



Inland Empire Utilities Agency
A MUNICIPAL WATER DISTRICT



Fiscal Year 2014/15 Operating and Capital Program Budget June 2014

Striving to enhance the quality of life in the Inland Empire by providing the optimum water resources management for the area's customers while promoting conservation and environmental protection.

Search Instructions

Items in this PDF version of the FY 2014/2015 Adopted Budget Book can be found using one of the following methods:

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BOARD OF DIRECTORS

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Christina Valencia	Chief Financial Officer/AGM
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Chris Berch	Executive Manager of Engineering/AGM
Jean Cihigoyenetche	General Counsel



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
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PRESENTED TO

**Inland Empire Utilities Agency
California**

For the Fiscal Year Beginning

July 1, 2013

A handwritten signature in black ink, appearing to read 'Jeffrey R. Emswiler'.

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to **Inland Empire Utilities Agency, California** for its annual budget for the fiscal year beginning **July 1, 2013**. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.



**BUDGET MESSAGE/EXECUTIVE
SUMMARY**

GENERAL MANAGER'S MESSAGE

The Honorable Board of Directors
Inland Empire Utilities Agency

June 18, 2014

I am pleased to present the General Manager's budget for Fiscal Year 2014/15 and the Ten Year Capital Improvement Plan for Fiscal Years 2015-2024.

The FY 2014/15 Budget and TYCIP is based on the 2015 Strategic Plan which identifies the major initiatives to be accomplished over the next five years to successfully meet the IEUA Business Goals adopted by the Board of Directors (the Board) in October 2013: *Water reliability, Environmental Stewardship, Fiscal Responsibility, Wastewater Management and Business Practices*. The IEUA Business Goals represent the Board's key policy objectives and ensure the Agency continues to fulfill its mission, vision and values.

The FY 2014/15 total budget of \$162.3 million includes an operating budget of \$91.4 million, capital investment costs of \$29.3 million, and financial and debt service costs of \$41.6 million. Included in the budgeted debt service costs is retirement of high interest rate bonds of approximately \$16 million. The primary funding sources of \$153.4 million include operating system revenues of \$79.8 million, connection fees for the regional wastewater system of \$15.3 million, property taxes of \$40.2 million, grant and loan proceeds of \$13.4 million, and other revenues of \$4.7 million. The projected shortfall of \$8.9 million will be supported by a draw on fund reserves, and includes a \$3.5 million payment for the Agency's other post-employment benefit (OPEB) liability from reserves designated for this purpose, as well as a portion of the \$16 million retirement of high interest rate bonds. Not included in total sales and total expenses is the pass-through purchase and sale of 65,000 acre feet (AF) of imported water at an estimated cost of \$38 million.

With the economy progressively showing signs of recovery following the worst economic recession in history, today's headlines have shifted to water shortages caused by persistent dry weather conditions. Following two years of dry weather, 2014 is anticipated to be the driest year on record for the State of California. In May 2014, for the first time this century, the U.S. Drought Monitor declared the entire State to be in a state of "extreme drought or worse". The severity and uncertainty of the duration of the drought prompted Governor Edmund G. Brown Jr. to convene an Interagency Drought Task Force and declare a state of emergency in February 2014, followed by a second proclamation in April, to protect the state's health and safety from severe water shortages.

Water Reliability

The drought emergency proclamations by Governor Brown led to the Department of Water Resources' (DWR) historic decision to drop the 2014 State Water Project (SWP) initial allocation to zero for all 29 public agencies that supply SWP water to 25 million Californians. In May, the allocation was finally increased to 5 percent, but still remains the lowest in history. This unprecedented action further heightened uneasiness about the severity of the drought and the concern over the already low, and quickly dropping, reservoir levels. Some of the levels are less than of which were lower than levels in 1977 (one of the two previous driest water years on record). Recognizing the limitation on imported water supplies caused by drought conditions and environmental restrictions, a key IEUA Business Goal is Water Reliability.

As a member of the Metropolitan Water District of Southern California (MWD), all of the potable water distributed by the IEUA is imported via the SWP and represents one fourth of all water delivered by IEUA in the region. Hence, development of local water supplies to reduce reliance on imported water supplies is essential for the region. Ensuring optimum beneficial reuse of the high quality recycled water generated from treated wastewater, maximizing groundwater recharge, and promoting water use efficiency and conservation programs will reduce reliance on imported water supplies and, over time, “drought proof” the region.

IEUA and its member agencies started ramping up their water use efficiency programs in January in response to the Governor’s emergency drought declaration, which has resulted in a downward trend in per capita water use, commencing April 2014. Water use reductions are expected to continue along this favorable trend and exceed IEUA’s drought resolution adopted on April 16, 2014 which calls for extraordinary conservation actions to achieve a 20 percent reduction in water use.

The Agency also set a new record in recycled water deliveries with total deliveries of 38,000 AF in FY 2013/14. The extremely dry weather conditions and optimal availability of recharge basins permitted deliveries well over the budgeted 32,000 AF. However, given the probability of an “El Nino” event in 2015, and the storm water impact to groundwater recharge basins, recycled water delivery estimates have been maintained at 32,000 AF for the upcoming fiscal year.

The ongoing construction of the Agency’s Regional Recycled Water Distribution System is a major component of the Agency’s FY 2014/15 Budget and TYCIP, further advancing beneficial reuse of recycled water. Already under construction is the Southern Area project which will provide essential storage and enhance reliability for the overall system. The Central/Wineville Area project will complete the backbone distribution system quadrant making recycled water accessible throughout the primary sectors of the Agency’s service area. These two major capital construction projects are projected to increase recycled water storage by an estimated 5 million gallons, and increase deliveries (direct and groundwater recharge) by approximately 4,500 acre feet per year (AFY), bringing the Agency closer to its goal of 50,000 AFY.

The Agency also continues to work jointly with the Chino Basin Watermaster, Chino Basin Water Conservation District and respective member agencies in the implementation of the 2013 Recharge Master Plan Update to the 2010 Recharge Master Plan (RMP). The RMP recommends implementation of 11 yield enhancement regional projects over the next 6 years. These 11 projects are estimated to develop approximately 6,781 AFY of storm water recharge and 4,936 AFY of recycled water recharge, at an estimated capital cost of \$57 million. Included in the Agency’s FY 2014/15 Budget and TYCIP are 3 of the 11 projects that comprise an estimated recycled water yield of 4,936 AFY at an estimated cost of \$4.5 million: San Sevaine Basin, Victoria Basin and the RP-3 Basin Improvements.

Environmental Stewardship

A key goal for the Agency and its member agencies is to promote environmental sustainability. Enhancement of water quality and reliability is essential in meeting this goal. The Agency continues to work collaboratively with member agencies and partners at the regional, state and federal levels to further enhance the Chino Basin’s water supplies and water quality, as well as meet the Governor’s mandate to reduce water consumption by 20 percent by 2020 (20/2020).

GENERAL MANAGER'S MESSAGE

The Agency is actively working with the Governor's office and state water agencies to address the current drought water crisis and revise legislation and regulatory requirements to promote water use efficiency and maximize groundwater recharge. Additionally, the Agency, in partnership with the Orange County Water District, San Bernardino Valley Municipal Water District, Western Municipal Water District, and Eastern Municipal Water District, formed the Santa Ana River Watershed Action Team (Team) to actively identify large-scale water supply and reliability projects that will provide benefits to the entire Santa Ana watershed.

Included in the Agency's FY 2014/15 water resources management program are drought mitigation projects consistent with the Team initiatives. Some of these projects include turf removal from commercial and residential landscaping, water use efficiency education, and technology based water conservation tools such as aerial imagery of the region to support future conversion to sustainable water budget rates by retail water suppliers in the Chino Basin.

A key goal for the Team is to secure grants and necessary funding, including Department of Water Resources Proposition 84 funding through the Santa Ana Watershed Project Authority's "One Water One Watershed" (OWOW) program, to defray the cost to implement necessary projects. Such collaboration has enabled the Agency and partners to secure federal and state grant funding that has significantly advanced the capital investment in the region.

Wastewater Management

For the first time since the 2008 economic downturn, expansion related construction projects have shifted back into the Agency's TYCIP. With new development gaining momentum throughout the Agency's service area, expansion of existing facilities to support anticipated population growth and higher demands for wastewater and water services is anticipated towards the end of the ten year period. Included in the Agency's TYCIP is the relocation of the RP-2 biosolids processing facility to RP-5 at an estimated cost of \$100 million. The scope and timeline of future expansion projects will be identified in the Wastewater Facilities Master Plan Update scheduled to be completed in fall 2014.

In June 2014, the Agency completed its first asset management plan. An asset management strategy was initiated in 2004 with the development of the Agency's Level of Service. This led to a preliminary Replacement & Rehabilitation (R&R) schedule in 2013 which served as the basis for the final 2014 Asset Management Plan (AMP). The 2014 AMP provides a comprehensive condition assessment of the major systems for each of the Agency's facilities. The AMP will be updated each year for the next couple of years to ensure critical projects are identified appropriately. Thereafter, the AMP will be updated periodically, every 2 to 3 years, as needed. The 2014 AMP served as the basis for the R&R projects included in the Agency's FY 2014/15 Budget and TYCIP.

Fiscal Responsibility

Another key driver for the Agency's FY 2014/15 Budget is leveraging the California's resurgent economy to improve the Agency's fiscal health as it continues on its path of achieving full cost of service rates for all programs; another IEUA Business Goal in the area of Fiscal Responsibility. Fiscal Year 2014/15 is the final year of a 3-year rate increase for two of its primary programs: Regional Wastewater and Recycled Water Program. While the multi-year rates have helped to narrow the gap between program revenues and costs, the FY 2014/15 rates still do not recover the

full cost of service. The Agency and its member agencies recognize that future incremental rate increases will be needed to achieve full cost of service for all Agency programs.

To mitigate future rate increases, the Agency remains committed to cost containment and optimizing grant funding to support capital investments in the region. Since 2009, in response to the worst economic recession in history, the Agency has achieved cost savings of over \$245 million. The cost savings have been Agency-wide including: reducing staffing levels, transitioning all facilities from multiple to single shifts, restructuring of high interest rate debt, and deferring non-critical capital projects. Additionally, the Agency continues to leverage in-house resources in lieu of outside consultants to reduce costs. One example is the development of the 2014 AMP which was completed entirely by Agency staff at an estimated cost savings of \$1 to \$3 million.

However, management recognizes that some cost containment strategies are not sustainable. Although deferral of R&R projects has helped to reduce operating and capital projects over the last several years, aging facilities and infrastructure cannot withstand continual deferral of R&R without compromising the quality and reliability of services. Included in the FY 2014/15 are R&R projects identified as critical in the 2014 AMP, some which were previously deferred as part of the cost containment strategies. Another significant cost for the Agency is employment. In addition to reducing staffing levels, the Agency has maintained an average vacancy factor of over 6 percent, only filling positions critical to daily operations. Additionally, the Agency has not awarded cost of living adjustments (COLAs) to its employees since 2009. In October 2013, management was successful in negotiating 5 year agreements with the various employee bargaining units. Under the new agreements, annual COLAs will be given beginning in FY 2014/15. Partially offsetting the cost of these COLAs are additional incremental increases of the employer paid member contribution (EPMC) rate funded by employees. Employees began funding a portion of the EPMC rate in 2011. By the end of the 5 year term, employees will be funding 100 percent of the employee contribution portion.

Another significant component of the Agency's cost containment plan is optimization of state and federal grants and low interest financing. Over the years, the Agency has been very successful in securing both grant funding and low interest rate loans to support capital investment and water conservation programs in the region. In May 2014, the U.S. Bureau of Reclamation awarded the Agency \$3 million, out of \$20 million awarded nationally, under the FY 2014 Authorized Title XVI Project Funding. The grant funding will support expansion of the Chino Basin Desalter Authority facilities for increased recovery of brine that is currently discharged to the Pacific Ocean. The Agency was also successful in securing low interest, 30 year term, State Revolving Fund (SRF) loans from the State Water Resource Control Board to finance major recycled water construction projects and replacement of the Water Laboratory facility for its regional wastewater and water programs. Both loans were awarded a grant or principal forgiveness which will significantly reduce future debt service costs and the impact on program rates.

Conclusion

The FY 2014/15 Budget and TYCIP supports the Agency's role as a "steward of the region" by ensuring its commitment, in conjunction with its member agencies, for continual development and implementation of an integrated water resource management plan that promotes cost-effective, reliable, efficient and sustainable water supplies to support and promote economic growth throughout the region.

GENERAL MANAGER'S MESSAGE

The upcoming fiscal year will benefit from some of the significant contributions and accomplishments achieved in 2014. Some of these include: early renegotiation of the NRW contract with County Sanitation District of Los Angeles County (CSDLAC) for the North system scheduled to sunset in May 2018 which provides the North system users a more simplified and stable rate structure, negotiation of 5 year contracts with all of the Agency's employee bargaining units, updating of the IEUA Business Goals to integrate the Agency's Level of Service and member agencies priorities, completion of the Agency's first 2014 Asset Management Plan and FYs 2015 - 2019 Strategic Plan, 2013 Update to the 2010 RMP, and continual integration of Lean management principles to minimize waste and increase efficiencies to streamline operating and administrative processes.

As we advance into 2015, completion of the Agency's long range financial model will allow integration of the Agency's various long term planning initiatives, some of which include: Facilities Master Plan Update, Recycled Water Program Strategy, Integrated Resources Plan, and the Energy Management Plan. Integrating these critical initiatives into the financial planning process will help ensure the Agency has the appropriate funding, fund reserves, and other essential resources necessary to fulfill its mission, vision and values.

I want to acknowledge the Finance and Accounting department and staff for putting together a budget that represents the Agency's policies and priorities established by the Board of Directors. I also want to commend the Board and the Agency's member agencies for their foresight in establishing policies that continue to promote regional collaboration in enhancing water reliability and sustainability to ensure the region continues to thrive from economic growth now and in the future.

Respectfully submitted,



P. Joseph Grindstaff
General Manager

EXECUTIVE SUMMARY

MISSION

Inland Empire Utilities Agency is committed to meeting the needs of the region by providing essential services in a regionally planned and cost effective manner while safeguarding public health, promoting economic development, and protecting the environment.

Key areas of service:

- *Securing and supplying imported water.*
- *Collecting and treating wastewater.*
- *Producing high-quality renewable products such as recycled water, compost, and energy.*
- *Promoting sustainable use of groundwater and development of local water supplies.*

VISION

To become a world class leader in water management and environmental stewardship, including water quality, water-use efficiency, recycled water, and renewable energy, in order to enhance and preserve the quality of life throughout the region.

VALUES

Leading the way. Planning for the future. Protecting the resources of the communities we serve.

The Inland Empire Utilities Agency is:

- *Committed to applying ethical, fiscally responsible, transparent and environmentally sustainable principles to all aspects of business and organizational conduct.*
- *Working with integrity as one team, while celebrating the region's diversity.*
- *Staying in the forefront of the industry through education, innovation, efficiency, and creativity.*

The Agency's Operating Budget and Ten Year Capital Improvement Plan (TYCIP) are updated and adopted annually. Identification of the Agency's key initiatives and budget guidelines are communicated to Agency staff in December of each year through the General Manager's Budget Message which commences the budget process.

IEUA Business Goals

The Agency's Board of Directors, staff and key stakeholders contributed to developing a new set of Business Goals for the Agency to strive towards. Workshops were held to review the Business Goals over a five month period. The newly crafted IEUA Business Goals were categorized into six main groups: *Fiscal Responsibility, Workplace Environment, Water Reliability, Wastewater Management, Environmental Stewardship, and Business Practices*. Within each Business Goal category, several Objectives were established to support each goal. For each Objective, a Commitment was developed to define the level of service that IEUA will provide. The Business Goals and associated Business Objectives are outlined on the following page:



Based on these Board-approved Business Goals, IEUA staff developed a comprehensive Strategic Plan that defines the Work Plan that will guide the Agency over the next five fiscal years (2015-2019) in fulfilling its Mission, Vision and Values. The Strategic Work Plan serves as the basis for the department goals and objectives included in the Departments section.

Service Area

Based on a 1972 Regional Sewage Service Contract, the Agency contracts with seven local jurisdictions (contracting member agencies) to collect, treat, and dispose an average of 58.2 million gallons a day (MGD) of untreated wastewater. The untreated wastewater is directed to five water recycling plants located throughout its service area. The seven local jurisdictions which are listed below serve a population of approximately 850,000 residents.

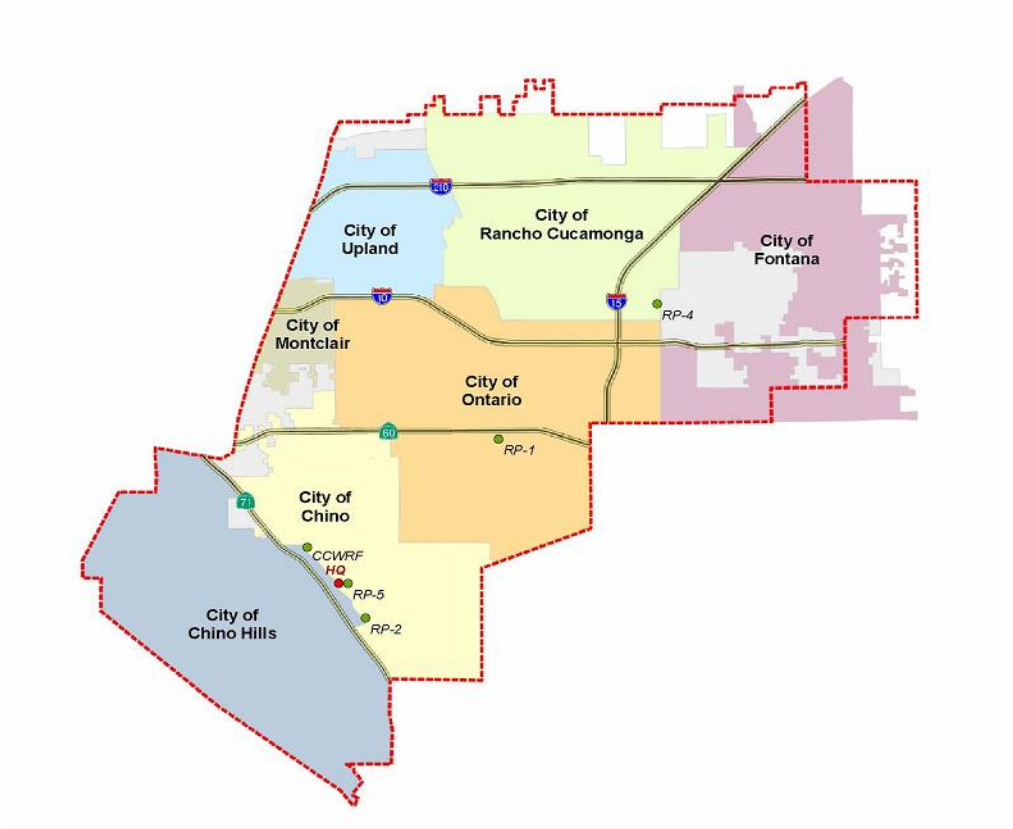
- City of Chino
- City of Chino Hills
- City of Montclair
- City of Ontario
- City of Upland
- Cucamonga Valley Water District

Agency's Service Area occupies 242 square miles and stretches from the western edge of the City of Rialto to the Los Angeles County line and from the foothills of the San Gabriel Mountains to the Riverside County line in the south.

As a member of the Metropolitan Water District of Southern California (MWD), all of the potable water distributed by the IEUA is imported via the State Water Project (SWP) and represents one fourth of all water delivered by IEUA in the region. Demand within the Agency's service area has changed significantly, shifting the majority of water use from agricultural to urban (residential, commercial, industrial and institutional); approximately 90 percent of water demands come from urban users and 10 percent from agriculture. Agricultural demands steadily declined from about 35,000 acre-feet per year in FY 2002/03 to approximately 20,000 acre-feet per year in FY 2012/13, consistent with the conversion of these lands to urban development and converting agricultural demands to recycled water use. IEUA and its member agencies work together to ensure a safe and reliable water supply and to improve the efficiency of the service area's water use.

EXECUTIVE SUMMARY

FIGURE 1-1: IEUA'S SERVICE AREA



Governance

The Agency's governing body is comprised of five elected Board members each representing one of the five (5) divisions within the Agency's service area of 242 square miles. The structure of the Board includes the President, Vice President, Secretary/Treasurer, and two Directors. Each Director serves a four year term. Board member elections are conducted every two years on a staggered basis with two seats becoming vacant in an even year and the other three seats becoming vacant in the subsequent even year. The Board of Directors meets twice a month and decisions are by majority vote.

The Agency's staff is led by a Board-appointed General Manager, as well as an Executive Manager of Policy Development/Assistant General Manager, Executive Manager of Operations/Assistant General Manager, Executive Manager of Engineering/Assistant General Manager and the Chief Financial Officer/Assistant General Manager. The Agency staff consists of 290 Full Time Equivalent (FTE) authorized positions with a planned 5 percent vacancy factor.

FY 2014/15 Budget Overview

The FY 2014/15 Operating Budget and the FYs 2015-2024 Ten Year Capital Improvement Plan (TYCIP) were adopted by the Board on June 18, 2014 and February 19, 2014, respectively.

The FY 2014/15 Budget and the FYs 2015-2024 Ten Year Capital Improvement Plan (TYCIP), are the first financial planning documents adopted under the IEUA Business Goals (Business Goals), which was approved by the Board in October 2013.

The FY 2014/15 Operating Budget and the FY's 2015-2024 TYCIP continue to demonstrate the Agency Board's and staff's steadfastness and commitment to deliver reliable, high quality essential services to its customers in a regionally planned, cost effective manner, consistent with the IEUA Business Goals.

FY 2014/15 Key Assumptions

Listed below in Table 1-1 are the key assumptions for the FY 2014/15 Budget. A summary of key assumptions for each of the Agency's funds is provided in the preceding section, along with a brief description of the primary activities tracked in each of the funds.

Table 1-1: Key Assumptions for FY 2014/15 Adopted 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 0.25% 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). Imported water deliveries of 65,000 AF.	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 Program (CIP) based on the FYs 2015-2024 TYCIP adopted in February 2014.

Overview of Total Revenues, Expenditures, and Fund Balance

Table 1-2 provides a comparative overview of total revenues and other funding sources, total operating expenses and other uses of funds, and ending fund balance for fiscal years beginning FY 2011/12 (actual) through FY 2018/19 (forecast), including the FY 2013/14 amended budget and projected actual.

EXECUTIVE SUMMARY

The use of an estimated \$8.9 million in fund reserves in FY 2014/15 includes payment of \$3.5 million for the Agency's medical retirement benefit (OPEB) liability from designated reserves in the Administrative Services (GG) fund.

Based on FY 2014/15 Budget key assumptions, total ending fund balance begins to show a gradual improvement in FY 2015/16 and continues to improve in ensuing years.

Table 1-2: Comparative Overview of Total Revenues, Total Expenses and Fund Balance (\$Millions)

Fiscal Year	Actual 2011/12	Actual 2012/13	Amended Budget 2013/14	Projected Actual 2013/14	Adopted Budget 2014/15	Forecast			
						2015/16	2016/17	2017/18	2018/19
Operating Revenues	\$64.6	\$70.3	\$79.1	\$77.6	\$83.9	\$91.8	\$100.5	\$105.66	\$113.4
Operating Expense	69.5	71.5	82.7	75.4	91.4	89.5	92.8	96.7	99.7
Operating Net Increase (Decrease)	(\$4.9)	(1.2)	(3.6)	2.2	(7.5)	2.3	7.7	8.9	13.6
Other Funding Sources	\$49.6	75.0	80.1	60.7	69.5	78.6	75.0	76.2	63.4
Debt Service	17.6	21.5	27.6	27.1	41.6	22.4	30.7	31.1	30.3
Capital Program	32.3	23.0	70.6	36.8	29.3	49.6	23.2	27.6	22.2
Non-Operating Increase (Decrease)	(\$0.3)	30.5	(18.1)	(3.2)	(1.4)	6.6	21.0	17.6	10.9
Total Increase (Decrease)	(\$5.2)	29.4	(21.7)	(1.0)	(8.9)	8.9	28.7	26.5	24.5
Beginning Fund Balance	114.0*	117.8**	147.2	147.2	146.2	137.3	146.2	174.9	201.4
Ending Fund Balance	\$108.8	\$147.2	\$125.5	\$ 146.2	\$137.3	\$146.2	\$174.9	\$201.4	\$225.9

Excluded from total revenues and expenses is \$38 million for the "pass-through" purchase of imported water deliveries based on the budgeted 65,000 AF. Only the surcharge levied per AF of \$975,000 is included under User Charges.

Revenues and Other Funding Sources Highlights

Total revenues of \$153.4 budgeted in FY 2014/15 are approximately \$15.0 million, or 11 percent higher than the \$138.4 million projected in FY 2013/14. As highlighted in Table 1-3, the estimated increase can be attributed to a combination of rate increases and slightly higher projected growth in the number of billable volumetric EDUs and new EDU connections.

Table 1-3: Major Drivers of Estimated Change in Total Funding Sources (\$Millions)

Funding Sources	Type	FY	FY		FY	Adopted vs. Projected
		2012/13	2013/14		2014/15	
		Actual	Amended Budget	Projected Actual	Adopted Budget	
User Charges	Operating	\$51.2	\$56.7	\$54.7	\$61.8	\$7.1
Property Taxes	Mixed	48.1	35.8	39.0	40.2	1.2
Contract Cost Reimbursement*	Operating	6.5	6.8	6.3	6.4	0.1
Recycled Water Sales	Operating	8.0	9.2	10.1	11.6	1.5
Regional Connection Fees	Other Sources	14.6	9.0	9.0	15.3	6.3
State Loans	Other Sources	6.3	22.9	10.9	11.1	0.2
Grants	Other Sources	2.8	8.9	3.4	2.3	(1.1)
Other**	Mixed	7.8	9.9	5.0	4.7	(0.3)
Total		\$145.3	\$159.2	\$138.4	\$153.4	\$15.0

*Includes reimbursement from Joint Power Authorities (JPAs), Chino Basin Desalter Authority, Inland Empire Regional Composting Authority and Chino Basin Watermaster.

**Includes capital contract reimbursements from Chino Basin Watermaster for various joint recharge basin improvements projects, lease revenues, sale of assets, and inter-fund loan



REGIONAL WATER RECYCLING FACILITY NO. 1 - FUEL CELL

EXECUTIVE SUMMARY

The primary sources of the \$153.4 million in total revenues and other funding budgeted in FY 2014/15 are summarized in Table 1-4 below:

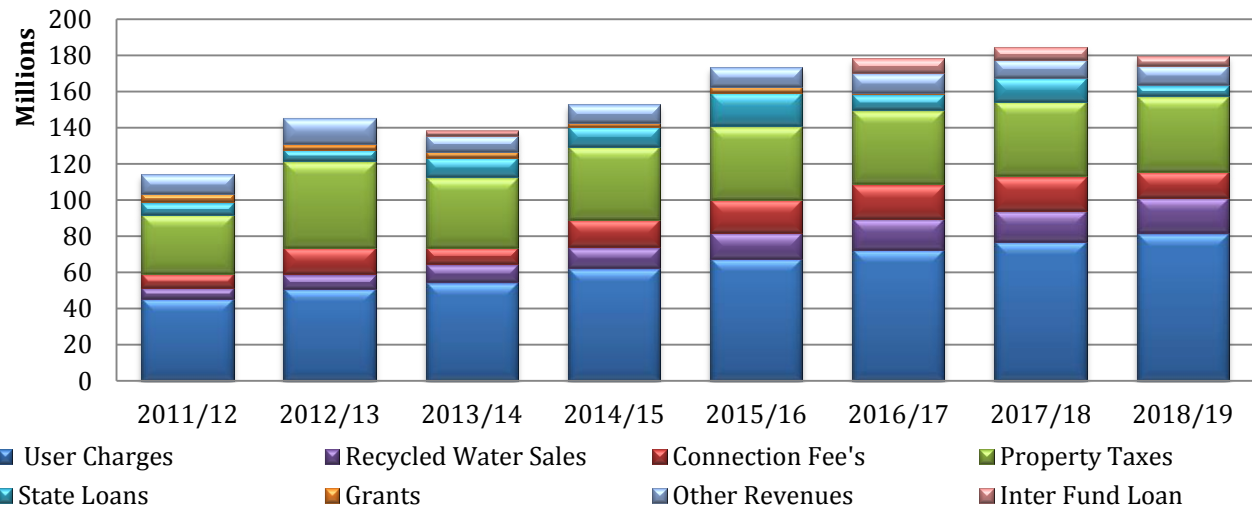
Table 1-4: FY 2014/15 Total Revenues & Other Funding Sources

Revenues	Amount (\$Millions)	% of Total	Description
User Charges	\$61.8	40%	Regional Wastewater Program EDU service charges, NRW program volumetric, capacity and other user charges, surcharges for imported water deliveries and monthly meter fees
State and Other Loans	\$11.1	7%	State revolving fund loans for the Recycled Water program
Property Tax	\$40.2	26%	Share of the San Bernardino County-wide secured property tax levy and RDA incremental taxes
Grants	\$2.3	2%	Various Federal, State and Local grants primarily in support of the Agency's Recycled Water Distribution System construction
Recycled Water Sales	\$11.6	8%	Recycled water sales and MWD Local Project Program (LPP) rebate
Connection Fees	\$15.3	10%	New EDU connection fees to the Regional Wastewater sewer system
Other Revenues	\$11.1	7%	Reimbursements from JPA, capital contract reimbursement from CBWM for joint recharge basin improvement project, lease revenues, and interest earnings
Total Revenues & Other Funding Sources	\$153.4	100%	

Trend in Total Revenues and Other Funding Sources

Figure 1-2 shows actual revenues for FY 2011/12, FY 2012/13, projected actuals for FY 2013/14, FY 2014/15 adopted budget, and revenues forecast for FY 2015/16 through FY 2018/19. A comparison of FY 2012/13 revenues with FY 2011/12 and FY 2013/14 shows an unexpected spike due to one-time receipts of the Redevelopment Agency (RDA) property taxes. Property tax receipts returned to normal trend in FY 2013/14 and a 3% increase is projected for FY 2014/15, which aligns with the 3% projected growth for the San Bernardino County's property assessed values. Revenues from FY 2014/15 and thereafter indicate steady growth. The anticipated improvements of economic activity in the IEUA service area account for favorable growth in new EDU connections and recycled water sales. Proceeds from State Revolving Fund (SRF) loans and federal and state grants to fund recycled water projects and the new laboratory project contribute to the increase in other funding sources.

Figure 1-2: Trend of Revenues & Other Funding Sources



Expenses and Other Uses of Funds Highlights

Total expenses and other uses of funds of \$162.3 million is 16%, or \$22.9 million, higher than the FY 2013/14 projected actual of \$139.4 million. As highlighted in Table 1-5 below, the increase in total expenditures of approximately \$22.9 million is primarily due to payments toward the early retirement of 2005A Bond, projected higher vacancy factor in FY 2013/14 averages at 11%, funding of Agency's pension unfunded accrued liability, and increases in health insurance premiums, pension contribution rates. Other expenses contributing to the increase include operating fees primarily due to higher strength fees (pass through) as a result of the change in the SDLAC agreement, and an increase in contract work/special projects due to Agency decision to accelerate previously deferred R&R maintenance projects.

Table 1-5: Major Drivers of Estimated Change in Total Uses of Funds (\$Millions)

Uses of Funds	Type	FY 2012/13	FY 2013/14		FY 2014/15	Adopted vs. Projected
		Actual	Amended Budget	Projected Actual	Adopted Budget	
Employment	Operating	\$31.9	\$35.3	\$34.0	\$40.9	\$6.9
Operating Expenses*	Operating	39.5	47.4	41.5	50.5	9.0
CIP	Capital	23.0	70.6	36.8	29.3	(7.5)
Debt Service	Operating	21.5	27.6	27.1	41.6	14.5
Total		\$115.9	\$180.9	\$139.4	\$162.3	\$22.9

Includes chemicals, utilities, office & adm., biosolids, materials and supplies, ops contribution to RCA biosolids recycling, professional fees, materials and supplies and operating fees.

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Table 1-6 lists the major expenses and other uses of funds categories in dollar and percentages as budgeted in FY 2014/15.

Table 1-6: FY 2014/15 Total Expenses and Other Uses of Funds by Category

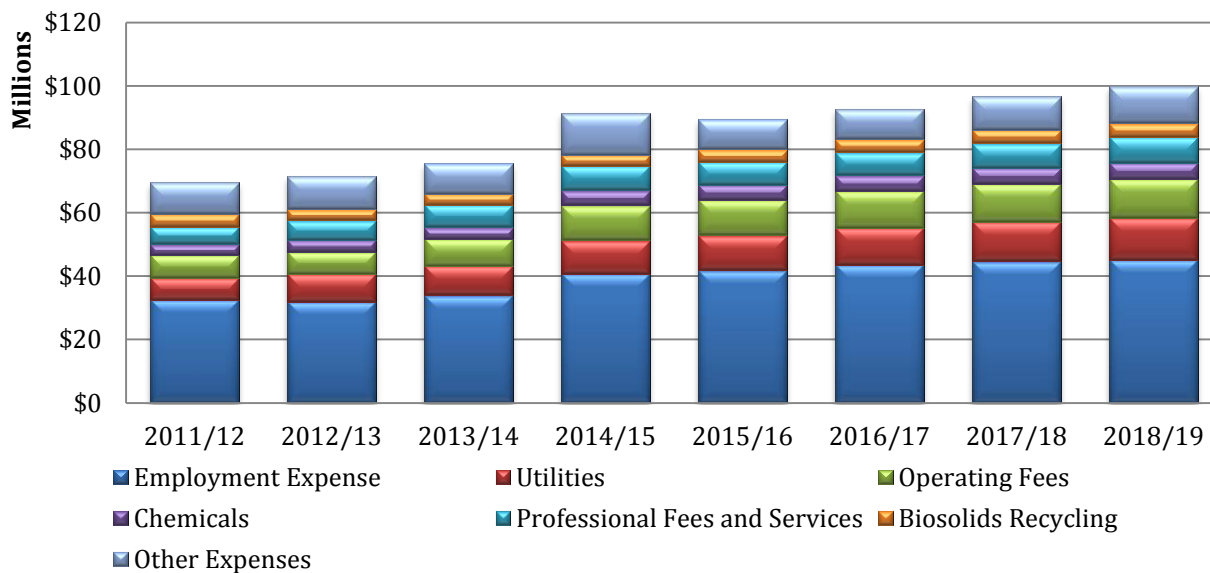
Expenses	Amount \$Millions	% of Total	Description
Employment Expenses	\$40.9	25%	Includes wages, retirement, insurance, Federal and State employment taxes, director fee's, vehicle allowances, and other miscellaneous benefits
Utilities	\$10.5	6%	Includes electricity, natural gas, fuel cell, telephone, and water fees
Operating Fees	\$11.1	7%	Includes Sanitation Districts of Los Angeles County (SDLAC) and Santa Anna Watershed Project Authority (SAWPA) renewable energy fees on volumetric charges, capacity, excess strength, and Biochemical Oxygen Demand/ Chemical Oxygen Demand fees
Chemicals	\$4.6	3%	Includes chemicals necessary to meet the wastewater treatment process compliance performance goals and to sustain the high-quality of recycled water
Professional Fees & Svs.	\$7.7	5%	Includes legal fees, contract services such as landscaping, security, and janitorial services, et cetera
Biosolids Recycling	\$3.6	2%	Includes tipping fees at \$52 per ton payable to IERCF for biosolids processing, transportation costs and state land application hauling costs
Other Expenses	\$13.0	8%	Includes contract work/special projects, office and administrative expenses, and materials and supplies
Capital	\$29.3	18%	Includes expenses for work on over 100 projects to be started or continued this fiscal year.
Debt Service	\$41.6	26%	Includes principal and interest for SRF loans and bonds
Total Expenses	\$162.3	100%	

Trend in Total Expenses and Other Uses of Funds

Figure 1-3 below shows actual total operating expenses for FY 2011/12 and FY 2012/13, projected actuals for FY 2013/14, budget for FY 2014/15 and forecasted results for FY 2015/16 through FY 2018/19. Compared to the FY 2013/14 projected actual operating expenses of \$75.4 million, the increase to \$91.4 million in the FY 2014/15 budget is attributed to: (1) increased employment expenses, from \$34.0 million to \$40.9 million due to an increase in pension contribution rates, health insurance premiums, and partial funding of OPEB; (2) payments towards the early retirement of 2005A Bonds; (3) higher operating fees due to increased strength fees (pass through costs for the Non-Reclaimable Wastewater System (NRW)); and (4) an increase in contract work/special projects which are previously deferred rehabilitation and replacement maintenance projects.

Forecasted operating expenses for fiscal years subsequent to FY 2014/15 as indicated in Figure 1-3, are relatively stable as a result of the Agency's continuing commitment to cost containment.

Figure 1-3: Trend of Expenses and Other Uses of Funds



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FY 2014/15 Program Rates

Regional Wastewater & Recycle Water Programs – Rates for the Regional Wastewater and Recycled Water programs are based on the multi-year rates adopted by the Board in February 2012, for FYs 2012/13 thru 2014/15. 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, the adopted rates for FY 2014/15 are still below the total cost of service. The adopted multi-year rates are summarized in Table 1-7 below.

Table 1-7: Adopted Rates for Regional Wastewater and Recycled Water

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

Non-Reclaimable Wastewater System- On December 18, 2013, the Agency’s Board of Directors approved the new NRWS Wastewater Disposal Agreement between the Agency and SDLAC for the North system. The FY 2014/15 SDLAC annual rate structure was revised based on the aforementioned new agreement. These rates and increases for the Non-Reclaimable Wastewater (NRW) Program rates, effective July 1, 2014, are based on the current “pass-through” rate structure, as summarized in Table 1-8.

Table 1-8: Adopted Rates for NRW System

Program	Rate Description	FY 2012/13	FY 2013/14	FY 2014/15
Non-Reclaimable Wastewater Rates	North System		470.36 mgd	15,000 CU
	Flow	\$1,465.26	\$1,437.49/mgd	\$835.80/MG
	COD	\$101.16	\$110.81/klb	\$147.84/klb
	TSS	\$268.60	\$294.21/klb	\$418.22/klb
	Peak	None	None	\$317.54/MG
	Ad Valorem Tax	None	None	Yes
	South System			
	Capacity	\$277.17	\$318.49	\$334.43
	Flow	\$794.00	\$736.00	\$777.00
	BOD	\$253.00	\$266.00	\$295.00
	TSS	\$376.00	\$395.00	\$411.00

Water Resources Program –The increase of \$2 per acre foot (AF) for the imported water surcharge effective July 1, 2014, from \$13/AF to \$15/AF, is needed to support the conservation program (\$4/AF), water resources planning (\$10/AF), and drought (\$1/AF) related projects and activities. A temporary increase in the monthly meter rate of \$0.35 per meter, from \$1.755 per meter to \$2.105 per meter, will support water use efficiency projects and leverage drought related grant funding available at the local and state level. The meter rate increases will also take effect on July 1, 2014, as reported in Table 1-9.

Table 1-9: Adopted Rates for Water Resources Program

Program		Rate Description	FY 2012/13	FY 2013/14	FY 2014/15
Imported Water Rates		AF Surcharge	\$12	\$13	\$15
		Water Meter Rate	\$1.555	\$1.755	\$2.105

Total imported water deliveries of 65,000 AF are budgeted in FY 2014/15, equal to the projected deliveries in the current fiscal year. The “pass-through” purchase and sale of imported water deliveries, estimated at \$38 million, is not included as part of total revenues and total expenses. Only the surcharge levied per AF is reported as revenue (User Charges) in the WW Fund. Based on the projected deliveries and proposed rate of \$15 per AF, total AF surcharges for FY 2014/15 are budgeted at \$975,000.

Staffing/Employment Expenses

As part of the Agency’s continued commitment to cost containment, the FY 2014/15 staffing plan includes a permanent reduction of 5 full time equivalent (FTEs) positions from the FY 2013/14 authorized 295 FTEs. The Agency also committed to maintaining a weighted average vacancy factor of up to 5 percent, or 15 FTE positions.

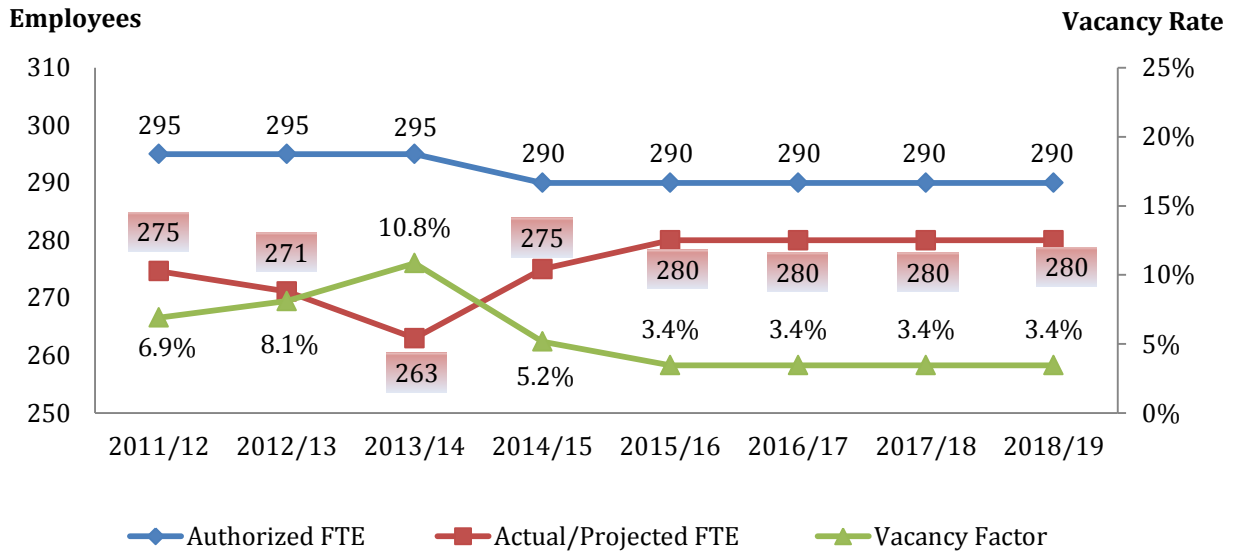
Of the total 290 authorized FTE positions, only 275 positions are budgeted in the FY 2014/15 Budget (net of a 5 percent average vacancy factor). Additionally, 18 intern and 13 limited-term positions are budgeted primarily to support engineering, construction management, finance and accounting, and grants administration activities. Figure 1-4 below shows actual, projected, adopted and forecast staffing trend through FY 2018/19, including the related vacancy factor.

As vacant positions arise, the Agency only fills positions deemed critical to operations and business enterprises. By following this policy, the Agency has achieved substantial saving in employment expenses as the vacancy factor remains above 5 percent. The staff reduction initiative has been aided by departmental efforts in cross-training staff, implementing enhanced technology to reduce shift time and effectively allocating human resources. Through prudent planning, since FY 2007/08, the Agency has reduced staffing levels by 66 positions that include FTEs, limited term, and interns.

Total employment costs are comprised of wages and benefits and are estimated at \$41 million, net of labor charges allocated to the Agency’s Capital Improvement Program (CIP). Employment costs (net of CIP) represent approximately 25 percent of the Agency’s total FY 2014/15 Budget of \$162.3 million. Included in the FY 2014/15 employment budget is the prefunding of retirement unfunded accrued liabilities (UALs), increase in health insurance premium, and pension contribution.

EXECUTIVE SUMMARY

Figure 1-4: Comparison of Authorized, Actual and Forecasted Staffing Trend and Vacancy Factor Budgeted FTE's versus Actual FTE



Capital Improvement Program (CIP)

The FY 2014/15 – 2023/24 TYCIP was adopted by the Board in February 2014. Since then, projects and respective budget realignments have been made to the TYCIP. While the total project budget of \$309.0 million, net of \$4.4 million SDLAC 4Rs outstanding SRF loan, has not changed, the FY 2014/15 appropriation reflects a reduction of \$23.0 million, from \$52.3 million to \$29.3 million primarily as a result of changes to the timeline of recycled water construction projects.

Two major components in the overall TYCIP are the continuing need for maintenance, repair and replacement of aging equipment and facilities, and the need for expansion of the Regional System to meet future growth. For the first time since the economic downturn in 2008, expansion related projects are included in the Agency’s TYCIP. Assuming new development continues at the current pace, expansion and improvement of existing facilities will be needed to adequately support higher service demands anticipated from future growth.

The FY 2014/15 CIP budgeted at \$29.3 million is primarily funded by property tax receipts and new EDU connection fees, supplemented by SRF loans and grants. The adopted CIP in FY 2014/15 is approximately 22 percent lower than FY 2013/14 projected actual of \$36.9 million primarily due to the completion of Recycled Water projects such as 1630 West Reservoir and Pipeline, Turner 1 Turnout & Deer Creek Drop-Inlet, RP-1 Outfall Relocation, and Turner Basin Recharge Improvements.

Two recycled water projects are the main components of the FY 2014/15 CIP budget. The Southern Area project will provide essential storage and enhance reliability for the overall system. The Central/Wineville Area project will complete the backbone distribution system quadrant making recycled water accessible throughout the primary sectors of the Agency’s service area. Other major projects include Montclair Lift station Upgrades (\$2.5 million), SCADA Enterprise System (\$1 million) in Regional Wastewater Operation and Maintenance (RO) Fund, and Philadelphia Pump Station Upgrades (\$1.4 million) in Non-Reclaimable Wastewater (NC)Fund.

A summary of the Agency’s CIP by fund for the next 10 fiscal years is summarized in Table 1-10. A more detailed discussion on the CIP and major projects is provided under the Capital section and in the FY 2014/15 – 2023/24 TYCIP, Volume II of the FY 2014/15 Budget.

Table 1-10: Ten Year Capital Improvement Plan by Fund (\$Millions)

Fund	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20 through FY 2023/24	TOTAL
Regional Wastewater Capital (RC Fund)*	\$5.5	\$5.9	\$4.9	\$7.1	\$12.4	\$121.4	\$157.2
Regional Wastewater Operations (RO Fund)	8.9	5.4	5.3	14.9	7.7	8.5	50.7
Recycled Water (WC Fund)	9.8	35.4	11.2	3.2	0.5	26.4	86.5
Non-Reclaimable Wastewater (NC Fund)**	3.1	1.8	1.0	1.0	1.1	2.8	10.8
Recharge Water (RW Fund)	0.5	0.1	-	-	-	-	0.6
Admin Services (GG Fund)	1.5	1.0	0.8	1.4	0.6	2.3	7.6
Total	\$29.3	\$49.6	\$23.2	\$27.6	\$22.3	\$161.4	\$313.4

* Includes \$0.5 million capital outlay for IERCA for FY 2013/14 and \$0.3 million for FY 2014/15, total of \$0.8 million

**Includes \$0.7 million CSDLAC 4Rs Outstanding SRF Loan each year, from FY 2014/15 to FY 2019/20, total of \$4.4 million

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Debt Service Costs

The Agency's outstanding principal and interest in the FY 2014/15 Budget is \$438.0 million, comprised of \$336.3 million in bond indentures, \$93.7 million in low interest State Revolving Fund (SRF) loans, and \$8.0 million in other notes payable. In FY 2014/15, total debt service costs, including principal and interest, are budgeted at 25 percent of the total expenditures, or \$36.4 million, net of \$5.1 million for financial expenses. Out of the \$36.4 million, \$16 million will be used to retire the 2005A bond. Debt service costs are funded with property tax receipts, consistent with the Agency's financial policy which allocates property tax receipts first to fund debt service costs, then to fund capital improvement, and lastly to supplement operations and administrative costs. Table 1-11 below shows the estimated FY 2013/14 debt service cost by program.

Table 1-11: FY 2014/15 Debt Service Costs by Program (\$ Thousands)

	Administrative Services	Regional Wastewater*	Non-Reclaimable Wastewater	Recharge Water	Recycled Water	Total
Principal	\$0	\$23,083	\$150	\$607	\$2,772	\$26,612
Interest	\$0	7,072	393	299	2,068	\$9,832
Financial Expense	\$4,719	301	1	105	2	\$5,128
Total	\$4,719	\$30,456	\$544	\$1,011	\$4,842	\$41,572

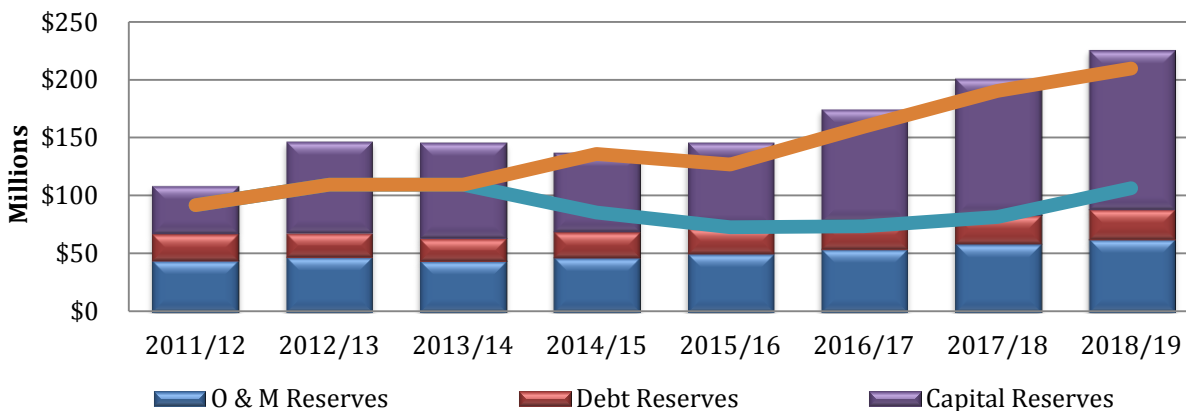
*Excludes inter-fund loan of \$2.5M

Total Fund Balance

Total fund balance, the net worth measured by total assets minus total liabilities, is a strong indicator of the Agency's financial health. In addition to calculating fund balance at the Agency-wide level, IEUA also maintains fund balances at the individual program level. The fund balance reserves are designated for specific purposes and include four month operating contingency, debt service as required by the current bond covenants, capital construction, improvement and replacement, self-insured workers' compensation and liability insurance, and other post-employment benefits (OPEB).

Figure 1-5 below compares the Agency's actual and projected total fund balance to the "targeted" amount from FY 2011/12 through FY 2018/19. In FY 2014/15, a change to the Agency's Reserve Policy was made, creating a minimum and maximum target reserve range as opposed to a single target reserve level. For example, the minimum and maximum target reserves for Operating Contingency are equal to four months and six months, respectively, of the fund's operating expenses. The criterion for each minimum and maximum target level varies by type of reserve.

Figure 1-5: Trend of Operating, Capital, and Debt Fund Balances



The aggregate ending fund balance in FY 2014/15 is estimated to be \$137.3 million, a decline of 6 percent compared to the FY 2013/14 projected ending fund balance of \$146.2 million. The estimated fund balance decline of \$8.9 million is primarily due to payments towards retiring the 2005A bonds early and the prefunding of OPEB UAL. Table 1-12 below provides an overview of changes in fund balances by fund with the Regional Operations & Maintenance program showing the largest decline of \$6.2 million.

Table 1-12: Changes in Fund Balances by Fund (\$Millions)

Fund	Projected FY 2013/14	Adopted FY 2014/15	Increase (Decrease)
Administrative Services (GG)	\$23.2	\$19.7	(\$3.5)
Regional Capital Improvement (RC)	62.6	60.9	(1.7)
Regional Operation & Maintenance (RO)	36.4	30.2	(6.2)
Non-Reclaimable Wastewater (NC)	6.4	4.5	(1.9)
Recharge Water (RW)	3.6	3.4	(0.2)
Recycled Water (WC)	12.9	17.3	4.4
Water Resources (WW)	1.1	1.3	0.2
Total	\$146.2	\$137.3	(\$8.9)

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A forecast summary on the estimated fund balance is provided under the following Program Budgets section.

Table 1-13: Fund Balance Position

Description	Actual FY 2012/13	Amended Budget FY 2013/14	Projected Actual FY 2013/14	Adopted FY 2014/15
Net Increase (Decrease) in Fund Balance	\$38.4	(\$21.7)	(\$1.0)	(\$8.9)
Beginning Fund Balance, July 01	\$108.8	147.2	147.2	146.2
Ending Fund Balance, June 30	\$147.2	\$125.5	\$ 146.2	\$137.3

Debt Coverage Ratio (DCR)

Improvement of the Agency's declining DCR was a key driver for adoption of multi-year rate increases for the Regional Wastewater and Recycled Water programs in February 2012. At that time, the Board established a minimum DCR target of 1.50x and 1.70x to be achieved by the end of FY 2014/15 and FY 2015/16, respectively. These targets are projected to be achieved as shown in Table 1-14.

Table 1-14: Debt Coverage Ratio Projected Trend

	FY 2011/12 Actual	FY 2012/13 Actual	FY 2013/14 Actual	FY 2014/15 Forecast
DCR actual/projection based on current assumptions	1.67X	2.85x	2.09x	2.17x

Annual fluctuations in the DCR, are primarily driven by changes in funding sources. In FY 2012/13 a significantly higher number of new EDU connections and the receipt of over \$10 million in property taxes from the distribution of unencumbered funds from redevelopment successor agencies, raised the DCR to 2.85. A drop in DCR is projected for the current fiscal year based on lower projected revenues.

Long-Range Plan of Finance

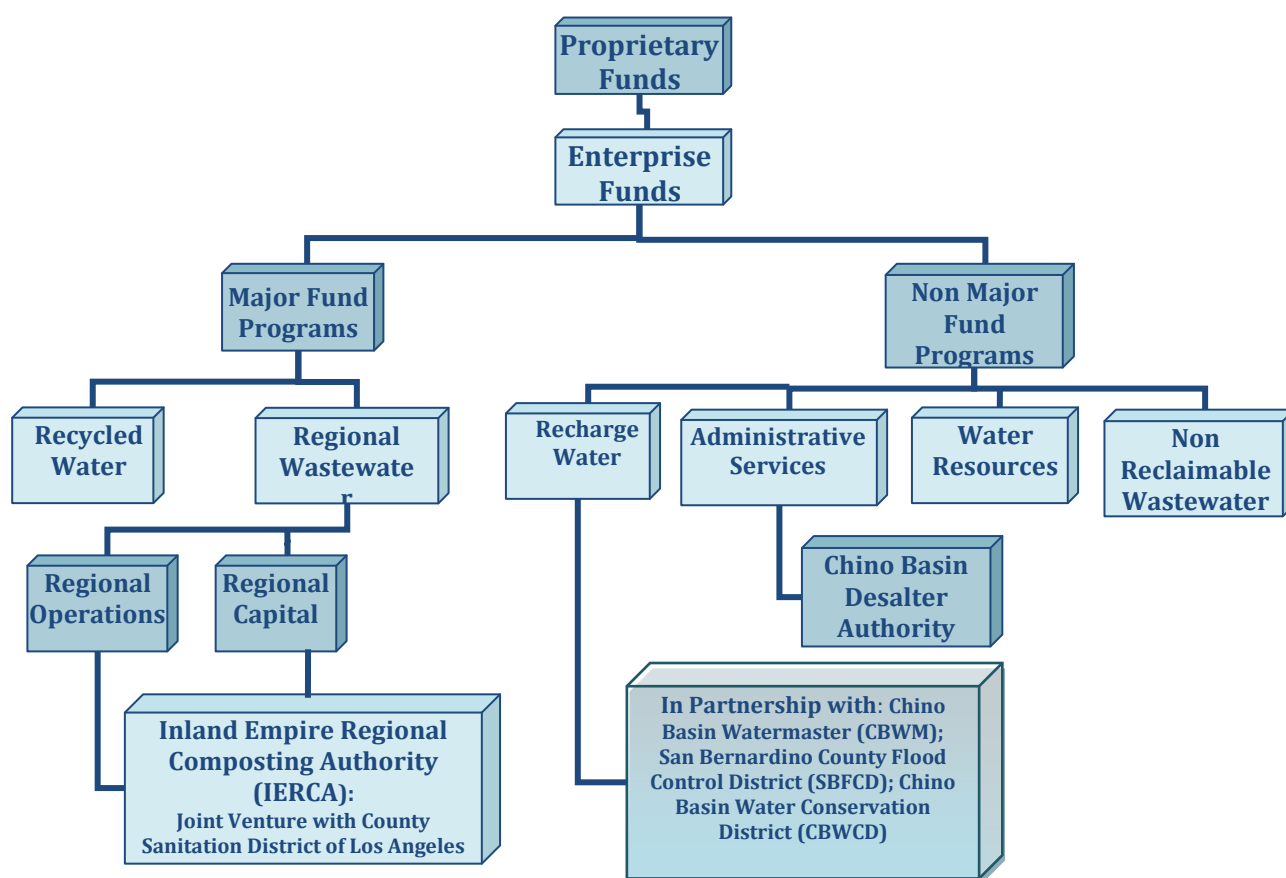
In addition to the annual adoption of the Operating Budget and TYCIP, the Agency is also in the process of updating the Long Range Plan of Finance (LRPF). The LRPF aligns the Agency's financial capacity with long-term service objectives. The LRPF uses forecasts to provide insight into the Agency's future financial capacity so that Agency strategies can achieve long term sustainability of financial and service objectives. It provides the most cost-effective funding strategy to support the operations and capital requirements in line with established policies and goals.

Development of the LRPF is ongoing, and it is anticipated that a robust and dynamic LRPF model will be completed in the summer of 2014. Some of the proposed features of the new financial model include an extended scope from 10 to 50 years, multiple “what if” scenarios to highlight the impact of variation of inputs, and on-screen graphic presentations to more effectively communicate scenario alternatives and outcomes. The Agency’s long range financial model will allow integration of the Agency’s various long term planning initiatives, some of which include the Facilities Master Plan Update, Recycled Water Program Strategy, Integrated Resources Plan, and Energy Management Plan. Integrating these critical initiatives into the financial planning process will help ensure the Agency has the appropriate funding, fund reserves, and other essential resources necessary to fulfill its mission, vision and values.

Programs

As a municipal water district, the Agency engages in primarily enterprise operations supported by user charges and fees which are recorded in enterprise funds, or programs. In some cases, a program consists of a group of Enterprise Funds, as shown in the fund structure in Figure 1-6 below.

Figure 1-6: Inland Empire Utilities Agency (IEUA) Fund Structure



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Each individual enterprise fund is classified in either a Major Fund or Non-Major Fund group. Each fund group is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, including related liabilities and residual equities or balances. Changes in the fund group are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. Table 1-15 contains definitions of Major and Non-Major Fund groups. The definitions are consistent with the Agency’s audited FY 2012/13 Comprehensive Annual Financial Report (CAFR).

Table 1-15: Definition of Major and Non-Major Fund Groups

Major Funds	Non-Major Funds
<p>The Major Fund Group is used to account for the resources devoted to funding the operating, capital and debt service costs associated with the operation, asset acquisition and capital construction, improvement and expansion of the Agency’s domestic wastewater treatment plant facilities, the recycled water distribution system and the recharge water basins. The following programs make up the Major Funds group:</p> <ul style="list-style-type: none"> ■ Regional Wastewater ■ Recycled Water 	<p>The Non-Major Funds record capital and operating costs associated with the non-reclaimable wastewater system including the acquisition, expansion and construction of the interceptors, and appurtenant facilities and treatment capacity, the administrative and overhead expenses for the various departments, the operational and administrative support for the Chino Basin Desalter, the purchase of common Agency assets, the management and distribution of wholesale and potable water, the development and implementation of regional water conservation initiatives, and water resource planning. The following funds/programs make up the Non- Major Funds group:</p> <ul style="list-style-type: none"> ■ Administrative Services ■ Non-Reclaimable Wastewater ■ Water Resources ■ Recharge Water

Details of each programs’ purposes, initiatives, rate settings, forecasts for the next five years, as well as the programs’ reflection of the Agency’s missions, goals and objectives to service the region are included in the Program section.

Departments

Using the Agency-wide policy goals as its basis, each department updates their respective goals and objectives and develops measurable KPIs. These departmental KPIs serve as criteria for management, policy makers and other stakeholders in determining and measuring the degree of goal attainment. The departmental budgets delineate the assignment and management of responsibilities and the human, financial and capital resources necessary to support the Agency’s mission, vision, and policy goals. Details on department budgets, goals and objectives, staffing, major initiatives, and performance and workload indicators are presented by division and department in the Department section.

The Strategic Plan identifies work plans that will guide the Agency over the next five years (2015-2019) in meeting the IEUA Business Goals and fulfilling its mission, vision and values and serves as the basis for departments' goals and objectives included in FY 2014/15 Adopted Budget.

JOINT POWERS AUTHORITIES (JPAs)

Inland Empire Regional Composting Authority

The Inland Empire Regional Composting Authority (IERCA) was formed in February, 2002 as a Joint Powers Authority (JPA) to divert organic solids from landfill disposal and to become a consumer of recycled organic products generated from within the community. The JPA was entered into between the Agency and County Sanitations District No. 2 of Los Angeles County (SDLAC) to implement their shared goal of development of a sustainable biosolids management project.

In 2007, the two joint powers agencies completed the construction of the 410,000 square feet facility called the Inland Empire Regional Composting Facility (IERCF) on approximately 22 acres of land in the City of Rancho Cucamonga. The property is ideally situated in an industrial area adjacent to Regional Plant No. 4 (RP-4), a wastewater treatment plant owned and operated by the Inland Empire Utilities Agency (IEUA). The proximity of the facility to the Agency's RP-4 provides opportunities to improve staffing options and optimize energy usage at the locations.

In 2013, IERCF received the Governor's Environmental and Economic Leadership Award (GEELA) for the design and construction of North America's largest, fully enclosed composting facility which produces approximately 230,000 cubic yards of compost per year. The facility utilizes aerated static pile composting technology to process a mixture of biosolids, green waste and wood waste to generate Class A exceptional quality compost for use in local agriculture and/or horticulture markets. All of the facility's emissions are processed through a biofilter to meet air quality requirements.

As a 50/50 partner in the JPA, the Agency is responsible for the operational and administrative activities of the IERCF and employs all of the staff assigned to the facility. Employment costs for IERCF staff are recorded in the Agency's RO Fund and are fully reimbursable by the IERCA.

Starting in FY 2010/11, the IERCA Board implemented a tipping fee revenue base in lieu of partner contributions to cover operations and maintenance expenses for the IERCF. The tipping fee for FY 2014/15 was increased from \$52 to \$54 per wet ton of biosolids and is budgeted to pay for operating expenses and a portion of capital replacement costs. The proposed fee increase is projected to generate an increase in revenue of \$285,000 based on budgeted tonnage of 142,500, or 95% of capacity.

The Agency's share of the IERCF operating costs is budgeted in the RO fund under biosolids recycling costs. The budget of \$3.6 million assumes that 100 percent of the biosolids generated from the Agency's five regional water recycling plants will be transported to the IERCF for processing.

Chino Basin Desalter Authority

Beginning in FY 2013/14, the Board of the Chino Basin Desalter Authority (CDA) decided to transition most of administrative and financial reporting functions from IEUA and assume these responsibilities. However, IEUA will continue to operate the Chino Desalter No. facility and manage the administration of the \$52 million grant awarded by the California Department of Public Health (CDPH) and \$8.5 million Title XVI

EXECUTIVE SUMMARY

grants, which includes \$3 million for the Lower Chino Dairy Area Desalination Demonstration and Reclamation Project (Ontario Plume Cleanup), from the United States Bureau of Reclamation on behalf of the CDA.

The CDA was formed in September 2001 as a Joint Power Authority (JPA) to manage and operate the Chino Desalter No. 1 (CDA 1). Chino Desalter No. 2 (CDA 2) is being managed and operated by Jurupa Community Services District (JCSD). The members of the JPA include the cities of Chino, Chino Hills, Ontario and Norco, the JCSD, the Santa Ana River Water Company, the Inland Empire Utilities Agency, and the Western Municipal Water District.

There are eight directors, one from each entity. As an ex-officio member of the JPA, the Agency has appointed one of its Board of Directors to sit on the JPA Board as a non-voting member and participates in all discussions concerning issues before the CDA Board of Directors.

CDA 1, located in the southern part of the city of Chino, started operating in September 2000 and is designed to produce 9,200 acre feet per year (AFYI) of desalinated water. The Agency's CDA 1 related costs, primarily comprised of employment costs, are recorded in the Administrative Service (GG) fund. Included in the FY 2014/15 GG Fund budget is an estimated CDA contract cost reimbursement budget of \$1.2 million.

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

	2011/2012	2012/2013	2013/14	FY 2014/15 ADOPTED BUDGET							TOTAL
	ACTUAL	ACTUAL	PROJECTED ACTUAL	Administrative Services Program	Non-Reclaimable Wastewater Program	Regional Wastewater Capital Improvement Fund	Regional Wastewater Operations & Maintenance Program	Recharge Water Program	Recycled Water Program	Water Resources Program	
REVENUES											
User Charges	\$45,587,646	\$51,183,603	\$54,668,322	\$0	\$10,007,520	\$0	\$45,988,286	\$0	\$0	\$5,816,808	\$61,812,614
Property Tax	6,277,352	3,788,896	5,822,600	3,216,278	0	0	0	0	0	0	3,216,278
Cost Reimbursement JPA	4,584,291	5,397,148	5,208,186	1,225,071	0	0	3,471,033	741,682	0	0	5,437,786
Contract Cost reimbursement	1,198,232	1,123,186	1,050,016	0	0	0	93,000	0	5,000	853,750	951,750
Interest Revenue	1,178,507	811,607	730,384	110,000	170,465	174,279	370,000	15,000	102,584	6,118	948,445
Recycled Water Sales	4,352,802	7,951,606	10,144,002	0	0	0	0	0	11,581,500	0	11,581,500
TOTAL REVENUES	\$64,620,188	\$70,256,046	\$77,623,510	\$4,551,349	\$10,177,985	\$174,279	\$49,922,319	\$756,682	\$11,689,084	\$6,676,676	\$83,948,373
OTHER FINANCING SOURCES											
Property Tax - Debt and Capital	\$26,417,154	\$44,267,785	\$33,209,900	\$0	\$0	\$26,132,258	\$8,844,764	\$0	\$2,010,174	\$0	\$36,987,196
Regional System Connection Fees	7,686,126	14,614,387	9,012,600	0	0	15,321,000	0	0	0	0	15,321,000
State Loans	7,016,567	6,349,698	10,850,007	0	0	0	0	0	11,074,355	0	11,074,355
Grants	4,682,229	2,775,371	3,354,012	0	0	0	0	0	2,320,000	0	2,320,000
Sale of Assets	21,848	4,805,394	0	0	0	0	0	0	0	0	0
Capital Cost Reimbursement	638,535	362,285	1,137,546	0	0	0	0	556,740	1,412,480	0	1,969,220
Other Revenues	2,942,362	1,639,253	674,638	2,000	33,503	6,000	565,416	0	0	1,206,104	1,813,023
Sale of Capacity	215,000	215,000	0	0	0	0	0	0	0	0	0
Loan Transfer from Internal Fund	0	0	2,500,000	0	0	0	0	0	0	0	0
TOTAL OTHER FINANCING SOURCES	\$49,619,821	\$75,029,173	\$60,738,703	\$2,000	\$33,503	\$41,459,258	\$9,410,180	\$556,740	\$16,817,009	\$1,206,104	\$69,484,794
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$114,240,009	\$145,285,219	\$138,362,213	\$4,553,349	\$10,211,488	\$41,633,537	\$59,332,499	\$1,313,422	\$28,506,093	\$7,882,780	153,433,167
EXPENSES											
Employment Expenses	\$32,578,449	\$31,945,265	\$33,953,311	\$1,688,427	\$2,245,963	\$3,062,676	\$28,380,800	\$816,714	\$3,471,033	\$1,225,071	\$40,890,683
Contract Work/Special Projects	5,617,546	3,665,640	3,746,766	717,000	10,000	50,000	2,120,000	0	50,000	2,151,250	5,098,250
Utilities	6,991,486	8,773,473	9,315,172	605,821	59,243	0	7,164,307	126,000	2,569,696	0	10,525,067
Operating Fees	7,197,109	7,059,747	8,576,024	6,427	5,211,593	677,647	1,157,589	3,800	244,910	3,782,918	11,084,884
Chemicals	3,440,012	3,735,681	3,639,010	0	170,000	0	4,459,380	0	0	0	4,629,380
Professional Fees and Services	5,461,978	6,207,625	7,057,809	3,125,724	136,022	236,520	2,894,944	561,500	570,820	125,585	7,651,114
Office and Administrative expenses	1,255,597	1,281,711	1,794,685	1,743,721	0	0	434,430	14,096	0	60,000	2,252,247
Biosolids Recycling	3,960,825	3,397,825	3,517,695	0	25,000	0	3,557,924	50,736	0	0	3,633,660
Materials & Supplies	2,454,940	2,494,619	3,009,219	557,698	115,850	0	2,059,825	61,100	191,000	0	2,985,473
Operation Contribution to IERCA	0	71,148	0	0	0	0	0	0	0	0	0
Other Expenses	555,425	2,851,318	860,469	(5,146,942)	462,634	1,713,193	4,161,034	0	1,152,795	315,451	2,658,165
TOTAL EXPENSES	\$69,513,367	\$71,484,051	\$75,470,160	\$3,297,877	\$8,436,304	\$5,740,036	\$56,390,233	\$1,633,946	\$8,250,253	\$7,660,275	\$91,408,925
CAPITAL PROGRAM											
CSDLAC 4Rs	\$2,700,257	\$1,206,214	\$1,008,323	\$0	\$737,600	\$0	\$0	\$0	\$0	\$0	\$737,600
IERCA investment	0	500,000	0	0	0	500,000	0	0	0	0	500,000
Work In Progress	33,953,422	21,271,281	14,784,074	1,461,200	2,350,000	5,000,500	8,934,500	550,000	9,781,000	0	28,077,200
Work In Progress Adjustments	(4,304,547)	0	0	0	0	0	0	0	0	0	0
Rehab & Replacement	0	0	21,058,319	0	0	0	0	0	0	0	0
TOTAL CAPITAL PROGRAM	\$32,349,132	\$22,977,495	\$36,850,716	\$1,461,200	\$3,087,600	\$5,500,500	\$8,934,500	\$550,000	\$9,781,000	\$0	\$29,314,800
DEBT SERVICE											
Financial Expenses	\$156,172	\$205,103	\$3,411,240	\$4,718,604	\$1,050	\$300,700	\$300	\$105,700	\$1,800	\$0	\$5,128,154
Interest	7,514,939	10,014,734	9,529,404	0	393,559	6,857,364	214,285	299,000	2,067,961	0	9,832,169
Principal	9,960,222	11,306,555	11,629,367	0	149,556	23,083,284	0	606,780	2,772,546	0	26,612,166
Short Term Inter-Fund Loan	0	0	2,500,000	0	0	0	0	0	0	0	0
TOTAL DEBT SERVICE	\$17,631,333	\$21,526,391	\$27,070,011	\$4,718,604	\$544,165	\$30,241,348	\$214,585	\$1,011,480	\$4,842,307	\$0	\$41,572,489
TRANSFERS IN (OUT)											
Capital Contribution	\$0	\$0	\$0	\$1,461,200	(\$49,681)	(\$1,361,838)	\$0	\$275,000	(\$324,681)	\$0	\$0
Debt Service	0	0	0	0	0	(505,740)	0	505,740	0	0	0
Operation support	0	0	0	0	0	0	0	892,174	(892,174)	0	0
TOTAL INTERFUND TRANSFERS IN (OUT)	\$0	\$0	\$0	\$1,461,200	(\$49,681)	(\$1,867,578)	\$0	\$1,672,914	(\$1,216,855)	\$0	\$0
FUND BALANCE											
Net Income (Loss)	(\$5,253,822)	\$29,368,427	(\$1,028,674)	(\$3,463,133)	(\$1,906,262)	(\$1,715,926)	(\$6,206,819)	(\$209,090)	\$4,415,677	\$222,505	(\$8,863,048)
Beginning Fund Balance July 01*	114,078,744	117,824,921	147,193,350	23,229,107	6,409,018	62,572,232	36,422,557	3,580,531	12,895,383	1,055,847	146,164,675
ENDING BALANCE AT JUNE 30	\$108,824,922	\$147,193,350	\$146,164,676	\$19,765,974	\$4,502,756	\$60,856,306	\$30,215,738	\$3,371,441	\$17,311,060	\$1,278,352	\$137,301,627
RESERVE BALANCE SUMMARY											
Operating Contingencies	\$21,291,031	\$21,782,307	\$22,050,764	\$1,448,939	\$1,071,069	\$0	\$17,639,735	\$2,254,441	\$4,326,388	\$0	\$26,740,572
Capital Expansion & Replacement	16,578,452	33,579,659	30,669,909	0	2,149,412	3,545,794	0	500,000	6,405,360	1,278,352	13,878,917
CCRA Capital Construction	13,640,624	28,246,979	29,259,579	0	0	42,580,579	0	0	0	0	42,580,579
Rehabilitation/Replacement Reserve	11,520,797	17,695,038	22,989,285	0	737,600	0	12,361,418	0	300,000	0	13,399,018
CSDLAC Prepayment	1,429,818	1,008,323	0	0	0	0	0	0	0	0	0
Debt Service & Redemption	23,098,380	20,586,732	19,536,325	0	0	14,729,933	0	617,000	6,279,312	0	21,626,245
Insurance & Other	3,047,466	5,518,964	5,474,496	6,000,000	544,674	0	214,585	0	0	0	6,759,260
Retirement reserves	18,218,353	18,775,348	16,184,317	12,317,036	0	0	0	0	0	0	12,317,036
ENDING BALANCE AT JUNE 30	\$108,824,922	\$147,193,350	\$146,164,676	\$19,765,975	\$4,502,755	\$60,856,306	\$30,215,738	\$3,371,441	\$17,311,060	\$1,278,352	\$137,301,627

EXECUTIVE SUMMARY

INLAND EMPIRE UTILITIES AGENCY
FISCAL YEAR 2014/2015 BUDGET
ALL FUNDS - 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	ADOPTED BUDGET	FORECAST	FORECAST	FORECAST	FORECAST
REVENUES									
User Charges	\$45,587,646	\$51,183,603	\$56,679,418	\$54,668,322	\$61,812,614	\$67,355,492	\$71,974,793	\$76,642,368	\$81,155,979
Property Tax - O&M	6,277,352	3,788,896	5,394,551	5,822,600	3,216,278	3,248,441	3,280,925	3,313,734	3,346,872
Cost Reimbursement from JPA	4,584,291	5,397,148	5,251,221	5,208,186	5,437,786	5,501,311	5,716,816	5,884,113	5,951,711
Contract Cost reimbursement	1,198,232	1,123,186	1,523,296	1,050,016	951,750	113,000	263,000	263,000	263,000
Interest Revenue	963,198	811,607	980,033	730,384	948,445	1,340,030	1,838,347	2,386,729	2,932,745
Recycled Water Sales	6,009,469	7,951,606	9,230,001	10,144,002	11,581,500	14,225,750	17,423,000	17,086,500	19,712,350
TOTAL REVENUES	\$64,620,188	\$70,256,046	\$79,058,520	\$77,623,510	\$83,948,373	\$91,784,024	\$100,496,880	\$105,576,444	\$113,362,657
OTHER FINANCING SOURCES									
Property Tax - Debt , Capital, Reserves	\$26,417,154	\$44,267,785	\$30,443,492	\$33,209,900	\$36,987,196	\$34,920,738	\$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	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	10,850,007	11,074,355	18,289,200	8,840,437	13,095,000	6,000,000
Grants	4,682,229	2,775,371	8,894,953	3,354,012	2,320,000	3,430,000	700,000	0	0
Capital Contract Reimbursement	638,535	362,285	2,074,691	1,137,546	1,969,220	2,845,048	2,436,641	737,769	771,923
Other Revenues	2,942,362	1,639,253	1,343,212	674,638	1,813,023	746,000	764,540	783,636	803,305
Loan Transfer from Internal Fund	0	0	5,500,000	2,500,000	0	0	8,000,000	7,000,000	5,500,000
TOTAL OTHER FINANCING SOURCES	\$49,619,821	\$75,029,173	\$80,149,700	\$60,738,703	\$69,484,794	\$78,640,986	\$74,974,563	\$76,214,449	\$63,424,099
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$114,240,009	\$145,285,219	\$159,208,220	\$138,362,213	\$153,433,167	\$170,425,010	\$175,471,443	\$181,790,893	\$176,786,756
EXPENSES									
Employment Expense	\$32,578,449	\$31,945,265	\$35,309,284	\$33,953,311	\$40,890,683	\$41,883,494	\$43,574,834	\$44,846,982	\$45,243,488
Contract Work/Special Projects	5,617,546	3,665,640	5,905,546	3,746,766	5,098,250	2,920,000	2,580,000	3,585,000	4,095,000
Utilities	6,991,486	8,773,473	9,594,885	9,315,172	10,525,067	11,057,922	11,852,706	12,425,826	13,200,386
Operating Fees	7,197,109	7,059,747	9,305,395	8,576,024	11,084,884	11,241,265	11,515,246	11,897,203	12,295,531
Chemicals	3,440,012	3,735,681	4,818,085	3,639,010	4,629,380	4,768,204	4,911,251	5,058,588	5,210,344
Professional Fees and Services	5,461,978	6,207,625	8,112,161	7,057,809	7,651,114	7,224,570	7,332,815	7,782,622	8,049,673
Office and Administrative Expense	1,255,597	1,281,711	2,386,851	1,794,685	2,252,247	2,029,177	2,322,794	2,108,220	2,409,802
Biosolids Recycling	3,960,825	3,397,825	3,598,694	3,517,695	3,633,660	3,857,846	4,080,747	4,204,773	4,323,267
Materials & Supplies	2,454,940	2,494,619	2,966,379	3,009,219	2,985,473	3,105,176	3,191,322	3,392,075	3,484,239
Operation Contribution to IERCA	0	71,148	0	0	0	0	0	0	0
Other Expenses	555,425	2,851,318	713,269	860,469	2,658,165	1,375,772	1,435,285	1,366,243	1,438,199
TOTAL EXPENSES	\$69,513,367	\$71,484,051	\$82,710,549	\$75,470,160	\$91,408,925	\$89,463,427	\$92,797,000	\$96,667,533	\$99,749,929
CAPITAL PROGRAM									
CSDLAC 4Rs	\$2,700,257	\$1,206,214	\$1,008,323	\$1,008,323	\$737,600	\$737,600	\$737,600	\$737,600	\$737,600
IERCA investment	0	500,000	500,000	0	500,000	0	0	0	0
Capital Construction & Expansion (WIP)	33,953,422	21,271,281	60,164,339	14,784,074	28,077,200	48,885,000	22,459,000	26,860,000	21,540,000
WIP Adjustment	(4,304,547)	0	0	0	0	0	0	0	0
Rehab & Replacement	0	0	8,941,017	21,058,319	0	0	0	0	0
TOTAL CAPITAL PROGRAM	\$32,349,132	\$22,977,495	\$70,613,679	\$36,850,716	\$29,314,800	\$49,622,600	\$23,196,600	\$27,597,600	\$22,277,600
DEBT SERVICE									
Financial Expenses	\$156,172	\$205,103	\$342,670	\$3,411,240	\$5,128,154	\$622,450	\$422,550	\$423,150	\$623,250
Interest	7,514,939	10,014,734	10,141,083	9,529,404	9,832,169	10,300,228	10,559,102	10,743,429	10,569,469
Principal	9,960,222	11,306,555	11,629,341	11,629,367	26,612,166	11,475,631	11,757,814	12,886,338	13,593,183
Short Term Inter-Fund Loan	0	0	5,500,000	2,500,000	0	0	8,000,000	7,000,000	5,500,000
TOTAL DEBT SERVICE	\$17,631,333	\$21,526,391	\$27,613,094	\$27,070,011	\$41,572,489	\$22,398,309	\$30,739,466	\$31,052,917	\$30,285,902
FUND BALANCE									
Net Increase (Decrease)	(\$5,253,822)	\$29,368,427	(\$21,729,101)	(\$1,028,674)	(\$8,863,048)	\$8,940,675	\$28,738,379	\$26,472,843	\$24,473,325
Beginning Fund Balance July 01*	114,078,744	117,824,922	147,193,351	147,193,350	146,164,675	137,301,627	146,242,302	174,980,684	201,453,529
ENDING BALANCE AT JUNE 30	\$108,824,922	\$147,193,350	\$125,464,249	\$146,164,676	\$137,301,627	\$146,242,302	\$174,980,681	\$201,453,526	\$225,926,854



AGENCY VISION/POLICY GOALS

AGENCY-WIDE POLICY GOALS

The Agency-wide policy goals guide the development of the capital improvement plan operational budget and organizational goals and objectives each budget cycle. Over the last several years, the Agency-wide policy goals have been categorized into nine major thematic areas:

- Conservation & Water Quality
- Technological Innovation, Rate Stabilization and Cost Effectiveness
- Operational and Maintenance Efficiency
- Strategic Planning and Capital Implementation
- Waste Management and Resource Utilization
- Interagency Relationships and Community Partnerships
- Fiscal Accountability and Regulatory Compliance
- Staff Training, Development and Well Being

Early in 2013, staff recommended these Agency-wide policy goals be integrated with the Agency's Level of Service (LOS) established in 2011 and primarily focused on operational functions. Integration of these two fundamental policies would provide the Agency more broad based business goals that would better define the Agency's role as a steward for water reliability, water sustainability, environmental protection and economic development for the region. Input from stakeholders including: IEUA Board of Directors, staff, member agencies and other regional stakeholders was solicited and incorporated into the IEUA Business Goals adopted by the Board of Directors in October 2013.

The IEUA Business Goals are categorized into six main groups:

- Fiscal Responsibility
- Workplace Environment
- Water Reliability
- Wastewater Management
- Environmental Stewardship
- Business Practices

The IEUA Business Goals align with the Agency's Mission, Vision and Values which are defined by the needs of our stakeholders and the public value provided to the community. Within each Business Goal category, several Objectives were established to support the Business Goal. For each Objective, a Commitment was developed to define the level of service that IEUA will provide. These Objectives and Commitments will be evaluated and derived into work plans to ensure that current and future needs of the Agency and region are appropriately met.

Mission Statement

Inland Empire Utilities Agency is committed to meeting the needs of the region by providing essential services in a regionally planned and cost effective manner while safeguarding public health, promoting economic development, and protecting the environment.

Key areas of service:

- Securing and supplying imported water.
- Collecting and treating wastewater.
- Producing high-quality renewable products such as recycled water, compost, and energy.
- Promoting sustainable use of groundwater and development of local water supplies.

Vision

To become a world class leader in water management and environmental stewardship, including water quality, water-use efficiency, recycled water, and renewable energy, in order to enhance and preserve the quality of life throughout the region.

Values

Leading the way. Planning for the future. Protecting the resources of the communities we serve. The Inland Empire Utilities Agency is:

- Committed to applying ethical, fiscally responsible, transparent and environmentally sustainable principles to all aspects of business and organizational conduct.
- Working with integrity as one team, while celebrating the region's diversity.
- Staying in the forefront of the industry through education, innovation, efficiency, and creativity.



AGENCY-WIDE POLICY GOALS

IEUA Business Goal Overview			
<p>A. Fiscal Responsibility <i>IEUA will safeguard Agency's fiscal health through organizational efficiency, adoption of balanced multiyear budgets and rates that meet full cost-of-service targets, maintain a high quality credit rating and preserve established fund balance reserves to effectively address short term and long term economic variability. Furthermore, IEUA will provide open and transparent communication to educate the Member Agencies on the fiscal policies of the Agency.</i></p>			
Key Objectives -			
<p>Funding and Appropriation - <i>IEUA will appropriately fund operational, maintenance and capital investment costs.</i></p>	<p>Budget Planning - <i>IEUA will accurately forecast future operational, repair and replacement, capital improvement and debt service costs as needed for the creation of multiyear budgets and rate resolutions that create fiscal stabilization for IEUA and the Member Agencies.</i></p>	<p>Reserves - <i>IEUA will preserve fund reserves that sustain the Agency's long term fiscal health, high quality credit rating and ensure its ability to effectively address economic variability.</i></p>	<p>Credit Worthiness - <i>IEUA will sustain a high quality credit rating and debt service coverage ratio to safeguard the Agency's fiscal health and reduce future borrowing costs.</i></p>
Commitments -			
<p><i>Adopt service rates and fees that fully support the costs of service and provide a reliable and steady flow of operating revenue to support all operational expenses, capital replacement and debt service costs. In addition, IEUA will ensure that service rates and fees support the Agency's goal to sustain high quality Commitment Levels</i></p>	<p><i>Provide multiyear forecasts for operational, repair and replacement, capital investment and debt service costs to support the adoption of multiyear budgets and rates enhancing dependability and stability.</i></p>	<p><i>Adopt financial policies to establish and preserve fund reserves above legally or contractually mandated levels to maintain Commitment Levels. In addition, IEUA will support short and long term funding requirements and sustain the Agency's long term fiscal health and high quality credit rating to reduce future borrowing costs.</i></p>	<p><i>Reinstate the Agency's credit rating to AAA by FY 2017/18 to reduce borrowing costs anticipated for the expansion and improvement of existing facilities to meet future growth in the Agency's service area.</i></p>

IEUA Business Goal Overview
A. Fiscal Responsibility
Work Plan
1. Adopt rates that fully meet cost of service for key Agency programs; Non-Reclaimable Wastewater (NRW) System by July 2019, Regional Wastewater by July 2018, Recycled Water by July 2019, Water Resources by July 2020
2. Continue commitment to cost containment for operating and capital costs
3. Advocate for continued receipt of property taxes and optimize grants and other funding sources to support Agency and regional investments
4. Amend the Regional Sewerage Service Contract to provide more flexibility in the use of property taxes by July 2015
5. Begin the nexus study for regional connection fees by May 2014
6. Fully fund the Other Post Employment Benefit (OPEB) unfunded accrued liability by July 2019
7. Fully fund the pension unfunded accrued liability by July 2024
8. Initiate discussions prior to January 2018 to revise and renew the Regional Sewerage Service Contract set to expire in 2023
9. Transition to a biennial budget beginning July 1, 2015
10. Integrate and fully fund the Replacement and Rehabilitation (R&R) projects identified in the Agency's Asset Management Plan into the annual capital improvement plan (CIP)
11. Integrate projects identified in the long range financial planning documents, such as the Facilities Wastewater Master Plan, Technology Master Plan, Energy Plan, and the Integrated Resources Plan, into the operating and capital budget by July 2016
12. Annually update the Agency's Investment Policy to ensure appropriate balance among safety, liquidity, and yield considerations
13. Continue to monitor market opportunities for retirement, refunding, or restructuring of outstanding debt to reduce costs
14. Annually, review and update the Agency's reserve policy to ensure sufficient funding to meet operating, capital, debt service, obligations, unforeseen events, and comply with legally mandated requirements
15. Reinstate the Agency's long term credit rating to AAA and maintain a debt coverage ratio to support such rating by FY 2017/18
16. Conduct or participate in a consortium to compile performance measures for agencies across the state that will serve as a benchmarking tool to drive awareness of strengths and opportunities for improvement by June 2016
17. Annually promote superior customer service when working internally with colleagues

AGENCY-WIDE POLICY GOALS

IEUA Business Goal Overview			
B. Workplace Environment			
<i>IEUA is committed to provide a positive workplace environment by recruiting, retaining and developing a highly skilled team dedicated to the Agency's Mission, Vision and Values</i>			
Key Objectives -			
Mission, Vision, & Values <i>IEUA will uphold Business Goals, Objectives and Commitment Levels that support and advance the Agency's Mission, Vision and Values.</i>	Employer of Choice - <i>IEUA will be an Employer of Choice.</i>	Training - <i>IEUA will provide employees with state-of-the-art skills and knowledge to meet current and anticipated Agency needs.</i>	Staff Safety - <i>IEUA will promote and ensure a safe and healthy work environment to protect employees and Stakeholders.</i>
Commitments -			
<i>Maintain the highest standard of ethical conduct from all Agency staff by promoting values of prudent leadership, integrity, collaboration, open communication, respect, accountability, high quality, passion and efficiency to support the Agency's Mission, Vision & Values.</i>	<i>Provide a work environment that will attract and retain highly skilled, motivated, professional and committed employees.</i>	<i>Facilitate and provide opportunities for staff to further their personal/professional development in support of maintaining a highly skilled workforce</i>	<i>No more than 1 day of lost time due to work related illness or injury per 1,000 days worked.</i>

IEUA Business Goal Overview

B. Workplace Environment

Work Plan

1. Ensure staff understands and upholds their role in achieving the Agency's Mission, Vision, and Values
2. Develop and implement a plan to mentor and prepare the next generation of Agency leaders by July 2017
3. Develop a plan to conduct a feedback study to measure employee satisfaction by December 2014
4. Implement the Agency-wide Classification and Compensation Study by November 2014
5. Review and update the STAR Award Program to more effectively recognize outstanding performance by December 2014
6. Implement strategies and recruitment practices that provide flexible and responsive solutions to assist the Agency in filling positions in a timely and effective manner by July 2014
7. Establish a cross training program across departments and divisions to enhance understanding of Agency programs by June 2015
8. Draft a new consolidated Personnel Rules and Regulations for the Agency across all bargaining units, thereby streamlining individual Unit MOUs by July 2016
9. Uphold a strong internal control environment by conducting independent objective internal and external audits of Agency finances and operations
10. Promote positive labor relations by conducting routine informal labor/management meetings with unit representative
11. Prepare and implement a Disaster Preparedness Plan and conduct periodic emergency response drills by July 2017
12. Achieve a Cal Star Award certification from OSHA by June 2019
13. Review and revise the Emergency Preparedness Plan by July 2017
14. Annually, review and revise the Workplace Injury Illness Prevention Program to prevent work related injuries/illness and reduce loss of time worked
15. Promote a safer work environment by administering and monitoring required safety and regulatory trainings
16. Ensure staff understands and upholds their role in achieving the Agency's Mission, Vision, and Values

AGENCY-WIDE POLICY GOALS

IEUA Business Goal Overview			
C. Business Practices <i>IEUA is committed to applying ethical, fiscally responsible and environmentally sustainable principles to all aspects of business and organizational conduct.</i>			
Key Objectives -			
Efficiency & Effectiveness - <i>IEUA will promote standards of efficiency and effectiveness in all Agency business practices and processes.</i>	Customer Service - <i>IEUA will provide excellent customer service that is cost effective, efficient, innovative and reliable.</i>	Regional & Community Relations - <i>IEUA will cultivate a positive and transparent relationship with its Stakeholders to enhance quality of life, preserve our heritage and protect the environment.</i>	Policy Leadership - <i>IEUA will effectively advocate, campaign and guide the development of policies and legislation that benefit the Region IEUA serves.</i>
Commitments -			
<i>Integrate Lean techniques to evaluate its current business practices and processes and identify ways to improve the quality, cost and value of the services the Agency provides to the Member Agencies and the Public.</i>	<i>Respond to and meet the Member Agencies expectation for enhanced value added services. IEUA will solicit Stakeholder feedback on performance and goal alignment on an annual basis</i>	<i>Partner with its Stakeholders on common issues to create and implement integrated and innovative solutions, minimize duplication of efforts and support education and outreach to the Public. Furthermore, IEUA will incorporate Member Agencies and Regional Water Agencies into various IEUA related projects and programs to ensure that a transparent and broader regional representation is achieved.</i>	<i>Promote a collaborative approach for the development of positions on policies, legislation, and regulations that impact Agency policy objectives.</i>

IEUA Business Goal Overview

C. Business Practices

Work Plan

1. Review and update the Asset Management Plan by December 2014
2. Replace the legacy Document Management System to ensure it meets Agency-wide and regulatory public records requirements and eliminates redundant archiving systems by December 2015
3. Determine the scope for Geographic Information Systems online applications to share information with member agencies by September 2014
4. Develop a program that annually measures the effectiveness and efficiency of Agency core services based on stakeholder feedback on “quality, cost and value”
5. Leverage private/public partnership opportunities
6. Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies
7. Update and maintain the Agency’s website to clearly communicate key activities, issues, policies and key documents, and continue to optimize use of social network media
8. Meet annually with affiliated agencies and elected representatives
9. Meet annually with the region’s congressional and state delegations to advance key legislation
10. Identify and participate in organizations that advance the Agency’s mission, vision and key initiatives
11. Promote regional projects and initiatives through presentations to community based organizations, service groups, and stakeholders
12. Promote regional projects and initiatives to boost business and industry relocations and promote economic development in the region
13. Provide timely updates to the Regional Committees and the IEUA Board on long term planning needs
14. Annually, promote superior customer service when working internally with colleagues

AGENCY-WIDE POLICY GOALS

IEUA Business Goal Overview			
<p>D. Water Reliability <i>IEUA is committed to the development and implementation of an integrated water resource management plan that promotes cost-effective, reliable, efficient and sustainable water use along with economic growth within the IEUA Service Area.</i></p>			
Key Objectives -			
<p>Water Use & Efficiency – <i>IEUA will promote education and water use efficiency to enhance water supplies within the Region and exceed State goals for reductions in per capita water use within the IEUA Service Area.</i></p>	<p>New Water Supplies – <i>IEUA will support the Member Agencies and Regional Water Agencies with the development of reliable, drought-proof and diverse local water resources and Supplemental Water supplies in order to reduce dependence on Imported Water supplies.</i></p>	<p>Recycled Water – <i>IEUA will support maximizing beneficial reuse of recycled water to enhance reliability and reduce dependence on Imported Water.</i></p>	<p>Groundwater Recharge – <i>IEUA will support the recharge of all available storm water and maximize the recharge of recycled water within the Chino Groundwater Basin. Furthermore, IEUA will pursue the purchase and storage of cost-effective Supplemental Water supplies.</i></p>
Commitments -			
<p><i>Promote to reduce water use in the IEUA Service Area to less than 200 gallons per capita per day (GPCD) by 2018.</i></p>	<p><i>Promote reducing demand for Imported Water during dry and normal years and storing Imported Water into the Chino Groundwater Basin during wet years. In addition, IEUA will support maximizing the beneficial use of existing water infrastructure, while meeting future increased demands through investment in local water resources, Supplemental Water supplies and conservation efforts.</i></p>	<p><i>Complete the development of recycled water infrastructure and will support the Member Agencies in achieving reuse of 50,000 AFY by 2025.</i></p>	<p><i>Support the recharge of all available storm water and maximize the recharge of recycled water within the Chino Groundwater Basin. Furthermore, IEUA will pursue the purchase and storage of cost-effective Supplemental Water supplies.</i></p>

IEUA Business Goal Overview

D. Business Practices

Work Plan

1. Complete update of the Water Use Efficiency Business Plan by December 2014, the Integrated Resources Plan by October 2014, and the Urban Water Management Plan by June 2016
2. Develop new targets and programs to achieve 20 x 2020 requirement through water use efficiency measures by December 2014
3. Develop and implement a communication plan to promote water use efficiency and the value of water by July 2015
4. Advocate for ordinances promoting storm water capture
5. Work with other Agencies to optimize use of recycled water to reach 50,000 AFY by June 2022
6. Identify and evaluate supplemental water supplies for the region by October 2014
7. Develop plan to improve the quality of recycled water to meet customer's needs by June 2017
8. Complete water softener ordinance by December 2014 and continue to reduce salinity and nutrients in recycled water.
9. Identify and protect the best recharge land sites in the service region by June 2016
10. Conduct research to find new methods to safely recharge more water into Chino Basin by June 2016
11. Coordinate with the Chino Basin Watermaster on the Recharge Master Plan Update by July 2019
12. Accelerate implementation of capital projects where appropriate to "drought proof" regional water supplies and optimize use of available federal and state grants and low interest rate financing
13. Advocate strategies that help anticipate and mitigate the impacts of droughts and climate change on the region

AGENCY-WIDE POLICY GOALS

IEUA Business Goal Overview			
E. Wastewater Management <i>IEUA systems will be master planned, managed and constructed to ensure that when expansion planning is triggered, designs/construction can be completed to meet regulatory/growth needs in an expeditious, environmentally responsible and cost effective manner.</i>			
Key Objectives -			
Capacity - <i>IEUA will maintain capacity within systems and facilities to meet essential service demands and to protect public health and environment.</i>	On-Time Construction - <i>IEUA will ensure capital projects are designed and implemented in a timely and economically responsible manner.</i>	Biosolids Management - <i>IEUA will manage all Agency produced biosolids in a compliant, fiscally prudent and environmentally sustainable manner.</i>	Energy Management - <i>IEUA will optimize facility energy use and effectively manage renewable resources to achieve peak power independence, contain future energy costs, achieve statewide renewable energy, distributed generation and greenhouse gas reduction goals, and provide for future rate stabilization</i>
Commitments -			
<i>Ensure that systems are managed and constructed so that 90% of capacity is never exceeded.</i>	<i>Design and construct facilities through efficient project management to ensure that 80% of projects are completed on schedule and 90% of projects are on budget.</i>	<i>Ensure that 95% of the Inland Regional Compost Facility's capacity is utilized, all biosolids produced by IEUA are treated at IERCF, Agency solids generation is minimized through efficient dewatering operations and all compost is marketed for beneficial use.</i>	<i>Optimize facility energy use and effectively manage renewable resources to achieve peak power independence, contain future energy costs, and achieve statewide renewable energy, distributed generation, and greenhouse gas.</i>

IEUA Business Goal Overview

E. Wastewater Management

Work Plan

1. Update Wastewater Facilities Master Plan by December 2014 and thereafter every 10 years to ensure timely expansion of Agency facilities to address anticipated regional growth
2. Ensure reliability of Agency assets by annually implementing the asset management monitoring and assessment program (Asset Management Plan)
3. Monitor treatment plant performance and initiate corrections to maintain 100% regulatory compliance
4. Provide engineers training to understand business aspects of capital projects and increase engineering consultant design services in lieu of in-house designs to complete more projects in a shorter timeframe by July 2015
5. Evaluate advances in laboratory design for inclusion in the construction of the Water Quality Laboratory facility
6. Conduct Lesson's Learned sessions to evaluate key construction implementations
7. Continue to optimize operation of digestion and dewatering centrifuges to minimize operational costs
8. Develop a Biosolids Capacity Marketing Plan maximizing material input and output by June 2017
9. Develop a design concept for the proposed South Compost Facility by December 2014
10. Develop a comprehensive Energy Management Master Plan by June 2015
11. Complete an Agency-wide greenhouse gas emission (GHG) baseline assessment using the Climate Registry protocol to allow the Agency to sell credits by July 2016

AGENCY-WIDE POLICY GOALS

IEUA Business Goal Overview			
F. Environmental Stewardship <i>IEUA is committed to the responsible use and protection of the environment through conservation and sustainable practices.</i>			
Key Objectives -			
Regulatory Compliance - <i>IEUA will comply with all federal, state and local laws at each Agency facility.</i>	Good Neighbor Policy - <i>IEUA will control odors at all Agency facilities for the purpose of improving the environment and being a good neighbor to the local community.</i>	Response & Complaint Mitigation - <i>IEUA will control odors at all Agency facilities for the purpose of improving the environment and being a good neighbor to the local community.</i>	Environmental Responsibility - <i>IEUA will strive to implement actions that enhance or promote environmental sustainability and the preservation of the region's heritage.</i>
Commitments -			
<i>Have no more than 2 notices of violation annually from the State Water Resources Control Board, Air Quality Management District, or Non-Reclaimable Waste System for all Agency owned and operated facilities.</i>	<i>Perform a quarterly odor monitoring assessment to develop actual and acceptable baseline odor thresholds. Acceptable baseline thresholds will be used to measure treatment plant performance and drive necessary capital improvements.</i>	<i>Perform a quarterly odor monitoring assessment to develop actual and acceptable baseline odor thresholds. Acceptable baseline thresholds will be used to measure treatment plant performance and drive necessary capital improvements.</i>	<i>Consider and assess environmental sustainability, public use and heritage preservation options for all of its programs and projects.</i>

IEUA Business Goal Overview	
F. Environmental Stewardship	
Work Plan	
1.	Develop and update logical, technically based, defensible, local limits for regional significant industrial users by August 2015 and review every five years
2.	Complete odor baselines report by June 2015
3.	Develop a communication plan to promote being a good neighbor by June 2015
4.	Strive for 100% use of Agency bi-products by 2021
5.	Lead efforts to advocate for emerging trends and proposed changes to rules and regulations
6.	Annually review and update Key Performance Indicators (KPI's) to monitor and comply with all regulatory requirements
7.	Annually review and update the Emergency Response and Operational Plans for all facilities
8.	Ensure Agency programs promote environmental stewardship, sustainability, and preservation of heritage measures, utilizing green procurement and reuse of surplus materials, equipment, and parts when possible
9.	Complete a performance assessment of the Platinum LEED rated headquarters and develop a plan to ensure performance, as appropriate, to the platinum standard
10.	Support legislation to reduce drugs in waterways through take back programs
11.	Develop a regionally focused Comprehensive Mitigation Plan for construction projects by July 2016

AGENCY-WIDE POLICY GOALS

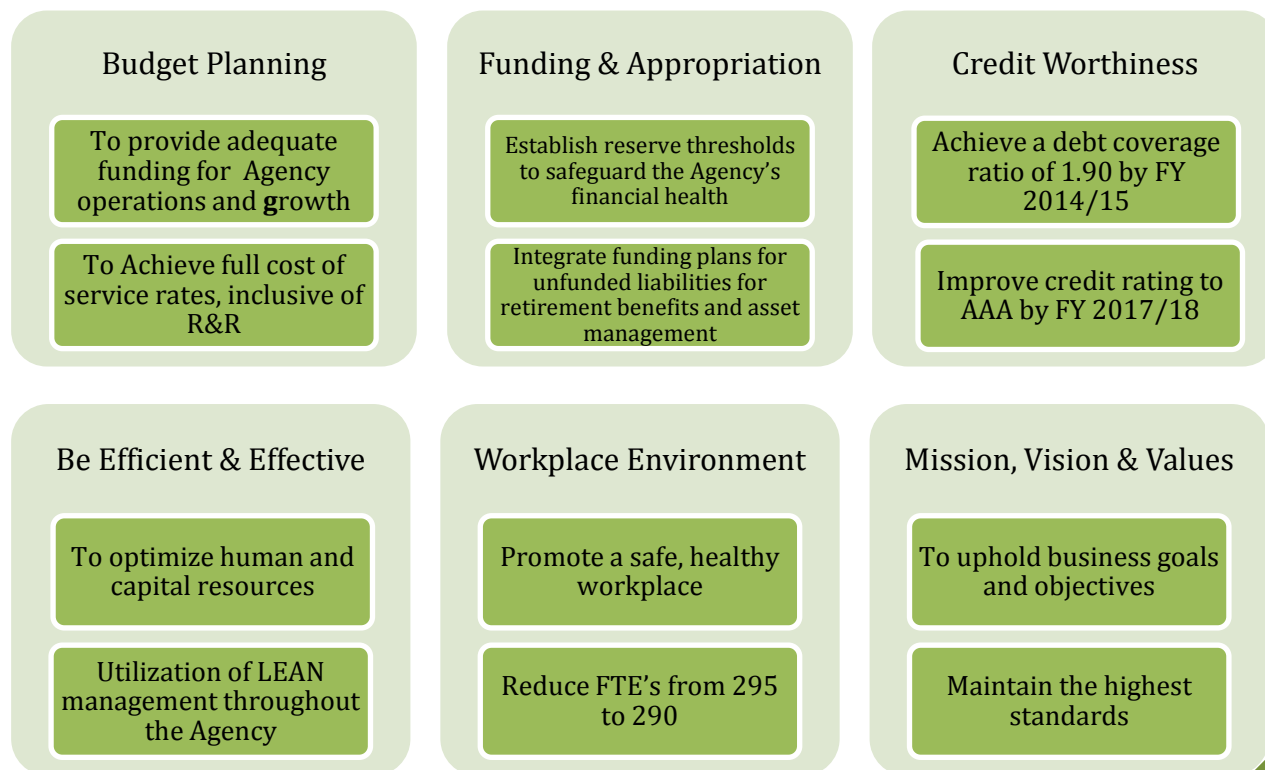
Budget Priorities

During the annual budget process, the Agency evaluates the current issues and priorities in order to maximize available resources and provide the appropriate commitment to service in the most effective, efficient and fiscally responsible manner possible. 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 connections and property taxes (see the Revenues section of the budget for a full review of revenue projections).

The FY 2014/15 budget and the FY 2014/15-2023/24 Ten Year Capital Improvement Plan (TYCIP) are based on cautious optimism of continual progressive economic recovery and growth throughout the region. A significant component of the 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.

FY 2014/15 is the final year of a three-year rate increase approved by the Agency's Board of Directors in February 2012. Multi-year rates have helped to move the Agency closer to its ultimate goal of having full cost of service rates to support operating and capital replacement costs. 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 and provide member agencies more stability in their financial planning.

The development of the budget for Fiscal Year (FY) 2014/15 was driven by the following budget goals:



Budget Priorities

Water Use Efficiency & Education

Provide sufficient funding for water reliability issues and opportunities throughout the region

Designate approx. \$5 million per fiscal year towards water reliability

Over the next ten years, the Agency will need to address expansion of its existing facilities in order to meet anticipated growth and higher service demands, particularly in the southern section of its service area. The severity and uncertainty of the current drought crisis and shrinking reservoir supplies bring water reliability and sustainability to the forefront of Agency concern. With all of the planning initiatives underway, the Agency will be better positioned to continue to “drought proof” the region by developing local water supplies, optimizing beneficial use of recycled water, maximizing groundwater recharge, and securing alternative water supplies to reduce reliance in imported water supplies from the State Water Project. The ability to leverage property taxes and available “drought” funding will be essential in achieving these objectives.

AGENCY-WIDE POLICY GOALS

Financial Policies

The Agency's practices are guided by the following budget and financial policies:

Policies	Description	Achievements
A. Operating Budget	1. The Agency will budget revenues and expenditures on the basis of a fiscal year that begins on July 1 and ends on the following June 30	<ul style="list-style-type: none"> The Agency's fiscal year 2012/13 budget received GFOA's distinguished budget award for the ninth consecutive year
	2. The Agency's budget is designed to provide meaningful, comprehensive and user friendly data and information on Agency activities and programs; to that end, the Agency will produce a budget document based on national best practices as defined in the budgetary award guidelines established by nationally recognized organizations, such as GFOA	
	3. The operating budget is the short-term action plan for development and execution of the Agency's strategic plan, consistent with the Agency's long range plan of finance (LRPF). The LRPF is updated every two to three years with corresponding adjustments to the operating budget to assure continual alignment of short-term budgetary goals with the long-term strategic plan	<ul style="list-style-type: none"> In February 2012, a three-year rate adoption was successfully adopted for the Regional Wastewater and Recycled Water Program rates
	4. The budget, which is useful for measuring performance and providing for a strong level of transparency to regional partners and local constituencies must be timely in the reporting of resource availability and allocation; the Agency's budget will allow for public participation prior to its adoption and will ensure timely availability of information prior to commencement of the new fiscal year	<ul style="list-style-type: none"> A series of budget workshops were held with the Agency's Board of Directors and multiple discussions were held with the regional partners providing an opportunity for input throughout the budget development process
	5. Successful budgets are developed using an iterative and inclusive process that solicits input from all levels of the organization and allows time for a deliberative and careful review of all relevant factors impacting budgetary estimates and projections; the Agency establishes an annual budget calendar complete with key milestone dates for budgetary workshops for staff and policy makers, and submittal of capital, operating,	<ul style="list-style-type: none"> The budget calendar was developed and issued in December 2013. Meetings were held with all departments to compile budgetary, statistical and descriptive information; multiple budget training sessions were facilitated throughout the budgetary

Policies	Description	Achievements
	and labor estimates	process
	6. A major driver of the Agency’s overall costs is the Ten Year Capital Improvement Plan (TYCIP); the Agency updates the TYCIP on an annual basis and incorporates the results into the annual fiscal budget and five year operating plan; major capital programs are carefully analyzed for operating impacts on current and future years to ensure adequacy of resources and funding	<ul style="list-style-type: none"> The FY 2014/15 – 2023/24 TYCIP was adopted by the Board in February 2014. The TYCIP the total ten year project budget is \$309.0 million. For the first time since the economic downturn in 2008, expansion related projects are included in the Agency’s TYCIP
A. Balanced Budget	1. The budget should be balanced with the current revenues equal to or greater than current expenses	<ul style="list-style-type: none"> Budgets are balanced using a combination of current revenues and reserves, and the budget is monitored throughout the year, regular variance reports are prepared and presented to the Agency’s Board
	2. Any fund, when operating or capital expenses exceed revenues, will utilize the respective fund reserves to meet the shortfall	<ul style="list-style-type: none"> Reserves will be used to balance the projected \$8.9 million shortfall in net revenues for FY 2014/15. A surplus is projected for the following fiscal year
B. Revenues	1. The Agency’s various programs are supported by a combination of user fees and taxes- both sources of revenues must be evaluated annually to ensure appropriate cost recovery and adequate delivery of services. The Agency strives for a stable and consistent revenue base without wide fluctuations from year to year; consistent rate increases based on the rate of inflation (as measured by a relevant and widely used index such as the CPI) and adjusted when necessary for other relevant factors	<ul style="list-style-type: none"> The Agency is working towards maintaining a rate structure where revenues generated by a specific program are sufficient to meet that program’s cost of service and repair & replacement (R&R) costs. This provides the basis for specific program rate increases, reduces the need for fund transfers between programs, and minimizes reliance on property taxes

AGENCY-WIDE POLICY GOALS

Policies	Description	Achievements
C. Debt Management	<p>1. The agency will manage its debt portfolio as part of an asset/liability matching strategy, in that context, debt term should match the useful life of the capital project funded; variable rate debt may be used as long as it is sufficiently hedged with cash reserves; interest rate swaps and other derivative products will be considered when the risks are manageable as determined by staff, the financial advisor, and the Board</p>	<ul style="list-style-type: none"> Projections indicate that in order to fund aggregate capital expenses of \$309.0 million over the next 10 years, the Agency will require borrowing of approximately \$120.0 million in SRF loans to support recycled water and regional capital projects. The use of SRF low interest loans reflects the Agency's goal to fund capital investment on a pay-as-you go basis, or utilize the lowest cost of financing. Securing federal and state grants and SRF loans will continue to be an important part of the overall financing strategy
D. Capital Planning	<p>1. The Ten Year Capital Improvement Plan (TYCIP) will be reviewed and adjusted annually</p>	<ul style="list-style-type: none"> The FY 2014/15 – 2023/24 TYCIP was adopted by the Board in February 2014
	<p>2. Support the TYCIP for meeting service area's growth through various funding alternatives including revenue bonds and short term borrowings</p>	<ul style="list-style-type: none"> For the first time since the economic downturn in 2008, expansion related projects are included in the Agency's TYCIP
	<p>3. Future operating, maintenance and replacement costs associated with new capital improvements will be forecasted and included in future year projected costs</p>	<ul style="list-style-type: none"> Two major components in the overall TYCIP are the continuing need for maintenance, repair and replacement of aging equipment and facilities, and the need for expansion of the Regional System to meet future growth
E. Long Range Planning and Forecasting	<p>1. Long-term planning uses trends and projected changes in population growth, service levels, property assessment values, new development, and general economic conditions to forecast future revenues and expenditures in the near term of 5 to 10 fiscal years and long term up to 50 years</p>	<ul style="list-style-type: none"> Development of the Agency's Long Range Plan of Finance (LRPF) model began in October 2012. The project is expected to be completed in June 2014, at which time the LRPF for 2014 will be updated

Policies	Description	Achievements
<p>F. Auditing, Accounting and Financial Reporting</p>	<p>1. Integrity of the Agency’s financial data is vital for the reputation and success of the Agency; stewardship of the Agency’s assets is of paramount importance to ensure confidence of stakeholders that tax collections and user fees are being wisely invested and soundly managed; the quality of accounting and financial reporting are crucial to instilling that confidence and strengthening that reputation and the Agency will use widely recognized and accepted accounting standards including GAAP and guidance issued by the Government Accounting Standards Board (GASB); practical guidance to enhance the quality of the Agency’s accounting will be sought from Publications such as the GAAFR as published by the GFOA</p>	<ul style="list-style-type: none"> The Agency received an unqualified opinion from its external auditors that its financial statements are in conformity with generally accepted accounting principles and there was no finding of significant deficiencies or material weaknesses
	<p>2. Annual audits from an independent firm in conformity with GAAP will be performed on all of the Agency’s financial records and those of entities the Agency for which the accounting and financial reporting services are provided; as part of the annual audit, a single audit in conformity with federal guidelines for all grant funded programs will be conducted</p>	<ul style="list-style-type: none"> The single audits performed by external auditors on the Agency, Chino Basin Desalter Authority and Inland Empire Regional Financial Authority, were completed with no findings noted
	<p>3. Regular reporting of financial results will be accomplished through issuance of a Comprehensive Annual Financial Report based on the guidelines as published by the California Society of Municipal Finance Officers and the Government Finance Officers Association of the United States and Canada; prior to issuance of the CAFR, the internal audit department will perform a review to ensure industry standards and reasonable accuracy of reporting has been achieved</p>	<ul style="list-style-type: none"> The agency received the GFOA Award for Excellence in Financial Reporting for sixteenth consecutive year and the Excellence in Budgeting award from CSMFO for the last eleven consecutive years; Internal Audit provided a quality review prior to adoption by the Board and submission to GFOA
<p>G. Fund Reserve Balances</p>	<p>1. The Agency will maintain fund reserves to ensure sufficient funding is available to meet its operating, capital and debt service obligations, comply with legally mandated requirements, and have the ability to respond to unforeseen events. As a regional provider of public services with an extensive investment in public infrastructure, operating</p>	<ul style="list-style-type: none"> In May 2014 the Agency’s Board of Directors adopted an updated Reserve Policy governing all Agency funds. Periodic refinement of reserve categories and adjustment of minimum target levels is necessary to ensure they remain relevant and align with

AGENCY-WIDE POLICY GOALS

Policies	Description	Achievements
	facilities, other related assets; the Agency must establish and maintain a prudent level of reserves to meet its commitment to deliver reliable and high quality essential services to its customers	Agency policies and strategic goals
H. Debt Ratio	1. As required by Agency bond covenants, the Agency seeks to maintain a legally required debt coverage ratio (DCR) of at least 1.25 times debt service costs due in any given year. The Agency applies ceilings on the amount of long-term debt that can be issued as these policies are designed to maintain the Agency's credit strength	<ul style="list-style-type: none"> Annual fluctuations in the DCR are primarily driven by changes in funding sources. In FY 2012/13 a significantly higher number of new EDU connections and receipt of over \$10 million in property taxes from the distribution of unencumbered funds from redevelopment successor agencies, raised the DCR to 2.85. A drop in DCR is projected for the current fiscal year based on lower projected revenues
J. Cash Management /Investment Policies	1. The Agency shall invest idle cash in a prudent manner according to established investment policy consistent with state laws and regulations, ensuring the Agency's cash flow requirements are met while meeting the objectives of safety, liquidity, and return on investment; the Agency will strive to maximize the return on investment without sacrificing preservation of principal and daily cash requirements	<ul style="list-style-type: none"> Investments were made pursuant to the Agency's Investment Policy which is updated with guidelines that comply with the California Government Code and applicable California law. The Agency's Investment Policy was presented to the Board for review and approval in June 2014
	2. The Agency will accelerate cash collections and carefully manage disbursements to maximize cash balances; disbursements will be timely to maintain public trust and productive relations with employees, contractors, suppliers, and other government entities	<ul style="list-style-type: none"> Accounts receivable are collected within the average billing cycled of 30 days. Grant reimbursement billings and subsequent receipt averaged 45 days
	3. Cash flow projections will be updated on a weekly basis accounting for all daily receipts and disbursements, and will serve as the baseline for determining cash liquidity needs and funds available for investment; cash balances of the Agency's various funds will be pooled to maximize investment opportunities with interest earnings allocated in a rational	<ul style="list-style-type: none"> Cash flow projections are updated on a daily basis cash flows are maintained through collaborative efforts with various departments on sources and uses of funds forecasted. Bi-weekly cash flow meetings are held to

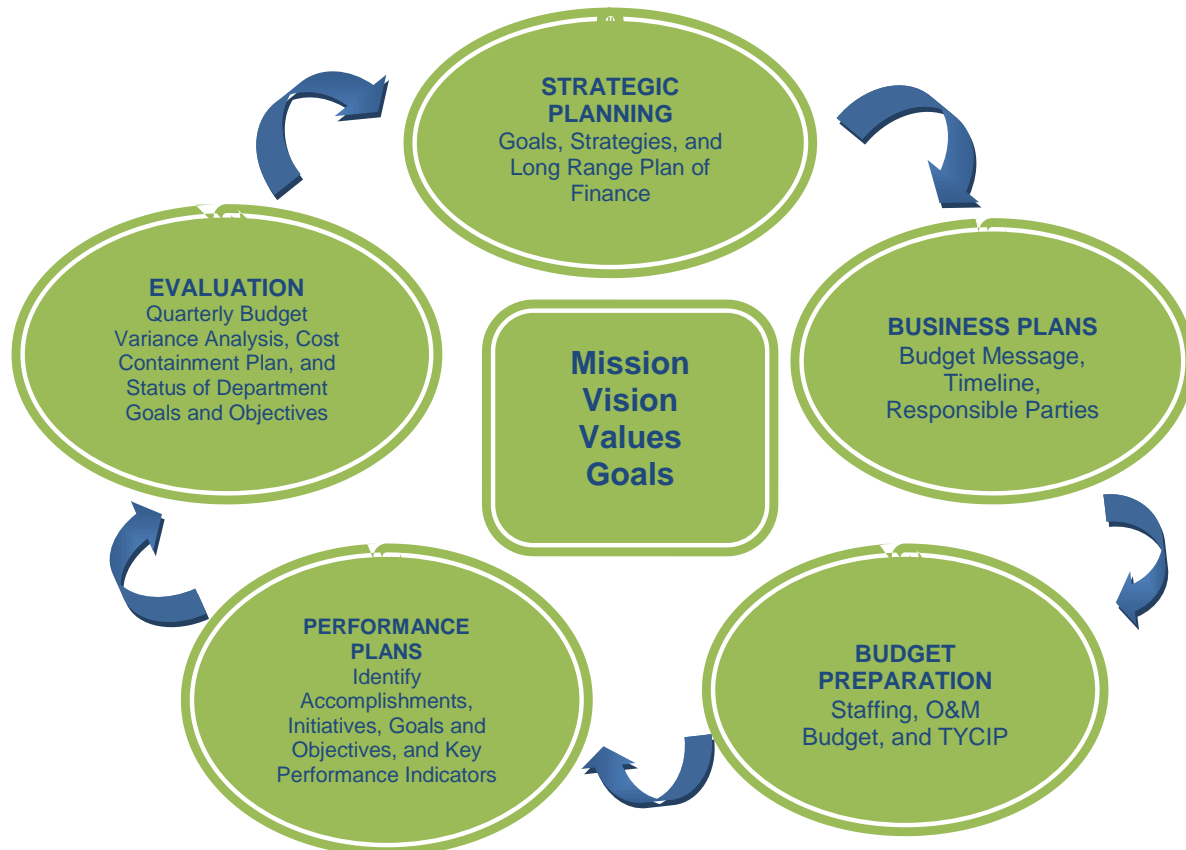
Policies	Description	Achievements
	manner consistent with generally accepted accounting principles	discuss current cash position and possible investments
K. Human Resource Management	1. The Agency will determine staffing levels consistent with budgetary authority, available resources, and operating needs; the Agency will strive to achieve cost effectiveness without sacrificing employee morale and productivity	<ul style="list-style-type: none"> In FY 2014/15 the number of authorized FTE's was reduced to 290, previously at 295. In addition the Agency will maintain an average vacancy factor of 5 percent (equivalent to 15 FTE positions) consistent with the last five years
	2. Staffing projections and authorized levels will be based on production levels, (i.e., annual flow projections) number of facilities, and number and duration of capital projects; temporary and contract staff will be used to meet peak demands while administrative staffing will be maintained at no more than twenty percent of total Agency staff	<ul style="list-style-type: none"> Limited term employees, have averaged approximately 14 positions in the last five years
	3. As an employer of choice, the Agency will maintain a competitive compensation package; the Agency's memorandums of understanding will be negotiated at no less than three year intervals and the Agency's salaries will also be reviewed and adjusted every three years based on market surveys	<ul style="list-style-type: none"> Successfully reached five (5) year agreements with all five bargaining groups. Initiated an Agency wide Classification and Compensation study to develop a fair, consistent, and competitive compensation program
L. Risk Management	1. Risk Management policies are designed to protect against losses that would affect its assets and hence, its ability to provide ongoing services	<ul style="list-style-type: none"> Promote a safe, hazard free working environment through the monitoring of the Agency's Safety programs, initiatives and policies, designed to ensure compliance with all applicable local, state and federal regulations governing the workplace and its employees



BUDGET PROCESS

BUDGET PROCESS

The budget is the primary performance tool used to measure accountability of public agencies, ensuring the public trust for taxpayer dollars and service rates and fees. The budget communicates to all stakeholders (i.e., elected officials, regional agencies, and citizens) how their investments will be used by providing detailed information on specific resource allocations and expenditures. Progress is monitored on a monthly basis, and revisions are made as necessary to meet changing needs or accommodate unplanned requests. This budget document is useful as a benchmark to evaluate the Agency's accomplishments and/or challenges, as well as to assess compliance with fiscal accountability.



The Agency's annual budget is based on a fiscal year of July 1 through June 30. Preparation of the annual Operation and Maintenance (O&M) and Capital Improvement Plan (CIP) begins in December with the issuance of the General Manager's budget message, which communicates to all Department Managers and Supervisors the guidelines and the Agency's key business goals and objectives for the preparation of the Five Year Business Plan (operation budget), and the Ten Year Capital Improvement Plan (TYCIP, capital budget).

Strategic Planning

The FY 2014/15 Budget and Ten Year Capital Improvement Plan (TYCIP) are based on the 2015 Strategic Plan which identifies the major initiatives to be accomplished over the next five years (2015-2019) to ensure the IEUA Business Goals adopted by the Board of Directors (the Board) in October 2013 are met and the Agency continues to fulfill its mission, vision and values.

To determine the short-term and long-term strategic direction and to demonstrate the Agency's ability to maintain financially sound operations while delivering its capital program within the established policy and financial goals, the Agency from time to time, reviews and updates its vision, goals and objectives, Asset Management Plan, TYCIP, Long Range Plan of Finance (LRPF), and master plans, such as the Facilities Master Plan, Recycled Water Program Strategy, Energy Management Plan and Integrated Resources Plan. These strategic planning tools serve to present a systemic and disciplined approach in mapping out the Agency's service area growth and needs, and determining financial requirements, such as maintaining rates to support the cost of service and CIP for the region, sustaining reserve levels to safeguard the Agency's fiscal health, and maintaining a debt coverage ratio so as to preserve market access and achieve the lowest cost of borrowing.

Department Responsibilities

Each department is tasked to develop qualitative, quantitative, and justifiable departmental goals and objectives, key performance measurements, staffing plans, capital budget requests, and O&M budget requests that are pertinent to the department's goal performances and consistent with the IEUA Business Goals, objectives and commitments.

Executive Management Responsibilities

Executive Management meets with staff to review and evaluate both O&M and capital budget requests over several sessions to ensure sustainability of highly quality services while simultaneously aiming for greater operating efficiencies to minimize service rate impact. To ensure long term sustainability, Executive Management closely monitors fund balance reserves and key financial ratios to ensure the Agency's financial position can effectively address economic variability. In some cases, this means re-examining operating priorities and costs, streamlining procedures, consolidating or realigning resources, updating policies, and adjusting service rates and fees. Public budget workshops are held to inform the IEUA Board, contracting member agencies, and key stakeholders of the major drivers, objectives, budget assumptions, proposed rate structures, capital programs, and respective policy issues.

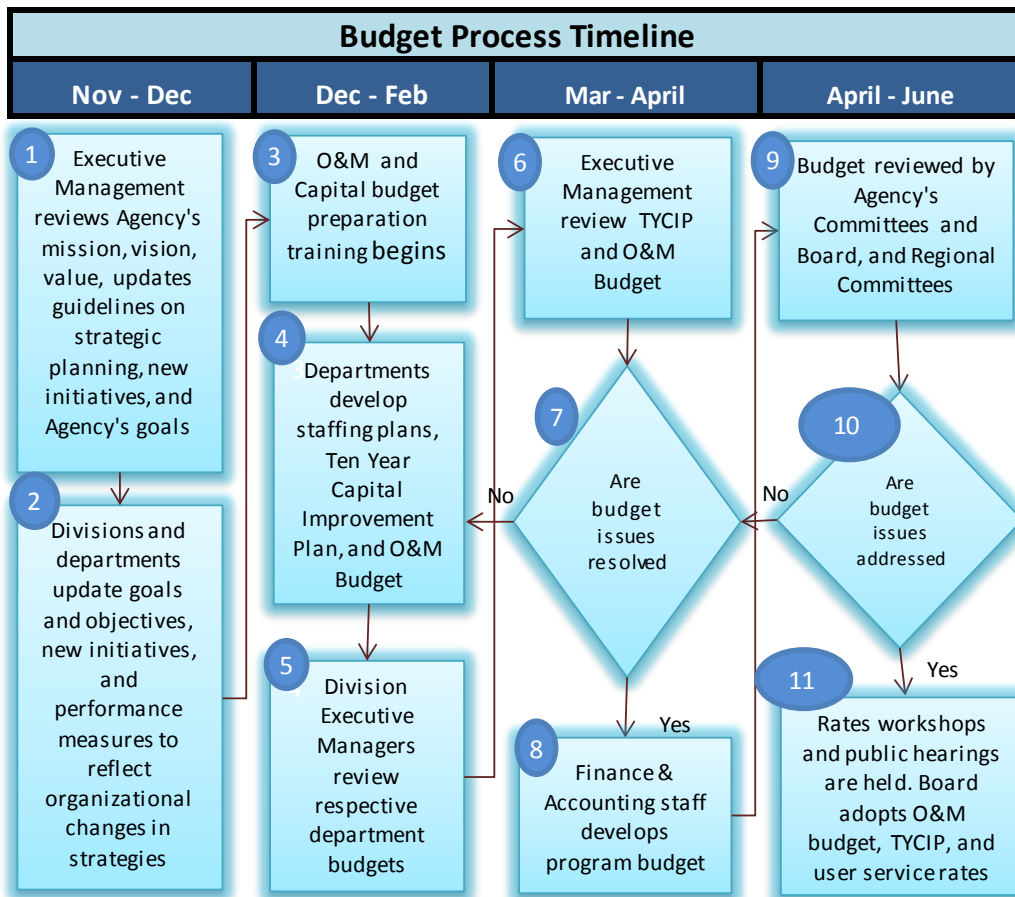
Subsequently, the Board's Finance, Legal and Administration Committee reviews the proposed budget and the service rates as recommended by Executive Management. In May, the Regional Wastewater and Recycled Water Program budgets and the respective service rates are presented to the Regional Committees, which are comprised of representatives from the Agency's contracting agencies. Upon the Regional Committees' review and recommendation, in accordance with the Regional Sewage Service Contract, the Agency's Board of Directors approves and adopts the final budget document, rate resolutions, and TYCIP before June 30th.

BUDGET PROCESS

Budget Preparation Timeline

With the support from the Board of Directors, Executive Management, Department Managers and staff, the budget preparation process plays an important role in the Agency’s strategic financial planning and adheres to the following timeline.

Figure 3-1: Budget Timeline



Budget Preparation Training

To assist Agency staff with the budget preparation process, Finance and Accounting staff collaborate with key staff from other departments in conducting training sessions on the O&M budget, as well as the capital budget in December and January. Open houses are also facilitated to further assist staff in the budgeting and reporting process. Reference materials, such as labor rates, staffing plans, project lists, and instructions for budget preparation are posted in the Agency’s intranet website. In addition, “Power Users,” a group of trained staff on budget preparation, are available to assist staff throughout the budget preparation cycle. One-on-one sessions are facilitated by Finance and Accounting staff with Department Managers throughout the process to ensure key priorities and assumptions are properly accounted for in the budget.

Balanced Budget

The Agency's budget is prepared with itemized budgets for each fund within each program. The budget is balanced with the current revenues equal to or greater than current expenses using the following strategies: improve work flow efficiency; ensure effective pricing on materials and contracts; pursue aggressively Federal and State grants and low interest financing to support capital projects; adjust user charges and service fees based on cost of services and replacement and rehabilitation (R&R) requirements. In any fund, when operating or capital costs exceed revenues, the respective fund reserves will be used to meet the shortfall.

The FY 2014/15 budget is balanced with a combination of increases in service rates and fees, grants and state loans, conservative expense forecasts that sufficiently support the capital programs and O&M costs, and fund reserves. The FY 2014/15 capital program of \$28 million will be funded by connection fees, federal and state grants and loans, a portion of property taxes, and fund reserves. The projected shortfall of \$8.9 million will be supported by a draw on fund reserves, and includes a \$3.5 million payment for the Agency's other post-employment benefit (OPEB) liability from reserves designated for this purpose, as well as a portion of the \$16 million retirement of high interest rate bonds.

Budgetary Control

The Agency maintains budgetary controls to ensure compliance with legal provisions embodied in the appropriated budget approved by the IEUA Board. The Agency's Fiscal Control Ordinance establishes the Agency's basic principles of financial control and provides the General Manager (GM) and the Chief Financial Officer/Assistant General Manager (CFO/AGM) the authorization and fiscal flexibility to realign operation and maintenance budgets as needed. The GM and the CFO/AGM are authorized to approve the transfer of appropriations for a single account category within a single fund's budget. Any increase in appropriation in any fund budget, whether accomplished through a change in anticipated revenues or through a transfer of, or increase in appropriations among funds, and any transfer of appropriation so as to increase the salary appropriation of a fund, for whatever purpose, requires the approval of the Board. The only exception is the GM contingency account controlled by the GM. As per the Fiscal Ordinance, the GM is authorized to transfer GM Contingency account budget between account categories and funds as needed to support unplanned costs. Information on all budget transfers is presented to the Board as part of quarterly variance reporting.

Budget Variance Monitoring

Budget-to-actual reports on O&M and capital activities are available online and on a real time basis through the Agency's Enterprise Resource Planning (ERP) financial system. The financial system monitors budget consumption and notifies Department Managers and the Budget Officer via email of any budgetary control issues. Department Managers are required to prepare and submit budget variance analysis to the Divisional (Executive) Managers on a quarterly and specific reporting period basis, in accordance to budget variance guidelines.

BUDGET PROCESS

In addition, the Finance & Accounting department facilitates quarterly sessions with the Executive Management and the Department Managers to review and discuss their responsible cost centers' budget-to-actual variances and department performance goals and report on the progress. Subsequently, staff presents the Agency's quarterly budget-to-actual variances to the Finance, Legal, and Administration Committee and the Board of Directors, along with a report on budgetary fund transfers, and the status of departmental goals and objectives. The on-going budget review process is essential in monitoring year to date operational and capital expenditures. This proactive approach serves as an early warning mechanism to Department Managers of any substantial variances in actual spending compared to the budgeted amount.

In the event that the overall adopted O&M Budget or CIP budget appropriation needs to be amended, a presentation to the Finance, Legal and Administration Committee is required. The Board takes the Committee's recommendation into account as they consider the merits of the additional requested appropriation. A majority approval by the Board is required to amend the budgeted appropriation.

Budget Basis

The Inland Empire Utilities Agency is a California Municipal Water District established in 1950 under the provisions of the Municipal Water District Act of 1911.

The Agency is operated and reports all activities as proprietary funds (Enterprise funds), which are used to account for operations that are financed and operated in a manner similar to a private business enterprise. Enterprise funds account for operations that provide essential services on a continuous basis, and are substantially financed by revenue derived from user charges and fees. One of the six IEUA Business Goals, Fiscal Responsibility, implores the Agency to have rates that fully recover O&M, R&R, and debt service costs. Achieving full cost of service rates will allow the Agency to minimize its reliance on property taxes to support operating costs.

The budgets for all of the Agency's proprietary funds are prepared using the accrual basis of accounting; budgeted and actual revenues are recognized when earned, and expenses are recognized as they are incurred, in conformity with Generally Accepted Accounting Principles (GAAP) and consistent with the Agency's Comprehensive Annual Financial Report (CAFR). The only exceptions are those listed below:

- Capital outlay is budgeted as an expenditure.
- Capitalized interest is budgeted as interest expense.
- Principal payments are shown as expenditures rather than reductions to liabilities and accounted for on a payment due date basis.
- Debt proceeds are accounted for as other funding sources.
- Grant receipts are recorded as other funding sources rather than contributions in aid.
- Payments on long-term receivables are recorded as other funding sources.
- Proceeds from the sale of assets are recognized as other funding sources
- Depreciation and amortization are not budgeted.
- Losses from sale of assets are not budgeted.
- Deferred costs, such as bond financing costs premiums or discounts are fully expensed at point of debt issuance and not amortized.



REVENUES

REVENUES AND OTHER FUNDING SOURCES

Revenues and Other Funding Sources

Total revenues and other funding sources are \$153.4 million for FY 2014/15 as presented in Table 4-1 below.

Table 4-1: Sources of Revenues

Revenues	Budget \$Millions	% of Total	Description
User Charges	\$61.8	40%	Regional Wastewater Program EDU volumetric service charges, NRW pass through user charges, capacity and surcharges and monthly meter fees for imported water deliveries
State and Other Loans	\$11.1	7%	State revolving fund loan proceeds for the Recycled Water capital construction program
Property Tax	\$40.2	26%	Share of the San Bernardino County-wide secured property tax levy and RDA incremental taxes
Grants	\$2.3	2%	Various Federal, State and Local grants primarily in support of the Agency's Recycled Water Distribution System capital construction
Recycled Water Sales	\$11.6	8%	Recycled water sales and MWD Local Project Program (LPP) rebate
Connection Fees	\$15.3	10%	New EDU connection fees to the Regional Wastewater sewer system
Other Revenues	\$11.1	7%	Various reimbursements for operational and capital expenses, program rebates, and interest earnings
Total Revenues & Other Funding Sources	\$153.4	100%	

Changes in Total Revenues & Other Funding Sources

The FY 2014/15 total revenues and other funding sources of \$153.4 million are forecasted to increase by \$15.0 million over the FY 2013/14 projected actual of \$138.4 million. Table 4-2 shows revenues by funding source including percent change relative to FY 2013/14 projected actuals.

The estimated eleven percent increase can be attributed to a combination of rate increases in Regional and Recycled Water programs and growth in new EDU connections.

The Agency is working towards maintaining a rate structure where revenues generated by a specific program are sufficient to meet that program's cost of service and repair & replacement (R&R) costs. This provides the basis for specific program rate increases, reduces the need for fund transfers between programs, and minimizes reliance on property taxes.

**Table 4-2: Total Revenues and Funding Sources by Program
(\$Thousands)**

	Admin Services Program	Non-Reclaim. Waste-Water Program	Waste-Water Program	Recharge Water Program	Recycled Water Program	Water Resources Program	Total FY 2014/15	Projected Actual FY 2013/14*	Increase/ (Decrease) from Prior Year	% Change
User Charges	\$0	\$10,007	\$45,988	\$0	\$0	\$5,817	\$61,812	\$54,668	\$7,144	13%
Property Tax	3,216	0	34,977	0	2,010	0	40,203	39,032	1,171	3%
JPA Cost Reimbursement	1,225	0	3,471	742	0	0	5,438	5,208	230	4%
Regional System Connection Fees	0	0	15,321	0	0	0	15,321	9,013	6,308	70%
Grants	0	0	0	0	2,320	0	2,320	3,354	(1,034)	(31%)
State Loans	0	0	0	0	11,074	0	11,074	10,850	224	2%
Water Sales	0	0	0	0	11,582	0	11,582	10,144	1,438	14%
Other Revenues:	112	204	1,208	572	1,520	2,066	5,682	6,093	(411)	(7%)
Interest Revenue	110	170	544	15	103	6	948	730	218	30%
Contract Cost Reimbursement	0	0	93	557	1,417	854	2,921	2,188	733	34%
Misc. Revenue	2	34	571	0	0	1,206	1,813	3,175	(1,362)	(43%)
Total	\$4,553	\$10,211	\$100,965	\$1,314	\$28,506	7,883	\$153,432	\$138,362	\$15,070	10%

Service Charges

Service charges are comprised of two primary user fees: Equivalent Dwelling Units (EDU) volumetric fees paid by users discharging to the Agency's regional wastewater system, and NRW fees paid by industrial and commercial users connected to the Agency's brine line system. Also included are surcharges and meter charges on imported water deliveries.

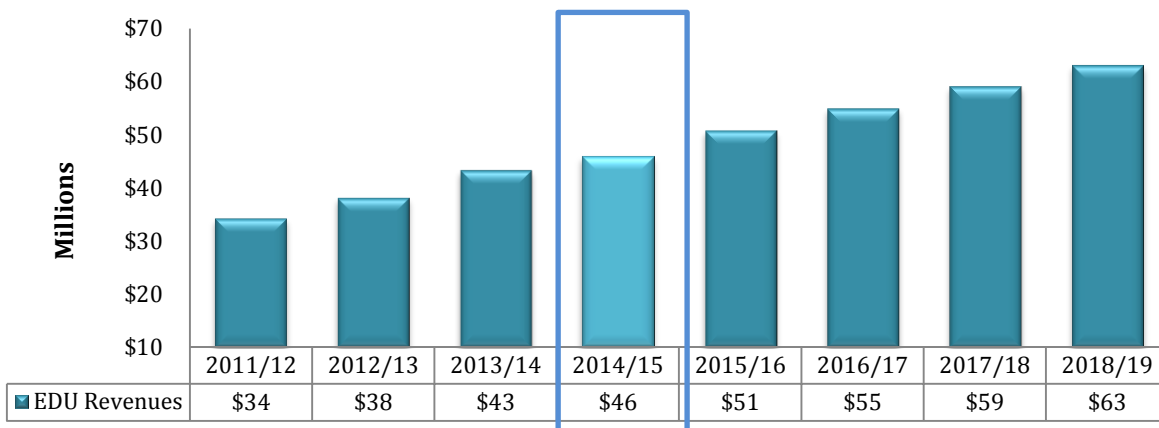
EDU Service Charges

The regional wastewater system growth and available wastewater capacity is reported in Equivalent Dwelling Units or EDU's. EDU's are based on the measurement of wastewater flow equivalent in quantity and strength to the daily flow of an average single-family residential household. Each EDU equals approximately 98,550 gallons per year for a single residential household, or 270 gallons per day (GDP). EDU service charges support the operations and maintenance of the Regional Wastewater Program and are recorded in the Regional Wastewater Operations & Maintenance (RO) Fund.

Total EDU service charges for FY 2014/15 are estimated to be \$45.9 million, as shown in Figure 4-1. Future year forecasts include rate increases through FY 2018/19.

REVENUES AND OTHER FUNDING SOURCES

Figure 4-1: Total EDU Service Charge Revenues



The Agency's FY 2014/15 EDU volumetric rate is \$14.39 per EDU. On February 1, 2012, the Agency's Board of Directors approved the adoption of a three-year rate increase for the Regional Wastewater Program for Fiscal Years 2012/13 through 2014/15 the adopted rate for the RO fund are reported in Table 4-3.

Table 4-3: Three Year Adopted EDU Volumetric Rate

FY 2012/13	FY 2013/14	FY 2014/15
\$12.39	\$13.39	\$14.39

A conservative growth rate of 0.25 percent in the number of billable volumetric EDUs is projected for FY 2014/15 as well as the ensuing fiscal years as shown below on Table 4-4.

Table 4-4: Estimated Growth Rate in the Number of Billable Volumetric EDUs

	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19
Growth Rate	.25%	.25%	.25%	.25%	.25%
Estimated No. of Billable Volumetric EDUs (In thousands)	3,186	3,194	3,202	3,210	3,218

IEUA's service area overall water use been declining since FY 2006/07 leading to a decrease in the Agency's wastewater flows of approximately 10 percent. Other local agencies in Orange and Los Angeles counties are reporting similar trends. Despite the drop in wastewater flows, the Agency has increased the amount of recycled water deliveries, some of which can be attributed to the San Bernardino Avenue Lift Station and the Montclair Lift Station that allow the routing of additional raw wastewater to the recycling plants in the northern service area. There is a high demand for recycled water in the northern service area primarily due to the expansion of the Agency's recycled water distribution system and higher number of groundwater recharge basins.

NRW User Charges

Revenues for the Non-Reclaimable Wastewater (NRW) system consist of cost recovery and user fees in the form of pass-through charges, capital surcharge, and operation fees. The NRW system operated by the Agency is comprised of a north and a south system and is used to export industrial, high-salinity wastewater out of the Agencies service area. The north system conveys the non-reclaimable wastewater to the County Sanitation District of Los Angeles County (SDLAC) for treatment and disposal. The south system conveys wastewater through the Brine Line owned by the Santa Ana Watershed Project Authority (SAWPA), and eventually to the Orange County Sanitation Districts (OCSD) for treatment and disposal. Diversion of this high salinity wastewater away from the Agency's regional water recycling plants contributes to the high-quality recycled water produced by the Agency.

The NRW program rate structure is based on the pass through rates initially adopted in July 2005. This pass-through approach allows the Agency to fully recover capacity, volumetric, and strength fees billed by SDLAC for the North system and SAWPA for the South system. As a result, different rates apply to the northern and southern systems.

In early 2013, Agency staff met with SDLAC staff to commence negotiations on a new NRWS Agreement. Both parties agreed that the timing was right to revise the 50 year old Agreement which was set to expire on May 1, 2018. On December 18, 2013, the Agency's Board of Directors approved a new NRWS Wastewater Disposal Agreement between the Agency and SDLAC for an initial term of 30 years with up to four additional five year extensions. In addition to securing long term program services, the new Agreement is expected to provide more stable and predictable pass-through rates, making it easier for NRW industries to effectively plan for their annual budgets. The new Agreement also resulted in significant changes to the pass-through rate structure for the North system. The new rate structure for the North System and will take effect July 1, 2014. Pass-through rates for both systems are listed on Table 4-5.

Table 4-5: NRW Pass-Through Rates - North and South Systems

Program	Rate Description	FY 2012/13 Adopted	FY 2013/14 Adopted	FY 2014/15 Proposed
Non-Reclaimable Wastewater Rates	North System		470.36 mgd	15,000 CU
	Flow/mgd	\$1,465.26	\$1,437.49	\$835.80
	COD/klb	\$101.16	\$110.81	\$147.84
	TSS/klb	\$268.60	\$294.21	\$418.22
	Peak	N/A	N/A	\$110.88/gpm or \$317.54/mg
	Ad Valorem Tax	N/A	N/A	5%
	South System			
	Capacity/cu	\$277.17	\$318.49	\$334.43
	Flow/mg	\$794.00	\$736.00	\$777.00
	BOD/klb	\$253.00	\$266.00	\$295.00
	TSS/klb	\$376.00	\$395.00	\$411.00

REVENUES AND OTHER FUNDING SOURCES

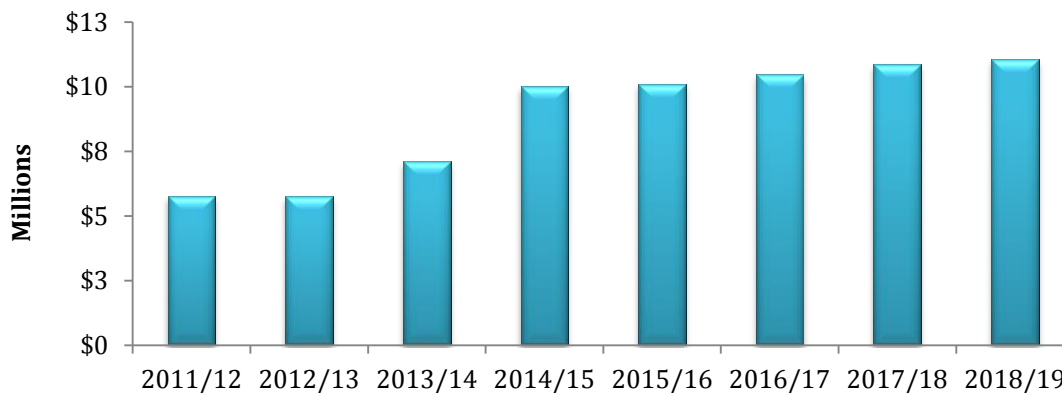
In addition to the pass-through rates, the user charges include the Agency's operating and capital costs associated with the operations, maintenance, replacement, and improvement of the NRW system. These Agency program costs are recovered as follows:

- North System – prorated based on the number of capacity units issued per customer
- South System – a 50% operating surcharge is imposed on volumetric, capacity and strength charges

To promote the use of recycled water throughout the Agency's service area, the Agency has discounted its operating surcharge by 50% for NRW industries that use recycled water as a substitute for potable water. Beginning FY 2014/15, the discount has been modified to 50% of the Agency's direct recycled water rate effective July 1, 2014. This rate will serve as the baseline and will be decreased by 5% each fiscal year thereafter until it sunsets on June 30, 2024.

NRW program total revenues of \$10.2 million in FY 2014/15 indicate an increase of \$3.0 million compared to FY 2013/14 projected revenues of \$7.2 million. The increase is primarily due to higher strength fees as a result of the change in the SDLAC contract. The trend of revenues from NRW user charges between FY 2011/12 actual and FY 2018/19 is show in Figure 4-2.

Figure 4-2: Trend of NRW User Charges



State Loans

The Clean Water Act (CWA) of 1987 authorized the use of federal money to create a State Revolving Fund (SRF) loan program that is administered by State Water Resources Control Board (SWRCB). The SRF Loan Program provides low interest loans and other types of assistance for the construction of publicly owned wastewater treatment works and water reclamation facilities to promote the use of recycled water, water reuse, and water reclamation.

In FY 2014/15 proceeds from state loans are projected to be \$11.1 million or 7 percent of the Agency's total revenues. Projected loan receipts are for the Southern and Central/Wineville area projects in the Recycled Water program. Southern area projects are projected to be completed by winter of 2014. Targeted completion for Central/Wineville area is in winter 2016. Loan receipts are expected each year through FY 2015/16.

The Agency anticipates additional SRF loans for the Recycled Water distribution system and construction of a water quality laboratory estimated to begin in FY 2016/17. Recent changes to the SRF loan program by SWRCB have extended the repayment period from 20 to 30 years. Both the Central/Wineville Recycled Water Area and Water Quality Laboratory loans were awarded 30 year term loans. The effective interest rate remains at half of the State General Obligation Bond interest rate under the extended period of 30 years. Additionally both loans received a corresponding grant or principal forgiveness that significantly reduced the repayment amount. Repayments begin one year after the completion of construction. More details on the financing terms and debt service are provided in the Debt Management section.

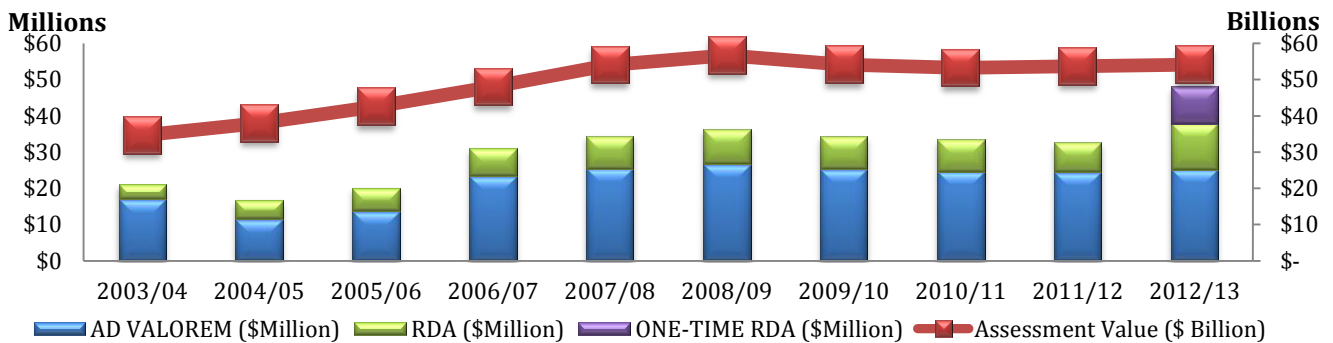
Property Tax Receipts

The Agency receives an allocated share of the San Bernardino County secured property tax levy, pursuant to the California Revenues and Taxation Code. Payments from the County are regulated by the California Teeter Plan which allows taxing agencies to collect 100 percent of assessed taxes each year in lieu of receiving only those taxes actually collected by the County.

A key assumption in the Agency’s long term planning is the continual receipt of property taxes. Although the significant improvement in the State’s fiscal position has lessened the risk, future cycles of fiscal distress may trigger shifts of local revenues by the State. Given this uncertainty, the Board is committed to reducing reliance on property taxes to support operating costs and other recurring costs which are more appropriately supported by service charges and user fees. A key objective for the Agency is to have full cost of service rates for all programs (Business Goal Fiscal Responsibility). Achieving this objective will allow the investment of property taxes for capital initiatives/projects that support continual economic development in the region and safeguard the quality of life of the residents served through the Agency’s water and sewer member agencies (Business Goal Water Reliability).

The Agency is in the process of completing a series of long term planning documents, including the Facilities Wastewater Master Plan, Integrated Resources Plan, Conservation Plan Update, Energy Master Plan and the Recycled Water Program Strategy. Projects defined through this process, once fully vetted by the member agencies, will be integrated in the Agency’s Ten Year Capital Improvement Plan and Operating Budget beginning in FY 2015/16. A key funding source for the approved projects is property taxes. Figure 4-3 shows the historical trend of property tax receipts and assessed property values.

Figure 4-3: Comparative of Property Tax Receipts and Property Assessment Value



1) Property tax shift by State of California for the Education Revenues Augmentation Fund (ERAF) in FY 1993
 2) Prop 1A, property tax shift in FY 2005 & 2006 (\$7M per fiscal year)

REVENUES AND OTHER FUNDING SOURCES

The Agency’s apportionment of property tax proceeds from the County of San Bernardino includes:

- General - 1 percent of general property taxes applied to assessed property values within the Agency’s service area and paid directly by the County Tax Assessor.
- “Pass Through” Taxes – 1 percent of tax increment applied to the redevelopment areas covered under pass through agreement established prior to passage of SB1290 (1994) between the agency and the former Redevelopment Agencies (RDA) and upheld under ABX1 26 (RDA Dissolution Act).
- IDC - 1 percent from Improvement District “C” (“IDC”). The formation of the “IDC” by the Agency, (under the provisions of Part 8, [commencing with section 72000] of Division 20 of the Water Code), was solely for the purposes of acquiring enhancing and expanding wastewater treatment facilities in the Agency’s service area and is allocated 100 percent to the Regional Wastewater Capital Improvement (RC) Fund.

The rapid growth of the Inland Empire since the 1970’s has significantly increased property values throughout the Agency’s service area. Property tax revenues peaked in FY 2008/09 and then began to decline in response to the 2008 economic downturn. The slow and steady recovery of the housing market and improvement of assessed property values has stabilized property tax receipts and, to some degree, facilitated the Agency’s ability to better forecast future trends.

The only uncertainty relates to the ongoing distribution of “unobligated funds” as a result of the dissolution of the Redevelopment Agencies (RDAs). In FY 2012/13, the Agency received an additional \$10.2 million in property taxes related to the dissolution of RDAs and due diligence reporting (DDR) mandated by the Department of Finance. Although we anticipate these types of distributions to continue as RDA Oversight Agencies wind down business affairs, it is highly unlikely that future distributions will be of similar magnitude. In FY 2013/14 DDR receipts were under \$700,000. Since the timing and the amount of these receipts is difficult to forecast, the Agency’s FY 2014/15 Adopted Budget does not include any one-time receipts.

The San Bernardino Assessment Roll for 2014 increased by 6 percent compared to the 2013 Assessment Roll which also increased by 3 percent compared to the prior year. “A significant reason for the increase is the continuing recovery of the real estate market and the restoration of assessed values previously reduced under decline of market value provisions”, according to the county Assessor-Recorder-Clerk. The Agency projected a conservative 3 percent growth in property tax receipts for FY 2014/15 based on projected receipts for FY 2013/14 followed by 1 percent increase in the future years (Table 4-6).

Table 4-6 – Historic and Projected Property Tax Growth Rate Forecasts

FY 2011/12	FY 2012/13*	FY 2013/14	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18
-2.17%	15.91%	3%	3%	1%	1%	1%

**Does not include One-Time Payment \$10.2 million*

In the FY 2014/15 Adopted Budget, property tax receipts are projected at \$40.2 million (Table 4-7) representing a 3 percent increase relative to the FY 2013/14 projection. In the FY 2014/15 budget property taxes contribute approximately 26 percent of the Agency’s revenues of \$153.4 million. The Agency allocates property taxes amongst its various funds as follows:

Table 4-7 – 2014/15 Property Tax Allocation by Program

Program	Percent	\$ Million
RC Fund	65%	\$26.1
RO Fund	22%	8.8
WC Fund	5%	2.0
GG Fund	8%	3.2
Total	100%	\$40.2

No change in the percentage allocation to the Regional Wastewater program is proposed for FY 2014/15. Discussions on the re-allocation of property taxes to support critical capital investments over the next several years, including amending the Regional Contract to provide for more flexibility in the use of property taxes, will be initiated in the fall of 2014. Allocating property taxes to finance the approved projects will help defray future rate increases and new debt issuances, as well as allow the region to leverage funding opportunities currently available from federal, state, and local agencies.

Grant Revenues

The FY 2014/15 grant revenues are projected to be \$2.3 million, or 2 percent, of the Agency’s total revenues. Table 4-8 below shows the list of active grants in FY 2014/15.

As a municipal water district, the Agency is eligible for funds from various federal, state and local grantors such as:

- United States Bureau of Reclamation (USBR)
- California Department of Parks and Recreation (DPR)
- State Water Resources Control Board (SWRCB)
- Santa Ana Watershed Project Authority (SAWPA)
- Metropolitan Water District of Southern California (MWD)

Table 4-8: Active Grants and Projected Receipts for FY 2014/15 (\$Millions)

State Grants	Fund	Program	Purpose	FY 2014/15 Budget
State Water Resources Control Board (SWRCB)	Recycled Water	Recycled Water	Construction of recycled water pump stations, pipelines, storage and a SCADA system to provide recycled water to the Agency’s service area	\$1.3
Santa Ana Watershed Project Authority (SAWPA)		Distribution Systems		1.0
Total Grant Funding:				\$2.3

REVENUES AND OTHER FUNDING SOURCES

The Agency has been actively participating in grant programs since the 1990's. Grants are an important source of funding for Agency projects. The Agency also provides grant administration services to its member agencies and JPA partners. During FY 2013/14 grants administration submitted applications on behalf of the IERCA, City of Ontario and the Monte Vista Water District and will manage the grants if awarded.

Currently the Agency grants administration staff is managing a \$52.0 million California Department of Public Health (CDPH) Proposition 50 grant and \$8.5 million Title XVI grant from the United States Bureau of Reclamation on behalf of the Chino Basin Desalter Authority (partner JPA) Phase III Expansion project. The CDPH grant is the largest water grant awarded in the State of California.

Other on-going capital and water conservation project grant items include:

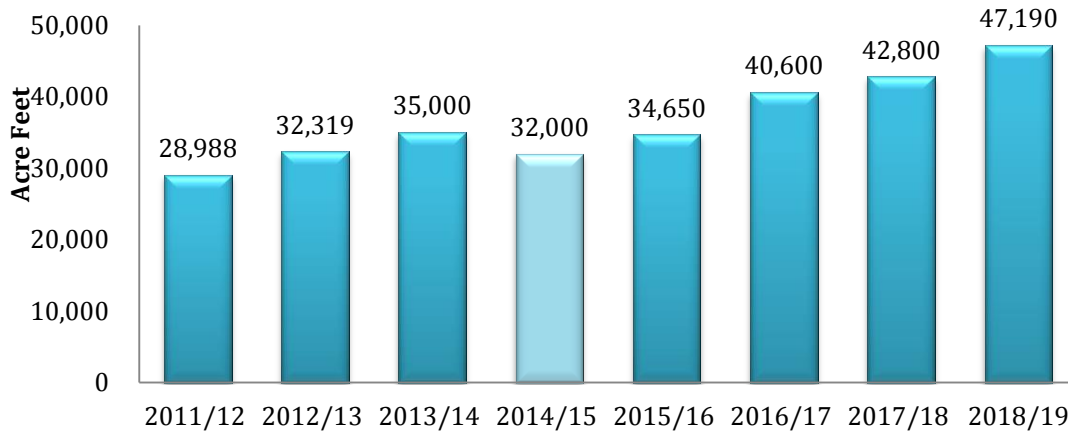
- USBR and SAWPA Proposition 84 grants for Residential Landscape Installation to provide residential landscape services throughout the Agency's service area
- DPR Water Discovery and Mini Bussing grant for water discovery field trips for schools to visit the Agency's Chino Creek Wetland and Educational Park
- MWD Foundational Actions funding grant to explore recycled water, drinking water and groundwater recharge management methods.

Recycled Water Sales

IEUA began producing recycled water in the 1970s as a low cost alternative to potable water. During the past 15 years, IEUA and its local water providers have invested in an aggressive program to expand delivery of high quality recycled water to IEUA's seven member agencies. Recycled water provides a cost effective, dependable and environmentally friendly water supply that can be used for a number of different operations. The Agency's Recycled Water Program is anticipated to provide 20 percent of IEUA's water requirement by 2025.

Use of recycled water continues to grow steadily. In FY 2014/15 recycled water deliveries are budgeted at 32,000 AF (Acre Feet), comprised of 21,500 AF in direct deliveries and 10,500 AF in groundwater recharge deliveries. This is lower than the projected deliveries of 35,000 AF in FY 2013/14 which were significantly higher than expected due to a combination of historically dry weather conditions and availability of recharge basins which optimized groundwater recharge. Figure 4-4 shows the historical, budgeted, and forecasted recycled water deliveries by AF.

Figure 4-4: Total Recycled Water AF Deliveries by Fiscal Year



Total recycled water sales are estimated to be \$9.5 million in FY 2014/15. The MWD Local Project Program (LPP) rebate is also budgeted at \$2.1 million which is based on the recycled water sold in excess of 3,500 AF up to 17,000 AF at a rate of \$154/AF, resulting in a maximum rebate of \$2.1 million per year. The LPP program is scheduled to expire in June 2017.

In February 2012, the Regional Sewage Policy Committee and the Agency’s Board of Directors approved a three year rate increase effective July 1, 2012, for both direct and recharge recycled water sales. Table 4-9 shows the multi-year adopted recycled water rates.

Table 4-9: Recycled Water Rates

Program	Rate	FY 2012/13 Effective July 1, 2012	FY 2013/14 Effective July 1, 2013	FY 2014/15 Effective July 1, 2014
Recycled Water	Direct Delivery Rate Per AF	\$155	\$215	\$290
	Groundwater Recharge Per AF	\$195	\$255	\$335

REVENUES AND OTHER FUNDING SOURCES

Regional Wastewater System Connection Fees

The Agency levies a fee on all new developments that connect to its regional sewer system. One EDU is equivalent to one new connection unit. Pursuant to the Regional Sewage Service Contract (Regional Contract), new EDU connection fees are collected by each of the Agency’s contracting member agencies and held in trust in a Capital Capacity Reimbursement Account (CCRA) until requested, or “called”, by the Agency. Capital calls, or draws from the CCRA funds, are based on the Agency’s projected costs for capital acquisition, construction, and improvement of regional facilities. These costs are reported to the contracting agencies on a quarterly basis in accordance with the Regional Contract. Capital calls are calculated based on the percentage of each contracting agency’s CCRA account balance relative to the aggregate amount.

The Agency’s Board of Directors approved the adoption of a three year rate increase in 2012 for the Regional Wastewater Capital Improvement (RC) Fund Program for Fiscal Years 2012/13 through 2014/15. Table 4-10 shows the adopted multi-year rates.

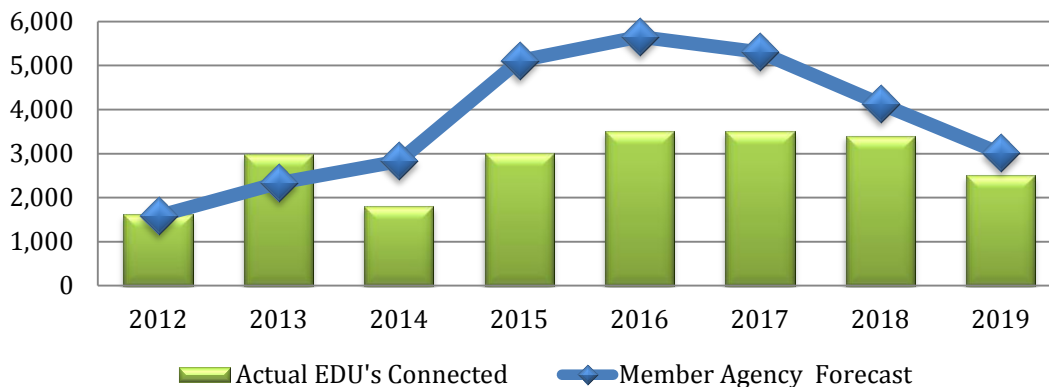
Table 4-10: Multi-Year Adopted Regional New EDU Connection Fees

Program	Rate/ Per EDU	FY 2012/13 Effective July 1, 2012	FY 2013/14 Effective July 1, 2013	FY 2014/15 Effective July 1, 2014
Regional Wastewater Capital	New Connection Fee	\$4,909	\$5,007	\$5,107

The FY 2014/15 connection fee revenues are projected to be approximately \$15.3 million for a total of 3,000 new EDU connections at an adopted fee of \$5,107 per EDU.

Although projections from the member agencies have historically been considerably more optimistic, the Agency applies a more conservative assumption in forecasting the number of new EDU connections. Figure 4-5 shows a comparison of historical and forecasted new EDU connections between FY 2011/12 and FY 2018/19 by IEUA and its contracting member agencies.

**Figure 4-5: Member Agency Forecast and Actual EDU Connections
FY 2011/12 to FY 2018/19**



Inter-Fund Loans

Inter-fund loans are used as needed to supplement capital costs, debt service costs, or operating costs not supported by rates or fund reserves. Inter fund loan receipts are offset by the corresponding payments for the same amount and are shown as part of other funding sources and debt service costs, respectively.

In FY 2014/15 the Water Resources (WW) Program fund is projected to receive a \$1.2 million inter-fund loan from the Administrative Service (GG) fund to support the implementation and administration of regional drought and conservation projects. In FY 2013/14 the Board approved an additional inter-fund loan of \$5.5 million from the Regional Wastewater Capital Improvement (RC) fund to the Recycled Water (WC) fund to support ongoing capital construction costs. Due to delays in the execution of the Southern Area and Central/Wineville Area recycled water projects, only \$2.5 million of the \$5.5 million is anticipated to be needed at the end of FY 2013/14. The additional \$2.5 million loan increases the WC Funds total outstanding inter-fund loans to \$20.5 million; \$15 million due to the NRW fund and \$5.5 million due to the RC fund. Repayment of these loans is scheduled to begin in FY 2016/17. Table 4-11 summarizes the inter-fund loan activities.

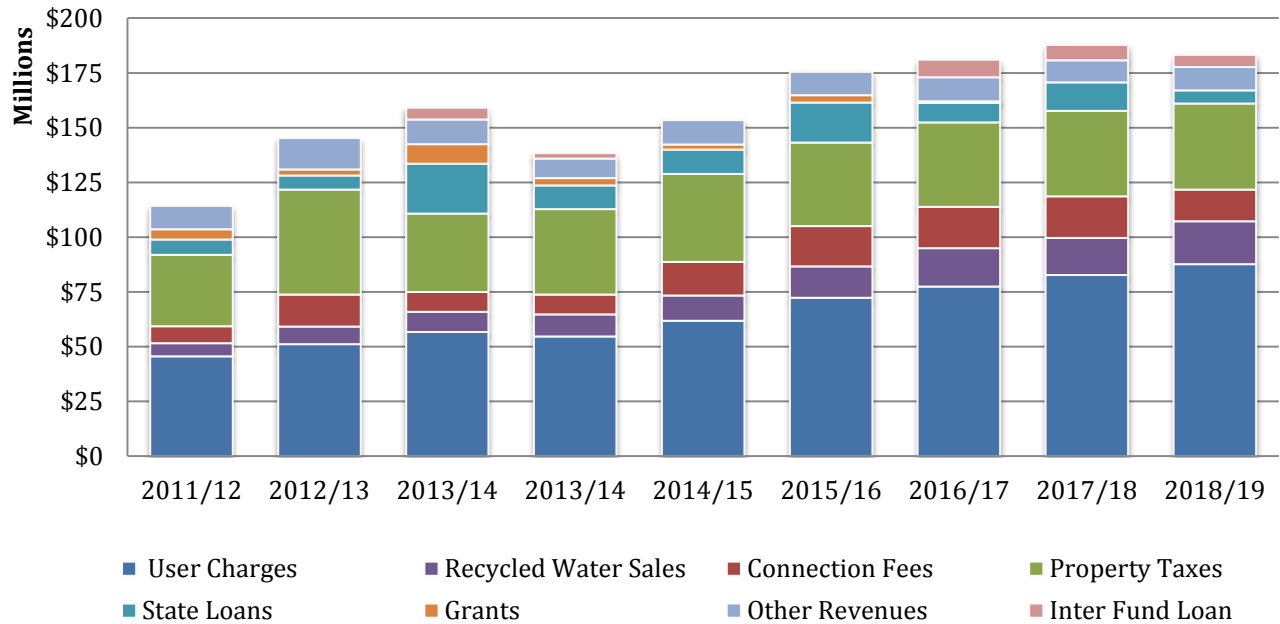
Table 4-11: Future Repayment Schedule of Inter-fund Loans (\$Millions)

Inter Fund Loan Issued	From	To	Loan Amount	Proposed Repayment Amount FY 2014/15	Repayment Schedule
FY 2007/08	Non-Reclaimable Wastewater (NC) Fund	Recycled Water	\$9	\$0	2016/17 \$5.0 2017/18 \$4.0 Total \$9.0
FY 2007/08	Regional Wastewater Capital (RC) Fund	Recycled Water	\$3	\$0	2016/17 \$3.0 Total \$3.0
FY 2009/10	Non-Reclaimable Wastewater (NC) Fund	Recycled Water	\$6	\$0	2017/18 \$1.0 2018/19 \$5.0 Total \$6.0
FY 2013/14	Regional Wastewater Capital (RC) Fund	Recycled Water	\$2.5	\$0	2017/18 \$2.0 2018/19 \$0.5 Total \$2.5
FY 2014/15	Administrative Services (GG) Fund	Water Fund	\$1.2	\$0	To be determined
		Grand Total	\$21.7	\$0	\$21.7

REVENUES AND OTHER FUNDING SOURCES

The multi-year adopted rate increases for Regional Wastewater and Recycled Water Programs, growth in new connections, increase in property tax receipts, as well as federal and state loans and grants receipts supporting the construction of recycled water distribution system and a water quality laboratory account for the increase in total revenue and other funding sources, as shown in Figure 4-6.

Figure 4-6: Historic and Projected Trend of Total Revenues & Other Funding Source by Type



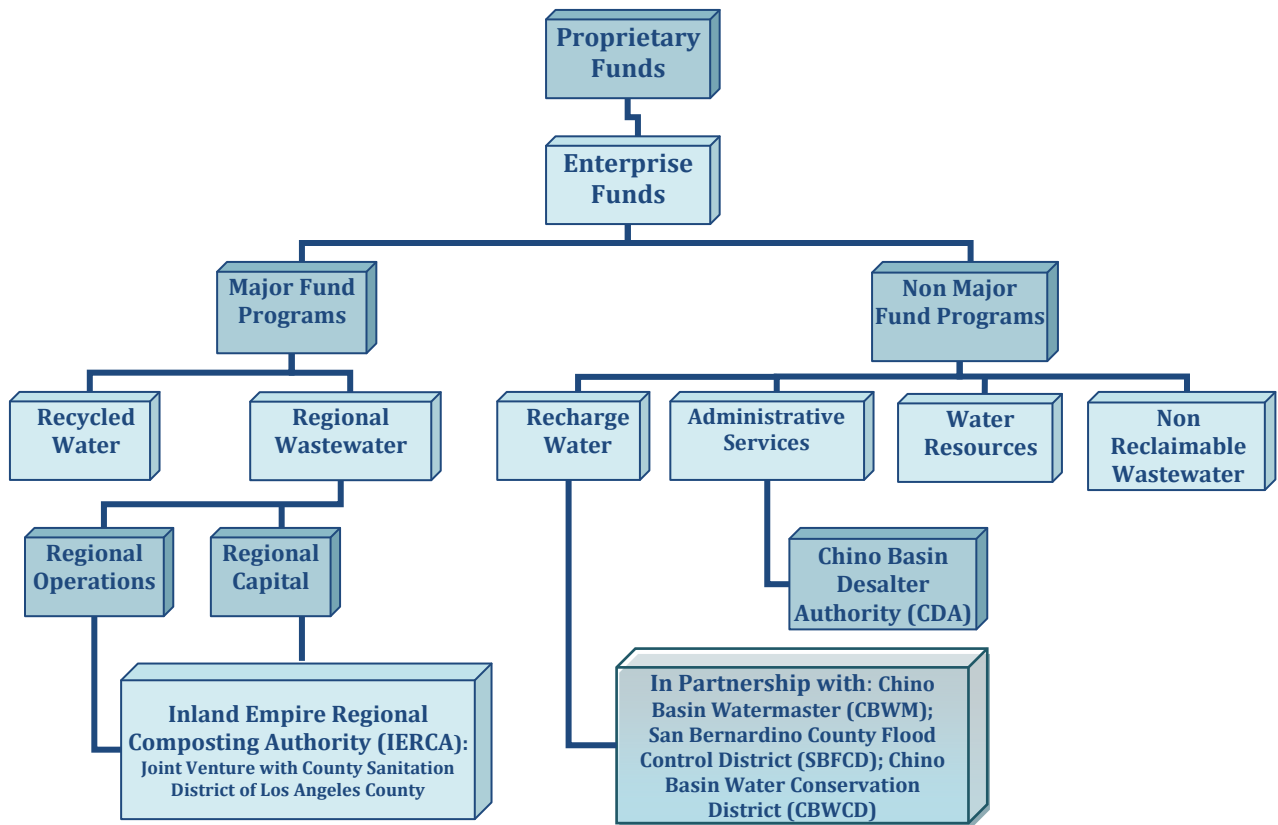
**Other Revenues include: sale of assets and capacity, interest revenues, and miscellaneous reimbursements.*



PROGRAM FUNDS

FUND STRUCTURE

Figure 5-1: Inland Empire Utilities Agency (IEUA)
Fund Structure



As a municipal water district, the Agency engages in enterprise operations in various separate and distinct activities, including:

- Wholesale distribution of imported potable water delivered by the Metropolitan Water District of Southern California (MWD) and regional planning, management and conservation of water resources
- Collection and treatment of domestic wastewater and the construction, improvement, replacement and repair of regional conveyance and water recycling plant facilities
- Purveyor of recycled water and construction of the Regional Recycled Water Distribution system, including support of the related retrofits and lateral construction
- Maintenance of regional groundwater recharge basins in collaboration with Chino Basin Watermaster (CBWM) to increase artificial groundwater recharge within the Chino Basin using storm water, recycled water, and imported water
- Organics management through effective operation of the Inland Empire Regional Composting Authority (IERCA) indoor composting facility designed to produce high-quality compost, in partnership with the County Sanitation District No. 2 of Los Angeles County (SDLAC). These costs are recorded in the Regional Wastewater Operations & Maintenance (RO) Fund.
- Ongoing expansion of the Agency's renewable energy portfolio to continue towards the goal of achieving energy independence by 2020 through solar, wind, fuel cells and bio-gas renewable energy generation

- Operations and maintenance of the non-reclaimable wastewater system to export high-salinity industrial wastewater generated within the IEUA service area for discharge to the Pacific Ocean, and to protect the quality of the Agency's recycled water, and
- Operations and maintenance support of the Chino Desalter No. 1 facility and grants administration on behalf of the Chino Basin Desalter Authority (CDA). Reimbursements of related costs from CDA are recorded in the Administrative Service Fund.

The Agency's budget is organized on the basis of enterprise funds, each of which is considered a separate budgetary and accounting entity and reported on a full accrual accounting basis, with the exceptions summarized in section 3 Budget Process, pages 3-5. The Agency develops its sources and uses of fund estimates for the annual budget in a manner consistent with Generally Accepted Accounting Principles (GAAP). Financial resources are allocated to and accounted for in individual funds based upon the purposes of which they are to be spent and the means by which spending activities are controlled. In some cases, fund use will cross agency/organizational lines when resources from various areas are applied to, or support of a particular program or activity is necessary. All of the programs' (funds') budgets are appropriated upon approval and adoption of the annual budget by the Agency's Board of Directors.

Each individual enterprise fund includes both capital and operations budgets, and is defined as a fiscal and accounting entity with a self-balancing set of accounts. Each enterprise fund records cash and other financial resources, together with all related liabilities and residual equities or balances and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. Each fund is classified as either a major fund or non-major fund group as prescribed by Governmental Accounting Standards Board (GASB) 34. The following definitions of Major and Non-Major Funds are consistent with the Agency's audited Comprehensive Annual Financial Report (CAFR).

Major Funds

The Regional Wastewater and Recycled Water Program funds make up the major fund Group. These funds account for the resources devoted to funding the capital and operating costs associated with the acquisition, construction, improvement, expansion and operation of the Agency's domestic wastewater treatment plant facilities and the recycled water distribution system.

Non-Major Funds

The Non-Reclaimable Wastewater Program, Administrative Services, Recharge Water and Water Resources funds are designated as the non-major funds. These funds record capital and operating costs associated with: the acquisition, expansion, and construction of the interceptors and appurtenant facilities and treatment capacity of non-reclaimable wastewater processing plants, the administrative and overhead expenses for the various departments, the operational and administrative support for the Chino Basin Desalter, the purchase of common Agency assets, the operations and maintenance of ground water recharge basin, the management and distribution of wholesale of potable water, the development and implementation of regional water conservation initiatives, and the planning for water resources.

Details on each program fund's initiatives, activities, and budget are provided in the individual program fund section. A summary of the Agency's various programs budget is provided in the following schedule, Sources and Uses of Funds – By Program Fund.

FUND STRUCTURE

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

	2011/2012	2012/2013	2013/14	FY 2014/15 ADOPTED BUDGET							TOTAL
	ACTUAL	ACTUAL	PROJECTED ACTUAL	Administrative Services Program	Non-Reclaimable Wastewater Program	Regional Wastewater Capital Improvement Fund	Regional Wastewater Operations & Maintenance Program	Recharge Water Program	Recycled Water Program	Water Resources Program	
REVENUES											
User Charges	\$45,587,646	\$51,183,603	\$54,668,322	\$0	\$10,007,520	\$0	\$45,988,266	\$0	\$0	\$5,816,808	\$61,812,614
Property Tax	6,277,352	3,788,896	5,822,600	3,216,278	0	0	0	0	0	0	3,216,278
Cost Reimbursement JPA	4,584,291	5,397,148	5,208,186	1,225,071	0	0	3,471,033	741,682	0	0	5,437,786
Contract Cost Reimbursement	1,198,232	1,123,186	1,050,016	0	0	0	93,000	0	5,000	853,750	951,750
Interest Revenue	1,178,507	811,607	730,384	110,000	170,465	174,279	370,000	15,000	102,584	6,118	948,445
Recycled Water Sales	4,352,802	7,951,606	10,144,002	0	0	0	0	0	11,581,500	0	11,581,500
TOTAL REVENUES	\$64,620,188	\$70,256,046	\$77,623,510	\$4,551,349	\$10,177,985	\$174,279	\$49,922,319	\$756,682	\$11,689,084	\$6,676,676	\$83,948,373
OTHER FINANCING SOURCES											
Property Tax - Debt and Capital	\$26,417,154	\$44,267,785	\$33,209,900	\$0	\$0	\$26,132,258	\$8,844,764	\$0	\$2,010,174	\$0	\$36,987,196
Regional System Connection Fees	7,686,126	14,614,387	9,012,600	0	0	\$15,321,000	0	0	0	0	15,321,000
State Loans	7,016,567	6,349,698	10,850,007	0	0	0	0	0	11,074,355	0	11,074,355
Grants	4,682,229	2,775,371	3,354,012	0	0	0	0	0	2,320,000	0	2,320,000
Sale of Assets	21,848	4,805,394	0	0	0	0	0	0	0	0	0
Capital Cost Reimbursement	638,535	362,285	1,137,546	0	0	0	0	556,740	1,412,480	0	1,969,220
Other Revenues	2,942,362	1,639,253	674,638	2,000	33,503	6,000	565,416	0	0	1,206,104	1,813,023
Sale of Capacity	215,000	215,000	0	0	0	0	0	0	0	0	0
Loan Transfer from Internal Fund	0	0	2,500,000	0	0	0	0	0	0	0	0
TOTAL OTHER FINANCING SOURCES	\$49,619,821	\$75,029,173	\$80,738,703	\$2,000	\$33,503	\$41,459,258	\$9,410,180	\$556,740	\$16,817,009	\$1,206,104	\$69,484,794
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$114,240,009	\$145,285,219	\$158,362,213	\$4,553,349	\$10,211,488	\$41,633,537	\$59,332,499	\$1,313,422	\$28,506,093	\$7,882,780	153,433,167
EXPENSES											
Employment Expenses	\$32,578,449	\$31,945,265	\$33,953,311	\$1,688,427	\$2,245,963	\$3,062,676	\$28,380,800	\$816,714	\$3,471,033	\$1,225,071	\$40,890,683
Contract Work/Special Projects	5,617,546	3,665,640	3,746,766	717,000	10,000	50,000	2,120,000	0	50,000	2,151,250	5,098,250
Utilities	6,991,486	8,773,473	9,315,172	605,821	59,243	0	7,164,307	126,000	2,569,696	0	10,525,067
Operating Fees	7,197,109	7,059,747	8,576,024	6,427	5,211,593	677,647	1,157,589	3,800	244,910	3,782,918	11,084,884
Chemicals	3,440,012	3,735,681	3,639,010	0	170,000	0	4,459,380	0	0	0	4,629,380
Professional Fees and Services	5,461,978	6,207,625	7,057,809	3,125,724	136,022	236,520	2,894,944	561,500	570,820	125,585	7,651,114
Office and Administrative expenses	1,255,597	1,281,711	1,794,685	1,743,721	0	0	434,430	14,096	0	60,000	2,252,247
Biosolids Recycling	3,960,825	3,397,825	3,517,695	0	25,000	0	3,557,924	50,736	0	0	3,633,660
Materials & Supplies	2,454,940	2,494,619	3,009,219	557,698	115,850	0	2,059,825	61,100	191,000	0	2,985,473
Operation Contribution to IERCA	0	71,148	0	0	0	0	0	0	0	0	0
Other Expenses	555,425	2,851,318	860,469	(5,146,942)	462,634	1,713,193	4,161,034	0	1,152,795	315,451	2,658,165
TOTAL EXPENSES	\$69,513,367	\$71,484,061	\$75,470,160	\$3,297,877	\$8,436,304	\$5,740,036	\$56,390,233	\$1,633,946	\$8,250,253	\$7,660,275	\$91,408,925
CAPITAL PROGRAM											
CSDLAC 4Rs	\$2,700,257	\$1,206,214	\$1,008,323	\$0	\$737,600	\$0	\$0	\$0	\$0	\$0	\$737,600
IERCA Investment	0	500,000	0	0	0	500,000	0	0	0	0	500,000
Work In Progress	33,953,422	21,271,281	14,784,074	1,461,200	2,350,000	5,000,500	8,934,500	550,000	9,781,000	0	28,077,200
Work In Progress Adjustments	(4,304,547)	0	0	0	0	0	0	0	0	0	0
Rehab & Replacement	0	0	21,058,319	0	0	0	0	0	0	0	0
TOTAL CAPITAL PROGRAM	\$32,349,132	\$22,977,495	\$36,850,716	\$1,461,200	\$3,087,600	\$5,500,500	\$8,934,500	\$550,000	\$9,781,000	\$0	\$29,314,800
DEBT SERVICE											
Financial Expenses	\$156,172	\$205,103	\$3,411,240	\$4,718,604	\$1,050	\$300,700	\$300	\$105,700	\$1,800	\$0	\$5,128,154
Interest	7,514,939	10,014,734	9,529,404	0	393,559	6,857,364	214,285	299,000	2,067,961	0	9,832,169
Principal	9,960,222	11,306,555	11,629,367	0	149,556	23,083,284	0	606,780	2,772,546	0	26,612,166
Short Term Inter-Fund Loan	0	0	2,500,000	0	0	0	0	0	0	0	0
TOTAL DEBT SERVICE	\$17,631,333	\$21,528,391	\$27,070,011	\$4,718,604	\$544,165	\$30,241,348	\$214,585	\$1,011,480	\$4,842,307	\$0	\$41,572,489
TRANSFERS IN (OUT)											
Capital Contribution	\$0	\$0	\$0	\$1,461,200	(\$49,681)	(\$1,361,838)	\$0	\$275,000	(\$324,681)	\$0	\$0
Debt Service	0	0	0	0	0	(505,740)	0	505,740	0	0	0
Operation support	0	0	0	0	0	0	0	892,174	(892,174)	0	0
TOTAL INTERFUND TRANSFERS IN (OUT)	\$0	\$0	\$0	\$1,461,200	(\$49,681)	(\$1,867,578)	\$0	\$1,672,914	(\$1,216,855)	\$0	\$0
FUND BALANCE											
Net Income (Loss)	(\$5,253,822)	\$29,368,427	(\$1,028,674)	(\$3,463,133)	(\$1,906,262)	(\$1,715,926)	(\$6,206,819)	(\$209,090)	\$4,415,677	\$222,505	(\$8,863,048)
Beginning Fund Balance July 01	123,078,744	117,824,921	147,193,350	23,229,107	6,409,018	62,572,232	36,422,557	3,580,531	12,895,383	1,055,847	146,164,675
ENDING BALANCE AT JUNE 30	\$117,824,922	\$146,193,348	\$146,164,676	\$19,766,974	\$4,502,756	\$60,856,306	\$30,215,738	\$3,371,441	\$17,311,060	\$1,278,352	\$137,301,627
RESERVE BALANCE SUMMARY											
Operating Contingencies	\$21,291,031	\$21,782,307	\$22,050,764	\$1,448,939	\$1,071,069	\$0	\$17,639,735	\$2,254,441	\$4,326,388	\$0	\$26,740,572
Capital Expansion & Replacement	16,578,452	33,579,659	30,669,909	0	2,149,412	3,545,794	0	500,000	6,405,360	1,278,352	13,878,917
CCRA Capital Construction	13,640,624	28,246,979	29,259,579	0	0	42,580,579	0	0	0	0	42,580,579
Rehabilitation/Replacement Reserve	11,520,797	17,695,038	22,989,285	0	737,600	0	12,361,418	0	300,000	0	13,399,018
CSDLAC Prepayment	1,429,818	1,008,323	0	0	0	0	0	0	0	0	0
Debt Service & Redemption	23,098,380	20,586,732	19,536,325	0	0	14,729,933	0	617,000	6,279,312	0	21,626,245
Insurance & Other	3,047,466	5,518,964	5,474,496	6,000,000	544,674	0	214,585	0	0	0	6,759,260
Retirement reserves	18,218,353	18,775,348	16,184,317	12,317,036	0	0	0	0	0	0	12,317,036
ENDING BALANCE AT JUNE 30	\$108,824,922	\$147,193,350	\$146,164,675	\$19,766,975	\$4,502,756	\$60,856,306	\$30,215,738	\$3,371,441	\$17,311,060	\$1,278,352	\$137,301,627

Administrative Service Program

Programmatic Overview

The Administrative Services Program (GG fund) serves as the Agency's general fund. The GG fund records revenues and expenses associated with overall Agency labor and administration. Expenses for employment, general and administrative services, capital acquisitions for items such as computers, printers, copiers and pooled vehicles, and non-capital and non-project related materials, supplies, tools, and contract services, including landscaping, janitorial, external auditing, etc. are budgeted and expensed in the GG fund.

Systematic allocations to other programs and departments are based on either direct staff participation in specific program activities or projects, frequency of equipment or service usage, or estimated amount of resources needed to support overall program functions. Undistributed costs remain as expenses in the GG fund.

Fund Description

The chief funding sources for the GG fund are an 8 percent allocation of total property tax receipts and reimbursement for services provided to the Chino Basin Desalter Authority (CDA). Additionally, inter-fund transfers from the Regional Wastewater Capital Improvement (RC), Recycled Water (WC) and Non-Reclaimable Wastewater (NRW) funds provide funding for capital acquisition costs of general use assets.

All of the Agency's general and administrative costs and 100 percent of employment costs are initially budgeted in the GG fund. Throughout the year, pertinent expenses such as employment, general equipment and facilities maintenance expenses are allocated to the Agency's various programs.

The Agency first budgets all employment related expenses in the GG fund. As a second step, these employment costs are distributed to the various programs through an allocation process. The GG fund retains approximately 4 percent of the employment expenses and approximately 96 percent of the costs are allocated out. Table 5-1 below shows the percent allocation of the employment costs by program for FY 2013/14 and FY 2014/15. The Personnel section includes a more detailed discussion of the Agency's staffing plan and related cost analysis.

Table 5-1: Employment Costs Allocation

Program	Allocation Percentage	
	FY 2013/14	FY 2014/15
Regional Wastewater	74.0%	68.5%
Recycled Water	6.0%	8.5%
Administrative Services/Chino Basin Desalter Operations	3.0%	4.0%
Organics Management/IERCA Operations	9.0%	8.5%
Non-Reclaimable Wastewater System	5.0%	5.5%
Water Resources	2.0%	3.0%
Recharge Water	1.0%	2.0%
Total	100%	100%

The Agency provides contract services to other agencies in the forms of financial, treasury and debt management, grants administration, accounts payable and accounts receivable processing, program/project management, and plant operations. Table 5-2 shows the expected reimbursements from other agencies for outsourcing of staff support and associated administrative activities. Reimbursements from the CDA remain in the GG fund but those from the Inland Empire Regional Composting Authority and the Chino Basin Water Master are distributed to the RO fund and RW fund, respectively.

Table 5-2: Cost Reimbursements by Agency

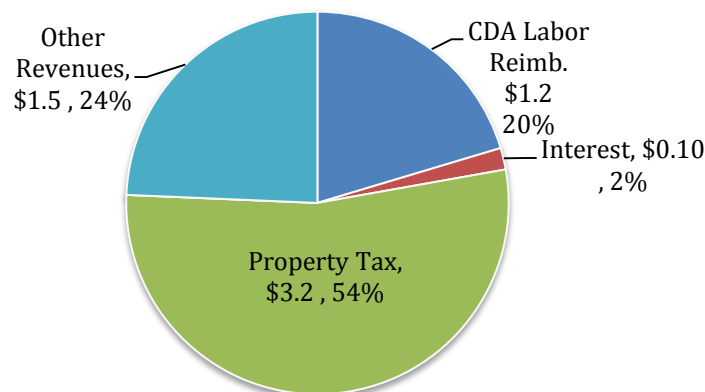
Agency	Expenses	FY 2014/15 Budget \$ Million
Chino Basin Desalter Authority	IEUA staff support for the operation & maintenance of Chino Desalter Plant 1 located in Chino, CA, and administration for CDA grants	\$1.2
Inland Empire Regional Composting Authority	IEUA staff labor and overall administrative support for the operation & maintenance of the composting facility in Rancho Cucamonga, CA (labor allocation reimbursement is recorded in RO fund)	\$3.5
Chino Basin Watermaster	IEUA staff labor and administrative costs for the operation & maintenance of groundwater recharge basins and debt service costs associated with the certain improvements to groundwater recharge facilities (reimbursement is recorded in the RW fund)	\$0.4
Total		\$5.1

Revenues and Other Funding Sources

The FY 2014/15 GG fund budget projects \$6.0 million of total revenue and other funding sources which includes: property tax receipts of \$3.2 million, operations and labor cost reimbursement from the CDA of \$1.2 million, interest income and miscellaneous receipts of \$0.1 million, and other funding sources which include inter-fund transfers of \$1.5 million for capital replacement support from the Regional Wastewater, Non-Reclaimable Wastewater, and Recycled Water Programs.

The total property tax receipts are projected to increase by 3 percent compared to the prior year amount due to improved economic conditions and the slight increase in property assessment values throughout San Bernardino County. Figure 5-2 shows the sources of revenues for the GG fund.

Figure 5-2: GG Fund Revenue & Other Funding Sources



Administrative Service Program

Table 5-3: Total Revenue & Other Funding Sources

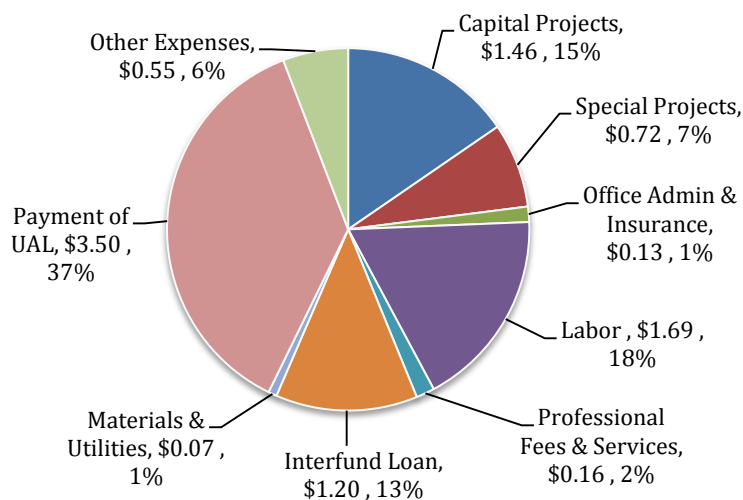
Fund	Major Revenue Category	Budget \$Millions	Key Assumptions
Administrative Service Program (GG)	Property Tax	\$3.2	Property tax receipts support general administrative costs. Tax allocation reduced from 8% to 5% in FY 2014/15 to support regional drought and conservation projects
	Cost Reimbursement from CDA	1.2	Operations and labor cost reimbursement from the CDA for operation of the Chino 1 Desalter
	Capital Contribution	1.5	Inter-fund transfers from RC, WC and NRW funds to support Agency-wide capital expenditures
	Interest Revenue	0.1	Interest earned on reserve balance
Total		\$6.0	

Expenses and Other Uses of Funds

A total of \$53.6 million in Agency-wide administrative and employment expenses are budgeted in the GG fund in FY 2014/15. Approximately 95 percent, or \$50.9 million, of total expenses are allocated to the other Agency programs/funds and to the Joint Power Authority (JPA's). The net expenses remaining in the GG fund include administrative costs, capital expenditures, and pay down of the Agency's unfunded accrued liability (UAL) for Other Post-Employment Benefits (OPEB) for \$3.5 million, for total net expenses of \$9.5 million.

The FY 2014/15 budget also includes an inter-fund loan of \$1.2 million to the Water Resources (WW) fund to support the expansion of the regional water use efficiency and conservation projects in response to the current drought crisis and the availability of grant funding, as shown in Figure 3, GG Fund Net Expenditures.

Figure 5-3: GG Fund Net Expenses & Other Uses of Funds, \$9.5 Million



Total uses of funds in the amount of \$9.5 million include \$1.6 million of net employment cost, \$1.5 million in capital projects (fully supported by inter-fund transfers from the Regional Wastewater, NRW, and Recycled Water Programs), \$1.7 million of other administration expenses, and, \$1.2 million for the inter-fund loan, and \$3.5 million for payment toward the Agency’s OPEB unfunded accrued liability. This will be the second installment towards the OPEB UAL which will be financed from fund reserves designated for this purpose. The first installment of \$3.5 million was made in FY 2013/14 and supported by incremental redevelopment taxes received from the distribution of unencumbered funds remitted to the San Bernardino County Tax/Assessor by the various Successor Agencies as a result of the Due Diligence Review mandated by the Department of Finance.

Table 5-4: Total Expenses & Other Uses of Funds

Fund	Major Expense Category	Budget \$Millions	Key Assumptions
Administrative Service Program (GG)	Administrative & Operations	\$3.3	Includes Agency employment, materials & supplies, professional fees, utilities, and other operating costs, net of allocation to other Agency programs and capital projects.
	Capital Projects	1.5	Includes various capital information system projects, business network improvements, & replacement of aging fleet maintenance vehicles
	OPEB funding	3.5	OPEB funding contribution to reduce Agency’s pension unfunded accrued liability
	Inter-fund Loan	1.2	Inter fund loan to Water Resource program to support current drought crisis
Total		\$9.5	

Employment Expense

Total full time equivalent (FTE) positions authorized for FY 2014/15 will be reduced from 295 to 290. Over the past seven fiscal years, the actual average vacancy factor has exceeded the budgeted 5 percent, which is equivalent to 15 FTE’s. In FY 2013/14 the average vacancy factor of 11 percent maintained throughout the fiscal year was significantly higher than the budgeted rate. As part of ongoing cost containment efforts, the Agency is committed to maintaining an average vacancy factor of up to 5 percent in FY 2014/15. Management will continue to fill only those vacant positions deemed essential to the effective operation of the Agency.

Total net employment costs of \$40.8 million (net of the allocation to CIP of approximately \$4.7 million) include wages, benefits and administrative overhead expenses. Allocation of employment costs by program fund is shown in Table 5-5 below.

Administrative Service Program

Table 5-5: Net Employment Costs Allocation by Program FY 2014/15 (\$ Millions)

Programs	FY 2013/14	FY 2014/15	% Change Inc/(Dec)
RO - Regional Operations and Maintenance	\$22.10	\$24.9	12.7%
RC - Regional Capital Improvement	4.1	3.1	-24.4%
IERCA Facilities (Reimbursed to the RO fund)	3.2	3.5	9.4%
WC - Recycled Water Program	2.1	3.5	66.7%
NC - Non-Reclaimable Wastewater Program	1.7	2.2	29.4%
Chino Basin Desalter Operations (Reimbursement to the GG fund)	1.2	1.2	0.0%
GG - Administrative Services	-0.4	0.4	-200.0%
WW - Water Resources , including Conservation Programs	0.7	1.2	71.4%
RW - Recharge Water Program	0.5	0.8	60.0%
Total	\$35.2	\$40.8*	15.9%

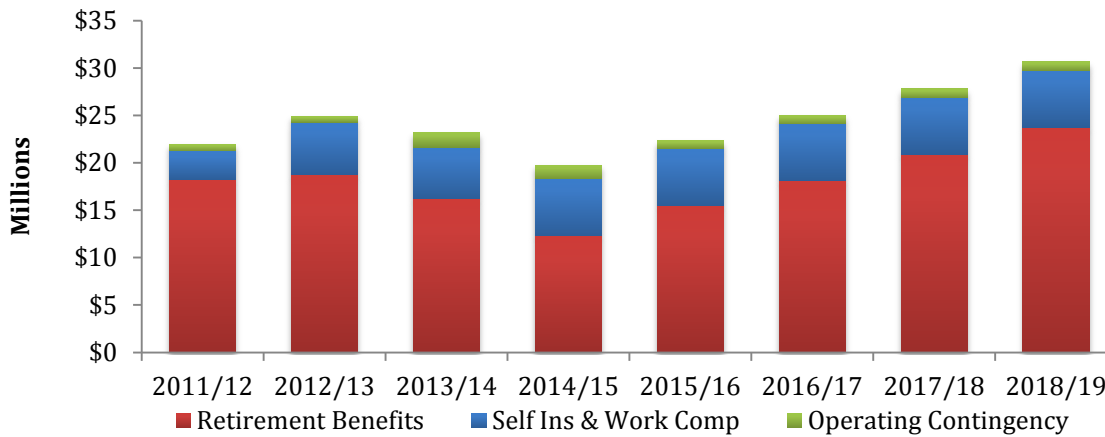
**Employment expense of \$40.8 million is net of approximately \$4.7 million of Agency's capital program*

Fund Balance

The reserves for the GG fund are projected to decrease by \$3.4 million resulting in an estimated ending balance of \$19.8 million in FY 2014/15. The decrease is due to the inter-fund loan to support the Water Resource program and the pay down of the OPEB unfunded accrued liability. The designation of the estimated fund balance is comprised of: four month operating contingency of \$1.5 million as mandated by bond covenants; \$6.0 million in support of the Agency's self-insured general liability workers compensation programs; and \$12.3 million for the Agency's retiree health benefit obligation. A self-insurance program was established for risks associated with general liability, property and equipment, and workers compensation in FY 1993/94, and the reserve balance is adjusted annually according to the estimated required level as determined by Safety and Risk Management Department.

In June 2014, the IEUA Board of Directors approved continued payment of the OPEB unfunded accrued liability with a goal to achieve full funded status over the next five fiscal years (IEUA Business Goal/Fiscal Responsibility). Additionally, the Board approved funding of the annual OPEB required contribution (ARC). Figure 5-4 shows historical, budgeted, and forecasted fund balance reserves through FY 2018/19.

Figure 5-4: Trend of Administrative Services Ending Fund Balance



FY 2015/16 to FY 2018/19 Forecast

Over the next four years the GG fund reserve balance is projected to increase to \$30.7 million in FY 2018/19 from \$19.8 million in FY 2013/14. The growth is mainly due to the 95 percent expense allocation to other programs. Furthermore, the property tax receipts are projected at a 1 percent steady increase in the ensuing years.

Government Accounting Standard Board (GASB) Statement 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (GASB 45) requires public agencies to recognize postemployment healthcare expense systematically as service is rendered, rather than on a “pay-as-you-go” basis when the benefits are paid or provided at retirement. The Agency implemented GASB 45 in FY 2006/07 and adopted a closed 30 year amortization period. As of July 1, 2014 the remaining amortization period is 22 years.

In accordance with GASB 45, public agencies are required to report the ARC as an expense and the cumulative unfunded ARC amount as an accrued liability in their financial statements. The ARC consists of the Normal Cost (present value of future benefits that employees accrue over the course of a year for their service) plus an amortized payment of the Unfunded Accrued Liability (UAL) for a particular year. As of June 30, 2013, the Agency’s UAL was estimated to be \$17.5 million. Funding of the ARC will be included in the Agency’s employment budget each fiscal year.

Administrative Service Program

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

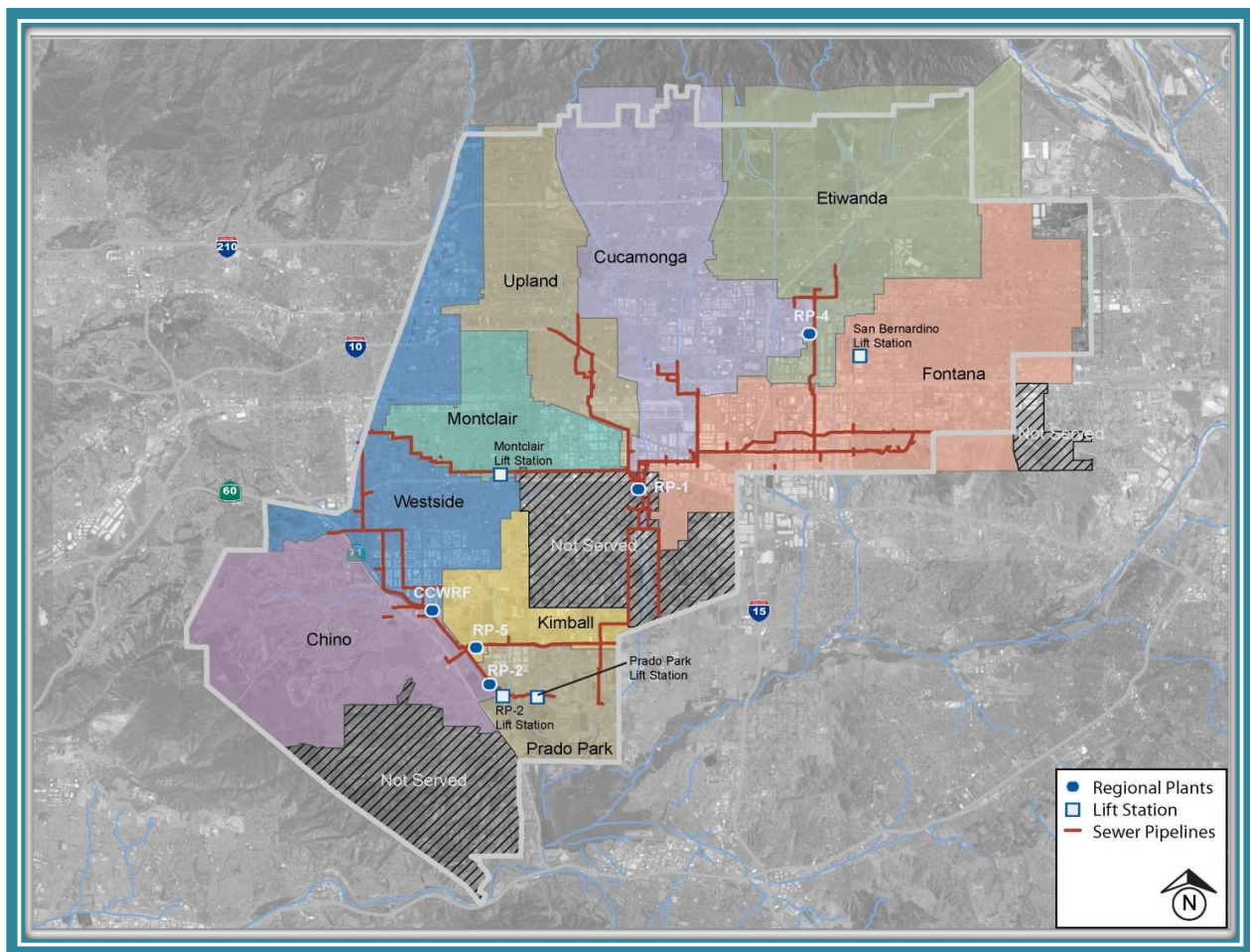
	2011/2012	2012/2013	2013/2014	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019
	ACTUAL	ACTUAL	AMENDED BUDGET	PROJECTED ACTUAL	ADOPTED BUDGET	FORECAST			
REVENUES AND OTHER FINANCING SOURCES									
User Charges									
Property Tax	\$2,650,374	\$3,788,896	\$5,394,551	\$5,822,600	\$3,216,278	\$3,248,441	\$3,280,925	\$3,313,734	\$3,346,872
Cost Reimbursement from JPA	\$1,257,623	1,387,408	1,194,000	1,150,965	1,225,071	1,254,864	1,305,604	1,343,769	1,355,664
Interest Revenue	123,344	101,224	145,025	145,026	110,000	215,000	279,000	347,000	422,000
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$4,216,113	\$5,456,673	\$6,733,576	\$7,118,591	\$4,551,349	\$4,718,305	\$4,865,529	\$5,004,503	\$5,124,536
OTHER FINANCING SOURCES									
Grants	\$140,013	\$1,047	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Revenues	112,596	6,386	2,000	2,000	2,000	2,000	2,000	2,000	2,000
TOTAL OTHER FINANCING SOURCES	\$252,609	\$7,433	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
EXPENSES									
Employment Expenses	(\$64,667)	(\$1,093,085)	\$807,135	\$777,477	\$1,688,427	\$1,728,152	\$1,795,805	\$1,846,691	\$1,862,552
Contract Work/Special Projects	33	1,834	120,000	120,000	717,000	700,000	700,000	300,000	300,000
Utilities	386,209	426,417	542,648	559,772	605,821	622,369	638,839	655,801	673,268
Operating Fees	5,975	5,975	6,827	6,427	6,427	6,427	6,427	6,427	6,427
Professional Fees and Services	2,101,407	2,434,591	2,926,028	3,121,634	3,125,724	2,870,071	2,874,403	2,935,275	2,992,740
Office and Administrative expenses	1,156,267	1,248,623	1,873,202	1,486,867	1,743,721	1,519,195	1,811,312	1,595,194	1,895,185
Materials & Supplies	607,550	631,090	552,653	677,541	557,698	599,149	610,114	733,433	745,541
Other Expenses	(1,441,542)	(1,142,713)	(1,267,578)	(1,438,842)	(5,146,942)	(5,939,432)	(6,244,460)	(5,853,655)	(6,218,153)
TOTAL EXPENSES	\$2,751,232	\$2,512,730	\$5,560,916	\$5,310,876	\$3,297,877	\$2,105,930	\$2,192,439	\$2,219,168	\$2,257,559
CAPITAL PROGRAM									
Capital Expansion & Construction (WIP)	\$728,715	\$2,174,944	\$2,412,006	\$1,877,466	\$1,461,200	\$1,025,000	\$804,000	\$1,360,000	\$600,000
TOTAL CAPITAL PROGRAM	\$728,715	\$2,174,944	\$2,412,006	\$1,877,466	\$1,461,200	\$1,025,000	\$804,000	\$1,360,000	\$600,000
DEBT SERVICE									
Financial Expenses	\$14,766	\$2,380	\$14,000	\$3,512,500	\$4,718,604	\$12,500	\$12,500	\$12,500	\$12,500
Interest	0	0	0	0	0	0	0	0	0
TOTAL DEBT SERVICE	\$14,766	\$2,380	\$14,000	\$3,512,500	\$4,718,604	\$12,500	\$12,500	\$12,500	\$12,500
TRANSFERS IN (OUT)									
Capital Contribution	\$560,229	\$2,174,945	\$2,412,006	\$1,877,466	\$1,461,200	\$1,025,000	\$804,000	\$1,360,000	\$600,000
TOTAL INTERFUND TRANSFERS IN (OUT)	\$560,229	\$2,174,945	\$2,412,006	\$1,877,466	\$1,461,200	\$1,025,000	\$804,000	\$1,360,000	\$600,000
FUND BALANCE									
Net Income (Loss)	\$1,534,238	\$2,948,995	\$1,160,660	(\$1,702,785)	(\$3,463,133)	\$2,601,874	\$2,662,590	\$2,774,835	\$2,856,476
Beginning Fund Balance July 01	\$20,448,659	\$21,982,897	\$24,931,892	\$24,931,892	\$23,229,107	\$19,765,975	\$22,367,850	\$25,030,440	\$27,805,275
ENDING FUND BALANCE AT JUNE 30	\$21,982,897	\$24,931,891	\$26,092,552	\$23,229,107	\$19,765,974	\$22,367,849	\$25,030,439	\$27,805,274	\$30,661,751
RESERVE BALANCE SUMMARY									
Capital / Operation Contingencies	\$717,077	\$637,580	\$1,653,640	\$1,570,294	\$1,448,939	\$852,964	\$896,220	\$909,584	\$928,780
Insurance & Other	3,047,466	5,518,964	5,486,157	5,474,496	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
Retirement reserves	18,218,353	18,775,347	18,952,755	16,184,317	12,317,035	15,514,884	18,134,219	20,895,690	23,732,971
ENDING BALANCE AT JUNE 30	\$21,982,897	\$24,931,891	\$26,092,552	\$23,229,107	\$19,765,974	\$22,367,849	\$25,030,439	\$27,805,274	\$30,661,751

Regional Wastewater Program

Programmatic Overview

The Regional Wastewater Program is one of the Agency's core programs. It includes the collection, treatment, and disposal of municipal wastewater through its Regional Sewage System for the residents and businesses within its service area. The Agency's service area (see Figure 5-5) encompasses seven local jurisdictions (Cities of Chino, Chino Hills, Fontana, Montclair, Ontario, Upland and Cucamonga Valley Water District) that serve approximately 850,000 residents in a 242-square-mile area of the western San Bernardino County. Through the Regional Sewage Services Contract (Regional Contract) set in place in 1972, the Agency operates five water recycling treatment facilities, four of which produce recycled water. On average the Agency collects, treats, and disposes an average of 58.2 million gallons a day (MGD) of untreated municipal wastewater.

Figure 5-5: Agency Water Recycling Treatment Facilities Service Area Boundaries

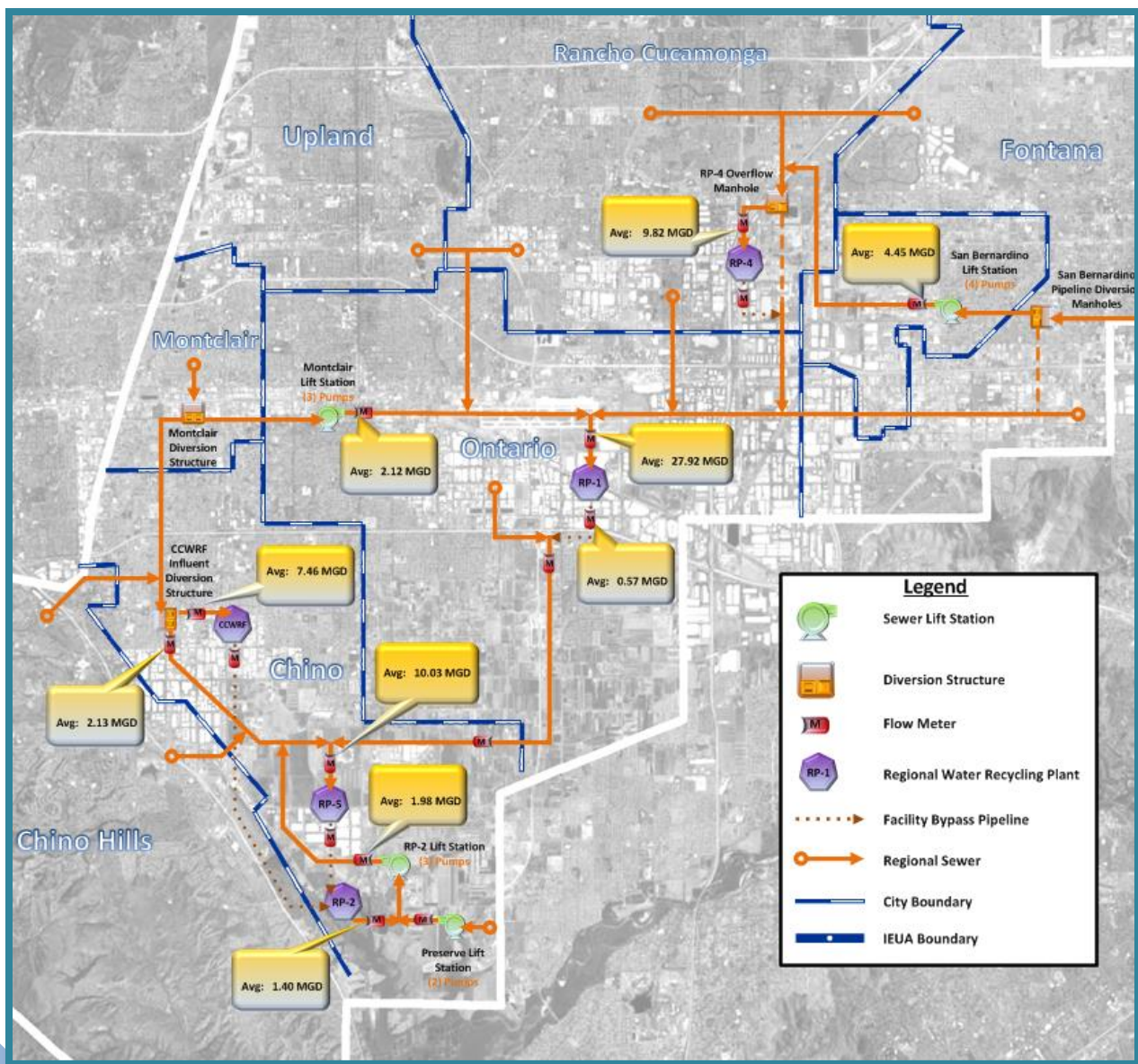


The Agency’s Regional Wastewater program receives significant benefits from the three bi-products generated from the treatment of wastewater flows, namely:

- Recycled water - distributed throughout the service area
- Biosolids compost - for wholesale distribution in partnership with SDLAC (Sanitation Districts of Los Angeles County)
- Renewable energy - generated to power the Agency’s facilities

Figure 5-6 shows the FY 2012/13 flows being treated at each of the Agency’s water recycling facilities. Total raw wastewater flow treated at the Agency’s facilities was 54.9 MGD in FY 2012/13 (FY 2013/14 data not available at the time of budget document release).

Figure 5-6: FY 2012/13 Regional Wastewater Flows by Facility



Regional Wastewater Program

Program Fund Description

The Regional Wastewater Program consists of the following funds:

- **Regional Wastewater Capital Improvement (RC) Fund** – records the capital, debt, and administration activities related to the acquisition, construction, expansion, improvement and financing of the Agency’s regional water recycling plants, large sewer interceptors, energy generation, and solids handling facilities.
- **Regional Wastewater Operations & Maintenance (RO) Fund** – accounts for the revenue and operating cost directly related to the collection, treatment and disposal of domestic sewage treatment service for the contracting agencies, capital replacement and organic management activities, including labor costs to operate and support the Inland Empire Regional Composting Facility (IERCA).

The total FY 2014/15 Regional Wastewater Program revenue budget is \$101.0 million which includes \$46.0 million in user charges, \$35.0 million in property tax receipts, \$15.3 million in connection fees, \$3.5 million contract cost reimbursement from IERCA and other revenues for \$1.2 million.

The total FY 2014/15 Regional Wastewater Program expenditures budget is \$108.9 million which includes \$62.1 million in operating costs, \$14.4 million in capital costs, \$30.5 million in debt service cost, and inter-fund transfers of \$1.9 million to support debt service costs in the Recharge Water (RW) fund and capital support for the Administrative Services (GG) fund. The FY 2014/15 expenditures budget is \$32.2 million higher compared to FY 2013/14 projected expenditures of \$78.5 million. The primary reasons for the increase can be attributed to early retirement of the 2005A Revenue Bonds by \$16.2 million, higher capital and special (O&M) project costs, and increased employment costs primarily due to the prefunding of the Agency’s retirement unfunded accrued liabilities.

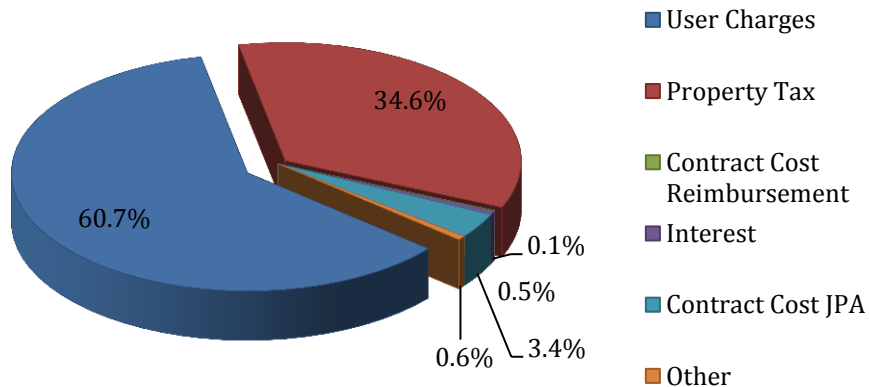
Table 5-6: Consolidated Regional Wastewater Program Fund Summary (\$Millions)

	2013/14 Amended Budget	2013/14 Projected Actual	2014/15 Budget	2015/16 Forecast	2016/17 Forecast	2017/18 Forecast	2018/19 Forecast
Total Revenue & Other Funding Sources	\$85.1	\$87.8	\$101.0	\$99.9	\$109.3	\$122.2	\$112.4
Total Expenses & Other Uses of Fund	(\$100.6)	(\$84.0)	(\$108.9)	(\$89.6)	(\$90.4)	(\$106.4)	(\$105.9)
Net Increase (Decrease)	(\$15.5)	\$3.8	(\$7.9)	\$10.3	\$18.9	\$15.8	\$6.5
Beginning Fund Balance	\$95.1	\$95.1	\$99.0	\$91.1	\$101.4	\$120.3	\$136.1
Ending Fund Balance	\$79.6	\$99.0	\$91.1	\$101.4	\$120.3	\$136.1	\$142.6

Total Revenue and Other Funding Sources

Figure 5-7 below shows the percentage share of revenue and other funding sources for the Regional Wastewater Program with a total budget of \$101.0 million.

Figure 5-7: FY 2014/15 Regional Wastewater Revenue & Other Funding Sources (\$101.0 Million)



Primary Revenues and Other Funding Sources

The following section discusses the primary revenues and other funding sources of the Regional Wastewater program.

Connection Fees

The Agency levies a fee to connect to its regional wastewater system. These connection fees, most commonly referred to as “development impact fees”, are collected by each of the Agency’s contracting cities or agencies (member agencies), as prescribed in the Regional Contract. Each member agency holds these funds in trust in a Capital Capacity Reimbursement Account (CCRA) until requested, or “called” by the Agency. Connection fees are restricted to finance capital acquisition, construction, equipment, and process improvement costs for the Agency’s regional wastewater system. Capital calls, or connection fee payments of CCRA funds, are based on the identified and projected capital needs of the Agency over the ensuing nine months, as calculated and reported by IEUA each quarter.

Regional Wastewater Program

The Agency's connection fee rate for FY 2014/15 is \$5,107 per EDU (equivalent dwelling unit) effective July 1, 2014, reflecting an increase of 2 percent over the FY 2013/14 rate. The increase is the last of the three-year rate increases approved by the IEUA Board in February 2012 for the Regional Wastewater Program, as shown in Table 5-7:

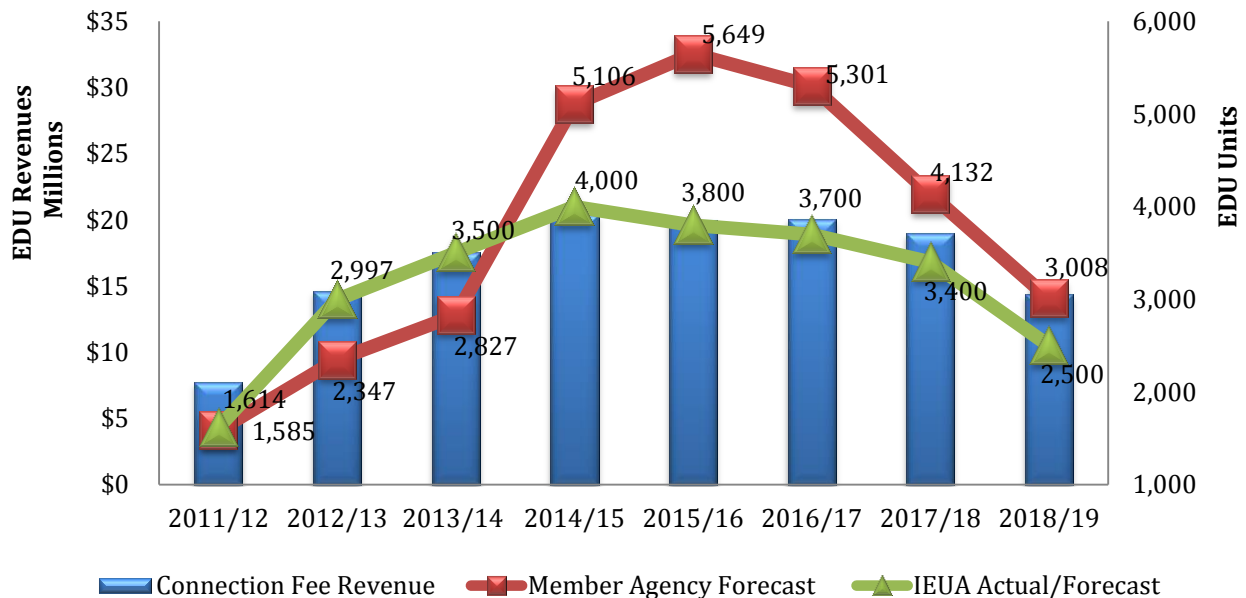
Table 5-7 New EDU Connection Fee Rates, Effective July 1, 2014

FY 2012/13	FY 2013/14	FY 2014/15
\$4,909	\$5,007	\$5,107

Each year the Agency conducts a survey of member agencies to determine the number of new EDU connections expected for the next ten years. These projections and the historical trend are used by the Agency to forecast the future demand for capacity in the Agency's Regional Sewage System and plan for the timely expansion of existing facilities to meet future growth. Included in the Agency's FYs 2014/15 - 2023/24 Ten Year Capital Improvement Plan (TYCIP) is the expansion of the Southern Service Area to meet projected growth increases.

As illustrated in Figure 5-8 below, although the Agency's forecast of new connections for the next five years is considerably lower than those projected by the member agencies, steady growth is anticipated over the next five to ten years. While member agency forecasts typically represent the high end of future growth in their respective areas, the Agency has historically applied a more conservative growth factor, as actual activity can vary significantly.

**Figure 5-8: Comparative Trend of New EDU Connections
FY 2011/12 to FY 2018/19**



*EDU unit is equivalent to 270 gallons per day

Property Taxes

Total property tax receipts for the Agency are budgeted at \$40.2 million or 26 percent of the Agency's overall funding in FY 2014/15, \$35.0 million of which is allocated the Regional Wastewater Program.

In accordance with the Regional Contract, 65 percent or \$26.1 million of the total property tax receipts are allocated to the Regional Wastewater Capital Improvement (RC) fund to partially support its \$5.5 million of capital projects for the acquisition, construction and improvement of wastewater facilities and \$30.2 million in debt service costs. Allocated to the Regional Wastewater Operations and Maintenance (RO) fund is 22 percent or approximately \$8.9 million, which partially supports its capital replacement costs of \$10.2 million, with no remaining funds to supplement operating costs. A key priority of the Agency's financial policy is to utilize property tax receipts to support debt service and capital costs.

Beginning in FY 2009/10 and continuing through FY 2014/15, \$2.0 million or 5 percent, of the RO fund property tax allocation is allocated to the Recycled Water (WC) fund to support debt service costs, as indicated in Table 5-8. This is consistent with the Agency's financial policy and historic usage of property taxes..

Table 5-8: FY 2014/15 Property Tax Allocation by Fund (\$Millions)

Fund	Percentage	Property Tax Allocation
Regional Wastewater Capital Improvement (RC) Fund	65%	\$26.1
Regional Wastewater Operations & Maintenance (RO) Fund	22%	8.9
Recycled Water (WC) Program	5%	2.0
Administrative Services (GG) Fund	8%	3.2
Total	100%	\$40.2

The rapid growth of the Inland Empire since the 1970's has significantly increased property values throughout the Agency's service area. Over the years, rising property values have resulted in higher property tax receipts for the Agency: from an annual average of \$9 million in the late 1980's to \$36 million in 2008, prior to the onset of the economic recession. The FY 2014/15 property tax revenue projects a 3 percent growth over FY 2013/14. This is lower than the San Bernardino County projected increase in property assessed values of 6.2 percent released in late June 2014. Table 5-9 shows actual and projected future property tax growth.

Table 5-9: Property Tax Growth Rate Actual and Forecasted

FY 2011/12 Actual	FY 2012/13 Actual	FY 2013/14 Projected	FY 2014/15 Forecast	FY 2015/16 Forecast	FY 2016/17 Forecast	FY 2017/18 Forecast	FY 2018/19 Forecast
-2.17%	15.9%	3.0%	3.0%	1.0%	1.0%	1.0%	1.0%

Regional Wastewater Program

User Charges

The collection and treatment of municipal wastewater flows is billed in terms of Equivalent Dwelling Units (EDUs). Each EDU is equivalent to the daily flow of an average single family household estimated at 270 gallons per day (GPD), as defined in the Regional Contract.

On February 1, 2012, the IEUA Board adopted a three-year rate increase for the Regional Wastewater Program for Fiscal Years 2012/13 through 2014/15. Table 5-10 shows rates for the regional EDU volumetric user charge by fiscal year:

Table 5-10 – Monthly EDU Volumetric Rates

FY 2012/13	FY 2013/14	FY 2014/15
\$12.39	\$13.39	\$14.39

During FY 2012/13, the average wastewater flow treated was 54.9 MGD, as reported in Table 5-11. Since FY 2006/07, the Agency's wastewater flows have declined by approximately 10 percent but relative strength (BOD/TSS) has increased. Despite in decrease in wastewater influent, the Agency has been able to increase the amount of recycled water supplied to users by using the San Bernardino Avenue Lift Station and the Montclair Lift Station to route more wastewater flows to RP-1 and RP-4 facilities.

Table 5-11: Average Annual Flow in MGD ⁽¹⁾ – FY 2012/13

Contracting Agencies	Population ⁽²⁾	Area (Square miles)	Regional Plant No.1 (RP-1)	CCWRP	Regional Plant No.4 (RP-4)	Regional Plant No. 5 (RP-5)	Total MGD
Chino	79,873	50.5	0.1	2.1		1.9	4.1
Chino Hills	76,033	46.0		2.0		3.8	5.8
CVWD	171,058	39.0	7.7		4.6		12.3
Fontana	200,974	36.0	6.9		5.5		12.4
Montclair	37,311	5.2	0.2	2.1			2.3
Ontario	166,866	50.0	8.9			4.2	13.1
Upland	74,907	15.3	4.1	1.0			5.0
Total	807,022	242.0	27.9	7.0	10.0	9.9	54.9

(1) MGD: Million Gallons per day

(2) Based California Department of Finance, State of California, Price and Population Information, May 2013.

This table does not include approximately 32,300 population estimates for the unincorporated areas

The steady reduction of flows is believed to be a result of water conservation efforts, economic strains, and drought conditions. Rising water costs, reduced imported water availability, and increased water conservation efforts will most likely contribute to influent flows remaining low in the future. As such, it is highly probable that strength will also remain elevated and trigger a need for increased treatment capacity.

Based on this recent trend, a conservative growth rate is assumed for the number of billable EDUs over the ensuing fiscal years. As illustrated in Table 5-12, a moderate increase of 0.25 percent is assumed in FY 2014/15 through FY 2018/19.

Table 5-12: Monthly EDU Volumetric Revenue

Monthly EDU Volumetric Revenue Annual Growth Rate				
FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19
0.25%	0.25%	0.25%	0.25%	0.25%

Debt Proceeds

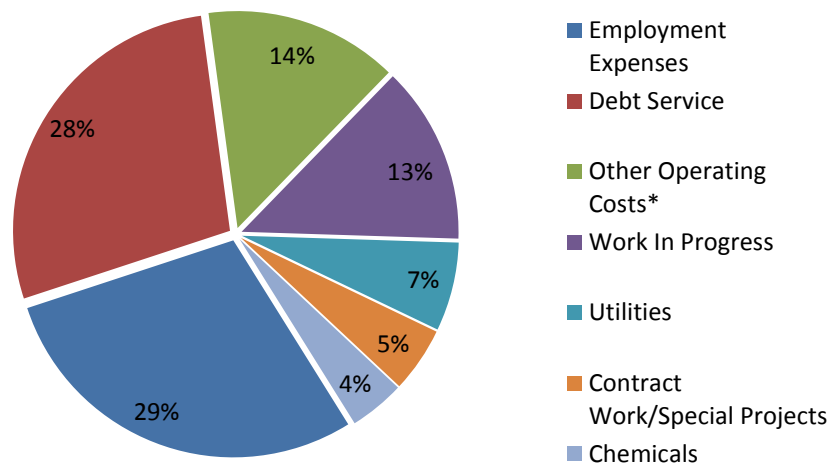
The Agency seeks to pay for capital projects with a combination of system revenues (pay-go basis), grants and low interest state loans.

Low interest State Revolving Fund (SRF) loans have been used to finance capital construction in the Recycled Water Program, and the Regional Wastewater Program. Recent modifications to the SRF program by the State Water Resource Control Board to extend the repayment period from 20 to 30 years make this a highly competitive financing alternative for future capital investments, such as the Southern Area Wastewater Expansion project estimated at \$100 million and slated to begin in FY 2018/19.

Expenses and Other Uses of Funds

Figure 5-9 shows the components of Total Expenses and Other Uses of Funds in the Regional Wastewater Program, which has a total budget of \$108.9 million, by percentage.

Figure 5-9: FY 2014/15 Regional Wastewater Expenses and Other Uses of Funds



*Other Operating Costs includes Operating Fees, Biosolids Recycling, Materials/Supplies, Office & Administrative and other allocated costs

Regional Wastewater Program

Operating Expenses

Total operating costs for the Regional Wastewater Program are budgeted at \$62.1 million in FY 2014/15. Since the onset of the 2008 economic downturn, the Agency has been committed to cost containment, including the deferment of capital projects. However, management recognizes that some cost containment strategies are not sustainable. Although deferral of replacement and rehabilitation (R&R) projects has helped to reduce operating and capital projects over the last several years, aging facilities and infrastructure cannot withstand continual deferral of R&R without comprising the quality and reliability of services. Included in the FY 2014/15 budget are R&R projects identified as critical in the 2014 Asset Management Plan, some which were previously deferred as part of the cost containment strategies. Another significant cost for the Agency is employment. In addition to reducing staffing levels, the Agency has maintained an average vacancy factor of over 6 percent, only filling positions critical to daily operations. In FY 2013/14 the actual vacancy factor average over 11 percent.

Employment Expenses

As the Agency's core operating expense, approximately 77 percent or \$31.4 million, of the \$40.9 million net employment costs (net of \$4.7 million allocated to support the Agency's capital program), are allocated to the Regional Wastewater Program. The \$31.4 million budgeted in FY 2014/15 is slightly higher than FY 2013/14 due to increases in the CalPERS employer contribution rate, health insurance premiums, initial prefunding of the Agency's retirement unfunded accrued liabilities, and a cost of living adjustment (COLA) of 3 percent (the first COLA issued since 2009), offset by employees pick up of an additional 1 percent of the employer paid member contribution (EPMC). Effective July 1, 2014 classic employees will be funding 50 percent, or 4 percent, of the 8 percent EPMC rate.

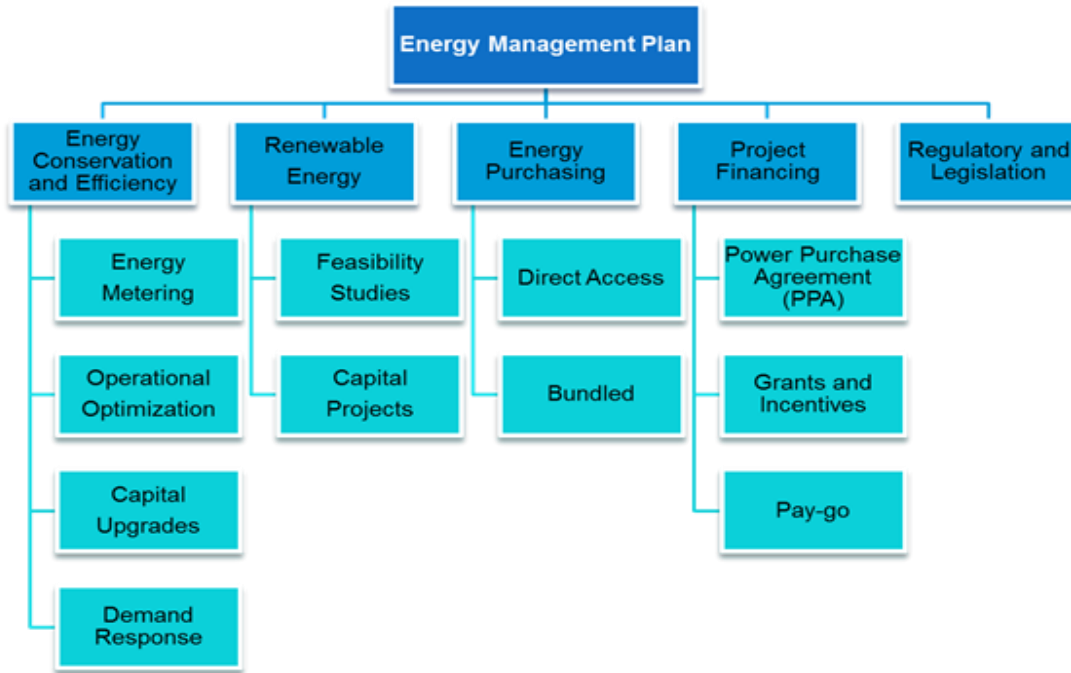
Included in Agency employment expense, is \$3.5 million allocated to the RO fund for the cost of 24 FTEs assigned to the Inland Empire Regional Composting Facility (IERCF). The IERCA is a joint venture between IEUA and County Sanitation Districts of Los Angeles County (SDLAC). The IERCA was established in 2002 and operates the IERCF located in the city of Rancho Cucamonga. As a 50/50 partner with the SDLAC, the Agency is reimbursed for 100 percent of the \$3.5 million in employment costs for operating the facility.

Utilities

A total of \$7.2 million is budgeted for utilities in FY 2014/15. Utility expenses include purchase of electricity from Southern California Edison, or the grid, use of natural gas, and purchase of renewable energy generated on site from solar, wind, and fuel cell. In FY 2014/15 blended rates for electricity and natural gas are budgeted at \$0.120 per kWh and \$0.80 per therm, respectively.

Agency staff is currently working on development of an energy management plan. The plan is aimed at reducing demand on the California power grid while enhancing the Agency's energy reliability and stability. The specific goal of the plan will be energy independence from the grid during the peak energy use/pricing by the year 2020, or earlier. Grid independence can be achieved by increasing energy efficiency and on-site energy generation, optimizing an energy demand response program, and developing a diversified energy portfolio. The cornerstones of the plan are outlined in Figure 5-10:

Figure 5-10: Energy Management Plan



Chemicals

Chemical costs in FY 2014/15 represent approximately 7 percent, or \$4.5 million of total operating costs in the Regional Wastewater Program. FY 2014/15 budget is 27 percent higher than the FY 2013/14 projected total, in part due to additional chemical dosages required for the RP-1 Tertiary and RP-1 Dewatering Centrifuge. Future year costs assume an average of 3 percent increase.

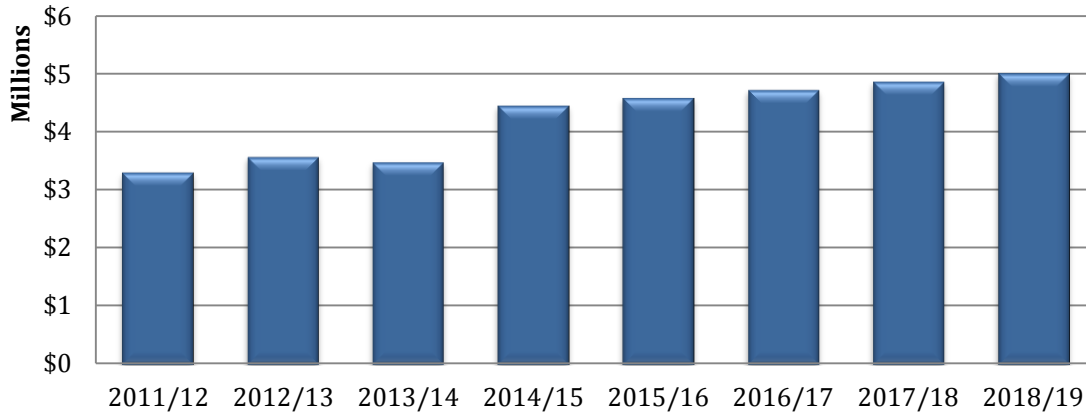
The addition of chemicals during the wastewater treatment is essential to meeting treatment process performance goals and compliance, and sustaining the high quality of recycled water generated from the process. The major chemicals used for wastewater treatment are:

- Sodium Hypochlorite: (35 percent of budget) used primarily for disinfection; however, it can also be used for odor control, or in the primary, secondary treatment and solids thickening to improve the process performance.
- Polymer: (36 percent of budget) may be added to the primary clarifier to enhance solids settling, and to the sludge to enhance the thickening and dewatering process.
- Ferric chloride: (17 percent of budget) also used to optimize treatment performance and meet compliance with the South Coast Air Quality Management District (SCAQMD).

Regional Wastewater Program

The chemical budget is developed by taking into account the current operating conditions and current unit costs (wastewater influent flow, chemical dose, compliance, and contract price and terms), as well forecasted flows, new project startups, and market trends. Figure 5-11 below shows the historical and projected chemical costs for the RO fund.

Figure 5-11: Historical and Projected Chemical Costs



Biosolids Recycling

The cost of biosolids recycling is budgeted at \$3.5 million in FY 2014/15, based on a processing rate of \$54 per ton as established by the IERCA effective July 1, 2014 (an increase of \$2 per ton from FY 2013/14 rate of \$52 per ton). The IERCA composter processes 100 percent of the Agency’s biosolids generated from all of its water recycling plants. Despite the reduction over last three years in wastewater flows coming into the Agency’s water recycling plants, the amount of organic matter and suspended solid materials in the wastewater that must be treated have remained about the same. While lower water consumption reduces the “liquid” in wastewater flows, it does not impact the “solids” content. A notable change has been the higher strength characteristic in the solid content which has a direct impact the treatment process and related costs.

In FY 2013/14 the Agency completed the Dewatering Facility Expansion Project (Dewatering Facility) located at RP-1. The project included constructing a new dewatering building with new centrifuges and a sludge storage system for an ultimate wastewater flow of 60 MGD. The facility uses centrifuge technology in place of a belt press process to dry biosolids, which reduces the moisture content of RP-1 biosolids by approximately 25 percent. The lower water content results in reduced transportation costs to the IERCA composter for recycling. The Dewatering Facility is expected to provide the Agency adequate capacity to handle solids for the next ten years.

Regional Wastewater Capital Projects

In FY 2014/15 the Regional Wastewater Program capital investment is budgeted at \$14.4 million: \$5.5 million in the Regional Wastewater Capital Improvement (RC) fund and \$8.9 million in the Regional Wastewater Operations and Maintenance (RO) fund. Regional projects are continuing to focus on the need for maintenance, repair and replacement of aging equipment and facilities, and the need for expansion of the Regional System to meet future growth. Major capital projects are listed in Table 5-13.

More information on the Agency’s capital program is available in Capital Section of this document and in the FYs 2014/15 - 2023/24 TYCIP. The Agency updates the TYCIP annually, in collaboration with its member agencies, to revise and adjust assumptions such as wastewater flow projections and anticipated new development that may result in new EDU connections and increased demand on the Agency’s Regional Sewerage System.

Not included in the FY 2014/15 O&M Budget and adopted TYCIP are projects still to be identified with the completion of various long term planning documents 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.

Table 5-13: Major Regional Wastewater Capital Projects (\$Millions)

Project Title	FY 2014/15 Adopted Budget	Total TYCIP FY 2014/15- FY 2023/24
Montclair Lift Station Upgrades	\$2.5	\$2.9
SCADA Enterprise System	1.0	9.6
RP-4 Headworks Retrofit	0.9	1.2
CCWRF Secondary Clarifier #3 Rehabilitation	0.8	0.9
RP-5 Flow Equalization and Effluent Monitoring	0.7	1.5
Major Equipment Rehab/Replacement	0.7	4.4
Agency-Wide HVAC Improvements - Package No. 2	0.6	0.9
Fontana Interceptor Relief Sewer Manholes Rehab	0.6	1.2
RP-2 Drying Beds Rehab	0.6	1.1
RP-1 East Primary Effluent Pipe Rehab	0.6	0.8
CCWRF Odor Control System Replacement	0.5	2.9
Collection System Repairs Phase V, Westside Interceptor	0.4	0.5
RP-2 Digester #4 Dome Replacement	0.4	0.4
RP-1 TWAS and Primary Effluent Piping Replacement 2014	0.4	0.5
Other Regional Wastewater Capital Projects	3.7	16.3
Total	\$14.4	\$45.0

Inland Empire Regional Composting Authority (IERCA)

The IERCA is a Joint Powers Authority (JPA) formed between IEUA and SDLAC (50/50 partnership) as part of a shared goal to develop a sustainable biosolids management program. The facility is currently operating at its design capacity; receiving nearly 600 wet tons per day of biosolids and recycled waste products. The IERCF produces over 230,000 cubic yards of high-quality compost each year for local landscaping and horticultural use, sold on a wholesale basis.

Regional Wastewater Program

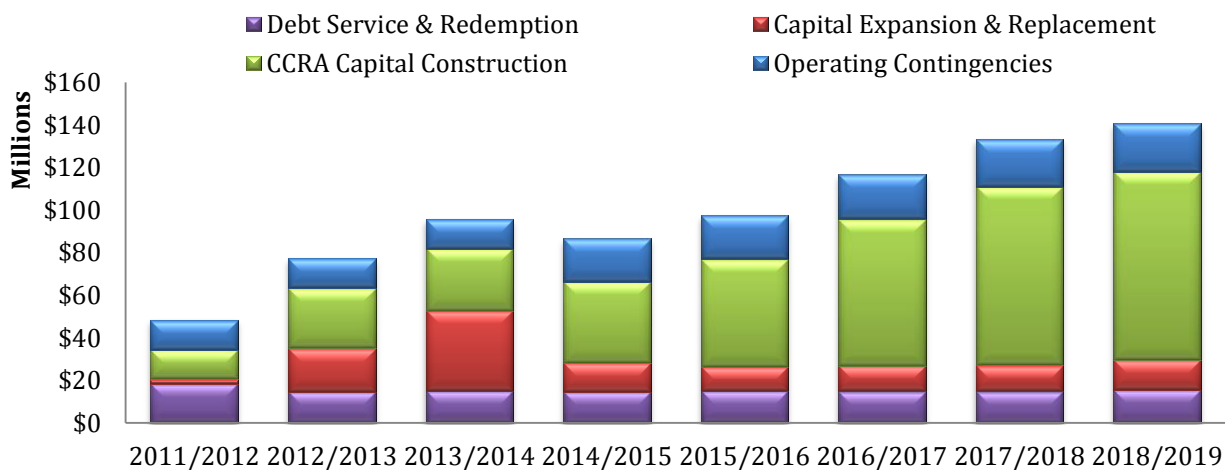
Beginning in FY 2009/10, a tipping fee was implemented to support the operations and maintenance costs of the Inland Empire Regional Composting Facility (IERCF) in lieu of equally shared partner contributions. The FY 2014/15 tipping fee rate will be increased from \$52 to \$54 per wet ton effective July 1, 2014. Each partner's funding contribution is determined by the quantity of wet tons shipped to the IERCF for processing. Solid waste transported by the Agency to the IERCF facility is recorded as part of biosolids recycling expense in the RO fund.

Regional Wastewater Program Fund Balance

The Regional Wastewater Program projected ending fund balance of \$91.1 million in FY 2014/15 is approximately \$8 million lower than the projected ending fund balance for FY 2013/14. The primary causes of the decline in combined fund balance are increased capital expenditures as a result of reinstatement of previously deferred R&R projects and high debt service costs due to the early retirement of the 2005A Revenue Bonds.

Figure 5-12 shows a gradual projected increase in the Regional Wastewater Program fund balance beginning in FY 2015/16 primarily driven by an anticipated higher number of new EDU connections and related fees in the RC fund from projected new development in the Agency's service area.

Figure 5-12: Trend of Regional Wastewater Program Fund Balance



FY 2014/15 - FY 2018/19 Forecast

The Regional Wastewater Program fund balance is forecasted to increase in the future years primarily by the anticipated growth in the Agency's service area. Member agencies are projecting 33,672 new EDU connections over the next 10 years. The Agency's corresponding revenue projections are a more conservative estimate of 25,100 new EDU connections based on historical trends.

A basic requirement of the Regional Wastewater Capital Improvement (RC) fund is to keep pace with the needs for wastewater treatment, solids handling capacity based on future growth projections (provided by the contracting agencies) and asset management at all the facilities.

The planned Regional Wastewater program capital projects relate to essential system and equipment modifications, upgrades to guarantee performance and compliance, and replacement and rehabilitation of aging assets. The Agency's TYCIP also projects future expansion and improvement of existing facilities in preparation of the future anticipated growth and increased service demand.



CARBON CANYON WATER RECLAMATION FACILITY

Regional Wastewater Program

REGIONAL WASTEWATER CAPITAL IMPROVEMENT (RC) FUND

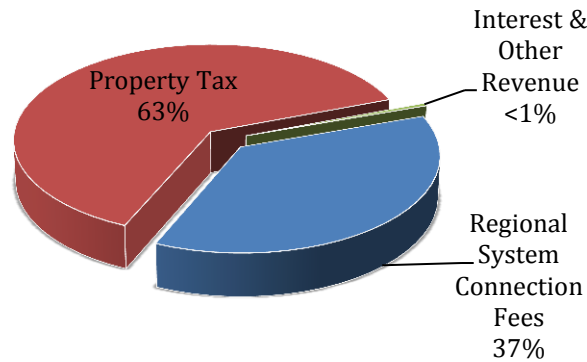
RC Fund Description

The Regional Wastewater Capital Improvement (RC) fund records the activities associated with the acquisition, construction, improvement, and expansion of the Agency's wastewater treatment plants, energy cogeneration, solids handling facilities, large sewer interceptors, and appurtenant facilities. In addition, the RC fund also records principal payments, interest expenses, and related administrative costs associated with the administration of the Regional capital program and debt service costs.

Revenue and Other Funding Sources

Figure 5-13 shows the percent share of each source of revenue and other funding sources to the RC fund.

**Figure 5-13: FY 2013/14 RC Fund Revenue & Other Funding Sources
\$41.6 Million**



More details on the \$41.6 million in total revenue and other funding sources are provided in Table 5-14.

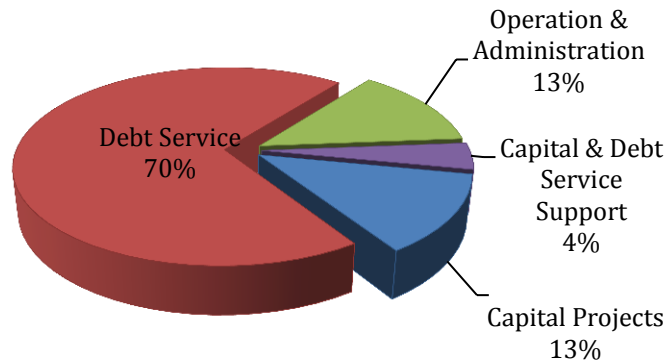
Table 5-14: FY 2014/15 RC Fund Total Revenue & Other Funding Sources (\$Millions)

Revenue Sources	Budget	Description
Property Tax Receipts	\$26.1	Assumes a 3 percent increase in FY 2014/15, and an allocation of 65 percent of total property tax receipts. Designated for debt service costs.
Connection Fees	15.3	Based on 3,000 new EDUs connections and an increase from \$5,007 per EDU to \$5,107/EDU effective July 1 st .
Interest Income & Other	0.2	Includes interest earnings, lease revenues, and miscellaneous other receipts
Total Revenue & Other Funding Sources	\$41.6	

Expenses and Other Uses of Funds

Figure 5-14 shows component percentage of the \$43.3 million budgeted expense in the RC fund.

**Figure 5-14: RC Fund Expenses and Other Uses of Funds
\$43.3 Million**



Further description of these expenditures and other funding uses are provided in Table 5-15.

Table 5-15: FY 2014/15 RC Fund Total Expenses and Other Uses of Funds (\$Millions)

Expenses Category	Budget	Description
Capital Projects	\$5.5	Project emphasis on system and process improvement and refurbishment of existing equipment and structures. For a complete project listing see the Capital section (Chapter 6)
Debt Service	30.2	Includes principal, interest, financial expenses, and early retirement of the 2005A Revenue Bonds (\$16 million)
Operation & Administration	5.7	Includes labor, contract work, professional fees, allocated expenses, and NRWS capacity fees
Inter-Fund Transfer (Debt Service & Capital Support)	1.9	Support for Recharge Water (RW) fund annual debt service costs and a portion of the Administrative Service (GG) fund capital costs
Total	\$43.3	

RC Fund Capital Improvement Project Costs

The RC fund continues to emphasize the improvement and enhancement of existing facilities and structures. The Agency has invested significant resources in each of its facilities and places the highest importance on maintaining established “Levels of Service” and preserving asset reliability while protecting the health and safety of the public and its employees.

Regional Wastewater Program

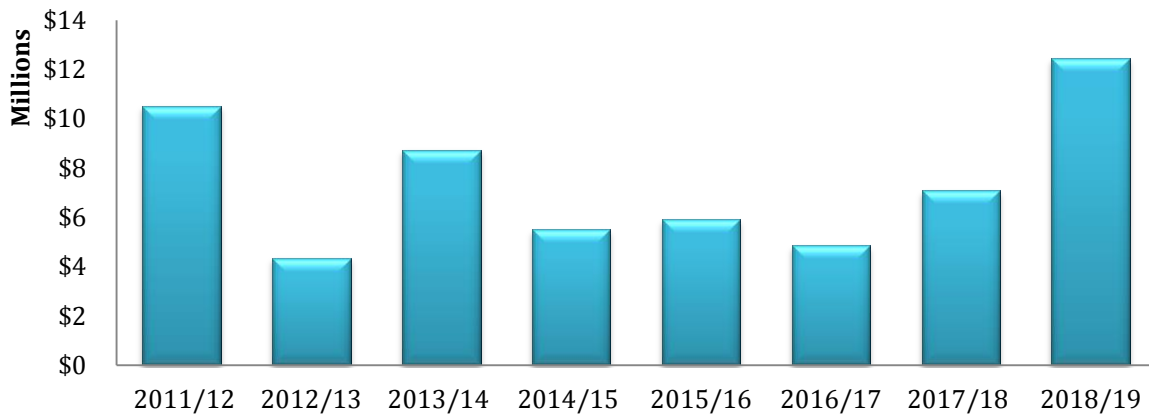
Listed in Table 5-16 are the major capital projects budgeted in FY 2014/15. For a complete listing of projects and descriptions, refer to the Capital section (Chapter 6).

Table 5-16: FY 2014/15 Major RC Fund Capital Projects (\$Millions)

Project Name	Budget
RP-5 Flow Equalization and Effluent Monitors	\$0.7
Agency Wide HVAC Improvements - Package 2	0.6
Fontana Interceptor Relief Sewer Manhole Rehabilitation	0.6
CCWRF Odor Control System Refurbishment	0.5
Collection Sys. Repairs Phase V Westside Interceptor	0.4
Chino Creek Invert Repair	0.3
RP-5 Standby Generators Control Modifications	0.3
IERCA Capital Contribution (50 % share)	0.5
All Other Regional Capital (RC) Projects	1.6
Total	\$5.5

Figure 5-15 shows actual and projected capital project costs between FY 2011/12 and FY 2018/19 for the RC Fund. From FY 2014/15 through FY 2018/19 a total of \$35.8 million of capital investment is projected.

Figure 5-15: Trend of RC Fund Capital Project Costs

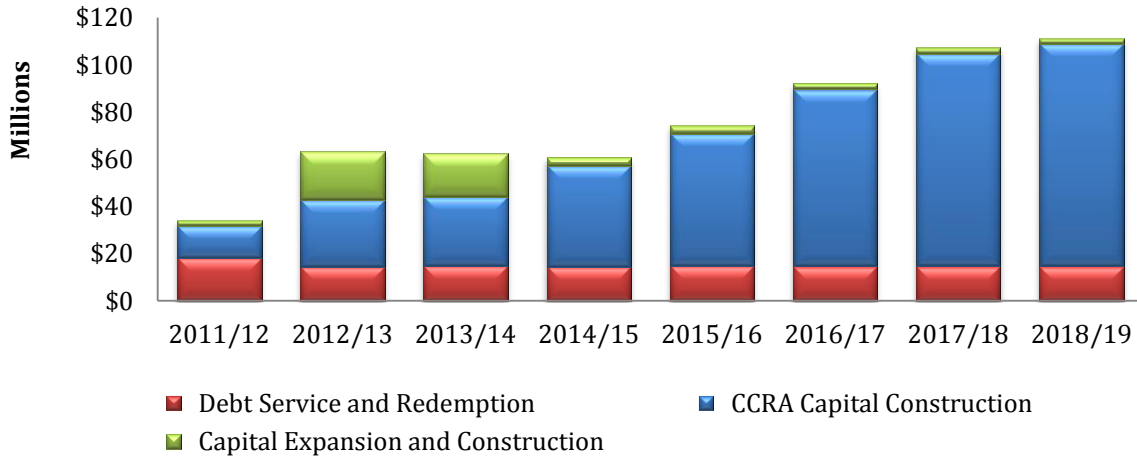


Regional Wastewater Capital Improvement (RC) Fund Balance

The RC ending fund balance in FY 2014/15 is projected to be \$60.9 million, a decrease of \$1.7 million from the FY 2013/14 projected ending fund balance. The decrease can be attributed to the refunding of the 2005A Revenue Bonds scheduled for November 2014. Fund balance continues to increase in the projected years due to projected area development and increases in new EDU connections. Future rate increases in the new EDU connection fees are based on a conservative annual increase of 2 percent.

Figure 5-16 provides the current and forecasted trend of fund balances in the RC fund.

Figure 5-16: Trend of RC Fund Balance by Category



FY 2015/16- FY 2018/19 Forecast

The average ending fund balance for the RC Fund in the ensuing years following FY 2014/15 is projected to be \$90 million per year. Capital expenditures average \$7.5 million annually until FY 2019/20 when construction of the RP-5 Solids Handling Facility (RP5 SHF) expansion is expected to begin. The preliminary estimate of the cost for the RP5 SHF project is \$100 million.



**GARDEN IN EVERY SCHOOL – ALTA LOMA
HIGH SCHOOL**

Regional Wastewater Program

REGIONAL WASTEWATER OPERATIONS AND MAINTENANCE (RO) FUND

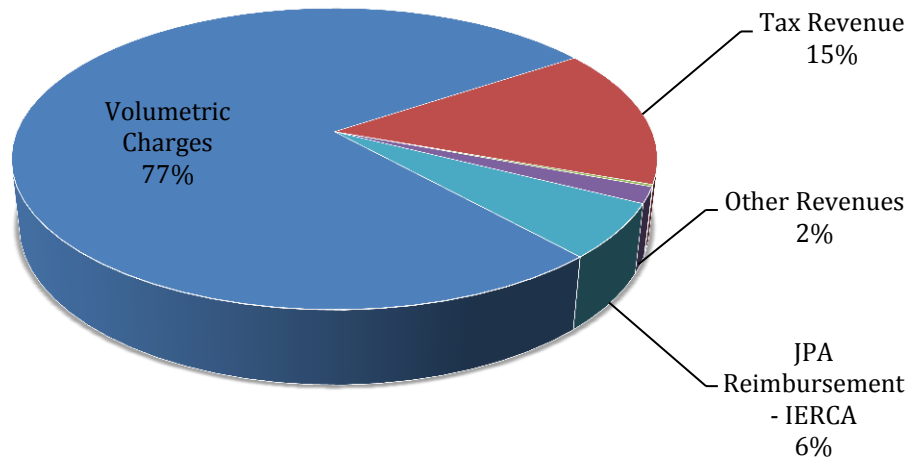
RO Fund Description

The Regional Wastewater Operations and Maintenance (RO) fund accounts for the revenue and operating costs directly related to the Agency's domestic sewage treatment service program. The major source of revenues is the service charge applied to the regional municipal wastewater flows from contract member agencies and billed on an EDU volumetric basis. Another source of revenue is property tax receipts.

RO Fund Revenues and Other Funding Sources

FY 2014/15 total revenue and other funding sources are estimated to be \$59.1 million. The key revenue assumptions include \$1 increase in EDU volumetric rate, from \$13.39/EDU to \$14.39/EDU, and a projected EDU growth of .25 percent. Property tax growth is projected at a 3 percent increase; much lower than the projected 6.2 percent increase announced by the San Bernardino Tax Assessor/Collector in late June 2014. The RO fund tax allocation is maintained at 22 percent of the Agency's total property tax receipts in FY 2014/15. Figure 5-17 shows the percentage share of each funding source for RO fund.

Figure 5-17: FY 2014/15 RO Fund Total Revenue & Other Funding Sources (\$59.1 Million)



The primary elements of the \$59.1 million in total revenues and other funding sources budgeted in FY 2014/15 are summarized in Table 5-17.

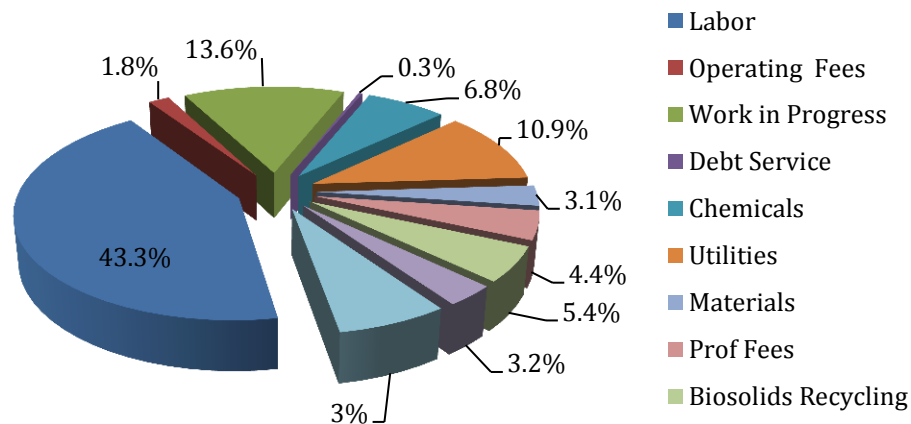
Table 5-17: FY 2014/15 RO Fund Revenue & Other Funding Sources (\$Millions)

Revenue Sources	Budget	Description
Volumetric Charges	\$45.8	Projected growth of 0.25 percent in the number of billable EDU's. EDU Volumetric rate to increase from \$13.39/EDU to \$14.39/EDU effective 7/1/14.
Property Tax Receipts	8.8	Increase of 3 percent in FY 2014/15. Allocation of 22 percent of total property tax receipts to RO Fund is designated to support debt service and R&R projects.
IERCA Reimbursement	3.5	Reimbursement of employment costs from the IERCA for the operations of composter facility.
Other User Charges, Contract Cost	0.8	Include user charges from the regional owned non-reclaimable wastewater system, lease revenues, contract cost reimbursement, grant receipts, and laboratory service fees.
Interest Revenue	0.2	Interest income received on the average fund balance.
Total	\$59.1	

Expenses and Other Uses of Funds

Figure 5-18 shows percent of each cost components for the RO fund.

Figure 5-18: FY 2014/15 RO Fund Expenses and Other Uses of Funds (\$65.5 Million)



Regional Wastewater Program

The major category budgets of \$65.5 million in total expenditures and other funding uses are summarized in Table 5-18.

Table 5-18: RO Fund Expenses and Other Uses of Funds (\$Millions)

Expense Category	Budget	Description
Employment	\$28.4	Regional Operations employment is 43 percent of the total program expense and 61 percent of the Agency's total employment costs.
Utilities	7.1	No change in total consumption; assumes a \$0.12 kWh electricity rate for direct access; renewal energy rates based power purchase agreements (PPAs) and defined annual CPI increases. Budget for natural gas increasing due to operation of the RP-1 fuel cell facility.
Capital Replacement & Rehabilitation	8.9	R&R capital projects for regional wastewater related equipment and structures.
Chemicals	4.5	Higher dosages of polymer for RP-1 dewatering centrifuge, and sodium hypochlorite for RP-1 tertiary system.
Biosolids Recycling	3.6	Includes operating/tipping fees at \$54 per ton payable to the IERCF for biosolids processing, and hauling costs.
Professional Fees & Services	2.9	Includes contract work and materials to maintain facilities and equipment
Materials & Supplies	2.1	Operations and maintenance supplies for facility maintenance.
O&M Projects	2.0	Major maintenance and repair projects.
Operating Fees	1.2	Includes user charges for the Non-Reclaimable Wastewater System and permits.
Debt Service	0.2	Share of principal and interest costs for the 2008A Revenue Bonds.
Other Expenses	4.6	Includes office and administration, leases and rentals, and allocated expenses for operation facilities.
Total	\$65.5	

RO Fund Capital Replacement Costs

The capital program budget for FY 2014/15 for the Regional Wastewater Operations and Maintenance (RO) fund is \$8.9 million supported by a combination of property tax receipts and use of fund reserves as necessary. Table 5-19 lists major projects for appropriated in FY 2014/15.

Table 5-19: Major RO Fund Capital R&R Projects (\$Millions)

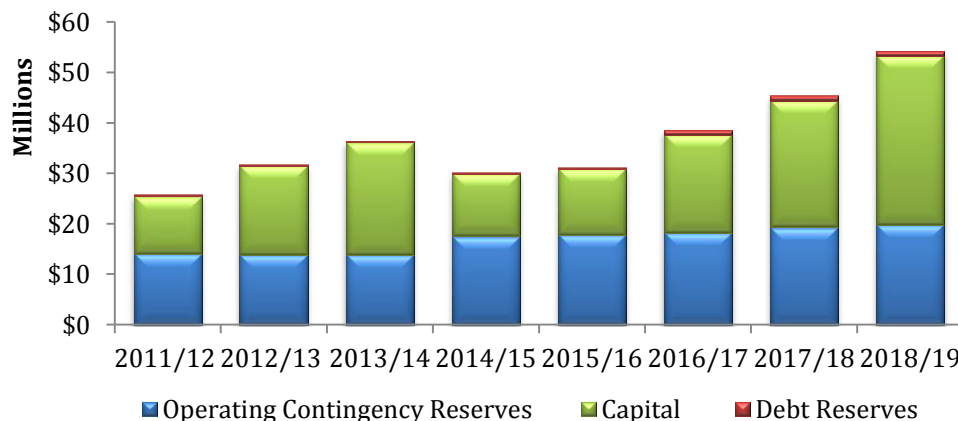
Project Name	FY 2014/15 Budget
Montclair Lift Station Upgrades	\$2.5
SCADA Enterprise System Upgrade	1.0
RP-4 Headworks Retrofit	0.9
CCWR Secondary Clarifier Rehab	0.8
Major Equipment Rehab/Replacement	0.7
RP-2 Drying Beds	0.6
RP-1 East Primary Effluent Pipe Rehab	0.6
All Other RO Fund Projects	1.8
Total	\$8.9

For a complete listing of projects and descriptions, refer to the Capital section (Chapter 6).

RO Fund Balance

The Regional Wastewater Operations and Maintenance (RO) fund balance for FY 2014/15 is projected to be \$30.0 million; a decrease of approximately \$6.4 million compared to the FY 2013/14 projected ending fund balance. The decrease is primarily due to higher R&R costs and increased contract work/special projects, some of which had been deferred as part of the Agency's cost containment plan. The basis for the R&R projects budgeted in FY 2014/15 is the IEUA Asset Management Plan completed in early 2014. Figure 5-19 below shows the annual historic and forecasted RO fund ending funding balance.

Figure 5-19: Trend of RO Fund Balance By Category

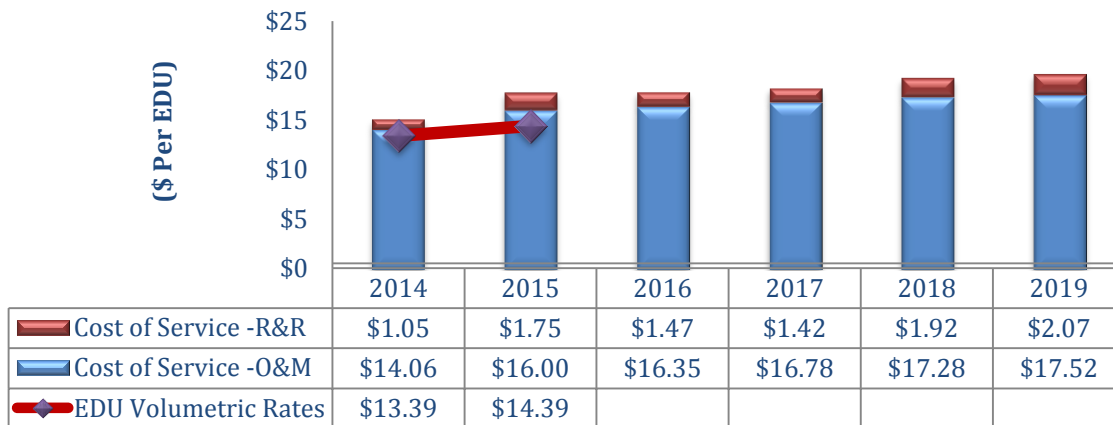


Regional Wastewater Program

FY 2015/16- FY 2018/19 Forecast

Despite the projected increase in the program's primary revenue sources, a key challenge is the achievement of full cost of service rates for the program as defined in the Agency's Long Range Plan of Finance (2007) and 2013 IEUA Business Goals (Fiscal Responsibility). While the multi-year rate increases helped to narrow the gap between the program's revenues and costs, a structural deficit remains. As indicated in Figure 5-20, the FY 2014/15 EDU volumetric rate of \$14.39 does not fully recover the cost of service of \$17.75 (\$16.00 O&M plus \$1.75 R&R). 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 can continue to meet its level of service commitment to deliver reliable, high quality, and cost effective essential services. Continuing the practice of adopting multiyear rate increases will also support the Agency's transition to a biennial budget in FY 2015/16, and provide member agencies more stability in their financial planning.

Figure 5-20: EDU Rate to Cost of Service Comparative



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	ADOPTED 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	174,279	377,495	571,065	764,301	953,661
TOTAL REVENUES	\$488,007	\$410,841	\$180,000	\$68,000	\$174,279	\$377,495	\$571,065	\$764,301	\$953,661
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	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	\$37,049,025
EXPENSES									
Employment Expenses	\$3,581,441	\$2,821,517	\$4,083,214	\$3,936,044	\$3,062,676	\$3,136,859	\$3,263,708	\$3,359,119	\$3,388,856
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	\$5,740,036	\$5,278,319	\$5,770,446	\$5,527,997	\$6,039,926
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	5,000,500	5,898,000	4,865,000	7,100,000	12,440,000
WIP Adjustment -25% deferral 13/14-17/18	(3,405,236)	0	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	\$4,349,819	\$9,679,711	\$8,732,660	\$5,500,500	\$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	6,815,399	6,857,364	6,600,757	6,723,111	6,477,768	6,222,087
Principal	6,632,651	7,906,265	8,165,374	8,165,400	23,083,284	7,078,477	7,279,138	7,330,710	7,509,807
Short Term Inter-Fund Loan	0	0	5,500,000	2,500,000	0	0	0	0	0
TOTAL DEBT SERVICE	\$12,901,052	\$15,045,048	\$20,984,681	\$17,271,754	\$30,241,348	\$14,112,934	\$14,302,949	\$14,109,178	\$14,165,594
TRANSFERS IN (OUT)									
Capital Contribution	(\$522,133)	(\$3,198,208)	(\$2,247,990)	(\$1,749,798)	(\$1,361,838)	(\$955,300)	(\$749,328)	(\$1,267,520)	(\$559,200)
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)	(\$1,867,578)	(\$1,572,300)	(\$1,416,328)	(\$1,934,520)	(\$1,259,200)
FUND BALANCE									
Net Income (Loss)	\$3,917,149	\$20,156,411	(\$9,470,431)	(\$743,295)	(\$1,715,926)	\$13,452,862	\$17,921,471	\$15,027,496	\$4,097,966
Beginning Fund Balance July 01	30,241,968	43,159,116	63,315,527	63,315,527	62,572,232	60,856,307	74,309,169	92,230,640	107,258,137
ENDING FUND BALANCE AT JUNE 30	\$34,159,117	\$63,315,527	\$53,845,096	\$62,572,232	\$60,856,306	\$74,309,169	\$92,230,640	\$107,258,136	\$111,356,103
RESERVE BALANCE SUMMARY									
Capital Expansion / Construction	\$2,182,992	\$20,338,614	\$9,527,244	\$18,342,704	\$3,545,794	\$3,348,641	\$2,500,883	\$2,463,563	\$2,243,968
CCRA Capital Construction	13,640,624	28,246,979	29,587,918	29,259,579	42,580,579	55,990,579	74,953,579	89,928,979	94,298,979
Debt Service & Redemption	18,335,500	14,729,934	14,729,934	14,969,949	14,729,933	14,969,949	14,776,178	14,865,594	14,813,156
ENDING BALANCE AT JUNE 30	\$34,159,116	\$63,315,527	\$53,845,096	\$62,572,232	\$60,856,306	\$74,309,169	\$92,230,640	\$107,258,136	\$111,356,103

Regional Wastewater Program

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

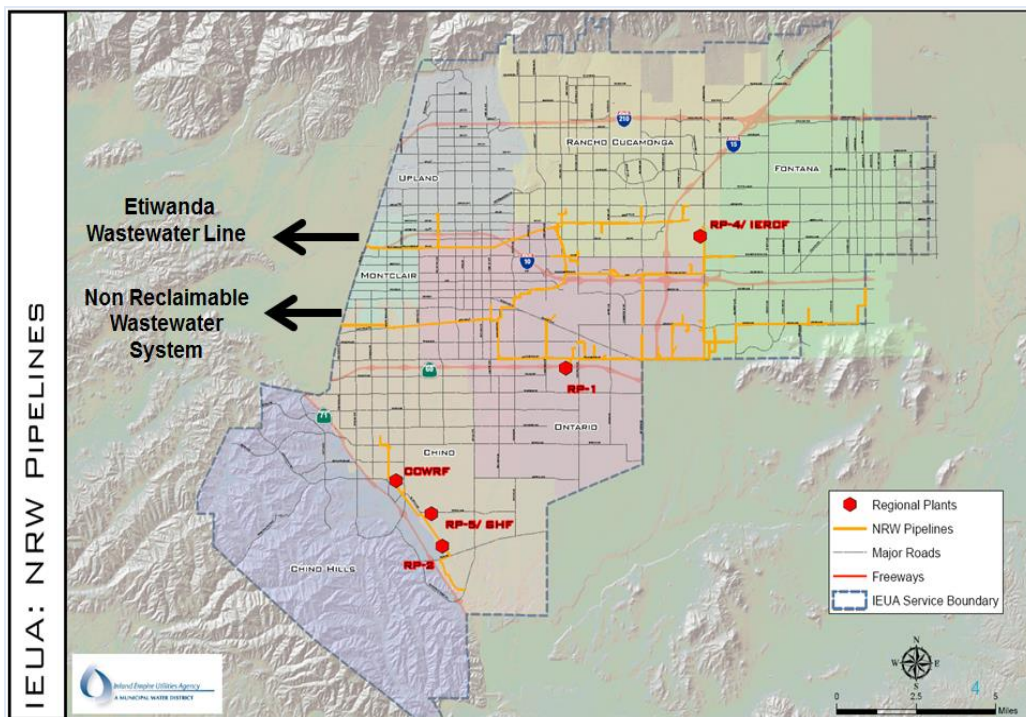
	2011/2012	2012/2013	2013/2014	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019
	ACTUAL	ACTUAL	AMENDED BUDGET	PROJECTED ACTUAL	ADOPTED BUDGET	FORECAST			
REVENUES									
User Charges	\$35,573,096	\$39,569,548	\$42,745,825	\$42,695,825	\$45,988,286	\$50,893,953	\$55,023,361	\$59,173,099	\$63,182,341
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	3,471,033	3,555,448	3,699,212	3,807,344	3,841,047
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	\$46,346,271	\$46,391,272	\$49,922,319	\$54,822,401	\$59,165,573	\$63,553,443	\$67,616,388
OTHER FINANCING SOURCES									
Property Tax Revenues - Debt/Capital/Reserves	\$3,651,586	\$10,407,455	\$7,337,369	\$6,387,150	\$8,844,764	\$4,060,551	\$4,101,156	\$4,142,168	\$0
State Loans	0	0	0	0	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	\$6,962,380	\$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	\$28,380,800	\$29,071,012	\$30,246,495	\$31,130,639	\$31,406,210
Contract Work/Special Projects	982,890	130,522	1,750,530	870,530	2,120,000	1,700,000	1,350,000	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	1,157,589	1,107,252	1,137,262	1,170,515	1,202,963
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	4,161,034	4,270,383	4,217,346	4,212,581	4,103,849
TOTAL EXPENSES	\$42,190,411	\$41,769,391	\$49,246,758	\$45,013,713	\$56,390,233	\$57,138,693	\$58,663,209	\$61,887,609	\$63,337,512
CAPITAL PROGRAM									
Capital Construction & Expansion (WIP)	\$4,011,385	\$6,094,290	\$10,795,544	\$3,535,550	\$8,934,500	\$5,410,000	\$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	\$8,934,500	\$5,410,000	\$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	551,328	543,150
Principal	0	0	0	0	0	0	0	389,464	397,643
TOTAL DEBT SERVICE	\$5,251	\$218,576	\$214,585	\$214,585	\$214,585	\$214,585	\$214,585	\$941,093	\$941,093
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	(\$5,998,017)	\$4,589,804	(\$6,206,819)	(\$3,142,326)	\$995,475	\$742,546	\$2,433,089
Beginning Fund Balance July 01	24,914,923	25,798,903	31,832,753	31,832,753	36,422,557	30,215,738	27,073,412	28,068,887	28,811,433
ENDING FUND BALANCE AT JUNE 30	\$25,798,903	\$31,832,753	\$25,834,736	\$36,422,557	\$30,215,738	\$27,073,412	\$28,068,887	\$28,811,433	\$31,244,522
RESERVE BALANCE SUMMARY									
Capital / Operation Contingencies	\$14,063,471	\$13,923,130	\$16,415,588	\$13,956,287	\$17,639,735	\$17,861,085	\$18,321,334	\$19,360,090	\$19,832,157
Rehabilitation/Replacement	11,520,797	17,695,038	9,204,563	22,251,685	12,361,418	8,997,742	8,806,459	8,510,246	10,471,271
Debt Service & Redemption	214,635	214,585	214,585	214,585	214,585	214,585	941,093	941,093	941,093
ENDING BALANCE AT JUNE 30	\$25,798,903	\$31,832,753	\$25,834,736	\$36,422,557	\$30,215,738	\$27,073,412	\$28,068,887	\$28,811,433	\$31,244,522

Non-Reclaimable Wastewater Program

Programmatic Overview

The Non-Reclaimable Wastewater System (NRWS) is a key element of the Chino Basin Watermaster Optimum Basin Management Plan (OBMP) strategy. The NRWS provides a collections system which includes pipelines and pump stations to export the high-salinity industrial wastewater generated within the Agency's service area for treatment and eventual discharge to the Pacific Ocean. The wastewater discharged to the NRWS is primarily comprised of industrial and groundwater treatment brines.

The NRWS is physically separated from the Agency's Regional Wastewater System, ensuring further compliance with the California Regional Water Quality Control Board and state regulations related to environmental criteria, and improving the quality of recycled water for local use. Maximizing the use of the NRW system helps ensure that the Agency complies with the final effluent total dissolved solids (TDS) limits which are required under the National Pollutant Discharge Elimination System (NPDES) permits.



The NRWS operated by the Agency is comprised of two independent collection systems, the North and South Systems;

- The North System serves approximately 39 industries, truckers, and municipalities for brine groundwater treatment facilities. The North NRWS also collects wastewater from the Agency's Regional Recycling Plant No. 1 (RP-1) belt press filtrate. The wastewater results from the dewatering of biosolids generated within the facility and from other domestic wastewater from areas without sewer service located in the Agency's service area. The North NRWS conveys the non-reclaimable wastewater to the County Sanitation District of Los Angeles County (SDLAC) treatment facility in Carson, where it is treated and discharged to the ocean.
- The South System serves approximately 9 industries and the Chino Basin Desalter Authority, and conveys wastewater to the Inland Empire Brine Line (IEBL), which is owned by the Santa Ana

Watershed Project Authority (SAWPA), and the Orange County Sanitation District (OCSD) facility in Fountain Valley for treatment and ocean discharge.

Beginning in FY 2004/05, a pass-through rate structure was implemented to allow the Agency to recover operating and capital fees billed by SDLAC and SAWPA for the north and south systems, respectively. These charges are comprised of capacity, volumetric, and strength fees. Different rates apply to the north and south systems.

The Agency and SDLAC entered into agreements dating back to 1966 under which SDLAC agreed to accept the Agency's industrial wastewater flows from the NRWS. This agreement was set to expire in May 2018. On December 18, 2013, the Agency's Board of Directors approved the new NRWS Wastewater Disposal Agreement between the Agency and SDLAC effective July 1, 2014. Under the new Agreement, the pass-through rates from SDLAC are expected to be more stable and predictable, making it easier for NRW industries to effectively plan for their annual budgets. The ability to acquire wastewater discharge rights as Capacity Units and connect to the system will also be more attractive to new industries as they will have the option to purchase or lease discharge rights rather than make a mandatory purchase as required under the prior agreement. The key terms of the new agreement include the following:

- 30 year term with up to four additional five year extensions
- 15,000 initial Baseline Capacity Units for allocation amongst current customers
- Adjustment of Baseline Capacity Units allocation through June 30, 2018
- Additional Capacity available for purchase or lease
- Issuance of Wastewater Discharge Permit to the Agency from SDLAC
- Payment of 4R capital charges of \$4.1 million to be paid over a 6 year term
- Annual management meetings to review and discuss any modifications to this Agreement to accommodate financial, operational or environmental changes

The FY 2014/15 SDLAC annual rate structure was revised based on the aforementioned new agreement. Aside from moderate rate increases, no change in SAWPA's agreement for the south NRWS was proposed for FY 2014/15. NRW rates effective July 1, 2014 are based on the current "pass-through" rate structure (Table 5-20).

Table 5-20: NRW Program Rates - North and South Systems

Program	Rate Description	FY 2013/14 Adopted	FY 2014/15 Adopted
Non-Reclaimable Wastewater Rates	North System	470.36 mgd	15,000 CU
	Flow/mg	\$1,437.49	\$835.80
	COD/klb	\$110.81	\$147.84
	TSS/klb	\$294.21	\$418.22
	Peak/gpm	N/A	\$110.88
	Ad Valorem Tax	N/A	5%
	South System		
	Capacity/cu	\$318.49	\$334.43
	Flow/mg	\$736.00	\$777.00
	BOD/klb	\$266.00	\$295.00
	TSS/klb	\$395.00	\$411.00

Non-Reclaimable Wastewater Program

In addition to the pass through rates, the user charges include the Agency's operating and capital costs associated with the operations, maintenance, replacement, and improvement of the NRW system. These Agency program costs are recovered as follows:

- North System – prorated based on the number of capacity units assigned
- South System – a 50 percent operating surcharge is imposed on volumetric, capacity and strength charges

To promote the use of recycled water throughout the Agency's service area, the Agency has been discounting the operating surcharge of 50 percent for NRW industries that use recycled water as a substitute for potable water. Beginning FY 2014/15, the discounted operating surcharge has been phased out and replaced with a reduced recycled water rate. Effective July 1, 2014, NRW recycled water users will only pay 50 percent of the Agency's direct recycled water rate. The FY 2014/15 Agency's direct recycled water rate of \$290 per acre foot will serve as the baseline and will be decreased by 5 percent each fiscal year thereafter until it is completed on June 30, 2024.

Fund Description

The Non-Reclaimable Wastewater (NRW) fund records the transactions for the acquisition, construction, expansion, replacement, and operation of the Agency's non-reclaimable wastewater sewer lines, interceptors, and appurtenant facilities.

Funds are budgeted for the design, construction, management, and administration costs as the need for additional non-reclaimable wastewater facilities or replacement of the existing pipelines, interceptor capacity, and treatment capacity is identified.

Revenues and Other Funding Sources

The FY 2014/15 Non-Reclaimable Wastewater Program has budgeted total revenues and other funding sources of \$10.2 million. Revenues include fees for volumetric, capacity, strength, administrative and operations, capital improvement program (CIP), other services, and interest income.

Total revenues of \$10.2 million in FY 2014/15 indicate an increase of \$2.9 million compared to FY 2013/14 projected revenues of \$7.3 million. The increase is primarily due to higher strength (pass-through) fees as a result of the change in the SDLAC contract which eliminated the thresholds for strength components. Table 5-21 shows the sources of revenue.

Table 5-21: FY 2014/15 NRW Revenues (\$ Millions)

Revenues Sources	FY 2014/15	% of Total	Description
Volumetric Fees	\$1.9	19%	Monthly fee based on adopted fees and metered wastewater flow
Excess User Fees	2.7	26%	Fee for wastewater strength composition*
Agency Program Charges	4.5	45%	Administrative, operational, and capacity surcharges, which includes a portion of the SDLAC 4Rs charges carried forward from FY 2011/12
Capacity Fees	0.9	9%	Monthly fee charged to the holders of capacity right in the Southern system (from industries, Regional Program, and CIP fee to cover for the debt cost
Other Revenues	0.2	1%	Interest earned on reserve balance and inter fund loan to Recycled Water program
Total Revenues	\$10.2	100%	

* Strength charges are calculated based on Total Suspended Solids (TSS), Chemical Oxygen Demand (COD), and Biochemical Oxygen Demand (BOD)

On October 17, 2012, the Board agreed to defer \$2.6 million for the FY 2011/12 SDLAC Relocation, Reconstruction, Repair, and Replacement (4Rs) capital costs to mitigate the fiscal impact to the North system users. These deferred costs of \$2.6 million were to be paid over a 2.5 year period. Under the newly negotiated contract with SDLAC, FY 2013/14 will be the final year of 4R pass through costs (projected to be \$1.7 million). As reported in Table 5-22 below, total outstanding 4R costs through the end of the FY 2013/14 (net of industry payments) are projected to be \$2.4 million.

Table 5-22: SDLAC 4RS Cost and Funding

SDLAC 4RS: Paid by users in the ff. fiscal yr.			Amount
2011/12			\$2,581,508
2012/13			1,206,214
2013/14 Projected			1,700,000
TOTAL SDLAC 4RS			\$5,487,722
PAYMENTS FROM USERS:	mgd/month	Rates	
2012/13 (first half)	470.36	\$123.27	\$347,888
2012/13 (second half)	470.36	\$319.00	900,269
2013/14	470.36	\$319.00	1,800,538
TOTAL PAYMENTS FROM USERS			\$3,048,695
OUTSTANDING SDLAC 4RS			\$2,439,027

Non-Reclaimable Wastewater Program

Expenses and Other Uses of Funds

The NRW Program accounts for all of the operating and capital expenses associated with the North and South systems. These expenses include construction and acquisition of capital assets, equipment purchases, process modifications and upgrades necessary to comply with the environmental and regulatory increased standards and to support the growth in the Agency's service area and the demand it places on the NRW program.

Total FY 2014/15 expenditures of \$12.1 million are \$4.2 million higher compared to FY 2013/14 projected actual of \$7.9 million. The increase is mainly due to higher operating fees and capital project expenditures. Table 5-23 below shows the expense categories of the NRW program.

Table 5-23: FY 2014/15 Budget Total NRW Expenses (\$ Millions)

Expense Categories	FY 2014/15	% of Total	Description
Capital Expenditures	\$3.1	25%	Includes \$0.7M SDLAC 4R's Outstanding SRF Loan installment payment and capital project costs as listed in Table 5-25 and appendices
Operating Fees	5.2	42%	Includes SDLAC and SAWPA pass through fees
Administration & Operations	2.8	23%	Includes Agency employment, chemicals, materials & supplies, professional fees, utilities, and other operating costs. Also includes Regional Brine Management pipe cleaning, and meter maintenance costs to support the Agency's NRW system
Debt Service	0.5	5%	Includes 2008A Bond and Inland Empire Brine Line loan principal and interest payments
Other Expense	0.5	5%	Includes expense allocation and capital transfers to support agency-wide asset acquisition
Total Expenses	\$12.1	100%	

Capital Expense

The NRW Program's total capital expenditures for FY 2014/15 are budgeted at \$3.1 million, which includes \$2.4 million in capital projects and \$0.7M for the Agency's share of SDLAC capital charges (4Rs) funded through SRF Loan (Table 5-24). The newly executed SDLAC agreement requires payment of the Agency's share of existing SRF loans based on an annual interest rate of 2.3 percent for a six year term. Annual payment of \$737,600 (Table 5-25) is scheduled to start on July 15, 2014. NRW fund reserves will support the annual SRF loan payment.

Table 5-24: FY 2014/15 NRW Capital Expenditures by Major Project (\$ Millions)

Major Capital Projects	FY 2014/15
Philadelphia Pump Station Upgrades	\$1.4
22 Inch Manhole along NRW North System North Trunk (NSNT) Rehabilitation	0.5
CM Misc. NRW Construction & Emergency Projects	0.2
Philly Pump Station Communication System	0.2
NRWS Connections & Emergency Pipeline Repairs	0.1
Subtotal	\$2.4
SDLAC Capital Replacement (4R's) - SRF Loan Installment payment	0.7
Total	\$3.1

Table 5-25: SDLAC SRF Loan Installment Schedule

Due Date	Balance with Interest	Minimum Payment	Remaining Balance
7/15/2014	\$4,184,045	\$737,600	\$3,446,445
7/15/2015	3,525,714	737,600	2,788,114
7/15/2016	2,852,240	737,600	2,114,640
7/15/2017	2,163,277	737,600	1,425,677
7/15/2018	1,458,468	737,600	720,868
7/15/2019	737,448	737,448	
TOTAL PAYMENTS		\$4,425,448	

The Agency's capital improvement, excluding the SDLAC SRF Loan for \$737,600 per year, for the NRW system is budgeted at \$2.4 million for FY 2014/15, \$1.1 million for FY 2015/16 and \$350,000 each fiscal year through FY 2018/19. Cumulative Agency capital costs through FY 2018/19 at \$4.5 million plus Outstanding Deferred SDLAC 4Rs at \$2.4 million will total to \$7.0 million. Given the projected fiscal impact of the modified rate structure under the newly executed Agreement, the Agency is limiting the recovery of capital costs to \$1.2 million for FY 2014/15 & FY 2015/16 for North NRWS customers. Full capital cost recovery is projected to be achieved in FY 2018/19 as shown in Table 5-26.

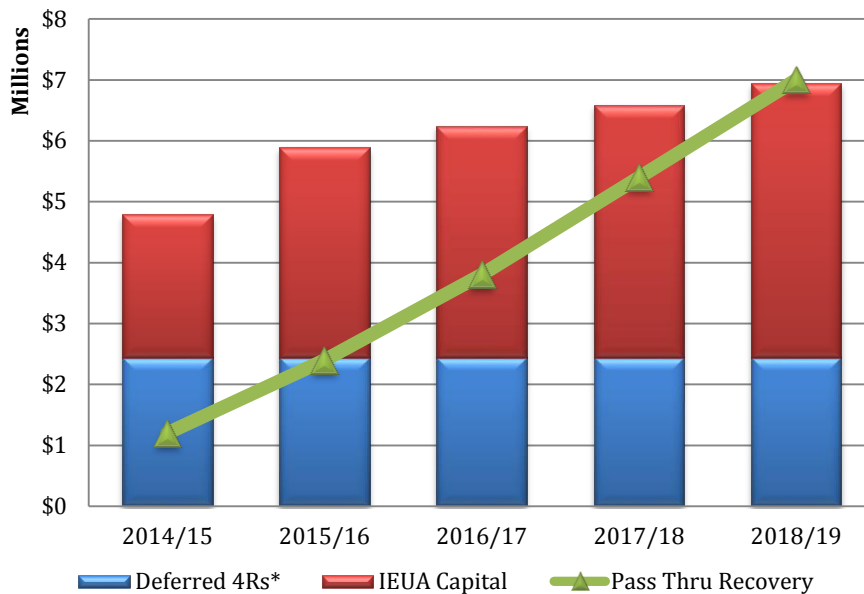
Table 5-26: Recovery of IEUA Capital Costs & Deferred SDLAC 4Rs (Millions)

IEUA CAPITAL & DEFERRED SDLAC 4RS (Millions)	
Outstanding Deferred SDLAC 4Rs	\$2.4
2014/15 - IEUA Capital	2.4
2015/16 - IEUA Capital	1.1
2016/17 - IEUA Capital	0.45
2017/18 - IEUA Capital	0.3
2018/19 - IEUA Capital	0.3
TOTAL IEUA CAPITAL & SDLAC 4RS	\$6.9

Non-Reclaimable Wastewater Program

PROJECTED RECOVERY:	
2014/15 (allocated to deferred SDLAC 4Rs)	\$1.2
2015/16 (allocated to deferred SDLAC 4Rs)	1.2
2016/17 (start of IEUA CIPrRecovery)	1.4
2017/18	1.6
2018/19	1.6
TOTAL RECOVERY (Supported by Agency Program Charges)	\$7.0

Figure #21: Cumulative IEUA Capital & Deferred SDLAC 4Rs Recovery



* Deferred 4RS is FY 2011/12 to FY 2013/14 amount billed from SDLAC for \$5,487,722 less industry payments for \$3,048,695

Debt Service

In FY 2014/15, \$0.5 million is budgeted for debt service expenses which include \$0.4 million of interest expense for the 2008A Bond Debt, and \$0.1 million principal payment for the SAWPA Note Payable. The debt service costs are recovered from both North and South system users.

Inter Fund Loan

A total of \$15 million in inter fund loans have been issued from the NRW Program to the Recycled Water (WC) Fund beginning with \$9.0 million in FY 2007/08 and \$6.0 million in FY 2009/10. The schedule on the loans' repayment is indicated in Table 5-27.

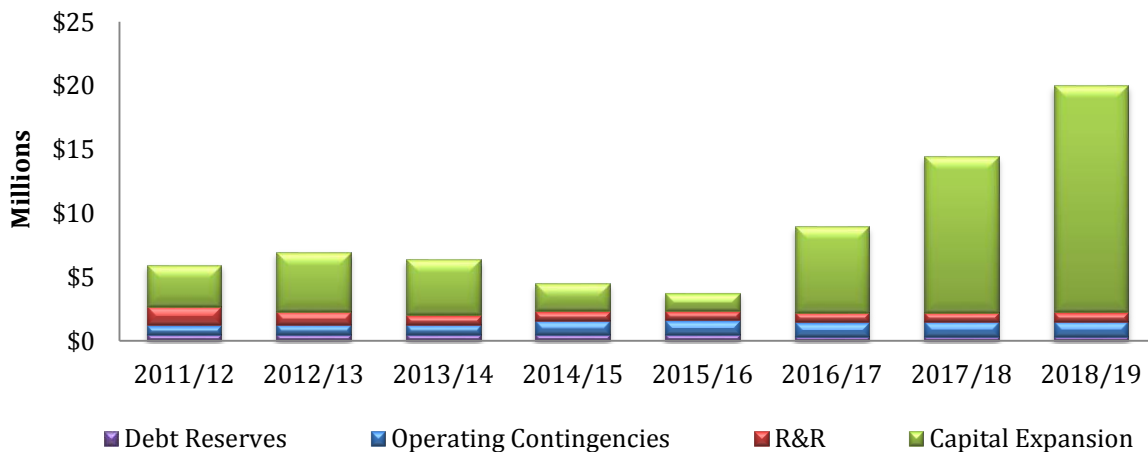
Table 5-27: Inter-fund Loan Repayment Schedule to NRW Program (\$Millions)

Fiscal Year Issued	Issued to	Inter-Fund Loan Amount	Repayments Scheduled to Begin	Repayments Scheduled to End
FY 2007/08	WC Fund	\$9.0	FY 2016/17	FY 2017/18
FY 2009/10	WC Fund	\$6.0	FY 2017/18	FY 2018/19

Fund Balance

The FY 2014/15 fund balance is projected to be \$4.5 million. Figure 5-22 illustrates the trend of both historical and projected NRW ending fund balances through FY 2018/19. The incremental loan repayments from WC fund starting FY 2016/17 account for the projected increase in fund balances.

Figure 5-22: Trend of NRW Program Ending Fund Balance by Category



Non-Reclaimable Wastewater Program

FY 2015/16 to FY 2018/19 Forecast

The first repayment installment on the \$15 million inter-fund loans due from the Recycled Water (WC) Fund for \$5 million is scheduled to begin in FY 2016/17. Thereafter, the NRW fund reserve balance is anticipated to increase from \$8.9 million in FY 2016/17 to \$21.9 million in FY 2023/24 when the inter fund loans will be fully repaid.

The Agency continues implementation of the NRWS Condition Assessment recommendations for capital improvements. The relatively good condition of the NRWS allowed improvements to be completed sooner, reducing the annual capital expenditure. An aggressive cleaning and on-going system maintenance program is in progress with the goal to clean every segment of the NRWS over the next several years. This cleaning effort will be supplemented with CCTV inspection of the pipe after cleaning. If any additional repairs are identified, a capital project will be initiated to refurbish the pipeline as needed. The on-going system maintenance program will help meet the requirements of the Sanitary Sewer Management Program (SSMP), State mandated under the Wastewater Discharge Requirements.

The Agency continues its effort to achieve substantial benefits as well as avoid costs in its service area by implementing the NRWS Action Plan. The action plan includes:

- Future Brine Line Alternatives Evaluation - identify and evaluate various brine-concentrate treatment technologies and disposal options for the NRWS in lieu of current arrangement.
- Reducing salinity contributions from the Agency's water recycling facilities and sustaining the high quality of its recycled water.
- Promoting economic development in the Agency's service area by sustaining a cost effective NRW program.

**INLAND EMPIRE UTILITIES AGENCY
FISCAL YEAR 2014/2015 BUDGET
SOURCES AND USES OF FUNDS
NON-RECLAIMABLE WASTEWATER SYSTEM (NC) FUND**

	2011/2012	2012/2013	2013/2014	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019
	ACTUAL	ACTUAL	AMENDED BUDGET	PROJECTED ACTUAL	ADOPTED	FORECAST			
REVENUES AND OTHER FINANCING SOURCES									
User Charges	\$5,756,361	\$7,351,689	\$9,028,293	\$7,099,697	\$10,007,520	\$10,108,242	\$10,485,898	\$10,869,465	\$11,059,088
Contract Cost reimbursement	0	0	0	3,500	0	0	0	0	0
Interest Revenue	89,830	66,393	251,307	96,600	170,465	207,500	275,000	275,000	300,000
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$5,846,191	\$7,418,082	\$9,279,600	\$7,199,797	\$10,177,985	\$10,315,742	\$10,760,898	\$11,144,465	\$11,359,088
OTHER FINANCING SOURCES									
Other Revenues	\$721,332	\$627,676	\$718,012	\$139,438	\$33,503	\$0	\$0	\$0	\$0
Sale of Capacity	215,000	215,000	0	0	0	0	0	0	0
Loan Transfer from Internal Fund	0	0	0	0	0	0	5,000,000	5,000,000	5,000,000
TOTAL OTHER FINANCING SOURCES	\$936,332	\$842,676	\$718,012	\$139,438	\$33,503	\$0	\$5,000,000	\$5,000,000	\$5,000,000
	(0)								
EXPENSES									
Employment Expenses	\$1,756,082	\$1,928,222	\$1,744,963	\$1,882,070	\$2,245,963	\$2,300,584	\$2,393,607	\$2,463,576	\$2,485,384
Contract Work/Special Projects	39,833	7,597	342,000	170,000	10,000	10,000	10,000	10,000	10,000
Utilities	56,719	59,016	64,192	65,192	59,243	61,020	62,850	64,736	66,678
Operating Fees	2,721,974	3,064,053	4,002,647	3,324,164	5,211,593	5,348,382	5,508,844	5,674,127	5,844,373
Chemicals	129,508	157,545	178,673	150,000	170,000	175,100	180,353	185,784	191,336
Professional Fees and Services	37,293	44,864	208,222	115,522	136,022	134,161	137,334	140,801	143,967
Biosolids Recycling	45,740	4,026	25,000	25,000	25,000	25,750	26,523	27,318	28,138
Materials & Supplies	29,049	45,732	150,762	115,100	115,850	119,326	122,906	126,591	130,390
Other Expenses	242,879	(241,678)	120,793	120,567	462,634	452,114	461,240	445,823	454,439
TOTAL EXPENSES	\$5,059,176	\$5,069,332	\$6,835,252	\$5,767,614	\$8,436,304	\$8,626,437	\$8,903,657	\$9,138,536	\$9,354,704
CAPITAL PROGRAM									
CSDLAC 4Rs SRF Loan	\$2,700,257	\$1,206,214	\$1,008,323	\$1,008,323	\$737,600	\$737,600	\$737,600	\$737,600	\$737,600
Capital Expansion/Construction	1,129,134	342,192	3,238,764	504,477	2,350,000	1,102,000	350,000	350,000	350,000
WIP Adjustment	(332,818)	0	0	0	0	0	0	0	0
TOTAL CAPITAL PROGRAM	\$3,496,573	\$1,548,406	\$4,247,087	\$1,512,800	\$3,087,600	\$1,839,600	\$1,087,600	\$1,087,600	\$1,087,600
DEBT SERVICE									
Financial Expenses	(\$5,951)	\$35,929	\$400	\$400	\$1,050	\$1,050	\$1,050	\$1,150	\$1,250
Interest	201,678	409,430	402,545	401,894	393,559	385,094	376,120	366,609	356,526
Principal	125,570	133,105	141,091	141,091	149,556	158,530	168,041	0	0
TOTAL DEBT SERVICE	\$321,297	\$578,464	\$544,036	\$543,385	\$544,165	\$544,674	\$545,211	\$367,759	\$357,776
TRANSFERS IN (OUT)									
Capital Contribution	(\$19,048)	(\$78,368)	(\$82,008)	(\$63,834)	(\$49,681)	(\$34,850)	(\$27,336)	(\$46,240)	(\$20,400)
TOTAL INTERFUND TRANSFERS IN (OUT)	(\$19,048)	(\$78,368)	(\$82,008)	(\$63,834)	(\$49,681)	(\$34,850)	(\$27,336)	(\$46,240)	(\$20,400)
FUND BALANCE									
Net Income (Loss)	(\$2,113,572)	\$986,188	(\$1,710,771)	(\$548,399)	(\$1,906,262)	(\$729,820)	\$5,197,093	\$5,504,329	\$5,538,808
Beginning Fund Balance July 01	8,084,801	5,971,229	6,957,417	6,957,417	6,409,018	4,502,756	3,772,937	8,970,030	14,474,360
ENDING FUND BALANCE AT JUNE 30	\$5,971,229	\$6,957,417	\$5,246,646	\$6,409,018	\$4,502,756	\$3,772,936	\$8,970,030	\$14,474,359	\$20,012,968
RESERVE BALANCE SUMMARY									
Capital / Operation Contingencies	\$715,316	\$784,970	\$829,269	\$756,983	\$1,071,070	\$1,088,837	\$1,127,741	\$1,150,923	\$1,166,214
Capital Expansion / Construction	3,283,360	4,628,924	3,135,611	4,370,271	2,149,412	1,401,289	6,736,930	12,228,061	17,751,529
Rehabilitation/Replacement Reserve			737,600	737,600	737,600	737,600	737,600	737,600	737,448
CSDLAC Prepayment	1,429,818	1,008,323	0	0	0	0	0	0	0
Debt Service & Redemption	542,735	535,200	544,165	544,165	544,674	545,211	367,759	357,776	357,776
ENDING BALANCE AT JUNE 30	\$5,971,229	\$6,957,417	\$5,246,645	\$6,409,019	\$4,502,756	\$3,772,937	\$8,970,030	\$14,474,360	\$20,012,967

Recharge Water Program

Programmatic Overview

The Recharge Water program is a comprehensive program designed to increase artificial groundwater recharge within the Chino Basin using storm water, recycled water, and imported water. Through the development of increased recharge capacity in the Chino Basin, greater quantities of high quality water can be captured, stored during wet years, and made available during drought years and times of imported water supply shortages.

The FY 2014/15 budget for Groundwater Recharge (GWR) operations of the recharge basins and pertinent facilities is based on the costs to operate and maintain nineteen (19) recharge sites in the Chino Basin. The anticipated volume of water recharge in FY 2014/15 is approximately 23,500 acre-feet (AF) which includes 10,000 AF of storm water, 13,500 AF of recycled water, and no imported water.

The recharge volume projections assume:

- Minimal downtime during basin improvement projects.
- No replenishment water available from the Metropolitan Water District (MWD) of Southern California.
- Average rainfall available for storm water capture.
- Continued development of basin enhancements to increase recharge capacity and reliability. The anticipated improvements in FY 2014/15 includes installation of a new recycled water turnout at Turner Basin 1, which will allow water to be delivered at 6 cubic feet per second (cfs) directly into the basin and avoid deliveries through the Deer Creek. The turnout is needed as the Deer Creek inlet is too low to allow water to flow into Turner 1 during most of the year.

Reuse of recycled water for groundwater recharge is a critical component of the Optimum Basin Management Plan (OBMP) and water supply plans for the region as it will increase the reliability of water supplies during dry years. As of March 31, 2014, recycled water sales were 26,461 AFY, consisting of 17,239 AFY for direct use and 9,222 AFY for groundwater recharge. This fiscal year achieved a record high for groundwater recharge sales due to a very dry winter along with basins that were available for groundwater recharge.

Fund Description

The Recharge Water (RW) fund accounts for the revenues and expenses associated with the groundwater recharge operations and maintenance through the joint effort of the Chino Basin Watermaster (CBWM), the Chino Basin Water Conservation District (CBWCD), the San Bernardino County Flood Control District (SBCFCD), and the Inland Empire Utilities Agency. Expenses include general basin maintenance or restoration costs, groundwater administration (e.g. labor, utilities, equipment, and tools), contracted services (e.g. weeding and vector control), and compliance reporting and environmental documentation fees for the program's Fish & Game Permit. The operations and maintenance budget is funded by both Chino Basin Watermaster and the Agency.

Debt service costs are for the Ground Water Basin Enhancement Project funded by the 2008B Variable Rate Bonds (refinancing the 2002A Bonds in May 2008). Debt principal and interest costs are equally shared by CBWM and the Agency. The Agency's portion is supported by an interfund transfer from the Regional Wastewater Capital Improvement (RC) fund.

Revenues and Other Funding Sources

Total budgeted revenues, other funding sources and inter fund contributions/support for FY 2014/15 is \$3.0 million, as indicated in Table 5-28. The budget is comprised of reimbursements from CBWM for groundwater recharge facilities' operations and maintenance (O&M) of \$0.8 million, capital/special project support of \$0.1 million, and debt service of \$0.4 million for a total of \$1.3 million. The remaining balance of \$1.7 million will be contributed by IEUA for its portion of capital (50/50 shared with CBWM), debt service, and pro-rata of O&M cost.

Table 5-28: FY 2014/15 Revenue and Other Funding Sources (\$ Millions)

Revenue Sources	FY 2014/15	% of Total	Description
CBWM GWR O&M	\$0.8	27%	Groundwater Recharge Operations & Maintenance (GWR O&M) or facilities reimbursement from CBWM.
CBWM Debt Service	0.4	14%	Reimbursement from CBWM for its share of the debt service costs, interest rate estimated at 2%.
CBWM Capital/Special Projects Support	0.1	3%	Capital project (50/50 shared with the Agency) cost share Upper Santa Ana River Habitat Conservation Plan \$150,000 and Long Term Basin Wide 404 Permitting \$100,000.
IEUA Operation Support	1.7	56%	Operating transfer for the Agency's pro-rata share for groundwater basin maintenance and capital project for \$518,354 and \$275,000, respectively from the Recycled Water Fund; and \$373,820 for non-reimbursable labor cost support from Recycled Water Fund; and debt service share for \$505,740 from the Regional Wastewater Capital Improvement (RC) Fund.
Total Revenue	\$3.0	100%	

Groundwater Recharge Pro-Rata Cost Sharing Methodology

In year 2008, a memorandum was issued to document the agreed upon administrative methodology for calculating pro-rata cost sharing for the groundwater recharge (GWR) operations and maintenance (O&M) costs based upon Peace II language. This method of calculation became effective July 1, 2008, and is renewable through mutual agreement every three years between Chino Basin Watermaster and IEUA. The calculation methodology is still in effect for FY 2014/15.

Recharge Water Program

The pro rata cost-sharing for basins utilizing recycled water is determined annually on a basin-by-basin basis. IEUA's pro rata percentage of O&M costs is determined for each basin based on the relative proportion of recycled water to the total water recharged in that basin in the prior fiscal year. That percentage is then multiplied by the total O&M costs for that basin.

Expenses and Other Uses of Funds

Total Recharge Water Program expenses for FY 2014/15 are \$3.2 million, as shown in Table 5-29 below. The expenses include: \$1.0 million of debt service costs for the Chino Basin Facilities Improvement Project (CBFIP); groundwater operations and maintenance cost for \$1.6 million; and \$0.6 million for capital projects.

The FY 2014/15 groundwater O&M Budget of \$1.6 million, in part, includes \$126,000 for utilities and approximately \$500,500 designated for general groundwater basin maintenance. Included in the \$500,500 is \$299,000 for infiltration restoration and slope repairs to four groundwater basins: Declez, 8th Street, Jurupa, and, Turner 1 & 2. The Agency's pro-rata share is estimated to increase to \$518,000 in FY 2014/15 from \$464,000 projected for the current fiscal year.

Table 5-29: FY 2014/15 Recharge Program Expenses (\$ Millions)

Expense Categories	FY 2014/15	% of Total	Description
Debt Service	\$1.0	32%	Includes payment on bond principal and interest and financial expenses.
Groundwater O&M (including Special Project)	1.6	50%	Includes GWR maintenance and administration costs, utilities, specialty O&M, CBWCD, SBCFCD costs, and operating costs for support by IEUA staff, and the Agency's pro rata share of O&M costs.
Capital Projects	0.6	18%	Capital project costs are for Recharge Master Plan Update RMPU \$250,000, Upper Santa Ana River Habitat Conservation \$150,000, Long Term Basin Wide 404 Permitting \$100,000, and Jurupa Pump Station \$50,000.
Total Expense	\$3.2	100%	

Capital Projects

The capital project costs for the Recharge Capital Program mainly involve modifications, improvements and refurbishment at selected basins for a total of approximately \$550,000. CBWM is currently updating the Recharge Master Plan, and Agency staff is working closely with CBWM staff to ensure that planning efforts are coordinated and appropriate for the Agency's service area.

Debt Service

In January of 2002, the Agency’s Board of Directors approved the Recharge Master Plan Implementation Memorandum of Agreement encompassing CBWM, Chino Basin Water Conservation District, San Bernardino (RMPI) County Flood Control District (SBCFCD), and the Agency. The four agencies formed a Groundwater Recharge Coordinating Committee to implement an initial \$40-million program, entitled the Chino Basin Facilities Improvement Project (CBFIP) to develop recharge facilities from existing flood control basins. IUEA served as the lead agency for implementation (design, construction, operation, and maintenance) of this cooperative program. In the summer of 2005, Phase I CBFIP improvements were completed and recharge operations commenced in the upgraded facilities.

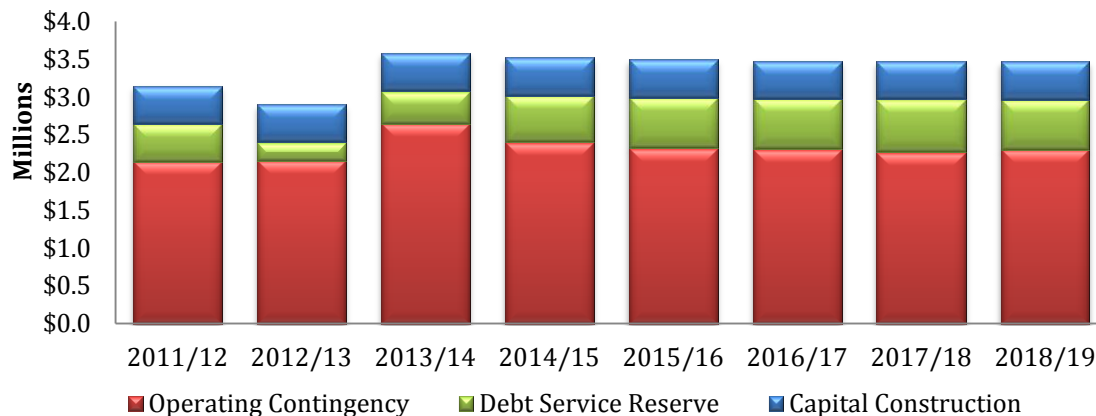
To finance the CBFIP effort, the Agency issued a \$59 million revenue bond in July 2002 which would mature in FY 2031/32. A portion of the net bond proceeds, \$19.7 million, combined with \$19 million Prop 13 grant provided most of the funding for the CBFIP. The 2002 Bond was refinanced in April 2008 by the issuance of a Variable Rate Demand Revenue Bond, Series 2008B for \$55.7 million which matures in FY 2031/32.

Debt service expenses of \$1.0 million for the 2008B Variable Rate Bond principal and interest debt payment is shared by CBWM and IEUA. The variable interest rate for FY 2014/15 is assumed to be 2 percent (slightly higher than the FY 2013/14 projected interest rate of less than 1 percent). For FY 2014/15, CBWM’s gross share for \$505,740 was reduced by \$74,000 due to actual lower interest rate realized in FY 2013/14.

Fund Balance

The ending fund balance for FY 2014/15 is projected to be \$3.4 million. Throughout the subsequent years, ending fund balances are estimated to average \$3.3 million, as the majority of operating expenditures are fully reimbursable by CBWM and IEUA. Figure 5-22 below shows the trend of ending fund balances through FY 2018/19.

Figure 5-23: Trend of Recharge Water Ending Fund Balance



Recharge Water Program

FY 2015/16- FY 2018/19 Forecast

Currently, the recharge basins are not expected to require significant capital expense beyond the completion of refurbishment at selected basins. Enhancements to existing facilities and development of additional recharge facilities will occur as opportunities arise.

An updated Recycled Water Program Plan is being developed and will become part of the Agency's FY 2014/15 Integrated Water Resources Plan. The Agency has evaluated seven potential cost sharing projects and identified three projects (San Sevaine Basin, Victoria Basin, and RP-3 Basin Improvements) for which IEUA will provide shared financial support. The Agency will financially participate in other potential cost-sharing projects that have been identified after the required proof-of-concept or investigation is completed.

Past infiltration rates have been used to update the potential recycled water recharge capacity. Based on updates completed in 2012, Table 5-30 shows the potential monthly recharge capacities of the recharge sites.

Table 5-30: Chino Basin Potential Monthly Recharge Capacities

Recharge Site	Recharge Capacity Acre Feet per Month
Ely Basins	193
Banana Basin	117
Declez Basin	234
Etiwanda Conservation Ponds	**
Hickory Basin	136
Jurupa Basin	117
RP-3 Basins	1,047
Turner Basin (1-4)	443
7th & 8th Street Basins	395
Etiwanda Spreading Basins	263
Lower Day Basin	340
Brooks Street Basin	188
College Heights Basins	457
Montclair Basins	559
Upland Basin	187
San Sevaine (1-3)	1,235
San Sevaine 5	310
Victoria Basin	212
Wineville Basin	**
Grove Basin	38
Total	6,471

***Data not available*

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

	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019
	ACTUAL	ACTUAL	PROJECTED ACTUAL	ADOPTED	FORECAST			
REVENUES AND OTHER FINANCING SOURCES								
Cost Reimbursement from JPA	\$719,547	\$757,088	\$794,776	\$741,682	\$691,000	\$712,000	\$733,000	\$755,000
Contract Cost reimbursement	0	6,750	0	0	0	0	0	0
Interest Revenue	20,383	10,325	10,000	15,000	30,000	40,000	50,000	50,000
TOTAL REVENUES AND OTHER FINANCING SOURCE	\$739,930	\$774,163	\$804,776	\$756,682	\$721,000	\$752,000	\$783,000	\$805,000
OTHER FINANCING SOURCES								
Grants	\$388,846	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Capital Contract Reimbursement	175,135	346,651	610,389	556,740	634,500	679,500	667,000	700,000
Other Revenues	17,135	38,838	0	0	0	0	0	0
TOTAL OTHER FINANCING SOURCES	\$581,116	\$385,489	\$610,389	\$556,740	\$634,500	\$679,500	\$667,000	\$700,000
EXPENSES								
Employment Expenses	\$383,500	\$459,791	\$476,642	\$816,714	\$836,576	\$870,403	\$895,846	\$903,776
Contract Work/Special Projects	245,750	0	0	0	0	0	0	0
Utilities	126,040	95,501	96,000	126,000	129,780	133,673	137,683	141,814
Operating Fees	1,740	4,677	4,584	3,800	3,914	4,031	4,152	4,277
Professional Fees and Services	402,473	443,668	587,711	561,500	472,719	486,542	500,778	515,443
Office and Administrative expenses	7,569	7,912	14,096	14,096	14,519	14,954	15,403	15,865
Expense Allocation	0	71,148	14,960	50,736	57,089	53,083	56,280	50,318
Materials & Supplies	23,274	45,278	66,040	61,100	62,933	64,821	66,766	68,770
TOTAL EXPENSES	\$1,190,345	\$1,127,975	\$1,260,033	\$1,633,946	\$1,577,530	\$1,627,507	\$1,676,908	\$1,700,263
CAPITAL PROGRAM								
Capital Expansion/Construction	\$412,533	\$183,274	\$284,703	\$550,000	\$35,000	\$25,000	\$0	\$0
Capital Adjustment	(206,694)	0	0	0	0	0	0	0
TOTAL CAPITAL PROGRAM	\$205,840	\$183,274	\$284,703	\$550,000	\$35,000	\$25,000	\$0	\$0
DEBT SERVICE								
Financial Expenses	\$149,377	\$219,285	\$105,400	\$105,700	\$173,100	\$106,200	\$106,700	\$173,700
Interest	22,901	25,906	8,000	299,000	429,000	580,000	544,000	517,000
Principal	528,814	562,712	584,746	606,780	632,203	647,458	683,051	710,170
TOTAL DEBT SERVICE	\$701,092	\$807,902	\$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	\$142,352	\$275,000	\$17,500	\$12,500	\$0	\$0
Debt Service	543,953	366,306	475,873	505,740	617,000	667,000	667,000	700,000
Operation support	236,683	275,048	700,000	892,174	828,000	862,000	887,000	894,000
TOTAL INTERFUND TRANSFERS IN (OUT)	\$780,636	\$904,707	\$1,318,225	\$1,672,914	\$1,462,500	\$1,541,500	\$1,554,000	\$1,594,000
FUND BALANCE								
Net Income (Loss)	\$4,405	(\$54,792)	\$490,508	(\$209,090)	(\$28,833)	(\$13,165)	(\$6,659)	(\$2,133)
Beginning Fund Balance July 01	\$3,140,410	\$3,144,816	\$3,090,023	\$3,580,531	\$3,371,441	\$3,342,608	\$3,329,443	\$3,322,784
ENDING FUND BALANCE AT JUNE 30	\$3,144,816	\$3,090,023	\$3,580,531	\$3,371,441	\$3,342,608	\$3,329,443	\$3,322,784	\$3,320,651
RESERVE BALANCE SUMMARY								
Operating Contingencies	\$2,143,761	\$2,347,150	\$2,648,791	\$2,254,441	\$2,175,608	\$2,162,443	\$2,122,784	\$2,153,651
Capital Expansion / Construction	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	617,000	667,000	667,000	700,000	667,000
ENDING BALANCE AT JUNE 30	\$3,144,816	\$3,090,023	\$3,580,531	\$3,371,441	\$3,342,608	\$3,329,443	\$3,322,784	\$3,320,651

Recycled Water Program

Programmatic Overview

The Inland Empire Utilities Agency (IEUA) owns and operates five water recycling treatment facilities, of which four produce recycled water and serve over 850,000 people in seven cities through contracting member agencies. IEUA began producing recycled water in the 1970s as a low cost alternative to potable water for large irrigation customers. Over the past 15 years, IEUA and its local water providers have invested in an aggressive program to expand delivery of high quality recycled water to IEUA's seven member agencies: Cities of Chino, Chino Hills, Fontana, Montclair, Ontario, Upland, and Cucamonga Valley Water District; commercial customers, and recharge basins for groundwater storage that will improve the sustainability of the region's water supply.

In 2007 the Agency's Recycled Water Business Plan (RWBP) was adopted to accelerate the implementation of Recycled Water projects to increase the availability and use of recycled water within IEUA's service area. The Business Plan prioritized and phased capital construction projects to ultimately distribute approximately 93,000 acre feet (AF) of recycled water from the Agency's four water recycling plants to the contracting agencies, commercial customers, and recharge basins.

While there have been significant achievements since the plan was adopted, some of the original assumptions have changed. Since the adoption and implementation of the projects in the RWBP, member agencies have reconsidered retrofitting existing customers, and are moving towards a trend of increasing groundwater recharge as the primary means to drought-proof the region. The focus has turned to maximizing groundwater recharge and enhancing the capabilities of the Groundwater Recharge system. As a result, in 2013 the Agency's Recycled Water Program Strategy (RWPS) was adopted to evaluate the system improvements needed to best accommodate the region's interest in increasing groundwater recharge. The RWPS will be completed by fall 2014.

Nineteen groundwater recharge sites are located throughout IEUA's service area and are designed to retain storm water run-off, imported water from the State Water Project, and IEUA's recycled water to help replenish the underground aquifers. These recharge sites enhance the reliability of local groundwater available for the growing population. Demand management and the efficient use of water remain long-term priorities in meeting water supply reliability that is unpredictable from year to year.

Recycled water provides a cost effective, dependable and environmentally friendly water supply that can be used for a number of different operations. Currently there are approximately 807 recycled water connections. Connections made in prior fiscal years and total recycled water connections (FY 2013/14) are summarized in Table 5-31 below:

Table 5-31: Recycled Water Direct Use Connections

Contracting Member Agency	No. of Meters	Demand (AF)
Cumulative Connections 2009-2013	753	44,320
Ontario	15	651
Chino	22	1591
Upland	5	13
Chino Hills	5	158
CVWD	7	178
FY 2013/14 TOTAL	54	2,591
Total Connections and AF Demand	807	46,911

Table 5-32: FY 2013/14 Recycled Water Deliveries

Recycled Water User Type	Projected FY 2013/14 (AFY)	Short Term Demand (AF)	Ultimate Demand (AF)
Direct Use	21,500	28,600	42,000
Groundwater Recharge	13,500	16,500	28,000-40,000
Total Recycled Water Demand	35,000	45,100	70,000-82,000

Fund Description

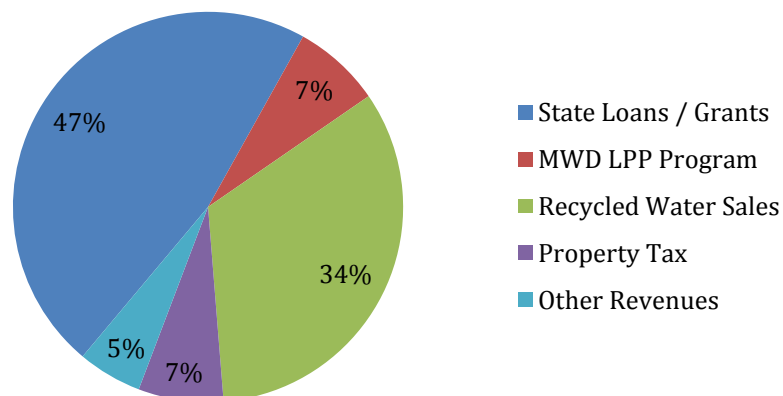
The Recycled Water (WC) fund records the revenues and expenses associated with the operations and maintenance of the facilities used to distribute recycled water supplied from the four Agency recycling plants. Additionally, the WC fund records all of the revenues and costs related to the construction of recycled water capital projects. These project costs include site studies, environmental reviews, design, construction and construction management, and trunk, distribution lines and pumping stations needed in the distribution of recycled water within the Agency’s service area.

Revenues and Other Funding Sources

Total revenue and other funding sources for the program are projected to be \$28.5 million in FY 2014/15, as noted on Table 5-33. Recycled water sales are projected at \$9.5 million and MWD LPP program rebates are expected to be \$2.1 million. Other funding sources include \$11.1 million of loan proceeds from the State Revolving Fund (SRF), \$2.3 million in State (SWRCB) and Federal (USBR) grants, \$2.0 million property tax allocation from the RO fund, and \$1.5 million in other revenues, which include project cost reimbursements, other reimbursements from various public agencies for lateral/retrofit installations and nominal interest income.

In FY 2014/15 the Recycled Water program will continue to receive a 5 percent property tax allocation from the Regional Wastewater program to help support debt service costs. In FY 2009/10 The Regional Wastewater Operations & Maintenance (RO) fund began transferring a 5 percent share of the property tax allocation to the Recycled Water fund which is consistent with the Agency’s historic usage of these revenues to support debt service and capital costs.

Figure 5-24: FY 2014/14 Recycled Water Fund Revenue and Other Funding Sources



Recycled Water Program

Table 5-33: FY 2014/14 Recycled Water Fund Total Revenue and Other Funding Sources

Revenue	FY 2014/15 Budget \$Millions	% of Total	Description
SRF Loans / Grants	\$13.4	47%	The primary funding source for the Southern and Central/Wineville Area Recycled Water capital projects scheduled in FY 2014/15
MWD LPP Program	2.1	7.5%	Metropolitan Water District LPP program rebate of \$154 per AF. This rebate is set to expire in June 2017
Recycled Water Sales	9.5	33.5%	Includes a rate increase effective July 1, 2014 for direct sales of Recycled Water to \$290 per AF and groundwater recharge sales to \$335 per AF
Property Tax	2.0	7%	Property tax allocation of 5 percent from the RO fund to support debt service costs
Other Revenues	1.5	5%	Includes various reimbursements for project expenditures and interest income
Total Revenue	\$28.5	100%	

The WC fund generates revenue from the sale of recycled water to member agencies and industries. In FY 2014/15 sales revenue is projected at \$9.5 million; direct deliveries are budgeted at 21,500 AF and groundwater recharges deliveries are budgeted at 10,500 AF.

Table 5-34: Recycled Water Rates

	BOARD ADOPTED		
	Effective 7/1/2012	Effective 7/1/2013	Effective 7/1/2014
Direct Delivery Sales AF Rate	\$155	\$215	\$290
Recharge Delivery Sales AF Rate	\$195	\$255	\$335

The groundwater recharge rate includes an additional \$45/AF surcharge to support a portion of the ground water recharge basin maintenance and improvements costs not reimbursed by Chino Basin Watermaster (CBWM), including the Agency's pro rata share for recharge basin operating costs recharged with recycled water. A recycled water rate survey was taken by the Agency in October 2013, which indicated the Agency's FY 2013/14 recycled water rate still ranks among the lowest when compared to other local agencies, as shown in Table 5-35.

Table 5-35: Recycled Water Rate Survey

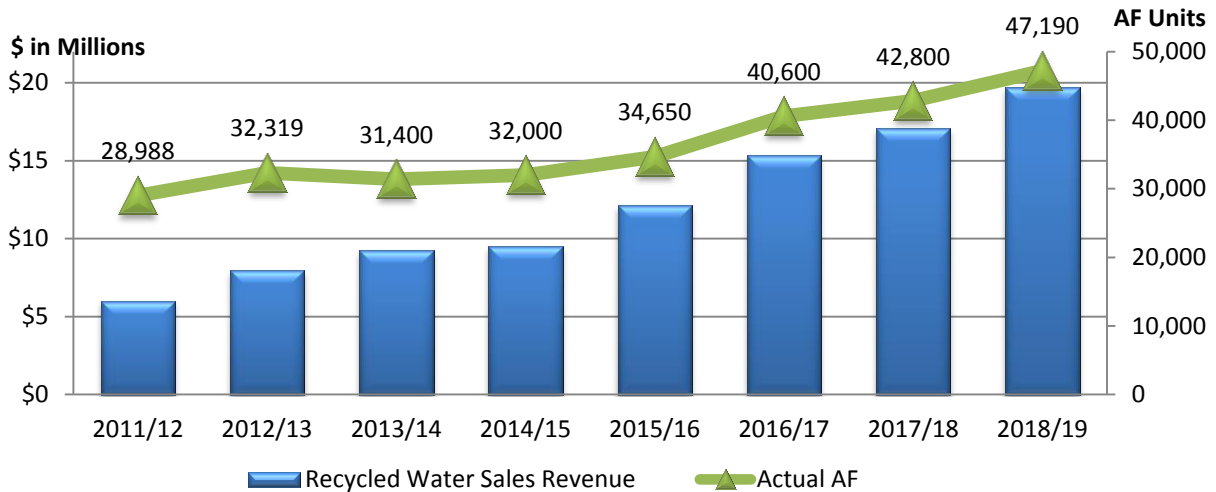
Wholesale Agencies			
Agency	Type	Notes	Rate \$/AF
Central Basin Municipal Water District	Wholesale	Tiered Rates	\$309 - \$562
Inland Empire Utilities Agency	Wholesale	Base Rate	\$215 - \$255
Eastern Municipal Water District	Wholesale	Tiered Rates	\$42 - \$446
Irvine Ranch Water District	Retail & Wholesale	Base Rate	\$484
Orange County Municipal Water District	Wholesale	Base Rate	\$391 - \$1,342
West Basin Municipal Water District	Wholesale	Tiered Rates	\$ 578 - \$1,492

Retail Agencies			
Agency	Type	Notes	Rate \$/AF
Burbank	Retail	Base Rate	\$1,072
City of Carlsbad	Retail	Base Rate	\$1,538
City of Escondido	Retail	Base Rate	\$1,186
City of Poway	Retail	Base Rate	\$1,760
City of San Diego	Retail	Base Rate	\$349
City of Santa Barbara	Retail	Base Rate	\$941
El Torro Water District	Retail	Base Rate	\$435
Las Virgenes Municipal Water District	Retail	Tiered Rates for Las Virgenes Valley Zone	\$466 - \$1,507
	Retail	Tiered Rates for Western / Calabasas Zone	\$570 - \$1,612
San Dieguito Water District	Retail	Base Rate	\$1,037 - \$1,472
Santa Fe Irrigation District	Retail	Base Rate	\$1,390

Recycled Water Program

The projected recycled water deliveries of 32,000 AF are shown in Figure 5-25. The nominal increase in FY 2014/15 deliveries is attributed to the completion of the Turner Basin/Guasti Park Multi Use project.

Figure 5-25: Acre Feet Sales Trend by Fiscal Year



The primary sources of funding for the Agency’s Regional Recycled Water Capital Program includes SRF loans and related grants obtained from the California State Water Resources Control Board (SWRCB), as well as other grant funding from various federal, state and local sources.

The Recycled Water program has been using various forms of SRF loans since 2003. All SRF loans require repayment to begin one year after completion of construction with interest rates varying between 0 percent to a high of 2.6 percent. A complete listing of the Recycled Water program SRF loans is shown below in Table 5-36.

Table 5-36: Recycled Water SRF Loan Proceeds (\$Millions)

Service Areas	Fiscal Year Received/Expected	Phases	Received/Estimated*
Southern, Central, and Northeastern Areas	FY 2000/01 thru FY 2010/11	Phases I - V	\$56.8
Southern Area	FY 2013/14 thru FY 2014/15	Phase VI	20.6
Central Area /Wineville Areas	FY 2014/15 thru FY 2015/16	Phase VII	26.5
Various RW Projects	FY 2015/16 thru FY 2017/18	Phase VIII	11.6*
Total Recycled Water SRF Loan Proceeds			\$115.4

*Amounts are not final as these projects are still in the planning stages

Expenses and Other Uses of Funds

Total Recycled Water program expenses and other uses of funds are budgeted at \$24.1 million in FY 2014/15 as noted in Table 5-37. Capital expenditures are projected to be \$9.8 million; debt service costs are \$4.8 million; operation and administrative expenses account for \$7.5 million; other expenses are \$1.3 million and include special project costs of fifty thousand and other allocated expenses of \$1.2 million.

Table 5-37: FY 2014/15 Recycled Water Fund Total Expenses and Other Uses of Funds

Expense	FY 2014/15 Budget \$Millions	% of Total	Description
Capital Projects	\$9.8	41%	See the Capital section (Chapter 6) for detailed listing of Recycled Water Capital Projects
Debt Service	4.8	20%	Includes repayment of principal and interest for SRF loans
Operations	5.8	24%	Includes labor, utilities (pumping costs), chemicals and materials, and supplies
Administrative	1.7	7%	Includes professional fees and services and other allocated expense
Other Expense	1.3	5%	Includes O & M (Special) project costs and fund transfers to the Recharge Water Program to support the Agency's pro-rata share of recharge basin operating costs
Ground Water Recharge	0.7	3%	Includes labor, utilities, chemicals and materials and supplies used to support the Agency's recharge water basins not funded by CBWM
Total Expense	\$24.1	100%	

Capital Project Costs

The phasing of recycled water projects was determined based on the amount of recycled water that each area project could provide and the proximity of each to one of the plants or existing recycled water supply systems. The Southern Area projects were a priority for FY 2013/14 and are expected to be completed by calendar year end of 2014. These projects will provide essential storage to enhance reliability of the entire distribution system and additional connections to the Cities of Chino, Chino Hills and parts of Ontario.

In FY 2014/15 the Central/Wineville Area projects will take priority. These projects include a pipeline that will distribute recycled water in the southern part of the City of Fontana and the eastern part of the City of Ontario that will yield an estimated connected demand of 3,000 to 4,000 acre-feet per year. The pipeline will allow for recharge in the RP-3 and Declez Basins and the connection of commercial customers, industrial customers, parks and schools within the cities of Ontario and Fontana.

Recycled Water Program

Table 5-38: Southern and Central/Wineville Area Recycled Water Capital Construction Projects

Project	Design	Targeted Construction Completion	Estimated Project Cost	Status	AF Demand
Southern Area Regional Facilities	Spring 2012	Winter 2014	\$24,000,000	Construction	500
Central/Wineville Area Segment A	Summer 2013	Summer 2015	\$18,000,000	Construction	2,000
Central/Wineville Area Segment B	Summer 2013	Winter 2016	\$16,000,000	Construction	2,000

Listed in Table 5-39 are the major recycled water capital construction projects budgeted in FY 2014/15. For a complete listing of projects and descriptions, refer to the Capital section (chapter 6) of the budget.

Table 5-39: FY 2014/15 Major WC Fund Recycled Water Capital Construction Projects

Major Capital Projects	FY 2014/15 Budget \$Millions
Wineville Recycled Water Pipeline A and B (Central Area)	\$6.0
*GWR & RW SCADA System Upgrades	1.2
930 Pressure Zone Pipeline	0.5
1630 E. Pipeline Relocation	0.4
Basin Improvements	0.4
All Other Recycled Water Projects	1.3
Total Projects	\$9.8

*GWR & RW: Groundwater and Recycled Water

Debt Service Costs

To date, the Agency has received or been awarded funding contracts from the SWRCB for approximately \$77.4 million in SRF loans for Recycled Water Capital Projects Phase I through Phase VI. The final major segment of the Regional Recycled Water Distribution System (RRWDS) and other supporting projects will require an additional \$38 million of SRF loans (Phases VII and VIII). The SRF loan for the final segment, Central/Wineville area, has been approved and funds are expected to be received in FY 2014/15 through winter of FY 2016/17 with repayment beginning the following year.

Debt service costs (principal and interest costs) for FY 2014/15 are projected to be \$4.8 million (as shown in the Table 5-40 below), or 19 percent of \$24.1 million total expenses and other uses of funds. Total annual debt service costs are expected to increase significantly in the next four fiscal years due to repayment of inter-fund loans to the Non-Reclaimable Wastewater and Regional Capital funds.

Table 5-40: Total Debt Service Costs by Fiscal Year (\$Millions)

	FY 2013/14	F Y 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19
Inter-Fund Loans	\$0	\$0	\$0	\$8.0	\$7.0	\$5.5
SRF Loans*	3.3	3.3	4.6	4.6	5.6	6.3
Total	\$3.3	\$3.3	\$4.6	\$12.6	\$12.6	\$11.8

*Increase in SRF Loan in 2015/16 is due to the addition of principal and interest payments for the Southern Phase VI loan

The inter-fund loan repayment from the Recycled Water fund to the Non-Reclaimable Wastewater fund is projected to begin in FY 2016/17. The following year the Recycled Water fund will also begin repayment to the Regional Wastewater Capital Improvement fund. Inter-fund loans are used as needed to supplement capital costs not supported by funding sources noted above, debt service costs, and operating costs not recovered through the recycled water rates. The use of the inter-fund loans helps to mitigate upward pressure on direct and recharge recycled water rates. Table 5-41 summarizes the future repayment schedule for Recycled Water fund outstanding inter-fund loans.

Table 5-41: Recycled Water Fund Repayment of Inter-fund Loans (\$Millions)

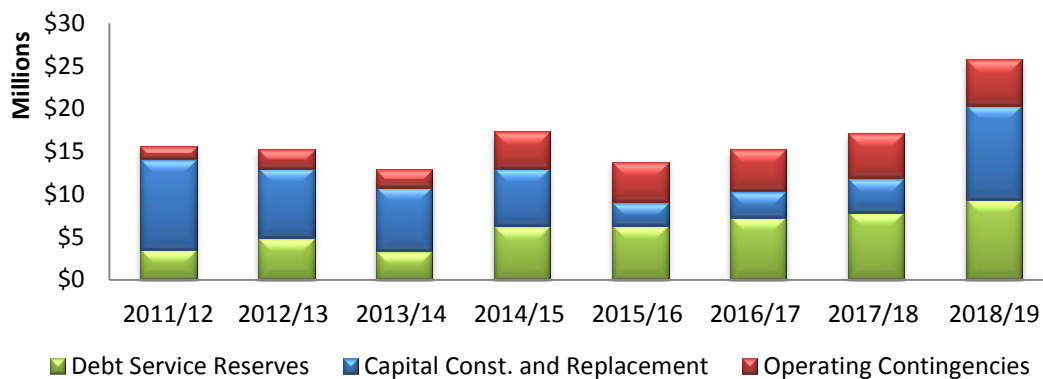
Inter Fund Loans Issued	Due to	Loan Amount	Proposed FY 2014/15 Repayment Amount	Repayment Schedule
FY 2007/08	Non-Reclaimable Wastewater (NRW) Fund	\$9	\$0	2016/17 \$5.0 2017/18 \$4.0 Total \$9.0
FY 2007/08	Regional Wastewater Capital (RC) Fund	\$3	\$0	2016/17 \$3.0 Total \$3.0
FY 2009/10	Non-Reclaimable Wastewater (NRW) Fund	\$6	\$0	2017/18 \$1.0 2018/19 \$5.0 Total \$6.0
FY 2013/14	Regional Wastewater Capital Improvement (RC) Fund	\$2.5	\$0	2017/18 \$2.0 2018/19 \$0.5 Total \$2.5
Total	Grand Total	\$20.5	\$0	\$20.5

Recycled Water Program

Fund Balance

The FY 2014/15 ending fund balance is estimated to be \$17.3 million, an increase of \$4.4 million compared to the projected FY 2013/14 ending fund balance of \$12.9 million. The fund balance is projected to increase due to higher recycled water deliveries and lower capital expenditures budgeted in FY 2014/15. In the ensuing three years, the estimated ending fund balance is projected decrease due to the scheduled repayment of inter-fund loan and increased capital expenditures. Figure 5-25 shows historical and projected ending fund balances.

Figure 5-26: Trend of Recycled Water Fund Ending Fund Balance



FY 2015/16 – FY 2018/19 Forecast

The ensuing four years following FY 2014/15, the fund balance is projected to average approximately \$18.0 million annually. During this time, inter-fund loan debt repayments of \$20.5 million are made possible by a gradual increase in property tax allocations. The completion of the final segment of the RRWDS projects will be supported by the continued use of SRF loans and corresponding grants, and property tax receipts. The Agency will continue to focus on achieving the RWBP goal of providing 20 percent of the region's water requirement by 2025 with projects dedicated to increasing connected demand and storage in groundwater basins.

**INLAND EMPIRE UTILITIES AGENCY
FISCAL YEAR 2014/2015 BUDGET - SCENARIO BASELINE
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	ADOPTED 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	8,440,437	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	527,157	1,412,480	2,210,548	1,757,141	70,769	71,923
Other Revenues	660,076	16,211	100,000	10,000	0	0	0	0	0
Loan Transfer from Internal Fund	0	0	5,500,000	2,500,000	0	0	0	0	0
TOTAL OTHER FINANCING SOURCES	\$7,151,477	\$9,660,404	\$40,022,027	\$18,384,771	\$16,817,009	\$33,269,015	\$19,630,238	\$ 12,692,755	\$ 13,877,769
EXPENSES									
Employment Expenses	\$2,572,561	\$3,474,306	\$2,159,929	\$2,037,209	\$3,471,033	\$3,555,447	\$3,699,211	\$3,807,344	\$3,841,047
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	570,820	732,404	745,422	759,797	772,460
Materials & Supplies	122,061	83,758	264,001	212,900	191,000	196,730	202,632	208,711	214,972
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	\$8,250,253	\$8,652,776	\$9,397,300	\$9,795,996	\$10,521,120
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	2,067,961	2,671,091	2,665,585	2,803,723	2,930,706
Principal	2,673,187	2,704,473	2,738,130	2,738,130	2,772,546	3,606,421	3,663,177	4,483,113	4,975,563
Short Term Inter-Fund Loan	0	0	0	0	0	0	8,000,000	7,000,000	5,500,000
TOTAL DEBT SERVICE	\$3,687,875	\$4,874,019	\$5,009,641	\$4,829,641	\$4,842,307	\$6,279,312	\$14,330,562	\$14,288,636	\$13,408,069
TRANSFERS IN (OUT)									
Capital Contribution	(\$19,048)	\$1,238,279	(\$387,008)	(\$206,186)	(\$324,681)	(\$52,350)	(\$39,836)	(\$46,240)	(\$20,400)
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)	(892,174)	(828,000)	(862,000)	(687,000)	(894,000)
TOTAL INTERFUND TRANSFERS IN (OUT)	\$1,508,644	\$2,627,853	\$713,290	\$658,436	(\$1,216,855)	(\$880,350)	(\$901,836)	(\$933,240)	(\$914,400)
FUND BALANCE									
Net Income (Loss)	(\$9,158,925)	(\$297,627)	(\$4,237,556)	(\$2,430,203)	\$4,415,677	(\$3,535,194)	\$1,479,724	\$1,884,082	\$8,682,214
Beginning Fund Balance July 01	24,782,137	15,623,212	15,325,585	15,325,585	12,895,383	17,311,060	13,775,866	15,255,590	17,139,672
ENDING BALANCE AT JUNE 30	\$15,623,212	\$15,325,585	\$11,088,029	\$12,895,383	\$17,311,060	\$13,775,866	\$15,255,590	\$17,139,672	\$25,821,886
RESERVE BALANCE SUMMARY									
Operating Contingencies	\$1,506,657	\$2,349,325	\$2,062,563	\$2,062,563	\$4,326,388	\$4,698,650	\$4,897,998	\$5,260,560	\$5,453,566
Capital Expansion & Replacement	10,612,100	8,112,121	5,649,581	7,456,934	6,405,360	2,146,654	2,268,956	2,771,043	9,507,350
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	4,864,140	3,375,885	3,375,885	6,279,312	6,330,562	7,288,636	7,908,069	9,360,971
ENDING BALANCE AT JUNE 30	\$15,623,212	\$15,325,585	\$11,088,029	\$12,895,383	\$17,311,060	\$13,775,866	\$15,255,590	\$17,139,672	\$25,821,886

Water Resources Program

Programmatic Overview

Water demand within the Agency's service area has changed significantly over the years, shifting the majority of water use from agricultural to urban (residential, commercial, industrial and institutional). On average, about 90 percent of the water demand in the service area comes from urban users and 10 percent from agriculture. The agricultural demands steadily declined from about 35,000 acre-feet per year in FY 2002/03 to approximately 15,000 acre-feet per year in FY 2013/14, consistent with the conversion of these lands to urban development and conversion of agricultural demands to recycled water use. IEUA and its member agencies work together to ensure a safe and reliable water supply and to improve the efficiency of the service area's water use.

Demand management and the efficient use of water remains a long-term priority in meeting water supply reliability that is unpredictable from year to year. Historically, drought is cyclical and produces lower than average precipitation, but water shortages may occur at any time as a result of an inability to move water from the State Water Project (SWP). Thus, even in wet years, future water supplies are uncertain and stretched thin by increasing environmental regulations and a growing population. As a result, IEUA has put in place imported water policies, practices, and programs that encourage the development and full utilization of local water resources that includes water use efficiency measures, recycled water production, groundwater recharge, and storm-water capture.

IEUA's water use efficiency programs are fundamental in managing region-wide demand and are a significant contributing factor to the recent success in reducing overall water use. The Agency's service area water demand declined for four consecutive years during the period of 2006 through 2010. In 2012, water demand increased slightly, but the service area's overall water demand remains approximately 13 percent lower than the peak water use year of FY 2006/07. This sustained reduction in water use can be largely attributed to the Agency and its member agencies' public education, water use efficiency programs, and ordinance enforcement, and to the economic downturn of 2008 which resulted in a high number of foreclosures and vacancies throughout the Agency's service area.

With economic recovery on the horizon and water use predicted to rise, IEUA's regional water use efficiency programs will be critical in stabilizing local water supplies. Statewide initiatives that include Assembly Bill 1420 (Laird/Feuer), mandatory implementation and full compliance with Demand Management Measures/Best Management Practices, and Water Conservation Act of 2009 (SBX 7 7), that requires a 20 percent reduction in urban per capita water use by 2020, will have a monumental impact on how water is used over the next 7 years.

During the coming years, water use efficiency programs in the IEUA service area will continue to play a vital role in stretching existing water supplies and minimizing the economic impact from reduced imported water deliveries. IEUA works in partnership with its member agencies, Chino Basin Watermaster (CBWM), Chino Basin Water Conservation District (CBWCD), and other agencies to implement regional water use efficiency programs. The programs primarily focus on activities that encourage the efficient use of outdoor water, promote public and school education, and provide incentives for high efficiency appliances and devices including weather-based irrigation controllers, high efficiency sprinkler nozzles, high efficiency toilets, and high efficiency clothes washers.

To effectively manage both imported and local water resources, IEUA works in close coordination with Metropolitan Water District of Southern California (MWD), CBWM, CBWCD, Santa Ana River Water Project Authority (SAWPA), San Bernardino County Flood Control District (SBCFCD), and other agencies.

In FY 2014/15, major initiatives to be implemented in the Water Resources Program include:

- **IEUA Integrated Resources Plan** – This plan will be developed with significant stakeholder involvement and act as the regional water resources guiding document for future cost-effective water supply programs within the region.
- **IEUA Long-Term Water Use Efficiency Business Plan** – This plan will continue to guide water use efficiency programs over the next two years and identify core initiatives for implementation and demand reduction in order to comply with AB 1420 and SBX 7 7, and State grant and loan eligibility requirements. Based on the Long Term Water Use Efficiency Business Plan, the water use reduction goal for the Agency’s service area is 5,157 AF by the year 2015 and 15,020 AF by 2020. The Agency expects to exceed the 20 percent reduction by 2020 goal for both the 2015 and 2020 targets through regional and local actions.
- **Water Use Efficiency Programs** – IEUA and its member agencies will continue to allocate funds to targeted programs, such as residential, commercial, industrial, institutional, and landscape, and seek grant funding whenever applicable in order to maintain programs identified in the Long Term Water Use Efficiency Plan. IEUA will continue to offer an expanded array of options to increase water savings, public awareness, education, and participation.
- **Santa Ana Watershed Project Authority (SAWPA) Planning Initiatives** – IEUA will continue to participate in SAWPA’s technical stakeholder advisory groups, including the One Water One Watershed (OWOW) group, Basin Monitoring Program Task Force, Storm Water Task Force, Salinity Management Task Force and others, to provide opportunities to work with the Regional Water Quality Control Board staff crafting amendments to the Santa Ana River Basin Water Quality Control Plan.
- **Groundwater Recharge Master Plan Update** – IEUA will continue to participate in the CBWM process to update and develop an implementation plan for the recharge master plan. This update is pursuant to the Peace II Agreement (completed in 2007) and will prioritize key projects to aide in efficiently managing the Chino Groundwater Basin. These key projects will fully utilize imported, recycled and surface waters in conjunction with management of the Chino Groundwater Basin.

Fund Description

The Water Resources (WW) fund records fiscal activity associated with providing water resources and water use efficiency programs within the Agency’s service area. These programs include management and distribution of imported water supplies, development and implementation of regional water use efficiency initiatives, water resource planning, and support for regional water supply programs including recycled water, groundwater recharge, and storm water management.

Within the Water Resources Program, the regional water conservation program receives dedicated funding, including a portion of the imported water acre foot surcharge and water meter service charge, and program grants and reimbursements from the State, Federal and local agencies.

Water Resources Program

FY 2014/15 Revenues and Other Funding Sources

The Agency's surcharge for imported potable water will increase from \$13 per acre foot (AF) to \$15 effective July 1, 2014; of which \$4 AF is dedicated for water use efficiency programs. The monthly imported water meter service charge will also increase by \$0.35 increase from \$1.755 to \$2.105/meter effective July 1, 2014. Meter charge revenue supports the Readiness-to-Serve (RTS) pass through fees from MWD and water use efficiency programs.

FY 2014/15 total revenue is projected to be \$7.9 million. As shown in Figure 5-27, revenues are comprised of \$6.0 million, or 74 percent of the budget, for water meter and other miscellaneous revenue; \$1.0 million or 12 percent of budget for AF surcharge fees; and \$0.9 million or 11 percent of budget for conservation program project reimbursable costs. Reimbursable project costs include \$0.4 million for landscape retrofits and \$0.5 million from MWD for conservation projects, including the Free Nozzle Voucher program.

**Figure 5-27: Revenue & Other Funding Sources
\$7.9 Million**

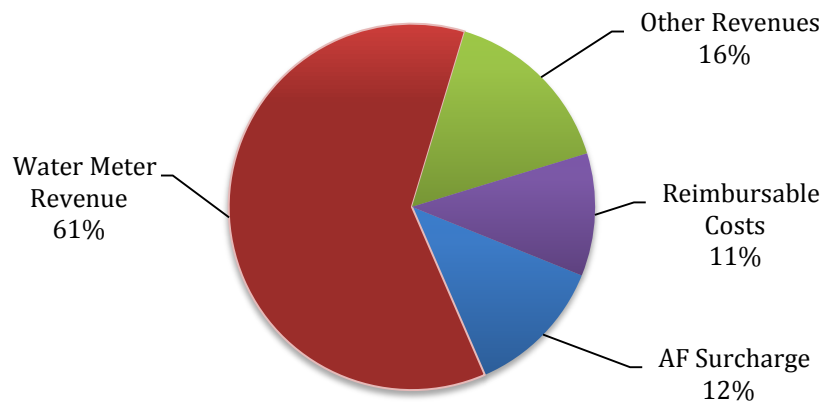


Table 5-42 below enumerates the anticipated reimbursements by conservation project which are primarily funded by MWD, SAWPA Proposition 84 grant, and Chino Basin Water Conservation District (CBWCD):

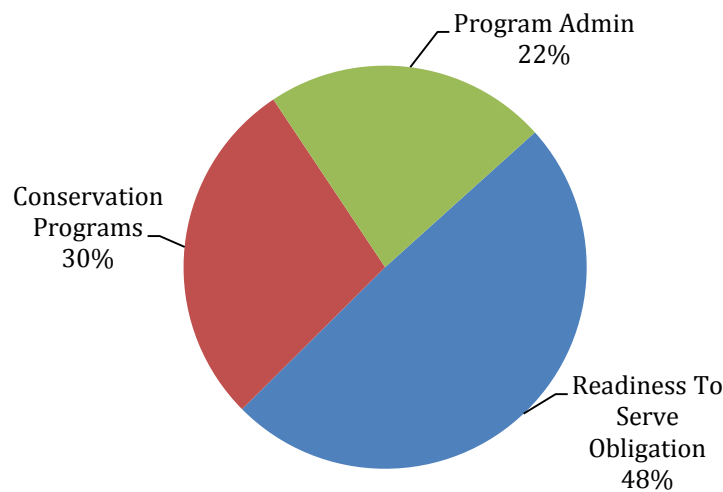
Table 5-42: FY 2014/15 Conservation Project Reimbursements

Reimbursements	Budget (\$ Thousands)
Residential Landscape Device Retrofit Program	\$400
Landscape Transformation Program	400
Free Sprinkler Nozzle Voucher Program (MWD)	244
CBWCD Landscape Audit Program	40
Total	\$1,084

FY 2014/15 Expenses and Other Uses of Funds

Total program expense and other uses of funds are projected to be \$7.8 million. As indicated in Figure 5-28, expense includes \$3.8 million or 48 percent of budget for MWD readiness to serve pass through costs; \$2.3 million or 30 percent of budget for conservation project expense; \$1.7 million or 22 percent of budget for administration costs which include labor, professional fees and services, and office and administrative expense.

**Figure 5-28: Water Resources Program Total Expenses & Other Uses of Funds
\$7.8 Million**



A list of the conservation projects budgeted in FY 2014/15 is provided in Table 5-43.

Table 5-43: FY 2014/15 Water Resources Program Conservation Projects

Operations & Maintenance Projects	Budget (\$ Thousands)
Water Use Assessments	\$800
Integrated Regional Water Management Plan	90
Sponsorships and Public Outreach Programs	81
CII Rebate Incentives	75
Residential Rebate Incentives	75
Regional Education Program	70
Garden In Every School	45
Residential Landscape Training Classes	15
Water Use Efficiency Model Updates & Workshops	7
Total	\$1,258

Water Resources Program

Total imported water deliveries of 65,000 AF are budgeted in FY 2014/15, equal to the projected deliveries in the current fiscal year. The “pass-through” purchase and sale of imported water deliveries, estimated at \$38 million, is not included as part of total revenues and total expenses. Only the surcharge levied per AF is reported as revenue (user charges) in the WW Fund.

The amount of full service imported water to be purchased over the next few years is expected to be similar to the previous years, at approximately 65,000 to 70,000 acre-feet per year. Historically, IEUA has been able to rely on additional purchases of replenishment water. However, with the uncertainty of the availability of replenishment water going forward, IEUA does not anticipate any replenishment rate water available in the next two years.

Table 5-43 below shows the water rate surcharge by agencies which is in addition to the MWD base rate on sales of imported water pass through to customers. This illustrates that IEUA’s FY 2014/15 water rate surcharge is among the lowest compared to the other local agencies.

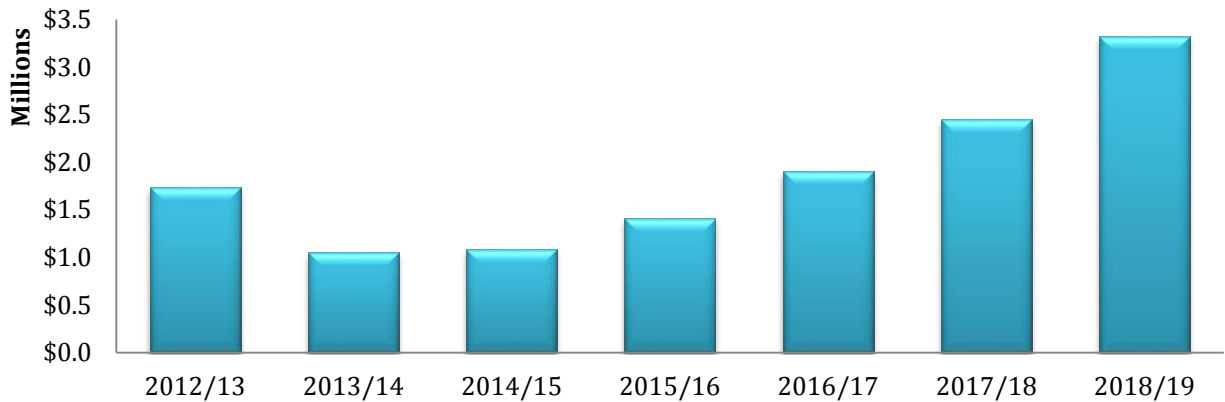
Table 5-43: Water Rates Surcharge by Agency

Agency	Surcharge Rate \$/AF
Calleguas Municipal Water District	\$283
Central Basin Municipal Water District	\$90
West Basin Municipal Water District	\$124
Western Municipal Water District	\$238
Inland Empire Utilities Agency	\$15
Three Valleys Municipal Water District	\$2
Municipal Water District of Orange County	\$11

Fund Balance

The FY 2014/15 Water Resources Program ending fund balance is anticipated to be \$1.3 million. The program fund balance is projected to increase each year, in part due to the phasing out of the annual transfer to the Recycled Water Program to support a portion of the Agency’s pro rata share of O&M costs for groundwater basins recharged with recycled water. Figure 5-29 below shows the fund balance trend for the Water Resources program.

Figure 5-29: Trend of Water Resources Program Fund Balance



FY 2015/16 -2018/19 Forecast

One of the greatest challenges for water agencies in Southern California is the management of the current drought conditions. California’s current drought is now in its third year, with 2014 projected to become the driest year on record. On January 17, 2014, Governor Edmund G. Brown Jr. declared a Drought State of Emergency, urged Californians to voluntarily reduce water use by 20 percent, and initiated a greatly expanded water conservation public awareness campaign under the Save Our Water Program. This was followed by mandatory conservation requirements to curtail water use were implemented by the State Water Resources Control Board in the summer 2014.

Water supply issues present many challenges and opportunities during the coming years. The Water Resources Program supports the Agency’s integrated management of water resources, including management of imported water supplies, implementation of regional water use efficiency programs and planning support for recycled water, groundwater recharge and storm water management programs.

The Agency is initiating a series of planning efforts that will update previous work by incorporating both recent successes and new challenges facing the state and local water resource settings. Although each document functions as an independent or “stand-alone” planning document, there are inherent synergies between them that rely upon having a consistent foundation, approach, and implementation strategy. Key documents that are currently under development or being updated include the Integrated Resources Plan, Wastewater Facilities Master Plan, Recycled Water Program Strategy, Recharge Master Plan, Water Use Efficiency Business Plan, and 2015 Urban Water Management Plan.

In addition to the need and development of new local supplies, a specific focus of the Plan will be to develop opportunities to cost-effectively optimize the portfolio of water resource supplies and programs (imported, recycled, and recharge). This will include a detailed review of both the financial and operational opportunities and limitations of the water resource supplies and programs.

Overall, IEUA’s service area has a well-developed water resource portfolio and is prepared to handle water demands in times of shortage or surplus. As demands begin to level out over the next few years and growth begins to come back to the region, the regional investments in recycled water, desalinated water, recharge capability, water use efficiency programs, and purchase of supplemental water supplies are expected to provide more than enough supply to meet demands.

Water Resources Program

**INLAND EMPIRE UTILITIES AGENCY
FISCAL YEAR 2014/2015 BUDGET
WW 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	ADOPTED BUDGET	FORECAST			
REVENUES AND OTHER FINANCING SOURCES									
User Charges	\$4,258,189	\$4,262,366	\$4,905,300	\$4,872,800	\$5,816,808	\$6,353,297	\$6,465,534	\$6,599,804	\$6,914,550
Contract Cost reimbursement	713,938	376,546	1,380,296	948,516	853,750	15,000	165,000	165,000	165,000
Interest Revenue	12,271	7,405	10,150	6,969	6,118	37,556	107,098	202,730	326,400
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$4,984,398	\$4,646,317	\$6,295,746	\$5,828,285	\$6,676,676	\$6,405,853	\$6,737,632	\$6,967,534	\$7,405,950
OTHER FINANCING SOURCES									
Grants	212,099	213,862	250,000	250,000	0	0	0	0	0
Other Revenues	53,897	23,697	0	0	1,206,104	0	0	0	0
TOTAL OTHER FINANCING SOURCES	\$265,996	\$237,559	\$250,000	\$250,000	\$1,206,104	\$0	\$0	\$0	\$0
EXPENSES									
Employment Expenses	\$676,011	\$739,601	\$697,985	\$634,930	\$1,225,071	\$1,254,864	\$1,305,604	\$1,343,769	\$1,355,664
Contract Work/Special Projects	1,765,756	1,142,596	2,308,016	1,876,236	2,151,250	410,000	420,000	425,000	435,000
Operating Fees	2,603,043	2,965,061	3,809,989	3,803,989	3,782,918	3,896,046	4,012,567	4,132,584	4,256,202
Professional Fees and Services	85,626	81,498	138,520	136,760	125,585	116,760	116,760	116,760	116,760
Office and Administrative expenses	66,842	6,000	60,058	60,058	60,000	60,000	60,000	60,000	60,000
Other Expenses	74,213	153,717	145,720	150,617	315,451	346,071	327,510	343,207	315,218
TOTAL EXPENSES	\$5,271,490	\$5,088,472	\$7,160,288	\$6,662,591	\$7,660,275	\$6,083,741	\$6,242,442	\$6,421,320	\$6,538,844
FUND BALANCE									
Net Income (Loss)	(\$321,097)	(\$404,596)	(\$714,542)	(\$684,306)	\$222,505	\$322,112	\$495,190	\$546,214	\$867,106
Beginning Fund Balance July 01	2,465,846	2,144,749	1,740,153	1,740,153	1,055,847	1,278,351	1,600,463	2,095,654	2,641,868
ENDING FUND BALANCE AT JUNE 30	\$2,144,749	\$1,740,153	\$1,025,612	\$1,055,848	\$1,278,352	\$1,600,463	\$2,095,653	\$2,641,868	\$3,508,973
RESERVE BALANCE SUMMARY									
Capital / Operation Contingencies	\$2,144,749	\$1,740,153	\$1,025,612	\$1,055,848	\$1,278,351	\$1,600,463	\$2,095,654	\$2,391,868	\$2,508,974
Capital Expansion / Construction	0	0	0	0	0	0	0	250,000	1,000,000
ENDING BALANCE AT JUNE 30	\$2,144,749	\$1,740,153	\$1,025,612	\$1,055,848	\$1,278,351	\$1,600,463	\$2,095,654	\$2,641,868	\$3,508,974



CAPITAL

CAPITAL IMPROVEMENT PLAN

Each year, the Agency develops a Ten-Year-Capital Improvement Plan (TYCIP) based on growth and regulatory requirements, existing asset management needs, and recommendations from the Regional Technical and Policy Committees. Pursuant to the terms of the Regional Sewerage Service Contract, the TYCIP includes a description of the capital improvement projects planned to meet the wastewater flow forecasts, a summary of the costs associated with the program, and a description of the financing plan to implement the program.

Despite some positive signs of economic recovery, growth in the Inland Empire (IE) continues to lag behind the rest of Southern California. However, hard-hit construction and manufacturing industries are beginning to show signs of a steady turnaround from the worst of the recession. The strengthening of local economic conditions makes it even more important for the Agency to proactively improve existing facilities in order to meet its Levels of Service commitment.

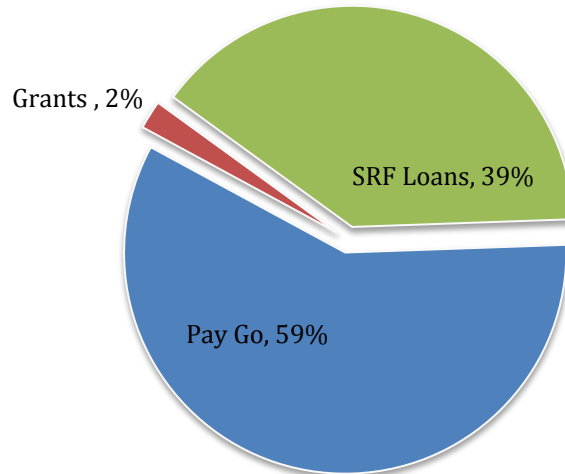
The FY 2014/15 – 2023/24 TYCIP was adopted by the Board in February 2014. Since then, project changes and respective budget realignments have been made to the TYCIP. While the total project budget of \$309.0 million (See Figure 6-1), net of \$4.4 million CSDLAC 4Rs, has not changed, the FY 2014/15 appropriation reflects a reduction of \$24.2 million, from \$52.3 million to \$28.1 million. The reduction is primarily as a result of changes in recycled water construction projects' timelines which shifted some of the projected costs to FY 2015/16.

Two major components of the overall TYCIP are the continuing need for maintenance, replacement and rehabilitation of aging equipment and facilities, and expansion of the Regional System to meet future growth. For the first time since the economic downturn in 2008, expansion related projects are included in the Agency's TYCIP. Assuming new development continues at the current pace, expansion and improvement of existing facilities will be necessary to adequately support higher service demands anticipated from future growth within the next ten years.

Below are the major TYCIP projects budgeted in the Regional Wastewater and Recycled Water Programs:

- Regional Asset Improvement and Expansion
- RP-5 Liquids and Solids Processing
- Replacement of Water Quality Laboratory
- Wineville Extension Recycled Water Pipeline Segment A & B Construction
- RP-3 Basin Improvements
- RP-1 and RP-4 Pump Station Improvements
- 1630 East Recycled Water Pipeline Construction, and Miscellaneous Recycled Water Connections

Figure 6-1
FY 2014/15 - FY 2023/24
Ten Year Capital Improvement Plan Funding Sources
\$309 Million



The Capital Improvement Plan (CIP) for FY 2014/15 is \$28.1 million (net of \$1.2 million for other capital expenditures), \$9 million lower than the FY 2013/14 projected CIP budget of \$36.8 million. The decrease is primarily due to the completion of Recycled Water projects such as 1630 West Reservoir and Pipeline, Turner 1 Turnout & Deer Creep Drop-Inlet, RP-1 Outfall Relocation, and Turner Basin Recharge Improvements.

As reported in Table 6-1, more than one third (35 percent) of the FY 2014/15 CIP is budgeted in the Recycled Water fund, primarily for construction of the last two major segments of the Agency’s Regional Recycled Water Distribution System.

Table 6-1: FY 2014/15 CIP Budget by Fund (\$Millions)

Program	FY 2014/15 Budget	Percentage of Total Budget
Recycled Water (WC) Fund	\$9.8	34.9
Regional Wastewater O&M (RO) Fund	8.9	31.7
Regional Wastewater Capital Improv. (RC) Fund	5.0	17.8
Non-Reclaimable Wastewater (NWR) Fund	2.4	8.5
Admin Services (GG), Recharge Water (RW), & Water Capital (WW) Funds	2.0	7.1
Total	\$28.1	100%

In 2007 the Recycled Water Business Plan (RWBP) was adopted to accelerate construction of the Agency’s Regional Recycled Water Distribution System to expand availability and optimize the use of recycled water generated from its regional water recycling facilities.

CAPITAL IMPROVEMENT PLAN

Since the inception of the RWBP, connected demand for recycled water has more than tripled, from 13,000 AFY in FY 2006/07 to over 44,000 AFY as of FY 2012/13. Recycled water and groundwater recharge sales have nearly tripled as well. Major benefits of the recycled water program include:

- New Water Supply – 30,000 AFY Increase in connected demand since FY 2006/07.
- Recycled Water Revenues – About \$10 million/year (wholesale rate revenue plus MWD rebate). The goal of the program is to eventually be self-funded through recycled water sales revenue.
- Water Supply Reliability – The recycled water supply is not impacted by drought and will mitigate the impacts of regional or statewide water supply limitations.

The RWBP capital construction projects were prioritized and phased into four major project areas to achieve increased recycled water availability in the shortest time frame possible. The four project areas are comprised of:

- Northeast Area Projects - Completed in the summer of 2010
- Northwest Area Projects – Completed in the summer of 2012
- Central/Wineville Area Projects – Scheduled for completion in FY 2015/16
- Southern Area Projects (Segment A & B) – Scheduled for completion in FY 2021/22

The Central/Wineville and Southern Area projects account for a major portion of the expenses budgeted in the Recycled Water (WC) fund reported in Table 6-1. Additional storage and capacity enhancements for the Northeast and Southern areas are also included in the TYCIP and slated to begin in FY 2014/15 through FY 2016/17.

The Regional Wastewater Programs’ projects account for nearly 50 percent of the FY 2014/15 CIP budget as reported in Table 6-1. Major construction projects in FY 2014/15 for the Regional Wastewater Capital program include RP-5 Flow Equalization & Effluent Monitoring, Agency-Wide HVAC Improvements, and Fontana Interceptor Relief Sewer Manholes.

Some replacement and rehabilitation (R&R) of aging equipment and facilities was deferred beginning in FY 2008/09 as part of the Agency’s cost containment efforts in light of the economic downturn. However, escalating numbers of failures and emergency repairs have prioritized R&R in the FY 2014/15 TYCIP. The recent increase in building activity and new connections has also increased the need for expansion and improvement of existing facilities to meet the future higher projected wastewater flows. As reported below in Table 6-2, equipment and R&R account for \$4.5 million or 16 percent of the total \$28 million CIP budget in FY 2014/15.

Table 6-2: FY 2014/15 CIP Budget by Project Type (\$ Millions)

Capital Category	Regional Wastewater Capital Improvement (RC)	Regional Wastewater O & M (RO)	Recycled Water (WC)	Non-Reclaim Wastewater (NC)	Admin Service (GG)	Recharge Water (RW)	FY 2014/15 CIP Total
Construction-CC	\$3.8	\$7.7	\$9.1	\$2.4	-	\$0.6	\$23.6
Equipment-EQ	0.2	0.7	0.7	-	0.8	-	2.4
Replacement-RP*	1.0	0.5	-	-	0.6	-	2.1
Total	\$5.0	\$8.9	\$9.8	\$2.4	\$1.4	\$0.6	\$28.1

The Agency's capital program objectives, justifications, financial resources and project details are provided in the FY 2014/15 – FY 2023/24 Ten Year Capital Improvement Plan available online at ieua.org. Table 6-3 shows a summary of the TYCIP budget by Agency fund.

Table 6-3: FY 2014/15 – FY 2023/24 TYCIP Funding Source and Summary of Project Types by Fund

Capital Project Funding	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	Total TYCIP
Pay Go	\$ 14,655,345	\$ 27,165,800	\$ 12,918,563	\$ 13,765,000	\$ 15,540,000	\$ 180,713,808
Grants	2,320,000	3,430,000	700,000	-	-	6,450,000
SRF Loans	11,074,355	18,289,200	8,840,437	13,095,000	6,000,000	121,969,892
New Debt	-	-	-	-	-	-
Total Project Funding	\$28,049,700	\$48,885,000	\$22,459,000	\$26,860,000	\$21,540,000	\$309,133,700

\$ in Thousands

Fund Program	Project *Type	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	Total TYCIP
Administrative	CC	-	-	100	800	-	900
Services	EQ	815	527	206	50	-	1,598
(GG Fund)	RP	646	498	498	510	600	5,002
GG Total		1,461	1,025	804	1,360	600	7,500
Non-Reclaimable	CC	2,350	1,102	350	350	350	6,552
Wastewater	EQ	-	-	-	-	-	-
(NC Fund)	RP	-	-	-	-	-	-
NC Total		2,350	1,102	350	350	350	6,552
Regional Capital	CC	3,810	5,023	1,535	5,250	12,440	149,464
Wastewater	EQ	210	50	-	-	-	260
(RC Fund)	RP	963	825	3,330	1,850	-	6,968
RC Total		4,983	5,898	4,865	7,100	12,440	156,692
Regional Operations	CC	7,717	4,610	4,550	14,200	7,000	43,085
& Maintenance Wastewater	EQ	718	500	400	400	400	4,418
(RO Fund)	RP	490	300	300	300	300	3,190
RO Total		8,925	5,410	5,250	14,900	7,700	50,693
Recharge	CC	550	35	25	-	-	610
Water	EQ	-	-	-	-	-	-
(RW Fund)	RP	-	-	-	-	-	-
RW Total		550	35	25	-	-	610
Recycled	CC	9,131	34,895	11,165	3,150	450	85,917
Water	EQ	650	520	-	-	-	1,170
(WC Fund)	RP	-	-	-	-	-	-
WC Total		9,781	35,415	11,165	3,150	450	87,087
Water	CC	-	-	-	-	-	-
Capital	EQ	-	-	-	-	-	-
(WW Fund)	RP	-	-	-	-	-	-
WW Total		-	-	-	-	-	-
Grand Total		\$28,050	\$48,885	\$22,459	\$26,860	\$21,540	\$309,134

*Type: CC - Capital Construction, EQ - Equipment, and RP - Replacement

Capital Project Highlights

Three (3) FY 2014/15 major non-routine capital projects with a project budget over \$2 million are highlighted below. The majority of these non-routine capital projects are for the Recycled Water program. O&M impact is limited to mostly maintenance labor and materials for pipelines and reservoirs.

Project	EN13054 – Montclair Lift Station Upgrades		
Program	Regional Wastewater Operations and Maintenance		
FY 2014/15 Budget	\$2,500,000		
Total Project Budget	\$3,498,000		
Funding Sources	Pay-Go		
Timeline	Start: January 2012	Complete: June 2016	
Type	Capital Improvements		
Priority	Critical		
Agency Level of Service Goals	Eliminate ragging problems by modifying pump operations and speeds		

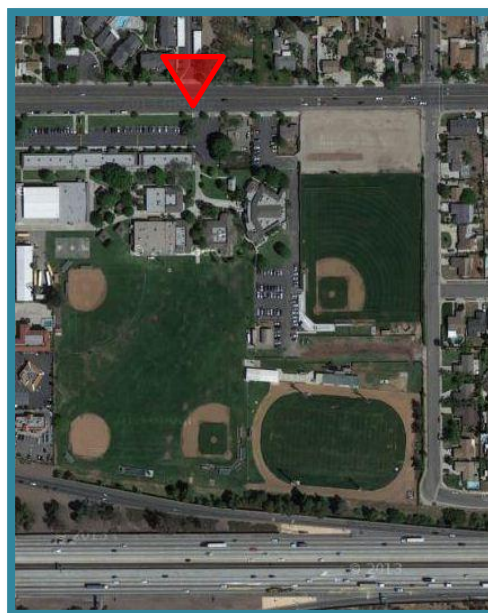
PROJECT DESCRIPTION

The project will evaluate the means and methods necessary to eliminate ragging problems at the Montclair Lift Station. The goal is that by modifying the operations of the pumps and ramping the pumps speeds several times during the day, the ragging problem will be eliminated.

PROJECT JUSTIFICATION

The project will eliminate the ragging problems of the pumps at RP-1's Montclair Lift Station. These problems began when Operation diverted additional flow to RP-1 to accommodate additional demand for recycled water at the southern service area of IEUA. Under this project, the Agency will replace the existing outdated control and electrical system and replace the pumps and motors with a different type of pump that is capable of handling the ragging issue more efficiently.

PROJECT LOCATION



KEY PROJECT BENEFITS

- Save staff time with installation of new pumps that are resistant to clogging
- Increase electrical efficiency and reduce costs by installing new VFDs

O&M Impact	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	Total
Operations & Maintenance	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000	\$120,000
Chemical	-	-	-	-	-	-
Parts & Labor	-	-	-	-	-	-
Total Operating Costs	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000	\$120,000

Project	EN06025 - Wineville Recycled Water Pipeline Segment A		
Program	Recycled Water		
FY 2014/15 Budget	\$3,000,000		
Total Project Budget	\$17,926,000		
Funding Sources	SRF Loans		
Timeline	Start:	September 2010	Complete: June 2016
Type	Capital Upgrades		
Priority	High		
Agency Level of Service Goals	Serve both recycled water customers as well as provide recycled water for ground water recharge at the RP-3 and Declez recharge basins.		

PROJECT DESCRIPTION

The project involves the plan, design, and construction of a parallel segment of 5,200 linear feet (LF) of 24-inch recycled water pipeline along Wineville Avenue, 28,500 LF of 36-inch recycled water pipeline from Wineville Avenue to the RP-3 and Declez recharge basins and two turnout facilities. The parallel segment was added to the scope of the project and is essential in order to meet the maximum flow and pressure requirements.

PROJECT JUSTIFICATION

The purpose of this project is to provide recycled water to portions of the Cities of Fontana and Ontario.

KEY PROJECT BENEFITS

- Serve both recycled water customers as well as provide recycled water for ground water recharge at the RP-3 and Declez recharge basins.

PROJECT LOCATION



O&M Impact	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	Total
Operations & Maintenance	-	\$7,800	\$15,800	\$16,500	\$16,900	\$57,000
Chemical	-	-	-	-	-	-
Parts & Labor	-	-	-	-	5,000	5,000
Total Operating Costs	-	\$7,800	\$15,800	\$16,500	\$21,900	\$62,000

Capital Project Highlights

Project	EN13045 - Wineville Recycled Water Pipeline Segment B		
Program	Recycled Water		
FY 2014/15 Budget	\$3,000,000		
Total Project Budget	\$11,806,000		
Funding Sources	SRF Loans		
Timeline	Start:	February 2013	Complete: June 2016
Type	Capital Upgrades		
Priority	High		
Agency Level of Service Goals	Serve both recycled water customers as well as provide recycled water for ground water recharge at the RP-3 and Declez recharge basins.		

PROJECT DESCRIPTION

The project will install 2.8 miles of 30-inch RW pipeline in addition to the associated appurtenances.

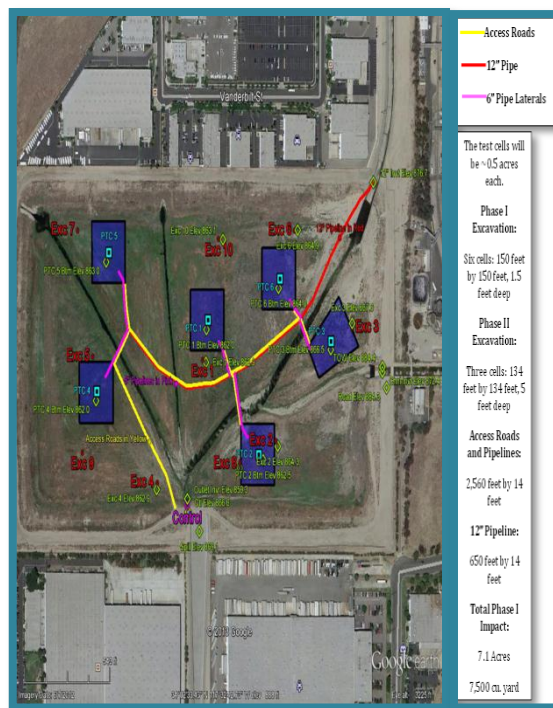
PROJECT JUSTIFICATION

The purpose of this project is to provide recycled water to portions of the Cities of Fontana and Ontario. The project pertains to the construction of Wineville RW Extension Segment B, which was budgeted for in combination of Segment A. Since both segments will be advertised for construction bids separately and the likelihood of having two different contractors commencing the work on both segments, dividing the project by segment is essential.

KEY PROJECT BENEFITS

- Serve both recycled water customers as well as provide recycled water for ground water recharge at the RP-3 and Declez recharge basins.

PROJECT LOCATION



O&M Impact	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	Total
Operations & Maintenance	-	\$7,800	\$15,800	\$16,500	\$16,900	\$57,000
Chemical	-	-	-	-	-	-
Parts & Labor	-	-	-	-	5,000	5,000
Total Operating Costs	-	\$7,800	\$15,800	\$16,500	\$21,900	\$62,000

*Fiscal Year 2014/15
Budgeted Project
Administrative Services Fund - GG*

Below is the list of capital and operations and maintenance projects included in the Administrative Services fund.

ADMINISTRATIVE SERVICES FUND - GG								FY 2014/15
Project #	Project Description	FY 2014/15 Adopted Budget	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	Total Ten Year CIP	Total Project Budget
Capital Construction								
EN17005	Septage Dump System	-	-	100,000	800,000	-	900,000	900,000
Total Capital Construction		-	-	100,000	800,000	-	900,000	900,000
Capital Equipment								
EC15001	Web based GIS Application SAP & ArcGIS	150,000	-	-	-	-	150,000	150,000
EN15033	CIPO Enhancements FY14/15	15,000	-	-	-	-	15,000	15,000
FA15001	Purchase of two color scanners	8,300	-	-	-	-	8,300	8,300
IS10025	SAP Public Sector Budget Prep Application	-	200,000	-	-	-	200,000	200,000
IS12010	Payroll Replacement Project	53,600	-	-	-	-	53,600	2,167,000
IS14002	Records Mgmt Scanner Replacement	7,000	-	-	-	-	7,000	7,000
IS14025	Finance Process Analysis & Roadmap	48,000	-	-	-	-	48,000	48,000
IS15001	HCM Phase 2 HR Process & Automation	-	191,000	-	-	-	191,000	191,000
IS15002	Document Mgmt Sys - Analysis & Roadmap	48,000	-	-	-	-	48,000	48,000
IS15003	Document Mgmt Sys - Implementation	250,000	100,000	-	-	-	350,000	350,000
IS15004	Executive Dashboard	100,000	-	-	-	-	100,000	100,000
IS15005	New GIS Plotter	5,300	-	-	-	-	5,300	5,300
IS16001	HCM Phase 2 Position Budgeting & Control	-	-	206,000	-	-	206,000	206,000
IS16002	Grants Process Analysis & Roadmap	-	36,000	-	-	-	36,000	36,000
IS16003	SAP Archiving	-	-	-	50,000	-	50,000	50,000
MM15001	Replace 5 Agency Vehicles	130,000	-	-	-	-	130,000	130,000
Total Capital Equipment		815,200	527,000	206,000	50,000	-	1,598,200	3,711,600
Capital Replacement								
IS13030	Server Replacement - Business Network	102,000	-	-	-	-	102,000	128,000
IS15008	Telephone System Upgrade	46,000	-	-	-	-	46,000	46,000
IS15012*	Business Network IT Improvements	200,000	200,000	200,000	200,000	200,000	2,000,000	200,000
FP10200*	Financial Planning Forecast GG Fund	298,000	298,000	298,000	310,000	400,000	2,854,000	2,854,000
Total Capital Replacement		646,000	498,000	498,000	510,000	600,000	5,002,000	3,228,000
Total Capital Project Costs		1,461,200	1,025,000	804,000	1,360,000	600,000	7,500,200	7,839,600
Operation & Maintenance								
PA15002*	Agency Wide Coatings and Paving	200,000	200,000	200,000	100,000	100,000	1,300,000	1,300,000
PA15007	Facility Access Improvements	300,000	300,000	300,000	-	-	900,000	900,000
PA15008*	Major Asset Rehab/Replace	200,000	200,000	200,000	200,000	200,000	2,000,000	200,000
Total Operation & Maintenance		700,000	700,000	700,000	300,000	300,000	4,200,000	2,400,000
Total O&M Project Costs		700,000	700,000	700,000	300,000	300,000	4,200,000	2,400,000
TOTAL ADMINISTRATIVE SERVICES FUND - GG		2,161,200	1,725,000	1,504,000	1,660,000	900,000	11,700,200	10,239,600

* Annually budgeted project

*Fiscal Year 2014/15
 Budgeted Project Description
 Administrative Services Fund - GG*

Capital Construction		
EN17005	Septage Dump System	Provide septage dump system at the most appropriate location within the agency.
Capital Equipment		
EC15001	Procure and Implement Web Based GIC Application	Procure and implement a Web based GIS application that integrates with SAP and ArcGIC for linear assets.
EN15033	CIPO Enhancements	Enhance the construction management website, CIPO, to increase the functionality and productivity of the project documentation control.
FA15001	Purchase of two color scanners	Purchase of two color scanners, one to replace the loaner from Finance and Accounting that went to the front desk receptionist, and locate another one in the Finance area.
IS10025	SAP Public Sector Budget Prep Application	SAP Public Sector Budget Prep Application and Implementation.
IS12010	Payroll Replacement Project	Replacement of the current payroll system addressing labor data recording and reporting, payroll, and time evaluation, as well as replacement of the IFAS system and implementation of time evaluation functions.
IS14002	Records Management Scanner Replacement	Replace failed scanner in Records Management.
IS14025	Finance Process Analysis and Roadmap	Review of internal and external financial reporting and analysis requirements, as well as budget development and management to determine best practice method for organizing the cost/labor allocation and cost center structure.
IS15001	HCM Phase 2 HR Process & Automation & ESS/MSS Enhancements	Implement additional self-service features, building upon the HR system and self service functions implemented as part of the Human Capital Management Phase 1 project in FY 2012/13.

*Fiscal Year 2014/15
 Budgeted Project Description
 Administrative Services Fund - GG*

Capital Equipment		
IS15002	Document Management System - Analysis & Roadmap	Review current document management solutions, identify key business drivers, and develop a roadmap for integrating and/or consolidating document and records management.
IS15003	Document Management System - Implementation	Implement a solution and replace the Liberty system and either integrate other document management systems or consolidate documents into common system.
IS15004	Executive Dashboard	Create a 'flash' report of key financial and project information. Dashboard could ultimately include financial, project, and labor data for easy access.
IS15005	New GIS Plotter	Replace existing GIS plotter with a new 36" plotter with manufacturer's extended warranty.
IS16001	HCM Phase 2 Position Budgeting and Control	Design, development, and implementation of the SAP Position and Budget Control Module
IS16002	Grants Process Analysis and Roadmap	Assess key internal project and grant reporting requirements and meet with key stakeholders as well as assessing the existing process.
IS16003	SAP Archiving	Implement a project to archive SAP data, including defining the processes for ongoing archiving of the documents.
MM15001	Replace Five Agency Vehicles	Replace five agency vehicles: 3 sedans, 1 passenger van, and 1 pickup truck. The vehicles being replaced are between 13 to 15 years old and have reached the end of their useful lives.
Capital Replacement		
FP10200	Financial Planning Forecast	Provide funds for any necessary ERP improvements that may arise throughout the year.
IS13030	Server Replacement - Biz Net	Replace servers that are over five years old and are no longer supported by the vendor to allow the Agency to maintain computer performance and reliability.
IS15008	Telephone System Upgrade	Upgrade the telephone system because the current service provider will no longer support software or server hardware after September 2014.
IS15012	Business Network IT Improvements	Annual business network improvements.

*Fiscal Year 2014/15
 Budgeted Project Description
 Administrative Services Fund - GG*

Operations & Maintenance		
PA15002	Agency Wide Coatings and Paving	Ensure buildings and structures for each Agency facility are properly maintained with annual maintenance for coatings and paving.
PA15007	Facility Access Improvements	Update and standardize the access system for Agency facilities to provide FOB access where keys and cipher locks are currently employed, especially the areas critical to plant processes and regulatory compliance.
PA15008	Major Asset Rehab/Replace	Support Agency wide annual R & R of major assets (buildings, equipment, etc.)

*Fiscal Year 2014/15
Budgeted Project
Regional Wastewater Capital Improvement Fund - RC*

Below is the list of capital projects included in the Regional Wastewater Capital Improvement fund.

REGIONAL WASTEWATER CAPITAL IMPROVEMENT FUND - RC								
Project #	Project Description	FY 2014/15					Total Ten Year CIP	FY 2014/15 Total Project Budget
		Adopted Budget	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19		
Capital Construction								
EN11031	RP-5 Flow Equalization & Effluent Monitoring	700,000	763,000	-	-	-	1,463,000	1,692,300
EN13043	Montclair Lift Station Communication System	165,000	-	-	-	-	165,000	200,000
EN13047	RP-5 Standby Generators Control Mods	270,000	25,000	-	-	-	295,000	417,000
EN13056	Agency-Wide HVAC Imprvmnts - Pckg No. 2	600,000	300,000	-	-	-	900,000	936,500
EN14018	RP-4 Process Improvements	200,000	900,000	425,000	-	-	1,525,000	1,600,000
EN14019	RP-1 Headworks Rehab	-	-	210,000	1,500,000	6,000,000	10,510,000	10,500,000
EN14020	RP-1 Sludge Thickening Upgrades	-	-	-	-	240,000	8,446,000	8,450,000
EN14037	Fontana Interceptor Relief Sewer Manholes	600,000	610,000	-	-	-	1,210,000	1,825,000
EN14050	Collection System Repairs Phase V	400,000	100,000	-	-	-	500,000	561,800
EN15019	RP-1 Odor Control Improvements	100,000	550,000	-	-	-	650,000	650,000
EN15020	RP-1 Plant 3 Primary Scum Well Upgrade	75,000	325,000	-	-	-	400,000	400,000
EN15029*	Misc RC Constr & Emergency Proj FY14/15	250,000	250,000	250,000	250,000	250,000	2,500,000	250,000
EN15030*	CM Misc RC Constr & Emerg Proj FY14/15	250,000	250,000	250,000	250,000	250,000	2,500,000	250,000
EN15031	Regional Sewer Special Projects FY14/15	100,000	-	-	-	-	100,000	100,000
EN15032	Agency-Wide HVAC Imprvmnts - Pckg No. 3	100,000	950,000	150,000	-	-	1,200,000	1,200,000
EN16011	Whispering Lakes LS Improvements	-	-	-	-	300,000	3,000,000	3,000,000
EN17003	Aeration System Improvements	-	-	250,000	3,000,000	3,000,000	6,250,000	6,250,000
EN18004	RP-1 IPS System Improvements	-	-	-	250,000	750,000	1,000,000	1,000,000
EN19001	RP-5 Expansion to 30 mgd	-	-	-	-	100,000	100,000	100,000
EN19005	Haven LS SCADA Improvements	-	-	-	-	300,000	3,000,000	3,000,000
EN19006	RP-5 SHF	-	-	-	-	250,000	100,250,000	100,250,000
EN19007	RP-1 Flow Equalization Upgrade & Odor Cntrl	-	-	-	-	1,000,000	1,000,000	1,000,000
EN20006	RP-1 Digester Mixing Upgrade	-	-	-	-	-	2,250,000	2,250,000
MM15002	RP-5 Satellite Whse & MM Shop Steel Bldgs.	-	-	-	-	-	250,000	250,000
Total Capital Construction		3,810,000	5,023,000	1,535,000	5,250,000	12,440,000	149,464,000	146,132,600
Capital Equipment								
EP14004	Cl2 Residual Analyzer Replacement	160,000	-	-	-	-	160,000	360,000
SR12001	Agencywide Security Equipment Upgrade	50,000	50,000	-	-	-	100,000	256,100
Total Capital Equipment		210,000	50,000	-	-	-	260,000	616,100
Capital Replacement								
EN11039	TP-1 Disinfection Pump Improvements	95,000	225,000	-	-	-	320,000	392,000
EN11042	RP-2 Boiler Replacement	55,000	-	-	-	-	55,000	2,009,200
EN12020	Chino Creek Invert Repair	288,000	-	-	-	-	288,000	545,200
EN12022	RP-1 Aeration Ducting Rehab	25,000	-	-	-	-	25,000	1,256,000
EN13018	CCWRF Odor Control System Replacement	500,000	600,000	1,780,000	-	-	2,880,000	3,030,100
EN13046	RP-1 Flare System Improvements	-	-	1,550,000	1,850,000	-	3,400,000	3,432,100
Total Capital Replacement		963,000	825,000	3,330,000	1,850,000	-	6,968,000	10,664,600
Total Capital Project Costs		4,983,000	5,898,000	4,865,000	7,100,000	12,440,000	156,692,000	157,413,300
Operation & Maintenance								
CW15019*	Sewer OE Projects FY14/15	50,000	50,000	50,000	50,000	50,000	500,000	50,000
Total Operation & Maintenance		50,000	50,000	50,000	50,000	50,000	500,000	50,000
Total O&M Project Costs		50,000	50,000	50,000	50,000	50,000	500,000	50,000
TOTAL REGIONAL WASTEWATER CAPITAL IMPROVEMENT FUND - RC		5,033,000	5,948,000	4,915,000	7,150,000	12,490,000	157,192,000	157,463,300

* Annually budgeted project

*Fiscal Year 2014/15
 Budgeted Project Description
 Regional Wastewater Capital Improvement Fund - RC*

Capital Construction		
EN11031	RP-5 Flow Equalization and Effluent Monitoring	Modifications of the primary effluent splitter box. The 12' weir gate and automation of the slide gate to allow flow to the aeration basin will better optimize the flow equalization of plant treatment process.
EN13043	Montclair Lift Station Communication System	Installation of a monopole, radios, microwave dishes, communications panel and other equipment to allow the station to effectively communicate with the rest of the IEUA network.
EN13047	RP-5 Standby Generators Control Modifications	Design, procure and install new control components, programming, testing, etc. to the standby generator controls.
EN13056	Agency-Wide HVAC Improvements	Design, procure, and install all necessary HVAC equipment to ensure process safety and reliability.
EN14018	RP-4 Process Improvements	Process improvements (RAS wasting piping, WAS station, lagoon pumps, chlorine system, alum dosing, blower cooling water, utility water flow meter).
EN14019	RP-1 Headworks Rehab	Comprehensively rehab and upgrade the Preliminary Treatment Process. Design starts in FY18/19.
EN14020	RP-1 Sludge Thickening Upgrades	Upgrade the sludge thickening processes for primary and secondary sludge. Start design in FY18/19.
EN14037	Fontana Interceptor Relief Sewer Manholes Rehab	Repair and replace eighty (80) existing manhole covers, including seventy-two double lid manholes that have been identified by the Collection Crew as requiring replacement.
EN14050	Collection System Repairs Phase V, Westside Interceptor	Repair cracks found in the interceptor, bypass the flow as needed, secure permits, and accrue easements as needed.
EN15019	RP-1 Odor Control Improvements	Evaluate options to replace the primary clarifier panels for odor contamination and air compliance at RP-1.
EN15020	RP-1 Plant 3 Primary Scum Well Upgrade	Address scum pumping capacity issues, as well as, evaluate MCC in primary pumping gallery.

*Fiscal Year 2014/15
 Budgeted Project
 Regional Wastewater Capital Improvement Fund - RC*

Capital Construction		
EN15029	Miscellaneous RC Construction & Emergency Projects FY14/15	Allow Engineering to fund unforeseen regional capital improvement projects that require immediate attention.
EN15030	CM Miscellaneous RC Construction & Emergency Projects FY14/15	Allow Construction Management to fund unforeseen Wastewater Capital Improvement Fund projects that require immediate attention.
EN15031	Regional Sewer Special Projects FY14/15	Fund contingency small regional sewer repairs, construction permits, and inspection of improvement projects requested by contracting agencies.
EN15032	Agency-Wide HVAC Improvements - Package No. 3	Evaluate electrical and control building HVAC systems and provide solutions/upgrades for the RP-1 Chemical Storage Warehouse, RP-5 Control Room, and RP-5 Power Center No.3.
EN16011	Whispering Lakes LS Improvements	Upgrade the Whispering Lakes Lift Station to alleviate flows from RP-5 by diverting approximately 2 MGD of flows to RP-1.
EN17003	Aerations System Improvements	Provide agency-wide aeration system improvements.
EN18004	RP-1 IPS System Improvements	Address deficiencies in system (e.g., replace eddy clutches with VFDs)
EN19001	RP-5 Expansion to 30MGD	Expand existing RP-5 liquid treatment capacity from 15 to 30 MGD. Project cost estimated at \$150M.
EN19005	Haven LS SCADA Improvements	Upgrade Haven Lift Station controls to be compatible with the platform utilized by the Agency. The project will also include site work (installation of piping, structures, valves, and flow monitoring) to construct a bypass of the Haven Lift Station to divert sewer flows from RP-1 to RP-5.
EN19006	Construct RP-5 Solids Handling Facility	Construct new solids handling facility at RP-5 to decommission RP-2.
EN19007	RP-1 Flow Equalization Upgrade and Odor Control	Address odor related to equalizing primary effluent with methods determined by the findings of the Master Plan update.
EN20006	RP-1 Digester Mixing Upgrade	Upgrade the digester mixing systems. Start design in FY 2019/20.

*Fiscal Year 2014/15
 Budgeted Project Description
 Regional Wastewater Capital Improvement Fund - RC*

Capital Construction		
MM15002	Purchase & Installation of RP-5 Satellite Warehouse & MM Shop Steel Bldgs.	Purchase and install a steel building for mechanical maintenance, partitioned into 3 sections, 12' high with 3 roll-up doors, and 3 single personnel access doors.
Capital Equipment		
EP14004	Agency-wide Chlorine Residual Analyzer Replacement	Maintenance project to replace all of the chlorine analyzers agency-wide that are no longer being supported by the manufacturer.
SR12001	Agency-wide Security Equipment Upgrade	Replace existing security system hardware, software, and infrastructure attributes across of the Agency's sites. Purchase new cameras and dedicated servers, integrate the security system signals into the recently installed Wireless Data System and provide real-time (interactive) monitoring of any IEUA site.
Capital Replacement		
EN11039	TP-1 Disinfection Pump Improvements	Upgrade dosing facilities at OES and NES to allow full post filtration chlorination.
EN11042	RP-2 Boiler Replacement	Evaluate available and viable options of both the order systems and the fine screens based on the real estate available and based on evaluating all options using business cases models.
EN12020	Chino Creek Invert Repair	Repair Chino Creek invert near CCWRF where differential settling occurred.
EN12022	RP-1 Aeration Ducting Rehab	Repair leaks in aeration ducting system.
EN13018	CCWRF Odor Control System Replacement	Replace the existing odor control systems and screens.
EN13046	RP-1 Flare System Improvements	Upgrade of the flare control system and increase flare capacity. Evaluation is being done to determine design intent.
Operations & Maintenance		
CW15019	Sewer OE Projects FY14/15	Ensure available funds to office engineering for unanticipated sewer projects.

*Fiscal Year 2014/15
Budgeted Project Description
Regional Operations and Maintenance Fund - RO*

Below is the list of capital and operations and maintenance projects included in the Regional Wastewater Operations and Maintenance fund.

REGIONAL WASTEWATER OPERATIONS and MAINTENANCE FUND - RO								FY 2014/15
Project #	Project Description	FY 2014/15					Total Ten Year CIP	FY 2014/15 Total Project Budget
		Adopted Budget	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19		
Capital Construction								
EN09021	RP-4 Headworks Retrofit	900,000	300,000	-	-	-	1,200,000	2,185,900
EN13016	SCADA Enterprise System	1,000,000	2,625,000	3,000,000	3,000,000	-	9,625,000	10,000,000
EN13049	RP-2 Digester #4 Dome Replacement	400,000	-	-	-	-	400,000	1,900,000
EN13054	Montclair Lift Station Upgrades	2,500,000	415,000	-	-	-	2,915,000	3,516,600
EN14012	RP-2 Drying Beds Rehab	600,000	510,000	-	-	-	1,110,000	1,168,400
EN14027	CCWRF Secondary Clarifier #3 Rehabilitation	800,000	110,000	-	-	-	910,000	1,540,600
EN15006	Lab Equipment Replacement	-	50,000	-	-	50,000	150,000	150,000
EN15007	New Lab Equipment (New Lab)	-	-	-	650,000	-	650,000	650,000
EN15008	New Water Quality Laboratory	-	-	1,100,000	10,000,000	6,000,000	17,100,000	17,100,000
EN15012	RP-1 East Primary Effluent Pipe Rehab	600,000	150,000	-	-	-	750,000	750,000
EN15013	RP-1 TWAS & Primary Effluent Piping Rplmt	400,000	100,000	-	-	-	500,000	500,000
EN15026*	CM Misc RO Constr & Emerg Proj FY14/15	250,000	250,000	250,000	250,000	250,000	2,500,000	250,000
EN15027*	Misc RO Constr & Emerg Proj FY14/15	250,000	-	-	-	-	250,000	250,000
EN17004	Energy Efficiency Improvements	-	100,000	200,000	200,000	200,000	1,700,000	1,700,000
EN18005	RP-4 Secondary Drains	-	-	-	100,000	500,000	1,100,000	1,100,000
EN21002	Chino Creek Wetlands & Park Upgrades	-	-	-	-	-	1,858,000	1,858,000
EN23001	RP-5 Biofilter Improvements	-	-	-	-	-	350,000	350,000
IS15019	Veeam Virtual Machine Backup Software	17,000	-	-	-	-	17,000	17,000
Total Capital Construction		7,717,000	4,610,000	4,550,000	14,200,000	7,000,000	43,085,000	44,986,500
Capital Equipment								
EP15002*	Major Equipment Rehab/Replace	700,000	500,000	400,000	400,000	400,000	4,400,000	4,400,000
LB14003	Autoclave	17,500	-	-	-	-	17,500	27,900
Total Capital Equipment		717,500	500,000	400,000	400,000	400,000	4,417,500	4,427,900
Capital Replacement								
IS15014	RP-4 Foundation Field Bus Link Device	42,000	-	-	-	-	42,000	42,000
IS15016	RP-4 ControlNet Replacement	112,000	-	-	-	-	112,000	112,000
IS15017	Replace Remote I/O Scanners at RP-4	26,000	-	-	-	-	26,000	26,000
IS15018	Server Replacement - Process and Controls	10,000	-	-	-	-	10,000	10,000
IS15020*	Process Automation Controls IT Improvements	300,000	300,000	300,000	300,000	300,000	3,000,000	300,000
Total Capital Replacement		490,000	300,000	300,000	300,000	300,000	3,190,000	490,000
Total Capital Project Costs		8,924,500	5,410,000	5,250,000	14,900,000	7,700,000	50,692,500	49,904,400
Operation & Maintenance								
EN15028*	Misc RO O&M Emergency Proj FY14/15	250,000	250,000	250,000	250,000	250,000	2,500,000	250,000
EP15001	RP1/RP2 Digester Cleaning Project	420,000	-	-	-	-	420,000	420,000
PA15001*	Underground Piping Rehab	500,000	500,000	500,000	500,000	1,000,000	5,000,000	5,000,000
PA15003*	Agency Wide Annual Rehab of Clarifiers	350,000	350,000	100,000	100,000	100,000	1,500,000	1,500,000
PA15004*	Tertiary Facility Rehab	100,000	100,000	100,000	1,500,000	1,500,000	3,800,000	3,800,000
PA15005*	Biofilter Media Replacement	200,000	200,000	200,000	200,000	200,000	2,000,000	2,000,000
PA15006*	Aeration Systems Rehab	300,000	300,000	200,000	200,000	200,000	2,200,000	2,200,000
Total Operation & Maintenance		2,120,000	1,700,000	1,350,000	2,750,000	3,250,000	17,420,000	15,170,000
Total O&M Project Costs		2,120,000	1,700,000	1,350,000	2,750,000	3,250,000	17,420,000	15,170,000
TOTAL REGIONAL WASTEWATER OPERATIONS and MAINTENANCE FUND - RO		11,044,500	7,110,000	6,600,000	17,650,000	10,950,000	68,112,500	65,074,400

* Annually budgeted project

*Fiscal Year 2014/15
 Budgeted Project
 Regional Wastewater Operations and Maintenance Fund - RO*

Capital Construction		
EN09021	RP-Headwork Retrofit	Alter the headwork building to improve accessibility for operation and maintenance and replacing the leaky sluice gates at the bar screens.
EN13016	SCADA Enterprise System	Eliminate the multi-vendor platforms currently operating as islands of automation.
EN13049	RP-2 Digester #4 Dome Replacement	Convert the floating dome at RP-2 Digester #4 to a fixed dome permanently attached to the digester wall.
EN13054	Montclair Lift Station Upgrades	Replace the existing outdated control system/electrical and replace the pumps/motors with a different type of pumps that are capable of handling the ragging issue due to diverted flow from RP-5 more efficiently.
EN14012	RP-2 Drying Beds Rehabilitation	Evaluate drying beds and implement various improvements to allow further usage of the drying beds.
EN14027	CCWRF Secondary Clarifier #3 Rehabilitation	Rehabilitate the clarifier and replace antiquated equipment.
EN15006	Lab Equipment Replacement	Replace obsolete equipment in the Metals & Organic Chemistry, Inorganic & Wet Chemistry, and Microbiology Labs.
EN15007	New Lab Equipment (New Lab)	New lab equipment (GCMS, Liquid Chromatography) dependent on new lab construction.
EN15008	New Water Quality Laboratory	Replace the existing operation laboratory at RP-1. A possible site location will be south of Headquarters at RP-5.
EN15012	RP-1 East Primary Effluent Pipe Rehab	Rehabilitate the east primary effluent piping between the rectangular primary clarifiers and the Intermediate Pump Station wet well.
EN15013	RP-1 TWAS and Primary Effluent Piping Replacement 2014	Replace pipe due to failures in the TWAS and primary effluent piping.
EN15026	CM Miscellaneous RO Construction & Emergency Projects FY14/15	Allow Engineering to fund unforeseen regional wastewater operations and maintenance (O&M) related capital projects that require immediate attention.

Capital Construction		
EN15027	Miscellaneous RO Construction & Emergency Projects FY14/15	Allow Construction Management to fund unforeseen regional wastewater operations and maintenance (O&M) related capital projects that require immediate attention.
EN17004	Energy Efficiency Improvements	Upgrade the lighting systems and process equipment systems agency-wide to improve efficiency.
EN18005	RP-4 Secondary Drains	Replace the drain valves of the secondary clarifiers and address the pipeline profile to the emergency lagoon.
EN21002	Chino Creek Wetlands and Educational Park Upgrades	Facilitate the education program and increase community involvement the Park needs three ramadas (pavilions) with educational signage, a restroom/storage facility and the construction of a pervious parking lot with additional signage.
EN23001	RP-5 Biofilter Improvements	Provide a new foul air distribution system at the base of the biofilter to match the other Agency biofilters.
IS15019	Veeam Virtual Machine Backup/Recovery Software	Purchase software licenses that are required for the Virtual Server systems installed at IEUA. These licenses will be used to further develop test environments and provide significant improvements for backups, restoration and disaster recovery of critical virtualized systems.
Capital Equipment		
EP15002	Major Equipment Rehab/Replace	Agency wide annual R&R of major equipment (pumps, heat exchangers, compressors, etc.)
LB14003	Autoclave	Purchase and install new instrumentation necessary for daily Coliform analysis.
Capital Replacement		
IS15014	RP-1 Fuel Cell RP-4 Foundation Field Bus Link Device	Replace existing FFLD with current equipment replacement from Rockwell.
IS15016	RP-4 ControlNet Replacement	Replace Control Net with Ethernet to increase maintenance reliability and reduce the amount of software needing maintenance.

*Fiscal Year 2014/15
 Budgeted Project
 Regional Wastewater Operations and Maintenance Fund - RO*

Capital Replacement		
IS15017	Replace Remote I/O Scanners at RP-4 - MCC1, RTU1, and RTU2	Upgrade to an Ethernet remote I/O communication which is becoming the standard communication protocol for IEUA, which will provide a reliable/upgradable solution in line with current Agency AB migration.
IS15018	Server Replacement - Process Automation & Controls Network	Server Replacement - Process Automation and Controls Network
IS15020	Process Automation Controls IT Improvement	Fund annual PAC network improvements that may be necessary throughout the fiscal year
Operational & Maintenance		
EN15028	Miscellaneous RO O&M Emergency Projects FY14/15	Fund unforeseen Regional Wastewater O&M projects that require immediate action.
EP15001	RP1/RP2 Digester Cleaning Project	Remove solids from RP-2 Digester #1 or RP-1 Digester #4, perform structural analysis, repair/modify as needed and replace valves as required.
PA15001	Underground Piping Rehab	Rehab or repair the aging underground assets including pipes, vaults, channels, and process galleries.
PA15003	Agency Wide Annual Rehab of Clarifiers	Ensure each clarifier is evaluated for meeting immediate and long term rehab needs and proper repairs are performed to increase their reliability and availability.
PA15004	Tertiary Facility Rehab	Perform systematic shutdown, cleaning, inspection, and rehab and repair of critical structures and equipment of tertiary facilities.
PA15005	Biofilter Media Replacement	Remove existing bio-filter media and replace with new media as needed at the RP-1, RP-4 and RP-5 facilities.
PA15006	Aeration Systems Rehab	Facilitate the annual repair and replacement of damaged membrane to keep the aeration process effective and save energy from running the Aeration Blowers more efficiently.

*Fiscal Year 2014/15
Budgeted Project
Non-Reclaimable Wastewater (NRW) Fund - NC*

Below is the list of capital and operations and maintenance projects included in the Non-Reclaimable Wastewater fund.

NON-RECLAIMABLE (NRW) FUND - NC								FY 2014/15
Project #	Project Description	FY 2014/15 Adopted Budget	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	Total Ten Year CIP	Total Project Budget
Capital Construction								
EN11035	Philadelphia Pump Station Upgrades	1,400,000	574,000	-	-	-	1,974,000	2,381,100
EN13042	Philadelphia Pump Station Comm Sys	150,000	15,000	-	-	-	165,000	200,000
EN14035	22-inch Manholes Along NRW NSNT Rehab	450,000	163,000	-	-	-	613,000	850,000
EN15024*	NRW Conn & Emergency Projects FY14/15	100,000	100,000	100,000	100,000	100,000	1,000,000	100,000
EN15025*	CM Misc NRWS Constr & Emerg Proj FY14/15*	250,000	250,000	250,000	250,000	250,000	2,500,000	250,000
EN22002	NRW East End Flowmeter Replacement	-	-	-	-	-	300,000	300,000
Total Capital Construction		2,350,000	1,102,000	350,000	350,000	350,000	6,552,000	4,081,100
Total Capital Project Costs		2,350,000	1,102,000	350,000	350,000	350,000	6,552,000	4,081,100
Operation & Maintenance								
CW15015*	NRW OE Projects FY14/15	10,000	10,000	10,000	10,000	10,000	100,000	10,000
Total Operation & Maintenance		10,000	10,000	10,000	10,000	10,000	100,000	10,000
Total O&M Project Costs		10,000	10,000	10,000	10,000	10,000	100,000	10,000
TOTAL NON-RECLAIMABLE (NRW) FUND - NC		2,360,000	1,112,000	360,000	360,000	360,000	6,652,000	4,091,100

* Annually budgeted project



PHILADELPHIA PUMP STATION EMERGENCY BYPASS SYSTEM

*Fiscal Year 2014/15
 Budgeted Project
 Non-Reclaimable Wastewater (NRW) Fund - NC*

Capital Construction		
EN11035	Philadelphia Pump Station Upgrades	Mitigate the problems of the Philadelphia Pump Station; involves the repair and replacement of a section of the force mains in the pump dry sump. Miscellaneous instrumentation and facility improvements will be made. A redundant PLC will also be supplied to provide control system reliability.
EN13042	Philadelphia Pump Station Communication System	Install a monopole, radios, microwave dishes, communications panel and other equipment to allow the station to effectively communicate with the rest of the IEUA network.
EN14035	22-Inch Manholes Along NRW North System North Truck (NSNT) Rehab	Lower the existing 22-inch manholes located along the Flood Control District's Cucamonga Channel to the existing grade.
EN15024	NRW Construction & Emergency Projects	Allow Engineering to fund unforeseen NRW projects that require immediate attention.
EN15025	CM Miscellaneous NRW Construction & Emergency Project	Allow Construction Management to fund unforeseen NRWS emergency projects that require immediate attention.
EN22002	NRW East End Flowmeter Replacement	Replace the flow meter as required by the NRWS agreement.
Operations & Maintenance		
CW15015	NRW Office Engineering (OE) Projects	Establish an annual budget for applying the labor hours for project evaluation, design review, permit issuance, inspection, and closeout for Office Engineering projects related to NRW connections and modifications.

*Fiscal Year 2014/15
Budgeted Projects
Recharge Water Fund - RW*

Below is the list of capital operations and maintenance projects included in the Recharge Water fund.

RECHARGE WATER FUND - RW								FY 2014/15
Project #	Project Description	FY 2014/15 Adopted Budget	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	Total Ten Year CIP	Total Project Budget
Capital Construction								
EN14040	Jurupa PS HVAC Improvements	50,000	-	-	-	-	50,000	300,000
RW15002	Upper SA River Habitat Conservation Plan	150,000	10,000	-	-	-	160,000	160,000
Total Capital Construction		200,000	10,000	-	-	-	210,000	460,000
Total Capital Project Costs		200,000	10,000	-	-	-	210,000	460,000
Operations & Maintenance								
RW15001	Long-Term Basin-Wide 404 Permitting	100,000	25,000	25,000	-	-	150,000	150,000
RW15003	Recharge Master Plan Update (RMPU) Projects	250,000	-	-	-	-	250,000	250,000
Total Operations & Maintenance		350,000	25,000	25,000	-	-	400,000	400,000
Total O&M Project Costs		350,000	25,000	25,000	-	-	400,000	400,000
TOTAL RECHARGE WATER FUND - RW		550,000	35,000	25,000	-	-	610,000	860,000



DEWATERING SILO

*Fiscal Year 2014/15
 Budgeted Projects
 Recharge Water Fund - RW*

Capital Construction		
EN14040	Jurupa Pump Station	Evaluate electrical room HVAC and provide solutions/upgrades for the Jurupa Pump Station HVAC to improve system reliability, maximize groundwater recharge, increase equipment life, and save energy.
RW15002	Upper Santa Ana River Habitat Conservation Plan	Plan for the impact of federal endangered species regulation on future projects. This project will provide regional coordination of habitat management opportunities and access to a US Fish & Wildlife Service regional permit.
Operations & Maintenance		
RW15001	Long-Term Basin-Wide 404 Permitting	Prepare an Army Corps Clean Act Section 404 permit application to perform routine operation and maintenance of each of the 18 existing recharge basins, to replace the Nationwide Permit that will expire in March of 2017. Wetlands delineations and preliminary jurisdictional determinations will be performed for each basin.
RW15003	Recharge Master Plan Update	Prepare preliminary design reports for projects that are selected for implementation for the first phase of the Recharge Master Plan Update.



HICKORY BASIN

*Fiscal Year 2014/15
Budgeted Projects
Recycled Water Fund - WC*

Below is the list of capital and operations and maintenance projects included in the Recycled Water fund.

RECYCLED WATER FUND - WC								FY 2014/15
Project #	Project Description	FY 2014/15					Total Ten Year CIP	Total Project Budget
		Adopted Budget	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19		
Capital Construction								
EN06025	Wineville Extension Pipeline Segment A	3,000,000	12,700,000	-	-	-	15,700,000	17,965,500
EN07010	CCWRF Pump Station Expansion	50,000	-	-	-	-	50,000	13,113,500
EN09007	1630 East Reservoir & Segment B Pipeline	-	-	-	-	-	5,401,000	16,400,000
EN12014	1630 East Pipeline Relocation	400,000	100,000	-	-	-	500,000	650,100
EN12016	North CIM Lateral	100,000	110,000	-	-	-	210,000	210,900
EN13001	San Sevaine Improvements	100,000	1,040,000	810,000	-	-	1,950,000	2,200,000
EN13023	930 Pressure Zone Pipeline	535,000	-	-	-	-	535,000	11,219,500
EN13040	Prado Dechlor Communication System	162,000	-	-	-	-	162,000	200,000
EN13041	RP-5 RW PS Process Control Sys Migration	-	-	280,000	-	-	280,000	280,000
EN13045	Wineville Extension Pipeline Segment B	3,000,000	8,794,000	-	-	-	11,794,000	11,880,300
EN13048	Second 12kV Feeder to TP-1	100,000	1,150,000	-	-	-	1,250,000	974,000
EN14028	Vulcan Pit Development	100,000	-	-	-	-	100,000	6,000,000
EN14041	RP-4 1158 and 1299 Pump Station Upgrades	50,000	550,000	3,000,000	2,000,000	-	5,600,000	5,600,000
EN14042	RP-1 1158 Pump Station Improvements	100,000	550,000	3,000,000	350,000	-	4,000,000	4,000,000
EN14043	RP-5 Pipeline Bottleneck	100,000	550,000	300,000	350,000	-	1,300,000	1,300,000
EN14044	RW Hydraulic Modeling	75,000	33,000	-	-	-	108,000	150,000
EN14045	RW Program Strategy	35,000	-	-	-	-	35,000	100,700
EN14047	GWR & RW SCADA Control Equip Upgrades	500,000	302,000	-	-	-	802,000	932,000
EN15002	1158 Reservoir Site Cleanup Project	-	200,000	25,000	-	-	225,000	225,000
EN15034*	CM Misc WC Constr & Emerg Proj FY14/15	250,000	250,000	250,000	250,000	250,000	2,500,000	250,000
EN15035*	Misc RW Projects FY14/15	200,000	200,000	200,000	200,000	200,000	2,000,000	200,000
EN16009	CCWRF RW Flow Equalization	-	-	500,000	-	-	500,000	500,000
EN19002	800 Pressure Zone Reservoir	-	-	-	-	-	3,400,000	3,400,000
EN19003	RP-1 Parallel Outfall Pipeline	-	-	-	-	-	5,700,000	5,700,000
EN20001	Lower Day Basin Pipeline	-	-	-	-	-	2,525,000	2,525,000
EN20002	Etiwanda Debris	-	-	-	-	-	500,000	500,000
EN20003	Montclair Basin Pipeline	-	-	-	-	-	1,500,000	1,500,000
EN20004	Brooks Basin Improvements	-	-	-	-	-	1,550,000	1,550,000
EN20005	800 PZ-Bottleneck	-	-	-	-	-	1,300,000	1,300,000
EN21001	Upland Basin	-	-	-	-	-	3,000,000	3,000,000
WR15019	RP-3 Basin Improvements	200,000	5,090,000	-	-	-	5,290,000	5,290,000
WR15020	Victoria Basin Improvements	24,000	126,000	-	-	-	150,000	150,000
WR15021	Napa Lateral	50,000	3,150,000	2,800,000	-	-	6,000,000	6,000,000
Total Capital Construction		9,131,000	34,895,000	11,165,000	3,150,000	450,000	85,917,000	125,266,500
Capital Equipment								
EN12019	GWR & RW SCADA Comm System Upgrades	650,000	520,000	-	-	-	1,170,000	1,594,400
Total Capital Equipment		650,000	520,000	-	-	-	1,170,000	1,594,400
Total Capital Project Costs		9,781,000	35,415,000	11,165,000	3,150,000	450,000	87,087,000	126,860,900
Operation & Maintenance								
CW15016*	Recycled Water OE Projects FY14/15	50,000	50,000	50,000	50,000	50,000	500,000	50,000
Total Operation & Maintenance		50,000	50,000	50,000	50,000	50,000	500,000	50,000
Total O&M Project Costs		50,000	50,000	50,000	50,000	50,000	500,000	50,000
TOTAL RECYCLED WATER FUND - WC		9,831,000	35,465,000	11,215,000	3,200,000	500,000	87,587,000	126,910,900

* Annually budgeted project

*Fiscal Year 2014/15
Budgeted Project Description
Recycled Water Fund - WC*

Capital Construction		
EN06025	Wineville Extension Recycled Water Pipeline	Design and construct a 24 inch recycled water pipeline from Airport Dr. to Jurupa St., continuing with a new 36 inch recycled water pipeline to RP-3 Groundwater Recharge Basin. The pipeline is located in the cities of Ontario and Fontana. The project will serve recycled water customers as well as provide recycled water for ground water recharge at the RP-3 and Declez Basins.
EN07010	CCWRF Pump Station Expansion	Upgrade the pump station with five new, more efficient pumps. There will be two new 300 HP vertical turbine, VFD driven, 2,585 GPM pumps, and three 300 HP vertical turbines, constant speed, 2,585 GPM pumps.
EN09007	1630 East Reservoir & Segment B Pipeline	Construct approximately 11,000 LF of 36" pipeline from the Segment A pipeline end to the new 1630 East Reservoir. It will also involve construction of an 8.0 MG recycled water reservoir at the Lloyd Michael's Water Treatment Plant.
EN12014	1630 E Recycled Water Pipeline Relocation	Relocate the 1630 E. Recycled Water Pipeline at Baseline Ave. and East Ave. to allow for improvements to the 15 freeway off-ramp.
EN12016	North CIM Lateral	Examine alternative alignments to construct a lateral to the North CIM property, which will extend from the existing recycled water main on Eucalyptus Avenue. The lateral will provide recycled water to the CIM and the two adjacent parcels. The length of the lateral will be approximately 1,000 feet to 2,300 feet and will serve approximately 4,100 AFY of recycled water. Once an alternative is selected, easements will need to obtain from the State, SCE and possibly the San Bernardino County Flood Control District before construction can commence.
EN13001	San Sevaine Basin Improvements	Modify the San Sevaine Basin Turnout to extend the discharge location from San Sevaine Cell No. 5 to the furthest north, Cell No. 1.
EN13023	930 Pressure Zone RW Pipeline	Construct a 5-MG storage reservoir in the City of Chino Hills. Since the recycled water use has continued to increase throughout the Cities of Chino Hills and Ontario. Additional storage is needed to serve these growing demands more reliably.
EN13040	Prado Dechlor Communication System	Design, supply, and install a communication monopole in the southern service area to communicate with the RP-5 communication system and become an integral part of the communication network.

*Fiscal Year 2014/15
Budgeted Projects
Recycled Water Fund - WC*

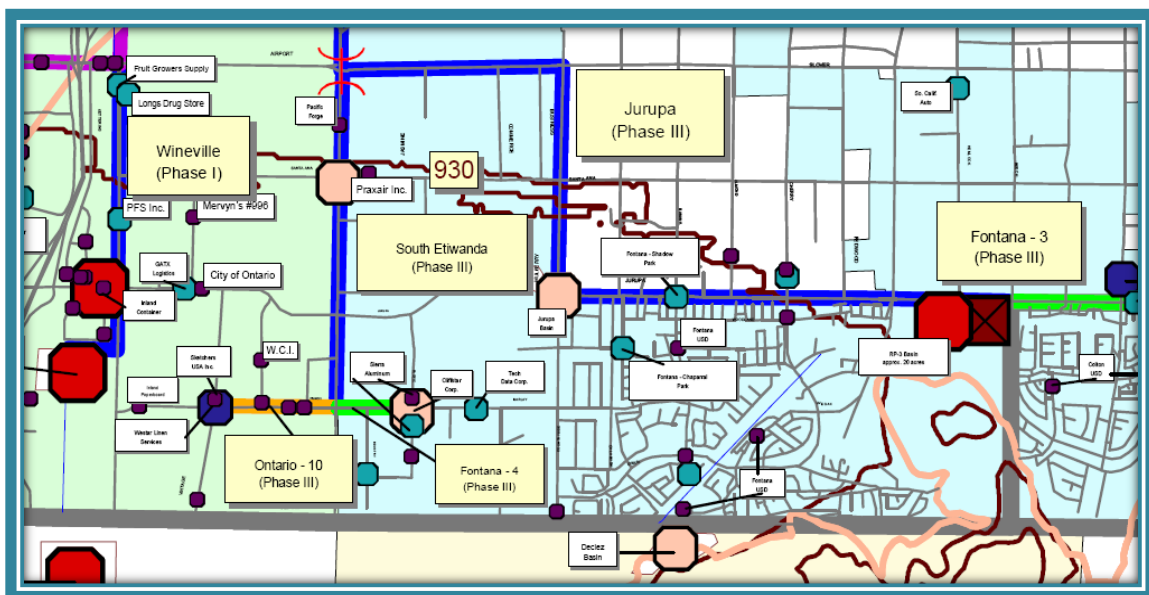
Capital Construction		
EN13041	RP-5 RW PS Process Control System Migration	Migrate the RP-5 recycled water PS to a Rockwell based system.
EN13045	Wineville RW Extension Pipeline Segment B	Split the total length of the proposed 36" pipeline into two. Specifically, Segment b entails installing 3 miles worth of the RW pipeline within the City of Fontana. The split took place to open the door to more contractors to bid both segments since bidding will be less.
EN13048	Second 12kV Feeder to TP-1	Determine the electrical load capacity at TP-1 and RP-1 in order to ensure power availability in running all five pumps (including the newly installed 500 HP one) simultaneously to support dry season recycled water demands. A second 12kV feeder will be provided to support the RP-1 1158 PS Upgrades.
EN14028	Vulcan Pit Development	Investigate initial site and evaluate to assess its viability as a recharge facility. This project will convert the existing Vulcan mining pit into a functional 60 acre groundwater recharge basin.
EN14041	RP-4 1158 & 1299 RWPS Upgrades	Upgrade pumps to increase capacity and the purchase of a backup generator.
EN14042	RP-1 1158 RWPS Pump Station Improvements	Determine the electrical load capacity at RP-1's 1158 RWPS to ensure power availability to run all five pumps.
EN14043	RP-5 RW Pipeline Bottleneck	Evaluate the additional recycled water pipeline leaving RP-5 to allow more recycled water to be delivered from the facility into the 800 Pressure Zone.
EN14044	RW Hydraulic Modeling	Perform hydraulic analyses of the recycled water system will be performed as various scenarios depicting existing and future facilities and demands as directed by The Agency. For each scenario, a narrative will be prepared describing the model settings and results which will be compared to operating conditions.
EN14045	RW Program Strategy	Develop a long-term strategy for the program over the next ten to twenty years for both its ultimate direct use demand and projected groundwater recharge projects.
EN14047	GWR & RW SCADA Control Equipment Upgrades	Upgrade the SCADA system within twenty four sites. The project scope will also include the replacement of existing programmable logic controllers and the human machine interface to meet the Agency's standards and future needs.

*Fiscal Year 2014/15
Budgeted Project Description
Recycled Water Fund - WC*

Capital Construction		
EN15002	1158 Reservoir Site Cleanup	Remove old piping associated with oil tanks, cut/cap the lines, drain and remove oil from the site to prevent any future leaks onto the IEUA owned site at the 1158 RW Reservoir.
EN15034	CM Misc WC Construction & Emergency Projects	Allow Construction Management to fund unforeseen Recycled Water related capital projects that require immediate attention.
EN15035	Misc Recycled Water Projects	Allow Engineering and Construction Management to fund unforeseen Recycled Water related capital projects that require immediate attention.
EN16009	CCWRF RW Flow Equalization	Maximize the available recycled water supply from CCWRF by providing flow equalization so that the diurnal curves are better managed and beneficial reuse is maximized.
EN19002	800 Pressure Zone Reservoir	Construct an 800 Pressure Zone Reservoir in the City of Chino Hills.
EN19003	RP-1 Parallel Outfall Pipeline	Provide for a parallel pipeline following the TP-1 Out fall Pipeline from RP-1 to Edison Ave. to address the existing pipeline capacity issues.
EN20001	Lower Day Basin Pipeline	Construct a pipeline from the terminus of the 1630 E Segment B pipeline to the Lower Day Basin and associated turnouts to serve Lower Day with recycled water for ground water recharge.
EN20002	Etiwanda Debris	Provide recycled water turnout at Etiwanda Debris Basin modifications to improve and provide imported water to Lower Day Basin and pipeline extensions as needed from the 1630 E Segment B Pipeline.
EN20003	Montclair Basin Pipeline	Construct a pipeline from San Antonio Segment B Pipeline to Montclair Basin and associated turnout structures to deliver recycled water to the basin.
EN20004	Brooks Basin Improvements	Provide an alternate connection to Brooks Basin from the State Street storm drain as opposed to the current Orchard Turnout to increase the operating level of the basin.
EN20005	800 PZ-Bottleneck	Correct restrictions in flow and pressures in the southern service area by upsizing the segments of the pipeline that are undersized and performing hydraulic analysis to size the pipelines with current and projected future demands.
EN21001	Upland Basin	Enable the Agency to capture an additional 500 AFY of recycled water in the Chino Basin via groundwater recharge by constructing a pipeline from College Heights to Upland Basin.

*Fiscal Year 2014/15
Budgeted Projects
Recycled Water Fund - WC*

Capital Construction		
WR15019	RP-3 Basin Improvements	Improve the basin by modifying the inlets and enlarging the basin. These improvements will increase the storm and supplemental water supply.
WR15020	Victoria Basin Improvements	Improve the basin by abandoning the mid-level outlet, removing fine-graded materials from the basin floor, and extending the lysimeters. These improvements will increase the recycled, storm and supplemental water recharge.
WR15021	Napa Lateral	Design and construct approximately 4200 linear feet of 12-inch diameter recycled water pipeline that will convey recycled water from the existing pipeline by RP-4 to CA Steel Industries and CA Speedway.
Capital Equipment		
EN12019	GWR & RW SCADA Communication System Upgrades	Upgrade the SCADA communication system for all GWR and RW facilities.
Operations & Maintenance		
CW15016	Recycled Water OE Projects	Establish an annual budget for applying the labor hours for project evaluation, design review, permit issuance, inspection, and closeout for office engineering projects related to recycled water connections and modifications.

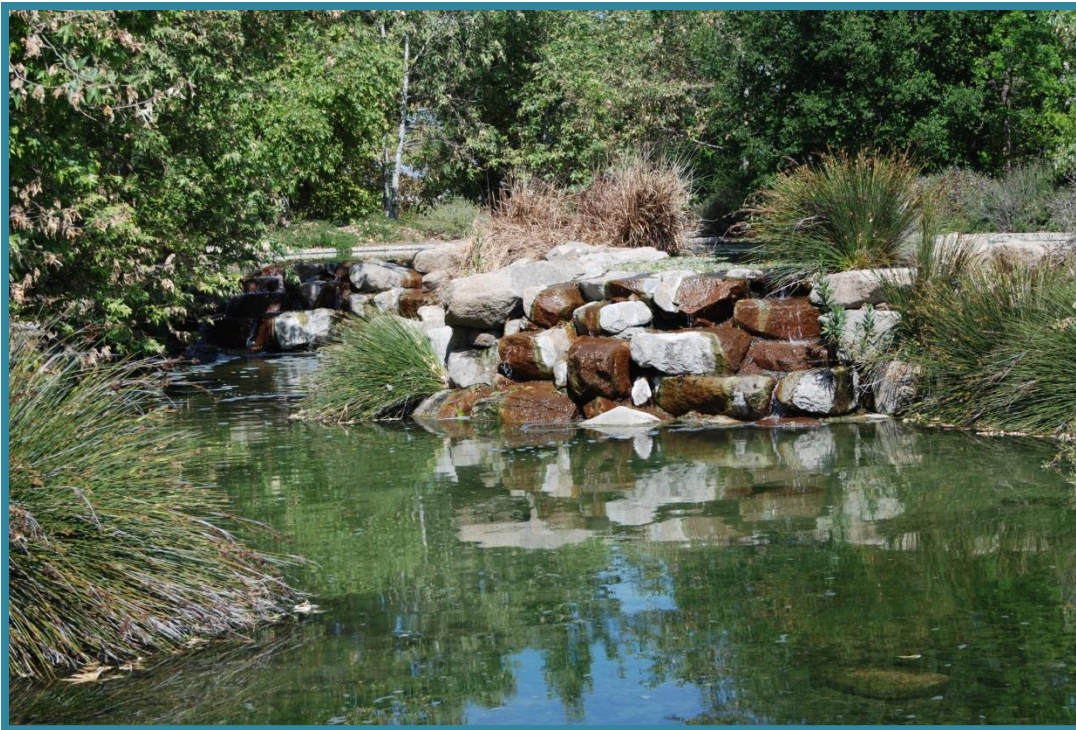


MAP OF LOCAL RECYCLED WATER SYSTEM

*Fiscal Year 2014/15
Budgeted Project
Water Resources Fund - WW*

Below is the list of capital projects included in the Water Resources fund.

WATER RESOURCES FUND - WW										
Project #	Project Description	FY 2014/15					Total Ten Year CIP	Original Total Project Budget	FY 2014/15	
		Adopted Budget	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19			Total Project Budget	Total Project Budget
Cost Reimbursable										
WR15002	CBWCD Landscape Audit & Monitoring	40,000	-	-	-	-	40,000	40,000	40,000	40,000
WR15005	Residential Landscape Device Retrofit	400,000	-	-	-	-	400,000	400,000	400,000	400,000
WR15007	Residential Rebate Incentives	75,000	-	-	-	-	75,000	75,000	75,000	75,000
WR15011	Freesprinklemozzles.com Program	243,750	-	-	-	-	243,750	243,800	243,800	243,800
WR15017	Landscape Transformation Program	400,000	-	-	-	-	400,000	400,000	400,000	400,000
Total Cost Reimbursable		1,158,750	-	-	-	-	1,158,750	1,158,800	1,158,800	1,158,800
Operation & Maintenance										
WR14019	IEUA Integrated Regional Water Mgmt Plan	90,000	-	-	-	-	90,000	200,000	540,000	540,000
WR15004	Garden In Every School	45,000	-	-	-	-	45,000	45,000	45,000	45,000
WR15008	IEUA Regional Education Program	70,000	-	-	-	-	70,000	70,000	70,000	70,000
WR15009	CII Rebate Incentives	75,000	-	-	-	-	75,000	75,000	75,000	75,000
WR15013	Sponsorships & Public Outreach	80,500	-	-	-	-	80,500	80,500	80,500	80,500
WR15015	Residential Landscape Training Classes	15,000	-	-	-	-	15,000	15,000	15,000	15,000
WR15018	IEUA WUE Model Update & Workshops	7,000	-	-	-	-	7,000	7,000	7,000	7,000
WR15022	Water Use Assessments	800,000	-	-	-	-	800,000	800,000	800,000	800,000
Total Operation & Maintenance		1,182,500	-	-	-	-	1,182,500	1,292,500	1,632,500	1,632,500
Total O&M Project Costs		2,341,250	-	-	-	-	2,341,250	2,451,300	2,791,300	2,791,300
TOTAL WATER RESOURCES FUND - WW		2,341,250	-	-	-	-	2,341,250	2,451,300	2,791,300	2,791,300



CHINO CREEK CONSERVATION PARK

*Fiscal Year 2014/15
Budgeted Project
Water Resources Fund - WW*

Cost Reimbursable		
WR15002	CBWCD Landscape Audit & Monitoring Program	Continue regional landscape evaluations for residential and Commercial, Industrial, and Institutional (CII) customers and water use monitoring for all IEUA locally administered programs.
WR15005	Residential Landscape Device Retrofit Program	Provide direct installation and retrofit of existing non-weather-based irrigation controllers with Smart Controllers and high efficiency sprinkler nozzles when compatible on residential properties of ¼ acre lot size or larger.
WR15007	Residential Rebate Incentives	Add additional rebate funding to MWD's existing menu of rebate items for residential customers.
WR15011	Freesprinkler nozzles.com Program	Fund residential and commercial high-efficiency sprinkler nozzle voucher redemption.
WR15017	Landscape Transformation Program	Provide turf removal of live grass and deliver a suite of landscape services that includes design, re-landscaping with climate appropriate plants, capping of overhead sprinklers and installation of drip irrigation for eligible residential properties.
Operation & Maintenance		
WR14019	IEUA Integrated Regional Water Mgmt Plan	Develop the road map for future water supply projects for the IEUA region. This Plan will include strategies for development and use of imported water, recycled water, storm water, and other supplemental supplies for the future.
WR15004	Garden in Every School	Install up to 4 water efficient gardens featuring climate appropriate native plants and efficient irrigation techniques in elementary schools within IEUA's service area.
WR15008	IEUA Regional Education Program	Provide live theater performances to students in grades K-6, educating them on environmental issues and water use efficiency.
WR15009	CII Rebate Incentives	Provide additional rebate funding to MWD's existing menu of rebate items for residential customers.
WR15013	Sponsorships & Public Outreach	Provide funding for agency and member agency memberships, public outreach activities, BMP support programs, and special events.
WR15015	Residential Landscape Training Classes	Provide landscape instructors to conduct residential landscape workshops for IEUA's seven member agencies that cover design, maintenance, use of water efficient plants, and irrigation management.

*Fiscal Year 2014/15
Budgeted Project Description
Water Resources Fund - WW*

Operation & Maintenance		
WR15018	IEUA WUE Model Update & Workshops	Update IEUA's water use efficiency model with prior year fiscal WUE activities and provide training for IEUA's member agency staff.
WR15022	Water Use Assessments	Create and distribute home water use reports to compare actual usage relative to other users within the area.



DEBT MANAGEMENT

DEBT MANAGEMENT

The Agency issues debt to fund the acquisition and/or construction of capital assets, and improvements of existing facilities, as well as to refinance existing long term debt issue to take advantage of lower interest rates that will decrease debt service costs in the future. The Agency applies a priority tiered financing strategy to ensure the lowest cost of borrowing while maximizing financial flexibility. This tiered financing strategy includes system revenues, grants, fund balance draws, and SRF loans by prioritizing low-cost funds and approaching expensive funding sources last.

The Agency's FY 2014/15 debt service payment of \$36.4 million is comprised of \$30.8 million in bonds, \$4.8 million of State Revolving Fund (SRF) loans, and \$0.8 million in note payable payments; resulting in an outstanding debt amount (principal and interest) of \$438.0 million at the end of FY 2014/15, as noted on Table 7-1.

Table 7-1: Summary of Total Outstanding Debt (\$Millions)

Debt Issues			FY 2014/15 Debt Service Payment			FY 2014/15 Balance of Outstanding Debt			
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
Bonds	\$251.1	\$216.0	\$467.1	\$21.8*	\$9.0	\$30.8	\$200.0	\$136.3	\$336.3
SRF Loans	104.2	15.0	119.2	4.1	0.6	4.7	83.6	10.1	93.7
Notes Payable	15.1	1.6	16.7	0.7	0.2	0.9	6.9	1.1	8.0
Total	\$370.4	\$232.6	\$603.0	\$26.6	\$9.8	\$36.4	\$290.5	\$147.5	\$438.0

*Includes 2005A Bond Retirement for \$16.2M

Projections indicate that in order to fund aggregate capital expenditures of \$309 million over the next 10 years, the Agency will need to borrow approximately \$139 million in SRF loans to support construction of the Regional Recycled Water Distribution System (RRWDS), the Water Quality Laboratory, and the expansion of the Agency's RP-5 facility. Table 7-2 shows the Agency's expected borrowing schedule.

Table 7-2: TYCIP Projected Borrowing Requirements (\$Millions)

Projects	Fiscal Year	SRF Loans (Principal) \$ Million
Phase 6 Southern Area*	2014/15	\$20.6
Central/ Wineville**	2016/17	\$26.5
Recycled Water Distribution Upgrade & Retrofit	2017/18	\$11.0
Northeast/Southern Area	2022/23	\$14.7
RP-5 Expansion Facility	2022/23	\$50.0
Subtotal Recycled Water		\$122.8
Regional Capital Projects:		
Water Quality Laboratory***	2018/19	\$16.1
Total		\$138.9

*SRF Loan C-06-5319-110 is already approved

** SRF Loan C-06-5318-110 executed on June 30, 2014

***SRF Loan C-06-7885-110 approved on April 29, 2014

Debt Service Costs

Total annual debt service costs, excluding financial expenses, are expected to increase from \$21.2 million projected in FY 2013/14 to \$36.4 million in FY 2014/15 mainly due to the \$16.2 million payment towards the retirement of the 2005A Revenue Bonds (see Table 7-3).

Table 7-3: FY 2014/15 Total Debt Service Cost by Program (\$Millions)

	Regional Wastewater	Non-Reclaimable Wastewater	Recharge Water	Recycled Water	Total
Principal	\$23.0	\$0.1	\$0.6	\$2.8	\$26.6
Interest	7.1	0.4	0.3	2.1	9.8
Total	\$30.1	\$0.5	\$0.9	\$4.9	\$36.4

+/- rounding

As of June 30, 2015, total outstanding debt, including principal and interest and excluding inter-fund loans, is estimated at \$438.0 million, as reported on the Table 7-4. The fluctuation in the total outstanding amount is due to new borrowing requirements anticipated over the next ten years, offset by debt service payments which average about \$23 million per fiscal year.

Table 7-4: Total Outstanding Debt by Type (\$Millions)

	FY 2013/14	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19
Bonds	\$367.1	\$336.3	\$321.7	\$306.5	\$291.5	\$276.5
SRF Loans	77.9	93.7	87.7	128.5	119.3	131.5
Notes	8.9	8.0	7.2	6.4	5.8	5.3
Total	\$453.9	\$438.0	\$416.6	\$441.4	\$416.6	\$413.3

Bonds

Long term bond issues with an outstanding principal amount of \$251.1 million as of July 1, 2014 have been used to finance new construction, expansion and improvement of existing, facilities and infrastructure, and refinancing of high interest debt issues to reduce debt service costs. In FY 2014/15 bond related debt service payments are estimated to be \$30.8 million, of which \$21.8 million is for principal and \$9.0 million is for interest expense (Table 7-5). The significant increase in principal costs is due to the early retirement of the 2005A Revenue Bonds for \$16 million.

DEBT MANAGEMENT

Outstanding bond debt balance as of June 30, 2015 is estimated to be \$336.3 million which accounts for principal and interest as shown on Table 7-5.

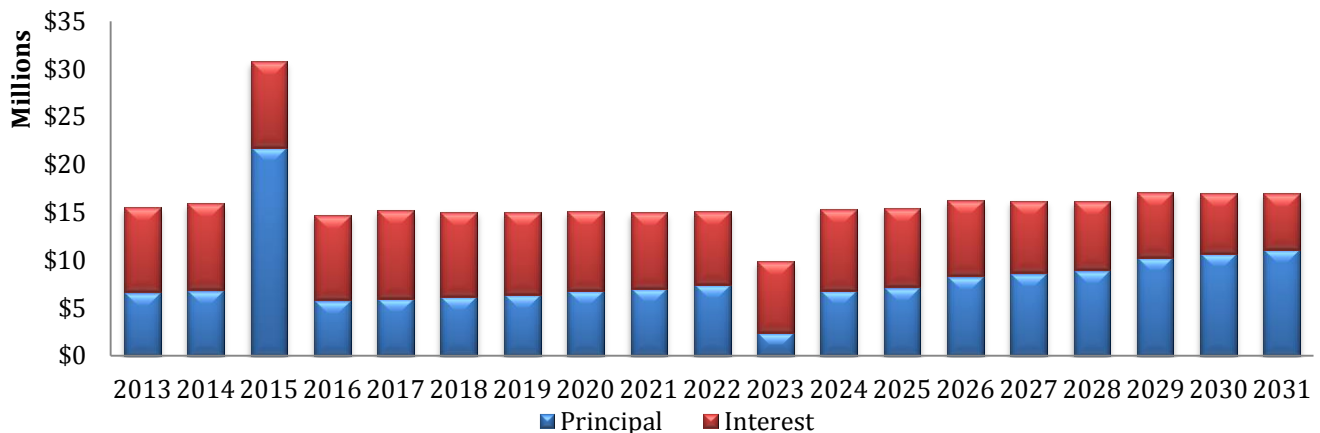
Table 7-5: Outstanding Bond Debt Service Schedule (\$ Millions)

	Expected Maturity Date	Rating ⁽¹⁾	Rating ⁽²⁾	Interest Range	Bond Par Amount	2014/15 Bond Payments ⁽³⁾	Outstanding Balance As of 6/30/15 (Prin. Only)	Outstanding Balance As of 6/30/15 ⁽⁴⁾ (Prin.+Int.)
2005A Revenue Bonds (1999 Refinancing)	11/1/2022	AAA/Aaa	Aa3	3% - 5%	\$24.7	\$16.6	\$0.0	\$0.0
2008A Revenue Bonds	11/01/2038	A1/AA-	A1	4.09% - 4.54%	125.0	6.2	125.0	238.8
2008B Variable Rate Revenue Bonds (2002A Refinancing)	6/01/2032	Aaa/AA-	Aa1	Variable	55.7	2.7	44.0	61.1
2010A Revenue Bonds (1994 Refinancing) ⁽⁵⁾	8/1/2021	Aa2/AA-	Aa2	1.35% - 5.0%	45.7	5.3	31.0	36.4
TOTAL					\$251.1	\$30.8	\$200.0	\$336.3

- (1) Rating at time of issuance by Moody's Investor Services
- (2) Latest rating as of 2005A Jan. 2008/2008A Jan. 2008/2008B Nov. 2012/2010A Jun 2010
- (3) Includes 2005A Bond Retirement at \$16.2M in Principal plus \$0.4M in Interest
- (4) Includes outstanding Principal and Interest
- (5) In addition to a dedicated reserve, a Letter of Credit with Union Bank

Figure 7-1 below shows the outstanding bond debt service schedule for FY 2013/14 through FY 2031/32. The significant increase in FY 2014/15 is due to early retirement of the 2005A Revenue Bonds. The 2010A revenue bond is scheduled to mature in FY 2022/23.

Figure 7-1: Annual Bond Debt Service Payment Schedule



- FY 2014/15 - 2005A Early retirement - last payment for \$16.2 million
- FY 2021/22 - 2010A Maturity- last payment for \$5.2 million
- FY 2023/24 - 2008A Initial principal payment of \$2.6 million
- FY 2023/24 - Projected future bond issue begin paying principal and interest of \$2.9 million

State Revolving Fund (SRF) Loans

The Agency has received a total of \$104.2 million of SRF loan funding agreements from the State Water Resources Control Board (SWRCB) for the RRWDS and RP-1 Dewatering Facility Expansion. SRF loan payments for FY 2014/15 are estimated at \$4.7 million, which account for both principal and interest (See Table 7-1). The new \$20.6 million SRF loan agreement awarded to the Agency for the Southern Area (Phase VI) recycled water project is expected to be completed in August 2014.

SRF loans are issued by the SWRCB and are payable over 20 years to 30 years with the initial annual payment due one year following the completion of capital construction. SWRCB offers various financing options:

- Standard – 20 year to 30 year term, ranging from 1 percent to 2.6 percent annual interest rate.
- Local Match – 20 year term, zero percent (0 percent) annual interest rate. Local match of 20 percent is deducted from loan proceeds during construction.
- Stimulus (only available during the economic downturn; no longer offered) – 20 year term, 0 percent annual interest rate for Clean Water related projects, (recycled water) and approximately 1 percent annual interest rate for wastewater treatment projects.

The SWRCB offers additional assistance in the form of grants for various water related projects. Grant funding is tied directly to loans and is received in conjunction with loan receipts during the pre-construction and construction phases of the project. Not every loan qualifies for grant funding, although the Agency has been successful in securing four SRF related grants to support recycled water capital projects.

SRF loans are the primary financing source for the Regional Recycled Water Distribution System (RRWDS) as defined in the Recycled Water Business Plan (RWBP) adopted by the IEUA Board in December 2007. Table 7-6 is a summary of the outstanding SRF loans, corresponding debt service costs and outstanding balance as of June 30, 2015.

DEBT MANAGEMENT

Table 7-6: Outstanding SRF Loans Debt Service Schedule (\$Millions)

SRF Loans by Program	Interest Rate Range	SRF Loan Par Amount	2014/15 SRF Debt Payments	Outstanding SRF Loans As of 6/30/15 (Prin. Only)	Outstanding SRF Loans As of 6/30/15 (Prin. + Int.)
Recycled Water:					
Phase I (CCWRF)	1.5% - 2.6%	\$15.2	\$1.0	\$8.4	\$9.6
Phase II (RP-1 Area)	2.20%	15.0	0.9	10.5	12.2
Phase III (RP-4 Area)	0%	9.8	0.5	7.6	7.6
Phase IV (Northeast Area)	0.074%-0.214%	15.1	0.8	12.1	12.2
Phase V (Northeast Area)	1%	1.0	0.1	0.8	0.8
Phase VI (Southern Areas)	2.60%	20.6		20.6	26.7
Subtotal - Recycled Water		\$76.7	\$3.3	\$60.0	\$69.1
Regional Wastewater					
RP-1 Dewatering Facility Expansion	0.46%	27.5	\$1.4	23.6	24.6
Subtotal - Regional Wastewater		\$27.5	\$1.4	\$23.7	\$24.6
Total SRF Loans		\$104.2	\$4.7	\$83.6	\$93.7

The RRWDS Phases IV & V (Northeast Area) for \$16.1 million, net of grant proceeds, was the first appropriation of American Recovery and Reinvestment Act (ARRA) federal stimulus funds awarded by the SWRCB under the Clean Water Act. The ARRA SRF loans were awarded with a 0 percent interest rate. These ARRA loans include the Recycled Water Phase IV (Northeast Area) loan for \$15.1 million and the RP-1 Dewatering Facility Expansion SRF loan for \$27.5 million.

With the stimulus program no longer available, SRF loans issued to the Agency are now based on standard financing with interest rates ranging between 1 percent and 2.6 percent, payable over 20 or 30 years. In January 2014, the SWRCB Board temporarily extended the financing term from 20 to 30 years for all water quality projects in California that are eligible for the Clean Water State Revolving Fund program. This is a significant change to the SRF loan program established in 1989 which capped the financing term to 20 years. The revised 30 year term will make the SRF loan program more competitive with other financing options, such as municipal bonds, and expected to save municipalities millions in financing costs.

Over the next few years, the Agency will apply for approximately \$122.8 million of additional SRF Loans (Table 7-7) from the SWRCB to fund the Recycled Water Distribution System. On April 29, 2014 the Agency received the executed SRF loan agreement for the construction of the Water Quality Laboratory in the amount of \$16 million with a \$1.0 million principal forgiveness (grant) for a 30 year term at 2.1 percent. In June 2014, SWRCB awarded the Agency a second 30 year term loan of \$26.5 million for the Central/Wineville Area recycled water project at a reduced interest rate of 1 percent. This SRF loan is also eligible for a grant of up to \$4 million.

Table 7-7: Future SRF Loans (\$Millions)

Projects	Fiscal Year	Projected Interest Rate	Loan Amount
Southern Area Phase 6*	2014/15	2.6%	\$20.6
Central/Wineville**	2016/17	1.0%	26.5
Recycled Water Distribution Upgrade & Retrofit	2017/18	2.6%	11.0
Northeast/Southern Area	2022/23	2.6%	14.7
RP-5 Expansion Facility	2022/23		50.0
Subtotal			\$122.80
Water Quality Laboratory***	2018/19	2.1%	16.1
Total Future SRF Loans			\$138.90

*SRF Loan C-06-5319-110 is already approved

** SRF Loan C-06-5318-110 Executed on June 30, 2014 for a 30 year term at 1.0%

***SRF Loan C-06-7885-110 Approved on April 29, 2014 for 30 year term at 2.1%

Notes Payable

The Agency has two outstanding Notes payable to the Santa Ana Watershed Project Authority (SAWPA) and the City of Fontana:

- In FY 1997/98, the Agency signed a 20 year, 0 percent interest note in the amount of \$5,625,000 with an initial deposit of \$281,250 for the purchase of 1.5 million gallons per day (mgd) of SARI pipeline capacity from the SAWPA. The note is payable in 20 annual installments of \$267,186 and matures on July 15, 2017.

The Agency entered into a \$9.5 million, 20 year, note payable with the City of Fontana in FY 2008/09 for reimbursement of construction costs for the San Bernardino Regional Lift Station and Force Main located in the City of Fontana.

FY 2014/15 note payments are estimated at \$0.8 million which include \$0.7 million in principal and \$0.1 million in interest as shown on Table 7-8. Interest expense for inter-fund loans due from the Recycled Water (WC) Fund to the Regional Wastewater Capital Improvement (RC) fund and Non-Reclaimable Wastewater (NRW) fund for a total of \$270,000 is also accounted for in this category.

Table 7-8: Outstanding Notes Payable Debt Service Schedule (\$Millions)

Notes Payable	Note Par Amount	2014/15 Debt Payment	Outstanding Notes as of June 30, 2015 (Prin. Only)	Outstanding Notes as of June 30, 2015 (Prin. + Int.)
SARI Pipeline Capacity 1.5 mgd	\$5.6	\$0.3	\$0.4	\$0.5
City of Fontana	9.5	0.5	6.5	7.5
Total Notes Payable	\$15.1	\$0.8	\$6.9	\$8.0

DEBT MANAGEMENT

Inter-Fund Loans

The Water Resources (WW) fund is projected to receive a \$1.2 million inter-fund loan from the Administrative Services (GG) fund to support the implementation and administration of regional drought and conservation projects.

In FY 2013/14 the Board approved an additional inter-fund loan of \$5.5 million from the Regional Wastewater Capital Improvement (RC) fund to the Recycled Water (WC) fund to support ongoing capital construction costs. Due to delays in the execution of the Southern Area and Central/Wineville Area recycled water projects, only \$2.5 million of the \$5.5 million was anticipated to be needed at the end of FY 2013/14. The additional \$2.5 million loan increases the total outstanding inter-fund loans for the WC Fund to \$20.5 million; \$15 million due to the NRW fund and \$5.5 million due to the RC fund. Repayment of these loans is scheduled to begin in FY 2016/17. Table 7-9 summarizes the future repayment schedule for the existing inter-fund loans.

Table 7-9: Future Repayment Schedule of Inter-fund Loans (\$Millions)

Inter Fund Loan Issued	Due To	Due From	Loan Amount	Proposed Repayment Amount FY 2014/15	Repayment Schedule
FY 2007/08	Non-Reclaimable Wastewater (NC) Fund	Recycled Water	\$9.0	\$0	2016/17 \$5.0 2017/18 \$4.0 Total \$9.0
FY 2007/08	Regional Wastewater Capital (RC) Fund	Recycled Water	\$3.0	\$0	2016/17 \$3.0 Total \$3.0
FY 2009/10	Non-Reclaimable Wastewater (NC) Fund	Recycled Water	\$6.0	\$0	2017/18 \$1.0 2018/19 \$5.0 Total \$6.0
FY 2013/14	Regional Wastewater Capital (RC) Fund	Recycled Water	\$2.5	\$0	2017/18 \$2.0 2018/19 \$0.5 Total \$2.5
FY 2014/15	Administrative Services (GG) Fund	Water Fund	\$1.2	\$0.0	To be determined Total \$1.2
		Grand Total	\$21.7	\$0	\$21.7

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 interest). DCR serves as a critical financial indicator in determining the Agency's overall credit rating, its ability to refinance existing debt and issue new debt, and Agency accessibility to lower rates for future borrowing costs.

Current bond covenants require the Agency to maintain a minimum total debt ratio (DCR) of 1.25 times (x) or higher on total outstanding debt. The Agency has established a minimum debt coverage ratio target of 1.6x for parity debt. The Agency has no legal debt limits imposed by state legislation.

Improvement of the Agency's declining DCR was a key consideration behind the Board adoption of multi-year rate increases for the Regional Wastewater and Recycled Water programs in February 2012 for Fiscal Years 2012/13 – 2014/15. At that time, the Board established a minimum DCR target of 1.50x and 1.70x to be achieved by the end of FY 2014/15 and FY 2015/16, respectively. Based on current assumptions, these targets are projected to be achieved as shown in Table 7-10.

Improving the Agency's AA- credit rating and maintaining a DCR that supports a higher credit rating are some of the key objectives in the 2013 IEUA Business Goals under Fiscal Responsibility adopted by the Board on October 2013. Another key objective is the early retirement of high interest bonds to reduce annual debt service costs and payment of unfunded accrued liabilities (UALs) for the Agency's retirement pension and other postemployment benefits (OPEB). Early repayment of high interest bonds and a reduction in UALs will help improve the Agency's DCR as well as help to improve the Agency's credit rating over time.

Based on current assumptions and the combined effect of higher user charges, timely completion of R&R projects, retirement of high interest bonds, and annual prefunding of the retirement unfunded accrued liabilities (UALs), the Agency's DCR is projected to strengthen over time.

Table 7-10: Total Debt Coverage Ratio Based on Current Assumptions

	Actual	Projected	Budget	Forecast	Forecast	Forecast
	FY 2012/13	Actual	FY 014/15	FY 2015/16	FY 2016/17	FY 2017/18
DCR*	2.85x	FY 2013/14	2.17x	2.69x	2.89x	2.70x

**Projected Actual, Budget and Forecasts based on current assumptions*

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 AA- long term credit rating will better position the Agency to acquire new debt at a significantly lower cost. In today's market, the cost of borrowing at AA versus AAA is about 20 basis points.

DEBT MANAGEMENT

Credit Rating Summary

Although the projected DCR of 2.17x in FY 2014/15 is higher than 1.50x target set by the Agency Board in February 2012, it is still below the 2.7x average credit rating identified by Fitch for AAA rated medium size wastewater/water agencies. As illustrated in Table 7-10, the DCR can fluctuate significantly from year to year; in FY 2013/14 a drop of nearly 75 basis points is projected from 2.85x to 2.09x. The primary cause of the projected decrease is receipt of property tax receipts from the Successor Agencies of former redevelopment agencies. Pursuant to the RDA Dissolution Act (AB x126), Successor Agencies are responsible for winding down the affairs of the dissolved RDAs. One of the primary tasks was to perform due diligence audits to identify unobligated funds (funds not needed to support outstanding obligations or commitments) and remit them to their respective County for distribution to eligible taxing agencies. The Agency received over \$10 million of unobligated funds in late June 2013.

Bonds issued by the Agency were rated between AAA/Aaa and A1/AA at the time of issuance as shown at Table 7-11. The latest 2010A Bond issue was assigned ratings of AA- by Standard & Poor's and Aa2 by Moody's Investors Service.

Table 7-11: Credit Rating Quality by Agencies

Date Rating Issued	Bond	Par Amount (\$Millions)	Rating Agency	Ratings
November 2012	2008B Variable Rate Demand Revenue Bonds	\$55.675*	Moody's	Aa1
June 2010	2010A Refunding Revenue Bonds	\$45.57M	Moody's	Aa2
January 2008	2005A Fixed Rate Revenue Bonds	\$24.735M	Moody's	Aa3
January 2008	2008A Fixed Rate Revenue Bonds	\$125M	Moody's	A1

*\$49.235 Million Total Debt Affected, Long Term Joint Default Analysis (JDA) Rating Based on Long Term Rating of the Substitute LOC Provider and the Inland Empire Utilities Agency

Table 7-12 provides a ratings quality summary for the three major rating agencies. Bonds rated **AAA/Aaa** are evaluated as the best quality and reflect the lowest degree of investment risk.

Table 7-12: Investment Rating Quality by Agencies

Investment Grade Rating	Moody's	Standard & Poor's	Fitch
Best Quality	AAA	AAA	AAA
High Quality	Aa1	AA+	AA+
	Aaa	AA	AA
	A1	AA-	AA-
Upper Medium Grade	A1	A+	A+
	A2	A	A
	A3	A-	A-
Medium Grade	Baa1	BBB+	BBB+
	Baa2	BBB	BBB
	Baa3	BB-	BB-

**Chino Basin Regional Financing Authority
(Inland Empire Utilities Agency)**

Early Retirement in FY 2014/15

**Fixed Rate Revenue Bonds, Series 2005A
(Parity Debt)**

Principal Issue Amount: \$24,735,000
Issue Date: May 1, 2005
Maturity Date: November 1, 2023
Rating: Moody's Aa3, S&P AAA

Purpose: To refund a portion of the outstanding Chino Basin Regional Financing Authority Revenue Bonds, Series 1999 (Inland Empire Utilities Agency Sewer System) used for the purpose of design, acquisition and construction of capital improvements to the Regional Sewer System.

Security: Pursuant to the 2005A Installment Purchase Agreement, the 2005A Installment Purchase Payments are payable by the Agency solely from Net Revenues, excluding revenues recorded in the Water Resources (WW) Fund, and pledged to the 1994 Senior Bonds. Net Revenues are considered to be revenues of the Agency for any fiscal year less operational and maintenance costs for such fiscal year.

Fiscal Year	Principal	Interest	Total Payment
2005/06	\$1,285,000	\$972,062	\$2,257,062
2006/07	155,000	1,002,638	1,157,638
2007/08	160,000	997,513	1,157,513
2008/09	165,000	991,825	1,156,825
2009/10	1,320,000	969,138	2,289,138
2010/11	1,290,000	929,988	2,219,988
2011/12	1,325,000	880,825	2,205,825
2012/13	1,390,000	823,213	2,213,213
2013/14	1,445,000	762,900	2,207,900
2014/15	16,200,000	365,194	16,565,194
	\$24,735,000	\$11,914,413	\$36,649,413

DEBT MANAGEMENT

Chino Basin Regional Financing Authority (Inland Empire Utilities Agency)

Fixed Rate Revenue Bonds, Series 2008A (Parity Debt)

Principal Issue Amount: \$125,000,000
Issue Date: February 5, 2008
Maturity Date: November 1, 2038
Rating: Moody's Aa2 , S&P AA-

Purpose: To finance cost of capital replacements and improvements to the Regional Sewer System.

Security: Pursuant to the 2008A Installment Purchase Agreement, the 2008A Installment Purchase Payments are payable by the Agency solely from Net Revenues, excluding revenues recorded in the Water Resources (WW) Fund, and pledged to the 1994 Senior Bonds. Net Revenues are considered to be revenues of the Agency for any fiscal year less operational and maintenance costs for such fiscal year.

Fiscal Year	Principal	Interest	Total Payment
2007/08	\$0	\$1,493,056	\$1,493,056
2008/09	0	6,250,000	6,250,000
2009/10	0	6,250,000	6,250,000
2010/11	0	6,250,000	6,250,000
2011/12	0	6,250,000	6,250,000
2012/13	0	6,250,000	6,250,000
2013/14	0	6,250,000	6,250,000
2014/15	0	6,250,000	6,250,000
2015/16	0	6,250,000	6,250,000
2016/17	0	6,250,000	6,250,000
2017/18	0	6,250,000	6,250,000
2018/19	0	6,250,000	6,250,000
2019/20	0	6,250,000	6,250,000
2020/21	0	6,250,000	6,250,000
2021/22	0	6,250,000	6,250,000
2022/23	0	6,250,000	6,250,000
2023/24	2,620,000	6,184,500	8,804,500
2024/25	2,845,000	6,047,875	8,892,875
2025/26	3,895,000	5,879,375	9,774,375
2026/27	4,100,000	5,679,500	9,779,500
2027/28	4,305,000	5,469,375	9,774,375
2028/29	5,495,000	5,224,375	10,719,375
2029/30	5,790,000	4,942,250	10,732,250
2030/31	6,090,000	4,645,250	10,735,250
2031/32	6,395,000	4,333,125	10,728,125
2032/33	10,210,000	3,918,000	14,128,000
2033/34	10,735,000	3,394,375	14,129,375
2034/35	11,285,000	2,843,875	14,128,875
2035/36	11,865,000	2,265,125	14,130,125
2036/37	12,475,000	1,656,625	14,131,625
2037/38	13,110,000	1,017,000	14,127,000
2038/39	13,785,000	344,625	14,129,625
	\$125,000,000	\$159,088,306	\$284,088,306

Principal due annually, June 30.

Interest due semi-annually, May 1 and November 1.

**Chino Basin Regional Financing Authority
(Inland Empire Utilities Agency)**

**Variable Rate Revenue Bonds, Series 2008B
(Parity Debt)**

Principal Issue Amount: \$55,675,000
Issue Date: April 14, 2008
Maturity Date: June 1, 2032
Rating: Moody's Aa1, S&P AAA

Purpose: To refinance the acquisition and construction of capital improvements to Regional Sewer System and refinance the Agency's share of the acquisition and construction of the composting facility, and refinance the Agency's and Chino Basin Watermaster's share of capital improvements to the groundwater recharge facilities ("the Recharge Project").

Security: Pursuant to the 2008B Installment Purchase Agreement, the 2008B Installment Purchase Payments are payable by the Agency solely from Net Revenues, excluding revenues recorded in the Water Resources (WW) Fund, and pledged to the 1994 Senior Bonds. Net Revenues are considered to be revenues of the Agency for any fiscal year less operational and maintenance costs for such fiscal year.

Fiscal Year	Projected Variable		Interest	Total Payment
	Principal	Interest Rate		
2007/08	\$ 450,000	4.00%	\$ 304,087	\$ 754,087
2008/09	1,420,000	4.00%	2,198,585	3,618,585
2009/10	1,475,000	4.00%	2,146,142	3,621,142
2010/11	1,535,000	4.00%	2,087,465	3,622,465
2011/12	1,560,000	4.00%	2,062,431	3,622,431
2012/13	1,660,000	4.00%	1,472,458	3,132,458
2013/14	1,725,000	4.00%	1,897,219	3,622,219
2014/15	1,790,000	2.00%	881,000	2,671,000
2015/16	1,865,000	4.00%	1,756,002	3,621,002
2016/17	1,910,000	4.00%	1,711,193	3,621,193
2016/17	2,015,000	4.00%	1,605,881	3,620,881
2018/19	2,095,000	4.00%	1,525,688	3,620,688
2019/20	2,180,000	4.00%	1,441,270	3,621,270
2020/21	2,270,000	4.00%	1,353,332	3,623,332
2021/22	2,355,000	4.00%	1,265,523	3,620,523
2022/23	2,430,000	4.00%	1,192,514	3,622,514
2023/24	2,550,000	4.00%	1,072,573	3,622,573
2024/25	2,650,000	4.00%	970,267	3,620,267
2025/26	2,755,000	4.00%	866,614	3,621,614
2026/27	2,865,000	4.00%	757,005	3,622,005
2027/28	2,970,000	4.00%	652,844	3,622,844
2028/29	3,100,000	4.00%	521,896	3,621,896
2029/30	3,220,000	4.00%	399,487	3,619,487
2030/31	3,350,000	4.00%	271,350	3,621,350
2031/32	3,480,000	4.00%	138,314	3,618,314
	\$ 55,675,000		\$ 30,551,141	\$ 86,226,141

Principal payment due annually, June 1.

Interest payment due first Wednesday of every month.

Fiscal Year: 12 month period starts from July 1 through June 30.

DEBT MANAGEMENT

Chino Basin Regional Financing Authority (Inland Empire Utilities Agency)

Revenue Refunding Bonds, Series 2010A (Parity Debt)

Principal Issue Amount: \$45,570,000
Issue Date: July 15, 2010
Maturity Date: August 1, 2021
Rating: Moody's Aa2

Purpose: To refund the outstanding Chino Basin Regional Financing Authority 1994 Revenue Bonds. The 1994 bonds were used for project design and construction of RP-4 Regional Plant, RP-1 Digester Improvements and Odor Control, and RP-1 and CCWRF Ultraviolet Disinfection.

Security: Pursuant to the 2010A Installment Purchase Agreement, the 2010A Installment Purchase Payments are payable by the Agency solely from Net Revenues, excluding revenues recorded in the Water Resources (WW) Fund. Net Revenues are considered to be revenues of the Agency for any fiscal year less operational and maintenance costs for such fiscal year.

Fiscal Year	Principal	Interest	Total Payment
2010/11	0	963,686	963,686
2011/12	3,510,000	1,746,343	5,256,343
2012/13	3,600,000	1,686,650	5,286,650
2013/14	3,700,000	1,595,150	5,295,150
2014/15	3,810,000	1,482,500	5,292,500
2015/16	3,945,000	1,346,450	5,291,450
2016/17	4,105,000	1,185,450	5,290,450
2017/18	4,165,000	1,020,050	5,185,050
2018/19	4,285,000	829,625	5,114,625
2019/20	4,620,000	607,000	5,227,000
2020/21	4,755,000	372,625	5,127,625
2021/22	5,075,000	126,875	5,201,875
	<u>\$45,570,000</u>	<u>\$12,962,403</u>	<u>\$58,532,403</u>

Principal due annually, August 1.

Interest due semi-annually, Feb 1 and August 1.



PERSONNEL

PERSONNEL

The Agency regards human resources as one of its most valuable assets, and promotes a value-driven work environment characterized by open communication, accountability, equity, trust, mutual respect, and collaboration. Human Resources endeavors to assist the Agency in becoming an employer of choice through successful selection and retention of the best qualified candidates and in maintaining a highly skilled workforce by promoting creativity, innovation, and continual training. These commitments are defined in the IEUA Business Goals under Workplace Environment adopted by the Board on October 2013.

A key objective during FY 2014/15 will be to review and evaluate the Agency's overall classification and compensation structure utilizing an Agency-wide classification and compensation study. Other key objectives include striving to boost efficiency and effectiveness throughout the organization by collaborating with the Business Information System department in the integration of Lean management principles.

Like many private and public sector organizations, the Agency is proactively planning for impending retirement of its senior staff over the next several years. Human Resources staff will continue to provide ongoing leadership and support to the organization's succession efforts, as well as promote, support and leverage technology resources and tools to improve and enhance workflow efficiency and improve customer service. The Agency's information technology resources will be fully-leveraged to offer flexible, user-friendly and integrated systems, including the expanded use of employee self-service. This will allow staff to move beyond just transaction processors to become more consultative partners with the Agency's customers.

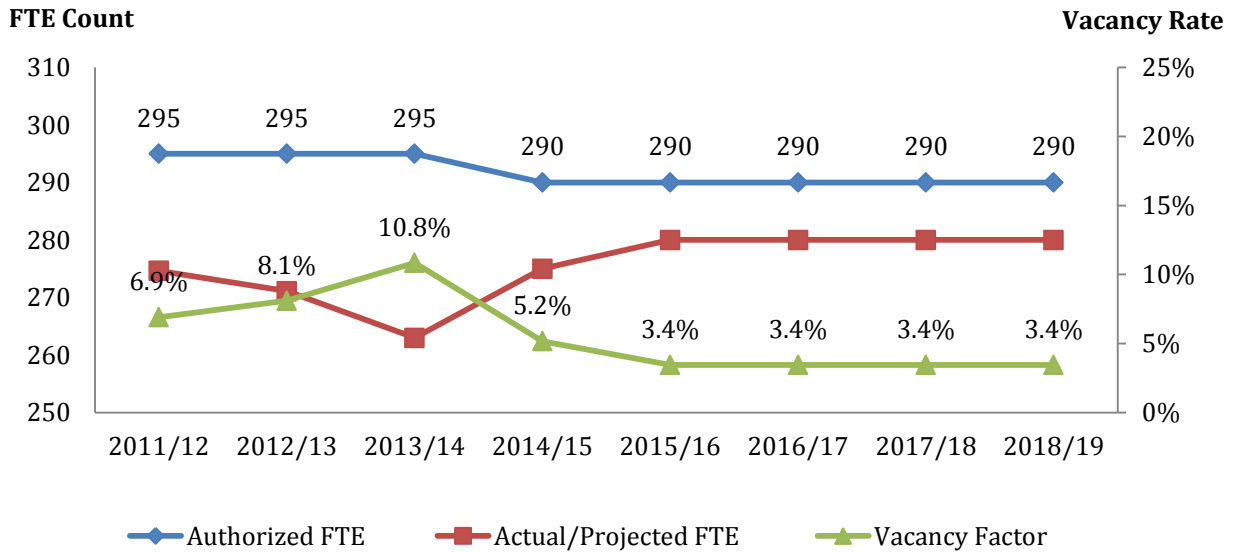
Preparing for a changing workforce will require the delivery of targeted training programs, including the use of e-learning solutions where possible. Demographic shifts within the Agency's geographic area, and within the existing workforce, will require appropriate marketing and communication strategies to attract and retain qualified and diverse candidates. The Agency plans to continue the implementation of the current succession planning activities, including the Agency's partnership with the College of Extended University at Cal Poly Pomona for local government agencies and the Employment Relations Consortium (ERC) training for public agencies to offer shared training services thereby providing more cost-effective options long term.

Staffing Plan

The FY 2014/15 staffing plan reflects the ongoing efforts across all departments to more effectively and efficiently leverage human resources to continually improve the Agency's level of service. Total net employment costs, inclusive of wages and benefits, are budgeted at \$40.9 million (net of the allocation to capital projects). Net employment costs represent 45 percent of the total operating costs of \$91.4 million and include 290 authorized full time equivalent (FTEs), 13 limited term (LTDs), and 18 internship positions. The use of LTDs is a cost effective way for the Agency to support increased temporary workload in areas such as, engineering, construction management, grants administration, and water conservation. Additionally, the Agency's internship program, formally established in November 2001, provides college students or recent graduates an opportunity to gain "hands-on" experiences in all facets of the organization.

Since FY 2007/08, the Agency has reduced the total number of authorized FTEs by from 308 to 295 in FY 2013/14. As part of the Agency’s ongoing cost containment efforts, another permanent reduction of 5 FTEs is included in FY 2014/15. This will bring the number of authorized FTEs to 290; the lowest level in the last 8 years. As reported in Figure 8-1, even at the reduced authorized staffing level, the Agency has maintained a 5 percent weighted average vacancy factor equivalent to 15 FTEs.

Figure 8-1: Comparative of Authorized to Actual FTE Count



The progressive reduction in staffing has been possible in part by leveraging cross-training of Agency staff, prudent implementation of enhanced technology, and the integration of Lean management principles to minimize redundancies and waste. Implementation of these best management principles has allowed to Agency to transition from multiple shifts to a single shift for all Agency facilities. The ability to remotely monitor facilities during “dark hours” significantly reduced overtime costs.

In the following page, the column labeled “Proposed Changes” on Table 8-1, Staffing Plan, includes the permanent reduction of five (5) FTE positions in FY 2014/15, as well as realignment of resources to support upcoming program activities. Staff realignments have no effect on the authorized FTE count of 290. Also included are the budgeted 13 LTDs and 18 internship positions.

PERSONNEL

Table 8-1

INLAND EMPIRE UTILITIES AGENCY									
STAFFING PLAN									
DIVISION Department/Section	ADOPTED 2013/14	AMENDED 2013/14	PROPOSED Changes	PROPOSED 2014/15	FORECAST				
					2015/16	2016/17	2017/18	2018/19	
BOARD OF DIRECTORS									
Internal Audit		2	2	0	2	2	2	2	2
AGENCY ADMINISTRATION DIVISION									
Agency Management	7	8	-1	7	7	7	7	7	7
External Affairs	4	4	0	4	4	4	4	4	4
Policy Development	0	1	0	1	1	1	1	1	1
TOTAL AGENCY ADMINISTRATION DIVISION	13	15	-1	14	14	14	14	14	14
FINANCE & ADMINISTRATION DIVISION									
Finance and Administration	2	1	0	1	1	1	1	1	1
Finance and Accounting	22	21	-1	20	20	20	20	20	20
Contracts and Facilities Services	16	14	-1	13	13	13	13	13	13
Business Information Services (BIS)	9	11	0	11	11	11	11	11	11
Human Resources	7	9	0	9	9	9	9	9	9
TOTAL FINANCE & ADMINISTRATION DIVISION	56	56	-2	54	54	54	54	54	54
ENGINEERING, PLANNING & SCIENCE ADMINISTRATION DIVISION									
Engineering, Planning & Science Administration	0	1	0	1	1	1	1	1	1
Planning & Environmental Compliance	10	18	0	18	18	18	18	18	18
Engineering & Construction Management	33	28	-1	27	27	27	27	27	27
Laboratory	14	14	0	14	14	14	14	14	14
TOTAL ENGINEERING, PLANNING & SCIENCE ADMINISTRATION DIVISION	57	61	-1	60	60	60	60	60	60
OPERATIONS ADMINISTRATION DIVISION									
Operations Administration	2	2	0	2	2	2	2	2	2
Sewer Collections	14	7	-1	6	6	6	6	6	6
Technical Services	4	9	0	9	9	9	9	9	9
Groundwater Recharge	3	3	2	5	5	5	5	5	5
RP1 Operations	24	21	0	21	21	21	21	21	21
RP4 Operations	4	4	0	4	4	4	4	4	4
CCWRF Operations	4	3	0	3	3	3	3	3	3
Chino Desalter Operations	4	4	0	4	4	4	4	4	4
RP5 Operations	7	9	-3	6	6	6	6	6	6
RP2 Operations	4	2	1	3	3	3	3	3	3
Maintenance	6	4	0	4	4	4	4	4	4
North Maintenance - RP1/RP4	28	26	0	26	26	26	26	26	26
Materials Management Warehouse	8	10	0	10	10	10	10	10	10
Integrated Systems Services	13	13	0	13	13	13	13	13	13
South Maintenance - RP2/CCWRF/RP5	20	22	0	22	22	22	22	22	22
Organics Management	24	24	0	24	24	24	24	24	24
TOTAL OPERATIONS ADMINISTRATION DIVISION	169	163	-1	162	162	162	162	162	162
TOTAL AGENCY STAFF POSITIONS	295	295	-5	290	290	290	290	290	290
LIMITED TERM POSITIONS									
Limited Term/Contract	9	13	0	13	5	0	0	0	0
Intern Positions	20	18	0	18	18	18	18	18	18
SUBTOTAL LIMITED TERM POSITIONS	29	31	0	31	23	18	18	18	18
GRAND TOTAL AGENCY STAFF POSITIONS	324	326	-5	321	313	308	308	308	308

Personnel Costs by Program

Table 8-2 below shows the allocation of the Agency's authorized FTEs by program and activities for FY 2013/14 and FY 2014/15.

Table 8-2: Allocation of Authorized FTEs by Program

Program	FY 2013/14	FY 2014/15	Change
Regional Wastewater Operations	185.5	180.9	-4.6
Regional Wastewater Capital	31.7	24.4	-7.3
Recycled Water	17.2	24.7	7.5
Non-Reclaimable Wastewater	14.2	16.0	1.8
Recharge Water	3.0	3.0	0.0
Water Resources & Conservation	4.0	4.7	0.7
IE Regional Composting Authority (IERCA) / JPA (1)	26.4	24.7	-1.7
Chino Basin Desalter Authority (CDA) / JPA (2)	11.2	8.7	-2.5
General Support	1.8	2.9	1.1
Total	295	290	-5.0

(1) IERCA JPA labor costs are 100 percent reimbursable from the IERCA and reported in the RO Fund

(2) CDA JPA labor costs are 100 percent reimbursable from CDA and reported in the GG Fund

Total employment cost, comprised of wages and benefits, is initially recorded for in the Administrative Services (GG) Fund. These costs are then allocated to other Agency funds, capital projects, and other agencies/Joint Power Authorities (JPAs) based on the level of support. Employment costs for staff assigned to support other agencies, such as Chino Basin Desalter Authority (CDA) and Inland Empire Regional Composting Agency (IERCA) are reimbursed to the Agency based on contractual agreements.

Table 8-3: Employment Costs Allocation by Fund/Program (\$Millions)

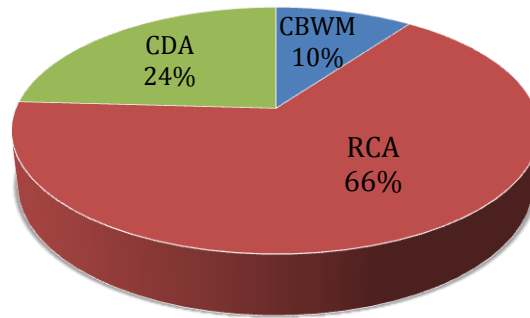
Fund/Program	FY 2013/14 Projected Actual	FY 2014/15 Proposed Budget	Proposed vs. Projected Actual
Regional Wastewater Operations	\$21.3	\$25.0	\$3.7
Regional Wastewater Capital	3.9	3.1	(0.8)
Recycled Water	2.0	3.5	1.5
Non-Reclaimable Wastewater	1.7	2.2	0.5
Recharge Water	0.5	0.8	0.3
Water Conservation	0.6	1.2	0.6
Regional Composting (JPA)	3.1	3.5	0.4
Chino Basin Desalter (JPA)	1.1	1.2	0.1
General Administration	(0.3)*	0.4	0.7
Total	\$33.9	\$40.9	\$7.0

*Reflects net allocation to GG fund, \$1.2M reimbursement from CDA and \$253,000 of other labor charges remaining in GG fund

PERSONNEL

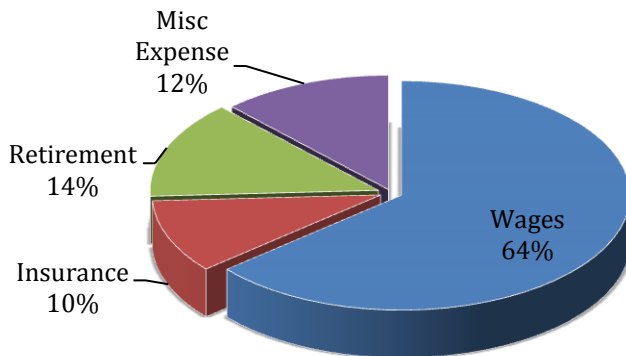
Total employment cost reimbursements due from other agencies/JPAs in FY 2014/15 are estimated to be \$5.4 million. Approximately \$3.5 million of employment costs are reimbursed to the Agency by IERCA for operation of the facility and are recorded in the Regional Wastewater Operations and Maintenance (RO) Fund. CDA reimburses the Agency approximately \$1.2 million for operations and program support of the CDA facility and is recorded in the GG Fund. The Chino Basin Watermaster (CBWM) partially reimburses labor costs of approximately \$742,000 for recharge water basin maintenance recorded in the Recharge Water (RW) Fund. Figure 8-2 shows the allocation of the cost reimbursements by agency.

**Figure 8-2: Employment Cost Reimbursements to IEUA
\$5.4 Million**



Total net employment costs in FY 2014/15 are budgeted at \$40.9 million (net of \$4.6 million allocation to support the Agency’s capital improvement program). The increase of \$7 million from FY 2013/14 projected cost of \$33.9 million includes the initial prefunding of the Agency’s unfunded accrued liability (UAL) for pension benefit. A key objective of the IEUA Business Goal Fiscal Responsibility is to fully fund the Agency’s pension and OPEB UALs over the next ten (10) and five (5) years, respectively. Included in the FY 2014/15 employment costs is \$4.5 million, or 1/10th, of the Agency’s pension UAL. Other contributing factors to the \$7 million increase include; the negotiated 3 percent COLA partially offset by an increase in the employee funded EPMC rate, estimated fiscal impact of the class and compensation study scheduled for completion in the fall 2014, and increases in pension contribution rates and health insurance premiums.

**Figure 8-3: Total Net Employment Costs
\$40.9 million**



In the fall of 2013, the Agency successfully negotiated 5 year contracts (through June 2018) with its five employee bargaining groups. Both the Agency and its employees will benefit from stability provided by these 5 year agreements. Under the new agreements, cost of living adjustments (COLAs) will be issued to employees beginning July 1, 2014, (the first since July 2009). These will be partially offset by an increase in the employee funded Employer Paid Member Contribution (EPMC) rate. As an example, effective July 1, 2014 classic employees under the Tier 1 benefit formula of 2.5 percent at 55 will be funding 50 percent, or 4 percent, of the EPMC rate of 8 percent. At the end of the 5 year term and as part of the Agency's cost containment strategy, all Agency employees will be paying 100 percent of the EPMC rate for their respective retirement formula. More details on the Agency's three (3) Tier retirement formulas are provided in the Benefits section below.

Other strategies that have been implemented to contain employment costs include:

- Reduction of authorized FTE positions from 295 to 290 in FY 2014/15.
- Continue to maintain 5 percent vacancy factor - only filling positions as employees separate and/or that satisfy a critical need and support the Agency's goal of containing operating costs in future years,
- Evaluation of Organizational Effectiveness – organizational changes to enhance operational effectiveness by aligning staff expertise and Agency resources. This ongoing evaluation process has permitted the Agency to more effectively leverage reductions in staffing levels resulting from attrition and cost containment measures,
- Cross-training of staff and prudent enhancement of technology to achieve single shift staffing in all of its facilities resulting in significant reductions in overtime costs;
- Continued compliance with health care reform, pension reform, and other employment cost reduction measures.

Benefits

Despite the Agency's commitment to cost containment, annual increases in health insurance premiums and pension contribution rates offset some of the achieved cost reductions. In FY 2014/15, total benefit costs are budgeted at \$14.5 million and make up 35 percent of the total "net" employment costs. These benefits are comprised of:

- Insurance (i.e., health, dental, vision, life, long term disability and workers' compensation),
- Paid leave (e.g., holiday pay, sick leave, vacation leave, executive leave, floating holiday, etc.),
- Retirement benefits in the form of participation in the California Public Employees' Retirement System (CalPERS) and Social Security.

PERSONNEL

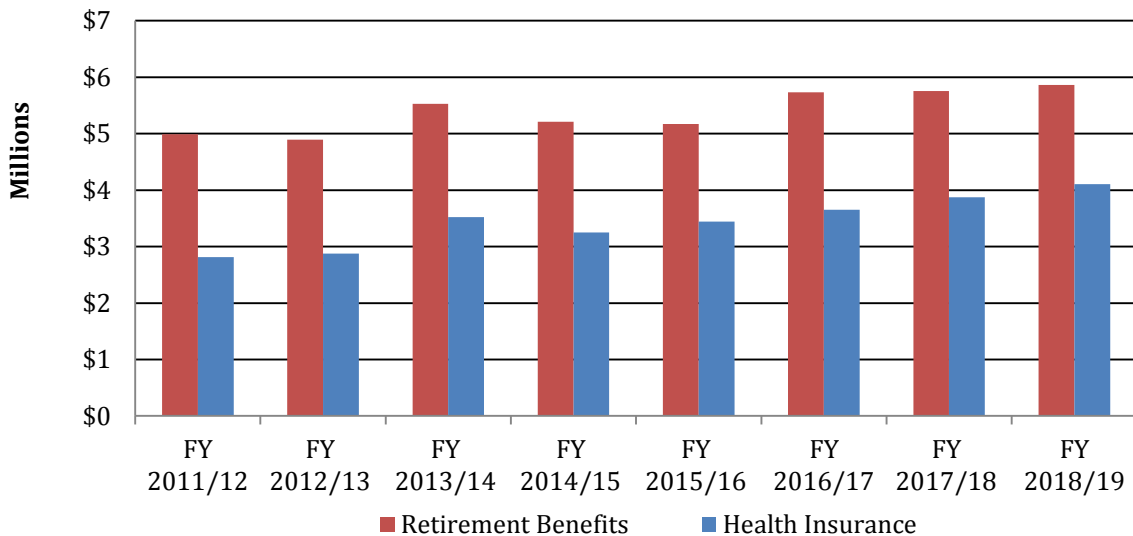
The Agency contracts with the CalPERS for retirement pension benefits. As part of the Agency's cost containment plan and in compliance with the Public Employee's Pension Reform Act (PEPRA), three pension retirement benefit formulas have been established. As summarized below, the employee contribution requirements vary based on the benefit provided:

- Tier 1 "Classic Members" hired prior to January 1, 2012: "2.5 percent at 55", EPMC rate of 8 percent
- Tier 2 "Classic Members" hired on or after January 1, 2013: "2.0 percent at 55", EPMC rate of 7 percent
- Tier 3 "New Members" hired on or after January 1, 2013 who are new to the CalPERS system, or have had a minimum of a six (6) month break in service from a reciprocal public agency: "2.0 percent at 62". EPMC is eliminated for Tier 3 with employees required to pay 100 percent of the Agency's normal cost, or 6.25 percent in FY 2014/15.

In FY 2014/15, the combined contribution rate for the Agency's CalPERS is 24.641 percent of total "persable" wages. The combined rate is comprised of an employer contribution rate of 16.641 percent (increased by 0.5360 percent effective July 1, 2014) and an employee contribution rate, or EPMC. Pursuant to the 5 year negotiated labor contracts, as of July 2014 Tier 1 employees will be funding 50 percent of the 8 percent (or 4 percent) of the EPMC rate. Tier 2 employees will be funding 71 percent of the 7 percent (or 5 percent), of the EPMC rate. Consistent with PEPRA requirements, Tier 3 employees will be funding 100 percent of the Agency's normal cost rate of 6.25 percent. Employee funded contributions help reduce the Agency's pension costs.

Figure 8-4 below reflects a combined increase of approximately 11 percent in FY 2014/15 in health and retirement benefit costs over the prior year. Increases are attributable to higher insurance premiums and pension rates. Current forecasts for FY 2015/16 and 2016/17 include a 2 percent increase in the Agency's CalPERS employer contribution rate and an average 10 percent increase in health insurance costs.

Figure 8-4: Benefits Cost Trend



Training and Employee Development Programs

The “Technical Enhancement and Management Succession” (TEAMS) program was developed by the Agency in late 2006 to enhance recruitment, develop and train existing employees, and build a stronger internal leadership pool.

The TEAMS program has evolved into the Training and Development Program and now involves online training, group collaborations, facilitated classes, and external college courses with other public agency employees. This evolution has resulted in significant savings to the Agency. Consideration in the design of the Training and Development Program focuses on the balance between both the immediate and future needs of the employees and the Agency.

The current program focuses on three areas: Personal Development, Supervisory Development, and Leadership Development. The Personal Development Program consists of Microsoft Office training, “The 7 Habits of Highly Effective People” Program, and various development workshops. Supervisory development is achieved through participation in The Southern California Local Government Supervisory Program, and LCW employment law workshops. The next generation of Agency leaders participate in The Southern California Local Government Leadership Academy. These programs target the developmental needs of the different stages of an employee’s career. Online e-learning through Skillsoft is also available to provide all employees with the resources they need to achieve their performance goals and objectives.



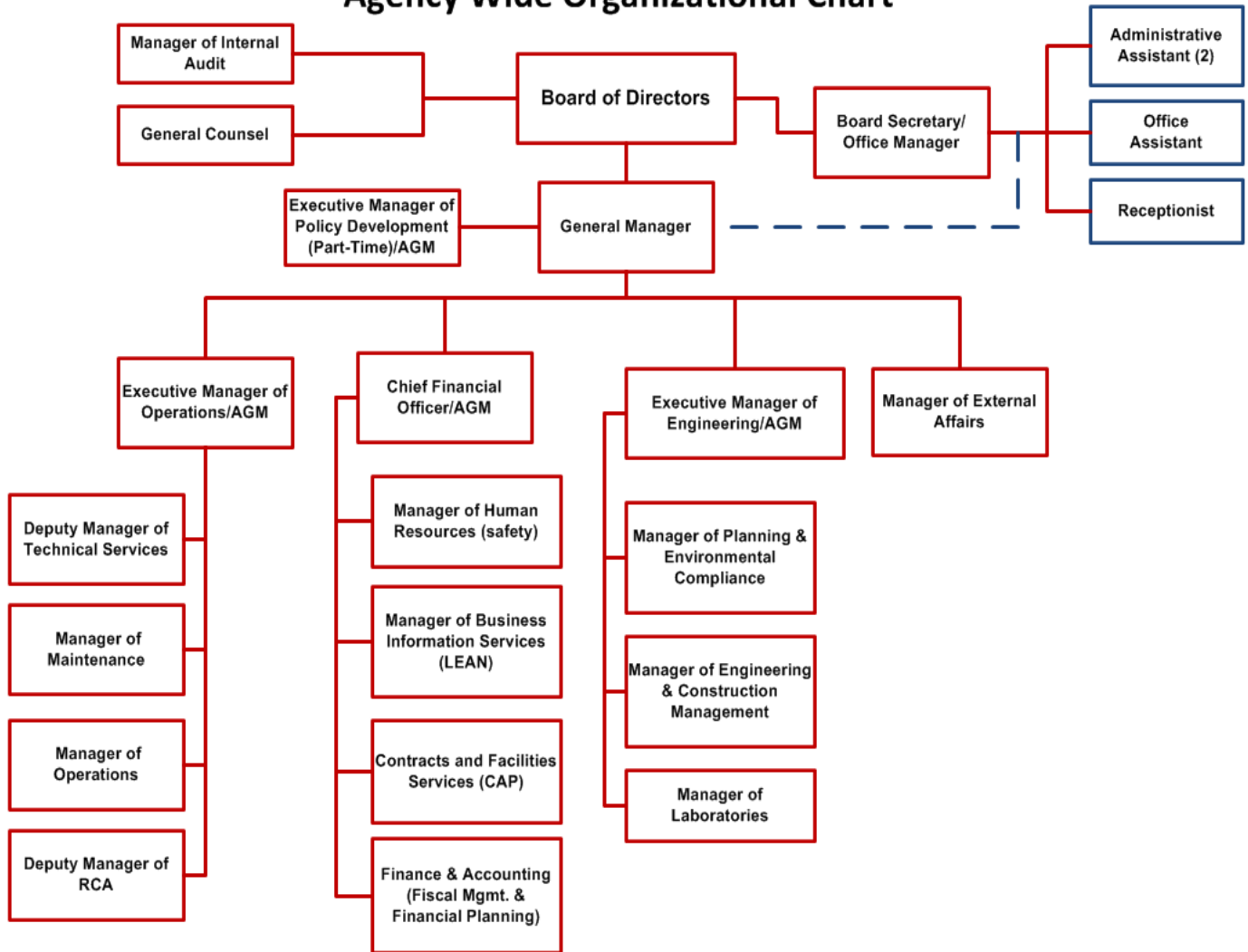
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ELEMENTARY**

PERSONNEL

The following Agency-wide organizational chart (Figure 8-5) provides an overview of the Agency's current organizational structure by division and department.

Figure 8-5

Agency Wide Organizational Chart





DEPARTMENTS

AGENCY MANAGEMENT DIVISION

Mission Statement

To manage the activities of the Agency by providing leadership and guidance on all Agency strategic initiatives, projects, planning programs, legislation and outside state/federal grant funding.

Departments

- Internal Audit
- Agency Management
- External Affairs

Executive Summary

The Agency Management Division is responsible for the management and administration of all Agency activities. Its purpose is to establish the IEUA business goals, administer Agency programs, organize efficient delivery of the Agency's services, and implement Agency policies pursuant to the direction of the Board of Directors. The division provides management services on all matters pertaining to the business of the Agency. Agency Management is responsible for directing the research of policy development by staff for the Board of Directors.

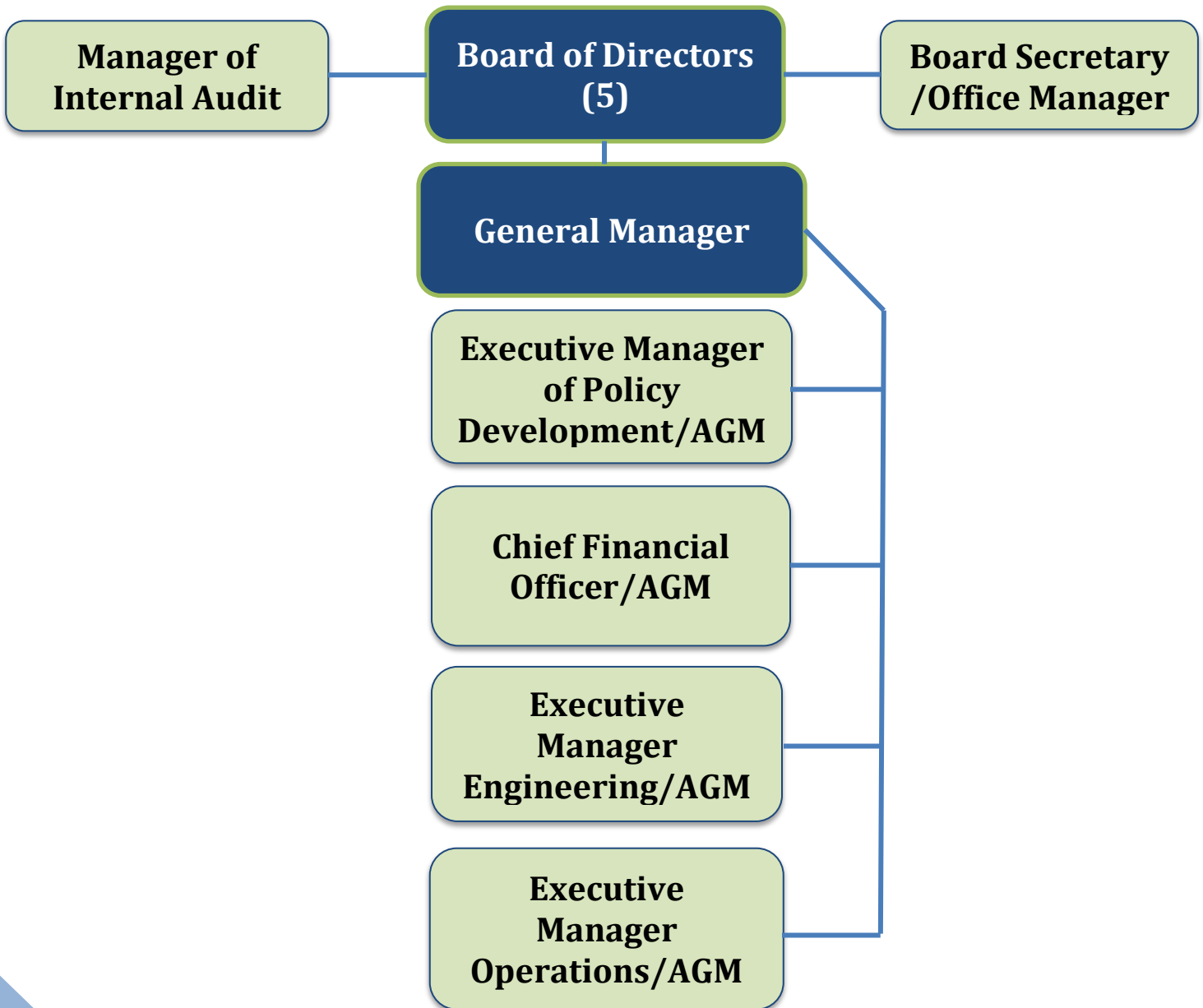
The Agency Management Division has several important objectives to accomplish during FY 2014/15. These objectives include cost containment of expenditures within budgeted targets, seeking federal and state grant funding, oversee the preparation of numerous long-term planning documents, and providing guidance on new budget performance targets and accountability measures. Total division staffing is budgeted at 13 full time equivalents.

Division Goals

- Continue commitment to cost containment for operating and capital costs
- Amend the Regional Sewerage Service Contract to provide more flexibility in the use of property taxes by July 2015
- Initiate discussions to revise and renew the Regional Sewerage Service Contract set to expire in 2023 by January 2018
- Ensure staff understands and upholds their role in achieving the Agency's Mission, Vision, and Values
- Develop and implement a plan to mentor and prepare the next generation of Agency leaders by July 2017
- Develop a plan to conduct a feedback study to measure employee satisfaction by December 2014
- Establish a cross training program across departments and divisions to enhance understanding of Agency programs by June 2015

- Uphold a strong internal control environment by conducting independent objective internal and external audits of Agency finances and operations
- Prepare and implement a Disaster Preparedness Plan and conduct periodic emergency response drills by July 2017
- Promote a safer work environment by administering and monitoring required safety and regulatory training

Organization Chart



Office of the General Manager

Mission Statement

To manage the activities of the Agency by providing leadership and guidance on all Agency strategic initiatives, projects, planning, programs, legislation, and funding.

Description and Purpose

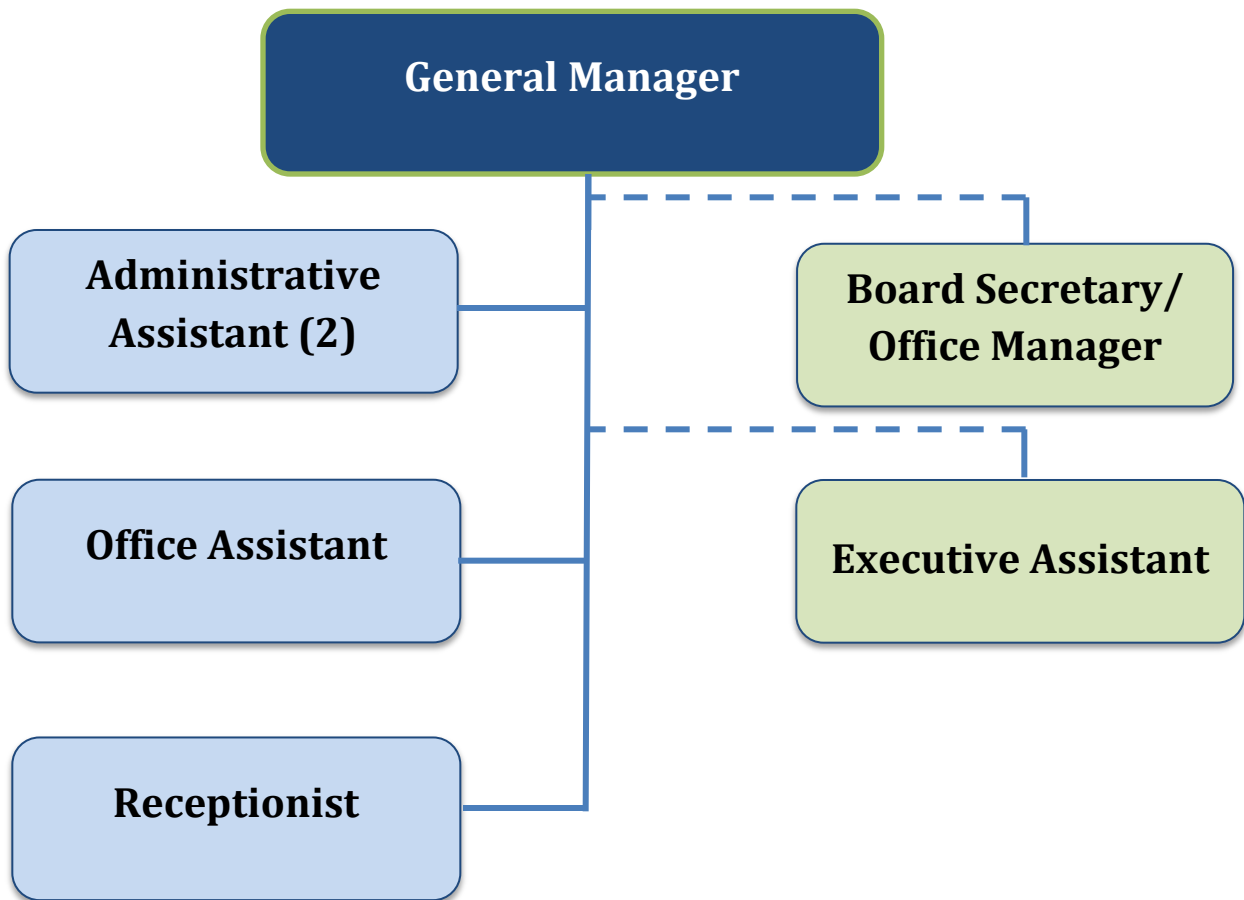
Agency Management is responsible for the overall policy direction and day-to-day management of the Inland Empire Utilities Agency. Under the general direction of the General Manager, the Agency is responsible for a number of programs and services including the wholesale distribution of water and recycled water, regional wastewater treatment for a 242 square mile area of Western San Bernardino County, industrial and municipal wastewater collection through biosolids management and other related utility services.

Position Summary

The elimination of the Assistant General Manager position in FY 2013/14 is reflected as part of the Agency wide reduction in total number of FTEs for FY 2014/15, reducing from 295 to 290.

Position	FY 2011/12	FY 2012/13	FY 2013/14	FY 2014/15
General Manager	1	1	1	1
Assistant General Manager	1	1	1	0
Board Secretary/Office Manager	1	1	1	1
Executive Assistant	0	1	1	1
Administrative Assistant	1	1	2	2
Office Assistant	0	0	1	1
Receptionist	0	0	1	1
Total	4	5	8	7

Organizational Chart



Office of the General Manager

Summary of FY 2013/14

Major Accomplishments			
A. Fiscal Responsibility B. Workplace Environment C. Business Practices D. Water Reliability E. Wastewater Mgmt. F. Environmental Stewardship			
IEUA Business Goal	Department Goals	Accomplishments	Status
E	Implement Energy Management Strategy to be "Peak Power Independent" by 2020	<ul style="list-style-type: none"> Completed the installation of electrical sub-metering equipment throughout Agency facilities. Coordinating SCE interconnection agreement process. 	Completed Ongoing
B	Adhere to the Agency's mission, values, and goals, and comply with the Agency's adopted ethics policies	<ul style="list-style-type: none"> IEUA Management worked to revamp the Agency's mission, vision and values statements, to be adopted by the Board in July of 2015. Developed the IEUA Strategic Plan Adopted the IEUA Business Goals in October 2013 	Completed
C	Actively participate in MWD, SAWPA activities to ensure IEUA maintains "best practices" in the industry	<ul style="list-style-type: none"> Staff has attended both MWD and SAWPA committee and Board meetings throughout the year. Developed the IEUA Strategic Plan 	Completed
C	Ensure ready accessibility and availability for the Board Members, Executive Management and staff of all agendas and documentation	<ul style="list-style-type: none"> Posted all IEUA Board and committee agendas, minutes, public hearings, etc. per Brown Act standards 	Completed

Major Accomplishments

A. Fiscal Responsibility B. Workplace Environment C. Business Practices D. Water Reliability E. Wastewater Mgmt.
F. Environmental Stewardship

F	Plan and direct 10-year capital development and implementation activities to ensure growing needs of member agencies are adequately addressed	<ul style="list-style-type: none"> Adopted the FY14/15 TYCIP in March 2014 	Completed
F	Meet all statutory (i.e., Brown Act) and regulatory requirements	<ul style="list-style-type: none"> Held all IEUA Board and committee meetings through Brown Act standards 	Completed
E	Provide leadership on legislative solutions and regulatory standards for wastewater collection, treatment, and reuse	<ul style="list-style-type: none"> Provided continued leadership and responses as needed in support of legislative measures for the Agency's initiatives 	Completed/ Ongoing
C	Coordinate and collaborate with other water agencies on programs within the Santa Ana River Watershed	<ul style="list-style-type: none"> Worked together with other agencies within the Watershed as the Santa Ana River Action Team to develop regional conjunctive use projects. Submitted a Regional Proposition 84, IRWM Grant Application for Drought funds, collaboratively with the five regional agencies within the Watershed. Collaboratively developed Phase I of the Upper Santa Ana River Habitat Conservation Plan 	Completed/ Ongoing

Office of the General Manager

Major Accomplishments			
A. Fiscal Responsibility B. Workplace Environment C. Business Practices D. Water Reliability E. Wastewater Mgmt. F. Environmental Stewardship			
A	In collaboration with our member contracting agencies and consistent with the Agency's Long Range Plan of Finance, ultimately achieve full cost recovery rates for all Agency programs and maintain fund balances at a level that ensures the Agency's financial health	<ul style="list-style-type: none"> Agency Management met with member agencies' technical committee members and finance representatives prior to the budget adoption for FY 2014/15 Finance staff is currently developing a LRPF Model to be implemented in FY 2014/15 	Completed/On going
A	Direct the effort of all Agency staff to ensure prudent fiscal practices, efficient operations, and adequate capital planning and implementation	<ul style="list-style-type: none"> Worked with CSDLAC to execute a new Non-Reclaimable Wastewater System (NRWS) agreement Currently developing a LRPF model 	Completed Ongoing
C	Implement Asset Management Strategy for all IEUA facilities	<ul style="list-style-type: none"> Completed the Asset Management Plan for FY 2014/15 and conducted a workshop for the Board of Directors on June 4, 2014 	Completed
F	Continue to be an active leader in California water policy issues	<ul style="list-style-type: none"> Participated in development and completion of numerous planning documents that promote efficient water use 	Completed development/ Ongoing on completion

Major Accomplishments

A. Fiscal Responsibility B. Workplace Environment C. Business Practices D. Water Reliability E. Wastewater Mgmt.
F. Environmental Stewardship

F	Expand water conservation programs in coordination with retail agencies to reduce dependence on imported supplies	<ul style="list-style-type: none"> Expanded the Agency's residential turf removal, doubling the annual budget from \$150,000 to \$250,000 and removing approximately 70,000 square feet of high water use lawns. Secured a \$500,000 DWR grant for the Agency's regional landscape retrofit program doubling program activity over the next two years. Collaborated with Chino Basin Water Conservation District to complete 22 site evaluations for existing Garden-in-Every School projects and assists in funding each with a \$1,000 mini-grant 	Completed/ Ongoing
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Performance/Workload Indicators

	FY 2012/13 Actual	FY 2013/14 Target	FY 2013/14 Projected	FY 2014/15 Target
Agency Operating Expenses	\$71,484,051	\$80,410,173	\$75,470,160	\$91,408,625
Staffing (Agency-Wide)*	271	295	263	275
Public Speeches	48	48	40	40

*FY 2014/15 Agency authorized positions is reduced from 295 to 290, with a vacancy rate of 5%

Office of the General Manager

Department Goals and Objectives for FY 2014/15

IEUA Business Goal Overview			
Work Plan	Department Goals	Timeline	KPIs
C. Business Practices - Refer to Agency Wide Policy Goals pages 2-6 through 2-7			
C6	<ul style="list-style-type: none"> Develop and implement a standardized procedure for writing and processing committee/Board Letters 	Completed by June 30, 2015	Implement two per quarter until completed
	<ul style="list-style-type: none"> Develop a standard operating procedure handbook for the Executive Management Department area 	Completed by June 30, 2015	Implement two per quarter until completed
	<ul style="list-style-type: none"> Update and maintain "Duties and Annual Calendar of Responsibilities" manual for the Board Secretary position 	Completed by June 30, 2015	Update 25% per quarter
	<ul style="list-style-type: none"> Increase the efficiency of the executive administrative group through streamlining processes 	Completed by June 30, 2015	Review and improve two processes per quarter

Expenses

Employment expense, which includes wages and benefits, is approximately 95 percent of the administrative and operating fees shown here. These fees also include agency-wide expenses that are budgeted within the Agency Management department. The remaining 5 percent is departmental administrative expense. The increase in FY 2014/15 administrative budget can be attributed to increased legal and election expense.

Expense	FY 2011/12	FY 2012/13	FY 2013/14	FY 2014/15
	Actual	Actual	Projected Actual	Budget
Employment	\$572,654	\$629,104	\$992,694	\$925,204
Administrative	320,507	265,803	309,910	1,147,750
Operating	1,404,499	1,729,071	1,222,000	1,448,500
Total	\$2,297,660	\$2,623,978	\$3,435,820	\$3,721,454

External Affairs

Mission Statement

The External Affairs Department seeks to advocate, campaign, and guide the development of policies and legislation that benefit the region IEUA serves. The Department also seeks to establish and strengthen relations with the media, elected officials, businesses, civic organizations, member agencies, educators and general members of the public in order to enhance public awareness of the Agency's programs, projects, and services.

Description and Purpose

The External Affairs Department maintains a collaborative approach with the Board of Directors and Agency Management to develop positions on policies, legislation, and regulations that impact Agency policy objectives.

The External Affairs Department is a liaison between the Agency and its stakeholders. The Department is responsible for developing and directing the Agency's community relations, public outreach and water use efficiency programs. The External Affairs Department plans and coordinates informative events and promotions for the public as well as represents the Agency during such community projects and public gatherings. The External Affairs Department manages various education programs that benefit the community through water use efficiency activities and messaging.



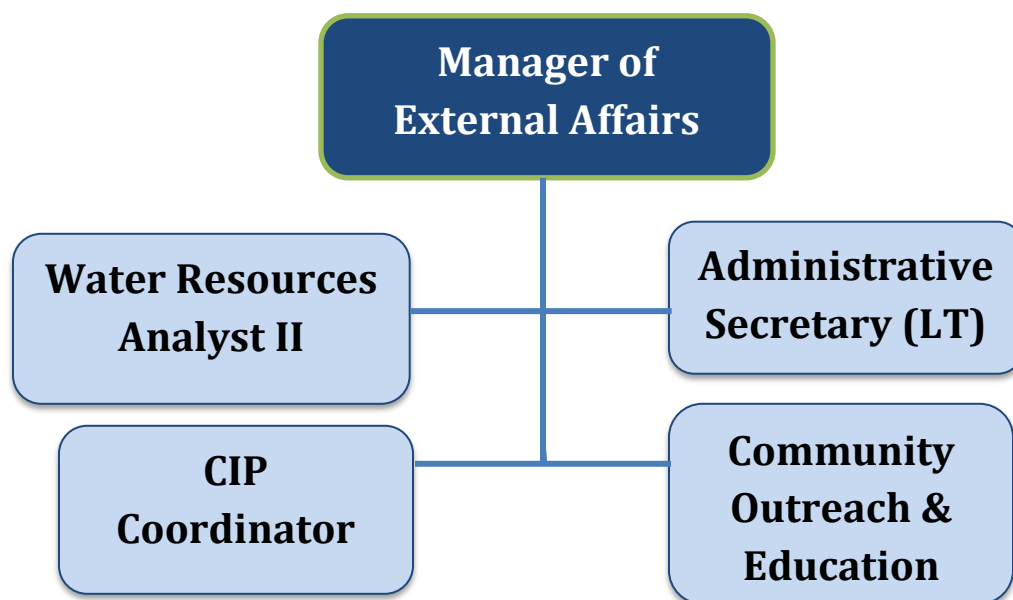
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Position Summary

Organizational changes in FY 2013/14 to improve efficiency and streamline responsibilities included adding two staff members to the External Affairs department.

Position	FY 2011/12	FY 2012/13	FY 2013/14	FY 2014/15
Manager of External Affairs	0	0	1	1
Admin. and Public Information Officer	1	1	0	0
Water Resources Analyst II	0	0	1	1
CIP Coordinator	0	0	1	1
Comm. Outreach/Education Coordinator II	1.5	1	1	1
Total	2.5	2	4	4
Limited Term Positions				
Administrative Secretary	0	0	1	1
Total	2.5	2	5	5

Organizational Chart



External Affairs

Summary of FY 2013/14

Major Accomplishments			
<i>A. Fiscal Responsibility B. Workplace Environment C. Business Practices D. Water Reliability E. Wastewater Mgmt. F. Environmental Stewardship</i>			
IEUA Business Goal	Department Goals	Accomplishments	Status
C	Strengthen relationships and improve upon communication with Agency's stakeholders	<ul style="list-style-type: none"> Developed an Agency website committee to incorporate and revamp Agency website to be more effortless to the end-user 	Completed framing: currently in the content migration phase - to be released July 2014
C	Strengthen relationships and improve upon communication with Agency's stakeholders	<ul style="list-style-type: none"> Expanded community and K-12th grade school water education outreach with Agency conservation partners Held two garden workshops and garden dedications. Increased poster contest participation by 35% Met with superintendents to discuss educational programs 	Completed
C	Develop a communication strategy and explore new communication tools to educate and interact with an increasingly diverse public about water conservation and capital infrastructure/replacement needs	<ul style="list-style-type: none"> Lead legislative tours and educational-based group tours of facilities Increase social networking and website communications Expand distribution list for outreach and messaging Create ordinances for messaging 	Ongoing
C	Cultivate positive relationships with local and regional media	<ul style="list-style-type: none"> Distribute press releases Provide feedback and updated project information in a timely manner as requested Provide tours and additional newsletter updates to members of the media 	Ongoing

Major Accomplishments			
A. Fiscal Responsibility B. Workplace Environment C. Business Practices D. Water Reliability E. Wastewater Mgmt. F. Environmental Stewardship			
C	Increase IEUA branding through public recognition	<ul style="list-style-type: none"> Contract with Civic Publications for drought and water use efficiency message ads Developed water treatment educational video Represent IEUA at various community events, legislative functions, etc. Create Annual Report 	Completed / Ongoing
C	Support, promote, and participate in local and regional water conservation programs	<ul style="list-style-type: none"> Secured a \$500,000 DWR grant for the Residential Landscape Retrofit Program Continue water use efficiency programs to exceed water savings projections identified in the WUE Business Plan at lower than anticipated costs 	Completed / Ongoing
C	Actively support the implementation of local and regional water efficiency projects and programs	<ul style="list-style-type: none"> Provided presentations on Agency-sponsored locally implemented water use efficiency programs at various venues Develop public/private partnering opportunities for water use efficiency programs to augment annual programs budget 	Ongoing

Performance/Workload Indicators				
	FY 12/13	FY 13/14	FY 13/14	FY 14/15
	Actual	Target	Projected	Target
No. of Agency Tours	60	40	45	40
No. of Agency Brochures Produced	1	1	2	2

External Affairs

Performance/Workload Indicators				
No. of Press Releases	25	As needed	22	25
Circulation of Annual Reports	Annual Report goes out in the Inland Valley Daily Bulletin, Chino Champion and Fontana Herald News	Inland Valley Daily Bulletin; Chino Champion (43,200); Fontana Herald News (13,000)	Annual Reports are circulated throughout the year for tours, community events, etc. (~3,000) Daily Bulletin (35,000), LA Times (17,000), Fontana Herald News (14,500) and Champion Newspapers (43,000)	1 Annual Reports are circulated throughout the year for tours, community events, etc. (~3,000) Daily Bulletin (35,000), LA Times (17,000), Fontana Herald News (14,500) and Champion Newspapers (43,000)
Circulation of newspaper inserts	22	22	22	22
Speeches	10	As many as needed	20	20
Active Water Conservation in AF/YR	500	500	500	650
Value of Water Conserved \$/AF *Tier 2 Avoided Cost	\$400	\$300	*\$752	*\$752
# of Rebates/Incentives Distributed /YR	8,000	1,500	5,000	5,000

Performance/Workload Indicators				
# of Direct Installed HET Toilets	1,000	0	0	0

Department Goals and Objectives for FY 2014/15

IEUA Business Goal Overview			
Work Plan	Department Goals	Timeline	KPIs
B. Workplace Environment			
B1	<ul style="list-style-type: none"> Consult and assist all levels of staff, management and Executive Management by providing audit recommendations to improve efficiencies and comply with Agency policies and procedures, as well as to improve practices, strengthen controls, and incorporate best practices. Assist in providing training or coordinating roundtable discussions with the necessary levels of staff. Incorporate the Agency's Mission, Vision and Values into all that staff does, including: creating collateral materials, employee newsletter, and a document that features the Mission, Vision and Values, posting on the IEUA Website, speaking at an all-hands meeting, and working with HR to help educate all new staff 	Complete by end of FY 2014/15 and an ongoing goal as new staff come on board	Create a pre and post survey and send out to staff; To be completed by end of FY 2014/15

External Affairs

IEUA Business Goal Overview			
B7	Maintain knowledgeable, skilled and experienced audit staff and promote continuous professional development as required under the auditing standards	Annually and on-going. Complete the minimum training required by the Institute of Internal Auditors (IIA) each year by June 30	Annually, staff obtains at minimum, eight hours of continuous, professional development
C. Business Practices			
C7	<ul style="list-style-type: none"> Serve as the Agency Webmaster and provide current and timely information 	The Website will be updated on an ongoing and as needed basis	Review the entire Website for accuracy every six months
C8	<ul style="list-style-type: none"> Build stronger relationships with the local agencies and elected representatives in our region 	Ongoing	Meet with all member agencies in FY 2014/15
C9	<ul style="list-style-type: none"> Build stronger relationships with the local agencies and elected officials here and in DC/Sacramento 	Travel to D.C and Sacramento during FY 2014/15	Hold two Lobby Days: Sacramento and D.C.
C10	<ul style="list-style-type: none"> Communicate the role of the Agency in the region through local partnerships 	FY 2014/15	Attend one association/organization meeting a month
C11	<ul style="list-style-type: none"> Communicate the importance of regional/local independence (water, recycling, wastewater, and renewable energy) 	FY 2014/15	Present to 6 associations/groups in FY 2014/15
D. Water Reliability			
D1	<ul style="list-style-type: none"> Create a library of documents to guide the Agency in water-use efficiency, planning and regional development 	On going	Complete documents according to the schedule
D2	<ul style="list-style-type: none"> Reduce regional water-use through various tactics and strategies 	December 2014	Reduce overall regional water use

IEUA Business Goal Overview			
D3	<ul style="list-style-type: none"> Communicate the need for continual water use efficiency in the region 	FY 2014/15	Complete by July 2015
D10	<ul style="list-style-type: none"> Work with the remaining cities to pass the water softener ordinance 	Ongoing	Remaining Cities pass ordinances by December 2014
F. Environmental Stewardship			
F3	<ul style="list-style-type: none"> Communicate the Agency-wide goals, services and functions to our entire service area including all community members, businesses, and stakeholders 	Ongoing	Complete by June 2015

Expenses

Employment expense, which includes wages and benefits, is approximately 90 percent of the administrative and operating fees which are agency-wide expenses budgeted within the department. The remaining 10 percent is departmental administrative expense. Due to organizational changes in FY 2013/14, the number of staff budgeted for FY 2014/15 increased from 2 to 4, which accounts for the increase in wages and benefits.

Expense	FY 2011/12	FY 2012/13	FY 2013/14	FY 2014/15
	Actual	Actual	Projected Actual	Budget
Employment	\$440,731	\$419,821	\$493,479	\$540,164
Administrative	23,911	180,035	169,029	187,550
Operating	148,689	45,752	36,068	79,500
Total	\$613,331	\$645,608	\$698,576	\$802,214

Internal Audit

Mission Statement

The Internal Audit Department seeks to improve the operations of the Agency by providing unbiased and objective assessments to ensure Agency resources are efficiently and effectively managed in order to achieve Agency goals and objectives. The Internal Audit Department will help the Agency achieve accountability and integrity, improve operations and instill confidence among its employees and the citizens it serves by:

- Promoting a sound, controlled environment.
- Providing independent, objective assurance and consulting services.
- Improving Agency risk management, control and governance.
- Promoting the Agency's vision and mission with a high degree of professionalism.

Description and Purpose

The purpose of the Internal Audit Department (Internal Audit) is to assist the Board of Directors and the Audit Committee in fulfilling their oversight responsibilities for financial reporting, internal controls, compliance with legal and regulatory requirements applicable to Agency operations, and to provide objective assurance about the Agency's operations. Additionally, the purpose of Internal Audit is to provide, as a service to management and as a way of adding value to improve the operations of the Agency, consulting services, analyses, recommendations, and information concerning IEUA operations. The Internal Audit Department assists management and staff in achieving their objectives by providing recommendations based on an analysis of the Agency's processes, procedures, governance, internal controls, financial reporting, and compliance with applicable laws and regulations.

The Internal Audit Department performs audits and abides by the *International Standards for the Professional Practice of Internal Auditing* and the Code of Ethics issued by the Institute of Internal Auditors (IIA). The Internal Audit Department adopted four values which form the foundation for its purpose: independence, integrity, professionalism and collaboration.

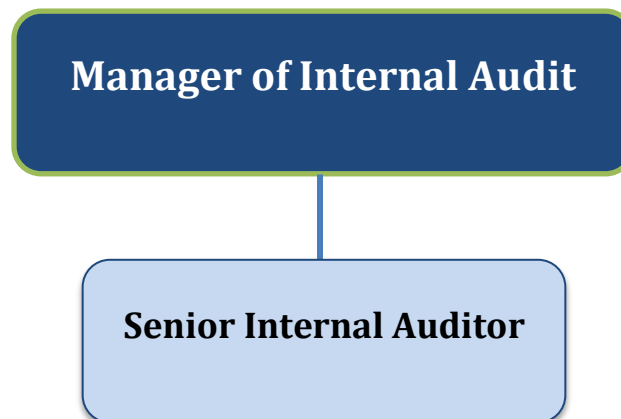
The Internal Audit Department reports to the Board of Directors through the Audit Committee and is an independent function from management. The authority and responsibilities of the Internal Audit Department are specifically defined in the Internal Audit Department Charter approved by the Board.

Position Summary

No staffing changes proposed in FY 2014/15.

Position	FY 11/12	FY 12/13	FY 13/14	FY 14/15
Manager of Internal Audit	1	1	1	1
Senior Internal Auditor	0	0	1	1
Staff Internal Auditor I	1	1	0	0
Total	2	2	2	2
Limited Term Positions				
Staff Internal Auditor II	1	1	0	0
Total	3	3	2	2

Organizational Chart



Internal Audit

Summary of FY 2013/14

Major Accomplishments			
<i>A. Fiscal Responsibility B. Workplace Environment C. Business Practices D. Water Reliability E. Wastewater Mgmt. F. Environmental Stewardship</i>			
IEUA Business Goal	Department Goals	Accomplishments	Status
B	Develop Internal Audit plans and procedures.	<ul style="list-style-type: none"> The FY 2013/14 Annual Audit Plan was approved by the Board in June 2013 The IAD procedures are finalized and signed and available on AIM, these are reviewed and updated annually 	Completed
B	Promote a sound control environment for IEUA by conducting independent, objective audits of Agency operations.	<p>Internal Audit completed the following audit projects: approved through the Board-approved Annual Audit Plan:</p> <ul style="list-style-type: none"> Construction Management Follow-up Audit 2013 Petty Cash Audit Agency Vehicles Accountability & Fuel Costs Audit Agency Vehicles – Insurance, Security and Inventory 2013 CAFR Quality Control Review SCE Utility Bills Audit Accounts Payable Follow-up Audit Review of Charters and IAD SOP's Regional Contract Review – Review of the Ten Year Forecast Regional Contract Review – Comparable Agency Survey 	Completed

Performance/Workload Indicators				
	FY 2012/13	FY 2013/14	FY 2013/14	FY 2014/15
	Actual	Target	Projected	Target
Audit Plan completion	September 2012	June 2013	June 2013	September 2014
Scheduled audits completed	3	4	4	2
Follow up of completed audits	5	9	2	1
Audits completed within Budgeted Time	8	13	6	3
Special Projects Completed	1	Undeterminable	2	Undeterminable

Department Goals and Objectives for FY 2014/15

IEUA Business Goal Overview			
Work Plan	Department Goals	Timeline	KPIs
A. Fiscal Responsibility - Refer to Agency Wide Policy Goals pages 2-2 through 2-3			
A2	<ul style="list-style-type: none"> Promote a strong control environment by conducting independent and objective audits of Agency operations where the focus and audit scope includes identifying areas and providing recommendations for cost containment, effectiveness and efficiency in operations and opportunities to improve and areas of cost containment. 	On-going. Through the audits approved by the Audit Committee and the Board during the Annual Audit Plan presentation.	Completed planned and scheduled audits approved through the Annual Audit Plan. Comments and discussions during Audit Committee Meetings and exit meetings.

Internal Audit

IEUA Business Goal Overview			
A. Fiscal Responsibility - Refer to Agency Wide Policy Goals pages 2-2 through 2-3			
A8	<ul style="list-style-type: none"> Complete the Regional Contract Review and provide recommendations to improve the consistent and fair application of the Regional Contract requirements among all Regional Contract Agencies. Additionally, provide recommendations to Agency management to improve and clarify clauses and requirements of the contract to negotiate a new contract going forward. Complete the evaluation of the connection and monthly sewer rate calculations, as well as Exhibit J application, as well as RCA's internal processes and procedures, supporting documentation to determine if these meet the intent and requirements of the contract. 	Complete by December 2014.	Comments and discussions during Executive Management Meetings, Audit Committee Meetings and exit meetings. The Board of Directors filing of the final report by December 2014
B. Workplace Environment - Refer to Agency Wide Policy Goals pages 2-4 through 2-5			
B1	<ul style="list-style-type: none"> Promote a strong control environment by conducting independent, objective audits of Agency operations where the scope of the audits incorporate evaluating that Agency processes and systems comply with the Agency's Mission, Vision, Values, best practice operations, processes and programs, as well as senior management input, as the criteria against which to measure performance and results. Internal Audits are to provide an independent and objective opinion, and feedback on how closely the criteria, Agency policies, procedures, including Mission, Vision and Values are met, followed or understood. Provide recommendations to the appropriate personnel where to address gaps identified. 	On-going. Through the audits approved by the Audit Committee and the Board.	Feedback from customers. Discussions during regularly scheduled Audit Committee Meetings.
IEUA Business Goal Overview			

B. Workplace Environment - Refer to Agency Wide Policy Goals pages 2-4 through 2-5			
B2	<ul style="list-style-type: none"> Maintain knowledgeable, skilled and experienced audit staff and promote continuous professional development and professional certifications and higher education, as recommended and required under the auditing standards and the IAD Charter to ensure continuous IAD improvement and to stay abreast of developing trends. 	Annually and on-going complete training and professional development training and participation.	A minimum of eight hours of continuous professional development, annually. Participation in a professional association
B3	<ul style="list-style-type: none"> Perform a survey of auditee/customer satisfaction at the conclusion of each audit project to gather information about auditor involvement, professionalism, knowledge and ability to communicate to gain information on continuous improvement. 	After each completed audit/project.	Feedback from customers. Discussions during regularly scheduled Audit Committee Meetings

Internal Audit

IEUA Business Goal Overview			
B. Workplace Environment - Refer to Agency Wide Policy Goals pages 2-4 through 2-5			
B9	<ul style="list-style-type: none"> Promote a strong control environment by conducting independent objective audits of Agency operations where the focus and audit scope includes identifying areas and providing recommendations for strong internal controls, effectiveness and efficiency in operations. Broaden, improve and expand knowledge, reliance and utilization of financial and information systems to gather, research, analyze, and examine different types, more detailed and larger scopes of data to evaluate and test during audit procedures for any type of audit or reviewed. Promote a strong control environment that preserve the public perception of the Agency and safeguard Agency assets where the focus is identifying areas and providing recommendations to improve customer service that is effective and responsive. Per direction or approval by the Audit Committee and Board, and through coordination with senior management, Internal Audit would identify areas "program audits" or areas for audit where the goal and scope are to measure the performance of a program, a process, or a service or compare results to program goals and identify areas for improvement, and make recommendations to improve efficiencies. conducting independent objective audits of Agency operations 	Ongoing and through approved audits as approved through the Annual Audit Plan.	<p>Completed audits.</p> <p>Comments and discussions from stakeholders and during Executive Management Meetings, Audit Committee Meetings and exit meetings.</p> <p>The Board of Directors filing of the final report by December 2014</p>
B11	<ul style="list-style-type: none"> Update and maintain the IAD's Disaster Preparedness Plan and submit to the Audit Committee for review and submittal to the Board. 	Annually as part of the review of all IAD procedures and Charter.	Reviewed at the Audit Committee level with the Audit Committee Advisor and Audit Committee members as well as Executive Management.

IEUA Business Goal Overview			
B. Workplace Environment - Refer to Agency Wide Policy Goals pages 2-4 through 2-5			
B15	<ul style="list-style-type: none"> Comply with all required IEUA safety and regulatory trainings for required department personnel. 	Annually as assigned by Safety personnel.	Safety Tailgate Tracker
C. Business Practices - Refer to Agency Wide Policy Goals pages 2-6 through 2-7			
C5	<ul style="list-style-type: none"> Establish, maintain, and strengthen audit-related private/public partnership opportunities to have network ties and associates where audit-related topics can be shared, discussed, and evaluated with the goal of continuous internal audit processes improvement. In addition, establish, maintain, and strengthen audit-related public partnership opportunities with the Regional Contract Agencies during the Regional Contract Reviews to maintain positive and responsive relationships to ensure cooperation and understanding of the review requirements. 	On-going	Feedback from auditees, senior/Executive Management, the Audit Committee Advisor, the Audit Committee and Board.

Expenses

Employment expense includes wages and benefits. Administrative expense includes departmental training, membership and subscriptions. Operating expense consists of professional fees and services such as external audit services and other contract services.

Expense	FY 2011/12 Actual	FY 2012/13 Actual	FY 2013/14 Projected Actual	FY 2014/15 Budget
Employment	\$264,132	\$260,811	\$183,713	233,492
Administrative	2,033	1,596	7,730	9,000
Operating	97,235	82,397	235,471	194,560
Total	\$363,400	\$344,804	\$426,914	\$437,052

FINANCE & ADMINISTRATION DIVISION

Mission Statement

Provide quality, cost effective and efficient service to all stakeholders and do so with excellence, responsiveness, and reliability while safeguarding and sustaining Agency resources to ensure current and long term needs are appropriately met.

Departments

- Contracts and Facilities Services (CAP)
- Business Information Services
- Finance and Accounting
- Human Resources

Executive Summary

The Finance Division is the administrative core of the organization. Services provided include: acquisition of equipment, materials, supplies and services; contract administration and management pursuant to the Agency's Procurement Ordinance; systematic collection, retention, management, and destruction of Agency records including compliance to public information requests; management of third party services for the Agency's buildings and grounds; administration of the Agency asset disposal program; maintenance, enhancement and support of the Agency's business system solutions, such the SAP ERP, Geographical Information Services (GIS), Laboratory Information Management System (LIMS); fiscal accountability and financial regulatory compliance; internal and external financial reporting; budgetary preparation, control, and analysis; grant application, reporting and continuing compliance; cash and debt management; recruitment and retention of the best qualified candidates; implementation of employee benefits; enhancement of employee skills through administration of an Agency-wide training program; sustainment of positive labor relations and negotiation and implementation of the Memorandums of Understanding and Personnel Manuals for the various bargaining units; and compliance with State and Federal regulations. Total staffing is budgeted at 53 full time equivalents (FTEs) and 7 limited term positions.

Division Goals

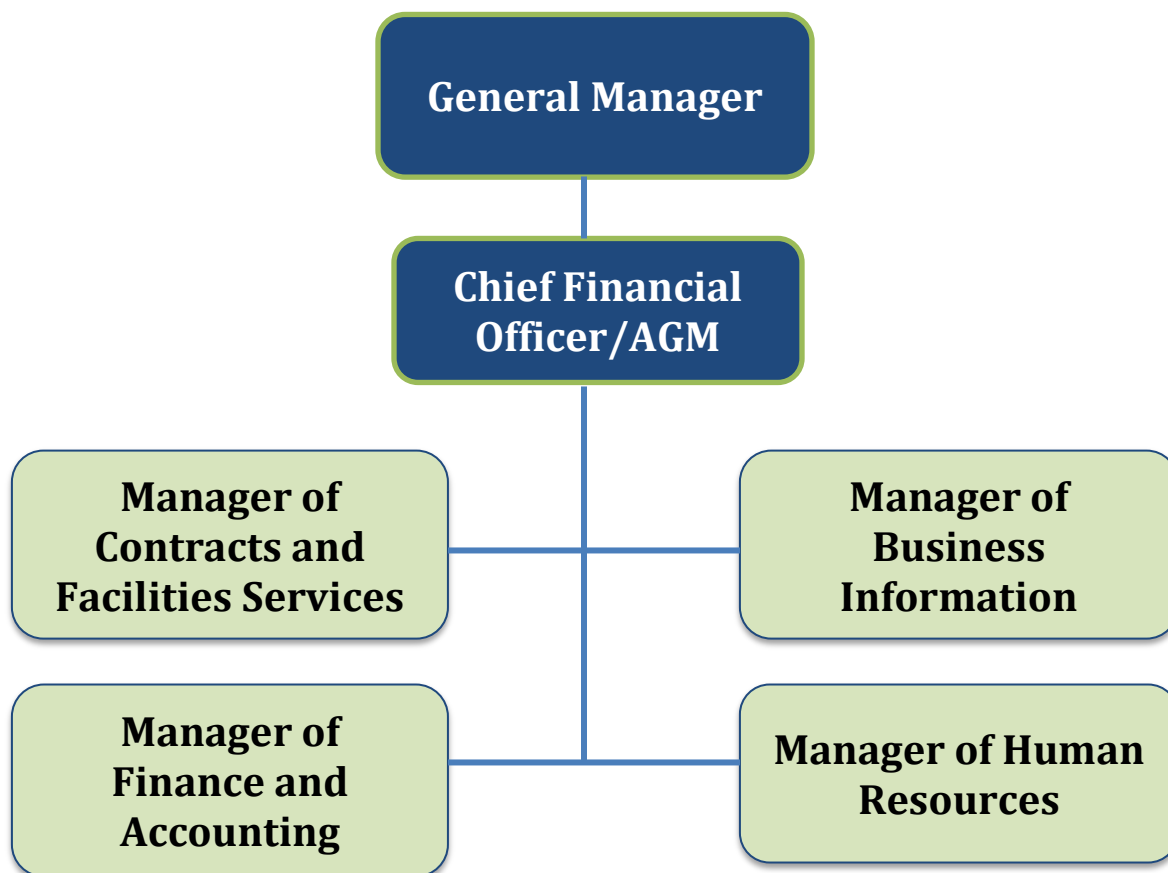
- Adopt rates that fully meet cost of service for key Agency programs; Non-Reclaimable Wastewater (NRW) System by July 2019, Regional Wastewater by July 2018, Recycled Water by July 2019, Water Resources by July 2020
- Continue commitment to cost containment for operating and capital costs
- Continue to advocate for continued receipt of property taxes, and optimize grants and other funding sources to support Agency and regional investments
- Transition to a biennial budget beginning July 1, 2015
- Fully fund Other Post Employment Benefit (OPEB) unfunded accrued liability by July 2019
- Fully fund the Agency's pension unfunded accrued liability to achieve full funded status by July 2024

- Integrate the Replacement and Rehabilitation (R&R) projects identified in the Agency's Asset Management Plan into the annual capital improvement plan (CIP) and fully fund those projects
- Integrate projects identified in the long range financial planning documents, such as the Facilities Wastewater Master Plan, Technology Master Plan, Energy Plan, and the Integrated Resources Plan, into the operating and capital budget by July 2016
- Annually update the Agency's Investment Policy to ensure appropriate balance among safety, liquidity and yield considerations
- Conduct or participate in a consortium to compile performance measures for agencies across the state that will serve as a benchmarking tool to drive awareness of strengths and opportunities for improvement by June 2016
- Ensure staff understands and upholds their role in achieving the Agency's Mission, Vision, and Values
- Develop and implement a plan to mentor and prepare the next generation of Agency leaders by July 2017
- Develop a plan to conduct a feedback study to measure employee satisfaction by December 2014
- Implement the Agency-wide Classification and Compensation Study by November 2014
- Review and update the STAR Award Program to more effectively recognize outstanding performance by December 2014
- Implement strategies and recruitment practices that provide flexible and responsive solutions to assist the Agency in filling positions in a timely and effective manner by July 2014
- Establish a cross training program across departments and divisions to enhance understanding of Agency programs by June 2015
- Draft a new consolidated Personnel Rules and Regulations document for the Agency across all bargaining units, thereby streamlining individual Unit MOUs by July 2016
- Promote positive labor relations by conducting routine informal labor/management meetings with unit representative
- Prepare and implement a Disaster Preparedness Plan and conduct periodic emergency response drills by July 2017
- Achieve a Cal Star Award certification from OSHA by June 2019
- Review and revise the Emergency Preparedness Plan by July 2017
- Annually, review and revise the Workplace Injury Illness Prevention Program to prevent work related injuries/illness and reduce loss of time worked
- Promote a safer work environment by administering and monitoring required safety and regulatory trainings

FINANCE & ADMINISTRATION DIVISION

- Continue to apply LEAN management principles to streamline business processes and minimize redundancy and waste
- Assist in the completion of an Agency-wide greenhouse gas emission (GHG) baseline assessment using the Climate Registry protocol to allow the Agency to sell credits by July 2016
- Complete a performance assessment of the Platinum LEED to rate headquarters and develop a plan to ensure performance, as appropriate, to the platinum standard

Organization Chart



Contracts & Facilities Services

Mission Statement

Provide cost-effective, responsive, and responsible environmentally-friendly customer service and support to all Agency Departments in a professional and ethical manner with respect to Agency-wide contract administration and purchasing, facilities management, risk and records management programs.

Description and Purpose

The Contracts and Facilities Services Department (CAP) is responsible for a diverse scope of services and responsibilities. The Contracts and Purchasing section administers the acquisition of equipment, materials, supplies, and services. This is accomplished through business practices as outlined in the Procurement Ordinance as well as associated resolutions, policies and procedures. Department ethic and compliance guidelines have been established and adhered to in conducting business on behalf of the Agency. Additionally, risk services are provided to ensure protection of the Agency's business, employees and assets, as well as the public by ensuring appropriate insurance policies and procedures are in place.

Facilities Management is responsible for managing cost effective third party services for the Agency's buildings and grounds that support the Agency's working environment, as well as its mission and goals. Additionally, Facilities Management serves as the liaison between Agency staff, the organization and contractors.

Records Management is responsible for the efficient and effective management of records through a systematic inter-disciplinary program designed to satisfy records and information compliance requirements, protect vital records and incorporate their protection into disaster recovery and risk management plans. Records management accountability begins with record creation or receipt and continues throughout the record's lifecycle including maintenance, use, retention, and disposition.

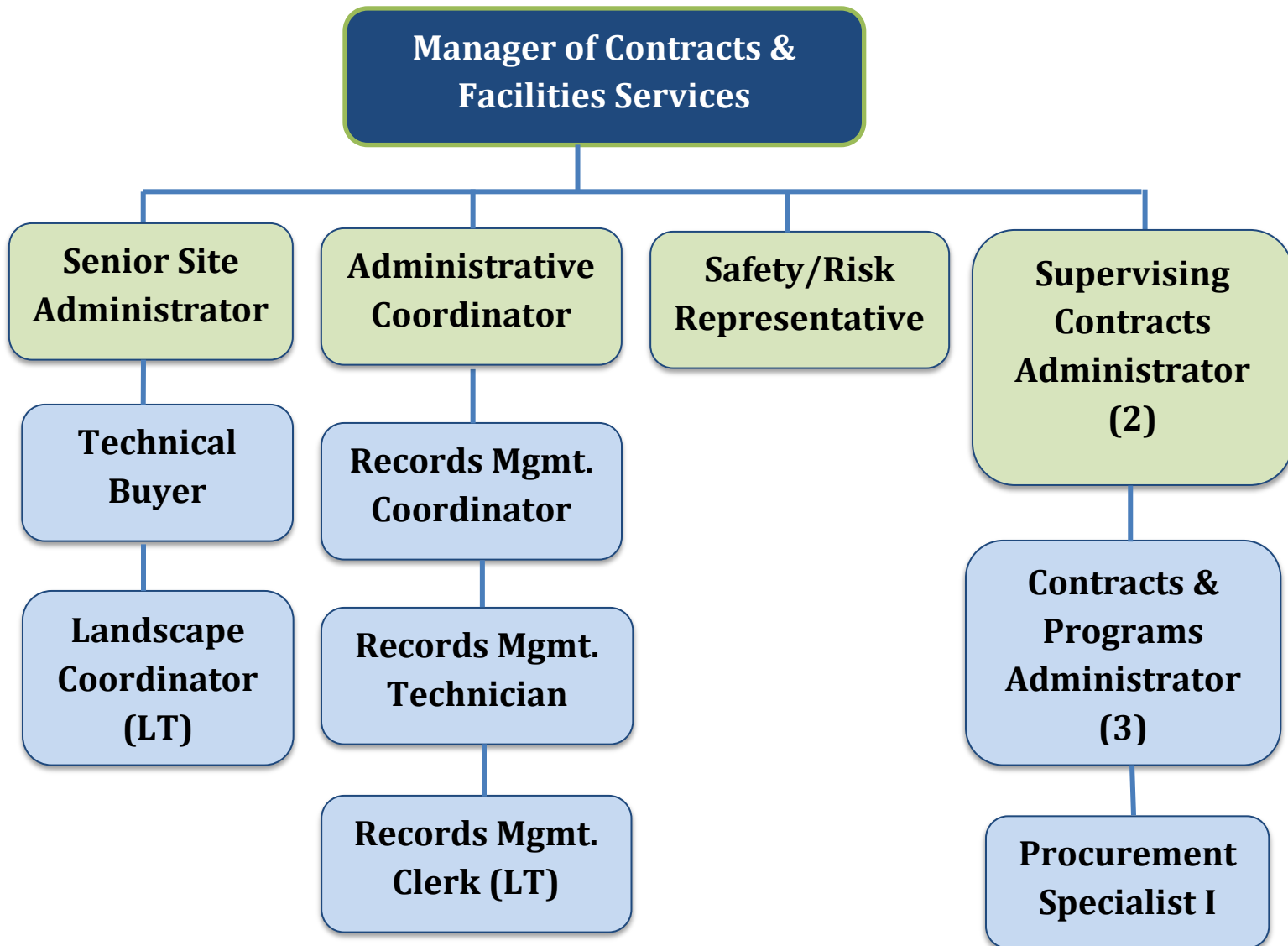
Position Summary

Organizational changes in FY 2013/14 to improve efficiency and streamline business processes merged the Safety and Risk, Record Management and Contracts and Procurement departments into a single unit: the Contracts and Facilities Services (CAP) department. These changes increased staffing in CAP from 8 to 13. The elimination of a procurement full time equivalent (FTE) position is part of an Agency wide reduction in the total number of FTE's from 295 to 290 and continued commitment to cost containment.

Position	FY 2011/12	FY 2012/13	FY 2013/14	FY 2014/15
Manager of Contracts and Facilities Services	1	1	1	1
Supervising Contracts Administrator	2	2	2	2
Senior Site Administrator	0	0	1	1
Contracts & Program Administrator	3	3	3	3
Technical Buyer	1	1	1	1
Procurement Specialist II	2	1	1	0
Procurement Specialist I	0	0	1	1
Risk Representative	0	0	0	1
Safety Representative	0	0	1	0
Administrative Coordinator	0	0	1	1
Records Management Coordinator	0	0	1	1
Records Management Technician	0	0	1	1
Total	9	8	14	13
Limited Term Positions				
Landscape Coordinator	0	0	1	1
Records Management Clerk	0	0	1	1
Total	9	8	16	15

Contracts & Facilities Services

Organizational Chart



Summary of FY 2013/14

Major Accomplishments			
<i>A. Fiscal Responsibility B. Workplace Environment C. Business Practices D. Water Reliability E. Wastewater Mgmt. F. Environmental Stewardship</i>			
IEUA Business Goal	Department Goals	Accomplishments	Status
C	Identify new contracting and cost containment opportunities through streamlined procurement business processes.	<ul style="list-style-type: none"> With the new Ordinance No. 95, dated 8/21/13, CAP streamlined the assignment of PRs to the Buyers. Additionally, electronic signatures have been added to the POs for increased efficiency. Reverse auction access is still pending. 	On-going
C	Provide timely, efficient, and cost effective management of supply, service and support requirements.	<ul style="list-style-type: none"> In accordance with the KPI, staff is just under target of the 95% goal of processing within its SLO. 	On-going
C	Optimize customer service by ensuring alignment and management of core procurement business functions, roles and responsibilities	<ul style="list-style-type: none"> Management continues to analyze the department's functions and responsibilities in support of fully optimizing customer service as a result of personnel matters. 	On-going
A	Increase competition to exercise fiscal responsibility and control of Agency expenses	<ul style="list-style-type: none"> One hundred and three (103) solicitations were posted on the Network bid system this fiscal year reaching 17,453 potential respondents. 	On-going
C	Provide effective administration of assigned contracts, ensuring compliance with terms and conditions.	<ul style="list-style-type: none"> Contracts are assigned to respective staff members in accordance with their highest KSAs to ensure effective administration. Reports are run monthly to validate compliance with terms and conditions. 	On-going

Contracts & Facilities Services

Major Accomplishments			
A. Fiscal Responsibility B. Workplace Environment C. Business Practices D. Water Reliability E. Wastewater Mgmt. F. Environmental Stewardship			
C	Commensurate with the number of assigned cellular and smart phones, decrease expenditures for service by at least 5%.	<ul style="list-style-type: none"> Staff continues to monitor cellular and smart phone spend. Year-to-date expenditures are currently below budget. 	On-going
B	Design, implement, foster and support a learning environment which encourages growth and development of Agency staff	<ul style="list-style-type: none"> Administrative cleanup of the Agency's LibertyNet system including the purging of obsolete records is 80% completed. The development phase of the Taxonomy project was completed and presented to Agency management. Next steps including formation of team are in progress. Yearly records management training was conducted in May. Records Management Open House training to follow. 	On-going
C	Provide exceptional and responsive customer service	<ul style="list-style-type: none"> Through the implementation of the support services page the department has consolidated all requests for Agency facilities ensuring all services are performed with a high level of customer service and cost efficiency. 	On-going
B	Minimize Agency and public liability through comprehensive risk management and security practices	<ul style="list-style-type: none"> Through the support of the External Affairs department the Water Discovery continues to increase in participation by the community and outreach for the Agency facilities has promoted an increase in community traffic at the Chino Creek Wetlands and Educational Park. 	On-going

Performance/Workload Indicators				
	FY 2012/13	FY 2013/14	FY 2013/14	FY 2014/15
	Actual	Target	Projected	Target
AEP Award	Yes	Yes	Yes	Yes
% Customer Satisfaction Greater Than or Equal to Good/Exceeds	N/A	90%	80%	85%
PR's Processed within Service Level Objectives	90%	95%	94%	94%
Public Records Requests	83	90	75	70
Destruction of Records	0	500*	370**	600*
Electronically Stored Information (LibertyNet)	149	150	100	100
Customer Request Resolved	10	50	283	250
Customer Service Satisfaction	10	50	50	80%

*Subjected to Litigation Holds being lifted

**Litigation Holds were not lifted in FY13/14

Contracts & Facilities Services

Department Goals and Objectives for FY 2014/15

IEUA Business Goal Overview			
Work Plan	Department Goals	Timeline	KPIs
A. Fiscal Responsibility Refer to Agency Wide Policy Goals pages 2-2 through 2-3			
A2	<ul style="list-style-type: none"> Maintain competitive purchasing programs consistent with the Agency Procurement Ordinance. 	June 30, 2015	Increase of 5% in cost savings
A9	<ul style="list-style-type: none"> Implement new SAP enhancement that automates cost tracking for projects with multiple grant Establish new contracts and amendments to emphasize multi-year fixed price terms. 	June 30, 2015	50% of newly issued applicable contracts
A16	<ul style="list-style-type: none"> Expand best management practices in the contract and procurement processes. 	May 30, 2015	Increase in performance measurements.
B. Workplace Environment Refer to Agency Wide Policy Goals pages 2-4 through 2-5			
B1	<ul style="list-style-type: none"> Conduct Agency training on department processes that are in line with the Agency's MVV's. 	June 1, 2015	Conduct at least 3 sessions for 3 related topics.
C. Business Practices Refer to Agency Wide Policy Goals pages 2-6 through 2-7			
C2	<ul style="list-style-type: none"> Implement an Information Governance Initiative (IG). Projects include continuation of the Agency's Taxonomy Project, New Enterprise Content Management System, E-mail Management and Litigation Hold process. 	June 30, 2016	Reduce time spent on production of records by improving the location and retrieval time by 20%. Improve coordination of interdepartmental records production by 25%. Conduct inventory of electronic records for at least three departments. Decrease e-mail server storage by 50%.
C10	<ul style="list-style-type: none"> Continue to network with professional groups for the respected areas of CFM. 	June 30, 2015	Attend at least 5 training sessions/meetings for CAPPO and ARMA

IEUA Business Goal Overview

F. Environmental Stewardship *Refer to Agency Wide Policy Goals pages 2-12 through 2-13*

F3	<ul style="list-style-type: none"> Ensure all current and future landscaping and new facilities are in cooperation with current LEED and water-efficiency programs and advancements. 	June 30, 2015	100% of new landscaping design and material, along with facility design are measured against programs.
F8	<ul style="list-style-type: none"> Identify educational opportunities for environmentally friendly facilities and landscapes. 	June 30, 2015	Increase educational signage for Agency facilities where accessible by the public by 15%.
F8	<ul style="list-style-type: none"> Assist in the completion of an Agency-wide greenhouse gas emission (GHG) baseline assessment using the Climate Registry protocol to allow the Agency to sell credits by July 2016 	July 2016	Establish a baseline for GHG to indicate how much credits are available to sell. Future years will provide a standardize KPI to indicate how much GHG emission are generated.
F9	<ul style="list-style-type: none"> Evaluate the current standards for LEED qualifications and develop a plan for the Agency's HQ to maintain the ranking. 	June 30,2016	Cross reference existing qualifications against new standards.

Contracts & Facilities Services

Expenses

Employment expense includes wages and benefits. Approximately 98 percent of the administrative and operating fees shown here include agency-wide expense that is budgeted within the Contracts and Facilities Services (CAP) cost center with remaining 2 percent for departmental administrative expense. The significant increase in operational expense in FY 2014/15 includes facilities management, security, and insurance expense now budgeted in the CAP department. The organizational changes in FY 2013/14, also accounts for the increase in FTEs with staffing level increasing from 8 to 13.

Expense	FY 2011/12 Actual	FY 2012/13 Actual	FY 2013/14 Projected Actual	FY 2014/15 Budget
Employment	\$1,229,068	\$1,044,987	\$1,390,356	\$1,618,790
Administrative	96,659	94,596	121,948	128,734
Operating	290,348	335,747	809,929	2,131,420
Total	\$1,616,075	\$1,475,330	\$2,322,233	\$4,178,944

Business Information Services

Mission Statement

Provide dependable, easy-to-use information system solutions, as well as related advisory and application development services, to optimize Agency-wide business processes, enabling staff to efficiently and effectively achieve their objectives. Use evolving information technology and methods to provide greater return on investment from the Agency's staff, core business systems, and information assets.

Description and Purpose

The Business Information Services (BIS) Department supports the Agency's business system solution needs, including enhancement and support of the Agency's core SAP ERP, Geographical Information Services (GIS) and Laboratory Information Management System (LIMS) application systems, support of departmental and special function systems, development of custom applications and reports, and integration of Agency systems and data. The BIS Department is comprised of two teams: the Applications Team and the Business Systems Analyst (BSAs) Team.



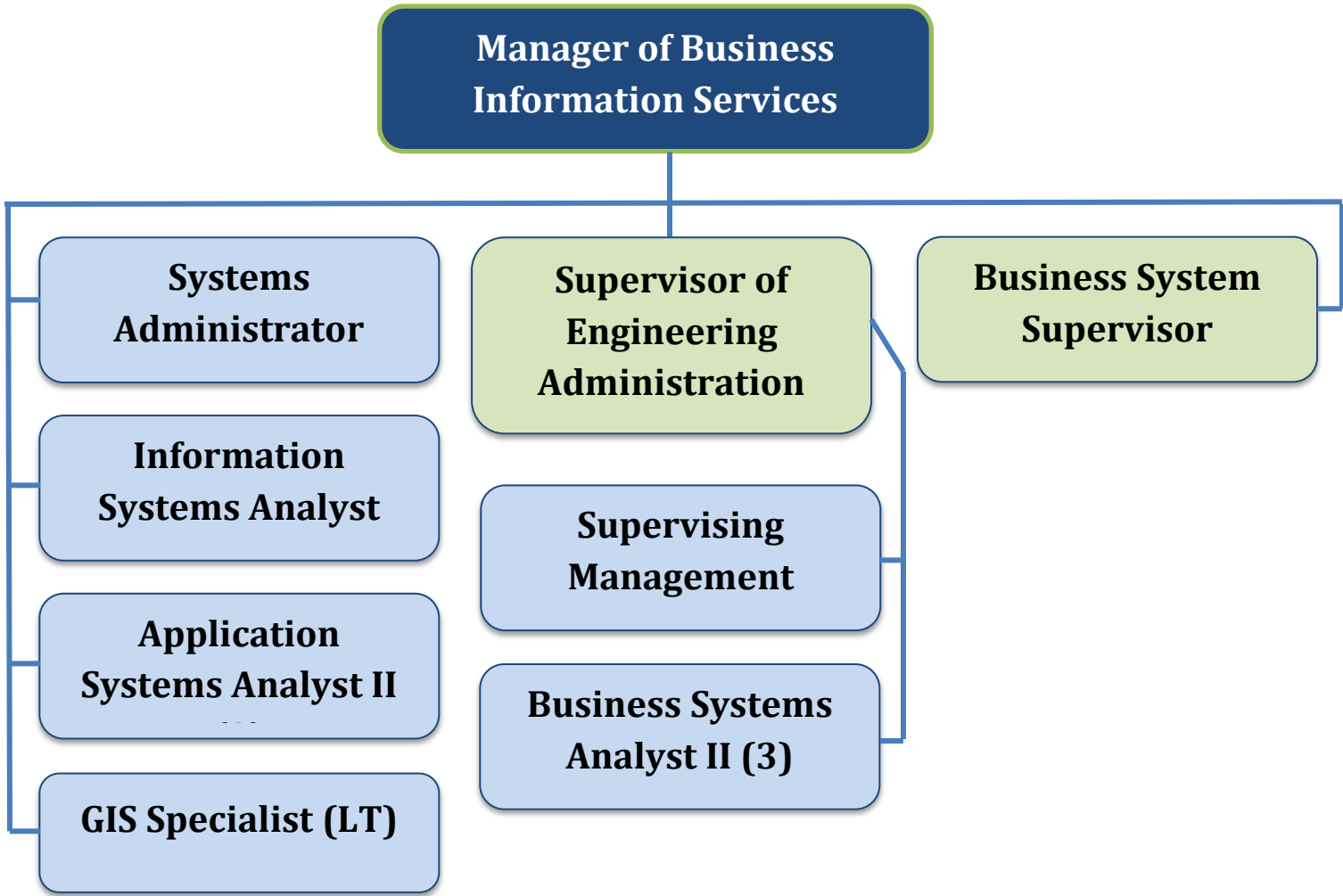
Position Summary

No changes in FY 2014/15 staffing; however some of the positions will likely have title changes from the Agency's Class and Compensation Study scheduled for completion in the Fall of 2015.

Position	FY 2011/12	FY 2012/13	FY 2013/14	FY 2014/15
Manager of Business Information Services	1	1	1	1
Business Systems Supervisor	0	1	1	1
Supervisor of Engineering Admin.	0	0	1	1
Supervising Management Analyst	0	0	1	1
Senior Systems Administrator	1	0	0	0
Systems Administrator	1	1	1	1
Information Systems Analyst	1	1	1	1
Business Systems Analyst II	3	3	3	3
Application Systems Analyst II	0	2	2	2
Application Systems Analyst	1	0	0	0
Total	8	9	11	11
Limited Term Positions				
GIS Specialist	1	1	1	1
Total	9	10	12	12

Business Information Services

Organizational Chart



Summary of FY 2013/14

Major Accomplishments			
<i>A. Fiscal Responsibility B. Workplace Environment C. Business Practices D. Water Reliability E. Wastewater Mgmt. F. Environmental Stewardship</i>			
IEUA Business Goal	Department Goals	Accomplishments	Status
B	Provide Agency users reliable information systems, providing high performance applications and data integrity	<ul style="list-style-type: none"> Performed the first required payroll upgrade without external consulting fees. Complete the second required payroll upgrade. 	<p>Completed: December 2013</p> <p>Target completion: July 2014</p>
C	Ensure that the Agency's information assets and systems are properly safeguarded, protected from disasters, and available to conform to public information access rights	<ul style="list-style-type: none"> On-going use of Data Synch Manager to scramble sensitive data stored on non-production systems Maintained compliance with scheduled periodic data refresh and system back-up protocols 	<p>Completed: Per scheduled data refresh</p> <p>Completed: Per weekly / monthly schedule</p>
C	Provide exceptional and responsive service	<ul style="list-style-type: none"> Working with Integrated Systems Services Department, successfully completed the RFP process for the Technology Master Plan within targeted milestone. Working with both Human Resources and Integrated Systems Services Departments, modified the online New Hire form to include relevant information that ensures timely and accurate setup for 	<p>Completed: May 2014</p> <p>Completed: March 2014</p>

Business Information Services

Major Accomplishments			
A. Fiscal Responsibility B. Workplace Environment C. Business Practices D. Water Reliability E. Wastewater Mgmt. F. Environmental Stewardship			
		<p>new employee and the onboarding process.</p> <ul style="list-style-type: none"> Completed the enhancement to allow lateral delegation (substitution) of timesheet and leave request approval. Previous substitution was restricted to higher position only, which was not always practical. As part of this enhancement, the substituted approver also has visibility to the delegator's staff leave calendars and timesheet report. Established new categories for support ticket on SharePoint to direct employees' issues related to timesheet and payroll to the subject matter experts and to prevent support team from independently working on the same issue – improved support management. 	<p>Completed: March 2014</p> <p>Completed: May 2014</p>
A	Control the cost of supporting the Agency's increasingly complex information systems	<ul style="list-style-type: none"> Implemented all MOU changes, except for one, by BIS staff. Reassigned a BSA to support HR functions in lieu of hiring a temporary employee for a 6-month period, estimated cost savings of \$41,000. Solicited 3 vendors for development effort for the final MOU change – converting on-call time to compensatory time – to ensure the best value proposal. Final selection was made and development is 	<p>Completed: October 2013</p> <p>Completed: November 2013</p> <p>Target completion: 6/30/2014</p>

Major Accomplishments			
A. Fiscal Responsibility B. Workplace Environment C. Business Practices D. Water Reliability E. Wastewater Mgmt. F. Environmental Stewardship			
		underway with completion data targeted prior to the required date of 7/1/2014.	
C	Facilitate Agency operational performance through appropriate and cost effective use of evolving information technologies and practices.	<ul style="list-style-type: none"> As an initiative to expand the use of GIS, all Agency GIS maps are hosted using the ArcGIS Online service, allowing users to access GIS maps via web browsers and mobile devices (tablets and smart phones) using vendor-provided free applications. More employees now have access to GIS since license-based software is no longer required. Deployed the user-friendly SAP interface – Netweaver Business Client (NWBC) – to Maintenance staff. Working with Contracts and Facilities Services and Maintenance, enhanced the procurement process by including the Online Catalogue Interface (OCI) to improve the purchasing details and order accuracies by Maintenance staff, eliminated manual data entries. 	<p>Completed: November 2013</p> <p>Completed: October 2013</p> <p>Completed: March 2014 (4 vendors) Target completion: June 2014 (for 2 additional vendors)</p>

Business Information Services

Performance/Workload Indicators				
	FY 2012/13	FY 2013/14	FY 2013/14	FY 2014/15
	Actual	Target	Projected	Target
Keep average time spent performing maintenance per year below 40%	30%	30%	26% ¹	<40%
Refresh the SAP QA environment with new test data at least twice per year	2	2	2	2
Keep system to no more than five support packs behind the vendor's current version	<5	<5	4 ²	<5

¹ Based on time data between 06/23/13 - 04/12/14

² The Agency current version is EHP5 SP8. The latest available version from SAP for EHP5 is SP12. BIS plans for an upgrade to EHP7 in September 2014.

Department Goals and Objectives for FY 2014/15

IEUA Business Goal Overview			
Work Plan	Department Goals	Timeline	KPIs
A. Fiscal Responsibility - Refer to Agency Wide Policy Goals pages 2-2 through 2-3			
A2	<ul style="list-style-type: none"> Maintain cost of external SAP support to be within contracted amounts for all vendors 	Quarterly	Actuals <= quarterly average of the contracted amounts
A3	<ul style="list-style-type: none"> Determine requirements for new SAP enhancement that automates cost tracking for projects with multiple grants 	6/30/2015	System go-live by 12/31/2015 >= 10% reduction in process time for grants analyst after implementation
A9	<ul style="list-style-type: none"> Evaluate potential improvements to budgeting process, if appropriate, through enhancing SAP functionality 	3/31/2015	>= 10% reduction in number of budgeting cycle days for O&M and Capital budgets

IEUA Business Goal Overview			
A11	<ul style="list-style-type: none"> Assess challenges with Agency's financial processes; <ol style="list-style-type: none"> create baseline utilization increase speed of processing reports develop RFP for long term modifications Complete the development of the Technology Master Plan (TMP) by 6/30/2014 	<ol style="list-style-type: none"> 9/30/2014 Quarterly 12/31/2014 12/31/2014	<ol style="list-style-type: none"> Completed by due date 15% increase in report response time Completed by due date Award TMP contract by 5/31/2014
B. Workplace Environment - Refer to Agency Wide Policy Goals pages 2-4 through 2-5			
B2	<ul style="list-style-type: none"> Allow staff to present his/her enhancements at the 4-month enhancement press releases 	Every January, May and September	3 or more staff recognized per year
B7	<ul style="list-style-type: none"> Provide staff with opportunities for technical and professional training classes Release new enhancements to Agency's various software applications at fixed intervals (every 4 months) 	6/30/2015 Every January 15, May 15 and September 15	50% or more of staff receiving training class per year 100% of enhancements released plus or minus two calendar weeks from scheduled release date
B9	<ul style="list-style-type: none"> Create a checklist to ensure all projects are reviewed against TMP standards 	During needs assessment for all projects	100% of projects have checklist completed
B11	<ul style="list-style-type: none"> Implement recommended disaster plan per TMP 	Per TMP schedule	Plan adoption and in place
C. Business Practices - Refer to Agency Wide Policy Goals pages 2-6 through 2-7			
C2	<ul style="list-style-type: none"> Determine business requirements incorporating an updated taxonomy 	4/15/2015	System online by December 2015
C3	<ul style="list-style-type: none"> Promote the use of ArcGIS Online applications for information sharing through GIS User Group meetings Develop web-based GIS applications that are free to use and are relevant to Agency's customers, intended for information sharing, transparency and education purposes GIS applications with CCTV videos and 	Quarterly 6/30/2015	Reduction in ArcGIS Desktop users and/or increase in ArcGIS Online users/applications Two applications online

Business Information Services

IEUA Business Goal Overview			
	pipe assessment	6/30/2015	100% online within one month of video receipt
C4	<ul style="list-style-type: none"> Allocate at least 50% of staff time towards projects and research & development work, aside from break-fixes, maintenance tasks (e.g., upgrades) and administrative tasks Develop at least one dashboard-like reporting tool for key metrics determined by the process owners 	Quarterly	Project time / available time >= 50%
		Quarterly	Number of reports implemented (i.e., go-live)
C6	<ul style="list-style-type: none"> Develop new process for managing BIS support tickets and with less tools, currently 3 systems Implement the use of electronic signatures for invoicing on emergency contracts Train all Lean team members Provide initial Lean training to all managers Determine Procurement-To-Payment material master content 	3/31/2015	>3 systems
		3/31/2015	Electronic signature capability for approvers
		At project start 6/30/2015	100% of team trained 100% of managers trained
		9/30/2014	Design support functional requirements of reporting and issuing a PR/PO
C13	<ul style="list-style-type: none"> Release new enhancements to Agency's various software applications at 4-month intervals 	Every January, May and September	Number of enhancements released and ROI of each enhancement when applicable

Employment expense includes wages and benefits. The integration of the Agency’s LEAN team in FY 2013/14 increased staffing levels from 10 to 12 FTEs and accounts for the increase in employment expense. A portion of operating expense includes agency-wide expenses, such as support services for application systems maintenance.

Expense	FY 2011/12 Actual	FY 2012/13 Actual	FY 2013/14 Projected Actual	FY 2014/15 Budget
Employment	\$1,111,027	\$1,178,885	\$1,315,595	\$1,411,250
Administrative	32,924	11,878	39,405	41,970
Operating	186,578	202,488	482,882	344,510
Total	\$1,329,529	\$1,393,251	\$1,837,882	\$1,897,730

Finance and Accounting

Mission Statement

Provide accurate, reliable, clear and timely financial budgeting and reporting of Agency programs and activities, to the public, elected officials, Agency personnel, customers, regulatory agencies, grantors, investors and other stakeholders. Provide strategic planning and identification of financial resources to meet the Agency's long range financial needs; evaluate financing options to effectively meet future capital requirements, including securing local, state and federal grants; manage the Agency's investments to secure the safety of principal and optimize earnings; and provide timely and cost effective quality customer service to the Agency and its constituents while practicing responsible stewardship of Agency resources.

Description and Purpose

The Finance and Accounting Department is responsible for recording and maintaining the Agency's financial information. The department has a staff of 20 full-time personnel in the Accounting, Financial Planning and Grants Administration groups which provide the following services:

- Manage Agency payroll, billing, revenue collection, cash application, account payable, project and fixed asset accounting, internal and external annual financial reporting and various other financial analysis and reports.
- Oversee the administration of the Agency's budget to ensure appropriations comply with those approved by the Board of Directors; support the development and enhancement of the SAP financial and budget applications that facilitate the planning, monitoring and reporting of the budgetary process
- Manage the Agency's investment portfolio to ensure the safety of principal, while optimizing investment earnings; monitor daily cash activities to fund operating requirements in a timely manner and sustain the Agency's credit standing; administer outstanding debt to ensure timely payment and compliance with respective bond covenants; evaluate different financing options to fund future capital replacement and improvement requirements consistent with the Agency's Long Range Plan of Finance.
- Proactively identify and seek out grant opportunities in conjunction with Executive Management to fund capital projects throughout the Agency; oversee the Agency's grants management; provide centralized Agency grant administrative oversight to IEUA and joint power agencies to ensure regulatory compliance, cost eligibility, and accurate and timely reporting in accordance with grantor compliance requirements.

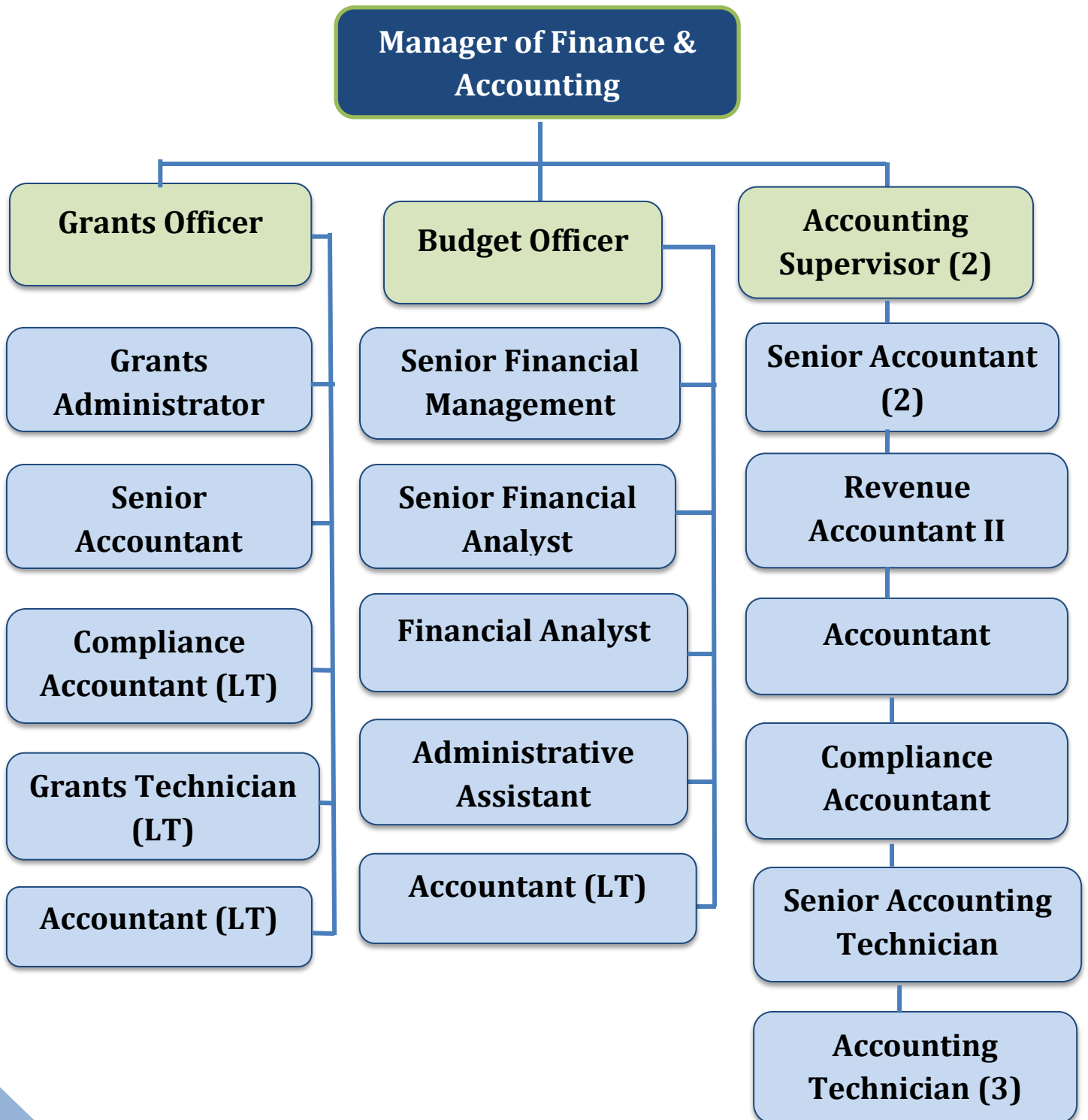
Position Summary

As part of the Agency's cost containment initiative, the merging of Financial Planning and Fiscal Management resulted in the elimination of one management position in FY 2014/15; one of the 5 FTE permanent reductions from 295 to 290 in FY 2014/15.

Position	FY 2011/12	FY 2012/13	FY 2013/14	FY 2014/15
Manager of Finance & Accounting	1	1	1	1
Manager of Financial Planning	0	1	1	0
Budget Officer	1	1	1	1
Grants Officer	1	1	1	1
Accounting Supervisor	2	2	2	2
Senior Accountant	3	3	3	3
Accountant	1	1	1	1
Senior Accounting Technician	1	1	1	1
Accounting Technician	3	3	3	3
Compliance Accountant	1	1	1	1
Revenue Accountant II	1	1	1	1
Sr. Financial Management Analyst	1	1	1	1
Senior Financial Analyst	1	1	1	1
Financial Analyst	1	1	1	1
Grants Administrator	1	1	1	1
Administrative Assistant	1	1	1	1
Total	20	21	21	20
Limited Term Positions				
Compliance Accountant	2	2	2	1
Accountant	0	0	2	2
Grants Technician	0	0	0	1
Total	22	23	25	24

Finance and Accounting

Organizational Chart



Summary of FY 2013/14

Major Accomplishments			
<i>A. Fiscal Responsibility B. Workplace Environment C. Business Practices D. Water Reliability E. Wastewater Mgmt. F. Environmental Stewardship</i>			
IEUA Business Goal	Department Goals	Accomplishments	Status
A	Ensure budget monitoring, and timely completion and adoption of the Agency's annual budget	<ul style="list-style-type: none"> Facilitated quarterly budget O&M and capital variance review sessions by division with division managers and executive management 	Completed FY 2014/15 budget adopted in June 2014
A	External Financial and Accounting Services – provide full financial and accounting services to two Joint Powers Authority	<ul style="list-style-type: none"> 2013 audit for CDA was conducted by CDA staff, while IEUA provided support. IERCA audit was completed with no opinion 	Completed
C	Manage congressional grant authorizations for water desalination projects in the Chino Basin	<ul style="list-style-type: none"> IEUA grants staff has been managing the Lower Chino Desalination Expansion Project. \$3 million new Federal Grant was secured; Timely prepared CDPH Invoices of \$16 Million in grants revenue to date. 	On-going
A	Pursue new grant awards to diversify revenue. IEUA grants Staff Management and Administration of the Agency SRF loan and Grant funding Programs.	<ul style="list-style-type: none"> The Wineville \$26.5 million SRF loan qualified for the 1% drought relief financial incentive program, which will provide a significant saving for IEUA of approximately \$4.5 million dollars in 30 years. A \$4 million grant was received the same project. The National Waiver of Buy American Provision also achieved a saving of \$2,000,000. 	Completed

Finance and Accounting

Major Accomplishments			
A. Fiscal Responsibility B. Workplace Environment C. Business Practices D. Water Reliability E. Wastewater Mgmt. F. Environmental Stewardship			
A	Recommend potential grant opportunities that align with the Agency mission and financial goal	<ul style="list-style-type: none"> Recommended grant solutions to help in solving the South Archibald TCE Plume Cleanup Order from the State Water Resources Control Board 	Ongoing
C	Collaborate with the Member agencies, JPAs, and the regional leaders on projects that can be partially funded by grant or SRF loan programs.	<ul style="list-style-type: none"> Applied for three grant applications on behalf of JPA/member agencies 	Completed
A	Find grants that match with Member and Regional Agencies capital and conservation programs	<ul style="list-style-type: none"> Awards received for Regional capital and conservation programs: SAWPA Prop 84 Grant \$3 million. MWD Foundational Action Funding Grant \$490,000. The SWRCB \$17.1 million SRF loan for the Water Quality Lab Building 	Completed
A	Refine and monitor Reserve Balance Policies to ensure an adequate level of reserves is maintained to protect against a reduction of service due to unforeseen events	<ul style="list-style-type: none"> Conducted three budget workshops for the Board in regards to proposed financial strategies, rates to recover cost of service, target reserve level, debt financing to support TYCIP, and DCR under various rate scenarios. In May 2014 the Agency's Board of Directors adopted an updated Reserve Policy governing all Agency funds 	Completed
B	Staff Training to Develop a Diverse and Qualified Work Force	<ul style="list-style-type: none"> Back-up training for Accounts Receivable, WIP and Fixed Assets was identified as necessary. Cross training for Accounts Receivable was completed two months ahead of schedule; cross training on WIP and Fixed Assets is ongoing, with anticipated completion by the end of the 	Ongoing

Major Accomplishments			
<i>A. Fiscal Responsibility B. Workplace Environment C. Business Practices D. Water Reliability E. Wastewater Mgmt. F. Environmental Stewardship</i>			
		second quarter FY 2014/15	

Performance/Workload Indicators				
	FY 2012/13	FY 2013/14	FY 2013/14	FY 2014/15
	Actual	Target	Projected	Target
Accounts Payable Transactions	60,256	54,565	55,245	60,000
Accounts Payable Checks/ACH/Wires	9,516	9,065	8,040	8,500
Accounts Receivable Transactions	13,588	12,475	12,950	13,000
Cash Receipts Transactions	31,448	31,130	25,700	26,000
Fixed Asset Transactions	13,331	9,750	11,258	12,000
General Ledger Transactions	514,165	496,780	461,150	470,000
Payroll and Secondary Labor Transactions	751,870	714,380	742,220	745,000
General Ledger # of Account Analysis	640	600	627	625
Payroll Processing - # of Employees	292	300	288	290
Average Size of Investment Portfolio	\$95,106,300	\$98,000,000	\$102,000,000	\$100,000,000

Finance and Accounting

Performance/Workload Indicators				
Average Rate of Return on Investments	1.00%	1.25%	0.92%	1.00%
Budget Preparation Training	8	6	8	8
Open Houses	2	3	1	2
Workshops	7	2	5	3
Grant/ Loan applications submitted	9	6	11	6

Performance/Workload Indicators				
	FY 2012/13	FY 2013/14	FY 2013/14	FY 2014/15
	Actual	Target	Projected	Target
Grant/ Loan Billings	7,400	25,000	31,985	26,000
Grant/ Loan billings and status reports by due date	156	130	155	150
Average number of days to file grant/ loan billing	30	30	30	30
Average number of days to collect grant/ loan billing	120	60	60	60
On time submittal of Quarterly Budget Variance report	100%	100%	100%	100%
On time submittal of Treasurer's Report of Financial Affairs	100%	100%	100%	100%
On time submittal of Quarterly Capital Call Report	100%	100%	100%	100%

Department Goals and Objectives for FY 2014/15

IEUA Business Goal Overview			
Work Plan	Department Goals	Timeline	KPIs
A. Fiscal Responsibility Refer to Agency Wide Policy Goals pages 2-2 through 2-3			
A1	<ul style="list-style-type: none"> Collaborate with various departments in identifying the cost of service (COS) and developing the rate structure to sufficiently support the COS for NRW system, Regional Wastewater, and Recycled Water programs 	FY 2014/15 through 2016/17	Cost of service not to exceed service rates
A2	<ul style="list-style-type: none"> Collaborate with various department in identifying cost containment items and monitoring performance through regular budget variance review 	July - June	Review department performance on a regular basis, meet quarterly to discuss
A3	<ul style="list-style-type: none"> Develop an Agency Grants Management Plan that will guide Agency grant activities Assess current grants management SWOT. Evaluate cost-benefit for each grant application Recommend potential grant opportunities that align with the Agency mission and financial goal Pursue new grant awards to diversify revenue Collaborate with departments that have projects that need grant funding Collaborate with the Member agencies, JPAs, and the regional leaders on projects that can be partially funded by grant or SRF loan programs Manage congressional grant authorizations for water desalination projects in the Chino Basin. Find grants that match with Member and Regional Agencies capital and conservation programs 	July - June	Provide updates to Agency Management on the status of the Grants Management Plan

Finance and Accounting

IEUA Business Goal Overview			
	<ul style="list-style-type: none"> • Develop an Agency Grants Management Plan that will guide Agency grant activities. • Assess current grants management SWOT. • Evaluate cost-benefit for each grant application. • Recommend potential grant opportunities that align with the Agency mission and financial goal. • Pursue new grant awards to diversify revenue. • Collaborate with departments that have projects that need grant funding. • Collaborate with the Member agencies, JPAs, and the regional leaders on projects that can be partially funded by grant or SRF loan programs. • Manage congressional grant authorizations for water desalination projects in the Chino Basin. • Find grants that match with Member and Regional Agencies capital and conservation programs. 	July - June	Provide updates to Agency Management on the status of the Grants Management Plan
A6	<ul style="list-style-type: none"> • Payment of OPEB annual requirement contribution (ARC) to achieve full funded status by July 2019 	July - June	Annual payment made towards outstanding liability
A7	<ul style="list-style-type: none"> • Annual payment of 1/10 (10 percent) of the agency's pension unfunded accrued liability to achieve full funded status by July 2024 	July - June	Annual payment made towards outstanding liability
A9	<ul style="list-style-type: none"> • Develop and prepare a biennial budget on both Operations and CIP for Agency's various programs 	January - June	To be adopted by the Board in June
A10	<ul style="list-style-type: none"> • Work with Engineering and Operation/Maintenance departments in identifying the R&R projects for updating the annual CIP and TYCIP in respective program funds 	January - March	Present all program budgets including TYCIP for Board adoption in June

IEUA Business Goal Overview			
A11	<ul style="list-style-type: none"> Work with pertinent departments in identifying projects from various master plans and integrate into the respective program budget 	December - April	Projects budgeted from master plans
A12	<ul style="list-style-type: none"> Update the Agency's investment policy in accordance to the California Government Code (CGC) 	March - May	Present the Investment Policy update to the Board for adoption in June

Expenses

Employment expense includes wages and benefits. In FY 2014/15 one position was eliminated, accounting for the slight decrease in employment expense. The increase in operating expense is for outside consulting services to review various processes. The increase in interest and financial services can be attributed to the 2008B variable rate interest bonds. In FY 2013/14 the Agency's 2008B interest rate averaged 0.06 percent. Estimated interest rate for FY 2014/15 is 2.0 percent.

Expense	FY 2011/12	FY 2012/13	FY 2013/14	FY 2014/15
	Actual	Actual	Projected Actual	Budget
Employment	\$2,641,626	\$2,628,812	\$2,569,440	\$2,476,547
Administrative	16,763	16,714	27,471	35,150
Operating	7,300	8,049	11,600	51,100
Interest and Financial	8,391,264	12,196,916	9,879,329	10,254,221
Total	\$11,056,953	\$14,850,491	\$11,895,496	\$12,817,018

Human Resources

Mission Statement

The Human Resources Department endeavors to assist the Agency in becoming an employer of choice in the Inland Empire by providing effective and efficient support to the Agency's most valued asset, its employees. The Department strives to ensure the successful selection and retention of the best qualified candidates, the implementation of valuable benefits, the maintenance and enhancement of staff skills through training, paramount safety in the workplace, and the resolution of personnel issues in a timely manner with the highest standards of confidentiality, integrity, courtesy, and respect.

Description and Purpose

The Human Resources Department strives to promote progressive practices in the following areas: recruitment and retention; application of the Memorandums of Understanding and Personnel Manuals for the various bargaining units; sustainment of position labor relations with all employee bargaining units; benefits; development of the Agency's training program; Safety and Worker's Compensation; and compliance with State and Federal regulations such as the Family Medical Leave Act, Americans with Disabilities Act, and COBRA. In addition, the Human Resources Department is charged with discovering new ways to motivate staff and provide a rewarding work environment for Agency employees. The Human Resources staff serves as advisors, consultants, and organizational champions for the Agency.



CHINO CREEK WETLANDS PARK

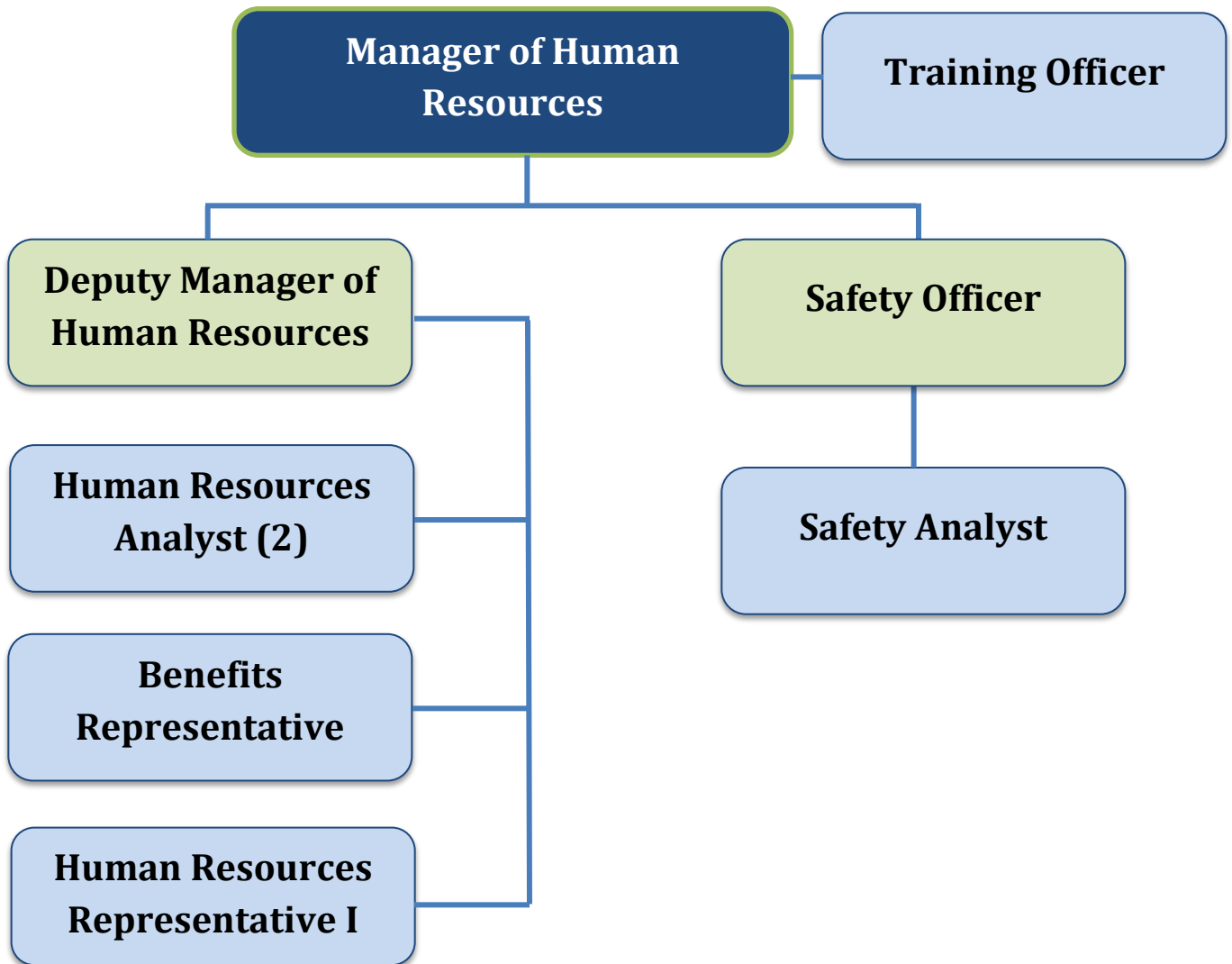
Position Summary

Organizational changes in FY 2013/14 to improve efficiency added the responsibility of safety to the Human Resources department; 2 positions were transferred from Safety and Risk.

Position	FY 2011/12	FY 2012/13	FY 2013/14	FY 2014/15
Manager of Human Resources	1	1	1	1
Deputy Manager of Human Resources	1	1	1	1
Safety Officer	0	0	1	1
Training Officer	1	1	1	1
Human Resources Analyst	2	2	2	2
Human Resources Representative I	1	1	1	1
Human Resources Representative II	1	0	0	0
Benefits Representative	1	1	1	1
Safety Analyst	0	0	1	1
Total	8	7	9	9

Human Resources

Organizational Chart



Summary of FY 2013/14

Major Accomplishments			
<i>A. Fiscal Responsibility B. Workplace Environment C. Business Practices D. Water Reliability E. Wastewater Mgmt. F. Environmental Stewardship</i>			
IEUA Business Goal	Department Goals	Accomplishments	Status
A	Enhance Agency productivity by promoting a paperless environment	<ul style="list-style-type: none"> Continued to explore, assess, and implement HR related forms aimed at promoting a paperless environment and streamlining processes including assisting with the full implementation of electronic time sheets and Request for Leave form 	Ongoing
C	Develop a consensus-building approach to the development of effective policies and procedures	<ul style="list-style-type: none"> Successfully reached five (5) year agreements with all five (5) bargaining groups. Additionally, staff is assisting with management's LEAN Initiative, specifically the pilot project focusing on improving the administrative policy process for updating current/developing new policies and procedures 	Completed Ongoing
B	Maintain a working environment that recognizes a dedicated staff in support of the Agency's mission and goals	<ul style="list-style-type: none"> Worked collaboratively with staff to successfully coordinate the annual Employee Picnic and Holiday Luncheon. Recognized outstanding/dedicated staff and their contributions by capitalizing on the Agency's various award recognition programs including service awards, STAR awards and employee suggestion program awards 	Ongoing

Human Resources

Major Accomplishments			
A. Fiscal Responsibility B. Workplace Environment C. Business Practices D. Water Reliability E. Wastewater Mgmt. F. Environmental Stewardship			
		<ul style="list-style-type: none"> Additionally, publicly recognized employees at Board meetings for having received a certification, license or degree aimed at enhancing their job knowledge, skills and abilities 	
B	Design, implement, foster and support a learning environment which encourages growth and development of Agency staff	<ul style="list-style-type: none"> Used course feedback and training needs assessments to evaluate the effectiveness and design of the training and development program. Microsoft Office training had 164 participants attend numerous onsite classes. Personal Development had: 69 employees attend business skills workshops; 84 receive MOU training; 22 employees participate in The 7 Habits of Highly Effective People Program. Supervisory Development had: 86 supervisors attend LCL employment law workshops; 20 employees participate in the Supervisory Program through Cal Poly Pomona. Leadership Development as an element of succession, planning saw 4 Agency employees attended the Leadership Academy. Transitioned the Agency's E-Learning services from the MindLeaders to the Skillsoft platform 	Completed

Major Accomplishments			
A. Fiscal Responsibility B. Workplace Environment C. Business Practices D. Water Reliability E. Wastewater Mgmt. F. Environmental Stewardship			
B	<p>Implement strategies and practices that provide flexible and responsive recruitment solutions that assists the Agency in filling positions in a timely manner</p>	<ul style="list-style-type: none"> Continued to reduce advertising costs by maximizing the use of NEOGOV's job interest/e-mail alerts capabilities, allowing the Agency to create a pool of interested applicants before a position is advertised; a total of 1,964 interest cards were submitted this fiscal year Additionally, continued to incorporate efficient and cost effective methods of job related testing tools by introducing multiple resources to assist in customized testing to fit the specific needs of each hiring manager. As needed, utilized websites, publications, and other resources to increase exposure of employment opportunities; application source data indicates that 51% of applicants became aware of the job opportunity through the internet, 16.18 % selected Agency or Agency Website, and 9.13% selected bcwaterjobs.com 	Ongoing
C	<p>Promote IEUA as an Employer of Choice within the Inland Empire</p>	<ul style="list-style-type: none"> Successfully initiated an Agency wide Classification and Compensation study to develop a fair, consistent and competitive compensation program. Continued to increase employee knowledge of benefit programs and services by making quarterly visits to facilities, holding lunch and learn 	Ongoing

Human Resources

Major Accomplishments			
A. Fiscal Responsibility B. Workplace Environment C. Business Practices D. Water Reliability E. Wastewater Mgmt. F. Environmental Stewardship			
		<p>sessions and on-site presentations</p> <ul style="list-style-type: none"> Continued to develop strategies to brand/advertise IEUA as an employer of choice to potential qualified candidates Maintained partnerships with key universities to build on relationships that will identify talent early and expand our internship program to create a pool of quality talent 	
B	Comply with federal, state and local regulatory mandates and requirements	<ul style="list-style-type: none"> Continue to navigate and implement the regulatory changes as a result of national health care reform and state pension reform 	Ongoing
B	Design, implement, foster and support a learning environment which encourages growth and development of Agency staff	<ul style="list-style-type: none"> Increase awareness of safety related programs and work practices throughout Agency facilities in support of reducing safety related incidents 	Ongoing
B	Minimize Agency and public liability through comprehensive risk management practices	<ul style="list-style-type: none"> Ensure safety regulatory compliance for all new Agency projects by participating in the design and construction of the project 	Ongoing
B	Minimize Agency and public liability through comprehensive risk management practices	<ul style="list-style-type: none"> Maximize Agency compliance with federal, state and local regulatory requirements through increased customer service and use of safety resources 	Ongoing

Performance/Workload Indicators				
	FY 2012/13	FY 2013/14	FY 2013/14	FY 2014/15
	Actual	Target	Projected	Target
New Hires	34	30	36	30
Average Recruitment Processing Time	57.857	40	60	45
Average New Hire Processing Time	15.333	14	14	14
Separations	45	30	34	30
Turnover Ratio	15.6%	8%	11.72	10
Open Enrollment Transactions Processed	54	60	60	60
FMLA Requests	34	40	31	35
Customer Satisfaction Surveys	5	5	5	5
Training Hours per Employee	20	20	16	20
Grievances Filed	6	5	8	6
Grievances Resolved at Appeals Committee Level	2	0	0	0
Disciplinary Actions Processed	10	10	1	5

Human Resources

Performance/Workload Indicators				
Disciplinary Actions Appealed	3	3	0	2
Breakdown Reports/Incident Reports	26	40	10	25
Workplace Safety/Lost Time Accidents	0	1	0	1
Workers' Compensation Claims	9	8	9	8
Vehicle Accidents	5	3	2	4

Department Goals and Objectives for FY 2014/15

IEUA Business Goal Overview			
Work Plan	Department Goals	Timeline	KPIs
B. Workplace Environment <i>Refer to Agency Wide Policy Goals pages 2-4 through 2-5</i>			
B1	<ul style="list-style-type: none"> Develop creative communication methods and continue education of employee benefits to increase knowledge of benefit programs and services including visiting and scheduling appointments with employees at other facilities, holding continuous lunch and learn sessions and other educational workshops/presentations 	June 2015	Survey and employee feedback/ Number of on-site visits, lunch and learns and other educational sessions held
	<ul style="list-style-type: none"> Promote a positive work environment that holds managers, supervisors and employees accountable for creating and maintaining positive work relationships 	June 2015	Survey and employee feedback/ Number of on-site visits, lunch and learns and other educational sessions held
B2	<ul style="list-style-type: none"> Develop a process to identify potential leaders within the Agency; utilize the Leadership Academy and other training opportunities to enhance existing talent 	July 2017	Number of employee participants in the Academy and other training programs

IEUA Business Goal Overview			
	<ul style="list-style-type: none"> Classify job openings as internal only when a sufficient talent pool of internal candidates exists within the Agency 	July 2017	Number of internal only job announcements and percentage of internal promotions
B3	<ul style="list-style-type: none"> Create and distribute an employee satisfaction survey 	December 2014	Attain a positive rating of overall employee satisfaction
	<ul style="list-style-type: none"> Identify strategies to increase employee morale and promote employee retention 	December 2014	Attain a positive rating of overall employee satisfaction
B4	<ul style="list-style-type: none"> Finalize the Agency-wide Classification and Compensation Study to develop a fair, consistent and competitive compensation program 	November 2014	Implementation of the Study and feedback from employees
B5	<ul style="list-style-type: none"> Develop additional creative and cost-effective ways to reward and recognize outstanding and dedicated staff 	December 2014	Number of employees recognized
	<ul style="list-style-type: none"> Change the format of the STAR Award Program to ensure more employees have an opportunity to receive the award 	December 2014	Number of employees recognized
B6	<ul style="list-style-type: none"> Develop a process for a recruitment timeline to ensure recruitments are conducted within target completion dates 	July 2014	Track the average number of weeks it takes to complete the recruitment process from beginning to end
	<ul style="list-style-type: none"> Increase use of computer modules for written exams to prevent delays in scoring paper-based tests 	July 2014	Track the average number of weeks it takes to complete the recruitment process from beginning to end
B7	<ul style="list-style-type: none"> Assist in the development of the cross training program by providing guidance, coordination and administrative skills in the program design, course content development, marketing and evaluation with the various stakeholders and subject matter experts. 	June 2015	Number of training sessions conducted
B8	<ul style="list-style-type: none"> Draft a new consolidated Personnel Rules and Regulations 	July 2016	Prepare a first draft for review by April 2016

Human Resources

IEUA Business Goal Overview			
B10	<ul style="list-style-type: none"> Hold quarterly Labor/Management meetings to address concerns and issues on an ongoing basis 	Quarterly	Number of grievances filed and number of grievances resolved at Appeals Committee level
	<ul style="list-style-type: none"> Promote and sustain open communication with all levels of staff in order to effectively resolve work related issues in a harmonious manner 	June 2015	Number of grievances filed and number of grievances resolved at Appeals Committee level
B11	<ul style="list-style-type: none"> Coordinate table top exercises for disaster drills for all Managers and Supervisors on an annual or biennial basis 	July 2017	Distribute a draft plan for review to all departments by January 2016
B11	<ul style="list-style-type: none"> Work with all Agency departments to institute a holistic Disaster Preparedness Plan 	July 2017	Distribute a draft plan for review to all departments by January 2016
B12	<ul style="list-style-type: none"> Work with Maintenance and Operations to develop a plan that ensures commendable safety and risk management practices 	June 2019	Obtaining the award
	<ul style="list-style-type: none"> Research requirements needed to obtain the STAR award/certification by OSHA 	June 2019	Obtaining the award
B13	<ul style="list-style-type: none"> Review and revise the manual on an annual basis. Enhance current Emergency Preparedness Manual by adding department action plans and ensure coordination with the Disaster Preparedness Plan 	July 2017	Distribute a draft plan for review to all departments by January 2016
B14	<ul style="list-style-type: none"> Encourage Committee to make recommendations to prevent future work related injuries. 	Quarterly	Review hazard and incident reports and worker's comp injury logs
	<ul style="list-style-type: none"> Further engage the Health and Safety Committee to review and update the IIPP on a quarterly basis. 	Annual	Review hazard and incident reports and worker's comp injury logs
B15	<ul style="list-style-type: none"> Encourage communication and employee participation in reporting workplace hazards and unsafe work practices 	Quarterly	Review hazard and incident reports and worker's comp injury logs

IEUA Business Goal Overview			
	<ul style="list-style-type: none"> Provide required and supplemental training 	Quarterly	Review hazard and incident reports and worker's comp injury logs

Expenses

Employment expense includes wages and benefits. Administrative and operating expense includes agency-wide expense such as insurance, legal, and training expense. Due to organizational changes in FY 2013/14, projected actual expenditures include six months of wages and operating expense for safety, the majority of these expenses are budgeted in Contracts and Facilities Services (CAP) for FY 2014/15.

Expense	FY 2011/12 Actual	FY 2012/13 Actual	FY 2013/14 Projected Actual	FY 2014/15 Budget
Employment	\$1,969,218	\$2,033,959	\$1,710,002	\$1,552,541
Administrative	58,130	85,042	143,497	98,026
Operating	758,879	1,092,836	968,365	371,410
Total	\$2,786,227	\$2,275,837	\$2,821,864	\$2,002,417

ENGINEERING, PLANNING, AND SCIENCE DIVISION

Mission Statement

Maximize use of water resources and conservation, meet all regulatory requirements, and construct facilities to meet Agency needs in a cost effective and environmentally responsible manner.

Departments

- Engineering & Construction Management
- Planning & Environmental Compliance
- Laboratory

Executive Summary

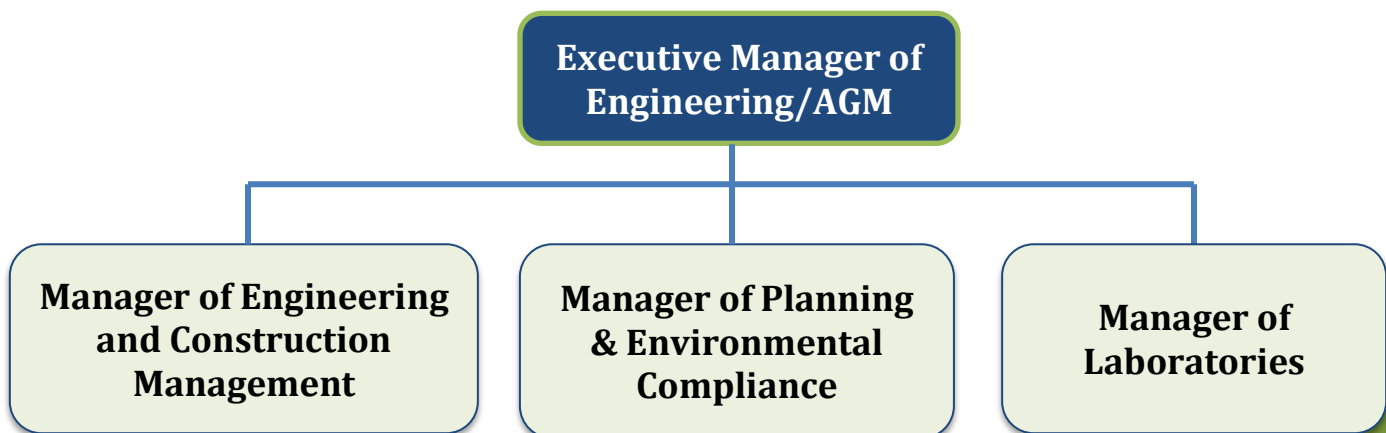
This Division provides planning, environmental compliance, energy management, conservation, engineering, construction, and laboratory services. Its purpose is to plan, engineer, and construct projects and Agency programs to effectively meet the growing needs of the region. The Division is responsible for monitoring the Agency's facilities and activities to meet regulatory requirements and to protect the public's health.

Division Goals

- Promote professional development programs to improve and broaden employee skills.
- Develop and maintain an effective succession plan.
- Improve communication between managers and line staff.
- Strengthen commitment to customer service that is cost effective, reliable, and innovative for both internal and external customers.
- Insure effective management and use of "total cost of ownership" principles for capital projects from concept to completion.
- Insure scope of projects meets and represents regional needs.
- Develop and ensure long term planning processes to address all Agency strategies.
- Optimize facility energy use and generation to achieve peak power independence.
- Ensure all activities of the Agency are fully transparent to all audiences.
- Assist stakeholders with grant and funding opportunities.
- Develop programs to meet and exceed the 20 percent by 2020 reduction in water use throughout the region.

- Secure supplemental water supplies and prime recharge basin locations to broaden regional water sources and maximize water recharge capabilities.
- Safeguard water quality through effective management and addressing constituents of concern.
- Support and promote a sustainable watershed through the integration and management of water supply, water efficiency, storm water management, energy efficiency, water quality, and land use measures.
- Maintain wastewater capacity buffer to never exceed 90 percent.
- Continue efforts to meet all water quality, public health, environmental standards and proactively meet current and future permits/regulations.
- Develop a plan to maximize use of all by-products through renewable energy, bio solids recycling, and water recycling.
- Continue to evaluate and include innovative technologies in design, construction, and operation of facilities.
- Develop a plan to reduce greenhouse gas emissions to meet IEUA goals.
- Develop a “Good Neighbor” program with communities adjacent to Agency facilities and activities, enhance and improve the quality of life of the customers we serve by safeguarding local resources.
- Support legislation that furthers environmental stewardship business goals.
- Continue commitment to cost containment to promote cost effectiveness and fiscal health.
- Develop rate models to fully support cost of service.
- Identify and participate in organizations that advance the Agency’s mission, vision, and key initiatives.

Organizational Chart



Engineering & Construction Management

Mission Statement

To engineer and construct state of the art facilities and infrastructure to meet the dynamic and growing needs of recycled water demand, and wastewater collection, treatment and disposal of the Agency's service area, and to implement the Capital Improvement Program (CIP) with well managed and cost effective solutions.

Description and Purpose

The Engineering Department provides design, administration, and construction management services for water, wastewater, and energy projects that implement the Agency's Capital Improvement Program (CIP). The department integrates the latest and most cost-effective technologies into the IEUA service area.

Currently, a total of 26 personnel contribute to the success of the department, providing many diversified tasks such as:

- Capital facilities planning, budgeting, design, and construction.
- Design and construct projects through efficient project management to ensure projects are completed on schedule and budget.
- Coordinate the capital projects process to produce the Ten Year Capital Improvement Plan.
- Administer grants, permits, and environmental compliance reports.
- Plan, design, and coordinate of the implementation of the Agency's Supervisory Control & Data Acquisition system (SCADA).
- Provide engineering and construction management support to the Agencies Operations and Maintenance Departments.
- Provide in-house design services including development of plans and specifications for the bid process.
- Prepare of Requests-for-Proposals and replies to project information requests from prospective consultants and contractors.
- Review and check of design reports, proposals, and specifications submitted by consulting engineers and subsequent management of those consultant services.
- Provide construction management support for construction work in progress, including field inspections, to ensure compliance with approved plans, specifications, and standards.
- Develop and maintain Computer Aided Design (CAD) drawings for the Agency, including in-house design, as-builts, mylars, site maps, distribution system maps, and 3D modeling of facility sites and projects.
- Create project reports to assist in tracking schedules, plan vs. budget, resource hours, General Managers Report, and various budget reports.

Position Summary

In FY 2014/15 the elimination of the Manager of Construction Management position is part of an Agency wide reduction in the total number of FTE's from 295 to 290.

Position	FY 2011/12	FY 2012/13	FY 2013/14	FY 2014/15
Manager of Engineering and Construction Management	1	1	1	1
Deputy Manager of Engineering	2	2	1	1
Manager of Construction Management	1	1	1	0
Deputy Manager of Construction Management	2	2	2	2
Supervisor of Engineering Administration	1	1	0	1
Supervising Management Analyst	1	1	0	0
Senior Engineer	4	5	5	5
Senior Office Engineer	1	1	1	1
Senior Associate Engineer	1	2	1	2
Construction Project Manager PE	1	1	1	1
Construction Project Manager	2	2	3	3
Management Analyst – Primavera	1	1	1	1
Construction Inspector	0	0	2	2
Associate Engineer	5	3	3	2
Engineering Technician	1	1	1	1
Administrative Assistant	2	1	1	1
Administrative Secretary	3	2	2	2
Construction Project Coordinator	3	2	0	0
Operations Liaison	1	1	1	1
Construction Management Analyst	1	1	1	0
Total	35	31	28	27

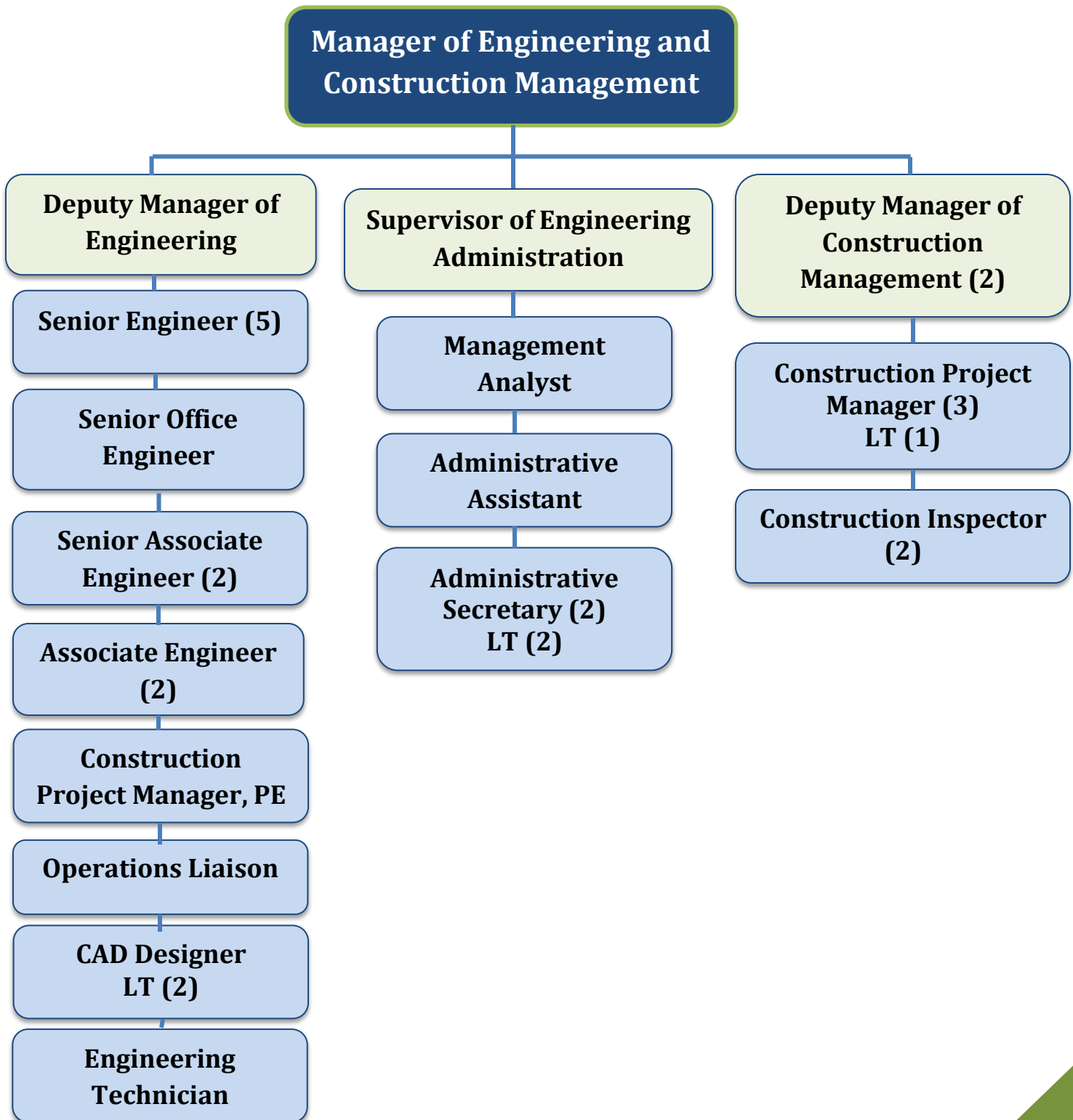
Engineering & Construction Management

Limited Term Positions				
Construction Project Manager	1	1	0	1
Construction Project Coordinator	1	0	0	0
Construction Inspector	0	0	1	1
CAD Designer	0	1	2	2
Administrative Secretary	2	2	2	2
Total	39	35	33	33



REGIONAL RECYCLING FACILITY NO. 1 DEWATERING BUILDING

Organizational Chart



Engineering & Construction Management

Summary of FY 2013/14

Major Accomplishments			
A. Fiscal Responsibility B. Workplace Environment C. Business Practices D. Water Reliability E. Wastewater Mgmt. F. Environmental Stewardship			
IEUA Business Goals	Department Goals	Accomplishments	Status
C	Provide high quality project management for the completion of Capital Improvement Projects	Implemented effective project management tools, attended schedule training courses, and established KPI's focusing on meeting schedules and budgets.	Ongoing
C	Expand knowledge of current technologies and management practices	Provided staff workshops, presentations, and training on new and updated technology, Agency Procedures, and department SOP's. Staff conducted monthly presentations on lessons learned.	Ongoing
C	Provide high quality administrative support for the completion of CIP	Developed Analysis reports trends on change orders, emergency projects, and estimated construction contract vs. actual contract award; developed a graphical tool for Capital Call projections; maintained reports on projects and department metrics and knowledge based documents including SOP's, conference papers, financial and reporting documents; coordinated Agency wide project closure process; and maintained documentation for all bid and award notifications.	Ongoing

Major Accomplishments			
<i>A. Fiscal Responsibility B. Workplace Environment C. Business Practices D. Water Reliability E. Wastewater Mgmt. F. Environmental Stewardship</i>			
C	Improve and streamline the design process	Provided value engineering services during design reviews; Construction Management participated in constructability reviews for projects in design; and improved the as-built database to allow a search function by facility, system, and unit process.	Ongoing
C	Expand knowledge of current technologies and industry practices	Presented engineering activities, SCADA Master Plan and Migration, at conference; attended vendor lunch and learn meetings, demonstration meetings, and webinars; and attended professional group meetings and conferences with CMAA and CWEA.	Ongoing
C	Manage projects to levels which maximize quality and operational effectiveness	Developed new procedures to work with TS to incorporate Operations and Maintenance needs into design; Provided training, O&M Manuals, and seamless project transfers to Operations and Maintenance; and conducted department surveys on design, construction, and administrative functions.	Ongoing
D	Recycled Water: Provide the maximum public benefits from the use of recycled water supplies available from wastewater treatment facilities owned by the Agency	Obtained SRF Load Funding for the Wineville Project; Continue to work with Planning on the Recycled Water Business Plan; and Implementing projects to address the changing needs of	Ongoing

Engineering & Construction Management

Major Accomplishments			
A. Fiscal Responsibility B. Workplace Environment C. Business Practices D. Water Reliability E. Wastewater Mgmt. F. Environmental Stewardship			
		recycled water demands.	
D	Continue to expand Recycled Water System to increase use and reliability	Continue to increase water connected usage to 50,000 AF by FY21/22 by working with the agencies in assisting with direct connections, implementing demand management strategies, and pursuing investigative recharge projects to increase Recycled Water.	Ongoing
C	Explore, pursue and implement innovative technology with a cost effective approach to operating practices and administrative functions	Implemented efficient processes for contract approvals; Implementing a project Dashboard; and Implementing an electronic invoice approval process.	Ongoing
C	Ensure the workforce is productive and efficient – “works smarter” – by employing current technological enhancements including use of the internet and web based products	Implemented Enhancements to CIPO for project documentation tracking in daily reports, change orders, survey requests, and inspection requests; and exploring possibility of using a less restrictive Primavera database or utilizing Microsoft project to create and track project schedules.	Ongoing

Performance/Workload Indicators				
	FY 2012/13 Actual	FY 2013/14 Target	FY 2013/14 Projected	FY 2014/15 Target
Capital Spending	\$40	\$59	\$33	\$28
Total Recycled Water Connected Demand (AFY)	32,300	31,400	35,000	32,000
# of RFI's Generated/\$1 Million Spent	18	<25	17	*
Completed Engineering Design Schedule on Time	*	>=80%	80%	>=80%
Completed Construction Schedule on Time	*	>=80%	80%	>=80%
Project Costs within Initial Total Budget	*	>=90%	20%	>=90%
Project Costs within Initial Fiscal Budget	*	*	*	>=90%
Added or Omitted Change Orders Engineering	7.8	*	*	*
Added or Omitted Change Orders Const Mgmt <\$2M/>/>\$2M	0.5/26.0%	*	*	*
Non-Added or Omitted Change Orders Engineering	3.60%	*	*	*
Non-Added or Omitted Change Orders Const Mgmt	10.0/2.25%	*	*	*
Change Orders	*	<=10%	13%	<=10%
Actual Expenditures as a Percentage of Forecasted Expenditures	84%	>80%	80%	>=90%

Engineering & Construction Management

Performance/Workload Indicators				
Engineering Project Quality Survey	90%	>90%	80%	*
Invoices Processed	66%	70% <=14 days	70%	*
Administrative Quality Survey	90%	>90%	80%	*
As-Builts Processed within 30 Days of Receipt	96%	100%	100%	*
Construction Management Costs <\$2M/>\$2M	4.00/6.95	*	*	*
Construction Management Quality Survey	*	>80%	80%	*

*Performance/Workload Indicator was not measured during this period.

Department Goals and Objectives for FY 2014/15

IEUA Business Goal Overview			
Work Plan	Department Goals	Timeline	KPIs
E. Wastewater Management Refer to Agency Wide Policy Goals pages 2-10 through 2-11			
E4	<ul style="list-style-type: none"> Provide high quality project management for the completion of Capital Improvement Projects 	FY 2014/15	Design Schedule on time >=80% Complete Construction Schedule on time >=80% Project Costs within initial Total Project Budget >=90% Project Costs within Initial Fiscal year Project Budget >=90% All Expenditures as a Percentage of Forecasted Expenditures >=90% Change Orders as a percentage of initial contract award value <=10%

IEUA Business Goal Overview			
E5	<ul style="list-style-type: none"> Upon funding, design and construct latest technology lab. 	48 months after funding is received	Upon funding 12 months for design and 36 months to construct
E6	<ul style="list-style-type: none"> Review and evaluate all projects for best practices that can be applied to future projects. 	Monthly	10x/year > 90%

Expenses

Employment expense includes wages and benefits. Operating expense includes permits, licenses, materials and supplies, and professional fees. Operating expense increases slightly for outside consulting services. In FY 2013/14 organizational changes resulted in the merging of Engineering and Construction Management departments, in which one position was permanently eliminated.

Expense	FY 2011/12	FY 2012/13	FY 2013/14	FY 2014/15
	Actual	Actual	Projected Actual	Budget
Employment	\$3,034,680	\$4,122,515	\$3,610,445	\$3,726,220
Administrative	24,642	27,579	32,979	38,240
Operating	23,782	88,911	151,398	188,405
Total	\$3,083,104	\$4,239,005	\$3,794,822	\$3,952,865

Planning & Environmental Compliance

Mission Statement

Plan and implement projects and programs to cost effectively meet future regional water, wastewater and energy management needs through enhanced partnerships with various regional stakeholders. Promote and monitor Agency programs, as well as maintain the integrity of the core agency processes by maintaining compliance with all applicable federal, state and local environmental and workplace requirements while minimizing Agency liability.

Description and Purpose

The Planning and Environmental Compliance Department includes the following three groups: Planning and Water Resources, Environmental Compliance, and Pretreatment and Source Control.

The Planning group is responsible for the development of environmental and feasibility reports, plans and programs to meet and sustain the region's existing and future water supply, the wastewater and energy management needs in an integrated manner, as well as the Agency's Ten Year Capital Improvement Plan (TYCIP).

The Environmental Compliance group is responsible for monitoring the Agency's water and wastewater facilities, air pollution control systems, and bio-solids treatment and composting facilities to ensure compliance with all local, state and federal regulations governing Publicly Owned Treatment Works (POTW). The group is also responsible for planning and implementing the regulatory permitting needs for the long term operation of facilities and construction of new facilities.

The Pretreatment and Source Control group is responsible for working with industries and Regional Contracting Agencies (RCAs) to determine the best method of wastewater disposal while abiding by strict permit discharge standards. The group also monitors pollutant concentrations in the industrial discharges so that IEUA plant operations are not impacted.

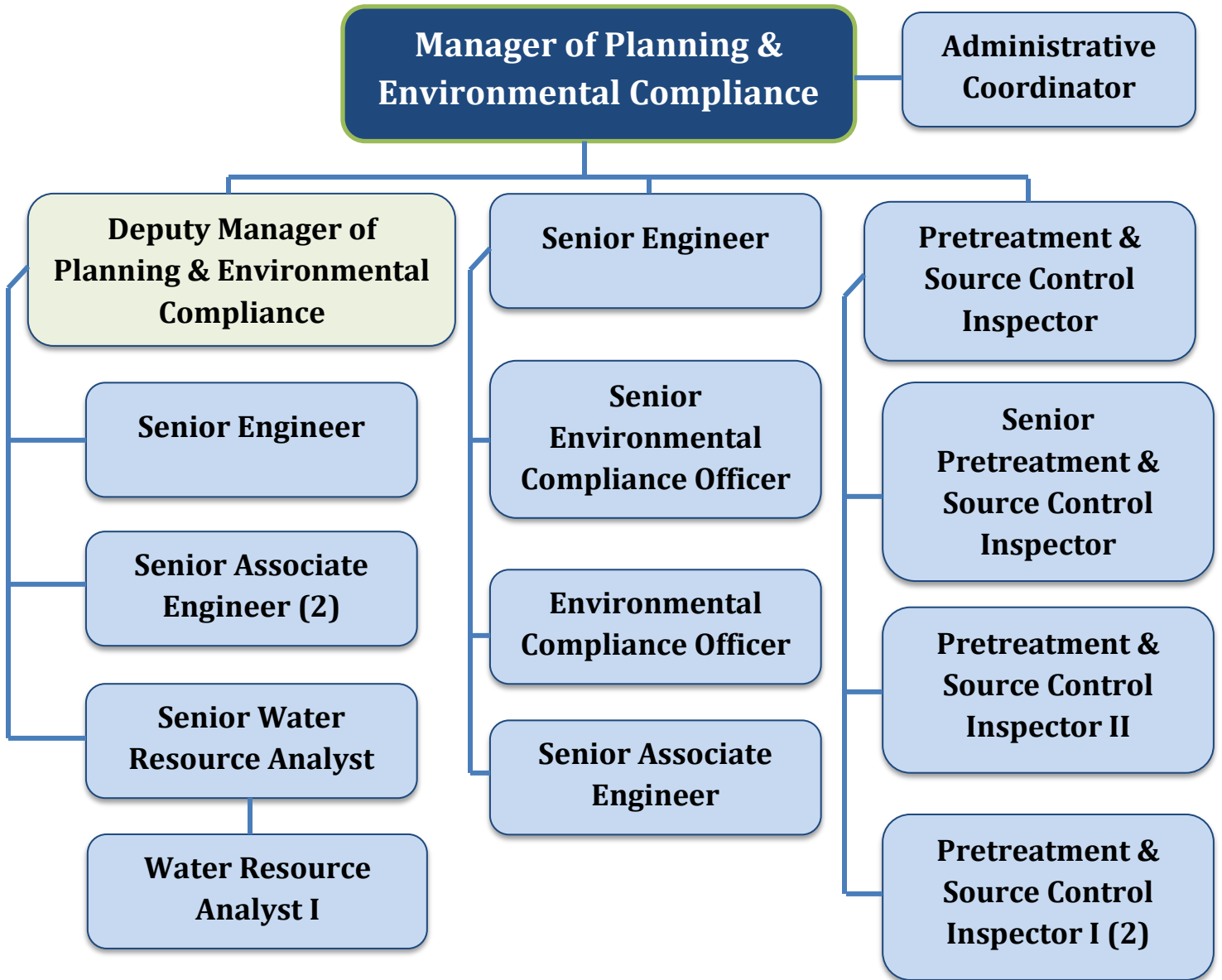
Position Summary

Due to organizational changes in FY 2013/14, 8 positions were added to the Planning and Environmental Compliance Department; 1 position from Engineering, 6 positions from former Pretreatment and Source Control, and 1 new position.

Position	FY 2011/12	FY 2012/13	FY 2013/14	FY 2014/15
Manager of Planning and Environmental Compliance	1	1	1	1
Deputy Manager of Planning and Environmental Compliance	0	0	1	1
Planning and Water Resources Supervisor	0	0	1	1
Senior Environmental Compliance Officer	1	1	1	1
Environmental Compliance Officer	2	2	2	2
Senior Water Resource Analyst	1	1	1	1
Water Resources Analyst I	0	1	1	1
Senior Engineer	2	2	2	2
Senior Associate Engineer	1	1	2	2
Administrative Coordinator	1	1	1	1
Pretreatment & Source Control Supervisor	0	0	1	1
Senior Pretreatment & Source Control Inspector	0	0	1	1
Pretreatment & Source Control Inspector II	0	0	1	1
Pretreatment & Source Control Inspector I	0	0	2	2
Total	9	10	18	18

Planning & Environmental Compliance

Organizational Chart



Summary of FY 2013/14

Major Accomplishments			
<i>A. Fiscal Responsibility B. Workplace Environment C. Business Practices D. Water Reliability E. Wastewater Mgmt. F. Environmental Stewardship</i>			
IEUA Business Goals	Department Goals	Accomplishments	Status
F	Proactively promote and maintain compliance related to the protection of the environment and the Agency and public's health and safety	Provided support to the Operations Division in maintaining compliance. Reviewed applicable emerging laws, rules, orders, ordinances, and requirements.	Ongoing
D	Actively support the implementation of local and regional water supply planning, projects, and programs	Initiated the Integrated Resources Planning and Recycled Water Program Strategy to develop the long term supply and reliability project portfolios.	50% completed; will be completed in Fall 2014
C	Ensure Agency readiness through effective monitoring and planning for regional growth and resultant capital expansion	Worked with RCAs to review and maintain accurate building activity reports.	Ongoing

Performance/Workload Indicators				
	FY 2012/13	FY 2013/14	FY 2013/14	FY 2014/15
	Actual	Target	Projected	Target
RWQCB/SWRCB Reports	80	91	91	91
CDPH	13	13	13	13

Planning & Environmental Compliance

Performance/Workload Indicators				
EPA	3	7	3	3
SCAQMD Reports	30	29	26	26
SCE Annual Efficiency Report	2	2	2	1
NRWS Permits	27	15	17	15
Regional Permits	7	12	16	10
NRWS Industry Inspections	124	120	114	119
NRWS Industry Monitoring	618	700	683	568
Regional Industry Inspections	69	90	86	76
Regional Industry Monitoring	84	85	67	234

Department Goals and Objectives for FY 2014/15

IEUA Business Goal Overview			
Work Plan	Department Goals	Timeline	KPIs
A. Fiscal Responsibility <i>Refer to Agency Wide Policy Goals pages 2-2 through 2-3</i>			
A1	<ul style="list-style-type: none"> NRWS & IEBL - Develop rate models to fully support cost of service 	July 2014 - June 2019	Collect revenues to be within five percent of the actual cost of the program
A3	<ul style="list-style-type: none"> Strategically pursue projects to maximize funding/grant opportunities 	Annual	Participate with SAWPA and other regional agencies in developing potential project list

IEUA Business Goal Overview			
A5	<ul style="list-style-type: none"> Conduct study to evaluate regional connection fees and provide framework for future changes to fee structure 	January 2015	Complete the study by January 2015
A8	<ul style="list-style-type: none"> Initiate discussions to revise and renew the Regional Sewerage Contract. Update to meet current practices and needs 	June 2015	Update conceptual agreement with member agencies by June 2015
A10	<ul style="list-style-type: none"> Integrate and fully fund R&R projects identified in the Asset Management Plan into the TYCIP 	February 2015	Complete the TYCIP by February 2015
A11	<ul style="list-style-type: none"> Integrate projects identified in the various planning documents into the TYCIP 	February 2015	Complete the TYCIP by February 2015
C. Business Practices Refer to Agency Wide Policy Goals pages 2-6 through 2-7			
C6	<ul style="list-style-type: none"> Apply LEAN management principles to streamline current practices and develop long term strategy for permitting of the O&M activities of recharge basins 	June 2015	Complete the strategy by June 2015
C10	<ul style="list-style-type: none"> Participate in local and regional meetings such as CASA, SCAP, Water Reuse, SCWC, CWEA, and ACWA, to advance the Agency's mission, vision and key initiatives 	Continuous	Attend meetings regularly
C12	<ul style="list-style-type: none"> Promote local initiatives; consider and recognize the business impacts when developing regulations, policies, and planning documents 	Continuous	Maintain the schedules as established in the regulations, policies and planning documents
C13	<ul style="list-style-type: none"> Provide regular updates to the Regional Committees and IEUA Board on long term planning needs 	Continuous	Provide monthly/quarterly/annual updates as needed

Planning & Environmental Compliance

IEUA Business Goal Overview			
D. Water Reliability Refer to Agency Wide Policy Goals pages 2-8 through 2-9			
D1	<ul style="list-style-type: none"> Complete update of the Water Use Efficiency Plan, Integrated Resources Plan, and Urban Water Management Plan 	Dec 2014 June 2016 December 2014	Adopt the documents
D2	<ul style="list-style-type: none"> Develop new targets, tools, and programs to achieve the 20 x 2020 requirements 	June 2015	Achieve: 226 gpcd by 2015 Achieve: <200 gpcd by 2018
D4	<ul style="list-style-type: none"> Work with member agencies to develop ordinances, programs, and initiatives to promote stormwater capture 	June 2017	Develop programs, plans and policies to support stormwater capture
D5	<ul style="list-style-type: none"> Optimize IEUA's use of potable and recycled water by completion and implementation of the Recycled Water Program Strategy (RWPS) 	December 2014	Complete the RWPS
D6	<ul style="list-style-type: none"> Identify and evaluate supplemental water supplies for the region through completion of the Integrated Resources Plan (IRP) 	December 2014	Complete the IRP
D7	<ul style="list-style-type: none"> Develop planning documents and a regulatory permitting strategy to support the implementation of local recycled water programs as identified in the RWPS and IRP 	June 2015	Develop Permitting Strategy of the IRP/RWPS
D8	<ul style="list-style-type: none"> Develop and implement the Recycled Water Peak Demand Management Plan to optimize efficient use of recycled water. Work with member agencies to encourage new developments to connect to recycled water 	Continuous	Develop plan and member agency communication

IEUA Business Goal Overview			
D10	<ul style="list-style-type: none"> Facilitate the adoption water softener ordinances for the cities of Chino, Chino Hills and Ontario. 	December 2014	Adopt ordinances by Dec 2014
D11	<ul style="list-style-type: none"> Implement the schedule consistent with the RWPS and the Recharge Master Plan Update 	Continuous	Meet the schedules as defined by the RWPS and RMPU
D13	<ul style="list-style-type: none"> Complete the MWD Foundational Action Research Program and develop a tertiary injection research project plan to find new methods to safely recharge more water into the Chino Basin 	June 2015	Develop the plans
D15	<ul style="list-style-type: none"> Accelerate implementation of “Drought Proof” projects to optimize use of federal and state grants and loans; develop the project list based on priority 	Continuous	Keep updated project list and be coordinated with member agencies
E. Wastewater Management Refer to Agency Wide Policy Goals pages 2-10 through 2-11			
E1	<ul style="list-style-type: none"> Update the WWFMP in 2014 and every ten years with updated population projections and demand forecast to address anticipated regional growth 	December 2014	Complete the WWFMP
E3	<ul style="list-style-type: none"> Continue to work with regional contracting agencies to review and maintain accurate building activity reports to integrate into the AMP 	Continuous	Periodically check to ensure that the forecasts are consistent with the adopted projections provided in the WWFMP
E10	<ul style="list-style-type: none"> Develop and coordinate an Energy Management Master Plan consistent with IEUA planning documents 	June 2015	Complete the Energy Management Master Plan
E11	<ul style="list-style-type: none"> Complete an Agency wide GHG emission baseline assessment Develop GHG reduction plan consistent with the Energy Management Plan 	July 2016	Complete the GHG emission baseline July 2014

Planning & Environmental Compliance

IEUA Business Goal Overview			
	<ul style="list-style-type: none"> Measure GHG reduction (tons CO2 eq/yr) 	July 2016	Complete the GHG emission baseline July 2014
F. Environmental Stewardship <i>Refer to Agency Wide Policy Goals pages 2-12 through 2-33</i>			
F2	<ul style="list-style-type: none"> Complete odor baseline report by coordinating an odor survey 	June 2015	Perform quarterly odor survey
F3	<ul style="list-style-type: none"> Develop a communication plan to neighboring businesses of odor performance monitoring 	Continuous	Perform periodic/as needed odor monitoring
F3	<ul style="list-style-type: none"> Assist Operations and External Affairs with odor complaint investigations and assist with mitigation 	Continuous	Provide support as needed
F5	<ul style="list-style-type: none"> Actively participate in the legislative process through advice letters, comments 	Continuous	Participate in local water/wastewater/air regulatory and association committee meetings.
F8	<ul style="list-style-type: none"> Update Regional Wastewater Ordinance and Enforcement Response Plan 	December 2014	Adopt the Regional Wastewater Ordinance and ERP
F11	<ul style="list-style-type: none"> Complete a Santa Ana River Habitat Conservation Plan and develop a long term strategy for mitigation for other regional projects 	June 2015	Complete the plans/strategies

Expenses

Employment expense includes wages and benefits. Due to organizational changes in FY 2013/14 the department of Pre-Treatment and Source Control was split. Source Control is now included in the Planning and Environmental Compliance department. The number of staff increased from 10 to 18. Operational expense increases dramatically to include the Non-Reclaimable Wastewater (NRW) program pass through operating fees. For a complete description of the NRW program operational expense, see the Programs section of the budget.

Expense	FY 2011/12 Actual	FY 2012/13 Actual	FY 2013/14 Projected Actual	FY 2014/15 Budget
Employment	\$1,173,317	\$1,357,184	\$1,652,406	\$3,307,911
Administrative	9,836	15,994	13,455	35,900
Operating	464,837	445,361	1,015,463	7,645,909
Total	\$1,647,990	\$1,818,539	\$2,681,324	\$10,989,720



**REGIONAL WATER RECYCLING FACILITY NO. 2 –
DIGESTER NO. 4 DOME IMPROVEMENTS**

Laboratory

Mission Statement

Provide high quality, reliable analytical support to the Agency in its efforts to protect the public's health and environment in accordance with Environmental Laboratory Accreditation Program (ELAP) Quality Assurance/Quality Control requirements.

Description and Purpose

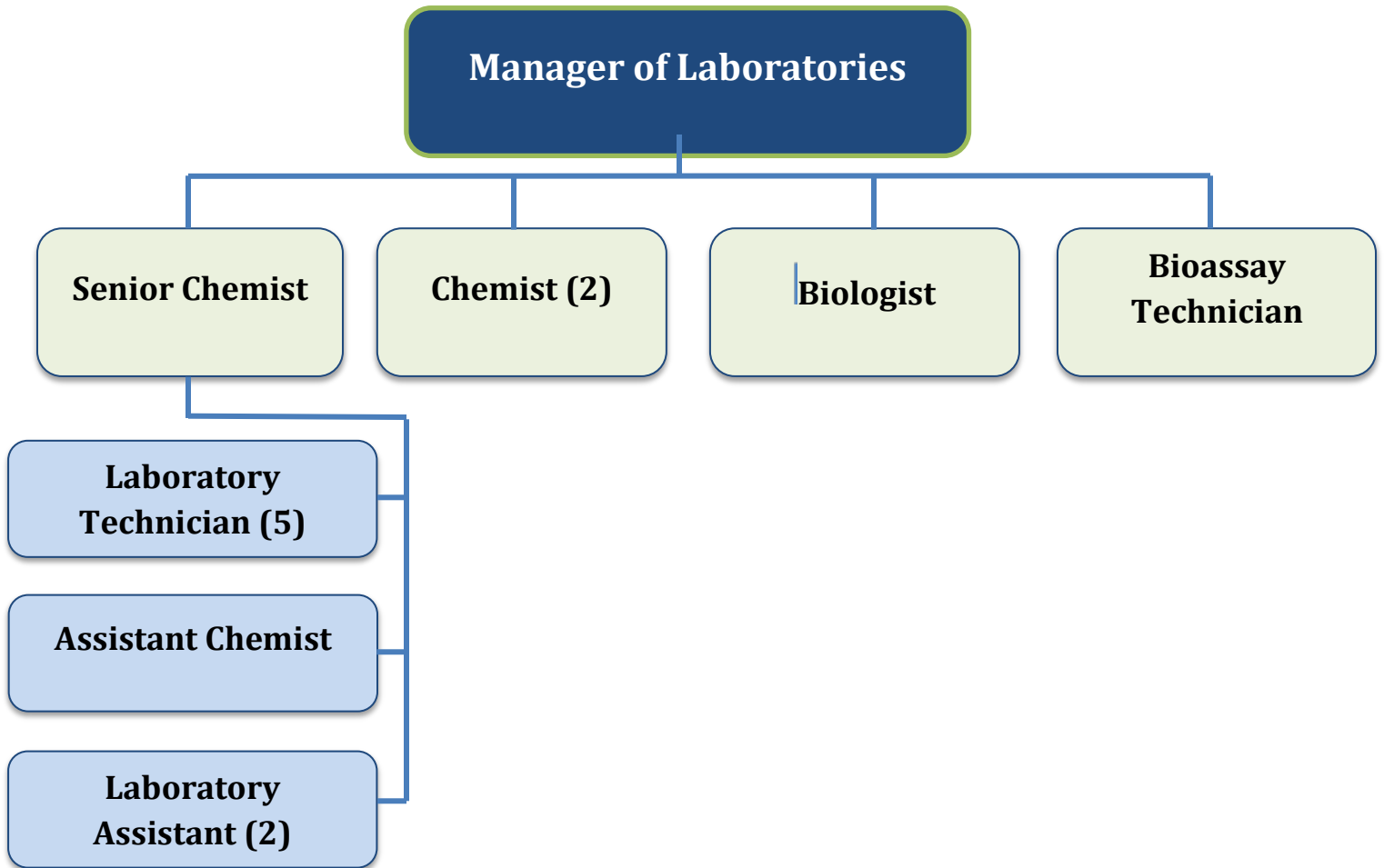
The laboratory provides the analytical support to allow efficient operation of the Agency's four recycling facilities: Regional Water Recycling Plant No. 1 (RP-1) in Ontario, Carbon Canyon Water Recycling Facility (CCWRF) and Regional Water Recycling Plant No. 5 (RP-5) located in Chino, and Regional Water Recycling Plant No. 4 (RP-4) located in Rancho Cucamonga. The department also provides support for groundwater recharge monitoring efforts, and verification of their compliance with State and Federal discharge limits. The Agency laboratory is a modern, full service laboratory certified by the State of California Environmental Laboratory Accreditation Program (ELAP) for wastewater and drinking water testing. It follows the strict guidelines for the production of quality results required by the Environmental Protection Agency (EPA) and California Department of Public Health (CDPH). The Laboratory analyzes approximately 18,000 samples, and performs 64,000 various tests per year.

Position Summary

No staffing changes proposed in FY 2014/15.

Position	FY 2011/12	FY 2012/13	FY 2013/14	FY 2014/15
Manager of Laboratories	1	1	1	1
Senior Chemist	2	1	1	1
Chemist	1	2	2	2
Assistant Chemist	1	1	1	1
Biologist	1	1	1	1
Bioassay Technician	1	1	1	1
Laboratory Technician	5	5	5	5
Laboratory Assistant	2	2	2	2
Total	14	14	14	14

Organizational Chart



Laboratory

Summary of FY 2013/14

Major Accomplishments			
A. Fiscal Responsibility B. Workplace Environment C. Business Practices D. Water Reliability E. Wastewater Mgmt. F. Environmental Stewardship			
IEUA Business Goals	Department Goals	Accomplishments	Status
A	Effective monitoring and refinement of established Laboratory Key Performance Indicators (KPIs)	Utilizing KPIs to monitor effective customer support	Ongoing
A	Effective and accurate sample analysis and data collection	Meeting Quality Control requirements.	Ongoing
B	Conduct laboratory interdepartmental training	Held training sessions with Operations staff on various Laboratory analyses	Completed
B	Effectively develop and conduct documented procedures and technology training	Held department training sessions on new Laboratory analyses.	Completed
C	Maintain Compliance and Protect Public Health	Meeting Agency required monitoring needs	Ongoing
E	Maintain Environmental Laboratory Certification Program (ELAP) Accreditation	100% acceptable results of annual Performance Evaluation samples	Completed

Performance/Workload Indicators				
	FY 2012/13	FY 2013/14	FY 2013/14	FY 2014/15
	Actual	Target	Projected	Target
Average Turnaround Time (Compliance Samples) (Days)	22	20	19	18
Meeting Established Turnaround Times	0.97	>99%	98	>99%

Performance/Workload Indicators				
Quality Control Failures	<1%	<1%	<1%	<1%
ELAP Performance Evaluation Repeats per Calendar Year	0	0	1	0
Safety - Lost Time Accidents	0	0	0	0
Samples Completed Within Regulatory Holding Times	100%	100%	100%	100%

Department Goals and Objectives for FY 2014/15

IEUA Business Goal Overview			
Work Plan	Department Goals	Timeline	KPIs
A. Fiscal Responsibility <i>Refer to Agency Wide Policy Goals pages 2-2 through 2-3</i>			
	<ul style="list-style-type: none"> Evaluate and Implement new technologies for laboratory analyses as they become available. Maintain Laboratory certification for all current analysis performed, add certification if justified to reduce cost of contracting out some analysis. 	Annual October 2014	Continuous monitoring Pass all Performance Evaluation unknown samples with 100% acceptable results.
B. Workplace Environment <i>Refer to Agency Wide Policy Goals pages 2-4 through 2-5</i>			
	<ul style="list-style-type: none"> Complete a Review/Update of the Laboratory Chemical Hygiene Plan (CHP) annually. 	June 2015	Draft of updates available for Safety department review by May 1, 2015
	<ul style="list-style-type: none"> Meet the bi-weekly safety tailgate meeting requirement. 	December 2014	Submit all Safety trackers to Safety department by December 1, 2014
E. Wastewater Management <i>Refer to Agency Wide Policy Goals pages 2-10 through 2-11</i>			
	<ul style="list-style-type: none"> Ensure Agency is aware of latest technology available to labs to meet new regulatory requirements that may impact the design of the Water Quality Laboratory. 	FY 2015/16	Participate in Design process for the new Water Quality Laboratory

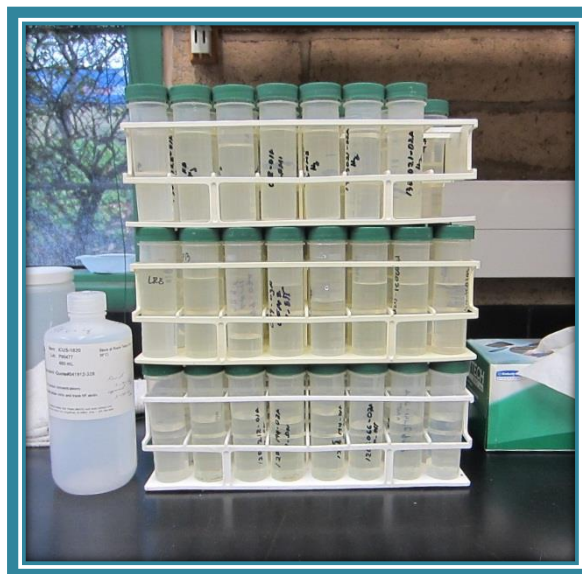
Laboratory

IEUA Business Goal Overview			
F. Environmental Stewardship <i>Refer to Agency Wide Policy Goals pages 2-12 through 2-13</i>			
	<ul style="list-style-type: none"> Annually review and update monitoring and analysis protocols to reflect any new regulatory requirements. 	FY 2014/15	Facilitate annual meeting with Operations staff by May 31, 2015

Expenses

Employment expense includes wages and benefits. Administrative expense includes office supplies, subscriptions, memberships, training and related expenses. Operating expense includes permits and licenses, materials and supplies and professional fees.

Expense	FY 2011/12	FY 2012/13	FY 2013/14	FY 2014/15
	Actual	Actual	Projected Actual	Budget
Employment	\$1,542,561	\$1,470,342	\$1,511,823	\$1,523,086
Administrative	5,579	7,306	11,071	11,071
Operating	465,658	369,196	455,937	487,986
Total	\$2,013,797	\$1,846,844	\$1,978,831	\$2,022,143



LABORATORY SAMPLES

OPERATIONS DIVISION

Mission Statement

To manage and maintain Agency assets efficiently and cost-effectively, to safely meet all regulatory standards, and to protect public health and the environment while producing renewable energy, high quality recycled water, and nutrient-rich compost.

Departments

- Operations
- Chino 1 Desalter (CDA)
- Groundwater Recharge (GWR)
- Maintenance
- Technical Services
- Inland Empire Regional Composting Facility (IERCF)

Executive Summary

The Operations Division, comprised of 163 employees in five departments, is responsible for the day-to-day operation and maintenance of the Agency’s water recycling plants: Regional Water Recycling Plant No. 1 (RP-1), Regional Water Recycling Plant No. 4 (RP-4), Regional Water Recycling Plant No. 5 (RP-5), Carbon Canyon Water Recycling Facility (CCWRF), a biosolids treatment-only plant at Regional Water Recycling Plant No. 2 (RP-2); as well as the Chino 1 Desalter (CDA), Groundwater Recharge, and the Inland Empire Regional Composting Facility (IERCF).

Operations Department

The Operations Department is responsible for operating the Agency’s water recycling plants and the Chino Desalter in a safe and reliable manner to ensure that they meet all the regulatory requirements.

Regional Water Recycling Plants (RP-1, RP-4, RP-5, CCWRF) – Treatment processes include preliminary, primary, secondary, and tertiary. Solids handling processes for RP-1 and RP-4 are located at RP-1 and include solids thickening, digestion, and dewatering. Solids handling for RP-5 and CCWRF are located at RP-2.

Table 9-1: Regional Recycling Facility Capacity and Flow

Facility	Plant Capacity (MGD)	Influent Flow (MGD)	Water Reused (MGD)
RP-1	44.0	27.3	15.3
RP-4	14.0	10.0	8.3
RP-5	15.0	8.4	4.4
CCWRF	11.4	7.0	1.9

Regional Water Recycling Plant No. 2 (RP-2) Biosolids Treatment Facility - Solids handling facility located in the City of Chino. Solids handling processes include sludge thickening, digestion, and dewatering.

Chino I Desalter (CDA) – Located in the city of Chino, CDA I provides advanced water treatment of impaired ground water. The treatment processes include reverse osmosis, ion exchange, and air stripping. The facility is designed to produce 14.2 MGD of potable drinking water.

Groundwater Recharge (GWR)

The GWR infrastructure consists of a network of pipelines that direct storm water run-off, imported water from the State of California Water Project and IEUA recycled water to 16 recharge sites, most of which consist of multiple recharge basins. These recharge basins are located throughout the IEUA service area (approximately 242 square miles) and are designed to hold the water so that it can percolate into the ground and replenish the alluvial aquifers and groundwater supply.

Inland Empire Regional Compost Facility (IERCF)

The Inland Empire Regional Compost Authority (IERCA) is a Joint Powers Authority (JPA) between IEUA and Los Angeles County Sanitation District (LACSD). The composting facility is the nation's largest indoor biosolids composting facility, located in Rancho Cucamonga, California. The facility produces a wood based, nutrient-rich, compost made from recycled green waste, biosolids and horse stable bedding. Every year, the facility produces approximately 230,000 cubic yards (90,000 tons) of high-quality compost which is marketed under the name SoilPro Products. Treatment processes include mixing, aerated composting, screening, curing, and storing. All emissions are treated with a biofilter.

Maintenance

The Maintenance Department consists of Electrical, Instrumentation, HVAC, Co-Gen, Mechanical, Collections, Planning, and Integrated Systems Services. The Maintenance Department provides the Operations Department with the level of equipment reliability required to maintain regulatory compliance at all facilities.

Technical Services

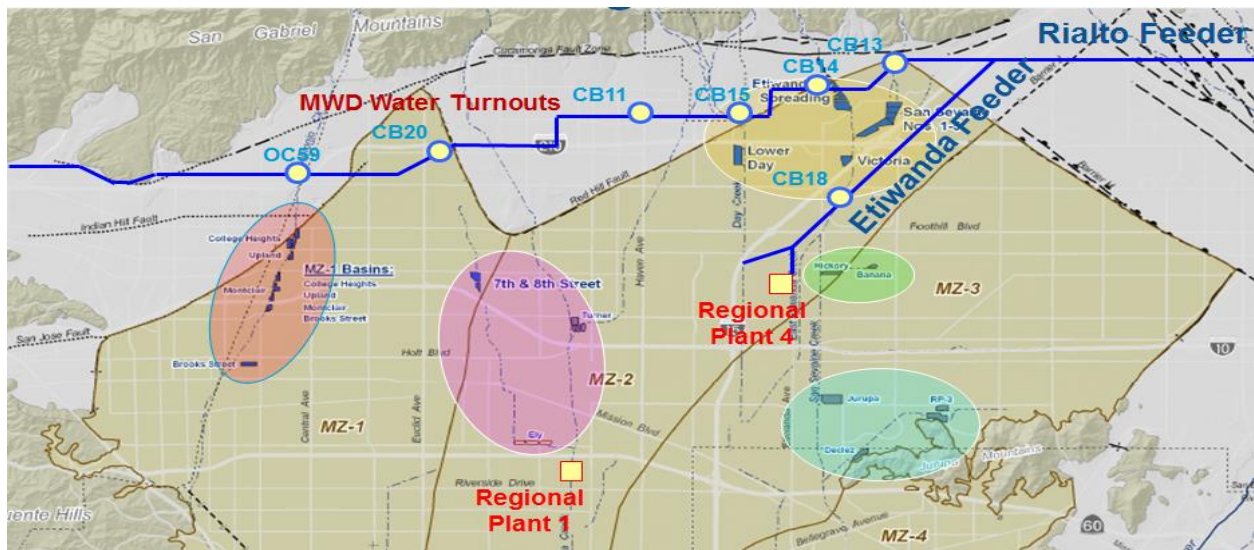
The Technical Services Department is responsible for providing needed technical assistance to the Operations, Maintenance, Planning and Environment Compliance, Engineering, and Construction Management Departments.

Division Goals

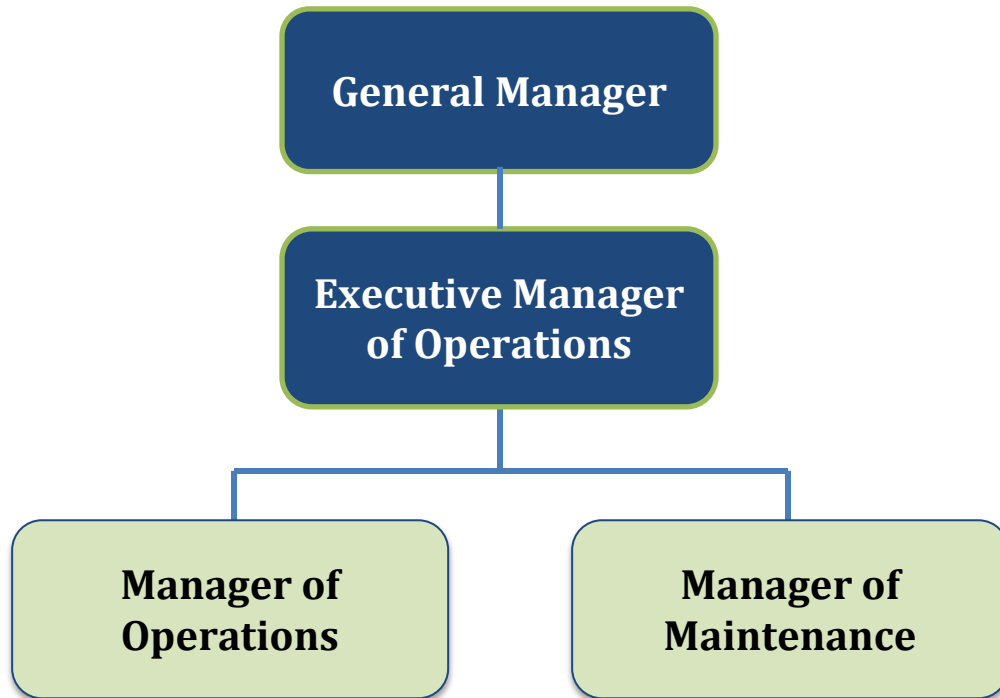
- Establish a cross training program across departments and divisions to enhance understanding of Agency programs by June 2015
- Review and revise the Emergency Preparedness Plan by July 2017
- Review and update the Asset Management Plan by December 2014
- Optimize IEUA's use of potable and recycled water by July 2016

OPERATIONS DIVISION

- Develop and implement Recycled Water Peak Demand Management Plan to optimize efficient use of recycled water by June 2015
- Develop a plan to improve the quality of recycled water to meet customers' needs by June 2017
- Achieve 20,000 acre feet of recycled water recharge for dry years, by June 2019
- Ensure reliability of Agency assets by annually implementing the asset management monitoring and assessment program (Asset Management Plan)
- Continue to optimize operation of digestion and dewatering centrifuge to minimize operation costs
- Develop a Biosolids Capacity Marketing Plan maximizing material input and output by June 2017
- Develop a design concept for the proposed South Compost Facility by December 2014
- Develop and implement a strategic plan for optimal information technology systems
- Strive for 100 percent use of Agency bi-products by 2021
- Annually review and update the Key Performance Indicators (KPIs) to monitor and comply with all regulatory requirements
- Annually review and update the Emergency Response and Operational Plans for all facilities
- Conduct or participate in a consortium to compile performance measures for agencies across the state that will serve as a benchmarking tool to drive awareness of strengths and opportunities for improvements by June 2016



Organizational Chart



**CARBON CANYON WATER RECLAMATION
FACILITY – RECYCLED WATER PUMP STATION**

Operations

Mission Statement

Provide quality water and wastewater treatment; maximize the continued availability of high quality recycled water; manage groundwater recharge and biosolids composting in the safest, most efficient, cost effective and environmentally compliant manner.

Description and Purpose

The Operations Department includes the following three groups: Facility Operations, Groundwater Recharge and Organics Management. These groups are responsible for potable water treatment and distribution, treatment of wastewater and distribution of recycled water for groundwater recharge and irrigation including agricultural crops, municipal parks and landscaping, and other types of reuse, maximization of production of biogas as a fuel source for energy generation through digestion of biosolids, and biosolid dewatering for subsequent disposal and production of high quality compost. In order to provide these services, IEUA operates a regional wastewater collection system, five water recycling treatment plants, a regional recycled water distribution system, groundwater recharge basins, and the Inland Empire Regional Composting Facility (IERCF) for organics management and composting of biosolids.



IERCA OVERHEAD VIEW OF SOLAR PANELS

Position Summary

Organizational changes in FY 2013/14 to improve efficiency and streamline responsibilities resulted in no overall changes in the operation units. Throughout the year, positions may shift between locations to better maintain levels of service throughout the Agency's service area.

Operations - Administration, RP-1, RP-2, RP-4, RP-5, CCWRF & Chino Basin Desalter	FY 2011/12	FY 2012/13	FY 2013/14	FY 2014/15
Manager of Operations	1	1	1	1
Deputy Manager of Operations	2	2	2	2
Operations Supervisor	4	4	4	4
Senior Operator - Dual Cert*	1	1	1	1
Senior Operator	7	7	7	7
Operator - Dual Cert*	1	2	2	2
Operator	18	22	23	22
Senior Operations Assistant	1	4	1	1
Junior Operations Assistant	4	1	0	0
Operator in Training	4	2	1	0
Administrative Analyst	1	1	1	1
Administrative Assistant	1	1	1	1
Administrative Secretary	1	0	0	0
Total	47	49	45	43

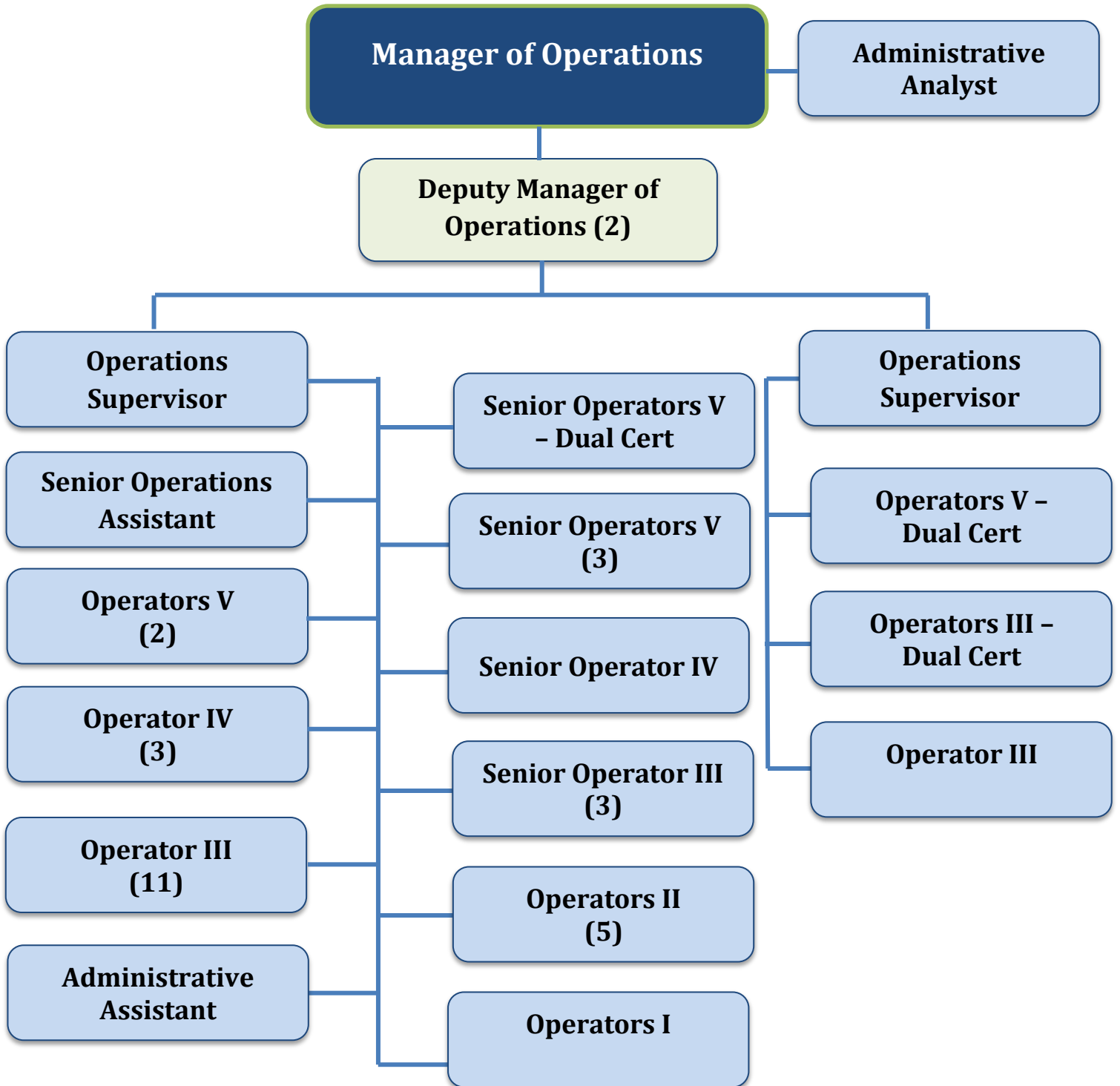
*Dual Certification - operator has both water and wastewater certifications

Operations

Groundwater Recharge	FY 2011/12	FY 2012/13	FY 2013/14	FY 2014/15
Groundwater Recharge Coordinator	1	1	1	1
Recycled Water Services Coordinator	1	1	1	1
Groundwater Recharge O & M Assistant	1	1	1	2
Recycled Water Services Technician	0	0	0	1
Total	3	3	3	5

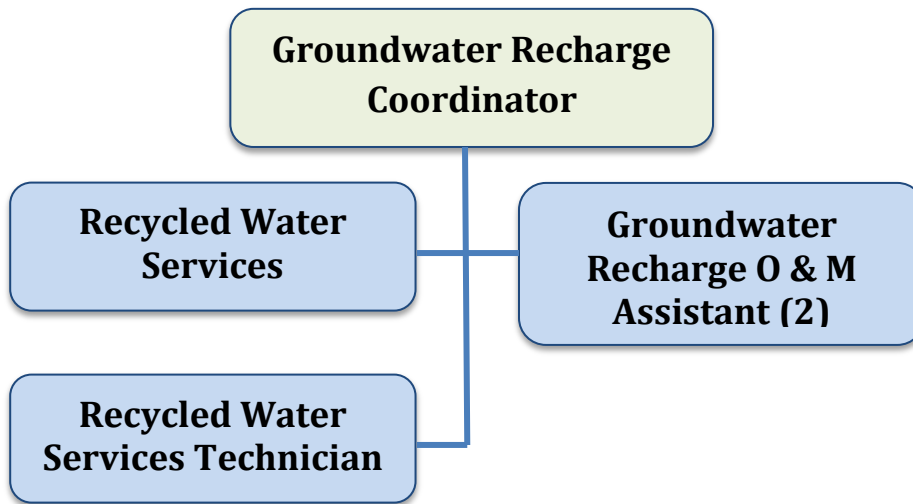
Organics Management	FY 2011/12	FY 2012/13	FY 2013/14	FY 2014/15
Deputy Manager of Operations & Organics Management	1	1	1	1
Maintenance Specialist	1	1	1	1
Marketing Coordinator	1	1	1	1
Organics Recycling Coordinator	1	1	1	1
Compost Facility Superintendent	2	2	2	2
Senior Compost Operator	1	2	1	1
Senior Maintenance Technician	1	1	1	1
Mechanic II	2	3	3	3
Mechanic I	1	0	0	0
Compost Operator	7	7	8	8
Compost Worker	2	4	4	4
Administrative Secretary	1	1	1	1
Total	21	24	24	24

Organizational Chart

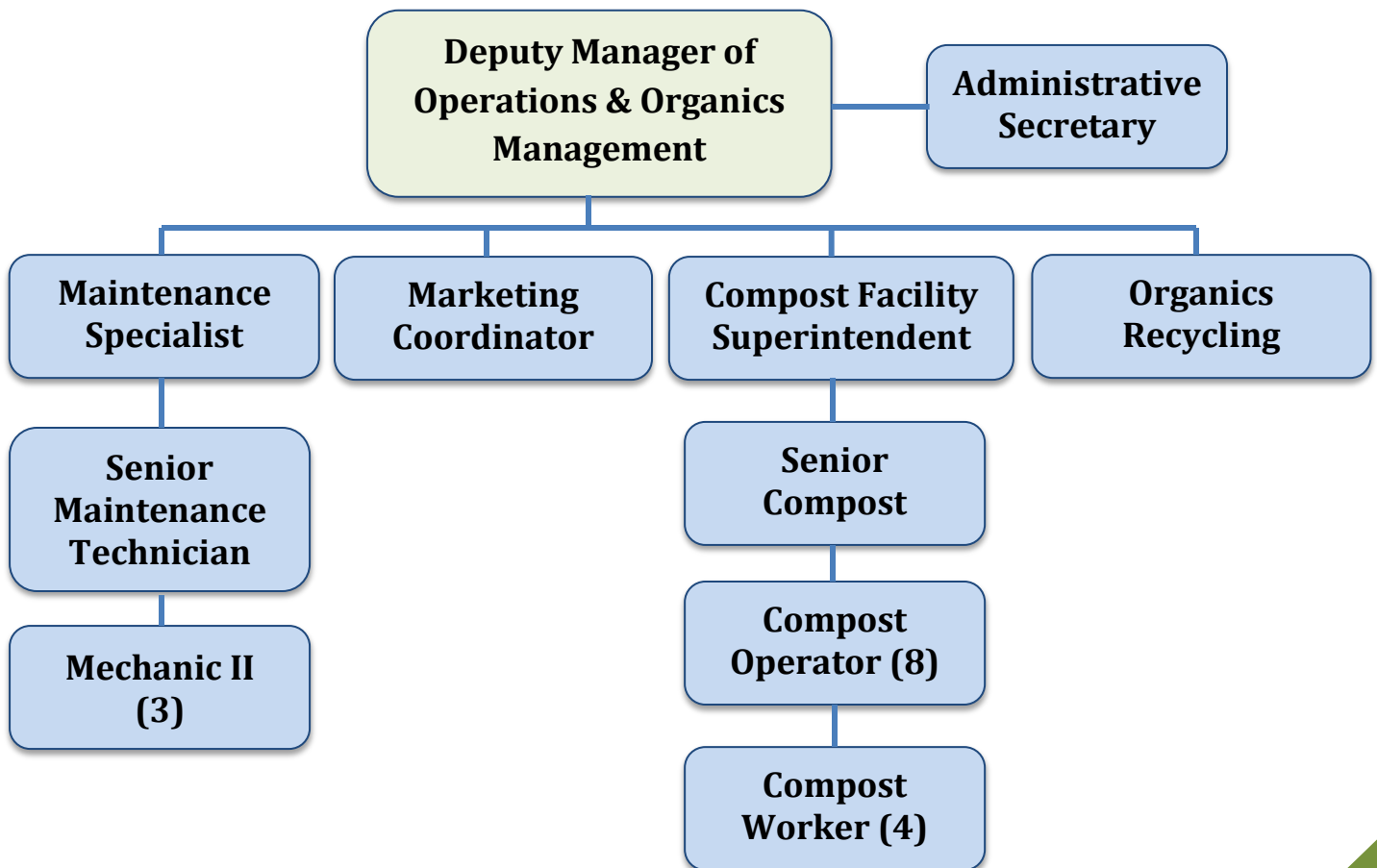


Operations

Groundwater Recharge



Organics Management



Summary of FY 2013/14

Operations

Major Accomplishments			
<i>A. Fiscal Responsibility B. Workplace Environment C. Business Practices D. Water Reliability E. Wastewater Mgmt. F. Environmental Stewardship</i>			
IEUA Business Goal	Department Goals	Accomplishments	Status
D	Maximize Diluents Water Recharge	Captured approximately 4,300 AF of storm water and 795 AF of imported water for recharge during the driest year on record.	Completed
D	Effectively and appropriately administer all Groundwater Recharge O&M agreements	Utilized O&M agreements to maintain all recharge sites including infiltration restoration activities at Victoria basin and Turner basins 1, 2, 3, and 4.	Completed
C	Promote optimized use of automation within all facilities	Added alarms reports to AIM, including the monthly top ten alarm report to aid in alarm evaluation.	Completed
C	Effectively support the development of Project Scope and Design	Participated in design reviews and project expectation development workshops.	Completed
B	Maximize staff cross training	Completed facility specific training for staff.	Completed
C	Minimize overtime use	Reviewed dark time alarms report with root cause analysis.	Completed
C	Provide excellent customer service	Experienced no recycled water preventive maintenance related interruptions.	Completed

Operations

Major Accomplishments			
A. Fiscal Responsibility B. Workplace Environment C. Business Practices D. Water Reliability E. Wastewater Mgmt. F. Environmental Stewardship			
D	Effective basin maintenance	Completed a second year of a basin weeding contract and performed strategic basin infiltration restoration activities.	Completed
B	Effectively develop and conduct documented process and industry training	Provided internal and external process training throughout the fiscal year.	Completed
C	Collect and manage data accurately and efficiently	Updated process data collection forms and integration with Operations Database.	Completed
F	Effective monitoring and refinement of established facility Key Performance Indicators (KPIs)	Utilizing KPIs and holding monthly review meetings.	Ongoing
E	Provide support to Construction Management to ensure appropriate and timely equipment/process start-up	Attended Construction Management meetings, shut-down tie-in requests were processed, and attended all equipment training.	Completed
B	Establish and monitor staff performance objectives	Finalizing to establish position specific goals and objectives that directly support the Agency strategic plan.	Not completed
D	Maintain maximum system designed reliability	Increased system reliability by meeting maintenance KPIs, holding weekly demand management meetings, and improving controls programming to maximize opportunity for	Completed

Major Accomplishments

A. Fiscal Responsibility B. Workplace Environment C. Business Practices D. Water Reliability E. Wastewater Mgmt.
F. Environmental Stewardship

		GWR deliveries. The recycled water program is on pace to exceed the goal of 40,000 AF of total recycled water deliveries.	
D	Maximize RW Recharge	Reached an IEUA 1-year record of over 13,000 AF recycled water recharge.	Completed
E	Recycle all Agency biosolids at IERCF	Managed digestion and dewatering systems to consistently provide biosolids at established IERCF capacity.	Completed
E	Maintain cost effective biosolids management	Maintained competitive pricing and sent Agency biosolids to the IERCF.	Completed
E	Manage energy use effectively	Improved SCADA logic to better manage supply versus demand cycles, reservoir levels, and GWR deliveries to minimize creek discharges.	Completed
E	Maximize digester gas production	Monitored and optimized digester operations and performance to achieve production goals.	Completed
B	Maintain 100% compliance with all permits	Used KPIs, operating procedures, and alarm management systems to meet all permit compliance requirements.	Completed

Operations

Major Accomplishments			
A. Fiscal Responsibility B. Workplace Environment C. Business Practices D. Water Reliability E. Wastewater Mgmt. F. Environmental Stewardship			
B	Incur zero employee work related accidents	Participated in regular safety tailgate trainings and facility security, safety and housekeeping inspections. Staff was notified of identified discrepancies and issues were resolved in a timely manner.	Completed

Performance/Workload Indicators				
	FY 2012/13	FY 2013/14	FY 2013/14	FY 2014/15
	Actual	Target	Projected	Target
Major Capital Projects Commissioned	17	6	4	5
Number of Workplace Safety/Lost Time Accidents	0	0	0	0
Agency Wide Chemical Expenditures	4,596,332	4,493,663	4,135,000	4,203,486
Groundwater Recharge (AF)	15,750	22,000	18,000	25,000
Compost Production (Cubic Yards)	220,000	220,000	235,000	250,000

Department Goals and Objectives for FY 2014/15

IEUA Business Goal Overview			
Work Plan	Department Goals	Timeline	KPIs
B. Workplace Environment <i>Refer to Agency Wide Policy Goals pages 2-4 through 2-5</i>			
B7	<ul style="list-style-type: none"> Develop a division-wide training program to enhance understanding by Agency staff of wastewater treatment process and compliance; modern maintenance practices; recycled water 	FY 2015/16	1 training session per quarter
D. Water Reliability <i>Refer to Agency Wide Policy Goals pages 2-8 through 2-9</i>			
D5	<ul style="list-style-type: none"> Establish potable and recycled water baseline monitoring plan for all Agency facilities. 	FY 2014/15	One facility per quarter
	<ul style="list-style-type: none"> Measure baseline usage of potable and recycle water at all Agency facilities. 	FY 2015/16	One facility per quarter
	<ul style="list-style-type: none"> Identify projects necessary to reduce potable and recycled water usage. 	FY 2016/17	One facility per quarter
D8	<ul style="list-style-type: none"> Develop written RW storage and delivery strategies to meet department forecasts of diurnally variable RW supplies and seasonally variable RW demands. 	October 31, 2014	Written strategies and forecasts developed by RW and GWR staff by September 1, 2014
	<ul style="list-style-type: none"> Develop RW GWR SCADA improvements that implement the storage and delivery strategies by working the DCS Department 	April 30, 2015	System Improvement request to DCS Department by March 15, 2015
	<ul style="list-style-type: none"> Continue weekly Peak Demand Management Meetings with key operations staff for start of CY2015 Peak Demand season 	June 30, 2015	Demand Management meeting scheduled in Outlook by March 31, 2015

Operations

IEUA Business Goal Overview			
D11	<ul style="list-style-type: none"> Maintain basin readiness through basin cleanings 	Annual budgeting by April 1 with CBWM, and field activities as allowed by permits	Annual Budget and Basin Cleaning Plan
D11	<ul style="list-style-type: none"> Prepare and submit to CDPH the Start-Up Reports for new basin as delivery mechanisms are completed. 	Declez, Wineville, and Lower Day basin are candidates for start-up by 2017 and reports should be prepared by December 2016, as needed	Start-up Reports for Each Basin
	<ul style="list-style-type: none"> Maintain pump station readiness 	Weekly track distribution system operations status	Weekly RW Distribution Reports
	<ul style="list-style-type: none"> Maintain peak demand management readiness 	Weekly track distribution system operations status	Peak Demand Meeting Schedule in Outlook
E. Wastewater Management <i>Refer to Agency Wide Policy Goals pages 2-10 through 2-11</i>			
E7	<ul style="list-style-type: none"> Produce 450 CFM of digester gas to support full operation of the fuel cell. 	FY 2014/15	Provide monthly average of metered gas production in CFM
	<ul style="list-style-type: none"> Produce an average of 24% total solids cake. 	FY 2014/15	Track monthly average of 24% T.S.
E8	<ul style="list-style-type: none"> Establish competitive rate to attract at least 10,000 outside tons at fair market value. 	Establish rate and obtain Board approval by June 2015	Add >10,000 wet tons per FY beginning FY2015/16
E9	<ul style="list-style-type: none"> Conduct a feasibility study for the South Compost Facility 	FY 2014/15	Complete study by September 2014
F. Environmental Stewardship <i>Refer to Agency Wide Policy Goals pages 2-12 through 2-13</i>			
F4	<ul style="list-style-type: none"> Support the development and implementation of the Energy Management Plan to ensure 	FY 2019/20	Meet 100% of established implementation goals

IEUA Business Goal Overview			
	100% use of digester gas		
	<ul style="list-style-type: none"> Ensure all treatment standards are met to maximize availability of recycled water 	FY 2014/15	Attain 100% NPDES Compliance
	<ul style="list-style-type: none"> Maximize use of biosolids by sending 90% of organics to IERCF 	FY 2014/15	Send 90% of organics to IERCF
F6	<ul style="list-style-type: none"> Review and update all facility KPI's 	FY 2014/15	1 facility per quarter
F7	<ul style="list-style-type: none"> Support Human Resources and Safety Department in the review and update of the Emergency Response and Operational Plans for all facilities. 	FY 2014/15	1 facility per quarter

Expenses

Employment expense includes wages and benefits. Operating expense consists of costs associated with wastewater treatment and plant facilities operation: chemicals, utilities, biosolids recycling and so forth.

Expense	FY 2011/12	FY 2012/13	FY 2013/14	FY 2014/15
	Actual	Actual	Projected Actual	Budget
Employment	\$6,539,288	\$6,356,573	\$5,680,582	\$5,866,918
Administrative	56,253	59,172	73,189	149,759
Operating	\$8,003,956	7,861,261	\$8,020,141	8,518,102
Total	\$14,599,497	\$14,277,006	\$13,773,912	\$14,534,779

Maintenance

Mission Statement

Provide service Agency-wide to keep all facilities, structures, vehicles, and utilities operating at an optimum efficiency while supporting the Operations Division with the level of equipment reliability required to maintain regulatory compliance at all plants in the safest, most efficient, and cost effective manner.

Description and Purpose

The Inland Empire Utilities Agency (IEUA) currently owns and/or operates and maintains five Wastewater treatment facilities, 125 miles of collection system, a Desalter facility, 15 supply water well sites, four sewage lift stations, a recycled water distribution and storage system, 19 groundwater recharge basins, 12 megawatts of diesel fueled emergency generation, a 400,000 square foot indoor composting facility and a 66,000 square foot Headquarters building.

The goals of the department are to:

- Utilize modern condition monitoring tools to effectively maintain equipment reliability
- Develop a proactive maintenance culture
- Provide maintenance related training opportunities to staff
- Ensure all maintenance work is performed through a work order

There are currently 76 employees in this department which is comprised of the Energy Production, Electrical, Instrumentation, Process Control, Mechanical & General Maintenance, Technology Services, Planning, Warehouse and Inventory Control, and Sewer Collection sections. In addition to providing the required preventative and corrective maintenance activities, this department also operates the Agency's emergency generators and co-gen facility.



INLAND EMPIRE REGIONAL COMPOSTING FACILITY – LOCKER ROOM HVAC IMPROVEMENTS

Position Summary

Due to organizational changes in FY 2013/14 the department of Pre-Treatment and Source Control was separated. Collection System (Pre-Treatment) is now included in the Agency's maintenance sub-division. In FY 2014/15 the elimination of the Manager of Pre-Treatment and Source Control position is part of an Agency wide reduction in the total number of FTE's from 295 to 290.

129 – Sewer Collections	FY 2011/12	FY 2012/13	FY 2013/14	FY 2014/15
Manager of Pre-Treatment & Source Control	1	1	1	0
Senior Collection System Operator	1	1	1	1
Collection System Operator	5	5	5	5
Total	7	7	7	6

140 – Maintenance	FY 2011/12	FY 2012/13	FY 2013/14	FY 2014/15
Manager of Maintenance	1	1	1	1
Associate Engineer	1	1	1	1
Administrative Assistant	1	1	1	1
Office Assistant	0	0	1	1
Total	3	3	4	4

141 – North Maintenance – RP1/RP4	FY 2011/12	FY 2012/13	FY 2013/14	FY 2014/15
Deputy Manager of Maintenance	1	1	1	1
Maintenance Supervisor	0	0	2	2
Senior Maintenance Technician	2	2	0	0
Senior Mechanic	2	2	2	2
Mechanic II	4	5	5	5
Machinist	1	1	1	1
Electrical Technician II	5	4	4	4
Instrumentation Technician II	6	6	6	6
Plant Maintenance Technician II	5	5	5	5
Total	26	26	26	26

Maintenance

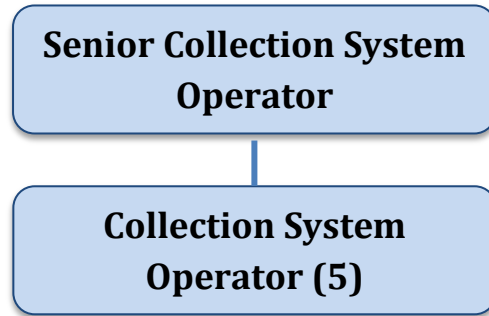
144 – South Maintenance - RP2/CCWRF/RP5	FY 2011/12	FY 2012/13	FY 2013/14	FY 2014/15
Deputy Manager of Maintenance	1	1	1	1
Maintenance Supervisor	0	0	2	2
Senior Maintenance Technician	1	1	0	0
Senior Electrical & Instrumentation Technician	2	2	1	1
Senior Industrial Engine Technician	1	1	1	1
Senior Mechanic	1	1	1	1
Mechanic II	4	4	4	4
Plant Maintenance Technician II	3	3	3	3
Electrical Technician II	4	3	3	3
Instrumentation Technician II	3	4	3	3
HVAC Technician	1	1	1	1
Industrial Engine Technician	2	1	2	2
Total	23	22	22	22

146 – Integrated Systems Services	FY 2011/12	FY 2012/13	FY 2013/14	FY 2014/15
Deputy Manager of Integrated Systems Svc.	1	1	1	1
Process Automation & Control Supervisor	1	1	1	1
Network Administrator	2	2	2	2
PC/Network Administrator	1	1	1	1
Control Systems Administrator	2	2	2	2
Applications Systems Analyst II	1	1	0	0
Technology Specialist II	1	1	1	1
Control Systems Analyst	5	5	5	5
Total	14	14	13	13

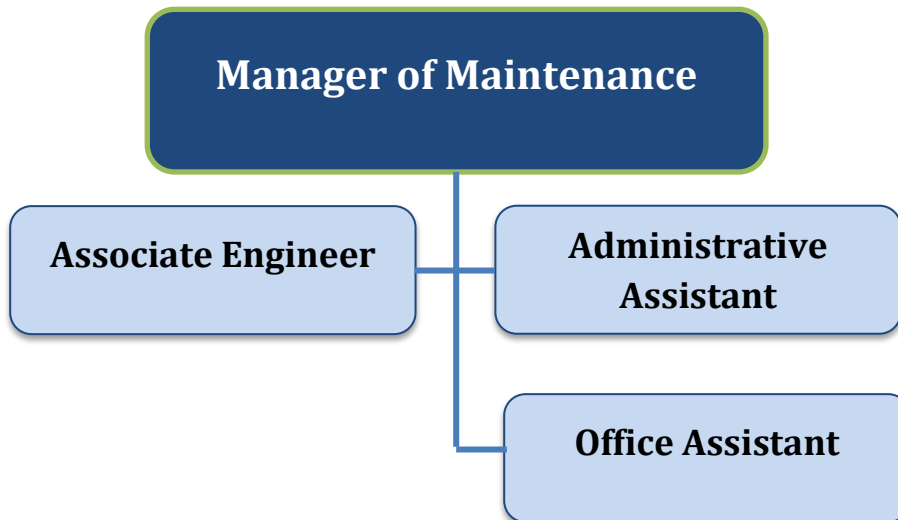
156 – Maintenance Planning and Materials Management	FY 2011/12	FY 2012/13	FY 2013/14	FY 2014/15
Deputy Manager of Maintenance Planning	1	1	1	1
Supervisor Warehouse Systems & Inventory	1	1	1	1
Materials Management Supervisor	1	1	1	1
Maintenance Planner Coordinator	2	1	3	3
Warehouse & Inventory Technician	3	3	2	2
Inventory Control Technician	1	1	1	1
Inventory Resource Coordinator	1	1	1	1
Total	10	9	10	10

Organizational Charts

Sewer Collections

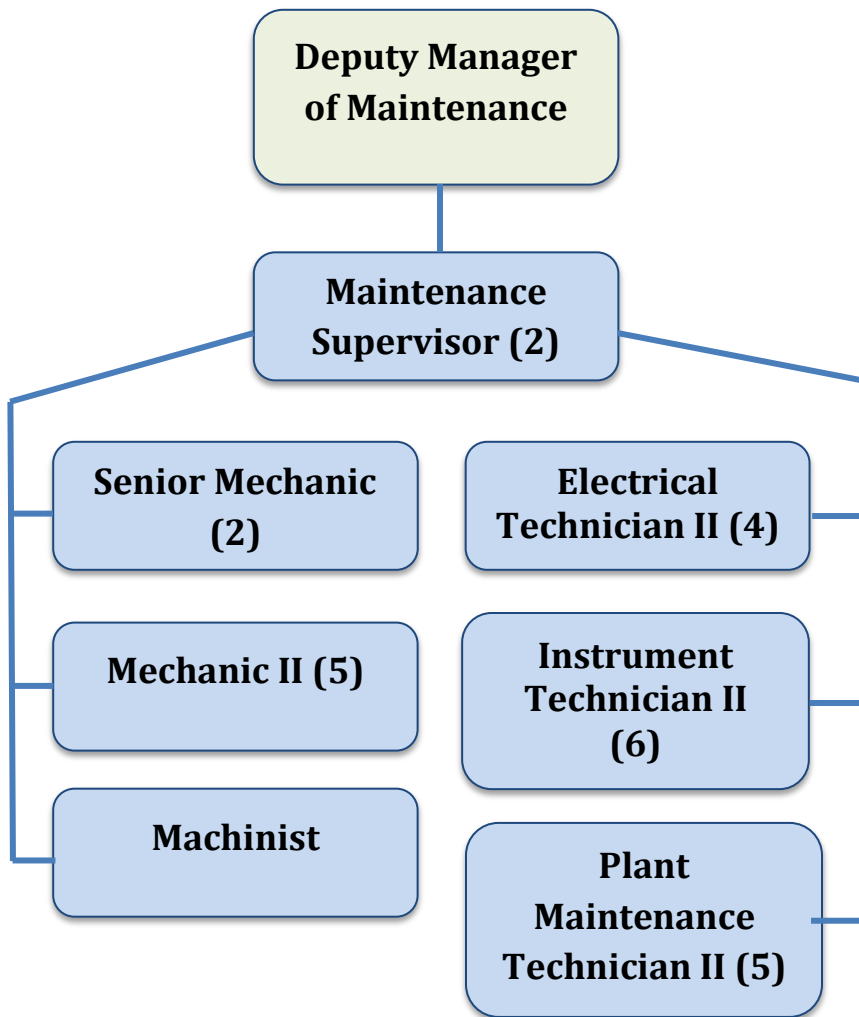


Maintenance

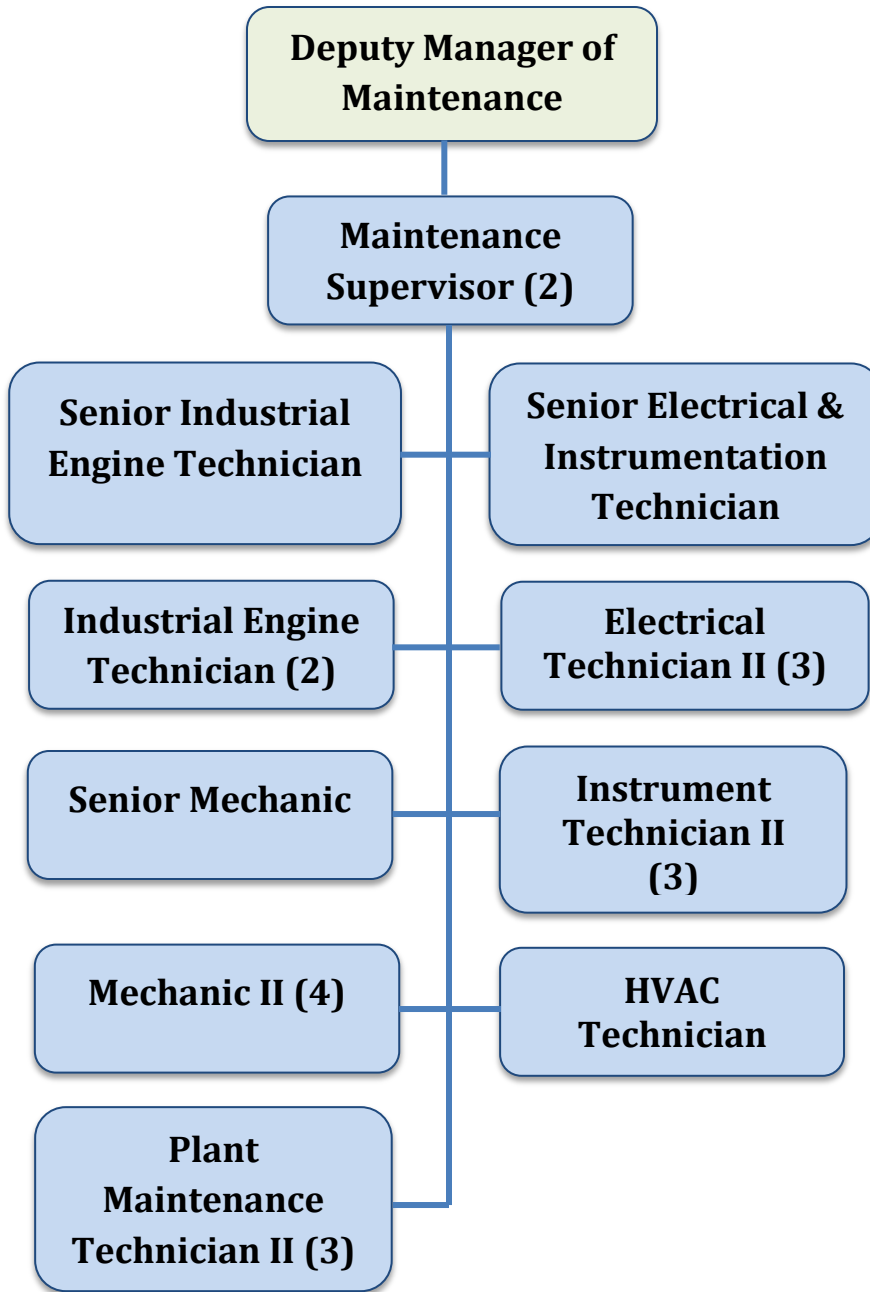


Maintenance

North Maintenance

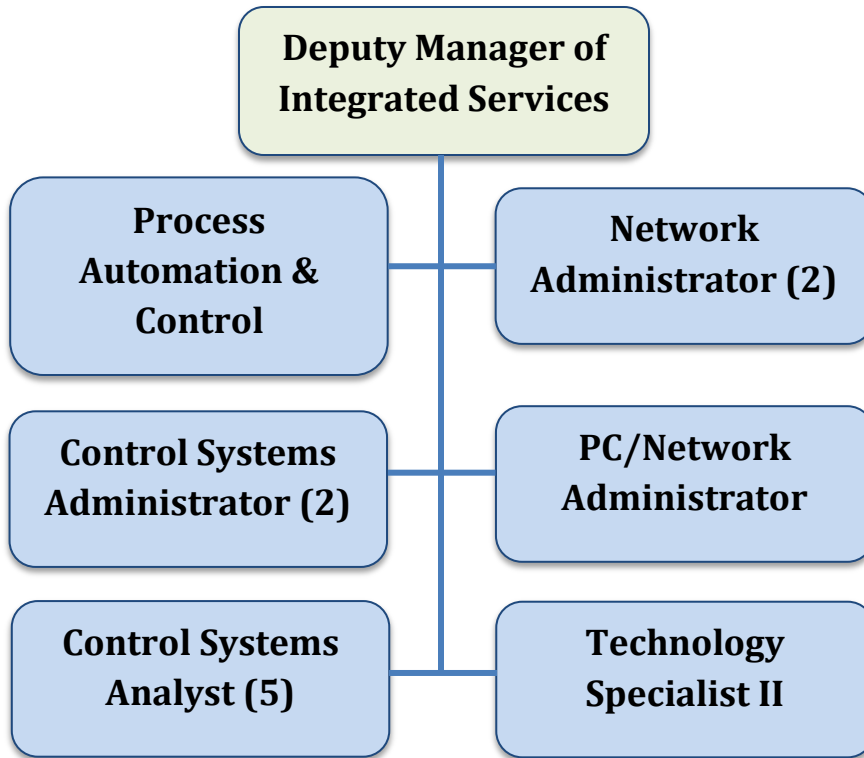


South Maintenance



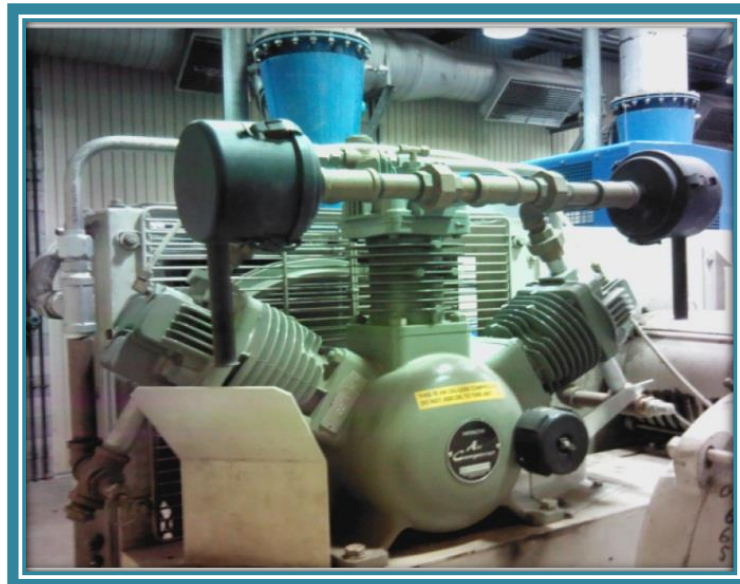
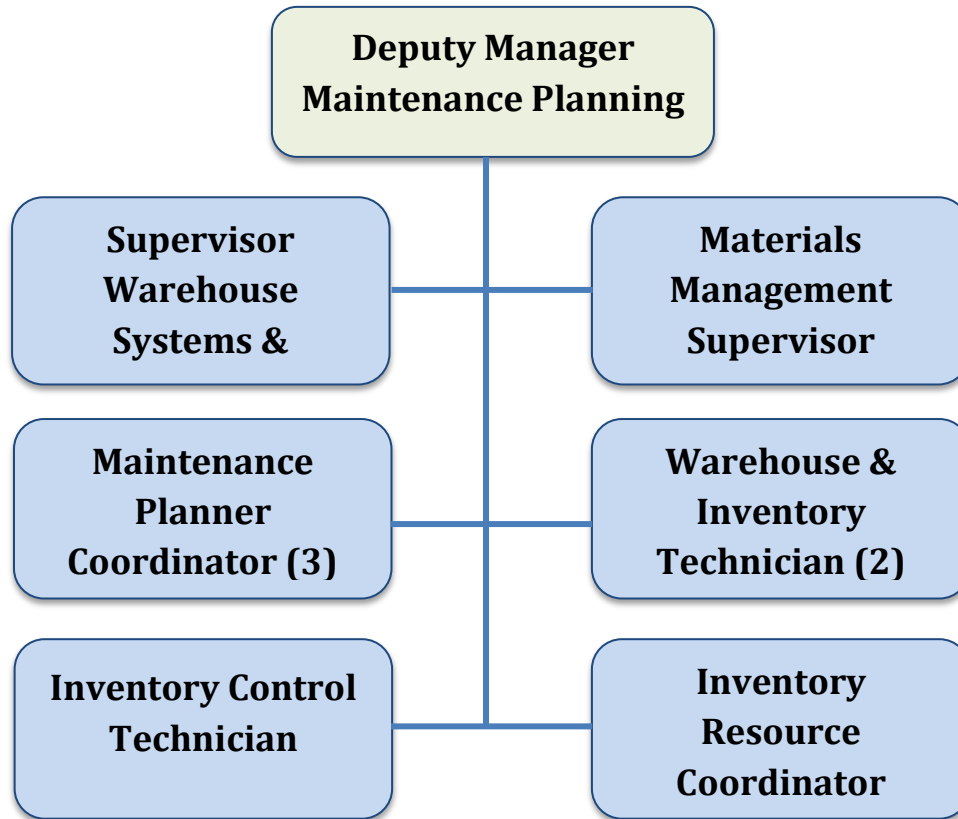
Maintenance

Integrated Systems Services



**REGIONAL WATER RECYCLING FACILITY NO. 2
- FLARE & CONTROL PANEL**

Maintenance Planning and Materials Management



**REGIONAL WATER RECYCLING FACILITY NO. 1 –
AERATION BASIN COMPRESSOR**

Maintenance

Summary of FY 2013/14

Major Accomplishments			
A. Fiscal Responsibility B. Workplace Environment C. Business Practices D. Water Reliability E. Wastewater Mgmt. F. Environmental Stewardship			
IEUA Business Goal	Department Goals	Accomplishments	Status
C	Increase the reliability of the Agency's assets	Completed vibration analysis base line of Agency's Critical Assets. Implemented a Condition Monitoring program on all critical assets using Vibration analysis, Lube Oil Analysis, and Motor Circuit Analysis. Completed a comprehensive evaluation and Cathodic Protection assessment of Recycled Water distribution underground piping.	Completed
E	Optimize energy usage at all facilities	Replaced RP-1 aeration panel membranes on trains 2, 5, and 6.	Completed
C	Provide support to the Agency's Asset Management Program	Corrosion assessment master service contract is in place; completed assessment for the RP-1 GT, secondary clarifiers at RP-4, and primary clarifier to IPS main pipeline.	Completed support for the FY13/14 AMP
E	Improve the availability of the ICE engines at RP-1 and RP-2 and the recycled water pumps at all facilities	RP-1 ICE engine is no longer in service. RP-2 engine was rebuilt to improve performance, meet emission requirements, and increase availability. Replaced components (VFDs) of the RW pumps to	Completed

Major Accomplishments			
<i>A. Fiscal Responsibility B. Workplace Environment C. Business Practices D. Water Reliability E. Wastewater Mgmt. F. Environmental Stewardship</i>			
		increase availability.	
E	Provide technical support for the Agency's renewable energy project	Developed an Energy Management Plan team and scheduled a kick-off meeting for June 16, 2014	On-going
C	Leverage investment in Microsoft products, Microwave technology, and virtualization software to provide an efficient infrastructure which can be centrally and proactively managed	The Agency's high speed microwave connections are being used for remote backups of information. Virtualization technology has been implemented to quickly provision new server applications, make more efficient use of server hardware, and rapid recovery in the event of server failures.	Completed
C	Improve the reliability of Agency's IT infrastructure and support new technology, such as mobile devices	Network switches were replaced to improve the reliability of the Agency's IT structure. Completed the RFP for the 5-Year Technology Master Plan. The kick-off meeting for the TMP was held in June. A redundant high speed business FiOS internet service was placed online at RP-1 in May.	Completed

Maintenance

Performance/Workload Indicators				
	FY 2012/13	FY 2013/14	FY 2013/14	FY 2014/15
	Actual	Target	Projected	Target
PM Schedule Compliance	72.50%	>90%	94%	>90%
CM Schedule Compliance	39.50%	>90%	93%	>90%
Emergency Work Order Hours	9.70%	<10%	5.7%	<10%
Overtime Labor Costs	3.20%	<5%	3.5%	>5%
Safety - Lost Time Accidents	0	0	0	0
Agency-wide Area Network Availability During Business Hours	98.5%	99%	99.99%	99.99%
SAP Production System Availability	N/A	99%	99.99%	99.99%
Microwave Availability	N/A	99%	99.99%	99.99%

Department Goals and Objectives for FY 2014/15

IEUA Business Goal Overview			
Work Plan	Department Goals	Timeline	KPIs
B. Business Practices Refer to Agency Wide Policy Goals pages 2-4 through 2-5			
B7	<ul style="list-style-type: none"> Develop a division-wide training program to enhance understanding by Agency staff of wastewater treatment process and compliance; modern maintenance practices; recycled water 	FY 2015/16	Conduct one training session each quarter
E. Wastewater Management Refer to Agency Wide Policy Goals pages 2-10 through 2-11			
E2	<ul style="list-style-type: none"> Conduct major condition assessments annually 	<p>Complete condition assessment of underground process piping at RP-1 by end of FY14/15</p> <p>Complete RP-1 headworks condition assessment by end of the second quarter FY14/15</p>	Complete at least five major condition assessments

Maintenance

Expenses

Employment expense includes wages and benefits. Approximately 75 percent of the administrative and operating fees shown here include agency-wide expenses that are budgeted within the cost center. The remaining 25 percent are departmental operating expenses. FY 2013/14 operational expense includes the Non-Reclaimable Wastewater (NRW) program pass through operating fees. For FY 2014/15 those expenses are budgeted in the Planning and Environmental Compliance department, which was split between Pre-Treatment and Source Control due to organizational changes in FY 2013/14. Pre-Treatment is now within the maintenance unit. For a complete description of the NRW program operational expense, see the Programs section of the budget.

Expense	FY 2011/12 Actual	FY 2012/13 Actual	FY 2013/14 Projected Actual	FY 2014/15 Budget
Employment	\$10,120,599	\$9,962,280	\$9,160,344	\$9,179,501
Administrative	154,803	144,756	166,905	220,360
Operating	14,593,137	15,795,468	17,779,725	15,240,337
Total	\$24,868,539	\$25,902,504	\$27,106,974	\$24,640,198

Technical Services

Mission Statement

Provide technical assistance for the Agency's facilities and systems to maintain and preserve compliant water, wastewater, and air treatment quality in the most reliable and cost-effective manner.

Description and Purpose

The Technical Services Department is responsible for providing needed technical assistance to the Operations, Maintenance, Pre-treatment and Source Control, Engineering, and Construction Management Departments. Key activities of the Technical Service Department include:

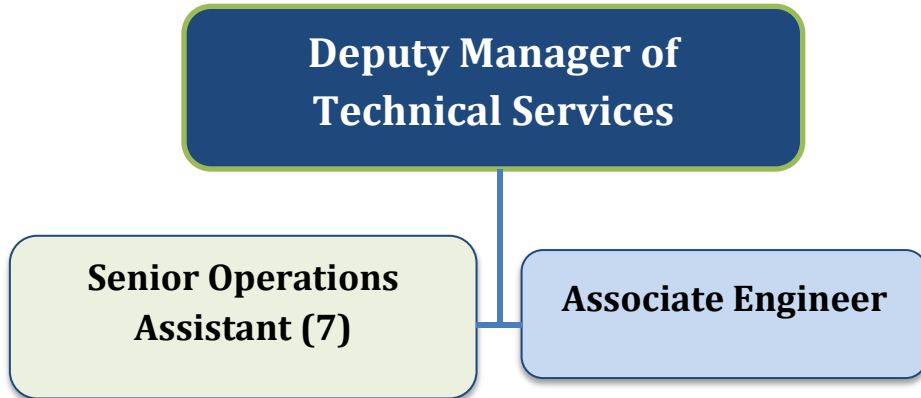
- Regularly schedule reviews for each facility to discuss Key Performance Indicators (KPI) with focus on deviations from predetermined parameter targets and actions necessary for remediation.
- Track Unit Production Costs (UPC) of operations and maintenance for each facility audit report on a monthly basis and serve as a primary management tool for ensuring cost-effectiveness.
- Provide assistance to other departments: review new project designs, troubleshoot treatment process operations and performance, and conduct special studies and review of new technologies.
- Provide capital project startup and transition assistance to the Construction Management and Operations Departments.

Position Summary

Organizational changes in FY 2013/14 to improve technical support for Operations, Maintenance Source Control, and Engineering and Construction Management resulted in the addition of 4 positions within the Technical Services department.

Position	FY 2011/12	FY 2012/13	FY 2013/14	FY 2014/15
Deputy Manager of Technical Services	1	1	1	1
Senior Operations Assistant	1	4	7	7
Junior Operations Assistant	2	0	0	0
Senior Engineer	1	0	0	0
Associate Engineer	0	0	1	1
Total	5	5	9	9

Organizational Chart



CHINO CREEK WETLANDS AND EDUCATIONAL PARK

Technical Services

Summary of FY 2013/14

Major Accomplishments			
<i>A. Fiscal Responsibility B. Workplace Environment C. Business Practices D. Water Reliability E. Wastewater Mgmt. F. Environmental Stewardship</i>			
IEUA Business Goal	Department Goals	Accomplishments	Status
C	Monitor and refine the Unit Production Costs (UPC) data	Upgrading the Operations Data Management system to facilitate more efficient management of the UPC and will be completed next fiscal year.	Not completed
C	Standardize and update all operating procedures	Evaluated the option to utilize consulting services to update the facility O&M manuals. It was determined to do this work in-house.	On-going
C	Evaluate new and emerging technologies	Participated in the Technology Approval Group (TAG) to evaluate emerging technologies.	Completed
B	Incur zero lost time accidents	Experienced no lost time accidents.	Completed
B	Ensure staff is fully aware of new rules and regulations	Conducted training to stay current with rules and regulations.	Completed
E	Provide support to Engineering and Construction Management during design and construction phases to ensure designs meet Operational needs, and participate in the TYCIP development	Provided analysis and recommendations to support the design and construction of projects.	Completed

Performance/Workload Indicators				
	FY 2012/13	FY 2013/14	FY 2013/14	FY 2014/15
	Actual	Target	Projected	Target
Number of monthly KPI reports created and distributed	12	12	12	12
Number of quarterly UPC reports created and distributed	1	2	2	2

Department Goals and Objectives for FY 2014/15

IEUA Business Goal Overview			
Work Plan	Department Goals	Timeline	KPIs
A. Fiscal Responsibility Refer to Agency Wide Policy Goals pages 2-2 through 2-3			
A16	<ul style="list-style-type: none"> Collect benchmarking data for Executive Management to show IEUA treatment costs (operation & maintenance) in comparison to similar agencies 	Complete by Jun 2016	KPIs may not be applicable to this Work Plan item. If a scope of work is drafted, milestones may be identified.
C. Business Practices Refer to Agency Wide Policy Goals pages 2-6 through 2-7			
C1	<ul style="list-style-type: none"> Update the Asset Management Plan annually by incorporating the findings of Condition Assessment reports and documenting changes relating to Agency assets 	Complete by December 2014	Not applicable
D. Water Reliability Refer to Agency Wide Policy Goals pages 2-8 through 2-9			
D9	<ul style="list-style-type: none"> Perform evaluations to identify measures to improve recycled water quality and implement measures based on priority 	Complete by June 2017	Install recycle water screens at RP-1 and RP-5
E. Wastewater Management Refer to Agency Wide Policy Goals pages 2-12 through 2-13			

Technical Services

IEUA Business Goal Overview			
E9	<ul style="list-style-type: none"> Conduct a feasibility study for the South Compost Facility 	Complete feasibility study by September 2014	Not applicable

Expenses

Employment expense includes wages and benefits. Due to organizational changes in FY 2013/14, the number of staff increased from 5 to 9 accounting for the increase in wages and benefits. Administration and operational expense increases are due to additional department training and consulting services to provide a condition assessment of equipment and systems.

Expense	FY 2011/12	FY 2012/13	FY 2013/14	FY 2014/15
	Actual	Actual	Projected Actual	Budget
Employment	\$755,901	\$624,011	\$1,059,643	\$1,126,374
Administrative	2,038	2,287	5,191	29,425
Operating	2,223	710	17,921	185,600
Total	\$760,162	\$627,008	\$1,082,755	\$1,341,399



AREA PROFILE

AREA PROFILE/ DEMOGRAPHICS

Region

The Inland Empire Utilities Agency (IEUA) is located approximately 35 miles east of Los Angeles in San Bernardino County, in an area referred to as the Inland Empire (IE). Year round the region has moderate temperatures and low humidity. In winter the average annual temperatures range from 55 to 70 degrees; in summer the average temperature is around 90 degrees. The region receives, on average, 312 days of sunshine per year and the average rainfall is 16 inches per year.

The Agency's service area is settled in a well-developed transportation center consisting of three major transportation systems: the Metrolink Railway system, the Chino Airport, and the L.A./Ontario International Airport. There are also four major freeway systems: Interstate 10, State Route 60, State Route 210, and Interstate 15. Many of the Southern California's recreational and cultural attractions – including Disneyland, J. Paul Getty Museum, Universal Studios, and the Long Beach Aquarium—are approximately an hour drive away.

History

In the late 1800's a Canadian engineer, named George Chaffey, and his brother William bought 6,218 acres of land (now a part of the Agency's service area) with water rights for \$60,000. The primary requirement for utilization of the land was water. George Chaffey created a mutual water company and a pipe system of irrigation that became the standard for water system management in Southern California.

IEUA, formerly the Chino Basin Municipal Water District, was established by a majority vote in a special election on June 6, 1950, with the mission to supply supplemental water to 80,000 residents in the Chino Basin. The first Board of Directors meeting was held on December 7, 1950. The original boundaries of the Agency's service area encompassed only 92 square miles.

In 1951, the Agency contracted with the Metropolitan Water District of Southern California (MWD) to import potable water to its service area. MWD is a public agency that provides supplemental imported water from Northern California (State Water Project) and the Colorado River (Colorado River Aqueduct) to 26 member agencies located in Los Angeles, Orange, Riverside, San Bernardino, San Diego, and Ventura counties. The Agency's source of imported water is the State Water Project (SWP) which makes up one-third of the water distributed by IEUA.

In the mid-1960's the Agency built the Southwest Chino Trunk Sewer, for transport of domestic wastewater. In 1972, following the execution of the Chino Regional Sewage Service Contract (Regional Contract), the Agency assumed the role of regional wastewater service provider with the purchase of three local wastewater treatment plants and the construction of new pipelines, regional interceptor sewers, and treatment plants.

In 1969, the Agency started construction of a non-reclaimable wastewater system (NRWS) for the collection of high-salinity industrial wastewater generated within the Agency's service area. The NRWS is physically separated from the Agency's Regional Wastewater System and provides a means for segregating poor quality saline wastewater and enhancing the quality of the recycled water generated by the Agency's treatment of municipal wastewater flows.

The Agency initiated water recycling in the 1970's, servicing the Whispering Lakes Golf Course in the City of Ontario and El Prado Park and Golf Course in San Bernardino County from its water recycling plant (RP-1) located in the City of Ontario. In the early 1990's, the Agency planned and built the first phase of the Carbon Canyon Water Project, which now serves several customers in the cities of Chino and Chino Hills.

In 1990, the Agency began the design and construction of an outdoor composting facility to co-compost the municipal sludge from the Agency's wastewater treatment plants with dairy manure from the Chino Agricultural Preserve. In February 2002, the Agency and the County Sanitation Districts of Los Angeles County (LACSD), entered into a JPA, the Inland Empire Regional Composting Authority (IERCA), to construct a state-of-the-art biosolids indoor composting manufacturing facility to replace the outdoor site. The Inland Empire Regional Composting Facility (IERCF), located in the City of Rancho Cucamonga, became the nation's largest indoor biosolids composting facility and has been in operation since 2007. The IERCF is designed to produce a wood based, nutrient rich compost made from recycled green waste, biosolids, and horse stable bedding.

In August 2001, the Agency partnered with the Chino Basin Watermaster (CBWM) on the CBWM's Optimum Basin Management Program (OBMP) Recharge Master Plan Phase II, which was designed to artificially increase groundwater recharge within the Chino Basin using storm water, recycled water, and imported water. In collaboration with the Chino Basin Water Conservation District (CBWCD) and the San Bernardino County Flood Control District (SBFCD), the Agency and CBWM implemented the \$50 million Chino Basin Facilities Improvement Project to develop recharge facilities from existing flood control basins. The refurbished 19 basins would maximize potential recharge capacity to approximately 110,000 acre feet per year (AFY). Protecting the region's vital groundwater supplies is a core element of the Agency's "drought proof" business goal. IEUA's commitment to water quality management and environmental stewardship ensures the maximum beneficial use of recycled water, stormwater and imported water throughout the region. The more water recharged into the Chino Groundwater Basin, the more self-reliant and less dependent the region becomes on imported water supplies.

Today

Since its inception, the Inland Empire Utilities Agency has continued to expand its mission as a supplemental water supplier to a regional wastewater treatment agency with domestic and industrial disposal systems, a generator of renewable energy and high quality biosolids compost materials, and a regional purveyor of recycled water. IEUA continues to take the lead in regional water development, protection, conservation, and sustainability.

Today, the Agency's service area has reached 242 square miles, encompassing the urban west end of San Bernardino County, immediately east of the Los Angeles County line, and including the cities of Chino, Chino Hills, Fontana, Montclair, Ontario, Upland, and Rancho Cucamonga. Within that service area, the Agency operates five regional water recycling plants (RWRPs), four of which generate recycled water. The Agency's regional water and wastewater services are essentially wholesale services provided to its member agencies. In addition to IEUA's water and wastewater services, the Inland Empire Regional Composting Facility is currently operating at its design capacity, receiving nearly 600 wet tons per day of biosolids and recycled waste products. The IERCF produces 230,000 cubic yards of *SoilPro* Premium Compost each year which is sold on a wholesale basis for local landscaping and horticultural use. This high-quality compost is sold as a soil conditioner which helps improve water retention resulting in better plant growth and water efficiency.

AREA PROFILE/ DEMOGRAPHICS

The Agency has recognized and embraced the advantages of using recycled water and currently produces approximately 55 million gallons per day. This high quality recycled water is available for landscape irrigation, industrial cooling, groundwater recharge, environmental enhancement and other uses identified under California law. By using recycled water the IEUA is helping to ensure that the Chino Basin has water to meet the current and future demands of the growing population and economy. The Agency closely coordinates its water resources management program with its contracting member agencies, CBWM, SBFCO, CBWCD, and local water retail agencies.

Governance

IEUA is governed by a five-member Board of Directors, elected to represent individual areas or Divisions. Each Board member is elected by Division to serve a four-year term.

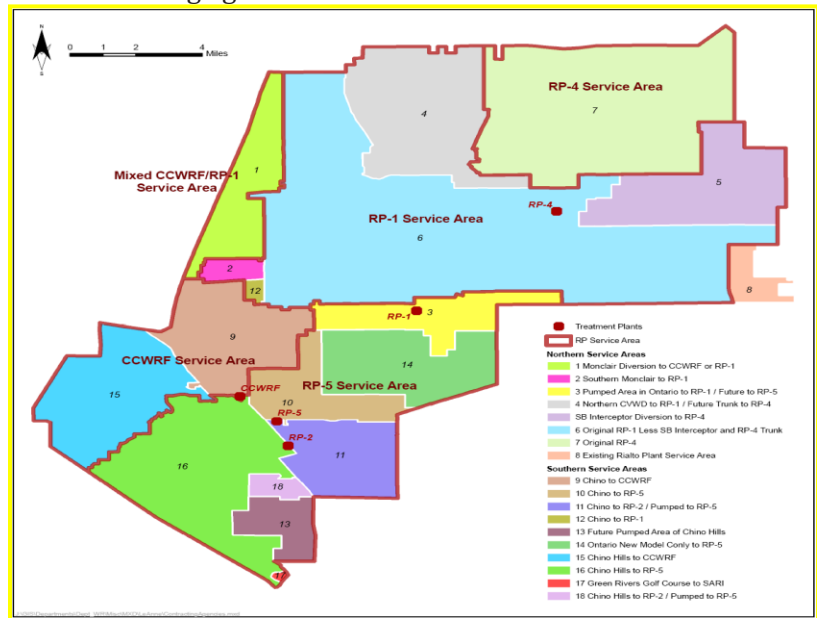
- Division 1 Upland/Montclair
- Division 2 Ontario
- Division 3 Chino/Chino Hills
- Division 4 Fontana
- Division 5 Rancho Cucamonga

IEUA has one representative on the MWD Board of Directors and two representatives on the Santa Ana Watershed Project Authority Commission (SAWPA).

Contracting Agencies

IEUA coordinates its activities with contracting agencies in the region, to determine capital spending requirements needed to meet future wastewater service needs, and to set priorities for future water supplies, recycling, and wastewater capital projects. Pursuant to the Regional Contract, IEUA provides regional wastewater-related services to seven contracting agencies:

- City of Chino
- City of Chino Hills
- Cucamonga Valley Water District (CVWD)
- City of Fontana
- City of Montclair
- City of Ontario
- City of Upland



Anticipated Growth

Prior to the economic recession, the Agency’s service area was one of the fastest growing regions in the United States. According to the Inland Empire Center Claremont McKenna College, “the Great Recession has lasted longer and done more damage in the IE than in most other parts of the county”. The IE was one of the “epicenters” of the housing meltdown, second to Las Vegas, Nevada. The high number of foreclosures and “under water” mortgages put the brakes on new construction, contributing to a record high unemployment rate. When the impact of the recession hit the Inland Empire in late 2009, the employment rate soared to over 14 percent, compared to just over 12 percent in the state of California and 10 percent for the United States as a whole.

Despite the economic downturn in 2008, its geographic location, rising labor force, outstanding academic resources, and sophisticated logistics infrastructure positions the service area with the capacity to effectively handle growth when it returns. Taxable sales in the region for the fourth quarter of 2013 have increased by 40.1% since the bottom of the recession (Beacon Economics). A surge in new development is also a positive sign throughout the region. However, even with 46,833 jobs added last year, its 8.0 percent unemployment rate still exceeds both California’s 7.1 percent and the nation’s 6.1 percent. Despite high unemployment the region, the Inland Empire population continued to grow throughout the recession at an average rate of just under 1 percent per year from 2008 to 2013. Now, the Agency’s service area population is projected to be approximately 849,000 in FY 2014/15.

Figure 10-1: Service Area Population

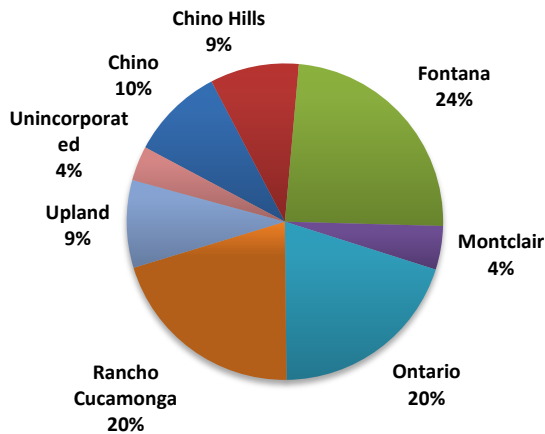
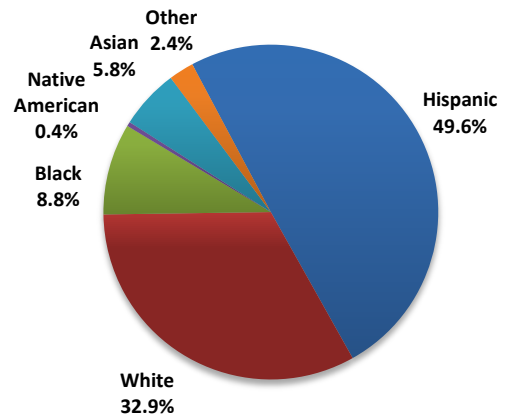


Figure 10-2: Service Area Demographics



Regional Wastewater Flows

The impact of the economic recession of 2008 was a drastic reduction in new development throughout the Agency’s service area, resulting in a significant decrease in the number of new EDU connections. The Agency utilizes Equivalent Dwelling Units (EDUs) as a unit for measuring and forecasting the amount of water used by an average household. An EDU is equivalent to 98,550 gallons per year, or 270 gallons per day. As the economy continues a gradual recovery evident by the nearly 3,000 new EDU connections in FY 2012/13 and only 1,800 new connections projected for FY 2013/14, the Agency estimates a gradual growth in new EDU connections as shown in Table 10-1 below.

AREA PROFILE/ DEMOGRAPHICS

Table 10-1: New Connection (EDUs) Forecasts

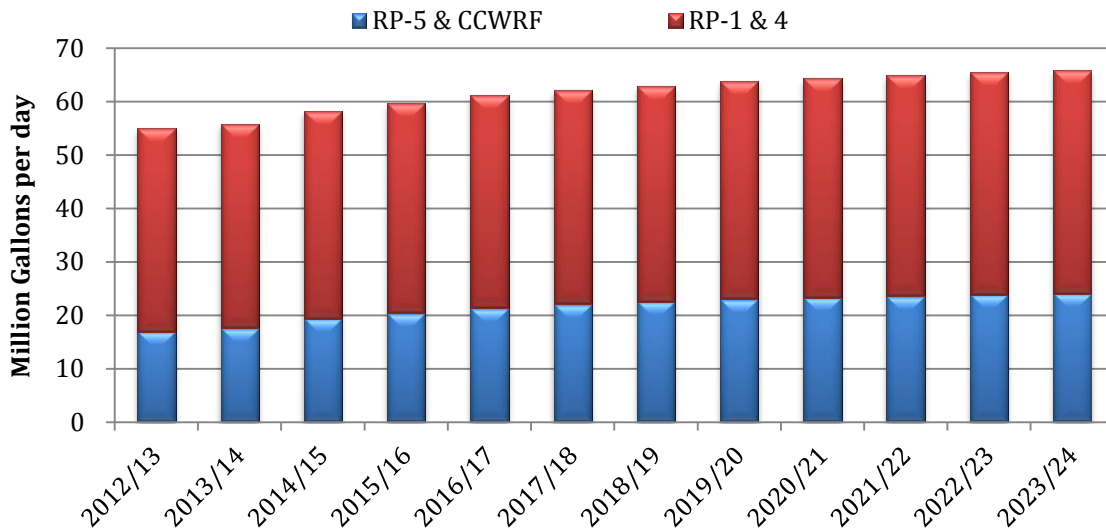
	FY 2012/13*	FY 2013/14	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18
IEUA Forecasts	2,997	1,800	3,000	3,500	3,500	3,400
Member Agency Forecasts	2,329	2,827	5,106	5,649	5,301	4,132

*Actual New Connection

Another impact of the economic downturn was a downward trend in total wastewater flows treated at each of the Agency’s facilities. This downward trend, due to a high number of home foreclosures combined with effective water conservation efforts, is consistent with the Orange County Sanitation District, the Los Angeles County Sanitation Districts and the City of San Bernardino, all of which have reported five (5) percent to ten (10) percent reduction in flows.

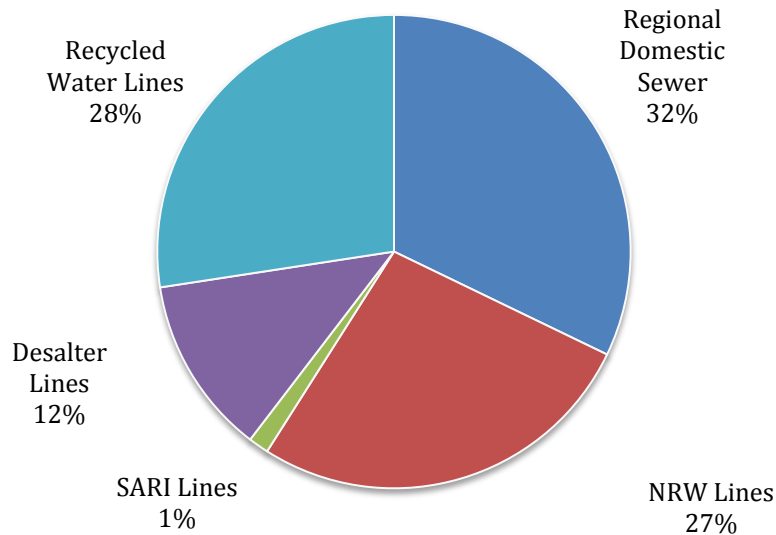
A key assumption for the Agency forecast over the next ten years is a gradual increase in wastewater flows, as economic recovery drives new development throughout the region. The table summarizes the projected total MGD (Million Gallons per Day) through FY 2023/24.

**Figure 10-3: Projected Wastewater Flow
For the Fiscal Years Ending June 30, 2013 through June 30, 2024**



Source: Statistics were derived from IEUA Ten Year Capital Plan.

Figure 10-4: 309.98 Miles of Pipeline



As shown in the Figure 10-4, approximately 60 percent of the Agency’s 309.98 miles of pipeline infrastructure is designated for the collection of regional municipal and industrial wastewater.

Local Economic Conditions and Outlook

Housing Market - The IE’s economy is beginning to gain speed alongside the recovering housing market. According to a recent report by Metrostudy, a national housing data and consulting firm that maintains the most extensive primary database on residential construction in the US housing market; the IE economy began to recover in 2013.

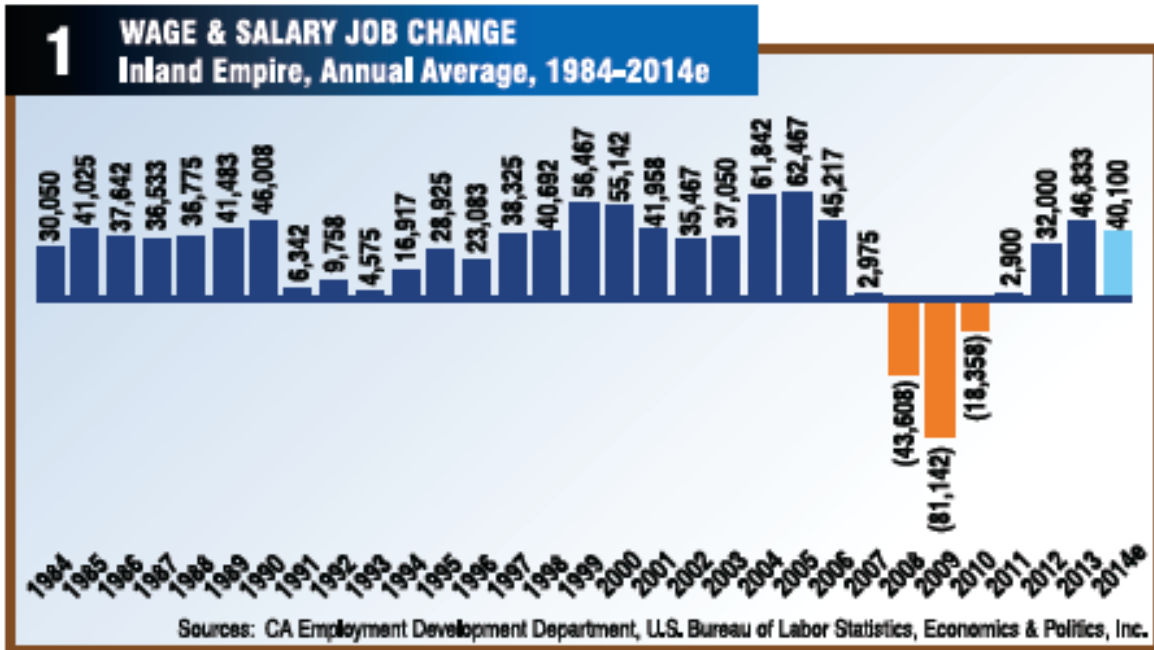
The IE has a 42 percent market share in Southern California’s housing market. Growing numbers of housing starts and escrow closings indicate that the service area has turned a corner, with total escrow closings in the 3rd quarter of 2013 increasing by 8 percent over the 2nd quarter. More and more people in the Inland Empire can now afford to buy a median priced home. The only problem they face is that the inventory of available houses still remains relatively low, both in the Inland Empire and throughout California. Furthermore, IE’s average home price is beginning to rise slightly, although it is doing so at a rate much lower than that of the rest of Southern California.

Sources: Metrostudy Report, October 29, 2013
 “Inland Jobless Levels Slide”, The Press-Enterprise, June 21, 2014

AREA PROFILE/ DEMOGRAPHICS

Employment – After adding just 16,140 jobs in 2012, the IE gained 46,833 jobs in 2013, which was surprisingly higher than anticipated. Economic recovery is beginning to pick up, with another 40,100 jobs expected to be added in 2014 as the Inland Empire’s traditional competitive advantage in blue collar sectors, which was dampened by the downturn of the mortgage crisis, begins to recover. The Professional and Business Services, Leisure and Hospitality, Transportation, and Health Care sectors have seen significant improvement since summer 2012. Meanwhile, like the rest of California, the Inland Empire area is being adversely affected by public sector job losses. Figure 10-5 shows the Inland Empire’s job trend from 1984 to year 2014.

Figure 10-5: Inland Empire’s Job Trend



Inland Empire Economic Base – Additional employment in home construction and civil engineering is gaining speed, but still low due to high California taxes and fast-changing state regulations that are expensive for manufacturers to bear. In 2014 it is expected that the IE’s population service sectors such as retail should continue to recover, as money is re-spent locally by people working in sectors like manufacturing, real estate, logistics, and health care. Unfortunately, this economic growth will be moderate because of the lack of progress in construction and the slow revenue growth facing local governments and school systems. The greatest threat for the Inland Empire and California is that the State’s budgetary problems may continue, which will adversely impact the inland area’s local education, state and government sectors.

Sources: John Husing April 2014 Economic Outlook

Annual Income

Median annual income is estimated to be \$68,617 in the Agency’s service area, \$54,750 in San Bernardino County and \$61,400 in the State of California. Table 10-2 illustrates how the average annual income for the cities within the Agency’s service area compares to the county and the state annual average.

Table 10-2: Comparison of the Average Annual Income for the Agency’s Service Area vs. the County and State Annual Average

Agency Service Area	Median Annual Income
Chino Hills	\$97,065
Chino	71,671
Upland	64,797
Montclair	50,266
Ontario	54,994
Fontana	64,195
Rancho Cucamonga	77,329
Average	\$68,617
San Bernardino County	\$54,750
State of California	\$61,400

Source: www.dof.ca.gov/research – American Community Survey (2012)

Table 10-3: Largest Public and Private Employer’s in the IEUA Service Area

Employer	Location	Number of Employees
Ontario International Airport	Ontario	6,657
Kaiser Hospital & Medical Group	Fontana	5,099
Fontana Unified School District	Fontana	3,906
Chino Valley Unified School District	Chino	3,261
California Institution For Men	Chino	2,270
San Antonio Community Hospital	Upland	1,875
Chaffey Community College	Rancho	1,304
North American Medical Management	Ontario	1,300
City of Ontario	Ontario	1,011
California Steel Industries, Inc.	Fontana	926

Source: San Bernardino Area Chamber of Commerce, City



City of Ontario



*San Antonio
Community Hospital*



*Fontana Medical
Center*



*LAX/Ontario
International Airport*

AREA PROFILE/ DEMOGRAPHICS

Colleges and Universities nearest to the Agency that had more than 2,000 students enrolled in the fall of 2013.

Table 10-4: College and University Enrollment

College	Total Number of Students
Mt. San Antonio College	43,156
California State University, Fullerton	38,325
California State Polytechnic University, Pomona	22,156
University of California Riverside	21,005
California State University, San Bernardino	18,398
Chaffey Community College	18,047
Citrus College	16,399
University of La Verne	8,600
University of Redlands	5,147
Claremont Graduate University	2,265

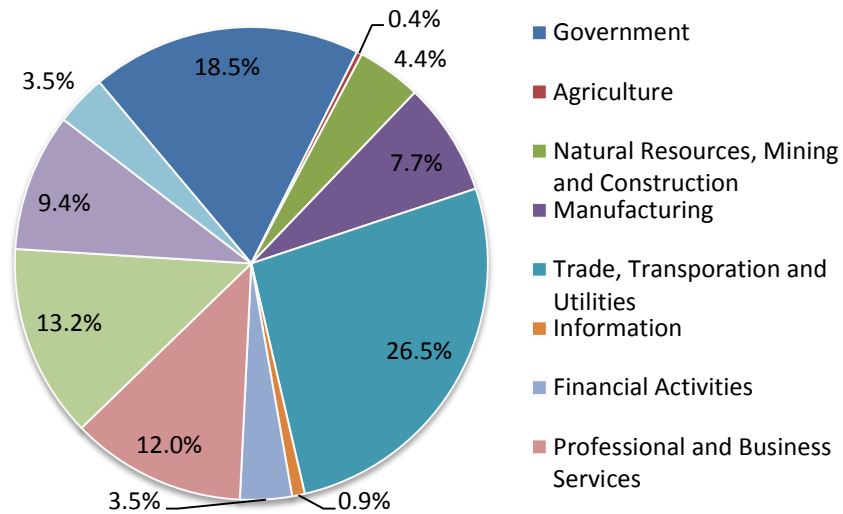
Source: National Center for Educational Statistics

Table 10-5: San Bernardino County Population Estimates

	2015	2014
Total Population	2,139,161	2,112,305
Male	49.80%	49.79%
Female	50.20%	50.21%
0 to 19 years	30.29%	30.69%
20 to 34 years	22.29%	22.21%
35 to 49 years	18.93%	19.13%
50 to 64 years	17.77%	17.63%
65 years and over	10.71%	10.33%

Source: www.dof.ca.gov/research – Demographic Reports

Figure 10-6: San Bernardino County Jobs by Industry



Source: <http://www.labormarketinfo.edd.ca.gov/>
Source: Bureau of Labor Statistics

Historic and Projected Population and Assessed Values

The Agency’s service area population in FY 2014/15 is estimated to be approximately 849,000 and its total gross assessed valuation is \$57.7 billion. The Agency’s ten-year historic and projected population and gross assessed valuation totals are presented in the tables below.

Table 10-6: Historic Population and Gross Assessed Values for the Past Ten Fiscal Years

Fiscal Year	Population (Thousands)	Assessed Value (\$ Billions)
FY 2004/05	765	38.0
FY 2005/06	778	42.6
FY 2006/07	794	48.0
FY 2007/08	808	54.1
FY 2008/09	813	56.7
FY 2009/10	817	54.1
FY 2010/11	823	53.2
FY 2011/12	830	53.7
FY 2012/13	836	54.1
FY 2013/14	843	56.0

AREA PROFILE/ DEMOGRAPHICS

**Table 10-7: Projected Population and Gross Assessed Values
Fiscal Years Ending June 30, 2015 through June 30, 2024**

Fiscal Year	Projected Population* (Thousands)	Projected Assessed Value (\$ Billions)
FY 2014/15	851	57.7
FY 2015/16	859	59.4
FY 2016/17	868	60.0
FY 2017/18	876	60.6
FY 2018/19	884	61.2
FY 2019/20	893	61.8
FY 2020/21	902	62.4
FY 2021/22	910	63.1
FY 2022/23	919	63.7
FY 2023/24	928	64.3

* Population statistics derived from Department of Finance 2012-13 with an estimated one percent increase/year

**Projected population includes unincorporated areas, estimated around 32,000

Table 10-8: Summary of Assessed Values for the Past Ten Fiscal Years
Assessed Values—Excludes Redevelopment Agency Incremental Value (\$ in Thousands)

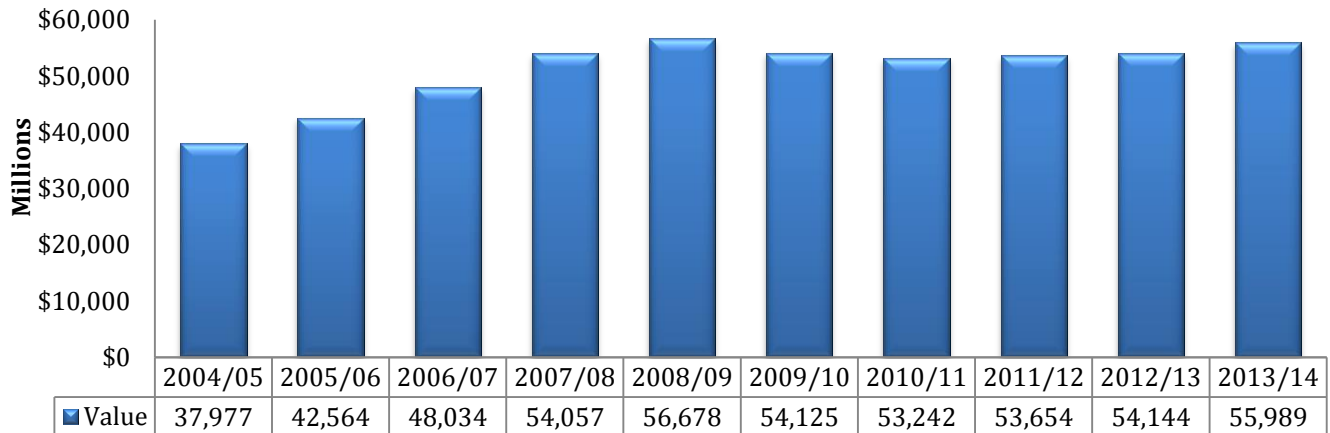
Fiscal Year	Original Area	Mid-Valley Area	Bryant Area	North Perimeter	Total	Annual Increase/ (Decrease)	Annual % Change
FY 2004/05	\$16,951,298	\$20,980,992	\$29,534	\$15,264	\$37,977,088	\$3,368,319	9.73%
FY 2005/06	\$18,841,618	23,671,021	31,437	20,128	42,564,204	4,587,116	12.08%
FY 2006/07	\$21,113,133	26,863,628	34,023	23,516	48,034,300	5,470,096	12.85%
FY 2007/08	\$23,454,004	30,534,586	43,059	25,811	54,057,460	6,023,160	12.54%
FY 2008/09	\$24,290,031	32,307,275	52,437	28,446	56,678,189	2,620,729	4.85%
FY 2009/10	\$22,626,054	31,419,205	54,325	25,432	54,125,016	(2,553,173)	-4.50%
FY 2010/11	\$22,114,577	31,042,637	54,543	30,013	53,241,770	(883,246)	-1.63%
FY 2011/12	\$22,227,821	31,343,589	53,520	28,846	53,653,776	412,006	0.77%
FY 2012/13	\$22,465,965	31,595,529	56,185	26,575	54,144,254	490,478	0.91%
FY 2013/14	\$23,284,959	32,617,479	58,164	28,440	55,989,042	1,844,788	3.41%

Table 10-9: Summary of Projected Assessed Values for the Next Ten Fiscal Years
Assessed Values—Excludes Redevelopment Agency Incremental Value (\$ in Thousands)

Fiscal Year	Original Area	Mid-Valley Area	Bryant Area	North Perimeter	Total	Annual Increase/ (Decrease)	Annual % Change
FY 2014/15	\$23,983,508	33,596,003	\$59,909	\$29,293	\$57,668,713	\$1,679,671	3.00%
FY 2015/16	24,703,013	34,603,883	61,706	30,172	59,398,775	1,730,061	3.00%
FY 2016/17	24,950,043	34,949,922	62,323	30,474	59,992,762	593,988	1.00%
FY 2017/18	25,199,544	35,299,422	62,946	30,778	60,592,690	599,928	1.00%
FY 2018/19	25,451,539	35,652,416	63,576	31,086	61,198,618	605,927	1.00%
FY 2019/20	25,706,055	36,008,940	64,212	31,397	61,810,604	611,986	1.00%
FY 2020/21	25,963,115	36,369,029	64,854	31,711	62,428,709	618,105	1.00%
FY 2021/22	26,222,746	36,732,720	65,502	32,028	63,052,996	624,287	1.00%
FY 2022/23	26,484,974	37,100,047	66,157	32,348	63,683,527	630,530	1.00%
FY 2023/24	26,749,823	37,471,048	66,819	32,672	64,320,362	636,835	1.00%

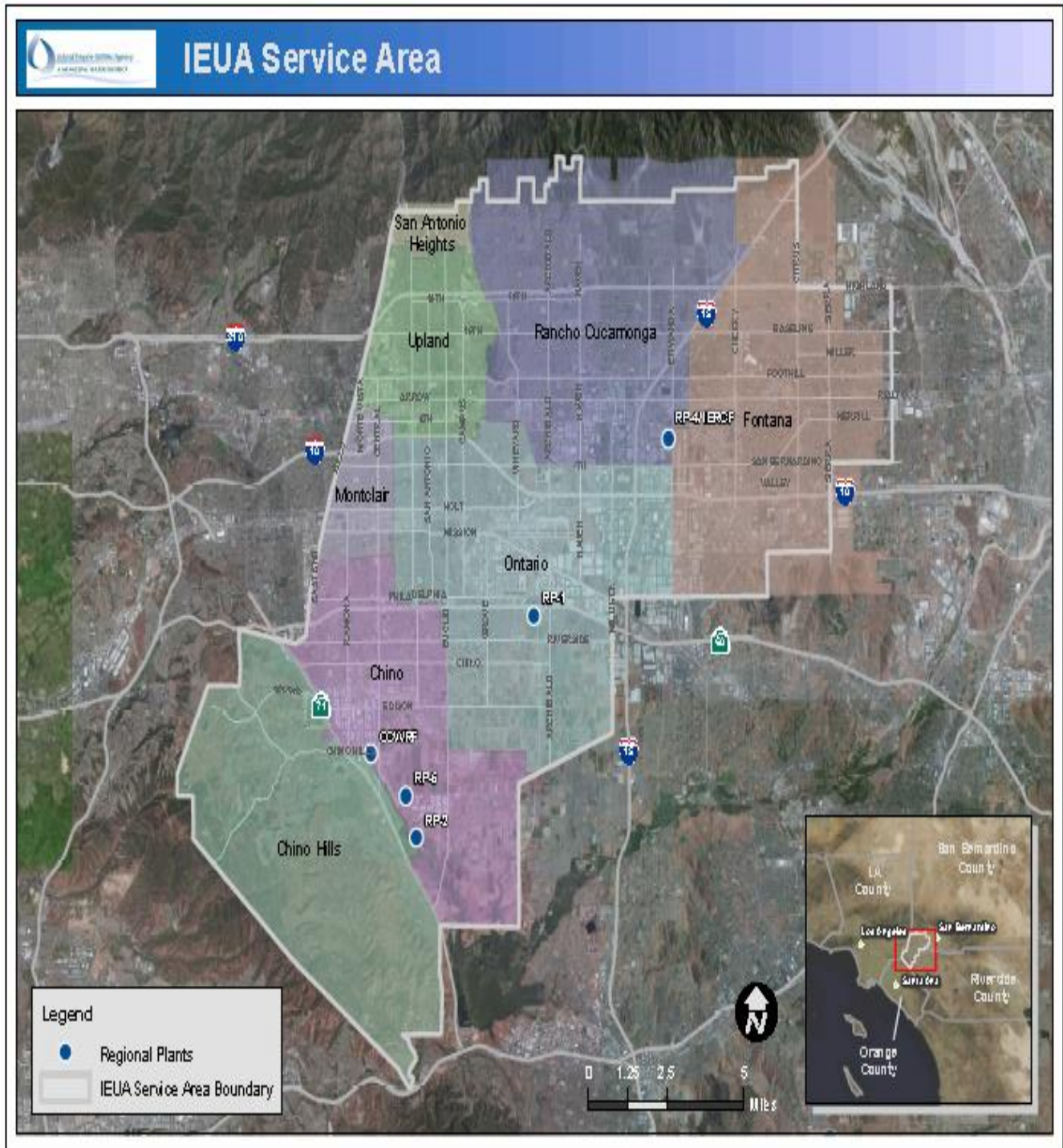
*Based on the FY 2014/15 Property Tax budget assumption

Figure 10-7: Summary of Assessed Values for the Past Ten Fiscal Years



AREA PROFILE/ DEMOGRAPHICS

IEUA – Service Area Map





APPENDICES

APPENDICES

INLAND EMPIRE UTILITIES AGENCY FY 2014/15 ADOPTED RATES July 1, 2014

		ADOPTED RATES FY 2014/15	IMPLEMENTED RATES FY 2013/14
REGIONAL WASTEWATER PROGRAM			
Regional Capacity Fee	per equivalent dwelling unit	\$5,107.00	\$5,007.00
Total Volumetric (EDU) Fee	per equivalent dwelling unit per month per million gallons	\$14.39 \$1,559.45	\$13.39 \$1,600.25
Fontana Extra-Territorial Sewer Service Charge			
Monthly Sewer Charge	per equivalent dwelling unit per month	\$13.09	\$12.54
RECYCLED WATER SALES			
Sales to Regional Contracting Agencies /certain retail customers			
Direct Sale (All Tertiary Plants)			
7/1/2014 - 6/30/2015	per million gallons	\$890.04	\$659.86
7/1/2014 - 6/30/2015	per acre foot	\$290.00	\$215.00
Recharge Sale (All Tertiary Plants)			
7/1/2014 - 6/30/2015	per million gallons	\$1,028.15	\$782.62
7/1/2014 - 6/30/2015	per acre foot	\$335.00	\$255.00
IMPORTED (MWD) POTABLE WATER SALES			
Agency Surcharge added to MWD rates	per acre foot	\$15.00	\$13.00
Imported Water Rates (including the above surcharges)			
Full Service Untreated Water			
Tier 1 7/1/2014- 12/31/2014	per acre foot	\$608.00	\$606.00
Tier 1 1/1/2015- 12/31/2015	per acre foot	\$597.00	\$606.00
Tier 2 7/1/2014 - 12/31/2014	per acre foot	\$750.00	\$756.00
Tier 2 1/1/2015 - 12/31/2015	per acre foot	\$729.00	\$748.00
MWD Penalty Rates for Exceeding Tier I Allocation			
<u>Water Use</u>	<u>Base Water Rate</u>	<u>Penalty Rates</u>	
100% of Allocation	Tier 1	0	Tier 1
Between 100% - 115% of Allocation	Tier 1	2 x Tier 2	Tier 1 + (2 x Tier 2)
Greater than 115% of Allocation	Tier 1	4 x Tier 2	Tier 1 + (4 x Tier 2)
Ground Water Storage Program			
Replenishment Water Untreated			
7/1/2014- 12/31/2014	per acre foot	No Rate Available	\$455.00
1/1/2015 - 12/31/2015	per acre foot	No Rate Available	No Rate Available
Capacity Meter Charge	per diameter inch of meter per month	\$5.00	\$5.00
Capacity Reservation Charge			
7/1/2014 - 12/31/2014	per cubic foot per second (cfs)	\$8,600.00	\$6,400.00
1/1/2015 - 12/31/2015	per cubic foot per second (cfs)	\$11,100.00	\$8,600.00
Industrial Connection Minimum Charge	per connection per month	\$1,000.00	\$1,000.00
Retail Meter Charge	per meter per month	\$2.105	\$1.755
(for MWD Readiness-to-Serve Charges)			

INLAND EMPIRE UTILITIES AGENCY
FY 2014/15 ADOPTED RATES
July 1, 2014

		ADOPTED RATES FY 2014/15	IMPLEMENTED RATES FY 2013/14
NON-RECLAIMABLE WASTEWATER SYSTEM (NRWS)			
NRWS NORTH SYSTEM - SANITATION DISTRICTS OF LOS ANGELES COUNTY (LACSD)			
Acquisition of Wastewater Discharge Right			
Refer to Resolution 2014-6-4 Section 1 (See Formula)			
Purchase Rate to discharge one NRWSCU		\$5,000.00	
Option- Annual Lease Rate for right to discharge one NRWSCU		<i>5% per year of the purchase rate</i>	
Volumetric Fee			
Direct Line Deliveries	per million gallons	\$835.80	\$1,437.49
Strength Charges			
Total Suspended Solids in excess (TSS)	per 1,000 pounds (dry weight)	\$418.22	\$294.21
Chemical Oxygen Demand (COD)	per 1,000 pounds (dry weight)	\$147.84	\$110.81
Peak Flow			
	per peak gallons per minute	\$110.88	None
	per million gallons	\$317.54	None
Operations Fee			
CIP and O&M Charges	per NRWSCU per month (new Agreement)	\$17.87	50% of Capacity,
4Rs Deferred Capital Charges	per NRWSCU per month (old Agreement)	\$212.60	Volumetric & Strength
Recycled Water Usage Credit	per million gallons of recycled water used	\$445.02	10% of Capacity, Volumetric & Strength
NRWS SOUTH SYSTEM - SANTA ANA WATERSHED PROJECT AUTHORITY (SAWPA)			
Initial Capacity Charge			
Purchase of Agency Capacity Rights	per capacity unit	\$215,000.00	\$215,000.00
Monthly Capital Improvement Program (CIP) Fee			
	per capacity unit	\$90.00	\$90.00
Monthly Capacity Unit Fee			
	per capacity unit	\$334.43	\$318.49
Volumetric Fee			
Direct Line Deliveries	per million gallons	\$777.00	\$736.00
Minimum Volumetric Charge	<= 100,000 gallons per month per capacity unit	\$77.70	\$73.60
Strength Charges			
Total Suspended Solids in excess (TSS)	per 1,000 pounds (dry weight)	\$411.00	\$395.00
Biochemical Oxygen Demand (BOD)	per 1,000 pounds (dry weight)	\$295.00	\$266.00
Operations Fee			
Non Recycled Water Users		50% of Capacity, Volumetric & Strength	50% of Capacity, Volumetric & Strength
Recycled Water Usage Credit	per million gallons of recycled water used	\$445.02	10% of Capacity, Volumetric & Strength
Truck Station Deliveries			
<i>Tier Schedule</i>		<i>BOD or TSS Concentration Up to 5,000 gallon</i>	
Brine	Less than 100 mg/l	\$232.92	\$229.23
Tier 1 (Non Brine)	100 to 999 mg/l	\$257.92 /gallon	\$254.23 /gallon
Tier 2 (Non Brine)	1,000 to 2,499 mg/l	\$342.92 /gallon	\$334.23 /gallon
Tier 3 (Non Brine)	2,500 mg/l and higher	\$197.25 /gallon	\$193.52 /gallon
		\$0.652 / pound of TSS	\$0.658 / pound of TSS
		\$0.687 / pound of BOD	\$0.636 / pound of BOD

APPENDICES

INLAND EMPIRE UTILITIES AGENCY
FY 2014/15 ADOPTED RATES
July 1, 2014

		ADOPTED RATES FY 2014/15	IMPLEMENTED RATES FY 2013/14
NON-RECLAIMABLE WASTEWATER SYSTEM (NRWS)			
NRWS WASTEWATER HAULERS			
Domestic Wastewater Haulers to the Regional System:			
Initial Permit Application Fee	initial charge	\$170.00	\$164.00
Permit Renewal Fee	renewal fee	\$85.00	\$103.00
Trucked Waste Volumetric Fee	per load up to 2,000 gallons	\$62.18	\$64.80
	per load over 2,000 gallons	\$0.031 per 1 gal	\$0.03 per 1 gal.
Excessive Biochemical Oxygen Demand and Suspended Solids:			
Suspended Solids in excess of 398 milligrams per liter	per ton dry weight	\$567.51	\$487.89
Biochemical Oxygen Demand in excess of 427 milligrams per liter	per ton dry weight	\$512.53	\$461.38
NRWS ETIWANDA WASTEWATER LINE (EWL)			
Initial Capacity Charge	per capacity unit	\$215,000.00	\$215,000.00
Purchase of Agency Capacity Rights			
Monthly Capital Improvement Program (CIP) Fee	per capacity unit	\$90.00	\$90.00
Volumetric Fee			
Direct Line Deliveries	per million gallons	\$983.44	\$736.00
Minimum Volumetric Charge	<= 100,000 gallons per month per capacity unit	\$98.34	\$73.60
Strength Charges			
Total Suspended Solids in excess (TSS)	per 1,000 pounds (dry weight)	\$411.00	\$395.00
Biochemical Oxygen Demand (BOD)	per 1,000 pounds (dry weight)	\$295.00	\$266.00
Operations Fee			
Non Recycled Water Users		50% of Capacity, Volumetric & Strength	50% of Capacity, Volumetric & Strength
Recycled Water Usage Credit	per million gallons of recycled water used	\$445.02	10% of Capacity, Volumetric & Strength

**INLAND EMPIRE UTILITIES AGENCY
FY 2014/15 ADOPTED RATES
July 1, 2014**

	ADOPTED RATES FY 2014/15	IMPLEMENTED RATES FY 2013/14
NON-RECLAIMABLE WASTEWATER SYSTEM (NRWS)		
NRWS - ALL REGIONAL WASTEWATER SYSTEM		
Application Fees:		
Capacity Right/Capacity Option agreement per agreement	\$200.00	No Charge
Converting a capacity option agreement to a capacity right agreement	No Charge	No Charge
New Permit Fees:		
For Wastewater Generators who discharge directly through the pipeline connection		
Categorical Industrial User	\$3,400.00	\$3,280.00
with Combined Waste Stream Formula, add	\$850.00	\$820.00
with Production Based Standards, add	\$425.00	\$410.00
with Multiple Categories, add	\$1,700.00	\$1,640.00
Non-Categorical, Significant, Industrial User	\$2,550.00	\$2,460.00
Non-Categorical, Non-Significant Industrial User	\$2,125.00	\$2,050.00
Wastewater Permit Renewal Fees:		
For Wastewater Generators who discharge directly through the pipeline connection		
Categorical Industrial Users	\$2,550.00	\$2,460.00
with Combined Waste Stream Formula, add	\$425.00	\$410.00
with Production Based Standards, add	\$213.00	\$205.00
with Multiple Categories, add	\$850.00	\$820.00
Non-Categorical, Non-Significant Industrial User	\$425.00	\$410.00
New Permit Fees:		
For Wastewater Generators whose wastewater is hauled away and discharged into the Regional		
Categorical Industrial User	\$2,125.00	\$2,050.00
with Combined Waste Stream Formula, add	\$850.00	\$820.00
with Production Based Standards, add	\$425.00	\$410.00
with Multiple Categories, add	\$1,700.00	\$1,640.00
Non-Categorical, Significant, Industrial User	\$1,275.00	\$1,230.00
Non-Categorical, Non-Significant Industrial User	\$850.00	\$820.00
Wastewater Permit Renewal Fees:		
For Wastewater Generators whose wastewater is hauled away and discharged into the Regional		
Categorical Industrial Users	\$1,700.00	\$1,640.00
with Combined Waste Stream Formula, add	\$425.00	\$410.00
with Production Based Standards, add	\$213.00	\$205.00
with Multiple Categories, add	\$850.00	\$820.00
Non-Categorical, Significant Industrial User	\$638.00	\$615.00
Non-Categorical, Non-Significant Industrial User	\$425.00	\$410.00
Initial Wastewater Hauler Permit Application & Permit Fees (NRWS):		
Permit Application for Wastewater Hauler	\$170.00	\$164.00
Permit Renewal for Wastewater Hauler	\$85.00	\$82.00
Major Permit Modification /Facility Expansion Fee		
Major Permit Modification	\$1,275.00	\$1,230.00
Facility Expansion	\$1,275.00	\$1,230.00
Minor Permit Modification Fees:		
Changes of Equipment Maintenance or Monitoring Requirements/Changes of Discharge Limits	\$595.00	\$574.00
Change of Limits/Evaluation of Toxic Organic Management Plan Processing	No Charge	No Charge
Business Name Change/Owner Name Change	\$170.00	\$164.00
<i>(Refer to respective rate resolutions for details)</i>		

APPENDICES

RESOLUTION NO. 2014-4-1

RESOLUTION OF THE BOARD OF DIRECTORS OF INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, DECLARING ITS INTENT TO ADOPT BUDGETS FOR THE REGIONAL SEWAGE, RECYCLED WATER, NON-RECLAIMABLE WASTEWATER, AND WATER RESOURCES PROGRAMS AND FIXING TIME AND PLACE OF HEARING THEREON

WHEREAS, pursuant to the Chino Basin Regional Sewage Service Contract, this Board of Directors shall adopt its resolution of intent to adopt budgets for its Regional Sewage Program and fix a time and place of hearing thereon.

WHEREAS, this Board of Directors shall also adopt its resolution to hold a public hearing to receive public comments on the proposed 2014/15 budgets and rates for the Non-Reclaimable Wastewater, and Water Resources Programs.

NOW THEREFORE, the Board of Directors of the Inland Empire Utilities Agency* does hereby RESOLVE, DETERMINE, AND ORDER as follows:

Section 1: That the Board of Directors hereby declares its intent to adopt Regional Sewage and said proposed budgets for Fiscal Year 2014/15,

Section 2: That the Board of Directors hereby fixes a time and place for hearing on said proposed budgets as follows:

Date	Time	Place
<u>June 18, 2014</u>	<u>10:00 a.m.</u>	Office of the Agency 6075 Kimball Ave. Chino, CA 91708

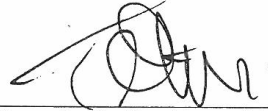
Section 3: That the Secretary is hereby authorized and directed to distribute copies of this resolution. The draft program budget of the Regional Sewage Recycled Water, Non-Reclaimable Wastewater, Water Resources will be distributed following review by the Board of Directors.

Section 4: Upon adoption of this resolution, Resolution No. 2013-4-1 is hereby rescinded in its entirety.

The undersigned certifies that this is a true copy as on file in the permanent records of the Agency. This stamp must be in purple ink to constitute a certified copy.
Inland Empire Utilities Agency*
A Municipal Water Agency
By: [Signature] Date 6/19/14

Resolution No. 2014-4-1
Page 2 of 3

ADOPTED this 16th day of April, 2014.



Terry Catlin, President of the Inland Empire
Utilities Agency* and of the Board
of Directors thereof

ATTEST:



Steven J. Elie, Secretary/Treasurer of the
Inland Empire Utilities Agency* and of the
Board of Directors thereof

(SEAL)

* A Municipal Water District


APPENDICES

Resolution No. 2014-4-1
Page 3 of 3

STATE OF CALIFORNIA)
COUNTY OF)SS
SAN BERNARDINO)

I, Steven J. Elie, Secretary/Treasurer of the Inland Empire Utilities Agency*, DO
HEREBY CERTIFY that the foregoing Resolution being No. 2014-4-1 was adopted at a regular
Board Meeting on April 16, 2014, of said Agency by the following vote:

AYES: Hall, Elie, Camacho, Koopman, Catlin
NOES: None
ABSTAIN: None
ABSENT: None



Steven J. Elie
Secretary/Treasurer

(SEAL)

* A MUNICIPAL WATER DISTRICT

RESOLUTION NO. 2014-6-1

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, APPROVING AND ADOPTING ITS BUDGET FOR FISCAL YEAR 2014/2015.

NOW, THEREFORE, the Board of Directors of the Inland Empire Utilities Agency* does hereby RESOLVE, DETERMINE AND ORDER AS FOLLOWS:


Section 1. That this Board of Directors hereby approves and adopts the budget for Fiscal Year 2014/15, subject to amendment upon receipt from the County of San Bernardino final data regarding property tax valuations and allocations and/or loss of tax revenue by action of the State legislature.

ADOPTED this 18th day of June, 2014.



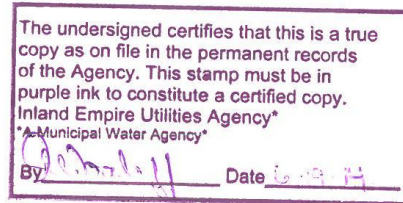
Terry Catlin
President of the Inland Empire Utilities Agency* and of the Board of Directors thereof

ATTEST:



Steven J. Elie
Secretary/Treasurer of the Inland Empire Utilities Agency* and of the Board of Directors thereof

*A Municipal Water District



APPENDICES

Resolution No. 2014-6-1
Page 2 of 2

STATE OF CALIFORNIA)
)SS
COUNTY OF SAN BERNARDINO)

I, Steven J. Elie, Secretary/Treasurer of the Inland Empire Utilities Agency*, DO HEREBY CERTIFY that the foregoing Resolution being No. 2014-6-1 was adopted at a regular meeting on June 18, 2014, of said Agency* by the following vote:

AYES: Hall, Elie, Camacho, Koopman, Catlin
NOES: None
ABSTAIN: None
ABSENT: None



Steven J. Elie
Secretary/Treasurer

(SEAL)

* A Municipal Water District



RESOLUTION NO. 2012-2-2

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING SERVICE RATES FOR IMPROVEMENT DISTRICT "C" FOR FISCAL YEAR 2012/13 THROUGH YEAR 2014/15

WHEREAS, pursuant to the Regional Sewage Service Contract, the Regional Contracting Agencies Advisory Committees have received and reviewed the Regional Wastewater Program Budget with an associated service rate for Fiscal Years 2012/13 through FY 2014/15;

WHEREAS, The Regional Advisory Committees have reviewed and recommended service rates for Fiscal Years 2012/13 through 2014/15:

NOW, THEREFORE, the Board of Directors hereby RESOLVES, DETERMINES, AND ORDERS the following to be effective July 1st of each fiscal year:

Section 1. Effective July 1, 2012, the total service rate for the operation and maintenance of the regional sewage system and the treatment of the domestic sewage, shall be \$12.39 per equivalent service unit (EDU) per month or \$1,560.89 per million gallons.

Section 2. Effective July 1, 2013, the total service rate for the operation and maintenance of the regional sewage system and the treatment of the domestic sewage, shall be \$13.39 per equivalent service unit (EDU) per month or \$1,600.25 per million gallons.

Section 3. Effective July 1, 2014, the total service rate for the operation and maintenance of the regional sewage system and the treatment of the domestic sewage, shall be \$14.39 per equivalent service unit (EDU) per month or \$1,559.45 per million gallons.

Section 4. The provisions of the Regional Sewage Service Contract and any amendments thereto are hereby applicable and will remain in full force and effect.

Section 5. That upon the effective date of this Resolution, Resolution No. 2011-2-2 is hereby rescinded.

ADOPTED this 1st day of February, 2012.

The undersigned certifies that this is a true copy as on file in the permanent records of the Agency. This stamp must be in purple ink to constitute a certified copy.
Inland Empire Utilities Agency*
* Municipal Water District
Date 2/09/12

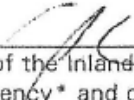
APPENDICES

Resolution No. 2012-2-2
Page 2 of 3



President of the Inland Empire
Utilities Agency* and of the
Board of Directors thereof

ATTEST:



Secretary of the Inland Empire
Utilities Agency* and of the Board
of Directors thereof

* A Municipal Water District

Resolution No. 2012-2-2
Page 3 of 3

STATE OF CALIFORNIA)
)SS
COUNTY OF SAN BERNARDINO)

I, Steven J. Elie, Secretary/Treasurer of the Inland Empire Utilities Agency*, DO HEREBY CERTIFY that the foregoing Resolution being No. 2012-2-2 was adopted at a Board Meeting on February 1, 2012, of said Agency by the following vote:

AYES: Santiago, Elie, Camacho, Koopman, Catlin
NOES: None
ABSTAIN: None
ABSENT: None



Secretary/Treasurer of the
Inland Empire Utilities Agency*
and of the Board of Directors
thereof

(SEAL)

* A Municipal Water District

APPENDICES

RESOLUTION NO. 2012-2-3

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY* (IEUA), SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING THE REIMBURSEMENT PAYMENT FOR FISCAL YEAR 2012/13 THROUGH YEAR 2014/15

WHEREAS, the Contracting Agency Advisory Committees have agreed to approve a Reimbursement Payment adjustment prior to adoption of the final Ten-Year CIP and Budget, based on the IEUA's proposed budget for Fiscal Years 2012/13 through 2014/15;

WHEREAS, on behalf of the Contracting Agencies, the Chairman of the Regional Policy Committee has requested in writing that the IEUA Board of Directors adjust the Reimbursement Payment in accordance with Section 9A, Part C of the Regional Sewage Contract;

WHEREAS, the financing of the Ten-Year Capital Improvement Program requires that the Reimbursement Payment will be increased to \$4,909 per Equivalent Dwelling Unit (EDU) effective July 1, 2012; and increased to \$5,007 per EDU effective July 1, 2013; and increased to \$5,107 per EDU effective July 1, 2014; and

NOW THEREFORE, the Board of Directors of the Inland Empire Utilities Agency* does hereby RESOLVE, DETERMINE AND ORDER the following to be effective on;

Section 1. July 1, 2012 for Fiscal Year 2012/13 the Reimbursement Payment for the Contracting Agencies shall be \$4,909.

Section 2. July 1, 2013 for Fiscal Year 2013/14 the Reimbursement Payment for the Contracting Agencies shall be \$5,007 per EDU.

Section 3. July 1, 2014 for Fiscal Year 2014/15 the Reimbursement Payment for the Contracting Agencies shall be \$5,107 per EDU.

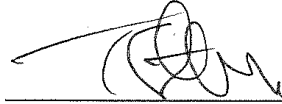
Section 4. That the provisions of the Regional Sewage Service Contract and any amendments thereto, are hereby applicable and will remain in full force and effect.

Section 5. That upon the effective date of this Resolution, Resolution No. 2011-2-1 is hereby rescinded.

The undersigned certifies that this is a true copy as on file in the permanent records of the Agency. This stamp must be in purple ink to constitute a certified copy.
Inland Empire Utilities Agency*
A Municipal Water District
Date 2/29/12

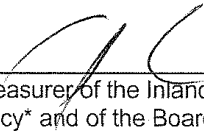
RESOLUTION NO. 2012-2-3
Page 2 of 3

ADOPTED this 1st day of February, 2012



President of the Inland Empire Utilities
Agency* and of the Board of Directors
thereof

ATTEST:



Secretary/Treasurer of the Inland Empire
Utilities Agency* and of the Board of Directors
thereof

APPENDICES

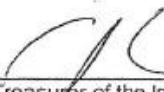


RESOLUTION NO. 2012-2-3
Page 3 of 3

STATE OF CALIFORNIA)
)SS
COUNTY OF SAN BERNARDINO)

I, Steven J. Elle, Secretary/Treasurer of the Inland Empire Utilities Agency*, DO
HEREBY CERTIFY that the foregoing Resolution being No. 2012-2-3 was adopted at a
regular Board Meeting on February 1, 2012, of said Agency by the following vote:

AYES: Santiago, Elle, Camacho, Koopman, Catlin
NOES: None
ABSTAIN: None
ABSENT: None



Secretary/Treasurer of the Inland Empire
Utilities Agency* and of the Board of
Directors thereof

*A Municipal Water District

RESOLUTION NO. 2012-2-4

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING RATES COVERING THE SALE OF RECYCLED WATER FOR FISCAL YEAR 2012/13 THROUGH YEAR 2014/15

WHEREAS, The Regional Advisory Committees have reviewed and recommended service rates for Fiscal Years 2012/13 through 2014/15:

NOW, THEREFORE, the Board of Directors of the Inland Empire Utilities Agency* does hereby RESOLVE, DETERMINE, AND ORDER as follows:

Section 1. That effective July 1, 2012, the direct sale of recycled water under the terms of Ordinance 69 that is available to our Contracting Agencies from the Tertiary Treatment Plants shall be \$475.71 per million gallons or \$155.00 per acre foot.

Section 2. That effective July 1, 2013, the direct sale of recycled water under the terms of Ordinance 69 that is available to our Contracting Agencies from the Tertiary Treatment Plants shall be \$659.86 per million gallons or \$215.00 per acre foot.

Section 3. That effective July 1, 2014, the direct sale of recycled water under the terms of Ordinance 69 that is available to our Contracting Agencies from the Tertiary Treatment Plants shall be \$890.04 per million gallons or \$290.00 per acre foot.

Section 4. That effective July 1, 2012, the recharge sale of recycled water under the terms of Ordinance 69 that is available to our Contracting Agencies from the Tertiary Treatment Plants shall be \$598.47 per million gallons or \$195.00 per acre foot.

Section 5. That effective July 1, 2013, the recharge sale of recycled water under the terms of Ordinance 69 that is available to our Contracting Agencies from the Tertiary Treatment Plants shall be \$782.62 per million gallons or \$255.00 per acre foot.

Section 6. That effective July 1, 2014, the recharge sale of recycled water under the terms of Ordinance 69 that is available to our Contracting Agencies from the Tertiary Treatment Plants shall be \$1,028.15 per million gallons or \$335.00 per acre foot.

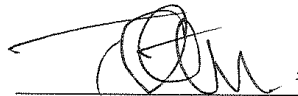
The undersigned certifies that this is a true copy as on file in the permanent records of the Agency. This stamp must be in purple ink to constitute a certified copy.
Inland Empire Utilities Agency*
A Municipal Water District
Date: 9/29/12

APPENDICES

Resolution No. 2012-2-4
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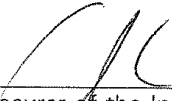
Section 7. Upon the effective date of this Resolution, Resolution No. 2011-2-3 is hereby rescinded in their entirety.

ADOPTED this 1st day of February, 2012.



President of the Inland Empire Utilities
Agency* and of the Board of Directors
thereof

ATTEST:



Secretary/Treasurer of the Inland Empire
Utilities Agency* and of the Board
of Directors thereof

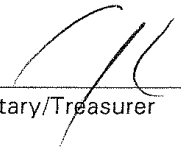
* A Municipal Water District

Resolution No. 2012-2-4
Page 3 of 3

STATE OF CALIFORNIA)
)SS
COUNTY OF SAN BERNARDINO)

I, Steven J. Elie, Secretary/Treasurer of the Inland Empire Utilities Agency*, DO HEREBY CERTIFY that the foregoing Resolution being No. 2012-2-4, was adopted at a regular meeting on February 1, 2012, of said Agency* by the following vote:

AYES: Santiago, Elie, Camacho, Koopman, Catlin
NOES: None
ABSTAIN: None
ABSENT: None



Secretary/Treasurer

(SEAL)

* A Municipal Water District

APPENDICES

RESOLUTION NO. 2014-6-2

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING INITIAL AND MONTHLY CAPACITY CHARGES, VOLUMETRIC CHARGES, EXCESS STRENGTH CHARGES, CAPITAL IMPROVEMENT PROJECT (CIP) CHARGES, IEUA ADMINISTRATIVE CHARGES, APPLICATION AND WASTEWATER DISCHARGE PERMIT APPLICATION FEES FOR THE INLAND EMPIRE BRINE LINE (BRINE LINE) FOR FISCAL YEAR 2014/2015.

WHEREAS, it is necessary to establish initial and monthly capacity charges, volumetric flow charges, CIP charges, trucked wastewater delivery charges and excessive strength charges;

WHEREAS, it is necessary to establish application fees for processing applications for Capacity Right Agreements and Wastewater Discharge Permits for the use of the Inland Empire Utilities Agency (Agency)'s Brine Line;

WHEREAS, one Agency Capacity Unit (CU) is defined as an equalized discharge at the flow rate of 15 gallons per minute (GPM);

WHEREAS, under Section 13550, et seq., of the California Water Code, a Public Agency may require industries to use recycled water for certain purposes, where it is available and at reasonable cost;

WHEREAS, the Board of Directors of the Agency, pursuant to Ordinance No. 96, may establish said fees and charges by Resolution;

NOW, THEREFORE, the Board of Directors hereby RESOLVES, DETERMINES, AND ORDERS the following to be effective July 1, 2014

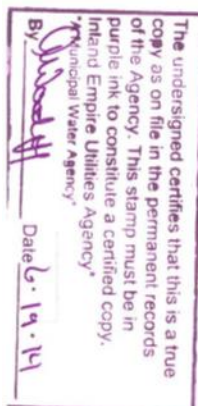
Section 1 That the Initial Capacity Charge for the purchase of Agency Capacity Rights shall be set at \$215,000 per CU.

Section 2 That the monthly charges for discharge to the Brine Line are as follows:

(A) CAPACITY CHARGES:

For discharge to the Brine Line, which reaches jurisdiction of the Santa Ana Watershed Project Authority (SAWPA), the monthly Capacity Charge is \$334.43 per CU.

The monthly Capital Improvements Program (CIP) charge for Brine Line is \$90.00 per CU per month.



(B) VOLUMETRIC CHARGES

For discharge to the Brine Line, the monthly Volumetric Charge is \$777.00 per Million Gallons of discharge. The minimum Volumetric Charge for discharge of 100,000 gallons or less per CU per month is \$77.70 per CU per month.

(C) STRENGTH CHARGES

That Strength Charges are applicable to all discharges to the Brine Line, via pipeline or hauled by truck, for excessive Biochemical Oxygen Demand (BOD), and Total Suspended Solids (TSS). The rates are as follows:

<u>QUANTITY</u>	<u>RATE</u>
TSS	\$411.00 per 1,000 pounds (dry weight)
BOD	\$295.00 per 1,000 pounds (dry weight)

Strength charges for the Brine Line discharges are calculated from the average of all the samples collected during the calendar month and invoiced on a monthly basis. If there is no sample data for a given month, strength charges for that month shall be determined by using the average of all available data within the billing quarter.

(D) AGENCY ADMINISTRATIVE CHARGES

Agency Administrative Charges of 50% shall be added to the charges of Section 2(A), 2(B), and 2(C).

(E) RECYCLED WATER USAGE CREDIT FOR BRINE LINE

This program is for recycled water (RW) Users and shall end when funding is exhausted or not later than June 30, 2024, whichever comes first. New Users who qualify for this program shall be given the recycled water credit in effect at the time of connection to the recycled water system.

Recycled Water Users, including contracting agencies, shall be given a monetary credit based on the actual amount of RW used. The RW credit shall start at 50% of the IEUA's FY 2014/2015 recycled water direct sale rate, and shall decline at 5% intervals per year through FY 2023/2024.

For Fiscal Year 2014/2015, the Recycled Water Usage Credit is \$445.02 per million gallons of recycled water used.

APPENDICES

Resolution No. 2014-6-2
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(F) Other Charges

IEUA will pass on any other charges from SAWPA invoiced to the Agency to dischargers to the Brine Line, such as, but not limited to, flow and strength imbalance charges, permit, inspection, analytical fees, etc.

Section 3 For trucked discharges to the Brine Line, the wastewater discharge rate shall be based on the applicable Tiered Schedule as established by the higher concentration value for BOD or TSS. The Brine Line Tiered Rate Schedule for Trucks is shown in Table 1.

Table 1 – Brine Line Tiered Rate Schedule for Trucks

Tiered Schedule	BOD or TSS Concentration	Total Volumetric Charge Up to 5,000 gallon	Incremental Charge above 5,000 gallons, \$ per one (1) gallon	BOD Charges	TSS Charges
Brine	Less than 100 mg/L	\$232.92	\$0.010	N/A	N/A
Tier 1 (Non-Brine)	100 to 999 mg/L	\$257.92	\$0.015	N/A	N/A
Tier 2 (Non-Brine)	1,000 to 2,499 mg/L	\$342.92	\$0.032	N/A	N/A
Tier 3 (Non-Brine)	2,500 mg/L and higher	\$197.25	\$0.0026	\$0.687 per pound of BOD	\$0.652 per pound of TSS

Section 4 That Application fees for a Capacity Right Agreement shall be: \$ 200.00

Section 5 That Initial Wastewater Discharge Permit Application and Permit Renewal fees for wastewater generators who discharge directly through pipeline connection to the Brine Line shall be:

Initial Wastewater Discharge Permit Application Fees:

Categorical Industrial User	\$ 3,400.00
with Combined Waste Stream Formula, add	\$ 850.00
with Production Based Standards, add	\$ 425.00
with Multiple Categories, add	\$ 1,700.00
Non-Categorical, Significant Industrial User	\$ 2,550.00
Non-Categorical, Non-Significant Industrial User	\$ 2,125.00

Permit Renewal Fees:

Categorical Industrial User	\$ 2,550.00
with Combined Waste Stream Formula, add	\$ 425.00
with Production Based Standards, add	\$ 213.00
with Multiple Categories, add	\$ 850.00
Non-Categorical, Significant Industrial User	\$ 638.00
Non-Categorical, Non-Significant Industrial User	\$ 425.00

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Page 4 of 6

Section 6 That Initial Wastewater Discharge Permit Application and Permit Renewal fees for wastewater generators whose wastewater is hauled away, i.e., by a wastewater trucking company, and discharged into the Brine Line sewer system shall be:

Initial Wastewater Discharge Permit Application Fees:

Categorical Industrial User	\$ 2,125.00
with Combined Waste Stream Formula, add	\$ 850.00
with Production Based Standards, add	\$ 425.00
with Multiple Categories, add	\$ 1,700.00
Non-Categorical, Significant Industrial User	\$ 1,275.00
Non-Categorical, Non-Significant Industrial User	\$ 850.00

Permit Renewal Fees:

Categorical Industrial User	\$ 1,700.00
with Combined Waste Stream Formula, add	\$ 425.00
with Production Based Standards, add	\$ 213.00
with Multiple Categories, add	\$ 850.00
Non-Categorical, Significant Industrial User	\$ 638.00
Non-Categorical, Non-Significant Industrial User	\$ 425.00

Section 7 That initial Wastewater Hauler Permit application and Permit Renewal fees for the Brine Line shall be:

Initial Permit Application for Wastewater Hauler	\$ 170.00
Permit Renewal for Wastewater Hauler	\$ 85.00

Brine Line Liquid Waste Hauler Permit Application and Permit Renewal are processed and administered by Santa Ana Watershed Project Authority (SAWPA).

Section 8 That Permit Revision or Facility Expansion fees shall be: \$ 1,275.00

Permit Revisions shall be required if the modification affects the quantity/quality of the wastewater discharge to deviate from the conditions in the current permit by more than 25%. Such additions or modifications include, but are not limited to, the following: Maintenance, Monitoring, Change of Discharge Limits, Addition of Control Equipment, etc.

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Section 9 That Permit Addendum fees shall be: \$ 595.00

That for change of business name or ownership only shall be: \$ 170.00

Permit Addendum shall be required if the addition or modification does not affect the existing wastewater quantity/quality by more than 25%. Such additions or modifications include, but are not limited to, the following: Maintenance, Monitoring, Change of Discharge Limits, Addition of Control Equipment, etc.

Section 10 Toxic Organic Management Plan (TOMP) Processing No Charge

Section 11 Miscellaneous processing fees that do not fall under any of the above sections shall be charged based on time and material of staff(s) evaluating such process using adopted labor rates for the current fiscal year.

Section 12 That all provisions of the Brine Line Ordinance and any amendments thereto are hereby applicable and will remain in full force and effect.

Section 13 That upon the adoption of this Resolution, the Resolution No. 2013-6-13 pertaining to the South NRWS is hereby rescinded in its entirety.

ADOPTED this 18th day of June, 2014.



Terry Catlin
President of the Inland Empire Utilities
Agency* and of the Board of Directors
thereof

ATTEST:



Steven J. Elie
Secretary/Treasurer of the Inland Empire
Utilities Agency* and of the Board of
Directors thereof

*A Municipal Water District

Resolution No. 2014-6-2
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STATE OF CALIFORNIA)
) SS
COUNTY OF SAN BERNARDINO)

I, Steven J. Elie, Secretary/Treasurer of the Inland Empire Utilities Agency*, DO HEREBY CERTIFY that the foregoing Resolution being No. 2014-6-2 as adopted at a regular Board meeting on June 18, 2014, of said Agency* by the following vote:

AYES: Hall, Elie, Camacho, Koopman, Catlin
NOES: None
ABSTAIN: None
ABSENT: None



Steven J. Elie
Secretary/Treasurer

(SEAL)

* A Municipal Water District

APPENDICES

RESOLUTION NO. 2014-6-3

The undersigned certifies that this is a true copy as on file in the permanent records of the Agency. This stamp must be in purple ink to constitute a certified copy.
Inland Empire Utilities Agency*
*A Municipal Water Agency

[Signature] Date 6-19-14

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING SERVICE RATES FOR WASTEWATER HAULERS TO THE REGIONAL WASTEWATER SYSTEM FOR SEPTAGE, COMMERCIAL OR INDUSTRIAL WASTEWATERS, AND EXCESSIVE STRENGTH CHARGES FOR FISCAL YEAR 2014/2015.

WHEREAS, it is necessary to establish service rates for processing and issuing permits to Domestic and Industrial Wastewater Haulers permitted by IEUA, and service rates for processing and treatment of sanitary, commercial or industrial wastewater deliveries to the Inland Empire Utilities Agency (Agency)'s Regional Wastewater System;

WHEREAS, it is necessary to establish application fees for processing and issuing for Wastewater Discharge Permits for industrial wastewater generators who discharge directly through pipeline connections to the Regional Sewer System;

WHEREAS, the Board of Directors of the Inland Empire Utilities Agency*, pursuant to Ordinance No. 87, may establish said service rates by resolution.

NOW, THEREFORE, the Board of Directors hereby RESOLVES, DETERMINES, AND ORDERS the following to be effective July 1, 2014:

Section 1 That Wastewater Permit Application for Domestic Wastewater Hauler fees is as follow:

Initial Permit Application Fee	\$ 170.00.
Permit Renewal Fee	\$ 85.00

Section 2 That wastewater volumetric fee for domestic and industrial wastewater hauler is as follow:

For each load up to 2,000 gallons	\$ 62.18
Loads in excess of 2,000 gallons	\$ 0.031 per one (1) gallon

Section 3 That a rate schedule effective July 1, 2014, for delivery of domestic and industrial wastewater to regional plants with excessive biochemical oxygen demand and suspended solids is hereby established as follows:

<u>Quantity</u>	<u>Rate</u>
Suspended Solids in excess of 398 mg/L	\$ 567.51 per Ton (dry weight)
Biochemical Oxygen Demand in excess of 427 mg/L	\$ 512.53 per Ton (dry weight)

Section 4 A Non-Compliance fee of \$100.00 will be assessed to reinstate elapsed or expired insurance requirements.

Section 5 That Initial Wastewater Discharge Permit Application and Permit Renewal fees for wastewater generators who discharge directly through pipeline connection to the Regional Sewer System shall be:

Initial Wastewater Discharge Permit Application Fees:

Categorical Industrial User	\$ 3,400.00
with Combined Waste Stream Formula, add	\$ 850.00
with Production Based Standards, add	\$ 425.00
with Multiple Categories, add	\$ 1,700.00
Non-Categorical, Significant Industrial User	\$ 2,550.00
Non-Categorical, Non-Significant Industrial User	\$ 2,125.00

Permit Renewal Fees:

Categorical Industrial User	\$ 2,550.00
with Combined Waste Stream Formula, add	\$ 425.00
with Production Based Standards, add	\$ 213.00
with Multiple Categories, add	\$ 850.00
Non-Categorical, Significant Industrial User	\$ 638.00
Non-Categorical, Non-Significant Industrial User	\$ 425.00

Section 6 That Initial Wastewater Discharge Permit Application and Permit Renewal fees for wastewater generators whose wastewater is hauled away, i.e., by a wastewater trucking company, and discharged into the NRWS sewer system shall be:

Initial Wastewater Discharge Permit Application Fees:

Categorical Industrial User	\$ 2,125.00
with Combined Waste Stream Formula, add	\$ 850.00
with Production Based Standards, add	\$ 425.00
with Multiple Categories, add	\$ 1,700.00
Non-Categorical, Significant Industrial User	\$ 1,275.00
Non-Categorical, Non-Significant Industrial User	\$ 850.00

APPENDICES

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Page 3 of 5

Permit Renewal Fees:

Categorical Industrial User	\$ 1,700.00
with Combined Waste Stream Formula, add	\$ 425.00
with Production Based Standards, add	\$ 213.00
with Multiple Categories, add	\$ 850.00
Non-Categorical, Significant Industrial User	\$ 638.00
Non-Categorical, Non-Significant Industrial User	\$ 425.00

Section 7 That Permit Revision or Facility Expansion fees shall be: \$ 1,275.00

Permit Revisions shall be required if the modification affects the quantity/quality of the wastewater discharge to deviate from the conditions in the current permit by more than 25%. Such additions or modifications include, but are not limited to, the following: Maintenance, Monitoring, Change of Discharge Limits, Addition of Control Equipment, etc.

Section 8 That Permit Addendum fees shall be: \$ 595.00

That for change of business name or ownership only shall be: \$ 170.00

Permit Addendum shall be required if the addition or modification does not affect the existing wastewater quantity/quality by more than 25%. Such additions or modifications include, but are not limited to, the following: Maintenance, Monitoring, Change of Discharge Limits, Addition of Control Equipment, etc.

Section 9 That IEUA will pass on to wastewater permit holder any other charges, such as, but not limited to, excessive strength, laboratory analysis, inspection activities, etc.

Section 11 Miscellaneous processing fees that do not fall under any of the above sections shall be charged based on time and material of staff(s) evaluating such process using adopted labor rates for the current fiscal year.

Section 12 That all provisions of the Regional Wastewater Ordinance and any amendments thereto are hereby applicable and will remain in full force and effect.

Section 13 That upon the adoption of this Resolution, Resolution No. 2013-6-3 is hereby rescinded in its entirety.

Resolution No. 2014-6-3
Page 4 of 5

ADOPTED this 18th day of June, 2014.



Terry Catlin
President of the Inland Empire Utilities Agency*
and of the Board of Directors thereof

ATTEST:



Steven J. Elie
Secretary/Treasurer of the Inland Empire
Utilities Agency* and of the Board of
Directors thereof

APPENDICES

Resolution No. 2014-6-3
Page 5 of 5

STATE OF CALIFORNIA)
)SS
COUNTY OF SAN BERNARDINO)

I, Steven J. Elie, Secretary/Treasurer of the Inland Empire Utilities Agency*, DO
HEREBY CERTIFY that the foregoing Resolution being No. 2014-6-3, was adopted at a
regular Board Meeting on June 18, 2014, of said Agency* by the following vote:

AYES: Hall, Elie, Camacho, Koopman, Catlin
NOES: None
ABSTAIN: None
ABSENT: None



Steven J. Elie
Secretary/Treasurer

(SEAL)

* A Municipal Water District

RESOLUTION NO. 2014-6-4

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING CAPACITY CHARGES, VOLUMETRIC CHARGES, STRENGTH CHARGES, AGENCY PROGRAM CHARGES, AND APPLICATION FEES FOR THE NON-RECLAIMABLE WASTEWATER SYSTEM (NRWS) FOR FISCAL YEAR 2014/2015

WHEREAS, NRWS *Wastewater Disposal Agreement 4830* has been adopted between CSDLAC and IEUA effective July 1, 2014;

WHEREAS, it is necessary to establish a rate structure for the collection of costs associated for the sewerage service under this new Agreement;

WHEREAS, it is necessary to allocate User with Non Reclaimable Wastewater System Capacity Unit (NRWSCU), in order to collect such charges;

WHEREAS, it is necessary to allocate individual Users their fractional contribution of the Solids Discrepancy at East End monitoring facility (SD_{EE}) determined by the *Fractional Solids Discrepancy (FSD)* formula;

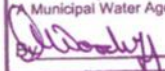
WHEREAS, it is necessary to establish application fees for processing applications for NRWSCU Allocations and Wastewater Discharge Permits for the use of the Inland Empire Utilities Agency (Agency)'s NRWS;

WHEREAS, under Section 13550, et seq., of the California Water Code, a Public Agency may require industries to use recycled water for certain purposes, where it is available and at reasonable cost;

WHEREAS, the Board of Directors of the Agency, pursuant to Ordinance No. 99, may establish said fees and charges by Resolution;

NOW, THEREFORE, the Board of Directors hereby RESOLVES, DETERMINES, AND ORDERS the following to be effective July 1, 2014

The undersigned certifies that this is a true copy as on file in the permanent records of the Agency. This stamp must be in purple ink to constitute a certified copy.
Inland Empire Utilities Agency*
Municipal Water Agency*

 Date 6-19-14

APPENDICES

Resolution No. 2014-6-4

Page 2 of 7

Section 1 That the acquisition of wastewater discharge right shall be calculated as follows:

(A) NRWSCU ACQUISITION RATES

1. A NRWSCU for the NRWS is determined by the following formula:

$$NRWSCU = \left(0.6513 \times \frac{Flow_{gpd}}{260}\right) + \left(0.1325 \times \frac{COD_{ppd}}{1.22}\right) + \left(0.2162 \times \frac{TSS_{ppd}}{0.59}\right)$$

Where:

gpd = gallons per day
ppd = pounds per day

2. The minimum number of NRWSCU shall be 25 NRWSCU.
3. The **purchase rate** for the right to discharge one (1) NRWSCU shall be \$5,000 per NRWSCU.
4. The optional **annual lease rate** for the right to discharge one (1) NRWSCU shall be 5% per year of the purchase rate.

The above charges shall be paid in full upon the execution of the NRWSCU purchase or lease.

Section 2 That the monthly charges for discharge to the NRWS are:

(A) VOLUMETRIC CHARGES

For discharge to the NRWS, the monthly volumetric charge is \$835.80 per million gallons of discharge.

(B) PEAK FLOW CHARGES

For discharge to the NRWS, the monthly Peak Flow (PF) Charge shall be determined by the following formula:

$$PF \text{ Charge} = 0.7526 \times PF_{(gpm)} \times PF \text{ charge rate}$$

Where:

$$PF_{(gpm)} = \frac{\text{Flow (in gallons per month)}}{262,800}$$

The *PF charge rate* shall be \$110.88 per Peak Flow rate in peak gallons per minute (*pgpm*) or \$317.54 per million gallons of volumetric discharge.

(C) STRENGTH CHARGES

That Strength Charges are for excessive Chemical Oxygen Demand (COD) and Total Suspended Solids (TSS) and are applicable to all discharges to the NRWS. The rates are as follows:

<u>PARAMETER</u>	<u>RATE</u>
COD	\$147.84 per 1,000 pounds (dry weight)
TSS	\$418.22 per 1,000 pounds (dry weight)

Strength charges for the NRWS discharges are calculated from the average of all the samples collected during the calendar month and invoiced on a quarterly basis. If there is no sample data for a given month, strength charges for that month shall be determined by using the average of all available data within the billing quarter.

(D) SOLIDS DISCREPANCY CHARGE FOR NRWS

Solids Discrepancy Charge for an industry (SDC_i) shall be calculated on a monthly basis and invoiced on a quarterly basis. The charge shall be calculated by multiplying the individual industry's *Fractional Solids Discrepancy* (FSD_i) by the Total Solids Discrepancy at East End monitoring facility (TSD_{EE}) and by TSS rate:

$$SDC_i = (FSD_i) \times (TSD_{EE}) \times (TSS \text{ rate})$$

Individual industry's FSD_i for the NRWS is determined by the FSD_i formula to allocate the individual industry's solids contribution to the total solids discrepancy, based on their contribution to the overall loading of Alkalinity, Biological Oxygen Demand (BOD), Dissolved Calcium, and Flow.

$$FSD_i = 0.077 \times \left[\frac{Alk_i}{Alk_T} \right] + 0.574 \times \left[\frac{BOD_i}{BOD_T} \right] + 0.051 \times \left[\frac{Ca_i}{Ca_T} \right] + 0.298 \times \left[\frac{Flow_i}{Flow_T} \right]$$

Where:

- FSD_i = Fractional Solids Discrepancy for individual discharger (i)
- Alk_i = Individual dissolved alkalinity loading to the NRWS for discharger (i)
- Alk_T = Combined dissolved alkalinity loading from all dischargers to the NRWS
- BOD_i = Individual BOD_5 loading to the NRWS for discharger (i)
- BOD_T = Combined BOD_5 loading from all dischargers to the NRWS
- Ca_i = Individual dissolved calcium loading to the NRWS for discharger (i)
- Ca_T = Combined dissolved calcium loading from all dischargers to the NRWS
- $Flow_i$ = Individual flow contribution to the NRWS from discharger (i)
- $Flow_T$ = Combined flow from all dischargers to the NRWS

All the CSDLAC rates include the ad valorem charges.

APPENDICES

Resolution No. 2014-6-4
Page 4 of 7

(E) AGENCY CIP AND O&M CHARGES

The Agency's CIP and O&M charges shall be \$17.87 per NRWSCU per month.

(F) 4R DEFERRED CAPITAL CHARGES

The deferred 4R capital charges shall be \$212.60 per NRWSCU per month as assigned per Agreement 1679.

(G) RECYCLED WATER USAGE CREDIT

This program is for recycled water (RW) Users and shall end when funding is exhausted or not later than June 30, 2024, whichever comes first. New Users who qualify for this program shall be given the recycled water credit in effect at the time of connection to the RW system.

For Fiscal Year 14-15, the Recycled Water Usage Credit is \$445.02 per million gallons of recycled water used.

Section 3 OTHER CHARGES

IEUA will pass on any other charges from CSDLAC invoiced to the Agency to dischargers to the NRWS, such as, but not limited to, flow and strength imbalance charges, permit, inspection, analytical fees, etc.

Section 4 That Application fee for a NRWS Capacity Unit \$ 200.00
Purchase or Annual Lease shall be:

Section 5 That Initial Wastewater Discharge Permit Application and Permit Renewal fees for wastewater generators who discharge directly through pipeline connection to the NRWS sewer system shall be:

Initial Wastewater Discharge Permit Application Fees:

Categorical Industrial User	\$ 3,400.00
with Combined Waste Stream Formula, add	\$ 850.00
with Production Based Standards, add	\$ 425.00
with Multiple Categories, add	\$ 1,700.00
Non-Categorical, Significant Industrial User	\$ 2,550.00
Non-Categorical, Non-Significant Industrial User	\$ 2,125.00

Permit Renewal Fees:

Categorical Industrial User	\$ 2,550.00
with Combined Waste Stream Formula, add	\$ 425.00
with Production Based Standards, add	\$ 213.00
with Multiple Categories, add	\$ 850.00
Non-Categorical, Significant Industrial User	\$ 638.00

Resolution No. 2014-6-4
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Non-Categorical, Non-Significant Industrial User \$ 425.00

Section 6 That Permit Revision or Facility Expansion fees shall be: \$ 1,275.00

Permit Revisions shall be required if the modification affects the quantity/quality of the wastewater discharge to deviate from the conditions in the current permit by more than 25%. Such additions or modifications include, but are not limited to, the following: Maintenance, Monitoring, Change of Discharge Limits, Addition of Control Equipment, etc.

Section 7 That Permit Addendum fees shall be: \$ 595.00

That for change of business name or ownership only shall be: \$ 170.00

Permit Addendum shall be required if the addition or modification does not affect the existing wastewater quantity/quality by more than 25%. Such additions or modifications include, but are not limited to, the following: Maintenance, Monitoring, Change of Discharge Limits, Addition of Control Equipment, etc.

Section 8 Toxic Organic Management Plan (TOMP) Processing No Charge

Section 9 Miscellaneous processing fees that do not fall under any of the above sections shall be charged based on time and material of staff(s) evaluating such process using adopted labor rates for the current fiscal year.

Section 10 That all provisions of the Non-Reclaimable Wastewater Ordinance and any amendments thereto are hereby applicable and will remain in full force and effect.

Section 11 That upon the adoption of this Resolution, Resolution No. 2013-6-4 is hereby rescinded in its entirety.

ADOPTED this 18th day of June, 2014

APPENDICES

Resolution No. 2014-6-4
Page 6 of 7



Terry Catlin
President of the Inland Empire Utilities
Agency* and of the Board of Directors
thereof

ATTEST:



Steven J. Elie
Secretary/Treasurer of the Inland Empire
Utilities Agency* and of the Board of
Directors thereof

*A Municipal Water District

Resolution No. 2014-6-4
Page 7 of 7

STATE OF CALIFORNIA)
) SS
COUNTY OF SAN BERNARDINO)

I, Steven J. Elie, Secretary/Treasurer of the Inland Empire Utilities Agency*, DO HEREBY CERTIFY that the foregoing Resolution being No. 2014-6-4 as adopted at a regular Board meeting on June 18, 2014, of said Agency* by the following vote:

AYES: Hall, Elie, Camacho, Koopman, Catlin
NOES: None
ABSTAIN: None
ABSENT: None



Steven J. Elie
Secretary/Treasurer

(SEAL)

* A Municipal Water District

APPENDICES

The undersigned certifies that this is a true copy as on file in the permanent records of the Agency. This stamp must be in purple ink to constitute a certified copy.
Inland Empire Utilities Agency*
A Municipal Water Agency

RESOLUTION NO. 2014-6-5

[Signature] Date 6-19-14

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING IMPORTED WATER RATES AND SUPPLEMENTAL SURCHARGE

WHEREAS, pursuant to Division II, Part II, Section 201 of Ordinance No. 100, the Board of Directors of Inland Empire Utilities Agency* (Agency) establishes, from time to time, rates for water sold or delivered by direct connections to the Rialto Pipeline of the Metropolitan Water District (Metropolitan);

WHEREAS, the Board of Directors of the Agency establishes rates for delivery of imported water supplies; and

WHEREAS, the Board of Directors has determined that the levy of a per acre-foot operation program charge that is required to maintain sufficient appropriated reserves and to provide for the program support and operational costs associated with the delivery of imported water supplies and water resource development and planning activities; and

WHEREAS, the Board of Directors has also determined that the Agency, by written request, could be levied a supplemental per acre foot surcharge for delivered imported water to fund the cost for the Water Conservation Program which includes the Conservation and Drought Charges; and

WHEREAS, modification of this policy may be included in future rate resolutions.

NOW, THEREFORE, the Board of Directors hereby RESOLVES, DETERMINES AND ORDERS the following to be effective July 1, 2014, and January 1, 2015:

Section 1. That the rates of sales of imported water shall consist of the base rate charged by Metropolitan for each class of water plus a surcharge of fifteen dollars (\$15) per acre foot, of which ten dollars (\$10) is used by the IEUA on imported water deliveries to offset program support, operation, maintenance, incentive, depreciation expenses, and debt service incurred by the IEUA, four dollars (\$4) is used to support a regional water conservation program, and one dollar (\$1) for drought programs needed to meet the reduced water supply made available to the region. The rates, by class of water, including the surcharge, are as follows:

- (a) FOR TIER 1 FULL SERVICE UNTREATED WATER – i.e., domestic and municipal purposes:

7/1/2014 – 12/31/2014 (\$593 + \$15)	\$608.00 per acre foot
1/1/2015 – 12/31/2015 (\$582 + \$15)	\$597.00 per acre foot

Resolution No. 2014-6-5
Page 2 of 4

- (b) FOR TIER 2 FULL SERVICE UNTREATED WATER – i.e., domestic and municipal purposes:

7/1/2014 – 12/31/2014 (\$735 + \$15)	\$750.00 per acre foot
1/1/2015 – 12/31/2015 (\$714 + \$15)	\$729.00 per acre foot

- (c) FOR GROUND WATER STORAGE PROGRAM

REPLENISHMENT WATER UNTREATED – This rate is available contingent upon the requirements of Metropolitan's Administrative Code, and includes water delivered for groundwater replenishment and storage, by direct or in-lieu methods.

7/1/2014 – 12/31/2014 (NO RATE AVAILABLE)
1/1/2015 – 12/31/2015 (NO RATE AVAILABLE)

- (d) METROPOLITAN WATER SUPPLY PLAN PENALTY RATES – these rates will be applied to IEUA and its member agencies if IEUA exceeds its imported water allocation from MWD and is invoiced by MWD for drought penalty rates, for FY 2014/15. Any such penalty rates shall be “passed through” to the appropriate agency that caused the imposition of a penalty rate by MWD.

Standard MWD Penalty Rates			
Water Use	Base Water Rate	Penalty Rate	Total Rate
100% of Allocation	Tier 1	0	Tier 1
Between 100% and 115%	Tier 1	2 x Tier 2	Tier 1 + (2 x Tier 2)
Greater Than 115%	Tier 1	4 x Tier 2	Tier 1 + (4 x Tier 2)

Section 2. That IEUA will impose any Metropolitan rates and charges, applicable to each service connection, if invoiced by Metropolitan to IEUA during FY 2014/15.

Section 3. That additional charges will also be levied during FY 2014/15 in the form of a capacity meter charge of \$5.00 per diameter inch of meter per month.

Section 4. That the Metropolitan levied Capacity Charge (\$/cfs) shall be as follows:

7/1/2014 – 12/31/2014	\$8,600 per cubic foot per second (cfs)
1/1/2015 – 12/31/2015	\$11,100 per cubic foot per second (cfs)

Section 5. That a minimum charge of \$1,000 per month will be collected from any active Metropolitan full service industrial connection beginning 7/1/2014 through 6/30/2015.

APPENDICES

Resolution No. 2014-6-5
Page 3 of 4

Section 6. That the allocation of Tier I will be:

7/1/2014 – 12/31/2015

Water Facilities Authority	31,384	AF
Cucamonga Valley Water District	28,368	AF
Fontana Water Company	10,000	AF
Inland Empire Utilities Agency	69,752	AF

Section 7. IEUA's Tier I allocation for each of the next two calendar year's (2015 and 2016) is 93,283 AF. The difference between IEUA's Tier I allocation and the detailed allocations listed above (23,531 AF) will be available to IEUA and/or any of IEUA's member agencies (including Chino Basin Watermaster).


Section 8. That upon the adoption of this Resolution, Resolution No. 2013-6-5 is hereby rescinded in its entirety.

ADOPTED this 18th day of June, 2014.



Terry Catlin
President of the Inland Empire Utilities Agency*
and of the Board of Directors thereof

ATTEST:



Steven J. Elie
Secretary/ Treasurer of the Inland Empire
Utilities Agency* and of the Board of
Directors thereof


*a Municipal Water District

Resolution No. 2014-6-5
Page 4 of 4

STATE OF CALIFORNIA)
)SS
COUNTY OF SAN BERNARDINO)

I, Steven J. Elie, Secretary/Treasurer of the Inland Empire Utilities Agency*, DO
HEREBY CERTIFY that the foregoing Resolution being No. 2014-6-5, was adopted at a regular
meeting on June 18, 2014, of said Agency* by the following vote:

AYES: Hall, Elie, Camacho, Koopman, Catlin
NOES: None
ABSTAIN: None
ABSENT: None



Steven J. Elie
Secretary/Treasurer

(SEAL)

* A Municipal Water District

APPENDICES

RESOLUTION NO. 2014-6-6

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING RETAIL METER CHARGE RATE COVERING READINESS-TO-SERVE STANDBY CHARGE REVENUE DEBT

WHEREAS, pursuant to Division II, Part III, Section 301(E) of Ordinance No. 100, the Board of Directors of Inland Empire Utilities Agency* (IEUA) is required to establish, annually, a Retail Meter Charge rate to yield revenues sufficient to cover the Net RTS charge, Operations program charge and costs incurred for the Water Conservation Program, including the conservation and drought charges associated with the delivery of imported water supply and water resource development and planning activities effective July 1, 2014; and

WHEREAS, the Board of Directors of the IEUA shall establish an annual basic charge for each active retail water meter served by an IEUA Local Agency which exists as of April 1 of each year.

NOW, THEREFORE, the Board of Directors hereby RESOLVES, DETERMINES AND ORDERS that the following to be effective July 1, 2014:


- Section 1.** That the rate for each active retail water meter shall be \$2.105 per meter per month.
- Section 2.** That upon adoption of this Resolution, Resolution No. 2013-6-6 is hereby rescinded in its entirety.

ADOPTED this 18th day of June, 2014 .

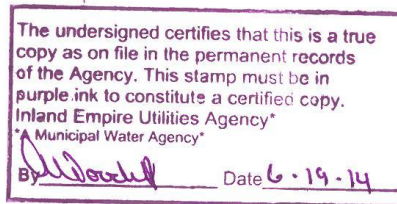


Terry Catlin
President of the Inland Empire Utilities Agency*
and of the Board of Directors thereof

ATTEST:



Steven J. Elie
Secretary/ Treasurer of the Inland Empire
Utilities Agency* and of the Board of
Directors thereof



*a Municipal Water District

Resolution No. 2014-6-6
Page 2 of 2

STATE OF CALIFORNIA)
)SS
COUNTY OF SAN BERNARDINO)

I, Steven J. Elie, Secretary/Treasurer of the Inland Empire Utilities Agency *, DO HEREBY CERTIFY that the foregoing Resolution being No. 2014-6-6, was adopted at a regular meeting on June 18, 2014, of said Agency* by the following vote:

AYES: Hall, Elie, Camacho, Koopman,

Catlin NOES: None

ABSTAIN: None

ABSENT: None



Steven J. Elie
Secretary/Treasurer

(SEAL)

* A Municipal Water District

APPENDICES

RESOLUTION NO. 2014-6-7

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING EQUIPMENT RENTAL RATES FOR FISCAL YEAR 2014/2015.

WHEREAS, the Board of Directors of Inland Empire Utilities Agency* is required by Agency Ordinance No. 28, Section 3, to establish, from time to time, rates for rental of maintenance and construction equipment.

NOW, THEREFORE, the Board of Directors hereby RESOLVES, DETERMINES AND ORDERS, pursuant to Ordinance No. 28, that the rates for equipment rental are as shown in Exhibit 1 attached hereto and are effective July 1, 2014.

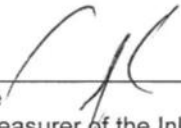
Upon the adoption of this Resolution, Resolution No. 2013-6-7 is hereby rescinded in its entirety.

ADOPTED this 18th day of June, 2014.

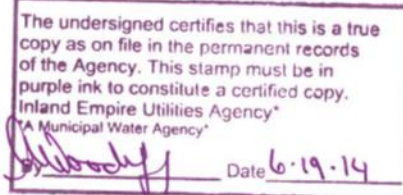


Terry Catlin
President of the Inland Empire Utilities Agency*
and of the Board of Directors thereof

ATTEST:



Steven J. Elie
Secretary/ Treasurer of the Inland Empire
Utilities Agency* and of the Board of
Directors thereof



*a Municipal Water District

EXHIBIT 1

**INLAND EMPIRE UTILITIES AGENCY*
MAINTENANCE EQUIPMENT RENTAL RATES
FISCAL YEAR 2014/15**

GOVERNMENTAL AGENCIES WITHIN IEUA SERVICE BOUNDARIES

		RATE IN FORCE
PreTreatment Pickup Truck		
With one operator	per hour portal-to-portal	70.54
With two operators	per hour portal-to-portal	135.69
CCTV Camera Equipment Truck		
With one operator	per hour portal-to-portal	89.65
With two operators	per hour portal-to-portal	154.79
Jetter Vactor		
With one operator	per hour portal-to-portal	140.69
With two operators	per hour portal-to-portal	205.83
Camera Van		
With one operator	per hour portal-to-portal	78.07
With two operators	per hour portal-to-portal	143.21
Gap Vactor Truck		
With one operator	per hour portal-to-portal	150.24
With two operators	per hour portal-to-portal	215.38
Safety Van		
With one operator	per hour portal-to-portal	75.05
With two operators	per hour portal-to-portal	143.80
Water Truck		
With one operator	per hour portal-to-portal	72.36
With two operators	per hour portal-to-portal	137.50

APPENDICES

Resolution No. 2014-6-7
Page 3 of 3

STATE OF CALIFORNIA)
)SS
COUNTY OF SAN BERNARDINO)

I, Steven J. Elie, Secretary/Treasurer of the Inland Empire Utilities Agency*,
DO HEREBY CERTIFY that the foregoing Resolution being No. 2014-6-7 was adopted at
a regular meeting on June 18, 2014, of said Agency* by the following vote:

AYES: Hall, Elie, Camacho, Koopman, Catlin
NOES: None
ABSTAIN: None
ABSENT: None



Steven J. Elie
Secretary/Treasurer

(SEAL)

* A Municipal Water District

RESOLUTION NO. 2014-6-8

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND
EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY,
CALIFORNIA, ESTABLISHING CHARGES FOR LABORATORY
ANALYSES FOR FISCAL YEAR 2014/15

WHEREAS, The Agency occasionally enters into agreements with other local governmental agencies to perform laboratory analyses; and

WHEREAS, the most efficient and practical method of charging for this work is through the establishment of a price for each analysis.

NOW, THEREFORE, the Board of Directors hereby RESOLVES, DETERMINES AND ORDERS, that, effective July 1, 2014, the single item prices for laboratory analyses are as shown on Exhibit 1 attached hereto.


Upon the adoption of this Resolution, Resolution No. 2013-6-8 is hereby rescinded in its entirety.

ADOPTED this 18th day of June, 2014.

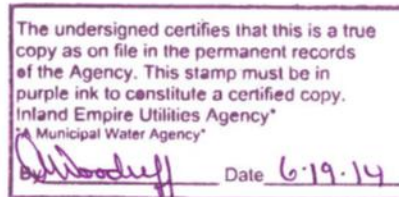


Terry Catlin
President of the Inland Empire Utilities Agency*
and of the Board of Directors thereof

ATTEST:



Steven J. Elie
Secretary/ Treasurer of the Inland Empire
Utilities Agency* and of the Board of
Directors thereof



*a Municipal Water District

APPENDICES

Resolution No. 2014-6-8
Page 2 of 3

STATE OF CALIFORNIA)
)SS
COUNTY OF SAN BERNARDINO)

I, Steven J. Elie, Secretary/Treasurer of the Inland Empire Utilities Agency*,
DO HEREBY CERTIFY that the foregoing Resolution being No. 2014-6-8, was adopted at
a regular meeting on June 18, 2014, of said Agency* by the following vote:

AYES: Hall, Elie, Camacho, Koopman, Catlin
NOES: None
ABSTAIN: None
ABSENT: None



Steven J. Elie
Secretary/Treasurer

(SEAL)

* A Municipal Water District

**INLAND EMPIRE UTILITIES AGENCY
LABORATORY PRICES - FY 2014/15**

Inorganic Chemistry		
Test	Method	Price
Alkalinity, Total	SM 2320B	\$14.30
Ammonia as Nitrogen	EPA 350.1	\$14.30
Ammonia as Nitrogen	EPA 350.3	\$13.30
Anion Sum	SM 1050	\$2.10
BOD, Soluble	SM 5210	\$42.40
BOD, Total	SM 5210	\$37.10
Bromide	EPA 300.0	\$10.60
Cation Sum	SM 1050	\$2.10
Chloride	EPA 300.0	\$8.70
Chlorine Residual	SM 4500-Cl G	\$15.90
COD	SM 5220D	\$31.80
Color	SM 2120B	\$4.80
Conductivity	SM 2510	\$8.50
Corrosivity	SM 2330B	\$39.30
<i>If Alkalinity, Ca, EC, or pH are requested on the sample, Corrosivity cost is reduced by their respective prices.</i>		
Cyanide, Total	ASTM D7284	\$28.60
Cyanide, Free	ASTM D7237	\$26.60
Dissolved Organic Carbon	SM 5310B	\$38.10
Dissolved Organic Carbon	SM 5310C	\$31.80
Dissolved Oxygen	EPA 360.1	\$11.70
Fluoride	EPA 300.0	\$9.00
Fluoride	SM 4500-F C	\$15.90
Hardness, Total (Calculation)	EPA 200.7	\$20.50
<i>Calculation is reduced by their respective prices.</i>		
Hardness, Total	SM 2340C	\$17.50
Mercury	EPA 245.2	\$38.10
Metals Digestion (liquid)		\$15.90
Metals Digestion (solid)		\$42.30
Metals by ICP	EPA 200.7	\$9.50
Metals by ICP/MS	EPA 200.8	\$9.50
Nitrate as Nitrogen	EPA 300.0	\$8.70
Nitrite as Nitrogen	EPA 300.0	\$8.70
Nitrogen, Organic	Various	\$68.90
Oil & Grease, Non-polar	EPA1664B	\$31.80
Oil & Grease, Total	EPA1664B	\$28.60
pH	SM 4500-H+ B	\$4.80
Phosphorus, Ortho	SM 4500-P E	\$21.20
Phosphorus, Ortho	EPA 300.0	\$8.70
Phosphorus, Total	SM 5400-P E	\$31.80

Inorganic Chemistry		
Test	Method	Price
Silica	EPA 200.7	\$9.60
Sulfate	EPA 300.0	\$8.70
Sulfide, Dissolved	SM 4500-S D	\$21.20
Sulfide, Total	SM 4500-S D	\$17.50
TDS	SM 2540C	\$14.30
TDS, Fixed/Volatile	SM 2540E	\$21.20
TKN	EPA 351.2	\$57.20
TOC	SM 5310B	\$31.80
TOC	SM 5310C	\$23.80
Total Solids	SM 2540B	\$10.60
TSS	SM 2540D	\$14.30
Turbidity	EPA 180.1	\$8.50
Uranium pCi/L	EPA 200.8	\$26.50
Volatile Solids	SM 2540E	\$15.90
Volatile Suspended Solids	SM 2540E	\$21.20

Bioassay/Microbiology		
Test	Method	Price
Bioassay, C. Dubia, Chronic	EPA 1002	\$953.90
Coliform, Fecal	SM 9221E	\$23.80
Coliform, Total (10 Tube)	SM 9221B	\$21.20
Coliform, Total (15 Tube)	SM 9221B	\$23.80
Heterotrophic Plate Count	SM 9215B	\$19.10

Organic Chemistry		
Test	Method	Price
Acrolein & Acrylonitrile	EPA 624	\$143.10
MTBE	EPA 524.2	\$119.20
Pesticides	EPA 608	\$233.20
Pesticides w/ PCBs	EPA 608	\$296.80
PCBs	EPA 608	\$233.20
Semi-Volatiles (Short list DW)	EPA 525	\$312.70
Semi-Volatiles (Acid Extractables)	EPA 625	\$238.50
Semi-Volatiles (Base/Neutrals)	EPA 625	\$238.50
Semi-Volatiles (BNA)	EPA 625	\$344.50
Tert-Butyl Alcohol (TBA)	EPA 524.2 MOD	\$143.10
Thiobencarb	EPA 525	\$286.10
Volatiles, DW	EPA 524.2	\$143.10
Volatiles, WW	EPA 624	\$159.00

APPENDICES

RESOLUTION NO. 2014-6-9

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING EXTRA-TERRITORIAL SEWER SERVICE CHARGE FOR SYSTEM USERS OUTSIDE THE AGENCY'S BOUNDARIES FOR FISCAL YEAR 2014/15

WHEREAS, it is necessary to establish an extra-territorial monthly sewer service charge for system user whose property served is located outside the boundaries of Improvement District "C" of the Inland Empire Utilities Agency (the Agency); and

WHEREAS, the charge shall be "A" dollars per equivalent dwelling unit (EDU) per month. "A" shall be determined annually by the Agency before July 1 and will be set at the amount of certain sewer taxes per EDU being received from the taxable area within Improvement District "C"; and

WHEREAS, these taxes are to be the Improvement District "C" portion of taxes plus the portion of the Agency's General Taxes applied each year to the Regional and Tertiary Wastewater Systems and the General Administrative expenditures for the Regional and Tertiary Wastewater Systems; and

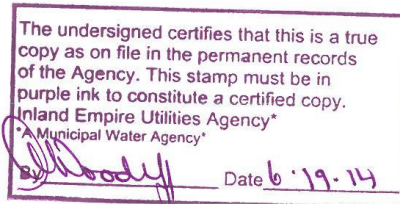
WHEREAS, modification to this resolution may be included in future rate resolutions.

NOW, THEREFORE, the Board of Directors hereby RESOLVES, DETERMINES, AND ORDERS the following to be effective July 1, 2014:

Section 1. That the monthly sewer service rate be determined based on the Agency-wide assessed valuation for FY 2013/14 as reported by the San Bernardino County Auditors Property Tax Division and the estimated number of billed EDU's listed in the Agency's FY 2013/14 Regional Wastewater Operations and Maintenance fund budget, as shown in Exhibit 1; and

Section 2. That the monthly sewer service charge should be set at a rate of \$13.09 per month per Equivalent Dwelling Unit (EDU).

Section 3. That upon the adoption of this Resolution, Resolution No. 2013-6-9 is hereby rescinded in its entirety.



Resolution No. 2014-6-9
Page 2 of 4

ADOPTED this 18th day of June, 2014.



Terry Catlin
President of the Inland Empire Utilities Agency*
and of the Board of Directors thereof

ATTEST:



Steven J. Elie
Secretary/ Treasurer of the Inland Empire
Utilities Agency* and of the Board of
Directors thereof

*A Municipal Water District


APPENDICES

Resolution No. 2014-6-9
Page 3 of 4

STATE OF CALIFORNIA)
)SS
COUNTY OF SAN BERNARDINO)

I, Steven J. Elie, Secretary/Treasurer of the Inland Empire Utilities Agency*, DO
HEREBY CERTIFY that the foregoing Resolution being No. 2014-6-9 was adopted at a
Board Meeting on June 18, 2014, of said Agency by the following vote:

AYES: Hall, Elie, Camacho, Koopman, Catlin
NOES: None
ABSTAIN: None
ABSENT: None



Steven J. Elie
Secretary/Treasurer

(SEAL)

* A Municipal Water District

**AVERAGE VALUE OF AN EDU FOR FISCAL YEAR 2014/15
CITY OF FONTANA MONTHLY EXTRA-TERRITORIAL USER SURCHARGE**

The information utilized includes the EDU projections identified in the Regional Wastewater Operations and Maintenance (RO) Fund budget and the San Bernardino County Auditors' report which lists the Agency's assessed valuation for FY 2014/15. Based on this information the estimated average value of an EDU within the Agency is as follows:

FY 2013/14 Agency Assessed Value -	=	\$83,320,499,589	
FY 2013/14 Projected number of EDU's within Agency	=	264,842	EDU per month
<i>\$83,320,499,589 divided by 264,842</i>	=	\$314,605	

Annual tax obligation is calculated by:

<i>\$314,605 multiply by 0.000499 (adjusted Agency tax rate)</i>	=	\$156.99	per year
	=	\$13.09	per month

APPENDICES

RESOLUTION NO. 2014-6-10

RESOLUTION OF THE BOARD OF DIRECTORS OF INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING APPROPRIATION LIMITS FOR FISCAL YEAR 2014/15

WHEREAS, on November 6, 1979, Proposition 4 on the ballot for the Special Election added Article XIII B to the Constitution, effective July 1, 1980, placing various limits on the fiscal powers of state and local governments;

WHEREAS, implementing legislation, Chapter 1205 Statutes of 1980 (SB 1352) became effective January 1, 1981, wherein the appropriation may increase each year by an amount equal to the percentage change in population from January to January each year and the lower of two price changes, i.e., either the U.S. March to March Consumer Price Index (CPI), or the fourth quarter per Capita Personal Income Index;

WHEREAS, Article XIII B and its implementing legislation were modified by Proposition 111 and SB88 (Chapter 60/90) to establish new annual adjustment factors beginning with the 1990/91 Appropriation Limits;

WHEREAS, Inland Empire Utilities Agency*, as a local government, is required under Article XIII B to annually establish an appropriation limit for the following fiscal year;

WHEREAS, Resolution No. 81-6-7 was adopted on June 24, 1981, setting forth definitions, declarations, findings, and determinations concerning the applicability of Article XIII B to the individual funds of the Agency;

WHEREAS, those definitions, declarations, findings, and determinations are modified as specifically provided herein;

WHEREAS, it is Inland Empire Utilities Agency's* intent to establish this year's Appropriation Limits, following the California League of Cities Uniform Guidelines dated March, 1991; and

WHEREAS, except for data on non-residential assessed valuation due to new construction (since 1986/87), data concerning per capita personal income and population changes necessary for determining the Fiscal Year 2014/15 Appropriation Limits are now available.

The undersigned certifies that this is a true copy as on file in the permanent records of the Agency. This stamp must be in purple ink to constitute a certified copy.

Inland Empire Utilities Agency*
A Municipal Water Agency

By [Signature] Date 6-19-14

Resolution No. 2014-6-10
Page 2 of 10

NOW, THEREFORE, the Inland Empire Utilities Agency* does hereby RESOLVE and DETERMINE as follows:

Section 1. The Board of Directors has determined to select the State of California Per Capita Personal Income as its inflation adjustment factor, in the absence of up-to-date data on non-residential assessed valuation. The Board reserves the right to change its selection of the inflation adjustment factor once the assessment data are available.

Section 2. The Board has determined to select the San Bernardino County's population growth (since 1986/87) as its population adjustment factor.

Section 3. Appropriation Limits. That pursuant to Section 7910 of the Government Code and Exhibits I through IV attached hereto and made a part hereof, the Board of Directors does hereby establish the following Appropriation Limits for Fiscal Year 2014/15:

<u>EXHIBIT</u>	<u>FUND</u>	<u>APPROPRIATION LIMITS</u>
I	Administrative Service Fund	\$17,701,556
II	Regional Wastewater Capital Improvement Fund	\$104,318,726
III	Regional Wastewater Operations and Maintenance Fund	\$24,167,407
IV	Recycled Water Fund	\$4,016,447
	Total	<u>\$150,204,136</u>

Section 4. Publication. Pursuant to Government Code Section 37200 the Appropriation Limits and the Total Appropriation Subject to Limitation will be published in the annual budget.

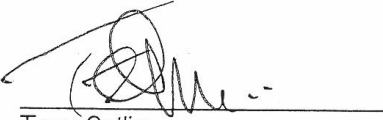
Section 5. Filing. That after a 45-day period to allow for public review and comment, the Board Secretary is hereby authorized and directed to file a certified copy of this Resolution with the State Auditor Controller.

Section 6. That upon the adoption of this Resolution, Resolution No. 2013-6-10 is hereby rescinded in its entirety.

APPENDICES

Resolution No. 2014-6-10
Page 3 of 10

Adopted this 18th day of June, 2014



Terry Catlin
President of the Inland Empire Utilities Agency*
and of the Board of Directors thereof

ATTEST:



Steven J. Elie
Secretary/ Treasurer of the Inland Empire
Utilities Agency* and of the Board of
Directors thereof

(SEAL)


*A Municipal Water District

Resolution No. 2014-6-10
Page 4 of 10

STATE OF CALIFORNIA)
)SS
COUNTY OF SAN BERNARDINO)

I, Steven J. Elie, Secretary/Treasurer of the Inland Empire Utilities Agency*, DO HEREBY CERTIFY that the foregoing Resolution being No. 2014-6-10, was adopted at a regular meeting on June 18, 2014, of said Agency by the following vote:

AYES: Hall, Elie, Camacho, Koopman, Catlin
NOES: None
ABSTAIN: None
ABSENT: None



Steven J. Elie
Secretary/Treasurer

(SEAL)

* A Municipal Water District

APPENDICES

Resolution No. 2014-6-10
Page 5 of 10

General Fund

	1978-79 Base Year	
	<u>Proceeds of Tax</u>	<u>Non-Proceeds of Tax</u>
Appropriation Revenues	\$ 475,362	\$1,964,160
Appropriation Subject to Limitation		(342,172)
		<u>\$1,621,988*</u>

APPROPRIATION LIMITS

<u>Fiscal Year</u>	<u>At Beginning of Year</u>	<u>Factor #1</u>	<u>Factor #2</u>	<u>At End of Year</u>
1978-79	\$1,621,988	N/A	N/A	\$1,621,988
1979-80	1,621,988	10.17%	5.97%	1,893,625
1980-81	1,893,625	12.11%	5.56%	2,240,979
1981-82	2,240,979	9.12%	5.50%	2,579,851
1982-83	2,579,851	6.79%	3.85%	2,861,055
1983-84	2,861,055	2.35%	3.17%	3,020,988
1984-85	3,020,988	4.74%	3.08%	3,261,640
1985-86	3,261,640	3.74%	3.66%	3,507,466
1986-87	3,507,466	2.30%	4.94%	3,765,392
1987-88	3,765,392	3.04%	5.19%	4,081,225
1988-89	4,081,225	3.93%	5.58%	4,478,299
1989-90	4,478,299	4.98%	6.18%	4,991,860
1990-91	4,991,860	4.21%	6.70%	5,550,552
1991-92	5,550,552	4.14%	5.46%	6,095,952
1992-93	6,095,952	<.64%>	3.92%	6,294,370
1993-94	6,294,370	2.72%	3.20%	6,672,475
1994-95	6,672,475	.71%	1.56%	6,824,679
1995-96	6,824,679	4.72%	1.62%	7,262,585
1996-97	7,262,585	5.21%	1.02%	7,718,904
1997-98	7,718,904	4.67%	.09%	8,086,648
1998-99	8,086,648	4.15%	.98%	8,504,782
1999-2000	8,504,782	4.53%	1.37%	9,011,740
2000-2001	9,011,740	4.91%	1.82%	9,626,414
2001-2002	9,626,414	7.82%	1.95%	10,581,194
2002-2003	10,581,194	<1.27%>	2.72%	10,730,595
2003-2004	10,730,595	2.31%	2.59%	11,262,814
2004-2005	11,262,814	3.28%	2.52%	11,925,225
2005-2006	11,925,225	5.26%	2.49%	12,864,859
2006-2007	12,864,859	3.96%	2.10%	13,655,168
2007-2008	13,655,168	4.42%	1.86%	14,523,939
2008-2009	14,523,939	4.29%	1.45%	15,366,648
2009-2010	15,366,648	0.62%	0.79%	15,584,070
2010-2011	15,584,070	<2.54%>	0.85%	15,317,335
2011-2012	15,317,335	2.51%	1.05%	15,866,669
2012-2013	15,866,669	3.77%	0.86%	16,606,373
2013-2014	16,606,373	5.12%	0.85%	17,605,080
2014-2015	17,605,080	<0.23%>	0.78%	17,701,556

Factor #1 – The change in the California Per Capita Personal Income Index.
Factor #2 – Percent of increase in San Bernardino County population.
All factors provided by State Department of Finance, May 2014.
* Details for Base Year 1978-79 data are available as attachments to Resolution No. 81-6-7.

APPROPRIATION LIMITS UNDER

EXHIBIT II

Resolution No. 2014-6-10
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CALIFORNIA CONSTITUTION AMENDMENT XIII B
Regional Wastewater Capital Improvement Fund (Improvement District C)

	1978-79 Base Year	
	<u>Proceeds of Tax</u>	<u>Non-Proceeds of Tax</u>
Appropriation Revenues	\$ 2,578,964	\$17,954,195 (8,395,597)
Appropriation Subject to Limitation		\$ 9,558,698*

APPROPRIATION LIMITS

<u>Fiscal Year</u>	<u>At Beginning of Year</u>	<u>Factor #1</u>	<u>Factor #2</u>	<u>At End of Year</u>
1978-79	\$9,558,698	N/A	N/A	\$9,558,698
1979-80	9,558,698	10.17%	5.97%	11,159,507
1980-81	11,159,507	12.11%	5.56%	13,206,531
1981-82	13,206,531	9.12%	5.50%	15,203,570
1982-83	15,203,570	6.79%	3.85%	16,860,759
1983-84	16,860,759	2.35%	3.17%	17,803,275
1984-85	17,803,275	4.74%	3.08%	19,221,482
1985-86	19,221,482	3.74%	3.66%	20,670,183
1986-87	20,670,183	2.30%	4.94%	22,190,190
1987-88	22,190,190	3.04%	5.19%	24,051,453
1988-89	24,051,453	3.93%	5.58%	26,391,490
1989-90	26,391,490	4.98%	6.18%	29,418,004
1990-91	29,418,004	4.21%	6.70%	32,710,488
1991-92	32,710,488	4.14%	5.46%	35,924,635
1992-93	35,924,635	<.64%>	3.92%	37,093,950
1993-94	37,093,950	2.72%	3.20%	39,322,198
1994-95	39,322,198	.71%	1.56%	40,219,167
1995-96	40,219,167	4.72%	1.62%	42,799,830
1996-97	42,799,830	5.21%	1.02%	45,489,004
1997-98	45,489,004	4.67%	.09%	47,656,192
1998-99	47,656,192	4.15%	.98%	50,120,336
1999-2000	50,120,336	4.53%	1.37%	53,107,938
2000-2001	53,107,938	4.91%	1.82%	56,730,335
2001-2002	56,730,335	7.82%	1.95%	62,357,043
2002-2003	62,357,043	<1.27%>	2.72%	63,237,491
2003-2004	63,237,491	2.31%	2.59%	66,373,962
2004-2005	66,373,962	3.28%	2.52%	70,277,680
2005-2006	70,277,680	5.26%	2.49%	75,815,128
2006-2007	75,815,128	3.96%	2.10%	80,472,573
2007-2008	80,472,573	4.42%	1.86%	85,592,409
2008-2009	85,592,409	4.29%	1.45%	90,558,656
2009-2010	90,558,656	0.62%	0.79%	91,839,969
2010-2011	91,839,969	<2.54%>	0.85%	90,268,045
2011-2012	90,268,045	2.51%	1.05%	93,505,378
2012-2013	93,505,378	3.77%	0.86%	97,864,598
2013-2014	97,864,598	5.12%	0.85%	103,750,175
2014-2015	103,750,175	<0.23%>	0.78%	104,318,726

Factor #1 – The change in the California Per Capita Personal Income Index.

Factor #2 – Percent of increase in San Bernardino County population.

All factors provided by State Department of Finance, May 2014.

* Details for Base Year 1978-79 data are available as attachments to Resolution No. 81-6-7.

APPENDICES

Resolution No. 2014-6-10
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EXHIBIT III

APPROPRIATION LIMITS UNDER
CALIFORNIA CONSTITUTION AMENDMENT XIII B
Regional Wastewater Operations & Maintenance Fund

	1978-79 Base Year	
	<u>Proceeds of Tax</u>	<u>Non-Proceeds of Tax</u>
Appropriation		\$2,260,247
Revenues	\$ 935,780	(45,794)
Appropriation Subject to Limitation		<u>\$2,214,453*</u>

APPROPRIATION LIMITS

<u>Fiscal Year</u>	<u>At Beginning of Year</u>	<u>Factor #1</u>	<u>Factor #2</u>	<u>At End of Year</u>
1978-79	\$2,214,453	N/A	N/A	\$2,214,453
1979-80	2,214,453	10.17%	5.97%	2,585,311
1980-81	2,585,311	12.11%	5.56%	3,059,543
1981-82	3,059,543	9.12%	5.50%	3,522,195
1982-83	3,522,195	6.79%	3.85%	3,906,114
1983-84	3,906,114	2.35%	3.17%	4,124,466
1984-85	4,124,466	4.74%	3.08%	4,453,020
1985-86	4,453,020	3.74%	3.66%	4,788,639
1986-87	4,788,639	2.30%	4.94%	5,140,777
1987-88	5,140,777	3.04%	5.19%	5,571,974
1988-89	5,571,974	3.93%	5.58%	6,114,008
1989-90	6,114,088	4.98%	6.18%	6,815,237
1990-91	6,815,237	4.21%	6.70%	7,578,003
1991-92	7,578,003	4.14%	5.46%	8,322,621
1992-93	8,322,621	<.64%>	3.92%	8,593,515
1993-94	8,593,515	2.72%	3.20%	9,109,731
1994-95	9,109,731	.71%	1.56%	9,317,531
1995-96	9,317,531	4.72%	1.62%	9,915,390
1996-97	9,915,390	5.21%	1.02%	10,538,388
1997-98	10,538,388	4.67%	.09%	11,040,458
1998-99	11,040,458	4.15%	.98%	11,611,324
1999-2000	11,611,324	4.53%	1.37%	12,303,459
2000-2001	12,303,459	4.91%	1.82%	13,142,656
2001-2002	13,142,656	7.82%	1.95%	14,446,189
2002-2003	14,446,189	<1.27%>	2.72%	14,650,161
2003-2004	14,650,161	2.31%	2.59%	15,376,784
2004-2005	15,376,784	3.28%	2.52%	16,281,154
2005-2006	16,281,154	5.26%	2.49%	17,564,009
2006-2007	17,564,009	3.96%	2.10%	18,642,994
2007-2008	18,642,994	4.42%	1.86%	19,829,101
2008-2009	19,829,101	4.29%	1.45%	20,979,626
2009-2010	20,979,626	0.62%	0.79%	21,276,466
2010-2011	21,276,466	<2.54%>	0.85%	20,912,301
2011-2012	20,912,301	2.51%	1.05%	21,662,290
2012-2013	21,662,290	3.77%	0.86%	22,672,186
2013-2014	22,672,186	5.12%	0.85%	24,035,691
2014-2015	24,035,691	<0.23%>	0.78%	24,167,407

Factor #1 - The change in the California Per Capita Personal Income Index.
Factor #2 - Percent of increase in San Bernardino County population.
All factors provided by State Department of Finance, May 2014.
* Details for Base Year: 1978-79 data are available as attachments to Resolution No. 81-6-7.

EXHIBIT IV

Resolution No. 2014-6-10
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APPROPRIATION LIMITS UNDER
CALIFORNIA CONSTITUTION AMENDMENT XIII B
Recycled Water Fund

2008-09 Base Year

	<u>Proceeds of Tax</u>	<u>Non-Proceeds of Tax</u>
Appropriation		\$8,824,659
Revenues	<u>\$ 0</u>	<u>(5,337,998)</u>
Appropriation Subject to Limitation		<u>\$3,486,661*</u>

APPROPRIATION LIMITS

<u>Fiscal Year</u>	<u>At Beginning of Year</u>	<u>Factor #1</u>	<u>Factor #2</u>	<u>At End of Year</u>
2009-2010	3,486,661	0.62%	0.79%	3,535,994
2010-2011	3,535,994	<2.54%>	0.85%	3,475,472
2011-2012	3,475,475	2.51%	1.05%	3,600,115
2012-2013	3,600,115	3.77%	0.86%	3,767,952
2013-2014	3,767,952	5.12%	0.85%	3,994,557
2014-2015	3,994,557	<0.23%>	0.78%	4,016,447

Factor #1 - The change in the California Per Capita Personal Income Index.

Factor #2 - Percent of increase in San Bernardino County population.

All factors provided by State Department of Finance, May 2014.

* Details for Base Year 2008/09 data are available in FY 2008/09 Adopted Budget.

EXHIBIT V

APPROPRIATION LIMIT

APPENDICES

Resolution No. 2014-6-10
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Article XIII B of the California State Constitution, more commonly referred to as the GANN Initiative or GANN Limit, was adopted by California voters in 1980 and placed limits on the amount of taxes that state and local governmental agencies can receive and appropriate (authorize to spend) each year.

The limit is different for each agency and changes each year. The annual limit is based on the amount of tax proceeds that were authorized to be spent in Fiscal Year (FY) 1978-1979 in each agency, modified for changes in inflation and population in each subsequent year. Proposition 111 was passed by the State's voters in June 1990. This legislation made changes to the manner in which the Appropriation Limit is to be calculated.

The annual adjustment factors for inflation and population have been changed. Instead of using the lesser of the State of California per capita income or U.S. CPI, each agency may choose either the growth in the State of California per capita income or the growth in assessed valuation due to new non-residential construction within the agency service area. For population, each agency may choose to use the population growth within its county instead of using only the population growth of an agency's service area. These are both annual elections.

An agency which exceeds the limit in any one year may choose to not give a tax refund if they fall below the limit in the next fiscal year. They then have two more years to refund any remaining excess or to obtain a successful override vote. In certain situations, proceeds of taxes may be spent on emergencies without having to reduce the limit in the future years. Each agency must now conduct a review of its Appropriation Limit during its annual financial audits.

The legislation also requires a governing body to annually adopt, by resolution, an appropriations limit for the following year, along with a recorded vote regarding which of the annual adjustment factors have been selected. The Inland Empire Utility Agency's appropriation limit and annual adjustment factors are adopted at the same meeting as the budget. The two factors used for the Fiscal Year 2014/15 are the change in the State of California per capita personal income and the change in the San Bernardino County population.

The following table shows the annual appropriations limit and the proceeds from taxes for the last four years and for FY 2014/15. The increase in the limit is based upon population change of 0.78% within the county and a per capita personal income change of -0.23%, as provided by the State Department of Finance.

Fiscal Year	Annual Appropriations Limit	Proceeds of Taxes (Appropriations)
2010/11	\$129,973,153	\$ 33,821,422
2011/12	\$134,634,452	\$ 32,965,008
2012/13	\$140,911,109	\$ 32,607,254
2013/14	\$149,385,503	\$ 33,351,677
2014/15	\$150,204,136	\$ 40,203,474

Since the implementation of this legislation (effective 1981 then modified in 1990), Inland Empire Utilities Agency has annually established and adopted an appropriation limit and has been in compliance.

Exhibit VI

Resolution No. 2014-6-10
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INLAND EMPIRE UTILITIES AGENCY ADOPTED BUDGET FISCAL YEAR 2014/2015 SCHEDULE OF APPROPRIATIONS							
	ADMINISTRATIVE SERVICES	REGIONAL WASTEWATER	NON-RECLAIMABLE WASTEWATER	RECHARGE WATER	RECYLED WATER	WATER RESOURCES	AGENCY TOTAL
TOTAL EXPENSES	\$3,301,715	\$62,127,191	\$8,436,084	\$1,633,866	\$8,249,914	\$7,660,275	\$91,409,045
NET CHANGES IN - CAPITAL OUTLAY	1,461,200	14,435,000	3,087,600	550,000	9,781,000	0	29,314,800
DEBT SERVICE	3,512,500	30,455,933	544,165	1,011,480	4,842,307	0	40,366,385
NET OTHER (SOURCES)/USES OF FUNDS	(1,461,200)	1,867,578	49,681	(1,672,914)	1,216,855	0	0
SUBTOTAL OF APPROPRIATIONS	\$6,814,215	\$108,885,702	\$12,117,530	\$1,522,432	\$24,090,076	\$7,660,275	\$161,090,230
INCREASE (DECREASE) IN WORKING CAPITAL RESERVES	(2,260,986)	(7,920,007)	(1,906,043)	(209,010)	4,416,017	222,505	(7,657,524)
TOTAL APPROPRIATION	\$4,553,229	\$100,965,695	\$10,211,487	\$1,313,422	\$28,506,093	\$7,882,780	\$153,432,706
LESS: NON-TAX PROCEEDS	(1,336,951)	(65,988,673)	(10,211,487)	(1,313,422)	(26,495,919)	(7,882,780)	(113,229,232)
APPROPRIATION SUBJECT TO LIMITATION	\$3,216,278	\$34,977,022	\$0	\$0	\$2,010,174	\$0	\$40,203,474
APPROPRIATION LIMIT	\$17,701,556	\$128,486,133	EXEMPT	EXEMPT	\$4,016,447	EXEMPT	\$150,204,136

☆ By resolution, the Appropriation Limit for Regional Program Funds is established as follows:

Regional Wastewater Capital Improvement	\$104,318,726
Regional Wastewater Operations and Maintenance	24,167,407
Combined Regional Wastewater Appropriation Limit	\$128,486,133

APPENDICES

RESOLUTION NO. 2013-6-12

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, APPROVING THE BUDGET OF THE SANTA ANA WATERSHED PROJECT AUTHORITY FOR FISCAL YEARS 2013/14 AND 2014/15

WHEREAS, the Inland Empire Utilities Agency* is a member agency of the Santa Ana Watershed Project Authority;

WHEREAS, the Joint Exercise of Powers Agreement (JPA), which created SAWPA, requires approval by the member agency of all general and specific project budgets of SAWPA to the extent that such budgets may impose any liability on the member agency; and

WHEREAS, Paragraphs 9 and 27 of the JPA require the Agency's approval of such budgets be evidenced by a certified copy of a Resolution of Approval filed with SAWPA.


NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of (Agency Name) hereby approves SAWPA's Fiscal Year 2013/14 and Fiscal Year 2014/15 Budget, directs the Board Secretary to send a certified copy of this Resolution to SAWPA, and authorizes payment to SAWPA of the member agency contribution for \$330,367 (FY 2013/14) and \$339,090 (FY 2014/15).

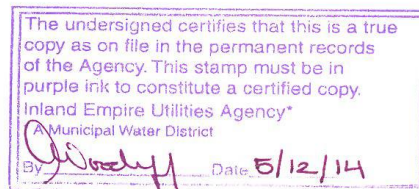
ADOPTED this 19th Day of June, 2013



Terry Catlin
President of the Inland Empire Utilities Agency* and of the Board of Directors thereof

ATTEST:




Steven J. Elie
Secretary/Treasurer of the Inland Empire Utilities Agency* and of the Board of Directors thereof

Resolution 2013-6-12
Page 2

STATE OF CALIFORNIA)
COUNTY OF)SS
SAN BERNARDINO)

I, Steve J. Elie, Secretary/Treasurer of the Inland Empire Utilities Agency*, DO
HEREBY CERTIFY that the foregoing Resolution being No. 2013-6-12 was adopted at a regular
Board Meeting on June 19, 2013, of said Agency by the following vote:

AYES: Santiago, Elie, Camacho, Koopman, Catlin
NOES: None
ABSTAIN: None
ABSENT: None



Secretary/Treasurer

(SEAL)

* A Municipal Water District

APPENDICES

RESOLUTION NO. 2014-6-13

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING CAPACITY CHARGES, VOLUMETRIC CHARGES, STRENGTH CHARGES, CAPITAL IMPROVEMENT PROJECT (CIP) CHARGES, IEUA ADMINISTRATIVE CHARGES, APPLICATION AND WASTEWATER DISCHARGE PERMIT APPLICATION FEES FOR THE ETIWANDA WASTEWATER LINE (EWL) FOR FISCAL YEAR 2014/2015

WHEREAS, *Etiwanda Wastewater Line Disposal Agreement* was entered between County Sanitation Districts of Los Angeles County (CSDLAC) and Inland Empire Utilities Agency (Agency) in 2010;

WHEREAS, it is necessary to establish a rate structure for the collection of costs associated for the sewerage service under this agreement;

WHEREAS, it is necessary to allocate industries with Etiwanda Wastewater Line Capacity Unit (EWLCU), in order to collect such charges;

WHEREAS, one EWLCU for the EWL is defined as an equalized discharge not to exceed a flow rate of 15 gallons per minute (GPM);

WHEREAS, it is necessary to establish application fees for processing applications for Capacity Right Agreements and Wastewater Discharge Permits for the use of the Agency's EWL;

WHEREAS, under Section 13550, et seq., of the California Water Code, a Public Agency may require industries to use recycled water for certain purposes, where it is available and at reasonable cost;

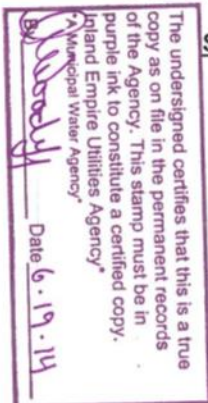
WHEREAS, the Board of Directors of the Agency, pursuant to Ordinance No. 99, may establish said fees and charges by Resolution;

NOW, THEREFORE, the Board of Directors hereby RESOLVES, DETERMINES, AND ORDERS the following to be effective July 1, 2014

Section 1 That the acquisition of capacity rights shall be as follows:

(A) CAPACITY RIGHT ACQUISITION RATE

That the purchase rate for the right to discharge one (1) EWLCU for the EWL shall be \$215,000.00 per an equalized flow rate not to exceed 15 GPM. This charge shall be paid in full upon the execution of the Capacity Right Agreement.



Section 2 That the monthly charges for discharge to the EWL are as follows:

(A) CAPACITY CHARGES

For discharge to the EWL, which reaches the jurisdiction of the CSDLAC, the monthly Capacity Charge is \$0.00 per EWLCU.

The monthly Capital Improvements Program (CIP) charge for EWL is \$90.00 per month per EWLCU.

(B) VOLUMETRIC CHARGES

The Volumetric Charge for EWL is \$983.44 per Million Gallons. The minimum Volumetric Charge for discharge of 100,000 gallons or less is \$98.34 per EWLCU per month.

(C) STRENGTH CHARGES

That Strength Charges are for excessive Chemical Oxygen Demand (COD) and Total Suspended Solids (TSS) and are applicable to all discharges to the EWL. The rates are as follows:

<u>PARAMETER</u>	<u>RATE</u>
COD	\$147.84 per 1,000 pounds (dry weight)
TSS	\$418.22 per 1,000 pounds (dry weight)

Strength charges for the EWL discharges are calculated from the average of all the samples collected during the calendar month and invoiced on a quarterly basis. If there is no sample data for a given month, strength charges for that month shall be determined by using the average of all available data within the billing quarter.

(D) AGENCY CIP AND O&M CHARGES

Agency CIP and O&M Charges of 50% shall be added to the charges of Section 2(A), 2(B), and 2(C).

(E) RECYCLED WATER USAGE CREDIT

This program is for recycled water (RW) Users and shall end when funding is exhausted or not later than June 30, 2024, whichever comes first. New Users who qualify for this program shall be given the recycled water credit in effect at the time of connection to the RW system.

For Fiscal Year 2014/2015, the Recycled Water Usage Credit is \$445.02 per million gallons of recycled water used.

APPENDICES

Resolution No. 2014-6-13
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Section 4 OTHER CHARGES

IEUA will pass on any other charges from CSDLAC invoiced to the Agency to dischargers to the EWL, such as, but not limited to, flow and strength imbalance charges, permit, inspection, analytical fees, etc.

Section 5 That Application fees for a EWL Capacity Right Agreement shall be: \$ 200.00

Section 6 That Initial Wastewater Discharge Permit Application and Permit Renewal fees for wastewater generators who discharge directly through pipeline connection to the EWL sewer system shall be:

Initial Wastewater Discharge Permit Application Fees:

Categorical Industrial User	\$ 3,400.00
with Combined Waste Stream Formula, add	\$ 850.00
with Production Based Standards, add	\$ 425.00
with Multiple Categories, add	\$ 1,700.00
Non-Categorical, Significant Industrial User	\$ 2,550.00
Non-Categorical, Non-Significant Industrial User	\$ 2,125.00

Permit Renewal Fees:

Categorical Industrial User	\$ 2,550.00
with Combined Waste Stream Formula, add	\$ 425.00
with Production Based Standards, add	\$ 213.00
with Multiple Categories, add	\$ 850.00
Non-Categorical, Significant Industrial User	\$ 638.00
Non-Categorical, Non-Significant Industrial User	\$ 425.00

Section 7 That Permit Revision or Facility Expansion fees shall be: \$ 1,275.00

Permit Revisions shall be required if the modification affects the quantity/quality of the wastewater discharge to deviate from the conditions in the current permit by more than 25%. Such additions or modifications include, but are not limited to, the following: Maintenance, Monitoring, Change of Discharge Limits, Addition of Control Equipment, etc.

Section 8 That Permit Addendum fees shall be: \$ 595.00

That for change of business name or ownership only shall be: \$ 170.00

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Permit Addendum shall be required if the addition or modification does not affect the existing wastewater quantity/quality by more than 25%. Such additions or modifications include, but are not limited to, the following: Maintenance, Monitoring, Change of Discharge Limits, Addition of Control Equipment, etc.

Section 9 Toxic Organic Management Plan (TOMP) Processing No Charge

Section 10 Miscellaneous processing fees that do not fall under any of the above sections shall be charged based on time and material of staff(s) evaluating such process using adopted labor rates for the current fiscal year.

Section 11 That all provisions of the Etiwanda Wastewater Line Ordinance and any amendments thereto are hereby applicable and will remain in full force and effect.

Section 12 That upon the adoption of this Resolution, Resolution No. 2013-06-4 is hereby rescinded in its entirety.

ADOPTED this 18th day of June, 2014



Terry Catlin
President of the Inland Empire Utilities Agency* and of the Board of Directors thereof

ATTEST:



Steven J. Elie
Secretary/ Treasurer of the Inland Empire Utilities Agency* and of the Board of Directors thereof

*A Municipal Water District

APPENDICES

Resolution No. 2014-6-13
Page 5 of 5

STATE OF CALIFORNIA)
) SS
COUNTY OF SAN BERNARDINO)

I, Steven J. Elie, Secretary/Treasurer of the Inland Empire Utilities Agency*, DO HEREBY CERTIFY that the foregoing Resolution being No. 2014-6-13 as adopted at a regular Board meeting on June 18, 2014, of said Agency* by the following vote:

AYES: Hall, Elie, Camacho, Koopman, Catlin
NOES: None
ABSTAIN: None
ABSENT: None



Steven J. Elie
Secretary/Treasurer

(SEAL)

* A Municipal Water District



GLOSSARIES/INDEX

GLOSSARY OF GENERAL TERMS

A

ACCOUNTING PERIOD – IEUA’s fiscal year is divided into four accounting periods. Each accounting period is considered to be a quarter (3 months).

ADOPTED BUDGET – The IEUA Board approves the plan for the Agency’s operations, which includes an estimate of expenditures and revenues for a given fiscal year.

ACRE-FOOT (AF) – A unit of measurement equivalent to 325,900 gallons of water, which meets the need of two average families in and around the home for one year.

ACCRUAL BASIS ACCOUNTING – Under this accounting method, transactions are recognized when occurred, regardless of the timing of related cash receipts and disbursements.

AD VALOREM TAX – A levy upon the assessed valuation of property within IEUA’s service area. As used in this budget, it represents a limited revenue source for retiring voter-approved general obligation bond indebtedness.

ADMINISTRATIVE SERVICES PROGRAM – A program used to account for financing of goods or services provided by one department to other departments on a cost-reimbursement basis.

AERATED STATIC PILE (ASP) – A composting method that processes 150,000 wet tons of biosolids into high-quality compost annually.

AEROBICALLY – Living, active, or occurring only in the presence of oxygen.

AGENCY WIDE SYSTEMS MANAGEMENT PROJECT (AWSM) – This is an agency-wide project. The purpose of the AWESOME project is to replace all software the Agency uses to run its business and maintain its equipment, while making staff more productive and knowledgeable.

THE AMERICAN RECOVERY AND REINVESTMENT ACT – The American Recovery and Reinvestment Act (ARRA) of 2009 is a stimulus bill that was signed into law by President Obama on February 17, 2009, which will provide approximately \$787 billion of funding to both state and local governments through a series of grants and loans distributed by various federal agencies, or in the case of local governments, sub-allocated by the states. Many of the funds will be distributed only for “shovel ready” projects and must be obligated within a specific time period. In addition, the ARRA sets forth some other broad requirements. First, no funds may be allocated for zoos, aquariums, golf courses, swimming pools, or casinos. Second, contractors and subcontractors working on projects funded by the ARRA must be paid the prevailing wage rate, as set forth in the Davis Bacon Act. Finally, the new law requires that a preference be given to American-made goods in construction and infrastructure projects financed by the Act.

ANIONS – Chloride, Fluoride, Nitrate, Nitrite, Phosphate and Sulfate.

ANOXIC – Meaning greatly deficient in oxygen.

APPROPRIATION – A legal authorization granted by a legislative body to make expenditures and to incur obligations for specific purposes.

ASSESSED VALUATION – A valuation set upon real estate or other property by a government as a basis for levying taxes.

A

ASSET – A probable future economic benefit obtained or controlled by a particular entity as a result of past transactions or events.

ASSET MANAGEMENT – Asset management is a strategic, comprehensive approach that involves systematic data collection and the analysis to provide IEUA with a framework for making sound decisions each fiscal year. Asset managers must make decisions on when and how to inspect, maintain, repair, renew, and replace a diverse set of existing equipment in a cost effective manner.

ASSOCIATION OF CALIFORNIA WATER AGENCIES (ACWA) – ACWA was founded in 1910, representing and providing key services to members has been ACWA's most important charge. From legislation, to regulatory activity, to broad policy issues, ACWA is on the front lines in Sacramento and in Washington, D.C. as a constant and respected advocate for California's public water agencies. ACWA's involvement at the state and federal level has helped shape laws and policies that affect ACWA member agencies and their

ASSOCIATION OF COMPOST PRODUCERS – The Association of Compost Producers is a non-profit organization whose members are public agencies and private companies involved in the production and marketing of compost.

AUTOMATED CLEARING HOUSE – A secure, private electronic payment transfer system that connects all US financial institutions.

B

BIOSOLIDS RECYCLING – Removal of sludge from treatment plants for composting.

BOND MARKET ASSOCIATION (BMA) MUNICIPAL SWAP INDEX – The BMA Index is a national rate based on a market basket of (approximately 250) high grade, seven-day tax-exempt variable rate demand obligation issues of \$10 million or more. This index is the principal benchmark for the floating rate interest payments for tax-exempt issuers.

BOND – A written promise to pay a specified sum of money (called principal or face value), at a specified date or dates in the future (called maturity date(s)) along with periodic interest paid at a specified interest rate.

BOND COVENANT – A legally enforceable promise made by an issuer of bonds to the bondholders, normally contained in the bond resolution, or indenture. (Example: pledged revenues).

BUDGET – A plan of financial operation embodying an estimate of proposed expenditures for a given period, and the proposed means of financing them. Used without any modifier, the term usually indicates a financial plan for a single fiscal year.

BUDGETARY CONTROL – The control or management of a government in accordance with an approved budget to keep expenses within the limitations of available appropriations and available revenues.

BUDGET CALENDAR – The schedule of key dates which the Agency follows in the preparation and adoption of the budget.

Glossary

B

BUDGET DOCUMENT – The instrument used by the budget-making authority to present a comprehensive financial program to the appropriating governing body.

BUDGET MESSAGE – A written explanation by the General Manager of the proposed budget. The budget message explains principal budget and policy issues and presents an overview of the General Manager's budget recommendations.

C

CALPERS – California Public Employees Retirement System. An autonomous instrumentality of the State established to oversee public employer and employee retirement contributions.

CALIFORNIA ASSOCIATION OF SANITATION DISTRICTS (CASA) – CASA is a non-profit organization whose members are public agencies involved in wastewater collection, treatment and disposal.

CALIFORNIA WATER ENVIRONMENT ASSOCIATION – A not-for-profit association that train and certify wastewater professionals and disseminate technical information.

CALIFORNIA URBAN WATER CONSERVATION COUNCIL (CUWCC) – The CUWCC was created to increase efficient water use statewide through partnerships among urban water agencies, public interest organizations, and private entities. The Council's goal is to integrate urban water conservation Best Management Practices into the planning and management of California's water resources.

CAPITAL CAPACITY REIMBURSEMENT ACCOUNT – Accounts that are established and maintained by the Contracting Agencies, and to which connection fees are deposited or credited.

CAPITAL OUTLAY – Expenditures resulting in the acquisition of or addition to the government's general fixed assets having a useful life greater than one year.

CAPITAL PROJECT – Major construction, acquisition, or renovation which increases the useful life and value of the asset. It also includes non-routine capital expenditures (maintenance and repair) greater than or equal to \$5,000 and extends the asset's estimated useful life and capabilities. It is also sometimes referred to as Capital Expenditure.

CAPITAL IMPROVEMENT FUND – A fund used to account for costs incurred in acquisition, construction, and expansion of major capital facilities. It also includes expenditures for meeting the debt service obligations and the associated administrative costs.

CATIONS – Ammonia, Calcium, Magnesium, Potassium, and Sodium.

CHINO BASIN – An area which is underlain by the Chino and Cucamonga groundwater basins and portion of the Claremont Heights groundwater basins, within San Bernardino County.

C

CHINO BASIN DESALTER AUTHORITY (CDA) – A joint power authority (JPA) formed in September 2001, which comprises of the cities of Chino, Chino Hills, Ontario, Norco, the Jurupa Community Services District, the Santa Ana River Water Company, and Inland Empire Utilities Agency (IEUA). IEUA serves as a non-voting member and handles all finance and accounting functions for the JPA. Its main purpose is to manage the production, treatment, and distribution of water produced by the desalination facilities.

CHINO BASIN WATER CONSERVATION DISTRICT (CBWCD) – An agency whose goal is the protection of the Chino Basin in order to guarantee that current and future water needs will be met. The agency’s service area includes the cities of Chino, Chino Hills, Montclair, Ontario, Rancho Cucamonga, and Upland.

CHINO BASIN WATERMASTER (CBWM) – An organization that consists of various entities pumping water from the Chino Basin including cities, water districts, water companies, agricultural, commercial and other private concerns.

CLEAN WATER STATE REVOLVING FUND – Established in 1987 by the Clean Water Act, part of the United States Environmental Protection Agency’s Office of Wastewater Management.

CALIFORNIA CLEAN WATER STATE REVOLVING FUND (CWSRF) – overseen by the State Water Resources Control Board, the fund serves to finance “construction ready” water and wastewater infrastructure projects.

CAP-IT – “Contracts and Procurement” work order tracking system used to track miscellaneous requests for building or repairs.

COMPOST – A product resulting from the decomposition and sanitization of organic materials through processes that involve the reactions between controlled aerobic conditions (that require oxygen), temperature, moisture, microbial activity, and time. In this process, microbes (microorganisms which usually include types of bacteria and fungi) break down organic materials into smaller, more useable substances.

CO-COMPOSTING – A process to manufacture compost from biosolids and cow manure that produces a soil amendment/fertilizer product. This process removes large quantities of salt from the Agency’s service area and thus prevents the salt from reaching the underlying groundwater basin.

COLA – Cost of living adjustments, an increase in wages.

CONJUNCTIVE USE – A software program used to inventory, manage, and install software on workstations.

CONJUNCTIVE USE – The planned use of groundwater in conjunction with surface water in overall management to optimize total water resources.

CONNECTION FEES – A deposit or credit made to the Capital Capacity Reimbursement Account of a contracting agency for new connections to the IEUA sewer system

CONTINGENCY – A budgetary reserve set aside for emergencies or unforeseen expenditures not otherwise budgeted.

Glossary

C

CONTRACTING AGENCIES – Any sewage collection agency located, in whole or in part, within the boundaries of IEUA which has entered into a service contract with IEUA. The current contracting agencies with IEUA include Cities of Chino, Chino Hills, Upland, Montclair, Ontario, Fontana, and Cucamonga Valley Water Districts.

COUNTY SANITATION DISTRICT OF LOS ANGELES COUNTY (CSDLAC) – A special district created within Los Angeles County to treat residential and industrial wastewater discharge.

COST CONTAINMENT STRATEGY – An action plan to identify cost reduction opportunities across the Agency by major expense categories and capital expenditures. Progress is monitored and reported as part of the budget to actual variance process.

D

DEBT SERVICE – The current year portion of interest costs and current year principal payments incurred on long-term debt issued by the Agency.

DEPARTMENT – A basic organizational unit of government that may be sub-divided into divisions, programs, activity groups, and/or activities. Also referred to as Business Area.

DEPARTMENT OF WATER RESOURCES (DWR) – DWR operates and maintains the State Water Project, including the California Aqueduct. The department also provides dam safety and flood control services, assists local water districts in water management and conservation activities, promotes recreational opportunities, and plans for future statewide water needs.

DENITRIFICATION – is a biological process where the nitrate-nitrogen is converted to nitrogen gas, which can then be liberated into the atmosphere. Denitrification is commonly used to remove nitrogen from sewage and municipal wastewater; it is also an instrumental process in wetlands and riparian for the removal of excess nitrate from groundwater resulting from excessive agricultural or residential fertilizer usage.

DISASTER RECOVERY PLAN – A written plan that describes how to recover systems and/or services in the event of a disaster.

DON'T FLUSH TROUBLE (DFT) – Public education program to reduce the flushing of wipes and other hazardous items

E

EFFLUENT – Wastewater or other liquid, partially or completely treated or in its natural state, flowing from a treatment plant.

ENCUMBRANCES – Commitments related to unperformed contracts for goods or services for which part of an appropriation has been reserved. Used in budgeting, encumbrances are not GAAP expenditures or liabilities, but represent the estimated amount of expenditures ultimately to result if unperformed contracts in process are completed.

E

EQUIVALENT DWELLING UNIT (EDU) – EDU is a numerical value designation where 1 EDU represents the sewage flow from a single family residential household and is approximately equal to 270 gallons per day of sewage discharge.

EXPENSES – Charges incurred, whether paid or unpaid, for operation, maintenance, interest and other charges presumed to benefit the current fiscal period.

F

FISCAL YEAR – A 12-month period to which the annual operating budget applies and at the end of which an entity determines its financial position and the results of its operations. Inland Empire Utilities Agency operates on a fiscal year from July 1, through June 30.

FISCAL CONTROL ORDINANCE – The purpose of this ordinance is to provide for a system of financial administration, accounting, fiscal and budgetary control which conforms to generally accepted accounting principles and practices.

FLOATING-TO-FLOATING INTEREST RATE SWAP – One type of interest rate swap structures in which the Agency enters into a receive-floating and pay-floating interest rate swap.

FULL TIME EQUIVALENT (FTE) – The conversion of a part-time, temporary, or volunteer position to a decimal equivalent of a full-time position based on an annual amount of 2,080 hours worked.

FUND – A fiscal and accounting entity with a self-balancing set of accounts in which assets are recorded and segregated to carry on specific activities.

FUND BALANCE – The difference between fund assets and fund liabilities of governmental funds.

FUND TRANSFER – Fund transfer required to maintain a given level of fund balance in accordance with Board policies and bond covenants.

G

GASB 34 – Statement No. 34 issued by the Governmental Accounting Standards Board (GASB) that was implemented by the Commission in FY 2001/02. GASB 34 established new financial reporting standards for state and local governments. Under the new financial reporting model, governmental financial statements include basic financial statements that present both government-wide and fund financial statements and required supplementary information, including Management’s Discussion and Analysis.

GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP) – Minimum standards and guidelines for financial accounting and reporting. GAAP encompass the conventions, rules, and procedures that serve as the norm for the fair presentation of financial statements. The GASB is the primary authoritative accounting and financial reporting standard-setting body on the application of GAAP to state and local governments.

GOALS AND OBJECTIVES – Specific projects and programs to be undertaken utilizing allocated financial resources, and are designed to further the achievement of the Agency’s vision.

Glossary

G

GRANTS MANAGEMENT – The management of contributions or gifts of cash or other assets from another government to be used or expended for a specified purpose, activity, or facility.

GROUNDWATER – Water that occurs beneath the land surface and fills partially or wholly pore spaces of the alluvium, soil or rock formation in which it is situated. Does not include water which is being produced with oil in the production of oil and gas or in a bona fide mining operation.

GROUNDWATER BASIN – A groundwater reservoir defined by the entire overlying land surface and the underlying aquifers that contain water stored in the reservoir. Boundaries of successively deeper aquifers may differ and make it difficult to define the limits of the basin.

GROUNDWATER RECHARGE – The action of increasing groundwater storage by natural conditions or by human activity. See also: Artificial recharge.

GROUP POLICIES – Centrally managed set of computer-based policies used to manage computer and end user settings.

H

HAZMAT MANAGEMENT PROGRAM – Hazardous material management program that aims to ensure safety compliance.

High Temperature Fuel Cell (HTFC) – Means of addressing local generation of power and the production and distribution of hydrogen by co-producing hydrogen and electricity.

I

INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY (IERCA) – A joint power authority (JPA) established by IEUA and the County Sanitation District of Los Angeles County (CSDLAC) in February 2002 for recycling biosolids.

INLAND EMPIRE REGIONAL COMPOSTING FACILITY (IERCF) – A fully enclosed, nuisance and odor free composting facility owned by the IERCA, for processing and recycling biosolids, which is located in Rancho Cucamonga, California.

INTEREST – Revenue derived from the investment of idle cash and/or reserves.

INTEREST RATE SWAP – A contractual agreement between two parties who agree to exchange (swap) certain cash flows for a defined period of time. The swap is designed to generate a net change in the interest rate cash flow related to an asset or liability, but neither impacts the principal of that asset or liability nor results in the creation of any new principal.

INSTITUTE OF INTERNAL AUDITORS (IIA) – Established in 1941 as an international professional association and recognized as the internal audit profession's leader in certification, education and technical guidance.

I

INTEGRATED REGIONAL WATER MANAGEMENT PLAN (IRWMP) – The Integrated Regional Water Management planning process is a local water management approach preferred by the Governor, the State Department of Water Resources, and State Water Resources Control Board. It is aimed at securing long-term water supply reliability within California by first recognizing the inter-connectivity of water supplies and the environment and then pursuing projects yielding multiple benefits for water supplies, water quality, and natural resources

L

LEAN – A production practice that considers the expenditure of resources for any goal other than the creation of value for the end customer to be wasteful, and thus a target for elimination.

LIABILITY – Probable future sacrifice of economic benefits, arising from present obligation of a particular entity to transfer asset or provide service to other entities in the future as a result of past transaction or event.

LONDON INTERBANK OFFERED RATE (LIBOR) – The primary fixed income index reference rate used in the European financial markets.

LONG RANGE PLAN OF FINANCE – A report that summarizes the results of a comprehensive financial planning model built to provide a clear funding strategy for the Agency to meet capital and operating requirements.

LOW IMPACT DEVELOPMENT (LID) – Term is used in Canada and the United States to describe a land planning and engineering design approach to managing storm water runoff.

M

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA (MWD) – MWD is one of the world’s largest water agencies. It imports almost 60 percent of the water used by more than 15 million people in urban Southern California. MWD wholesales water to its 27 member agencies, including IEUA. Metropolitan is governed by a 51 member Board of Director’s representing its member agencies.

MEGAWATTS (MG) – One million watts

MILLION GALLONS PER DAY (MGD) – MGD is the term used to represent million gallons per day of sewage discharged to IEUA wastewater treatment facilities.

MUNICIPAL STORM WATER SEWER SYSTEM (MS4) – An MS4 is a conveyance or system of conveyance that is; Owned by a state, city, town, village, or other public entity that discharges to waters of the U.S.; Designed or used to collect or convey stormwater (including storm drains, pipes, ditches, etc.); Not a combined sewer; and Not part of a Publicly Owned Treatment Works (sewage treatment plant).

N

NO DRUGS DOWN THE DRAIN (NDDD) – Program to discourage residents from flushing expired drugs.

Glossary

N

NITRIFICATION – The process by which bacteria in soil and water oxidize ammonia and ammonium ions to form nitrites and nitrates.

NON-RECLAIMABLE WASTEWATER – Any wastewater and any water borne solid, liquid, or gaseous wastes resulting from any producing, manufacturing, or processing operations of whatever nature as defined by federal, state, or regional agencies authorized by law to prescribe quality standards for the discharge of sewage effluent and industrial waste effluent within the Chino Basin.

NON-RECLAIMABLE WASTEWATER (NRW) PROGRAM – The activities of the NRW System, which is owned and operated by the Agency and provides for the export of high-salinity and industrial wastewater generated within the Agency’s service area to the Pacific Ocean.

O

ONE WATER ONE WATERSHED PROGRAM (OWOW) – A new and innovative planning process being developed within the Santa Ana Watershed. Through collaborative strategic partnerships and building upon the successful watershed planning in the past, the next generation of integrated regional watershed planning is under development to solve problems on a regional scale and give all water interests a voice in the planning process.

OPERATION AND MAINTENANCE BUDGET (OPERATING BUDGET) – Plans of current expenses and the proposed means of financing them. The annual operating budget is the primary means by which most of the financing, acquisition, spending and service delivery activities of a government are controlled.

OPERATING EXPENSES – Proprietary fund expenses related directly to the fund’s primary activities.

OPTIMUM BASIN MANAGEMENT PLAN (OBMP) – A comprehensive plan to increase artificial groundwater recharge within Chino Basin using stormwater, recycled water and imported water.

ORANGE COUNTY SANITATION DISTRICT (OCSD) – A public agency located in Fountain Valley, Orange County providing wastewater treatment services for 21 cities and 3 sanitary districts in the Orange County.

ORDINANCE – A law set forth by a governmental or legislative body.

ORGANICS MANAGEMENT PROGRAM – The activities for processing treated water, methane gas and biosolids into useable marketable products, i.e. recycled water, renewable energy, and high quality compost.

P

PAY-AS-YOU-GO (PAYGO) – The practice of funding construction expenditures from current operating revenue in lieu of using debt proceeds.

PEACE II – Approved by the Court on December 2007 as part of the Chino Basin Watermaster’s Optimum Basin Management Plan (OBMP) and provides for the “re-operation” and attainment of “hydraulic control” in the groundwater basins.

P

PERSONAL LEARNING PLANS (PLPs) – Identify employee strengths and weaknesses and provide for personal and professional growth

PHASE 2 PERMIT – Issued by the Regional Water Quality Control Board (RWQCB), Santa Ana Region with input from the California Department of Public Health, for Water Recycling Requirements for IEUA and CBWM, Chino Basin Recycled Water Groundwater Recharge Program.

POWER PURCHASE AGREEMENT (PPA) – An agreement that the Agency does not have to provide any capital cost funding, but the Agency agrees to purchase all solar power generated by a provider at a pre-determined rate by the PPA vendor who constructs, at their sole cost a solar power plant.

PRIMARY TREATED WATER – First major treatment in a wastewater treatment facility, usually sedimentation but not biological oxidation.

PROGRAM – Group activities, operations or organizational units directed to attaining specific purposes or objectives.

PROGRAM BUDGET – A budget wherein expenses are based primarily on the functions or activities of a government rather than based on specific items of cost, or specific departments.

PROPOSITION 1A – The proposition is intended to protect revenues collected by local governments from being transferred to the California state government for statewide use. The provisions may be suspended if the Governor declares a fiscal necessity and two-thirds of the Legislature approves the suspension.

PROPOSITION 13 – In March 2000, California voters approved Proposition 13 (2000 Water Bond), which authorizes the State of California to sell \$1.97 billion in general obligation bonds to support safe drinking, water quality, flood protection, and water reliability projects throughout the state. The State Water Resources Control Board (SWRCB) was authorized to allocate \$763.9 million of these funds to local projects throughout California. Most of this funding has been awarded to projects through competitive grant selection processes. In the recent years, IEUA received about \$40 million of Proposition 13 funding for Regional Recycled Water Distribution System, Recharge Basin Facilities Improvement Project, etc. The Chino Basin Desalter Authority received \$48 million of Proposition 13 funding for Chino II Desalter Project.

PUBLIC EMPLOYEE RETIREMENT SYSTEM (PERS) – An autonomous instrumentality of the State established to oversee public employer and employee retirement contributions.

Publicly Owned Treatment Works (POTW) – members of the Southern California Alliance of Publicly Owned Treatment Works (SCAP). See SCAP definition.

Q

Quality Improvement Program – Identify high impact or recurring issues, and develop corrective action plans.

Glossary

R

RAND® – The RAND Corporation is a nonprofit research organization providing objective analysis and effective solutions that address the challenges facing public and private sectors around the world.

READINESS-TO-SERVE (RTS) CHARGE – A Metropolitan Water District charge to its member agencies. The Charge is designed to provide firm revenue for the MWD’s capital improvement program (CIP) and debt service to meet the reliability and quality needs of existing users.

RECHARGE – The physical process where water naturally percolates or sinks into a groundwater basin.

RECHARGE BASIN – A surface facility, often a large pond, used to increase the infiltration of surface water into a groundwater basin.

RECHARGE WATER PROGRAM – The activities for development of increased recharge capacity within the Chino Basin region using stormwater, recycled water, and imported water.

RECYCLED WATER – Effluent that goes through a process or method for altering its quality to standards superior to those prescribed for treatment.

RECYCLED WATER BUSINESS PLAN (RWBP) – Developed to accelerate the implementation of the 2005 Regional Recycled Water Implementation Plan with a goal of increasing the demand for recycled water connection to 50,000 acre foot per year (AFY) by FY 2011/12.

RECYCLED WATER PROGRAM – The activities for the use of recycled water to meet Southern California’s water demand. Recycled water is a proven technology and implementing its use will provide a more dependable local supply of water, as well as, reduce the likelihood of water rationing during droughts.

RECYCLING – A type of reuse, usually involving running a supply of water through a closed system again and again. Legislation in 1991 legally equates the term “recycled water” to reclaimed water.

RED TEAM – A group of stakeholders (users and suppliers) that was formed to accelerate recycled water use in the IEUA service areas.

REDEVELOPMENT AGENCY (RDA) – It is a government subdivision created to improve blighted, depressed, deteriorated economically depressed areas.

REGIONAL COMPOSTING AUTHORITY – (See Inland Empire Regional Composting Authority)

REGIONAL WASTEWATER PROGRAM – The activities associated with the primary, secondary and tertiary treatments of domestic wastewater delivered by the contracting agencies to the Agency’s interceptors and wastewater treatment facilities.

REGIONAL WATER QUALITY CONTROL BOARD (RWQCB) – An organization with the mission to preserve, enhance, and restore the quality of California’s water resources, and ensure their proper allocation and efficient use for the benefit of present and future generations.

RENEWABLE ENERGY – Energy that is produced from clean renewable sources such as solar power, wind power and natural gas produced from the decomposition of organic materials.

R

REQUEST FOR INFORMATION (RFI) – Is a standard business process whose purpose is to collect written information about a specific topic.

REQUEST FOR PROPOSAL (RFP) – An early stage in a procurement process, issuing an invitation for vendors, often through a bidding process, to submit a proposal on a project

RESERVE – An account used to indicate that a portion of fund equity is restricted for a specific purpose, or not available for appropriation and subsequent spending.

RESOLUTION – A special or temporary order of a legislative body requiring less formality than a statute or ordinance. Resolutions typically become effective upon their adoption by the IEUA Board of Directors.

REVENUE – Income generated by taxes, user charges, connection fees, investment income, bonds and leases.

RETURN ON INVESTMENT (ROI) – The amount, expressed as a percentage, that is earned on a company's total capital; Calculated by dividing the total capital into earnings before interest, taxes, or dividends are paid.

S

SALINITY – Generally, the concentration of mineral salts dissolved in water. Salinity may be measured by weight (total dissolved solids – TDS), electrical conductivity, or osmotic pressure. Where seawater is known to be the major source of salt, salinity is often used to refer to the concentration of chlorides in the water.

SAN ANTONIO WATER COMPANY – A Mutual Water Company incorporated in 1882 and serving most residents of the unincorporated area of San Antonio Heights, the entities of Upland and Ontario

SANTA ANA REGIONAL INTERCEPTOR (SARI) – Underground regional wastewater interceptor line owned by Santa Ana Watershed Project Authority.

SANTA ANA WATERSHED PROJECT AUTHORITY (SAWPA) – A Joint Exercise of Powers Agency created to implement the regional components for water quality management as set forth in the adopted water quality control plan for the Santa Ana River Watershed. Member agencies include: Inland Empire Utilities Agency, Orange County Water District, San Bernardino Valley Municipal Water District and Eastern Municipal Water District.

SERVICE AREA – The territory served by IEUA for sewage collection and treatment operations.

SAN BERNARDINO COUNTY FLOOD CONTROL DISTRICT (SBCFCD) – An agency whose goal is to intercept and convey flood flows through and away from the major developed areas of the County by a system of facilities, including dams, conservation basins, channels, and storm drains.

SECONDARY TREATMENT – Generally, a level of treatment that produces 85 percent removal efficiencies for biological oxygen demand and suspended solids.

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT (SCQMD) – This is an air pollution control agency for all of Orange County and the urban portions of Los Angeles, Riverside and San Bernardino counties.

Glossary

S

SEWER SYSTEM MANAGEMENT PLAN (SSMP) – IEUA Sewer System Management Plan (SSMP) was adopted by the Board in April 2009 to comply with the State Water Resources Control Board Order No. 2007-003. This Order established the General Waste Discharge Requirements (WDR) for all public entities that own or operate sanitary sewer systems greater than one mile in length of sewer line within the state of California to prevent and minimize sanitary sewer overflows (SSO).

SOUTHERN CALIFORNIA ALLIANCE OF PUBLICLY OWNED TREATMENT WORKS (SCAP) – SCAP is a non-profit corporation organized to help ensure that regulations affecting Publicly Owned Treatment Works (POTWs) and collection systems are reasonable and in the public's best interest and to provide leadership, technical assistance and timely information to promote regulations that focus on the sustainable protection of the environment and public health. As of December 2010, 86 of its 106 POTW members were public wastewater agencies located in seven counties. Collectively, the POTWs members provide over 1 billion gallons per day of wastewater treatment to more than 18 million people in Southern California, and produce over 1.4 million wet tons of biosolids per year.

SPECIAL PROJECTS – Special projects are a collection of operation and maintenance expenses that are incurred by the Agency in pursuit of very specific goals and objectives that are consistent with the Agency's mission. They are, by their nature, a unique form of cost accounting. Special projects may consist of direct labor, materials and supplies, and outside consultant fees, but they may not contain any expenditure for any type of capital asset, such as construction or equipment costs. Example of a special project: a long-term planning or feasibility study that would involve the efforts of several different departments or in partnership with other agencies over a protracted period of time.

STATE REVOLVING FUND (SRF) – The Federal Clean Water Act amendments of 1997 authorized the use of federal money to create an SRF loan program to replace the Federal Clean Water Grant program. SRF loans are used for the construction and upgrade of publicly owned treatment works. SRF loan can also be used to support reclamation nonpoint source pollution, storm drainage, and estuary projects.

STATE WATER RESOURCES CONTROL BOARD (SWRCB) – This is a joint authority of water allocation and water quality protection that provides comprehensive protection for California's waters, enforcing the many uses of water, including the needs of industry, agriculture, municipal districts, and the environment. The SWRCB also administers SRF loans and grants.

SWAP POLICY – A policy to establish guidelines to govern the evaluation, approval, execution, management and monitoring of swaps.

T

TAXES – Compulsory charges levied by a government to finance services performed for the common benefit.

TEETER PLAN – California Legislature enacted an alternative method for the distribution of secured property taxes to local agencies.

TEN YEAR CAPITAL IMPROVEMENT PLAN – Volume II of the Agency's annual budget, this report is prepared each year to identify capital spending requirements, forecasted capacity demands and long term programs.

T

TERTIARY TREATMENT – The treatment of wastewater beyond the secondary or biological stage. Normally implies the removal of nutrients, such as phosphorous and nitrogen, and a high percentage of suspended solids.

THREE YEAR BUSINESS PLAN – The Three Year Business Plan (3YBP) was adopted by the Board on December 2007 to accelerate the construction of the Agency’s Regional Recycled Water Distribution System. The ultimate goal of the 3YBP is to increase direct sales of recycled water to 50,000 AFY (Acre Foot per Year) by FY 2012. Activities for the 3YBP are reported in the Recycled Water (WC) Fund.

TIER I/II RATES – Water supply rates charged by MWD to its customers. Tier I rate recovers the cost of maintaining a reliable amount of supply. Tier II rate is set at MWD’s cost of developing additional supply to encourage efficient use of local resources.

TITLE 22 – Regulations set forth by the California Department of Health Services. Required to ensure water quality standards are being met.

U

UNITED STATES BUREAU OF RECLAMATION (USBR) – A public agency whose primary goal is to manage, develop, and protect water as well as related resources in an environmentally and economically sound manner in order to meet the increasing water demands of the Western States.

URBAN WATER MANAGEMENT PLAN – Describes all water supplies and demands within IEUAs service area in accordance with California State Law.

V

VOLUMETRIC FEES – Fees charged to customers for their metered wastewater flows.

W

WASTEWATER – Water that has been previously used by a municipality, industry or agriculture and has suffered a loss of quality as a result of use.

WASTEWATER FACILITIES MASTER PLAN – The primary policy guiding the development of the Agency’s Ten Year Capital Improvement Plan. Used to coordinate an integrated water resources planning framework.

WATER EDUCATION WATER AWARENESS COMMITTEE (WEWAC) – A committee that promotes efficient use of water and public awareness of the importance of water in the Southern California.

WATER FACILITIES AUTHORITY – A public agency that treats and supplies approximately 40,000 acre-feet of imported water each year. This imported water serves as a supplemental source of water for approximately 450,000 residents in the west end of San Bernardino County.

Glossary

W

WATER RESOURCES PROGRAM – The activities to support water management and conservation programs to increase the reliability of existing water supplies and reduce the cost of imported water purchases.

WATER REUSE ASSOCIATION – The Water Reuse Association is a nonprofit organization whose mission is to advance the beneficial and efficient use of water resources through education, sound science, and technology using reclamation, recycling, reuse and desalination for the benefit of our members, the public, and the environment

WATER SUPPLY ALLOCATION PLAN (WSAP) – Developed by the Metropolitan Water District of Southern California's (MWD) for drought management purposes.

WATER USE EFFICIENCY PLAN (WUE) – Plan designed to supplement existing surface water and groundwater supplies.

ACRONYMS

3YBP Three Year Business Plan
4R Repair, Relocation, Reconstruction, and Rehabilitation

A

AB939 Assembly Bill for Material Recycling
ABRA Human Resources Software
ACH Automated Clearing House
ACOE Army Corp of Engineers
ACP Association of Compost Producers
ACWA Association of California Water Agencies
AF Acre-Feet
AFY Acre-Feet per Year
AMTA American Membrane Technology Association
AQMD Air Quality Management District
ARMA Association of Records Managers and Administrators (now expanded to ARMA International)
ARRA American Recovery Rehabilitation Act
ASP Aerated Static Pile
AWSM Agency Wide Systems Management Project
AWWA American Water Works Association

B

BCE Business Case Evaluations
BMA Bond Market Association
BMP Best Management Practice
BMPTF Basin Monitoring Program Task Force
BOD Biochemical Oxygen Demand
BPA Blanket Purchase Agreement
BUCS Budget Update and Control System
BW Business Warehouse

C

CAFR Comprehensive Annual Financial Report
CaLEEP California Local Energy Efficiency Project
CalPERS California Public Employees Retirement System
CAPPO California Associations of Public Procurement Officials
CASA California Association of Sanitation Districts
CBFIP Chino Basin Facilities Improvement Project
CBGRMP Chino Basin Groundwater Master Plan
CBWCD Chino Basin Water Conservation District
CBWM Chino Basin Watermaster
CCMP Chino Creek Master Plan
CCMS Computerized Maintenance Management System
CCRA Capital Capacity Reimbursement Account
CCTV Closed Circuit Television
CCW Carbon Canyon Wastewater
CCWRF Carbon Canyon Wastewater Reclamation Facility
CCWRP Carbon Canyon Water Recycling Plant
CDA Chino Desalter Authority
CDPH California Department of Public Health
CEC California Energy Commission
CEMS Continuous Emission Monitoring System
CEQA California Environmental Quality Act

C	CFS	Cubic Feet per Second
	ChaRM	Change & Request Management
	CHP	Combined Heat and Power
	CIA	Cash in Advance
	CII	Commercial, Industrial and Institutional
	CIM	California Institute for Men
	CIP	Capital Improvement Program
	CIW	California Institute for Women
	CM	Construction Management
	CMMS	Computerized Maintenance Management System
	COBRA	Consolidated Omnibus Budget Reconciliation Act
	COD	Chemical Oxygen Demand
	CPE	Continuing Professional Education
	CPI	Consumer Price Index
	CPUC	California Public Utilities Commission
	CSI	California Solar Incentive
	CSMFO	California Society of Municipal Finance Officers
	CUPA	Certified Unified Program Agency
	CUWCC	California Urban Water Conservation Council
	CWA	Clean Water Act
CWEA	California Water Environment Association	
CWSFR	California Clean Water State Revolving Fund	
D	DAFT	Dissolved Air Flotation Thickener
	DCS	Distribution Control System
	DF&G	Department of Fish and Game
	DFT	Don't Flush Trouble
	DHS	California Department of Health Services
	DOE	Department of Energy
	DWR	Department of Water Resources
	DYY	Dry Year Yield
E	E&I	Electrical and Instrumentation
	EC	Emerging Constituents
	ECOP	Environmental Compliance Operations Program
	EDU	Equivalent Dwelling Unit
	EEO	Equal Employment Opportunity
	EE&CM	Engineering, Energy, & Construction Management
	ELAP	Environmental Laboratory Accreditation Program
	EP	Energy Production
	EPA	Environmental Protection Agency
	ERP	Enterprise Resources Planning
	ESS	Employee Self-Service
F	FEMA	Federal Emergency Management Agency
	FMLA	Family Medical Leave Act
	FOG	Fats, Oils and Grease
	FTE	Full Time Equivalents
	FY	Fiscal Year

Acronyms

G	GAAP	General Accepted Accounting Principles
	GASB	Governmental Accounting Standards Board
	GCMS	Gas Chromatograph/Mass Spectrometer
	GFOA	Government Finance Officers Association
	GG	Administrative Services Program
	GIS	Geographic Information System
	GIES	Garden in Every School
	GM	Grants Management
	GPM	Gallons per Minute
	GWR	Groundwater Recharge
GWRMP	Groundwater Recharge Master Plan	
H	H2S	Hydrogen Sulfide
	HCM	Human Capital Management
	HCMP	Hydraulic Control Monitoring Program
	HECW	High-Efficiency Clothes Washers
	HET	High-Efficiency Toilet
	HQ	Headquarters
	HR	Human Resources
	HTFC	High Temperature Fuel Cell
	HVAC	Heating/Ventilation/Air Conditioning
I	I&C	Instrumentation & Control
	IAD	Internal Audit Department
	ICE	Internal Combustion Engine
	ICP	Inductively Coupled Plasma
	IDC	Improvement District "C"
	IDS	Intrusion Detection System
	IERCA	Inland Empire Regional Composting Authority
	IERCF	Inland Empire Regional Composting Facility
	IEUA	Inland Empire Utilities Agency
	IFAS	Integrated Financial and Administrative Solution
	IIA	Institute of Internal Auditors
	IPS	Intermediate Pump Station
	IPS	Intrusion Prevention System
	IRP	Integrated Resource Plan
	IEBL	Inland Empire Brine Line
J	JPA	Joint Powers Authority
K	KPI	Key Performance Indicators
	KSA	Knowledge, Skills, and Abilities
	KVM	Keyboard/Video/Mouse
	kWh	Kilowatt hour

L	LAN	Local Area Network
	LEED	Leadership in Energy and Environmental Design
	LIBOR	London Inter-Bank Offered Rate
	LIMS	Laboratory Information Management System
	LPP	Local Projects Program
	LRP	Local Resources Program
	LRPF	Long Range Plan of Finance
	LS	Lift Station
LT	Limited Term	
M	Mg/L	Milligrams per liter
	MGD	Million Gallons per Day
	MG	Megawatts
	MPC	Milk Producer's Council
	MOU	Memorandum of Understanding
	MSDS	Materials Safety Data Sheets
	MSS	Manager Self-Service
	MVV	Mission, Vision, and Values
	MW	Megawatts
	MWD	Metropolitan Water District of Southern California
N	NAC	Network Access Control
	NC	Non-Reclaimable Wastewater Program
	NDDD	No Drugs Down the Drain
	NDMA	Nitrosodimethylamine
	NFPA	National Fire Protection Association
	NPDES	National Pollution Discharge Elimination System
	NPI	National Purchasing Institute
	NRW	Non-Reclaimable Wastewater
	NRWS	Non-Reclaimable Wastewater System
	NTC	National Theatre for Children
NWRA	National Water Resources Association	
O	O&M	Operations & Maintenance
	OBMP	Optimum Basin Management Plan
	OCSD	Orange County Sanitation District
	OCWD	Orange County Water District
	OES	Office of Emergency Services
	OFA	Office of Finance and Administration
	OM	Organics Management Program
	OP	Obligation Payment Fund, Wastewater Program, Debt Services
	ORC	Organic Rankine Cycle
	ORP	Oxidation Reduction Potential
	OTDR	Optical Time Domain Reflectometer
	OWOW	One Water One Watershed

Acronyms

P	PAY-GO	Pay-As-You-Go
	P&ID	Piping and Instrumentation Diagrams
	PD	Positive Displacement
	PE	Perkin Elmer
	PIER	Public Interest Energy Research
	PIPES	IEUA's Intranet
	PIO	Public Information officer
	PLC	Programmable Logic Computer
	PLP	Personal Learning Plan
	PM	Plant Maintenance
	PMT	Plant Maintenance Technician
	POTW's	Publically Owned Treatment Works
	PPA	Power Purchase Agreement
	PTSC	Pretreatment and Source Control
PZ	Pressure Zone	
Q	QA/QS	Quality Assurance / Quality Control
R	RAS	Return Activated Sludge
	RATA	Relative Accuracy Test Audit
	RC	Regional Capital Improvement (Wastewater) Program
	RCA	Regional Composting Authority
	RDA	Redevelopment Agency
	REEP	Renewable Energy Efficiency Project
	RFI	Request for Information
	RFP	Request for Proposal
	RO	Regional Operations and Maintenance (Wastewater) Program
	ROI	Return on Investment
	RP-1	Regional Plant No.1 in the City of Ontario
	RP-2	Regional Plant No.2 in the City of Chino
	RP-4	Regional Plant No.4 in the City of Rancho Cucamonga
	RP-5	Regional Plant No.5 in the City of Chino
	RRWDS	Regional Recycled Water Distribution System
	RW	Recharge Water Program
	RWBP	Recycled Water Business Plan
	RWC	Recycled Water Contribution
	RWQCB	Regional Water Quality Control Board
S	SAC	San Antonio Channel
	SAP	Systems Applications and Products
	SARDA	Santa Ana River Dischargers Association
	SARI	Santa Ana River Interceptor
	SAWA	Santa Ana Watershed Association
	SAWPA	Santa Ana Watershed Project Authority
	SAWCO	San Antonio Water Company
	SBCFCD	San Bernardino County Flood Control District
	SCADA	Supervisory Control and Data Acquisition
	SCAP	Southern California Alliance of Publicly Owned Treatment Works
	SCAQMD	South Coast Air Quality Management District

S	SCE	Southern California Edison
	SCWC	Southern California Water Committee
	SDLAC	Sanitation Districts of Los Angeles County (formerly LACSD)
	SE	Sterling Engine
	SEIR	Subsequent Environmental Impact Report
	SIU	Significant Industrial User
	SKU	Stock Keeping Unit
	SLO	Service Level Operators
	SOP	Standard Operating Procedures
	SRF	State Revolving Fund
	SRWS	Self Regenerating Water Softener
	SSMP	Sewer Systems Management Plan
	SSO	Sanitary Sewer Overflows
	STA	United States Composting Council's Seal of Testing Assurance
	SWRCB	State Water Resources Control Board
SWP	State Water Project	
T	TDS	Total Dissolved Solids
	TEAMS	Technical Enhancement and Management Succession
	TIN	Total Inorganic Nitrogen
	TKN	Total Kjeldahl Nitrogen
	TMECC	Testing Methods for Evaluating Compost and Compost Products
	TO	Wastewater Program - Tertiary Operations & Maintenance
	TOC	Total Organic Carbon
	TMDL	Total Maximum Daily Load
	TP	Tertiary Plant
	TSS	Total Suspended Solids
	TWAS	Thickened Waste Activated Sludge
	TYCIP	Ten Year Capital Improvement Plan
	U	UA
ULFT		Ultra Low-Flush Toilets
UPC		Unit Production Cost
UPCP		Unit Process Control Procedure
UPS		Uninterruptible Power Supply
USACOE		US Army Core of Engineers
USBR		United States Bureau of Reclamation
UWMP		Urban Water Management Plan
UWRF		Urban Water Reclamation Facility
V	VFD	Variable Frequency Drives
	VOC	Volatile Organic Compound
W	WAN	Wide Area Network
	WaterReuse	Water Reuse – the use of treated wastewater or reclaimed water for beneficial purposes such as irrigation
	WC	Recycled Water Program
	WDR	Wastewater Discharge Requirement
	WEF	Water Environment Federation
	WEFTEC	Water Environment Federation Annual Technical Exhibition and Conference

Acronyms

	WEWAC	Water Education Water Awareness Committee
	WFA	Water Facilities Authorities
W	WFMP	Wastewater Facilities Master Plan
	WM	Chino Basin Watermaster
	WS	Workstation
	WSAP	Water Supply Allocation Plan
	WUE	Water Use Efficiency
	WW	Water Resources Program
Y	YCF	Youth Correctional Facility

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