



## **Regional Sewerage Program Technical Committee Meeting**

### **AGENDA**

**Thursday, March 31, 2016  
3:30 p.m.**

#### **Location**

Inland Empire Utilities Agency  
6075 Kimball Avenue  
Chino, CA 91708

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#### **Call to Order and Roll Call**

##### **1. Action Items**

- A. Approval of the February 25, 2016 Meeting Minutes

##### **2. Informational Items**

- A. Regional Sewage Service Contract Amendment Recycled water
- B. Regional Capital Program Update
- C. Fiscal Year 2016/17 Budget Update
- D. Ten-Year Capital Improvement Plan Update

##### **3. Receive and File**

- A. Draft Regional Policy Committee Agenda
- B. Building Activity Update
- C. Recycled Water Distribution - Operations Summary
- D. Fiscal Year 2015/2016 2<sup>nd</sup> Qtr. Budget Variance

##### **4. 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 28, 2016

##### **5. Adjournment**

**DECLARATION OF POSTING**

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I, Laura Mantilla, 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 Monday, March 28, 2016.

  
Laura Mantilla

**ACTION  
ITEM  
1A**



## **Regional Sewerage Program Technical Committee Meeting**

### **MINUTES OF FEBRUARY 25, 2016 MEETING**

#### **CALL TO ORDER**

A regular meeting of the IEUA/Regional Sewerage Program – Technical Committee was held on Thursday, February 25, 2016, at the Inland Empire Utilities Agency located at 6075 Kimball Avenue, Chino, California. Scott Burton, City of Ontario called the meeting to order at 3:30 p.m.

#### **ATTENDANCE**

##### **Committee Members:**

Scott Burton (alternate)	City of Ontario
Jesus Plasencia	City of Chino
Chuck Hayes	City of Fontana
Mike Hudson	City of Montclair
Rosemary Hoerning	City of Upland
Braden Yu (alternate)	Cucamonga Valley Water District
Steve Nix	City of Chino Hills
P. Joseph Grindstaff	Inland Empire Utilities Agency

##### **Absent Committee Members:**

Ryan Shaw	City of Ontario
John Bolser	Cucamonga Valley Water District

##### **Others Present:**

Chris Berch	Inland Empire Utilities Agency
Sylvie Lee	Inland Empire Utilities Agency
Andy Campbell	Inland Empire Utilities Agency
Bill Leever	Inland Empire Utilities Agency
Jose Alire	City of Chino
Craig Proctor	Inland Empire Utilities Agency
Christina Valencia	Inland Empire Utilities Agency
Javier Chagoyen-Lazaro	Inland Empire Utilities Agency
Teresa Velarde	Inland Empire Utilities Agency

**Others Present (continued):**

Shaun Stone	Inland Empire Utilities Agency
Randy Lee	Inland Empire Utilities Agency
Jean Cihigoyenetch	Inland Empire Utilities Agency
Craig Proctor	Inland Empire Utilities Agency

**1. APPROVAL OF THE MINUTES**

**A. Minutes of January 28, 2016 Meeting**

**Motion:** By Mike Hudson/City of Montclair and seconded by Chuck Hays/City of Fontana to approve the minutes of the January 28, 2015 Technical Committee meeting. Motion carried.

**3. INFORMATIONAL ITEMS**

**A. Regional Sewage Service Contract Amendment - Recycled Water**

Sylvie Lee reported that on January 28, the Committee approved the Recycled Water Policy Principles. She indicated that a Special Technical Committee Meeting was held on February 10, 2016, where draft language on the Regional Contract Amendment was developed. She pointed out that there are two resolutions: One is for the implementation of the Recycled Water Surcharge for Use Over Entitlement and the second resolution is for establishing amendments to the Regional Contract based on the adoption of the Recycled Water Policy Principles.

Ms. Lee stated that a procedural document on how to go through the allocation process with the Chino Basin Watermaster was also included in the staff memo. She noted that some of the comments received were to streamline the documents and that IEUA was in the process of completing them. She indicated that a Special Technical Committee meeting would be held on March 9, at 1:30 p.m. to work on the language for the regional contract amendment of Sections 15 and 16. She indicated that a notice of resolution for the intent to do the modification to the Regional Contract would be presented to the IEUA Board in April. The item will come back through the Committees in April and May with the final proposed adoption date in June 2016 for the IEUA Board.

Ms. Lee reviewed the schedule of approval for the Regional Contract Amendment and the Committee discussed in length the regional contract and the approval process. Mr. Hudson requested section 30B of the Regional Contract. Mr. Berch indicated he would email the information to the Committee.

Ms. Lee stated that the action the Technical Committee will be taking is the last Thursday of May to provide the recommendation to the IEUA Board. By the fourth Thursday of May and the first Policy meeting in June, if determined necessary, each of the agencies should have taken it to each of their council. Ms. Lee will create a schedule and send it out. Joe Grindstaff stated that the adoption of the amendment not be delayed so that the amendment along with the rate resolution can be adopted prior to July 1.

**B. Regional Sewage Service Contract Amendment - Recycled Water**

Craig Proctor gave an update on the regional contract revision. He explained that at the last workshop, a high-level term sheet was distributed and the Committee reviewed the items that were important and provided feedback. He stated that since the contract is 40 years old, it is very antiquated. The contract language will be developed into a term sheet at the workshops over the next several months.

Mr. Proctor stated that Exhibit J was reviewed and it has complicated calculations using fixture count and sewage factors, while there are easier ways of doing it. Mr. Proctor indicated a draft RFP was circulated to the Committee. The Committee was invited to participate in the consultant selection process. In addition, Mr. Proctor stated that the use of property tax for program funding is another item for discussion.

**C. Regional Contract Audit Notification Process**

Teresa Velarde reported that the Committee was provided with the Regional Contract Audit Notification Process Letter. IEUA is looking forward to collaborating with the member agencies to determine the best process to move forward. Last month the Committee received the final internal audit report. Based on the findings, there is a significant economic impact to the regional program, due to uncollected fees.

Ms. Velarde stated that a collaboration needs to happen between IEUA and contracting agencies to determine what the impact was. An assessment of how much of the connection fees should have been collected could not be determined without doing a physical inventory of the fixture units at the location site. Mr. Berch indicated the next step would be to either further evaluate this, or if the data was adequate to bring back to this group. Mr. Grindstaff stated that IEUA would need to work with the contracting agencies and their staff to determine the right amount to collect.

**4. RECEIVE AND FILE**

**A. Pretreatment Committee Minutes**

The Pretreatment Committee Minutes were received and filed by the Committee.

**B. Draft Regional Policy Committee Agenda**

The draft Regional Policy Committee Agenda was received and filed by the Committee.

**C. 2015 Energy Management Plan**

The 2015 Energy Management Plan was received and filed by the Committee.

**D. Water Purchase and Storage Agreement**

Mr. Burton asked IEUA staff to provide further information on item 4D. Mr. Berch reported that late last year IEUA had a meeting with Cucamonga Valley Water District (CVWD) regarding their challenges in meeting the minimum flow requirements necessary from their point of connection to the Metropolitan Water District (MWD). They are required to take 10 percent of the flow at all times, which is 15 cubic-feet. Their demands had dropped significantly due to conservation. CVWD found

that they had to either take 15 cubic feet per second or shut their plant down, so they were cycling the plant back and forth. In parallel, IEUA has been working towards the development on a Chino Basin groundwater storage account for several years.

IEUA and CVWD came up with a collective approach to have IEUA purchase water to make up the incremental minimum flow that is necessary for CVWD. In proportion to that, CVWD will hold water in storage under IEUA's name within CVWD Chino Basin storage account. The agreement is included in the package. If it is something that other agencies are interested in using through perhaps WFA or Fontana Water Company, use the terms as a framework for further discussions with IEUA.

## **5. OTHER BUSINESS**

### **A. IEUA General Manager's Update**

- Mr. Grindstaff stated that the MWD rates will be going up this coming year, an increase of 12.5 percent would be very significant. To hold increases down, MWD is bonding for some of the work they have been doing with Pay-go. MWD's projections moving forward are 4.5 percent a year without the future potential lawsuit impact that is currently being adjudicated. If the court case actually happens and MWD loses on appeal, IEUA member agencies could be impacted by about 10 percent higher rates above those currently being projected.
- Mr. Grindstaff reported that Felicia Marcus had indicated that it is less likely that they will remove the conservation requirements in April because the month of February was so dry, the amount of the water stored, and the snowpack is currently 92%. He indicated that with the cost of water going up significantly and the requirement on sales are likely to remain stringent so that puts member agencies in a tighter position.

### **B. Committee Member Requested Agenda Items for Next Meeting**

None

### **C. Committee Member Comments**

None

### **D. Next Meeting – March 31, 2016**

## **6. ADJOURNMENT – Meeting adjourned at 4:18 p.m.**

**INFORMATION  
ITEM  
2A**



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Date: March 31/April 7, 2016  
To: Regional Committees  
From: Inland Empire Utilities Agency *Chen*  
Subject: Regional Sewage Service Contract Amendment for Recycled Water

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### **RECOMMENDATION**

This is an informational item for the Regional Committees regarding the Regional Sewage Service Contract Amendment for Recycled Water.

### **BACKGROUND**

The Inland Empire Utilities Agency (IEUA) and its contracting agencies have developed a successful regional Recycled Water Program for both direct use and groundwater recharge. In 2000, the region identified that recycled water use was a critical component in drought-proofing and maintaining its economic growth. With imported water rates increasing and long-term imported supply reliability in decline, the region committed to aggressively and proactively develop local water supplies to offset these impacts. This set the path for the development of a regional recycled water distribution system.

While the foundational commitment to beneficial reuse of recycled water has remained unchanged, some fundamental concepts have been questioned over the past few years, particularly since 2011. This resulted in the region working together to develop Recycled Water (RW) Policy Principles to address the changes since the inception of the program. At this time, several contracting agencies are struggling with the inherent conflict between use in excess of “base entitlement”, as defined by the Regional Sewage Service Contract (Regional Contract), and the prioritization of direct use over groundwater recharge. The struggle has led some contracting agencies to be concerned about their local benefit and perceived inequities.

In order to move forward together as a region, it was appropriate to reevaluate and affirm the regional RW Policy Principles prior to implementing any remaining significant system improvements to the Recycled Water Program and to clarify how these principles would govern the future benefits received by all IEUA contracting agencies.

Over the past several months, IEUA and the contracting agencies collectively provided input and guidance to finalize recommendations on the RW Policy Principles. The RW Policy Principles resulting from these discussions were unanimously approved during the January 28, 2016 and March 3, 2016 Regional Technical and Policy Committee meetings respectively. Additionally, the IEUA Board adopted the RW Policy Principles at its March 16, 2016 Board meeting.

Based on the adopted RW Policy Principles, IEUA has amended Sections 15 and 16 of the Regional Contract. The proposed amendments to the Regional Contract are summarized below:

- Amend language regarding Contracting Agency base entitlement and use above base entitlement.
- Add language defining method of providing replacement water for Contracting Agency use above entitlement.
- Add language defining temporary entitlement for the City of Chino until June 30, 2023.
- Add language defining surcharge rate for use exceeding temporary entitlement.
- Add language clarifying the Contracting Agencies acknowledge IEUA is currently meeting the Santa Ana River Judgement obligation with recycled water.
- Add language memorializing the 2013 IEUA/JCSD agreement which allows JCSD the right to purchase recycled water recharged in Management Zone 3 until 2025.
- Add language defining recycled water system operation priorities.
- Delete outdated language regarding entering into agreements for right of first purchase and exercise of base entitlement at various discharge points.

While IEUA and the contracting agencies have reviewed, discussed and agree with the Recycled Water Policy Principles that are the basis for the proposed amendments to Sections 15 and 16 of the Regional Contract, there is a general disagreement amongst the parties on the amendment process specified in section 30.B of the Regional Contract. The parties will continue to collaboratively work through the amendments to the Regional Contract, including section 30B, over the next several months. The parties acknowledge that regardless of the approval process used for this action, it will not set a precedent for future contract amendments.

Special Technical Committee workshops will be scheduled as needed to accommodate finalizing the draft amendment language to sections 15 and 16 before the proposed scheduled adoption by the IEUA Board with the schedule for adoption as follows:

- IEUA Board Approve Resolution for Intent to Modify Contract      April 6, 2016
- Member Agencies Advise Council/Board of Contract Amendment      April-May 2016
- Tech. Committee Recommendation for Amendment Approval      May 26, 2016
- Policy Committee Recommendation for Amendment Approval      June 2, 2016
- IEUA Board Public Hearing and Adoption of Amendment      June 15, 2016

As an addendum, the RW Policy Principles provided during the March 3, 2016 Policy Committee meeting inadvertently had a typographical error under Policy Principle No. 3.1.i. The section read, *“This entitlement will be used for each contracting agency’s Santa Ana River discharge obligations, direct use, and/or regional recharge”*. The section should have read, *“This entitlement may be used for Santa Ana River discharge obligations, direct use and/or regional recharge.”* The corrected policy principles are included as an attachment to this letter.

Attachments: 1. Regional Contract Amendment Sections 15, 16 draft  
2. RW Policy Principles

## RECYCLED WATER POLICY PRINCIPLES

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### Introduction

The Inland Empire Utilities Agency (IEUA) and its contracting agencies have developed a successful regional Recycled Water Program for both direct use and groundwater recharge. As the Program continues to advance, it is important to summarize and update the history, operating philosophies, and policy principles on which the Program was founded.

In 2000, the region identified that recycled water use was a critical component in drought-proofing and maintaining its economic growth. With imported water rates increasing and long-term imported supply reliability in decline, the region committed to aggressively and proactively develop local water supplies to offset these impacts. This set the path for the development of a regional recycled water distribution system and a Recycled Water Implementation Plan.

The use of recycled water presented several advantages to the region: it is one of the most significant and underutilized sources of local water supply; it is reliable during drought and climate change conditions; and it requires significantly less energy than imported water to deliver to customers thus reduces greenhouse gas emissions. The development of recycled water is the cornerstone of a larger regional initiative to improve water supply reliability through enhanced local supplies. IEUA, in partnership with its contracting agencies and Chino Basin Watermaster (CBWM), invested over \$600 million over the last fifteen years in water recycling, conservation, recharge improvements, the MWD groundwater storage and recovery project, the Chino Desalter, and other water management programs. These programs collectively reduce the region's need for imported water especially during drought or conditions when imported water supplies are not available. In addition to the region switching large potable water users to recycled water, IEUA and CBWM obtained a landmark permit in 2005 for groundwater recharge using IEUA's high-quality recycled water.

By 2007, Southern California was experiencing one of its driest years with the potential for entering an extended drought period. The State of California subsequently made water recycling an important element of California's water supply policy and adopted a statewide goal of achieving 1,000,000 acre-feet (AF) of reuse by 2010. In response, in November 2007 IEUA and its contracting agencies unanimously adopted and committed to implement the Three Year Recycled Water Business Plan which laid out a focused and cost-effective approach to rapidly expand the availability and use of recycled water within IEUA's service area.

By 2014, over \$250 million has been invested into the implementation of a robust Recycled Water Program. The region has achieved Program success by leveraging heavily on grant funding and loans. With unanimous regional support, annual recycled water use grew from approximately 5,000 AF in FY 04/05 to over 38,500 AF in FY 13/14. Critical to the economical and efficient operation of the system, each contracting agency made commitments to complete initiatives with the goal to increase direct reuse within their service areas. While some contracting agencies accomplished or far exceeded their local goals, some contracting agencies have not been able to fully achieve their original commitments.

The region's goal to maximize the beneficial use of recycled water has not changed. However, the commitment to connect additional recycled water users has stagnated over the past few years. At this time, several contracting agencies are struggling with the inherent conflict between use in excess of "base entitlement" (as defined by the Regional Sewage Service Contract) and the prioritization of direct use over groundwater recharge. The struggle has led some contracting agencies to be concerned about their local benefit and perceived inequities.

In order to move forward together as a region, it is appropriate that we reevaluate and affirm the regional Recycled Water Policy Principles, in order to guide the updates to the Regional Sewer Service Contract, prior to implementing any remaining significant system improvements to the Recycled Water Program and to clarify how these principles will govern the future benefits received by all IEUA contracting agencies.

### **Draft Recycled Water Policy Principles**

*These principles are not binding. These principles are intended to be a framework for the development of regional contract amendment.*

#### **1. Maximize the beneficial use of recycled water to enhance local water resource availability and reduce reliance on imported water for the benefit of the region/contracting agencies.**

1. Continue the development of the Regional Recycled Water infrastructure by providing equitable access for the contracting agencies to achieve reuse of 50,000 AF/year by 2025.
2. Pursue the long term acquisition of recycled water from out of service area sources to supplement the regional supply.
3. Pursue the long term transfer of recycled water from IEUA service area in exchange for supplemental water supply.
4. The parties acknowledge that IEUA is currently meeting the SAR Judgement obligation with recycled water.

#### **2. Promote efficient application and use of recycled water as a reliable and fundamental component of drought-proofing the IEUA service area.**

1. Ensure efficient use of recycled water at the point of use, consistent with rules and expectations of responsible potable water use and laws governing the use of recycled water.

#### **3. The regional recycled water entitlement will be based on the following:**

1. Contracting agency entitlement based on wastewater contribution, future external supplies and any acquisition of another contracting agency's unused entitlement.
  - i. This entitlement may be used for Santa Ana River discharge obligations, direct use and /or regional recharge.
  - ii. The parties acknowledge that the obligation created by the SAR judgment is a regional obligation.

2. Contracting agency use above entitlement, as described in 3.1, will require replacement water (ie. Stored water, supplemental water, surcharge, acquisition of another contracting agency's unused entitlement, etc...) be passed on to contracting agencies with surplus entitlement, with the exception of the below in 2.ii.
  - i. This entitlement may be used for Santa Ana River discharge obligations, direct use or regional recharge.
  - ii. If a contracting agency's current direct use exceeds entitlement, current direct use corresponding to existing customers will be temporarily substituted for entitlement until June 30, 2023, as defined in section 3.1. In addition, groundwater recharge allocations will be curtailed and redistributed to the other agencies under entitlement during the temporary period. Any new connections that require additional supplies above an agency's entitlement and the current grandfathered amount will require replacement water.
4. **The regional recycled water system will be operated based on the following priorities for recycled water deliveries:**
  1. Minimal operational discharges (instrumentation, environmental obligations, etc.)
  2. Contracting agency deliveries
  3. Regional groundwater recharge
5. **Meet peak recycled water direct demands through coordinated demand management of recycled water deliveries.**
  1. Large users will have pressure sustaining valves to ensure that overall regional demands are reliably met.
6. **Maintain a financially viable recycled water program with rates that incentivize use of all available recycled water and that provides funding to achieve full cost-of-service for the recycled water program.**
  1. Set recycled water rates that cover the full cost of Operations & Maintenance (O&M) and Rehabilitation & Replacement (R&R) for the system.
7. **Maximize the use of recycled water capital investments made by IEUA and its contracting agencies with recycled water use within the region.**
  1. Contracting agencies shall substantially fulfill prior recycled water connection commitments for all existing infrastructure.
  2. Firm contracting agency commitments for recycled water use will drive new regional investments.
  3. Expand regional system to maximize groundwater recharge opportunities.

## **Section 15. CONTROL AND DISPOSITION OF SEWAGE-CONTRACTING AGENCIES RIGHT OF PURCHASE OF RECYCLED WATER**

### **A. General**

Subject to the provisions of this Section 15 and Section 16, IEUA shall have total ownership and control of all sewage delivered into the Regional Sewerage System for the purpose of transmission, treatment and disposal thereof; subject to the right of first purchase by any Contracting Agency, the use of all recycled water from the Regional Sewerage System shall be within the sole discretion of IEUA. If any Contracting Agency exercises its right of first purchase of recycled water, then such agency shall have the total ownership and control of all recycled water delivered to it and the use thereof shall be within the sole discretion of that agency.

### **B. Right of Purchase of Recycled Water**

Each Contracting Agency, at its option, shall have the right of first purchase of recycled water as provided in Section 16 hereof.

## **Section 16. SALE, BENEFICIAL USE OR DISPOSAL OF RECYCLED WATER**

### **A. Purchase of Recycled Water from IEUA**

Each Contracting Agency shall have the right of first purchase from IEUA of recycled water in a total quantity not exceeding the base entitlement of the Contracting Agency.

### **B. Base Entitlement of Contracting Agencies**

Contracting Agency base entitlement will be determined based on wastewater contribution to the recycled water supply. Recycled water supply shall mean wastewater less normal processing losses resulting from the treatment of sewage. Base entitlement may be used for Santa Ana River discharge obligations, direct use and/or regional recharge.

### **C. Contracting Agency Use Above Base Entitlement**

1. The use of recycled water above a Contracting Agency's base entitlement, will require that Contracting Agency to provide replacement water, collected by IEUA, and passed on through the Chino Basin Watermaster to contracting agencies with surplus entitlement, with the exception of paragraph a below. Replacement water shall be provided in a quantity equivalent to the amount of use exceeding base entitlement.
  - a. Temporary Entitlement
    - i. Currently the City of Chino exceeds its base entitlement.
    - ii. Temporary entitlement shall be provided to the City of Chino for the time period of July 1, 2016 through June 30, 2023 and shall be based on the customers that were connected to the system in Fiscal Year 2014-15.
    - iii. The temporary entitlement for the City of Chino shall be 8,324 AFY based on the Fiscal Year 2014-15 usage.
    - iv. To the extent that annual usage for existing customers exceeds the temporary entitlement of 8,324 AFY, surcharges will apply for that year.
    - v. Commencing Fiscal Year 2016/17 any new customers shall have the surcharge rate apply, until such time the usage is less than base entitlement.
2. If use exceeds base entitlement, groundwater recharge allocations will be curtailed and redistributed to other Contracting Agencies with surplus entitlement through Chino Basin Watermaster.
3. The annual amount of replacement water for any Contracting Agency exceeding entitlement will be calculated by IEUA as a reconciliation on the annual usage and the base entitlement, within 90 days following the end of each fiscal year. IEUA shall send written notice to all Contracting Agencies setting forth the amount of replacement

water that the respective Contracting Agency is required to provide from sources, and in the manner set forth below.

4. Any Contracting Agency exceeding its base entitlement shall provide replacement water by one of the following means:
  - a. Stored water in the Chino Groundwater Basin,
  - b. Acquisition of another contracting agency's unused entitlement, or
  - c. Payment of surcharge rate to IEUA per the rate resolution in effect.
5. Contracting Agencies exceeding entitlement that have alternative means of providing replacement water shall provide documentation of the source and amount of replacement water to IEUA within 90 days following reconciliation of the usage.
  - a. If Contracting Agency exceeding entitlement pursues transfer of stored groundwater through Chino Basin Watermaster, IEUA shall verify the replacement water and calculate the quantities of replacement water for Contracting Agencies with surplus entitlement.
  - b. If Contracting Agency exceeding entitlement acquires entitlement from another agency, the Contracting Agency exceeding entitlement shall provide such written documentation confirming the transaction to IEUA.
6. If Contracting Agency exceeding entitlement has not provided the required documentation for replacement water within 90 days of notification from IEUA, IEUA shall bill Contracting Agency the surcharge rate for replacement water.
7. If IEUA purchases replacement water, the purchase will occur within 12 months following the surcharge payment by the Contracting Agency, beginning with the lowest cost water. The Contracting Agency obligated to purchase replacement water shall pay



the established groundwater recharge allocation rate, or the then established rate by IEUA for the replacement water. IEUA will calculate the quantities of credit of replacement water for affected Contracting Agencies.

8. If IEUA is requested, in writing, by a Contracting Agency for credit towards the replacement water in lieu of the replacement water, IEUA shall credit the Contracting Agency within 90 days of such notice from the Contracting Agency.

#### D. Delivery Points

Unless otherwise agreed by IEUA, the delivery point or points of any Contracting Agency exercising its rights of first purchase of recycled water shall be approved by IEUA and shall be the discharge point or points of each Regional Treatment Plant or from the IEUA Regional Recycled Water System. The IEUA Regional Recycled Water System shall mean the system commencing from the recycled water pump stations at the Regional Treatment Plant, including the distribution pipelines and ancillary facilities to the discharge point.

#### E. Recycled Water System Operation

1. The regional recycled water system will be operated based on the following priorities for recycled water deliveries:
  - a. Minimal operational discharges (instrumentation, environmental obligations such as regulatory requirements or habitat flow, etc.)
  - b. Contracting Agency deliveries
  - c. Regional groundwater recharge
2. IEUA and the Contracting Agencies shall meet peak recycled water direct demands through coordinated demand management of recycled water deliveries. To ensure that overall regional demands are reliably met, IEUA shall coordinate with the Contracting

Agencies to install pressure sustaining equipment, in conjunction with the users with demands greater than 200 AFY. IEUA shall install and maintain the pressure sustaining valves for existing customers.

F. Delivery Facilities and Costs of Delivery of Recycled water

Delivery facilities shall consist of any facilities for the delivery of recycled water from the point of discharge of any Regional Treatment Plant to the point of use of the effluent. IEUA or any Contracting Agency may, at its own expense, acquire, construct, or make a contribution toward the financing of capital costs and maintenance and operation of any delivery facilities. IEUA, or any Contracting Agency or Agencies or any combination thereof, may provide for delivery facilities by contract entered into between or among themselves or with any other person or public or private entity.

G. Price for Purchase of Recycled water

Any Contracting Agency exercising the right of first purchase of recycled water shall be entitled to take delivery thereof at no cost, except for the costs of delivery, if any, of IEUA.

H. Use of Purchased Recycled water

Any Contracting Agency exercising its right of first purchase of recycled water may make any lawful use thereof, including beneficial use, sale, or other disposal and shall be entitled to retain all revenues received by it as a result thereof.

I. Contract for Joint Exercise or Transfer of Rights of First Purchase

Subject to the rights of IEUA hereunder, any or all of the Contracting Agencies may be contract provided for the joint exercise of any of their respective rights of first purchase of recycled water or for the sale, exchange or transfer of such rights. Certified copies of all such contracts shall be filed with IEUA by the parties thereto.

J. Disposition by IEUA of Unclaimed Recycled Water

To the extent that any of the Contracting Agencies fail to exercise their respective rights of first purchase of recycled water, IEUA may make any lawful use of such effluent, including beneficial use, sale or other disposition inside or outside the Chino Basin; provided, that:

1. IEUA shall not, for a consideration, sell or otherwise dispose of any recycled water for beneficial use inside the Chino Basin without review and approval by a majority of the Contracting Agencies; and
2. If IEUA, for consideration, sells or otherwise disposes of any recycled water for beneficial use inside or outside the Chino Basin, any portion of the consideration in excess of IEUA's net audited costs of reclamation and delivery shall be credited to the recycled water fund.
3. The Contracting Agencies acknowledge that IEUA is currently meeting the Santa Ana River Judgment obligation with recycled water.
4. The Contracting Agencies acknowledge that Jurupa Community Services District (JCSD) shall have the right to purchase up to 20% of the recycled water recharged in Chino Groundwater Basin Management Zone No. 3 (MZ-3). Regardless of the volume of recycled water recharged in MZ-3, the volume available to JCSD to purchase shall not exceed 950 acre-feet per year, reduced proportionally based on new groundwater recharge (imported or stormwater) recorded by Chino Basin Watermaster for the prior fiscal year, but not less than 750 acre-feet per year, as described in the 2013 Agreement between IEUA and JCSD which expires on September 7, 2025.

K. Measurement of Recycled Water

IEUA shall install, maintain, and operate measuring devices and equipment for the

measurement of deliveries of recycled water to the Contracting Agencies at a location or locations mutually agreed upon by IEUA and the Contracting Agencies. The measuring devices and equipment shall be examined, tested and serviced regularly to insure their accuracy. At any time, IEUA or any Contracting Agency may inspect any measuring devices and equipment and all records and measurements taken therefrom.

L. Notice of Proposed Delivery

Prior to the commencement of each fiscal year, notice of the delivery of recycled water shall be given as follows:

1. Request by IEUA

Between the first day of January and the first day of March of each year, IEUA shall request each Contracting Agency to provide IEUA with a schedule of new connections for the next five fiscal years with an estimated demand per customer.

2. Response by Contracting Agencies

Within 30 days of the date of each such request by IEUA, each Contracting Agency shall provide IEUA with the schedule requested pursuant to subpart 1 above; provided that if a Contracting Agency does not intend to exercise its right of first purchase, it need not respond in any manner to IEUA.

**INFORMATION  
ITEM**

**2B**

# Regional Capital Program Update

## March 2016



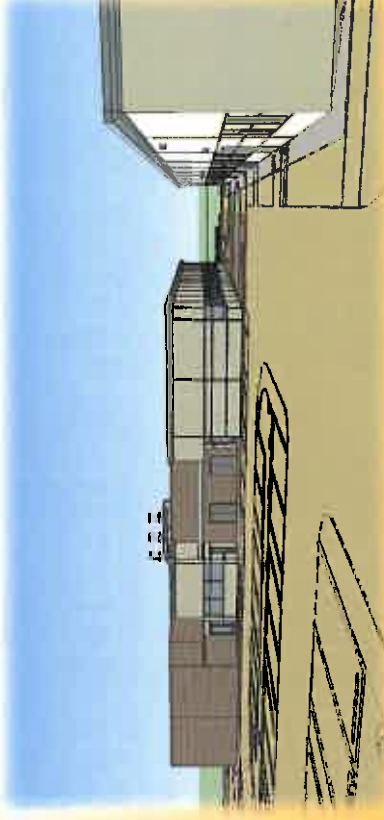
***Inland Empire Utilities Agency***  
**A MUNICIPAL WATER DISTRICT**

**Shaun J. Stone, P.E.**  
**Manager of Engineering**

# Water Quality Laboratory Project Location



**Southwest Elevation Rendering**



**East Elevation Rendering**



# Water Quality Laboratory

## Project Description/Highlights

- Existing Lab limited operational flexibility, expandability and poor building conditions
- Larger laboratory (17,000 sq ft)
- Central Chiller Plant upgrades
- Meet future sampling and testing needs
- Proper/safe environment to facilitate lab testing
- Laboratory work flow efficiencies
- SRF Loan/Grant funded
- Solar power system (~65 kW)
- Silver/Gold LEED rated building
- Public educational tours
- Five contractors prequalified in February 2016



South Elevation Rendering



# Water Quality Laboratory

## Project Cost/Schedule

Project Phase	Estimated Cost
Design	\$3,000,000
Construction (Lab, Central Plant, Solar)	\$20,900,000
Construction Management	\$2,600,000
Total Estimate Project Budget	\$26,500,000

Project Phase	Date
Advertise Bid	March 1, 2016
Project Bid Opening	March 29, 2016
Construction Contract Award	May 18, 2016
Project Completion	August 2018

# RP-1 Aeration Rehabilitation and Upgrades

## Project Location



# RP-1 Aeration Rehabilitation and Upgrades

## Project Background/Scope

### Project Background:

- Stringent current permit limitations
- Facilities Master Planning 2015:
  - RP-1 is near capacity at current flows to meet the nitrogen requirements
  - MLR identified as not cost effective way to gain facility capacity
- Aeration Basin Panels need repair/replace due to:
  - Decreasing performance and loss of efficiency
- Decreased performance/inefficiency leads to:
  - Higher energy costs
  - Reduced groundwater recharge options

### Scope of Work:

- Add mixed liquor return functionality
- Repair/Replace aeration basin panels



RP-1 Aeration Basin



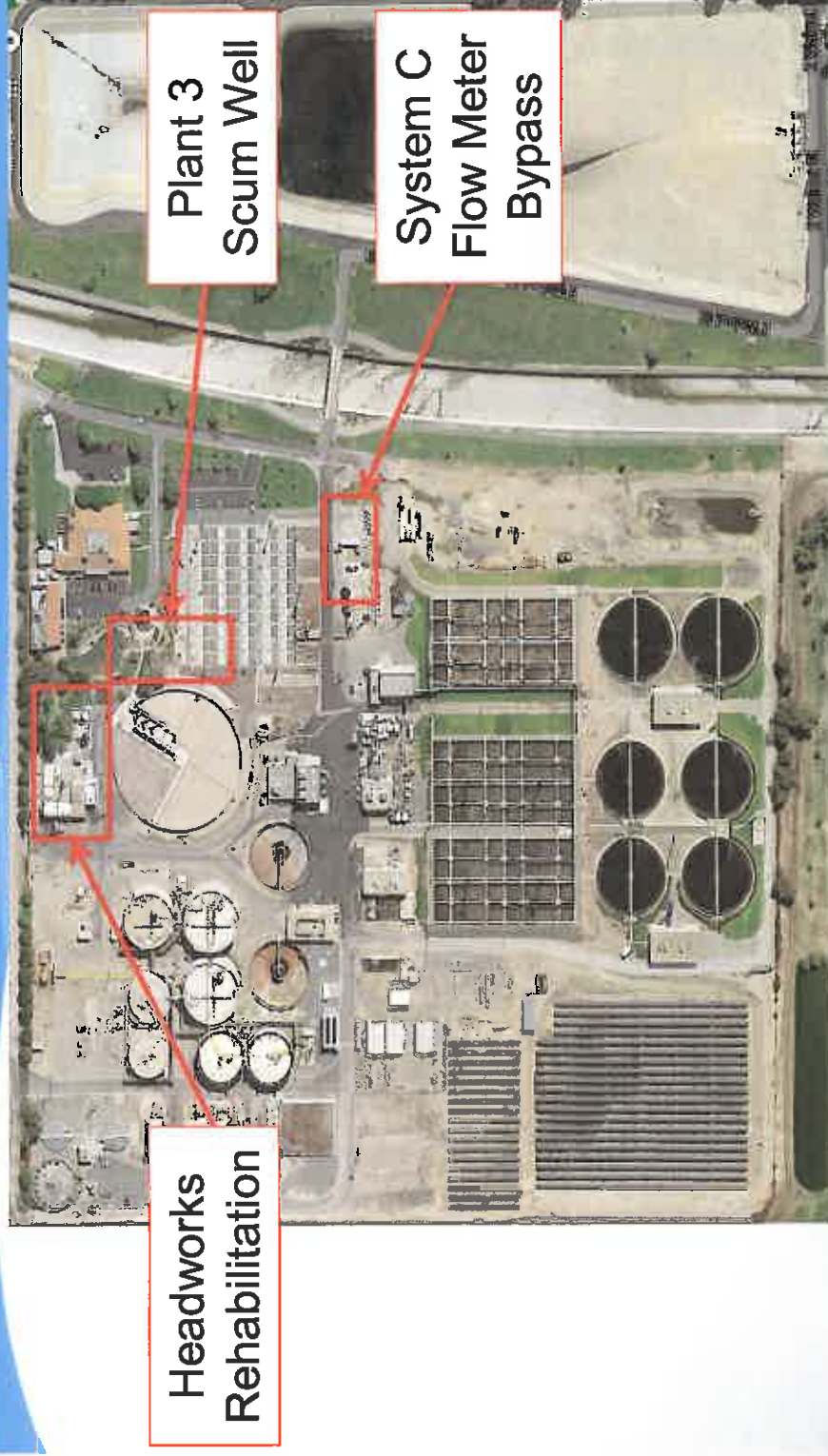
# RP-1 Aeration Rehabilitation and Upgrades

## Project Cost/Schedule

Project Phase	Estimated Cost
Design	\$720,000
Construction	\$6,500,000
Construction Management	\$1,200,000
Contingency (~10%)	\$850,000
Total Estimated Project Budget	\$9,270,000

Project Phase	Date
Design Completion	June 30, 2016
Construction Contract Award	August 17, 2016
Project Completion	December 2017

# RP-1 Headworks, Primary, and Secondary Upgrades Project Location



# RP-1 Headworks, Primary, and Secondary Upgrades

## Project Background/Scope

### Project Background:

- RP-1 Headworks Rehab
  - Condition assessments in 2009 & 2015
    - Leaking gates and Structural concrete degradation
- RP-1 Plant 3 Scum Well Upgrades
  - Single scum pump
  - MCC/PLC in the Primary Gallery are obsolete
- RP-1 Aeration Basin System C Flow Meter Bypass
  - Existing 36-inch Pump Station Flow Meter lacks bypass

### Scope of Work:

- RP-1 Headworks Rehab
  - Structural repairs of Headworks concrete
  - Replace Grit Removal system and non-operational gates
- RP-1 Plant 3 Scum Well Upgrades
  - Install two new scum pumps
  - Replace existing obsolete electrical components
- RP-1 Aeration Basin System C Flow Meter Bypass
  - Provide bypass to System C Flow Meter



**Headworks Structural  
Concrete Degradation**



**Scum Pump in  
Primary Gallery**



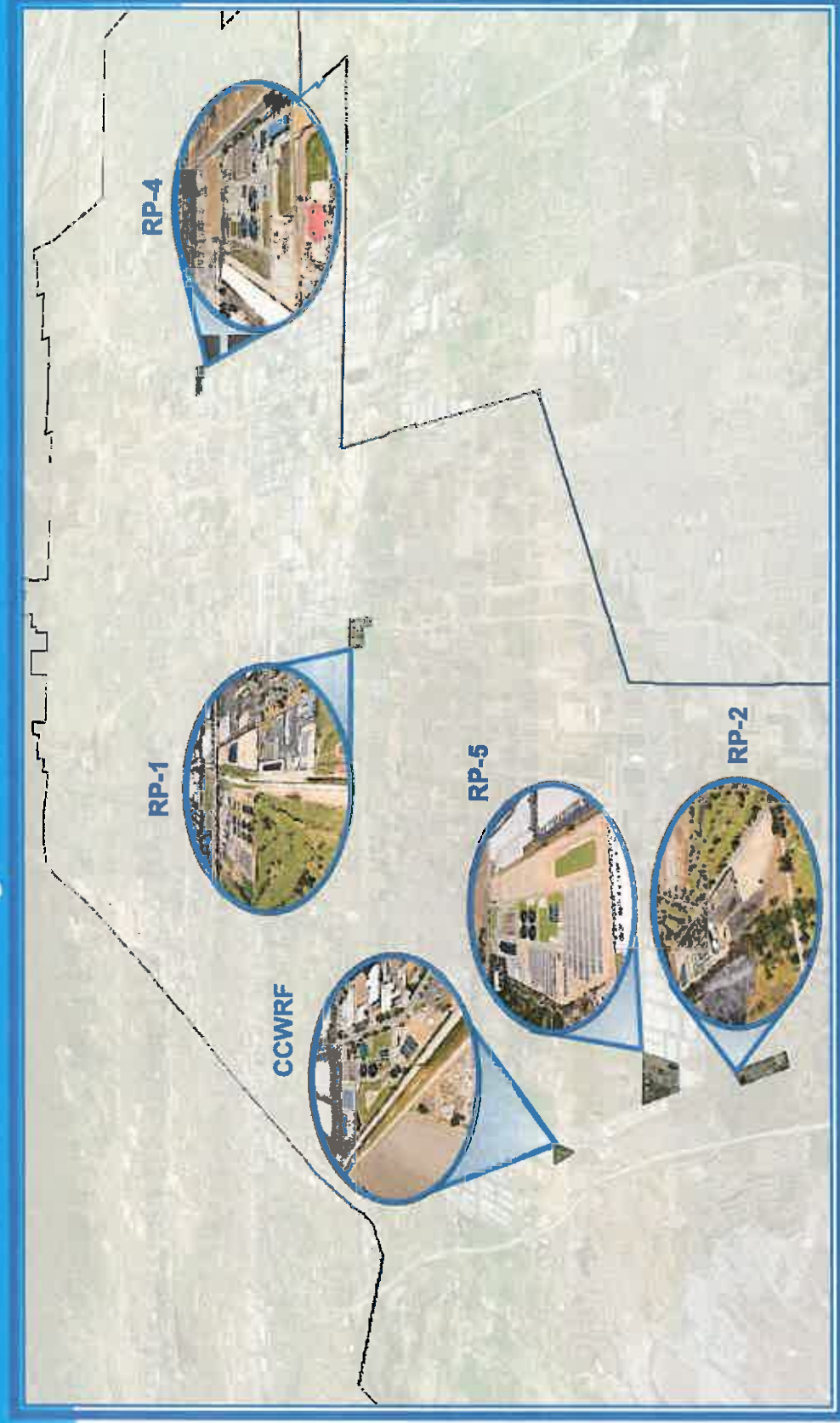
# RP-1 Headworks, Primary, and Secondary Upgrades

## Project Cost/Schedule

Project Phase	Estimated Cost
Design	\$1,100,000
Construction	\$3,000,000
Construction Management	\$600,000
Contingency (~10%)	\$500,000
Total Estimated Project Budget	\$5,200,000

Project Phase	Date
Design Completion	October 2016
Construction Contract Award	January 2016
Project Completion	November 2017

# RP-1 & RP-5 Expansion Project Locations





# RP-1 & RP-5 Expansion Project Background

- Wastewater Facilities Master Plan (WFMP) completed April 2015

Forecasted Influent Sewer Flows for RP-1 & RP-5				
Facility	Existing Capacity	2035 Flow	2060 Flow	Capacity Exceeded
RP-1	32 MGD*	33.1 MGD	36.3 MGD	2030
RP-5	15.0 MGD	20.2 MGD	27.2 MGD	2025

\* 2015 Wastewater Facilities Master Plan Modeled Capacity with Installation of MLR Pumps

- Requirement to expand RP-1 by 2030
- Requirement to expand RP-5 by 2025
- Relocate RP-2 to new RP-5 Solids Treatment Facility prior to USACE completing project to raise elevation of Prado Dam Spillway.

# Project Budget

Description	Projected Cost
Consultant Pre-Design Fee	\$2,500,000
Project Management (Internal Labor)	\$500,000
<b>Subtotal</b>	<b>\$3,000,000</b>
<b>RP-5 Solids Treatment Facility</b>	
Design & Project Management	\$25,000,000
Construction	\$111,000,000
<b>Subtotal</b>	<b>\$136,000,000</b>
<b>RP-5 Liquids Treatment Expansion</b>	
Design & Project Management	\$23,000,000
Construction	\$102,000,000
<b>Subtotal</b>	<b>\$125,000,000</b>
<b>RP-1 Liquids &amp; Solids Treatment Expansion</b>	
Design & Project Management	\$20,000,000
Construction	\$91,000,000
<b>Subtotal</b>	<b>\$111,000,000</b>
<b>Total RP-1 &amp; RP-5 Expansion Project Budget</b>	<b>\$375,000,000</b>



# Project Schedule

Project Phase	Date
PDR Engineering Services Contract Award	Jan. 20, 2016
Preliminary Design Report Completion	Jan. 20, 2017
Design Engineering Services Contract Award	Jun. 20, 2017
RP-5 Liquids Expansion & RP-5 Solids Treatment Facility Design Completion	Jun. 20, 2018
Construction Contract Award	Oct. 17, 2018
Construction Completion	Oct. 17, 2022
Design Engineering Services Contract Award	Oct. 18, 2023
RP-1 Liquids & Solids Treatment Expansion Design Completion	Apr. 16, 2025
Construction Contract Award	Sep. 17, 2025
Construction Completion	Sep. 17, 2029

RP-5 Expansion

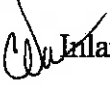


RP-1 Expansion



**INFORMATION  
ITEM  
2C**

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Date: March 31, 2016/April 7, 2016  
To: Regional Committees  
From:  Inland Empire Utilities Agency  
Subject: Fiscal Year 2016/17 Budget Update

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### **RECOMMENDATION**

This is an information item for the Regional Committees to review.

### **BACKGROUND**

This item was presented at the IEUA Board of Directors meeting on March 16, 2016. As stated in the staff report, this is a preliminary overview of the Fiscal Year 2016/17 amended budget. Updated fund reports will be provided in April, along with the TYCIP for Fiscal Years 2016/17 – 2025/26.



**Inland Empire Utilities Agency**  
A MUNICIPAL WATER DISTRICT

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Date: March 16, 2016

To: The Honorable Board of Directors

From: P. Joseph Grindstaff  
General Manager

Christina Valencia  
Chief Financial Officer/Assistant General Manager

Javier Chagoyen-Lazaro  
Manager of Finance and Accounting

Subject: Fiscal Year 2016/17 Budget Update

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**RECOMMENDATION**

This is an informational item for the Board of Directors to review.

**BACKGROUND**

Consistent with the IEUA Business Goal of Fiscal Responsibility to support long range planning, the Board of Directors (Board) adopted the Agency's first biennial budget in June 2015 for Fiscal Years (FYs) 2015/16 and 2016/17, along with the FY 2016 through 2025 Ten-Year Capital Improvement Plan (TYCIP).

While appropriations continue to be made annually under this process, a key objective of the biennial budget was to streamline the budget preparation process in the second year. This update review is intended to adjust the financial plan approved for FY 2016/17 based on current projections and needed changes. Since review of the TYCIP is just getting started, the primary focus of the midyear review will be on staffing, operating and maintenance (O&M) costs, and O&M program projects on a consolidated and fund level basis. Another key focus area are the imported water rates currently under review with the member water agencies.

**Staffing**

No change to the 290 authorized full time equivalent (FTE) staffing level is proposed for FY 2016/17. Year to date, the average vacancy factor of 10% has been well above the budgeted 4%. Even with the numerous recruitments currently underway, the vacancy factor through the end of the fiscal year is still projected to remain well below budget. A reduction in the FY 2016/17



vacancy factor from 3% to 2% is proposed. The reduction in the vacancy factor will help support the Agency's implementation of succession planning.

The Agency will continue to leverage limited term staffing and consultant services to assist with the execution of the TYCIP and related activities, such as grant sourcing and administration.

## **Program Fund Overview**

### **Water Resources (WW) Fund**

The decrease in imported water deliveries from Metropolitan Water District of Southern California (MWD) is a primary driver in the preliminary reductions projected for total revenues and expenses in the Water Resources (WW) fund. The restructuring of the imported water rates currently underway is another key factor. At the request of the member agencies, restructuring of the imported water rates was deferred last fiscal year. Rates remained unchanged from FY 2014/15. Discussions with member agencies resumed in January 2016, and are scheduled to be completed in April for final adoption in June 2016. The plan is to adopt multi-year rates through FY 2019/20 in alignment with the Agency's regional wastewater and recycled water program rates.

The proposed rates are consistent with the structure recommended by Carrollo Engineers and presented to the IEUA Board, Regional Policy Committee, and member agencies in February 2015.

The key objectives of the proposed rates remain:

- Equitable allocation of program costs to member agencies
- Sustainable structure that accounts for future changing conditions
- Stable revenue streams that fully support cost of service

To mitigate the impact to member agencies, a phased implementation of three or four years to achieve full cost of service was proposed. A summary of these scenarios is provided in the Appendix.

In consideration of the proposed 12.8% increase by MWD to the Tier 1 Untreated rate effective January 2017, and the preliminary agreement to address the use of recycled water over entitlement as defined in the Regional Sewage Service Contract, member agencies requested an extended phase-in period of seven (7) years to achieve full cost of service with the proposed imported water rates. The 7-year period aligns with the implementation of the recycled water surcharge for use over entitlement.

The 7-year implementation period is the basis for the WW fund preliminary update review. Included in the proposed rates is the phased recovery of employment costs over 4 years, as requested by member agencies. Below are the proposed meter equivalent unit (MEU) rates for FY 2016/17 through FY 2019/20. Annual increases of \$.10 per MEU are projected through FY 2022/23, the end of the 7-year implementation period, as indicated in Table 1 below.

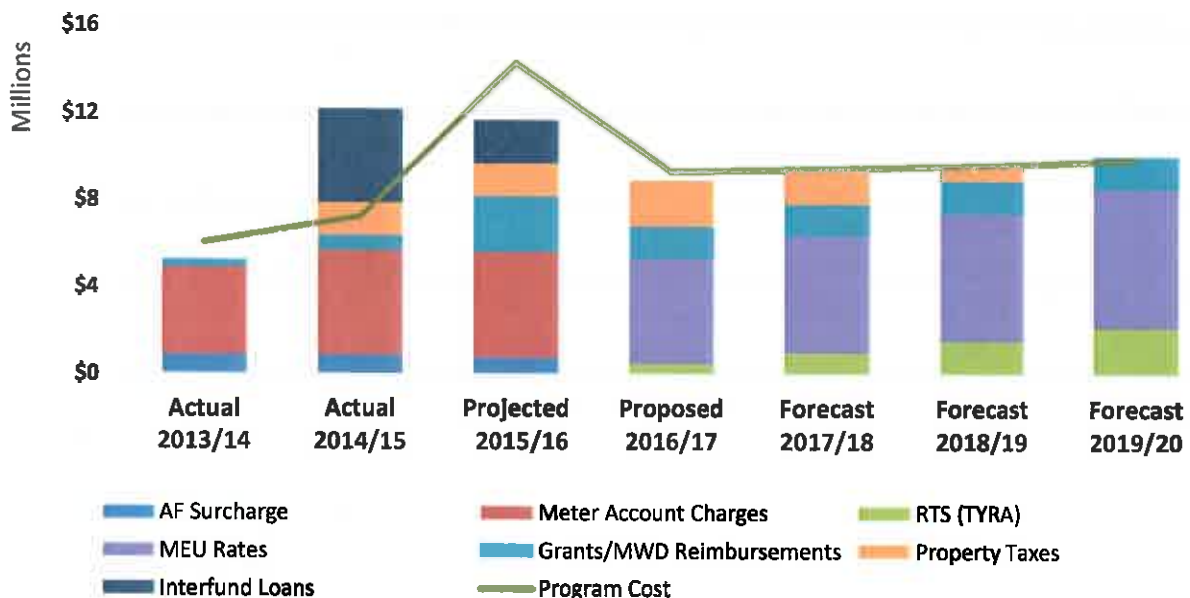
Table 1: Proposed MEU Rates for Cost of Service Recovery (Preliminary)

	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20
MEU Rate (\$/MEU)	\$1.00	\$1.10	\$1.20	\$1.30

Under all scenarios, the Readiness-to-Serve (RTS) pass-through charges from MWD will be fully recovered through a combination of a direct allocation based on consumption and the meter equivalent unit (MEU) rate. The basis for the direct allocation is consistent with MWD's ten year rolling average (TYRA) methodology. The higher MEU rates proposed under the 3-year and 7-year scenarios are due to a higher percentage of RTS charges not recoverable through the TYRA allocation and applied to the MEU rate.

Given the revenue shortfall in the existing rate structure and the proposed 7-year implementation plan, additional inter-fund loans and property tax subsidies will be needed to appropriately support program costs and maintain a positive fund balance. Figure 1 below provides a summary of the revenues and funding sources needed to support program costs each fiscal year through FY 2019/20. As indicated, property tax allocation will be needed to cover the shortfall in program costs not recoverable from the proposed water rates.

Figure 1: Program Costs Funding Sources



### Property Taxes and Inter-Fund Loans

The property tax revenue stream is projected to stabilize due to the housing market rebound and information from the County indicating that assessed values will grow strongly in the upcoming fiscal year. FY 2016/17 tax revenue projection growth was adjusted from 3% to 6%, resulting in an increase from \$42.4 million to \$43.6 million. Property tax revenue from FY 2016/17 through FY 2019/20 is projected at a total of \$182 million, is the major funding source supporting the



Agency's capital expenditures, debt services, and key programs that are consistent with the Agency's business goals.

Beginning in FY 2014/15, \$1.5 million in property taxes were reallocated to the WW fund from the Administrative Services (GG) fund. The property tax subsidy was intended to support future purchase and storage of supplemental water not covered by rates and charges. Given the shortfall in the existing rates and the proposed 77-year implementation period for the proposed rates; the property tax subsidies of \$7.4 million from FY 2015/16 through FY 2019/20 will instead be designated to support program costs not recovered by rates until rates recover full cost of service. Thereafter, property taxes allocated to the WW fund will be designated to support the purchase and storage of supplemental water.

In addition to the property tax subsidies, inter-fund loans have also been needed in the past to support program costs, such as the turf removal project. Included in the proposed amended budget are two additional inter-fund loans from the Regional Operations and Maintenance (RO) fund to the WW fund: \$2 million in the current fiscal year to support project costs, and \$3.2 million in FY 2016/17 to support supplemental water purchases. Table 2 below provides a summary of the inter-fund loans and the source fund:

Table 2: Inter-Fund Loan and Source Fund (\$Millions)

Source	Purpose	2014/15 Actual	2015/16 Projected Actual	2016/17 Proposed	Total
<b>GG Fund</b>	To support program expenses and the implementation and administration of regional drought and conservation projects. <i>Repayment to start in FY 17/18</i>	\$4.3	\$2.0	\$0.0	\$6.3
<b>RO Fund</b>	To support supplemental water purchases. <i>Repayment to start in FY 20/21</i>	0.0	0.0	3.2	3.2
	<b>Total</b>	<b>\$4.3</b>	<b>\$2.0</b>	<b>\$3.2</b>	<b>\$9.5</b>

A copy of the WW Fund Sources and Uses of Funds report is provided in the Appendix.

#### Recycled Water (WC) Fund

The major change in the preliminary midyear review for the Recycled Water (WC) fund is an estimated reduction of \$7.1 million in total revenues and other funding sources. The reduction is primarily due to a projected decrease in SRF loans and grants in FY 2016/17, which correlates to the execution of capital projects. The TYCIP update currently underway may adjust the program's

capital project execution timeline further impacting total revenues and expenses. Other changes include a \$300,000 decrease in debt service costs associated with the Central/Wineville SRF loan and an increase of \$800,000 in projected O&M project expenses. It is important to note the impending expiration of the MWD Local Projects Program (LPP) in June 2017, which provides \$2.1 million in revenues to the program.

A copy of the WC Fund Sources and Uses of Funds report is provided in the Appendix.

#### Regional Wastewater Operations & Maintenance (RO) Fund

No significant change in total revenues is proposed for the RO fund FY 2016/17 adopted budget. Proposed amendments in total expenses in FY 2016/17 include an additional inter-fund loan of \$3.2 million to the WW fund to support supplemental water purchases and \$3.0 million increase in O&M projects.

A copy of the RO Fund Sources and Uses of Funds report is provided in the Appendix.

#### Regional Wastewater Capital Improvement (RC) Fund

The RC fund records capital related activities for the Agency's regional wastewater system. Capital projects and debt service costs comprise the major portion of total expenses. The preliminary midyear review projects an increase of \$2.5 million SRF loan receipts for the predesign of the RP-1 & RP-5 Expansion Project. An \$800,000 net increase in expenses including a reduction of \$300,000 in interest expense for the 2008B bonds due to lower interest rates and an increase of \$1.1 million in O&M project expenses is projected. Updates to the TYCIP may result in further changes to total revenues and expenses.

No changes to the number of new wastewater connection units of 4,580 EDUs for FY 2016/17 is being proposed at this time. An evaluation of the projected number of new connections for both the wastewater and water systems will be conducted as part of the update to the Agency's Long Range Plan of Finance following the adoption of the FY 2016/17 Budget and 2017-2026 TYCIP.

A copy of the RC Fund Sources and Uses of Funds report is provided in the Appendix.

#### Other Program Funds

No significant changes are proposed for the Administrative Services (GG) Fund, or the Recharge Water (RW) Fund. The Non-Reclaimable Wastewater (NC) fund pass-through from LACSD and SAWPA for the North and South system, respectively, is anticipated to increase.

Copies of the Sources and Uses of Funds report for each of these funds are provided in the Appendix.

## Consolidated Expenses and Revenues

A preliminary net reduction of \$7.4 million in total expenses and other uses of funds is projected from the FY 2016/17 adopted budget as indicated in Table 3. Based on the preliminary evaluation of O&M costs, total expenses will be reduced from \$227.8 million to \$220.4 million. The primary drivers for the net reduction are summarized in Table 3 below:

Table 3: FY 2016/17 Preliminary Reduction to Total Expenses (\$Millions)

Expense	Description	Increase/(Decrease)
<b>MWD Water Purchases</b>	Deliveries reduced from 60,000 AF to 45,000 AF (5,000 AF IEUA storage)	(\$10.2)
<b>Operating Expenses</b>	Increase of \$0.9M in special O&M project costs and \$0.7M professional fees	\$1.6
<b>Capital Projects</b>	TYCIP update in progress	(\$1.5)
<b>Debt Service Costs</b>	\$3.2M inter-fund loan from RO to WW fund, less debt service costs of \$.6M for WC and RC funds	\$2.6
<b>Employment Cost</b>	Reduction in vacancy factor from 3% to 2%	\$0.1
<b>Net Reduction</b>		<b>(\$7.4)</b>

A preliminary net reduction of \$20.3 million in total revenues and other funding sources is projected from the FY 2016/17 adopted budget. Based on the preliminary evaluation, total revenues will be reduced from \$257.9 million to \$237.6 million. The primary drivers for the net reduction are summarized in Table 4 below:

Table 4: FY 2016/17 Preliminary Reduction to Total Revenues (\$Millions)

Expense	Description	Increase/(Decrease)
<b>MWD Water Sales (pass-through)</b>	Deliveries reduced from 60,000 AF to 45,000 AF (5,000AF IEUA storage)	(\$13.4)
<b>User Charges</b>	Changes in water rate structure	(\$4.2)
<b>Grants/Loans</b>	TYCIP update in progress	(\$6.5)
<b>Interest Revenue</b>	Lower projection	(\$0.6)
<b>Property taxes</b>	Projected 6% increase from planned 3%	\$1.2

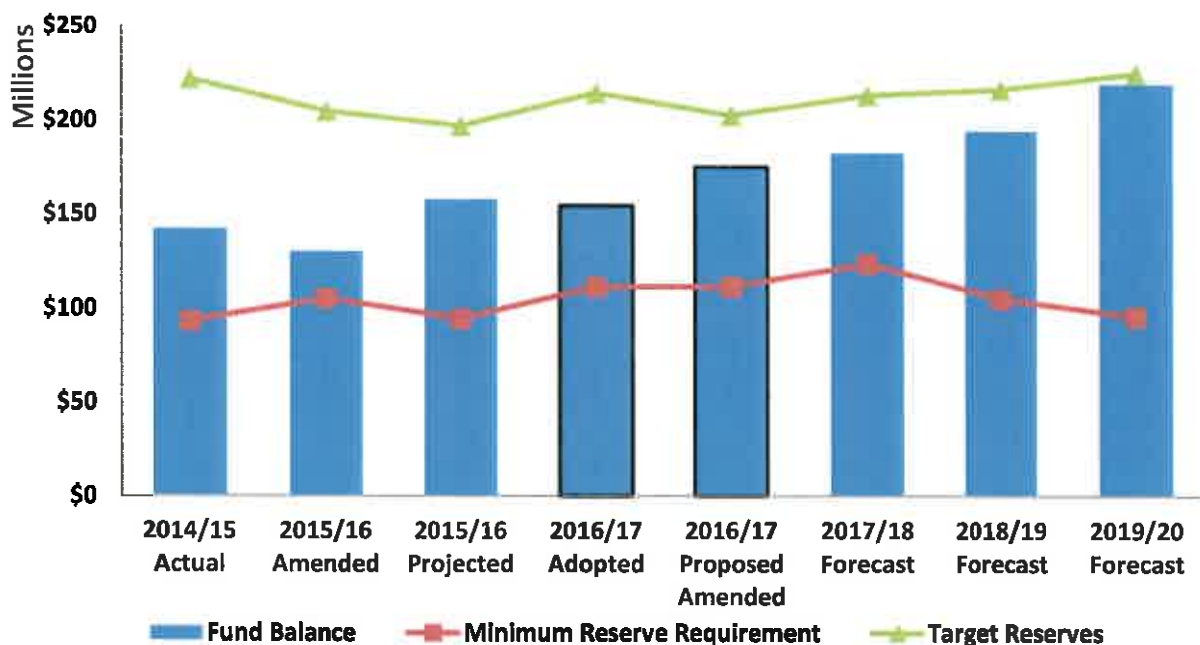
Expense	Description	Increase/(Decrease)
Inter-Fund Loan	From RO Fund to WW Fund to support water purchases	\$3.2
Net Reduction		(\$20.3)

Adjustments to the TYCIP and ongoing evaluation of operating activities may change the preliminary reductions to revenues and expenses.

### Consolidated Fund Balance

Based on preliminary net changes to total revenues and expenses, the consolidated fund balance is projected to be approximately \$20.7 million higher at the end of FY 2016/17, fund balance change total amount will be from \$154.5 million to \$175.2 million as shown in Figure 2. Ongoing adjustments to the TYCIP and total revenues and expenses will impact the estimated change in total fund balance.

Figure 2: Consolidated Fund Balance (\$Millions)



A copy of the Consolidated Sources and Uses Report is provided in the Appendix.

### Fiscal Ordinance Update

Fiscal Ordinance 90 (Ordinance) was last updated in June, 2012. The proposed updates include housekeeping items to bring the Ordinance up to date with current Agency practices including updating and adding of new definitions to more clearly define the policy objectives and responsibilities of the staff. Certain sections of the Ordinance were enhanced, combined and/or

shifted to better streamline the document. Highlights of the key changes are provided in the Appendix C. The Fiscal Ordinance will be brought to the Board for adoption in May 2016.

Copies of Fiscal Ordinance 90 and the proposed Fiscal Ordinance 102 are attached for review.

### **PRIOR BOARD ACTION**

On June 17, 2015, the Board of Directors adopted the Agency's Biennial Budget for FYs 2015/16 and 2016/17.

### **IMPACT ON BUDGET**

None.

#### **Attachments:**

Fiscal Ordinance 90

Proposed Ordinance 102

## Appendix A

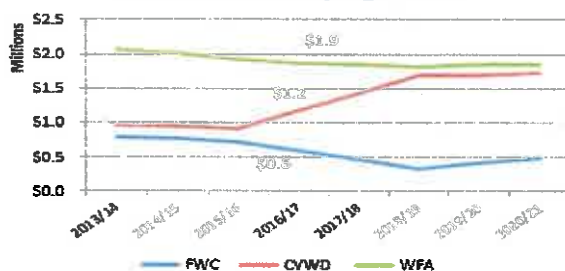
### Water Resources (WW) Fund

#### Preliminary Cost of Service Recovery in 3 Years

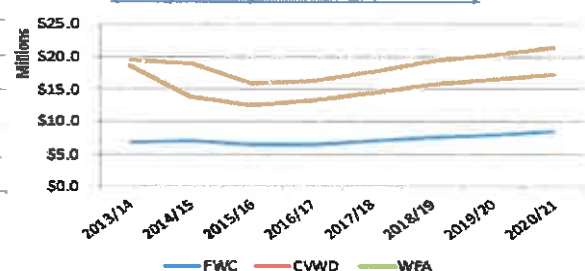


	2016/17	2017/18	2018/19	2019/20
MWD Tier I Purchase Cost (In Millions)	\$31.9	\$34.2	\$36.0	\$38.3
RTS - MWD Obligation (In Millions)	\$3.2	\$3.3	\$3.4	\$3.6
RTS Cost Recovery	30%	60%	100%	100%
Cost recovery % (Employment Expense Only)	30%	60%	100%	100%
AF Surcharge (current rate: \$15/AF)	\$0	\$0	\$0	\$0
Proposed Rate per MEU (\$/MEU)	\$0.95	\$1.00	\$1.05	\$1.10

RTS Revenues by Agencies



Total Revenues by Agencies (RTS, MEU, Water Purchase)



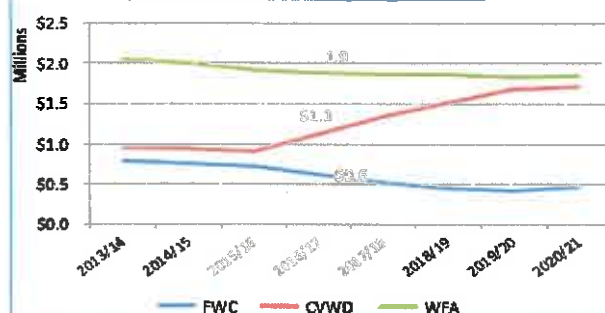
### Water Resources (WW) Fund

#### Preliminary Cost of Service Recovery in 4 Years

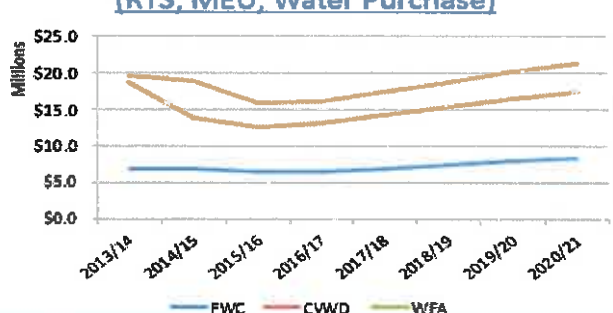


	2016/17	2017/18	2018/19	2019/20
MWD Tier I Purchase Cost (In Millions)	\$31.9	\$34.2	\$36.0	\$38.3
RTS - MWD Obligation (In Millions)	\$3.2	\$3.3	\$3.4	\$3.6
RTS Cost Recovery	25%	50%	75%	100%
Cost recovery % (Employment Expense Only)	25%	50%	75%	100%
AF Surcharge (current rate: \$15/AF)	\$0	\$0	\$0	\$0
Proposed Rate per MEU (\$/MEU)	\$0.90	\$0.95	\$1.00	\$1.10

RTS Revenues by Agencies



Total Revenues by Agencies (RTS, MEU, Water Purchase)



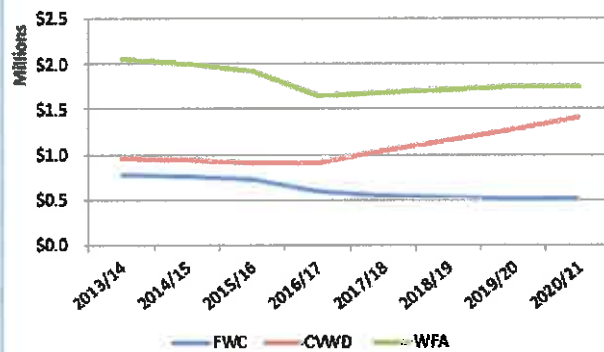
## Water Resources (WW) Fund

### Preliminary Cost of Service Recovery in 7 Years

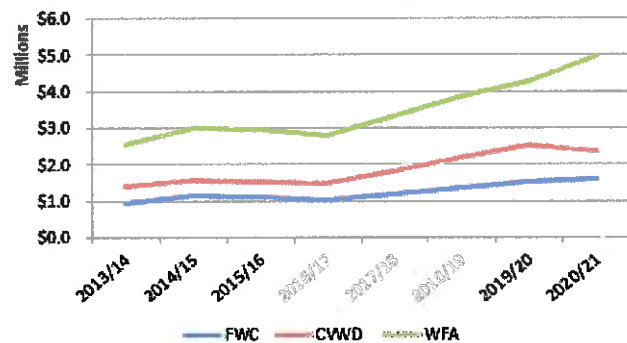


	<u>2016/17</u>	<u>2017/18</u>	<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>
MWD Tier I Purchase Cost (in Millions)	\$31.9	\$34.2	\$36.0	\$38.3	\$40.7	\$42.9	\$45.0
RTS - MWD Obligation (In Millions)	\$3.2	\$3.3	\$3.4	\$3.6	\$3.7	\$3.9	\$4.0
RTS Cost Recovery	15%	30%	45%	60%	75%	90%	100%
Cost recovery % (Employment Expense Only)	25%	50%	75%	100%	100%	100%	100%
AF Surcharge (current rate: \$15/AF)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Proposed Rate per MEU (\$/MEU)	\$1.00	\$1.10	\$1.20	\$1.30	\$1.40	\$1.50	\$1.60

RTS Revenues by Agencies



Total Revenues by Agencies  
(RTS, MEU, Water Purchase)





## Appendix B

**INLAND EMPIRE UTILITIES AGENCY**  
**FISCAL YEAR 2015/16 and FISCAL YEAR 2016/17 BIENNIAL BUDGET**  
**ALL FUNDS - SOURCES AND USES OF FUNDS (In Thousands)**

	2014/2015	2015/2016	2015/2016	2016/2017	2016/2017
	ACTUAL	AMENDED BUDGET	PROJECTED ACTUAL	ADOPTED BUDGET	PROPOSED BUDGET
<b>REVENUES</b>					
User Charges	\$63,557	\$67,041	\$65,435	\$76,665	\$72,484
Property Tax - O&M	1,828	1,793	1,793	1,891	1,386
Cost Reimbursement from JPA	5,256	5,483	5,227	5,738	5,738
Contract Cost reimbursement	752	3,160	3,105	1,593	1,593
Interest Revenue	436	1,036	623	1,299	619
Recycled Water Sales	12,047	14,022	14,022	17,814	17,814
Water Sales	34,147	34,659	26,514	42,062	28,671
<b>TOTAL REVENUES</b>	<b>\$118,023</b>	<b>\$127,193</b>	<b>\$116,717</b>	<b>\$147,063</b>	<b>\$128,305</b>
<b>OTHER FINANCING SOURCES</b>					
Property Tax - Debt , Capital, Reserves	\$39,118	\$39,364	\$42,117	\$40,500	\$42,240
Connection Fees	15,074	23,329	23,064	30,636	30,636
State Loans	22,714	12,315	11,746	23,641	15,558
Grants	5,918	8,942	4,686	7,710	9,288
Sale of Assets	0	0	0	0	0
Capital Contract Reimbursement	714	2,931	1,318	5,419	5,419
Other Revenues	1,330	895	1,352	913	929
Sale of Capacity	0	0	0	0	0
Loan Transfer from Internal Fund	14,808	2,000	2,000	2,000	5,216
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>\$99,675</b>	<b>\$89,777</b>	<b>\$86,284</b>	<b>\$110,819</b>	<b>\$109,284</b>
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<b>\$217,698</b>	<b>\$216,969</b>	<b>\$203,001</b>	<b>\$257,882</b>	<b>\$237,590</b>
<b>EXPENSES</b>					
Employment Expense	\$36,510	\$40,661	\$40,820	\$42,737	\$42,869
Contract Work/Special Projects	5,045	28,235	15,285	16,117	17,051
Utilities	9,064	11,100	10,345	11,617	11,626
Operating Fees	12,599	13,334	12,745	13,651	13,380
Chemicals	4,192	4,641	4,498	4,524	4,674
Professional Fees and Services	7,133	9,874	9,076	8,539	9,238
Office and Administrative Expense	1,614	1,852	1,466	2,465	2,583
Biosolids Recycling	3,800	4,359	4,349	4,300	4,292
Materials & Supplies	2,273	2,912	2,926	2,883	2,888
Operation Contribution to IERCA	0	0	0	0	0
MWD Water Purchases	34,147	34,659	29,460	42,062	31,856
Other Expenses	1,454	1,697	894	1,596	1,603
<b>TOTAL EXPENSES</b>	<b>\$117,832</b>	<b>\$153,322</b>	<b>\$131,863</b>	<b>\$150,492</b>	<b>\$142,060</b>
<b>CAPITAL PROGRAM</b>					
CSDLAC 4Rs	\$658	\$738	\$673	\$738	\$738
IERCA Investment	0	0	0	500	500
Capital Construction & Expansion	53,161	51,306	30,988	51,292	49,770
Rehab & Replacement	0	0	0	0	0
<b>TOTAL CAPITAL PROGRAM</b>	<b>\$53,819</b>	<b>\$52,043</b>	<b>\$31,662</b>	<b>\$52,530</b>	<b>\$51,008</b>
<b>DEBT SERVICE</b>					
Financial Expenses	\$3,752	\$549	\$429	\$349	\$336
Interest	9,616	9,601	9,191	9,810	9,747
Principal	26,655	11,281	11,827	12,528	12,008
Short Term Inter-Fund Loan	14,808	2,032	2,032	2,048	5,248
<b>TOTAL DEBT SERVICE</b>	<b>\$54,831</b>	<b>\$23,463</b>	<b>\$23,479</b>	<b>\$24,734</b>	<b>\$27,339</b>
<b>FUND BALANCE</b>					
Net Increase (Decrease)	(\$8,784)	(\$12,154)	\$15,709	\$30,127	\$17,183
Beginning Fund Balance July 01	\$151,132	\$142,348	\$142,348	\$124,386	\$158,057
<b>ENDING BALANCE AT JUNE 30</b>	<b>\$142,348</b>	<b>\$130,194</b>	<b>\$158,057</b>	<b>\$154,512</b>	<b>\$175,240</b>



**INLAND EMPIRE UTILITIES AGENCY**  
**FISCAL YEAR 2015/16 and FISCAL YEAR 2016/17 BIENNIAL BUDGET**  
**WW FUND - SOURCES AND USES OF FUNDS (In Thousands)**

	2014/15 ACTUAL	2015/2016 AMENDED BUDGET	2015/2016 PROJECTED ACTUAL	2016/2017 ADOPTED BUDGET	2016/2017 PROPOSED BUDGET
<b>REVENUES</b>					
User Charges	\$5,690	\$5,620	\$5,620	\$9,498	\$5,317
Contract Cost reimbursement	138	2,574	2,574	1,500	1,500
Interest Revenue	12	14	14	9	8
Water Sales	34,147	34,659	26,514	42,062	28,671
<b>TOTAL REVENUES</b>	<b>\$39,987</b>	<b>\$42,867</b>	<b>\$34,722</b>	<b>\$53,069</b>	<b>\$35,495</b>
<b>OTHER FINANCING SOURCES</b>					
Property Tax - Debt and Capital	\$1,500	\$1,500	\$4,253	\$1,500	\$2,104
Grants	\$565	\$1,000	\$0	\$2,000	\$0
Other Revenues	0	0	0	0	0
Loan Transfer from Internal Fund	4,308	2,000	2,000	0	3,200
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>\$6,373</b>	<b>\$4,500</b>	<b>\$6,253</b>	<b>\$3,500</b>	<b>\$5,304</b>
<b>EXPENSES</b>					
Employment Expenses	\$949	\$1,750	\$1,750	\$1,842	\$1,937
Contract Work/Special Projects	2,200	11,138	9,021	8,372	4,372
Operating Fees	3,715	3,562	3,562	3,669	3,190
Professional Fees and Services	239	157	194	157	157
Office and Administrative expenses	50	60	60	60	60
MWD Water Purchases	34,147	34,659	29,460	42,062	31,856
Other Expenses	69	406	406	338	345
<b>TOTAL EXPENSES</b>	<b>\$41,369</b>	<b>\$51,733</b>	<b>\$44,454</b>	<b>\$56,501</b>	<b>\$41,916</b>
<b>DEBT SERVICE</b>					
Inter-Fund Loan	\$0	\$32	\$32	\$48	\$48
<b>TOTAL DEBT SERVICE</b>	<b>\$0</b>	<b>\$32</b>	<b>\$32</b>	<b>\$48</b>	<b>\$48</b>
<b>TRANSFERS IN (OUT)</b>					
Operation support	\$0	\$0	\$0	\$0	\$0
One Water	0	41	41	269	269
<b>TOTAL INTERFUND TRANSFERS IN (OUT)</b>	<b>\$0</b>	<b>\$41</b>	<b>\$41</b>	<b>\$269</b>	<b>\$269</b>
<b>FUND BALANCE</b>					
Net Income (Loss)	\$4,991	(\$4,356)	(\$3,469)	\$290	(\$896)
Beginning Fund Balance July 01	\$916	\$5,906	\$5,906	\$1,550	\$2,437
<b>ENDING FUND BALANCE AT JUNE 30</b>	<b>\$5,906</b>	<b>\$1,550</b>	<b>\$2,437</b>	<b>\$1,840</b>	<b>\$1,541</b>
<b>RESERVE BALANCE SUMMARY</b>					
Capital / Operation Contingencies	\$5,906	\$1,550	\$2,437	\$1,840	\$1,541
Supplemental Water Resources	\$0	\$0	\$0	\$0	\$0
<b>ENDING BALANCE AT JUNE 30</b>	<b>\$5,906</b>	<b>\$1,550</b>	<b>\$2,437</b>	<b>\$1,840</b>	<b>\$1,541</b>

**INLAND EMPIRE UTILITIES AGENCY**  
**FISCAL YEAR 2015/16 and FISCAL YEAR 2016/17 BIENNIAL BUDGET**  
**WC FUND - SOURCES AND USES OF FUNDS (In Thousands)**

	2015/2016 ACTUAL	2015/2016 AMENDED BUDGET	2015/2016 PROJECTED ACTUAL	2016/2017 ADOPTED BUDGET	2016/2017 PROPOSED AMENDED
<b>REVENUES</b>					
Contract Cost reimbursement	\$480	\$5	\$0	\$0	\$0
Interest Revenue	0	192	79	216	69
Water Sales	12,047	14,022	14,022	17,814	17,814
<b>TOTAL REVENUES</b>	<b>\$12,527</b>	<b>\$14,219</b>	<b>\$14,101</b>	<b>\$18,030</b>	<b>\$17,883</b>
<b>OTHER FINANCING SOURCES</b>					
Property Tax - Debt/Capital	\$2,064	\$2,058	\$2,058	\$2,120	\$2,181
Connection Fees	0	683	417	4,475	4,475
State Loans	22,714	11,367	10,799	15,985	5,401
Grants	4,901	4,417	4,161	2,125	5,702
Capital Contract Reimbursement	110	1,444	138	718	718
Other Revenues	32	0	0	0	0
Loan Transfer from Internal Fund	10,500	0	0	0	0
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>\$40,321</b>	<b>\$19,969</b>	<b>\$17,573</b>	<b>\$25,422</b>	<b>\$18,477</b>
<b>EXPENSES</b>					
Employment Expenses	\$4,080	\$3,300	\$3,569	\$3,419	\$3,419
Contract Work/Special Projects	343	2,332	1,178	2,225	3,054
Utilities	2,033	2,877	2,877	3,010	3,026
Operating Fees	159	216	198	152	352
Professional Fees and Services	737	704	643	654	666
Materials & Supplies	114	183	169	169	159
Other Expenses	197	1,356	1,356	1,283	1,283
<b>TOTAL EXPENSES</b>	<b>\$7,662</b>	<b>\$10,968</b>	<b>\$9,989</b>	<b>\$10,911</b>	<b>\$11,961</b>
<b>CAPITAL PROGRAM</b>					
Work In Progress	\$35,295	\$19,898	\$12,934	\$18,630	\$17,064
<b>TOTAL CAPITAL PROGRAM</b>	<b>\$35,295</b>	<b>\$19,898</b>	<b>\$12,934</b>	<b>\$18,630</b>	<b>\$17,064</b>
<b>DEBT SERVICE</b>					
Financial Expenses	(\$31)	\$2	\$2	\$2	\$1
Interest	2,773	2,816	2,816	2,822	3,025
Principal	2,815	3,412	3,962	4,433	3,919
Short Term Inter-Fund Loan	-	0	0	2,000	2,000
<b>TOTAL DEBT SERVICE</b>	<b>\$5,557</b>	<b>\$6,230</b>	<b>\$6,780</b>	<b>\$9,257</b>	<b>\$8,944</b>
<b>TRANSFERS IN (OUT)</b>					
Capital Contribution	(\$375)	(\$361)	(\$246)	(\$459)	(\$459)
Debt Service	-	1,465	1,465	1,465	1,465
Operation support	(1,674)	(466)	(466)	(791)	(791)
One Water	0	(130)	(130)	(378)	(378)
Property Tax Transfer	-	0	0	0	0
<b>TOTAL INTERFUND TRANSFERS IN (OUT)</b>	<b>(\$2,049)</b>	<b>\$508</b>	<b>\$623</b>	<b>(\$164)</b>	<b>(\$164)</b>
<b>FUND BALANCE</b>					
Net Income (Loss)	\$2,285	(\$2,400)	\$2,594	\$4,490	(\$1,772)
Beginning Fund Balance July 01	10,351	12,636	12,636	14,391	15,230
<b>ENDING BALANCE AT JUNE 30</b>	<b>\$12,636</b>	<b>\$10,236</b>	<b>\$15,230</b>	<b>\$18,881</b>	<b>\$13,458</b>
<b>RESERVE BALANCE SUMMARY</b>					
Operating Contingencies	\$2,554	\$3,656	\$3,330	\$3,637	\$3,987
Capital Expansion & Replacement	5,217	601	5,921	2,773	(0)
Rehabilitation/Replacement Reserve	100	500	500	3,000	0
Debt Service & Redemption	4,765	5,480	5,480	9,471	9,471
<b>ENDING BALANCE AT JUNE 30</b>	<b>\$12,636</b>	<b>\$10,236</b>	<b>\$15,230</b>	<b>\$18,881</b>	<b>\$13,458</b>

**INLAND EMPIRE UTILITIES AGENCY**  
**FISCAL YEAR 2015/16 and FISCAL YEAR 2016/17 BIENNIAL BUDGET**  
**RO FUND - SOURCES AND USES OF FUNDS (In Thousands)**

	2014/2015	2015/16	2015/16	2016/17	2016/17
	ACTUAL	AMENDED BUDGET	PROJECTED ACTUAL	ADOPTED BUDGET	PROPOSED AMENDED
<b>REVENUES</b>					
User Charges	\$46,965	\$49,696	\$49,696	\$55,023	\$55,023
Cost Reimbursement JPA	3,423	3,350	3,350	3,526	3,526
Contract Cost Reimbursement	123	531	531	93	93
Interest Revenue	195	154	154	150	150
<b>TOTAL REVENUES</b>	<b>\$50,706</b>	<b>\$53,731</b>	<b>\$53,731</b>	<b>\$58,792</b>	<b>\$58,792</b>
<b>OTHER FINANCING SOURCES</b>					
Property Tax Revenues	\$9,140	\$9,054	\$9,054	\$9,326	\$9,598
State Loans	0	948	948	7,657	7,657
Grants	332	3,525	525	3,525	3,525
Other Revenues	763	738	738	757	757
Loan Transfer from Internal Fund	0	0	0	0	16
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>\$10,235</b>	<b>\$14,265</b>	<b>\$11,265</b>	<b>\$21,264</b>	<b>\$21,552</b>
<b>EXPENSES</b>					
Employment Expenses	\$24,338	\$27,887	\$27,887	\$29,348	\$29,418
Contract Work/Special Projects	1,053	12,065	3,354	4,110	7,115
Utilities	6,398	7,331	6,595	7,667	7,690
Operating Fees	1,819	2,283	1,847	2,339	2,347
Chemicals	4,092	4,471	4,328	4,349	4,499
Professional Fees and Services	2,979	3,640	2,922	2,721	2,812
Office and Administrative expenses	20	406	206	406	406
Biosolids Recycling	3,755	4,233	4,223	4,188	4,181
Materials & Supplies	1,621	2,096	2,113	2,020	2,028
Other Expenses	741	5,652	5,652	4,857	4,857
<b>TOTAL EXPENSES</b>	<b>\$46,815</b>	<b>\$70,064</b>	<b>\$59,127</b>	<b>\$62,025</b>	<b>\$65,353</b>
<b>CAPITAL PROGRAM</b>					
Capital Construction & Expansion (WIP)	9,336	\$12,588	\$8,899	\$11,794	\$11,794
<b>TOTAL CAPITAL PROGRAM</b>	<b>\$9,336</b>	<b>\$12,588</b>	<b>\$8,899</b>	<b>\$11,794</b>	<b>\$11,794</b>
<b>DEBT SERVICE</b>					
Financial Expenses	(\$5)	\$2	\$0	\$2	\$0
Interest	159	214	214	214	214
Short Term Inter-Fund Loan	0	0	0	0	3,200
<b>TOTAL DEBT SERVICE</b>	<b>\$154</b>	<b>\$216</b>	<b>\$214</b>	<b>\$216</b>	<b>\$3,415</b>
<b>TRANSFERS IN (OUT)</b>					
Capital Contribution	\$1,274	\$82	\$82	(\$1,545)	(\$1,545)
Operation support	0	6,000	1,060	0	0
Capital - Connection Fees Allocation	0	3,440	3,440	4,111	4,111
<b>TOTAL INTERFUND TRANSFERS IN (OUT)</b>	<b>\$1,274</b>	<b>\$9,522</b>	<b>\$4,582</b>	<b>\$2,566</b>	<b>\$2,566</b>
<b>FUND BALANCE</b>					
Net Income (Loss)	\$5,909	(\$5,350)	\$1,338	\$8,589	\$2,349
Beginning Fund Balance July 01	\$36,306	\$42,215	\$42,215	\$32,053	\$43,554
<b>ENDING FUND BALANCE AT JUNE 30</b>	<b>\$42,215</b>	<b>\$36,865</b>	<b>\$43,554</b>	<b>\$40,642</b>	<b>\$45,903</b>
<b>RESERVE BALANCE SUMMARY</b>					
Capital / Operation Contingencies	\$15,605	\$19,238	\$18,239	\$18,500	\$19,609
Rehabilitation/Replacement	26,395	17,412	25,099	20,616	24,767
Debt Service & Redemption	216	216	216	1,526	1,526
<b>ENDING BALANCE AT JUNE 30</b>	<b>\$42,215</b>	<b>\$36,865</b>	<b>\$43,554</b>	<b>\$40,642</b>	<b>\$45,903</b>

**INLAND EMPIRE UTILITIES AGENCY**  
**FISCAL YEAR 2015/16 and FISCAL YEAR 2016/17 BIENNIAL BUDGET**  
**RC FUND - SOURCES AND USES OF FUNDS (In Thousands)**

	2014/15	2015/2016	2015/2016	2016/2017	2016/2017
	ACTUAL	AMENDED	PROJECTED ACTUAL	ADOPTED BUDGET	PROPOSED AMENDED
<b>REVENUES</b>					
Contract Cost reimbursement	\$12	\$0	\$0	\$0	\$0
Interest Revenue	\$94	365	91	545	72
<b>TOTAL REVENUES</b>	<b>\$105</b>	<b>\$365</b>	<b>\$91</b>	<b>\$545</b>	<b>\$72</b>
<b>OTHER FINANCING SOURCES</b>					
Property Tax - Debt and Capital	\$26,414	\$26,752	\$26,752	\$27,554	\$28,357
Regional System Connection Fees	15,074	22,647	22,647	26,161	26,161
State Loans	0	0	0	0	2,500
Grants	50	0	0	0	0
Other Revenues	0	6	1	6	6
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>\$41,538</b>	<b>\$49,405</b>	<b>\$49,400</b>	<b>\$53,721</b>	<b>\$57,024</b>
<b>EXPENSES</b>					
Employment Expenses	\$3,230	\$3,013	\$3,013	\$3,171	\$3,171
Contract Work/Special Projects	1,007	908	191	750	1,850
Operating Fees	233	240	225	247	247
Professional Fees and Services	312	321	288	299	324
Other Expenses	1,457	1,605	803	1,790	1,790
<b>TOTAL EXPENSES</b>	<b>\$6,239</b>	<b>\$6,087</b>	<b>\$4,519</b>	<b>\$6,258</b>	<b>\$7,382</b>
<b>CAPITAL PROGRAM</b>					
IERCA Investment	\$0	\$0	\$0	\$500	\$500
Work In Progress	4,318	14,015	5,606	14,845	14,845
<b>TOTAL CAPITAL PROGRAM</b>	<b>\$4,318</b>	<b>\$14,015</b>	<b>\$5,606</b>	<b>\$15,345</b>	<b>\$15,345</b>
<b>DEBT SERVICE</b>					
Financial Expenses	\$207	\$381	\$288	\$248	\$233
Interest	6,204	6,043	5,774	6,125	5,859
Principal	23,083	7,078	7,074	7,279	7,274
Short Term Inter-Fund Loan	10,500	0	0	0	0
<b>TOTAL DEBT SERVICE</b>	<b>\$39,994</b>	<b>\$13,502</b>	<b>\$13,136</b>	<b>\$13,652</b>	<b>\$13,366</b>
<b>TRANSFERS IN (OUT)</b>					
Capital Contribution	(\$1,023)	(\$1,344)	(\$1,337)	\$1,014	\$1,014
Debt Service	(350)	(1,925)	(1,925)	(1,964)	(1,964)
Operation support	0	(6,000)	(1,060)	0	0
Capital - Connection Fees Allocation	0	(4,318)	(4,318)	(4,600)	(4,600)
<b>TOTAL INTERFUND TRANSFERS IN (OUT)</b>	<b>(1,373)</b>	<b>(13,587)</b>	<b>(8,640)</b>	<b>(5,550)</b>	<b>(5,550)</b>
<b>FUND BALANCE</b>					
Net Income (Loss)	(\$10,282)	\$2,579	\$17,589	\$13,461	\$15,452
Beginning Fund Balance July 01	65,455	55,174	55,174	53,321	72,762
<b>ENDING FUND BALANCE AT JUNE 30</b>	<b>\$55,174</b>	<b>\$57,752</b>	<b>\$72,762</b>	<b>\$66,782</b>	<b>\$88,214</b>
<b>RESERVE BALANCE SUMMARY</b>					
Capital Expansion / Construction	(\$7,276)	(\$13,336)	\$1,674	\$2,300	\$3,830
CCRA Capital Construction	41,023	55,472	55,472	45,913	68,633
Rehabilitation/Replacement	0	0	0	3,000	0
Debt Service & Redemption	21,427	15,615	15,615	15,569	15,750
<b>ENDING BALANCE AT JUNE 30</b>	<b>\$55,174</b>	<b>\$57,752</b>	<b>\$72,762</b>	<b>\$66,782</b>	<b>\$88,214</b>

**INLAND EMPIRE UTILITIES AGENCY**  
**FISCAL YEAR 2015/16 and FISCAL YEAR 2016/17 BIENNIAL BUDGET**  
**GG FUND - SOURCES AND USES OF FUNDS (In Thousands)**

	2014/2015 ACTUAL	2015/2016 AMENDED BUDGET	2015/2016 PROJECTED ACTUAL	2016/2017 ADOPTED BUDGET	2016/2017 PROPOSED BUDGET
<b>REVENUES AND OTHER FINANCING SOURCES</b>					
Property Tax	\$1,828	\$1,793	\$1,793	\$1,891	\$1,386
Cost Reimbursement from JPA	1,238	1,391	1,391	1,439	1,439
Contract Cost reimbursement	-	-	-	-	-
Interest Revenue	87	215	215	279	221
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<b>\$3,153</b>	<b>\$3,398</b>	<b>\$3,398</b>	<b>\$3,610</b>	<b>\$3,047</b>
<b>OTHER FINANCING SOURCES</b>					
Other Revenues	\$157	\$34	\$34	\$34	\$49
Sale of Capacity	0	0	0	0	0
Loan Transfer from Internal Fund	0	0	0	0	0
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>\$157</b>	<b>\$34</b>	<b>\$34</b>	<b>\$34</b>	<b>\$49</b>
<b>EXPENSES</b>					
Employment Expenses	\$1,319	\$2,030	\$2,030	\$2,033	\$1,728
Contract Work/Special Projects	387	1,425	1,513	450	450
Utilities	438	699	678	723	703
Operating Fees	7	6	6	6	6
Professional Fees and Services	2,651	4,254	4,242	3,967	4,540
Office and Administrative expenses	1,537	1,370	1,184	1,983	2,101
Biosolids Recycling	33	25	25	25	25
Materials & Supplies	418	438	451	505	507
Other Expenses	(1,103)	(7,921)	(7,921)	(7,202)	(7,202)
<b>TOTAL EXPENSES</b>	<b>\$5,686</b>	<b>\$2,327</b>	<b>\$2,208</b>	<b>\$2,491</b>	<b>\$2,858</b>
<b>CAPITAL PROGRAM</b>					
Capital Expansion & Construction (WIP)	\$1,098	\$1,770	\$1,770	\$938	\$938
Rehab & Replacement	0	0	0	0	0
<b>TOTAL CAPITAL PROGRAM</b>	<b>\$1,098</b>	<b>\$1,770</b>	<b>\$1,770</b>	<b>\$938</b>	<b>\$938</b>
<b>DEBT SERVICE</b>					
Financial Expenses	\$3,503	\$18	\$20	\$18	\$21
Short Term Inter-Fund Loan	4,308	2,000	2,000	-	-
<b>TOTAL DEBT SERVICE</b>	<b>\$7,811</b>	<b>\$2,018</b>	<b>\$2,020</b>	<b>\$18</b>	<b>\$21</b>
<b>TRANSFERS IN (OUT)</b>					
Capital Contribution	\$1,098	\$1,059	\$1,059	\$571	\$571
Capital - Connection Fees Allocation	-	684	684	355	355
One Water	-	27	27	13	13
Property Tax Transfer	-	-	-	-	-
<b>TOTAL INTERFUND TRANSFERS IN (OUT)</b>	<b>\$1,098</b>	<b>\$1,770</b>	<b>\$1,770</b>	<b>\$938</b>	<b>\$938</b>
<b>FUND BALANCE</b>					
Net Income (Loss)	(\$10,188)	(\$913)	(\$796)	\$1,134	\$216
Beginning Fund Balance July 01	\$28,528	\$18,340	\$18,340	\$17,427	\$17,544
<b>ENDING FUND BALANCE AT JUNE 30</b>	<b>\$18,340</b>	<b>\$17,427</b>	<b>\$17,544</b>	<b>\$18,561</b>	<b>\$17,760</b>
<b>RESERVE BALANCE SUMMARY</b>					
Capital / Operation Contingencies	\$2,643	\$963	\$904	\$1,045	\$1,229
Insurance & Other	6,000	6,000	6,000	6,000	6,000
Retirement reserves	9,697	10,464	10,640	11,516	10,531
<b>ENDING BALANCE AT JUNE 30</b>	<b>\$18,340</b>	<b>\$17,427</b>	<b>\$17,544</b>	<b>\$18,561</b>	<b>\$17,760</b>

**INLAND EMPIRE UTILITIES AGENCY**  
**FISCAL YEAR 2015/2016 AND FISCAL YEAR 2016/17 BIENNIAL BUDGET**  
**RW FUND - SOURCES AND USES OF FUNDS (In Thousands)**

	2014/2015	2015/16	2015/16	2016/17	2016/17
	ACTUAL	AMENDED BUDGET	PROJECTED ACTUAL	PROPOSED BUDGET	PROPOSED AMENDED
<b>REVENUES</b>					
User Charges					
Property Tax - O&M					
Cost Reimbursement from JPA	\$595	\$742	\$486	\$773	\$773
Contract Cost reimbursement	0	50	0	0	0
Interest Revenue	13	10	10	10	10
<b>TOTAL REVENUES</b>	<b>\$608</b>	<b>\$802</b>	<b>\$496</b>	<b>\$783</b>	<b>\$783</b>
<b>OTHER FINANCING SOURCES</b>					
Capital Contract Reimbursement	\$604	\$1,487	\$1,180	\$4,701	\$4,701
Other Revenues	23	0	0	0	0
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>\$697</b>	<b>\$1,487</b>	<b>\$1,180</b>	<b>\$4,761</b>	<b>\$4,761</b>
<b>EXPENSES</b>					
Employment Expenses	\$398	\$650	\$540	\$684	\$684
Contract Work/Special Projects	0	140	0	0	0
Utilities	112	122	122	122	122
Operating Fees	4	7	7	5	5
Professional Fees and Services	183	647	643	593	574
Office and Administrative expenses	8	16	16	16	16
Expense Allocation	0	76	76	61	61
Materials & Supplies	67	86	86	83	88
<b>TOTAL EXPENSES</b>	<b>\$772</b>	<b>\$1,742</b>	<b>\$1,489</b>	<b>\$1,584</b>	<b>\$1,549</b>
<b>CAPITAL PROGRAM</b>					
CSDLAC 4Rs	\$0	\$0	\$0	\$0	\$0
Capital Expansion/Construction	\$758	\$1,816	\$1,228	\$4,735	\$4,780
<b>TOTAL CAPITAL PROGRAM</b>	<b>\$758</b>	<b>\$1,816</b>	<b>\$1,228</b>	<b>\$4,735</b>	<b>\$4,780</b>
<b>DEBT SERVICE</b>					
Financial Expenses	\$86	\$145	\$117	\$78	\$78
Interest	7	143	2	273	273
Principal	607	632	632	647	647
<b>TOTAL DEBT SERVICE</b>	<b>\$700</b>	<b>\$920</b>	<b>\$751</b>	<b>\$999</b>	<b>\$999</b>
<b>TRANSFERS IN (OUT)</b>					
Capital Contribution	\$338	\$315	\$200	\$440	\$440
Debt Service	350	460	460	499	499
Operation support	400	466	466	791	791
Property Tax Transfer	0	62	62	96	96
<b>TOTAL INTERFUND TRANSFERS IN (OUT)</b>	<b>\$1,088</b>	<b>\$1,302</b>	<b>\$1,188</b>	<b>\$1,826</b>	<b>\$1,826</b>
<b>FUND BALANCE</b>					
Net Income (Loss)	\$162	(\$887)	(\$605)	\$73	\$43
Beginning Fund Balance July 01	\$3,413	\$3,575	\$3,575	\$2,743	\$2,969
<b>ENDING FUND BALANCE AT JUNE 30</b>	<b>\$3,575</b>	<b>\$2,687</b>	<b>\$2,969</b>	<b>\$2,816</b>	<b>\$3,012</b>
<b>RESERVE BALANCE SUMMARY</b>					
Operating Contingencies	\$2,614	\$1,688	\$1,970	\$1,741	\$1,900
Capital Expansion / Construction	500	500	500	500	500
Debt Service & Redemption	460	499	499	575	612
<b>ENDING BALANCE AT JUNE 30</b>	<b>\$3,575</b>	<b>\$2,687</b>	<b>\$2,969</b>	<b>\$2,816</b>	<b>\$3,012</b>

**INLAND EMPIRE UTILITIES AGENCY**  
**FISCAL YEAR 2015/16 and FISCAL YEAR 2016/17 BIENNIAL BUDGET**  
**NC FUND - SOURCES AND USES OF FUNDS (In Thousands)**

	2014/2015	2015/2016	2015/2016	2016/2017	2016/2017
	ACTUAL	AMENDED BUDGET	PROJECTED ACTUAL	PROPOSED BUDGET	PROPOSED AMENDED
<b>REVENUES</b>					
User Charges	\$10,902	\$11,725	\$10,119	\$12,144	\$12,144
Interest Revenue	35	85	60	90	90
<b>TOTAL REVENUES</b>	<b>\$10,938</b>	<b>\$11,810</b>	<b>\$10,179</b>	<b>\$12,234</b>	<b>\$12,234</b>
<b>OTHER FINANCING SOURCES</b>					
Other Revenues	\$355	\$117	\$579	\$117	\$117
Loan Transfer from Internal Fund	0	0	0	2,000	2,000
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>\$355</b>	<b>\$117</b>	<b>\$579</b>	<b>\$2,117</b>	<b>\$2,117</b>
<b>EXPENSES</b>					
Employment Expenses	\$2,195	\$2,030	\$2,030	\$2,137	\$2,137
Contract Work/Special Projects	55	226	28	210	210
Utilities	83	72	74	75	86
Operating Fees	6,662	7,020	6,900	7,231	7,231
Chemicals	101	170	170	175	175
Professional Fees and Services	33	150	144	148	163
Biosolids Recycling	12	25	25	25	25
Materials & Supplies	53	108	109	107	107
Other Expenses	93	598	598	530	530
<b>TOTAL EXPENSES</b>	<b>\$9,288</b>	<b>\$10,401</b>	<b>\$10,078</b>	<b>\$10,639</b>	<b>\$10,664</b>
<b>CAPITAL PROGRAM</b>					
CSDLAC 4Rs SRF Loan	\$658	\$738	\$673	\$738	\$738
Capital Expansion/Construction	2,356	1,218	551	350	350
<b>TOTAL CAPITAL PROGRAM</b>	<b>\$3,015</b>	<b>\$1,956</b>	<b>\$1,224</b>	<b>\$1,088</b>	<b>\$1,088</b>
<b>DEBT SERVICE</b>					
Financial Expenses	(\$8)	\$2	\$2	\$2	\$2
Interest	473	385	385	376	376
Principal	150	159	159	168	168
<b>TOTAL DEBT SERVICE</b>	<b>\$615</b>	<b>\$545</b>	<b>\$545</b>	<b>\$546</b>	<b>\$546</b>
<b>TRANSFERS IN (OUT)</b>					
Capital Contribution	(\$37)	(\$46)	(\$46)	(\$19)	(\$19)
Property Tax Transfer	0	194	194	134	134
<b>TOTAL INTERFUND TRANSFERS IN (OUT)</b>	<b>(\$37)</b>	<b>\$148</b>	<b>\$149</b>	<b>\$115</b>	<b>\$115</b>
<b>FUND BALANCE</b>					
Net Income (Loss)	(\$1,662)	(\$826)	(\$941)	\$2,194	\$2,168
Beginning Fund Balance July 01	\$6,163	\$4,502	\$4,502	\$2,900	\$3,561
<b>ENDING FUND BALANCE AT JUNE 30</b>	<b>\$4,502</b>	<b>\$3,675</b>	<b>\$3,561</b>	<b>\$5,094</b>	<b>\$5,729</b>
<b>RESERVE BALANCE SUMMARY</b>					
Capital / Operation Contingencies	\$857	\$1,051	\$1,050	\$1,066	\$1,074
Capital Expansion / Construction	2,362	1,341	1,228	1,388	2,015
CSDLAC Prepayment	738	738	738	738	738
Debt Service & Redemption	545	546	546	1,902	1,902
<b>ENDING BALANCE AT JUNE 30</b>	<b>\$4,502</b>	<b>\$3,675</b>	<b>\$3,561</b>	<b>\$5,094</b>	<b>\$5,729</b>



## Appendix C

### Summary of Proposed Changes to Fiscal Ordinance 90

Current Ordinance 90	Proposed Ordinance 102
Section 1 Purpose	<b>Section 101 Purpose:</b> Modified to conform to recommended best practices for budgeting according to the GFOA.
Section 2 Definitions	<b>Section 102 Definitions:</b> Some definition were modified and new ones added for better clarity, see proposed version.
Section 3 Fiscal Year	<b>Section 103 Fiscal Year:</b> No Change
Section 4 Adoption of the Budget	<b>Section 107 Adoption of the Budget:</b> Includes the final budget approval by a budget resolution from Section 6.
Section 5 Budget, A Public Record	<b>Section 108 Budget, A Public Record:</b> Defines the proposed budget documents to be made available to public a minimum of 10 days prior to the date of adoption at the Agency's facilities and website.
Section 6 Final Adoption of the Budget	Combined with Section 107 Adoption of the Budget.
Section 7 Budget Modification	<b>Section 109 Budget Amendments:</b> Greater emphasis on Board action and reference to Agency policies to address procedural tasks.
Section 8 Approval and Expenditures of Funds	<b>Section 201 Approval and Responsibilities:</b> Expanded to include "all employees" in prudent use of public fund and "department managers" in monitoring their respective budgets.
Section 9 Unencumbered Fund Balance	<b>Section 202 Unencumbered Fund Balance:</b> Removed reference to "multi-year capital appropriations" consistent with the requirement for Board approval of all carry forward requests.
Section 10 Fund Structure	<b>Section 104 Fund Structure:</b> Simplified to remove the Administrative Services which is also an enterprise fund.



Current Ordinance 90	Proposed Ordinance 102
Section 11 Self-Balancing Accounts	<b>Section 105 Self-Balancing Accounts:</b> No Change
Section 12 Basis of Accounting	<b>Section 106 Basis of Accounting:</b> More firmly establishes the accrual basis of accounting in accordance with Generally Accepted Accounting Principles (GAAP).
Section 13 Financial Reporting	<b>Section 203 Financial Policy and Reporting:</b> Expanded to include the various financial reports submitted to the Board during the fiscal year and posted on the Agency's website.
Section 14 Annual Independent Audit	<b>Section 204 Annual Independent Audit:</b> Expanded to include single audit for grant related activities.
Section 15 Implementation of Responsibility	<b>Section 205 Implementation of Responsibility:</b> No Change
Section 16 Severability	<b>Section 206 Severability:</b> No Change
Section 17 Repeal of Prior Ordinances	<b>Section 207 Repeal of Prior Ordinances:</b> No Change
Section 18 Effective Date	<b>Section 208 Effective Date and Execution:</b> No Change



*Inland Empire Utilities Agency*

A MUNICIPAL WATER DISTRICT

# Budget Update Review FY 2016/17



# Agenda



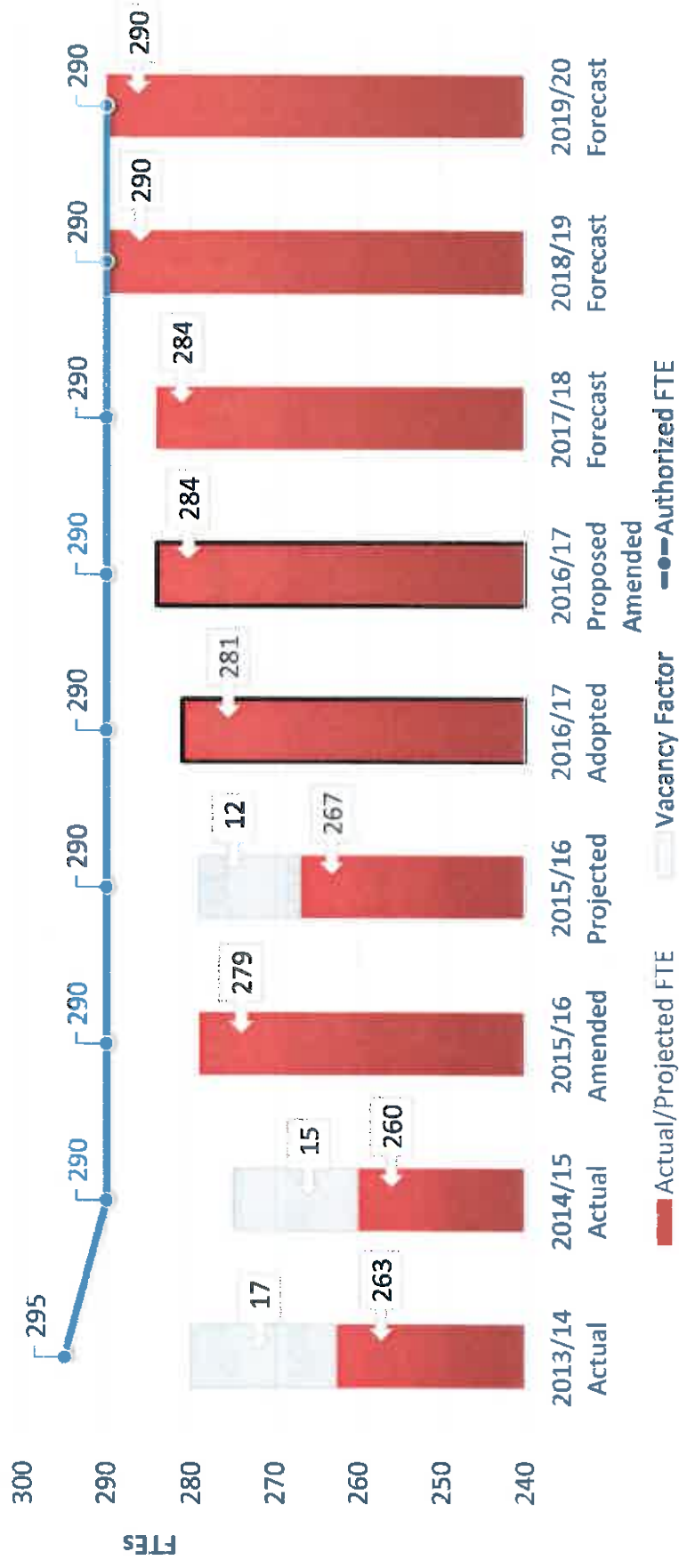
## Budget update review

- Staffing
- Fund Overview
- Consolidated Budget
- Fiscal Control Ordinance

# FY 2016/17 Budget Update Review: Staffing



- ❖ Maintain 290 FTEs
- ❖ Implement succession planning
  - Reduce vacancy factor starting FY 2015/16



# Program Fund Overview



- **Water Resource (WW) Fund**
- **Recycled Water (WC) Fund**
- **Regional Wastewater Operations & Maintenance (RO) Fund**
- **Regional Wastewater Capital Improvement (RC) Fund**
- **Non-Reclaimable Wastewater (NC) Fund**
- **Recharge Water (RW) Fund**
- **Administrative Services (GG) Fund**



# Water Resources (WW) Fund

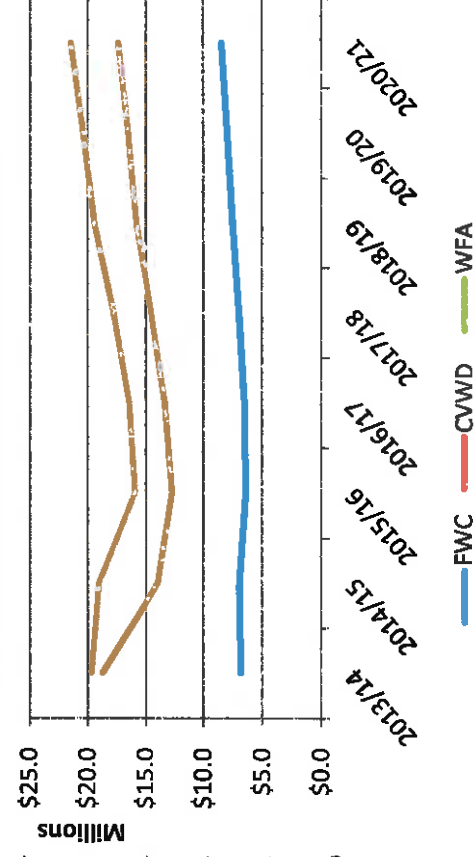
## Preliminary Cost of Service Recovery in 3 Years



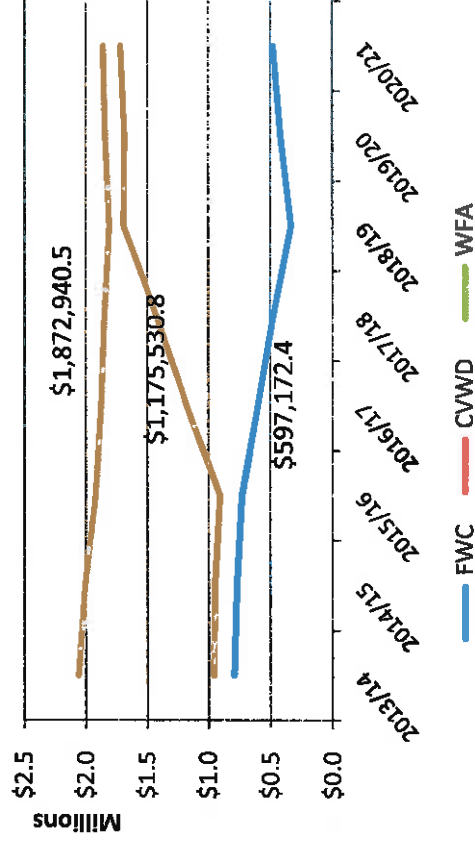
Inland Empire Utilities Agency  
A MUNICIPAL WATER DISTRICT

	2016/17	2017/18	2018/19	2019/20
MWD Tier I Purchase Cost (in Millions)	\$31.9	\$34.2	\$36.0	\$38.3
RTS - MWD Obligation (In Millions)	\$3.2	\$3.3	\$3.4	\$3.6
RTS Cost Recovery	30%	60%	100%	100%
Cost recovery % (Employment Expense Only)	30%	60%	100%	100%
AF Surcharge (current rate: \$15/AF)	\$0	\$0	\$0	\$0
<b>Proposed Rate per MEU (\$/MEU)</b>	<b>\$0.95</b>	<b>\$1.00</b>	<b>\$1.05</b>	<b>\$1.10</b>

Total Revenues by Agencies  
(RTS, MEU, Water Purchase)



RTS Revenues by Agencies





# Water Resources (WW) Fund

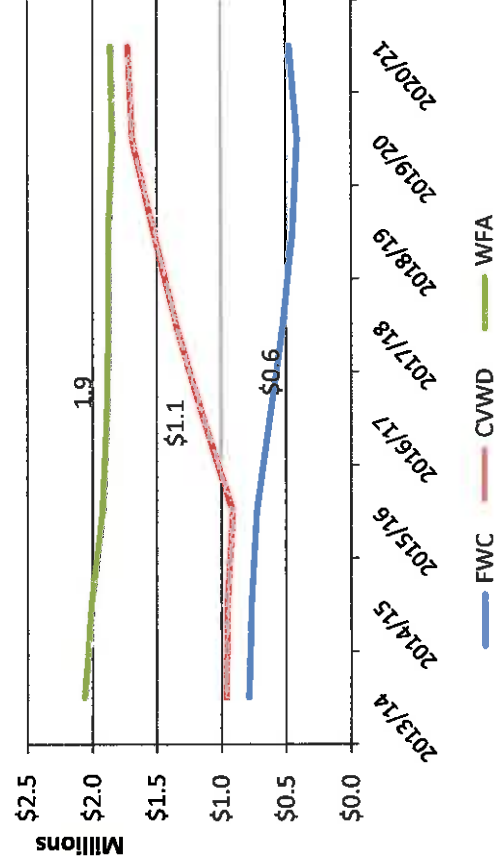
## Preliminary Cost of Service Recovery in 4 Years



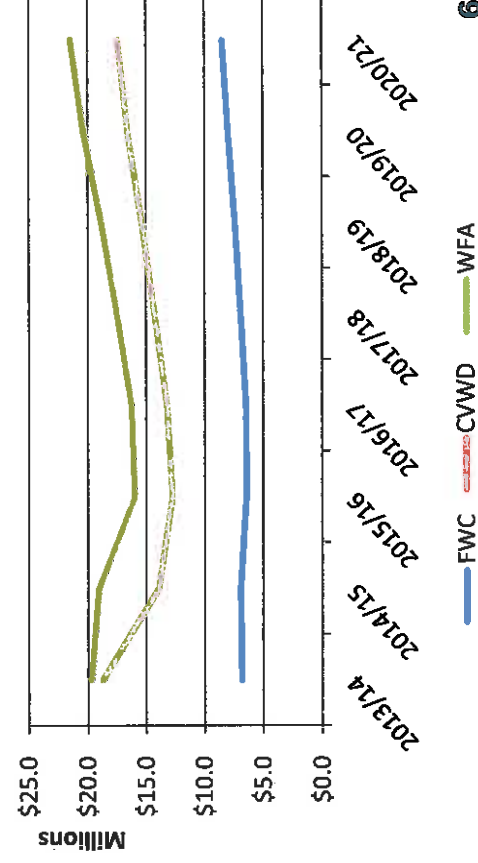
Inland Empire Utilities Agency  
A MUNICIPAL WATER DISTRICT

	2016/17	2017/18	2018/19	2019/20
MWD Tier I Purchase Cost (in Millions)	\$31.9	\$34.2	\$36.0	\$38.3
RTS - MWD Obligation (In Millions)	\$3.2	\$3.3	\$3.4	\$3.6
RTS Cost Recovery	25%	50%	75%	100%
Cost recovery % (Employment Expense Only)	25%	50%	75%	100%
AF Surcharge (current rate: \$15/AF)	\$0	\$0	\$0	\$0
<b>Proposed Rate per MEU (\$/MEU)</b>	<b>\$0.90</b>	<b>\$0.95</b>	<b>\$1.00</b>	<b>\$1.10</b>

### RTS Revenues by Agencies



### Total Revenues by Agencies (RTS, MEU, Water Purchase)



# Water Resources (WW) Fund

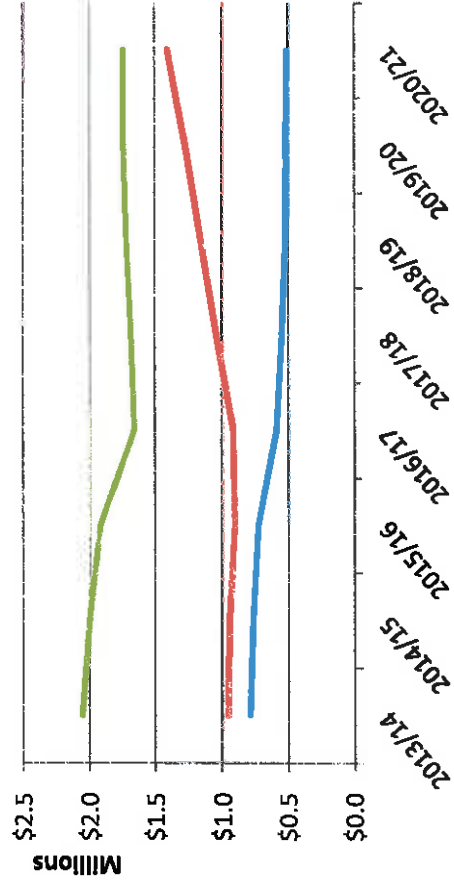
## Preliminary Cost of Service Recovery in 7 Years



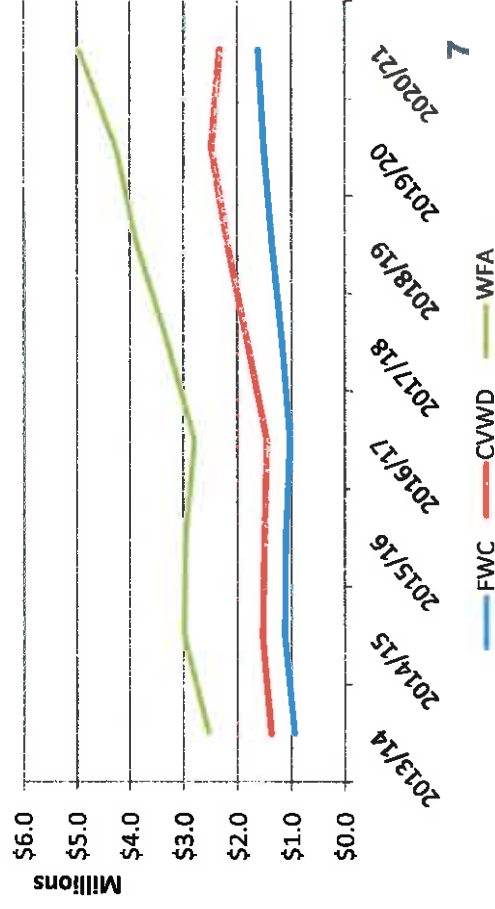
2016/17 2017/18 2018/19 2019/20 2020/21 2021/22 2022/23

MWD Tier I Purchase Cost (in Millions)	\$31.9	\$34.2	\$36.0	\$38.3	\$40.7	\$42.9	\$45.0
RTS - MWD Obligation (in Millions)	\$3.2	\$3.3	\$3.4	\$3.6	\$3.7	\$3.9	\$4.0
RTS Cost Recovery	15%	30%	45%	60%	75%	90%	100%
Cost recovery % (Employment Expense Only)	25%	50%	75%	100%	100%	100%	100%
AF Surcharge (current rate: \$15/AF)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Proposed Rate per MEU (\$/MEU)	\$1.00	\$1.10	\$1.20	\$1.30	\$1.40	\$1.50	\$1.60

RTS Revenues by Agencies



Total Revenues by Agencies  
(RTS, MEU, Water Purchase)

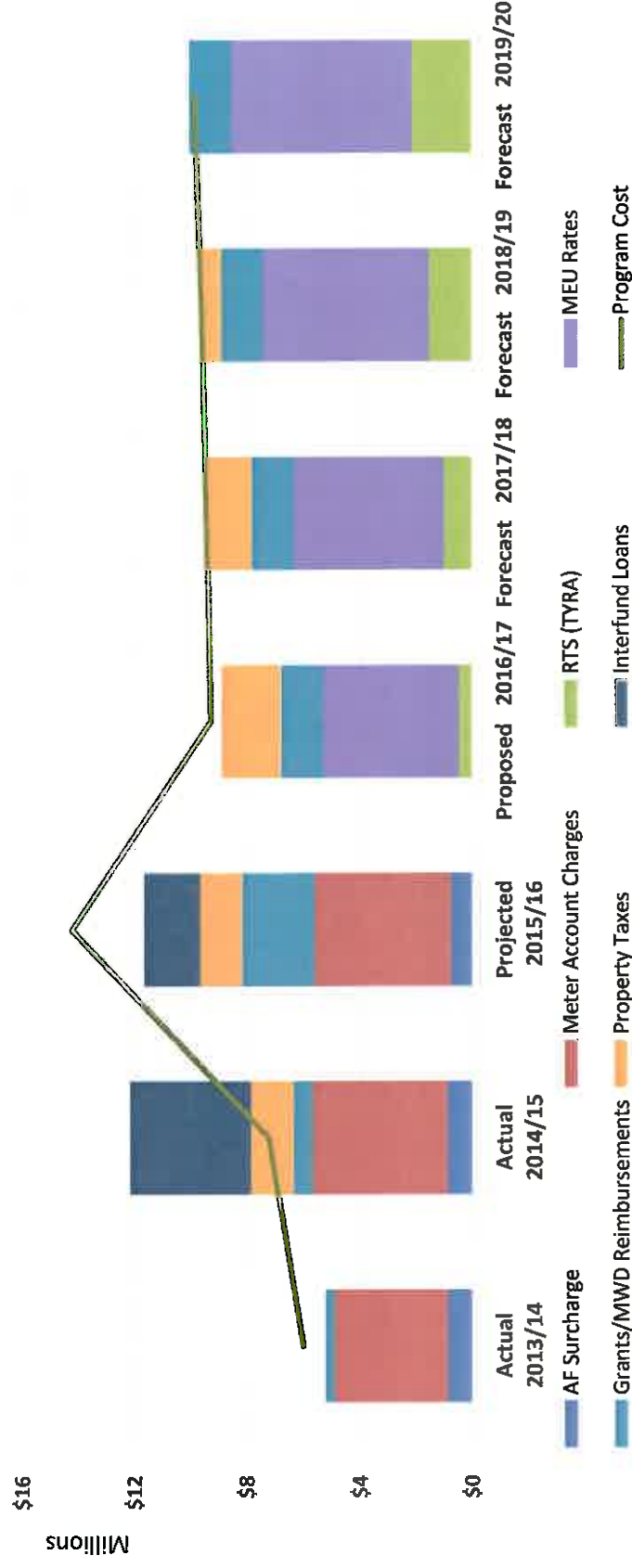


# Water Resources (WW) Fund Program Cost Funding Sources



## Key Assumptions

- ❖ Excludes SARCUPP (\$9M Net Cost) and Local Supply Resilience Projects (\$.772M per Fiscal Year)
- ❖ \$7.4M of property tax allocation from FY 2015/16 through FY 2019/20 to cover the shortfall in program costs not recoverable from the proposed water rates.



# WW Fund - Inter-Fund Loans

(In Millions)



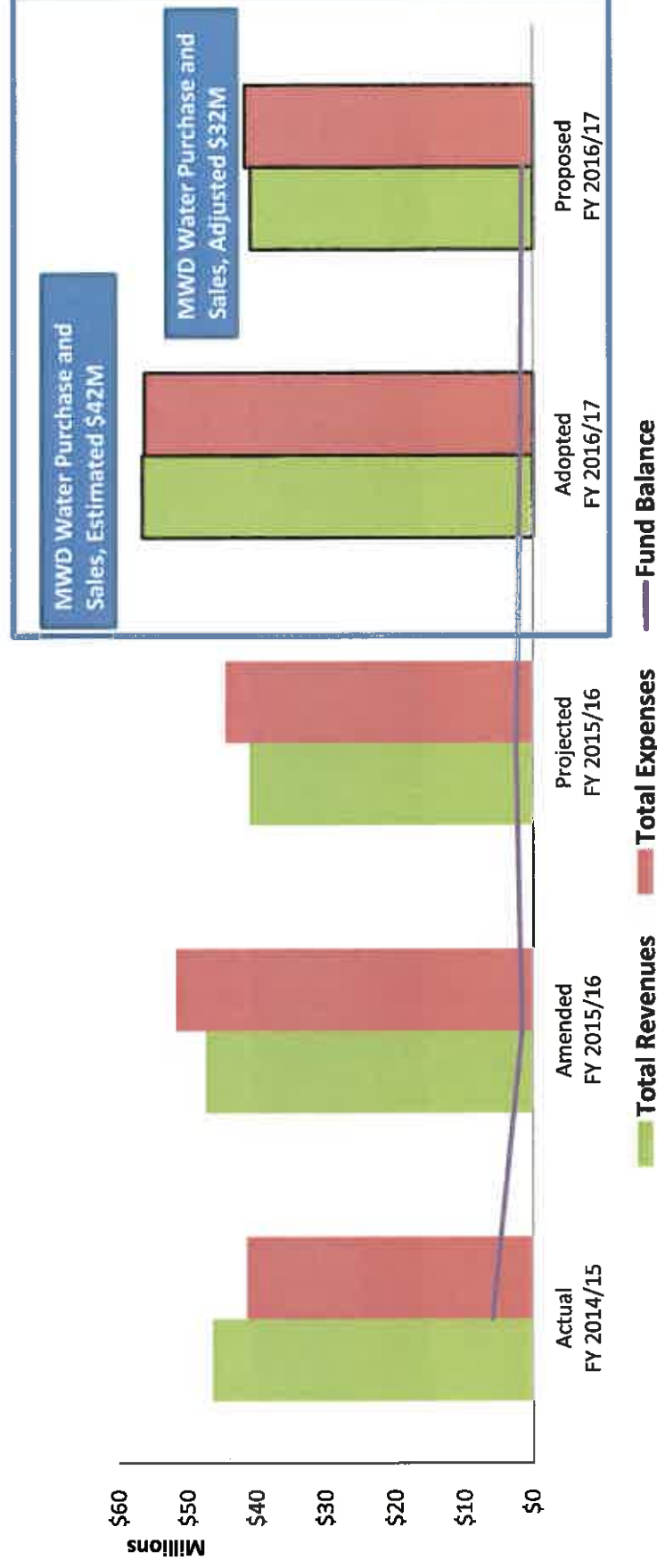
Source	Purpose	2014/15 Actual	2015/16 Projected Actual	2016/17 Proposed	Total
GG Fund	To support program expenses and the implementation/administration of regional drought and conservation projects.	\$4.3	\$2.0	\$0.0	\$6.3
	<i>Repayment to start in FY 17/18</i>				
RO Fund	To support supplemental water purchases.	0.0	0.0	3.2	3.2
	<i>Repayment to start in FY 20/21</i>				
	<b>Total</b>	<b>\$4.3</b>	<b>\$2.0</b>	<b>\$3.2</b>	<b>\$9.5</b>

# Water Resources (WW) Fund Sources & Uses of Funds and Fund Balance



## FY 2016/17 Proposed Changes Based on 7 year rate scenario

- ❖ \$10M Reduction in MWD water pass through, adjusted water delivery from 60k AF to 45k AF
- ❖ \$3.2M Inter-fund loan transfer from RO fund to support water supplemental purchases
- ❖ Maintain Conservation Program as endorsed by water managers

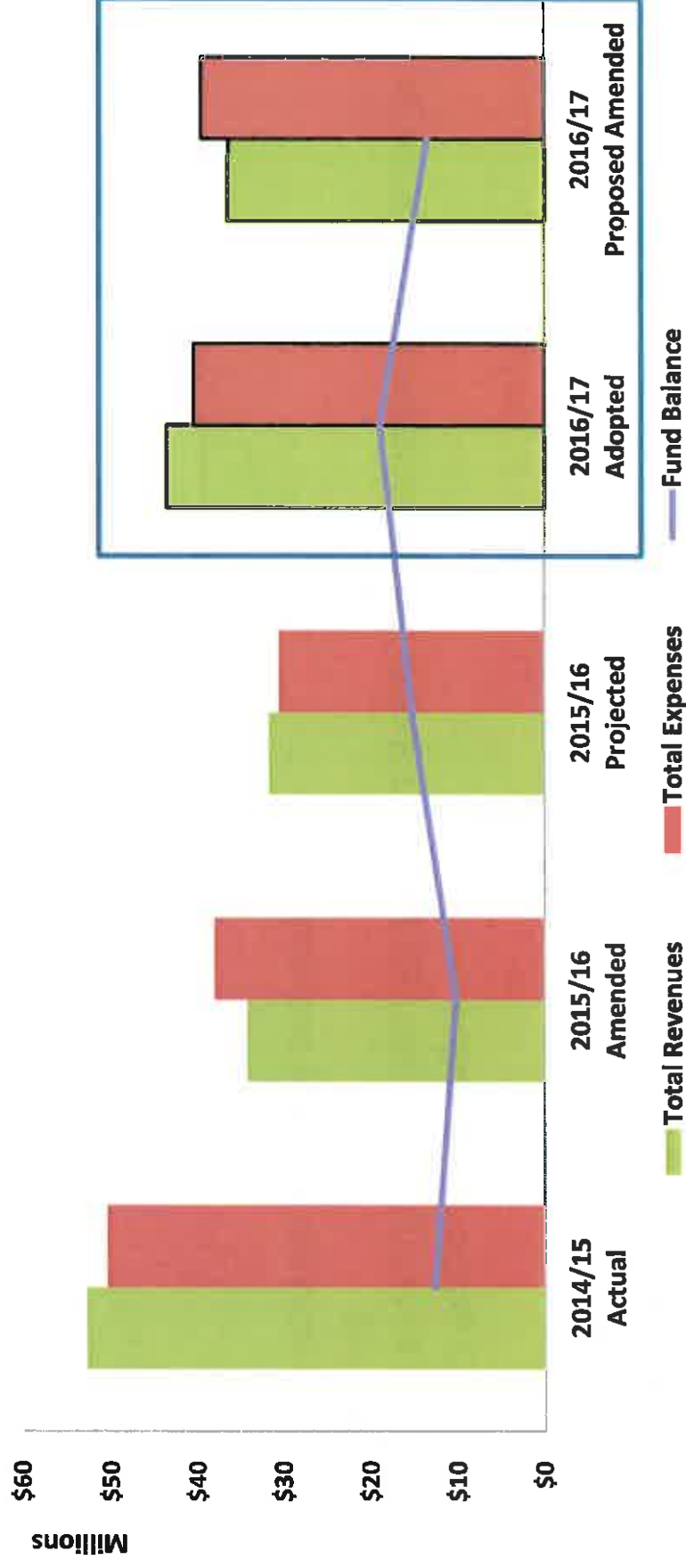


# Recycled Water (WC) Fund Sources & Uses of Funds and Fund Balance



## FY 2016/17 Proposed Changes Based on 2016-2025 TYCIP

- ❖ \$7M projected decrease in SRF Loans/Grants shifted to FY 2017/18
- ❖ \$800,000 increase O&M project expense
- ❖ \$2.1M MWD LPP expires June 2017



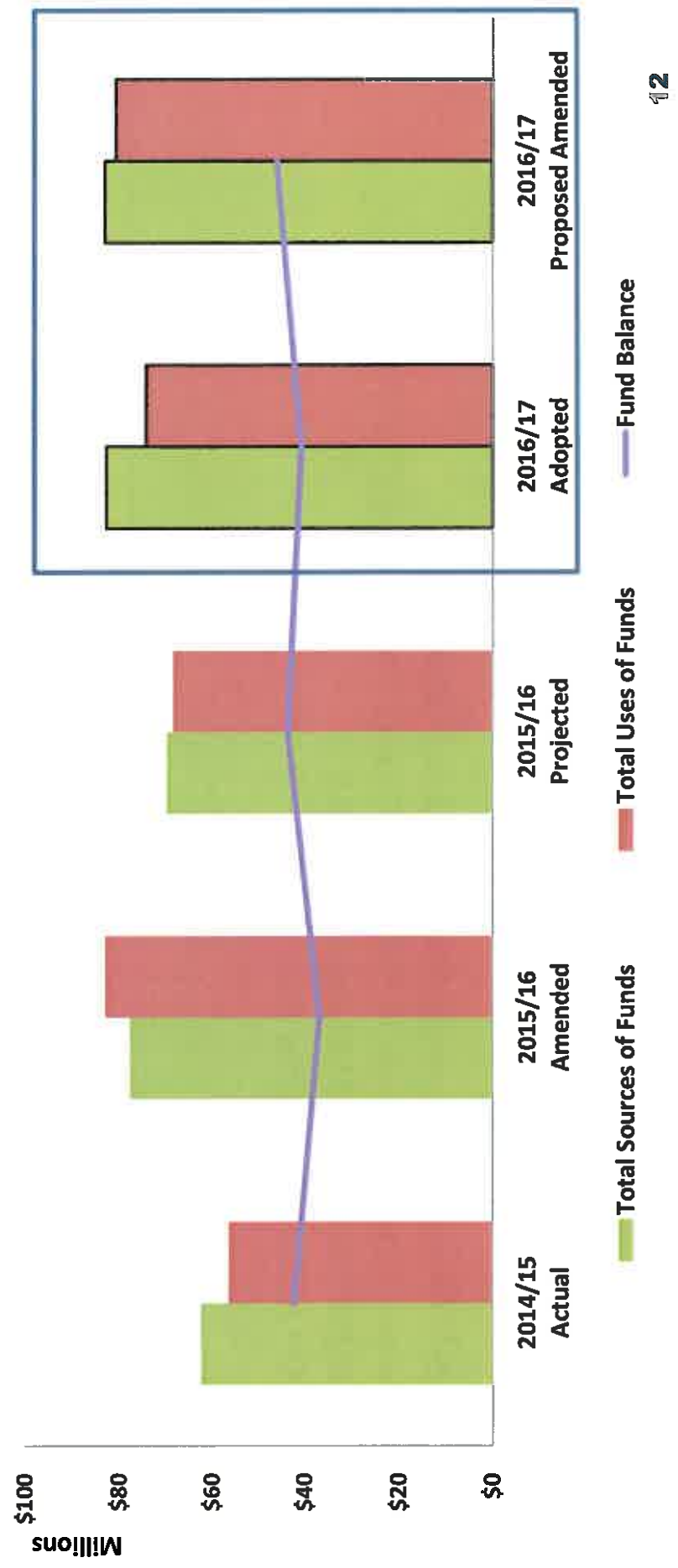


# Regional Wastewater O&M (RO) Fund Sources & Uses of Funds and Fund Balance



## FY 2016/17 Proposed Changes

- ❖ \$3.2M inter-fund loan from RO fund to support supplemental water purchases in WW fund
- ❖ \$3.0M increase in O&M projects

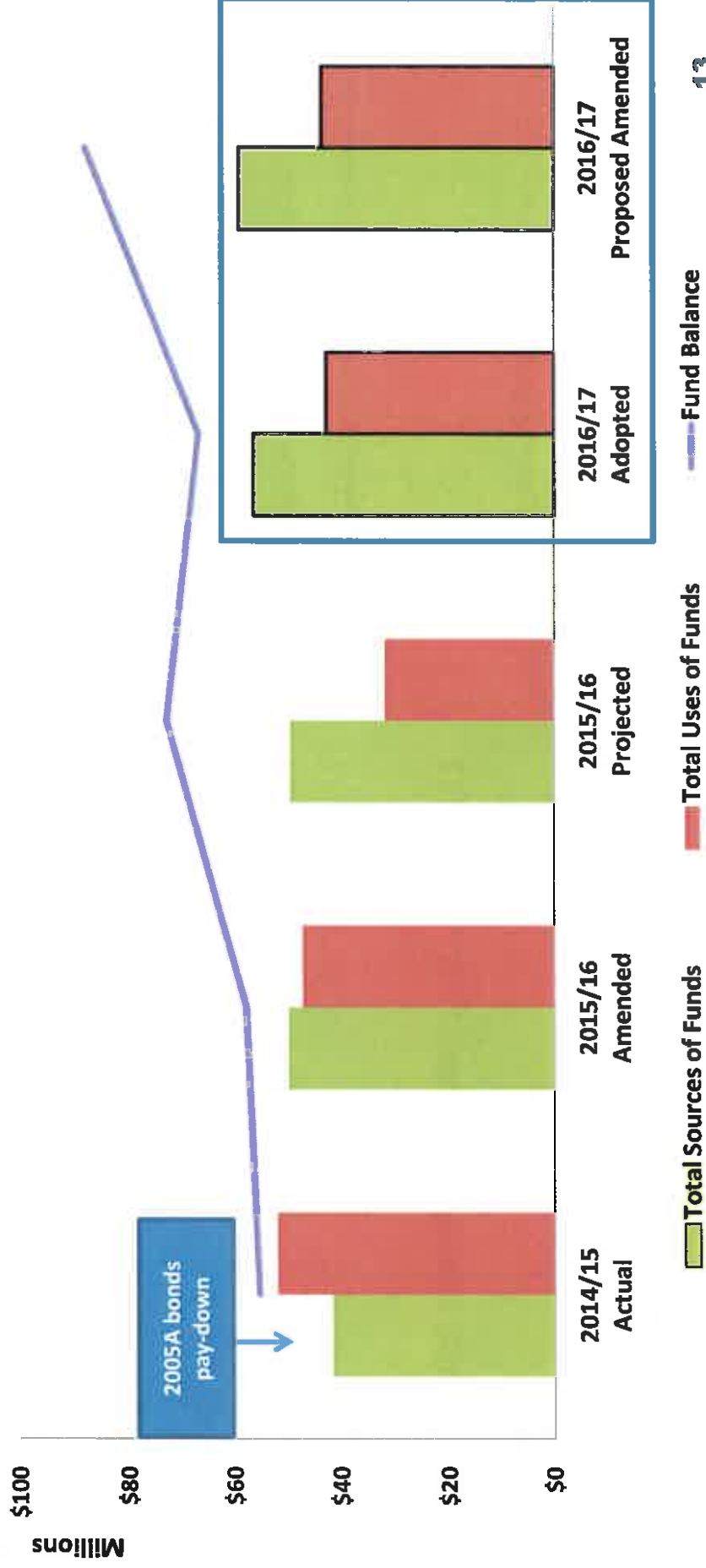


# Regional Wastewater Capital (RC) Fund Sources & Uses of Funds and Fund Balance



## FY 2016/17 Proposed Change

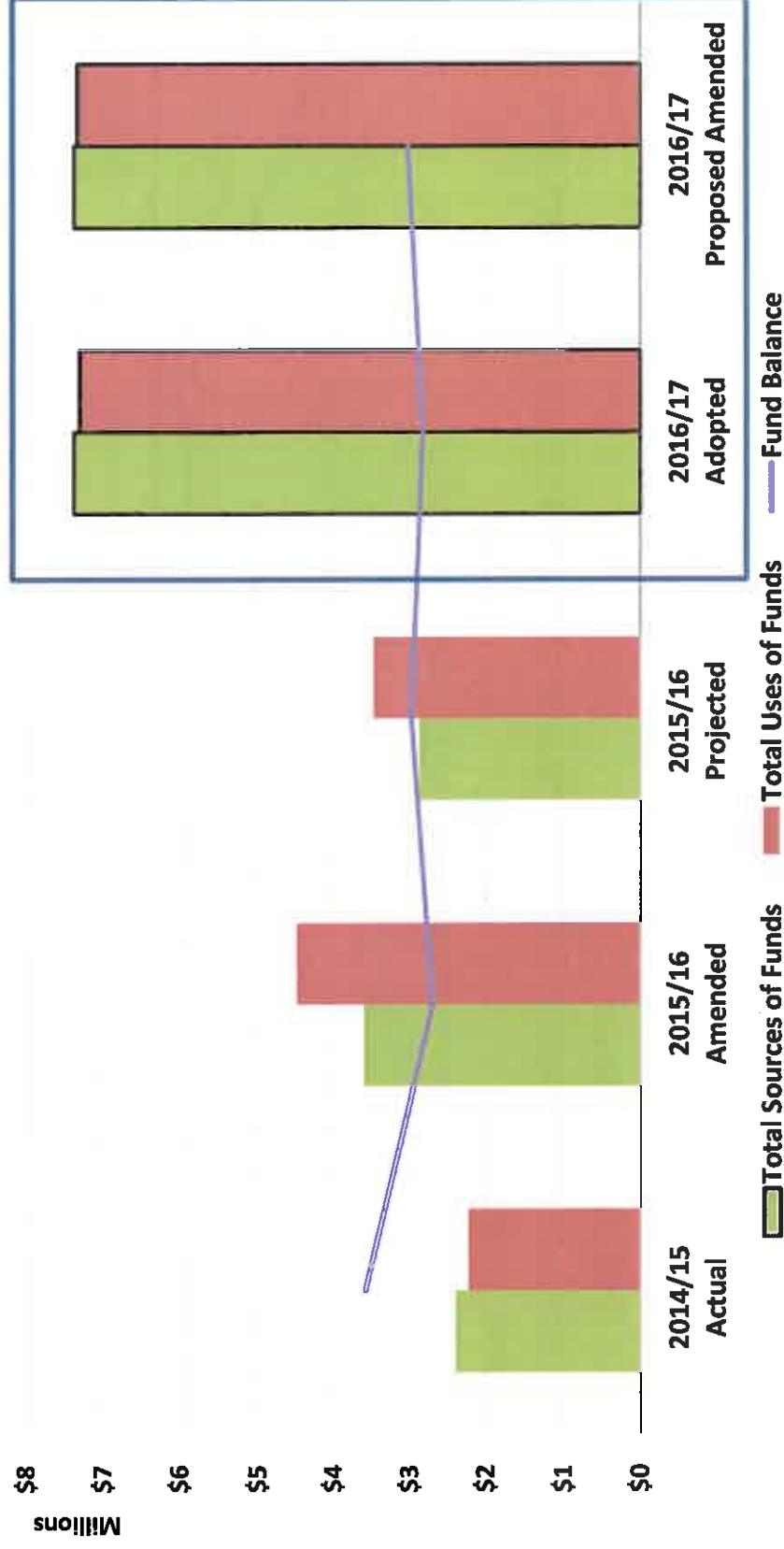
- ❖ \$2.5M increase in projected SRF Loan receipts for predesign of RP-1 and RP-5 Expansion project
- ❖ Reserve increase due prior year reduction in capital and other expenses



# Recharge Water (RW) Fund Sources & Uses of Funds and Fund Balance



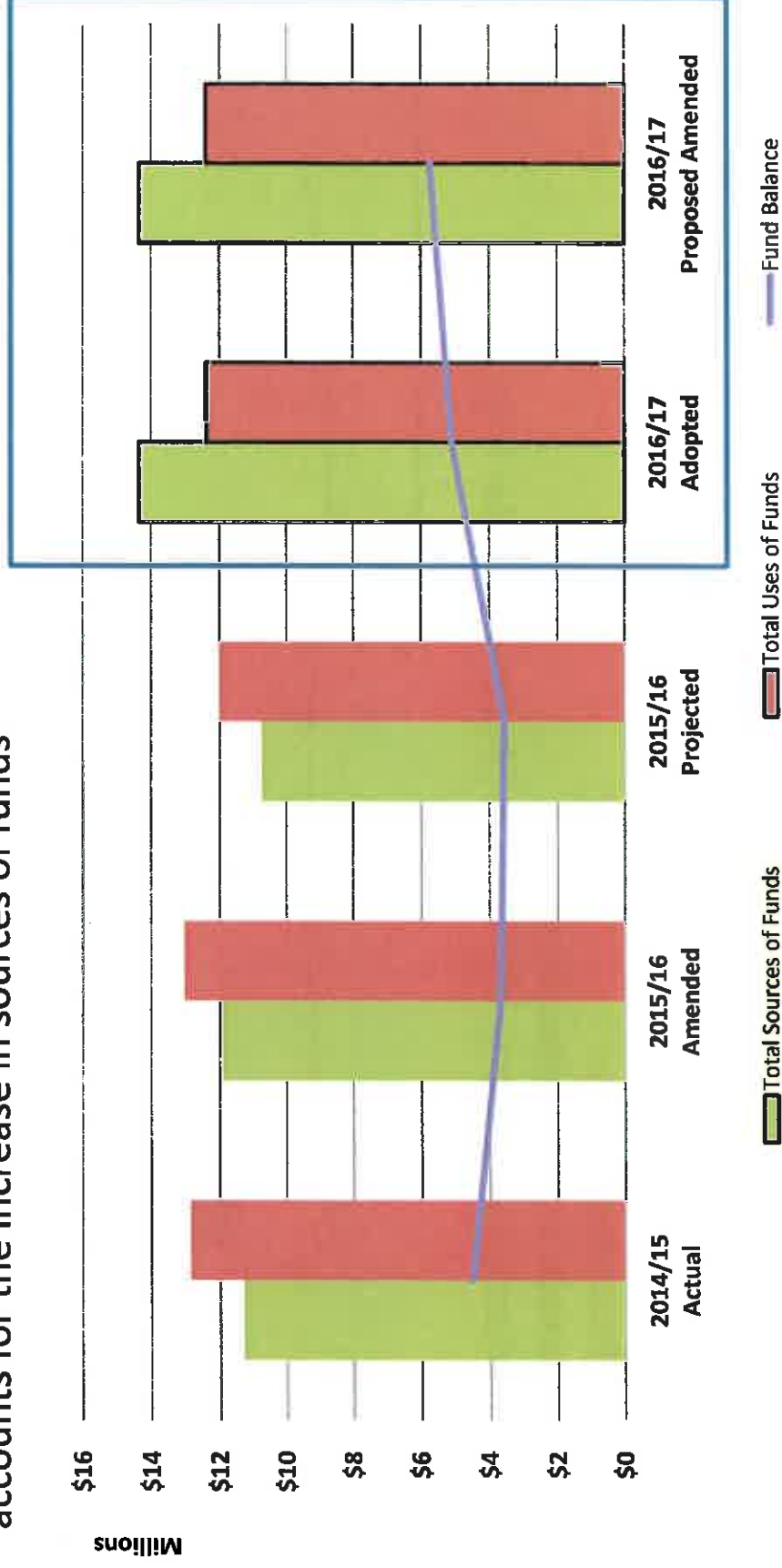
No major changes proposed for FY 2016/17



# Non-Reclaimable Wastewater (NC) Fund Sources & Uses of Funds and Fund Balance

Wakarusa County  
A MUNICIPAL WATER DISTRICT

Repayment of inter-fund loan (\$15M) from Recycled Water Fund starts in FY 2016/17 accounts for the increase in sources of funds

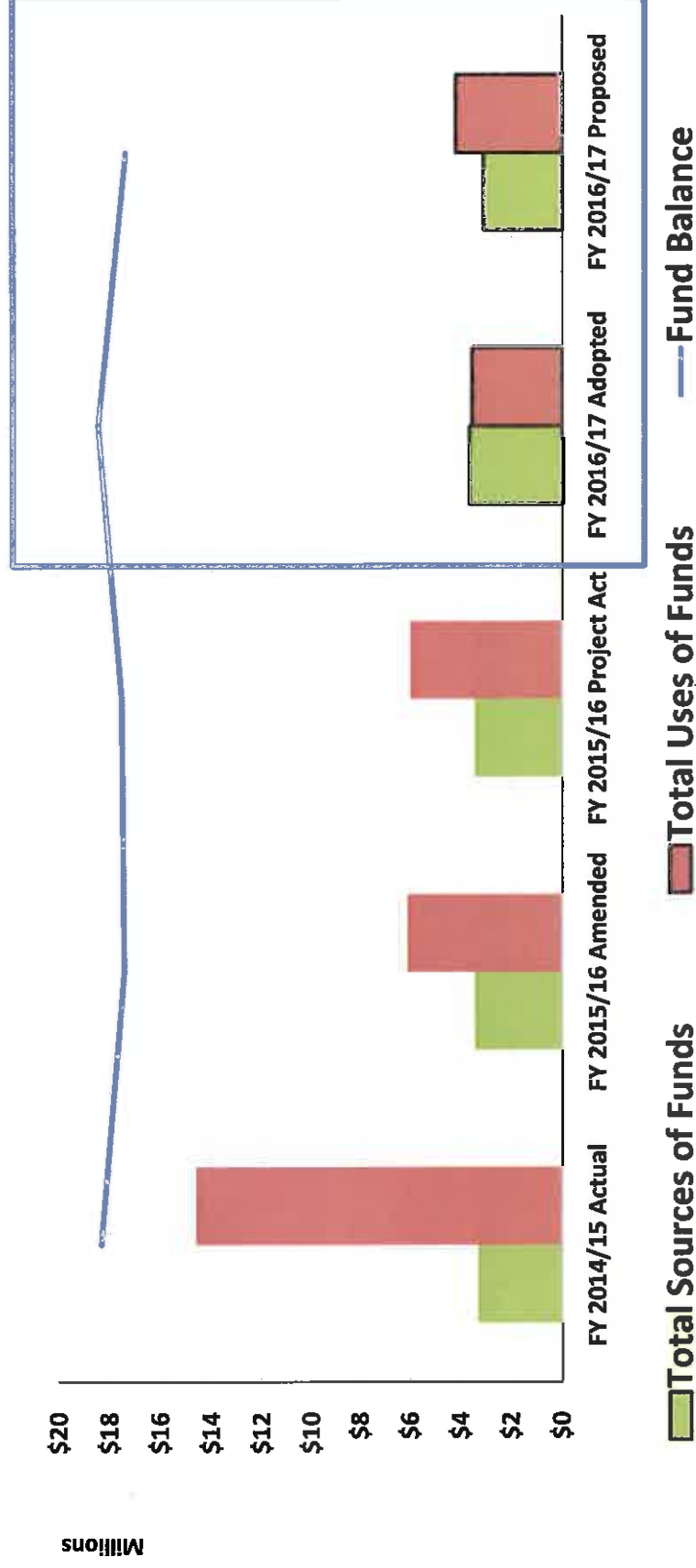


# Administrative Services (GG) Fund Sources & Uses of Funds and Fund Balance

Inland Empire Utilities Agency  
CENTRAL WATER DISTRICT

## FY 2016/17 Proposed Change

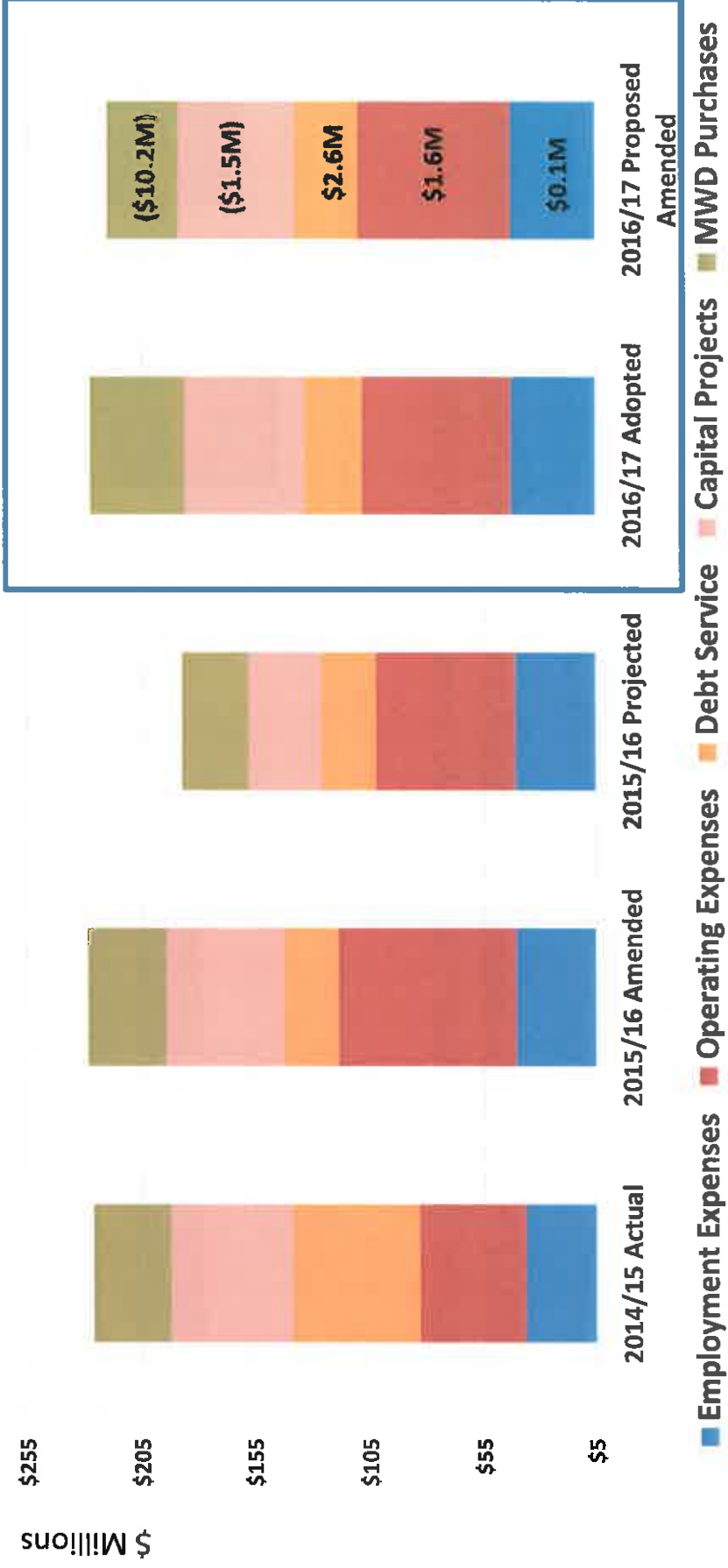
- ❖ \$600k increase in professional fees
- ❖ \$300k reduction in property taxes due re-allocation to WW fund



# Adjusted Consolidated Expenses



- ❖ \$7.4M net reduction in FY 2016/17 Proposed Budget
  - MWD water purchases decrease of \$10.2M
- ❖ Capital Projects based on FY 2016-2025 TYCIP

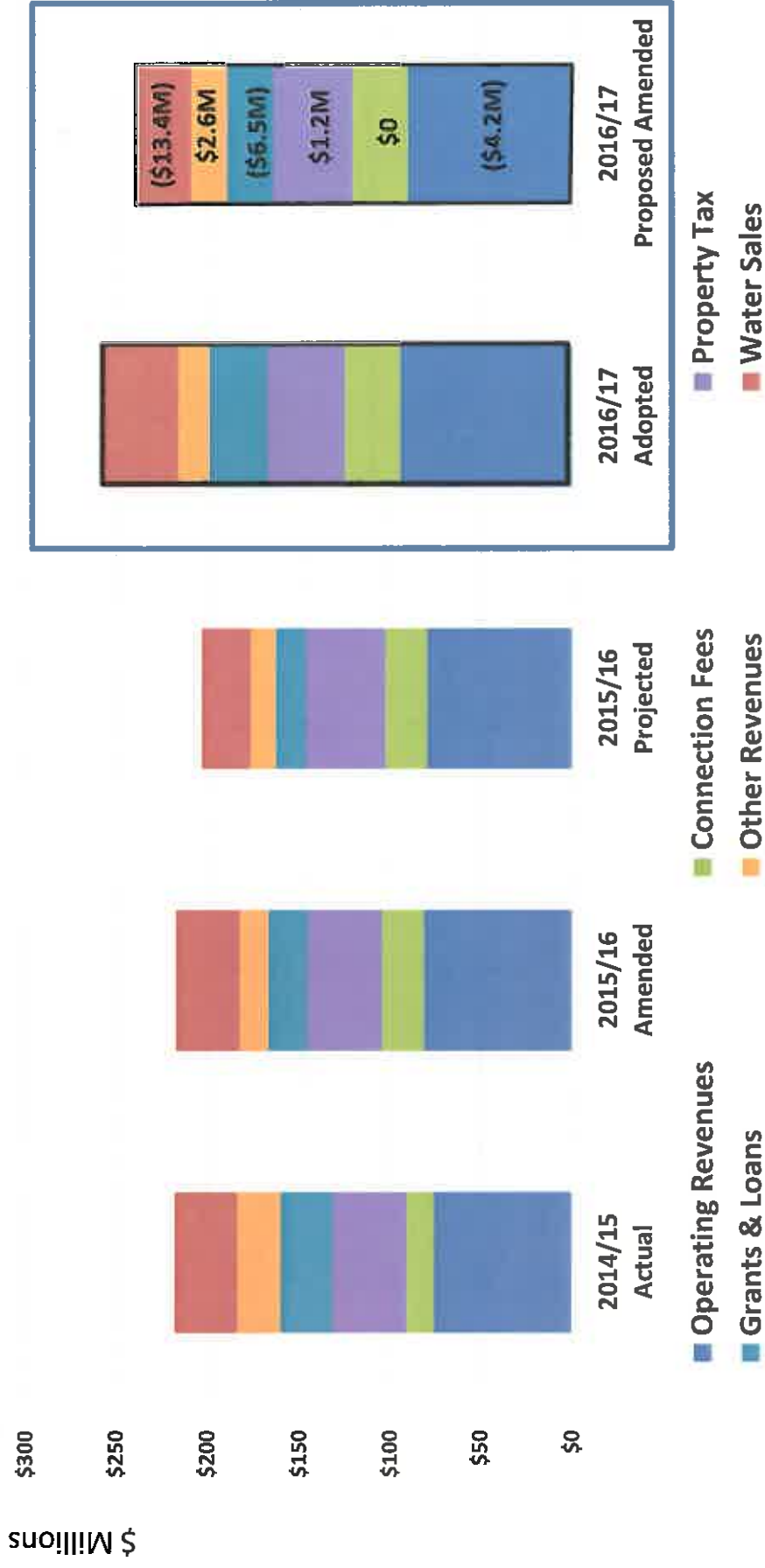




# Adjusted Consolidated Revenue and Funding Sources



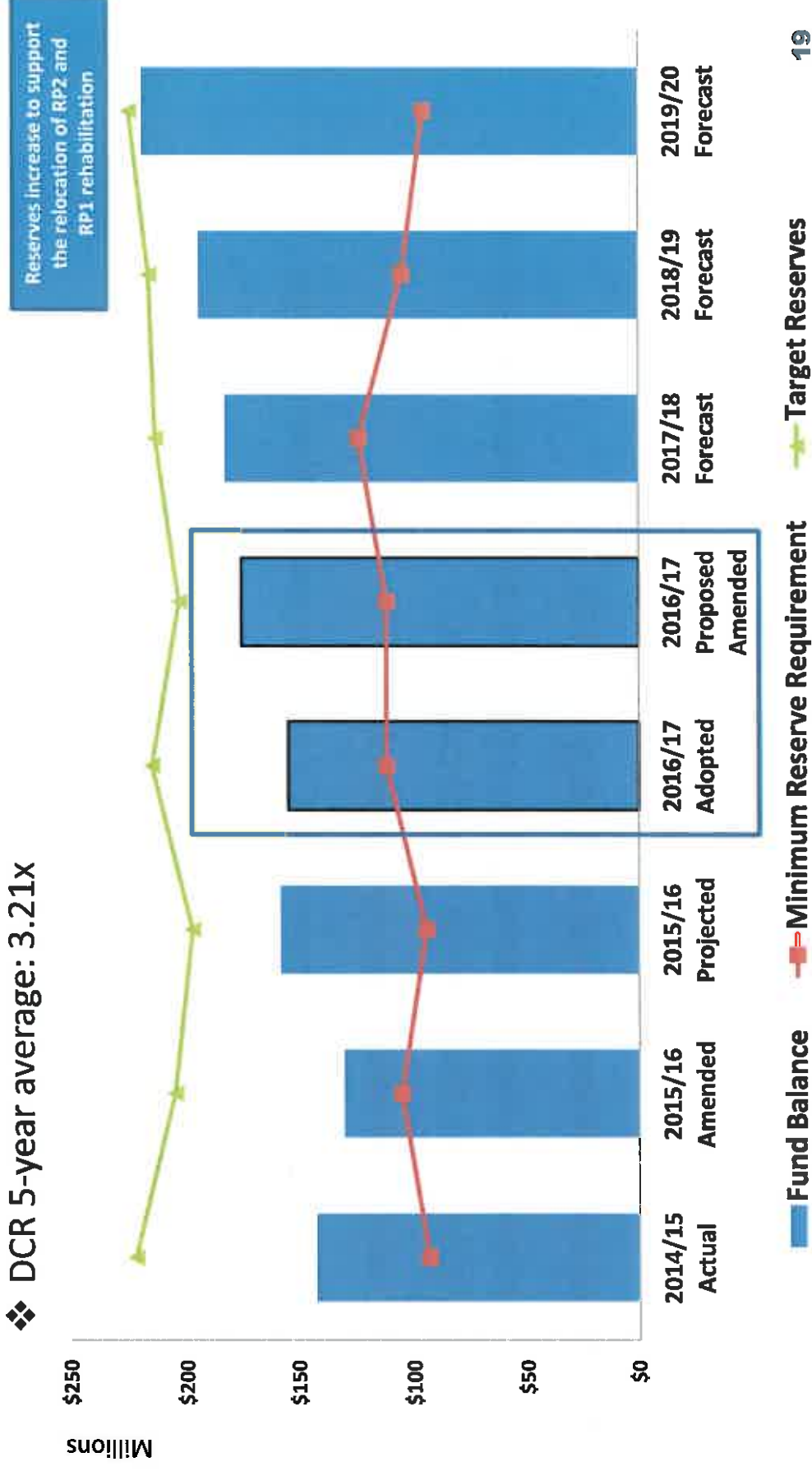
- ❖ FY 2016/17 Proposed budget net change is a reduction of \$20.3M primarily due to a reduction in MWD water sales and SRF loan and grant receipts



# Consolidated Fund Balances



- ❖ Includes early retirement of 2008A Revenue Bonds beginning FY 2016/17
- ❖ Based on FY 2016-2025 TYCIP (subject to change)
- ❖ DCR 5-year average: 3.21x



# Fiscal Ordinance Update



- ❖ Fiscal Ordinance 90 last updated in 2012
- ❖ Proposed changes intended to conform to recommended best practices and streamline the document;
  - Definitions enhanced for better clarity
  - Alignment with Procurement Ordinance and related policies
  - Budget amendments types more clearly defined
  - Approval and responsibilities expanded to include all Agency employees



# 2016 Schedule

Action	IEUA Finance Committee	IEUA Board	Regional Technical Committee	Regional Policy Committee
FY 2016/17 Budget Amendments*	May 11	May 18	May 26	June 2
Fiscal Control Ordinance 102				

*\* Budget Amendments to include updated TYCIP*

*IEUA is committed to achieving full cost of service rates for the for key Agency programs. This achievement is consistent with the Agency's business goal of **Fiscal Responsibility** - safeguarding the Agency's fiscal health through the adoption of balanced multiyear budgets and rates that meet the full cost of service targets.*



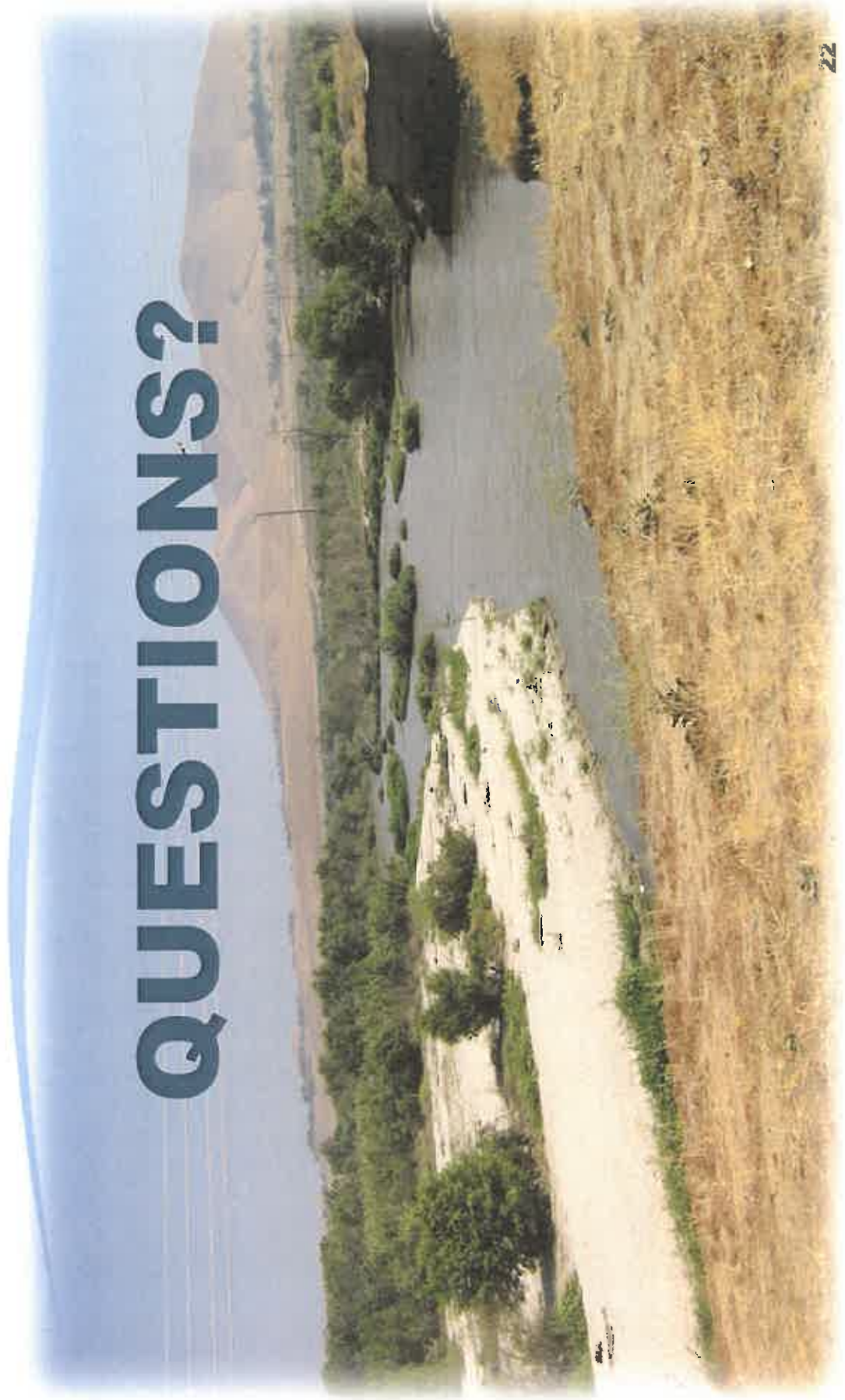




**Inland Empire Utilities Agency**

**A MUNICIPAL WATER DISTRICT**

# QUESTIONS?



## **ORDINANCE NO. 90**

### **AN ORDINANCE OF THE INLAND EMPIRE UTILITIES AGENCY\*, SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING FISCAL CONTROL**

**BE IT ORDAINED** by the Board of Directors of the Inland Empire Utilities Agency\* as follows:

#### **SECTION 1. PURPOSE**

The purpose of this Ordinance, to be known as the "Fiscal Control Ordinance of the Inland Empire Utilities Agency\*", is to provide for a system of financial administration, accounting, fiscal, and budgetary control, which conforms to generally accepted accounting principles and practices.

#### **SECTION 2. DEFINITIONS**

- A. Appropriation – Shall mean an authorization made by the Board, which permits designated Agency employees to incur obligations against, and to make expenses of, Agency resources. Appropriations for expenses and certain capital acquisitions shall be granted for a period of one fiscal year, or less. Capital acquisition projects meeting the multi-year criteria, as defined by fiscal current Agency policy, shall be granted for a period that expires upon the project's completion.
- B. Board – Shall mean the Board of Directors of the Inland Empire Utilities Agency.
- C. Budget- Shall mean the approval plan of financial operations embodying an estimate of proposed expenses for a given fiscal year and the proposed means of financing them.
- D. Agency – Shall mean the Inland Empire Utilities Agency.
- E. GM – Shall mean the General Manager of the Inland Empire Utilities Agency.
- F. AGM – Shall mean the Assistant General Manager of the Inland Empire Utilities Agency.
- G. CFO – Shall mean the Chief Financial Officer of the Inland Empire Utilities Agency.
- H. Designated Agency Employee – Shall mean those employees of the Agency so empowered under the provisions of Ordinance 74 and Agency Policy No. A-32.
- I. Account Category – Shall mean a grouping of various accounts.

#### **SECTION 3. FISCAL YEAR**

The fiscal year shall begin on July 1 of each year and end on June 30 of the succeeding year.



#### **SECTION 4. ADOPTION OF THE BUDGET**

The annual budget will be adopted by the Board prior to the first day of the fiscal year. However, if for good and sufficient reasons, the budget cannot be adopted by the first day of the fiscal year, the budget shall be adopted not later than 45 days subsequent to the beginning of the fiscal year. If the budget is not adopted prior to the beginning of the fiscal year, a resolution authorizing the continuation of necessary and essential expenses to operate the Agency shall be adopted prior to the beginning of the fiscal year. The proposed budget shall be prepared by the CFO and transmitted to members of the Board for its review a minimum of 10 days before the required date of adoption. The budget, as adopted, shall be a balanced budget with anticipated revenues (including appropriated unencumbered fund balances and reserves) equal to appropriate expenses. All funds within the budget shall also be balanced.

#### **SECTION 5. BUDGET, A PUBLIC RECORD**

At the time the proposed budget is transmitted to the Board by the GM, a copy of the proposed budget shall be made available for public inspection during regular business hours at the Agency's administrative office.

#### **SECTION 6. FINAL ADOPTION OF THE BUDGET**

The adoption of the budget shall be accomplished by the approval of a budget resolution, which specifies the anticipated revenues and appropriated expenses, by reference to the attached budget, for each fund covered by the budget. Amendments to the budget shall be approved by a majority of the Board.

#### **SECTION 7. BUDGET MODIFICATION**

An increase in the appropriation in any fund budget major account category, whether accomplished through a transfer of or increase to appropriations among funds or departments, that exceeds the appropriated amount as defined in Section 8, shall require the approval of the Board. The only exception is the General Manager's (GM) Contingency Account(s) established in a specific Agency fund(s) and included in the adopted budget to support unplanned costs that may arise during the fiscal year. Solely in the case of the GM Contingency Account(s), the GM, or his designate, is authorized to transfer budget to other fund(s) and between major account categories as needed. A report on the amount expended from the GM Contingency account is to be provided to the Board at least every three months. Replenishment of the GM Contingency Account(s) during the fiscal year will require Board approval.

The transfer of appropriations for a single account category within a single fund's budget shall only require the approval of the GM, AGM or CFO. After a fund's cumulative appropriated amount (sum of major account categories) for the fiscal year is reached, all such transfers shall require the approval of the Board, (with the exception of the GM Contingency Account as aforementioned). A report of all individual transfers shall be prepared and presented to the Board at least every three months. However, any transfer of appropriations

so as to increase the total wages appropriation, for whatever purpose, shall require the approval of the Board

## **SECTION 8. APPROVAL AND EXPENDITURE OF FUNDS**

The CFO, acting under the direction of GM, or AGM, shall have charge of the administration of the financial affairs of the Agency and to that end shall supervise and be responsible for the disbursement of all monies that have control over all expenses to insure that the appropriation amount approved by Board of Directors as part of the annual budget adoption in any fund budget major account category (defined as Operating or Capital) is not exceeded. The CFO shall exercise financial budgetary control over each department, division and fund of the Agency and shall cause separate accounts to be kept for the items of appropriation contained in the budget. Unless the CFO shall certify that there is a sufficient unencumbered balance available, no appropriation shall be encumbered and no expenditure shall be made.

## **SECTION 9. UNENCUMBERED FUND BALANCE**

All appropriations which are not obligated, encumbered, or expended at the end of the fiscal year, shall lapse except for multi-year capital appropriations, and shall become part of the unrestricted fund balance after adjustment for required fund reservations and sinking fund reserves. The final unrestricted fund balance at the end of a fiscal year may be appropriated in the following fiscal year.

## **SECTION 10. FUND STRUCTURE**

The following funds may be established and shall be used as necessary to provide for the proper accounting of all financial activities of the Agency:

- (a) The Administrative Service Fund - to account for the general operations of the Agency and all financial transactions not properly accounted for in another fund. This fund will also account for the financing of special activities and services performed by a designated Agency organization unit for other Agency organization units.
- (b) Enterprise Funds - to account for the financing of services to the general public where all or most of the costs involved are paid in the form of charges by users of such services.
- (c) Special Assessment Funds - to account for special assessments levied to finance public improvements or services deemed to benefit the properties against, which the assessments are levied.

## **SECTION 11. SELF-BALANCING ACCOUNTS**

A complete self-balancing group of accounts shall be established and maintained for each fund used. This group of accounts shall include all general ledger accounts and subsidiary

records necessary to reflect compliance with legal provisions, and to set forth the financial position and the results of financial operations of the fund.

## **SECTION 12. BASIS OF ACCOUNTING**

To the extent possible, the accrual basis of accounting shall be used so that expenses are recorded at the time liabilities are incurred and revenues are recorded when earned. All receipts and disbursements shall be posted promptly and, at least, on a monthly basis. To the extent possible, all interfund transfers shall be cleared by the end of the fiscal year.

## **SECTION 13. FINANCIAL REPORTING**

Financial reports showing the current conditions of all accounts shall be prepared and presented to the Board at least every three months. A comprehensive annual financial report, covering all funds and financial operations, shall be prepared and published not later than six months after the close of the fiscal year.

## **SECTION 14. ANNUAL INDEPENDENT AUDIT**

All the funds, accounts, and financial transactions of the Agency shall be subjected to an annual audit by an independent certified public accountant selected by the Agency's Audit Committee and approved by the Board. The audit shall be conducted in accordance with Generally Accepted Auditing Standards (GAAS) promulgated by the American Institute of Certified Public Accountants (AICPA).

## **SECTION 15. IMPLEMENTATION RESPONSIBILITY**

The responsibility for the proper execution of the provisions of this Fiscal Control Ordinance shall be with the CFO under the direction of the GM or AGM, except where the responsibility is explicitly given to the Board.

## **SECTION 16. SEVERABILITY**

In the event any section, subsection, sentence, clause, or phrase of this Ordinance shall be declared or adjusted invalid or unconstitutional, such adjudication shall in no manner affect the other sections, subsections, sentences, clauses, or phrases of this Ordinance, which shall remain in full force and effect, as if the section, subsection, sentence, clause or phrase so declared or adjudged invalid or unconstitutional were not originally part hereof.

## **SECTION 17. REPEAL OF PRIOR ORDINANCES**

Ordinance No. 77 is hereby repealed in its entirety.

## **SECTION 18. EFFECTIVE DATE**

This Ordinance shall become effective upon its passage

ADOPTED THIS 20<sup>th</sup> day of June 2012,



Michael Camacho, Vice President of the Inland  
Empire Utilities Agency\* and the Board of  
Directors thereof

ATTEST:



Steven J. Elie, Secretary of the Inland Empire Utilities  
Agency\* and the Board of Directors  
thereof

\* A MUNICIPAL WATER DISTRICT

STATE OF CALIFORNIA )  
COUNTY OF ) SS  
SAN BERNARDINO )

I, Steven J. Elie, Secretary of the Inland Empire Utilities Agency\*, DO HEREBY CERTIFY  
that the foregoing Ordinance being No. 90, was adopted at a regular Board Meeting on June  
20, 2012, of said Agency by the following vote:

AYES: Santiago, Elie, Camacho, Koopman

NOES: None

ABSTAIN: None

ABSENT: Catlin

  
\_\_\_\_\_  
Steven J. Elie, Secretary/Treasurer

(SEAL)

\* A MUNICIPAL WATER DISTRICT

**ORDINANCE NO. 102**

**AN ORDINANCE OF THE INLAND EMPIRE UTILITIES AGENCY\*, SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING FISCAL CONTROL**

**BE IT ORDAINED** by the Board of Directors of the Inland Empire Utilities Agency\* as follows:

**INDEX**

**PART I - DESIGNATIONS.....2**

**SECTION 101 - PURPOSE.....2**

**SECTION 102 - DEFINITIONS.....2**

**SECTION 103 - FISCAL YEAR .....5**

**SECTION 104 - FUND STRUCTURE.....5**

**SECTION 105 - SELF-BALANCING ACCOUNTS .....5**

**SECTION 106 - BASIS OF ACCOUNTING.....5**

**SECTION 107 - ADOPTION OF THE BUDGET .....5**

**SECTION 108 - BUDGET, A PUBLIC RECORD .....6**

**SECTION 109 - BUDGET AMENDMENTS .....6**

**PART II – RESPONSIBILITIES.....7**

**SECTION 201 - APPROVAL AND RESPONSIBILITIES .....7**

**SECTION 202 - UNENCUMBERED FUND BALANCE .....7**

**SECTION 203 - FINANCIAL POLICY AND REPORTING.....7**

**SECTION 204 - ANNUAL INDEPENDENT AUDIT.....8**

**SECTION 205 - IMPLEMENTATION RESPONSIBILITY.....8**

**SECTION 206 - SEVERABILITY .....8**

**SECTION 207 - REPEAL OF PRIOR ORDINANCES .....8**

**SECTION 208 - EFFECTIVE DATE AND EXECUTION.....8**



## PART I - DESIGNATIONS

### SECTION 101 - PURPOSE

The Fiscal Control Ordinance of the Inland Empire Utilities Agency sets forth the requirements for fiscal control that provide a framework for ensuring accountability in the Agency's budgetary and financial operations. These requirements provide for a system of financial administration, accounting, fiscal, and budgetary control on the same basis as the audited financial statements which conform to recommended best practices for budgeting according to the Government Finance Officers Association of the United States of America.

### SECTION 102 - DEFINITIONS

- A. Account Categories – Shall mean Operating and Non-Operating account groups as defined in the Agency's budget to report sources and uses of funds and to execute budget control. [Modified to include Operating and Non-Operating]
- B. Adopted Budget - Shall mean the plan of financial operations adopted by the Board of Directors embodying an estimate of proposed revenues and funding sources, operating expenses, capital expenditures, debt service costs, and other uses of funds for a given fiscal year (annual budget), or for two consecutive fiscal years (biennial budget), and the proposed means of financing them. [Changed from "Budget"]
- C. Agency – Shall mean the Inland Empire Utilities Agency.
- D. Amended Budget - Shall mean the Adopted Budget inclusive of approved budget amendments and budget transfers. [Added to distinguish from "Adopted Budget"]
- E. Appropriation/Appropriated Expense – Shall mean an expense which has been authorized by the Board of Directors for a specific fund or project which permits designated Agency employees, as defined in the Agency's Procurement Ordinance, to incur obligations against, and to incur expenses for a specified purpose. Appropriations approved by the Board of Directors in the Adopted or Amended Budget are limited to the fiscal year they are approved for unless otherwise specified. All unexpended appropriations shall lapse at the end of the fiscal year, unless approved by the Board to be carried forward to the following fiscal year. The Agency's annual appropriation is subject to the State's Article XIII Gann Appropriation Limit. [Modified to reference the Agency's Procurement Ordinance]
- F. Board of Directors - Shall mean the Board of Directors (Board) of the Inland Empire Utilities Agency, which sometimes is referred to as the Board within this document.

## PROPOSED

- G. **Budget Amendment** – Shall mean a change to the Adopted Budget of a fund in a fiscal year, including the reallocation of budget either between funds, or account categories within the same fund, as defined in Budget Transfer & Amendment Policy. Budget amendments are subject to approval or ratification by a majority of the Board. [New]
- H. **Budget Control** – Shall mean a system of management control in which actual costs, revenues, and resources are compared to the Agency's Adopted or Amended Budget to ensure consistency with the Board approved appropriations, and identify if changes are needed, as defined in Agency's Budget Transfer & Amendment Policy. [New]
- I. **Budget Transfer** – Shall mean the reallocation of appropriations or resources within the same fund and the same account category in a given fiscal year, as defined in the Budget Transfer & Amendment Policy. [New]
- J. **Capital Expenditures** – Shall mean costs associated with acquisition, construction, replacement and rehabilitation (R&R), and improvement of fixed and real assets. Based on the scope and duration of a capital project, the total project budget can be established for one or multiple years. [New]
- K. **CFO/AGM** – Shall mean the Chief Financial Officer/Assistant General Manager of the Inland Empire Utilities Agency. [Combined with "AGM"]
- L. **CIP** – Shall mean the Agency's capital improvement plan provided in the Adopted Budget document, Capital section. [New]
- M. **Debt Service** – Shall mean the payment of current year portion of principal and interest costs incurred on long-term debt issued by the Agency. [New]
- N. **Designated Agency Employee/Designee** – Shall mean employees of the Agency empowered under the provision of the Fiscal Control Ordinance and Procurement Ordinance to incur obligation against and to make expenses of appropriated resources.
- O. **Emergency Procurement** – Shall mean any procurement required for the prevention against imminent danger, or to mitigate the loss or impairment of: life, health, or safety of the public, Agency employees, suppliers, contractors; public or private property; compliance with critical permit and regulatory requirements; or any other condition which cannot reasonably be foreseen and would have a significant effect on the public's health/safety or that could have a significant adverse financial impact on the Agency. [New]
- P. **Enterprise Fund** – Shall mean a fund which is used to account for operations that are financed and operated in a manner similar to a private business enterprise. Enterprise funds account for operations, capital and debt service costs which are substantially financed by revenue derived from user charges and fees. [New]
- Q. **Fund** – Shall mean Agency's enterprise funds as established for a specific program to account for operations, capital, debt service costs, and funding sources. [New]

- R. GM – Shall mean the General Manager of the Inland Empire Utilities Agency.
- S. General Manager (GM) Contingency Account – Shall mean an account budgeted with contingency funds which the GM or his designee can transfer to any funds to meet unplanned requirements for any account or project under the Operating account category. Replenishment of the GM Contingency Account appropriation is considered a budget amendment and requires approval by a majority of the Board. Use of the GM contingency funds and requests for replenishment to the account will be submitted as part of the budget variance reporting process, or if necessary, at the next regularly scheduled meeting of the Board of Directors. [New]
- T. Inter-Fund Activities – Shall mean (1) inter-fund transfers between Agency’s funds to support operating and/or capital requirements; and (2) inter-fund loans between Agency funds to support shortfall in debt service, operating and/or capital requirements. Inter-fund loans require the establishment of a promissory note between borrower and lender, providing payment terms and repayment timeline. The use of an inter-fund loan or inter-fund transfer is determined on a case by case basis. Both inter-fund activities are considered budget amendments and require approval by a majority of the Board. [New]
- U. Lapsed Appropriations – Shall mean all appropriations which are not obligated, encumbered, or expended and which lapse at the end of the fiscal year. [New]
- V. Non-Operating Accounts – Shall mean classification of accounts utilized by the Agency which are not directly related to day-to-day operational activities. The Non-Operating expense classification includes capital, debt service and other non-operating expenditures. The Non-Operating revenue classification includes tax receipts, capital contributions, interest income, grant and debt proceeds, and other non-operating miscellaneous receipts. [New]
- W. Operating Accounts – Shall mean classification of accounts utilized by the Agency to track revenues and expenses associated with day-to-day activities. The operating expense classification includes among others, chemicals and utilities. The operating revenue classification includes among others, service charges and recycled water sales and miscellaneous operating income. [New]
- X. Special Assessment Fund – Shall mean fund that is used to account for special assessments levied to finance public improvements or services deemed to benefit the properties, against which the assessments are levied. [New]
- Y. State’s Article XIII Gann Appropriation Limit – Shall mean Article XIII B of the California Constitution which was added by the November 1979 passage of the Gann Initiative. This legislation mandates the Agency compute, and establish by resolution, an annual appropriation limit that places a ceiling on the total amount of tax revenues that can be appropriated annually. [New]

- Z. Total Project Budget – Shall mean the total amount planned to complete project tasks. The total project budget for an operations and maintenance (O&M) project, or special project, should be limited to one fiscal year. The total project budget for a capital project may extend over multiple fiscal years. [New]

### **SECTION 103 - FISCAL YEAR**

The fiscal year shall begin on July 1 of each year and ends on June 30 of the succeeding year.

### **SECTION 104 - FUND STRUCTURE**

The following fund types may be established and shall be used as necessary to provide for the proper accounting of all financial activities of the Agency; enterprise and special assessment. All Agency funds are enterprise funds, and include both capital and operating activities.

### **SECTION 105 - SELF-BALANCING ACCOUNTS**

A complete self-balancing group of accounts shall be established and maintained for each fund used. This group of accounts shall include all general ledger accounts and subsidiary records necessary to reflect compliance with legal provisions, and to set forth the financial position and the results of financial operations of the fund.

### **SECTION 106 - BASIS OF ACCOUNTING**

The accrual basis of accounting shall be used so that expenses are recorded at the time liabilities are incurred and revenues are recorded when earned in conformity with Generally Accepted Accounting Principles (GAAP). All receipts and disbursements shall be posted promptly and, at a minimum, on a monthly basis.

### **SECTION 107 - ADOPTION OF THE BUDGET**

The Agency's budget will be adopted by the Board prior to the first day of the fiscal year. The proposed budget shall be submitted by the CFO/AGM and transmitted to members of the Board for review at a minimum of 10 days before the required date of adoption. However, if for a valid and sufficient reason, the budget cannot be adopted by the first day of the fiscal year, the budget shall be adopted no later than 45 days subsequent to the beginning of the fiscal year. If the budget is not adopted prior to the beginning of the fiscal year, a resolution authorizing the continuation of necessary and essential expenses to operate the Agency shall be adopted prior to the beginning of the fiscal year.

The budget, as adopted, shall be a balanced budget with anticipated sources of funds including appropriated unencumbered fund balances and reserves equal to appropriated uses of funds. Each fund within the budget shall also be balanced.

The adoption of the budget shall be accomplished by the approval of a budget resolution. The resolution must be entered into the minutes of the Board meeting at which it was adopted.

## **SECTION 108 - BUDGET, A PUBLIC RECORD**

At the time the proposed budget is submitted by the CFO/AGM and delivered to members of the Board for its review, a summary of the proposed budget shall be made available for public inspection during regular business hours at the Agency's administrative office and website for a minimum of 10 days before the required date of adoption. At a minimum the summary of the proposed budget should include the Sources and Uses of Funds by Funds reports, program rates and fees, and a listing of capital and O&M projects.

When the proposed budget has been approved by the Board, the adopted budget document shall be made available for public inspection, during regular business hours at the Agency's administrative office; as well as, on the Agency's website ([www.ieua.org](http://www.ieua.org)).

## **SECTION 109 - BUDGET AMENDMENTS**

Budget amendments must be approved by a majority of the Board prior to obligating funds in excess of the budgeted appropriations to ensure they pose no financial risk to the Agency's overall financial health. The only exceptions to prior Board approval are; emergency procurements and the use of the GM Contingency Account(s) to support unplanned expenditures.

- Emergency procurements can be approved by the GM or designee and submitted for ratification by the Board at the next regularly scheduled meeting, as defined in the Agency's Procurement Ordinance.
- Solely in the case of the GM Contingency Account(s), the GM or designee is authorized to transfer GM Contingency budget to other funds and account categories as needed to support unplanned expenditures, as defined in the Agency's Budget Transfer & Amendment Policy. Replenishment of the GM Contingency Account are considered budget amendments and are subject to approval by the majority of the Board.

Changes to the second year of the Adopted Biennial Budget are considered budget amendments. These budget amendments shall be made through the mid-year budget review process which takes place on the second half of the first year of the biennial budget cycle.

Encumbered, obligated or unexpended funds at the end of the fiscal year carried forward to the following fiscal year, as defined in the Agency's Fiscal Year End Carry Forward of Encumbrances and Related Budget, are considered budget amendments and require approval by the majority of the Board.

## **PART II – RESPONSIBILITIES**

### **SECTION 201 - APPROVAL AND RESPONSIBILITIES**

All Agency employees shall comply with the provisions of this Ordinance to ensure the responsible and prudent use of public funds, and to maintain the preservation of the public trust.

The CFO/AGM, under the direction of GM, is authorized as follows:

- Administration, control, oversight, and reporting of the financial affairs of the Agency;
- Oversight of disbursement of all monies;
- Exercise budgetary control over expenditures to ensure that annual appropriations and total project budget as approved by the Board are not exceeded; and
- No appropriation will be encumbered and no expenditure shall be made prior to confirming sufficient unencumbered fund balance is available.

The GM and the CFO/AGM are authorized to approve reallocation of appropriations between departments within the same fund and account category, as defined in the Budget Transfer & Amendment Policy.

Department managers are responsible for monitoring their budgets and determining if a budget amendment or budget transfer is necessary.

### **SECTION 202 - UNENCUMBERED FUND BALANCE**

All appropriations which are not obligated, encumbered, or expended at the end of the fiscal year shall lapse and shall become part of the unrestricted fund balance after adjustment for required fund reservations. The final unrestricted fund balance at the end of a fiscal year may be appropriated in the following fiscal year.

### **SECTION 203 - FINANCIAL POLICY AND REPORTING**

Financial Policies to support the Agency's business goals of fiscal responsibility at the direction of the GM and CFO/AGM shall be presented to the Board upon revision or update, based on regulatory changes or staff recommendations and updated in accordance with California code.

Financial reports shall be prepared and presented to the Board during the fiscal year, amongst them:

- Monthly report on the Agency's cash and investments activities and status.
- Monthly report on detailed disbursements.
- Quarterly report on current conditions of all major accounts compared to the Adopted or Amended Budget, including budget transfers and budget amendments implemented during the report period.



## **PROPOSED**

- A Comprehensive Annual Financial Report shall be prepared and published no later than six months after the conclusion of each fiscal year.
- Single Audit, as required.

All financial reports shall be posted on the Agency's website.

### **SECTION 204 - ANNUAL INDEPENDENT AUDIT**

All funds, accounts, and financial transactions of the Agency, including a single audit for grants related activities if required, shall be subjected to an annual audit by an independent certified public accountant selected by the Agency's Audit Committee and approved by the Board. The audit shall be conducted in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the State Controller's Minimum Audit Requirements for California Special Districts.

### **SECTION 205 - IMPLEMENTATION RESPONSIBILITY**

The responsibility for the proper execution of the provisions of this Fiscal Control Ordinance shall be with the CFO/AGM under the direction of the GM, except where responsibility is explicitly given to the Board.

### **SECTION 206 - SEVERABILITY**

In the event any section, subsection, sentence, clause, or phrase of this Ordinance shall be declared or adjusted invalid or unconstitutional, such adjudication shall in no manner affect the other sections, subsections, sentences, clauses, or phrases of this Ordinance, which shall remain in full force and effect, as if the section, subsection, sentence, clause or phrase so declared or adjudged invalid or unconstitutional were not originally part hereof.

### **SECTION 207 - REPEAL OF PRIOR ORDINANCES**

Upon adoption of Ordinance No. 102, Ordinance No. 90 is hereby repealed in its entirety.

### **SECTION 208 - EFFECTIVE DATE AND EXECUTION**

This Ordinance shall take effect immediately upon adoption by the Board, and execution of said Ordinance by the President and Secretary/Treasurer thereof.

**ADOPTED**, this 18th day of May, 2016.

---

Terry Catlin  
President of Inland Empire Utilities  
Agency\*, and of the Board of Directors  
thereof

**ATTEST:**

---

Steven J. Elie,  
Secretary of the Inland Empire Utilities  
Agency\* and the Board of Directors  
Thereof

**\* A MUNICIPAL WATER DISTRICT**

STATE OF CALIFORNIA     )  
COUNTY OF                 ) SS  
SAN BERNARDINO         )

I, Steven J. Elie, Secretary of the Inland Empire Utilities Agency\*, DO HEREBY CERTIFY that the foregoing Ordinance being No. 102, was adopted at a regular Board Meeting on May 18, 2016, of said Agency by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

\_\_\_\_\_  
Steven J. Elie, Secretary/Treasurer

(SEAL)

\* A MUNICIPAL WATER DISTRICT

**INFORMATION  
ITEM**

**2D**

# FY16/17 Ten Year Capital Improvement Plan Update



*Inland Empire Utilities Agency*

**A MUNICIPAL WATER DISTRICT**

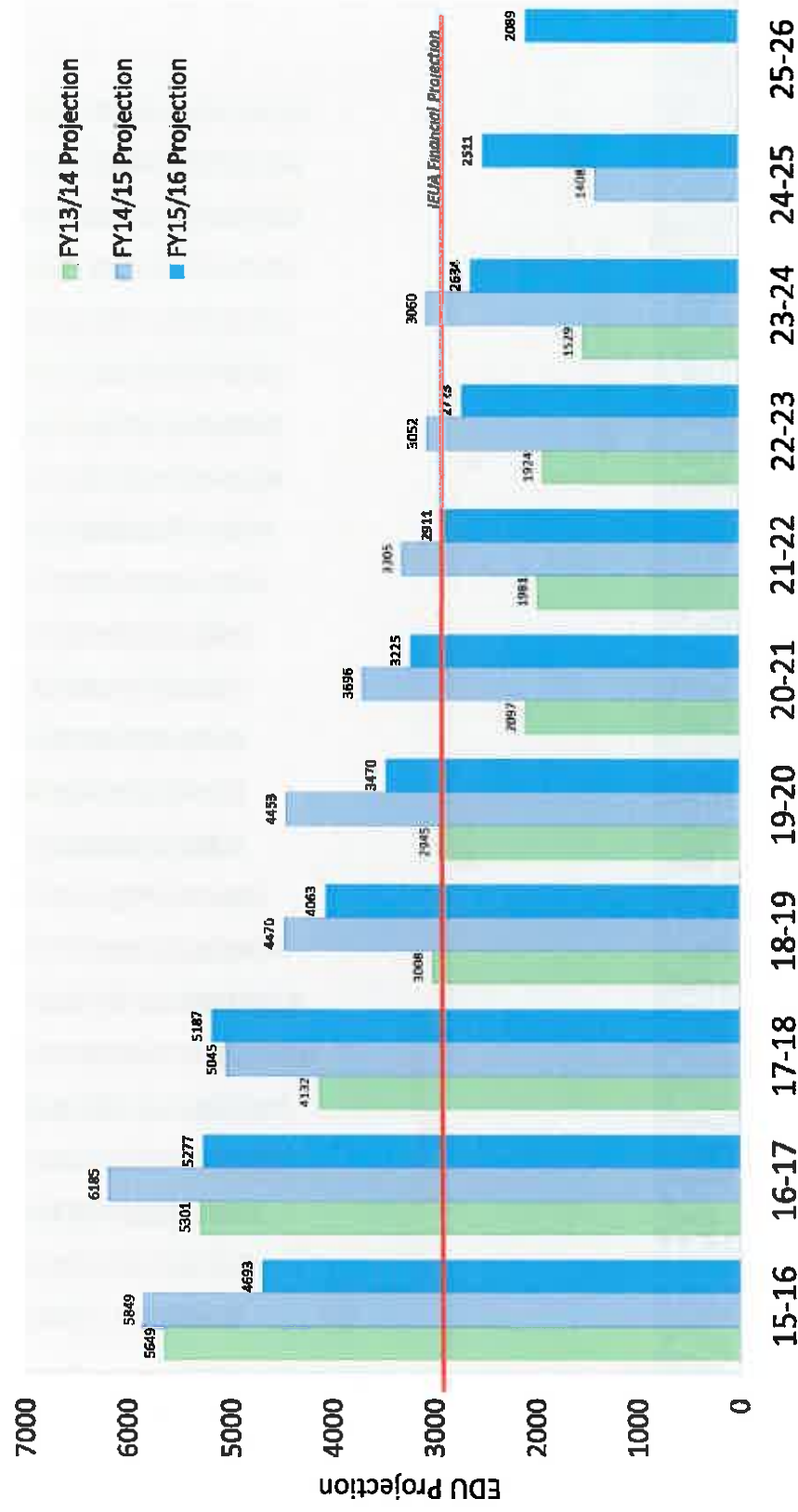
Elizabeth Hurst

IEUA Regional Committee  
April 2016

# Key Drivers of the FY16/17 TYCIP

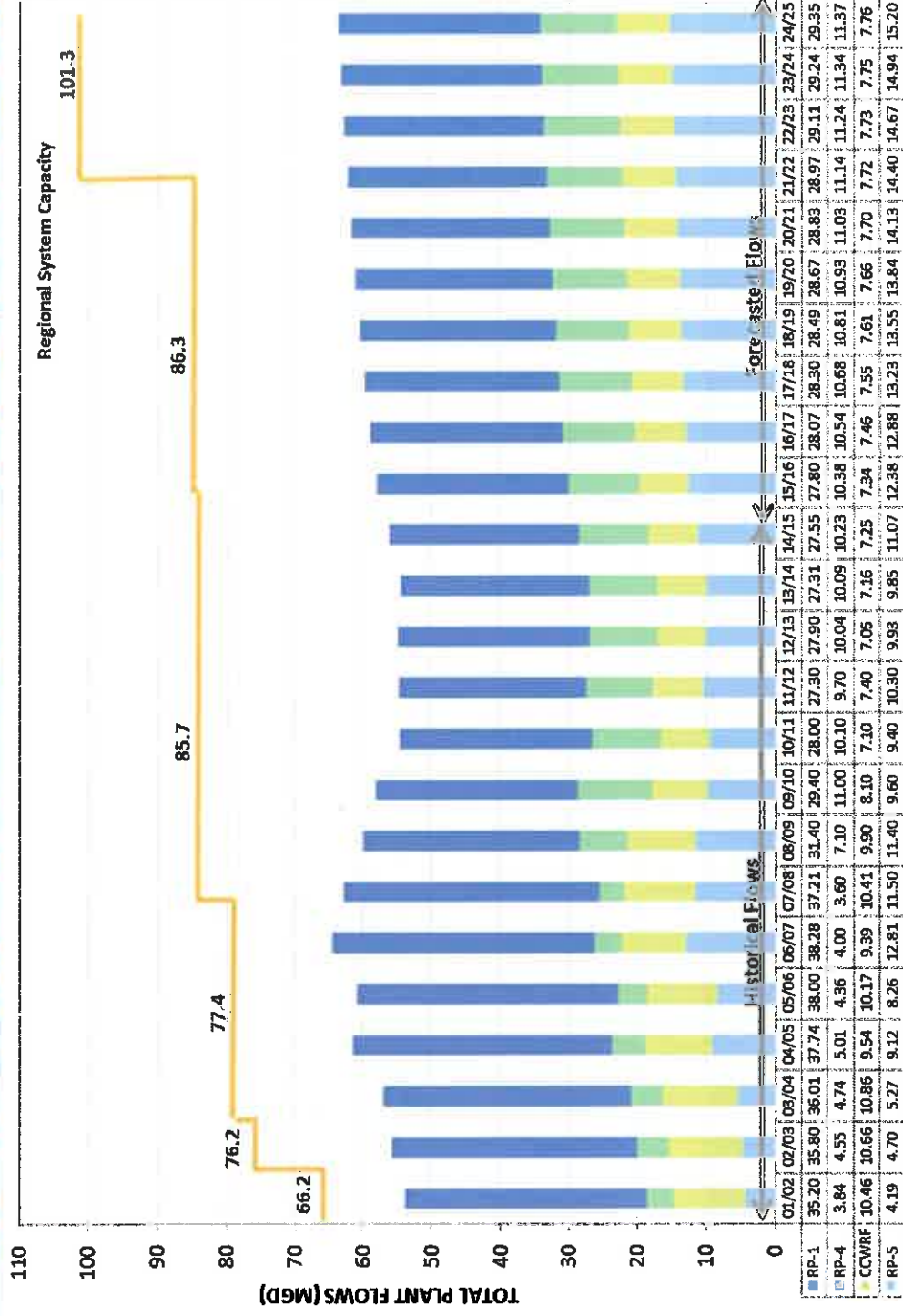
- Member Agency growth projections
- 2015 Wastewater Facilities Master Plan Updated flow factors and concentrations
- Asset Management Plan
- 2015 Recycled Water Program Strategy Update
- 2015 Energy Management Plan
- 2016 Integrated Resources Plan
- 2016 Water Use Efficiency Business Plan

# 10-Year EDU Growth Forecast





# FY16/17-FY25/26 Member Agency Wastewater Flow Projections<sup>1</sup>



# TYCIP Budget Estimate by Fund

	Description	FY 16/17	FY18/19	FY19-26	TYCIP Total
GG	Administrative Services Fund	4,469,012	1,680,200	6,538,600	12,687,812
NC	Non-Reclaimable Wastewater Fund	1,250,000	610,000	9,080,000	10,940,000
RC	Regional Capital Improvement Fund	21,134,400	24,044,000	319,850,000	365,028,400
RO	Regional Operations and Maintenance	26,854,520	33,545,000	92,122,000	152,521,520
RW	Recharge Water Fund	4,979,800	12,730,500	35,749,500	53,459,800
WC	Recycled Water Fund	24,782,800	24,143,195	29,365,000	78,290,995
WW	Water Resources Fund	6,879,250	6,479,250	36,104,000	49,462,500
	<b>TOTAL</b>	<b>90,349,782</b>	<b>103,232,145</b>	<b>528,809,100</b>	<b>722,391,027</b>

# TYCIP Comparison to FY 15/16 Budget by Fund

Description		FY15/16 Budget	Preliminary TYCIP list
GG	Administrative Services Fund	\$ 9.5 M	\$ 12.6 M
NC	Non-Reclaimable Wastewater Fund	\$ 17.2 M	\$ 10.9 M
RC	Regional Capital Improvement Fund	\$ 348.9 M	\$ 365.0 M
RO	Regional Operations and Maintenance	\$ 131.0 M	\$ 152.5 M
RW	Recharge Water Fund	\$ 49.3 M	\$ 53.4 M
WC	Recycled Water Fund	\$ 75.2 M	\$ 78.2 M
WW	Water Resources Fund	\$ 60.9 M	\$ 49.4 M
<b>TOTAL</b>		<b>\$ 692.0 M</b>	<b>722.3</b>

# Next Steps

- **March 31: Circulate TYCIP for Comments**
- **April 28: Technical Committee**
- **May 5: Policy Committee**
  - FY 16/17 TYCIP Recommendation for Approval
- **May 18: IEUA Board**
  - FY 16/17 TYCIP Recommendation for Approval

**RECEIVE AND  
FILE**

**3A**



## **Regional Sewerage Program Policy Committee Meeting**

### **AGENDA**

**Thursday, April 7, 2016  
4:30 p.m.**

#### **Location**

Inland Empire Utilities Agency  
6075 Kimball Avenue  
Chino, CA 91710

---

#### **Call to Order and Roll Call**

#### **Pledge of Allegiance**

#### **Public Comment**

#### **1. Technical Committee Report – Ryan Shaw (*Oral*)**

#### **2. Action Items**

- A. Approval of the March 3, 2016 Meeting Minutes

#### **3. Informational Items**

- A. Regional Contract Renewal
- B. Fiscal Year 2016/17 Budget Update
- C. Ten-Year Capital Improvement Plan Update

#### **4. Receive and File**

- A. Fiscal Year 2015/16 2<sup>nd</sup> Qtr. Budget Variance
- B. Building Activity Update
- C. Recycled Water Distribution – Operations Summary
- D. Recycled Water Semi-Annual Update

#### **5. Other Business**

- A. IEUA General Manager's Update
- B. Committee Member Requested Agenda Items for Next Meeting
- C. Committee Member Comments
- D. Next Meeting – May 5, 2016

#### **6. Adjournment**

**DECLARATION OF POSTING**

---

I, Laura Mantilla, 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 Monday, April 4, 2016.

---

Laura Mantilla



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**3B**

# Building Activity Report - YTD Fiscal Year 2015/16



## Legend

- Service Area
- Unincorporated

## EDU (YTD)

### Residential

≤1.0

1.0 - 10.0

>10.0

### Commercial

≤1.0

1.0 - 10.0

>10.0

### Industrial

≤1.0

1.0 - 10.0

>10.0

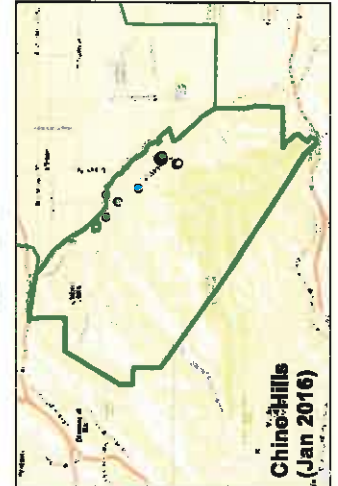
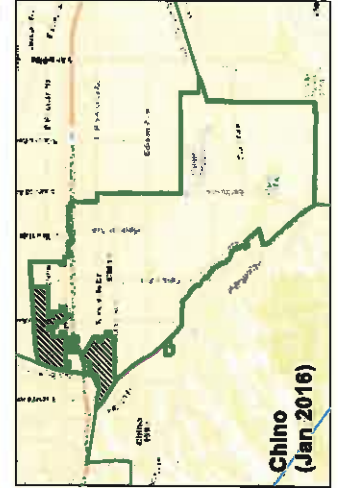
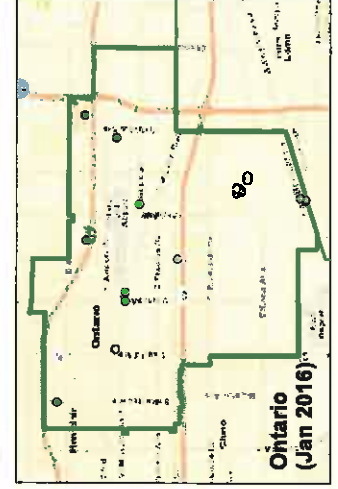
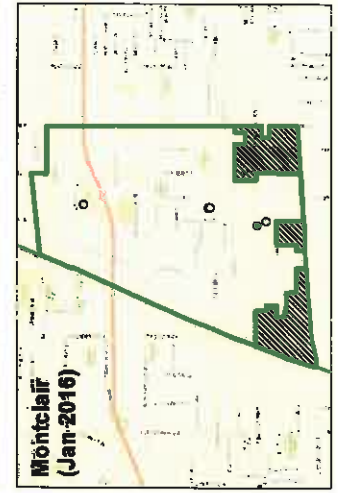
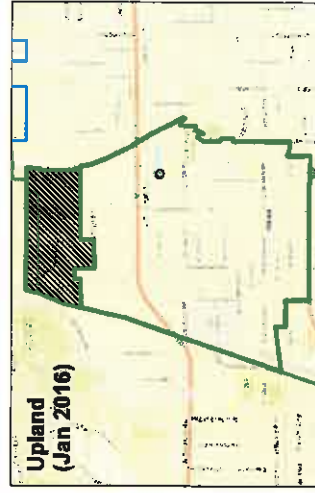
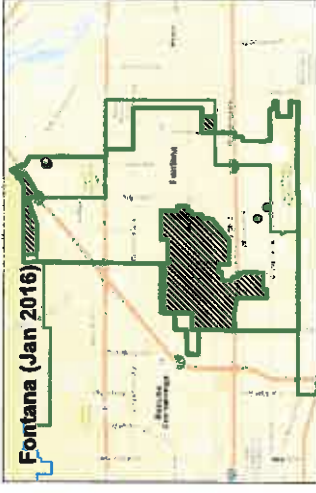
## HALF MILE GRID: TOTAL EDU's (YTD)

0 0.5 1 1.5 30 45 75+

## TOTAL EDU BY CONNECTION TYPE (YTD)

Serving Agency	YTD Active			Total (EDU)
	Residential (EDU)	Commercial (EDU)	Industrial (EDU)	
Chino	369	30	0	399
Chino Hills	140	83	0	224
CVWD	345	167	648	1159
Fontana	400	44	15	459
Montclair	37	12	0	49
Ontario	184	66	78	327
Upland	136	32	0	168
Total	1611	434	740	2786

0 2.5 5 10 Miles

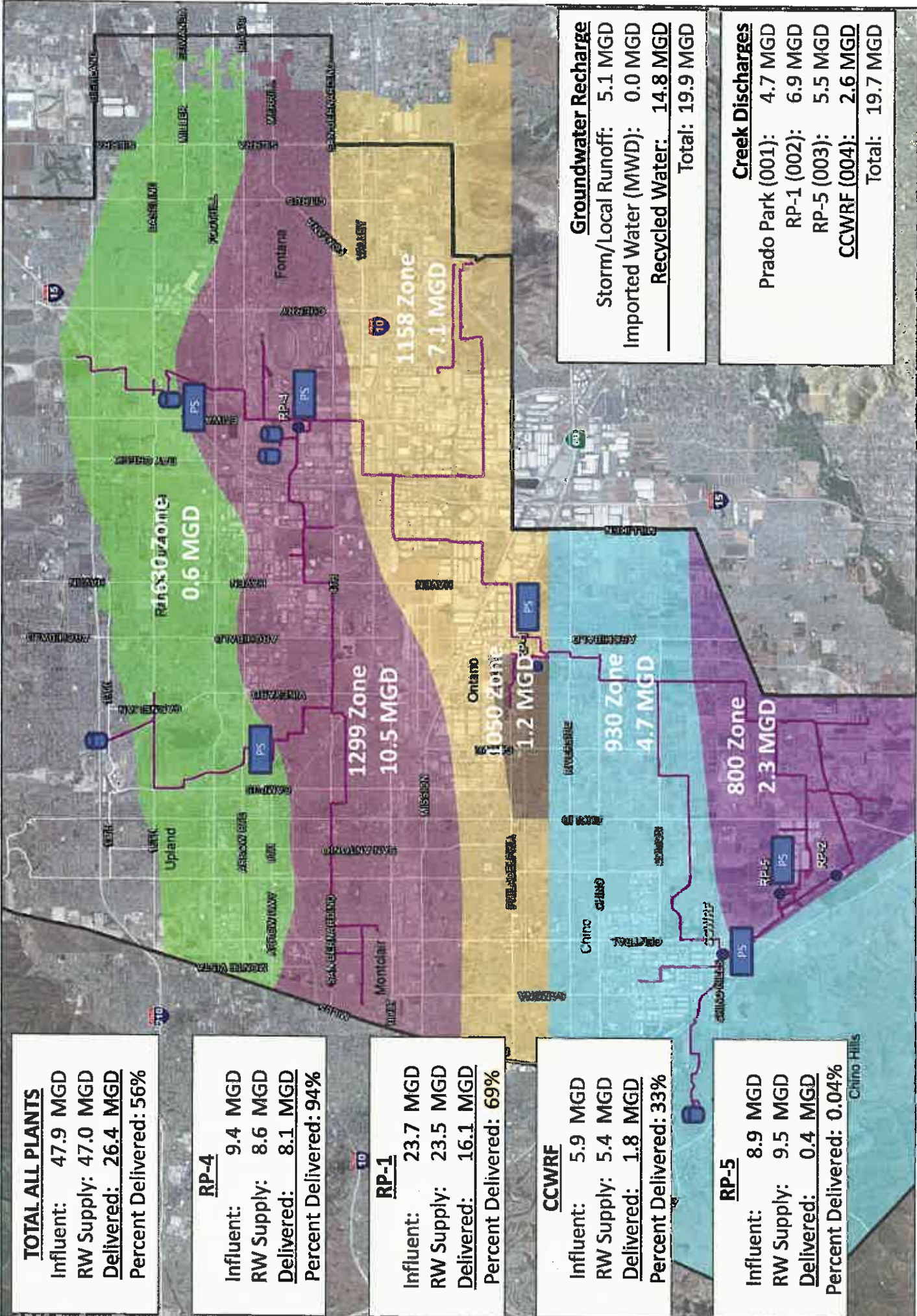


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**3C**



# IEUA RECYCLED WATER DISTRIBUTION – FEBRUARY 2016

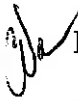


**RECEIVE AND  
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3D**



*Inland Empire Utilities Agency*  
A MUNICIPAL WATER DISTRICT

---

Date: March 31, 2016/April 7, 2016  
To: Regional Committees  
From:  Inland Empire Utilities Agency  
Subject: Fiscal Year 2015/16 2<sup>nd</sup> Quarter Budget Variance

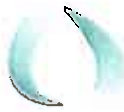
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**RECOMMENDATION**

This is an information item for the Regional Committees to receive and file.

**BACKGROUND**

This item was presented at the IEUA Board of Directors meeting on March 16, 2016.



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Date: March 16, 2016

To: The Honorable Board of Directors

Through: Finance, Legal, and Administration Committee (03/09/16)

From: P. Joseph Grindstaff  
General Manager

Submitted by: Christina Valencia  
Chief Financial Officer/Assistant General Manager

JL #882 Javier Chagoyen-Lazaro  
Manager of Finance and Accounting

Subject: FY 2015/16 Second Quarter Budget Variance Report

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### **RECOMMENDATION**

This is an informational item for the Board of Directors to receive and file.

### **BACKGROUND**

The Budget Variance Report presents the Agency's financial performance through the second quarter ending December 31, 2015, includes various analyses in the following attachments:

- Exhibit A provides a comparison of actual revenues and expenses against the current FY 2015/16 amended budget including a discussion of major categories with the most significant variances.
- Exhibit B provides a progress status of Division and Department Goals and Objectives as established in the FY 2015/16 adopted budget.
- Exhibit C-1 presents a summary of Operations and Maintenance (O&M) budget transfers approved by management during the second quarter.
- Exhibit C-2 presents a summary of the GM contingency account activity.
- Exhibit D lists Board approved budget amendments and management approved budget transfers for capital and O&M projects.
- Attachment A provides a FY 2015/16 financial overview of each of the Agency's programs.

### **TOTAL REVENUES AND OTHER FUNDING SOURCES**

Overall, the Agency received total revenues and other funding sources during the second quarter of FY 2015/16 of \$84.7 million, or 38.0% of the amended budget (Exhibit A detail). The following section highlights key variances:



- **User Charges** – User charges were \$32.6 million or 48.6% of amended budget. This category includes \$24.7 million from equivalent dwelling unit (EDU) volumetric charges, \$5.3 million for non-reclaimable wastewater fees, \$2.6 million for imported potable water meter service charges, and associated surcharge and other fees.
- **Recycled Water Sales** – Recycled water sales at the end of second quarter were \$6.1 million, or 51.4% of the amended budget. Direct sales were \$3.9 million at 11,689 acre feet (AF) and groundwater recharge sales were \$2.2 million at 5,997 AF. Total year to date deliveries of 17,686 AF compared to the 35,150 AF projected for the fiscal year accounts for the favorable variance. A wet winter season may impact future deliveries due to reduced demand for recycled water and limit the recharge deliveries to groundwater basins.
- **MWD Imported Water Sales** – Total MWD pass-through imported water revenue was \$8.9 million or 21.6% of amended budget. The variance is due to continuous response to the drought condition and public outreach efforts aimed at reducing water demand. If dry weather persists, MWD may initiate water supply allocation plan to its member agencies. In addition, formation of an El Niño weather pattern could result in normal to above normal precipitation which could further suppress water demand.
- **MWD LPP Rebate** – Direct recycled water sales in excess of 3,500 AF and up to 17,000 AF are eligible for the Metropolitan Water District (MWD) Local Project Program (LPP) rebate at a rate of \$154/AF, for a maximum amount of \$2.1 million per fiscal year. At the end of the second quarter, the total rebate was \$1.3 million for 8,557 AF of credit or 63.4% of budget.
- **Property Taxes** – Tax receipts at the end of the second quarter were \$18.0 million or 43.8% of the amended budget. General ad-valorem property tax receipts from the San Bernardino County Tax Assessor (County) was \$15.3 million and “pass-through” incremental RDA taxes received was \$2.7 million. Taxes received from the county are estimated to be 12% higher than taxes received in December of last year. Tax revenue stream is anticipated to stabilize due to the housing market rebound and increase in the County's property assessed valuation.
- **Wastewater Connection Fees** – Total wastewater connection fee receipts reported through the second quarter were \$13.1 million or 56.3% of the budget. A total of 2,571 new EDU connections was reported through December 2015, compared to the 4,330 new EDU connections budgeted for this fiscal year.
- **Grants & Loans** – Total receipts of \$0.8 million or 3.7% of the amended budget were received during the second quarter. Amended budget is comprised of \$8.9 million of grants and \$12.3 million of SRF loan proceeds. Grants and loans receipts are cyclical in nature due to the capital projects spending trend and the multi-year funding for large projects.
- **Cost Reimbursements** – Total cost reimbursements were \$2.6 million, or 48.0% of the amended budget. Reimbursements include \$1.7 million from the Inland Empire Regional Composting Authority (IERCA), \$0.6 million from Chino Basin Desalter Authority (CDA), and \$0.3 million from Chino Basin Watermaster (CBWM). Total cost

reimbursement budget of \$5.5 million includes; \$3.4 million from IERCA, \$1.4 million from CDA, and \$0.7 million from CBWM.

- **Other Revenues** – Total other revenues were \$0.8 million, or 10.7% of the amended budget, include cost reimbursable projects that are still in the early design phase and lease revenue for the RP-5 Solids Handling Facility that is on track.

## TOTAL EXPENSES AND USES OF FUNDS

The Agency's total expenses and uses of funds through the second quarter were \$76.9 million, or 32.6% of the amended budget.

The amended budget includes \$15.6 million of encumbrances and commitments carried forward from FY 2014/15; \$8.3 million for capital projects and \$7.3 million of operating (O&M) expenses, including O&M and reimbursable projects. In accordance with Agency Policy A-81 (Fiscal Year-End Carry Forward of Encumbrances and Related Budget), carry forward encumbrances, commitments and related budget not expended by December 31, 2015, are subject to cancellation unless otherwise approved by Executive Management. At the end of the second quarter, unspent carry forward was \$7,186,071, of which \$6,779,109 was extended and \$406,962 was returned, as shown in Table 1.

**Table 1: FY 2014/15 Encumbrance Carry Forward Status**

	Capital & Special Projects	O&M	Total
Carried Forward – September 2015	\$14,087,352	\$1,558,648	\$15,646,000
Remaining Carry Forward subject to Reversal	\$6,643,432	\$542,639	\$7,186,071
Carry Forward Requested for Extension	\$6,339,013	\$440,096	\$6,779,109
Encumbrance Returned – January 2016	\$304,419	\$102,543	\$406,962

Key expense variance highlights are:

- **Employment Expenses** – Employment expenses were \$20.1 million or 49.4% of amended budget. Higher than anticipated vacancy factor of 12.4%, equivalent to 36 full-time (FTE) positions, compared to budgeted vacancy rate of 4% (12 FTEs), provide savings in wages and benefits. Savings were partially offset by a \$3 million payment towards pension unfunded liabilities and other post-employment (OPEB) benefits.
- **Professional Fees & Services** – Total expenses were \$3.1 million, or 28.8% of the amended budget. The positive variance can be attributed to the timing of contracts and services that are anticipated to be executed in the subsequent months for:
  - *Contract labor & contract materials* for dig alerts, troubleshooting secondary system evaluation, treatment process improvements, and asset management;
  - Deferral of *consultant services* to perform analyses; research and studies for Planning & Environmental Compliance Department related to new water, recycled water, and regional wastewater capital function; earthwork and debris removal at the basins; and financial services to address taxes and LAFCO issues.

- **Chemicals** – Chemicals through the second quarter were \$1.9 million, or 41.6% of the amended budget.
  - Sodium Hypochlorite – favorable variance is a result of the actual price per unit at \$0.55 per gallon lower than the budgeted costs of \$0.587 per gallon coupled with low actual flows. It is anticipated that the consumption of this category will increase during the winter months as flows increase and the metabolism of microorganisms slows down.
  - Ferric Chloride - The reduced amount of raw waste water treated due to critical aeration equipment rehabilitation resulted to lower spending at this category. Year to date raw waste treated is 292,744 pounds at \$0.18 per pound.

While most chemicals were very close to targeted costs, others such as the buffers and chemical solutions used for maintenance instrumentation and calibration, and the continued monitoring of chemical usage and process optimization contribute to the overall favorable category variance.

- **Utilities** – Expenses in this category were \$4.9 million or 44.4% of the amended budget.
  - Electricity costs were higher than budgeted due to peak rate at \$0.137/kWh incurred between July and September. The current average rate of imported electricity of \$0.119/kWh is lower than the budgeted rate of \$0.125/kWh. Mid-year usage was measured at 35,084,262 kWh, or 50% of annual agency average of 70,000,000 kWh.
  - Natural gas was favorable due to a lower gas rate averaging \$0.45/therm compared to the budgeted rate of \$0.80/therm. Average usage was measured at 446,096 therms, or 36% of annual agency average of 1,200,000 therms.
  - Fuel cell is only operating at half rated capacity and producing electricity lower than the expected output.
  - Solar energy is slightly lower than the budgeted amount for the second quarter. Electricity generated from solar power is directly related to the amount of sunlight experienced during the year.
- **MWD Imported Water Purchases** – Total MWD pass-through imported water purchases were \$8.9 million for 15,345 AF or 21.6% of 50,000 AF budgeted for the fiscal year. Based on the volume year-to-date, the amended budget will be reduced to \$29.6 million, from \$41.4 million. The MWD imported water pass-through sales revenue will be reduced respectively.
- **Special and Reimbursable Projects** – O&M project expenditures were \$2.5 million or 8.8% of the amended budget. The Chino Basin Groundwater Wells and Raw Water Pipeline project budgeted for this fiscal year at \$9.0 million, or 32% of the amended budget, has been delayed due to the ongoing discussions. The CDA has initiated project management with Michael Baker International, but design and construction will not begin until ongoing discussions and terms are completed.
- **Capital Projects**–Total capital project expenditures were \$13.2 million or 25.6% of the amended budget of \$51.4 million, amended budget includes a net of \$8.0 million carry forward from prior fiscal year. Regional Wastewater projects account for approximately

56.0% of total capital project costs through the second quarter, and 36% were related to Recycled water projects.

As of December 31, 2015, there were fifteen (15) projects identified as eligible for closure which total to approximately \$4.6 million.

Table 2 below identifies projects with project budget over \$500,000 which are not projected to be expended in the current fiscal year. These projects account for approximately \$7.7 million, or 15% of the amended budget. Spending levels are largely driven by changes in project scope and schedule, construction bid results, regulatory issues, and available resources associated with such undertakings.

**Table 2: Project Budget Not Planned to be Expended in FY 2015/16**

Project #	Description	FY 15/16 Forecast	FY 15/16 Budget	Variance	Reason for Variance
EN06025	Wineville Ext Recy Wtr Pipeline Seg A	1,106,242	2,135,354	1,029,112	Completed under budget with a 4% change order ratio.
EN13001	San Savaine Basin Improvements	2,525,342	3,500,000	974,658	Construction slated to begin later in the fiscal year. Major portion of budget total to carried forward to FY 2015/16.
EN13045	Wineville KW Extension Segment B	1,639,135	2,506,255	867,120	Nearly complete and projected to finish below the FY budget.
EN13048	RP-1 930-Zone RW Pump Station Load Analysis	219,516	1,000,000	780,484	An extensive analysis of the RP-1 existing load is required prior to launching the design. The majority of the budget will be consumed in FY16/17.
EN13016	SCADA Enterprise System	3,190,282	4,200,000	1,009,718	Project is progressing with less than anticipated manpower and with minimal change orders. Contract negotiation resulted in \$400,000 of savings. Additionally, work on Phase 2 requires upfront as-building prior to design.
EN15008	New Water Quality Laboratory	854,301	1,700,000	845,699	Based on original TYCIP allocation, some of the FY15/16 budget belongs to the construction phase which will begin in FY16/17.
EN11031	RP-5 Flow Equalization and Effluent Monitoring	142,857	1,255,263	1,112,406	The project scope was modified to meet Agency operating requirements. Contract modifications are underway and resulted in delays.
EN14019	RP-1 Headworks Gate Replacement	185,558	700,000	514,442	The project evaluation period was extended based on review of project expectations and Stakeholder requirements.
EN16024	RP-1 Mixed Liquor Return Pumps	397,874	1,000,000	602,126	The project evaluation period was extended based on review of project expectations and Stakeholder requirements.
<b>Total</b>		<b>10,261,107</b>	<b>17,996,872</b>	<b>7,735,765</b>	

Source: BCM project Status-Gld Report February 2016

- **Debt Service** – Total principal, interest, financial expenses and inter-fund loan for the second quarter were \$12.1 million or 51.8% of the amended budget. The 2008B Variable Rate Demand Bonds interest rate continues to stay below the budgeted 1% rate, with the actual rate averaging 0.013% year to date, resulting to \$0.4 million in savings.

A detailed explanation of significant revenue and expenses are included in the attached Exhibit A.

## FUND BALANCES AND RESERVES

The net result through the end of the second quarter indicated an increase of \$7.8 million in total fund balance, resulted in an ending fund balance of \$153.9 million. Change in the level of revenues, such as; the timing of receipts and expenditures, staff's continuous effort to improve and identify opportunities to reduce expenditures and timing or deferred execution of projects accounted for the increase. Table 3 provides an overview of the second quarter budget variance in revenue, expense, and fund balance.

**Table 3: Second Quarter Revenues, Expenses, and Fund Balance (\$Millions)**

Operating	FY 2015/16 Amended Budget	Second Quarter Ended 12/31/15	Actual % of Amended Budget
Operating Revenue	\$131.0	\$52.7	40.2 %
Operating Expense	\$160.5	\$51.3	31.9%
<b>Operating Net Increase/(Decrease)</b>	<b>(\$29.5)</b>	<b>\$1.4</b>	
Non- Operating			
Non-Operating Revenue	\$91.6	\$32.0	34.9%
Non-Operating Expense	\$75.2	\$25.6	34.0%
<b>Non-Operating Net Increase/(Decrease)</b>	<b>\$16.4</b>	<b>\$6.4</b>	
Consolidated	FY 2015/16 Amended Budget	Second Quarter Ended 12/31/15	Actual % of Amended Budget
Total Sources of Funds	\$222.6	\$84.7	38.0%
Total Uses of Funds	\$235.7	\$76.9	32.6%
<b>Total Net Increase/(Decrease)</b>	<b>(\$13.1)</b>	<b>\$7.8</b>	
Beginning Fund Balance	\$146.1	\$146.1	
<b>Ending Fund Balance</b>	<b>\$133.0</b>	<b>\$153.9</b>	

## GOALS AND OBJECTIVES

Exhibit B provides information on division and related department goals and objectives and the status of each through the end of the fiscal year. The goals and objective indicators are used to track the volume and complexity of work by type and to track the effort invested to accomplish that work. Staff will use the indicators to track productivity and to justify current resource allocations, re-allocation and requests for additional staff.

## BUDGET TRANSFERS AND AMENDMENTS

O&M budget transfers for this quarter accounted for \$27,506 as detailed in Exhibit C-1.

*General Manager (GM) Contingency Account* budget for \$500,000 includes \$400,000 in the Regional Wastewater Operations & Maintenance (RO) Fund and \$100,000 in the Administrative Services (GG) Fund. At the end of the second quarter, \$70,000 from the GG Fund was utilized to support the unexpected and necessary expenses as listed in Exhibit C-2.

*Capital and O&M projects* budget transfers accounted for approximately \$2.0 million, including changes in total project budget of approximately \$0.5 million approved by management during the second quarter as listed in Exhibit D.

The budget variance analysis report is consistent with the Agency's business goal of Fiscal Responsibility: to demonstrate the Agency appropriately funded operational, maintenance, and capital costs.

**PRIOR BOARD ACTION**

None.

**IMPACT ON BUDGET**

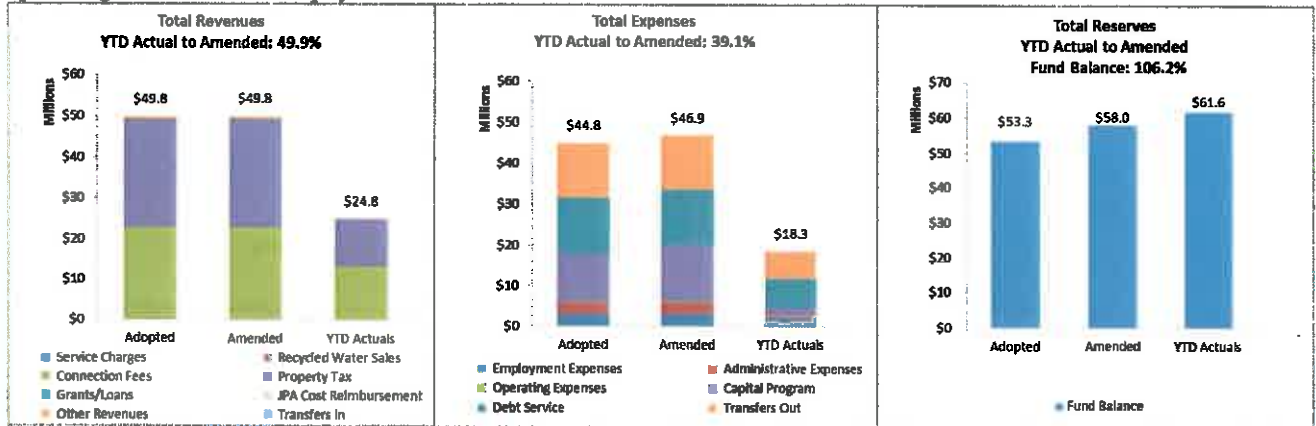
The net increase in total revenues over total expenses in the amount of \$7.8 million resulted in a total estimated fund balance of \$153.9 million, for the second quarter ended December 31, 2015.



# **Attachment A** **Financial Overview of Agency's Programs** **FY 2015/16 Second Quarter ended December 31, 2015** **Total Revenues, Expenses, and Fund Balance**

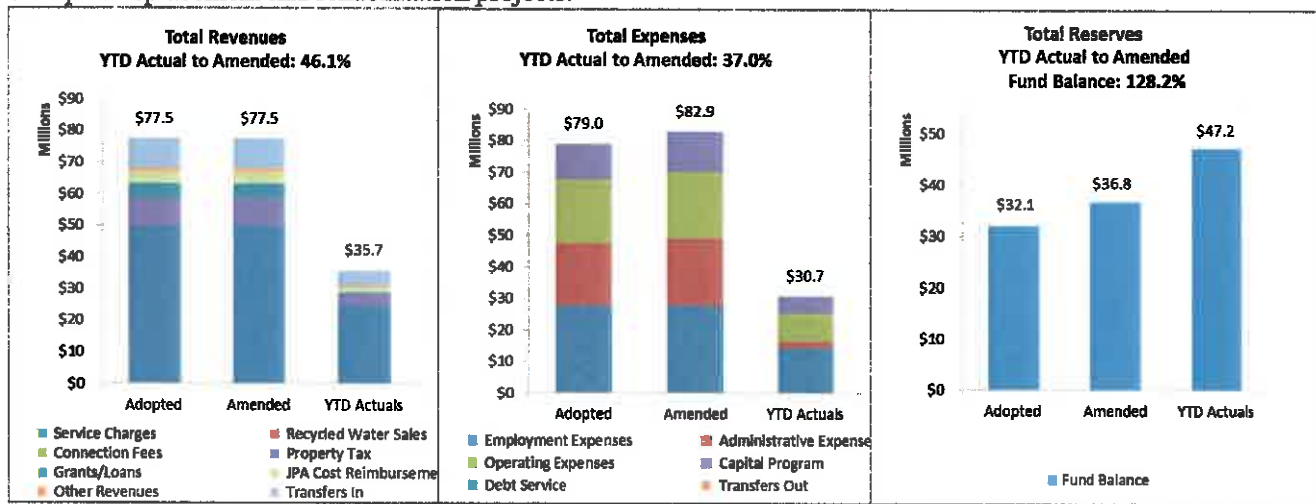
## ***Regional Wastewater Capital Improvement (RC) Fund***

- The fund balance indicated an increase of \$3.6 million compared to the amended budget due to low capital spending and debt service payments.



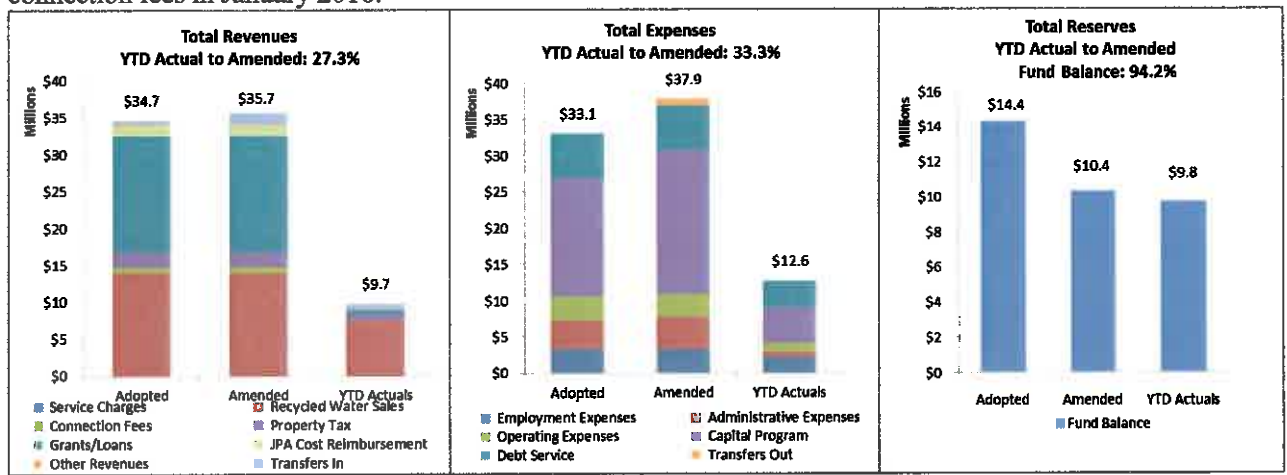
## ***Regional Wastewater Operations and Maintenance (RO) Fund***

- The fund balance increase of \$10.4 million compared to the amended budget due to the delayed execution of capital replacement and rehabilitation projects.

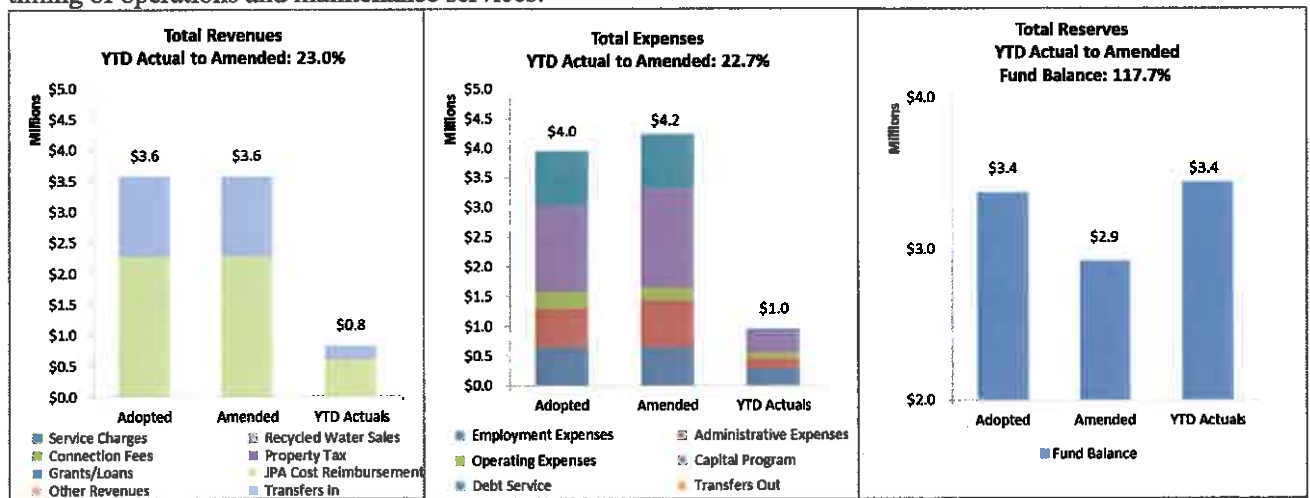


***Recycled Water (WC) Fund***

- The fund balance indicated a decrease of \$0.6 million compared to the amended budget due to lower grants and loan receipts linked to the level of capital spending. The Agency will begin collecting water connection fees in January 2016.

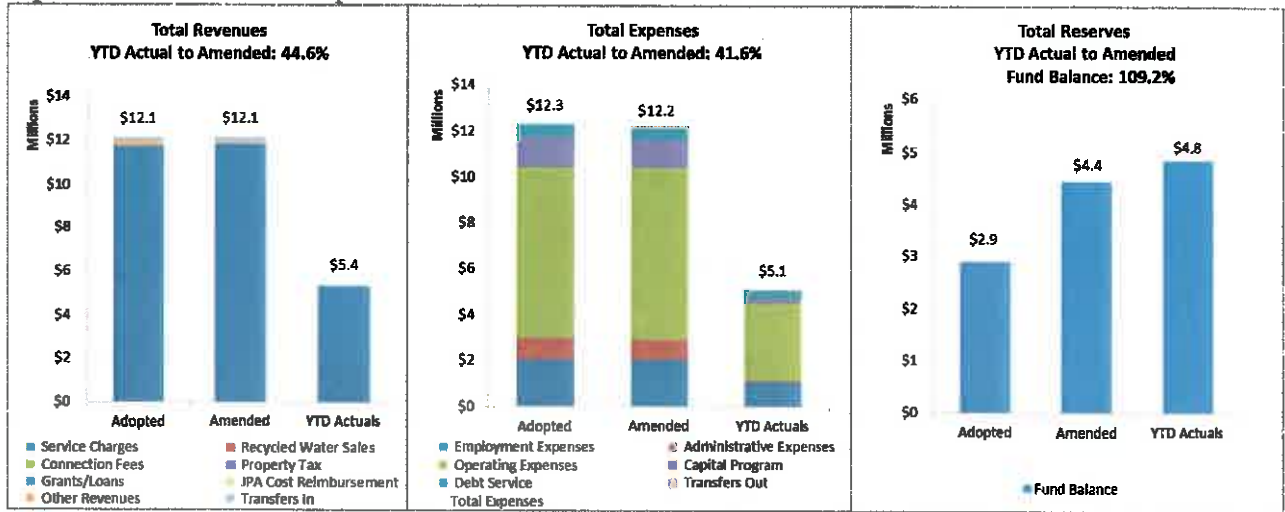
***Recharge Water (RW) Fund***

- The fund balance shows a slight increase of \$0.5 million compared to the amended budget due to the timing of operations and maintenance services.



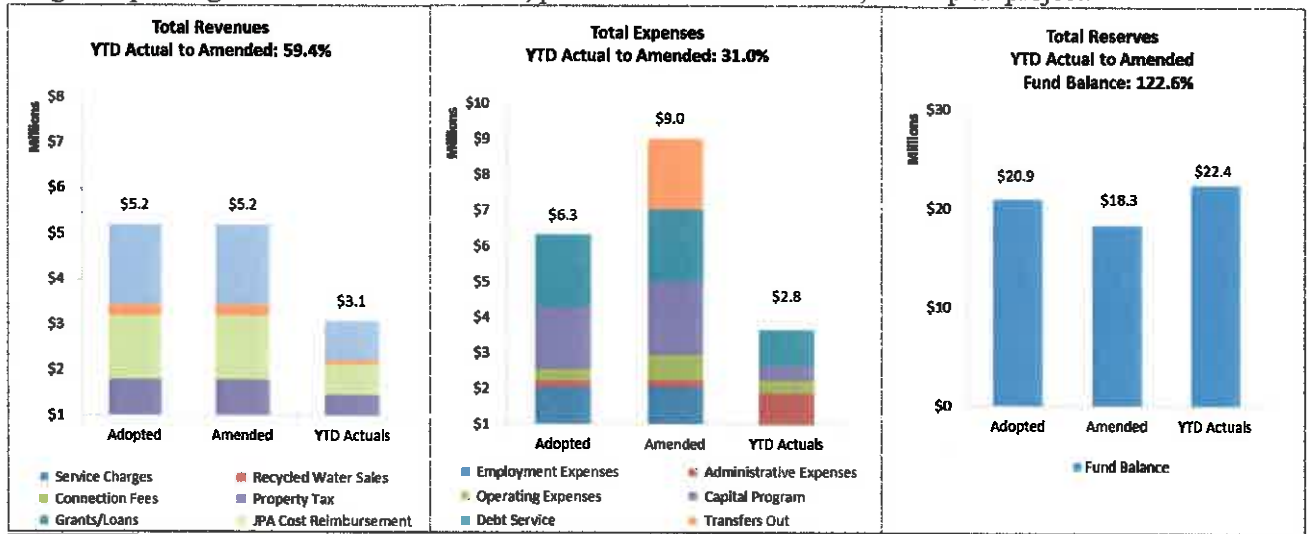
### Non-Reclaimable Wastewater (NRW) Fund

- The fund balance indicated an increase of \$0.4 million compared to the amended budget due to delay of capital and administrative expenses.



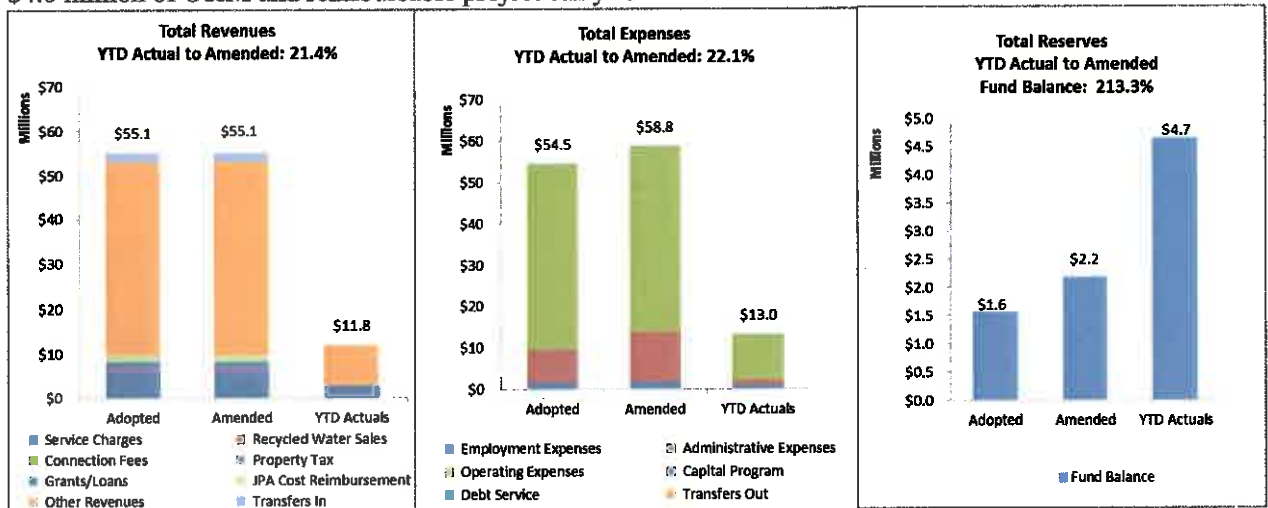
### Administrative Services (GG) Fund

- The fund balance indicated an increase of \$4.1 million compared to the amended budget due to lower than budgeted spending in office & administration, professional fees & services, and capital project.



**Water Resources (WW) Fund**

- The fund balance indicates an increase of \$2.5 million compared to the amended budget due to lower special project spending which are eligible for reimbursements. The amended expense budget includes \$4.0 million of O&M and reimbursable project carry forward.

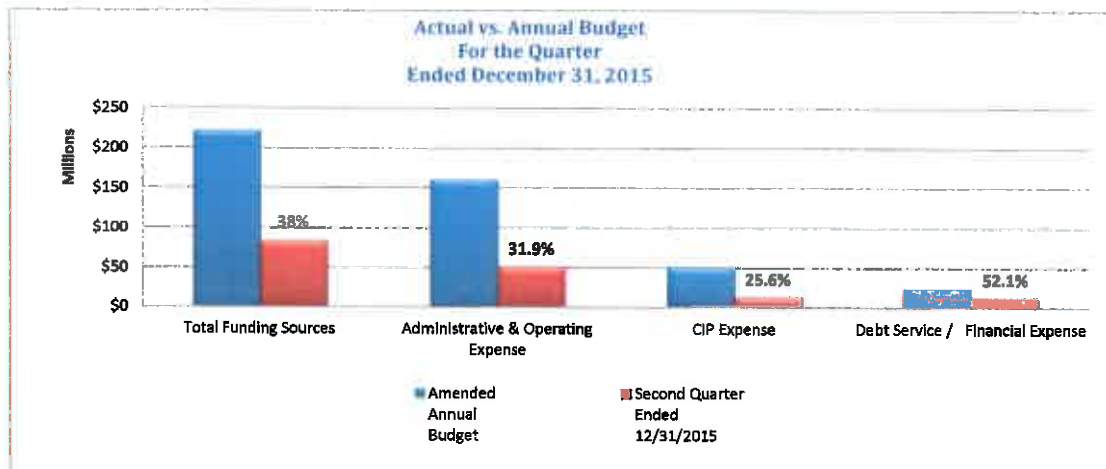


**I. Actual vs. Budget Summary:**

Second Quarter Ended December 31, 2015

% of the Year  
Elapsed: 50%

	Adopted Annual Budget	Amended Annual Budget	Second Quarter Ended 12/31/2015	Amended vs. Actual	% of Amended Budget
Operating Revenues	\$130,814,725	\$131,024,725	\$52,720,308	(78,304,417)	40.2%
Non-Operating (Other Sources of Fund)	91,839,772	91,629,772	31,988,764	(59,641,008)	34.9%
<b>TOTAL FUNDING SOURCES</b>	<b>222,654,497</b>	<b>222,654,497</b>	<b>84,709,072</b>	<b>(137,945,425)</b>	<b>38.0%</b>
Administrative & Operating Expense	(152,929,623)	(160,533,917)	(51,283,848)	109,250,068	31.9%
CIP Expense	(43,886,402)	(51,408,476)	(13,175,362)	38,233,114	25.6%
Debt Service / Financial Expense	(23,802,656)	(23,802,657)	(12,408,953)	11,393,704	52.1%
<b>TOTAL USES OF FUNDS</b>	<b>(220,618,681)</b>	<b>(235,745,050)</b>	<b>(76,868,163)</b>	<b>158,876,887</b>	<b>32.6%</b>
Surplus/(Deficit)	2,035,816	(13,090,553)	7,840,909	20,931,462	-59.9%



## 2. Actual Revenue vs. Budget:

% of the Year  
Elapsed: 50%

	Adopted Annual Budget	Amended Annual Budget	Second Quarter Ended 12/31/2015	Amended vs. Actual	% of Amended Budget
<b>Operating Revenues:</b>					
User Charges	\$67,040,941	\$67,250,941	\$32,666,590	\$34,584,351	48.6%
Recycled Water Sales	11,942,682	11,942,682	6,141,467	5,801,215	51.4%
MWD Water Sales	41,440,829	41,440,829	8,931,023	32,509,806	21.6%
MWD LPP Rebate	2,079,000	2,079,000	1,317,732	761,268	63.4%
Property Tax - O&M	1,792,530	1,792,530	785,684	1,006,846	43.8%
Cost Reimbursement	5,482,843	5,482,843	2,629,186	2,853,657	48.0%
Interest	1,035,900	1,035,900	248,626	787,274	24.0%
<b>OPERATING REVENUES</b>	<b>130,814,725</b>	<b>131,024,725</b>	<b>52,720,308</b>	<b>78,304,417</b>	<b>40.2%</b>
<b>Non-Operating Revenues:</b>					
Property Tax - Debt, Capital, Reserves	\$39,364,099	\$39,364,099	\$17,253,692	\$22,110,407	43.8%
Connection Fees	\$23,329,423	\$23,329,423	\$13,124,856	\$10,204,567	56.3%
Grants & Loans	21,257,262	21,257,262	787,794	20,469,468	3.7%
Other Revenue	7,888,988	7,678,988	822,422	6,856,566	10.7%
<b>NON-OPERATING REVENUES</b>	<b>91,839,772</b>	<b>91,629,772</b>	<b>31,988,764</b>	<b>59,641,008</b>	<b>34.9%</b>
<b>Total Revenues</b>	<b>\$222,654,497</b>	<b>\$222,654,497</b>	<b>\$84,709,072</b>	<b>\$137,945,425</b>	<b>38.0%</b>

### User Charges , 48.6%

User charges were \$32.6 million, or 48.6% of the Amended Budget. The category includes equivalent dwelling unit (EDU) volumetric charges of \$24.7 million, \$5.3 million Non-Reclaimable wastewater fees paid by industrial and commercial users connected to the brine line system; \$2.6 million for water meter service charge to meet our Readiness-to-Serve obligation from MWD and water use efficiency programs; and for imported potable water surcharge, and other service charges.

### Property Tax/ AdValorem, 43.8%

The \$18.0 million in property tax receipts included \$15.3 million of general ad-valorem property tax from the San Bernardino County and \$2.7 million in "pass-through" incremental taxes (RDA). Taxes received from the county are estimated to be 12% higher compared to taxes received in December of last year. Tax revenue stream is anticipated to stabilize due to the housing market rebound and increase in the County's property assessed valuation.

### Recycled Water Sales, 51.4%

Recycled water actual direct and groundwater recharge sales were \$3.9 million (11,689 AF) and \$2.2 million (5,997 AF) respectively, for a combined total \$6.1 million or 51.4% of the budget. Total year to date deliveries is 17,686 AF compared to the 35,150 AF projected for the fiscal year. A wet winter season may impact future deliveries due to reduced demand for recycled water and limit the recharge deliveries to groundwater basins.

### Interest Income, 24.0%

Interest Income is \$0.3 million or 24.0% of the annual budget. The current low interest rate environment accounts for low interest earnings with average sweep and LAIF pooled investments yielding 0.325% compared to the budgeted interest rate of 0.50%. The recent increase in the Federal rate from 0% to 0.25% resulted to having very little impact on the interest rates earning being offered.

### MWD Water Sales, 21.6%

Total MWD pass-through imported water revenue was \$8.9 million or 21.6% of amended budget. The variance is due to the continuous response to drought condition and public outreach efforts aimed at reducing water. If dry weather persists, MWD may initiate water supply allocation plan to its member agencies. In addition, if the formation of an El Nino weather pattern happens, this could result in normal to above normal precipitation which could further suppress water demand. A total of 15,345 AF of pass through water was delivered at the end of the second quarter compared to 50,000 AF budgeted for FY 2015/16. The current projection indicates the imported water sales will go below 50,000 AF. The initial sales projection of \$41.4 million decrease to approximately \$29 million. As a result the MWD water purchases will be reduced respectively.

### MWD LPP Rebates, 63.4%

MWD LPP rebate is budgeted at \$2.1 million or \$154/AF for direct recycled water deliveries up to 17,000 AFY, excluding the initial 3,500 AFY. Total rebate of \$1.3 million or 63.4% of budget, a total of 8,557 AF was applied for at the end of the second quarter.

### Wastewater Connection Fees, 56.3%

Member agencies reported \$13.1 million or 56.3% of the budget. A total of 2,571 new wastewater connections were reported by member agencies through December compared to the budgeted new EDU connections for FY 2015/16 of 4,330.



Grants and Loans, 3.7%	Current grant and loan receipts total \$0.8 million for the second quarter or just 3.7% of the annual budget of \$21.2 million. Grants are budgeted at \$8.9 million for the Regional Recycled Water Distribution System, ground water supply wells and basins, water quality laboratory and drought and water conservation. SRF loan receipts are budgeted at \$12.3 million for Wineville area and other recycled water projects and the new water quality laboratory. Grant and loan revenues are cyclical in nature due to capital projects spending trends and the multi-year funding for large projects.
Cost Reimbursements JPA, 48.0%	Total cost reimbursements were \$2.6 million, or 48.0% of the amended budget. Category actual includes reimbursements of \$1.7 million from the Inland Empire Regional Composting Authority (IERCA), \$0.6 million from Chino Basin Desalter Authority (CDA), and \$0.3 million from Chino Basin Watermaster (CBWM). Total cost reimbursement budget of \$5.5 million includes; \$3.4 million from IERCA, \$1.4 million from CDA, and \$0.7 million from CBWM.
Other Revenues, 10.7%	Total other revenues were \$0.8 million, or 10.7% of the amended budget. Lower levels of revenues in this category is due to the majority of reimbursable projects that are still in the early design phase. Other revenues include \$0.5 million from lease revenue for the RP-5 Solids Handling Facility, \$0.3 million in project reimbursements.

### 3. Actual Operating and Capital Expense vs. Budget:

					% of the Year Elapsed: 50%
	Adopted Annual Budget	Amended Annual Budget	Second Quarter Ended 12/31/2015	Amended vs. Actual	% of Amended Budget
<b>Operating Expenses:</b>					
Employment	\$40,609,906	\$40,609,906	\$20,079,646	\$20,530,260	49.4%
Admin & Operating	112,319,717	119,924,011	31,204,202	\$88,719,809	26.0%
<b>OPERATING EXPENSES</b>	<b>\$152,929,623</b>	<b>\$160,533,917</b>	<b>\$51,283,848</b>	<b>\$109,250,068</b>	<b>31.9%</b>
<b>Non-Operating Expenses:</b>					
Capital	43,886,402	51,408,476	13,175,362	\$38,233,114	25.6%
Debt Service and All Other Expenses	23,802,656	23,802,657	12,408,952	\$11,393,705	52.1%
<b>NON-OPERATING EXPENSES</b>	<b>\$67,689,058</b>	<b>\$75,211,133</b>	<b>\$25,584,315</b>	<b>\$49,626,819</b>	<b>34.0%</b>
<b>Total Expenses</b>	<b>\$220,618,681</b>	<b>\$235,745,050</b>	<b>\$76,868,163</b>	<b>\$158,876,887</b>	<b>32.6%</b>

**Employment Expense**      **Employment , 49.4%**  
 This category includes both wages and benefits. Employment expenses were \$20.1 million or approximately 49.4% of the Amended Budget. Higher than anticipated vacancy factor of 12.4% (36 positions) compared to budgeted vacancy rate of 4% (12 positions) provides savings in wages and benefits. These savings were partially offset by \$3 million of pension costs associated with unfunded liabilities and other post-employment benefits.

**Administrative & Operating Expense**      **Office and Administrative, 26.7%**  
 The favorable variance was due to the inclusion of the GM contingency for \$430,000 under this category (Exclusion of this account will result to 32.3% of budget). Expenses related to conferences and training were lower than budgeted but are expected to increase when training related courses will be made available and attended by employees in the coming months. Other unspent items such as contributions, sponsorships, subscriptions, and advertising are anticipated to be spent within the fiscal year.

**Professional Fees & Services , 28.8%**  
 Variance is attributed to the timing of contracts and services that are anticipated to be executed in the subsequent months for: (1) *contract labor & contract materials* for dig alerts, troubleshooting secondary system evaluation, treatment process improvements, and asset management; (2) deferral of *consultant services* to perform analyses; research and studies for Planning & Environmental Compliance Department related to new water, recycled water, and regional wastewater capital function; earthwork and debris removal at the basins; and financial services to address taxes and LAFCO issues.

**Materials & Supplies/Leases/Contribution , 39.4%**  
 The favorable variance was primarily due to staff's ongoing effort to monitor operational equipment usage to ensure maximum use from supplies, replacement parts and consumables used by treatment plants/facilities such as pumps, conveyors, process analyzer, mechanical & electrical devices for motor, control panels, and valve actuators.

**Biosolids Recycling , 33.7%**  
 Residual disposal is under budget due to the optimization of the RP-1 centrifuge and the continuous use of the solar pad at RP-2 to further dry biosolids which helps reduce operating costs. Total tonnage shipped to IERCA was approx. 28,000 tons at \$54 per ton accounted for 43% of the annual projected tonnage of 64,600. Total tonnage hauled was approx. 20,900 tons at \$5.60- \$6.00 per ton which is lower than the budgeted transportation cost of \$7.67 per ton.

**Chemicals , 41.6%**  
 Chemicals through the second quarter were \$1.9 million or 41.6% of budget. Favorable variance was due to *sodium hypochlorite's* actual price per unit at \$0.55 per gallon lower than the budgeted cost of \$0.587 per gallon coupled with low actual flows. This category is anticipated to increase during the winter months as flows increase and the metabolism of microorganisms slows down. *Ferric chloride's* lower actual cost at \$0.18 per pound compared to budget cost of \$0.276 per pound in addition to the reduced amount of raw waste water treated due to critical aeration equipment rehabilitation resulted to lower spending at this category. While most chemicals were very close to targeted costs, others such as the buffers and chemical solutions used for maintenance instrumentation and calibration are lower than budgeted. The continued monitoring of chemical usage and process optimization contribute to the overall favorable category variance.

**MWD Water Purchases , 21.6%**

Total MWD pass-through water purchases were \$8.9 million or 15,345 AF compared to 50,000 AF budgeted. Based on the volume year-to-date, the amended will be reduced from \$41.4 million to \$29.6 million. The MWD Imported water pass-through sales revenue will be reduced respectively.

**Utilities , 44.4%**

Electricity usage were higher than budgeted due to peak rate at \$0.137/kWh incurred between July and September. Current average rate for imported electricity of \$0.119 versus \$0.125/kWh budgeted rate. Mid-year usage was measured at 35,084,262 kWh against annual agency average of 70,000,000 kWh.

Natural gas expense is low due to the lower gas rate averaging \$0.45/therm compared to the budgeted rate of \$0.80/therm and lower usage measured at 446,096 therms compared to annual agency average of 1,200,000 therms.

Fuel Cell is operating half rated capacity and producing electricity lower than the expected output.

Solar energy is slightly lower than the budgeted amount for the second quarter. Electricity generated from solar power is directly related to the amount of sunlight experienced during the year.

**Special and Reimbursable Projects , 7.5% and 43%**

The combined special and reimbursable project expenditures were \$2.5 million or 8.8% of the Amended Budget. The favorable variance is mainly due to the Chino Basin Groundwater Wells and Raw Water Pipeline budgeted at \$9.0 million or 32% of the amended budget which has been delayed due to the ongoing settlement negotiations with the Regional Board. The table below provides a summary of the major projects and current status.

**Financial Expenses****Financial Expense , 51.8%**

Total financial expenses were \$12.1 million or 51.8% through the second quarter. Actual costs included \$6.8 million in principal payments and \$5.3 million in interest, interfund loan and other financial administration fee expense.

**Capital Expense****Capital Costs , 25.6%**

Capital actual expenditures through the second quarter were \$13.2 million or 25.6% when compared to the amended budget of \$51.4 million. The amended budget includes encumbrances and related budget of \$8.0 million of capital project budget carried forward/reversed from FY 2014/15. Approximately \$7.7 million or 15% of the amended budget has been identified to not be spent in this fiscal year (see details at the board letter). Spending levels are largely driven by changes in project scope and schedule, construction bid results, regulatory issues, and external resources associated with such undertakings. Actual cost related to Regional Wastewater projects were \$7.4 million or 56% of actual costs and \$4.8 million or 36% of the actual costs were related to Recycled Water projects. Listed below is a brief status report for some of the major projects currently under construction.

**Summary of major capital and special project expenses and status as of December 31, 2015**

Capital Project	Amended FY 2015/16	YTD Expenditure	Budgeted Amount Remaining
EN13016	<b>SCADA Enterprise System</b> The project will convert the existing control and workrooms into new server and control rooms at CCWRF, RP-1, RP-4, and RP-5 to be utilized in the migration of the SCADA system. The server and control rooms will serve the long-term needs of the facility, and will provide Operations and Integrated System Services staff with improved facilities to support the operation and maintenance of the process. The CCWRF portion of the project is currently in construction and estimated to be complete by the end of the second quarter.	4,200,000 2,622,499	1,577,501
EN13001	<b>San Sevaire Basin Improvements</b> It is projected that budget will not be expended this fiscal year since majority of the expense is within construction phase which will begin later in the fiscal year. The capital call will be reduced to reflect the major expenses occurring in the following fiscal year.	3,500,000 124,191	3,375,809
EN13045	<b>Wineville Extension Recycled Water Pipeline Segment B</b> This project is near its completion phase and the remaining budget for this fiscal year will not be expended.	2,506,256 1,471,085	1,035,171
EN15008	<b>Water Quality Laboratory</b> It is projected that budget will not be expended this fiscal year since construction phase is anticipated to in FY 2016/17.	1,700,000 432,307	1,267,693
O&M & Reimbursable Projects	Amended FY 2015/16	YTD Expenditure	Budgeted Amount Remaining
EN16021	<b>Chino Basin Groundwater</b> The project work has been delayed due to the ongoing settlement negotiations with the Regional Board. CDA has initiated project management with Michael Baker International, but design and construction will not begin until Regional Board settlement is complete, per IEUA's agreement with CDA. The Regional Board is expected to present the proposed settlement to their Board of Directors in January 2016.	9,000,000 58,046	8,943,954
WR16007	<b>Residential Rebate</b> Activity is driven by public participation and MWD's invoicing typically occurs 3-6 months after customer has been paid.	314,185 98,783	215,402

# Exhibit A Detail

## INLAND EMPIRE UTILITIES AGENCY

Fiscal Year 2015/16

### CONSOLIDATED BUDGET VARIANCE ANALYSIS REPORT

Second Quarter Ended December 31, 2015

	Adopted FY 2015/16 Annual Budget	Amended FY 2015/16 Annual Budget	YTD Actual	YTD Variance	YTD % Budget Used
<b><u>OPERATING REVENUES</u></b>					
User Charges	\$67,040,941	67,250,941	\$32,666,590	(\$34,584,351)	48.6%
Recycled Water	11,942,682	11,942,682	6,141,467	(5,801,215)	51.4%
MWD Water Sales	41,440,829	41,440,829	8,931,023	(32,509,806)	21.6%
MWD LPP Rebates	2,079,000	2,079,000	1,317,732	(761,268)	63.4%
Property Tax - O&M	1,792,530	1,792,530	785,684	(1,006,846)	43.8%
Cost Reimbursement from JPA	5,482,843	5,482,843	2,629,186	(2,853,657)	48.0%
Interest Revenue	1,035,900	1,035,900	248,626	(787,274)	24.0%
<b>TOTAL OPERATING REVENUES</b>	<b>\$130,814,725</b>	<b>\$131,024,725</b>	<b>\$52,720,308</b>	<b>(\$78,304,417)</b>	<b>40.2%</b>
<b><u>NON-OPERATING REVENUES</u></b>					
Property Tax - Debt, Capital, Reserves	\$39,364,099	\$39,364,099	\$17,253,692	(\$22,110,407)	43.8%
Connection Fees	23,329,423	23,329,423	13,124,856	(10,204,567)	56.3%
Grants	8,942,419	8,942,419	416,287	(8,526,132)	4.7%
SRF Loan Receipts	12,314,843	12,314,843	\$371,507	(11,943,336)	3.0%
Project Reimbursements	4,994,447	4,901,447	340,909	(4,560,538)	7.0%
Other Revenue	2,894,541	2,777,541	481,513	(2,296,028)	17.3%
<b>TOTAL NON OPERATING REVENUES</b>	<b>\$91,839,772</b>	<b>\$91,629,772</b>	<b>\$31,988,764</b>	<b>(\$59,641,008)</b>	<b>34.9%</b>
<b>TOTAL REVENUES</b>	<b>\$222,654,497</b>	<b>\$222,654,497</b>	<b>\$84,709,072</b>	<b>(\$137,945,425)</b>	<b>38.0%</b>
<b><u>ADMINISTRATIVE and OPERATING EXPENSES</u></b>					
<b>EMPLOYMENT EXPENSES</b>					
Wages	\$22,448,006	\$22,448,006	\$11,673,519	\$10,774,487	52.0%
Benefits	18,161,900	18,161,900	8,406,127	9,755,772	46.3%
<b>TOTAL EMPLOYMENT EXPENSES</b>	<b>\$40,609,906</b>	<b>\$40,609,906</b>	<b>\$20,079,646</b>	<b>\$20,530,260</b>	<b>49.4%</b>
<b>ADMINISTRATIVE EXPENSES</b>					
Office & Administrative	\$1,281,624	\$2,115,912	\$565,968	\$1,549,944	26.7%
Insurance Expenses	775,500	747,425	346,740	400,685	46.4%
Professional Fees & Services	9,249,989	10,578,208	3,051,440	7,526,768	28.8%
O&M Projects	22,106,625	27,371,918	2,040,854	25,331,064	7.5%
Reimbursable Projects	100,000	1,039,889	446,895	592,994	43.0%
<b>TOTAL ADMINISTRATIVE EXPENSES</b>	<b>\$33,513,738</b>	<b>\$41,853,352</b>	<b>\$6,451,897</b>	<b>\$35,401,455</b>	<b>15.4%</b>

# Exhibit A Detail

## INLAND EMPIRE UTILITIES AGENCY

Fiscal Year 2015/16

### CONSOLIDATED BUDGET VARIANCE ANALYSIS REPORT

Second Quarter Ended December 31, 2015

	Adopted FY 2015/16 Annual Budget	Amended FY 2015/16 Annual Budget	YTD Actual	YTD Variance	YTD % Budget Used
<b>OPERATING EXPENSES</b>					
Material & Supplies/Leases	\$2,798,809	\$3,399,871	\$1,340,085	\$2,059,786	39.4%
Biosolids Recycling	4,358,631	4,282,844	1,444,749	2,838,095	33.7%
Chemicals	4,394,574	4,640,551	1,929,408	2,711,143	41.6%
MWD Water Purchases	41,440,829	41,440,829	8,931,023	32,509,806	21.6%
Operating Fees/RTS Fees/Exp. Alloc.	14,663,144	13,206,572	6,182,226	7,024,346	46.8%
Utilities	11,149,992	11,099,992	4,924,814	6,175,178	44.4%
<b>TOTAL OPERATING EXPENSES</b>	<b>\$78,805,979</b>	<b>\$78,070,659</b>	<b>\$24,752,305</b>	<b>\$53,318,354</b>	<b>31.7%</b>
<b>TOTAL ADMINISTRATIVE and OPERATING EXPENSES</b>	<b>\$152,929,623</b>	<b>\$160,533,917</b>	<b>\$51,283,848</b>	<b>\$109,250,068</b>	<b>31.9%</b>
<b><u>NON-OPERATING EXPENSES</u></b>					
<b>CAPITAL OUTLAY</b>	<b>\$43,886,402</b>	<b>\$51,408,476</b>	<b>\$13,175,362</b>	<b>\$38,233,114</b>	<b>25.6%</b>
<b>FINANCIAL EXPENSES</b>					
Principal, Interest and Financial Expenditure	23,462,656	23,462,657	12,144,394	11,318,263	51.8%
<b>OTHER NON OPERATING EXPENSES</b>	<b>340,000</b>	<b>340,000</b>	<b>264,559</b>	<b>75,441</b>	<b>77.8%</b>
<b>TOTAL NON-OPERATING EXPENSES</b>	<b>\$67,689,058</b>	<b>\$75,211,133</b>	<b>\$25,584,315</b>	<b>\$49,626,818</b>	<b>34.0%</b>
<b>TOTAL EXPENSES</b>	<b>\$220,618,681</b>	<b>\$235,745,050</b>	<b>\$76,868,163</b>	<b>\$158,876,887</b>	<b>32.6%</b>
<b>REVENUES IN EXCESS/ (UNDER) EXPENSES</b>	<b>\$2,035,816</b>	<b>(\$13,090,552)</b>	<b>\$7,840,909</b>	<b>(\$20,931,462)</b>	
<b>FUND BALANCE SUMMARY</b>					
Unaudited Beginning Balance, July 01	\$125,635,403	146,104,580	\$146,104,580	\$0	
Surplus/ (Deficit)	2,035,816	(13,090,552)	\$7,840,909	(20,931,462)	
<b>ENDING BALANCE, June 30</b>	<b>\$127,671,219</b>	<b>\$133,014,028</b>	<b>\$153,945,489</b>	<b>\$20,931,462</b>	

## Business Goals &amp; Objectives Report By Department

Department: ALL  
Report Month: December, January, February : Year: 2016

Goal FY ID	Start	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
<b>Agency Management</b>														
60	FY 2014/15	Quarterly	Agency Management	C	Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies	Develop and Implement a standardized procedure for writing and processing committee/Board Letters	Completed by June 30, 2015	Implement two per quarter until completed	April Woodruff	January	2016	On Schedule	No	Put on hold until the department is fully staffed and trained.
61	FY 2014/15	Quarterly	Agency Management	C	Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies	Develop standard operating procedure handbook for the Executive Management Department area	Completed by June 30, 2015	Implement two per quarter until completed	April Woodruff	January	2016	On Schedule	No	Put on hold until the department is fully staffed and trained.
62	FY 2014/15	Quarterly	Agency Management	C	Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies	Update and maintain "Duties and Annual calendar of responsibilities" manual for the Board Secretary position	Completed by June 30, 2015	Implement two per quarter until completed	April Woodruff	January	2016	On Schedule	No	Put on hold until the department is fully staffed and trained.
63	FY 2014/15	Quarterly	Agency Management	C	Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies	Increase the efficiency of the executive administrative group through streamlining processes	Completed by June 30, 2015	Implement two per quarter until completed	April Woodruff	January	2016	On Schedule	No	Put on hold until the department is fully staffed and trained.
<b>Business Information Services</b>														
180	FY 2015/16	Quarterly	Finance and Administration	C	Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies	Reduce the number of external spreadsheets utilized to address NRW rate questions	Ongoing	< 3 systems in use	Kanes Pantayatiwong	January	2016	On Schedule	No	Implemented digital routing and approval of engineering invoice using Adobe and SharePoint; Implemented new process and trained users on reconciliation of P-card statements to streamline overall process; Completed the assessment of DCS inventory management process and in process of identifying potential solution options; Completed the assessment of IERCA's billing process and partially done with identifying solution options.
179	FY 2015/16	Quarterly	Finance and Administration	C	Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies	Assess challenges with Agency's financial processes; develop RFP for long term modifications	Ongoing	< 3 systems in use	Kanes Pantayatiwong	January	2016	On Schedule	No	Key staff needed for the needs assessment and requirements gathering for the finance roadmap is currently involved in payroll improvement projects, which is estimated to be completed by late February. Once available, he will be working with Finance and Accounting departments to begin gathering requirements from users in late Q3 and possibly early Q4. The RFP will be issued in late Q4 if time permits.
177	FY 2015/16	Quarterly	Finance and Administration	C	Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies	Determine requirements for new SAP enhancement that improves cost tracking for projects that qualify for multiple grants - Timeline 15/16 ready; Establish baseline data; develop requirements; implement prototype	Ongoing	< 3 systems in use	Kanes Pantayatiwong	January	2016	On Schedule	No	Key staff needed for the needs assessment and requirements gathering for the finance roadmap is currently involved in payroll improvement projects, which is estimated to be completed by late February. Once available, he will be working with Finance and Accounting departments to begin gathering requirements from users in late Q3 and possibly early Q4. The RFP will be issued in late Q4 if time permits.

**Exhibit B**

Goal FY ID	Start	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
<b>Contracts and Facilities Services</b>														
174	FY 2016/16	Quarterly	Finance and Administration	C	Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies	Maintain average processing time within CFS's published service level objectives ~65%	Ongoing		Warren Green	January	2016	On Schedule	No	Staff continues to review and process purchase requisitions and contracts in a timely manner. During the holidays staff experienced a backup in processing as a result of the vacation schedules.
175	FY 2016/16	Quarterly	Finance and Administration	C	Provide timely updates to the Regional Committees and the IEUA Board on long term planning needs	Identify and participate in organizations that advance the Agency MV and key initiatives	Ongoing		Warren Green	January	2016	On Schedule	No	Staff continues to participate in CAPPO, ARMA and other organizations to stay on top of concepts and trends.
173	FY 2016/16	Quarterly	Finance and Administration	B	Promote a safer work environment by administering and monitoring required safety and regulatory trainings	Conduct Agency training on department processes that are in line with the Agency's MVV	Ongoing		Warren Green	January	2016	On Schedule	No	Staff conducted training on changes in SOP's with Engineering and Maintenance staff.
<b>Engineering</b>														
214	FY 2016/16	Quarterly	Engineering, Planning and Science	E	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 2022	Provide high quality project management design for Capital Improvement Projects.	Ongoing	In-House Design Engineer = 10%	Shaun Stone	January	2016	On Schedule		15,91% 7 of 44 projects are in house design
215	FY 2016/16	Quarterly	Engineering, Planning and Science	E	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 2022	Provide high quality project management design for Capital Improvement Projects.	Ongoing	Fiscal Year Capital Spending = 90%	Shaun Stone	January	2016	On Schedule		FY Budget = \$53m; Projected spending = \$30M Overall projection = 57%
216	FY 2016/16	Quarterly	Engineering, Planning and Science	E	Conduct Lesson's Learned sessions to evaluate key construction implementations	Review and evaluate all projects for best practices that can be applied to future projects.	Ongoing	10x/yr > 90%	Shaun Stone	January	2016	On Schedule		Conducted 1 Lessons Learned during this quarter; RP-4 Headworks Retrofit
<b>External Affairs</b>														
67	FY 2014/15	Quarterly	Agency Management	C	Identify and participate in organizations that advance the Agency's mission, vision and key initiatives	Communicate the role of the Agency in the region through local partnerships.	Ongoing in FY 14/15	Attend one association/organization meeting a month.	Kathryn Besser	January	2016	On Schedule	No	Education and drought continue to be the focus in Q2. Our three Solar Cup teams continue to work with MWD; four new schools were given grants to participate in Garden in Every School, and the busing grant for the Park tours was continued until 2020.
64	FY 2014/15	Quarterly	Agency Management	C	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	Serve as the Agency Webmaster and provide current and timely information.	The Website will be updated on an ongoing and as needed basis.	The External Affairs Department will review the entire Website for accuracy every six months.	Kathryn Besser	January	2016	On Schedule	No	Updating continues to occur, including improvements to Board package posting and adding the regional contract.
65	FY 2014/15	Quarterly	Agency Management	C	Meet annually with affiliated agencies and elected representatives	Build stronger relationships with the local agencies and elected representatives in our region.	Ongoing	Meet with all member agencies in FY 14/15	Kathryn Besser	January	2016	On Schedule	No	Drought Task Force meetings have continued on a bi-monthly basis; co-Hosted Chino Basin Water Conservation Fair, which drew elected officials; working closely with local staff of elected members, and participated in two district events.

**Finance and Accounting**



**Exhibit B**

Goal ID	FY Start	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
186	FY 2015/16	Quarterly	Finance and Administration	B	Promote a safer work environment by administering and monitoring required safety and regulatory trainings.	Promote a safer work environment by administering and monitoring required safety and regulatory trainings.	Ongoing		Tina Cheng	January	2016	On Schedule	No	Safety Officer confirmed in December 2015, that Finance completed all safety related training.
52	FY 2015/16	Quarterly	Finance and Administration	A	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.	Reserve levels will be evaluated as part of the budget/setting process using the financial model to ensure all short term and long term initiatives are supported.	June 30, 2015	Annually	Javier Chagoyen -	January	2016	On Schedule	No	In the process of updating the Fiscal Control Ordinance, Budget Amendment Policy, Reserve and Debt Management Policies.
184	FY 2015/16	Quarterly	Finance and Administration	A	Reinstate the Agency's long term credit rating to AAA and maintain a debt coverage ratio to support such rating.	Reinstate the Agency's long term credit rating to AAA and maintain a debt coverage ratio to support such rating.	Ongoing		Tina Cheng	January	2016	On Schedule	No	S&P analyst notified IEUA in December 2015, that their committee reviewed and affirmed the AAAA-1 Rating on the 2008B Bonds as it relates to the LOG substitution.
52	FY 2015/16	Quarterly	Finance and Administration	A	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.	Reserve levels will be evaluated as part of the budget/setting process using the financial model to ensure all short term and long term initiatives are supported.	June 30, 2015	Annually	Javier Chagoyen -	January	2016	On Schedule	No	Completed and presented the FY 2014/15 CAPR to the Board in December 2015, regarding the revenues, expenditures and the reserve balances.
185	FY 2015/16	Quarterly	Finance and Administration	A	Continue to monitor market opportunities for retirement, refunding, or restructuring of outstanding debt to reduce costs.	Monitor market opportunities for retirement, refunding, or restructuring of outstanding debt to reduce costs.	Ongoing		Tina Cheng	January	2016	On Schedule	No	On-going reviewing and monitoring financial market for refinancing opportunities.
<b>Grants</b>														
182	FY 2015/16	Quarterly	Engineering, Planning and Science	A	Advocate for continued receipt of property taxes and optimize grants and other funding sources to support Agency and regional investments.	Pursue new grant awards to diversify revenue.	Ongoing		Jason Gu	January	2016	On Schedule	No	Major new grant applications were submitted to the State Water Resources Control Board under the Clean Water State Revolving Fund Program and to the U.S. Department of Interior under the federal Title XVI Water Recycling Program.
183	FY 2015/16	Quarterly	Engineering, Planning and Science	A	Advocate for continued receipt of property taxes and optimize grants and other funding sources to support Agency and regional investments.	Collaborate with departments that have projects that need grant funding.	Ongoing		Jason Gu	January	2016	On Schedule	No	Collaborated with the Engineering and the Planning Departments for IEUA, member agencies, water districts' grant and loan funding needs.
181	FY 2015/16	Quarterly	Engineering, Planning and Science	A	Advocate for continued receipt of property taxes and optimize grants and other funding sources to support Agency and regional investments.	Recommend potential grant opportunities that align with the Agency mission and financial goal.	Ongoing		Jason Gu	January	2016	On Schedule	No	Recommended multiple State and Federal Grant and SRF loans opportunities that align with the Agency mission and financial goal.
<b>Human Resources</b>														
187	FY 2015/16	Quarterly	Finance and Administration	B	Ensure staff understands and upholds their role in achieving the Agency's Mission, Vision, and Values.	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 various stakeholders and subject matter experts.	Ongoing June 2015/???	Survey and employee feedback/ Number of on-site visits, lunch and learns and other educational sessions held.	Sharmen Bhojani	January	2016	Behind Schedule	No	This was to be a collaborative effort with the Operations Division. With the retirement of the Executive Manager of Operations/AGM, this goal will need to be re-evaluated and postponed.

**Exhibit B**

Goal FY ID	Start	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
166	FY 2015/16	Quarterly	Finance and Administration	B	Implement strategies and recruitment practices that provide flexible and responsive solutions to assist the Agency in filling positions in a timely and effective manner	Draft a new consolidated Personnel Rules and Regulations	Ongoing	Track the average number of weeks it takes to complete the recruitment process from beginning to end	Sharmeen Bhojani	January	2016	On Schedule	No	Current average is 8 weeks.
<b>Internal Audit</b>														
169	FY 2015/16	Quarterly	Agency Management	B	Develop and implement a plan to mentor and prepare the next generation of Agency leaders by July 2017	Achieve the Certified Internal Auditor Designation by two auditors – One by Dec. 2015, one by Dec. 2016	One completed by December 2015, One completed by December 2016	A minimum of eight hours of continuous professional development, annually.	Teresa Velarde	January	2016	On Schedule	No	All three auditors in the department are preparing for the certification. All three plan to complete the certification requirements by December 2016. All three auditors already have a higher professional designation and regularly attend continuous professional development to stay abreast of best practices.
170	FY 2015/16	Quarterly	Agency Management	B	Develop and implement a plan to mentor and prepare the next generation of Agency leaders by July 2017	Conduct control self-assessment of the Internal audit dept.	Complete by December 2016	A minimum of eight hours of continuous professional development, annually.	Kathy Besser	January	2016	On Schedule	No	As required by the IAD Charter, each year, we review the charter, the department SOPs and the Annual Audit Plan and make the necessary adjustments according to best practices, new/requested project and other factors. The IAD is continuously self-evaluating. A comprehensive self-evaluation is planned for the end of 2016.
171	FY 2015/16	Quarterly	Agency Management	B	Develop and implement a plan to mentor and prepare the next generation of Agency leaders by July 2017	Peer-review of the Internal Audit dept functions	Complete by December 2016	A minimum of eight hours of continuous professional development, annually.	Kathy Besser	January	2016	On Schedule	No	Once all auditors are certified, the peer review can be scheduled and planned. This will be performed by a separate organization and a report will be provided. This process will serve to evaluate the function and provide any feedback to ensure continuous improvement.
170	FY 2015/16	Quarterly	Agency Management	B	Develop and implement a plan to mentor and prepare the next generation of Agency leaders by July 2017	Conduct control self-assessment of the Internal audit dept.	Complete by December 2016	A minimum of eight hours of continuous professional development, annually.	Kathy Besser	January	2016	On Schedule	No	As required by the IAD Charter, each year, we review the charter, the department SOPs and the Annual Audit Plan and make the necessary adjustments according to best practices, new/requested project and other factors. The IAD is continuously self-evaluating. A comprehensive self-evaluation is planned for the end of 2016.
<b>Laboratory</b>														
9	FY 2014/15	Quarterly	Engineering, Planning and Science	A	Continue commitment to cost containment for operating and capital costs	Evaluate and Implement new technologies for laboratory analyses as they become available.	Ongoing	None	Nel Groenewald	January	2016	On Schedule	No	evaluating BOD calculation option for LIMS
31	FY 2014/15	Quarterly	Engineering, Planning and Science	A	Annually, promote superior customer service when working internally with colleagues	• Meet efficient and effective sample turnaround times (TAT) • Respond to rush sample requests and special sample requests as needed.	Daily as needed	Compliance results are approved in LIMS within the following TATs: • PTSC: average 20 days • NPDES: 10th of month following receipt of sample • DS-1 & GWR: 10th of month following analyses	Nel Groenewald	January	2016	On Schedule	No	Meeting all targets, PTSC reporting averaging 18 days, data submitted to CDPH and NPDES on time.

**Operations**

Exhibit B

Goal ID	FY Start	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
202	FY 2015/16	Quarterly	Operations	D	Develop plan to improve the quality of recycled water to meet customer's needs by June 2017	Prepare and submit to CDPH start-up reports for new basin as delivery mechanisms are completed	Completed by June 2016 and Ongoing		Bill Leever	February	2016	On Schedule	No	Delciz Basin RW deliveries were initiated in December 2015 and the SUP is currently being implemented.
201	FY 2015/16	Quarterly	Operations	D	Develop and implement a communication plan to promote water use efficiency and the value of water by July 2015	Continue weekly Peak Demand Management meetings with key operations staff for start of 2016 Peak Demand season.	Ongoing through June 2016		Bill Leever	February	2016	On Schedule	No	RW Peak Demand meetings will resume around April as we exit the rainy season and RW demand increases.
200	FY 2015/16	Quarterly	Operations	D	Develop and implement a communication plan to promote water use efficiency and the value of water by July 2015	Maintain pump station readiness	Ongoing through June 2016		Bill Leever	February	2016	On Schedule	No	Pump station readiness is continuously monitored by RW staff. Any deficiency's of readiness are addressed and remedied.
85	FY 2014/15	Quarterly	Operations	D	Develop and implement Recycled Water Peak Demand Management Plan to optimize efficient use of recycled water by June 2015	Develop RW GWR SCADA improvements that implement the storage and delivery strategies by working the DCS Department	May-2015	System Improvement request to DCS Department by March 15, 2015	Jason Marsellies	February	2016	Behind Schedule	No	Automated controls between the RP-1 930 RWPS and the 930 reservoir have been implemented. At high reservoir levels the pressure set point at the RP-1 930 RWPS scales back to reduce flow to the reservoir and prevent over-filling.
86	FY 2014/15	Quarterly	Operations	D	Develop and implement Recycled Water Peak Demand Management Plan to optimize efficient use of recycled water by June 2015	Continue weekly Peak Demand Management Meetings with key operations staff for start of CY2015 Peak Demand season	June 30, 2015	Demand Management meetings scheduled in Outlook by March 31, 2015	Jason Marsellies	February	2016	On Schedule	No	Weekly meetings during peak demand continued from June through October 2015. Weekly peak demand meetings will resume as direct use demands increase around May 2016.
206	FY 2015/16	Quarterly	Operations	D	Conduct research to find new methods to safely recharge more water into Chino Basin by June 2016	Maintain basin readiness through basin cleanings	Completed by June 2016 and Ongoing		Bill Leever	February	2016	On Schedule	No	Turner 1, 8th and Brooks basin were cleaned in 1Q15 and 2Q15. RP3, Delciz and Victoria planned for 3Q16 and 4Q16. Will continue to develop cleaning strategies and implement cleaning projects to maintain peak basin infiltration capacity.
84	FY 2014/15	Quarterly	Operations	D	Develop and implement Recycled Water Peak Demand Management Plan to optimize efficient use of recycled water by June 2015	Develop written RW storage and delivery strategies to meet department forecasts of diurnally variable RW supplies and seasonally variable RW demands.	November-2014	Written strategies and forecasts developed by RW and GWR staff by December 1, 2014	Jason Marsellies	February	2016	Behind Schedule	No	Operational strategies have been developed and implemented to meet direct use demands and maximize RW contribution to GWR. With the 930 reservoir online, the current strategy allows CCWRF and RP-5 to meet direct use demands in the south and free up supply at RP-1 to meet GWR goals in the northern service area. These operating strategies will be written into the RW SOPs.
207	FY 2015/16	Quarterly	Operations	D	Conduct research to find new methods to safely recharge more water into Chino Basin by June 2016	Develop written RW storage and delivery strategies to meet department forecasts of diurnally variable RW supplies and seasonally variable RW demands	Completed by June 2016		Bill Leever	February	2016	On Schedule	No	Continuing to work with both Ops and Planning staff to develop written RW storage and delivery strategies.
205	FY 2015/16	Quarterly	Operations	D	Identify and protect the best recharge land sites in the service region by June 2016	Develop recycled and groundwater recharge SCADA improvements that implement storage and delivery strategies by working with the DCS department	Completed by June 2016		Bill Leever	February	2016	On Schedule	No	I am on the SCADA Services Sub-Committee and will continue to develop RW/GWR SCADA improvements to more efficiently manage the GWR system.

Planning and Environmental Compliance

Exhibit B

Goal FY ID Start	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes	
24	FY 2014/15	Quarterly	Engineering, Planning and Science	A	Transition to a biennial budget beginning July 1, 2015	Update Regional Sewerage Contract to update the TYCIP once every two years	June-2015	Conceptual agreement with member agencies by Jun 2015	Sylvia Lee	January	2016	On Schedule	No	This item to be included in the update of the Regional Contract scheduled to be completed by end of 2016.
61	FY 2014/15	Quarterly	Engineering, Planning and Science	D	Identify and evaluate supplemental water supplies for the region by October 2014	Complete the IRP	December-2014	Completion of the IRP	Sylvia Lee	January	2016	On Schedule	No	IRP report is being drafted and will be circulated for review February 2016. Adoption expected to occur in March.
71	FY 2014/15	Quarterly	Engineering, Planning and Science	D	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	Urban Water Management Plan	June-2016	Adoption of the documents	Sylvia Lee	January	2016	On Schedule	No	The UWMP is 25% complete and Land Use Based Model and Draft Plan should be completed by end of February 2016
72	FY 2014/15	Quarterly	Engineering, Planning and Science	D	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	Recycled Water Program Strategy	December-2014	Adoption of the documents	Sylvia Lee	January	2016	On Schedule	No	The Draft WUE Business Plan was received at the end of December. The Draft is under review by Staff which are making edits to the document. Draft Plan should be available for external review in February 2016.
90	FY 2014/15	Quarterly	Engineering, Planning and Science	D	Conduct research to find new methods to safely recharge more water into Chino Basin by June 2016	Complete the MWD Foundational Action Research Program Develop tertiary injection research project plan	June-2015	Develop the plans	Sylvia Lee	January	2016	On Schedule	No	Responded to the Division of Drinking Water on their initial opinion on the Agency's proposed alternative. Contracted with technical advisor Dr. Jorg Drewes.
195	FY 2015/16	Quarterly	Engineering, Planning and Science	D	Conduct research to find new methods to safely recharge more water into Chino Basin by June 2016	Complete the MWD Foundational Action Research Program and develop a tertiary injection research project plan to find new methods to safely recharge more water in to Chino Basin	Through June 2016 and Ongoing	Develop the plans	Sylvia Lee	January	2016	On Schedule	No	Responded to the Division of Drinking Water on their initial opinion on the Agency's proposed alternative. Contracted with technical advisor Dr. Jorg Drewes.
77	FY 2014/15	Quarterly	Engineering, Planning and Science	D	Optimize IEUA's use of potable and recycled water by July 2016	Complete the Recycled Water Program Strategy and begin the implementation plan	December-2014	Completion of RWPS	Sylvia Lee	January	2016	On Schedule	No	RWPS completed and included into TYCIP. Program EIR currently in progress.
90	FY 2014/15	Quarterly	Engineering, Planning and Science	D	Conduct research to find new methods to safely recharge more water into Chino Basin by June 2016	Complete the MWD Foundational Action Research Program Develop tertiary injection research project plan	June-2015	Develop the plans	Sylvia Lee	January	2016	On Schedule	No	Includes 3 studies, RW Intertis and BIOTTA complete. Grants finalizing final report to MWD for Feb submittal.
154	FY 2014/15	Once Complete	Engineering, Planning and Science	D	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	Develop project list and implement based on priority	continuous	Keep updated project list and be coordinated with member agencies	Sylvia Lee	January	2016	On Schedule	No	8 IRP water strategies developed with member agencies. Comprehensive project list will be part of phase 1 of IRP. Policy and Implementation to be discussed in 2016.
190	FY 2015/16	Quarterly	Engineering, Planning and Science	C	Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies	Apply LEAN management principles to streamline current practices and develop long-term strategy for permitting of the O&M activities of recharge basins	To be Completed by June 2017		Sylvia Lee	January	2016	On Schedule	No	Initiated permit application with the US Army Corps of Engineers for Long Term Permitting for the Agency's facilities.
191	FY 2015/16	Quarterly	Engineering, Planning and Science	C	Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies	Develop a regulatory permitting strategy to support the implementation of the regional water and wastewater programs as identified in the planning documents	To be Completed by June 2017		Sylvia Lee	January	2016	On Schedule	No	Consultant preparing the draft Programmatic Environmental Impact Report for the Agency's planning initiatives.

Exhibit B

Goal ID	FY Start	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
28	FY 2014/15	Quarterly	Engineering, Planning and Science	A	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)	Integrate the Asset Management Plan into the TYCIP	February-2015	Completion of TYCIP by Feb 2015	Sylvie Lee	January	2016	On Schedule	No	AMP projects will be added into the FY15/16 TYCIP. TYCIP work will begin in February 2016.
55	FY 2014/15	Quarterly	Engineering, Planning and Science	C	Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies	Develop long term strategy for permitting of the O&M activities of recharge basins	June-2015	Completion of strategy by Jun 2015	Sylvie Lee	January	2016	On Schedule	No	Consultant is finalizing the cultural resource report and the permit application.
62	FY 2014/15	Quarterly	Engineering, Planning and Science	D	Work with other agencies on the implementation of local regional programs to meet the region's goal of reaching 50,000 AFY of recycled water use by June 2022	Develop planning documents and regulatory permitting strategy to support the implementation plan as identified in the RWPS and IRP	June-2015	Development of Permitting Strategy of the IRP/RWPS	Sylvie Lee	January	2016	On Schedule	No	Consultant is working on the PEIR.
84	FY 2014/15	Quarterly	Engineering, Planning and Science	E	Monitor and integrate the Building Activity Report (BAR) data for actual and projected growth with the Asset Management Plan into regional wastewater planning	Continue to work with RCAs to review and maintain accurate building activity reports.	Ongoing	Periodic checks to ensure that the forecasts are consistent with the adopted projections provided in the WWFMP	Sylvie Lee	January	2016	On Schedule	No	Prepared monthly building activity reports and GIS maps.
96	FY 2014/15	Quarterly	Engineering, Planning and Science	E	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	• Complete GHG emission baseline • Develop GHG reduction plan consistent with the Energy Management Plan • Measure GHG reduction (tons CO2 eq/yr) work plan needs to be reworded - agency does not sell credits	July-2016	Complete the GHG emission baseline July 2014	Sylvie Lee	January	2016	On Schedule	No	Consultant is working on the verification process. Completion expected by March 2016.
97	FY 2014/15	Quarterly	Engineering, Planning and Science	F	Develop a communication plan to promote being a good neighbor by June 2015	Perform odor monitoring, assist Operations, External Affairs during complaints investigation and mitigation	Ongoing	Perform periodic/as needed odor monitoring	Sylvie Lee	January	2016	On Schedule	No	RP-5 SHF odor monitoring conducted weekly.
4	FY 2014/15	Monthly	Engineering, Planning and Science	F	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	Update Regional Wastewater Ordinance	December-2014	Adoption of the Regional Wastewater Ordinance	Sylvie Lee	January	2016	On Schedule	No	The Regional Wastewater Ordinance was revised and adopted by the Board on Oct. 16, 2014. This item is completed.
151	FY 2014/15	Once Complete	Engineering, Planning and Science	D	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	Create a library of documents to guide the Agency in water-use efficiency, planning and regional development.	Ongoing	Complete documents according to the schedule	Sylvie Lee	January	2016	On Schedule	No	The 2015 UWMP Update is on schedule and is at 25% completion. The final Plan will be adopted in June 2016. The WUE Business Plan Draft has been completed and is under review to be presented to external stakeholders in February 2016. Plan is expected to go to the Board for approval in April/May timeframe.
70	FY 2014/15	Quarterly	Engineering, Planning and Science	D	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	Integrated Resources Plan	December-2014	Adoption of the documents	Sylvie Lee	January	2016	On Schedule	No	IRP report is being drafted and will be circulated for review February 2016. Adoption expected to occur in March.
155	FY 2014/15	Once Complete	Engineering, Planning and Science	D	Advocate strategies that help anticipate and mitigate the impacts of droughts and climate change on the region	Develop strategies in the IRP	December-2014	Adoption of IRP; ensure the goals of the 2010 UWMP are met	Sylvie Lee	January	2016	On Schedule	No	IRP report is being drafted and will be circulated for review February 2016. Adoption expected to occur in March.

Exhibit B

Goal FY ID Start	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
162 FY 2014/15	Once Complete	Engineering, Planning and Science	F	Develop a regionally focused Comprehensive Mitigation Plan for construction projects by July 2016	Completion of the Santa Ana River Habitat Conservation Plan Develop long term strategy for mitigation for other regional projects	June-2015	Completion of the plans/strategies	Sylvie Lee	January	2016	Behind Schedule	No	Covered activities for all participants are being finalized and Valley has begun Santa Ana sucker habitat projects in conjunction with SARCCUP program. Hydraulic modeling is being refined. Draft findings should be available end of 2016. Effort is being led by SBVMWD.
74 FY 2014/15	Quarterly	Engineering, Planning and Science	D	Develop new targets and programs to achieve 20 x 2020 requirement through water use efficiency measures, including: Improve rate structures, integrate water use into billing, expand outdoor water use efficiency, and increase local use of stormwater by December 2014	Reduce regional water-use through various tactics and strategies.	December-2014	Reduce overall regional water use.	Sylvie Lee	January	2016	On Schedule	No	The Agency is launching two new WUE Programs in the Spring 2016. Residential Controller Upgrades for small landscape customers and residential total home pressure regulation. These programs are to add additional activities to support members in achieving their State mandated water use reduction targets.
164 FY 2014/15	Once Complete	Engineering, Planning and Science	D	Integrate water supply, water efficiency, storm water management, energy efficiency, water quality and land use measures to promote sustainable watershed management	• Complete Integrated Resources Plan • Complete Water Use Efficiency Business Plan • Complete 2015 Urban Water Management Plan • Coordinate the Implementation of Recharge Master Plan Update • Complete the Recycled Water Program Strategy • Complete Wastewater Facilities Master Plan	•Dec 2014 • June 2015 • June 2016 • June 2020 • Sep 2014 • Sep 2014	Completion and coordination of said documents	Sylvie Lee	January	2016	On Schedule	No	IRP report is being drafted and will be circulated for review February 2016. Adoption expected to occur in March.
164 FY 2014/15	Once Complete	Engineering, Planning and Science	D	Integrate water supply, water efficiency, storm water management, energy efficiency, water quality and land use measures to promote sustainable watershed management	• Complete Integrated Resources Plan • Complete Water Use Efficiency Business Plan • Complete 2015 Urban Water Management Plan • Coordinate the Implementation of Recharge Master Plan Update • Complete the Recycled Water Program Strategy • Complete Wastewater Facilities Master Plan	•Dec 2014 • June 2015 • June 2016 • June 2020 • Sep 2014 • Sep 2014	Completion and coordination of said documents	Sylvie Lee	January	2016	On Schedule	No	WUE Business Plan to be completed by March 2016. UWMP to be completed by June 2016.
100 FY 2014/15	Quarterly	Engineering, Planning and Science	F	Lead efforts to advocate for emerging trends and proposed changes to rules and regulations	Active participation into the legislative process through advice letters, comments.	Ongoing	Participate in local water/wastewater/air regulatory and association committee meetings.	Sylvie Lee	January	2016	On Schedule	No	Participating with SCAP in regards to SCAQMD Rule 1110.2 and Rule 430.
166 FY 2014/15	Once Complete	Engineering, Planning and Science	F	Complete odor baseline report by June 2015	Coordinate odor survey and develop baseline report	June-2015		Sylvie Lee	January	2016	On Schedule	No	Agency wide quarterly odor rounds expected in March 2016.
20 FY 2014/15	Quarterly	Engineering, Planning and Science	A	Initiate discussions to revise and review the Regional Sewerage Service Contract set to expire in 2023 by January 2016	Update to meet current practices and needs (Priority 1 items )	June-2015	Conceptual agreement with member agencies by Jun 2015	Sylvie Lee	January	2016	On Schedule	No	Recycled water policy principles to be amended in Regional Contract by June 2016. Term sheet with key principles for contract revisions to be discussed with member agencies in monthly workshops beginning Feb. 2016 with goal to adopt all contract amendments by Jan. 2017.

**Exhibit B**

Goal FY ID	Start	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
153	FY 2014/15	Once Complete	Engineering, Planning and Science	D	Complete water softener ordinance by December 2014 and continue to reduce salinity and nutrients in recycled water.	Facilitate the adoption of ordinances for the cities of Chino, Chino Hills and Ontario.	December-2014	Adoption of ordinances by Dec 2014	Sylvia Lee	January	2016	Behind Schedule	No	This item is behind schedule. Follow-up meetings need to be scheduled with City managers.
165	FY 2014/15	Once Complete	Engineering, Planning and Science	F	Develop and update logical, technically based, defensible, local limits for regional significant industrial users by December 2014 and review every five years	Develop Local Limits	March-2015	Completion of local limits	Sylvia Lee	January	2016	On Schedule	No	Local limits report submitted to RWQCB in August 2015. RWQCB recommends amending report to include dioxin evaluation. Source evaluation is on-going and expected to take up to 6 months.
<b>Technical Services</b>														
208	FY 2015/16	Quarterly	Operations	D	Work with other agencies on the implementation of local regional programs to meet the region's goal of reaching 50,000 AFY of recycled water use by June 2022	Perform evaluations to identify measures to improve recycled water quality and implement measures based on priority.	Ongoing	Install recycle water screens at RP-1 and RP-5	Jeff Noette	January	2018	On Schedule	No	Strainer gates (1/8" openings) are performing well at RP-1 CCBs. A long-term procedure for cleaning is being developed. The feasibility of strainer gates at RP-5 CCB is under investigation.



**Exhibit C-1**

**Inland Empire Utilities Agency  
Inter-Departmental/Division Transfers FY 2015/2016  
Budget Transfer**

Fund	Date	O & M Transfer From	Category	Amt Transfer Out	O & M Transfer To	Category	Amount Transfer In	Description	QTR
10200	11/3/15	517210	Insurance-Casualty	\$26,000	517530	Insurance Deductibles Liability	\$26,000	Transfer from Insurance Casualty to Insurance Deductibles - Liability to pay 2 separate liability claims filed against the agency as a result of an auto accident caused by an Agency employee.	2
10300	12/8/15	521080	Other Contrt Svcs	\$1,506	519310	Operating Permits & Licenses	\$1,506	Transfer from Other Contract Services to Operating Permits & Licenses because San Bernardino County's permit fee increased over the previous year and resulted in insufficient funds in FY 2015/16.	2
			<b>Total O&amp;M Transfers Out</b>	<b>\$27,506</b>		<b>Total O&amp;M Transfers In</b>	<b>\$27,506</b>		

## Exhibit C-2

### Inland Empire Utilities Agency FY 2015/16 GM Contingency Account Activity

Date	Description	Account/Project No.	Requestor	GM Contingency Budget	Transfers	Balance
7/1/2015	FY 2015/16 Adopted budget	RO Fund 10800-112100-501000-519010		\$400,000		\$400,000
	RO Fund Year-to-date total budget transferred			\$400,000	0	\$400,000
	RO Fund GM Contingency					
FY 2015/16 Adopted budget		GG Fund 10200-112100-100000-519010		\$100,000		\$100,000
7/6/15	Budget transfer to cover fees for hiring temporary help within Agency Mgmt Dept	GG Fund 10200-112100-100000-521080	A. Woodruff		\$30,000	\$70,000
	GG Fund GM Contingency			\$100,000	\$30,000	\$70,000
<b>GM CONTINGENCY GRAND TOTAL</b>				<b>\$500,000</b>	<b>\$30,000</b>	<b>\$470,000</b>

cc: Joe Grindstaff, Christina Valencia

**Inland Empire Utilities Agency**  
**Changes in Total Project Budgets: Inter-Departmental/Division Transfers FY 2015/16**

**Exhibit D**

Fund	Capital or Oper Proj?	Request Date	Total Proj Budget Change (V/h)?	Actual Proj Budget Change (V/h)?	Fund Proj? Y/N	Project Number	Project Title	Adopted Total Project Budget	Prior FY 2015/16 TP Change?	Current Total Project Budget	Amount of Transfer to / (Out)	New TP Budget	FY 2015/16 Annual Project Budget	Annual Proj Budget Change	New Annual Project Budget	Project Transferred To/From	Justification
10900	Capital	10/5/15	Yes	Yes	No	LB16003	AutoBlock - Metals Digestion	\$85,000	\$0	\$35,000	(\$2,000)	\$33,000	\$35,000	(\$2,000)	\$33,000	LB16001	Transfer from LB16003 to LB16001 to purchase Dioxes autosampler. A newer version of the autosampler is now available requiring a software upgrade that was not anticipated during the budgeting process.
						LB16001	Dioxes AS-AP Autosampler	\$33,000	\$0	\$18,000	\$3,000	\$20,000	\$18,000	\$2,000	\$20,000	(LB16003)	
Capital	10/28/15	Yes	Yes	Yes		IS15004	Executive Dashboard Project	\$84,000	\$0	\$84,000	(\$7,300)	\$76,700	\$33,000	(\$7,300)	\$24,723	CP16006	Transfer from IS15004 to create new project, CP16006, to fund unplanned purchase of chairs for the relocation of BSS staff from HQA to HQS.
						CP16006	HQ Chairs Replacement	\$0	\$0	\$0	\$7,300	\$7,300	\$0	\$7,300	\$7,300	(IS15004)	
Capital	11/2/15	Yes	Yes	No		FA15001	Purchase 2 Color Scanners	\$8,300	\$0	\$8,300	(\$1,200)	\$7,100	\$4,322	(\$1,200)	\$3,322	IS16015	Transfer from FA15001 to IS16015 for purchase of a new PC and monitor for use by OvedSpark Fellow in the Planning and Environmental Resources Department.
						IS16015	Workstation Replacement	\$118,000	\$0	\$118,000	\$1,200	\$119,200	\$118,000	\$1,200	\$119,200	(FA15001)	
Capital	11/30/15	Yes	Yes	No		IS16020	SAP User Interface Improvements	\$225,070	\$0	\$225,070	(\$83,000)	\$142,070	\$122,595	(\$83,000)	\$39,535	IS15004	Transfer from IS16020 to IS15004 to fund the purchase of SAP Business Objects Enterprise Professional license for 1 CPU.
						IS15004	Executive Dashboard Project	\$84,000	(\$7,300)	\$76,700	\$83,000	\$159,700	\$24,723	\$83,000	\$107,723	(IS16020)	
Capital	12/2/15	Yes	Yes	No		FA15001	Purchase 2 Color Scanners	\$8,300	(\$1,200)	\$7,100	(\$1,200)	\$5,900	\$3,322	(\$1,200)	\$2,122	IS16015	Transfer from FA15001 to IS16015 for purchase of a new PC and monitor for use by new Grants Administrator (LT) in the Grants Administration Department.
						IS16015	Workstation Replacement	\$118,000	\$1,200	\$119,200	\$1,200	\$120,400	\$118,000	\$1,200	\$119,400	(FA15001)	
<b>Subtotal Administration (AG)</b>								<b>\$298,670</b>		<b>\$298,670</b>		<b>\$298,670</b>	<b>\$477,325</b>		<b>\$477,325</b>		
10900	Capital	11/9/15	Yes	Yes	No	EN16052	Ely Basin Turnout Remote Control Upgrades	\$600,000	\$0	\$600,000	(\$30,000)	\$570,000	\$280,000	(\$30,000)	\$170,000	WR13022	Transfer from EN16052 to WR13022 for additional work requested by the Agency and CBWM to complete the draft report of the Prado Basin Adaptive Management Plan and to cover remaining administrative services for the closure of the monitoring wells.
						WR13022	Prado Basin Habitat Well Monitoring	\$600,000	\$0	\$600,000	\$30,000	\$630,000	\$280,000	\$30,000	\$600,000	(EN16052)	
Capital	11/23/15	Yes	Yes	No		EN16052	Ely Basin Turnout Remote Control Upgrades	\$600,000	(\$30,000)	\$570,000	(\$75,000)	\$495,000	\$170,000	(\$75,000)	\$85,000	RW15006	Transfer from EN16052 to RW15006 for the purchase of a new service truck for Ground Water Recharge because it was not originally budgeted this fiscal year. The truck will be cost-shared by the Agency and CBWM.
						RW15006	Groundwater Truck Purchase	\$0	\$0	\$0	\$75,000	\$75,000	\$0	\$75,000	\$75,000	(EN16052)	
<b>Subtotal Groundwater Recharge (RW)</b>								<b>\$1,400,000</b>		<b>\$1,400,000</b>		<b>\$1,400,000</b>	<b>\$400,000</b>		<b>\$400,000</b>		
10800	Capital	10/29/15	Yes	Yes	Yes	EN16126	RP-1 NGO Meters Interconnecting Agreement	\$900,000	\$0	\$900,000	(\$200,000)	\$700,000	\$680,000	(\$200,000)	\$600,000	EN16055	Transfer from EN16126 to create new project, EN16055, to complete modifications of the existing electrical switchboard system adjacent to the Headquarters, modifications of the control system, addition of an automatic transfer switch, and installation of the existing pre-certified engine generator as a stationary unit to supply backup power to the Agency's Headquarters.
						EN16055	Headquarters Backup Generator	\$0	\$0	\$0	\$200,000	\$200,000	\$0	\$200,000	\$200,000	(EN16126)	
Capital	10/26/15	Yes	Yes	No		EN16126	RP-1 NGO Meters Interconnecting Agreement	\$900,000	(\$200,000)	\$700,000	(\$110,000)	\$590,000	\$680,000	(\$110,000)	\$490,000	EN16025	Transfer from EN16126 to EN16025 address the discovery of unforeseen mechanical improvements during construction and complete the project within the originally scheduled time. The transferred funds will address the added change orders with the contractor and allow staff to continue to monitor progress.
						EN16025	RP-1 Asset Replacement	\$5,455,896	\$0	\$5,455,896	\$110,000	\$5,565,896	\$1,000,000	\$110,000	\$1,110,000	(EN16126)	
<b>Subtotal Regional Operations (RO)</b>								<b>\$7,655,896</b>		<b>\$7,655,896</b>		<b>\$7,655,896</b>	<b>\$2,400,000</b>		<b>\$2,400,000</b>		

**Inland Empire Utilities Agency**  
**Changes in Total Project Budgets: Inter-Departmental/Division Transfers FY 2015/16**

**Exhibit D**

Item	Capital or Spec Proj	Request Date	Total Proj Budget Change (Y/N)?	Annual Proj Budget Change (Y/N)?	New Proj Y/N	Project Number	Project Title	Adopted Total Project Budget	Prior FY 2015/16 TP Changes	Current Total Project Budget	Amt. of Transfer In / (Out)	New TP Budget	FY 2015/16 Annual Project Budget	Annual Proj Budget Change	New Annual Project Budget	Project Transferred To/From	Justification
10900	Capital	10/14/15	Yes	Yes	No	EN14037	Sewer Collection System Manhole Rehabilitations	\$1,627,000	\$0	\$1,627,000	(\$80,000)	\$1,547,000	\$154,432	(\$80,000)	\$74,432	EN15047	Transfer from EN14037 to EN15047 to fund Global Power Group, Inc.'s installation of the specified control and wiring modifications needed for the RP-S back-up generator control system.
						EN15047	RP-S Standby Generators Control Modifications	\$417,000	\$0	\$417,000	\$80,000	\$497,000	\$6,737	\$80,000	\$86,737	(EN14037)	
Capital	10/14/15	Yes	Yes	No	EN14037	Sewer Collection System Manhole Rehabilitations	\$1,627,000	(\$80,000)	\$1,547,000	(\$70,000)	\$1,477,000	\$74,432	(\$70,000)	\$4,432	EN15090	Transfer from EN14037 to EN15090 to pay for the work performed on subproject EN15090.03 42-inch Primary Effluent Pipe Repair. The transfer will cover the contractor billing, invoices received on augmented labor, and IELIA labor associated with final project close-out.	
					EN15090	CM Misc RC Construction	\$250,000	\$0	\$250,000	\$70,000	\$920,000	\$183,676	\$70,000	\$253,676	(EN14037)		
Capital	11/18/15	Yes	Yes	No	EN12022	RP-1 Aeration Ducting	\$1,156,000	\$0	\$1,156,000	(\$140,000)	\$1,016,000	\$156,096	(\$140,000)	\$15,096	EN15090	Transfer from projects EN12022, EN11031, and EN15054 to EN15090 to fund the construction and close-out phases of subproject EN15090.02 Fiber Optic Pull Box Upgrades. The total project budget transfers of this project are pending due to projects EN12022 and EN15054 being closed in SAP. The additional TP budget for EN15090 was entered as a supplement instead of a transfer for the time being.	
					EN11031	RP-S Flow Equalization & Effluent Monitoring	\$1,726,949	\$0	\$1,726,949	(\$190,000)	\$1,536,949	\$1,445,284	(\$190,000)	\$1,255,284	EN15090		
					EN15054	CCWRP Lagoon Rip Rap Retrofit	\$125,000	(\$15,000)	\$110,000	(\$30,000)	\$80,000	\$35,000	(\$30,000)	\$5,000	EN15090		
					EN15090	CM Misc RC Construction	\$238,000	\$70,000	\$320,000	\$360,000	\$680,000	\$253,676	\$360,000	\$613,676	(EN12022 / EN11031 / EN15054)		
Subtotal Regional Capital (RC)								\$7,175,949		\$7,155,949		\$7,155,949	\$2,309,113		\$2,309,113		
								Capital Total Project Budget		Capital Total Project Budget		Total Annual Capital Budget					
								Adopted		Adopted		Adopted		Adopted		Adopted	
								\$17,535,515		\$17,471,215		\$5,587,406		\$5,587,406			
10700	O&M Proj	12/9/15	Yes	Yes	No	WR15004	Garden In Every School	\$68,238	\$0	\$68,238	(\$63,128)	\$5,110	\$68,238	(\$63,128)	\$5,110	WR16004	Transfer from WR15004 to WR16004 for all work occurring in the FY 15/16 budget year so that WR15004 may be closed.
						WR16004	Garden In Every School	\$45,000	\$0	\$45,000	\$63,128	\$108,128	\$45,000	\$63,128	\$108,128	(WR15004)	
O&M Proj	12/9/15	Yes	Yes	No	WR14013	Sponsorships & Public Outreach	\$77,500	\$0	\$77,500	(\$19,654)	\$57,846	\$19,732	(\$19,654)	\$77	WR16013	Transfer from WR14013 and WR15013 to WR16013 in order to receive current expenses against the current fiscal year project number and to close projects WR14013 and WR15013.	
					WR15013	Sponsorships & Public Outreach	\$80,500	\$0	\$80,500	(\$19,851)	\$60,649	\$38,815	(\$19,851)	\$18,964	WR16013		
					WR16013	Sponsorships & Public Outreach	\$80,375	\$0	\$80,375	\$39,515	\$119,890	\$80,375	\$39,515	\$119,890	(WR14013 / WR15013)		
O&M Proj	12/9/15	Yes	Yes	No	WR15022	Water Use Assessments	\$800,000	(\$19,260)	\$780,740	(\$200,000)	\$580,740	\$780,740	(\$200,000)	\$580,740	WR16007	Transfer from WR15022 to WR16007 because all IUEA supplemental funding for MWD's residential base rate rebates for FY 15/16 has been committed.	
					WR16007	Residential Rebates Incentives	\$100,000	\$0	\$100,000	\$200,000	\$300,000	\$100,000	\$200,000	\$300,000	(WR15022)		

**Inland Empire Utilities Agency**  
**Changes in Total Project Budgets: Inter-Departmental/Division Transfers FY 2015/16**

**Exhibit D**

Fund	Capital or Spec Proj?	Request Date	Total Proj Budget Change (Y/Y)	Annual Proj Budget Change (Y/Y)	New Proj Y/N	Project Number	Project Title	Adopted Total Project Budget	Prior FY 2015/16 TP Change	Current Total Project Budget	Amount Transferred In / Out	New TP Budget	FY 2015/16 Annual Project Budget	Annual Proj Budget Change	New Annual Project Budget	Project Transferred To/From	Notes
10700	O&M Proj	12/9/15	Yes	Yes	No	WR15022	Water Use Assessments	\$800,000	(\$219,260)	\$580,740	(\$100,000)	\$480,740	\$380,740	(\$100,000)	\$480,740	WR16008	Transfer from WR15022 to WR16008 to supplement the funding that is added to MWD's commercial, institutional, and industrial (CII) base rate rebates.
						WR16008	Residential Rebates Incentives	\$300,000	\$300,000	\$400,000	\$100,000	\$500,000	\$400,000	\$100,000	\$500,000	(WR15022)	
O&M Proj	12/9/15	Yes	Yes	No	WR15007	Residential Rebates Incentives	\$90,000	\$0	\$90,000	(\$14,185)	\$75,815	\$14,767	(\$14,185)	\$682	WR16007	Transfer from WR15007 to WR16007 for all work occurring in FY 15/16 so that WR15007 may be closed.	
					WR16007	Residential Rebates Incentives	\$100,000	\$200,000	\$300,000	\$14,185	\$314,185	\$300,000	\$14,185	\$314,185	(WR15007)		
Subtotal Water Resources (WR)								\$2,867,000			\$2,604,080	\$2,467,797			\$2,437,797		
10900	O&M Proj	10/8/15	Yes	Yes	No	PK11001	Water Discovery Field Trip	\$286,482	\$0	\$286,482	\$40,000	\$326,482	\$12,210	\$40,000	\$52,210	(O&M: S21001/ S21314/ S21000)	Transfer from O&M categories: Contract Labor, Outside Services - Labor, Other Contract Services; to project PK11001 to fund unplanned Water Discovery Program trips partially funded by grants.
O&M Proj	11/9/15	Yes	Yes	No	EP15001	Digester Cleaning	\$730,000	\$0	\$730,000	(\$126,500)	\$603,500	\$682,132	(\$126,500)	\$525,632	PA15001	Transfer from EP15001 to PA15001 to supplement the underground piping rehabilitation.	
					PA15001	Underground Piping Rehab	\$3,800,000	\$0	\$3,800,000	\$126,500	\$3,926,500	\$17,818	\$126,500	\$144,418	(EP15001)		
O&M Proj	12/16/15	Yes	Yes	No		CP16007	RP-3 Lawn Conversion	\$0	\$0	\$0	\$400,000	\$400,000	\$0	\$400,000	\$400,000	(RD Reserves)	Board approved amendment to fund the landscape services contract with Conserve LandCare, Inc. for the RP-3 lawn conversion.
O&M Proj	12/30/15	Yes	Yes	Yes		LB16004	Diatom Sampling Project	\$0	\$0	\$0	\$50,000	\$50,000	\$0	\$50,000	\$50,000	(O&M: S45210)	Transfer from O&M category, Natural Gas, to create project LB16004, Diatom Sampling, due to exceedance levels at RP-5.
Subtotal Regional Operations (RO)								\$4,816,482			\$5,806,482	\$682,240			\$1,372,240		
O&M Total Project Budget								O&M Total Project Budget		O&M Total Project Budget		Total Annual O&M Project Budget					
Adopted								Adopted		Adopted		Adopted		Adopted			
\$7,159,090								\$7,910,570		\$9,108,096		\$9,108,096		\$9,108,096			
Total Capital and O&M Project Transfers												\$2,053,028					
TPB Change - Capital												(\$267,500)					
TPB Change - O&M Project												\$751,480					
Net Change - TPB												\$483,980					

**FY 2015/16**

**Budget Variance Report**

**2<sup>nd</sup> Quarter ended December 31, 2015**

**Board of Directors**

**March 16, 2016**

# Sources of Funds Highlights

## Actuals compared to Amended Budget

### Good News:

- ❖ **Wastewater Connection Fees:** \$13.1 M, 56.3%
  - ❖ 2,571 new EDU connections vs. 4,330 new EDU budgeted
- ❖ **User Charges:** \$32.6M, 48.6%
- ❖ **Recycled Water Sales:** \$6.1M, 51.4%
  - 17,686 AF actual year to date vs. 35,150 AFY budgeted
- ❖ **Property Taxes:** \$18.0M, 43.8%
- ❖ **Water Sales:** \$8.9M, 21.6%
  - 15,345 AF over 50,000 AF budgeted AF



### Not so Good News:

- ❖ **Grants & Loans:** \$0.8M, 3.7%



# Uses of Funds Highlights

## Actuals compared to Amended Budget

### Good News:

- ❖ **Employment Expenses:** \$20.1M, 49.4%
  - Vacancy factor 12.4% higher than budgeted 4%. Savings partially offset by payments for unfunded retirement liabilities.
- ❖ **Debt Service:** \$12.4M, 47.9%
  - 2008A \$3.3M
  - 2010A \$4.5M
  - SARI Loans \$0.3M
  - SRF Loans \$3.3M

### Not so Good News:

- ❖ **Capital Projects:** \$13.2 M, 25.6%



# Updates

## ❖ Project Closure

- 15 projects identified as eligible for closure, for approximately \$4.6M

## ❖ Total Project Budget Change (over \$100K)

- 11 projects have changed the Total Project Budget for approximately \$1M
- Details listing of projects are shown under Exhibit D



# FY 2015/16 Q2 Consolidated Fund Balance

Operating	FY 2015/16 Amended Budget	Second Quarter Ended 12/31/15	Actual % of Amended Budget
Operating Revenue	\$131.0	\$52.7	40.2 %
Operating Expense	\$160.5	\$51.3	31.9%
<b>Operating Net Increase/(Decrease)</b>	<b>(\$29.5)</b>	<b>\$1.4</b>	
<b>Non- Operating</b>			
Non-Operating Revenue	\$91.6	\$32.0	34.9%
Non-Operating Expense	\$75.2	\$25.6	34.0%
<b>Non-Operating Net Increase/(Decrease)</b>	<b>\$16.4</b>	<b>\$6.4</b>	
<b>Consolidated</b>			
Total Sources of Funds	\$222.6	\$84.7	38.0%
Total Uses of Funds	\$235.7	\$76.9	32.6%
<b>Total Net Increase/(Decrease)</b>	<b>(\$13.1)</b>	<b>\$7.8</b>	
Beginning Fund Balance	\$146.1	\$146.1	
<b>Ending Fund Balance</b>	<b>\$133.0</b>	<b>\$153.9</b>	

# Questions?

*The budget variance analysis report is consistent with the Agency's business goal of fiscal responsibility*