



*Inland Empire Utilities Agency*

A MUNICIPAL WATER DISTRICT

# **FY 2011/12 Budget, Long Range Plan of Finance and Ten Year Capital Improvement Plan**

**Finance Committee**

**June 8, 2011**

# Key Assumptions

- ❖ No shift of property taxes by the State
- ❖ No significant improvements in the economy over the next two fiscal years
- ❖ No increase in budgeted employee benefits
- ❖ Stable utilities and chemical markets

| Revenues   | Costs   |
|--|---|
| • 1.0% additional decline in property taxes, \$300K  | • Maintain a 5% vacancy factor, \$1.8M                                    |
| • 0.75% conservative recovery in the number of billable EDUs (increased from 0.50% growth)                               | • 3.0% increase in CalPERS contribution rate, \$733K (reduced from 4.27%) |
| • 1,200 new EDU Connections (1,627 in FY 2009/10, and 1,100 projected in FY 2010/11). No increase in new connection fee. | • 10% increase in health insurance premiums, \$330K                       |

# Service Rates

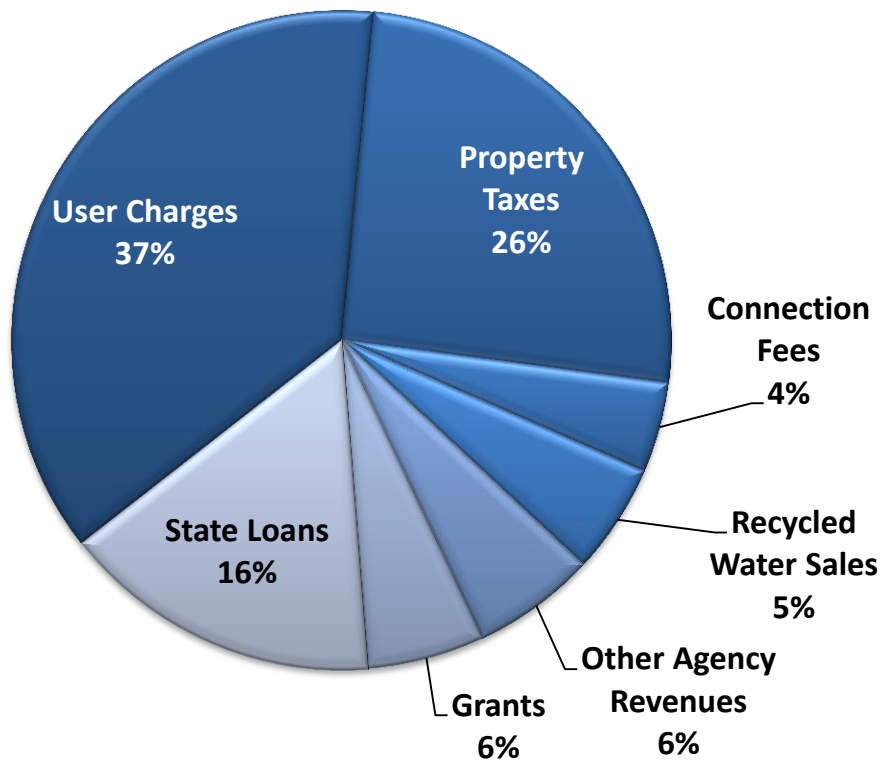
| Rates  | Current   | Adopted/<br>Proposed | Projected |
|--|-----------|----------------------|-----------|
|  | 2010/2011 | 2011/2012            | 2012/2013 |
| <b>User Charges:</b>                               |           |                      |           |
| Wastewater (per Monthly EDUs)*                     | \$11.14   | <b>\$11.14</b>       | \$12.14   |
| Recycled Water - Direct Sales (per Acre Foot, AF)* | \$95      | <b>\$115</b>         | \$140     |
| Recharge Water- Recharged Sales (per AF)*          | \$115     | <b>\$145</b>         | \$175     |
| Connection Fees (per EDU)*                         | \$4,766   | <b>\$4,766</b>       | \$4,814   |
| NRW - CIP (per unit)                               | \$90      | <b>\$90</b>          | \$90      |
| NRW New Capacity Purchases                         | \$215,000 | <b>\$215,000</b>     | TBD       |
| NRW Admin Fee (volumetric/BOD/TSS)                 | 50%/10%   | <b>50% / 10%</b>     | 50% / 10% |
| Imported Water Surcharge (per AF)                  | \$12      | <b>\$12</b>          | \$13      |
| Imported Water Meter Charge (per meter)            | \$1.075   | <b>\$1.455</b>       | \$1.655   |

\*Adopted by the Board the Directors on February 16, 2011

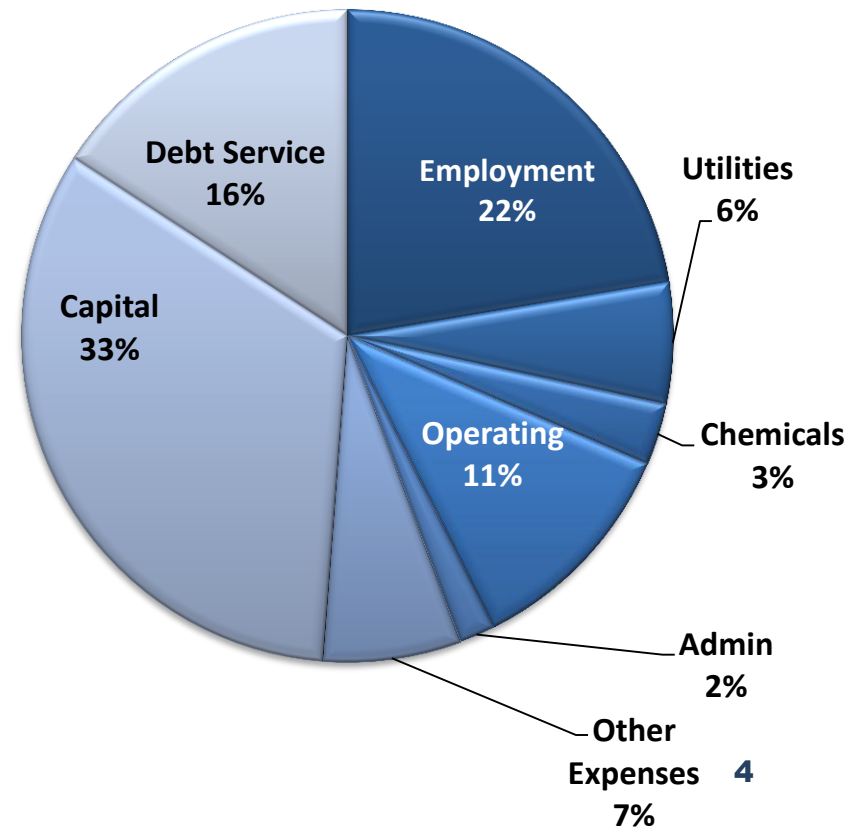
# FY 2011/12

## Total Revenues and Expenses

### Total Revenues & Other Funding Sources \$130 Million



### Total Expenses & Uses of Funds \$145 Million

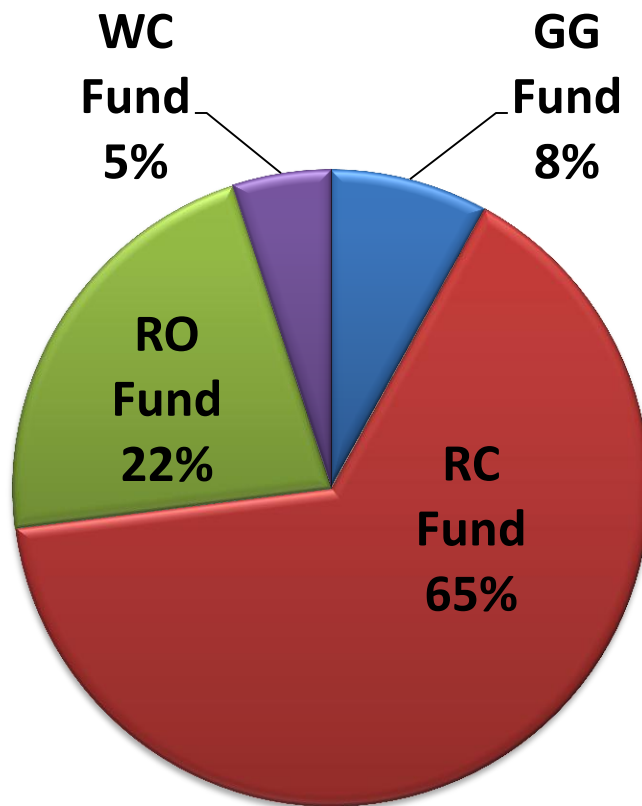


# FY 2011/12

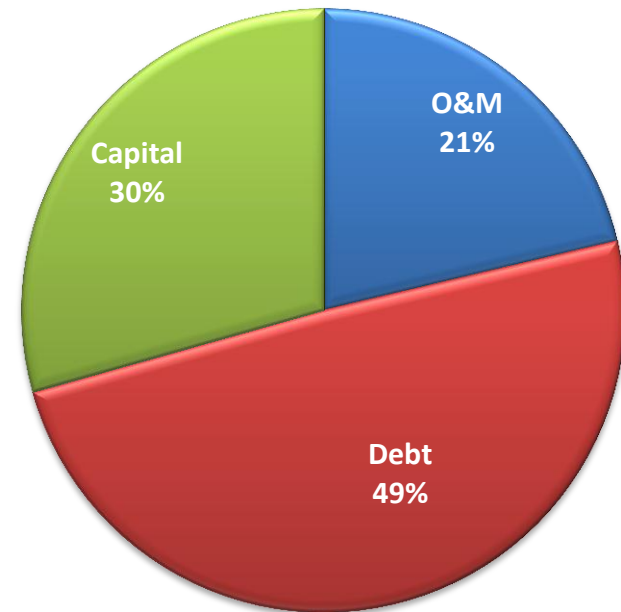
## Property Tax Allocation-\$33M



### Allocation by Fund

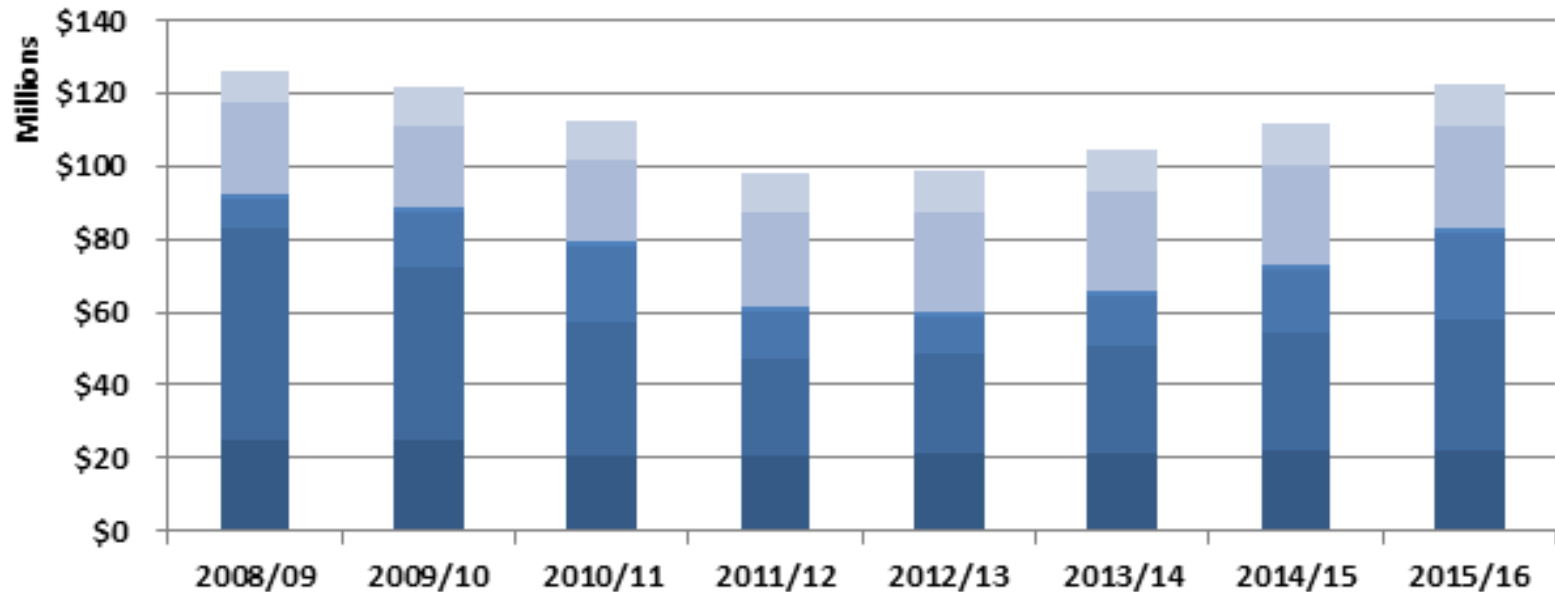


### Property Tax Allocation by Type



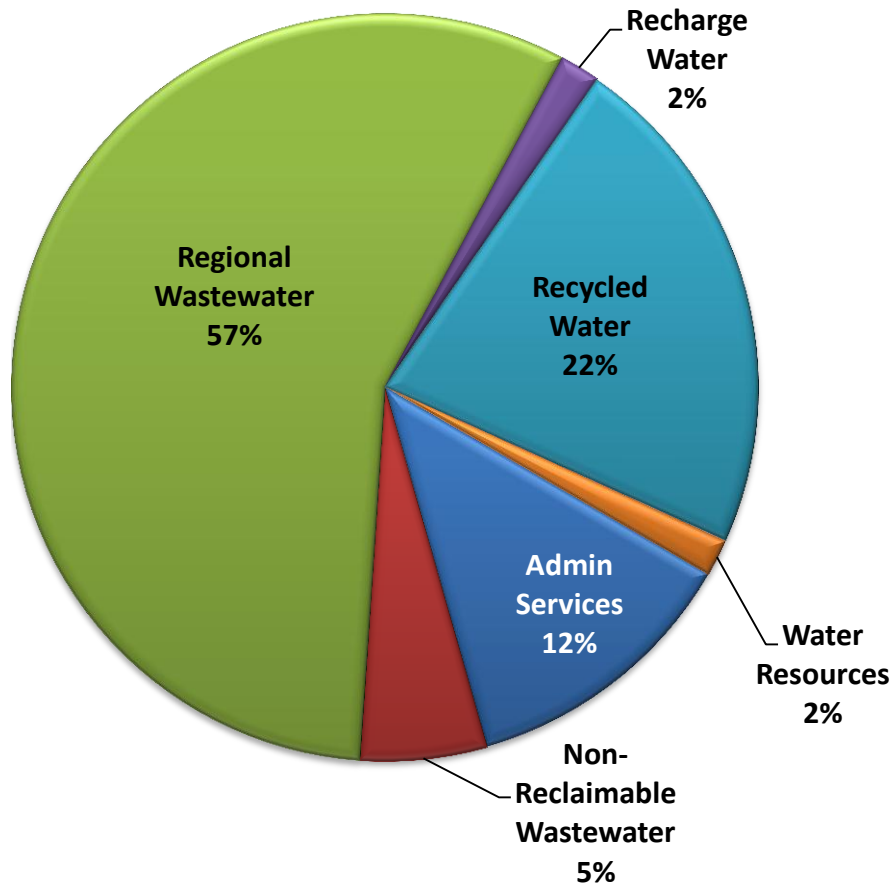
# Fund Reserve Balances

- Operating Contingencies
- Capital Expansion / Construction
- CCRA Capital Construction
- CSDLAC Prepayment
- Rate Stabilization Reserve
- Debt Service & Redemption
- Insurance/Retirement & Other

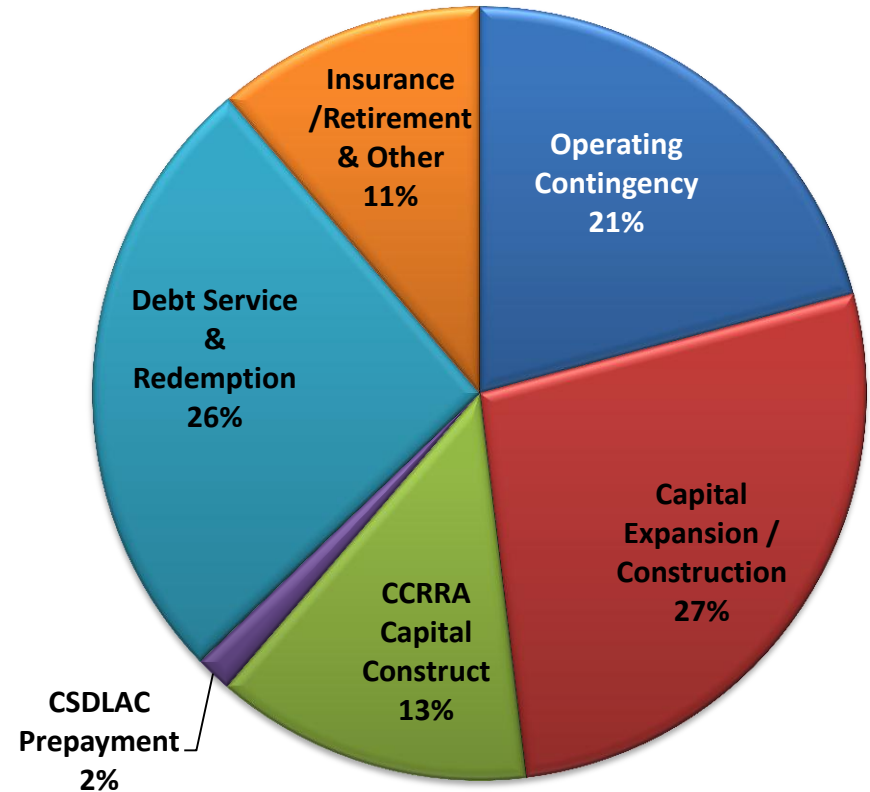


# FY 2011/12 Ending Reserve Balances-\$98.7M

## Reserves by Program



## Reserves by Category



# **Long Range Plan of Finance (LRPF)**



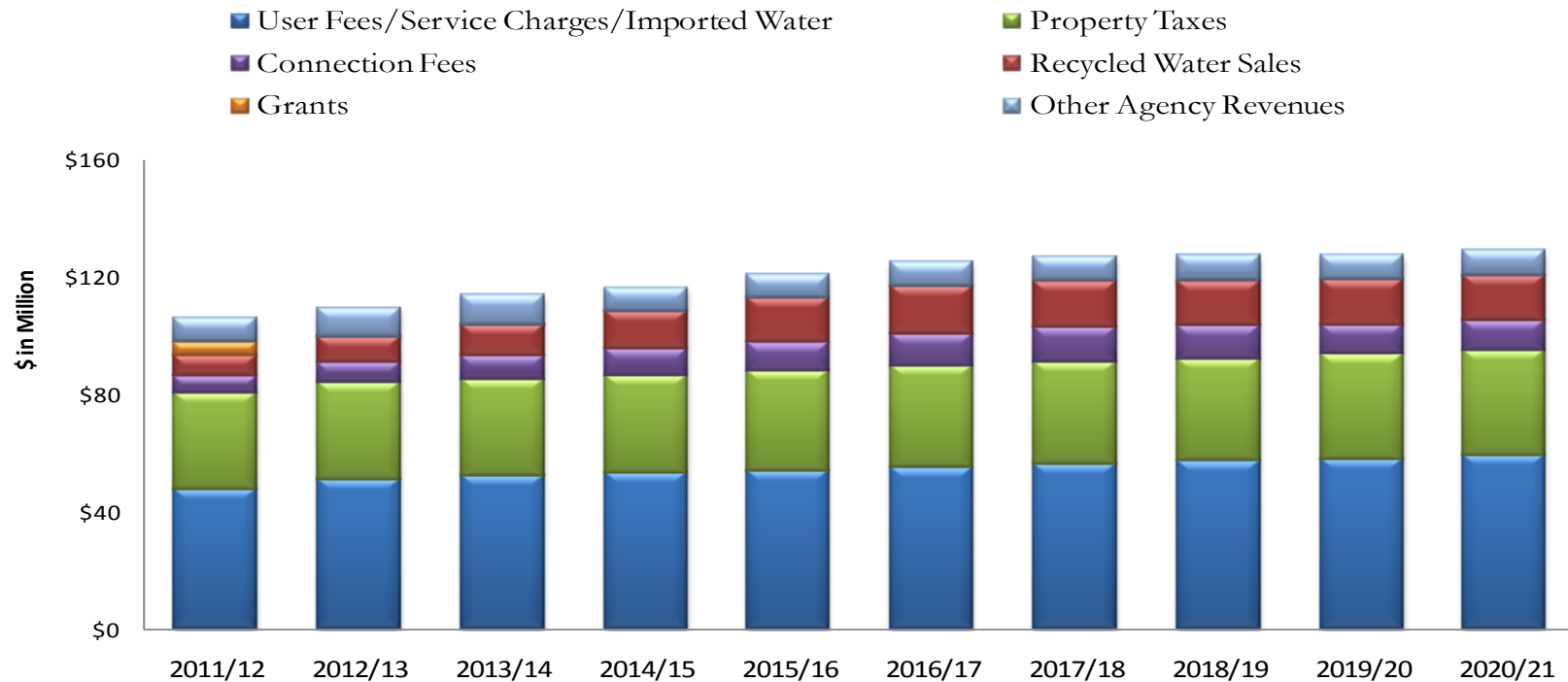
# LRFP Objectives

- ❖ Provide a long term financial strategy for the Agency.
- ❖ Demonstrate the Agency's ability to maintain financially sound operations and comply with established policy and financial goals:
  - Implementation of moderate rate increases
  - Have programs that are self-supported through user charges and fees
  - Maintain total bond debt service coverage above the 1.25 times minimum requirement
  - Achieve aggregate fund balance target of 50% of operating revenues, plus debt service reserves, (excluding capital reserves)
  - Minimize the Agency's borrowing costs

# FY 2012 – FY 2021

## Total Projected Revenues

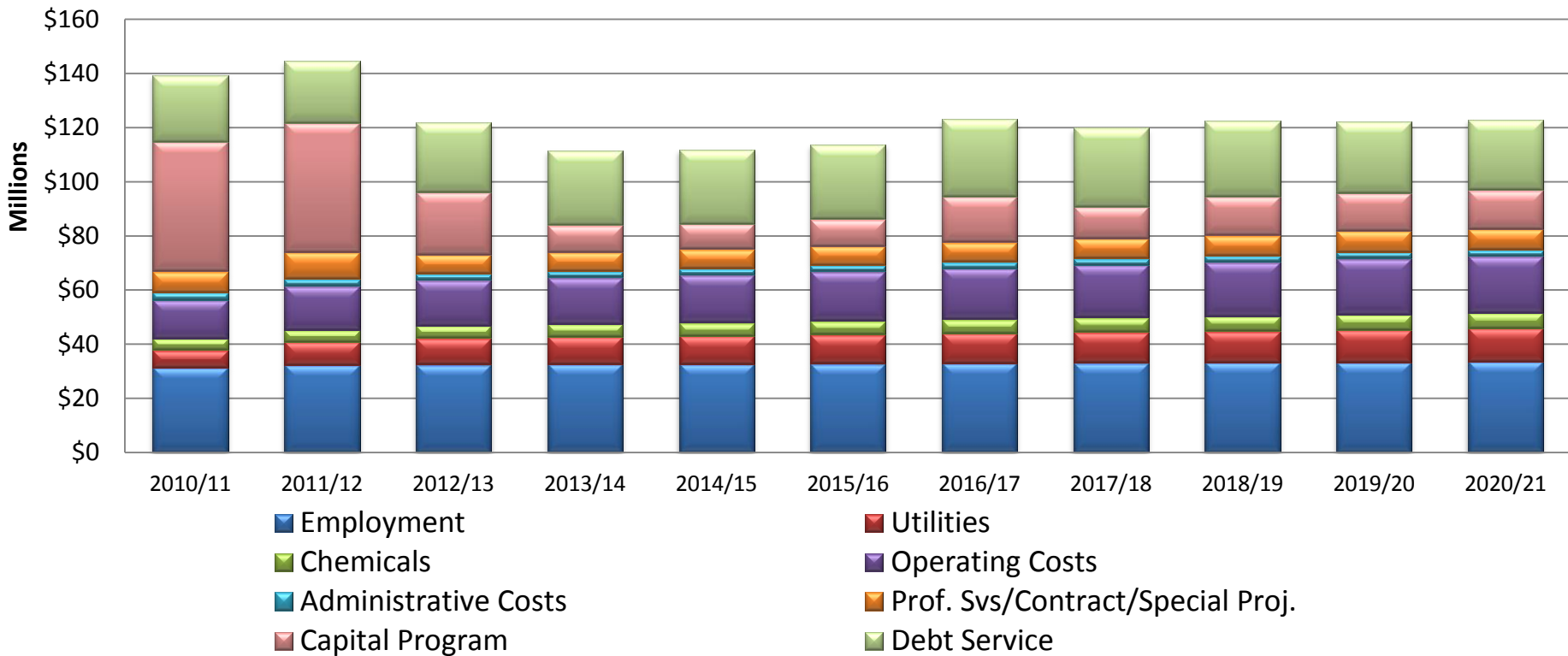
- ❖ \$1.3 billion total revenues, \$130 million (M) average per fiscal year
- ❖ Includes annual moderate rate increases



# FY 2012 – 2021

## Total Costs

- ❖ \$1.2 billion total costs, \$119.5M average per fiscal year
- ❖ Includes Agency's continued commitment to cost containment



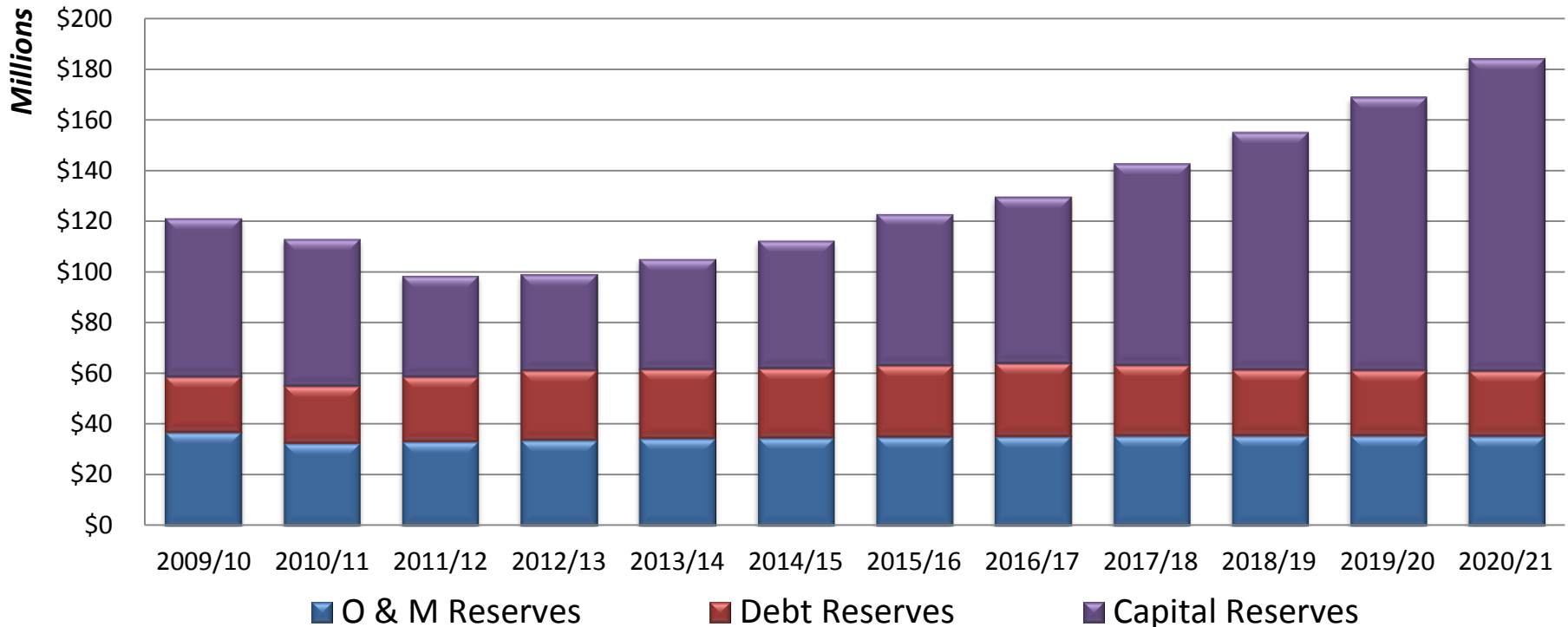
# FY 2012 - 2021

## Total Ending Fund Reserves by Type



- ❖ Conservative TYCIP total \$171 million
- ❖ \$53M CCRA Balances Projected for FY 2020/21

### Trend of Operating, Capital, & Debt Reserves



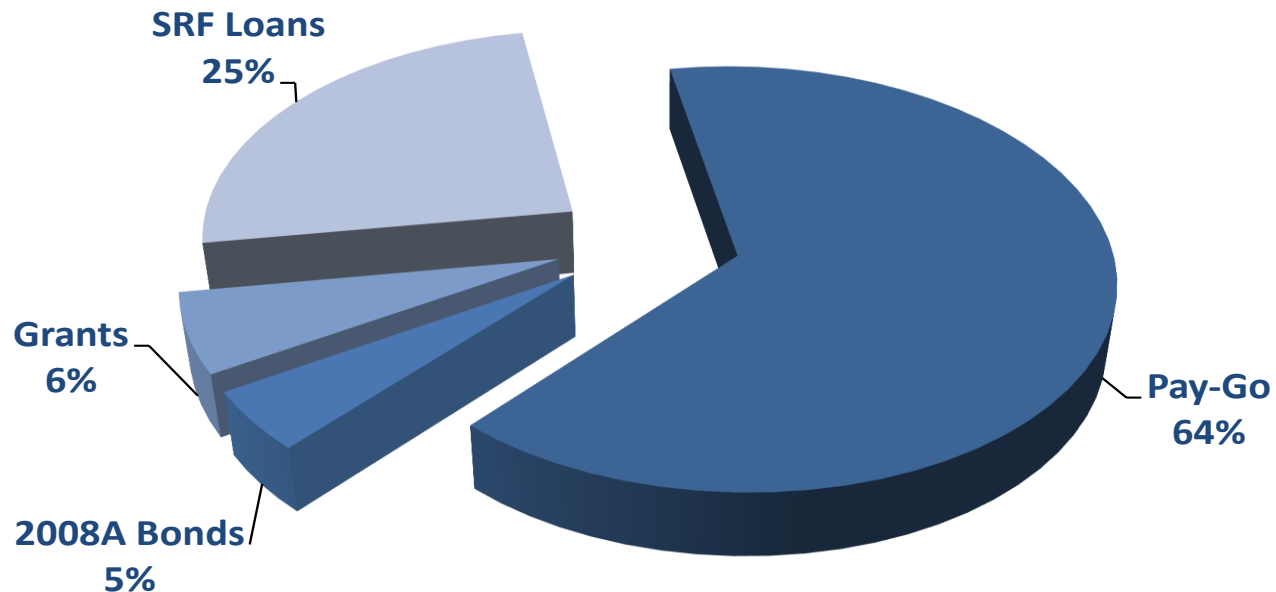
# **Proposed Ten-Year Capital Improvement Plan (TYCIP)**

**Fiscal Year 2012 - 2021**

# TYCIP Financing Strategy

- ❖ No new long term debt or Commercial Paper to fund capital costs

## FY 2012-2021 Capital Program Funding Sources \$171 Million



# TYCIP Capital Program Allocation



| Capital Program                                | Ten-Year Costs<br>(FY 2012 - FY 2021)<br>(\$Millions) | Percentage  |
|--|---|-------------|
| Regional Wastewater Program<br>(RC + RO)       | \$ 81   | 47%         |
| Recycled Water and Recharge<br>Water (WC + RW) | \$ 57   | 33%         |
| Non-Reclaimable Wastewater<br>System (NC)      | \$ 27   | 16%         |
| Administrative Services (GG)                   | \$ 6  | 4%          |
| <b>All Capital Programs</b>                    | <b>\$171</b>  | <b>100%</b> |



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**QUESTIONS?**