, increase of employee funded pension contribution rate from 3% to 4%. Additionally includes \$4.5M to pay down retirement UAL and \$1.2M estimated cost of current C&C study underway.
	Utilities	\$7.2	Electricity rates maintained at \$0.12 kWh for direct access; Increase of the use of natural gas for RP-1 Fuel Cell
	Chemicals	\$4.5	Higher dosage of polymer due to RP-1 Dewatering centrifuge, and Sodium Hypochlorite in RP-1 Tertiary in anticipation of secondary clarifiers shut down for maintenance.
	Bio Solids	\$3.6	Increase tipping fees to \$54 per ton by the IERCA
	Contract Work/Special Projects	\$2.2	Major maintenance repair projects identified in the Agency's Asset Management Plan: Underground Piping Rehabilitation RP1/RP2 Digester Cleaning Annual Rehabilitation of Clarifiers Aeration System Rehabilitation Biofilter Media Replacement

Maintenance and replacement and rehabilitation (R&R) of aging equipment and facilities are critical elements of the adopted FYs 2015-2014 TYCIP. Beginning in FY 2008/09, the Agency implemented a cost reduction initiative in response to the economic downturn. As part of the cost containment effort, R&R projects deemed to be non-critical at that time were deferred. Since then, the Agency completed development of the Asset Management Plan to more accurately assess the condition of the Agencies physical assets. The R&R projects proposed for FY 2014/15 are based on the results of condition assessments and are essential to ensuring the Agency can sustain its committed level of service to its customers.

Over the next ten years, \$51 million of R&R projects are budgeted in the RO fund to uphold the operational reliability of the Agency’s regional facilities. The proposed R&R budget for FY 2014/15 is \$9.2 million; major projects include:

Table 7: FY 2014/15 RO Fund Major R&R Capital Projects

Project Name	Total Project Budget \$Thousands	FY 13/14 Budget \$Thousands
Montclair Lift Station Upgrades	\$2,915	\$2,500
SCADA Enterprise System Upgrade	\$9,625	\$1,000
RP-4 Headwork Retrofit	\$1,200	\$900
CCWRF Secondary Clarifier #3 Rehab	\$1,100	\$800
Major Equipment Rehabilitation	\$4,000	\$700
RP-2 Drying Beds Rehabilitation	\$1,100	\$600

Recycled Water (WC) Fund

A key initiative for the Agency is to optimize the beneficial reuse of recycled water and provide a cost effective and reliable alternative to imported water for the region, as specified in the Recycled Water Three Year Business Plan (TYBP) adopted in December 2007. Since the adoption of the TYBP, projected recycled water deliveries have been reduced significantly. Originally, total connected demand was projected to reach 50,000 acre feet per year (AFY) by FY 2010/11; 33,000 AFY direct deliveries and 17,000 AFY recharge water deliveries.

The 50,000 AFY goal has been revised due to a combination of factors including delayed execution of major construction projects and a stagnation in the number of direct use connections. Two key projects that have been delayed include the Southern Area and Central/Wineville Area projects, which were originally planned for completion in FY 2009/10 and FY 2010/11, respectively. Completion of the Southern Area project construction is currently

targeted for 2015; and Central/Wineville Area project in FY 2015/16. Based on the current project plan, the 50,000 AFY goal is now projected to be achieved by FY 2019/20, or nine years later than originally planned.

Total recycled water deliveries are not anticipated to increase significantly in FY 2014/15, despite the significant increase in recharge deliveries which by February 2014 had already exceeded the budgeted 10,000 AF. The key driver for the increase is the current drought which resulted in the declaration of a drought state of emergency by Governor Brown in January 2014. However, due to the uncertainty of the drought continuing in FY 2014/15, direct deliveries and recharge deliveries are budgeted at 21,500 AF and 10,500 AF, respectively. These projections result in a total budget of 32,000 AF in total recycled water deliveries for FY 2014/15; a decrease of 3,000 AF over the projected actual for FY2013/14.

Based on the multi-year rates adopted by the Board in February 2012 (Exhibit A), total recycled water sales are budgeted at \$9.5 million; \$6.0 million direct sales and \$3.5 million for recharge sales. The Metropolitan Water District of Southern California Local Project Program (MWD LPP) rebate of \$2.1 million is another key operating revenue source. This annual rebate is set to expire on June 2017.

Table 8: FY 2014/15 WC Fund Major Revenue & Other Sources of Funds

Program	Major Revenue Category	Budget \$Millions	Key Assumptions
Recycled Water (WC)	Direct Sales	\$6.2	21,500 AF, similar to FY 2013/14 projected actual. Rate to increase from \$215 per Acre Foot (AF) to \$290/AF effective 7/1/14.
	Recharge Sales	\$3.5	10,500 AF, a reduction of 3,000 over FY 2013/14 projected actual. Rate to increase from \$255/AF to \$335/AF.
	MWD LPP Rebate	\$2.1	\$134/AF rebate for recycled water sales up to 13,500 AF per FY. Rebate is set to expire in June 2017.
	Property Tax Receipts	\$2.0	Continuation of 5% of property taxes allocation from RO Fund planned to sunset in FY 2013/14.
	Loan and Grant Proceeds	\$13.4	SRF loans and grants are the primary funding source for the Southern and Central/Wineville Area Recycled Water Projects. Each loan is anticipated to receive a maximum grant of \$4 million.

State Revolving Fund (SRF) loan proceeds and grant receipts in the amount of \$13.4 million represent approximately 47% of the \$28.2 million of the Recycled Water program's Total Revenue and Other Funding Sources in FY 2014/15. For both the Southern and Central/Wineville Area projects, the Agency secured 30 year low interest rate loans; 2.1% and 1.0% per annum, respectively. Additionally, staff was successful in waiving the "Buy America" requirement for the Central/Wineville Area project resulting in an estimated savings of

approximately \$4 million. These funding sources, along with a 5% allocation of property taxes in the amount of \$2.0 million are the primary funding sources of the Recycled Water (RW) program CIP.

A total of \$8.4 million in operating expenses is budgeted in FY 2014/15, reflecting an increase of approximately 41% compared to projected actuals of \$5.9 million for the current fiscal year. Utilities are anticipated to increase by nearly \$0.4 million, from \$2.1 million to \$2.6 million, due to higher pumping costs compared to projected actuals as summarized in Table 9:

Table 9: FY 2014/15 WC Fund Major Expense Categories & Other Uses of Funds

Program	Major Revenue Category	Budget \$Millions	Key Assumptions
Recycled Water (WC)	Utilities	\$2.6	\$0.12 kWh electricity rate for direct access, renewal energy rates based Purchase Power Agreements (PPAs) and annual CPI increase. Higher pumping costs are driving an increase of nearly \$0.4M compared to projected actuals.
	Employment	\$3.5	Permanent reduction of Full Time Equivalent (FTE) positions from 295 to 290, maintain a vacancy factor of up to 5%, 3% COLA per MOUs, 5% increase in CalPERS employer contribution rate, increase of employee funded pension contribution rate from 3% to 4%. Additionally includes \$4.5M to pay down retirement UAL and \$1.2M estimated cost of current C&C study underway.
	Operating Fess & Expense	\$1.1	Includes professional fees and services, materials and supplies, and a portion of the groundwater recharge operations expense
	Debt Service Costs	\$4.8	Includes principal and interest costs for outstanding debt.
	Capital Project Costs	\$9.8	See Table 9 for summary of major capital projects.

Annual debt service costs are estimated to maintain at \$4.8 million in FY 2014/15. Repayment of the \$23.5 million outstanding inter-fund loans (\$8.5 million due to RC fund and \$15 million due to the NC fund) are scheduled to begin in FY 2016/17, with full repayment of the \$23.5 million inter-fund loans is projected by FY 2018/19.

A total of \$9.8 million is budgeted in the WC fund for CIP in FY 2014/15; Major capital projects budgeted in FY 2014/15 are summarized in Table 10:

Table 10: FY 2013/14 WC Fund Major Capital Projects

Project Name	Total Project Budget \$Thousands	FY 13/14 Budget \$Thousands
Wineville Extension – Segment A	\$31,200	\$3,000
Wineville Extension – Segment B	\$23,519	\$3,000
GWR and RW SCADA Communication System Upgrades	\$2,764	\$650
GWR and RW SCADA Control Equipment Upgrades	\$1,170	\$500
930 Zone Pressure Zone Pipeline	\$7,619	\$535
1630 East Pipeline Relocation	\$1,050	\$400
RP3 Basin Improvements	\$5,290	\$200

Recharge Water (RW) Fund

The Recharge Water (RW) fund accounts for the revenues and expenses associated with groundwater (GWR) recharge operations and maintenance through joint efforts with the Chino Basin Watermaster (Watermaster), Chino Basin Water Conservation District, and the San Bernardino County Flood Control District. Operating expenses include general basin maintenance and/or restoration, groundwater administration (e.g. labor, tools, and supplies), contracted services (e.g. weeding and vector control), compliance reporting, and environmental documentation for permit compliance.

The proposed FY 2014/15 O&M Budget of \$1.8 million includes \$150,000 for GWR Basin Improvement O&M Project, \$126,000 for utilities, and approximately \$530,000 designated for general groundwater basin maintenance. Included in the \$530,000 is \$230,000 for infiltration restoration and slope repairs of four groundwater basins: Declez, 8th Street, Jurupa, and, Turner 1 & 2.

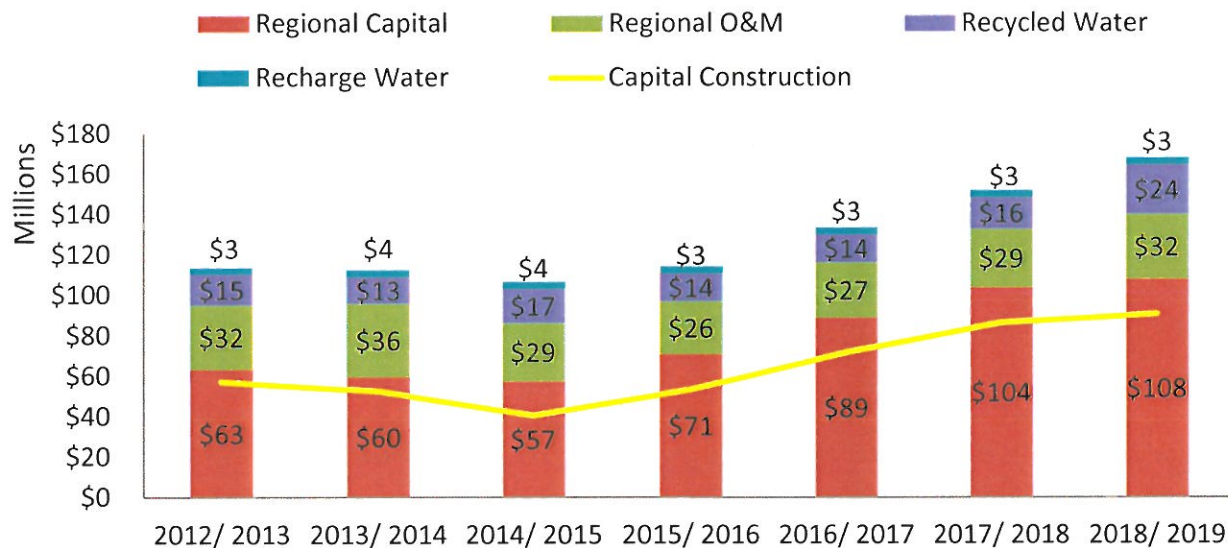
Pursuant with Chino Basin Recharge Master Plan and Peace II Agreement, costs for basins recharged with recycled water are pro-rated between Watermaster and the Agency based on the relative proportion of recycled water to the total water recharged in the basin. The Agency’s pro-rata share is estimated to increase to \$548,000 in FY 2014/15 from \$464,000 projected for the current fiscal year.

Fund Balances

Consistent with sound and prudent fiscal practices, and in compliance with legal requirements, the Agency has historically maintained reserves within its various programs (funds) to sustain operational and capital requirements and to address unforeseen events such as: a decrease in revenues or increase in costs. A critical component is funds designated to support capital investment, including R&R, construction, improvement, and expansion of the Agency’s facilities and infrastructure.

Total fund reserves for three major Agency funds (Regional Wastewater Capital, Regional Wastewater O&M, and Recycled Water) are reported in Figure 1. With the exception of the FY 2014/15 Proposed Budget, when capital construction reserves drop to under \$38 million, approximately 50% or an average of \$40 million per fiscal year of the total reserves are designated for capital investment, as indicated by the yellow trend line in Figure 1. Based on the estimated \$1.1 billion replacement value of the Agency’s facilities and infrastructure, \$40 million is only sufficient to support about 4% of total assets.

Figure 1: Fund Balances for Regional Wastewater, Recycled Water, & Recharge Water Programs



The decrease of \$5 million in the FY 2014/15 Proposed Budget estimated an ending fund balance of \$110 million compared to FY 2013/14 projected actual of \$115 million, is primarily due to prefunding of UALs related to retirement benefits and defeasance of high interest long term debt. Capital expenditures are projected to be \$33 million and operating costs are estimated to be \$58 million through the end of the current fiscal year.

Establishing and sustaining appropriate fund reserves is essential to the Agency’s ability to upkeep and enhance facilities in a timely and cost effective manner, as well as safeguard its

financial health to address economic, environmental, and regulatory variability. A key component of the budget workshop series completed in March 2014 was the evaluation of reserve categories established in 2005. Discussion led to the consolidation of some of the current categories with defined minimum and target levels. The revised reserve category structure is expected to be approved by the Board as part of the FY 2014/15 Budget adoption in June.

FY 2015 - 2024 Ten Year Capital Improvement Plan (TYCIP)

On February 19, 2014 the Board approved the FY 2015/24 Ten Year Capital Improvement Plan (TYCIP) which defines the basis for the Regional and Recycled Water capital projects. Since then, further analysis has resulted in reclassification of some of the projects from capital to operations reducing the total TYCIP from \$336 to \$309 million. The revised FY 2015-2024 TYCIP of \$309 million is approximately 26% lower than the currently adopted FY 2014-2023 TYCIP of \$415 million, and focuses on critical R&R projects necessary to meet reliability and regulatory requirements. Also included is the expansion and improvement of existing facilities as the Agency prepares to meet higher service demands anticipated from the expected growth in its service area.

The Agency is currently engaged in multiple planning initiatives that will define the capital investments needed to provide long term reliable, high quality, sustainable services that meet the demands of the region. Among these initiatives are the Integrated Resources Plan, the Recycled Water Program Strategy, the Energy Plan and an update of the Wastewater Facilities Master Plan. The Agency is also working collaboratively with its member agencies and regional stakeholders to identify projects that will enhance regional water use efficiency, quality, reliability, and sustainability in response to the current drought crisis. All these initiatives, although not included in the current TYCIP, will help to shape future year budget requirements.

Improvement and Expansion Projects

Included in the adopted FYs 2015-2014 TYCIP are capital projects targeting required improvements and expansion of existing facilities in order to meet higher anticipated service demands in the future. Between FY 2014/15 and FY 2023/24, member agencies are projecting 33,672 new EDU connections. Nearly half, or 15,900 new EDU connections, are forecasted by the City of Ontario, primarily from the New Model Colony during the first six fiscal years of the TYCIP. The Agency's more conservative estimate of 25,100 in new EDU connections over the next ten years is based on historical trends and aligns with the service area economic outlook. Exhibit B is a list a of the major improvement and expansion projects planned in the TYCIP.

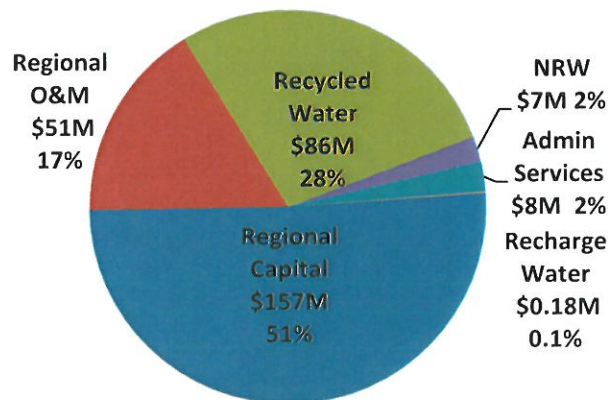
Repair and Replacement (R&R)

Key components of the TYCIP are capital projects for major maintenance as well as replacement and rehabilitation (R&R) of existing equipment and facilities. As mentioned in the RO fund summary, the deferral of R&R projects beginning in FY 2008/09 as part of the Agency's cost containment plan has resulted in an increase in the number of failures and emergency repairs. The RO fund projects listed in Exhibit B are the major R&R projects in the proposed TYCIP.

TYCIP Allocation by Fund

Approximately 96% of the \$309 million proposed TYCIP is designated for the Regional Wastewater and Recycled Water programs as illustrated in Figure 3.

Figure 3: TYCIP Allocation by Fund, \$309 Million



Of the total TYCIP, \$28.4 million, or 9% is appropriated for FY 2014/15; and \$48.9 million, or 15%, for FY 2015/16. Of the total \$309 million TYCIP, 59% is projected to be financed through Pay-Go, 39% from SRF loans, and the remaining 2% from grants, as indicated in Table 11.

Table 11: FYs 2015-2024 TYCIP Projected Funding Sources

Funding Source	Amount (\$Millions)	% of TYCIP	Key Assumptions
New Debt	\$121.5	39.3%	\$30M SRF loans for Southern and Central/Wineville areas \$50M SRF loan to support the southern area wastewater expansion \$25M SRF loans for future recycled water projects \$16M SRF loan to support new laboratory
Pay-Go	\$181.1	58.6%	Connection fee rates increase from \$5,107 in FY 2014/15 to \$6,663 by FY 2023/24 Estimates of property tax receipts are based on estimates provided by the San Bernardino County Tax Assessor. FY 2014/15 estimated growth is 3%
Grants	\$6.4	2.1%	Continue to research and apply for grants to support Agency capital projects
Total	\$309	100%	

Debt Coverage Ratio

The Debt Coverage Ratio (DCR) is the measurement of an entity’s ability to generate enough cash to cover debt payments (principal payments and related interest), and serves as a critical financial measure in determining its overall credit rating. DCR also affects an entity’s market accessibility for future borrowings and the associated costs. Improvement of the Agency’s DCR was a key driver of multi-year rate increases adopted by the Board in February 2012 for the Regional Wastewater and Recycled Water programs. The Board established a minimum DCR target of 1.50x and 1.70x to be achieved by the end of FY 2013/14 and FY 2014/15, respectively.

On January 22, 2014 the Agency’s Board of Directors held the first of three budget workshops, which provided an overview of the Agency’s current financial position and presented the proposed long term, intermediate, and immediate Business Goals relative to Fiscal Responsibility. A key recommendation by the Board was the payment of long term liabilities. These long term obligations include: high interest bonds and unfunded accrued liabilities (UALs) for retirement benefits. Early repayment of high interest bonds and a reduction in UALs will help support another key recommendation from the Board: improvement of the Agency’s total debt coverage ratio (DCR) to 3.0X and achieve AAA credit rating sooner than FY 2017/18.

Based on current assumptions and the combined effect of higher user charges, timely completion of R&R projects, retirement of high interest bonds callable in November 2014, annual prefunding of the retirement unfunded accrued liabilities (UALs), and continual commitment to cost containment, the agencies DCR will strengthen over time. As indicated in Table 12, total DCR is projected to progress towards the 3.0X target established by the Board.

Table 12: Debt Coverage Ratio

	Actual FY 2012/13	Projected Actual FY 2013/14	Proposed FY 2014/15	Forecast FY 2015/16	Forecast FY 2016/17	Forecast FY 2017/18
DCR actual/projection based on current assumptions	2.85X	1.96x	2.18x	2.79x	3.00x	3.03x

Considering the growth anticipated over the next 10 years and the need to expand existing facilities to meet increased service demands, improving the Agency’s long term credit rating from AA- to AAA is essential. Attaining AAA credit rating (considered high quality borrower) will better position the Agency to acquire new debt at a significantly lower cost. In today’s market, the cost of borrowing between AA and AAA is about 20 basis points. On a \$40 million bond issue, this translates to cost savings of over \$2.4 million over a 30 year term.

Conclusion

The Los Angeles County Economic Development Corporation, in its annual forecast released Wednesday, February 20, 2013, called for better conditions across the board in the Inland Empire this year and an even stronger economy in 2014. Another echo from San Bernardino and Riverside counties suggests construction work could again be the region's biggest economic engine.

The current outlook of strengthening local economic conditions will necessitate the Agency to proactively improve existing facilities in order to continue to meet the commitment of level of service. Over the next ten years, the Agency will also need to address expansion of its existing facilities in order to meet the anticipated growth and higher service demands, particularly in the southern section of its service area. With all of the planning initiatives in place the Agency will be in a better position to support the future water reliability for the Region.

Future capital investment in expansion and improvement of Agency facilities will be supported through a combination of pay-go and external financing, such as bonds or State Revolving Fund loans. To secure low borrowing costs and support moderate increases in the future, an essential financial goal for the Agency is to improve its long term credit rating from AA- to AAA.

Another key objective for the Agency is to ensure rates fully cover the cost of service, including R&R requirements, for its major programs (consistent with the Regional Contract). Achieving this critical objective will minimize the Agency's reliance on property taxes and use of fund reserves more appropriately to support operating and capital replacements costs.

Attached are copies of the Sources and Uses of Fund reports for the Regional Wastewater, Recycled Water, and Recharge Water Programs.

Exhibit A

Multi-Year Adopted Rates for Regional Wastewater and Recycled Water Programs

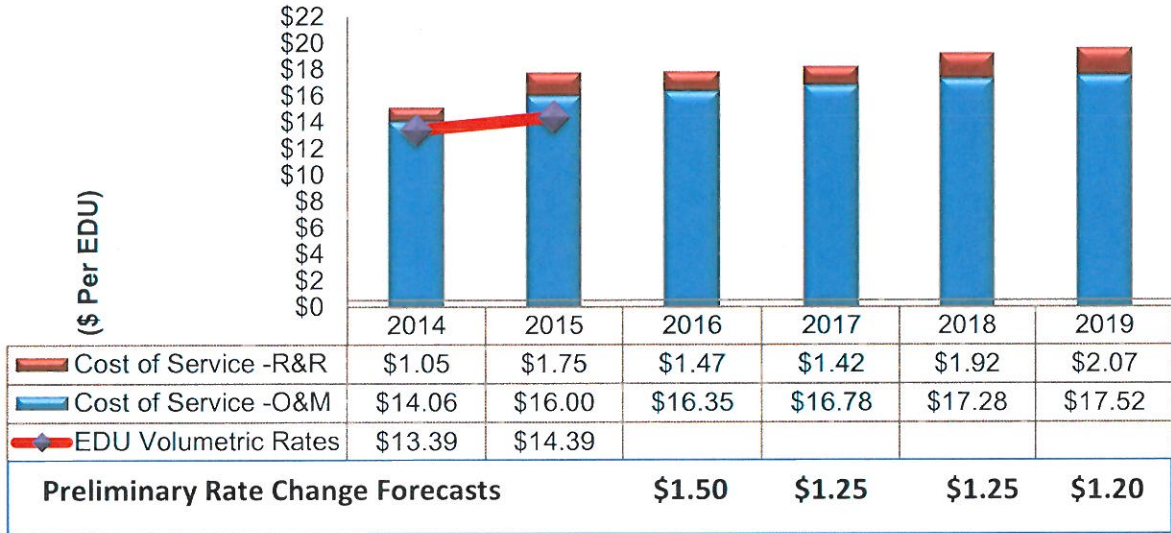
Program	Rate	FY 2012/13 Effective July 1, 2012	FY 2013/14 Effective July 1, 2013	FY 2014/15 Effective July 1, 2014
Regional Wastewater	Monthly EDU Volumetric Fee	\$12.39	\$13.39	\$14.39
	New Per EDU Connection Fee	\$4,909	\$5,007	\$5,107
Recycled Water	Direct Delivery Rate Per AF	\$155	\$215	\$290
	Groundwater Recharge Per AF	\$195	\$255	\$335

Exhibit B
Major Expansion, Improvement and R&R Projects in the TYCIP
(Greater than \$1 million in total TYCIP)

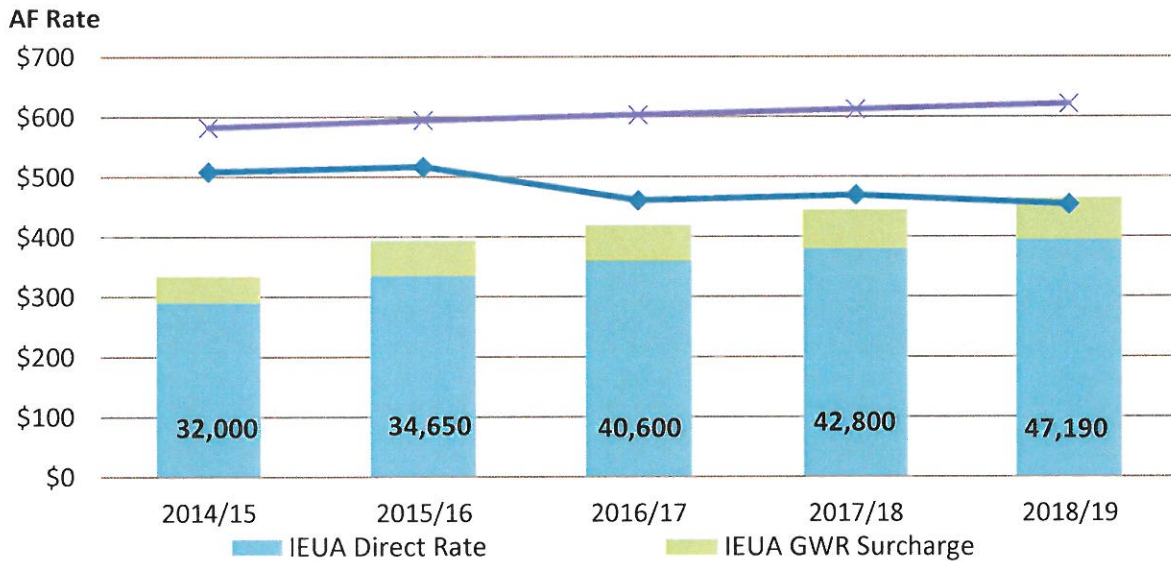
Project #	Project Description	FY 2014/15	FY 2015-2024	Ten Year Total
Regional O&M (RO) Fund				
EN15032	Agency-Wide HVAC Improvements - Pckg No. 3	\$100,000	\$1,100,000	\$1,200,000
EN11031	RP-5 Flow Equalization and Effluent Monitoring	700,000	763,000	1,463,000
EN13018	CCWRF Odor Control System Replacement	500,000	2,380,000	2,880,000
EN13046	RP-1 Flare System Improvements	0	3,400,000	3,400,000
EN14006	Misc RC Constr & Emergency Proj FY13/14	250,000	2,250,000	2,500,000
EN14009	CM Misc RC Constr & Emergency Proj FY13/14	250,000	2,250,000	2,500,000
EN14018	RP-4 Process Improvements	200,000	1,325,000	1,525,000
EN14019	RP-1 Headworks Rehab (aka Headworks Gate Replacen	0	10,510,000	10,510,000
EN14020	RP-1 Sludge Thickening Upgrades	0	8,446,000	8,446,000
EN14037	Fontana Interceptor Relief Sewer Manholes Rehab	600,000	610,000	1,210,000
EN16011	Whispering Lakes LS Improvements	0	3,000,000	3,000,000
EN17003	Aeration System Improvements	0	6,250,000	6,250,000
EN18004	RP-1 IPS System Improvements	0	1,000,000	1,000,000
EN19005	Haven LS SCADA Improvements	0	3,000,000	3,000,000
EN19006	RP-5 SHF	0	100,250,000	100,250,000
EN19007	RP-1 Flow Equalization Upgrade and Odor Control	0	1,000,000	1,000,000
EN20006	RP-1 Digester Mixing Upgrade	0	2,250,000	2,250,000
Regional O&M (RO) Fund Total		\$2,600,000	\$149,784,000	\$152,384,000
Regional Capital (RC) Fund				
EN09021	RP-4 Headworks Retrofit	\$900,000	\$300,000	\$1,200,000
EN13016	SCADA Enterprise System	1,000,000	8,625,000	9,625,000
EN13054	Montclair Lift Station Upgrades	2,500,000	415,000	2,915,000
EN14012	RP-2 Drying Beds Rehab	600,000	510,000	1,110,000
EN14024	CM Misc RO Constr & Emergency Proj FY13/14	250,000	2,250,000	2,500,000
EN15008	New Water Quality Laboratory	0	17,100,000	17,100,000
EN15013	RP-1 TWAS and Primary Effluent Piping Replacement 2	400,000	100,000	500,000
EN17004	Energy Efficiency Improvements	0	1,700,000	1,700,000
EN18005	RP-4 Secondary Drains	0	1,100,000	1,100,000
EN21002	Chino Creek Wetlands and Educational Park Upgrades	0	1,858,000	1,858,000
EP15002	Major Equipment Rehab/Replace	700,000	3,700,000	4,400,000
IS15020	Process Automation Controls IT Improvements	300,000	2,700,000	3,000,000
Regional Capital (RC) Fund Total		\$6,650,000	\$40,358,000	\$47,008,000
Recycled Water (WC) Fund				
EN15034	CM Misc WC Construction & Emerg Proj FY14/15	\$250,000	\$2,250,000	\$2,500,000
EN15035	Misc RW Projects FY14/15	200,000	1,800,000	2,000,000
EN06025	Wineville Extension Pipeline Segment A	3,000,000	12,700,000	15,700,000
EN09007	1630 East Reservoir & Segment B Pipeline	0	5,401,000	5,401,000
EN12019	GWR & RW SCADA Communication System Upgrades	650,000	520,000	1,170,000
EN13001	San Sevaine Improvements	100,000	1,850,000	1,950,000
EN13045	Wineville Extension Pipeline Segment B	3,000,000	8,794,000	11,794,000
EN13048	Second 12kV Feeder to TP-1	100,000	1,150,000	1,250,000
EN14041	RP-4 1158 and 1299 Pump Station Upgrades	50,000	5,550,000	5,600,000
EN14042	RP-1 1158 Pump Station Improvements	100,000	3,900,000	4,000,000
EN14043	RP-5 Pipeline Bottleneck	100,000	1,200,000	1,300,000
EN19002	800 Pressure Zone Reservoir	0	3,400,000	3,400,000
EN19003	RP-1 Parallel Outfall Pipeline	0	5,700,000	5,700,000
EN20001	Lower Day Basin Pipeline	0	2,525,000	2,525,000
EN20003	Montclair Basin Pipeline	0	1,500,000	1,500,000
EN20005	800 PZ-Bottleneck	0	1,300,000	1,300,000
EN21001	Upland Basin	0	3,000,000	3,000,000
WR15019	RP-3 Basin Improvements	200,000	5,090,000	5,290,000
WR15021	Napa Lateral	50,000	5,950,000	6,000,000
Recycled Water (WC) Fund Total		\$7,800,000	\$73,580,000	\$81,937,000

Exhibit C

Cost of Service and EDU Volumetric Rate- Regional O&M (RO) Fund



Cost of Service and AF Sales – Recycled Water (WC) Fund



FY 2014/15 Proposed Budget for Regional Wastewater, Recycled Water
 April 16, 2014
 Page 19 of 23

INLAND EMPIRE UTILITIES AGENCY
 FISCAL YEAR 2014/2015 BUDGET
 RC FUND - SOURCES AND USES OF FUNDS

	2011/2012	2012/13	2013/2014		2014/2015	2015/2016	2016/2017	2017/18	2018/19
	ACTUAL	ACTUAL	AMENDED BUDGET	PROJECTED ACTUAL	PROPOSED BUDGET		FORECAST		
REVENUES AND OTHER FINANCING SOURCES									
Contract Cost reimbursement	\$14,299	\$11,639	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest Revenue	473,708	399,202	180,000	68,000	231,779	428,745	629,815	823,051	1,014,911
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$488,007	\$410,841	\$180,000	\$68,000	\$231,779	\$428,745	\$629,815	\$823,051	\$1,014,911
OTHER FINANCING SOURCES									
Property Tax - Debt and Capital	\$21,118,918	\$31,505,242	\$21,678,590	\$25,371,125	\$26,132,258	\$21,520,920	\$21,736,129	\$21,953,490	\$22,173,025
Regional System Connection Fees	7,686,126	14,614,387	9,012,600	9,012,600	15,321,000	18,410,000	18,963,000	18,975,400	14,370,000
State Loans	5,461,495	1,569,879	0	0	0	0	0	0	0
Grants	1,067,648	24,552	0	0	0	0	0	0	0
Sale of Assets	21,848	4,805,394	0	0	0	0	0	0	0
Other Revenues	562,765	327,981	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Loan Transfer from Internal Fund	0	0	0	0	0	0	3,000,000	2,000,000	3,500,000
TOTAL OTHER FINANCING SOURCES	\$35,918,801	\$52,847,435	\$30,697,190	\$34,389,725	\$41,459,258	\$39,936,920	\$43,705,129	\$42,934,890	\$40,049,025
EXPENSES									
Employment Expenses	\$3,581,441	\$2,821,517	\$4,083,214	\$3,936,044	\$3,067,279	\$3,163,611	\$3,264,246	\$3,359,672	\$3,389,414
Contract Work/Special Projects	1,652,783	2,195,206	310,000	310,000	50,000	50,000	50,000	50,000	50,000
Operating Fees	413,482	338,347	479,070	474,695	677,647	663,899	683,816	704,330	725,460
Professional Fees and Services	395,427	429,110	305,820	219,430	236,520	218,491	220,521	222,613	224,766
Other Expenses	503,734	2,893,682	316,640	566,143	1,713,193	1,209,070	1,552,400	1,191,935	1,650,844
TOTAL EXPENSES	\$6,546,867	\$8,677,862	\$5,494,744	\$5,506,313	\$5,744,639	\$5,305,071	\$5,770,983	\$5,528,550	\$6,040,484
CAPITAL PROGRAM									
IERCA investment	\$0	\$500,000	\$500,000	\$0	\$500,000	\$0	\$0	\$0	\$0
Work In Progress	13,916,516	3,849,819	238,694	238,694	5,500,500	5,898,000	4,865,000	7,100,000	12,440,000
WIP Adjustment -25% deferral 13/14-17/18	(3,405,236)	(9,000,000)	0	0	0	0	0	0	0
Rehab & Replacement	0	0	8,941,017	8,493,966	0	0	0	0	0
TOTAL CAPITAL PROGRAM	\$10,511,280	(\$4,650,181)	\$9,679,711	\$8,732,660	\$6,000,500	\$5,898,000	\$4,865,000	\$7,100,000	\$12,440,000
DEBT SERVICE									
Financial Expenses	\$21,897	-\$19,689	\$220,880	-\$209,045	\$300,700	\$433,700	\$300,700	\$300,700	\$433,700
Interest	6,246,504	7,158,472	7,098,427	6,815,427	6,852,591	6,596,239	6,718,849	6,473,764	6,218,341
Principal	6,632,651	7,906,265	8,165,374	8,165,374	23,027,859	7,022,797	7,223,202	7,274,517	7,453,355
Short Term Inter-Fund Loan	0	0	5,500,000	5,500,000	0	0	0	0	0
TOTAL DEBT SERVICE	\$12,901,052	\$15,045,048	\$20,984,681	\$20,271,756	\$30,181,150	\$14,052,736	\$14,242,751	\$14,048,981	\$14,105,396
TRANSFERS IN (OUT)									
Capital Contribution	(\$522,133)	(\$3,198,208)	(\$2,247,990)	(\$1,749,798)	(\$1,370,879)	(\$970,398)	(\$764,426)	(\$1,282,618)	(\$574,298)
Debt Service	(2,008,328)	(1,830,928)	(1,940,495)	(1,940,495)	(505,740)	(617,000)	(667,000)	(667,000)	(700,000)
TOTAL INTERFUND TRANSFERS IN (OUT)	(2,530,461)	(5,029,136)	(4,188,485)	(3,690,293)	(1,876,619)	(1,587,398)	(1,431,426)	(1,949,618)	(1,274,298)
FUND BALANCE									
Net Income (Loss)	\$3,917,149	\$29,156,411	(\$9,470,431)	(\$3,743,297)	(\$2,111,871)	\$13,522,459	\$18,024,784	\$15,130,791	\$7,203,758
Fund Balance Adj. FY 11/12 CAFR	(8,847,085)								
Beginning Fund Balance July 01	39,089,053	34,159,116	63,315,527	63,315,527	59,572,230	57,460,359	70,982,819	89,007,603	104,138,396
ENDING FUND BALANCE AT JUNE 30	\$34,159,117	\$63,315,527	\$53,845,096	\$59,572,230	\$57,460,359	\$70,982,818	\$89,007,603	\$104,138,394	\$111,342,154

FY 2014/15 Proposed Budget for Regional Wastewater, Recycled Water
 April 16, 2014
 Page 20 of 23

INLAND EMPIRE UTILITIES AGENCY
 FISCAL YEAR 2014/2015 BUDGET
 RO FUND - SOURCES AND USES OF FUNDS

	2011/2012	2012/2013	2013/2014	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019
	ACTUAL	ACTUAL	AMENDED BUDGET	PROJECTED ACTUAL	PROPOSED BUDGET	FORECAST			
REVENUES									
User Charges	\$35,573,096	\$39,569,548	\$43,469,257	\$42,695,825	\$45,988,286	\$50,893,953	\$55,023,361	\$59,173,099	\$63,182,341
Property Tax- O&M	3,626,978	0	0	0	0	0	0	0	0
Cost Reimbursement JPA	2,607,121	3,252,652	3,262,445	3,262,445	3,476,249	3,585,426	3,699,478	3,807,628	3,841,336
Contract Cost Reimbursement	279,346	516,774	93,000	93,000	93,000	93,000	93,000	93,000	93,000
Interest Revenue	131,196	128,956	245,000	340,000	370,000	280,000	350,000	480,000	500,000
TOTAL REVENUES	\$42,217,737	\$43,467,931	\$47,069,703	\$46,391,272	\$49,927,535	\$54,852,379	\$59,165,839	\$63,553,727	\$67,616,677
OTHER FINANCING SOURCES									
Property Tax Revenues - Debt/Capital/Reserves	\$3,651,596	\$10,407,455	\$7,337,369	\$6,387,150	\$8,844,764	\$4,060,551	\$4,101,156	\$4,142,168	\$0
Slate Loans	0	0	0	2	0	0	400,000	10,000,000	6,000,000
Grants	47,344	42,258	58,030	58,030	0	0	700,000	0	0
Other Revenues	814,561	598,464	517,200	517,200	565,416	738,000	756,540	775,636	795,305
TOTAL OTHER FINANCING SOURCES	\$4,513,491	\$11,048,176	\$7,912,599	\$6,962,382	\$9,410,180	\$4,798,551	\$5,957,696	\$14,917,804	\$6,795,305
EXPENSES									
Employment Expenses	\$23,673,521	\$23,614,915	\$25,321,594	\$24,408,938	\$28,423,449	\$29,316,130	\$30,248,677	\$31,132,957	\$31,408,571
Contract Work/Special Projects	982,890	130,522	1,750,530	870,530	2,167,000	1,300,000	1,150,000	2,750,000	3,250,000
Utilities	4,903,594	6,100,836	6,696,490	6,436,504	7,164,307	7,379,469	7,600,856	7,828,881	8,063,816
Operating Fees	1,235,967	579,760	782,059	782,059	1,080,108	1,027,446	1,055,163	1,085,850	1,118,426
Chemicals	3,310,504	3,578,136	4,639,412	3,489,010	4,459,380	4,593,104	4,730,898	4,872,824	5,019,008
Professional Fees and Services	1,604,098	1,872,563	2,984,659	2,232,240	2,894,944	2,679,964	2,751,834	3,106,797	3,283,538
Office and Administrative expenses	24,820	19,220	439,495	233,664	434,430	435,463	436,528	437,623	438,752
Biosolids Recycling	3,915,085	3,322,651	3,558,743	3,477,735	3,557,924	3,775,007	4,001,141	4,121,175	4,244,810
Materials & Supplies	1,673,006	1,688,761	1,931,063	1,937,638	2,059,825	2,127,038	2,190,850	2,256,574	2,324,565
Other Expenses	866,927	862,027	1,142,713	1,145,394	4,155,034	4,264,383	4,211,346	4,206,581	4,097,849
TOTAL EXPENSES	\$42,190,411	\$41,769,391	\$49,246,758	\$45,013,713	\$56,396,401	\$56,898,004	\$58,377,293	\$61,799,262	\$63,249,336
CAPITAL PROGRAM									
Capital Construction & Expansion (WIP)	\$4,011,385	\$6,094,290	\$10,795,544	\$3,535,550	\$10,210,000	\$5,355,000	\$5,250,000	\$14,900,000	\$7,700,000
Capital Adjustment	(359,800)	0	0	0	0	0	0	0	0
TOTAL CAPITAL PROGRAM	\$3,651,586	\$6,094,290	\$10,795,544	\$3,535,550	\$10,210,000	\$5,355,000	\$5,250,000	\$14,900,000	\$7,700,000
DEBT SERVICE									
Financial Expenses	\$259	\$4,201	\$300	\$300	\$300	\$300	\$300	\$300	\$300
Interest	4,992	214,375	214,285	214,285	214,285	214,285	214,285	214,285	214,285
TOTAL DEBT SERVICE	\$5,251	\$218,576	\$214,585	\$214,585	\$214,585	\$214,585	\$214,585	\$214,585	\$214,585
TRANSFERS IN (OUT)									
Capital Contribution	\$0	(\$400,000)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL INTERFUND TRANSFERS IN (OUT)	\$0	(\$400,000)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
FUND BALANCE									
Net Income (Loss)	\$883,980	\$6,033,850	(\$5,274,585)	\$4,589,806	(\$7,483,271)	(\$2,816,659)	\$1,281,657	\$1,557,684	\$3,248,061
Fund Bal Adju to FY 11/12 CAFR	1,505,030								
Beginning Fund Balance July 01	23,409,893	25,798,903	31,832,753	31,832,753	36,422,559	28,939,288	26,122,629	27,404,286	28,961,970
ENDING FUND BALANCE AT JUNE 30	\$25,798,903	\$31,832,753	\$26,558,168	\$36,422,559	\$28,939,288	\$26,122,629	\$27,404,286	\$28,961,970	\$32,210,031
RESERVE BALANCE SUMMARY									
Capital / Operation Contingencies	\$14,063,471	\$13,923,130	\$16,415,588	\$13,956,287	\$17,640,053	\$17,770,862	\$18,225,940	\$19,330,547	\$19,802,669
Rehabilitation/Replacement	11,520,797	17,695,038	9,927,995	22,251,687	11,084,650	8,137,182	8,963,759	9,416,836	11,557,306
Rate Stabilization Reserve					0	0	1	1	1
Debt Service & Redemption	214,635	214,585	214,585	214,585	214,585	214,585	214,585	214,585	850,054
ENDING BALANCE AT JUNE 30	\$25,798,903	\$31,832,753	\$26,558,168	\$36,422,559	\$28,939,288	\$26,122,629	\$27,404,286	\$28,961,970	\$32,210,031

FY 2014/15 Proposed Budget for Regional Wastewater, Recycled Water
 April 16, 2014
 Page 21 of 23

INLAND EMPIRE UTILITIES AGENCY
 FISCAL YEAR 2014/2015 BUDGET
 WC FUND - SOURCES AND USES OF FUNDS

	2011/2012	2012/2013	2013/2014		2014/2015	2015/2016	2016/2017	2017/2018	2018/2019
	ACTUAL	ACTUAL	AMENDED BUDGET	PROJECTED ACTUAL	PROPOSED BUDGET	FORECAST			
REVENUES									
Contract Cost reimbursement	\$5,877	\$32,332	\$50,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Interest Revenue	112,466	98,102	128,551	63,789	102,584	192,479	216,184	267,699	380,684
Water Sales	6,009,469	7,951,605	9,230,000	10,144,000	11,581,500	14,225,750	17,423,000	17,086,500	19,712,350
TOTAL REVENUES	\$6,127,812	\$8,082,039	\$9,408,551	\$10,212,789	\$11,689,084	\$14,423,229	\$17,644,184	\$17,359,199	\$20,098,034
OTHER FINANCING SOURCES									
Property Tax - Debt/Capital	\$1,646,650	\$2,355,088	\$1,427,533	\$1,451,625	\$2,010,174	\$9,339,267	\$9,432,660	\$9,526,986	\$13,805,846
State Loans	1,555,072	4,779,819	22,880,753	10,850,007	11,074,355	18,289,200	7,940,437	3,095,000	0
Grants	2,826,279	2,493,652	8,586,923	3,045,982	2,320,000	3,430,000	0	0	0
Capital Contract Reimbursement	463,400	15,634	1,526,818	608,158	1,092,980	2,744,548	369,641	70,769	71,923
Other Revenues	660,076	16,211	10,000	10,000	0	0	0	0	0
Loan Transfer from Internal Fund	0	0	5,500,000	5,500,000	0	0	0	0	0
TOTAL OTHER FINANCING SOURCES	\$7,151,477	\$9,660,404	\$40,022,027	\$21,465,772	\$16,497,509	\$33,803,015	\$17,742,738	\$12,692,755	\$13,877,769
Employment Expenses	\$2,572,561	\$3,474,306	\$2,159,929	\$2,037,209	\$3,476,249	\$3,585,426	\$3,699,478	\$3,807,627	\$3,841,336
Contract Work/Special Projects	930,501	187,885	1,075,000	400,000	50,000	50,000	50,000	50,000	50,000
Utilities	1,518,924	2,091,704	2,195,555	2,157,704	2,569,696	2,865,284	3,416,488	3,738,725	4,254,810
Operating Fees	214,929	101,874	221,163	180,106	244,910	215,345	162,298	205,067	255,829
Professional Fees and Services	835,654	901,331	914,571	644,512	730,220	742,404	755,422	769,797	782,460
Materials & Supplies	122,061	83,758	264,001	212,900	216,500	222,985	229,685	236,575	243,673
Other Expenses	309,215	326,283	254,981	316,590	1,152,795	1,037,566	1,121,249	1,026,352	1,132,002
TOTAL EXPENSES	\$6,503,845	\$7,167,141	\$7,085,200	\$5,949,021	\$8,440,370	\$8,719,020	\$9,434,619	\$9,834,144	\$10,560,109
CAPITAL PROGRAM									
Work in Progress	\$13,755,138	\$8,626,763	\$42,286,583	\$8,343,184	\$9,781,000	\$35,415,000	\$11,165,000	\$3,150,000	\$450,000
Rehab & Replacement	0	0	0	12,564,353	0	0	0	0	0
TOTAL CAPITAL PROGRAM	\$13,755,138	\$8,626,763	\$42,286,583	\$20,907,537	\$9,781,000	\$35,415,000	\$11,165,000	\$3,150,000	\$450,000
DEBT SERVICE									
Financial Expenses	(\$24,175)	(\$37,017)	\$1,685	\$1,685	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800
Interest	1,038,863	2,206,563	2,269,826	2,089,826	2,082,961	2,701,091	2,703,085	2,843,723	2,978,350
Principal	2,673,187	2,704,473	2,738,130	2,738,130	2,772,546	3,606,421	3,663,177	4,468,739	4,961,046
Short Term Inter-Fund Loan	0	0	0	0	0	0	8,000,000	7,000,000	8,500,000
TOTAL DEBT SERVICE	\$3,687,875	\$4,874,019	\$5,009,641	\$4,829,641	\$4,857,307	\$6,309,312	\$14,368,062	\$14,314,262	\$16,441,196
TRANSFERS IN (OUT)									
Capital Contribution	(\$19,048)	\$1,238,279	(\$387,008)	(\$206,186)	(\$200,011)	(\$47,901)	(\$32,887)	(\$49,291)	(\$20,951)
Debt Service	1,464,375	1,464,622	1,464,622	1,464,622	0	0	0	0	0
Operation support	63,317	(75,048)	(364,324)	(600,000)	(920,252)	(833,000)	(860,000)	(885,000)	(893,000)
TOTAL INTERFUND TRANSFERS IN (OUT)	\$1,508,644	\$2,627,853	\$713,290	\$658,436	(\$1,120,263)	(\$880,901)	(\$892,887)	(\$934,291)	(\$913,951)
FUND BALANCE									
Net Income (Loss)	(\$9,158,925)	(\$297,627)	(\$4,237,556)	\$650,798	\$3,987,654	(\$3,097,989)	(\$473,646)	\$1,819,257	\$5,610,547
Fund Balance Adj. FY 11/12 CAFR	\$2,914,353	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Beginning Fund Balance July 01	21,867,784	15,623,212	15,325,585	15,325,585	15,976,384	19,964,036	16,866,047	16,392,402	18,211,660
ENDING BALANCE AT JUNE 30	\$15,623,212	\$15,325,585	\$11,088,029	\$15,976,384	\$19,964,037	\$16,866,048	\$16,392,400	\$18,211,660	\$23,822,207
RESERVE BALANCE SUMMARY									
Operating Contingencies	\$1,506,657	\$2,358,655	\$2,110,092	\$2,110,092	\$4,359,509	\$4,717,308	\$4,917,069	\$5,280,055	\$5,473,493
Capital Expansion & Replacement	10,612,100	8,065,291	5,587,052	10,475,406	8,995,215	5,180,677	3,361,068	3,790,409	7,507,117
Rehabilitation/Replacement Reserve	0	0	0	0	300,000	600,000	800,000	1,200,000	1,500,000
Debt Service & Redemption	3,504,455	4,901,640	3,390,885	3,390,885	6,309,312	6,368,062	7,314,262	7,941,196	9,341,597
ENDING BALANCE AT JUNE 30	\$15,623,212	\$15,325,585	\$11,088,029	\$15,976,384	\$19,964,036	\$16,866,047	\$16,392,399	\$18,211,660	\$23,822,207

FY 2014/15 Proposed Budget for Regional Wastewater, Recycled Water
 April 16, 2014
 Page 22 of 23

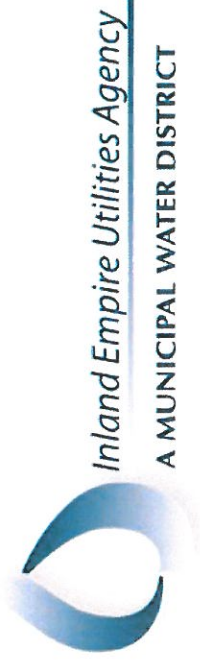
INLAND EMPIRE UTILITIES AGENCY
 FISCAL YEAR 2014/2015 BUDGET
 RW FUND - SOURCES AND USES OF FUNDS

	2011/2012	2012/2013	2013/2014	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019
	ACTUAL	ACTUAL	AMENDED BUDGET	PROJECTED ACTUAL	PROPOSED BUDGET	FORECAST			
REVENUES AND OTHER FINANCING SOURCES									
Cost Reimbursement from JPA	\$719,547	\$757,088	\$794,776	\$794,776	\$744,921	\$693,000	\$713,000	\$735,000	\$756,000
Contract Cost reimbursement	0	6,750	0	0	75,000	5,000	0	0	0
Interest Revenue	20,383	10,325	20,000	10,000	15,000	30,000	40,000	50,000	50,000
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$739,930	\$774,163	\$814,776	\$804,776	\$834,921	\$728,000	\$753,000	\$785,000	\$806,000
OTHER FINANCING SOURCES									
Grants	\$388,846	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Capital Contract Reimbursement	175,135	346,651	547,873	610,389	506,740	624,500	672,000	669,500	700,000
Other Revenues	17,135	38,838	0	0	0	0	0	0	0
TOTAL OTHER FINANCING SOURCES	\$581,116	\$385,489	\$547,873	\$610,389	\$506,740	\$624,500	\$672,000	\$669,500	\$700,000
EXPENSES									
Employment Expenses	\$383,500	\$459,791	\$494,464	\$476,642	\$817,941	\$843,630	\$870,466	\$895,912	\$903,844
Contract Work/Special Projects	245,750	0	0	0	150,000	10,000	0	0	0
Utilities	126,040	95,501	96,000	96,000	126,000	129,780	133,673	137,683	141,814
Operating Fees	1,740	4,677	3,640	4,584	3,800	3,914	4,031	4,152	4,277
Professional Fees and Services	402,473	443,668	636,341	587,711	591,500	472,719	486,542	500,778	515,443
Office and Administrative expenses	7,569	7,912	14,096	14,096	14,096	14,519	14,954	15,403	15,865
Expense Allocation	0	71,148	14,951	14,960	50,736	57,089	53,083	56,280	50,318
Materials & Supplies	23,274	45,278	67,899	66,040	61,100	62,933	64,821	66,766	66,770
TOTAL EXPENSES	\$1,190,345	\$1,127,975	\$1,327,391	\$1,260,033	\$1,815,173	\$1,594,584	\$1,627,570	\$1,676,975	\$1,700,331
CAPITAL PROGRAM									
Capital Expansion/Construction	\$412,533	\$183,274	\$1,192,748	\$284,703	\$150,000	\$15,000	\$10,000	\$5,000	\$0
Capital Adjustment	(206,694)	0	0	0	0	0	0	0	0
TOTAL CAPITAL PROGRAM	\$205,840	\$183,274	\$1,192,748	\$284,703	\$150,000	\$15,000	\$10,000	\$5,000	\$0
DEBT SERVICE									
Financial Expenses	\$149,377	\$219,285	\$105,405	\$105,400	\$105,700	\$173,100	\$106,200	\$106,700	\$173,700
Interest	22,901	25,906	156,000	8,000	299,000	429,000	580,000	544,000	517,000
Principal	528,814	562,712	584,746	584,746	606,780	632,203	647,458	683,051	710,170
TOTAL DEBT SERVICE	\$701,092	\$807,902	\$846,151	\$698,146	\$1,011,480	\$1,234,303	\$1,333,658	\$1,333,751	\$1,400,870
TRANSFERS IN (OUT)									
Capital Contribution	\$0	\$263,353	\$305,000	\$142,352	\$150,000	\$12,500	\$5,000	\$2,500	\$0
Debt Service	543,953	366,306	475,873	475,873	505,740	617,000	667,000	667,000	700,000
Operation support	236,683	275,048	464,324	700,000	920,252	833,000	860,000	885,000	893,000
TOTAL INTERFUND TRANSFERS IN (OUT)	\$780,636	\$904,707	\$1,245,197	\$1,318,225	\$1,575,992	\$1,462,500	\$1,532,000	\$1,554,500	\$1,593,000
FUND BALANCE									
Net Income (Loss)	\$4,405	(\$54,792)	(\$758,444)	\$490,508	(\$59,000)	(\$28,887)	(\$14,228)	(\$6,726)	(\$2,201)
Fund Bal Adj to FY 11/12 CAFR	680,734	0	0	0	0	0	0	0	0
Beginning Fund Balance July 01	2,459,676	3,144,816	3,090,023	3,090,023	3,580,531	3,521,531	3,492,644	3,478,417	3,471,691
ENDING FUND BALANCE AT JUNE 30	\$3,144,816	\$3,090,023	\$2,331,579	\$3,580,531	\$3,521,531	\$3,492,644	\$3,478,417	\$3,471,691	\$3,469,490
RESERVE BALANCE SUMMARY									
Operating Contingencies	\$2,143,761	\$2,347,150	\$1,399,839	\$2,648,791	\$2,404,531	\$2,325,644	\$2,311,417	\$2,271,691	\$2,302,490
Capital Expansion / Construction	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Debt Service & Redemption	501,055	242,873	431,740	431,740	617,000	667,000	667,000	700,000	667,000
ENDING BALANCE AT JUNE 30	\$3,144,816	\$3,090,023	\$2,331,579	\$3,580,531	\$3,521,531	\$3,492,644	\$3,478,417	\$3,471,691	\$3,469,490

FY 2014/15 Proposed Budget for Regional Wastewater, Recycled Water
 April 16, 2014
 Page 23 of 23

INLAND EMPIRE UTILITIES AGENCY
 FISCAL YEAR 2014/2015 BUDGET
 Consolidated: RC, RO, RW, WC Funds - SOURCES AND USES OF FUNDS

	2011/2012	2012/2013	2013/2014	2013/2014	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019
	ACTUAL	ACTUAL	PROPOSED BUDGET	AMENDED BUDGET	PROJECTED ACTUAL	PROPOSED BUDGET			FORECAST	
REVENUES										
User Charges	\$35,573,096	\$30,569,548	\$43,469,257	\$43,469,257	\$42,695,825	\$45,988,286	\$50,893,953	\$55,023,361	\$59,173,099	\$63,182,341
Property Tax - O&M	3,626,978	0	0	0	0	0	0	0	0	0
Cost Reimbursement from JPA	3,320,668	4,009,740	4,057,221	4,057,221	4,057,221	4,221,170	4,278,426	4,412,478	4,542,628	4,597,336
Contract Cost reimbursement	299,523	567,495	1,417,144	143,000	98,000	173,000	103,000	98,000	98,000	98,000
Interest Revenue	737,753	636,585	594,561	573,551	481,789	719,363	931,224	1,235,999	1,620,750	1,945,595
Recycled Water Sales	6,009,469	7,951,606	9,230,000	9,230,001	10,144,002	11,581,500	14,225,750	17,423,000	17,096,500	19,712,350
TOTAL REVENUES	\$49,573,487	\$52,734,974	\$58,768,173	\$57,473,030	\$57,476,837	\$62,683,319	\$70,432,352	\$78,192,836	\$82,520,976	\$89,535,622
OTHER FINANCING SOURCES										
Property Tax - Debt, Capital, and Reserves	\$26,417,154	\$44,267,785	\$30,683,543	\$30,443,492	\$33,209,900	\$36,987,196	\$34,920,733	\$35,269,945	\$35,622,644	\$35,978,871
Regional System Connection Fees	7,686,126	14,614,387	9,012,600	9,012,600	9,012,600	15,321,000	18,410,000	18,963,000	18,975,400	14,370,000
State Loans	7,016,567	6,349,698	22,880,753	22,880,753	10,850,009	11,074,355	18,289,200	8,340,457	13,095,000	6,000,000
Grants	4,330,117	2,560,462	8,633,473	8,644,953	3,104,012	2,320,000	3,430,000	700,000	0	0
Sale of Assets	21,948	4,805,394	0	0	0	0	0	0	0	0
Capital Contract Reimbursement	638,535	362,285	800,546	2,074,691	1,218,547	1,599,720	3,369,048	1,041,641	740,269	771,923
Other Revenues	2,054,537	981,494	743,200	623,200	533,200	571,416	744,000	762,540	781,636	801,305
Loan Transfer from Internal Fund	0	0	5,500,000	5,500,000	5,500,000	0	0	3,000,000	2,000,000	3,500,000
TOTAL OTHER FINANCING SOURCES	\$48,164,885	\$73,941,505	\$78,254,115	\$79,179,689	\$63,428,269	\$67,873,687	\$79,162,986	\$68,077,563	\$71,214,949	\$81,422,099
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$97,738,371	\$126,676,479	\$137,022,288	\$136,652,719	\$120,905,106	\$130,557,005	\$149,595,338	\$146,270,401	\$153,735,926	\$150,957,721
EXPENSES										
Employment Expenses	\$30,211,023	\$30,370,528	\$31,972,940	\$32,069,201	\$30,858,534	\$35,784,918	\$36,908,796	\$38,082,866	\$39,196,169	\$39,543,165
Contract Work/Special Projects	3,811,924	2,513,613	3,374,050	3,135,530	1,580,530	2,417,000	1,410,000	1,250,000	2,850,000	3,350,000
Utilities	6,548,558	8,299,041	8,988,045	8,988,045	8,690,208	9,860,063	10,374,533	11,151,017	11,705,289	12,460,440
Operating Fees	1,866,117	1,024,658	1,470,604	1,485,932	1,441,444	2,006,465	1,910,604	1,905,308	1,999,400	2,103,992
Chemicals	3,310,504	3,578,136	4,277,663	4,639,412	3,489,010	4,459,390	4,593,104	4,730,898	4,872,824	5,019,008
Professional Fees and Services	3,237,652	3,646,672	4,478,257	4,841,391	3,683,893	4,453,184	4,113,578	4,214,319	4,599,985	4,806,207
Office and Administrative expenses	32,389	27,132	447,760	453,591	247,760	448,526	449,982	451,482	453,026	454,617
Biosolids Recycling	3,915,085	3,393,799	3,473,017	3,573,694	3,462,695	3,608,660	3,832,096	4,054,224	4,177,455	4,295,129
Materials & Supplies	1,818,341	1,817,797	2,084,378	2,262,963	2,216,578	2,337,425	2,412,966	2,485,356	2,559,915	2,637,008
Operation Contribution to IERCA	0	71,148	0	0	0	0	0	0	0	0
Other Expenses	1,679,875	4,001,992	1,714,332	1,714,334	2,028,127	7,021,021	6,511,019	6,854,995	6,424,867	6,880,695
TOTAL EXPENSES	\$56,431,468	\$58,813,516	\$62,281,046	\$63,154,093	\$57,729,079	\$72,396,582	\$72,516,679	\$75,210,465	\$78,838,931	\$81,550,280
CAPITAL PROGRAM										
IERCA Investment	\$0	\$500,000	\$500,000	\$500,000	\$0	\$500,000	\$0	\$0	\$0	\$0
Capital Construction & Expansion (WIP)	32,095,573	18,754,146	58,298,445	54,513,569	12,402,131	25,641,500	46,683,000	21,290,000	25,155,000	20,590,000
WIP Adjustment	(3,971,729)	(9,000,000)	3,400,000	0	0	0	0	0	0	0
TOTAL CAPITAL PROGRAM	\$28,123,844	\$10,254,146	\$62,198,445	\$63,954,568	\$33,460,450	\$26,141,500	\$46,683,000	\$21,290,000	\$25,155,000	\$20,590,000
DEBT SERVICE										
Financial Expenses	\$147,357	\$166,780	\$328,270	\$328,270	(\$101,660)	\$408,500	\$608,900	\$409,000	\$409,500	\$609,500
Interest	7,313,261	9,605,316	9,738,537	9,738,538	9,127,538	9,448,637	9,940,615	10,216,219	10,075,772	9,927,976
Principal	9,834,652	11,173,450	11,488,250	11,488,250	11,468,250	26,407,185	11,261,421	11,533,837	12,426,307	13,124,571
Short Term Inter-Fund Loan	0	0	5,500,000	5,500,000	5,500,000	0	0	8,000,000	7,000,000	8,500,000
TOTAL DEBT SERVICE	\$17,295,270	\$20,945,545	\$27,055,057	\$27,055,058	\$26,014,128	\$36,264,522	\$21,810,936	\$30,159,056	\$29,911,579	\$32,162,047
TRANSFERS IN (OUT)										
Capital Contribution	(\$541,181)	(\$2,096,576)	(\$2,329,998)	(\$2,329,998)	(\$1,813,633)	(\$1,420,889)	(\$1,005,799)	(\$792,313)	(\$1,329,409)	(\$595,249)
Operation support	300,000	200,000	100,000	100,000	100,000	0	0	0	0	0
TOTAL INTERFUND TRANSFERS IN (OUT)	(\$241,181)	(\$1,896,576)	(\$2,229,998)	(\$2,229,998)	(\$1,713,633)	(\$1,420,889)	(\$1,005,799)	(\$792,313)	(\$1,329,409)	(\$595,249)
FUND BALANCE										
Net Income (Loss)	(\$4,353,391)	\$34,837,842	(\$16,742,258)	(\$19,741,016)	\$1,987,816	(\$5,666,488)	\$7,578,925	\$18,818,567	\$18,501,007	\$16,060,164
Fund Bal Adj to FY 11/12 CAFR	(3,746,968)	0	0	0	0	0	0	0	0	0
Beginning Fund Balance July 01	86,826,407	78,726,047	101,904,739	113,563,889	113,563,889	115,551,704	109,885,215	117,464,139	136,282,708	154,783,717
ENDING BALANCE AT JUNE 30	\$78,726,048	\$113,563,889	\$85,162,481	\$93,822,872	\$115,551,704	\$109,885,215	\$117,464,139	\$136,282,706	\$154,783,715	\$170,843,881
RESERVE BALANCE SUMMARY										
Operating Contingencies	\$17,713,889	\$18,628,935	\$19,790,267	\$19,925,519	\$18,715,171	\$27,056,629	\$27,099,306	\$28,218,700	\$29,902,535	\$30,409,642
Capital Expansion & Replacement	13,295,092	28,964,103	15,653,244	15,591,160	18,707,139	16,993,557	12,361,008	8,434,838	6,674,188	10,466,344
CCRA Capital Construction	13,640,624	28,246,979	16,998,524	29,671,252	36,930,746	32,639,746	46,507,246	66,953,579	83,928,979	91,298,979
Rehabilitation/Replacement Reserve	11,520,797	17,695,038	10,753,313	9,927,995	22,251,687	11,384,650	8,737,182	9,763,759	10,616,856	13,057,306
Rate Stabilization Reserve	0	0	0	0	0	0	0	1	1	1
Debt Service & Redemption	22,555,645	20,028,934	21,967,133	18,706,946	18,946,961	21,810,633	22,159,398	22,911,828	23,661,177	25,611,608
ENDING BALANCE AT JUNE 30	\$78,726,047	\$113,563,889	\$85,162,481	\$93,822,872	\$115,551,704	\$109,885,215	\$117,464,139	\$136,282,706	\$154,783,717	\$170,843,881



Inland Empire Utilities Agency

A MUNICIPAL WATER DISTRICT

FY 2014/15 Preliminary Regional Wastewater, Recycled Water and Recharge Water Programs Budget

Regional Committees

April 24/May 1, 2014

❖ **FY 2014/15 Preliminary Budget**

- ❖ **Key Dates**
- ❖ **Property Tax Allocation**
- ❖ **TYCIP**
- ❖ **Debt**
- ❖ **Employment Cost Allocation**
- ❖ **Consolidated Fund Balance**
- ❖ **Debt Coverage Ratio**
- ❖ **Program Overview**

Key Dates: FY 2014/15 Regional Wastewater, Recycled Water and Recharge Water Budget



Action	IEUA Finance Committee	IEUA Board	Regional Technical Committee	Regional Policy Committee
Review of Preliminary Budget	4/9	4/16	4/24	5/01
Review of Proposed Budget	5/14	5/21		
Approval/Adoption of Final Budget		6/18	5/29	6/5

Re-allocation of property taxes to supports Water Resource Management



FUNDING SOURCE (\$ in Millions)	2012/13 Actual	2013/14 Projected	2014/15 Proposed	2015/16	2016/17	2017/18	2018/19	5 Year Total Current Alloc. (\$M)	5 Year Total Proposed Alloc. (\$M)
Property Tax Receipts	\$48.1	\$39.0	\$40.2	\$40.6	\$41.0	\$41.4	\$41.8	\$205.0	\$205.0
*Property Tax Growth	15.9%	3.0%	3.0%	1.0%	1.0%	1.0%	1.0%		
Property Tax Allocation:									
Admin Services (GG)	8.0%	8.0%	5.0%	3.0%	3.0%	3.0%	3.0%	\$16.4	\$7.0
**Reg. W. Capital (RC)	65.0%	65.0%	65.0%	53.0%	53.0%	53.0%	53.0%	\$133.3	\$113.5
Reg. W. Ops. (RO)	22.0%	22.0%	22.0%	10.0%	10.0%	10.0%	0.0%	\$45.1	\$21.1
Recycled Water (WC)	5.0%	5.0%	5.0%	23.0%	23.0%	23.0%	33.0%	\$10.3	\$44.1
Water Resources (WW)	0.0%	0.0%	3.0%	11.0%	11.0%	11.0%	11.0%	\$0.0	\$19.3

* Growth excludes "one time" RDA tax distribution of unobligated funds from Successor Agencies

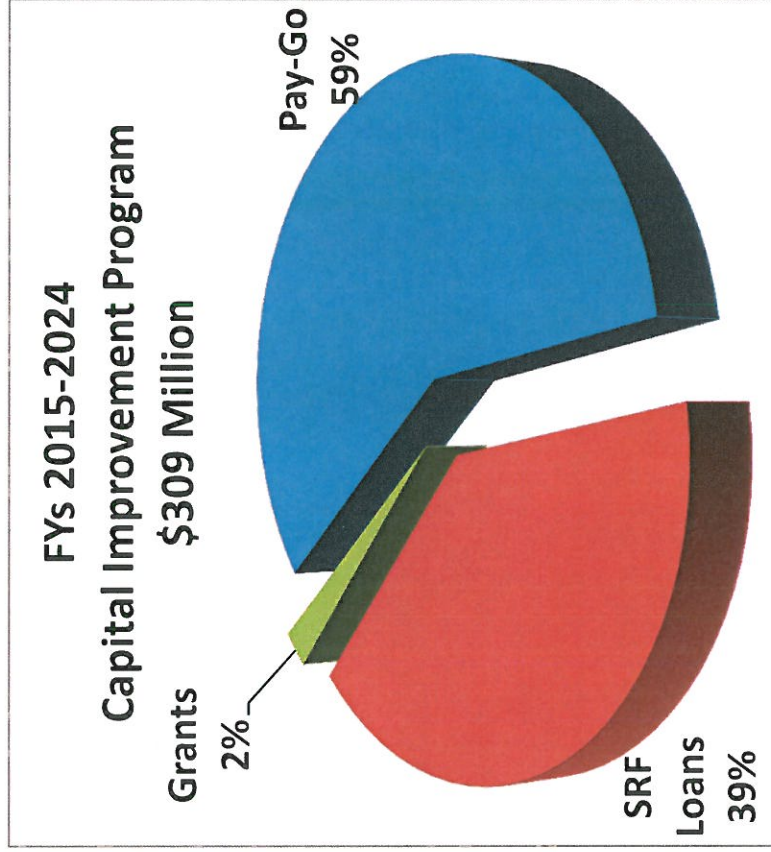
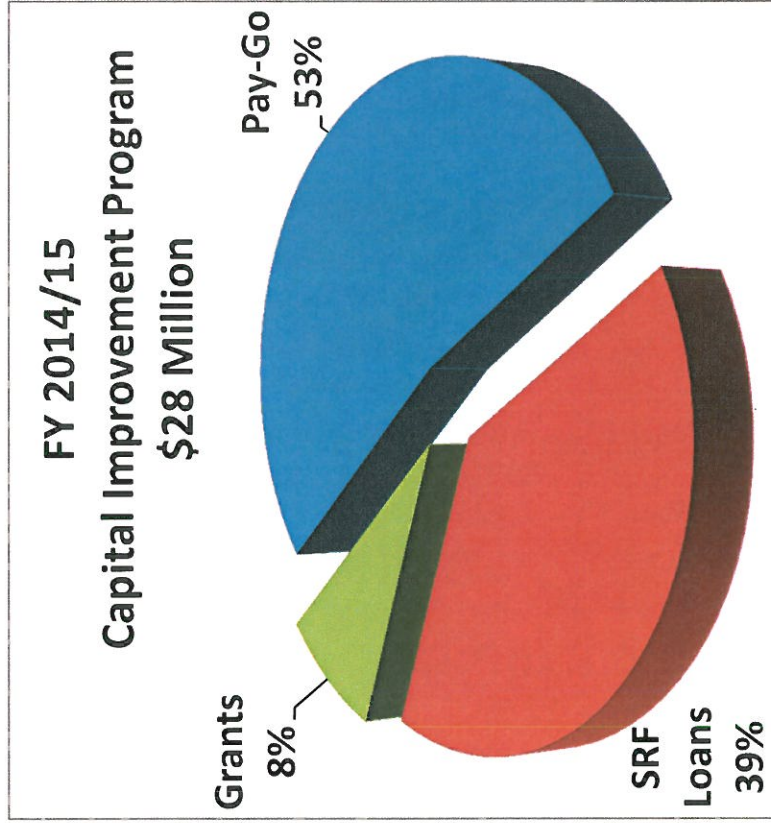
** Requires an amendment to the Regional Sewage Service Contract

FY 2014/15 -2023/24 TYCIP \$309M



\$Millions					
Fund	Fund Description	FY 14/15	FY15/16	FY16-24	TYCIP Total
GG	Administrative Services Fund	\$1.47	\$1.04	\$5.14	\$7.65
RW	Recharge Water Fund	0.05	0.00	0.00	0.05
NRW	Non-Reclaimable Wastewater Fund	2.35	1.10	3.10	6.55
WC	Recycled Water Fund	9.78	35.42	41.24	86.44
RO	Regional Wastewater Operations and Maintenance	9.20	5.46	36.36	51.02
RC	Regional Wastewater Capital Improvement Fund	5.48	5.90	145.81	157.19
TOTAL		\$28.34	\$48.91	\$231.65	\$308.90

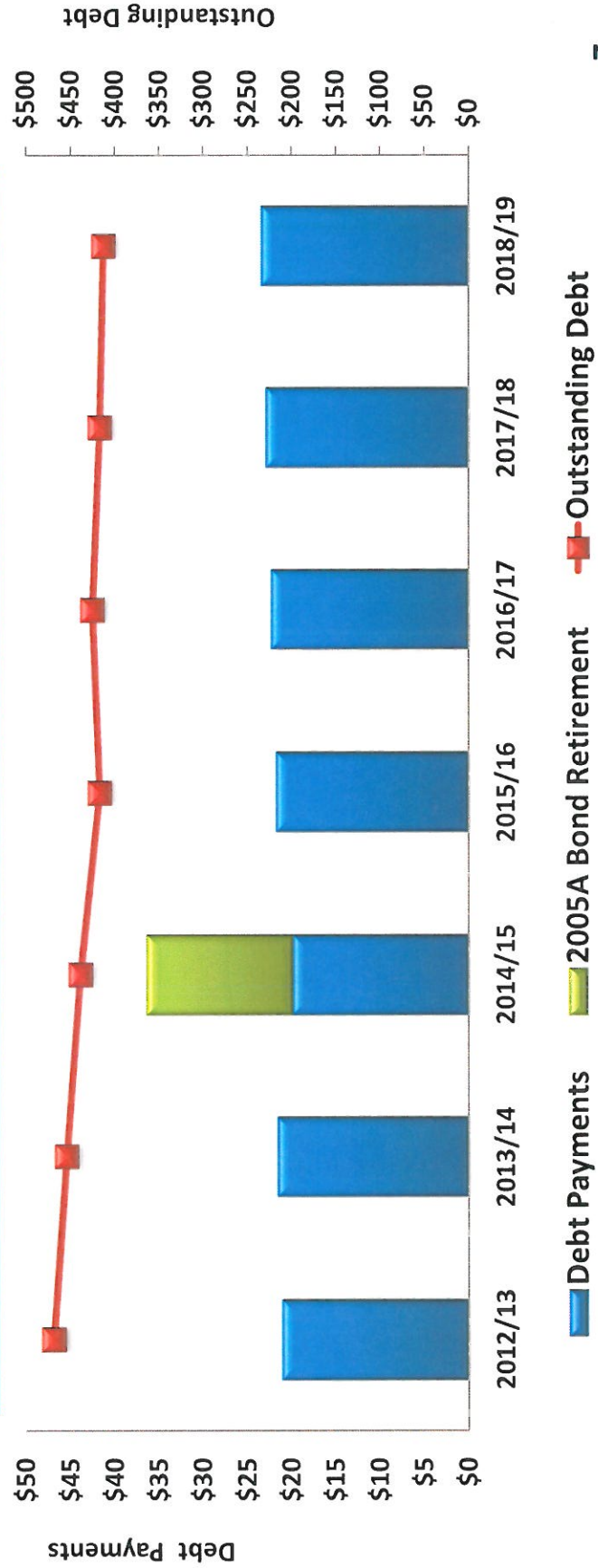
Capital Improvement Program Planned Funding Sources



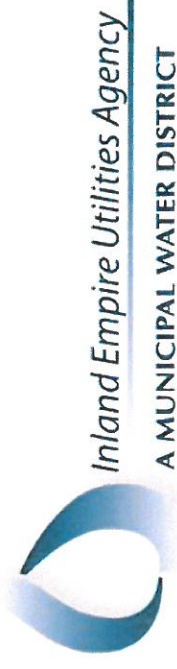
Debt: Projected 5 Year Trend (\$Millions)



Debt Funded Projects	Fiscal Year				Total
	2014/15	2016/17	2017/18	2018/19	
Southern Area Phase 6		\$20.6	\$6.0	\$26.6	
Central/ Wineville		\$26.0	\$4.2	\$30.2	
Recycled Water Distribution Upgrade		\$11.0	\$3.2	\$14.2	
Water Quality Laboratory		\$16.4	\$2.7	\$19.1	
Total Estimated New Debt:		\$74.0	\$16.1	\$90.1	



Employment Costs (\$ Millions)



	FY 2012/13 Actual	FY 2013/14 Projected Actual	FY 2014/15 Proposed Budget	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19
Net Employment Costs to O&M	\$32.5	\$34.0	\$40.9	\$42.2	\$43.5	\$44.8	\$45.2
No. of Authorized FTEs	295	295	290	290	290	290	290

FY 2014/15 Key Assumptions:

- ❖ Permanent reduction of 5 full time equivalent (FTE) positions
- ❖ Continue to maintain a vacancy factor of up to 5%
- ❖ 3% COLA per negotiated Memorandum of Understanding
- ❖ CalPERS employer rate increasing from 16.11% to 16.90%
- ❖ \$4.5M initial annual prefunding of pension unfunded accrued liability
- ❖ \$1.2M estimated impact of Class and Compensation study

Employment Costs Net of CIP Allocation by Fund



Inland Empire Utilities Agency

A MUNICIPAL WATER DISTRICT

Fund	Fund Description	Actual FY 2012/13	YTD Projected FY 2013/14	Proposed Allocation % FY 2014/15	Proposed Allocation (\$ Million) FY 2014/15
RO	Regional WW Operations	60.90%	61.18%	61.00%	\$ 25.0
RC	Regional WW Capital	10.41%	10.78%	7.50%	3.1
NRW	Non Reclaimable WW	5.09%	5.04%	5.50%	2.2
WC	Recycled Water	9.31%	7.76%	8.50%	3.5
RW	Recharge Water	1.32%	1.13%	2.00%	0.8
WW	Water Resources	1.92%	2.35%	3.50%	1.4
GG	Administrative Services	0.40%	0.53%	0.50%	0.2
*CDA	Chino Basin Desalter	2.99%	2.88%	3.00%	1.2
*IERCA	Inland Empire Regional Composting Authority	7.66%	8.34%	8.50%	3.5
TOTAL		100.00%	100.00%	100.00%	\$40.9

*Reimbursable from JPA

Consolidated Program Overview

Fund Balance Projected Net Change (Regional Wastewater, Recycled and Recharge Water Programs)



Inland Empire Utilities Agency

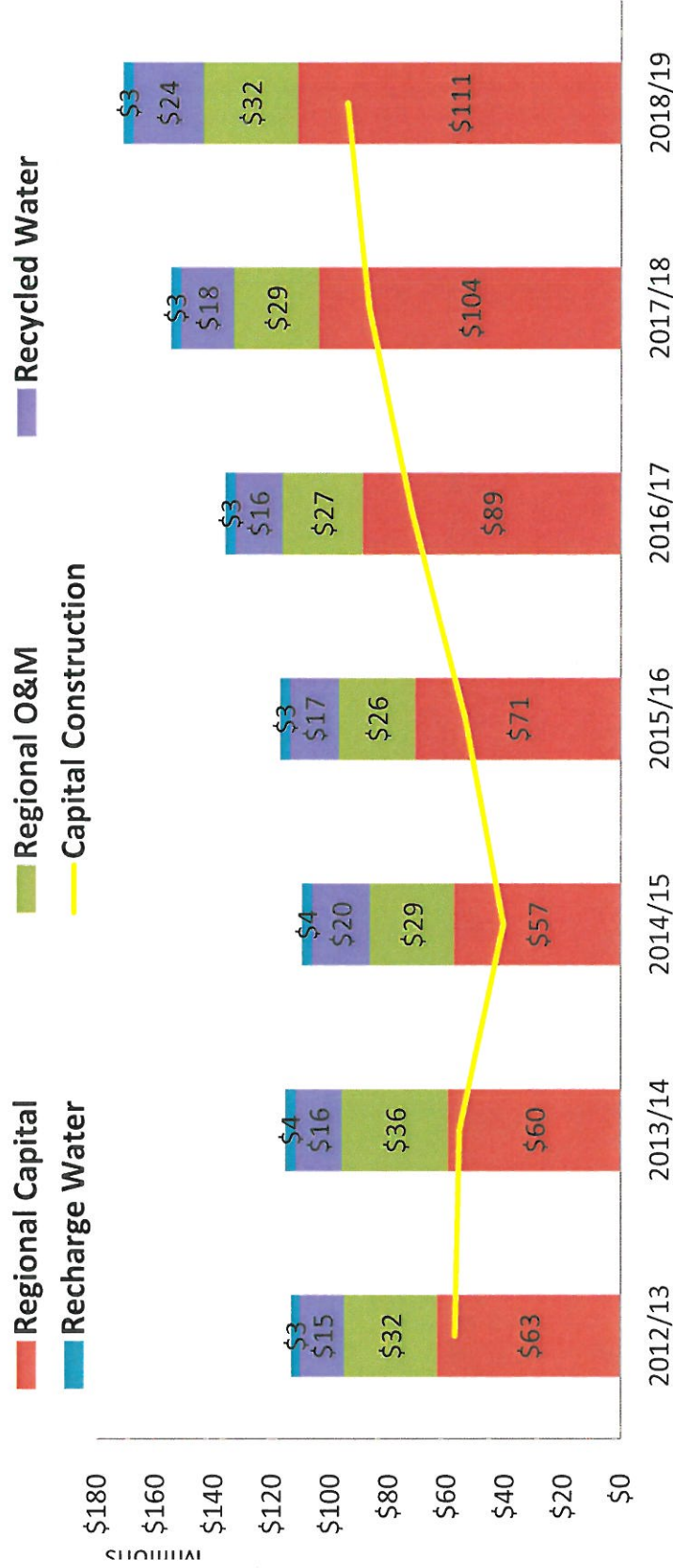
A MUNICIPAL WATER DISTRICT

\$Millions	2012/13 Actual	2013/14 Projected	2014/15 Proposed	2015/16	2016/17	2017/18	2018/19
Operating Revenue	\$52.9	\$57.6	\$62.7	\$70.4	\$78.2	\$82.5	\$89.5
Operating Expense	58.8	57.7	72.4	72.5	75.2	78.8	81.5
Net Operating Incr./ (Decr.)	(\$5.9)	(\$0.1)	(\$9.7)	(\$2.1)	\$3.0	\$3.7	\$8.0
Other Funding Sources	74.1	63.4	67.9	79.2	68.1	71.2	61.4
Other Uses of Funds	33.4	61.3	63.8	69.6	52.3	56.4	53.4
Net Non-Operating Incr./ (Decr.)	\$40.7	\$2.1	\$4.1	\$9.6	\$15.8	\$14.8	\$8.0
Total Net Change	\$34.8	\$2.0	(\$5.6)	\$7.5	\$18.8	\$18.5	\$16.0

Estimated Consolidated Ending Fund Balance



- ❖ Assumes Regional Sewage Service Contract will be amended to allow more flexibility in the use of property taxes
- ❖ Based on preliminary rates for FY 2015/16 and thereafter
- ❖ Annual CIP excludes “drought” and long term planning document related projects



FY 2014/15 Estimated Ending Fund Balance by Reserve Category (\$ Millions)



Reserve Category	Regional Capital (RC)	Regional Ops (RO)	Recycled Water (WC)	Recharge Water (RW)	Total
Operating Contingency	\$ 2.6	\$17.6	\$4.4	\$2.4	\$ 27.0
Capital Construction	7.5	-	9.0	0.5	17.0
CCRA Capital Construction	32.6	-	-	-	32.6
Replacement and Rehabilitation	-	11.1	0.3	-	11.4
Debt Service	14.7	0.2	6.3	0.6	21.8
Total Reserves	\$57.4	\$28.9	\$20.0	\$3.5	\$109.8
Minimum Reserves	21.7	22.1	44.7	1.9	90.4
Target Reserves	34.8	39.5	62.3	7.6	144.2
Excess of Minimum Reserves	\$35.7	\$6.8	(\$24.7)	\$1.6	\$ 19.4



Inland Empire Utilities Agency

A MUNICIPAL WATER DISTRICT

Debt Coverage Ratio

Parity Debt Coverage Ratio (DCR) Projected to Meet/Exceed Target



- ❖ Parity DCR includes bonded debt only
- ❖ Total DCR includes all outstanding debt (bonds, loans & notes)

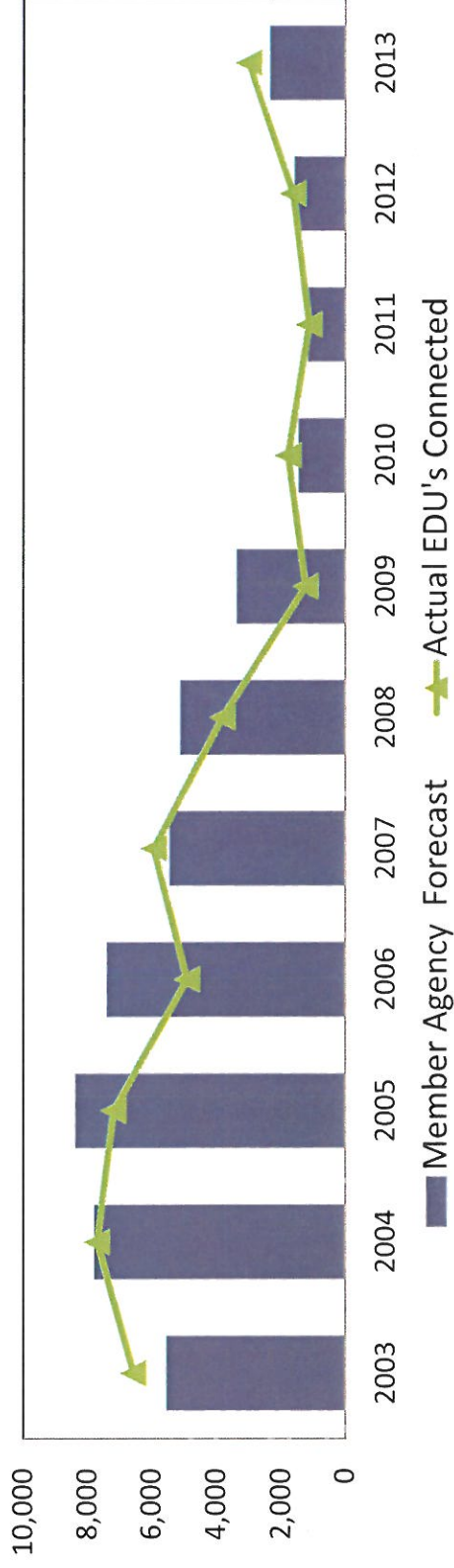
FY 2014/15 Preliminary Overview

Regional Wastewater, Recycled Water and Recharge Water Programs

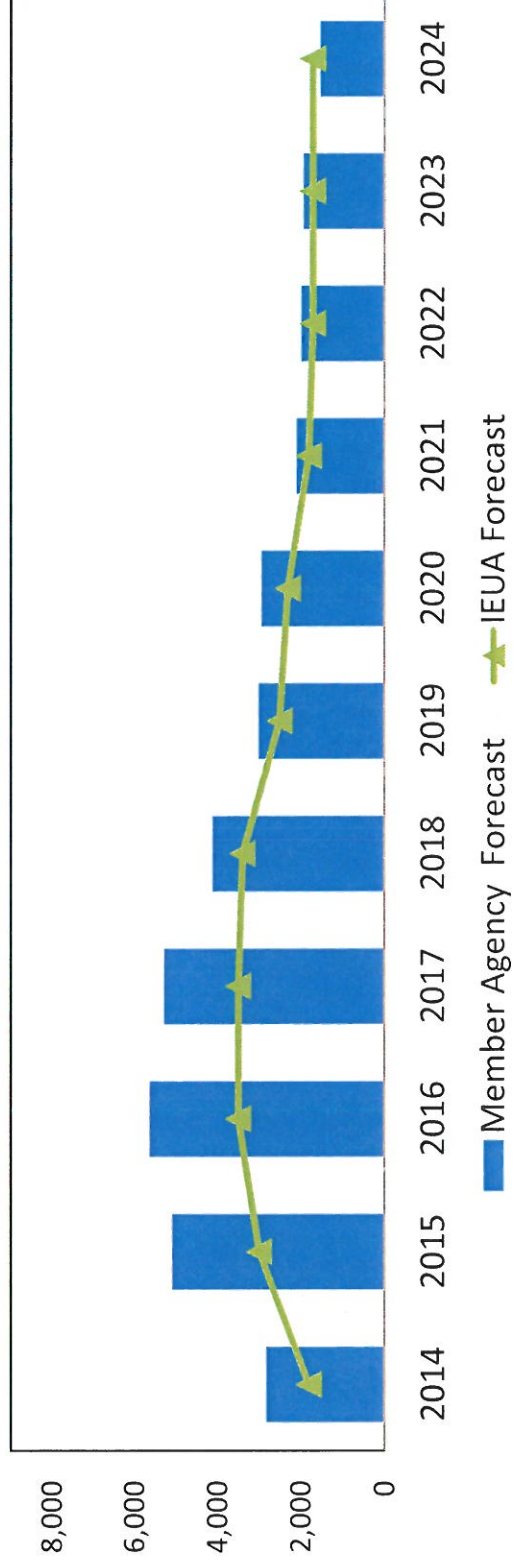
New EDU Connections Trend



Trend over the last 11 fiscal years



Projected Trend over the next 11 fiscal years



Regional Wastewater Capital Improvement Fund (RC) FY 2014/15 Key Assumptions



Inland Empire Utilities Agency

A MUNICIPAL WATER DISTRICT

Revenues & Other Funding Sources

- ❖ 3,000 New EDU Connections
- ❖ \$5,107 New EDU Connection Fee, increase of \$100
- ❖ \$26M Property tax receipts , equal to 65% allocation

Expense & Other Uses of Funds:

- ❖ \$5.5M Capital Improvement Plan (CIP)
- ❖ \$30.2M Debt service costs, includes \$16.2M retirement of 2005A Bonds
- ❖ \$1.9M Inter fund transfer to Admin Services (GG) and Recharge Water (RW) funds
- ❖ Excludes long term planning document related projects

Projected Net Change to RC Fund Balance



Inland Empire Utilities Agency

A MUNICIPAL WATER DISTRICT

(\$Millions)	2012/13 Actual	2013/14 Projected	2014/15 Proposed	2015/16	2016/17	2017/18	2018/19
EDU Connection Rate	\$4,909	\$5,007	\$5,107	\$5,260	\$5,418	\$5,581	\$5,748
New EDU Connections	2,977	1,800	3,000	3,500	3,500	3,400	2,500
Operating Revenue (\$M)	\$0.4	\$0.1	\$0.2	\$0.4	\$0.6	\$0.8	\$1.0
Operating Expenses	8.7	5.9	5.7	5.3	5.8	5.5	6.0
Net Operating Incr./((Decr.))	(\$8.3)	(\$5.8)	(\$5.5)	(\$4.9)	(\$5.2)	(\$4.7)	(\$5.0)
*Other Funding Sources	52.9	34.4	41.5	39.9	43.7	42.9	40.0
Other Uses of Funds	15.4	32.7	38.1	21.5	20.5	23.1	27.8
Net Non-Operating Incr./((Decr.))	\$37.4	\$1.7	\$3.1	\$18.4	\$23.2	\$19.8	\$12.2
Net Change	\$29.1	(\$4.1)	(\$2.1)	\$13.5	\$18.0	\$15.1	\$7.2

*Other Funding Sources forecasts assume re-allocation of property taxes beginning FY 2015/16

Regional Wastewater Operations and Maintenance Fund (RO) FY 2014/15 Key Assumptions

Inland Empire Utilities Agency

A MUNICIPAL WATER DISTRICT

Revenue and Other Funding Sources:

- ❖ \$14.39/EDU rate with .25% EDU growth
- ❖ \$45.8M EDU volumetric revenue
- ❖ \$8.8M Property taxes, equal to 22% allocation
- ❖ \$3.5M IERCA cost reimbursement

Expenses and Other Uses of Funds:

- ❖ \$56.4M total O&M Expenses:
 - \$28.4M, Employment costs
 - \$7.2M Utilities
 - \$4.5M Chemicals
 - \$3.6M Biosolids processing
 - \$2.9M Professional fees
 - \$2.2M Major O&M maintenance repairs (Asset Management)
- ❖ \$10.2M Capital Replacement and Rehabilitation (R&R)

Projected Net Change to RO Fund Balance



Inland Empire Utilities Agency
A MUNICIPAL WATER DISTRICT

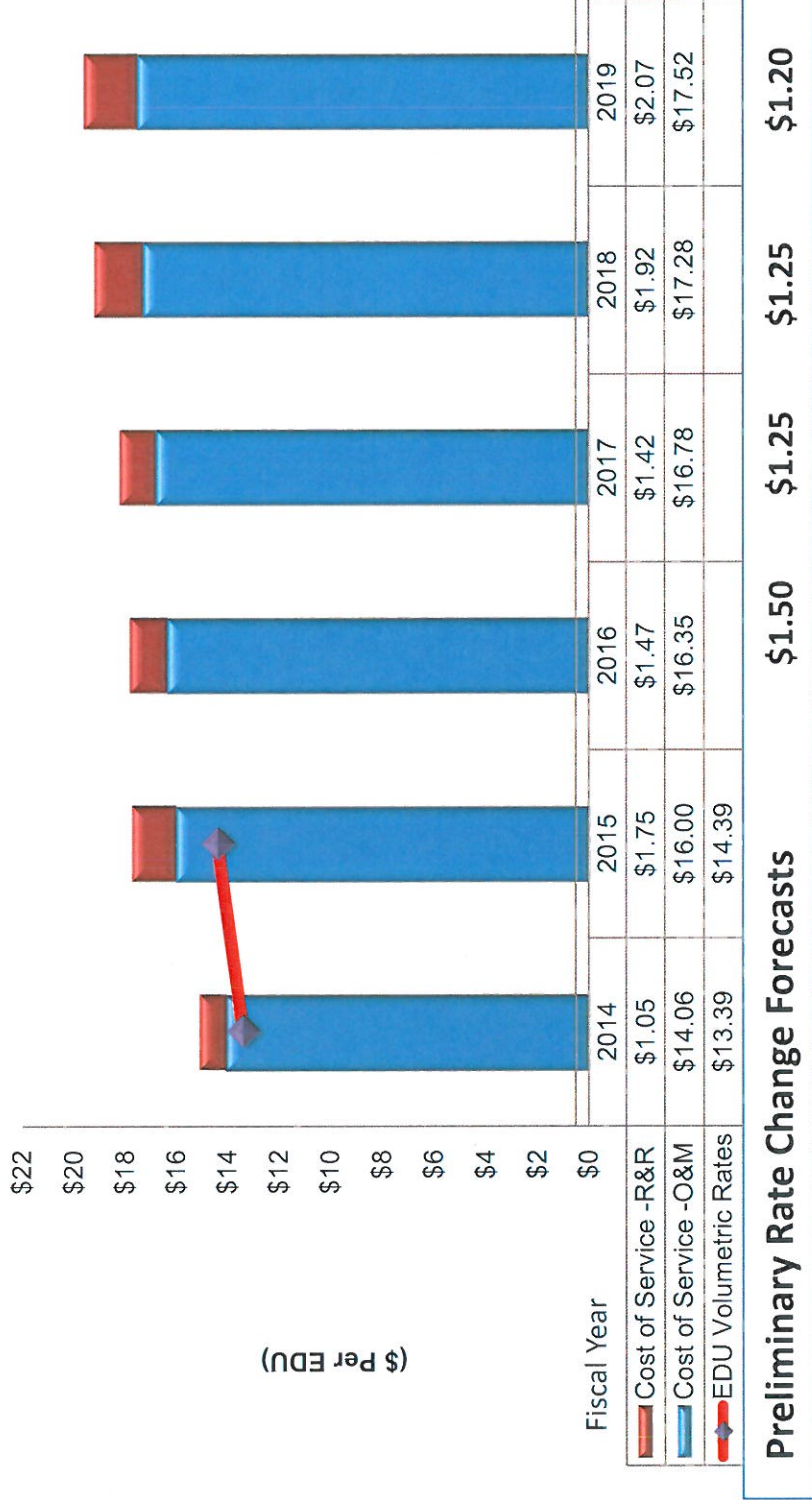
(\$Millions)	2012/13 Actual	2013/14 Projected	2014/15 Proposed	2015/16	2016/17	2017/18	2018/19
<i>Volumetric EDU Rate</i>	\$12.39	\$13.39	\$14.39	\$15.89	\$17.14	\$18.39	\$19.59
<i>Volumetric EDU Units (000s)</i>	3,178	3,178	3,186	3,194	3,202	3,210	3,218
Operating Revenue	\$43.5	\$46.4	\$49.9	\$54.8	\$59.2	\$63.6	\$67.6
Operating Expense	41.8	45.0	56.4	56.9	58.4	61.8	63.2
Net Operating Incr./((Decr.))	\$1.7	\$1.4	(\$6.5)	(\$1.9)	\$0.8	\$1.8	\$4.4
*Other Funding Sources	11.0	6.9	9.4	4.8	6.0	14.9	6.8
Other Uses of Funds	6.7	3.7	10.4	5.7	5.5	15.1	7.9
Net Non-Operating Incr./((Decr.))	\$4.3	\$3.2	(\$1.0)	(\$0.9)	\$0.5	(\$0.2)	(\$1.1)
Net Change	\$6.0	\$4.6	(\$7.5)	(\$2.8)	\$1.3	\$1.6	\$3.3

*Other Funding Sources forecasts assume re-allocation of property taxes beginning FY 2015/16

EDU Volumetric Rate Cost of Service



❖ Based on preliminary rates full cost of service is achieved by FY 2018/19



Recycled Water Fund (WC) FY 2014/15 Key Assumptions



Inland Empire Utilities Agency

A MUNICIPAL WATER DISTRICT

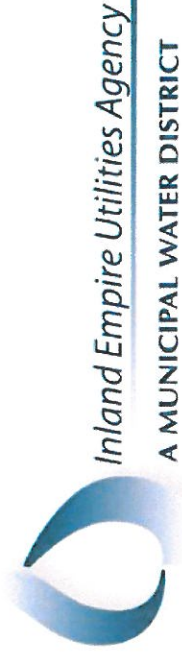
Revenue & Other Funding Sources:

- ❖ \$9.5M Recycled Water Sales:
 - 21,500 AF direct deliveries @ \$290/AF
 - 10,500 AF recharge deliveries @ \$335/AF
- ❖ \$2M property taxes, equal to 5% allocation
- ❖ \$2.1M MWD LPP rebate set to expire June 2017
- ❖ \$11M SRF loan proceeds for Southern Area projects

Expenses and Other Uses of Funds:

- ❖ \$9.8M CIP
- ❖ \$4.9M Debt service
- ❖ \$2.5 M Pumping costs
- ❖ \$1.1M Interfund transfer to Recharge Water (RW) fund for Agency's "pro-rata share"
- ❖ Excludes "drought" and long term planning document related projects

Projected Net Change to WC Fund Balance



- 5% Property tax allocation continues in FY 2014/15

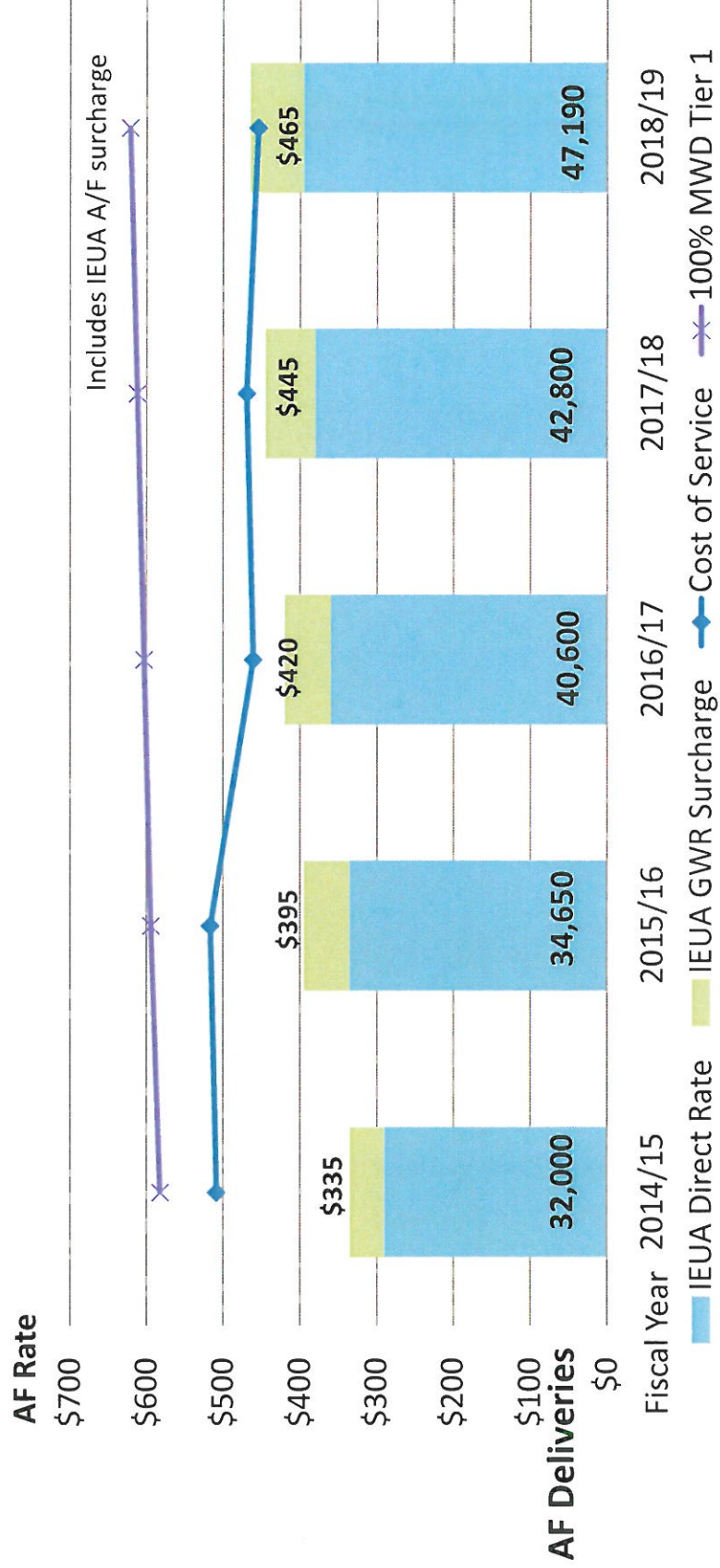
\$Millions	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	Actual	Projected	Proposed	<i>Preliminary Projected Rates</i>			
Direct Rate/GWR Surcharge	\$155/40	\$215/40	\$290/45	\$335/60	\$360/60	\$385/65	\$400/70
Total AF Deliveries	32,319	35,000	32,000	34,650	40,600	42,800	47,190
Operating Revenue (\$M)	\$8.0	\$10.3	\$11.6	\$14.4	\$17.6	\$17.6	\$20.3
Operating Expense	7.2	6.7	9.4	9.5	10.2	10.6	11.5
Net Operating Incr./ (Decr.)	\$.8	\$3.6	\$2.2	\$4.9	\$7.4	\$7.0	\$8.8
Other Funding Sources	12.4	22.9	16.5	33.8	17.7	12.7	13.9
Other Uses of Funds	13.5	25.9	14.8	41.7	25.5	17.5	16.9
Net Non-Operating Incr./ (Decr.)	(\$1.1)	(\$3.0)	\$1.7	(\$7.9)	(\$7.8)	(\$4.8)	(\$3.0)
Net Change	(\$0.3)	\$0.6	\$3.9	(\$3.0)	(\$0.4)	\$2.0	\$5.8

*Other Funding Sources forecasts assume re-allocation of property taxes beginning FY 2015/16

Recycled Water Rate Cost of Service



- ❖ 50,000 AF total deliveries projected to be achieved in FY 2019/20
- ❖ Full cost of service projected to be achieved by FY 2019/20 based on preliminary future rates



Recharge Water Fund (RW) FY 2014/15 Key Assumptions



Inland Empire Utilities Agency

A MUNICIPAL WATER DISTRICT

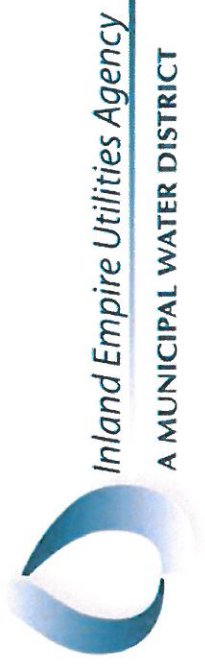
Revenue and Other Funding Sources:

- ❖ \$1.3M O&M expenses:
 - \$745K Reimbursable from Chino Basin Watermaster (CBWM)
 - \$548K IEUA pro-rata share funded by WC Fund
- ❖ \$1.2M Debt service and CIP equally funded by CBWM and IEUA
- ❖ \$0.4M Non-reimbursable O&M labor costs funded by IEUA

Expenses & Other Uses of Funds:

- ❖ \$1.8M O&M costs
- ❖ \$1.0M Debt service costs
- ❖ \$0.2M CIP costs
- ❖ Excludes “drought” and long term planning document related projects

Projected Net Change to RW Fund Balance



Inland Empire Utilities Agency
A MUNICIPAL WATER DISTRICT

	2012/13 Actual	2013/14 Projected	2014/15 Proposed	2015/16	2016/17	2017/18	2018/19
\$Millions							
Operating Revenue	\$1.1	\$1.4	\$1.3	\$1.3	\$1.4	\$1.4	\$1.5
Operating Expense	1.5	1.6	1.9	1.8	1.9	1.9	2.0
Net Operating Incr./ (Decr.)	(\$0.4)	(\$0.2)	(\$0.6)	(\$0.5)	(\$0.5)	(\$0.5)	(\$0.6)
Other Funding Sources	1.0	1.3	1.6	1.5	1.6	1.6	1.6
Other Uses of Funds	0.7	0.6	1.1	1.0	1.1	1.1	1.1
Net Non-Operating Incr./ (Decr.)	\$0.3	\$0.7	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5
Net Change	(\$0.1)	\$0.5	(\$0.1)	\$0.0	\$0.0	\$0.0	\$0.0

FY 2014/15 Rates



Program	Rate	FY 2012/13 Effective July 1, 2012	FY 2013/14 Effective July 1, 2013	FY 2014/15 Effective July 1, 2014
Regional Wastewater*	Monthly EDU Volumetric Fee	\$12.39	\$13.39	\$14.39
	New Per EDU Connection Fee	\$4,909	\$5,007	\$5,107
Recycled Water**	Direct Delivery Rate Per AF	\$155	\$215	\$290
	Groundwater Recharge Per AF	\$195	\$255	\$335

*Rates adopted on February 1, 2012

** Imported water rates effective per calendar year

Questions?

RECEIVE AND
FILE

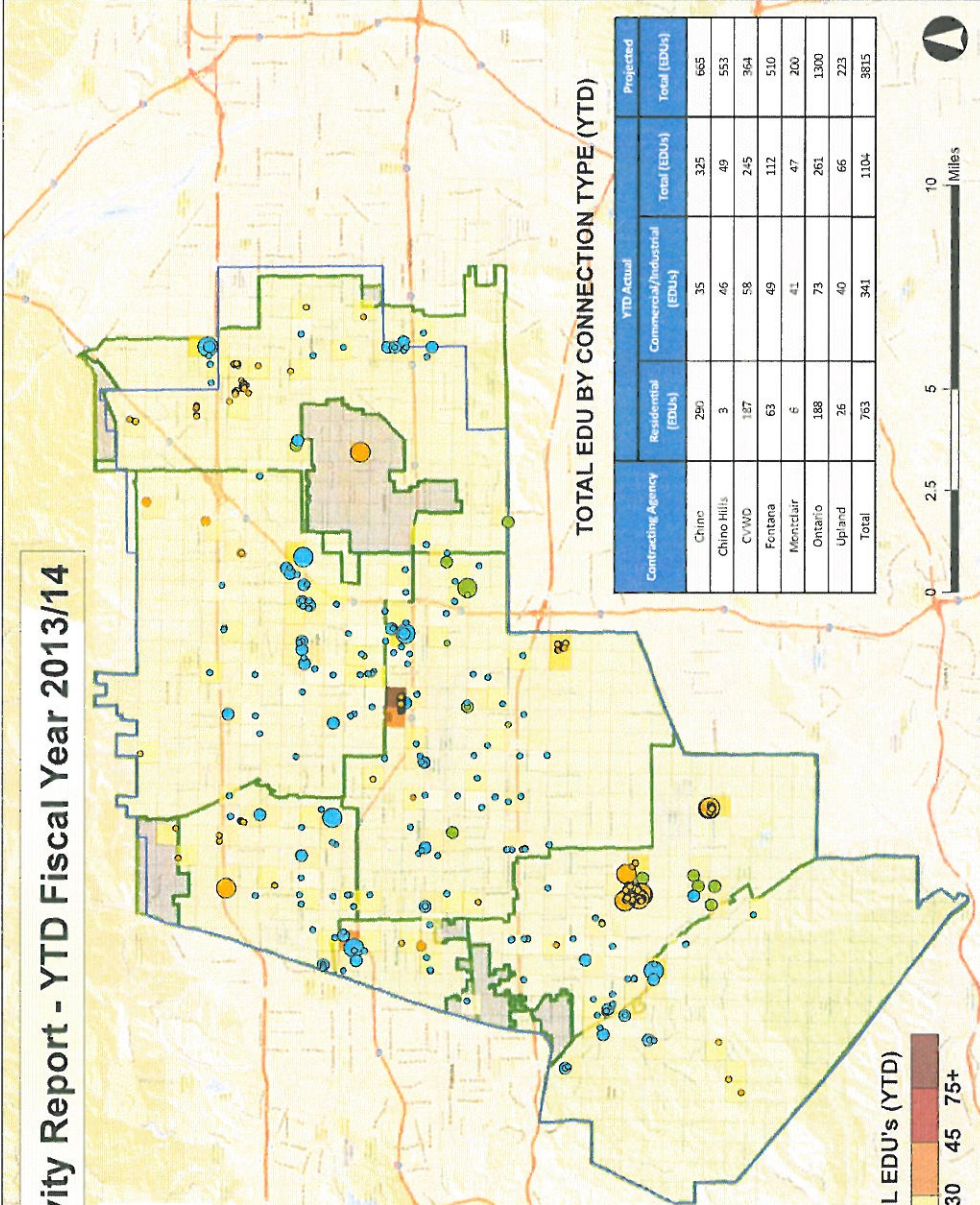
4A

Building Activity Report - YTD Fiscal Year 2013/14



Legend

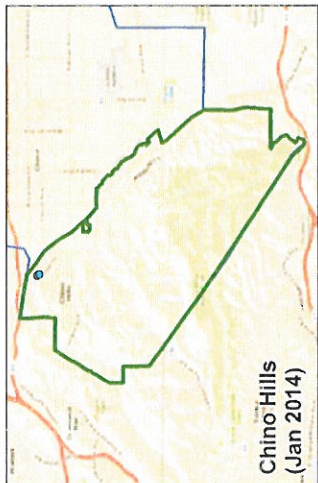
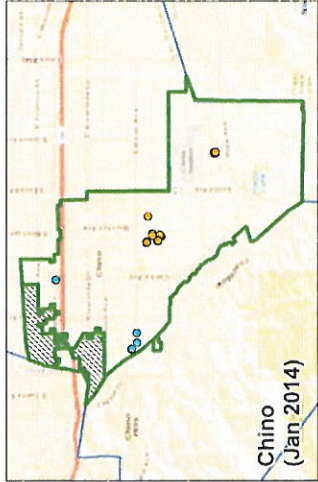
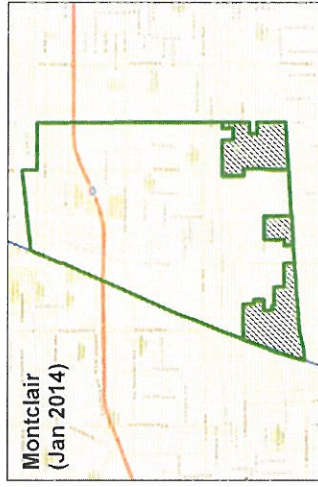
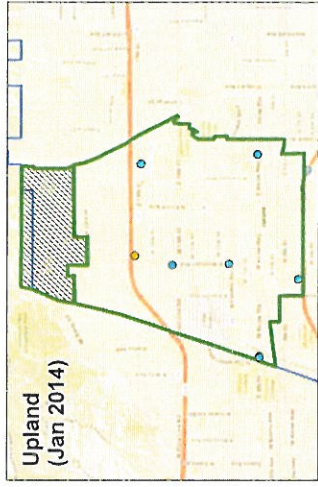
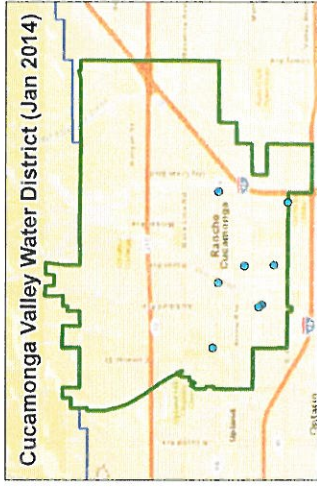
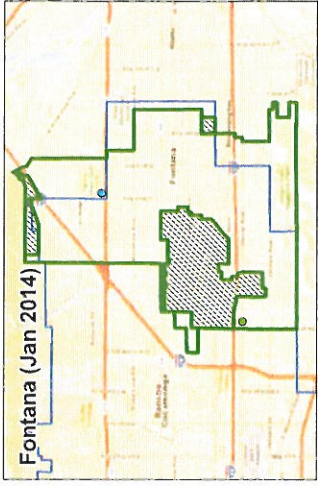
- Service Area
- Unincorporated
- EDU (YTD)
- Residential
 - <=1.0
 - 1.0 - 10.0
 - >10.0
- Commercial
 - <=1.0
 - 1.0 - 10.0
 - >10.0
- Industrial
 - <=1.0
 - 1.0 - 10.0
 - >10.0



TOTAL EDU BY CONNECTION TYPE (YTD)

Contracting Agency	YTD Actual		Projected	
	Residential (EDUs)	Commercial/Industrial (EDUs)	Total (EDUs)	Total (EDUs)
Chino	250	35	325	665
Chino Hills	3	46	49	553
C.V.W.D.	127	58	245	364
Fontana	63	49	112	510
Montclair	6	41	47	200
Ontario	188	73	261	1300
Upland	26	40	66	223
Total	763	341	1104	3815

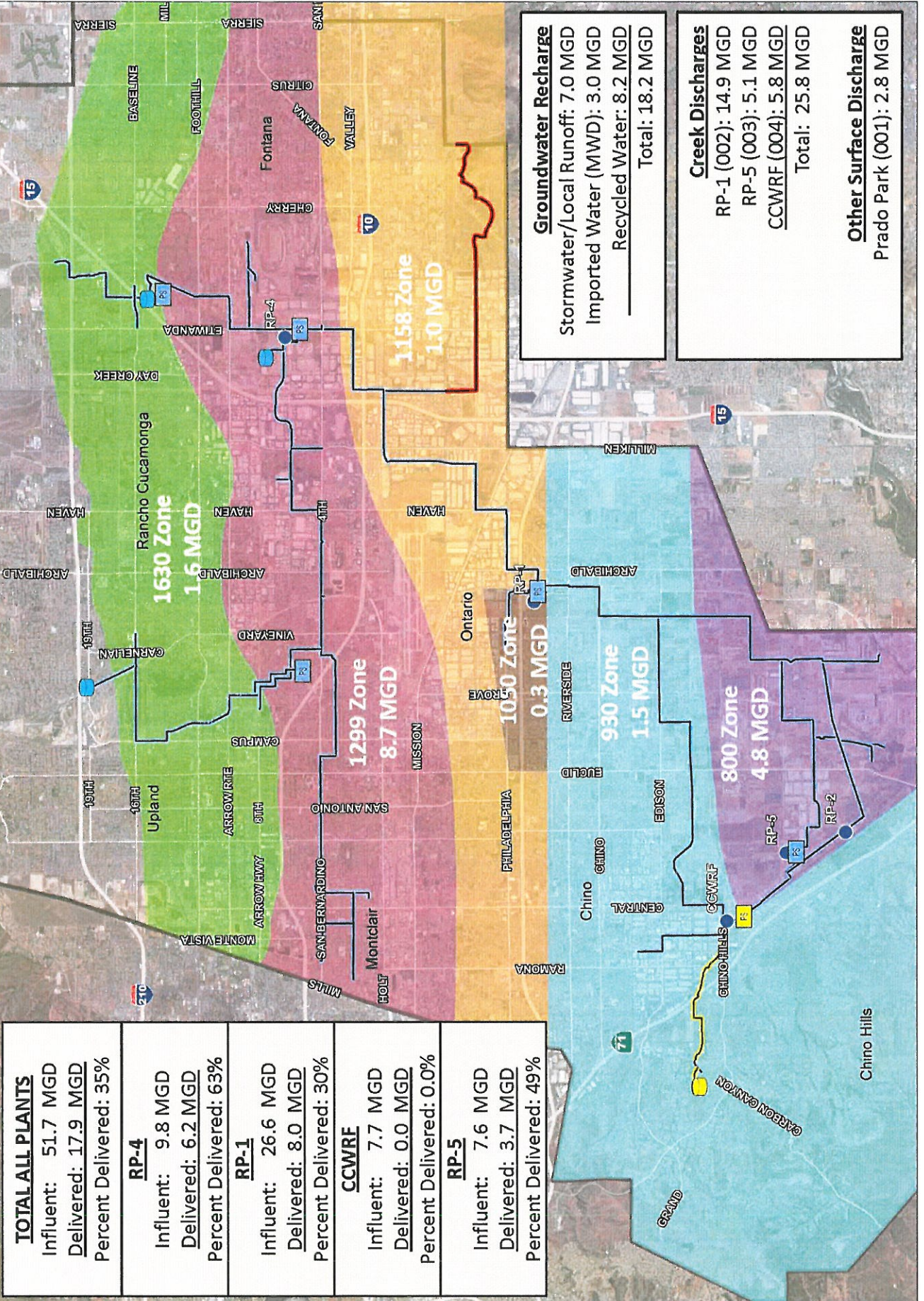
HALF MILE GRID: TOTAL EDU's (YTD)



RECEIVE AND
FILE

4B

IEUA RECYCLED WATER DISTRIBUTION – MARCH 2014



<p>TOTAL ALL PLANTS Influent: 51.7 MGD Delivered: 17.9 MGD Percent Delivered: 35%</p>
<p>RP-4 Influent: 9.8 MGD Delivered: 6.2 MGD Percent Delivered: 63%</p>
<p>RP-1 Influent: 26.6 MGD Delivered: 8.0 MGD Percent Delivered: 30%</p>
<p>CCWRF Influent: 7.7 MGD Delivered: 0.0 MGD Percent Delivered: 0.0%</p>
<p>RP-5 Influent: 7.6 MGD Delivered: 3.7 MGD Percent Delivered: 49%</p>

Groundwater Recharge
 Stormwater/Local Runoff: 7.0 MGD
 Imported Water (MWD): 3.0 MGD
 Recycled Water: 8.2 MGD
 Total: 18.2 MGD

Creek Discharges
 RP-1 (002): 14.9 MGD
 RP-5 (003): 5.1 MGD
 CCWRF (004): 5.8 MGD
 Total: 25.8 MGD

Other Surface Discharge
 Prado Park (001): 2.8 MGD

