



Inland Empire Utilities Agency

A MUNICIPAL WATER DISTRICT

FY 2013/14
Regional Wastewater, Recycled Water and
Recharge Water Programs
Proposed Budget and TYCIP

Regional Committees

June 6, 2013

FY 2013/14 Proposed Budget

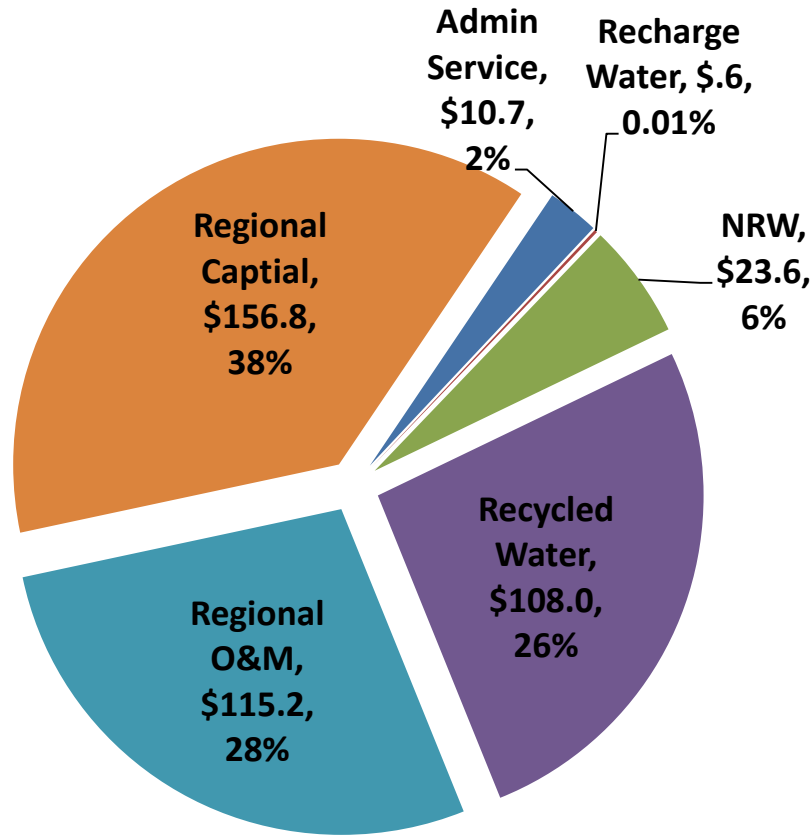


- TYCIP
- Adopted Rates
- Key Budget Assumptions
- Program Budget Highlights
- Fund Balances & Debt Coverage Ratios

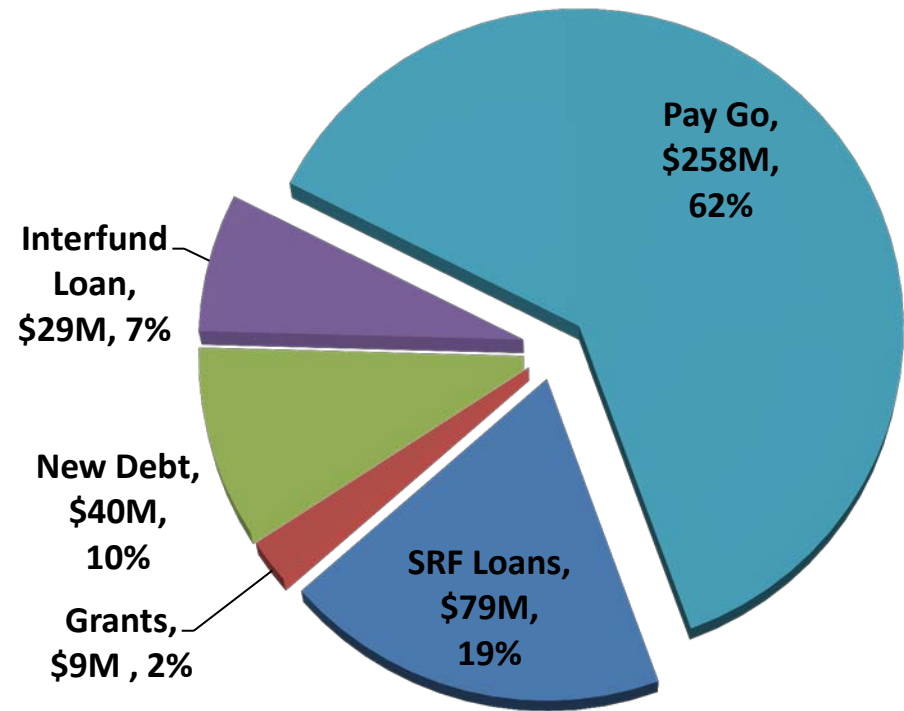
FY2014-2023 TYCIP

\$415M

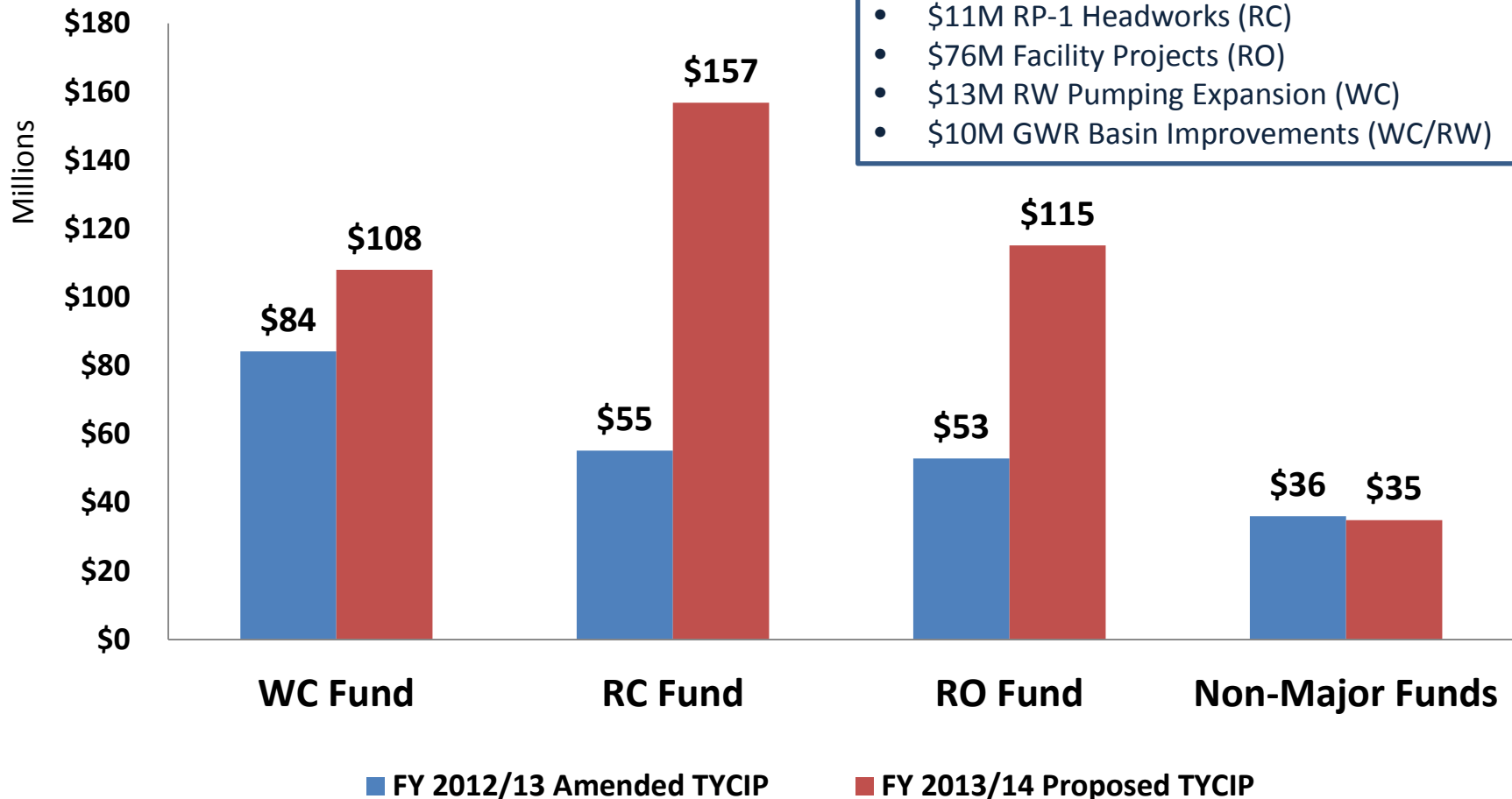
Allocation by Program



Funding Sources



TYCIP – 2012-2022 Amended vs FY 2013-2023 Proposed \$187M Increase



Key Changes in TYCIP From Preliminary TYCIP

Program Fund	Budget Category	Preliminary FY 2013/14 Budget (\$millions)	Revised FY 2013/14 Budget (\$millions)	Key Changes
Recycled Water (WC) Fund	Capital Project	\$0.0	\$1.9	The completion timeline of the RP-1 Outfall Relocation project is rescheduled from FY 2012/13 to FY 2013/14
Regional Operations and Maintenance (RO) Fund	Capital Project (R&R)	\$0.40	\$0.65	RP-4 Headworks retrofit project increased by \$250,000 due to change in scope of work.
Recharge Water (RW) Fund	Capital Project	\$0.56	\$0.61	Recharge water capital projects revised upwards by \$50,000

Adopted Rates



Multi-Year Adopted Rates FY 2012/13 through FY 2014/15

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

FY 2013/14 Proposed Budget Key Assumptions



- **Recovery in growth for new EDU connections, recycled water sales, monthly volumetric EDU, and property tax receipts**
- **No change in staffing positions (295) and maintains a 5% vacancy factor**
- **Continue with the cost containment strategy**

Key Changes in O&M Budget From Preliminary Budget

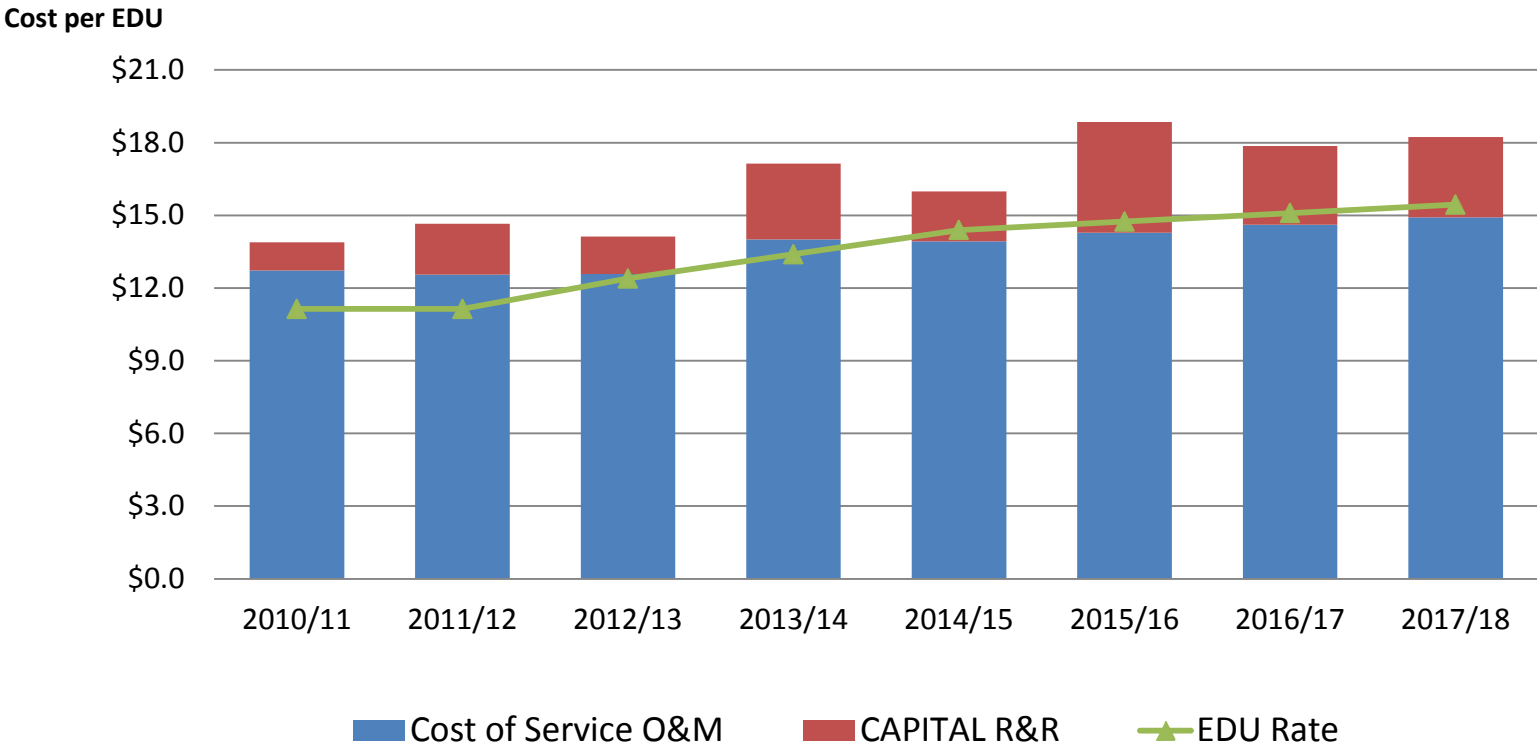
Program Fund	Budget Category	Preliminary FY 2013/14 Budget (\$millions)	Revised FY 2013/14 Budget (\$millions)	Key Changes
Regional Capital Improvement (RC) Fund	Other Revenue	\$2.3	\$0.0	An early payment of the two principal installments (\$2.3 million each) due in June 2013 and June 2014, for the Agency's compost land was paid in April 2013.
	Capital Contribution	\$0.0	\$0.50	50% share of a capital call of \$1 million to support IERCA capital improvement projects
Recycled Water (WC) Fund	Utilities	\$2.33	\$2.19	Estimated recycled water electricity costs reduced by \$137,000, due to downward assumption on unit cost of electricity to recycled water deliveries.
Recharge Water (RW) Fund	Special Project	\$0.25	\$0.00	Deferral of project EN14031 – GWR Basin Improvements project.



RO Fund: Cost of Service per EDU O&M and R&R Costs (\$ Millions)



- ❖ O&M costs projected to be fully covered beginning FY 2014/15
- ❖ Future rate increases will be needed to fully support capital R&R costs



FY 2012/13: projected O&M and R&R costs

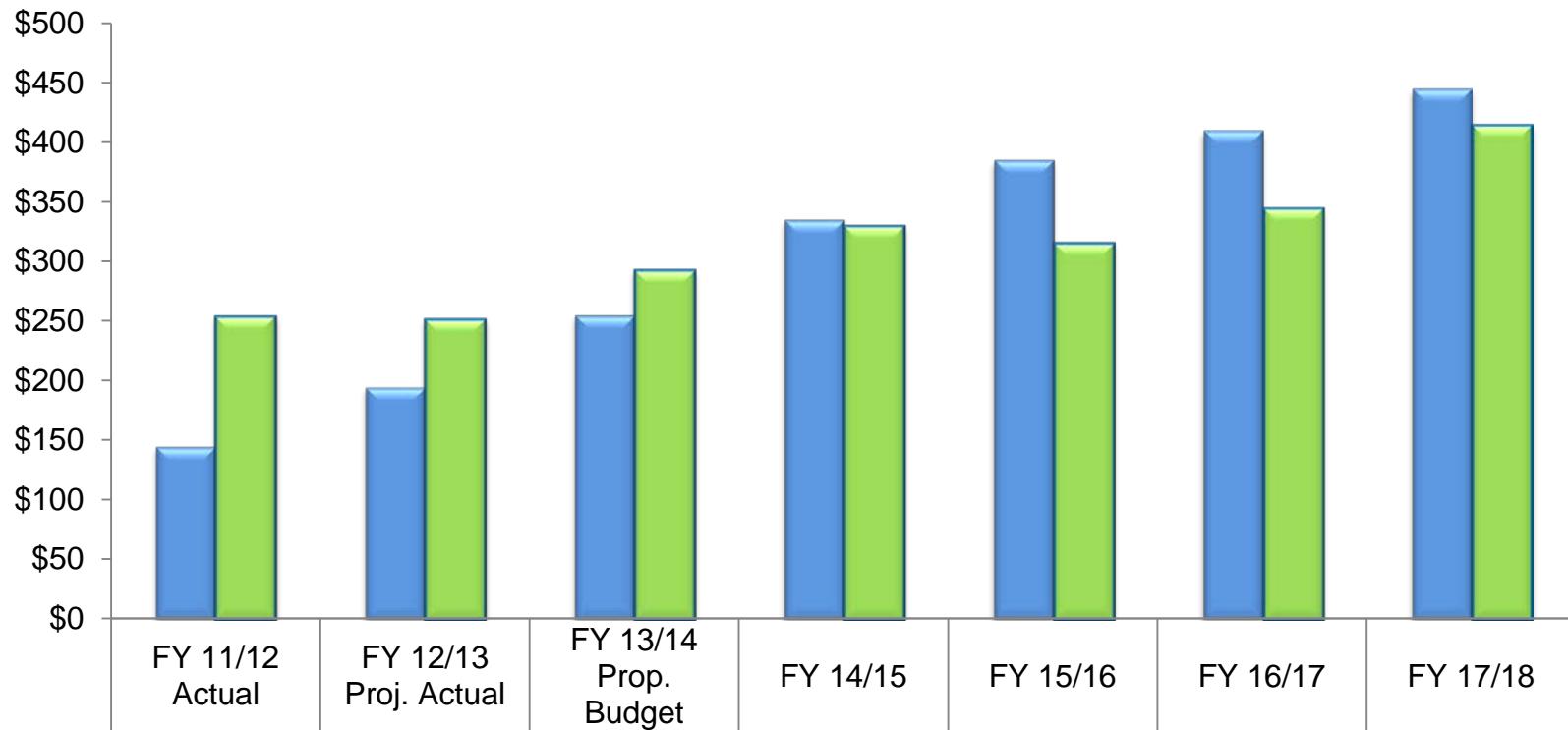
Recycled Water

Cost of Service per AF

(Includes O&M and Debt Service Costs)



- ❖ Cost of service will vary from changes in AF deliveries, revenues and costs

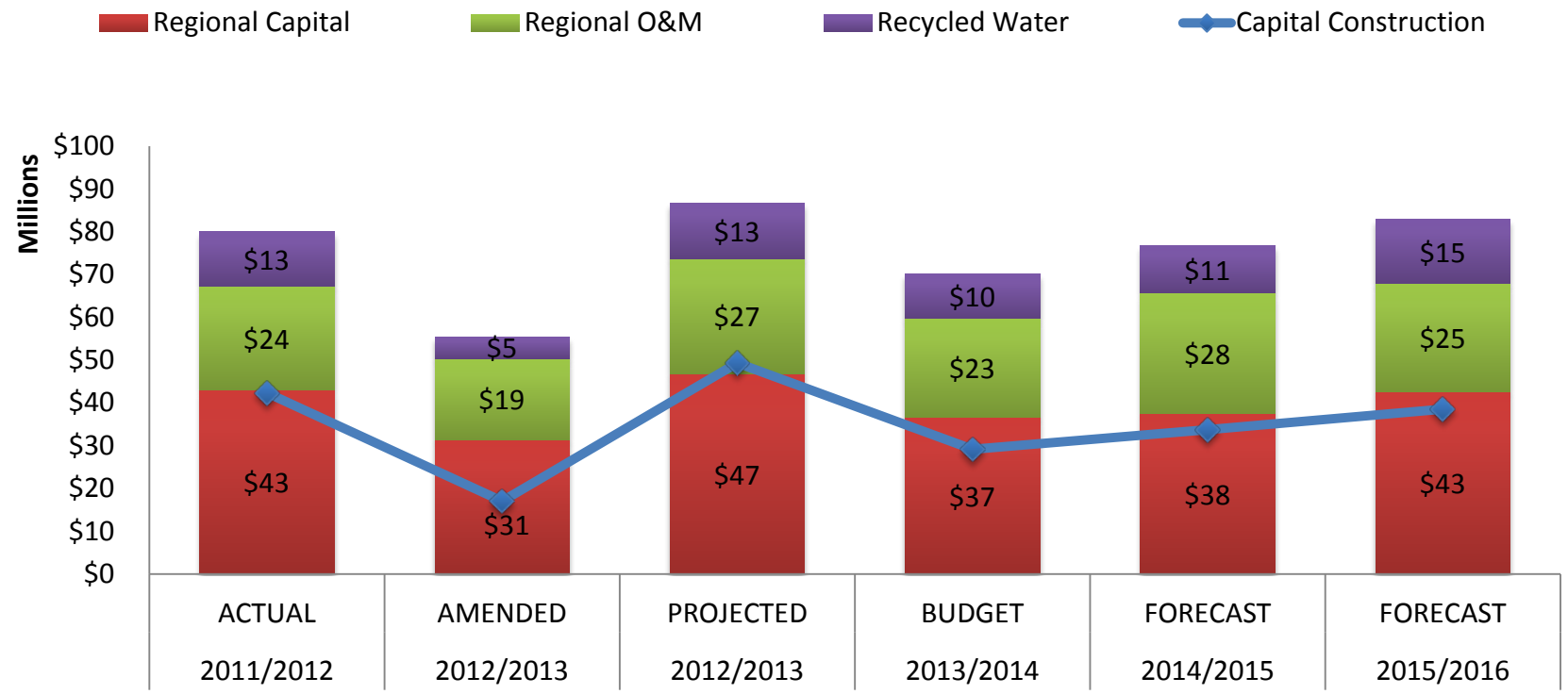


Proposed AF Rate	\$145	\$195	\$255	\$335	\$385	\$410	\$445
Cost of Service AF	\$254	\$252	\$293	\$330	\$316	\$345	\$415

Total AF, direct and GWR:	28,988	30,000	31,400	36,250	40,900	42,900	45,100
---------------------------	--------	--------	--------	--------	--------	--------	--------



Fund Balances Regional Wastewater & Recycled Water Programs



Total Debt Coverage Ratio (DCR)

- ❖ Projected to exceed the Board established DCR targets, based on current assumptions
- ❖ Improvement in total DCR will better position the Agency to acquire new debt at a lower borrowing costs

	Actual FY 2011/12	Projected FY 2012/13	Forecast FY 2013/14	Forecast FY 2014/15	Forecast FY 2015/16
DCR Target established by IEUA Board in February 2012		1.43x	1.50x	1.70x	
DCR projections based on current assumptions	1.67x	2.03x	1.82x	2.11x	2.09x

Rating agency medians for medium sized wastewater agencies :

	AA rated	AAA rated
Fitch	1.9x	2.7x



Questions