

FY 2016/17 Accomplishments

- Met the Governor's mandate to reduce water use by 25 percent and increased the amount of water stored in the Chino Basin by nearly 100,000 acre feet.
- Refinanced the 2008A Revenue Bonds in January 2017, resulting in a net present value savings of \$37 million over the life of the bonds.
- Received grand prize awards in environmental sustainability, operations/management, and planning from the American Academy of Environmental Engineers and Scientists for the completion of the Regional Water Recycling Plant No. 5 Battery Storage Project.

FYs 2017/18 and 2018/19 Budget Priorities

- Continue the transition from a corrective to a predictive and preventative maintenance strategy within the Agency.
- Implement the capital improvement plan with emphasis on expansion of existing facilities.

Adopted Rates

| Rate | Units | FY 2016/17 | FY 2017/18 | FY 2018/19 |
|-----------------------------|--------------------------|--|--|---------------------------|
| Wastewater: | | | | |
| Volumetric | Monthly EDU ¹ | \$17.14 | \$18.39 | \$19.59 |
| Connection Fees | EDU | \$5,415 ^A \$6,009 ^B | \$6,309 | \$6,624 |
| Recycled Water: | | | | |
| Direct Sales | AF ² | \$410 | \$470 | \$480 |
| Recharge Surcharge | AF | \$60 | \$60 | \$60 |
| Imported Water: | | | | |
| Tier 1 Sales | AF | \$594 ^A \$666 ^B | \$666 ^A \$695 ^B | \$695 ^A N/A |
| Meter Charge | MEU ³ | \$0.90 | \$0.95 | \$0.99 |
| Water Connection Fee | MEU | \$693 ^A \$1,455 ^B | \$1,527 | \$1,604 |

- 1- EDU—Equivalent Dwelling Unit 2- AF—Acre Foot
3- MEU—Meter Equivalent Unit

A - Effective July 1st through December 31st of the fiscal year

B - Effective January 1st through June 30th of the fiscal year

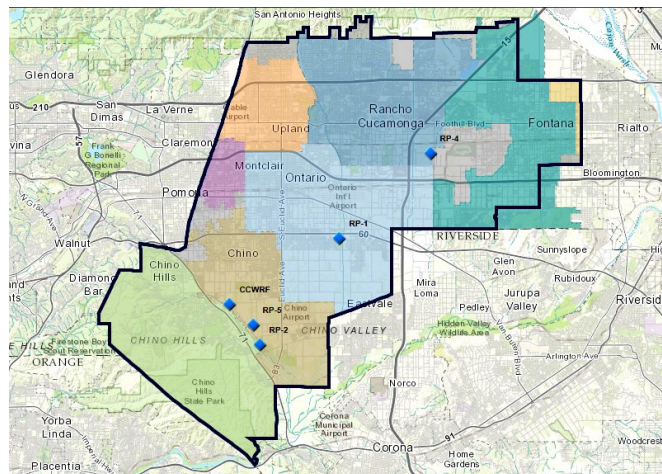
IEUA Structure

IEUA is led by a Board of Directors elected to represent the five service sectors in its service area. The Agency has five divisions, led by executive management who oversee thirteen department managers that directly manage operations.

| BOARD OF DIRECTORS | |
|----------------------|--|
| Steven J. Elie | President |
| Michael E. Camacho | Vice President |
| Jasmin A. Hall | Secretary/Treasurer |
| Paul Hofer | Director |
| Kati Parker | Director |
| EXECUTIVE STAFF | |
| P. Joseph Grindstaff | General Manager |
| Chris Berch | Executive Manager - Engineering / AGM |
| Kathy Besser | Executive Manager - External Affairs & Policy Development/ AGM |
| Randy Lee | Executive Manager - Operations/ AGM |
| Christina Valencia | Executive Manager of Finance & Administration/ AGM |
| Jean Cihigoyenette | General Counsel |

IEUA Service Area Profile

IEUA distributes imported water, provides industrial/municipal wastewater collection and treatment services, and other related utility services to more than 875,000 people in 242-square miles through its member agencies: Chino, Chino Hills, Cucamonga Valley Water District, Fontana, Fontana Water Company, Montclair, Monte Vista Water District, Ontario and Upland.



FYs 2017/18 and 2018/19 Biennial Budget In Brief

Mission

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

Key areas of service:

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

Vision

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

IEUA Business Goals

The IEUA Board and management have committed to six broad policy goals designed to move the Agency forward in executing its *mission* and attaining its *vision*:

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

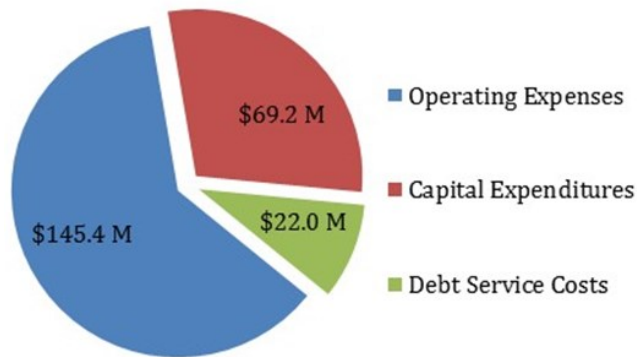
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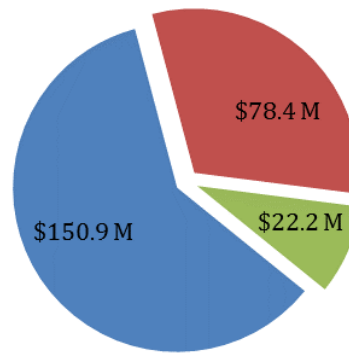


FYs 2017/18 and 2018/19 Biennial Budget

FY 2017/18
\$236.6 Million



FY 2018/19
\$251.5 Million



Total budget for FY 2017/18 is \$236.6 million, a \$2.1 million increase from the FY 2016/17 projected actual of \$234.5 million. The increase can be attributed to a higher capital improvement plan (CIP) budget of \$69.2 million, from \$34.4 million projected in FY 2016/17, which is partially offset by lower debt service costs. Total budget for FY 2018/19 is \$251.5 million, or \$14.9 million higher than FY 2017/18. The increase is due to anticipated higher capital and non-capital (Operations & Maintenance) project costs.

Total Revenues and Other Funding Sources

| (\$ Millions) | FY 2017/18 | FY 2018/19 |
|------------------------------|----------------|----------------|
| Operating Revenues | \$129.2 | \$137.1 |
| Connection Fees | 23.1 | 24.3 |
| Property Tax | 46.0 | 47.4 |
| Grants & Loans | 15.3 | 27.5 |
| Other Revenues* | 10.0 | 12.2 |
| Total Funding Sources | \$223.6 | \$248.5 |

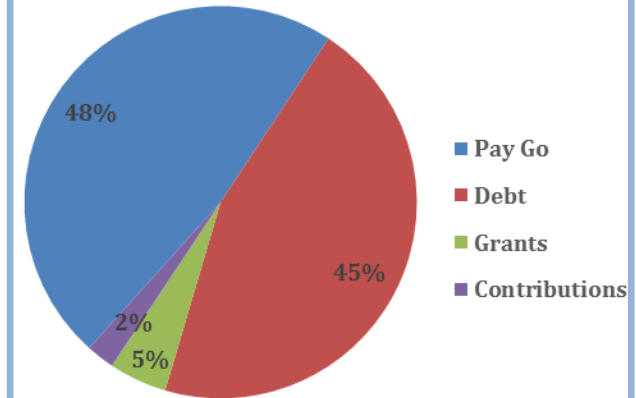
*Other revenues include: contract cost reimbursements from Chino Basin Desalter Authority, Inland Empire Regional Composting Authority, and Chino Basin Watermaster; interest revenues; and lease revenues.

The FY 2017/18 total revenues and other funding sources of \$223.6 million reflect an increase of \$19.5 million, or 9.6 percent, over the FY 2016/17 projected actual of \$204.1 million. The FY 2018/19 total revenues and other funding sources of \$248.5 million reflect an increase of \$24.9 million over the FY 2017/18 adopted budget. These increases can be attributed to:

- Implementation of multi-year rates across the Agency's programs towards full cost of service funding,
- Increase in anticipated volume of imported and recycled water sales, and
- Projected State Revolving Fund loan proceeds for the construction of the Water Quality Laboratory and various recharge water projects.
- Fund reserves will be used to support costs in excess of total revenues and other funding sources.

Capital Improvement Plan (CIP)

The FYs 2017/18—2026/27 Ten Year Capital Improvement Plan (TYCIP) of \$833 million includes capital investment of \$717 million for capital projects, and \$116 million for operations and maintenance projects. The CIP is \$84.6 million for FY 2017/18 and \$96.6 million for FY 2018/19, funded by: pay-go; debt proceeds from State Revolving Fund loans and bonds; grants; and contributions.



CIP by Fund (\$ Millions)

| Program | FY 2017/18 | FY 2018/19 |
|--|---------------|---------------|
| Regional Wastewater Operations & Maintenance | \$30.0 | \$32.8 |
| Regional Wastewater Capital | 27.4 | 26.6 |
| Recycled Water | 14.3 | 13.0 |
| Water Resources | 5.8 | 8.1 |
| Administrative Services | 3.8 | 1.1 |
| Recharge Water | 2.1 | 13.1 |
| Non-Reclaimable Wastewater | 1.2 | 1.9 |
| Total | \$84.6 | \$96.6 |

Major Capital Projects

Planned Over the Next 10 Years

- RP-5 Liquid Treatment Expansion (\$174 million)
- RP-5 Solids Treatment Expansion (\$164 million)
- Recharge Master Plan Update (\$17 million)
- Water Quality Laboratory (\$15 million)
- SCADA Enterprise System (\$10 million)
- RP-1 Mixed Liquor Return Pumps (\$2 million)

