

Regional Sewerage Program Policy Committee Meeting

AGENDA Thursday, March 5, 2015 4:30 p.m.

Location

Inland Empire Utilities Agency 6075 Kimball Avenue Chino, CA 91710

Thursday, March 5, 2015

Call to Order and Roll Call

Pledge of Allegiance

Public Comment

- 1. Technical Committee Report Ryan Shaw (Oral)
- 2. Approval of Minutes
 - A. Minutes of February 4, 2015 Special Meeting
- 3. Action Items
 - A. Proposed Multi-Year EDU Volumetric Rate Adoption for Fiscal Years 2015/16 2019/20 (Written/PowerPoint)
 - B. Adoption of Ten-Year Capital Improvement Plan (Written/PowerPoint)
- 4. Informational Items
 - A. Recycled Water Semi-Annual Update (Written/PowerPoint)
- 5. Receive and File
 - A. Building Activity Report (YTD)
 - B. Recycled Water Operations Summary
- 6. Other Business
 - A. IEUA General Manager's Update
 - B. Committee Member Requested Agenda Items for Next Meeting
 - C. Committee Member Comments
 - D. Next Meeting April 1, 2015 (Joint IEUA Board/Policy Committee)
- 7. Adjournment

Regional Sewerage Program Policy Committee Meeting Agenda March 5, 2015 Page 2 of 2

DECLARATION OF POSTING

I, Cheyanne Reseck-Francis, Acting Executive Assistant of the Inland Empire Utilities Agency, A Municipal Water District, hereby certify that a copy of this agenda has been posted by 5:30 p.m. in the foyer at the Agency's main office, 6075 Kimball Avenue, Building A, Chino, CA on Thursday, February 26, 2015.

Cheyanne Reseck-Francis

APPROVAL OF MINUTES 2A

MINUTES FOR THE SPECIAL

JOINT FY's 2015/16 THROUGH 2010/20 RATE BUDGET WORKSHOP

OF

THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*
AND

REGIONAL POLICY COMMITTEE, WEDNESDAY, FEBRUARY 4, 2015 10:00 A.M.

IEUA DIRECTORS PRESENT

Michael Camacho, Vice President Steven J. Elie, Secretary/Treasurer Jasmin A. Hall Gene Koopman

IEUA DIRECTOR ABSENT

Terry Catlin, President

REGIONAL POLICY COMMITTEE MEMBERS PRESENT

Jim Bowman, City of Ontario Jim Curatalo, Cucamonga Valley Water District Earl Elrod, City of Chino Peter Rogers, City of Chino Hills Jesse Sandoval, City of Fontana

REGIONAL POLICY COMMITTEE MEMBERS ABSENT

Paul Eaton, City of Montclair Debbie Stone, City of Upland

STAFF PRESENT

P. Joseph Grindstaff, IEUA Tom Ash, IEUA Chris Berch, IEUA John Bosler, CVWD Pietro Cambiaso, IEUA Tina Cheng, IEUA Carrie Corder, CVWD Jason Gu, IEUA Paula Hooven, IEUA Majid Karim, IEUA Mark Kinsey, MVWD Sylvie Lee, IEUA Alex Lopez, IEUA Sapna Nangia, IEUA Steve Nix, City of Chino Hills Jesus Plasencia, City of Chino Jason Pivovaroff, IEUA Craig Proctor, IEUA Jessica Sarmiento, IEUA Justin Scott-Coe, MVWD Ryan Shaw, City of Ontario Jeannette Smith, IEUA Christina Valencia, IEUA

Teresa Velarde, IEUA Ernest Yeboah, IEUA

OTHERS PRESENT

Jean Cihigoyenetche, IEUA General Counsel Robert Grantham, Carollo Engineers, Inc. Toby Weissert, Carollo Engineers, Inc.

A Special Workshop was held at the office of the Agency, 6075 Kimball Avenue, Bldg. B., Chino, California on the above date.

IEUA Vice-President Camacho called the meeting to order at 10:02 a.m., and he led the pledge of allegiance to the flag. A quorum was present.

IEUA Vice-President Camacho stated that members of the public may address the Board. There was no one desiring to do so.

IEUA Vice-President Camacho asked if there were any changes/additions/deletions to the agenda.

General Counsel Jean Cihigoyenetche stated that he is requesting one addition to the Agenda. He said that it is a Closed Session matter that concerns a consideration and potential approval of a non-disclosure agreement in the Chino Basin Watermaster issue. He mentioned that this agreement was offered to the Agency for consideration after the posting of the Agenda. Mr. Cihigoyenetche reported that there was a pending meeting on Friday, which staff would like to attend; however, staff will be unable to attend, unless this particular agreement is executed.

Upon motion by Director Elie, seconded by Director Hall, and unanimously carried:

M2015-2-1

MOVED, to approve the addition of a Closed Session Item that concerns a consideration and potential approval of a non-disclosure agreement in the Chino Basin Watermaster issue.

RATE BUDGET WORKSHOP FOR FISCAL YEARS 2015/16 THROUGH 2019/20

General Manager Joseph Grindstaff opened the workshop by stating that this is a complex process. He stated that there will be six different rates presented today, and that this process will take some time. He mentioned that RP-2 is below the 566 elevation and susceptible to flooding when the dam is raised. He reported that the Agency will have to move the RP-2 processes by 2021, which is approximately a \$125 million project. He stated that RP-1 was built in the 1940's, and will need to be evaluated once RP-2 is completed. Mr. Grindstaff stated that there are some key items that are forcing the Agency to consider large infrastructure projects, which are driving rate increases on the regional wastewater side. Mr. Grindstaff stated that the Agency has been a deficit for the last several years with regard to water and recycled water funds, requiring the Agency to borrow monies from other funds. Therefore, he would like to go through the process to determine what the Agency should be charging - there were some equity issues identified by staff as we are going through the process. He stated that he expects the process to take a couple of months. He extended his appreciation for all who have attended this workshop. He stated that as the Agency goes further into this process and numbers are finalized, the important question will be - How will the process be implemented so there is no damage to the economy, as well as making sure that there's equity amongst all the agencies, and is what the Agency is proposing is fair?

IEUA Chief Financial Officer/AGM Christina Valencia stated that the Agency's consultant Mr. Rob Grantham, from Carollo Engineers (Carollo) will be presenting an overview of the rate study analysis methodology and recommended approach. She stated that Mr. Rob Grantham has been the one facilitating the rate structures on the connection fees. Ms. Valencia noted that some of the materials that were provided are subject to change as staff is still working through the process.

Ms. Valencia gave a PowerPoint presentation on the proposed multi-year rates for fiscal years 2015/16 through 2019/20, and the key objectives being fiscal responsibility, water reliability, wastewater management, workplace environment, and business practices. She provided a rate summary for the Regional Wastewater, Recycled Water and Water Resources Programs. She explained how the economic volatility, over the past 10 years, has impacted some of the Agency's funding sources. She reported that the Agency has achieved \$245 million in cost containment over the last six years. Ms. Valencia highlighted the baseline budget assumptions using revenues, expenses, and other funding sources. She proposed a multi-year rate structure for the Regional Wastewater Program, Recycled Water Program, and the Water Resources Program. Ms. Valencia introduced the "One Water" connection fee comprised of a "buy in" component and an "incremental" component on a per meter equivalent unit (MEU) basis. Ms. Valencia invited Mr. Robert Grantham to present the Carollo Engineers' connection fee and rate study.

Mr. Grantham stated that the funding strategy is based upon a comprehensive and integrated approach for the water rates, wastewater rates, water connection fees, and the wastewater connection fees. He explained that the connection fee is one time charge imposed on new or upsized connections to compensate for the cost of providing system capacity. He said that the key connection fee objectives are to meet legal compliance, provide equitable allocation of program costs between existing and future customers, achieve "growth pays for growth", and regional infrastructure, water resource sustainability and reliability. He stated that the three basic types of connection fees are the system buy in approach, incremental cost approach, and hybrid/combined approach. He stated that based on the characteristics of the Agency's systems and existing excess capacity, Carollo recommends the hybrid approach for the Agency's connection fees. Mr. Grantham expressed a need for a defined process to allocate costs to either existing or future ratepayers. He further discussed the range for the wastewater connection fees per EDU, and the range for the water connection fees per MEU. He went on the state the objectives for the water rate as being the equitable allocation of program costs to member agencies, sustainable rate structure that account for future changing conditions, and a reliable and predictable revenue stream and cost structure. Mr. Grantham stated the components of the existing and proposed rate structure are the recovery of the readiness-toserve (RTS), program administration, existing conservation and drought resiliency programs, and recycled water rates.

Ms. Valencia presented the Ten-Year Capital Improvement Plan (TYCIP) by fund and funding for \$908 million TYCIP. She provided a list of major projects included in the TYCIP. She reviewed the total outstanding principal debt project through 2025, with or without an early bond repayment. Ms. Valencia concluded her presentation by reiterating the benefits of the proposed rate changes.

At the conclusion of the presentations, discussion ensued regarding the timing urgency for the City of Fontana to file their Proposition 218 requirements. Policy Committee Member Elrod moved to approve the EDU volumetric rates to ensure the City of Fontana meets the deadline. The action will be taken at the next Regional Policy Committee meeting scheduled for February 26, 2015.

Director Elie thanked Ms. Valencia and her staff, as well as Carollo Engineers for a wonderful presentation. He also stated that Mr. Ernest Yeboah and his team deserve special recognition for keeping the Agency's operations running on "spit and glue", and doing everything possible to save costs and continue to keep the Agency operating.

With no further business, the Regional Policy Committee Chairman Bowman closed the Regional Policy Committee meeting at 11:36 a.m.

IEUA Vice President Camacho called the IEUA Board meeting to order at 11:36 a.m.

2. CLOSED SESSION

The Board went into Closed Session at 11:36 a.m., A. PURSUANT TO GOVERNMENT CODE SECTION 54957 — PERSONNEL MATTERS — PUBLIC EMPLOYEE PERFORMANCE EVALUATION: (1) Manager of Internal Audit; (2) Board Secretary/Office Manager; B. PURSUANT TO GOVERNMENT A. PURSUANT TO GOVERNMENT CODE SECTION 54956.9 — CONFERENCE WITH LEGAL COUNSEL — ANTICIPATED LITIGATION: One (1) Case;

The meeting resumed at 11:58 a.m. and General Counsel Jean Cihigoyenetche stated that the below-mentioned matters were discussed in Closed Session, and the Board took the following actions:

Regarding Public Employee Performance Evaluation:

Manager of Internal Audit

Board Secretary/Office Manager

The Board took no reportable action.

Regarding Conference with Legal Counsel – Anticipated Litigation:

One (1) Case

Upon motion by Director Hall, seconded by Director Elie, and unanimously carried:

M2015-2-2

MOVED, to approve the Facilitation and Non-Disclosure Agreement provided by Chino Basin Watermaster.

With no further business, the workshop was adjourned at 12:01 p.m.

Secretary	
APPROVED:	

ACTION ITEM

3A



Date:

March 5, 2015

To:

Regional Policy Committee

From:

Inland Empire Utilities Agency

Subject:

Proposed Multi-Year EDU Volumetric Rate Adoption for Fiscal Years

2015/16 - 2019/20

RECOMMENDATION

It is recommended that the Regional Policy Committees review and make recommendation to the IEUA Board of Directors to approve the proposed multi-year Equivalent Dwelling Unit (EDU) Volumetric rate for Fiscal Year (FYs) 2015/16 to 2019/20 for the Agency's Regional Wastewater Operations and Maintenance (RO) fund.

BACKGROUND

At the February 26, 2015 the Regional Technical Committee (Committee) unanimously voted to recommend to the Regional Policy Committee to recommend to the IEUA Board of Directors (Board) to only adopt the proposed EDU volumetric rates for FYs 2015/16 and 2016/17. The basis for their recommendation was to allow for a review in 2017 of the proposed rates for FYs 2017/18-2019/20 to confirm the proposed rate increases are still necessary and justified. Agency staff assured the Committee that the semi-annual financial update already being provided could be enhanced to include a more thorough review of the adopted rates for FYs 2017/18-2019/20 prior to the effective date of the FY 2017/18 rate (around January 2016). Facilitating such a review process will allow for the adoption of the five year rates as proposed by the Agency, as well provide member agencies an opportunity to validate, and if necessary, modify the adopted rates for the remaining three years.

The staff proposed five year rates achieve the Board's objective to be at full cost of service as defined in the IEUA Business Goals Fiscal Responsibility (IEUA Goals) adopted in October 2013. Development of the IEUA Goals was a collaborative process with Agency stakeholders, including members of the Regional Committees. Not having proposed rates in place may impact the Agency's options to finance the planned relocation of the RP-2 solids handling facility and expansion of RP-5 in FY 2016/17.

Fiscal year 2014/15 is the final year of the three-year rates adopted by the Board in February 2012 for the Agency's Regional Wastewater and Recycled Water programs. The adoption of multi-year rates proved beneficial to both the Agency and its member agencies in terms of providing revenue stability, moving rates closer to full cost of service recovery consistent with

the IEUA Business Goal of Fiscal Responsibility, and lessening Proposition 218 requirements.

In May 2014, Carollo Engineers, Inc. (Carollo) was contracted to conduct a nexus study to update the Agency's regional wastewater EDU connection fee. The scope of the study was expanded to include an in-depth evaluation of the existing rates for the Water Resources and Recycled Water programs. A key objective of the study is to achieve revenue stability for each of the programs to adequately support short term and long term projects as identified in the Agency's planning documents, amongst them: the Integrated Resources Plan, Recycled Water Program Strategy, Water Use Efficiency Plan, and Ten Year Capital Improvement Plan (TYCIP). Another key objective of the study is to ensure a more equitable allocation of costs by providing a closer nexus between how costs are incurred and how costs are recovered. The scope of the study includes:

- Regional Wastewater EDU Connection Fee A one-time charge imposed on new or upsized meters or connections to compensate for the cost providing system capacity. This source of revenue supports capacity expansion and improvement of the regional wastewater system to meet future growth.
- Recycled Water Program Rates: The rates support costs associated with the operations and maintenance of the Agency's recycling facilities, groundwater recharge basin operating costs not reimbursed by Chino Basin Waternaster, and debt service costs. Recycled water provides the region with a reliable and affordable local water supply, reduces reliance on limited imported water supplies, and support the region's water portfolio and "drought resiliency" objective (IEUA Business Goal: Water Sustainability).
- Water Resources Program Rates: support the management and distribution of imported water supplies, development and implementation of regional water use efficiencies, water resource planning, and regional water supply programs. Current rates do not generate adequate revenue streams to support program costs and inequitably allocate costs to ratepayers. The proposed new rate structure addresses these issues and includes:
 - Meter Equivalent Unit (MEU) rate: supports Water Resources program operating costs, including the regional conservation program.
 - Readiness to Serve (RTS) Recovery: recovers pass through of Metropolitan Water District (MWD) RTS fees using the same 10 year rolling average methodology.
- "One water" Connection Fee supports future expansion and improvement of the Agency's regional water system which is comprised of potable, recycled water, and groundwater recharge supplies, as well capital conservation projects. Continual investment in securing reliable and sustainable water supplies is essential to ensuring the region continues to prosper from future economic development.

In addition to the rate workshops facilitated by Carollo (Appendix 1), two budget workshops have

been held for the Agency's Board of Directors and the Regional Committees. The budget workshops focused on the proposed multi-year rates for FYs 2015/16 to 2019/20 for the Agency's Regional Wastewater, Recycled Water and Water Resources Programs, and the proposed TYCIP for FYs 2015/16 to 2024/25. At the second budget workshop on February 3, 2015 (Special Joint Meeting), the Board and Policy members recommended the adoption of the proposed monthly EDU volumetric rates for FYs 20151/6 to 2019/20 in March 2015, with an effective date of October 1, 2015. The March adoption will allow the City of Fontana to meet its submittal deadline to the San Bernardino County Tax Assessor for inclusion in next year's property tax roll.

Evaluation of the other proposed multi-year rates for the Agency's Regional Wastewater, Recycled Water, Water Resources programs, including the proposed new "one-water" connection fee will continue with a targeted adoption date of May 20, 2015. Staff is recommending an effective date of October 1, 2015 (Appendix 2) for all FY 2015/16 rates. The effective date for the ensuing fiscal years would be July 1st for all rates.

Regional Wastewater Program Rates

The Regional Wastewater Program is comprised of the Regional Wastewater Capital Improvement (RC) fund and the Regional Wastewater Operations & Maintenance (RO) fund. The 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. Key revenue and funding sources for the RC fund includes: EDU connection fees, property taxes (65% allocation of total tax receipts), and grants and loan proceeds.

The key revenue and funding sources for the RO fund include: EDU volumetric charges, property taxes, and reimbursement from the Inland Empire Regional Composting Authority (IERCA) for labor and operating costs. Major expenses include operating costs for the collection, treatment, and disposal of wastewater, maintenance and capital replacement and rehabilitation (R&R) costs of regional facilities and infrastructure, organic management activities, including the Agency's 50 percent share of the IERCA composter, and debt service costs. The only rate recommended to be adopted in March 2015 is the monthly EDU volumetric charge.

EDU Volumetric Rate

EDU Volumetric rate is a monthly charge imposed on all regional wastewater system connections. This service charge supports operational, maintenance and administrative costs related to the collection, treatment and disposal of wastewater throughout the Agency's service area and unincorporated areas. It also covers R&R costs of regional wastewater facilities and infrastructure, and debt service costs. Pursuant to the Agency's commitment to have rates that fully recover the cost of service, incremental increases to the monthly EDU volumetric rate are proposed over the next five fiscal years (Table 1).

Table 1: Proposed Multi-Year EDU Volumetric Rates (Effective October 1, 2015)

Program	Rate	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20
	Description	Current	Proposed	Proposed	Proposed	Proposed	Proposed
Regional Wastewater	Monthly EDU Volumetric	\$14.39	\$15.89	\$17.14	\$18.39	\$19.59	\$20.00

The proposed \$15.89 per EDU for FY 20151/6 is recommended to take effect on October 1, 2015. If approved, the current rate \$14.39 per EDU will remain through September 30, 2015. Postponement of the proposed EDU rate to October 1st is estimated to result in a decrease of \$1.2 million in EDU volumetric revenue. Proposed rates for FYs 2016/17 to 2019/20 will be effective on July 1st.

Based on current assumptions, full cost of service, or recovery of O&M, R&R, and debt service costs, is projected to be reached in FY 2018/19, as shown on Figure 1.

\$2208 \$208 \$1642 \$108 \$420 \$50 (\$ Per EDU) 2014 2015 2016 2017 2018 2019 2020 COS R&R \$1.78 \$2.42 \$2.01 \$2.01 \$2.00 \$2.00 \$1.84 COS - 0&M \$12.76 \$15.52 \$16.08 \$16.45 \$17.10 \$17.41 \$17.88 EDU Volumetric Rates \$13.39 \$14.39 \$15.89 \$17.14 \$18.39 \$19.59 \$20.00 **Proposed Changes to Rates** \$1.50 \$1.25 \$1.25 \$1.20 \$0.41

Figure 1: EDU Volumetric Rate Cost of Service

Key Budget Assumptions

Table 2 summarizes the RO fund primary funding sources and uses of funds over the next five fiscal years based the proposed multi-year rates and key budget assumptions. A Sources and Uses of Fund report for FYs 2015/16 to 2019/20 is provided in Exhibit A.

Table 2: Regional Wastewater Operations and Maintenance (RO) Fund Key Budget Assumptions

(\$Millions)	5 Year Totals	Comments
Revenues and Other Funding Sources		
EDU Volumetric	\$292	Assumes annual growth factor of 0.25% in the number of billable monthly EDUs.
Property Tax	\$48	No change in the allocation of 22% and the level of property tax receipts. After achieving full cost of service, property taxes will be set aside to support the relocation of RP-2 solids handling to RP-5, rehabilitation of RP-1 and decommissioning of RP-2.
Expenses and Other Uses of Fund		
O&M (net IERCA labor costs)	\$270	Assumes 3% annual average inflationary increase.
Expenses and Other Uses of Fund (cont.)		
Capital Replacement & Rehabilitation (R&R)	\$55	Capital project spending – partially supported by SRF loans and grants: • Water Quality Laboratory Replacement Chino Creek Wetlands and Educational Park Upgrades
Debt Service	\$3	Share of principal and interest costs for the 2008A Revenue Bonds and debt service costs for the laboratory's SRF loan.

Cost of Service (COS) Components

The RO fund COS components include:

- O&M expenses (82%) budgeted at an average 3% annual increase,
- R&R (17%) capital projects for the rehabilitation and replacement of regional wastewater facilities and infrastructure,
- Debt service costs (1%) include a share of 2008A Revenue Bonds and future SRF loan for the Water Quality Laboratory replacement project.

The components and percentages of the total expenditures are summarized in Table 3.

Table 3: Regional Wastewater Operations and Maintenance (RO) Fund Expenses and Other Uses of Funds

Expense Category	Budget %	Description
Employment	37%	Regional Operations employment net of IERCA labor is 37 percent of the total program expense and 60 percent of the Agency's total employment costs.
Utilities	12%	Includes 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.
Chemicals	7%	Assumes an average of 3% inflationary factor Major chemical used are Sodium Hypochlorite for disinfection, Polymer to enhance solids settling in primary clarifier and Ferric chloride to optimize treatment performance.
Biosolids Recycling	6%	Includes operating/tipping fees payable to the IERCF for biosolids processing, and hauling costs. 100% of the Agency's biosolids are processed at the IERCA composter.
Professional Fees & Services	5%	Includes contract work and materials for regional wastewater facilities and equipment.
Materials & Supplies/Office & Administrative	4%	Operations and maintenance supplies for facility maintenance.
O&M Projects	2%	Major O&M maintenance and repair projects.
Operating Fees	2%	Includes permits and user charges for discharge of RP-1 centrate to the Non-Reclaimable Wastewater system.
Other Expenses	7%	Includes office and administration, leases and rentals, and allocated expenses for operation facilities.
Capital Replacement & Rehabilitation (R&R)	17%	R&R capital projects for regional wastewater related equipment and structures.
Debt Service	1%	Share of principal and interest costs for the 2008A Revenue Bonds and future repayment of the SRF Loan for the Water Quality Laboratory replacement.
Total	100%	-

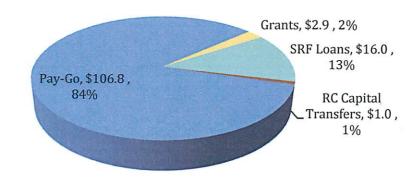
Capital Rehabilitation and Replacement (R&R) Projects

Except for the Water Quality Laboratory replacement project which is funded with a State Revolving Fund (SRF) loan, net of principal forgiveness (grant), the majority of the RO fund capital projects are primarily funded on a pay-go basis (Table 4 and Figure 2). Pay-go is a combination of user charges and property taxes (until full cost of service is achieved in FY 2018/19).

Table 4: Regional Wastewater Maintenance & Operations (RO) Fund Major Capital Projects

Project	Timeframe (Fiscal Years)	Ten Year Project Costs (\$Millions)
Regional Wastewater Projects Asset Management Plan (AMP)	2020/21 - 2024/25	\$50.0
Water Quality Laboratory Replacement	2015/16 - 2018/19	\$17.8
SCADA Enterprise System	2015/16 - 2018/19	\$8.7
RP-5 Process Improvements	2019/20 - 2021/22	\$6.3
RP-4 Process Improvements	2016/17 - 2018/19	\$5.2
All Other Projects	2015/16 - 2024/25	\$38.7
	RO Total:	*\$126.7

Figure 2: R&R Projects Funding Sources

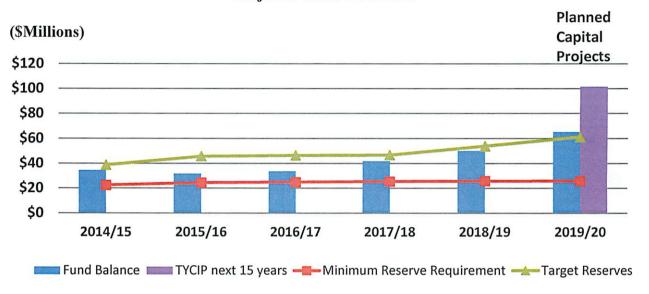


*\$126.7M includes \$12.5M O&M projects and \$114.2M R&R capital projects

RO Fund Balance

The RO Fund balance in FY 2015/16 is estimated to be \$32 million; a decrease of 2.5 million, or approximately 7%, relative to the FY 2014/15 projected ending fund balance of \$34.5 million. The adoption of the proposed the multi-year rates and achievement of full cost of service by FY 2018/19 will allow the designation of property taxes to support future capital requirements estimated at \$101 million over the next 15 years, as indicated by the purple bar in FY 2019/20 on Figure 3.

Figure 3: Regional Wastewater Operations and Maintenance (RO) Fund Projected Reserve Balance



Closing

Consistent with the Regional Sewage Service Contract and the IEUA Business Goals, the proposed five year EDU volumetric rate will achieve full cost of service (COS); fully recovering the O&M, R&R, and debt service cost for the Agency's Regional Wastewater O&M (RO) fund. Reaching cost of service will allow the use of property taxes allocated to the RO fund to be set aside to support major capital projects over the next 15 years, including the relocation of the RP-2 solids handling to RP-5, rehabilitation of RP-1 and ultimate decommissioning of the RP-2 site. The RP-2 plant is located on land leased from the US Army Corps of Engineers (the Corps) and is within the flood zone behind Prado Dam. The Corps and Orange County Flood Control District have plans to raise the maximum operational water level behind Prado Dam by 2021 triggering the need to relocate the RP-2 solids handling to RP-5. The lease is set to expire in 2035.

Table 5 is the timeline for adoption of the proposed multi-year rates.

Table 5: Multi-Year Rates Adoption Timeline

Date	Meetings
EDU Volumetric Rate	
2/26/15, 3/5/15	Regional Technical Committee / Regional Policy Committee
3/11/15, 3/18/15	IEUA Committee Recommendation/IEUA Board Approval
Wastewater Connection and Meter Equivalent	on Fee, Recycled Water Rates, One Water Connection Fee, RTS Recovery, Unit (MEU) rates
3/10/15	Cost of Service Workshop #4: Connection Fees/Water Rates
4/1/15	Special Joint Mtg of the IEUA Board & Regional Policy Committee
4/14/15	Final Cost of Service Workshop #5: Connection Fees/Water Rates
4/30/15, 5/7/15	Regional Technical Committee / Regional Policy Committee
5/13/15, 5/20/15	IEUA Committee Recommendation/IEUA Board Approval
10/1/15	Recommended effective date for FY 2015/16 rates.

Attachments:

Exhibit A– Regional Wastewater O&M (RO) Fund Sources and Uses of Funds Report Appendix 1 – Rates study workshops and meetings schedule

Exhibit A: RO Fund FYs 2015/16 to 2019/20 Sources and Uses of Fund Report

INLAND EMPIRE UTILITIES AGENCY FISCAL YEAR 2015/16 BUDGET RO FUND - SOURCES AND USES OF FUNDS

Part										
Company Comp	-	2012/2013	2013/2014					2017/2018	2018/2019	2019/2020
REVENUES User Charges User Charges Cost Reimbursement JPA 3,225,652 3,054,632 3,054,632 3,071,033 3,271,133 3,271,339 3,470,762 3,172,136 3,172,13		ACTUAL	ACTUAL						FORECAST	
Light Charges 39,596,548 42,970,542 45,980,286 45,986,286 46,966,196 55,023,381 59,173,099 63,182,341 64,630,336 70,000 70,	DEVENUE	AL TUAL	ALTUAL	BUUGET	ALTUAL.	8000) <u>F (</u>		PURECASI	
Cost Rembursement PA 3,223,652 3,064,622 3,471,033 3,271,133 3,378,389 3,470,762 3,572,316 3,684,62 3,736,974 3,000 1,000 1,000 2,000 3,000		20 560 540	42 070 642	45 000 206	45 000 206	40 606 406	EE 022 264	50 172 000	62 102 2 / 1	64 620 206
Contract Cost Rembursement 516,774 65,541 32,000 39,000	•									
Interest Revenue						-1-: -1		-,		
TOTAL OFFICE PRIMAICING SOURCES Property Tax Revenues - DebuCuapitalife Grants Other Financing Sources Property Tax Revenues - DebuCuapitalife Grants Other Financing Sources Property Tax Revenues - DebuCuapitalife (42,259) 34,851 Other Sources Sources 11,049,177 9,333,760 9,410,180 9,105,794 11,1778,124 18,254,159 175,535 175,530 17										
Property Tax Revenues - DetX/Captai/Re										
Property Tax Revenues	-	1011111111	,		10,101,111	33,000,000	55,151,155	33,333,113		
Carta	OTHER FINANCING SOURCES									
Control Note Cont	Property Tax Revenues - Debt/Capital/Re	10,407,455	8,634,143	8,844,764	8,540,378	8,967,396	9.326.092	9,605,875	9,797,993	9,993,952
EXPENSES	, ,	42,258	34,851	0		525,169	525,169	0	0	0
EXPENSES Employment Expenses Employment Expenses Employment Expenses Employment Expenses 23,614,915 23,035,268 28,380,805 25,333,949 26,653,344 27,382,268 28,183,469 28,883,275 29,482,528 Contract Work/Special Projects 130,522 585,650 30,042,40 1,022,705 1,000,000 1,300,000 1	Other Revenues _	598,464	724,766	565,416	565,416	738,000	756,540	775,636	795,305	815,564
EXPENSES Employment Expenses Employment Expenses Employment Expenses Employment Expenses 23,614,915 23,035,268 28,380,805 25,333,949 26,653,344 27,382,268 28,183,469 28,883,275 29,482,528 Contract Work/Special Projects 130,522 585,650 30,042,40 1,022,705 1,000,000 1,300,000 1	TOTAL OTHER FINANCING SOURCES	11.048.177	9.393.760	9.410.180	9.105.794	11.178.124	18.264.451	17.745.148	10.675.116	10.809.517
Employment Expenses 23.61.4915 23.032.288 28.380.805 25.333.949 26.653.444 27.382.288 28.183.469 28.663.275 29.482.528 28.183.469 28.663.275 29.482.528 28.183.469 28.663.275 29.482.528 28.183.469 28.663.275 29.482.528 28.183.469 28.663.275 29.482.528 28.183.469 28.663.275 29.482.528 28.183.469 28.663.275 29.482.528 29.482.		,	0,000,700	4414166	0,100,104	11,110,121	10,20-1,-01	1711 -107 1-10	10,010,110	
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Departing Fees	• • • • • • • • • • • • • • • • • • • •						1,300,000	1,300,000	1,300,000	1,300,000
Chemicals 3,578,196 4,125,729 4,715,529 4,525,908 4,523,104 4,730,898 4,872,824 5,019,008 5,169,579	Utilities	6,100,836	6,561,280	7,164,307	6,877,735	7,379,469	7,600,856	7,828,881	8,063,816	8,308,021
Pricessional Fees and Services 1.872_563 2.132_842 3.493_950 2.969_858 2.679_964 2.751_834 3.106_797 3.283_538 3.494_121	Operating Fees	579,760	683,310	1.157,589	1,607,589	1,107,252	1,137.262	1,170,515	1,202,963	1,237,734
Office and Administrative expenses 19.220 21.534 351.280 434.430 435.463 436.528 437.623 439.752 439.913	Chemicals	3.578.136	4,125,729	4,715,529	4,526,908	4,593,104	4,730,898	4,872,824	5,019,008	5,169,579
Biosolids Recycling 3,322,651 3,527,828 3,557,924 3,775,007 4,001,141 4,121,175 4,224,810 4,329,707 Materials 8 Supplies 16,683,604 2,129,332 1,809,932 1,914,334 2,190,850 2,143,745 2,208,337 2,395,311 TOTAL EXPENSES 862,027 1,290,345 4,161,034 4,492,133 4,493,602 4,409,955 4,352,074 4,103,849 4,328,634 TOTAL EXPENSES 41,769,391 43,617,391 58,115,990 52,434,157 54,551,539 55,932,632 57,517,104 58,728,348 60,485,597 CAPITAL PROGRAM 6,094,290 5,129,083 11,377,344 7,694,600 12,620,000 17,350,000 13,600,000 9,150,000 2,485,000 DEBT SERVICE 218,576 214,519 214,585 214,585 215,785 215,785 942,293 942,293 942,293 TRAINSFERS IN (OUT) Capital Contribution (400,000) 0 0 0 0 0 0 0 0 0										
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TOTAL CAPITAL PROGRAM 6,094,290 5,129,083 11,377,344 7,694,600 12,620,000 17,350,000 13,600,000 9,150,000 2,485,000 DEBT SERVICE TOTAL DEBT SERVICE TOTAL DEBT SERVICE 218,576 214,519 214,585 214,585 214,585 215,785 215,785 942,293	TOTAL EXPERSES	41,/09,391	43,017,391	38,113,990	32,434,137	34,331,339	20,932,032	57,517,104	30,1 Z0,346	00,465,397
DEBT SERVICE TOTAL DEBT SERVICE 218,576 214,519 214,585 214,585 214,585 215,785 215,785 215,785 215,785 942,293	CAPITAL PROGRAM									
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TRANSFERS IN (OUT) Capital Contribution (400,000) 0 0 0 81,818 (1.545,455) (790,909) (1.195,455) (1.200,000) Debt Service 0 0 0 0 0 0 81,818 (1.545,455) (790,909) (1.195,455) (1.200,000) Debt Service 0 0 0 0 0 0 0 0 181,627 181,627 181,627 Property Tax Transfer 0 (2.200,000) 0 0 0 0 0 0 0 0 0 0 0 0 TOTAL INTERFUND TRANSFERS IN (OU (400,000) (2,200,000) 0 0 0 81,818 (1.545,455) (609,282) (1,013,828) (1,018,373) FUND BALANCE Net income (Loss) 6,033,850 4,473,351 (10,580,420) (1,780,129) (2,797,817) 1,957,701 8,164,884 8,204,471 14,988,624 Fund Bal Adju to FY 11/12 CAFR Beginning Fund Balance July 01 25,798,903 31,832,753 36,306,104 36,306,104 34,525,975 31,728,158 33,685,859 41,850,743 50,055,214 (8,043,383) RE SERVE BALANCE SUMMARY Capital / Operation Contingencies 13,923,130 14,539,132 19,372,000 17,478,054 17,051,060 17,487,292 17,981,598 18,356,624 18,916,210 Debt Service & Redemption 215,785 942,293 942,293 942,293 942,293 942,293	DEBT SERVICE									
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Capital Contribution (400,000) 0 0 0 0 81,818 (1,545,455) (790,909) (1,195,455) (1,200,000) Debt Service 0 0 0 0 0 0 0 181,627 181,627 181,627 Property Tax Transfer 0 (2,200,000) 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	_		3.1,4.14	4 - 4000		2.51.55				
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Property Tax Transfer 0 (2,200,000) 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0		, ,	_	-						
FUND BALANCE Net income (Loss) Fund Bal Adju to FY 11/12 CAFR Beginning Fund Balance July 01 ENDING FUND BALANCE AT JUNE 30 RESERVE BALANCE SUMMARY Capital / Operation Contingencies Rehabilitation/Replacement 17,693,838 20,824,679 6,137,899 16,832,136 17,487,054 17,051,060 17,487,292 17,981,598 18,356,624 18,916,210	Property Tax Transfer	0	(2,200,000)	0	ol	0	0	0	0	
Net income (Loss) 6.033.850 4.473.351 (10.580.420) (1.780.129) (2.797.817) 1.957.701 8.164.884 8.204.471 14.988.624 Fund Bal Adju to FY 11/12 CAFR Beginning Fund Balance July 01 25.798.903 31.832.753 36.306.104 36.306.104 34.525.975 31.728.158 33.685.859 41.850.743 50.055.214 ENDING FUND BALANCE AT JUNE 30 31.832.753 36.306.104 25.725.684 34.525.975 31.728.158 33.685.859 41.850.743 50.055.214 65.043.838 RE SERVE BALANCE SUMMARY Capital / Operation Contingencies 13.923.130 14.539.132 19.372.000 17.478.054 17.051.060 17.487.292 17.981.598 18.356.624 18.916.210 Rehabilitation/Replacement 17.693.838 20.824.679 6.137.899 16.832.136 14.461.313 15.256.270 22.926.849 30.756.297 45.185.335 Debt Service & Redemption 215.785 942.293 215.785 215.785 215.785 942.293 942.293 942.293 942.293	TOTAL INTERFUND TRANSFERS IN (OU.	(400,000)	(2,200,000)	0	0	81,818	(1,545,455)	(609,282)	(1,013,828)	(1,018,373)
Net income (Loss) 6.033.850 4.473.351 (10.580.420) (1.780.129) (2.797.817) 1.957.701 8.164.884 8.204.471 14.988.624 Fund Bal Adju to FY 11/12 CAFR Beginning Fund Balance July 01 25.798.903 31.832.753 36.306.104 36.306.104 34.525.975 31.728.158 33.685.859 41.850.743 50.055.214 ENDING FUND BALANCE AT JUNE 30 31.832.753 36.306.104 25.725.684 34.525.975 31.728.158 33.685.859 41.850.743 50.055.214 65.043.838 RE SERVE BALANCE SUMMARY Capital / Operation Contingencies 13.923.130 14.539.132 19.372.000 17.478.054 17.051.060 17.487.292 17.981.598 18.356.624 18.916.210 Rehabilitation/Replacement 17.693.838 20.824.679 6.137.899 16.832.136 14.461.313 15.256.270 22.926.849 30.756.297 45.185.335 Debt Service & Redemption 215.785 942.293 215.785 215.785 215.785 942.293 942.293 942.293 942.293	· -									
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Beginning Fund Balance July 01 25,798,903 31,832,753 36,306,104 36,306,104 34,525,975 31,728,158 33,685,859 41,850,743 50,055,214 65,043,838 RESERVE BALANCE SUMMARY Capital Operation Contingencies 13,923,130 14,539,132 19,372,000 17,478,054 17,051,060 17,487,292 17,981,598 18,356,624 18,916,210 Rehabilitation/Replacement 17,693,838 20,824,679 6,137,899 16,832,136 14,461,313 15,256,270 22,926,849 30,756,297 45,185,335 Debt Service & Redemption 215,785 942,293 215,785 215,785 215,785 942,293 942,293 942,293 942,293 942,293		6,033,850	4,4/3,351	(10,580,420)	(1,780,129)	(2/9/,81/)	1,957,701	8.104.884	8,204,471	14,988,024
ENDING FUND BALANCE AT JUNE 30 31,832,753 36,306,104 25,725,684 34,525,975 31,728,158 33,685,859 41,850,743 50,055,214 65,043,838 RESERVE BALANCE SUMMARY Capital / Operation Contingencies 13,923,130 14,539,132 19,372,000 17,478,054 17,051,060 17,487,292 17,981,598 18,356,624 18,916,210 Rehabilitation/Replacement 17,693,838 20,824,679 6,137,899 16,832,136 14,461,313 15,256,270 22,926,849 30,756,297 45,185,335 Debt Service & Redemption 215,785 942,293 215,785 215,785 942,293 942,293 942,293 942,293	•	25 700 000	24 020 752	26 206 404	26 202 404	24 505 075	24 700 450	22 606 060	44 0E0 743	E0 055 244
RE SERVE BALANCE SUMMARY Capital / Operation Contingencies 13,923,130 14,539,132 19,372,000 17,478,054 17,051,060 17,487,292 17,981,598 18,356,624 18,916,210 Rehabilitation/Replacement 17,693,838 20,824,679 6,137,899 16,832,136 14,461,313 15,256,270 22,926,849 30,756,297 45,185,335 Debt Service & Redemption 215,785 942,293 215,785 215,785 215,785 942,293 942,293 942,293 942,293 942,293										
Capital / Operation Contingencies 13,923,130 14,539,132 19,372,000 17,478,054 17,051,060 17,487,292 17,981,598 18,356,624 18,916,210 Rehabilitation/Replacement 17,693,838 20,824,679 6,137,899 16,832,136 14,461,313 15,256,270 22,926,849 30,756,297 45,185,335 Debt Service & Redemption 215,785 942,293 215,785 215,785 942,293 942,293 942,293 942,293	LITORIO FORD BALARCE AT JUNE 30	31,032,733	30,300,104	23123004	J+,J2J,313	31,120,130	حسبسب	71,000,140	-410-41E 14	~,~~,~~
Rehabilitation/Replacement 17,693,838 20,824,679 6,137,899 16,832,136 14,461,313 15,256,270 22,926,849 30,756,297 45,185,335 Debt Service & Redemption 215,785 942,293 215,785 215,785 215,785 942,293 942,293 942,293 942,293	RESERVE BALANCE SUMMARY				J					
Debt Service & Redemption 215.785 942.293 215.785 215.785 215.785 942.293 942.293 942.293 942.293	Capital / Operation Contingencies	13,923,130	14,539,132	19,372,000	17,478,054	17,051,060	17,487,292	17.981,598	18,356,624	18.916.210
	Rehabilitation/Replacement	17,693,838	20,824,679	6,137,899	16,832,136	14,461,313				
ENDING BALANCE AT JUNE 30 31,832,753 36,306,104 25,725,684 34,525,975 31,728,158 33,685,859 41,850,743 50,055,214 65,043,838		215,785	942,293	215.785	215,785					
	ENDING BALANCE AT JUNE 30	31,832,753	36,306,104	25,725,684	34,525,975	31,728,158	33,685,859	41,850,743	50,055,214	65,043,838

Appendix 1: Rates Study Workshops and Meetings

Meeting	Discussion	Date
Cost of Service Workshop #1	Connection Fees	11/18/14
Cost of Service Workshop #2	Connection Fees	12/11/14
Cost of Service Workshop #3	Water Rates	1/13/15
Special Joint Meeting IEUA Board/Regional Policy Committee	Proposed Rates	2/4/15
Member Agency Meetings	Proposed Rates	January-May
Cost of Service Workshop #4	Connection Fees/Water Rates	3/10/15
Special Joint Meeting IEUA Board/Regional Policy Committee	Proposed Rates	4/1/15
Final Workshop	Proposed Rates	4/14/15

for Fiscal Years 2015/16 - 2019/20 **IEUA Proposed Multi-Year EDU Volumetric Rates**



Inland Empire Utilities Agency A MUNICIPAL WATER DISTRICT

February 26/March 5 Regional Committees

Proposed Timeline Multi-Year Rates FYs 2015/16 - 2019/20

Program	Rate	Proposed Adoption Date	Effective Date
Regional	Monthly Volumetric EDU	3/18/15	10/1/15
Wastewater	Connection Fees		
	Direct Delivery per AF		
Recycled Water	Groundwater Recharge per AF	5/20/15	10/1/15
	"One Water" Connection Fees		
	Meter Charge	Replaced with RTS Recovery Rate	S Recovery Rate
	AF Surcharge	Replaced with MEU Rate	MEU Rate
Water Resources	Meter Equivalent Units (MEUs)	77,00,7	7.
	RTS Recovery	0.000	0 1 1 0 1
	1		

Review Process

Date	11/18/14	12/11/14	1/13/15	2/4/15	January-May	3/10/15	4/1/15	4/14/15
Discussion	Connection Fees	Connection Fees	Water Rates	Proposed Rates	Proposed Rates	Connection Fees/Water Rates	Proposed Rates	Proposed Rates
Meeting	Cost of Service Workshop #1	Cost of Service Workshop #2	Cost of Service Workshop #3	Special Joint Meeting IEUA Board/Regional Policy Committee	Member Agency Meetings	Cost of Service Workshop #4	Special Joint Meeting IEUA Board/Regional Policy Committee	Final Workshop

Key Rate Objectives

to ensure nexus between costs and fees

Stability Fiscal

Compliance

Legal

revenue stream to

· provide stable

safeguard the Agency's fiscal health

nfrastructure

Sustainability and

Equitable

Allocation

 of regional infrastructure and reliable water supplies

 of program costs between current and future

ratepayers

Affords revenue stability to the Agency and member agencies.

Achieves full cost of service in a reasonable timeframe.

Provides necessary resources to support investment in water reliability and sustainability in the region to ensure continual economic development.

Benefits

Provides for no change in the allocation of property taxes within the funds.

Allocates costs more equitably between current and future users.

EDU Monthly Volumetric Rate Regional Wastewater

Effective on October 1, 2015

Monthly Volumetric EDU Rate

Full cost recovery achieved in FY 2018/19

			Proposed	D:	
FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20
\$14.39	\$15.89	\$17.14	\$18.39	\$19.59	\$20.00

What does it cover?

Operational, maintenance and administrative costs related to the collection, treatment and disposal of wastewater throughout the Agency's service area and unincorporated areas.

What is an EDU Volumetric

Monthly charge imposed on

all regional wastewater system connections.

Replacement & Rehabilitation (R&R) costs of regional wastewater facilities and infrastructure.

Debt service.

How does this benefit?

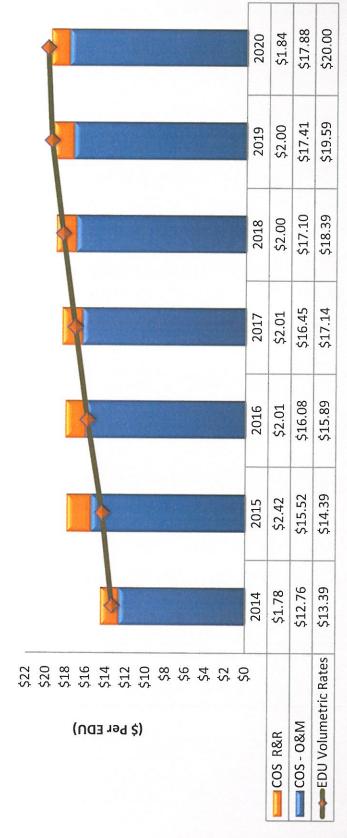
Ensures wastewater treatment meets regulatory compliance. Protection of public health and environmental sustainability.

Achieving full cost of service will reduce reliance on property tax subsidies.

Allow use of property taxes to support major capital costs in the future.

EDU Volumetric Rate Cost of Service

- Achieves full cost of service recovery by FY 2018/19.
- Reduces reliance of property tax to subsidize O&M and R&R costs.
- Allows for the use of property taxes to support future capital requirements; RP-2/RP-5 Solids Handling Relocation, RP-1 Rehabilitation and RP-2 Decommission.

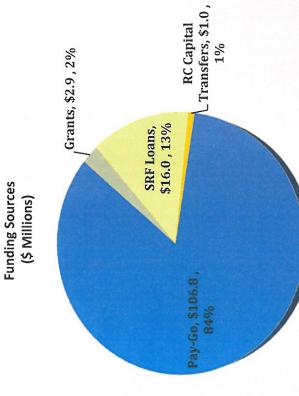


Key Budget Assumptions RO Fund

(\$Millions)	5 Year Totals Comments	Comments
Revenues and Other Funding Sources		
EDU Volumetric	\$292	Assumes annual growth factor of 0.25% in the number of billable monthly EDUs.
Property Taxes	\$48	No change in the allocation of 22% and the level of property tax receipts. After achieving full cost of service, property taxes will be set aside to support the rehabilitation of RP-1 and decommissioning of RP-2.
Expenses and Other Uses of Fund		
O&M (net IERCA labor costs)	\$270	Assumes 3% annual average inflationary increase.
Replacement & Rehabilitation (R&R) capital projects	\$55	Capital project spending – partially supported by SRF loans and grants: Water Quality Laboratory Replacement Chino Creek Wetlands and Educational Park Upgrades
Debt Service	\$3	Share of principal and interest costs for the 2008A Revenue Bonds and debt service costs for the laboratory's SRF loan.

R&R Projects and Funding Sources RO Fund

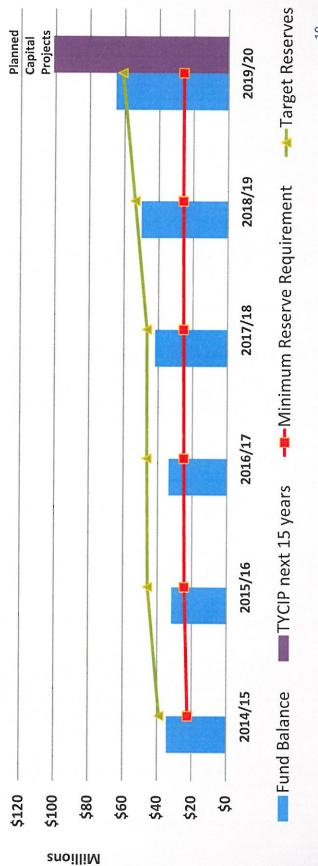
Project	Timeframe (Fiscal Year)	Ten Year Project Costs (\$Millions)
Regional Wastewater Projects Asset Management Plan (AMP)	2020/21 – 2024/25	\$50
Water Quality Laboratory Replacement	2015/16 – 2018/19	\$18
SCADA Enterprise System	2015/16 – 2018/19	6\$
RP-5 Process Improvements	2019/20 – 2021/22	\$6
RP-4 Process Improvements	2016/17 – 2018/19	\$5
All Other Projects	2015/16 – 2024/25	\$39
	RO Total:	*\$127



*\$127M includes \$114M R&R capital projects and \$13M O&M/special projects

Projected Reserve Balance RO Fund

- Achieving full cost of service in FY 2018/19 will allow designation of property taxes to support future capital requirements.
- Capital projects estimated to be \$101 million over the next 15 years.



Timeline

Meeting	Date
EDU Volumetric Rate	
Regional Technical Committee/Regional Policy Committee	2/26/15, 3/15/15
IEUA Committee Recommendation/IEUA Board Approval	3/11/15, 3/18/15
Wastewater Connection Fee, Recycled Water Rates, One Water Connection Fee, RTS Recovery, and Meter Equivalent Unit (MEU) rates	S Recovery, and
Cost of Service Workshop #4: Connection Fees/Water Rates	3/10/15
Special Joint Meeting of the IEUA Board & Regional Policy Committee	4/1/15
Final Cost of Service Workshop #5: Connection Fees/Water Rates	4/14/15
Regional Technical Committee/Regional Policy Committee	4/30/15, 5/7/15
IEUA Committee Recommendation/IEUA Board Approval	5/13/15, 5/20/15
Recommended effective date for FY2015/16 Rates	10/1/15

Questions?

ACTION

3B



Date:

February 26/March 5, 2015

To:

Regional Committees

From:

Inland Empire Utilities Agency

Subject:

Fiscal Year 2015/16 through 2024/25 Ten-Year Capital Improvement Plan

RECOMMENDATION

It is recommended that the Regional Committees approve and make recommendation to the IEUA Board of Directors (Board) to approve the proposed Fiscal Year (FY) 2015/16-2024/25 Ten-Year Capital Improvement Plan (TYCIP).

BACKGROUND

Each year, pursuant to the terms of the Regional Sewage Service Contract, the Inland Empire Utilities Agency submits a ten-year forecast of capacity demands and capital projects or TYCIP to the Regional Technical and Policy Committees. The current TYCIP identifies projects for the FY 2015/16 through FY 2024/25 that are needed for the rehabilitation, replacement, or expansion of the facilities owned or operated by the Agency to meet the projected additional 40,523 EDUs.

Two major themes in the FY 2015/16 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. Maintaining the Agency's facilities and infrastructure is critical to ensure the long-term reliability and quality of services that the Agency is committed to provide.

A key finding identified by the Wastewater Facilities Master Plan flow monitoring was that the increase in wastewater treatment plant strength is a major driving force for improvements at treatment plants over the next 20 years. As a result, major projects within the ten-year window include: the relocation of the RP-2 Solids Treatment Facility to RP-5; RP-5 liquid treatment expansion to accommodate the growth in the southern service area; and RP-1 process improvements toward the end of the ten-year window.

IEUA is in the process of updating several key planning documents, including the Long-Range Plan of Finance, Recycled Water Program Strategy, Water Use Efficiency Business Plan, 2015 Urban Water Management Plan, and an Integrated Resources Plan. It is anticipated that these planning efforts will result in new priorities for the region and will be completed by fall 2015. Projects identified in these documents will be further refined and included in next year's TYCIP

Fiscal Year 2015/16 through 2024/25 Ten-Year Capital Improvement Plan February 26/March 5, 2015 Page 2 of 2

to meet the region's future needs. While the TYCIP is instrumental for the on-going rate and budget discussions, it is intended to be a planning level document. Only projects that can be accommodated by the adopted budget will be initiated.

ATTACHMENTS

The TYCIP was posted on the Agency website on January 20, 2015 under Reports. http://www.ieua.org/fiscal-year-201516-ten-year-capital-improvement-plan-draft/.

Improvement Plan Adoption FY15/16 Ten-Year Capital



Inland Empire Utilities Agency

A MUNICIPAL WATER DISTRICT

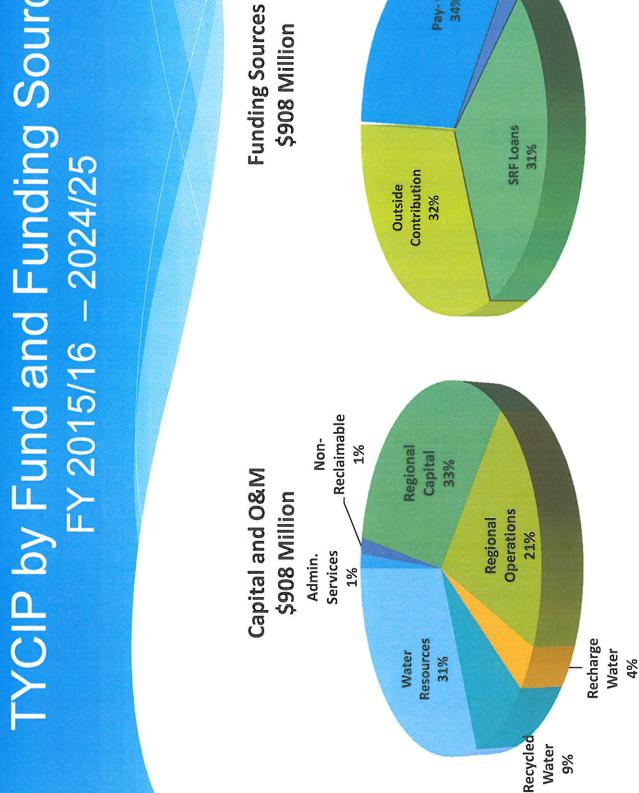
Key Drivers of FY15/16 TYCIP

- Member Agency growth projections
- Wastewater Facilities Master Plan Updated flow factors and concentrations
- Asset Management Plan
- Draft Recycled Water Program Strategy Update
- Draft Energy Management Plan
- Draft Integrated Resources Plan local reliability discussions

TYCIP Budget Estimate by Fund

	Fund Description	FY 15/16	FY16/17	FY16/17 FY17-25	Total (\$ Millions)
99	GG Administrative Services	\$2.9	\$1.4	\$7.9	\$12.2
NC	Non-Reclaimable Wastewater	\$0.8	\$0.6	\$12.2	\$13.6
RC	Regional Capital Improvement	\$19.8	\$13.2	\$257.8	\$290.8
RO	Regional Operations & Maintenance	\$14.1	\$18.7	\$156.2	\$189.0
RW	Recharge Water	\$1.5	\$3.5	\$28.8	\$33.8
WC	Recycled Water	\$12.5	\$10.9	\$56.3	\$79.7
W	Water Resources	\$29.0	\$29.0	\$224	\$282.0
RM/	Organics Management/IERCA	\$1.1	\$1.2	\$4.7	\$7.0
	TOTAL	\$81.7	\$78.5	\$747.9	\$908.1

TYCIP by Fund and Funding Source



Grants

Pay- Go 34%

Major Treatment Plant Projects

Description	15/20	20/25	25/30	30/35	35/40	Total Cost (\$M)
RP-1 Liquid Treatment Expansion						\$83
RP-1 Solids Treatment Expansion						\$25
RP-2 Decommissioning						\$30
RP-4 Tertiary Expansion						\$25
RP-5 Liquid Treatment Expansion						\$125
RP-5 Solids Treatment Facility						\$136

\$275.6 Million

\$424 Million

FY 15/16 TYCIP Schedule

1/8/15 Draft TYCIP posted online

✓ 1/14/15 IEUA Committees

Info item

1/21/15 IEUA Board

Info item

✓ 1/29/15 Regional Technical Committee

Info item

2/26/15 Regional Technical Committee

Action item

3/5/15 Regional Policy Committee

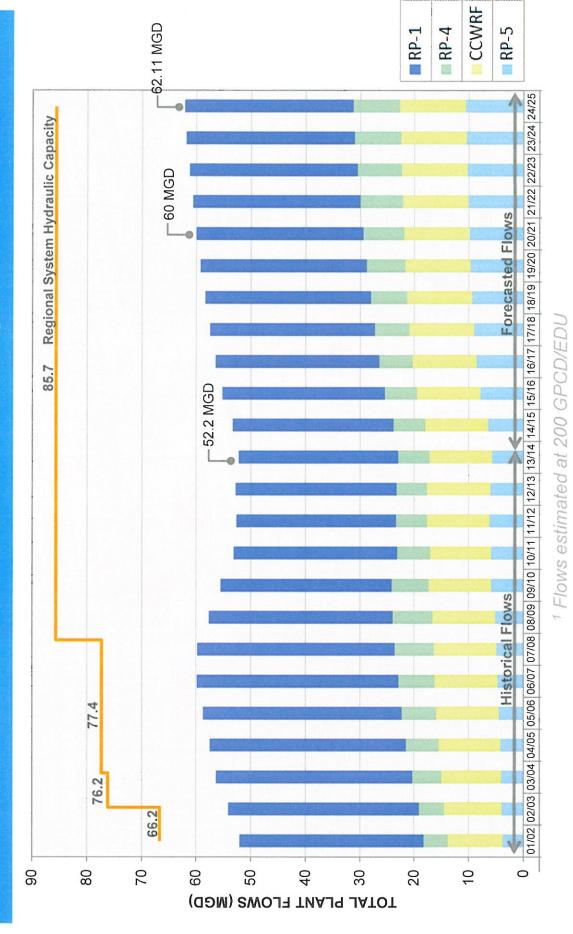
Action item

3/18/15 **IEUA Board**

Action item

Discussion

FY15/16-FY24/25 Member Agency Wastewater Flow Projections¹



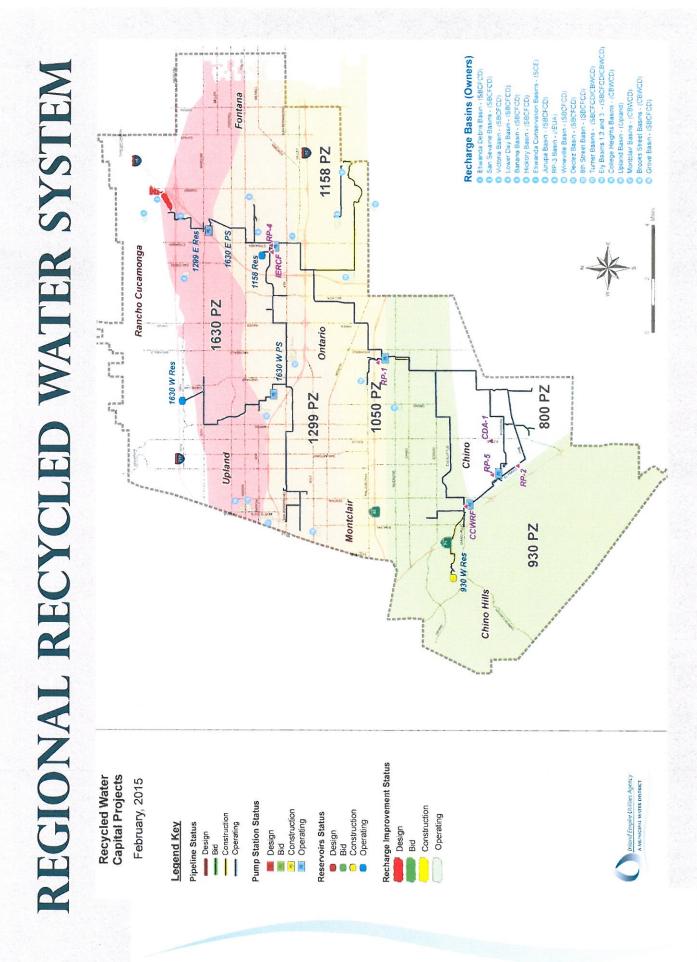
INFORMATION ITEM

4A



RECYCLED WATER **JPDATE**

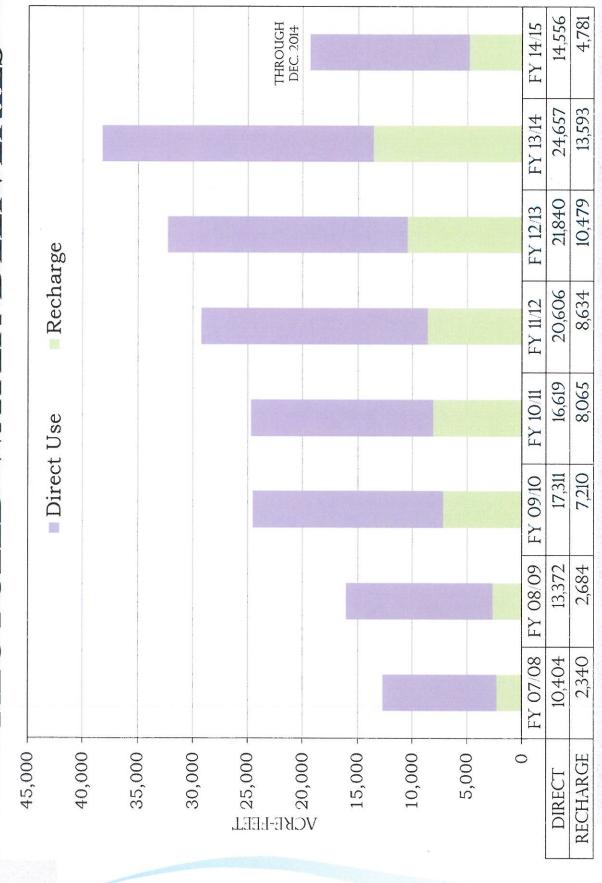
Fiscal Year 14/15 Update March 2015



CAPITAL PROJECTS SUMMARY

Project	Design	Construction	Project Cost	Status	Demand AFY
Southern Area Regional Facilities 930 Zone Reservoir and Pipeline	Complete	Complete	\$31,000,000	Start-Up Testing	100–500
Central Area Regional Facilities Wineville Extension Pipeline	Complete	Winter 2015	\$28,000,000	Construction	500-3,000
Recharge Master Plan Update San Sevaine Basin Improvements	November 2015	April 2017	6,500,000	Pre-Design	500-4,500

RECYCLED WATER DELIVERIES



FY 2014/15 RW DELIVERIES THROUGH DECEMBER 2014

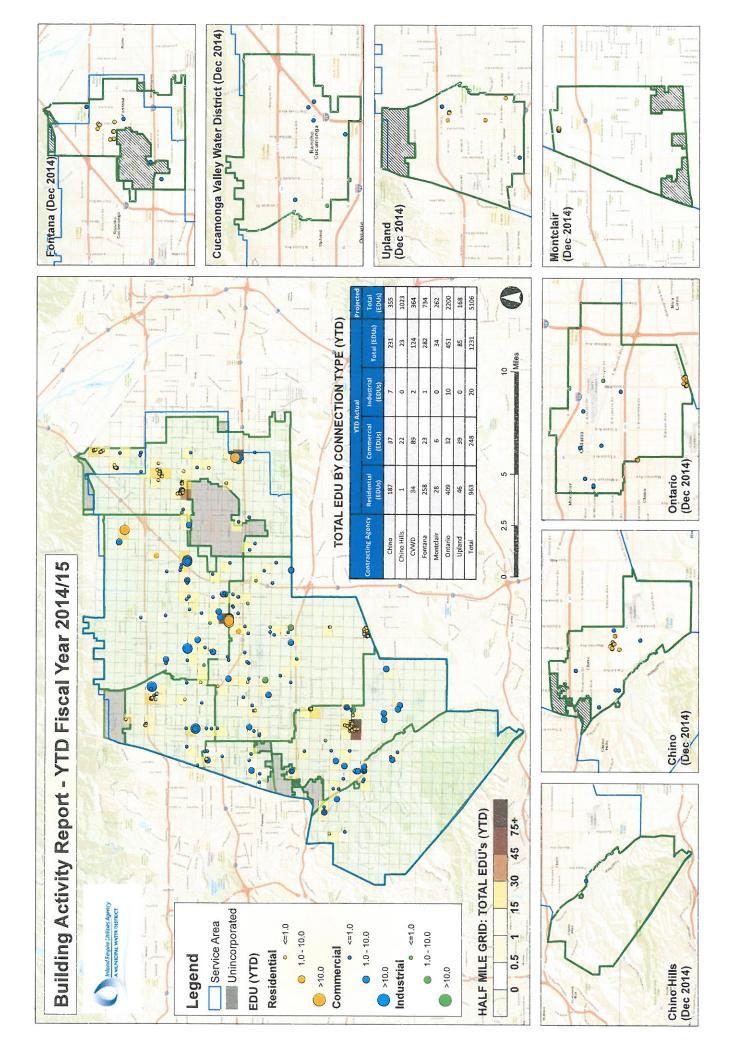
		CALLED ARROW H V/ V VANIE
AGENCY	PRO RATA SHARE OF REGIONAL FLOW	ALLOCATION Through Dec. 2014
Chino	10.67%	472 AF
Chino Hills	9.19%	406 AF
CVWD	24.37%	1,077 AF
Fontana	19.18%	848 AF
Montclair	4.33%	191 AF
Ontario	22.12%	977 AF
Upland	10.14%	448 AF
Subtotal	100.00%	4,419 AF
	JCSD Allocation (20% MZ3 RW GWR)	362 AF
	Total RW GWR (through Dec. 2014)	4,781 AF
	Total RW DEMANDS (through Dec. 2014 includes GWR)	19,337 AF



Questions?

RECEIVE AND FILE

5A



RECEIVE AND FILE **5B**

