



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

**Thursday, March 2, 2017  
4:30 p.m.**

### **Location**

Inland Empire Utilities Agency  
Event Room – Building B  
6075 Kimball Avenue  
Chino, CA 91710

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

### **Pledge of Allegiance**

### **Public Comment**

### **Additions to the Agenda**

- 1. Technical Committee Report (Oral)**
- 2. Action Item**
  - A. Approval of the November 3 and December 6, 2016 Meeting Minutes
- 3. Informational Items**
  - A. RP-5 Expansion Preliminary Design Report
  - B. Regional Contract Update/Renewal (Oral)
  - C. 2017A Refunding Bond Update
  - D. Fund Overview
- 4. Receive and File**
  - A. Operations Summary Update
  - B. Building Activity Update
  - C. Recycled Water Distribution – Operations Summary
- 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 – April 6, 2017
- 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, February 27, 2017.



Laura Mantilla

## ACTION ITEM

# 2A



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

### **MINUTES OF NOVEMBER 3, 2016 MEETING**

#### **CALL TO ORDER**

A meeting of the IEUA/Regional Sewerage Program – Policy Committee was held on Thursday, November 3, 2016, at the Inland Empire Utilities Agency located at 6075 Kimball Avenue, Chino, California. Chairman Sandoval, City of Fontana, called the meeting to order at 4:30 p.m.

#### **ATTENDANCE**

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

Earl Elrod	City of Chino
Jesse Sandoval	City of Fontana
Jim Bowman	City of Ontario
Debbie Stone	City of Upland
Luis Cetina	Cucamonga Valley Water District

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

Paul Eaton	City of Montclair
Peter Rogers	City of Chino Hills
Terry Catlin	Inland Empire Utilities Agency

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

John Bosler	Cucamonga Valley Water District
Chuck Hays	City of Fontana
Katie Gienger	City of Ontario
Christina Valencia	Inland Empire Utilities Agency
Randy Lee	Inland Empire Utilities Agency
Kathy Besser	Inland Empire Utilities Agency
Pietro Cambiaso	Inland Empire Utilities Agency
Warren Green	Inland Empire Utilities Agency
Shaun Stone	Inland Empire Utilities Agency
Sylvie Lee	Inland Empire Utilities Agency

**Others Present (continued):**

Kathy Besser	Inland Empire Utilities Agency
Joshua Aguilar	Inland Empire Utilities Agency
Laura Mantilla	Inland Empire Utilities Agency

**PLEDGE OF ALLEGIANCE**

Committee Member Debbie Stone led those present in the pledge of allegiance to the flag. A quorum was present.

**PUBLIC COMMENTS**

There were no public comments.

**1. TECHNICAL COMMITTEE REPORT**

Chuck Hays/IEUA reported that the Technical Committee meeting held on October 27, 2016, unanimously approved two action items: the meeting minutes from September 29, 2016 and the regional connection request from the City of Chino. He stated that action item 1B - RP-4 Construction Contract Award was pulled by IEUA. Mr. Hays gave the following update on the Regional Contract proposed schedule:

- In early November, IEUA will provide member agencies with the matrix showing contract language versus practice.
- In January 2017, IEUA is to distribute the Carrollo report update to Exhibit J related to the calculation of the sewer connection fees.
- In February, the member agencies will provide feedback on the revised Exhibit J report.
- In March, the member agencies will provide IEUA a draft term sheet listing items of concern to be discussed in the contract renewal process. At that point in time, a decision will be made on how best to move the process forward.

Mr. Hays indicated the following informational items were discussed: IEUA Business Goals Update, IEUA requested feedback from the Technical Committee. IEUA presented on the Sewer and Recycled Water Service in the Unincorporated County Area of San Bernardino. Mr. Hays stated this project provides service to CSI, Speedway, Prologis and smaller properties in that area. There was discussion about how Speedway was going to pay for the connection fees since it involved using a portion of their water rights to do so. The Technical Committee asked if this is allowed by the Regional Contract. The Technical Committee agreed to review to the contract and get back to IEUA staff with any concerns on this issue.

**2. ACTION ITEMS****A. Approval of Minutes of September 1, 2016 Regional Policy Committee Meeting**

**Motion:** By Debbie Stone/ City of Upland and seconded by Earl Elrod/ City of Chino to approve the minutes of the September 1, 2016 Regional Policy Committee Meeting.

**Motion carried:** Unanimously.

**INFORMATIONAL ITEMS****A. 10-Year Growth Forecast and Building Activity Report**

Pietro Cambiaso/IEUA gave a presentation on the FY 2015/16 building activity summary and 10-year growth survey. Mr. Cambiaso reported that during the last fiscal year, there were approximately 4,800 new EDU, which is 80% of the Member Agency's forecast. He pointed out that the main discrepancy was for the City of Ontario, actuals were lower than forecast. Mr. Cambiaso stated that 60% of the EDUs was in the north service area and 40% was in the south service area.

Mr. Cambiaso stated that the historical information in terms of new EDUs for the last fiscal year is in line with historical data. For 2016/17, the Member Agency's projection is close to 5,600 EDUs, of that 80% will be residential and the rest will be commercial/industrial. Over time this number will drop to approximately 3,000 EDUs per year. The 10-year growth will be approximately 42,000 EDUs, most of the growth will occur in the southern area served by RP-5 and CCWRF, this projection is in line with the RP-5 expansion by 2022.

**B. RP-1/RP-5 Pre-Design Report Update**

Shaun Stone/IEUA gave an update on the recent work of plant expansion of RP-1 and RP-5. He gave an overview of the RP-5 liquids system, proposed solids system and discussed organics diversion. The liquids side encompasses multiple unit processes, including headworks and fine screens, primary treatment to the north, existing aeration system upgrades, membrane bio-reactor system, UV disinfection and odor control. The project cost is estimated at \$160 million. Mr. Stone reported that the solids side plant phase 1 will encompass, solids thickening, phased digestion, digested sludge storage, dewatering & biosolids storage, gas storage, conditioning and flaring. The estimated cost for phase 1 versus ultimate biosolids treatment is slightly under \$150 million. The additional equipment for ultimate capacity of the plant will be \$166 million.

Mr. Stone stated that there is legislation in place about removing organics from landfills way streams and beneficially using those either through digestion or composting and other various types of treatments. IEUA has had discussions with member agencies staff on a regional solution for the area by utilizing existing infrastructure, it could be beneficial and possibly a cost savings for the member agencies.

**C. Regional Contract Update/Renewal**

Mr. Hays covered the Regional Contract update as part of his Technical Committee report.

**D. IEUA Business Goals Update**

Warren Green/IEUA provided an update on the IEUA Business Goals. Mr. Green stated that back in 2011, IEUA had several workshops with IEUA Board, management staff to establish levels of service standards for the Agency. In 2013, IEUA reviewed those levels of service and as a result of that process, IEUA expanded these to include operational functions, water reliability, fiscal accountability and employee well-being. Mr. Green stated this was a collaborative process which included the IEUA Board, the Regional Committees and water member agencies, this resulted in the adoption of the 2013 IEUA Business Goals. In 2016, staff started the process of reviewing the IEUA Business Goals to make them more succinct and

provide more clarity to staff in implementing the budget and the strategic plan. The proposed IEUA Business Goals have been presented to the IEUA Board and the Regional Committees.

**E. Sewer and Recycled Water Service to Unincorporated County Area**

Shaun Stone/IEUA gave an update on the sewer and recycled water service to the unincorporated area of San Bernardino. Mr. Stone stated the project area is in the sphere of the City of Fontana. The various entities in that area are California Speedway, California Steel Industries and Prologis (the parties). Currently Prologis operates a small wastewater treatment plant that is at the end of its useful life and will require an upgrade. The project goals were to address legacy, sewer and recycled water issues in the unincorporated area and by connecting the three parties to the IEUA sewer and recycled water systems. In November 2015, the agreements were executed with the parties and in January of this year, IEUA constructed a temporary wastewater service system. In July 2016, the sewer system design was completed and construction for the sewer system is estimated to be completed in February 2017.

Mr. Stone reviewed the proposed recycled water service connections. He stated that the agreements were executed in November 2015. Fontana Water Company is the water provider for City of Fontana. Fontana Water Company obtained rate approval from the California Public Utilities Commission (CPUC) in April 2016. IEUA filed for proposition 1 State Revolving Fund grant/loan. IEUA has prequalified design and build contractors and will be ready to award for funding in February 2017.

Mr. Stone discussed the project terms. He stated that IEUA will be responsible for the recycled/sewer system design and construction, owning and maintaining the system and potential use CSI basin for groundwater recharge. California Steel Industries and Speedway will be funding the capital cost as well as their connection fees and are responsible for the recycled water ownership, operation and maintenance on their properties. Fontana Water Company's participation within the agreement is to obtain approval from CPUC (approved in April 2016) and will be the retail recycled water service provider. The City of Fontana's role was to cooperate and support both systems and be the retail sewer service provider for billing.

**3. RECEIVE AND FILE**

**A. Building Activity Report (YTD)**

The Building Activity Report (YTD) was received and filed by the Committee.

**B. Recycled Water Distribution – Operations Summary**

The Recycled Water Distribution Operations Summary was received and filed by the Committee.

**C. Annual Water Use Report**

The Annual Water Use Report was received and filed by the Committee.

**4. OTHER BUSINESS**

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

Christina Valencia gave the following updates on behalf of Joseph Grindstaff.

- Ms. Valencia reported that IEUA staff has been meeting with the Regional Water Quality Control Board regarding the rising of salinity. The objective is to increase the current 12 month running average for TDS to a 5 or 10 year running average.
- Ms. Valencia wanted to recognize the City of Montclair with respect to the Regional Contract audit that was finalized last year. IEUA received confirmation that Montclair has addressed and responded to the findings.
- Ms. Valencia asked the Committee if they would like to cancel the December Policy meeting. She informed the Committee that the Technical Committee is being cancelled at the end of November because of the Thanksgiving holiday. If nothing comes forward from the Technical Committee in December, the meeting may be rescheduled for February. The Committee discussed and agreed to cancel the meeting until February 2017.

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

None.

**C. Committee Member Comments**

None.

**D. Next Meeting – February 2, 2017**

**1. ADJOURNMENT – Meeting was adjourned at 4:50 p.m.**

Transcribed by: \_\_\_\_\_

Laura Mantilla  
Executive Assistant, IEUA





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

### **MINUTES OF December 6, 2016 MEETING**

#### **CALL TO ORDER**

A meeting of the IEUA/Regional Sewerage Program – Policy Committee was held on Tuesday, December 6, 2016, at the Inland Empire Utilities Agency located at 6075 Kimball Avenue, Chino, California. Chairman Sandoval, City of Fontana, called the meeting to order at 9:02 a.m.

#### **ATTENDANCE**

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

Jesse Sandoval	City of Fontana
Jim Bowman	City of Ontario
Debbie Stone	City of Upland
Kathy Tiegs	Cucamonga Valley Water District
Art Bennett (Alternate)	City of Chino Hills
Michael Camacho	Inland Empire Utilities Agency

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

Paul Eaton	City of Montclair
Earl Elrod	City of Chino

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

John Bosler	Cucamonga Valley Water District
Jesus Plasencia	City of Chino
Scott Burton	City of Ontario
Katie Gienger	City of Ontario
Joe Grindstaff	Inland Empire Utilities Agency
Christina Valencia	Inland Empire Utilities Agency
Chris Berch	Inland Empire Utilities Agency
Sylvie Lee	Inland Empire Utilities Agency
Kathy Besser	Inland Empire Utilities Agency

**Others Present:**

Peter Soelter	Inland Empire Utilities Agency
Teresa Velarde	Inland Empire Utilities Agency
Shaun Stone	Inland Empire Utilities Agency
Laura Mantilla	Inland Empire Utilities Agency

**PLEDGE OF ALLEGIANCE**

Committee Member Jim Bowman led those present in the pledge of allegiance to the flag. A quorum was present.

**PUBLIC COMMENTS**

There were no public comments.

**1. INFORMATIONAL ITEMS****A. 2008 Revenue Bond Refunding**

Christina Valencia/IEUA gave a presentation on the 2008A Revenue Bond Refunding. Ms. Valencia explained that the bonds were issued in 2008 at \$125 million to finance capital projects in the regional wastewater, recycled water and non-reclaimable wastewater programs. The bonds were issued at a 5% fixed coupon rate. Ms. Valencia stated the amortization schedule was structured to mitigate impact to the annual debt service costs with only interest due through 2022. The payment of principal payments beginning in 2023 aligned with the maturity of the senior bonds outstanding at the time of the 2008A bond issuance.

Ms. Valencia explained that IEUA wants to take advantage of the currently low interest rates to retire high interest rate debt. Included in the Agency's financial plan was the early repayment of the \$125 million over a five-year period, beginning in 2017 – reducing outstanding debt, will leave room for new future debt needed to finance the expansion and improvement of the IEUA facilities. Approximately \$310 million will be needed over the next 10 years to support capital improvements to meet future growth projections received from the member agencies. She stated that one of the concerns raised by member agencies is the use of connection fees currently held by member agencies in their respective Capital Construction Reimbursement Accounts (CCRA). In accordance with the Regional Sewerage Service Contract, member agencies collect the fees on behalf of IEUA for new connections to the regional wastewater system. These funds are called by the Agency as needed to support financing costs for the regional wastewater system. In preparation of the proposed refinancing, IEUA made a call for \$45 million in October 2016. Payment of the call was due on December 5, 2016 to pay down a portion of the 2008A bonds, which will result in significant cost savings.

Ms. Valencia then reviewed the major projects and costs in which include the relocation of the RP-2 solids handling facility to the RP-5 site, expansion of the RP-5 liquids treatment plant, rehabilitation and improvement of the RP-1 facility, future expansion of the RP-4 plant, and the future decommissioning of the RP-2 site. She stated that to finance these major projects, IEUA will need to borrow more money. Currently, IEUA has total outstanding debt of \$311 million comprised of bonds and State Revolving Fund (SRF) loans. The SRF loans were primarily used to

finance construction of the regional recycled water system. The use of SRF loans and inter-fund loans to support construction costs helped to maintain recycled water rates low and continue to promote the use of recycled water. Ms. Valencia stated that IEUA is looking at a substantial amount of new debt to support the capital improvement plan, and is why it is important to reduce the amount of outstanding debt.

Ms. Valencia then reviewed the four scenarios evaluated by staff and the Agency's financial advisors. Under Scenario 1 (Do Nothing), IEUA will continue to pay interest only of \$6.2 million a year through 2023, then principal payments begin through the maturity of the bonds in 2039 with annual debt service costs increasing to \$14 million, this scenario provides no cost savings. Scenario 2 (5 Year Pay Down) is consistent with the Agency's financing plan which includes payment of the entire \$125 million over a 5-year period beginning in 2017, at an annual amount of \$25 million. The estimated gross savings is \$83 million over the life of the bonds. While the estimated savings are significant, a key concern is the amount of money out the door over a very short period.

With the key objective being to save money, another scenario evaluated was the use of available cash reserves to pay down a portion of the bonds, and refinance the balance at a lower interest rate. This is the premise for Scenario 3 (Partial Refinancing/Cash Pay Down) and is the option recommended by IEUA staff. Included in Scenario 3 is the use of \$50 million available cash reserves and the refinancing of the remaining \$75 million balance. Under this option, total gross savings are estimated to be \$62 million, less than \$83 million estimated for Scenario 2 (5 Year Pay Down), but still significant. A key benefit of this option is the use of cash to pay down the longest maturities in 2038 and 2039 and reducing the amortization schedule of the refunding bonds from 22 to 20 years. The available cash reserves are monies held on behalf of the Agency by member agencies in their respective CCRA's. In accordance with the Regional Contract, IEUA connection fees collected by member agencies for new connections into the regional wastewater system are held in their CCRA accounts until called by IEUA to support financing costs for the system.

Lastly, Scenario 4 (Full Refinancing), consists of refinancing the entire \$125 million and holding cash reserves of \$50 million to support capital project cost and potentially reduce the amount of future borrowings. The total estimated gross savings under this option is about \$23 million, a net present value savings of approximately \$15.5 million. Under this option, there is no reduction in the amount of current outstanding debt.

At the request of the City of Ontario, the Agency performed additional analysis to determine the best use of available cash reserves; use the \$50 million now to pay off a portion of the 2008A Bonds, or keep the funds to support capital projects going forward and potentially reduce future borrowings. Ms. Valencia indicated that IEUA's financial advisors ran two scenarios and used very conservative numbers to see what is the best use of cash reserves. The additional scenarios compared the issuance of future bonds versus SRF loans.

She explained that by using the \$50 million today to reduce what is currently outstanding, results in greater savings than keeping that money to pay down project cost and borrow less in the future.

Joseph Grindstaff/IEUA stated that IEUA will be completing the preliminary design report on the expansion of RP-5 and moving RP-2 solids handling to RP-5. The main project will cost about \$300 million. IEUA has already received an SRF loan to support the planning costs. The plan for next year is to lock-in the interest rate from the state for the \$300 million. Mr. Grindstaff added that IEUA needs to maintain a cash reserve, that is why the plan is not to pay off the entire \$125 million as originally planned, in the event of another meltdown in the market or an economic recession. By only refinancing \$75 million at an assumed rate of 3.0% per annum, and paying off \$50 million there are significant cost savings to be realized over the life of the bonds. Mr. Grindstaff stated that doing a full refunding will keep more money in reserves, but there is less savings. He added that IEUA's financial advisers and Ms. Valencia have looked at the overall debt portfolio and agree that Scenario 3 provides the right balance by keeping reserves at a high enough level and leveraging the available cash reserves and low interest rates to benefit from significant savings.

Ms. Valencia reiterated that IEUA is recommending Scenario 3. In preparation for the proposed refinancing scheduled for late January, IEUA called the CCRA monies in October. Payment was due on December 5, 2016. To date, four of the seven member agencies have remitted payment. At the request of the remaining member agencies, an extension was granted to December 21 following the special meeting of the Regional Policy Committee on December 6 and the IEUA Board meeting on December 21. One of the comments received was if the money called earns interest, Ms Valencia stated it does. The interest rate is about 1.0% with all interest earnings retained by the member agencies.

Art Bennett/City of Chino Hills stated that what IEUA is recommending makes sense. It might be better to have that even balance by going with Scenario 3. Jim Bowman/City of Ontario indicated that Ontario appreciates the presentation and thanked everybody for working to review the various scenarios. Ontario recommends that IEUA refinance the entire \$125 million and the reason for that is to guarantee the lower interest rates of today's market and preserve the member agencies capacity accounts. Ms. Valencia stated that IEUA will communicate the Regional Committees comments to the Board, but plan to retain the recommendation to do the partial refunding and use the \$50 million to pay down a portion of the debt, based on the analysis and the estimated savings. There were no further comments from the Committee.

Meeting was adjourned at 9:48 a.m.

Transcribed by:

Laura Mantilla  
Executive Assistant, IEUA

**INFORMATION  
ITEM**

**3A**



Date: February 23, 2017/March 2, 2017

To: Regional Technical Committee

From: Inland Empire Utilities Agency

Subject: RP-5 Expansion Update

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### **RECOMMENDATION**

This is an information item for the Regional Technical Committee to review.

### **BACKGROUND**

On January 20, 2016, the IEUA Board of Directors approved the consulting engineering services contract award for the RP-1/RP-5 Expansion Preliminary Design Report (PDR) to Parsons Water & Infrastructure Inc. for the not-to-exceed amount of \$2,431,598. IEUA and the Parsons project team promptly began working on the PDR, which has resulted in three IEUA Board Workshops conducted in May 2016, October 2016, and February 2017. In addition, the project team has provided updates to the IEUA Engineering, Operations, and Biosolids Management Committee in April 2016, August 2016, and November 2016. The PDR has been steadily progressing and it is anticipated that the PDR will be presented to the Board of Directors for approval in March 2017.

After each of the Board workshops, IEUA staff has presented an update of the project to the Regional Technical Committee. This will be the third and final workshop update. In addition to the workshop update IEUA is enclosing (via electronic link) the current technical memorandums for the committee's information.

With the current finalizing of the PDR and its anticipated approval in March 2017, IEUA staff will discuss the next steps in the process.

Attachments:

1. Technical Memorandums  
<https://www.dropbox.com/sh/1qwmz5pnl3ngbag/AADLEcU2hgnJeBuXI9DpDa3ya?dl=0>

# RP-1 & RP-5 Expansion

## Preliminary Design Report Update

February 2017



Shaun Stone, P.E.  
IEUA Manager of Engineering

# RP-1 & RP-5 Expansion Schedule





# Board Workshop No. 3 Objectives



RP-1 Liquids Treatment  
Alternatives



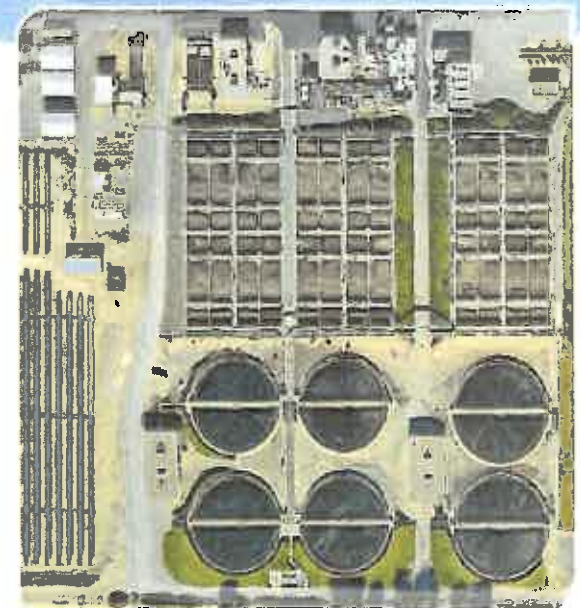
RP-1 Solids Treatment  
Alternatives



Advanced Water Treatment

## RP-1 Liquids Treatment Expansion: Secondary Treatment Cost Analysis

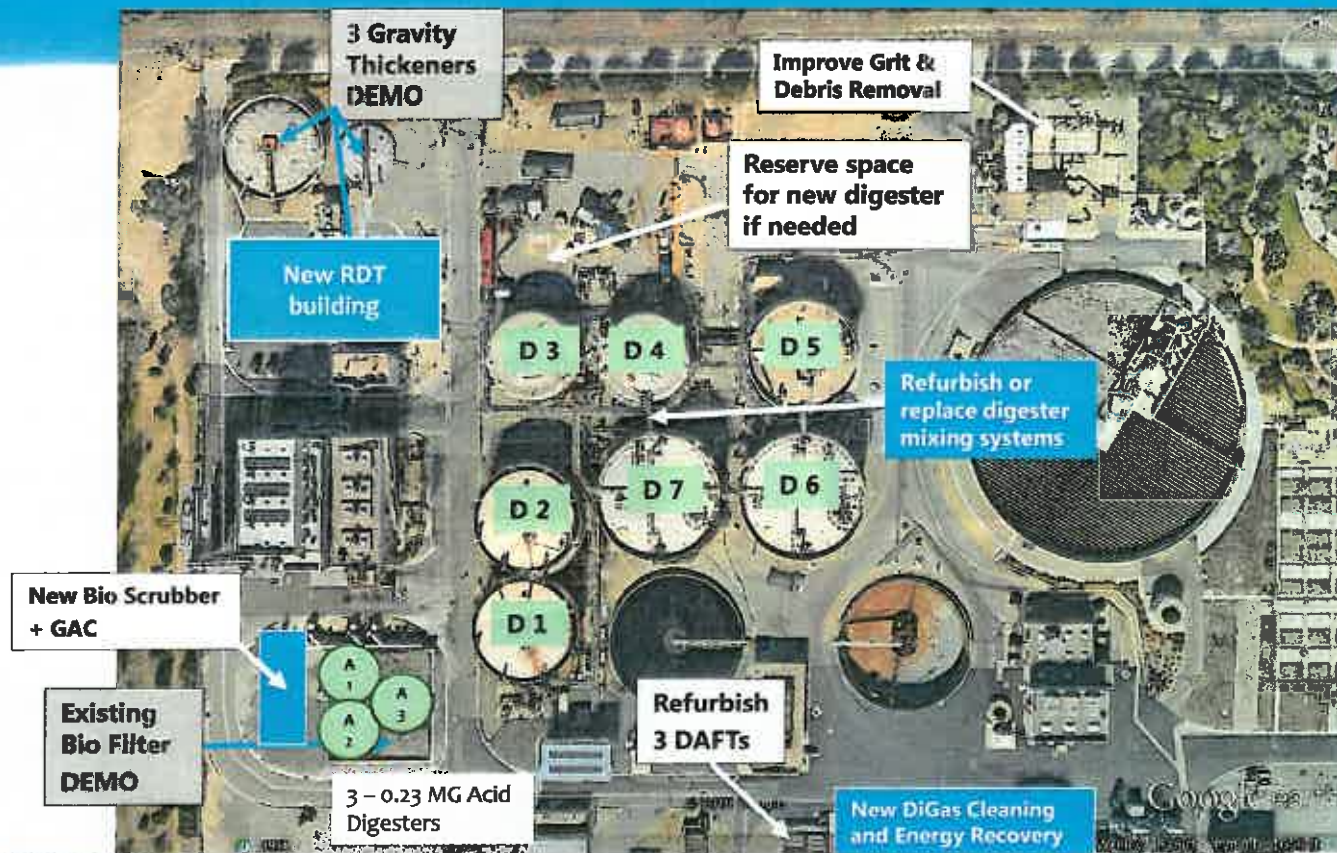
Secondary Treatment Alternative	Construction Cost	Project Cost
Alt 1: Conventional Activated Sludge	\$72.9 M	\$92.1 M
Alt 2: Stand alone MBR for additional capacity	\$85.2M	\$107.7M
Alt 3: MBR Retrofit with additional train	\$129.5 M	\$163.8 M
Alt 4: MBR Retrofit without additional train	\$119.8 M	\$151.5 M



*RP-1 Secondary Treatment System*



# RP-1 Solids Treatment Expansion Layout



# RP-1 Expansion Project Cost

## RP-1 Solids Project Cost

Major Systems	Cost
Thickening	\$19.8M
Digestion	\$11.5M
Dewatering	\$0.7M
Odor Control	\$4.3M
Estimated Construction Cost*	\$36.3M
Design & Project Management (30%)	\$10.9M
Estimated Project Cost	\$47.2M

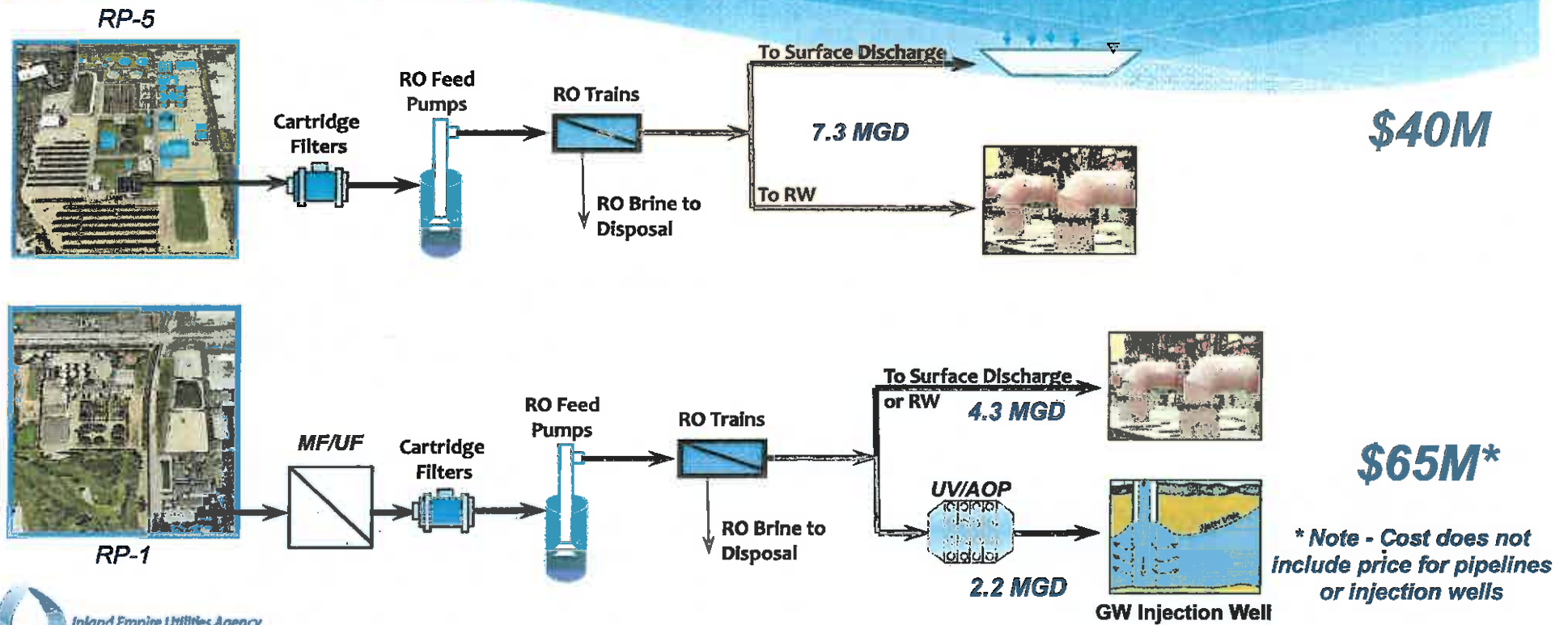
## RP-1 Liquids Project Cost

Major Systems	Cost
Headworks & Primary	\$9.4M
Secondary	\$119.8M
Tertiary	\$0.8M
Odor Control	\$10.3M
Estimated Construction Cost*	\$140.3M
Design & Project Management (30%)	\$42.1M
Estimated Project Cost	\$182.4M

**Estimated RP-1 Expansion Project Cost: \$230M**



# Advanced Water Treatment Alternatives



# Proceeding into RP-5 Expansion Design

## (Amendment to Parsons Existing Contract)

### Amendment Advantages

- Consistent with 2015 RFP
- Intrinsic knowledge of PDR
- No “learning curve”
- Maintain project team
- Maintain schedule

### Requirements for Amendment

- Finalize PDR & Design Scope of Work
- Negotiate Final Design Fee estimated to be \$13M - \$15M
- Conduct survey of design fees of recent similar projects

# Next Steps

Amendment of Parsons' contract to complete the RP-5 Expansion Final Design:

Receive Parsons' proposal for the RP-5 Expansion Final Design

Negotiate the Scope of Work and Fee

Bring amendment forward in April 2017 for Board action

Anticipated RP-1 & RP-5 Expansion  
PDR Board Acceptance  
Mar 15

Anticipated RP-5 Expansion  
Design Amendment Award  
Apr 19

Feb

Mar

Apr

2017

Receipt of Parsons Proposal

Feb 27

**INFORMATION  
ITEM**

**3C**





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

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Date: March 2, 2017  
To: Regional Policy Committee  
From: Inland Empire Utilities Agency  
Subject: 2008A Refunding

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### **RECOMMENDATION**

This is an information item for the Regional Policy Committee to review.

### **BACKGROUND**

This item is scheduled to be presented to the IEUA Board of Directors meeting on February 15, 2017.



*Inland Empire Utilities Agency*

**A MUNICIPAL WATER DISTRICT**

# **2017A Refunding Bond Update**



**February 15, 2017**



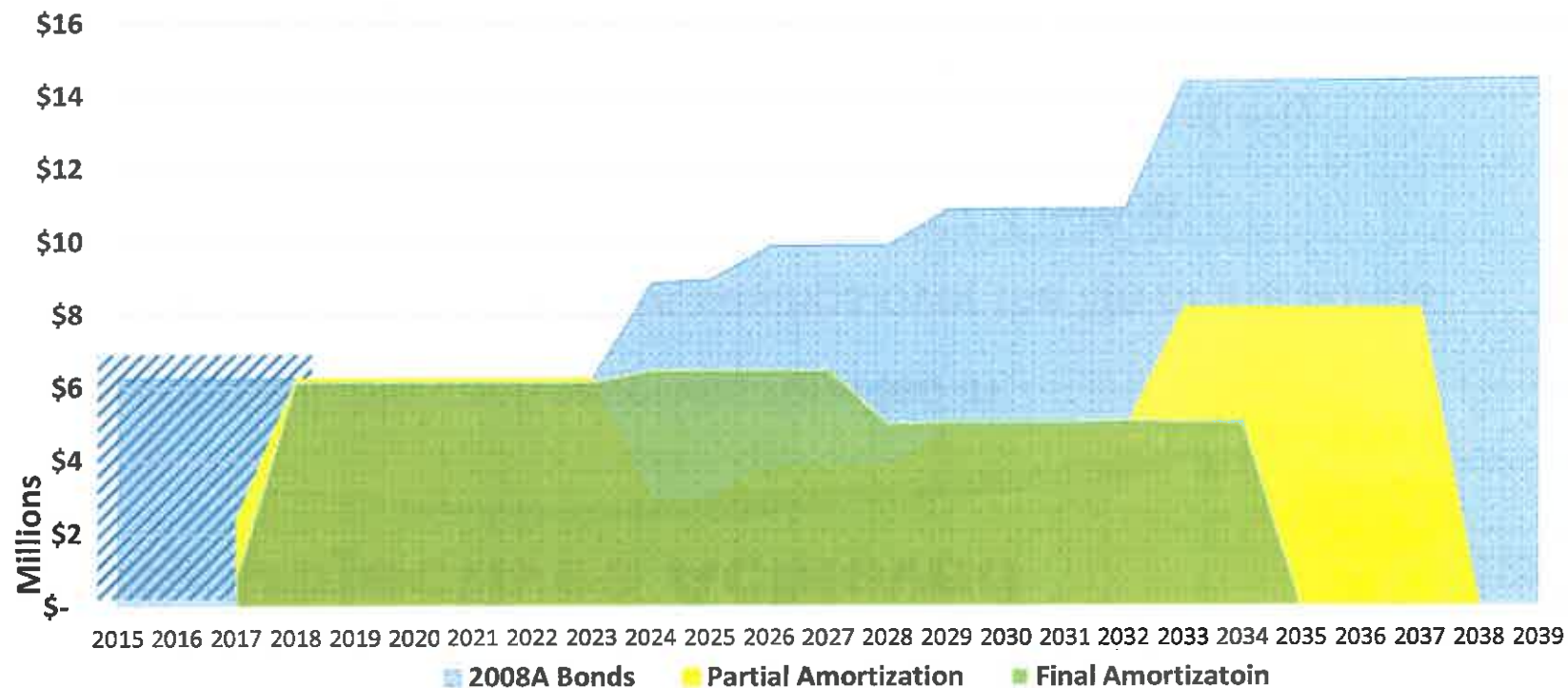
# How Much Money Did We Save?



- Cost savings achieved over the life of the bonds;
  - \$129 million gross savings
  - \$36.8 million net present value savings (net of cash pay down)
  - All-In true interest cost 2.82%
- Significant reductions achieved;
  - \$57.4 million reduction in outstanding debt
  - \$185.3 million reduction in total debt service costs
    - \$8 million reduction in the maximum annual debt service costs
    - \$3.3 million reduction in average annual debt service costs
  - 5 year reduction in the repayment period

# Savings Higher Than Projected

\$Millions	Estimated	Actual
Total Gross Savings	\$62.3	\$129.0
Net Present Value Savings:	\$22.0	\$36.8



# Key Objectives Achieved

Use of available cash reserves resulted in;

- Significant present value savings over the life of the bonds
- A reduction in outstanding debt of \$57.4 million
- Lower debt service costs every year through maturity
- Reduced repayment term by 5 years
  - Decrease pressure on rates/fees in the future
  - Improve long term debt coverage ratio
  - Make room for future borrowings to support capital investment
- Long term credit rating upgraded to AA+ by S&P
  - Moody's rating affirmed at Aa2

# Current Financing Schedule



Week of	Activity
11/28/16	Rating Agency Meetings
12/5/16	Redemption Notice to Trustee, Review of final documents
12/21/16	Board approval of final documents, Redemption Notice to Bondholders
Mid-January	Received Credit Ratings
01/19/17	Final Pricing
1/20/17	Posted Preliminary Official Statement (POS), Market Bonds
01/30/17	Execution of final documents
02/02/17	Bond Closing

**INFORMATION  
ITEM**

**3D**



*Inland Empire Utilities Agency*  
A MUNICIPAL WATER DISTRICT

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Date: February 23, 2017/March 2, 2017  
To: Regional Committee  
From: Inland Empire Utilities Agency *CBM*  
Subject: Agency's Program Funds Review

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**RECOMMENDATION**

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

**BACKGROUND**

This item is scheduled to be presented to the IEUA Board of Directors meeting on February 15, 2017.



# Agency's Program Funds Review



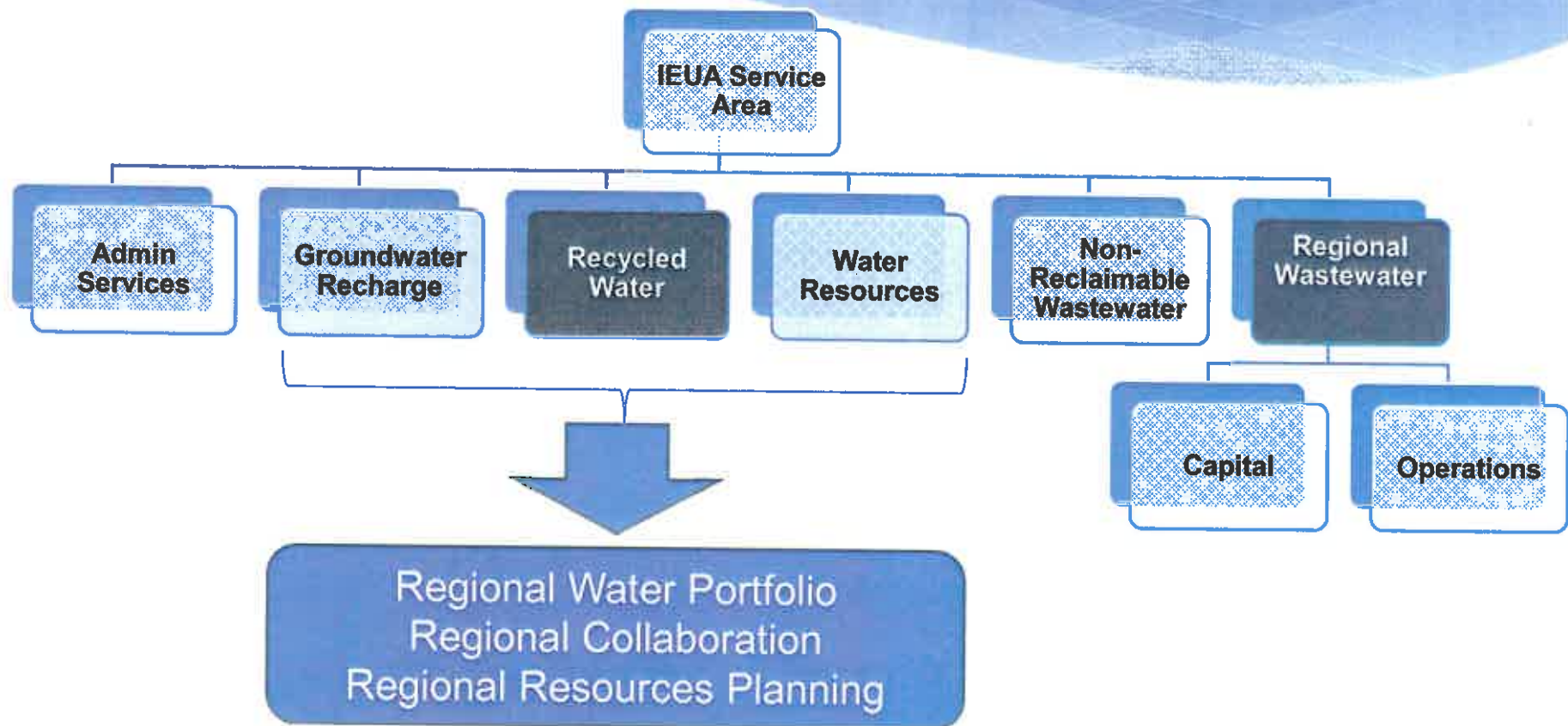
February 2017



*Inland Empire Utilities Agency*  
A MUNICIPAL WATER DISTRICT

Finance and Accounting

# Agency Program Funds





# Administrative Services

## Agency-wide Costs

Staffing

Benefits

Support  
services

Cost  
Allocations



### Expenses

Employment costs

Purchase of assets

Professional and contract  
services

### Revenues

Property tax

Contract cost  
reimbursements



# Groundwater Recharge

## Recharge Basins (19)

Storm  
Water

Recycled  
Water

Imported  
Water



Chino Basin Water Master  
Chino Basin Conservation District  
San Bernardino County Flood Control District

### Expenses

- Operations & Maintenance (O&M)
- System improvements
- Debt service

### Revenues

#### Contributions

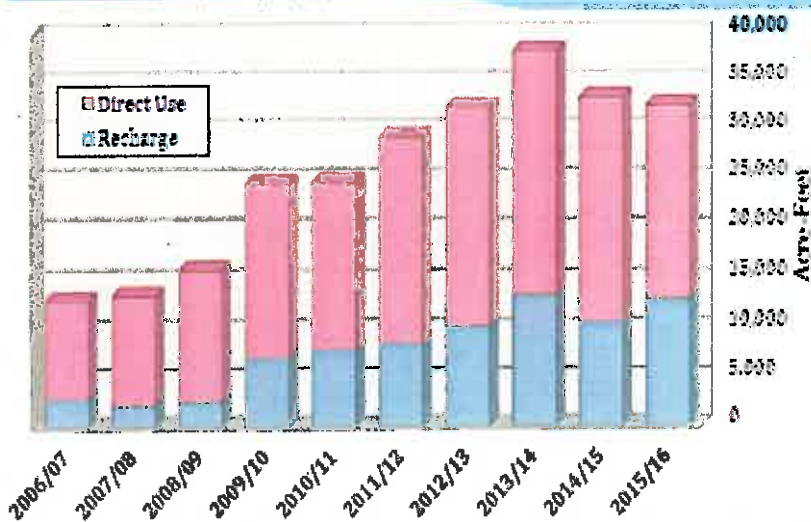
- Watermaster
- IEUA
  - Recycled water surcharge
  - Property tax



# Recycled Water

## Regional Recycled Water Distribution System

### Wastewater Recycling Plants



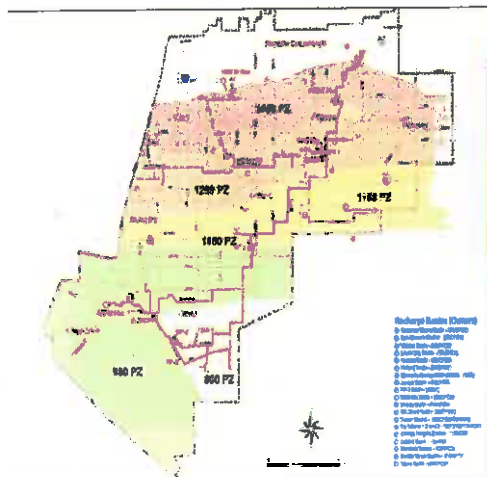
### Expenses

- Operations & Maintenance (O&M)
- System improvements
- Debt service

### Revenues

- Volumetric Rates
  - Direct Use
  - Groundwater recharge
- Connection fees
- Property tax
- Debt Proceeds/Grants

Contracting Agencies  
San Bernardino County  
Jurupa Community Service District  
Reliant



# Water Resources

**Kick the Habit**  
fix all leaks



## Regional Water Resources

Imported  
Water

Water use  
efficiency

Water  
resources  
planning

Water bank



### Water Agencies

Chino Basin Conservation District  
Eastern Municipal Water District  
Orange County Water District  
San Bernardino Municipal Water District  
Western Municipal Water District

## Expenses

- Imported water purchases
- Readiness to serve fee (RTS)
- Water use efficiency projects
- Planning documents
- Santa Ana River Watershed Projects
- Program support

## Revenues

- Imported water sales
- RTS pass through
- Meter equivalent charges
- Water connection fees
- Property tax
- Grants/rebates
- Debt Proceeds

**Kick the Habit**  
don't waste water

San Bernardino County  
Water Conservation  
Program

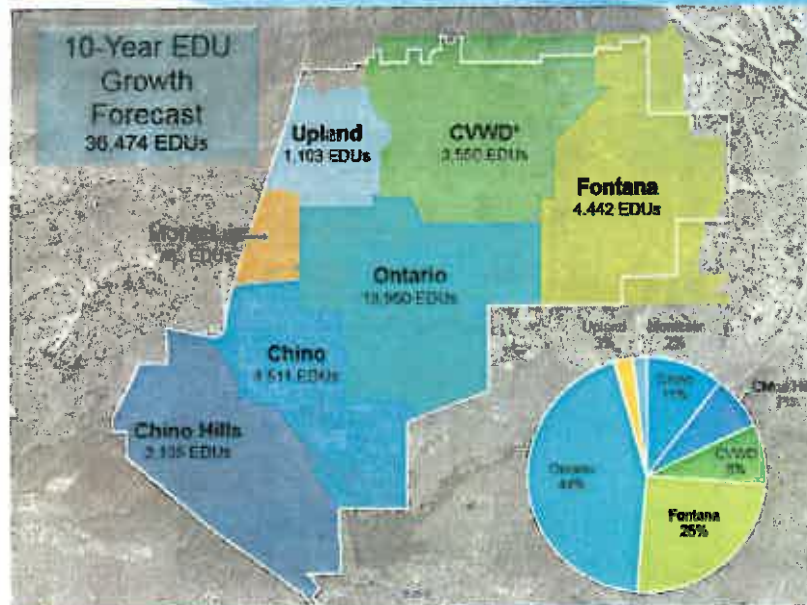
KickWaterWaste.com



# Regional Wastewater Capital

Support growth in service area

**Support growth in service area**



## Expenses

- Capital improvement projects (CIP)
- Debt service
- Program support

## Revenues

- Property tax
- Connection fees
- Debt Proceeds/Grants

## Contracting Agencies





# Regional Wastewater Operations and Maintenance

Wastewater  
Collection

Wastewater  
Treatment

Bio Solids  
Disposal

Renewal  
Energy

Regional Water Recycling  
Plants and Facilities



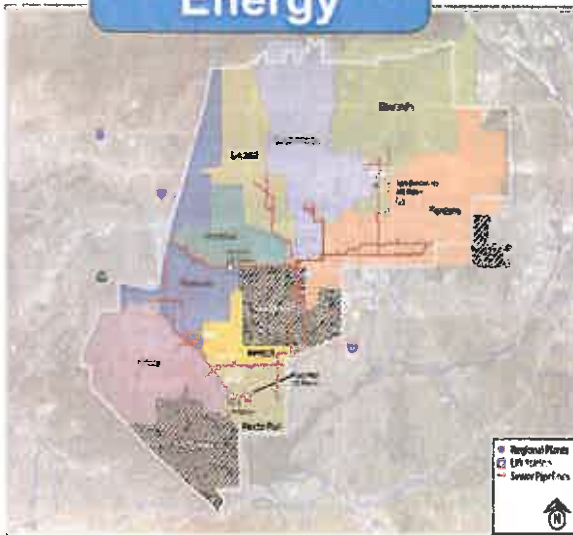
Contracting Agencies

## Expenses

- Operations & Maintenance (O&M)
- Rehabilitation & Replacement (R&R)
- Biosolids Disposal

## Revenues

- EDU sewer rates
- Property tax
- IERCA Reimbursements
- Debt Proceeds/Grants





# Non Reclaimable Wastewater

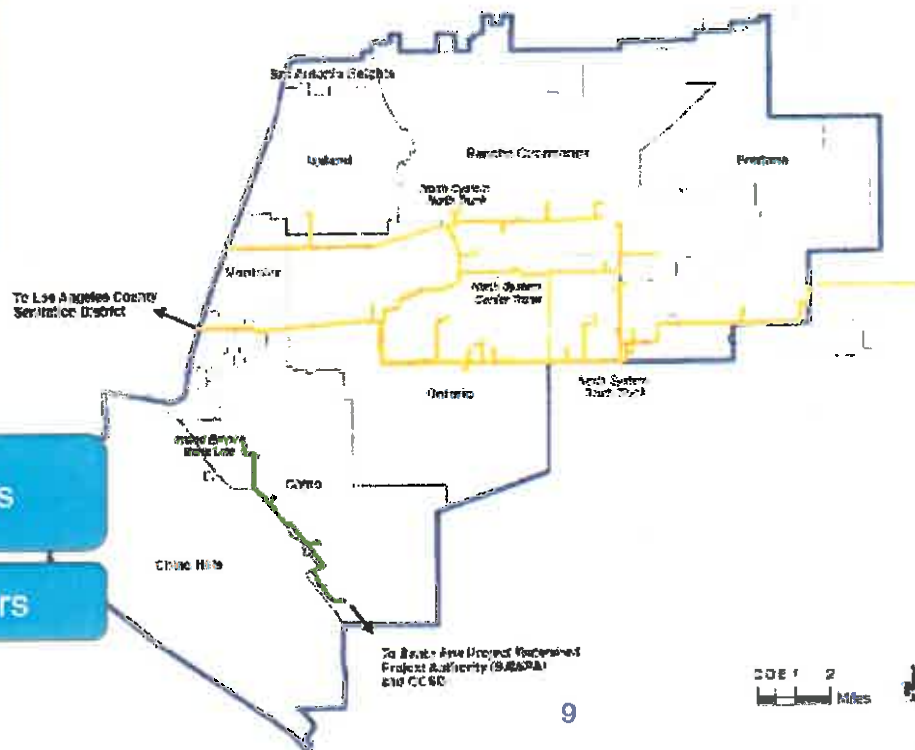
Sanitation District of Los Angeles County – North System  
Santa Ana Watershed Project Authority – South System

Exports export high-salinity industrial wastewater for treatment and discharge to the Pacific Ocean

North: 39 customers

South – 15 customers

## NON-RECLAIMABLE WASTEWATER SYSTEM AND DISCHARGES



## Expenses

- Pass through operating fees
- System improvements
- Debt service
- Program support

## Revenues

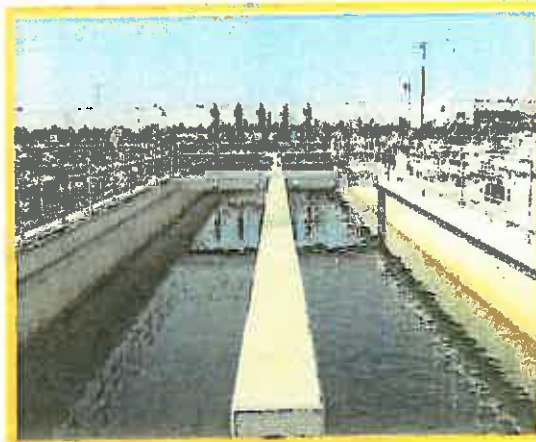
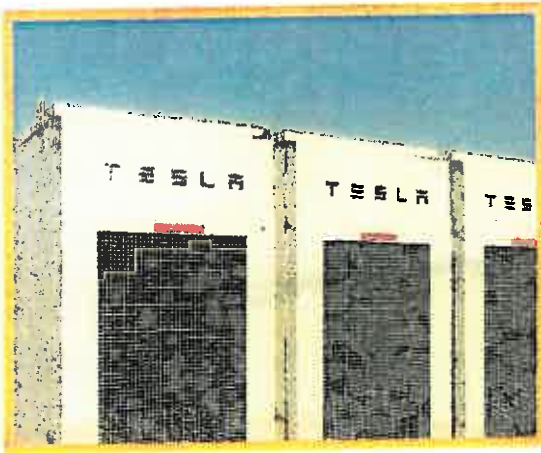
- Pass through operating revenues
- Capital improvement reimbursement

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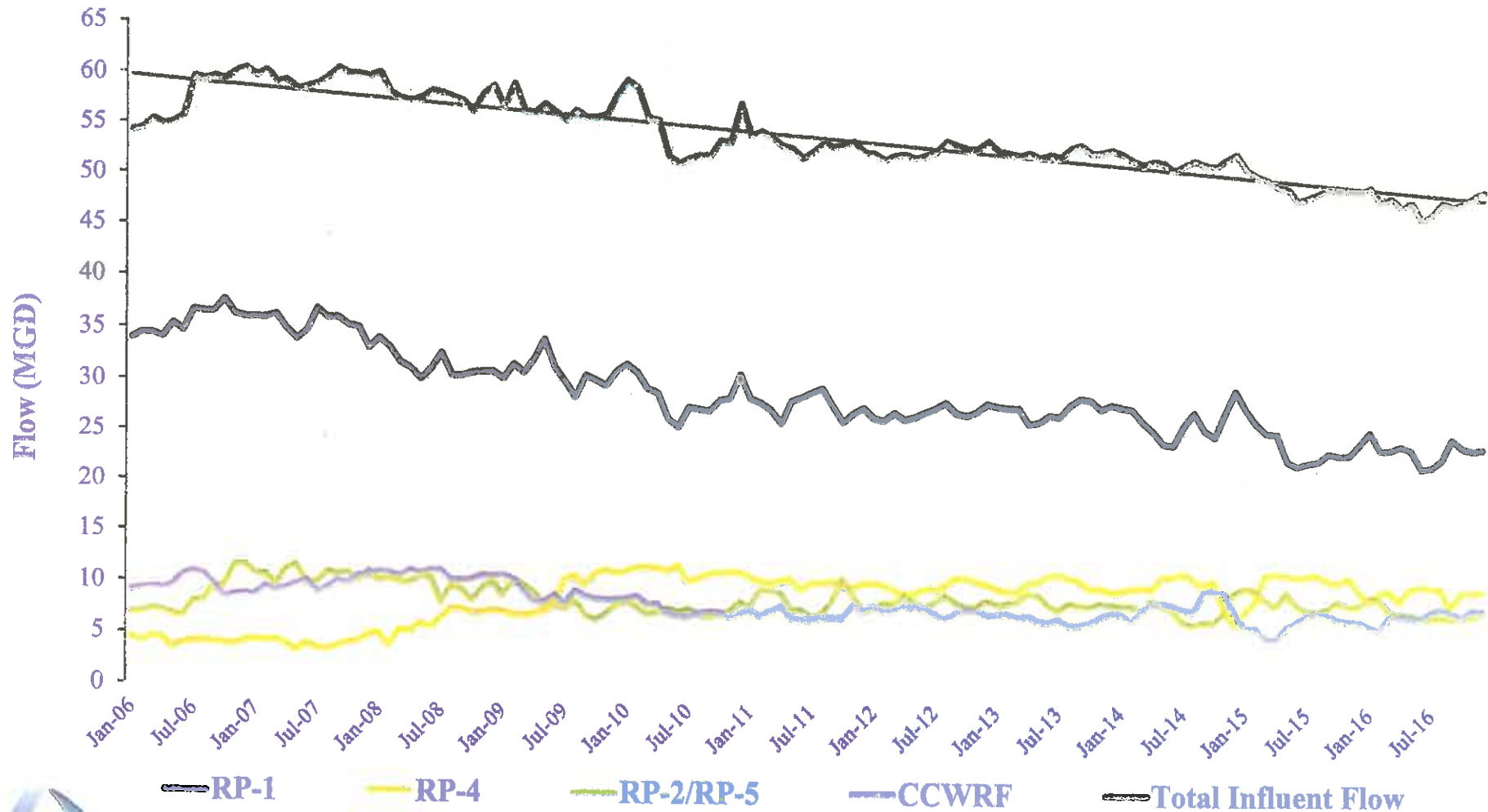
4A



# Operations Update



# IEUA Regional Influent Flows

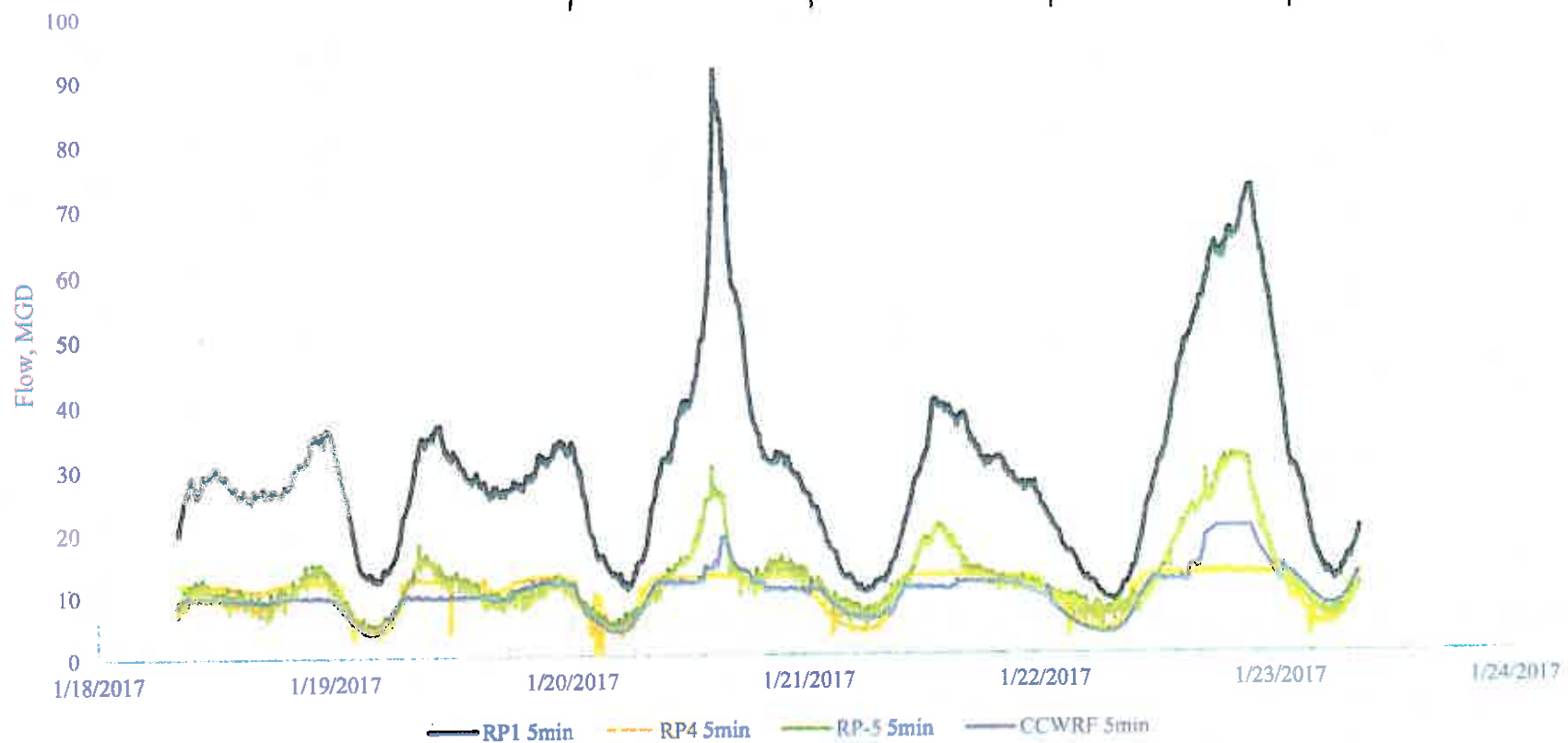




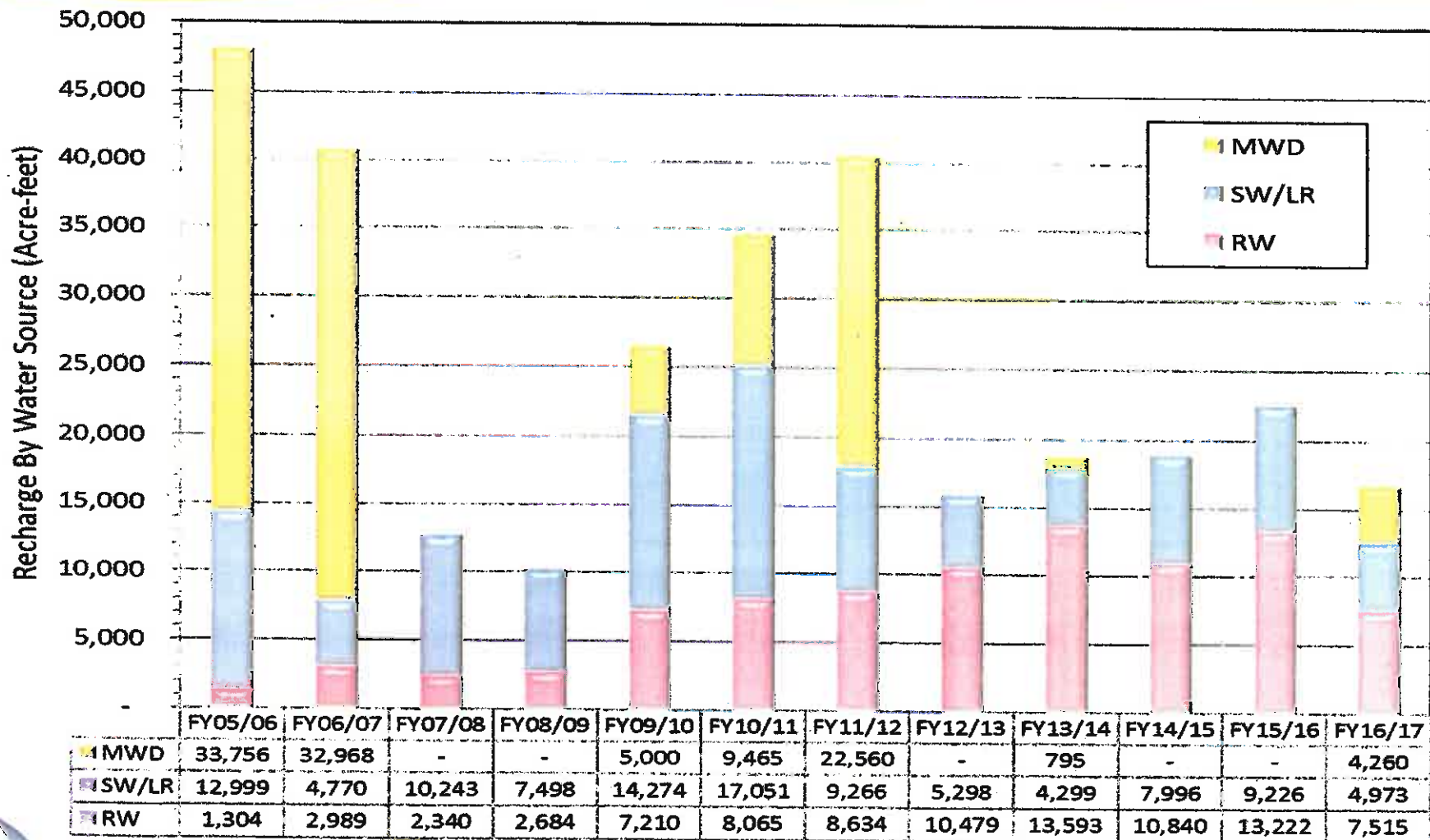
# IEUA Influent Flows During Recent Rain

Ontario: 1.4 inches  
Chino: 0.7 inches

Ontario: 1.0 inches  
Chino: 3.0 inches

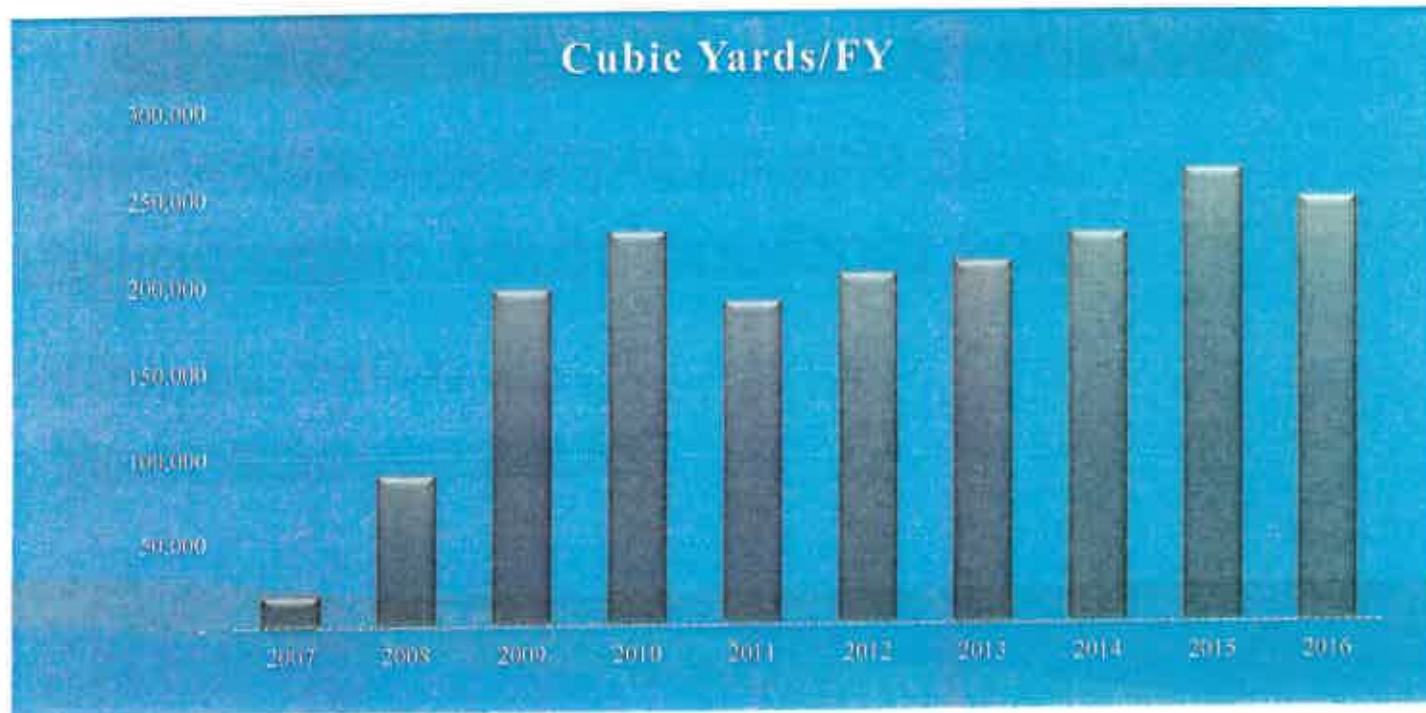


# Historical GWR Operations



# IERCF Compost Sales

- Winter sales exceeded 25,000 cyds/month
- 20% increase due to expansion into the ag market





# IERCF Milestones

- 10 year anniversary
  - April '07 – April '17
- 2 million cubic yards compost sold
  - Celebration scheduled for May 2017



IERCF Staff



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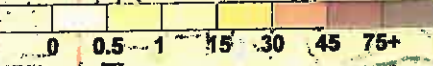
**4B**

# Building Activity Report - YTD Fiscal Year 2016/17



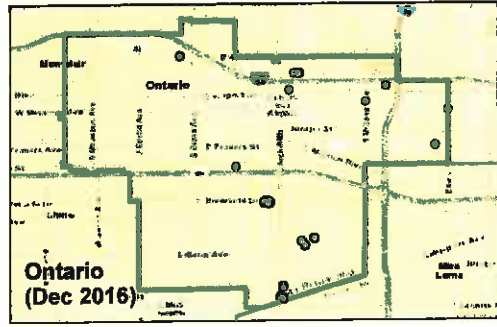
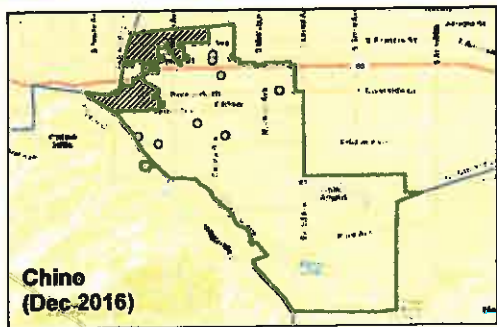
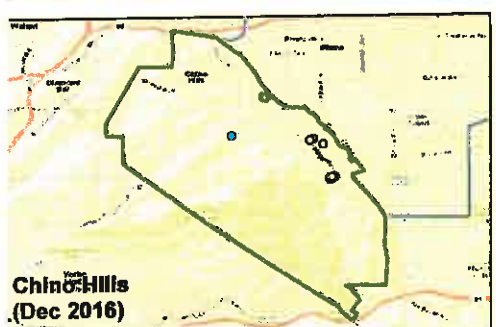
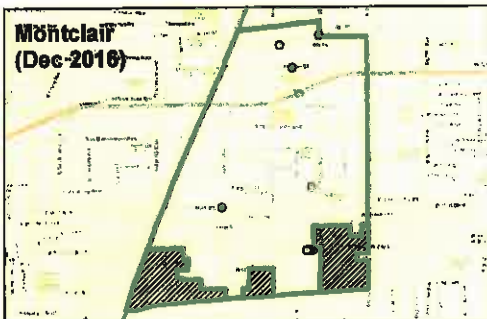
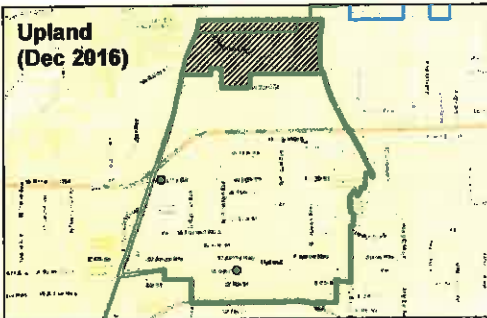
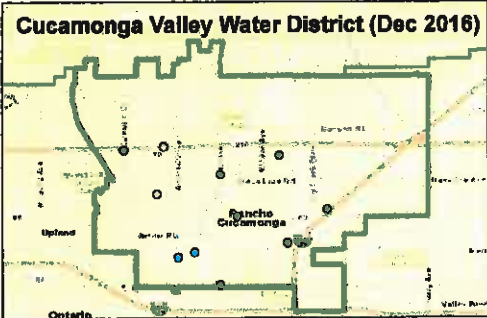
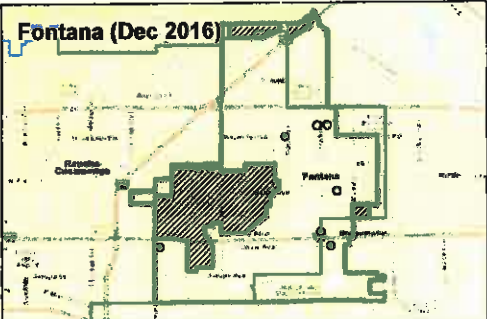
- Legend**
- Service Area
  - Unincorporated
  - EDU (YTD)**
  - Residential**
    - ≤1.0
    - 1.0 - 10.0
    - >10.0
  - Commercial**
    - ≤1.0
    - 1.0 - 10.0
    - >10.0
  - Industrial**
    - ≤1.0
    - 1.0 - 10.0
    - >10.0

HALF MILE GRID: TOTAL EDU's (YTD)



TOTAL EDU BY CONNECTION TYPE (YTD)

Contracting Agency	YTD Actual			Total EDU	Projected
	Residential (EDUs)	Commercial (EDUs)	Industrial (EDUs)		
Chino	227	150	0	377	630
Chino Hills	365	10	0	375	1236
CVWD	304	64	1	368	364
Fontana	119	64	4	187	695
Montclair	44	25	8	77	85
Ontario	298	91	188	577	2050
Upland	43	20	0	63	287
Total	1400	423	201	2024	5277



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**4C**



# IEUA RECYCLED WATER DISTRIBUTION – JANUARY 2017

## TOTAL ALL PLANTS

Influent: 51.2 MGD  
 Delivered: 9.2 MGD  
 Percent Delivered: 18%

## RP-4

Delivered: 6.2 MGD

## RP-1

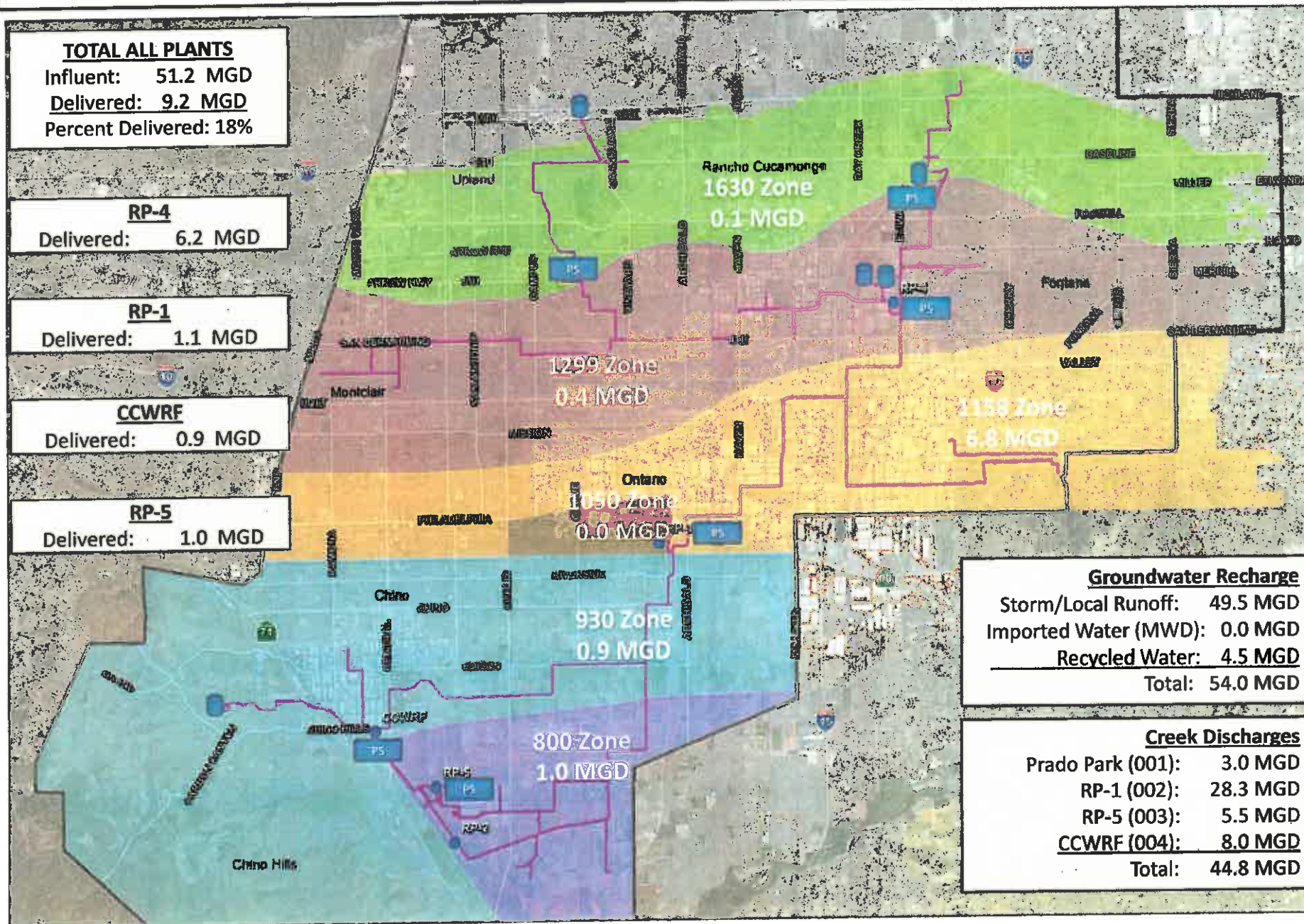
Delivered: 1.1 MGD

## CCWRF

Delivered: 0.9 MGD

## RP-5

Delivered: 1.0 MGD



## Groundwater Recharge

Storm/Local Runoff: 49.5 MGD  
 Imported Water (MWD): 0.0 MGD  
 Recycled Water: 4.5 MGD  
 Total: 54.0 MGD

## Creek Discharges

Prado Park (001): 3.0 MGD  
 RP-1 (002): 28.3 MGD  
 RP-5 (003): 5.5 MGD  
 CCWRF (004): 8.0 MGD  
 Total: 44.8 MGD

# Recycled Water Recharge Deliveries / Plan - January 2017 (Acre-Feet)

Deliveries are draft until reported as final.

Basin	1/1-1/6	1/7-1/13	1/14-1/20	1/21-1/27	1/28-1/31	Month Actual	Month Plan	FY To Date Actual		
Ely	0.0	0.0	0.0	0.0	0.0	0.0	0	779		
Banana	0.0	0.0	0.0	0.0	0.0	0.0	0	500		
Hickory	0.0	0.0	0.0	0.0	0.0	0.0	0	136		
Turner 1 & 2	0.0	0.0	0.0	0.0	0.0	0.0	75	368		
Turner 3 & 4	0.0	0.0	0.0	0.0	0.0	0.0	75			
8th Street	0.0	0.0	0.0	0.0	0.0	0.0	0	1409		
Brooks	0.0	0.0	0.0	0.0	0.0	0.0	0	293		
RP3	157.9	176.8	95.8	0.8	0.0	431.2	475	2998		
Declez	0.0	0.0	0.0	0.0	0.0	0.0	0	514		
Victoria	0.0	0.2	0.0	0.0	0.0	0.2	75	519		
San Sevaire	0.0	0.0	0.0	0.0	0.0	0.0	0	0		
Total	157.9	177.0	95.8	0.8	0.0	431.4	700	7,516	7,039	AF, Previous FY End of Month Actual

## RECYCLED WATER RECHARGE

