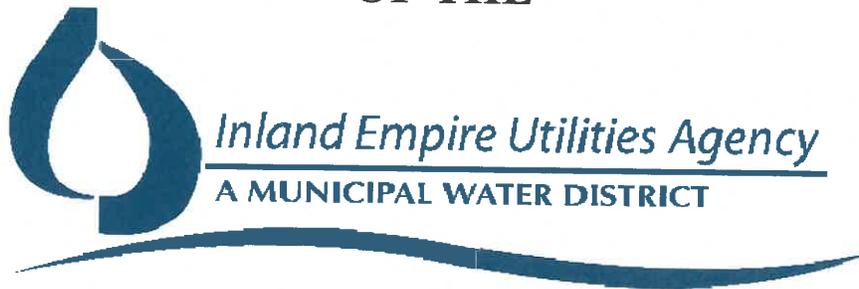


NOTICE OF MEETING

OF THE

REGIONAL SEWERAGE PROGRAM
TECHNICAL COMMITTEE

OF THE



WILL BE HELD ON

THURSDAY, OCTOBER 31, 2019

2:00 P.M.

HASBROUCK CONFERENCE ROOM, BUILDING B
AT THE OFFICE OF THE AGENCY
6075 KIMBALL AVENUE, BUILDING A
CHINO, CA 91708



Regional Sewerage Program Technical Committee Meeting

**Thursday, October 31, 2019
2:00 p.m.**

Location

Inland Empire Utilities Agency
Hasbrouck Conference Room
6075 Kimball Avenue
Chino, CA 91709

Call to Order and Roll Call

Additions/Changes to the Agenda

1. Action Items

- A. Meeting Minutes for July 25, 2019
- B. Lower Day Basin Improvement Construction Contract Award
- C. 1158 East & West Reservoir Rehabilitation Construction Contract Award
- D. Proposed Multi-Year EDU Monthly Rate Adoption for Fiscal Years 2020/21 and 2021/22

2. Informational Items

- A. RP-5 Expansion Update and Financial Planning Workshop
- B. 2020 Rate Study Update
- C. Grants Department Semi-Annual Update
- D. SAR Upper Agency Flows MOU
- E. Planning & Environmental Resources Annual Reports
- F. PFAS Update
- G. Groundwater Recharge/Recycled Water Semi-Annual Update
- H. Engineering Quarterly Update

3. Receive and File

- A. Letter to Regional Contracting Agencies re: CBP
- B. FY 2018/19 Fourth Quarter Budget Variance Report
- C. Building Activity Report
- D. Recycled Water Distribution – Operations Summary
- E. IEUA Rate Study Workshop #4 and #5
- F. Draft Policy Meeting Agenda

4. Previous Technical Committee Items Requested

None

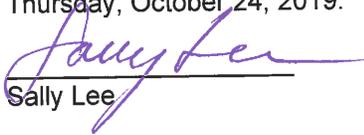
5. Other Business

- A. IEUA General Manager's Update
- B. Committee Member Requested Agenda Items for Next Meeting
- C. Committee Member Comments
- D. Next Regular Meeting – TBD

6. Adjournment

DECLARATION OF POSTING

I, Sally Lee, Executive Assistant of the Inland Empire Utilities Agency, A Municipal Water District, hereby certify that a copy of this agenda has been posted to the IEUA Website at www.ieua.org and posted in the foyer at the Agency's main office at 6075 Kimball Avenue, Building A, Chino, CA, on Thursday, October 24, 2019.


Sally Lee

**ACTION
ITEM**

1A



**Regional Sewerage Program
Special Technical Committee Meeting
MINUTES OF JULY 25, 2019**

CALL TO ORDER

A special meeting of the IEUA/Regional Sewerage Program – Technical Committee was held on Thursday, July 25, 2019, at the Inland Empire Utilities Agency located at 6075 Kimball Avenue, Chino, California. Committee Chairman Noel Castillo called the meeting to order at 4:00 p.m.

ATTENDANCE

Committee Members:

Dave Crosley	City of Chino
Mark Wiley	City of Chino Hills
Eduardo Espinoza (Alternate)	Cucamonga Valley Water District
Jerry Perez (Alternate)	City of Fontana
Noel Castillo	City of Montclair
Katie Gienger (Alternate)	City of Ontario
Steve Nix (Alternate)	City of Upland
Shivaji Deshmukh	Inland Empire Utilities Agency

OTHERS PRESENT

Courtney Jones	City of Ontario
Nicole deMoet	City of Montclair
Kathy Besser	Inland Empire Utilities Agency
Randy Lee	Inland Empire Utilities Agency
Christina Valencia	Inland Empire Utilities Agency
Shaun Stone	Inland Empire Utilities Agency
Sylvie Lee	Inland Empire Utilities Agency
Jerry Burke	Inland Empire Utilities Agency
Javier Chagoyen-Lazaro	Inland Empire Utilities Agency
Craig Proctor	Inland Empire Utilities Agency
Ken Tam	Inland Empire Utilities Agency
Liza Munoz	Inland Empire Utilities Agency
Laura Mantilla	Inland Empire Utilities Agency
Roger Putty	GEI Consultants
Koos Prins	GEI Consultants

ADDITIONS/CHANGES TO THE AGENDA

There were none.

1. ACTION ITEMS**A. APPROVAL OF THE MEETING MINUTES OF MAY 30, 2019**

Motion: By Steve Nix/City of Upland and seconded by Eduardo Espinoza/Cucamonga Valley Water District to approve the meeting minutes of May 30, 2019.

Motion carried with abstention by Dave Crosley/City of Chino.

2. INFORMATIONAL ITEMS**A. ASSET MANAGEMENT PROGRAM**

Shaun Stone/IEUA gave a PowerPoint presentation of the Asset Management Program. Mr. Stone explained that asset management is doing the right projects, at the right cost, at the right time. He stated that asset management is holding or increasing the levels of service, while reducing cost of service and reducing risk. He explained the asset lifecycle; IEUA's assets (over 14,000 assets in the Computerized Maintenance Management System (CMMS); progress and recent gap analysis.

(Katie Gienger/City of Ontario entered the room at 4:08 p.m.)

Mr. Stone explained the six levels and stated that from 2006 to 2019, IEUA has moved to an "Establishing" level. The goal is to improve and achieve the "Enterprising" category. He then reviewed the processes and savings of three case studies. Mr. Stone stated that the asset management program will help IEUA with forward planning of repair and rehabilitation, rate stabilization, prioritizing projects based on risk, better definition in the budget, and will lead to overall cost reduction. Mr. Stone discussed the San Bernardino Lift Station's past sewage spill and the critical analysis that was completed which resulted in eliminating the need for the passive overflow project. Mr. Stone explained the next steps which include, finalizing gap analysis and recommendations, developing a plan to achieve "Enterprising" by 2024, develop asset management staffing and resource needs, begin criticality analysis on the remainder of IEUA assets, and perform data cleanup on the CMMS.

B. ENGINEERING QUARTERLY PROJECT UPDATES

Shaun Stone/IEUA reviewed the project goals, project budgets, contracts, and percentage complete on the following projects: Napa Lateral, Baseline Recycled Water Pipeline Extension, Agency-Wide Lighting Pole Replacements and Upgrades, San Sevaine Basin Improvements. Mr. Stone informed the Committee of the projects that are SRF funded.

C. IEUA/JCSD RECYCLED WATER INTERCONNECTION ANALYSIS

Shivaji Deshmukh/IEUA stated that IEUA received the letter dated July 11, 2019, from the Contracting Agencies requesting additional information on key items of the Chino Basin Program (CBP) and IEUA sent a response letter dated July 23. He stated that IEUA is trying to incorporate some additional review as we move forward with the program and the need for consensus before moving forward. Sylvie Lee/IEUA explained the vision to meet water resources needs for the mutual benefit of IEUA

and Jurupa Community Services District (JCSD). Ms. Lee reviewed the assumptions for the proposed JCSD Recycled Water (RW) Interconnection. She stated that the analysis was completed primarily from the CBP. Currently it is anticipated that the terms will include commitments for CBP investment in the CBP Network and JCSD RW Interconnection capital construction costs and that JCSD provide 5,000 acre-feet per year for 50 years at no additional cost. Ms. Lee explained that the 5,000 acre-feet is for IEUA's use and 1,000 acre-feet is for JCSD to use for their distribution system, which they will construct.

Ms. Lee stated that the anticipated facilities for the recycled water interconnection consist of approximately 31,000 linear feet of 24-inch pipeline and two stations which will convey the 76,000 acre-feet per year of recycled water from the Western Riverside County Regional Wastewater Authority (WRCRWA) treatment plant to IEUA's recycled water distribution system in the 930-pressure zone. The estimated project cost is \$34 million. Katie Gienger/City of Ontario asked if this will require an amendment to the Regional Contract since they will be using the regional infrastructure. Ms. Lee stated that the infrastructure discussed is not using IEUA's existing pipeline, it is a new pipeline. Ms. Gienger asked if it would be considered part of the regional recycled water system. Ms. Lee stated a new construction is part of the regional distribution system; however, JCSD will not have access to any of the seven agencies' investment into the recycled water infrastructure and will not use IEUA's transmission system. Ms. Gienger stated that it would be worth looking at amending the Regional Contract because the Contract does not contemplate bringing in another supply and how it will be allocated. Ms. Gienger asked if there will be O&M cost share for the pumping once JCSD starts taking recycled water. Ms. Lee replied yes.

Ms. Lee then discussed the location of the pipeline, demands and capacity, capital, MWD rates for recharge, permit requirements, advance water treatment, water resources, salinity and river obligation. Ms. Lee reviewed the financial analysis and informed the Committee of IEUA's net present value of the project term cost with and without the JCSD Interconnection. Dave Crosley/City of Chino asked how this addresses the seasonal peak. Ms. Lee stated that IEUA has a lot more recharge basin capacity. Mr. Crosley asked if the 5,000 acre-feet is only available to us in the summer and not the winter. Ms. Lee stated that the 5,000 acre-feet is the annual and could be used six months out of the year as there is enough capacity. Ms. Gienger stated that it was previously discussed that the debt service for this project was being considered in the rates. Christina Valencia/IEUA replied that the debt service is included in year 2024; and is excluded in the current rates being reviewed. Mr. Deshmukh stated that IEUA will address the issues the agencies communicated in the letter at a CBP workshop.

3. RECEIVE AND FILE

A. DRAFT REGIONAL POLICY COMMITTEE AGENDA

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

B. BUILDING ACTIVITY REPORTS

The Building Activity Report for April 2019 was received and filed by the Committee.

C. RECYCLED WATER DISTRIBUTION - OPERATIONS SUMMARY

The June 2019 Recycled Water Distribution Operations Summary was received and filed by the Committee.

D. LEGISLATIVE UPDATE

The IEUA Bill Matrix was received and filed by the Committee.

E. IEUA RATE STUDY WORKSHOP #3

The IEUA Rate Study Workshop #3 was received and filed by the Committee.

4. PREVIOUS TECHNICAL COMMITTEE ITEMS REQUESTED

A. Ms. Gienger stated that she had previously asked if Option 1 - Offer Stored Water in the Chino Groundwater Basin when exceeding base entitlement (Resolution No. 2016-6-17) had ever been used. She asked if an agency is not offering existing stored water in the Chino Groundwater Basin, is their groundwater being recharged for that year curtailed. Ms. Valencia confirmed. Ms. Lee gave an example and stated there are three options.

5. OTHER BUSINESS**A. IEUA GENERAL MANAGER'S UPDATE**

Shivaji Deshmukh asked Ms. Valencia to provide an update on the 2020 Rate Study. Ms. Valencia stated that due to Exhibit J being outdated, IEUA would like to defer the wastewater connection fee and the monthly equivalent dwelling unit (EDU). This would allow IEUA to go back and reinstate the sewer service evaluation study that was put on hold last year and collect more current data to better define the EDU. Ms. Valencia stated that this will require an update to Exhibit J and amend the Regional Contract. IEUA will advise all the stakeholders at the August 1 workshop of the deferment and will contact BIA and the member agencies finance directors. Ms. Valencia stated that the existing rates that were adopted through this fiscal year will be adjusted on the connection fee and EDU rate. Ms. Gienger recommended forming an ad hoc committee for the technical study.

B. COMMITTEE MEMBER REQUESTED AGENDA ITEMS FOR NEXT MEETING

None.

C. COMMITTEE MEMBER COMMENTS

None.

D. NEXT MEETING – AUGUST 29, 2019

6. ADJOURNMENT – Chairman Castillo adjourned the meeting at 5:32 p.m.

Transcribed

by:

Laura Mantilla, Executive Assistant

**ACTION
ITEM**

1B

Date: October 31, 2019/November 7, 2019

To: Regional Sewerage Committees

From: Inland Empire Utilities Agency *cd*

Subject: Lower Day Basin Improvement Construction Contract Award

RECOMMENDATION

It is recommended that the Regional Technical Committee recommend authorization and the Regional Policy Committee authorize IEUA to award the construction contract for the Lower Day Basin Improvement, Project No. RW15004, to the lowest, responsive bidder, Ferreira Coastal Construction Co., for the not to exceed amount of \$2,988,000.

BACKGROUND

In 2013, IEUA and Chino Basin Watermaster (Watermaster) approved a series of proposed recharge enhancement projects under the Recharge Master Plan Update (RMPU). The Lower Day Basin Improvement Project is a part of the RMPU. This project captures and recharges up to an additional 993 acre-feet of storm water for the Chino Basin region. The project will modify an adjacent stormwater channel to increase diversion flow rate from 70 cubic feet per second (cfs) to 600 cfs with a 15-foot wide and 10-foot high adjustable pneumatic diversion gate. This new structure will allow the facility to capture and recharge higher volumes of stormwater before leaving the region. The project will also add gate structures to increase and control water storage in the facility's recharge cells. Carollo Engineers prepared the construction plans and will continue to provide engineering services during construction.

On July 11, 2019, IEUA pre-qualified eight general contractors to bid on the project. On July 22, 2019, IEUA released an invitation for bids to the eligible contractors through PlanetBids. On October 1, 2019, the following five bids were received:

Bidder's Name	Total Price
Ferreira Coastal Construction Co.	\$2,988,000
JF Shea Construction, Inc.	\$3,438,570
Norstar Plumbing and Engineering, Inc.	\$3,499,000
WA Rasic Construction Company, Inc.	\$4,559,600
MNR Construction, Inc.	\$4,737,400
Engineer's Estimate	\$3,507,000

Construction Contract Award – Lower Day Basin Improvement Project

October 31, 2019/November 7, 2019

Page 2 of 3

Ferreira Coastal Construction Co. (Ferreira) was the lowest, responsive bidder with a bid price of \$2,988,000. Ferreira was pre-qualified by presenting the required experience performing similar projects with other utilities and cities showing good workmanship and responsiveness. Ferreira’s bid forms met the required submittal and demonstrated a good faith effort to solicit for disadvantaged business enterprise.

This project is 100-percent reimbursed by Watermaster as part of the RMPU project under Task Order Agreement No. 2 of the Master Agreement of 2014 between IEUA and Watermaster.

The following table is the anticipated project cost:

Description	Estimated Cost
Design Services	\$556,300
Preliminary Design (actual cost)	\$230,700
Design (actual cost)	\$241,800
Environmental/Permits/Bid (actual cost)	\$83,800
Construction Services	\$194,800
Design Consultant Construction Services (actual cost)	\$100,000
IEUA Construction Services	\$94,800
Construction	\$3,256,900
Construction Contract (actual cost)	\$2,988,000
Contingency (~9%)	\$268,900
Total Project Cost:	\$4,008,000
Total Project Budget:	\$4,008,000

The above total budget is offset with \$1.125 million of grant funding from the following:

- \$750,000 by the California Department of Water Resources and Santa Ana Watershed Project Authority through the Proposition 84 Integrated Regional Water Management Program (Agreement No. 4600010590)
- \$375,000 is provided by United States Department of the Interior’s Bureau of Reclamation through the Groundwater Recharge Yield Enhancement Conjunctive Use Project for Stormwater Capture (Agreement No. R15AP00151)

The remaining project cost without grants is also approved for low cost financing through the Clean Water State Revolving Fund (CWSRF) program. Final financing agreement for SRF is pending.

The following is the project schedule:

Project Milestone	Date
Construction Contract Award	November 2019
Construction Completion	December 2020

The Lower Day Basin Improvements Project is consistent with the IEUA's Business Goal of Water Reliability, specifically the Groundwater Recharge objective that IEUA will

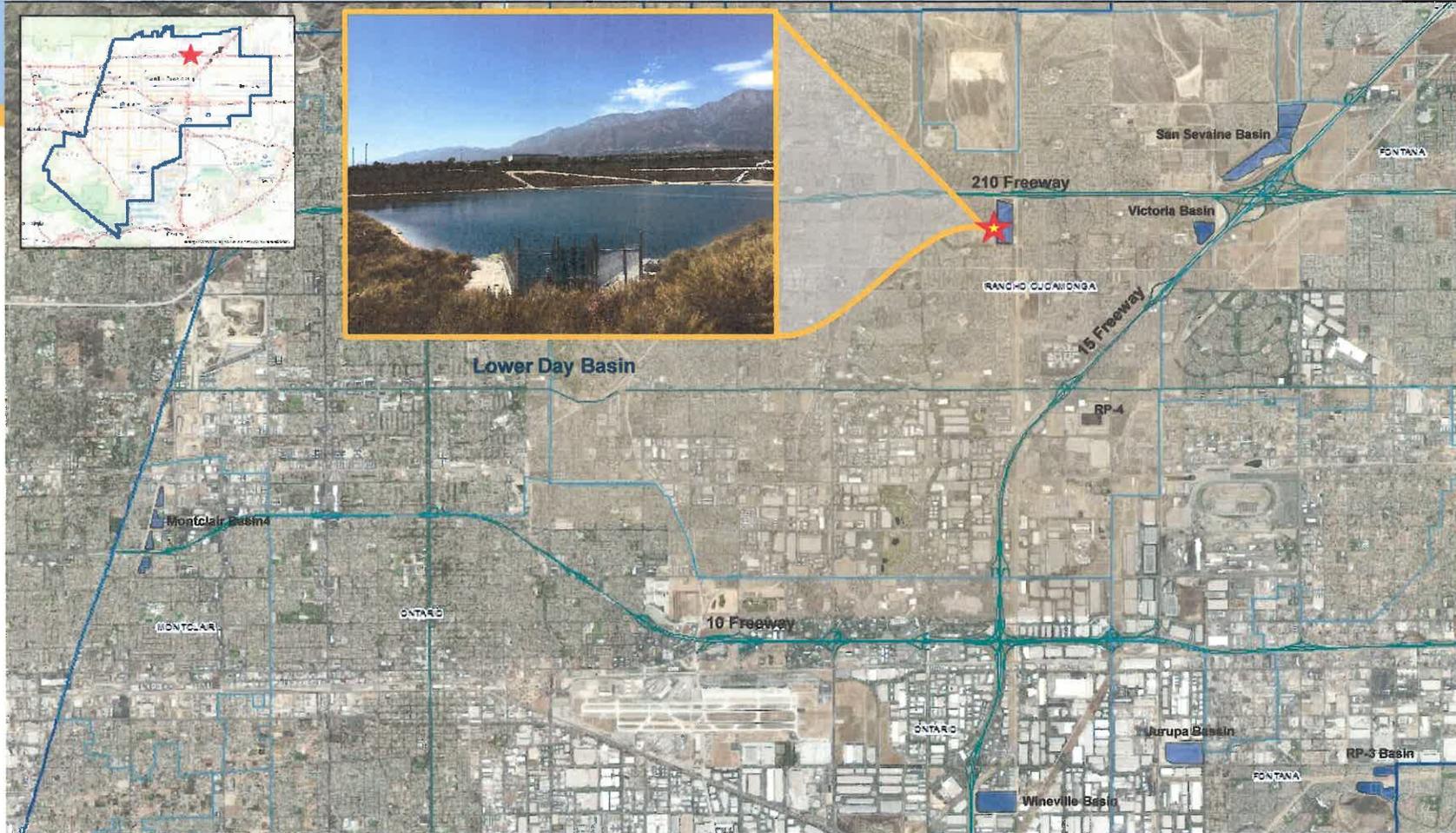
maximize groundwater recharge projects in the region through strategic, cost-effective partnerships, and development.

Lower Day Basin Improvements Construction Contract Award

Project No. RW15004



Project Location



The Project

Add New Gate Structure



Add New Gate Structure



Add New Diversion Structure



Project Benefit:

- Increase stormwater recharge to 993 acre-feet per year

Contractor Selection

On July 11, 2019, IEUA prequalified eight contractors.

On October 1, 2019, five construction bids were received:

Bidder's Name	Total
Ferreira Coastal Construction Co.	\$2,988,000
JF Shea Construction, Inc.	\$3,438,570
Norstar Plumbing and Engineering, Inc.	\$3,499,000
WA Rasic Construction Company, Inc.	\$4,559,600
MNR Construction, Inc.	\$4,737,400
Engineer's Estimate	\$3,507,000

Project Budget and Schedule

Description	Estimated Cost	Project Milestone	Date
Design Services	\$556,300	Construction Contract Award	September 2017
Preliminary Design Contract (actual cost)	\$230,700	Construction Completion	September 2018
Design Contract (actual cost)	\$241,800		
Environmental/Permits/Bid/Admin	\$83,800		
Construction Services	\$194,800		
Design Consultant Construction Services (actual cost)	\$100,000		
IEUA Construction Services	\$94,800		
Construction	\$3,256,900		
Construction Contract	\$2,988,000		
Contingency (~9%)	\$268,900		
Total Project Cost:	\$4,008,000		
Total Project Budget:	\$4,008,000		



Recommendation

It is recommended that the Regional Technical Committee recommend authorization and the Regional Policy Committee authorize IEUA to award the construction contract for the Lower Day Basin Improvement, Project No. RW15004, the lowest, responsive bidder, Ferreira Coastal Construction Co., for the not to exceed amount of \$2,988,000.

The Lower Day Basin Improvements Project is consistent with the *IEUA's Business Goal of Water Reliability* specifically the Groundwater Recharge objective that IEUA will maximize groundwater recharge projects in the region through strategic, cost-effective partnerships, and development.

**ACTION
ITEM**

1C

Date: October 2019/November 2019
 To: Regional Sewerage Committees
 From: Inland Empire Utilities Agency *cd*
 Subject: 1158 East & West Reservoir Rehabilitation Construction Contract Award

RECOMMENDATION

It is recommended that the Regional Technical Committee recommend authorization and the Regional Policy Committee authorize IEUA to award the construction contract for the 1158 East & West Reservoir Rehabilitation, Project Nos. EN21004/EN22004, to the lowest responsive, responsible bidder, Spiess Construction Company, Inc., for the not to exceed amount of \$2,715,800.

BACKGROUND

A 2016 condition assessment of IEUA's five recycled water storage reservoirs identified the 1158 Reservoirs as requiring rehabilitation within five years. During the evaluations, the following deficiencies were noted: severe corrosion and metal loss at the center support structure, general corrosion on interior roof support members, random coating delamination, and portions of asbestos cladding no longer required for current operations not securely affixed to the reservoirs. This project intends to address the deficiencies and provide a coating system to protect the structures for 20 or more years.

On September 3, 2019, a request for bids was advertised on *PlanetBids*. On October 3, 2019, the following three bids were received:

Bidder's Name	Total Price
Spiess Construction Company, Inc.	\$2,715,800
Paso Robles Tank, Inc.	\$2,743,600
Advanced Industrial Services, Inc.	\$2,952,800
Engineer's Estimate	\$2,100,000

Spiess Construction Company, Inc. was the lowest, responsive bidder with a bid price of \$2,715,800. The engineer's estimate was \$2,100,000.

The following table is the anticipated project cost:

Description	Estimated Cost
Design Services	\$27,500
Design Consultant Contract (actual cost)	\$17,000
IEUA Design Services (actual cost)	\$10,500
Construction Services	\$276,200
Engineering Services During Construction	\$35,600
IEUA Construction Services (~5%)	\$135,000
Coating Inspection Services	\$105,600
Construction	\$3,254,800
Construction (This Action)	\$2,715,800
Contingency (~20%)	\$539,000
Total Project Cost:	\$3,558,500
Total Project Budget:	\$3,561,000

The following is the project schedule:

Project Milestone	Date
Construction Contract Award	November 2019
Construction Completion	May 2021

The 1158 East & West Reservoir Rehabilitation Project is consistent with IEUA's Business Goal of Water Reliability, specifically the Recycled Water objective that IEUA will maximize the use of recycled water to enhance regional water reliability.

1158 East & West Reservoir Rehabilitation Construction Contract Award

Project No. EN21004/EN22004

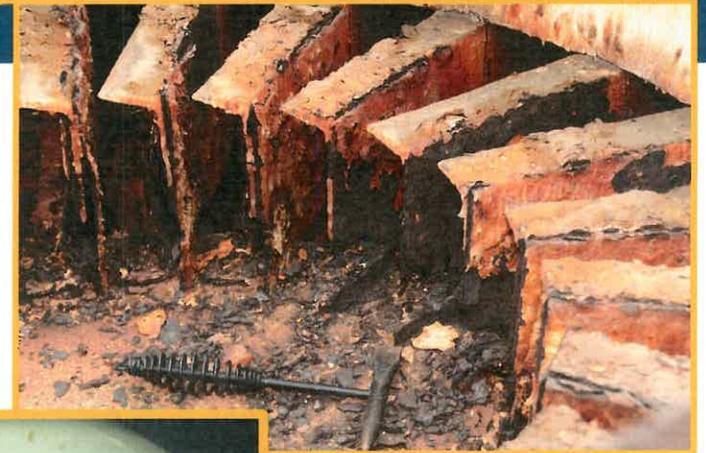


Project Location



The Project

- Interior coating has failed
- Corroded interior roof support
- Scope includes:
 - Interior and exterior coating
 - Roof structure support repair
 - Asbestos cladding removal
 - Code and safety upgrades



Corrosion Damage on Rafters



Coating Delamination on Piping

Contractor Selection

On October 3, 2019, three construction bids were received:

Contractor	Amount
Spiess Construction Company, Inc.	\$2,715,800
Paso Robles Tank, Inc.	\$2,743,600
Advanced Industrial Services, Inc.	\$2,952,800
Engineer's Estimate	\$2,100,000

Project Budget and Schedule

Description	Estimated Cost
Design Services	\$27,500
Design Consultant Contract (actuals)	\$17,000
IEUA Design Services (actuals)	\$10,500
Construction Services	\$276,200
Engineering Services During Construction	\$35,600
IEUA Construction Services (~5%)	\$135,000
Coating Inspection Services	\$105,600
Construction	\$3,254,800
Construction (This Action)	\$2,715,800
Contingency (~20%)	\$539,000
Total Project Cost:	\$3,558,500
Total Project Budget:	\$3,561,000

Project Milestone	Date
Construction	
Construction Contract Award	November 2019
Construction Completion	May 2021

Recommendation

It is recommended that the Regional Technical Committee recommend authorization and the Regional Policy Committee authorize IEUA to award the construction contract for the 1158 East & West Reservoir Rehabilitation, Project Nos. EN21004/EN22004, to the lowest, responsive bidder, Spiess Construction Company, Inc., for the not to exceed amount of \$2,715,800.

The 1158 East & West Reservoir Rehabilitation Project is consistent with *IEUA's Business Goal of Water Reliability*, specifically the Recycled Water objective that IEUA will maximize the use of recycled water to enhance regional water reliability.

**ACTION
ITEM**

1D

Date: October 31/November 7, 2019
To: Regional Sewerage Committees
From: Inland Empire Utilities Agency *AM*
Subject: Proposed Multi-Year EDU Monthly Rate Adoption for Fiscal Years 2020/21 and 2021/22

RECOMMENDATION

It is recommended that the Regional Technical and Policy Committees (Regional Committees) review and make recommendation to the IEUA Board of Directors to approve the proposed multiyear Equivalent Dwelling Unit (EDU) Monthly rate for Fiscal years (FYs) 2020/21 and 2021/22 for the Agency's Regional Wastewater Operations and Maintenance fund.

BACKGROUND

Fiscal year 2019/20 is the final year of the 5-year rates adopted by the IEUA Board of Directors (the Board) in 2015 for the Agency's Regional Wastewater Operations and Maintenance fund. The adoption of multi-year rates proved beneficial to both the Agency and its member agencies in terms of predictability to lessen Proposition 218 requirements, providing revenue stability, and moving rates closer to full cost of service recovery, consistent with the IEUA Business Goal of Fiscal Responsibility.

In January 2019, Carollo Engineers, Inc. (Carollo) was contracted to conduct an update of the rate study performed in 2015. The scope of the study included a review and evaluation of the Wastewater, Water Resources, and Recycled Water Programs. A key objective of the study is to achieve revenue stability for each of the programs to adequately support short term and long term projects as identified in the Agency's planning documents, like the Integrated Water Resources Plan, Recycled Water Program Strategy, Water Use Efficiency Plan, and Ten Year Capital Improvement Plan (TYCIP). The scope of the study includes:

- **Regional Wastewater EDU connection fee:** A one-time charge imposed on new or upsized meters or connections to compensate for the cost of providing system capacity. This source of revenue supports capacity expansion and improvement of the regional wastewater system to meet future growth.
- **Regional Wastewater monthly Equivalent Dwelling Unit (EDU) Rates:** This monthly rate supports the cost associated with operation and maintenance of the Agency's Regional Wastewater recycling plants, associated rehabilitation and replacement costs, and certain debt service.

- **Recycled Water Program Rates:** The rates support costs associated with operations and maintenance of the Agency's recycling facilities, groundwater recharge basin operating costs not reimbursed by Chino Basin Watermaster, and debt service costs. Recycled water provides the region with a reliable and affordable local water supply, reduces reliance on limited imported water supplies, and supports the region's water portfolio.
- **Water Resources Program Rates:** support the management and distribution of imported water supplies, development and implementation of regional water user efficiencies, water resource planning, and regional water supply programs.
- **One Water Connection Fee:** supports future expansion and improvement of the Agency's regional water system which is comprised of potable, recycled water, and groundwater recharge supplies.
- Evaluation of the impact Agency Rates and Fees of the **Chino Basin Program**.

The Agency has held five rate workshops facilitated by Carollo, from February to October 2019. During this period, as a result of further review and discussion on the Wastewater Connection Fees and Monthly EDU rate, staff recommended to pursue more in-depth flow and loads study for updating the EDU rate assumption and implement a two-year rate with inflationary adjustments to the Monthly EDU rate until the required study is complete.

During the last rate workshop held on October 16, the City of Fontana requested an early adoption of the EDU Monthly rate to allow meeting Proposition 218 and San Bernardino County Tax Assessor deadlines for inclusion in next year's property tax roll.

The evaluation of other proposed multi-year rates and fees for the Agency's Regional Wastewater, Recycled Water, and Water Resources programs will continue with a targeted adoption date in either February or March 2020, with an effective date of July 1, 2020 for all rates.

Regional Wastewater Program Rates

The Regional Wastewater Program is comprised of the Regional Wastewater Capital Improvement (RC) fund and the Regional Wastewater Operations & Maintenance (RO) fund. The RC fund records the capital, debt and administration activities related to the acquisition, construction, expansion, improvement and financing of the Agency's regional water recycling plants, large sewer interceptors, energy generation, and solids handling facilities. Key revenue and funding sources for the RC fund include: EDU connection fees, property taxes (65% allocation of total tax receipts), grant and loan proceeds.

Key revenue and funding sources for the RO fund include: EDU Monthly charges, property taxes, and reimbursement from the Inland Empire Regional Composting Authority (IERCA) for labor and operating costs. Major expenses include operating costs for the collection, treatment, and disposal of wastewater, maintenance and capital replacement and rehabilitation (R&R) costs of regional facilities and infrastructure, organic management activities, including the Agency's 50 percent share of the IERCA composter, and debt service costs. The only rate recommended to be adopted in November 2019 is the monthly EDU charge.

EDU Monthly Rate

EDU rate is a monthly charge imposed on all regional wastewater system connections. This service charge supports operational, maintenance and administrative costs related to the collection, treatment and disposal of wastewater throughout the Agency’s service area and unincorporated areas that receive service. It also covers R&R cost of regional wastewater facilities and infrastructure, and debt service costs.

The Agency’s goal was to propose rates to cover the next five fiscal years. Discussions during Regional Contract negotiation suggested that it would be more prudent to recommend two-year rates to provide time to complete a flow and load sample study to update the assumptions that define an EDU, revise Exhibit J of the Regional Contract, and reevaluate in unison monthly EDU rates and wastewater connection fees.

The proposed rates for FYs 2020/21 and 2021/22 represent an increase of three percent each year to support the costs on the Regional Wastewater Operations & Maintenance fund. These rates were the rates projected during the budget preparation and adoption of the biennial budget for Fiscal years 2019/20-2020/21. If approved, the proposed rates will be effective on July 1st as shown in Table 1:

Table 1: Proposed Multi-Year EDU Volumetric Rates

Program	Rate Description	FY 2019/20 Current	FY 2020/21 Proposed	FY 2021/22 Proposed	FY 2022/23 Proposed	FY 2023/24 Proposed	FY 2024/25 Proposed
Regional Wastewater	Monthly EDU	\$20.00	\$20.60	\$21.22	To be updated after completion of flow and load sample study		

The cost of service trend since the implementation of the five-year rates and the proposed rates for Fiscal years 2020/21 and 2021/22 is represented in Figure 1:

Figure 1: EDU Monthly Rate Cost of Service



Key Budget Assumptions

Total revenues and other funding sources in the Wastewater Operations fund are estimated at \$85.7 million and \$87.6 million for FYs 2019/20 and 2020/21, respectively. This includes \$2.4 million of grant receipts for the South Archibald Trichloroethylene (TCE) Plume Clean-Up project. Table 2

summarizes the Wastewater Operations fund proposed major revenues and other funding sources for FYs 2019/20 and 2020/21.

Table 2: Wastewater Operations Fund Major Revenues and Other Funding Sources

Major Funding Sources (\$Millions)	FY 2019/20	FY 2020/21	Key Assumptions
Monthly EDU	\$67.8	\$70.0	Includes EDU rate of \$20.00 in FY 2019/20 and 3% increase in FY 2020/21 (to be determined by the 2019 Rate Study).
Grants	1.3	1.1	Grant proceeds for the South Archibald TCE Plume Clean-Up project.
Property Tax	9.5	9.5	Maintain the \$9.5 million allocation as adopted by the Board on June 15, 2016.
Cost Reimbursement from IERCA*	4.1	4.2	IEUA operation of the IERCA composter.
Other	3.0	2.8	Includes interest revenue, contract cost reimbursement, and lease revenue.
Total	\$85.7	\$87.6	

**Inland Empire Regional Composting Authority*

Major expenses in the Wastewater Operations fund include operating and maintenance expenses, capital R&R project costs, organics management activities, and debt service costs. Total expenses and other uses of funds are \$96.2 million in FY 2019/20 and \$99.9 million in FY 2020/21. Proposed expenses and other uses of funds for FYs 2019/20 and 2020/21 are shown in Table 3.

Table 3: Wastewater Operations Fund Major Expenses & Other Uses of Funds

Major Uses of Funds (\$Millions)	FY 2019/20	FY 2020/21	Key Assumptions
Operations & Maintenance (O&M)	\$62.2	\$63.6	Includes employment, chemicals utilities, professional and contract labor costs, and other O&M costs
O&M project costs	5.8	6.4	Includes the South Archibald TCE Plume Clean-Up project
Capital Rehabilitation & Replacement (R&R) project costs	25.9	21.0	Based on the TYCIP
Debt Service	1.4	1.4	Includes principal and interest for the 2017A bonds and SRF loan for the water quality laboratory
Other	0.9	7.5	Inter-fund transfers for capital project support to the Administrative Services and share of the RP-5 Expansion project and CCWRF Asset Management Improvement project
Total	\$96.2	\$99.9	

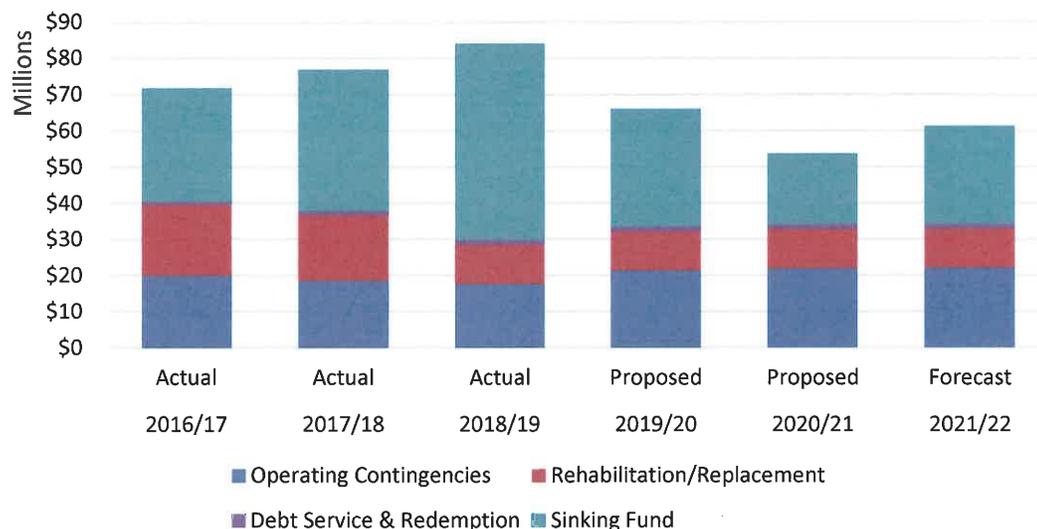
A total of \$25.9 million in capital project costs is budgeted in FY 2019/20 and \$21.0 million is projected for FY 2020/21. Major capital projects are listed in Table 4.

Table 4: Wastewater Operations Fund Major Capital Projects

Major Projects (\$Millions)	FY 2019/20	FY 2020/21	FY 2021/22 to FY 2023/24	TYCIP Total
RP-1 Mechanical Restoration Upgrades	\$8.9	\$1.0		\$9.9
RP-4 Influent Screen Replacement	2.9			2.9
RP-1 Primary Effluent Conveyance Improvement	2.7			2.7
RSS Haven Avenue Repair & Replace from Airport to Mission	2.0	4.0		6.0
SCADA Enterprise System	2.0	3.5	3.0	8.5
RP-4 Process Improvements	1.9	1.0	3.2	6.1
All Other Capital Projects	5.5	11.5	17.5	71.7
Total	\$25.9	\$21.0	\$23.7	\$107.8

The projected Wastewater Operations fund ending fund balance is estimated at \$65.9 million and \$53.6 million for FYs 2019/20 and 2020/21, respectively. The projected decrease in fund balance is due to contributions to the Wastewater Capital fund for the Wastewater Operations fund share of the RP-5 Expansion and planned R&R projects, such as the CCWRF Asset Management and Improvements project costs. Figure 3 represents the trend in ending fund balance.

Figure 3: Wastewater Operations Fund Reserves by Type



Proposed Multi-Year EDU Monthly Rate Adoption for Fiscal Years 2020/21 and 2021/22
 October 31, 2019/November 7, 2019
 Page 7

INLAND EMPIRE UTILITIES AGENCY
FISCAL YEARS 2019/20 AND 2020/21 BIENNIAL BUDGET
REGIONAL WASTEWATER OPERATIONS & MAINTENANCE FUND - SOURCES AND USES OF FUNDS (In Thousands)

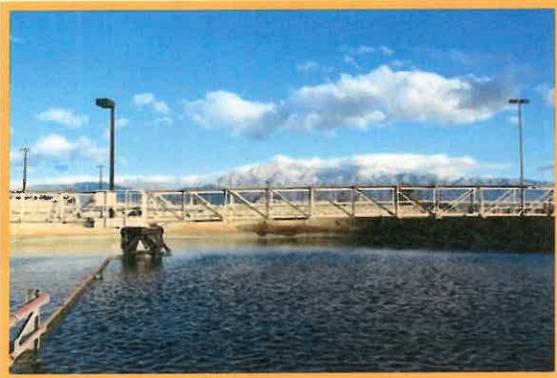
	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
	ACTUAL	ACTUAL	AMENDED BUDGET	ADOPTED BUDGET	ADOPTED BUDGET	FORECAST		
REVENUES								
User Charges	\$56,597	\$62,144	\$64,743	\$68,158	\$70,366	\$72,653	\$75,020	\$77,466
Cost Reimbursement JPA	3,675	3,981	3,892	4,065	4,227	4,396	4,572	4,755
Contract Cost Reimbursement	70	64	93	66	66	66	66	66
Interest Revenue	538	965	800	1,700	1,300	1,200	1,300	1,500
TOTAL REVENUES	\$60,881	\$67,155	\$69,528	\$73,988	\$75,959	\$78,315	\$80,958	\$83,787
OTHER FINANCING SOURCES								
Property Tax Revenues - Debt /Capital	\$9,549	\$9,549	\$9,549	\$9,549	\$9,549	\$9,549	\$9,549	\$9,549
State Loans	7,531	11,310	4,000	0	0	0	0	0
Grants	11,780	3,142	5,360	1,261	1,135	0	0	0
Other Revenues	611	248	795	909	909	909	909	909
TOTAL OTHER FINANCING SOURCES	\$29,470	\$24,248	\$19,704	\$11,718	\$11,593	\$10,458	\$10,458	\$10,458
EXPENSES								
Employment Expenses	\$32,335	\$28,718	\$30,529	\$33,985	\$35,261	\$37,433	\$39,003	\$40,495
Contract Work/Special Projects	11,048	7,544	14,297	5,800	6,425	4,015	3,940	5,215
Utilities	5,329	5,806	6,248	6,022	6,266	6,423	6,584	6,751
Operating Fees	1,443	1,519	2,268	1,953	2,015	2,080	2,143	2,206
Chemicals	4,180	3,880	4,813	4,867	5,013	5,163	5,318	5,478
Professional Fees and Services	2,252	3,587	4,272	4,723	4,226	4,353	4,437	4,582
Biosolids Recycling	4,007	4,044	4,601	4,384	4,515	4,651	4,790	4,934
Materials & Supplies	2,199	1,992	2,226	2,019	2,064	2,126	2,190	2,256
Other Expenses	887	2,621	3,600	4,277	4,231	4,322	4,422	4,524
TOTAL EXPENSES	\$63,684	\$59,710	\$72,858	\$68,034	\$70,020	\$70,570	\$72,831	\$76,444
CAPITAL PROGRAM								
Capital Construction & Expansion (WIF)	\$12,557	\$23,781	\$21,277	\$25,988	\$21,047	\$6,726	\$6,775	\$10,246
TOTAL CAPITAL PROGRAM	\$12,557	\$23,781	\$21,277	\$25,988	\$21,047	\$6,726	\$6,775	\$10,246
DEBT SERVICE								
Financial Expenses	\$16	(\$26)	\$0	\$0	\$0	\$1	\$0	\$0
Interest	200	179	175	655	641	620	597	573
Principal	0	172	177	756	771	791	814	857
TOTAL DEBT SERVICE	\$216	\$325	\$352	\$1,412	\$1,412	\$1,412	\$1,412	\$1,430
TRANSFERS IN (OUT)								
Capital Contribution	(\$181)	(\$1,826)	(\$1,809)	(\$4,598)	(\$11,010)	(\$4,226)	(\$2,702)	(\$2,011)
Debt Service				265	123	123	123	(2,146)
Operation support to GG for Non-Capital Projects		(649)	(455)	(2,176)	(1,307)	(279)	(1,016)	(705)
Capital - Connection Fees Allocation		0	5,454	5,717	4,785	1,879	2,255	3,599
TOTAL INTERFUND TRANSFERS IN (OUT)	(\$181)	(\$2,475)	\$3,190	(\$792)	(\$7,409)	(\$2,502)	(\$1,339)	(\$1,263)
FUND BALANCE								
Net Income (Loss)	\$13,712	\$5,113	(\$2,065)	(\$10,519)	(\$12,335)	\$7,564	\$9,058	\$4,862
Beginning Fund Balance July 01	58,012	71,724	76,837	76,428	65,909	53,574	61,137	70,195
ENDING FUND BALANCE JUNE 30*	\$71,724	\$76,837	\$74,772	\$65,909	\$53,574	\$61,137	\$70,195	\$75,057
RESERVE BALANCE SUMMARY								
Operating Contingies	\$20,038	\$18,590	\$22,988	\$21,323	\$21,931	\$22,058	\$22,753	\$23,896
Rehabilitation/Replacement	19,624	18,094	16,785	10,783	10,783	10,783	10,783	10,783
Debt Service	787	1,204	1,307	1,412	1,412	1,412	1,430	1,430
Sinking Fund	31,275	38,948	33,692	32,390	19,448	26,884	35,228	38,947
ENDING BALANCE AT JUNE 30	\$71,724	\$76,837	\$74,772	\$65,909	\$53,574	\$61,137	\$70,195	\$75,057

*Numbers may not tie due to rounding

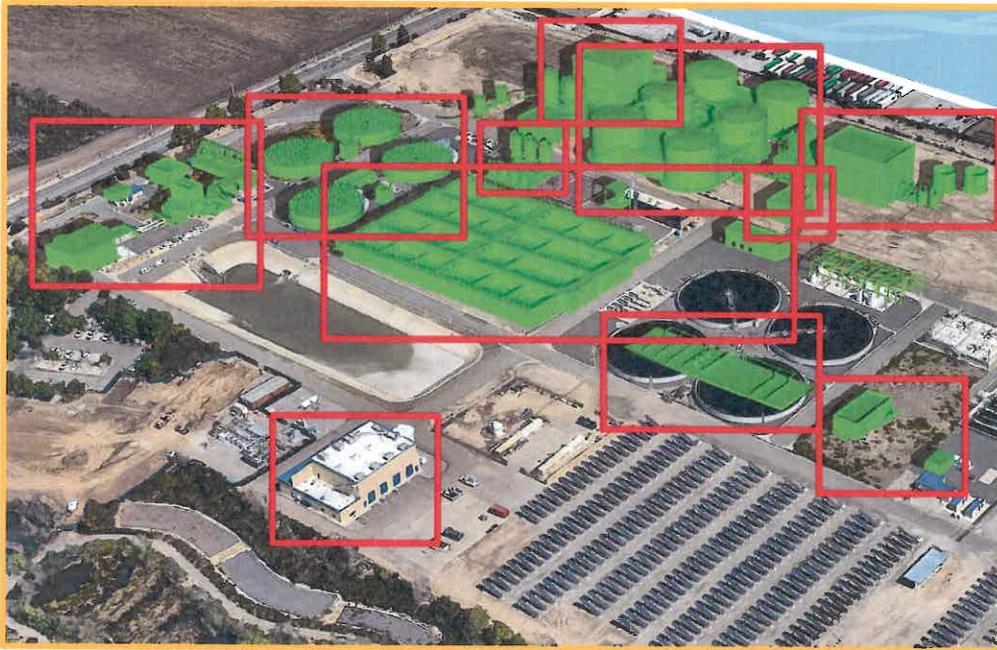
**INFORMATION
ITEM
2A**

RP-5 Expansion Project Update & Financial Planning

Project Nos. EN19001/EN19006



The Project



Construction Cost: \$281.8M

Liquids Treatment Expansion (\$97.3M)

- Headworks with Fine Screens
- Primary Clarifiers
- Aeration Basin Modifications
- 22.5 MGD Membrane Bioreactor

Solids Treatment Facility (\$98.6M)

- Thickening
- Digestion
- Dewatering

Common to Both (\$85.9M)

- Odor Control
- Electrical and SCADA
- Gas Conditioning and REEP
- Offsite Facilities

Project Budget and Schedule

EN19001 and EN19006

Description	Estimated Cost
Design Services	\$23,402,612
Consultant Design Contract	\$19,068,704
Other Design Services	\$4,333,908
Construction Services	\$36,550,000
Engineering Services During Construction	\$12,500,000
Construction Management Services	\$21,050,000
Other Construction Services	\$3,000,000
Construction	\$302,845,000
Construction (estimate)	\$281,845,000
Contingency (~7.5%)	\$21,000,000
Total Project Cost:	\$362,797,612
Total Project Budget:	\$340,000,000

Project Milestone	Date
Design	
✓ Consultant Design Contract Award	May 2017
✓ 30% Design Completion	December 2017
✓ 50% Design Completion	July 2018
✓ 90% Design Completion	June 2019
✓ Final Design Completion	October 2019
Construction	
Construction Bid Phase	October 2019
Construction Contract Award	April 2020
Solids Facility Completion	April 2023
Liquids Construction Completion	April 2024

Transitioning to Construction

Upcoming Items

- October 15: 100% Design Completion
- October 31: RP-5 Expansion Bid Release
- November 18: Construction Pre-bid Workshop
- November 20: Contract Awards
 - Construction Management Services
 - Engineering Services During Design (Parsons)
 - Construction Trailer Contract Award
- January 23: Contractor Bids Due
- March 18: Construction Contract Award



The Construction Team



4 Prequalified Firms



4 Prequalified Contractors



Prequalified Electrical Subs

- Helix
- Mass
- Morrow Meadows
- Southern

Prequalified System Integrators

- Prime Controls
- Rovisys
- TSI
- Wunderlich-Malec

Preselected Manufacturers

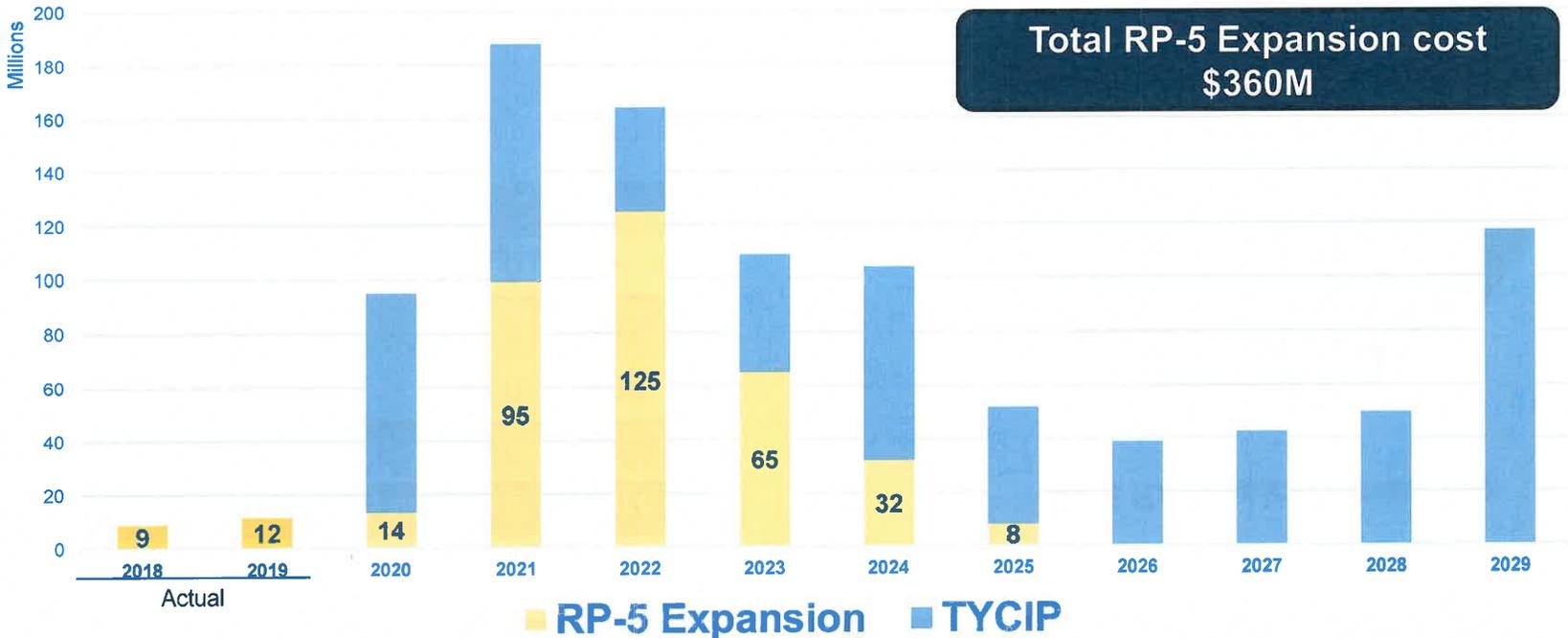
- Centrisys (Centrifuges)
- Duperon (Coarse Screens)
- EnviroCare (Fine Screens)
- FKC (RDT's)
- Neuros (Aeration Blowers)
- SSI (Aeration Diffusers)
- Suez (MBR)



The Financial Model



Ten Year Capital Improvement Plan RP-5 Expansion



RP-5 Expansion Financing

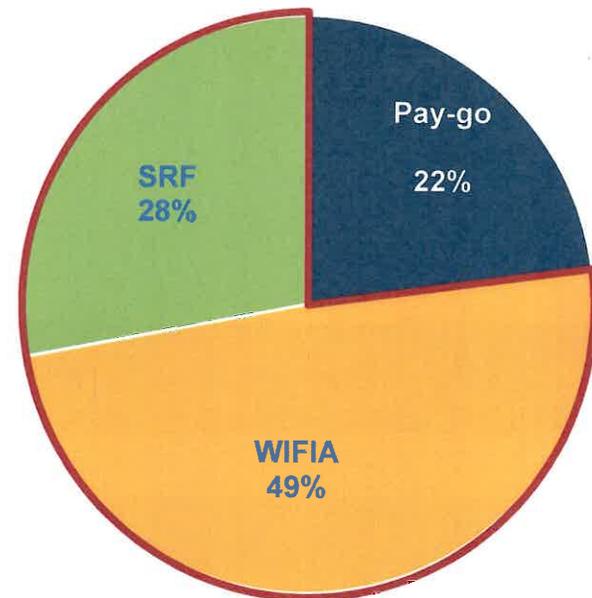
Funding Source	\$Millions	Share
Pay Go	\$80.0	22%
WIFIA ¹ Loan	178.0	49%
SRF ² Loans	101.5	28%
Grants	<u>0.5</u>	-
Total Project Funding	\$360.0	

¹Water Infrastructure Finance & Innovation Act

²State Revolving Fund

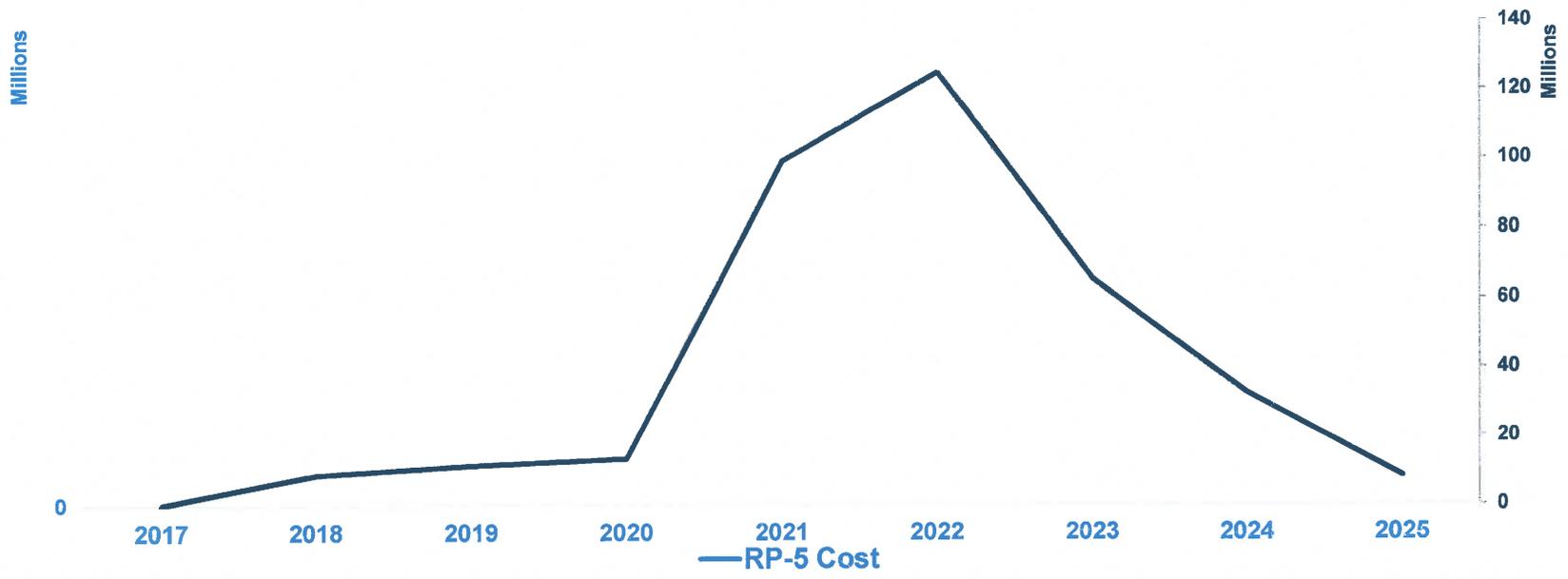
Higher connection fee revenue will increase pay-go and reduce loan amounts

RP5 Expansion Financing



RP-5 Expansion Cash Flow

RP-5 Cash Flow

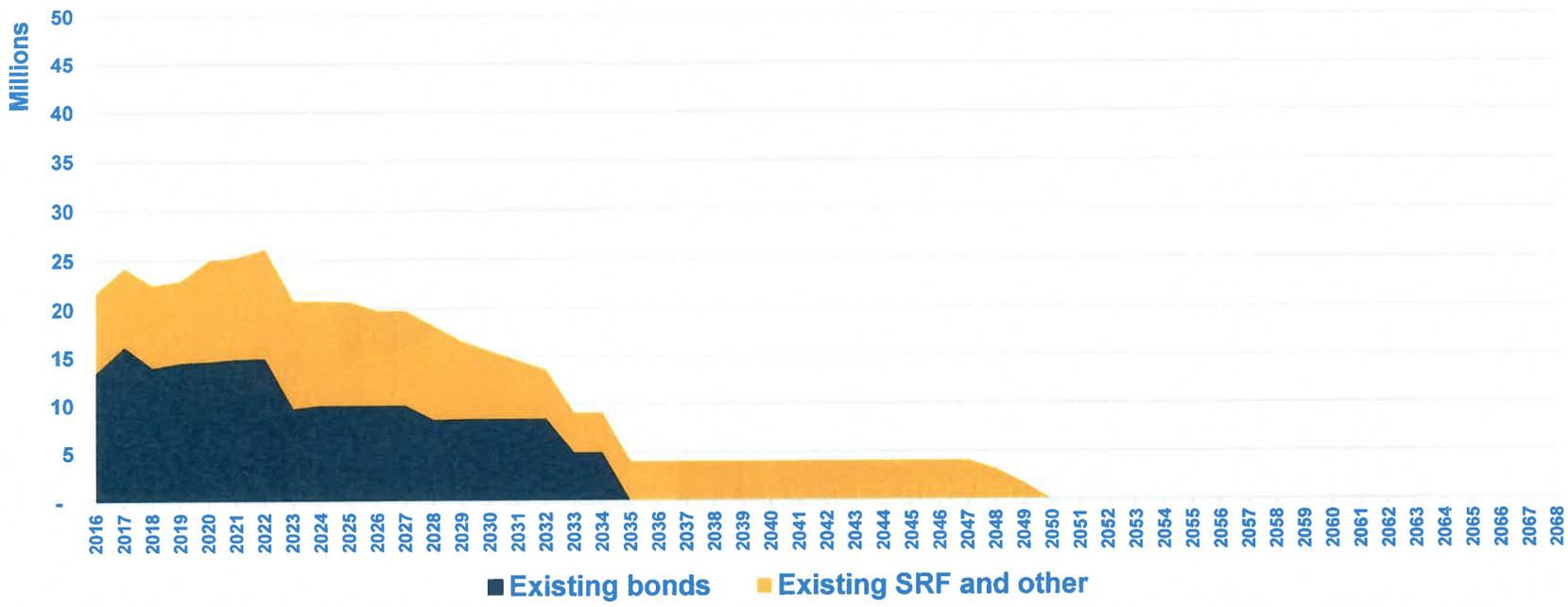


RP-5 Expansion Cash Flow and Funding Sources

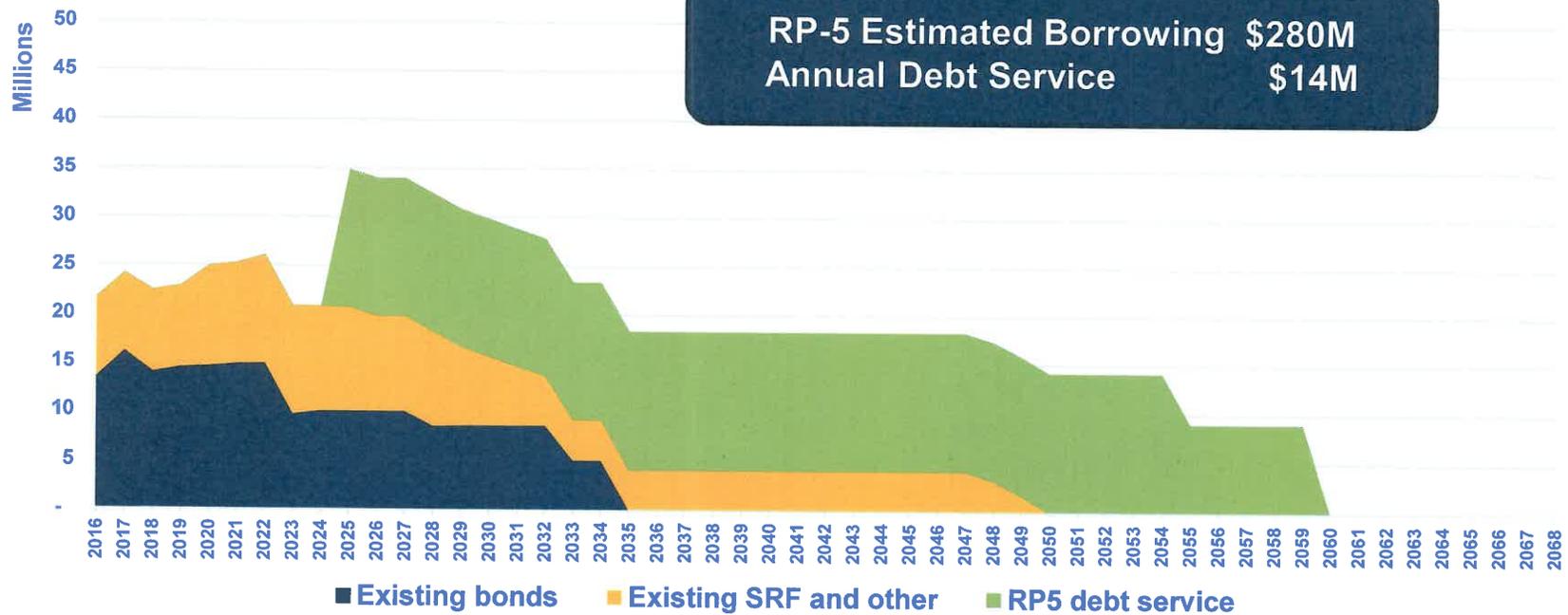
RP-5 Cash Flow



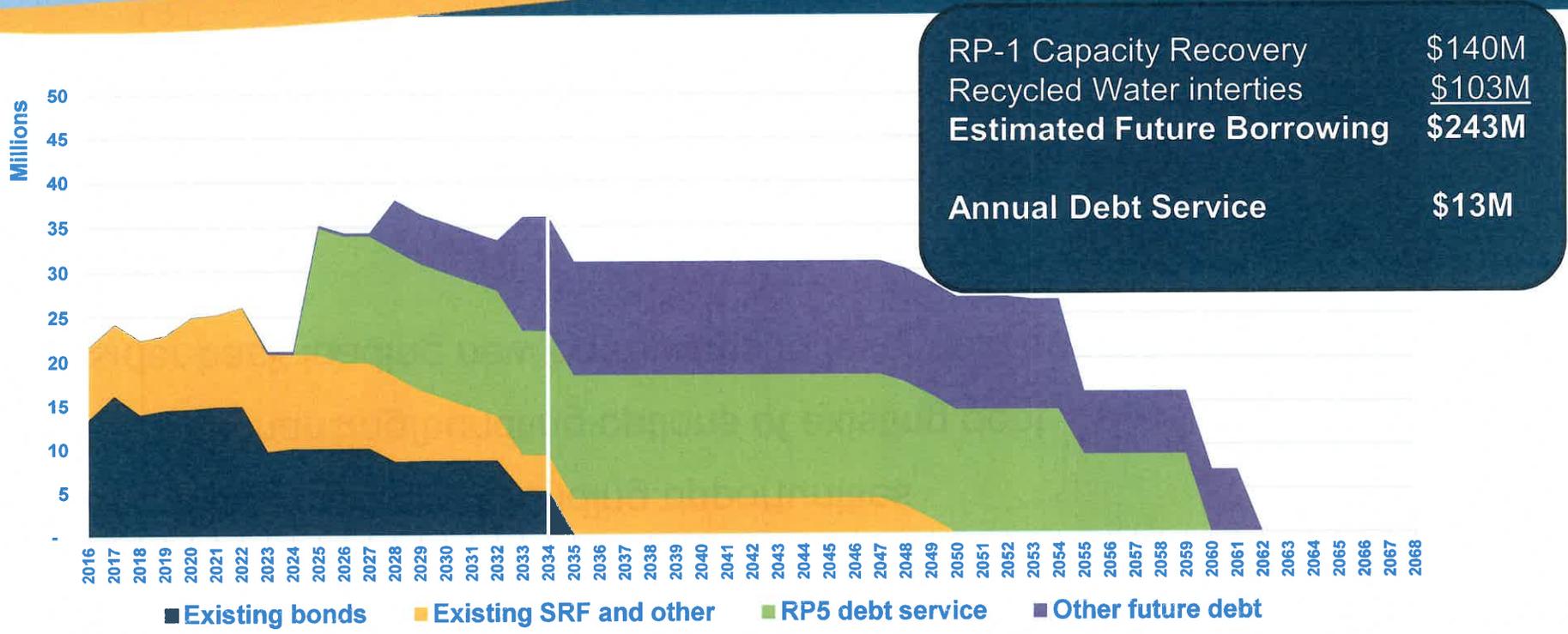
Existing Annual Debt Service



RP-5 Expansion financing and annual debt service



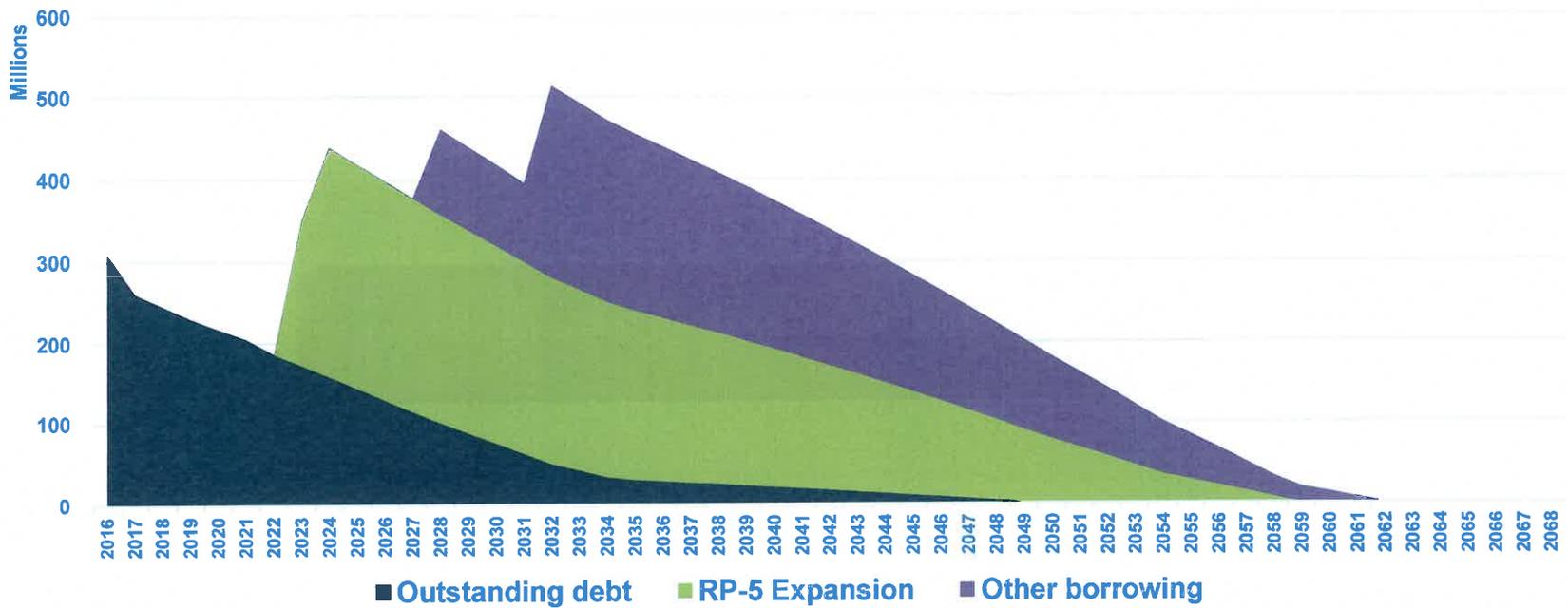
Future financing and annual debt service



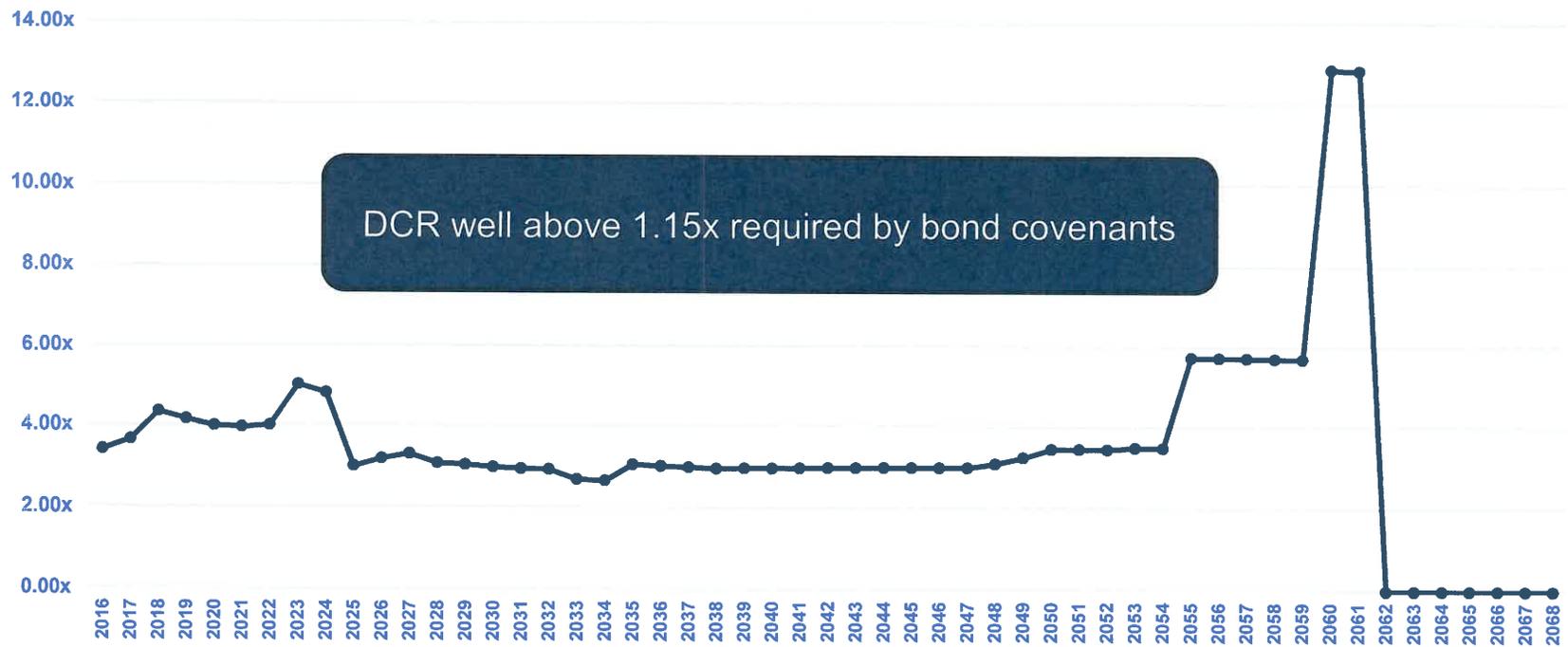
Considerations to Mitigate Debt Service Cost Increase

- Continue to pursue grant funding opportunities
- Evaluate refinancing/bundling options of existing debt
- Consider back loading new borrowings to level debt service costs

Outstanding Principal Debt



Debt Coverage Ratio (DCR)



DCR well above 1.15x required by bond covenants

Financing Timeline

SRF¹ loan

- June 2019: Funded list for FY 2020
- August-September 2020: estimated final contract

WIFIA² loan

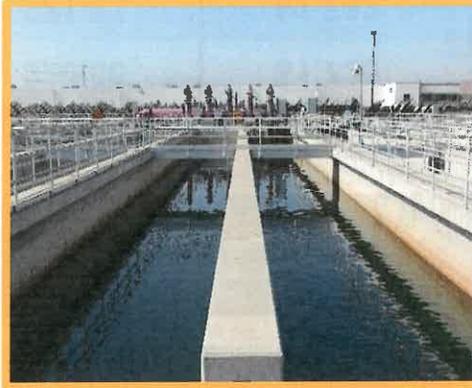
- August 2019: Application submitted
- Evaluation and review with EPA
- April 2020: estimated final contract

INFORMATION

ITEM

2B

2020 Rate Study Update

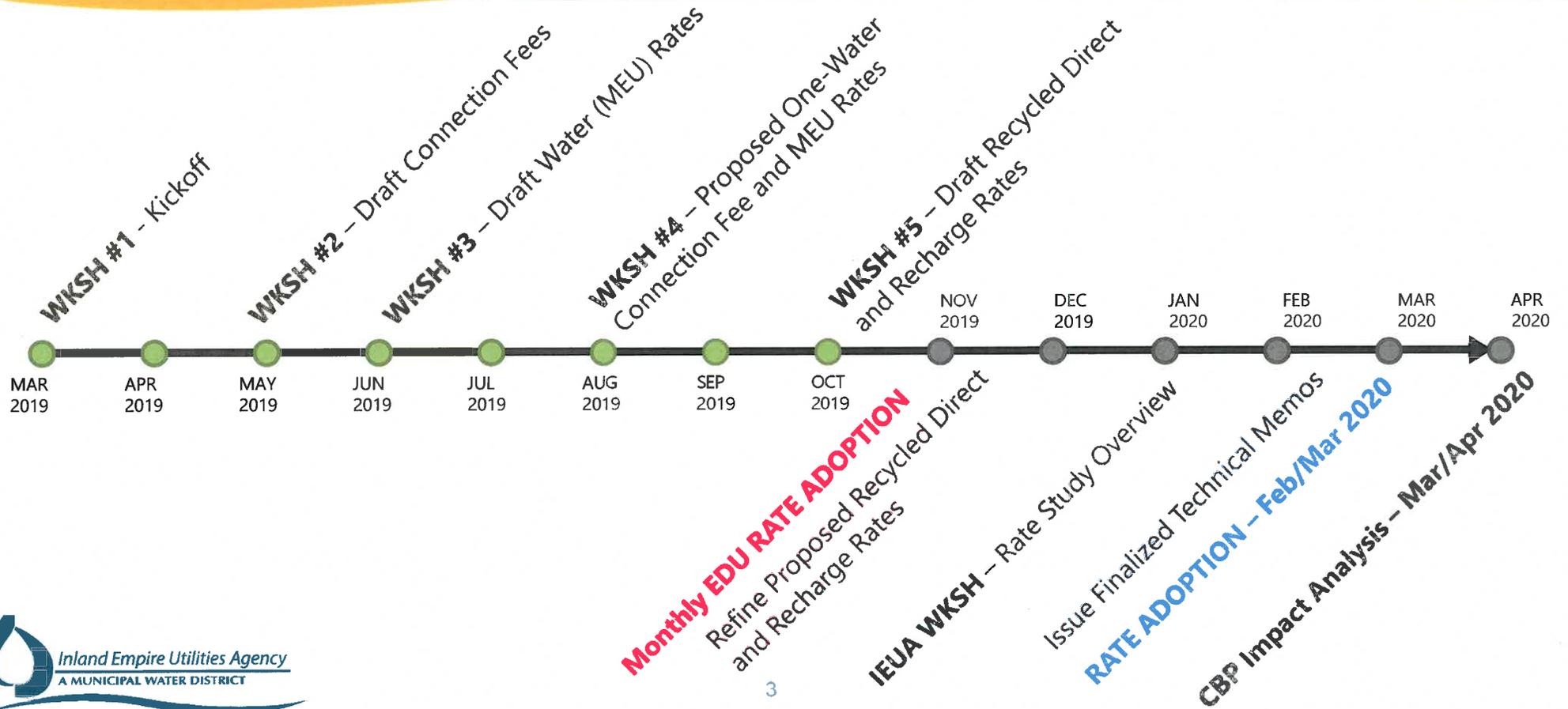


2020 Rate Study

FY 2020/21 Proposed Rates/Fees

As July 1	Wastewater Connection Fee (EDU)	Monthly Sewer (EDU)	One Water Connection Fee (MEU)	Monthly Water (MEU)	Recycled Water Direct Use (AF)	Recycled Water Recharge (AF)
FY 2019/20 Adopted	\$6,955	\$20.00	\$1,684	\$1.04	\$490	\$550
FY 2020/21	\$7,164	\$20.60	\$1,735	\$1.06		
FY 2021/22	\$7,379	\$21.22	\$1,787	\$1.08		
FY 2022/23			\$1,841	\$1.10	TBD 2020 Rate Study	TBD 2020 Rate Study
FY 2023/24	To be reviewed based on the sewer use evaluation results		\$1,896	\$1.12		
FY 2024/25			\$1,953	\$1.14		

2020 Rate Study Timeline

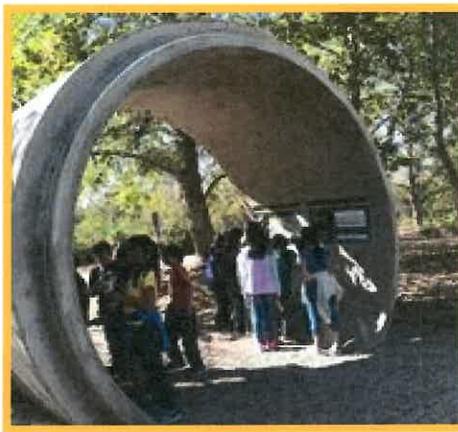


INFORMATION

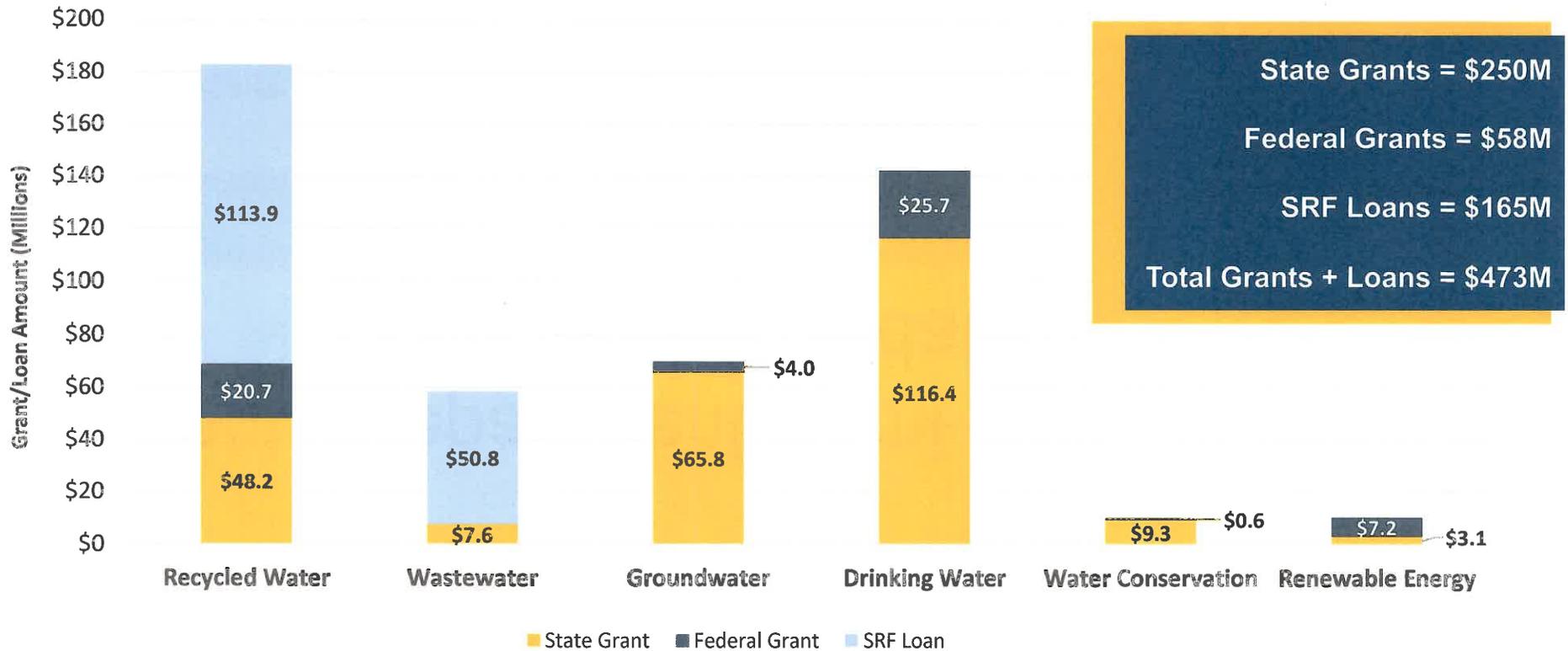
ITEM

2C

Grants Department Semi-Annual Update Board Update

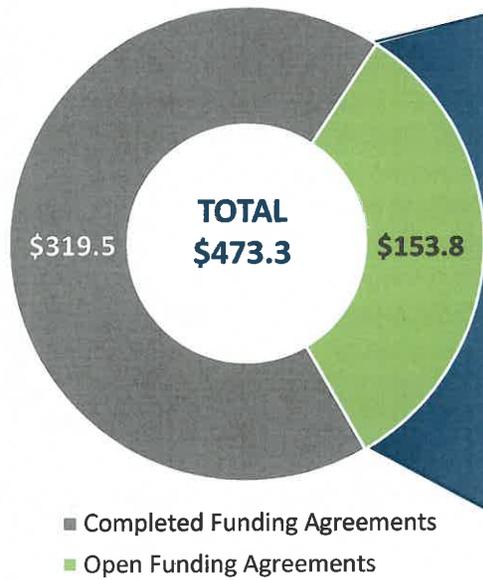


Grant & SRF Loan Funding Programs Overview 2000 – Present

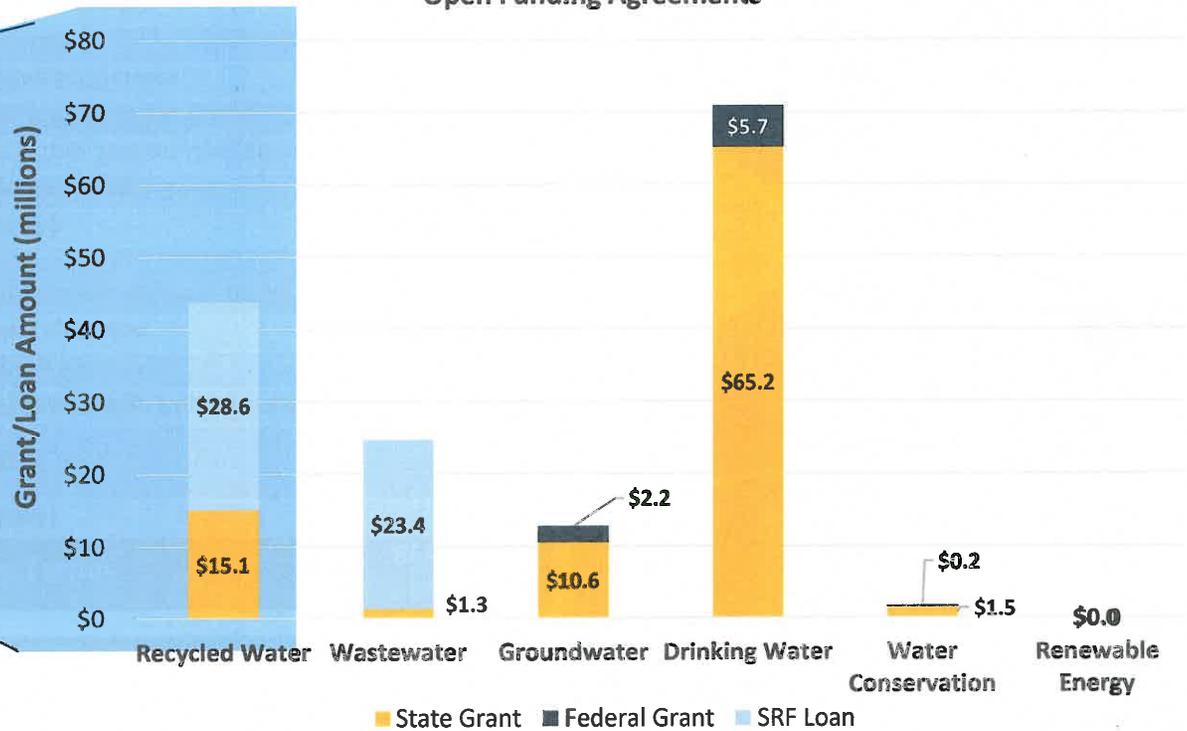


Active Grants & SRF Loans

Grant/Loan Agreement Status
(\$ millions)



Open Funding Agreements



Current Funding Applications (\$ Millions)

No.	Funding Agency & Type	Project Name	Amount Requested
1	SAWPA Grant	IEUA-JCSD Intertie (WRCWRA)	\$2.6
2	CWC – Water Storage Invest. Program (WSIP)	Chino Basin Program (CBP)	\$206.9
3	USBR Grant	Chino Basin Program (CBP) Pre-Design Report (PDR)	\$0.3
4	USBR Grant	WaterSMART Water & Energy Efficiency	\$0.3
5	CNRA Grant	Wetlands Education Center Expansion	\$1.5
6	SWRCB- LOAN	RP-5 Liquids Treatment Expansion and RP-5 Solids Treatment Facility	\$101.5
7	SWRCB- LOAN	IEUA-JCSD Intertie (WRCWRA)	\$33.1
8	SWRCB- LOAN	RMPU Construction- Wineville, Jurupa RP-3	\$8.8
9	SWRCB- LOAN	RP-1-1158 Recycled Water Pump Station Upgrades	\$6.7
10	SWRCB- LOAN	Baseline Extension Project (Village of Heritage)	\$6.7
11	SWRCB- LOAN	RP-5 Recycled Water Pipeline Bottleneck	\$3.1
12	SWRCB- LOAN	RMPU Construction- Lower Day	\$2.9
13	SWRCB- LOAN	RMPU Montclair Basin Improvements	\$1.8
14	SWRCB- LOAN	Philadelphia Force Main Improvements	\$20.0
15	SWRCB- LOAN	RP-1 Disinfection Improvements	\$8.5
16	EPA- LOAN	RP-5 Expansion	\$178.3
Total			\$582.9



State Revolving Fund (SRF) Loan Projects on SWRCB Fundable List -2018 – Present (\$Millions)

2018 SWRCB SRF Loan Fundable List

Project	SRF Loan	PF	Total
RP-1 1158 Pump Station Upgrade	\$4.2	\$2.5	\$6.7
RP-5 RW Pipeline Bottleneck	\$1.6	\$1.6	\$3.2
Baseline Extension (Village of Heritage)	\$4.2	\$2.5	\$6.7
IEUA JCSD RW Intertie Project	\$25.5	\$5.0	\$30.5
2018 SWRCB SRF Loan Fundable List Subtotal	\$35.5	\$11.6	\$47.1

2019 SWRCB SRF Loan Fundable List

Project	SRF Loan	PF	Total
RMPU Wineville/Jurupa/RP-3	\$8.8	\$0.0	\$8.8
RMPU Lower Day	\$2.9	\$0.0	\$2.9
RMPU Montclair	\$1.8	\$0.0	\$1.8
RP-5 Expansion Project	\$101.5	\$0.0	\$101.5
2019 SWRCB SRF Loan Fundable List Subtotal	\$115.0	\$0.0	\$115.0
Grand Total	\$150.5	\$11.6	\$162.1

Green Project status resulted in \$11.6 million of SRF Loan Principal Forgiveness (PF) between 2018 and 2019 Fiscal Years



Total Interest Savings (\$Millions)

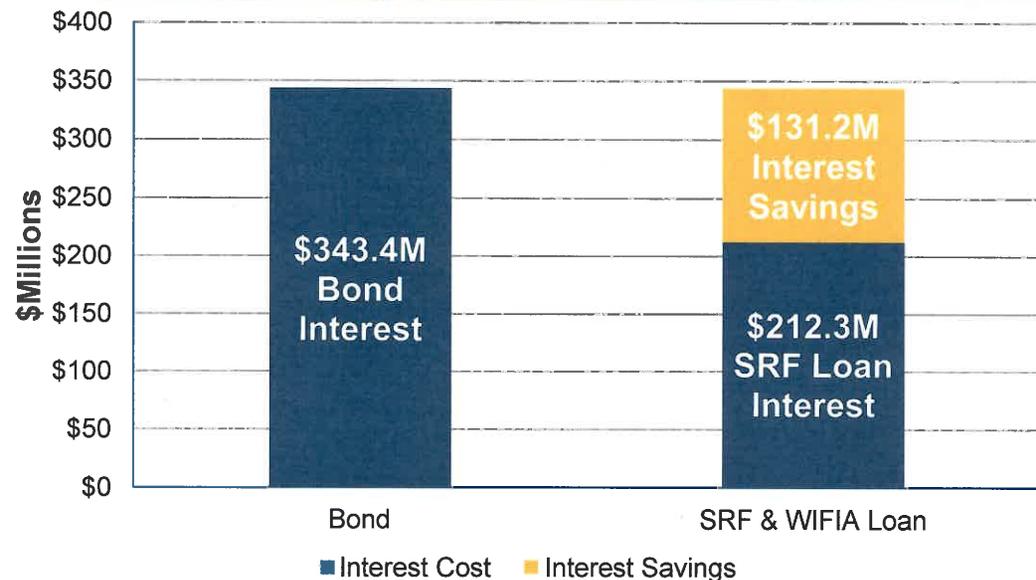
SRF Loan Principal = \$315.1M

EPA WIFIA Loan Principal = \$178.3M

Total Principal = \$493.4M

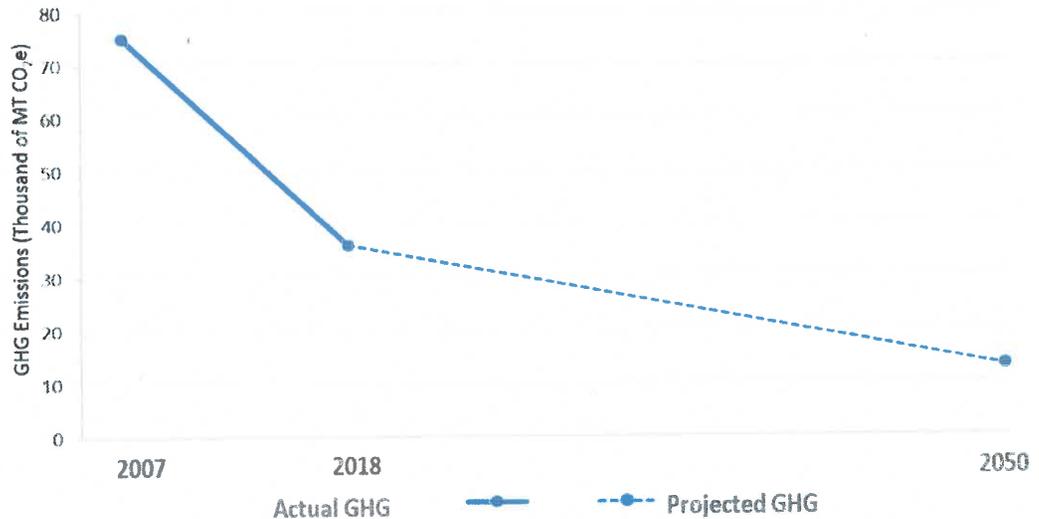
- SRF Loan Terms
 - 30-year at 1.80% (50% of the State general obligation bond rate at 3.60%)
- EPA WIFIA Loan Terms
 - 35-year at 3.11%

Funding	Interest Rate	Principal	Interest Cost
Bond 30-Year & 35-Year	3.60%	\$493.4	\$343.4
Total Bond Interest			\$343.4
SRF Loan 30-Year	1.80%	\$315.1	\$95.5
EPA WIFIA Loan 35-Year	3.11%	\$178.3	\$116.8
Total Loan Interest			\$212.3
Total Interest Savings			\$131.2



Climate Change Action Plan (CCAP)

- Planning Department updated the CCAP to align with SWRCB requirements
 - Greenhouse gas (GHG) emissions
 - GHG reduction goals
 - Project objectives updated
- Robust CCAP enhances project scoring for SRF loan applications



IEUA GHG Emissions from 2007 – 2018 and Projections to 2050



**INFORMATION
ITEM
2D**

Date: October 31, 2019/November 7, 2019
To: Regional Sewerage Committees
From: Inland Empire Utilities Agency *cd*
Subject: Santa Ana River Upper Agency Flows MOU

This is an information item regarding the Santa Ana River Upper Agency Flows Memorandum of Understanding.

BACKGROUND

In May 2013, Inland Empire Utilities Agency (IEUA), Orange County Water District (OCWD), San Bernardino Valley Municipal Water District (SBVMWD), and Western Municipal Water District (WMWD), along with seven other partners began work on the Upper Santa Ana River Multiple Species Habitat Conservation Plan (HCP). The purpose of the HCP is to address the numerous endangered and threatened species' permitting issues associated with water supply projects in the upper Santa Ana River Watershed.

As work on the HCP is approaching completion, this MOU was developed to memorialize and reaffirm the commitments of the four Santa Ana River Watermaster parties. These commitments include working to continue to work together in a collaborative manner on water supply projects along the Santa Ana River (SAR) consistent with the 1969 SAR Judgment, and to coordinate operational management of wastewater discharges to the river in support of habitat management strategies, such as those within the framework of the HCP.



Date: November 20, 2019

To: The Honorable Board of Directors

From: Shivaji Deshmukh, General Manager

Committee: Engineering, Operations & Water Resources

11/13/19

Executive Contact: Christiana Daisy, Executive Manager of Engineering/AGM

Subject: Santa Ana River Upper Agency Flows Memorandum of Understanding

Executive Summary:

In May 2013, Inland Empire Utilities Agency (IEUA), Orange County Water District (OCWD), San Bernardino Valley Municipal Water District (SBVMWD), and Western Municipal Water District (WMWD), along with seven other partners began work on the Upper Santa Ana River Multiple Species Habitat Conservation Plan (HCP). The purpose of the HCP is to address the numerous endangered and threatened species' permitting issues associated with water supply projects in the upper Santa Ana River Watershed.

As work on the HCP is approaching completion, this MOU was developed to memorialize and reaffirm the commitments of the four Santa Ana River Watermaster parties. These commitments include working to continue to work together in a collaborative manner on water supply projects along the Santa Ana River (SAR) consistent with the 1969 SAR Judgment, and to coordinate operational management of wastewater discharges to the river in support of habitat management strategies, such as those within the framework of the HCP.

Staff's Recommendation:

1. Approve the Santa Ana River Upper Agency Flows Memorandum of Understanding; and
2. Authorize the General Manager to execute the Agreements.

Budget Impact *Budgeted (Y/N):* N *Amendment (Y/N):* N *Amount for Requested Approval:*

Account/Project Name:

There is no impact to budget with this action.

Fiscal Impact (explain if not budgeted):

Not Applicable

Prior Board Action:

On May 20, 2015, IEUA's Bord of Directors approved a Memorandum of Understanding for Participation in the Development of the Santa Ana River Multiple Species Habitat Conservation Plan.

Environmental Determination:

Not Applicable

The development of the Memorandum of Understanding does not qualify for compliance with CEQA Guidelines. However, as projects are defined and implemented they will be subject to environmental evaluation.

Business Goal:

The Santa Ana River Upper Agency Flows Memorandum of Understanding supports IEUA's business goal of Water Reliability, of implementing an integrated water resources management plan providing a reliable and cost-effective water supply and promoting sustainable water use throughout the region.

Attachments:

Attachment 1 - Santa Ana River Upper Agency Flows Memorandum of Understanding

**MEMORANDUM OF UNDERSTANDING
BETWEEN
INLAND EMPIRE UTILITIES AGENCY, ORANGE COUNTY WATER DISTRICT,
SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT AND
WESTERN MUNICIPAL WATER DISTRICT
REGARDING COORDINATED MANAGEMENT OF THE SANTA ANA RIVER FLOWS**

This Memorandum of Understanding ("MOU") is executed as of xxx, 2018 ("Effective Date"), by and among, Inland Empire Utilities Agency (IEUA), Orange County Water District (OCWD), San Bernardino Valley Municipal Water District (SBVMWD), and Western Municipal Water District (Western MWD), collectively referred to herein as "Parties" and individually as "Party".

Recitals / Objectives

1. The purpose of this MOU is to memorialize the commitment of the Parties to develop, plan and implement strategic and coordinated Santa Ana River ("SAR") tributary flow management and to enhance local water resource project development.
2. The Parties will work together within the framework of the 1969 SAR Judgement and any supporting or incorporated supplemental Agreements.
3. The Parties desire to develop SAR operational management strategies that will support the maintenance of existing habitat as identified by the current efforts underway in the multi participant SAR Habitat Conservation Plan while supporting the development of additional water supply projects, including but not limited to, water recycling and stormwater capture within the upper and middle SAR watershed.
4. The Parties desire to develop a coordinated and equitable approach that takes into consideration water rights and wastewater discharge obligations along the SAR along with current and anticipated regional water resource and habitat needs.
5. The Parties desire to enter into this MOU to further collaborate to define a program that would provide water supply and habitat benefits to all Parties.

IN WITNESS WHEREOF, the Parties have agreed to execute this MOU as of the effective date.

**MEMORANDUM OF UNDERSTANDING
BETWEEN
INLAND EMPIRE UTILITIES AGENCY, ORANGE COUNTY WATER DISTRICT,
SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT AND
WESTERN MUNICIPAL WATER DISTRICT
REGARDING COORDINATED MANAGEMENT OF THE SANTA ANA RIVER FLOWS**

INLAND EMPIRE UTILITIES AGENCY

Name

Date

ORANGE COUNTY WATER DISTRICT

Name

Date

SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT

Name

Date

WESTERN MUNICIPAL WATER DISTRICT

Name

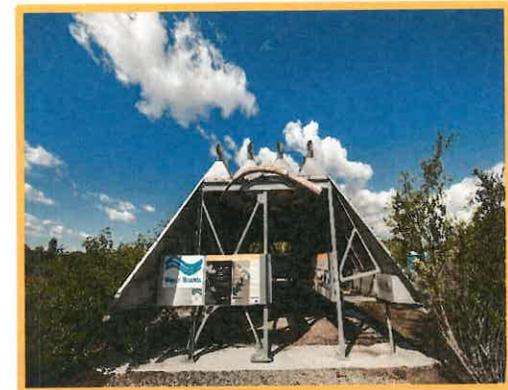
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INFORMATION

ITEM

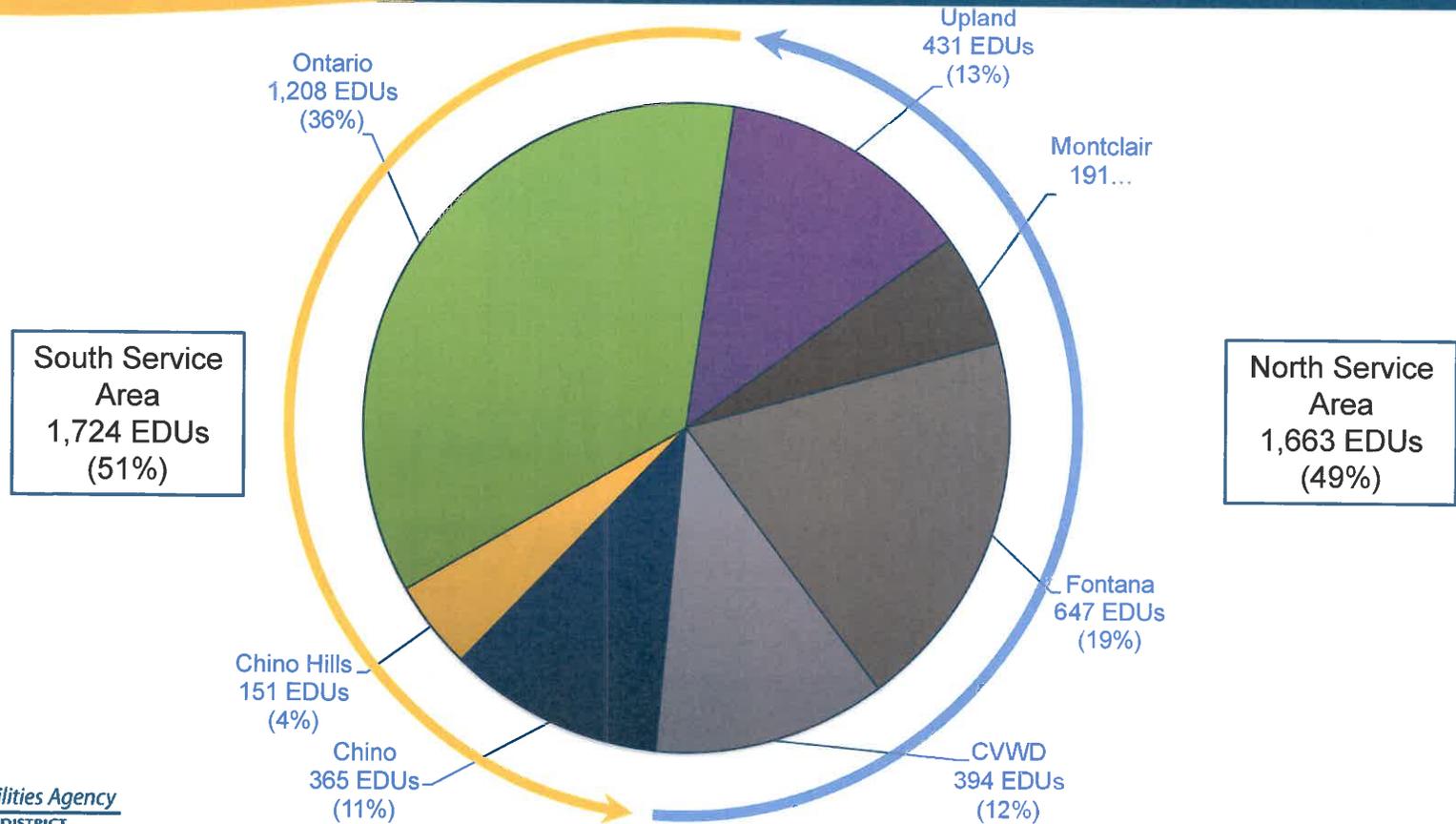
2E

Planning & Environmental Resources Annual Reports



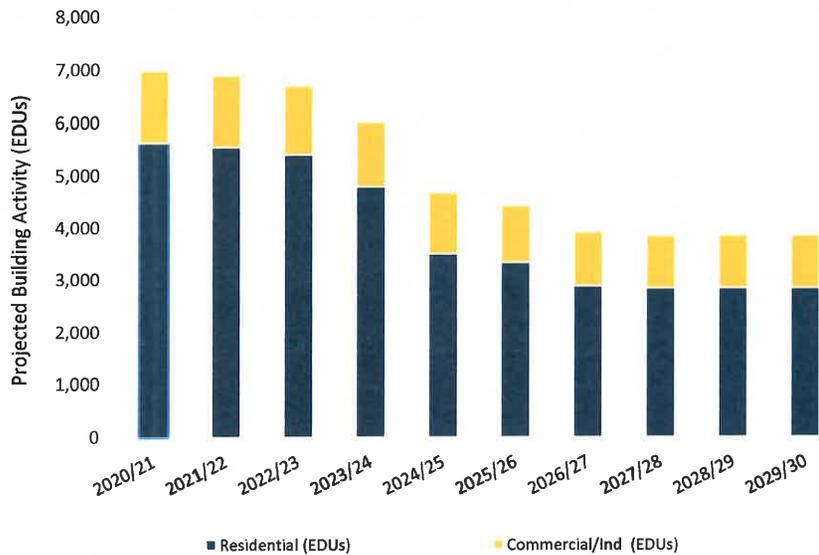
FY18/19 Building Activity

3,387 EDUs Resulted in \$22.4M Funding

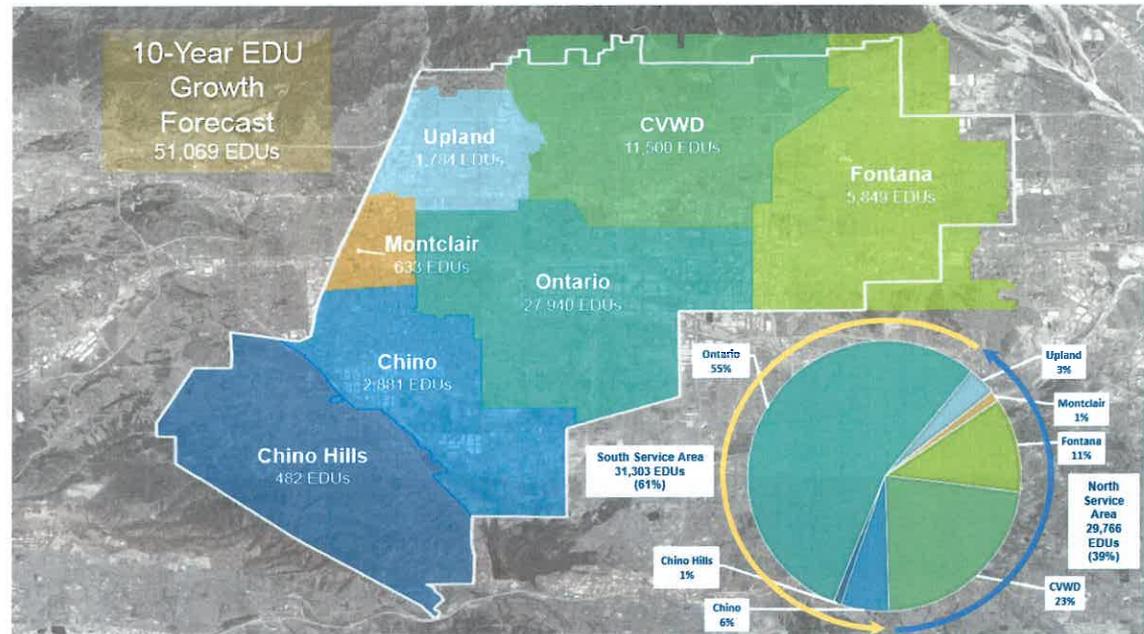


EDU = Equivalent Dwelling Unit
Partial EDU rounded to the nearest whole number

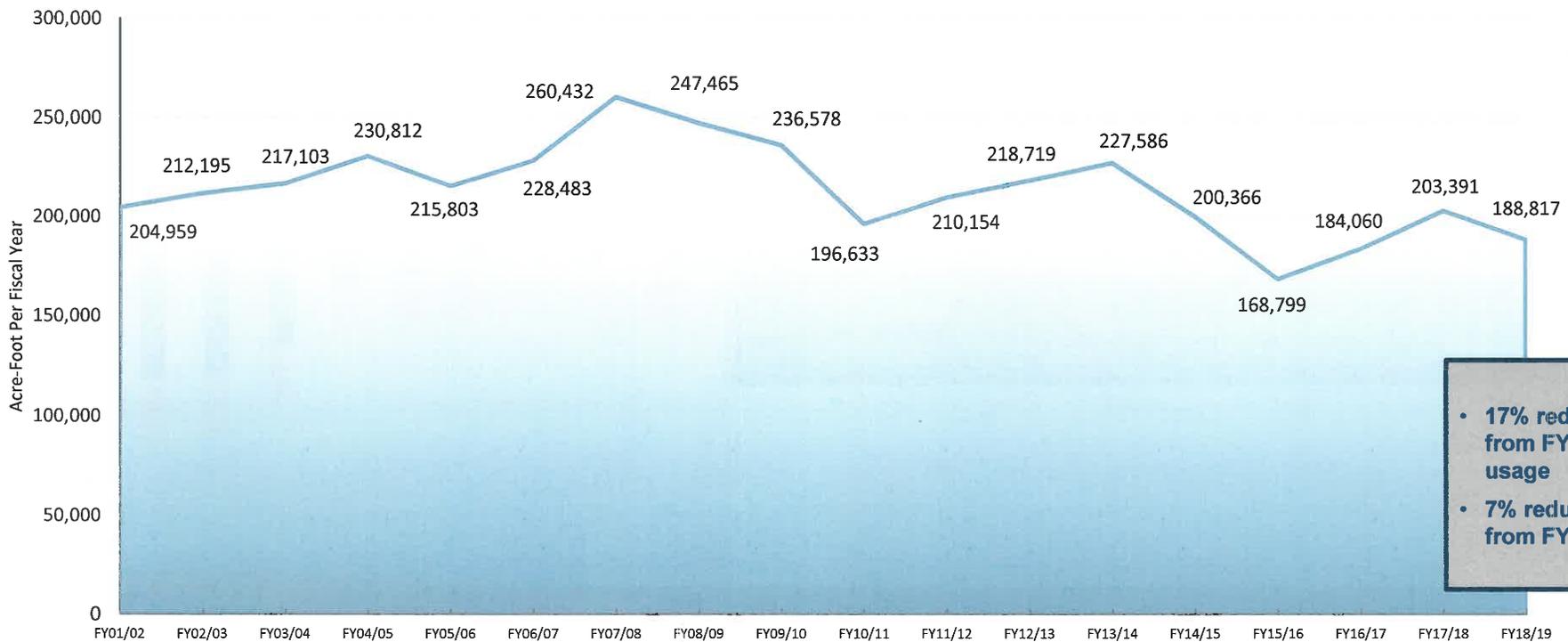
Regional Contracting Agencies EDU Projections



2019 Ten Year Growth Forecast: 52,795 EDU
2020 Ten Year Growth Forecast: 51,069 EDU



Regional Water Use Trend

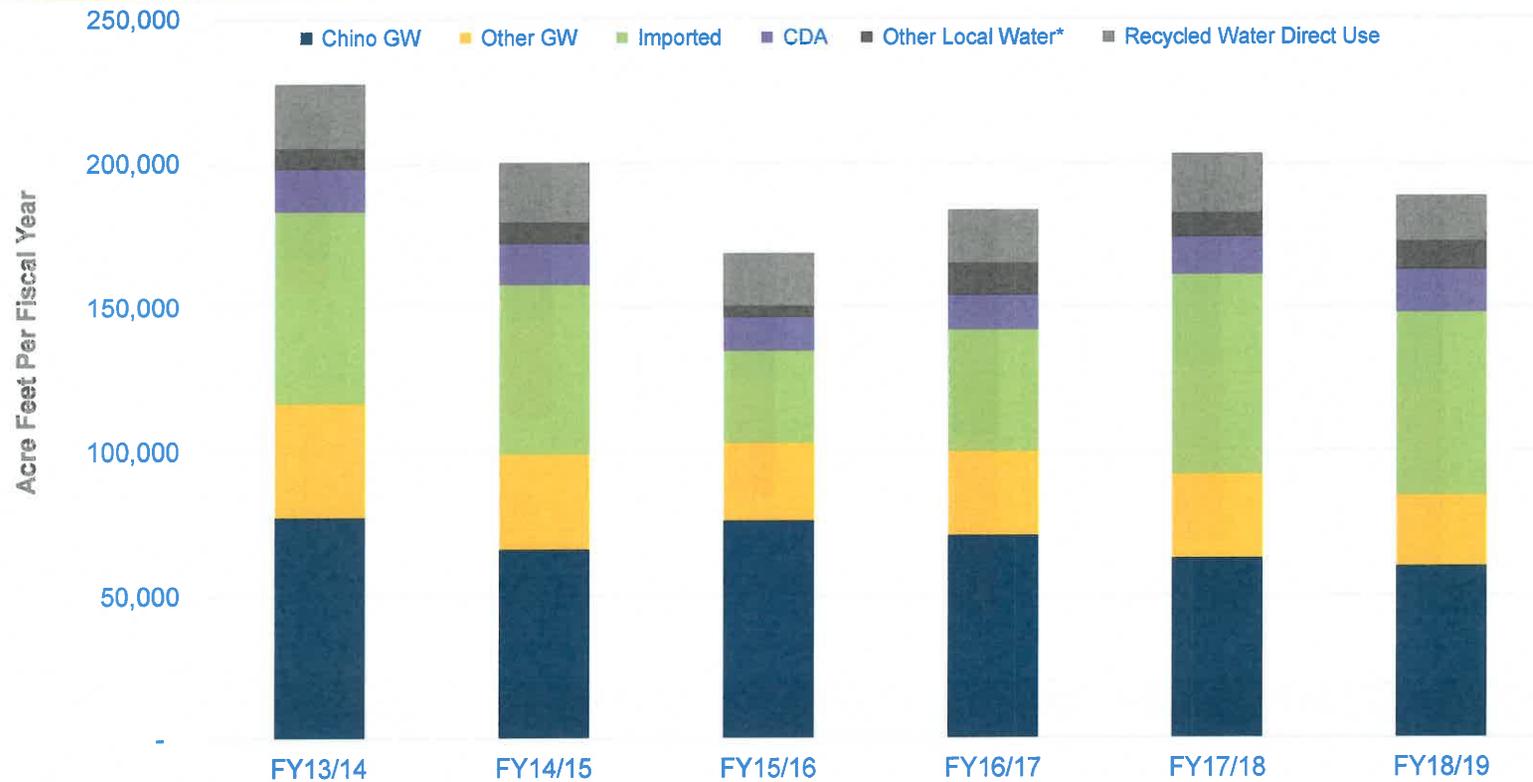


- 17% reduction from FY 13/14 usage
- 7% reduction from FY17/18

Note: Total Water Use Data includes imported water, surface water, groundwater, recycled and desaliner production. Excludes IEUA groundwater recharge

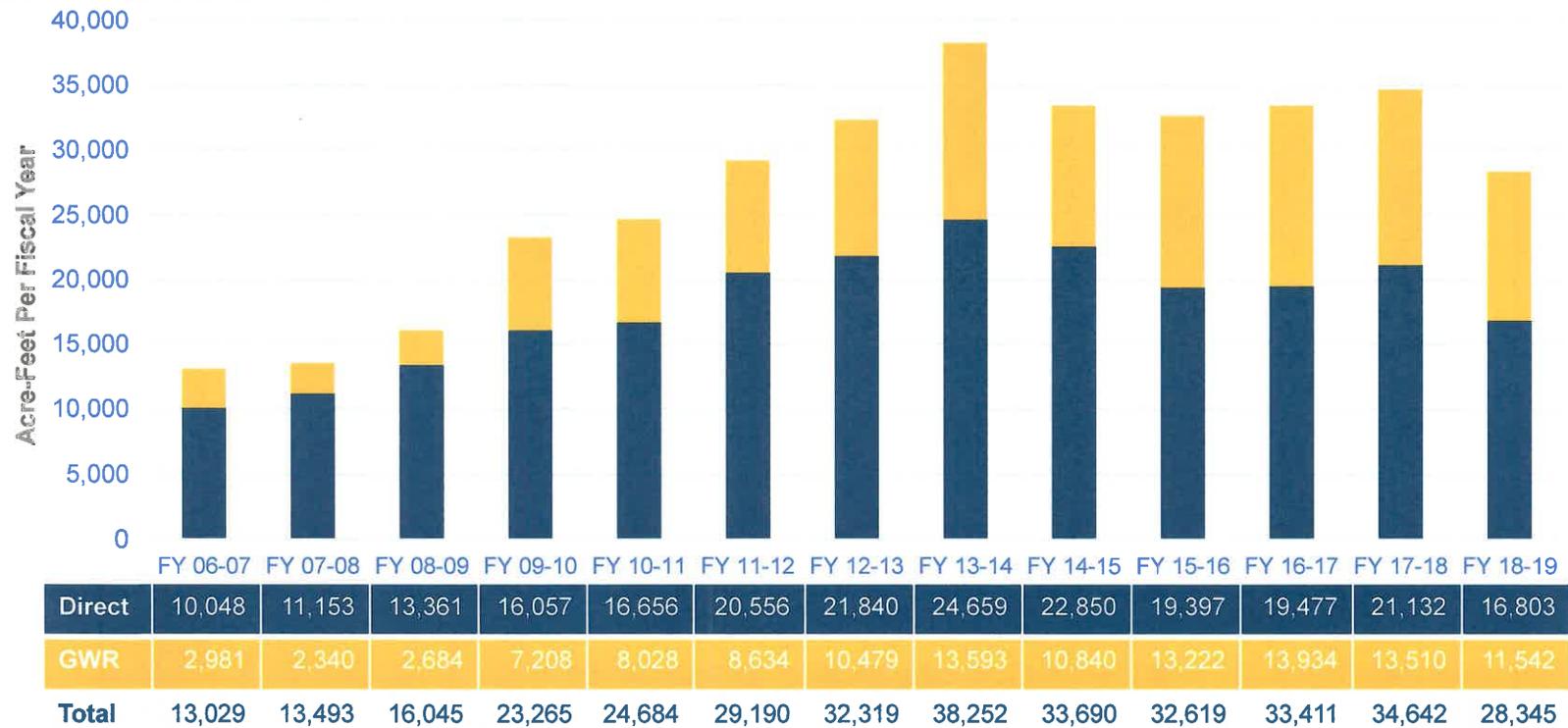


Regional Water Use Trend By Source

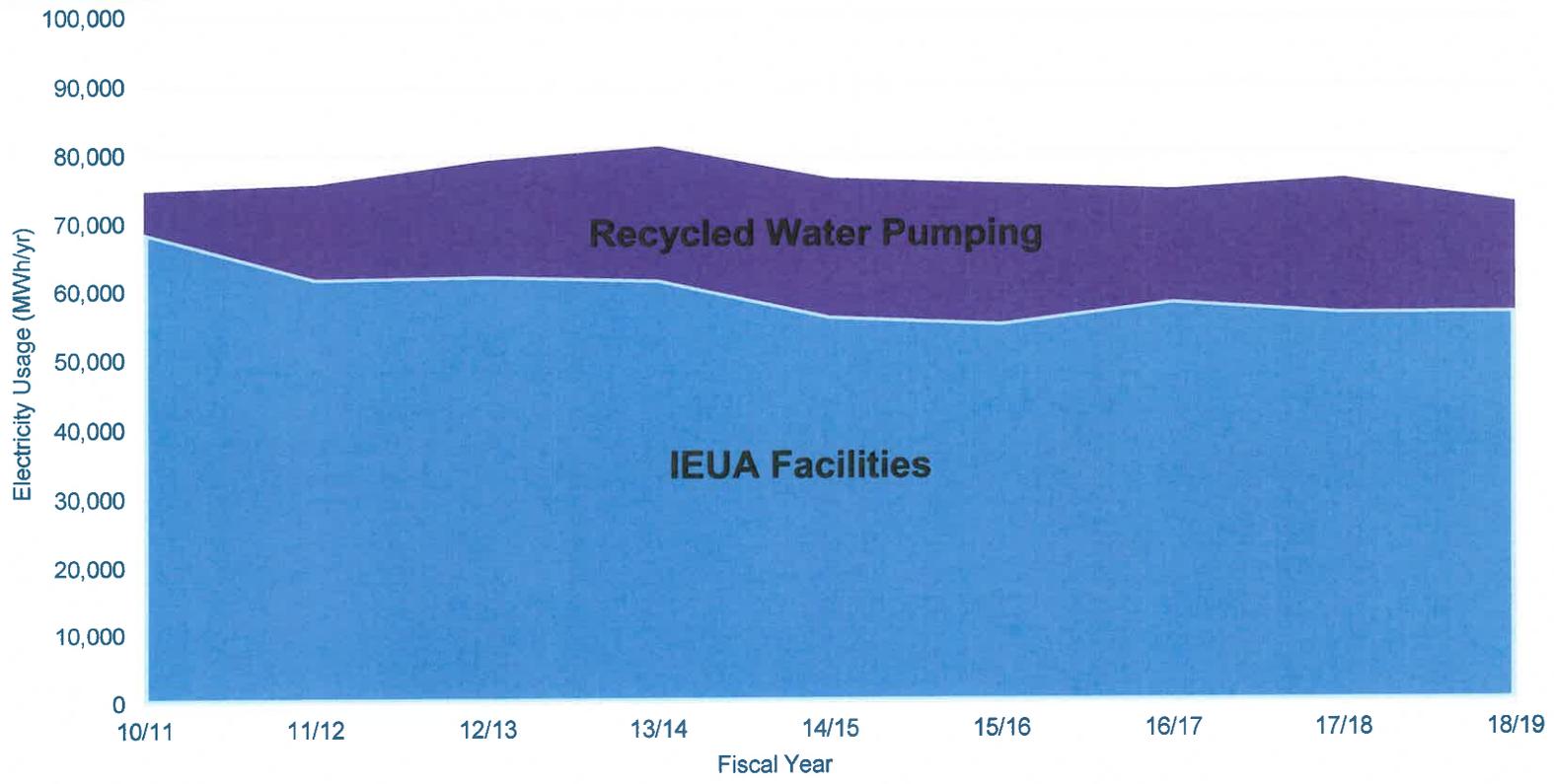


* Water purchased from other local water companies (such as SAWCo or WECWC) and surface flows

Recycled Water Deliveries



Electricity Usage

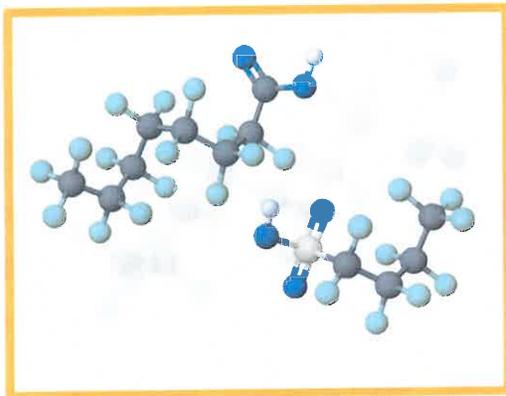


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2F

PFAS

Board Workshop



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NEWS ENVIRONMENT

Results of San Bernardino County wells tested for PFAS

16 county agencies ordered to test 45 wells for the chemicals



Los Angeles Times



TWAN NGUYEN examines a machine testing water for chemicals at the Orange County Water District.

'Forever chemicals' taint water

[Water from 16] them "forever chemicals" because they persist indefinitely and accumulate in the human body.

The chemicals were detected in January will require officials to inform customers if PFAS are found at any level. It will take three water systems to either shut down wells that test over the

limiting water wells, but because Orange has the majority of its water from Lake Crowley in the foothills of the Sierra Nevada, local water suppliers there can reduce their re-

duced that the chemicals were coming from wastewater treatment plants in the area and San Bernardino. These facilities discharge water into the Santa Ana

NEWS ENVIRONMENT

PFAS toxins found in drinking water throughout Southern California

'Forever chemicals' rapidly emerging as a potential health threat.



KATE F. WRIEDA is a freelance writer in Los Angeles. She is per known for her work on environmental issues. Her latest book is "The Last Days of Pompeii".

"She was vivid and in detail. She was uncompromising," said Fitch, who called Brownstein "a high presence of literature." Brownstein wrote about extreme female protagonists and her compelling love and longing for the city that raised her. Los Angeles inspired much of her writing. She published several books of poetry and countless short stories, including "Mrs. Jordan's Summer Vacation," which won the Pulitzer Prize. She told The Times in

Los Angeles Times



PHOTO BY AP/WIDEWORLD Firefighters battle a large fire at a warehouse that crashed in 2016 in Lower L

Firefighting foam leaves toxic plume

Water sources across the state have traces of toxic chemicals

Study is initial look at contaminants linked to cancer in California as officials work on safety standards.

By Anna M. Hershman and Ariana Pineda

WASHINGTON Nearly 500 drinking water wells and other water sources in California have traces of toxic chemicals, new data to suggest, new data on safety standards.

Though introduced this year of more than 100 wells across the state revealed presence of perfluorinated compounds, which researchers used for decades in manufacturing and household products have raised fears the public water supply.

Exposure to the chemicals, especially known as PFAS, has been linked to cancer and other health problems, and young children are thought to be the most vulnerable to the chemicals, which can affect reproductive and developmental health.

Scientists have called it "the most toxic" (The Water, 10)

chemicals as potentially toxic, a result that could mean the chemicals may not have spread as widely as they have in other areas. The study found contaminated drinking water in communities across California, from San Diego to the Central Valley. Wells with high and regular levels were found in Southern California, in Los Angeles County, Riverside and San Bernardino counties in other areas. The results had an immediate effect — the city of Anaheim has shut down three of its drinking water wells this year in response to elevated levels of the chemicals.

Exposure to the chemicals, especially known as PFAS, has been linked to cancer and other health problems, and young children are thought to be the most vulnerable to the chemicals, which can affect reproductive and developmental health.

Scientists have called it "the most toxic" (The Water, 10)

UBER RIPS SETUP AT LAX

Company wants that the new area for

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NEWS ENVIRONMENT

PFAS toxins found in drinking water throughout Southern California

'Forever chemicals' rapidly emerging as a potential health threat.



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Los Angeles Times

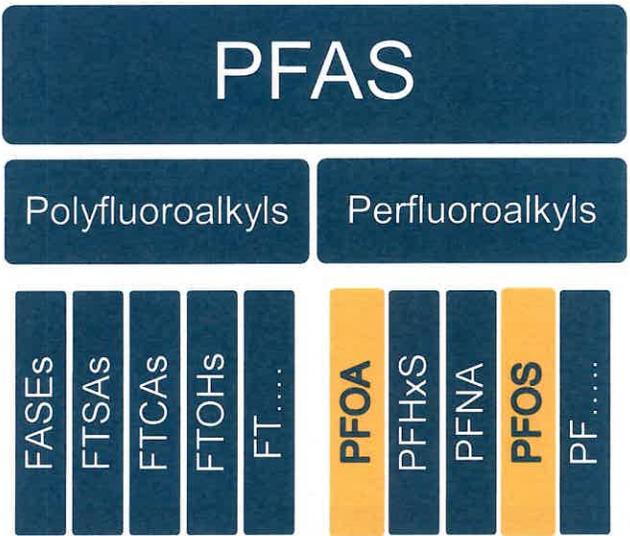


PHOTO BY AP/WIDEWORLD Firefighters battle a large fire at a warehouse that crashed in 2016 in Lower L

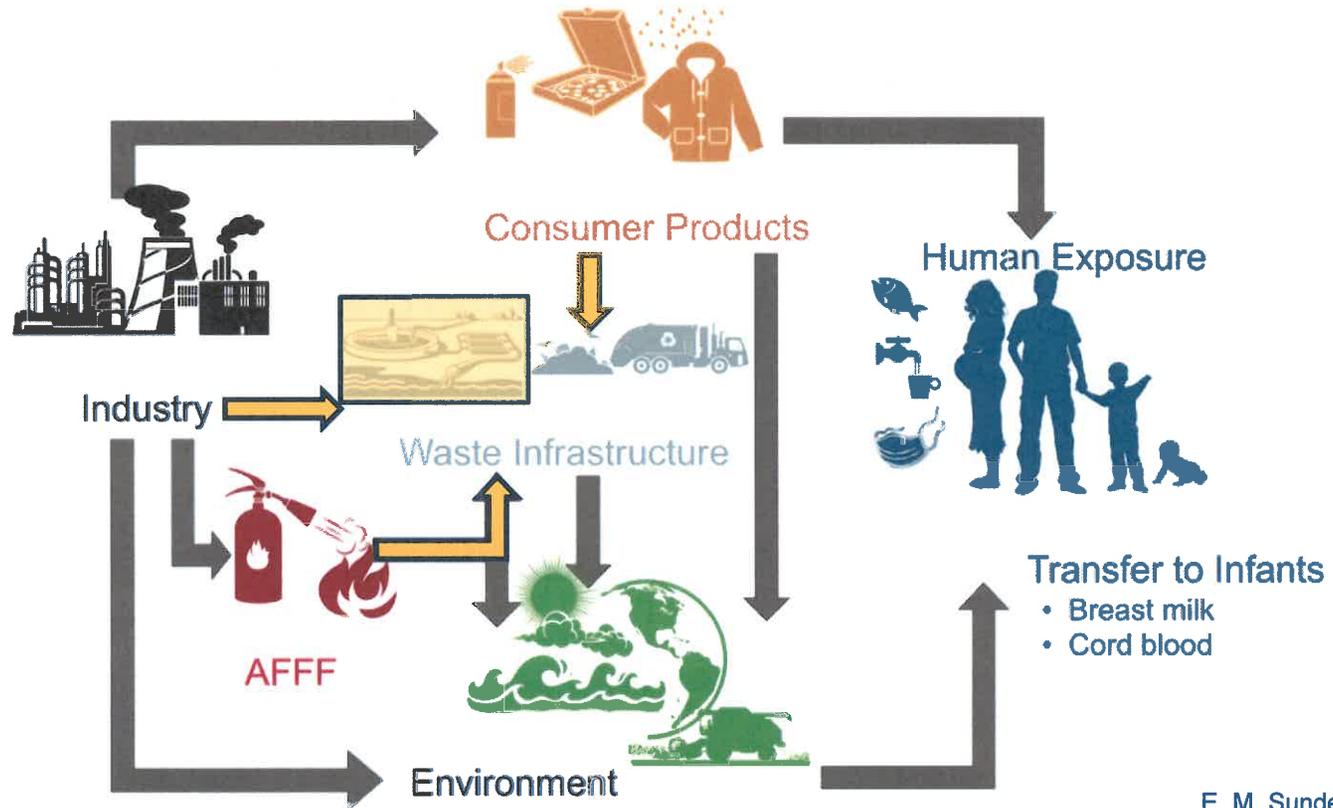
Firefighting foam leaves toxic plume

What are per- and polyfluoroalkyl substances (PFAS)?

- A large group of manufactured chemicals
 - Resistant to heat, water, and oil
 - Wide variety of industrial and consumer uses
 - Potential adverse human health effects
 - Persistent in the environment



PFAS in the environment and exposure



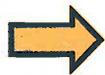
Drinking Water Regulatory Requirements

- USEPA

- Lifetime Health Advisory: PFOA + PFOS = 70 ng/L-ppt (2016)

- CA DDW

- Notification Level PFOA = 5.1 ng/L-ppt (August 2019)
- Notification Level PFOS = 6.5 ng/L-ppt (August 2019)
- Response Level PFOA + PFOS = 70 ng/L-ppt (July 2018) → Revision (Fall 2019)
- Assembly Bill 756: Expands notification requirements to customers (2020)



USEPA or CA Possible Enforceable Maximum Contaminant Level - MCL (2022)

PFAS Testing Challenges

- Sampling
 - Field samplers
 - Sampling equipment
 - Ambient
- Analytical
 - Instruments and solvents
 - Approved Method



IEUA Monitoring Data

	Recycled Water	Stormwater Local Runoff	Effluent Discharge
PFOA (ng/L-ppt)	12 – 14	ND – 43	5 – 34
PFOS (ng/L-ppt)	ND - 2	ND - 14	ND - 5

Potential Impact to IEUA

- Compliance
- Laboratory Testing
- Pretreatment and Source Control
- Groundwater Recharge Program
- Organic/Compost Recycling Program
- Capital Improvement Program
- Operational
- Financial

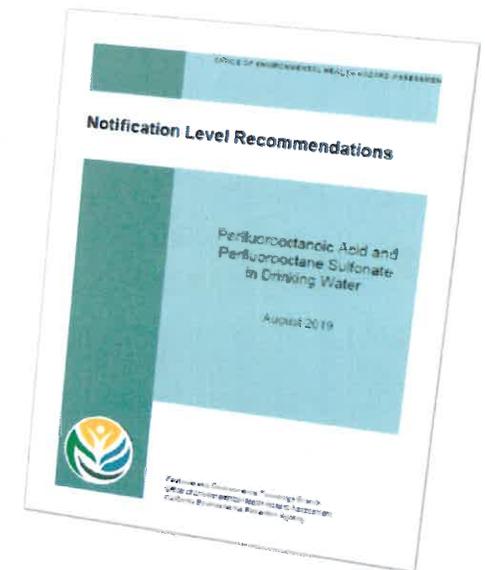


Treatment Technologies

Treatment	Short Chain PFAS Removal	Long Chain PFAS Removal	Other Contaminants Removal	Challenges	Cost
Granular Activated Carbon	■	■ ■	■ ■	PFAS fate during thermal regeneration	\$ - \$\$
Powdered Activated Carbon	■	■	■	Cannot be used in a flow through bed	\$\$
Ion Exchange	■	■ ■	■	Background water effects unknown	\$\$\$
Membrane Separation	■	■	■ ■	High energy requirement Membrane fouling Concentrate mgmt	\$\$\$\$

IEUA Response

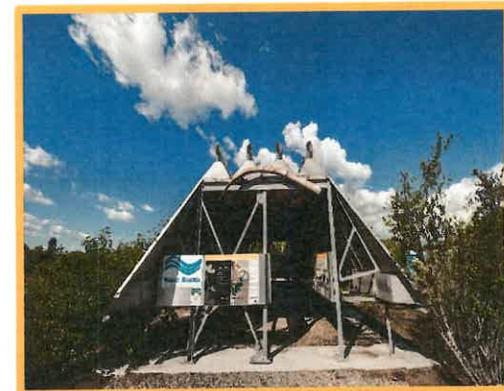
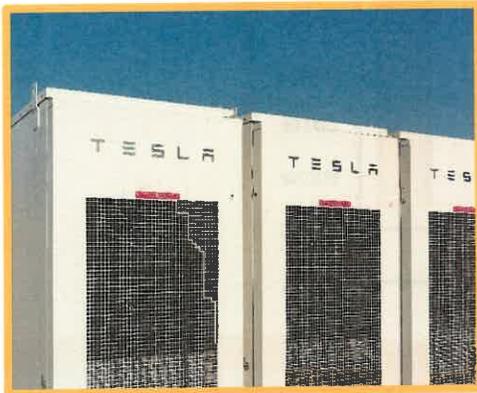
- Compliance RW monitoring
- Voluntary monitoring
 - Collaboration with SAWPA
- OEHHA Toxicology report review
 - Intertox, EMWD, OCWD, SVMWD, WMWD
- Engagement with regulators
 - Comment letters to Governor and DDW
- Collaboration with other Agencies and Associations
 - CBWM, MWD, CASA, ACWA, WaterReuse



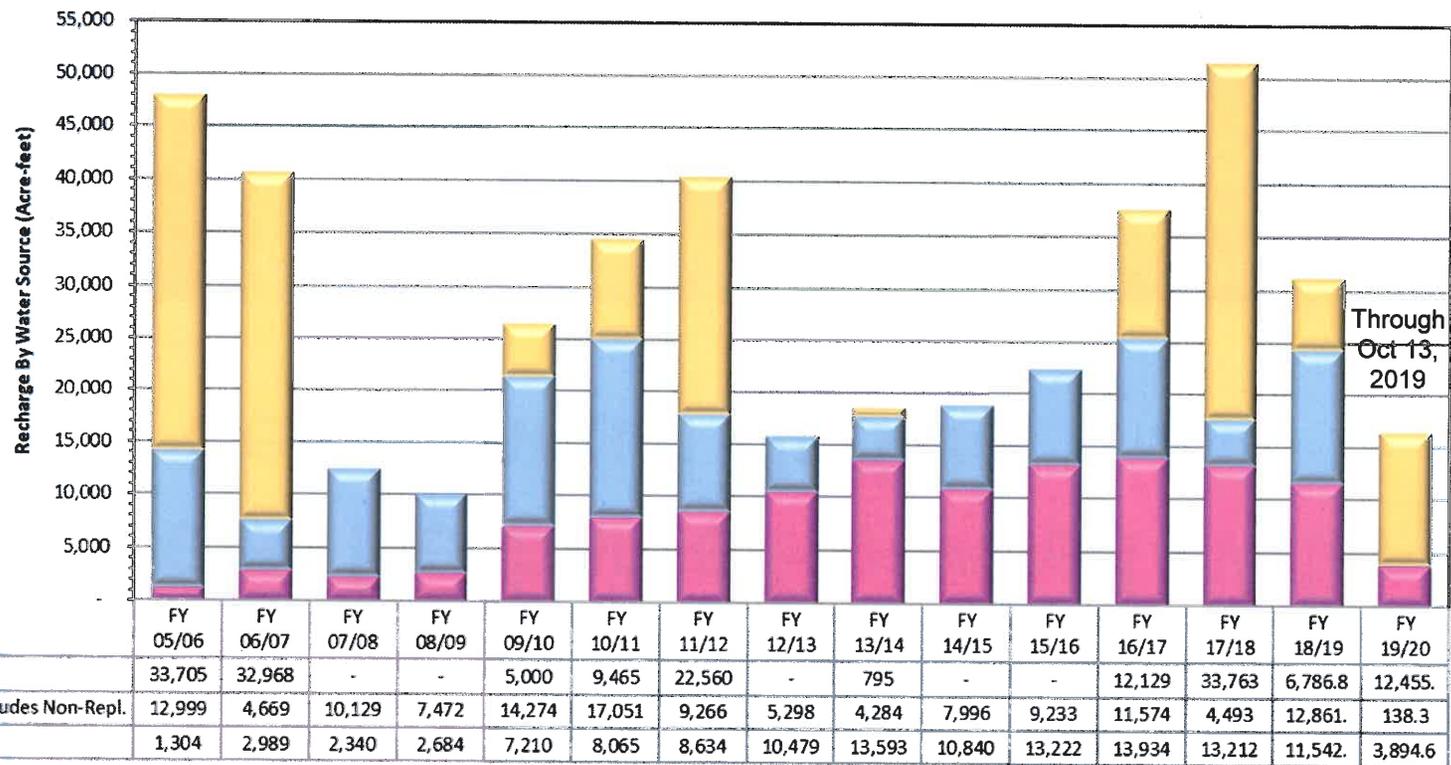
**INFORMATION
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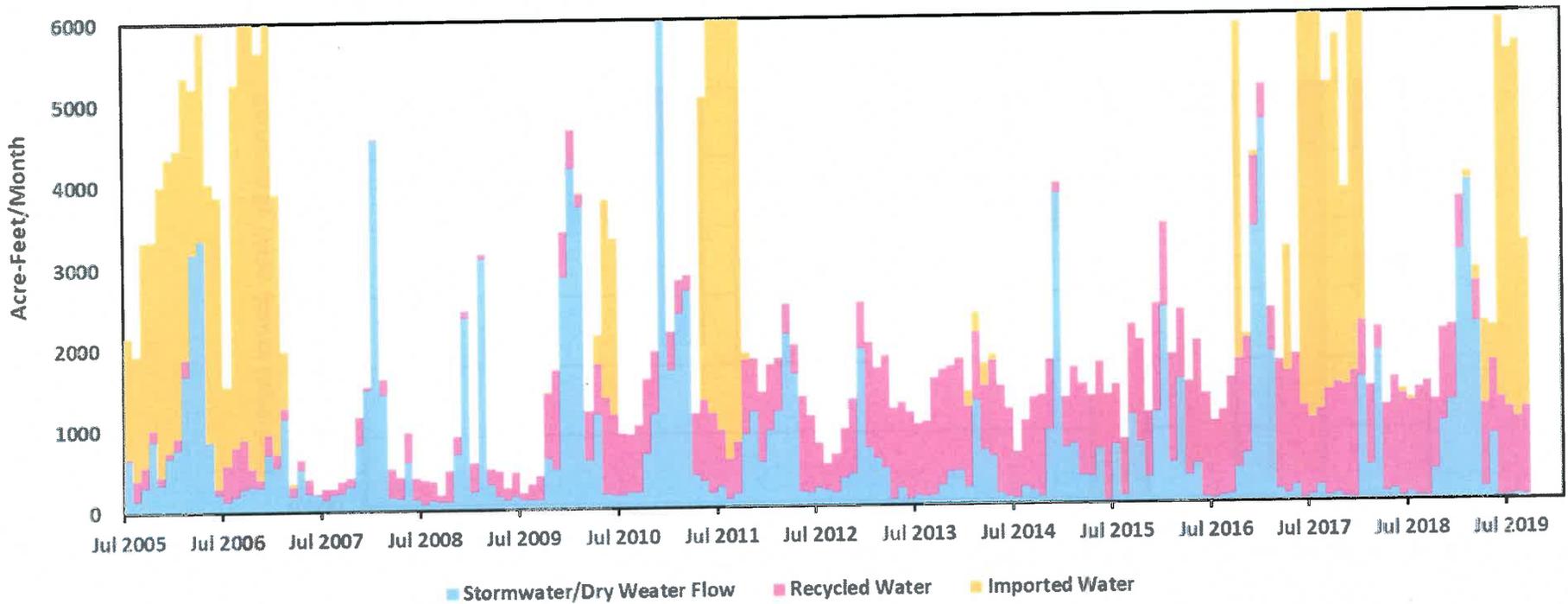
Groundwater Recharge/Recycled Water Semi-Annual Update



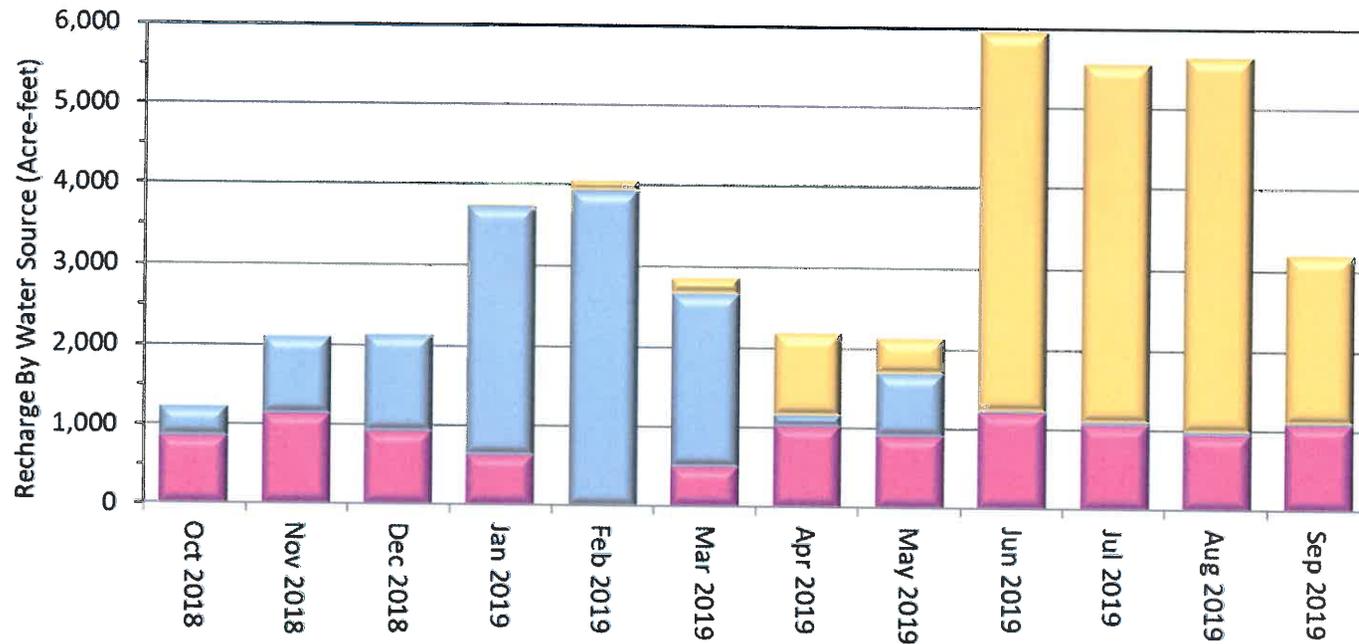
Groundwater Recharge Annual History



Historical Monthly Deliveries (FY 2005/06 to FY 2019/20)

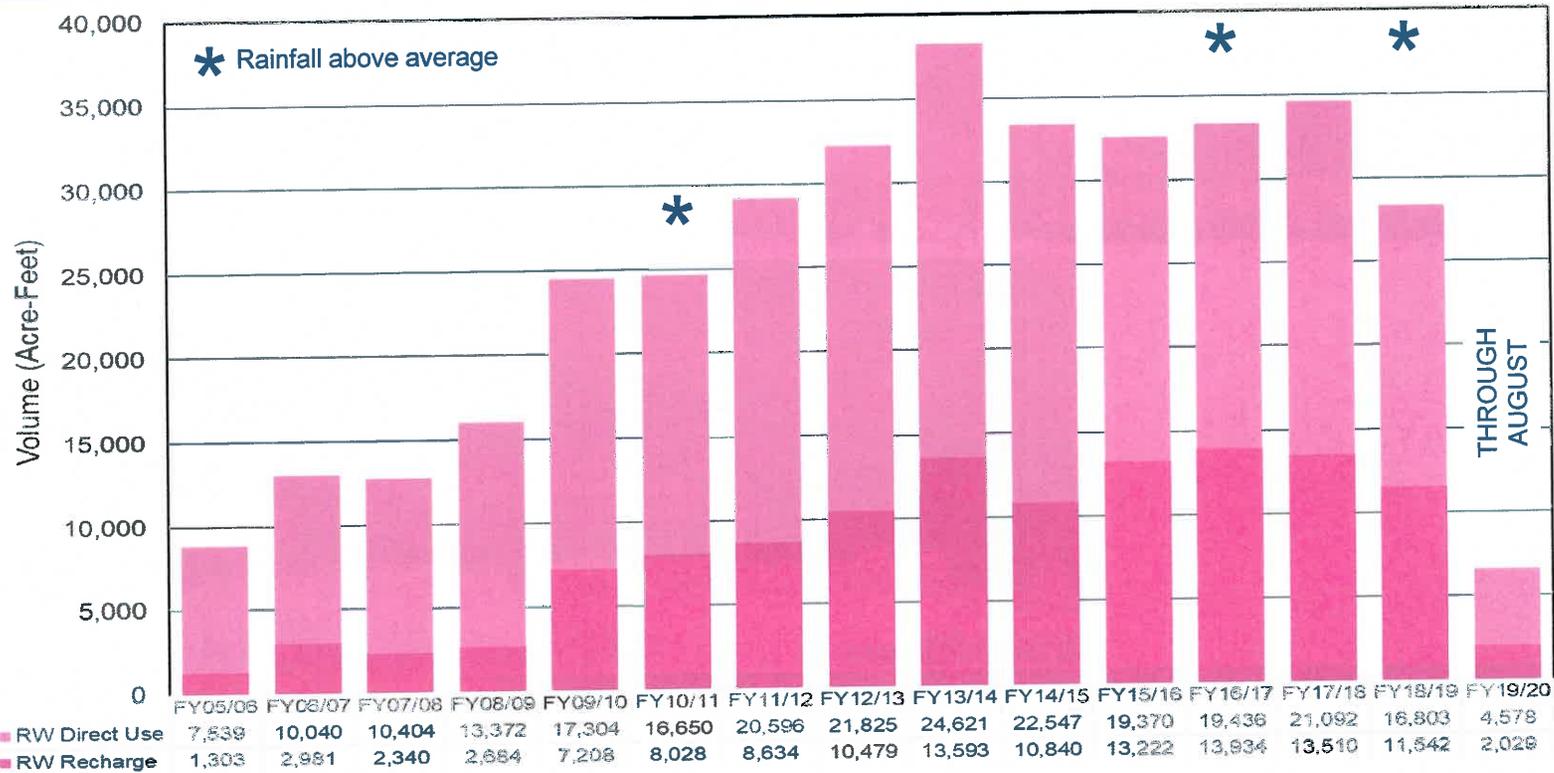


Groundwater Recharge FY 2018/19



	Oct 2018	Nov 2018	Dec 2018	Jan 2019	Feb 2019	Mar 2019	Apr 2019	May 2019	Jun 2019	Jul 2019	Aug 2019	Sep 2019
MWD and Other Imported Water	0.0	0.0	0.0	18.5	104.0	189.3	1022.9	427.8	4689.9	4425.9	4637.9	2074.0
Stormwater and LR (excludes Non-Rep.)	368.8	958.9	1218.8	3078.5	3932.2	2177.4	138.6	795.9	30.9	44.3	54.3	36.8
Recycled Water	860.2	1150.7	931.0	646.9	8.6	504.1	1034.5	914.4	1216.8	1075.9	953.0	1086.2

Historical Recycled Water (RW) Demand



Basin Cleaning Activity – Ely Basin (July-Aug. 2019)



Ely Basin Cleaning



Basin Cleaning Activity – Banana Basin (July 2009)

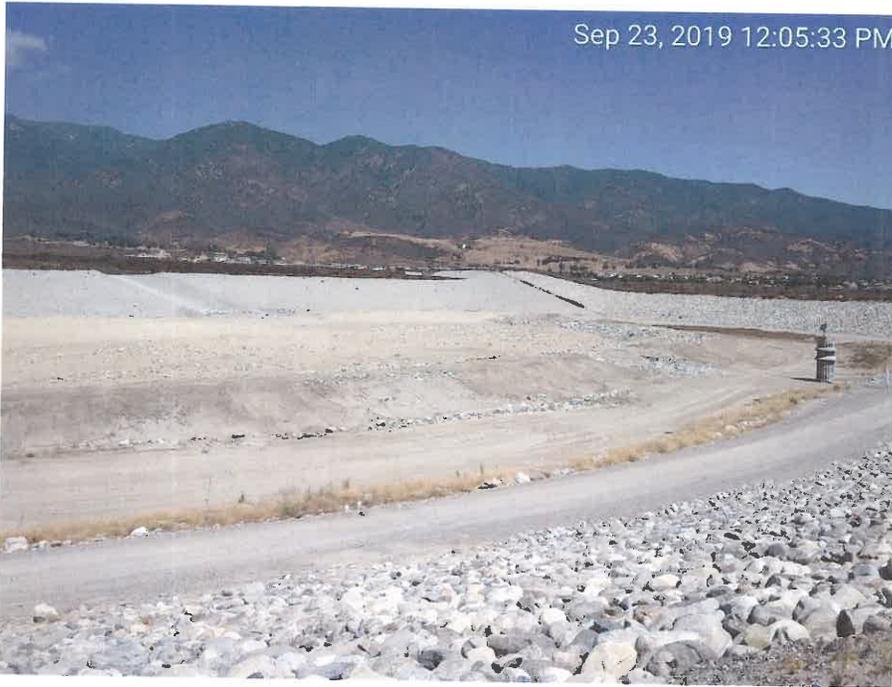


Basin Cleaning Activity – Hickory (July 2019)



Basin Cleaning Activity – Etiwanda Debris Basin (Sept. 2019)

Sep 23, 2019 12:05:33 PM



Oct 7, 2019 at 16:15:06



GWR/RW Semi-Annual Update

Questions?

**INFORMATION
ITEM**

2H

Engineering and Construction Management Project Updates



HQ Driveway Improvements

Project Goal: Improve Accessibility

Total Project Budget: \$400 K

Project Completion: August 2020

Percent Design Complete: 1%

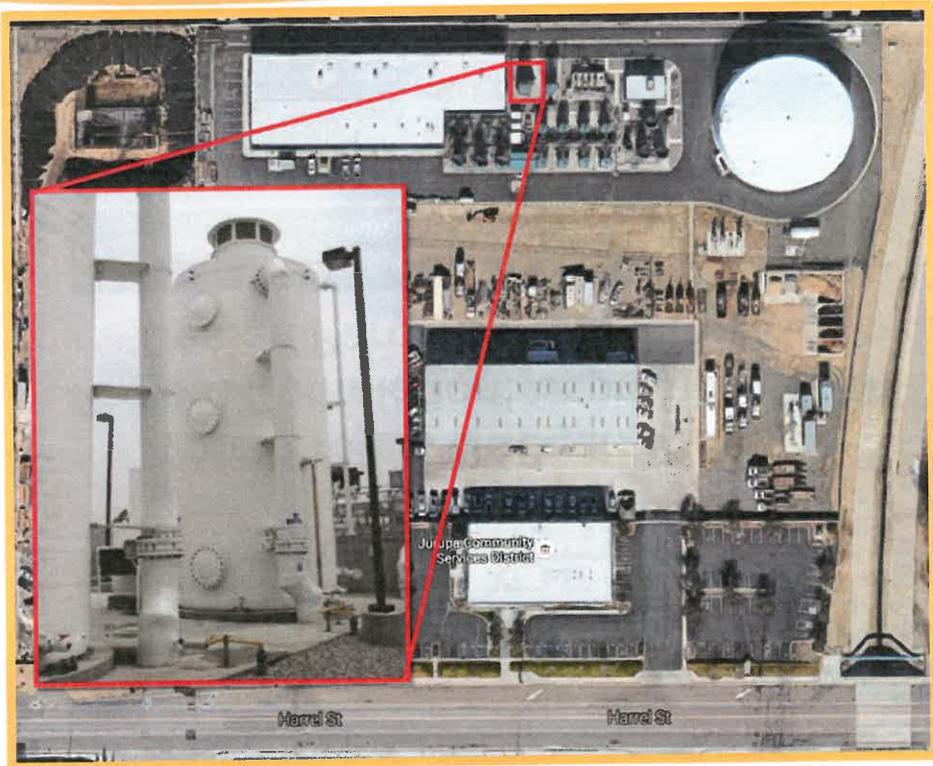
Phase	Consultant/ Contractor	Current Contract	Amendments/ Change Orders
Project Development (Current)	TBD	\$0	0%
Construction	TBD	\$0	0%



Current East Entrance

TCE Plume Cleanup

Project Goal: Clean Up Groundwater



Chino II Desalter Existing Decarbonation Tower



Total Project Budget: \$21.3 M
Project Completion: March 2021
Percent Complete: 60%

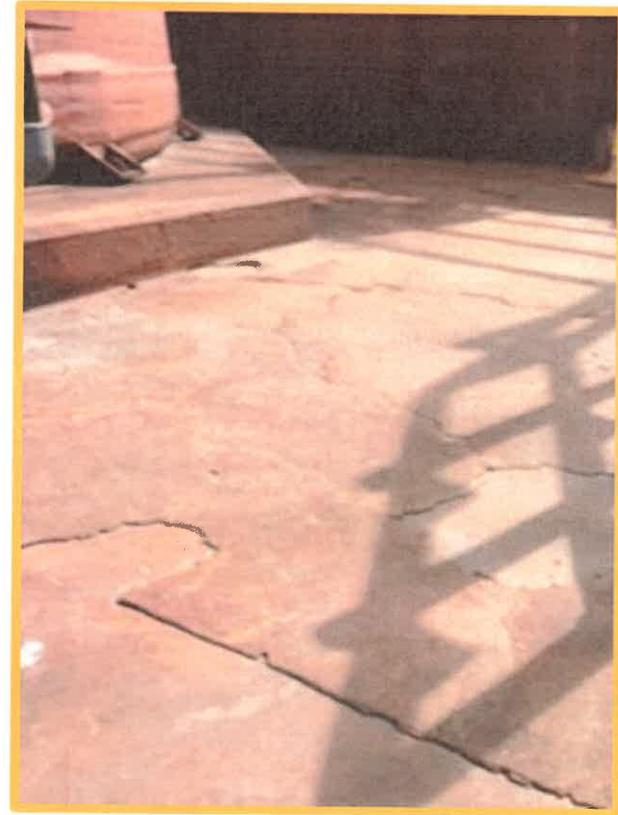
Phase	Consultant/ Contractor	Current Contract	Amendments/ Change Orders
Design	Multiple	\$2,105,717	0%
Monitoring Well Construction	Yellow Jacket	\$462,270	0%
Well II-12 Construction	TBD	TBD	0%
Chino II Decarbonator Construction	TBD	TBD	0%
Phase I Pipeline Construction	Gwinco	\$1.4 M	0%
Phase II Pipeline Construction	TBD	TBD	0%

Agencywide Chemical Containment Coating Rehab and Repairs

Project Goal: Extend asset life

Total Project Budget: \$350 K
Project Completion: September 2020
Design Percent Complete: 0%

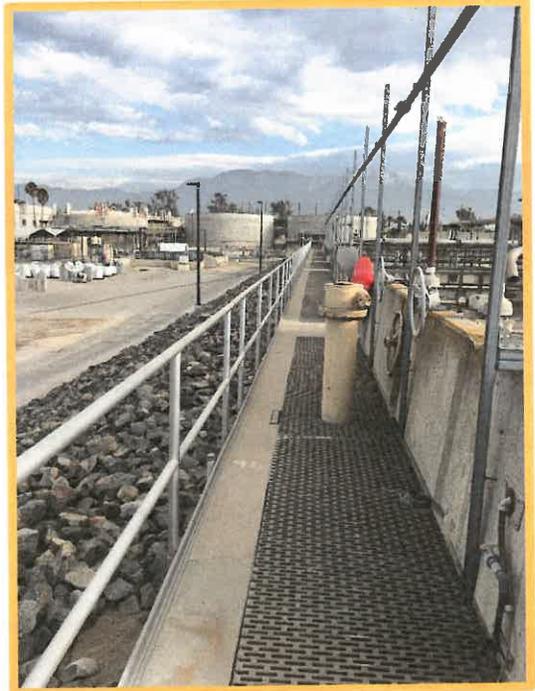
Phase	Consultant/ Contractor	Current Contract	Amendments/ Change Orders
Design (Current)	TBD	\$0	0%
Construction	TBD	\$0	0%



4 Damaged Coating in RP-1 Ferric Containment Area

RP-1 Aeration Basin Catwalk Safety Railing

Project Goal: Improve Safety



Aeration Basin Railing Installed

Total Project Budget: \$155,000
Project Completion: July 2019
Construction Percent Complete: 100%

Phase	Consultant/ Contractor	Current Contract	Amendments/ Change Orders
Construction	AToM Engineering Construction	\$117,000	0%

RP-4 Influent Screen Replacement

Project Goal: Replace Underperforming Equipment

Total Project Budget: \$3 M

Project Completion: September 2020

Construction Percent Complete: 0%

Phase	Consultant/ Contractor	Current Contract	Amendments/ Change Orders
Design/Build (Current)	TBD	TBD	0%



Existing RP-4 Influent Screens

**RECEIVE AND
FILE**

3A



July 11, 2019

Mr. Shivaji Deshmukh
General Manager
Inland Empire Utilities Agency
6075 Kimball Avenue
Chino, CA 91708

Re: Chino Basin Program

Dear Mr. Deshmukh,

The undersigned Contracting Agencies would like to thank you and the Inland Empire Utilities Agency (IEUA) staff for your efforts associated with the development of the Chino Basin Program (CBP). Addressing the Basin management priorities recognized as a part of the CBP is a commendable and laudable goal. The Contracting Agencies have committed to working collaboratively, and in good faith, to identify issues of common concern as well as goals and solutions which are of common benefit, as stated in the Memorandum of Understanding (MOU) jointly executed earlier this year. The purpose of this letter is to request responses to key questions and concerns identified by Contracting Agencies that need to be clearly evaluated and considered as the next step of the CBP.

Source Water

The Contracting Agencies request clarification regarding the source water to be used over the 25-year term of the program. The CBP relies on exporting advanced treated recycled water. Prior to any substantial engineering work, each source of available water, volume anticipated, and related costs should be identified. This includes the specific IEUA Contracting Agencies whose base entitlement will be utilized, if that source is planned as an integral part of the CBP.

Business Case

Currently, the annual operations and maintenance (O&M) costs for the CBP facilities are incorporated into the IEUA Rate Study and are assumed to be absorbed into future IEUA rates. The Contracting Agencies request that O&M costs related to the CBP be evaluated separately as a part of the CBP and not be incorporated into IEUA rates. The annual operating components and maintenance costs for the CBP must be considered as part of the evaluation of the economic viability of the CBP.

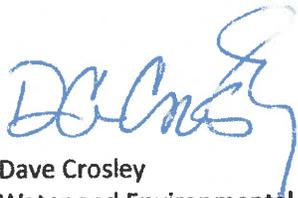
Additionally, the Contract Agencies seek to understand the present day value of the water to be exported to the State for environmental purposes. A large volume of water, generated within the Basin, is planned to be dedicated to the CBP. Growing demands raise the question: What is the value of keeping this water in the Basin?

The Contracting Agencies request a thorough analysis of the “no project” alternative(s) in order to fully evaluate and consider the financial impacts of the CBP grant and compare these to potential alternative approaches that address local requirements when they are needed.

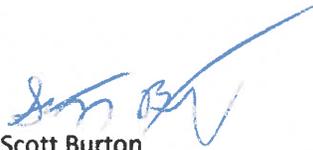
Broad concerns regarding the CBP remain around the risks of long-term operating commitments, impacts on the Basin, and entering into a long-term commitment involving State environmental purposes. In order to continue with a collaborative process to the benefit of the public we serve, as intended in the MOU and as needed to successfully move this project forward, we respectfully request your consideration and response on the aforementioned topics.

Sincerely,

(signatures on following pages)

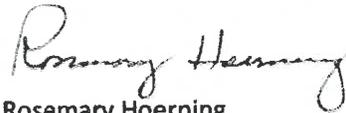


Dave Crosley
Water and Environmental Manager
City of Chino



Scott Burton
Utilities General Manager
City of Ontario

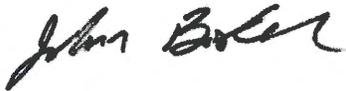
Nadeem Majaj, P.E.
Director of Public Works/City Engineer
City of Chino Hills



Rosemary Hoerning
Acting City Manager
City of Upland



Chuck Hayes
Public Works Director
City of Fontana



John Bosler
General Manager
Cucamonga Valley Water District



Noel Castillo
Public Works Director/City Engineer
City of Montclair

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TEL (909) 993-1600 • FAX (909) 993-1985
www.ieua.org

July 23, 2019

RE: Chino Basin Program

To the Inland Empire Utilities Agency Regional Contracting Agencies:

Thank you for your July 11, 2019, letter requesting additional information on key items of the Chino Basin Program (CBP). We appreciate your continuing participation as we move forward to ensure the process is collaborative and transparent. Inland Empire Utilities Agency (IEUA) is committed to working cooperatively with our stakeholders to address the items raised in the letter regarding the source of supply, the value of water, and the long-term operating financial commitments for the CBP.

It is important to note that we are currently in the preliminary planning efforts with our consultants to determine preferred alternatives that will define the CBP. We are still evaluating the best options for the design and structure of the program. The ongoing workgroup meetings are scheduled to provide a forum to ensure all questions are addressed before asking the Regional Contracting Agencies (RCA) to commit to a final plan.

Your letter had several specific questions and requested clarifications, including:

The Contracting Agencies request clarification regarding the source water to be used over the 25-year term of the program.

The information being gathered by IEUA's consultant, Brown and Caldwell, for the Preliminary Design Report (PDR) will help prioritize the most viable alternatives for source water, taking into account the RCA's preference that additional water be purchased to meet the requirements of the 1969 Judgment without affecting RCA base entitlements. The intent of the PDR, which is expected to be finalized in early 2020, is to identify what facilities are needed, where the facilities could be located, potential available water sources, and expected costs involved.

Jurupa Community Services District (JCS D) was identified in prior workgroup meetings as an initial potential partner for source water. The IEUA-JCS D Recycled Water Interconnection Benefit Analysis is the first detailed discussion on source water that will be presented at the July 25th Regional Technical Committee meeting. As we identify additional water sources that meet the PDR needs, they will be presented at future workgroup meetings to gather feedback and develop consensus. We agree that final CBP design efforts will not commence without a consensus from the RCA on the water supply sources and local agency agreements.

The Contracting Agencies request that O&M costs related to the CBP be evaluated separately as a part of the CBP and not be incorporated into IEUA rates.

IEUA has designed its current rate study to ensure potential operations and maintenance (O&M) costs for the CBP are separate and not used in the determination of any possible adjustments to the current rates. Once consensus on the most viable design of the program is achieved, potential CBP-specific O&M cost

Water Smart - Thinking in Terms of Tomorrow

Paul Hofer
President

Jasmin A. Hall
Vice President

Kati Parker
Secretary/Treasurer

Michael Camacho
Director

Steven J. Elie
Director

Shivaji Deshmukh
General Manager

analyses will be presented to the workgroup for input and feedback. Any rate adjustments that result from the 2020 Rate Study will not include any costs associated with the CBP beyond the planning phase.

Additionally, the Contracting Agencies seek to understand the present-day value of water to be exported to the State for environmental purposes... what is the value of keeping this water in the basin... the Contracting Agencies request a thorough analysis of the "no project" alternative(s).

The CBP financial modeling is recognized by our staff as a priority in determining the overall viability and value of the CBP. Based on the input received, along with new information from the PDR process, staff is currently working to update and refine the analysis presented at CBP Workgroup #3 on February 27, 2019. A consideration for the RCA is to designate a subgroup to work with IEUA staff and economists to refine the baseline "no project" alternative. Upon completion, an additional third-party review can be conducted on the financial analysis by IEUA's financial consultant (PFM) or others.

We look forward to working together on the CBP. IEUA will continue to develop the planning scenarios collaboratively with the CBP workgroup and develop analyses that provide the clarity requested by the RCA. We value your continued participation, input and partnership in the development of the CBP. If you have additional comments or questions, please contact me at 909.993.1730 or sdeshmukh@ieua.org.

Sincerely,
Inland Empire Utilities Agency

A handwritten signature in blue ink that reads "Shivaji Deshmukh". The signature is written in a cursive, flowing style.

Shivaji Deshmukh, PE
General Manager

RECEIVE AND
FILE

3B

Date: October 31, 2019/November 7, 2019
To: Regional Sewerage Committees
From: Inland Empire Utilities Agency *AW*
Subject: FY 2018/19 Fourth Quarter Budget Variance Report

RECOMMENDATION

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

BACKGROUND

The item was presented as an informational item at the IEUA Board of Directors meeting on September 18, 2019.



Date: September 18, 2019

To: The Honorable Board of Directors

From: Shivaji Deshmukh, General Manager

BSM

Committee: Finance & Administration

09/11/19

Executive Contact: Christina Valencia, Executive Manager of Finance & Administration/AGM

Subject: Fiscal Year 2018/19 Fourth Quarter Budget Variance, Performance Goal Updates, and Budget Transfers

Executive Summary:

The budget variance report presents the Agency's financial performance through the fourth quarter ended June 30, 2019 and various related analyses are provided in the attachments.

The Agency's total revenues and other funding sources were \$245 million, or 87 percent of the fiscal year budget of \$281 million. The unfavorable variance is due to lower than anticipated grant and loan receipts which are primarily reimbursable in nature and are dependent upon related capital project expenditures.

The Agency's total expenses and other uses of funds were \$221 million, or 79 percent of the fiscal year budget of \$280 million. Lower than budgeted administrative and operating expenses coupled with delayed capital project execution account for the positive variance.

The net change of the unaudited total revenues and other funding sources over the total expenses and other uses of funds for the fiscal year is an increase of \$24 million.

Staff's Recommendation:

The Fiscal Year (FY) 2018/19 fourth quarter budget variance, performance goals updates, and budget transfers is an informational item for the Board of Directors to receive and file.

Budget Impact Budgeted (Y/N): N Amendment (Y/N): N Amount for Requested Approval:

Account/Project Name:

Fiscal Impact (explain if not budgeted):

The net change of the total revenues and other funding sources over the total expenses and other uses of funds is an increase of \$24 million for the quarter ended June 30, 2019.

Full account coding (internal AP purposes only): - - -

Project No.:

Prior Board Action:

None.

Environmental Determination:

Not Applicable

Business Goal:

The quarterly budget variance report is consistent with the Agency's business goal of fiscal responsibility to demonstrate the Agency has appropriately funded operational, maintenance, and capital costs.

Attachments:

Attachment 1 - Background

Exhibit A - Q4 Budget Variance Summary and Detail Report

Exhibit B - Business Goals and Objectives Report by Initiatives

Exhibit C-1 - Summary of Annual Budget Transfers in the Fourth Quarter

Exhibit C-2 - Summary of the GM Contingency Account Activity

Exhibit D - Project Budget Transfers for Capital & Non-Capital Projects

Attachment 2 - PowerPoint

Background

Subject: Fiscal Year 2018/19 Fourth Quarter Budget Variance, Performance Goals Updates, and Budget Transfers

The Budget Variance report presents the Agency's financial performance through the fourth quarter ending June 30, 2019, and includes the following highlights:

TOTAL REVENUES AND OTHER FUNDING SOURCES

Overall, the Agency's total revenue and other funding sources were \$245.1 million, or 87 percent of the fiscal year budget of \$280.7 million for the quarter ended June 30, 2019 (Exhibit A detail). The following section highlights key variances:

- **Recycled Water Sales** – Total recycled water direct sales were \$7.7 million for 16,803-acre feet (AF) and groundwater recharge sales were \$5.5 million for 11,542-acre feet (AF), a combined total of \$13.2 million or 28,345 AF sales. Total deliveries of 36,700 AF (23,000 AF Direct and 13,700 AF Recharge) were budgeted for the fiscal year. Sales demand for direct use and groundwater recharge varies depending on weather patterns, water use conservation efforts, reuse supply, and basin availability. This year's wet winter conditions impacted deliveries due to less demand for recycled water and reduced recharged deliveries to the groundwater basins because of stormwater capture.
- **Property Taxes** – Tax receipts at the end of the fourth quarter were \$53.0 million or 110.8% of the amended budget. General ad-valorem property tax receipts from the San Bernardino County Tax Assessor were \$36.7 million and "pass through" incremental Redevelopment Agencies (RDA) taxes were \$16.3 million. Property tax receipts are budgeted based on valuation projected by the county, increased home sales, and anticipated adjustments in property tax distribution due to the dissolution of the redevelopment agencies.
- **Connection Fees** – Total connection fees receipts were \$28.8 million or 87.4 percent of the budget. Receipts include \$22.4 million for new regional wastewater system connections (EDU), and \$6.3 million for new water connections (MEU). The number of new EDU connections reported through the fourth quarter were 3,392 EDUs compared to the annual budget of 4,000 EDUs and the total new water connections were 4,600 MEUs compared to the 4,000 budgeted MEUs.
- **Grants & Loans** – Total grant and loan receipts were \$7.9 million, or 18.3 percent of the fiscal year budget. Included is \$3.6 million of State Revolving Fund (SRF) loan for San Sevaine Basin Improvements and \$2.2 million for the regional water quality laboratory. Grants and loan receipts are primarily reimbursable in nature and as such are dependent upon related capital project expenditures. The annual grants budget of \$14.8 million included \$6.7 million for Northeast/Southern project in the Recycled Water fund, \$5.4 million for the new water quality laboratory in the Regional Wastewater Operations and Maintenance fund and \$2.1 million for Santa Ana River Conservation & Conjunctive Use Program (SARCCUP) project in the Water Resources fund. Grant receipts consist of

reimbursements from federal and state programs may contain pass-through funding for other agencies. State Revolving Fund (SRF) loan proceeds annual budget of \$28.6 million included \$9.0 million for Recharge Master Plan Update in the Recharge Water Fund, \$7.9 million for Northeast/Southern project in the Recycled Water Fund, \$7.7 million for the RP-5 Solids Treatment and Liquid Expansion projects in the Regional Wastewater Capital Improvement fund, and \$4.0 million for the new water quality laboratory in the Regional Wastewater Operations and Maintenance fund.

TOTAL EXPENSES AND USES OF FUNDS

The Agency's total expenses and uses of funds were \$220.7 million, or 78.8 percent of the \$280.0 million budget, including the budget amendment for open encumbrances carried forward from the prior fiscal year and approved by the Board on September 19, 2018. Key expense highlights for the quarter ending June 30, 2019 include:

Administrative Expenses

- **Professional Fees & Services** – Total expenses were \$8.1 million, or 67.1 percent of the year to date budget. The positive variance can be attributed to the timing of contract services deferred such as: rehabilitation of clarifiers and aeration basins; repairs and calibration of critical compliance equipment and treatment process; and contractor and consultant support for project management and administrative services. A portion of the unspent budget was included in the encumbrances to be carried forward to FY 2019/20.
- **O&M (Non-capital) Projects** – O&M and reimbursable project costs were \$10.3 million or 34.9 percent of their year to date budget. The favorable balance is mainly due to lower spending on the TCE Plume Cleanup project and the Santa Ana River Conservation & Conjunctive Use Program (SARCCUP). IEUA's participation in SARCCUP is limited to conservation efforts, as a result, expenditures were much lower than the FY 2018/19 budget.

Operating Expenses

- **Operating Fees** – Spending in this category was \$11.5 million, or 85.6 percent of the budget. The majority of the expense is the non-reclaimable wastewater system (NRWS) “pass-through” fees from Sanitation District of Los Angeles County (SDLAC) and Santa Ana Watershed Project Authority (SAWPA). The category also includes \$3.0 million of readiness-to-serve (RTS) obligation pass-through to MWD.
- **MWD Water Purchases** – Total Metropolitan Water District of Southern California (MWD) pass-through imported water purchases was \$45.5 million or 105.9 percent of budget. Imported water deliveries were 64,741 AF compared to the annual budgeted quantity of 50,000 AF. The shift by some member agencies to imported water use from local supplies due to water quality issues accounts for the higher deliveries. Water purchases from were offset from deliveries by a \$1.3 million (13,010 AF) water management local resources programs credit from MWD.

Non-Operating Expenses

- Capital Projects** – Total capital project expenditures through the end of the fourth quarter were \$55.3 million or 63.3 percent of the year to date budget of \$87.4 million. Favorable variance in capital spending is largely driven by delay in contractor work, and design recommendation reviews, as well as extended request for proposals and subsequent contract award delay. Capital project costs related to the Regional Wastewater program through the fourth quarter were \$45.0 million, or 87 percent of the \$51.9 million annual program budget. Recycled Water capital projects accounted for \$6.8 million, or 42 percent of the \$16.2 million annual program budget.

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

FUND BALANCES AND RESERVES

The net change of the total revenues and other funding sources over the total expenses and other uses of funds for this quarter to date is an increase of \$24.4 million.

Table 1 provides an overview of the fiscal year budget variance in revenues, expenses, and fund balance.

**Table 1: Fiscal Year and Year to Date (YTD)
Revenues, Expenses, and Fund Balance (\$Millions)
Quarter Ending June 30, 2019**

Operating	FY 2018/19 Amended Budget	Actual YTD	% Budget Used YTD
Operating Revenue	\$154.1	\$153.3	99.4%
Operating Expense	(\$169.5)	(\$143.0)	84.4%
Net Operating Increase/(Decrease)	(\$15.4)	\$10.3	
Non- Operating			
Non-Operating Revenue	\$126.6	\$91.8	72.5%
Non-Operating Expense	(\$110.5)	(\$77.7)	70.3%
Net Non-Operating Incr./ (Decrease)	\$16.1	\$14.1	
Total Sources of Funds	\$280.7	\$245.1	87.3%
Total Uses of Funds	(\$280.0)	(\$220.6)	78.8%
Total Net Increase/(Decrease)	\$0.7	\$24.4	

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 third quarter. 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 use the performance indicators to track productivity and to justify current resource allocations, re-allocation and requests for additional staff.

BUDGET TRANSFERS AND AMENDMENTS

Intra-fund O&M budget transfers for the fourth quarter accounted for \$1.3 million as detailed in Exhibit C-1.

The *General Manager (GM) Contingency Account* adopted budget of \$300,000 in the Administrative Services Fund, utilized \$280,000 through the fourth quarter to support unplanned but necessary expenses as listed in Exhibit C-2.

Intra-fund Capital and O&M projects budget transfers accounted for approximately \$0.1 million 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.

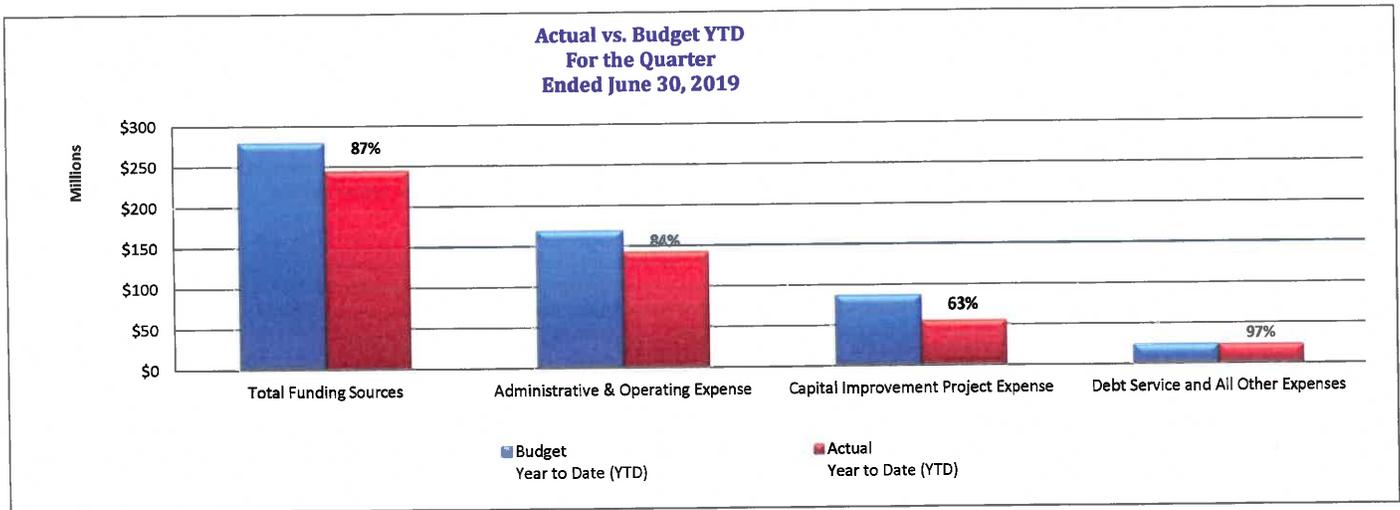
IMPACT ON BUDGET

The net change of the total revenues and other funding sources over the total expenses and other uses of funds for this quarter is an increase of \$24.4 million.

I. Actual vs. Budget Summary:

Quarter Ended June 30, 2019

	Amended Budget	Budget Year to Date (YTD)	Actual Year to Date (YTD)	Budget YTD vs. Actual	% of Budget Used YTD
Operating Revenues	\$154,107,576	\$154,107,577	\$153,254,619	(\$852,958)	99.4%
Non-Operating (Other Sources of Fund)	126,618,589	126,618,590	91,835,245	(34,783,345)	72.5%
TOTAL FUNDING SOURCES	280,726,165	280,726,167	245,089,864	(35,636,303)	87.3%
Administrative & Operating Expense	(169,496,533)	(169,496,534)	(142,997,028)	26,499,506	84.4%
Capital Improvement Project Expense	(87,427,928)	(87,427,928)	(55,329,785)	32,098,143	63.3%
Debt Service and All Other Expenses	(23,067,036)	(23,067,037)	(22,351,397)	715,640	96.9%
TOTAL USES OF FUNDS	(279,991,497)	(279,991,499)	(220,678,210)	59,313,289	78.8%
Surplus/(Deficit)	\$734,668	\$734,668	\$24,411,654	\$23,676,986	



2. Actual Revenue vs. Budget:

Quarter Ended June 30, 2019

	Amended Budget	Budget Year to Date (YTD)	Actual Year to Date (YTD)	Budget YTD vs. Actual	% of Budget Used YTD
Operating Revenues:					
User Charges	\$84,243,779	\$84,243,779	\$84,870,554	\$626,775	100.7%
Recycled Water Sales	18,188,000	18,188,000	13,232,235	(\$4,955,765)	72.8%
MWD Water Sales	42,996,000	42,996,000	45,519,432	\$2,523,432	105.9%
Cost Reimbursement	6,083,947	6,083,947	5,970,231	(\$113,716)	98.1%
Interest	2,595,850	2,595,850	3,662,166	\$1,066,316	141.1%
OPERATING REVENUES	154,107,576	154,107,576	153,254,618	(852,958)	99.4%
Non-Operating Revenues:					
Property Tax - Debt, Capital, Reserves	\$47,887,800	\$47,887,800	\$53,040,078	\$5,152,278	110.8%
Connection Fees	32,911,999	32,911,999	28,769,177	(\$4,142,822)	87.4%
Grants & Loans	43,367,567	43,367,567	7,948,870	(\$35,418,697)	18.3%
Other Revenue	2,451,224	2,451,226	2,077,121	(\$374,105)	84.7%
NON-OPERATING REVENUES	126,618,590	126,618,592	91,835,246	(34,783,346)	72.5%
Total Revenues	\$280,726,166	\$280,726,168	\$245,089,864	(\$35,636,304)	87.3%

User Charges, 100.7% User charges were \$84.9 million, or 100.7 percent of the year to date budget. The category includes \$66.5 million monthly sewer charges based on equivalent dwelling units (EDU), \$12.1 million non-reclaimable wastewater fees paid by industrial and commercial users connected to the brine line system, and \$6.3 million of monthly meter equivalent unit charges (MEU) imposed on all potable water connections and Readiness-to-Serve Ten Year Rolling Average (RTS TYRA) charges to meet our Readiness-to-Serve obligation to Metropolitan Water District (MWD).

Property Tax/ AdValorem, 110.8% Tax receipts at the end of the fiscal year were \$53.0 million or 110.8% of the amended budget. General ad-valorem property tax receipts from the San Bernardino County Tax Assessor were \$36.7 million and "pass through" incremental Redevelopment Agencies (RDA) taxes were \$16.3 million. Property tax receipts are budgeted based on valuation projected by the county, increased home sales, and anticipated adjustments in property tax distribution due to the dissolution of the redevelopment agencies.

Recycled Water Sales, 72.8% Recycled water direct sales were \$7.7 million for 16,803 acre feet (AF) and groundwater recharge sales were \$5.5 million for 11,542 acre feet (AF), for a combined total of \$13.2 million or 28,345 AF. Total deliveries of 36,700 AF (23,000 AF Direct and 13,700 AF Recharge) were budgeted for the fiscal year. Sales demand for direct use and groundwater recharge varies depending on weather patterns, water use conservation efforts, reuse supply, and basin availability. This year's wet winter condition impacted deliveries due to less demand for recycled water and reduced recharged deliveries to the groundwater basins.

Interest Income, 141.1% Interest Income is \$3.7 million or 141.1 percent of the year's budget. The Agency earns interest income by investing funds not immediately required for daily operations. The Agency's average portfolio yield as of June 2019 was 2.5%. The budgeted interest rate assumption of 1.5% is now below the actual yield but the basis was calculated based on the Agency's overall fund balance which is higher than the agency's portfolio.

MWD Water Sales, 105.9% Total Metropolitan Water District of Southern California (MWD) pass-through imported water revenue was \$45.5 million or 105.9 percent of budget. Imported water deliveries were 64,741 AF compared to the annual budgeted quantity of 50,000 AF. The high demand was mainly due to some member agencies shifting to imported water away from local supplies due to water quality issues.

Connection Fees, 87.4% Total connection fee receipts of \$28.8 million or 87.4 percent of the budget. Receipts include \$22.4 million for new regional system connections (EDU), and \$6.3 million for new water connections (MEU). The number of new EDU connections reported through the fourth quarter were 3,392 EDUs compared to the annual budget of 4,000 EDUs, and the total new water connections were 4,060 MEUs compared to the 4,000 budgeted MEU.

Grants and Loans, 18.3% Grant and loan receipts were \$7.9 million, or 18.3 percent of the fiscal year's budget. Included is \$3.6 million of State Revolving Fund (SRF) loan for San Seavine Basin Improvements and \$2.2 million for the regional water quality laboratory. Grants and loan receipts are primarily reimbursable in nature and as such are dependent upon related capital project expenditures. The annual grants budget of \$14.8 million included \$6.7 million for Northeast/Southern project Recycled Water fund, \$5.4 million for the new water quality laboratory Regional Wastewater Operations and Maintenance fund and \$2.1 million for Santa Ana River Conservation & Conjunctive Use Program (SARCCUP) project Water fund. Grant receipts consist of reimbursements from federal and state programs may contain pass-through funding for other agencies. State Revolving Fund (SRF) loan proceeds annual budget of \$28.6 million included \$9.0 million for Recharge Master Plan Update in the Recharge Water Fund, \$7.9 million for Northeast/Southern project Recycle Water Fund, \$7.7 million for the RP-5 Solids Treatment and Liquid Expansion projects in the Regional Wastewater Capital fund, and \$4.0 million for the new water quality laboratory in the Regional Wastewater Operations and Maintenance fund.

Cost Reimbursements JPA, 98.1% Total cost reimbursements were \$6.0 million, or 98.1 percent of budget. Actuals include reimbursements of \$3.7 million from the Inland Empire Regional Composting Authority (IERCA) and \$1.0 million from Chino Basin Desalter Authority (CDA) for the Agency's operation & maintenance of the IERCA Composter and CDA Desalter facilities. Also included is \$1.2 million for the operations & maintenance costs related to the groundwater recharge basins, net of the Agency's pro-rata share for the recycled water recharge costs. Annual total cost reimbursement budget of \$6.1 million includes: \$3.9 million from IERCA, \$1.2 million from CDA, and \$1.0 million from CBWM.

Other Revenues, 84.7% Total other revenues and project reimbursements were \$2.1 million, or 84.7 percent of the year to date budget. Actual receipts include \$0.9 million from Chino Basin Waster Master(CBWM) for their share of the 2008B Rate Variable bond debt service and fixed project costs, \$0.6 million in lease revenues, and \$0.3 million on project reimbursements.

3. Actual Operating and Capital Expense vs. Budget:

Quarter Ended June 30, 2019

	Amended Budget	Budget Year to Date (YTD)	Actual Year to Date (YTD)	Budget YTD vs. Actual	% of Budget Used YTD
Operating Expenses:					
Employment	\$45,938,596	\$45,938,597	\$44,981,332	\$957,265	97.9%
Admin & Operating	80,561,937	80,561,937	52,496,263	\$28,065,674	65.2%
MWD Water Purchases	42,996,000	42,996,000	45,519,432	(\$2,523,432)	105.9%
OPERATING EXPENSES	\$169,496,533	\$169,496,534	\$142,997,027	\$26,499,507	84.4%
Non-Operating Expenses:					
Capital	87,427,928	87,427,928	55,329,785	\$32,098,143	63.3%
Debt Service and All Other Expenses	23,067,036	23,067,037	22,351,398	\$715,639	96.9%
NON-OPERATING EXPENSES	\$110,494,964	\$110,494,965	\$77,681,183	\$32,813,782	70.3%
Total Expenses	\$279,991,497	\$279,991,499	\$220,678,210	\$59,313,289	78.8%

Employment Expenses net of allocation to projects **Employment, 97.9%**
 Employment expenses were \$45.0 million or 97.9 percent of the budget. At the end of the fourth quarter, total filled regular positions were 260 compared to the 290 authorized positions and 14 limited term positions (FTEs). Recruitment of key positions as part of the Agency's succession planning effort is expected to lower the vacancy factor going forward. The budget and actual expenses include \$7.3 million payment toward the agency employee retirement unfunded liabilities which have been paid during the first quarter.

Administrative & Operating Expenses **Office and Administrative, 65.8%**
 Office and administrative for the fiscal year was \$1.5 million. The favorable variance was in part due lower advertising, and department training expense.

Professional Fees & Services, 67.1%
 Total expenses were \$8.1 million, or 67.1 percent of the year's budget. The positive variance can be attributed to the timing of contract services deferred such as: rehabilitation of clarifiers and aeration basins; repairs and calibration of critical compliance equipment and treatment process; and contractor and consultant support for project management and administrative services. A portion of the unspent budget was included in the encumbrances to be carried forward to FY 2019/20.

Materials & Supplies/Leases/Contribution, 81.9%
 Expenses through the end of fourth quarter were \$3.2 million or 81.9 percent of budget. The favorable variance was primarily due to staff's effort to monitor operational equipment usage to ensure maximum use from supplies, replacement parts, and consumables used by treatment plants. As a result, operations-related repairs required fewer corrective tasks than budgeted.

Biosolids Recycling, 93.4%
 Biosolids expenses were \$4.3 million or 93.4 percent of the year's budget. Biosolids budget includes costs for hauling and disposal of biosolids and non-biological materials. Year to date tonnage of the agency's biosolids generated from all its water recycling facilities shipped to IERCA was 67,317 tons with a hauling rate of \$56.00 per ton.

Chemicals, 91.1%
 Chemical expenses were \$4.7 million, or 91.1 percent of the budget. Chemicals are essential in meeting regulatory requirements, treatment process performance goals, and sustainment of high quality recycled water. A reduced polymer dosage contributed to the favorable variance.

Administrative & Operating Expenses continued **Operating Fees, 85.6%**
 Spending in this category was \$11.5 million, or 85.6 percent of the year to date budget. The majority of the expense is Non-reclaimable wastewater system (NRWS) "pass-through" fees from Sanitation District of Los Angeles County (SDLAC) and Santa Ana Watershed Project Authority (SAWPA). The category also includes \$3.0 million of readiness-to-serve (RTS) obligation pass-through to MWD, budgeted at \$2.9 million.

MWD Water Purchases, 105.9%
 Total Metropolitan Water District of Southern California (MWD) pass-through imported water revenue was \$45.5 million or 105.9 percent of budget. Imported water deliveries were 64,741 AF compared to the annual budgeted quantity of 50,000 AF. The high demand was mainly due to some member agencies shifting to imported water away from local supplies due to water quality issues.

Utilities, 93.4%
 Total utilities expenses were \$6.3 million of the \$8.3 million of the fiscal year budget. This category includes the purchase of electricity from Southern California Edison (SCE) or the grid, natural gas, and purchase of renewable energy generated on site from solar and wind. The favorable variance is mainly attributed to lower utility rates. The average rate for imported electricity was \$0.12/kWh compared to the budgeted rate of \$0.125/kWh.

O&M and Reimbursable Projects, 32.2% and 66.4%
 The combined O&M and reimbursable project costs were \$10.3 million or 34.9 percent of their combined year to date budget. The favorable balance is mainly due to lower spending on the TCE Plume project and the Santa Ana River Conservation & Conjunctive Use Program (SARCCUP). IEUA's participation in SARCCUP was limited to primarily conservation efforts, as a result, expenditures were much lower than the FY 2018/19 budget.

Financial Expenses **Financial Expense, 96.7%**
 Total financial expenses were \$22.0 million through the end of the fiscal year. Actual costs included \$15.4 million paid towards principal for the 2008B Revenue Bond, 2010A Revenue Bond, 2017A Revenue Bond, and State Revolving Fund (SRF) notes. Total interest payments were \$6.3 million and \$0.3 million for financial administration fees.

Other Expenses **Other Expenses, 111.6%**
 Total other expenses were \$0.4 million or 111.6 percent of the budget. This category included an annual contributions-in-aid to the Santa Ana Watershed Project Authority for \$0.3 million and a one time \$50 thousand refund of overpayment of water connection fees that was paid by one of the builders from previous fiscal year.

Capital Expenses **Capital Costs, 63.3%**
 Total capital project expenditures year to date were \$55.3 million or 63.3 percent of the fiscal year budget of \$87.4 million. The favorable variance is primarily due to contractor delays, design recommendation reviews, and extended request for proposals and related contract award delays. Capital project costs related to the regional wastewater program through the fourth quarter were \$45.0 million, or 87 percent of the \$51.9 million annual program budget. Recycled water capital projects accounted for \$6.8 million, or 42 percent of the \$16.2 million annual program budget.

Summary of major capital and non-capital project expenses and status as of June 30, 2019

Capital Projects		Annual Budget	Actual YTD	% of Budget Used YTD
EN14019	RP-1 Headworks Gate Replacement The project schedule was slightly delayed with recovery in progress due to additional days negotiated with the contractor due to the procurement of the motor control center. The annual budget of the project was exceeded, but the project spending remains within the total project budget of \$9.8 million.	3,450,000	6,149,192	178.2%
EN19001	RP-5 Liquids Treatment Expansion Project is in design phase with 90% of design completed. The project will be amended to include the renewable energy and efficiency project (REEP). This amendment will cause no foreseeable change in project schedule or budget. The project spending is well within the total project budget of \$175.0 million.	4,449,209	5,420,968	121.8%
EN15012	RP-1 East Primary Effluent Conveyance Improven The purpose of the project is to decommission an obsolete primary effluent pump station to address a flow bottleneck causing operational constraints, reduce odor and vector issues, simplify the associated piping network, and remove other obsolete ancillary equipment in the pump station area. The project is in the bid and award phase and is scheduled to be completed on time. The project exceeded its annual appropriation but remained within the total project budget of \$6.7 million.	4,500,000	5,370,497	119.3%
EN19006	RP-5 Solids Handling Facility Project is in design phase with 90% of design completed. The project will be amended to include the renewable energy and efficiency project (REEP). This amendment will cause no foreseeable change in project schedule or budget. The project's current total project budget is \$165 million.	4,710,521	6,099,881	129.5%

O&M & Reimbursable Projects		Annual Budget	Actual YTD	% of Budget Used YTD
RW19002	<p>CBWM Pomona Extensometer</p> <p>The goal of this project is to construct new Chino Basin Watermaster (CBWM) wells to record subsidence and groundwater levels. This is a 100% reimbursable project from CBWM for which State Revolving Fund loans and grants are also anticipated. Construction is at 95% and the project is scheduled to be completed on time.</p>	1,463,581	1,153,332	78.8%
PA17006	<p>Agency-Wide Aeration Panel Replacements</p> <p>The project scope involves the replacement of aeration panels at RP-1, RP-4, RP-5, and CCWRF. The aeration panel replacement will improve oxygen transfer efficiency and operational effectiveness of the wastewater treatment process. The RP-5 Aeration Panel construction is estimated to be completed in this fiscal year.</p>	1,929,402	1,926,339	99.8%
WR16024	<p>Santa Ana River Conservation and Conjunctive Use Program (SARCCUP)</p> <p>The Santa Ana River Conservation & Conjunctive Use Program (SARCCUP) project is ongoing with multiple agencies sharing the costs. Level of participation drives expenses. Currently, IEUA's participation in SARCCUP is limited to primarily conservation efforts.</p>	3,581,604	197,117	5.5%

INLAND EMPIRE UTILITIES AGENCY
Fiscal Year 2018/19
CONSOLIDATED BUDGET VARIANCE ANALYSIS REPORT
Quarter Ended June 30, 2019

	Amended Budget	Budget YTD	Actual YTD	Variance YTD	% Budget Used YTD
<u>OPERATING REVENUES</u>					
User Charges	\$84,243,779	\$84,243,779	\$84,870,554	\$626,775	100.7%
Recycled Water	18,188,000	18,188,000	13,232,235	(4,955,765)	72.8%
MWD Water Sales	42,996,000	42,996,000	45,519,432	2,523,432	105.9%
Cost Reimbursement from JPA	6,083,947	6,083,947	5,970,231	(113,716)	98.1%
Interest Revenue	2,595,850	2,595,850	3,662,166	1,066,316	141.1%
TOTAL OPERATING REVENUES	\$154,107,576	\$154,107,577	\$153,254,619	(\$852,958)	99.4%
<u>NON-OPERATING REVENUES</u>					
Property Tax	\$47,887,800	\$47,887,800	\$53,040,078	\$5,152,278	110.8%
Connection Fees	32,911,999	32,911,999	28,769,177	(4,142,823)	87.4%
Grants	14,781,667	14,781,667	2,069,985	(12,711,682)	14.0%
SRF Loan Proceeds	28,585,900	28,585,900	5,878,885	(22,707,015)	20.6%
Project Reimbursements	1,522,918	1,522,918	1,122,207	(400,711)	73.7%
Other Revenue	928,305	928,305	954,913	26,608	102.9%
TOTAL NON OPERATING REVENUES	\$126,618,589	\$126,618,590	\$91,835,245	(\$34,783,345)	72.5%
TOTAL REVENUES	\$280,726,166	\$280,726,168	\$245,089,864	(\$35,636,303)	87.3%
<u>ADMINISTRATIVE and OPERATING EXPENSES</u>					
EMPLOYMENT EXPENSES					
Wages	\$22,137,889	\$22,137,889	\$26,580,830	(\$4,442,941)	120.1%
Benefits	23,800,708	23,800,708	18,400,502	5,400,207	77.3%
TOTAL EMPLOYMENT EXPENSES	\$45,938,596	\$45,938,597	\$44,981,332	\$957,266	97.9%
ADMINISTRATIVE EXPENSES					
Office & Administrative	\$2,332,221	\$2,332,221	\$1,534,861	\$797,361	65.8%
Insurance Expenses	874,300	874,300	677,978	196,322	77.5%
Professional Fees & Services	12,107,038	12,107,038	8,125,392	3,981,646	67.1%
O&M Projects	27,005,709	27,005,709	8,685,805	18,319,904	32.2%
Reimbursable Projects	2,366,192	2,366,192	1,572,064	794,128	66.4%
TOTAL ADMINISTRATIVE EXPENSES	\$44,685,458	\$44,685,459	\$20,596,101	\$24,089,361	46.1%

INLAND EMPIRE UTILITIES AGENCY
Fiscal Year 2018/19
CONSOLIDATED BUDGET VARIANCE ANALYSIS REPORT
Quarter Ended June 30, 2019

	Amended Budget	Budget YTD	Actual YTD	Variance YTD	% Budget Used YTD
OPERATING EXPENSES					
Material & Supplies/Leases	\$3,860,455	\$3,860,455	\$3,161,468	\$698,987	81.9%
Biosolids Recycling	4,643,114	4,643,114	4,335,811	307,303	93.4%
Chemicals	5,118,940	5,118,940	4,663,550	455,391	91.1%
MWD Water Purchases	42,996,000	42,996,000	45,519,432	(2,523,432)	105.9%
Operating Fees/RTS Fees/Exp. Alloc.	13,395,045	13,395,045	11,465,022	1,930,023	85.6%
Utilities	8,858,925	8,858,925	8,274,311	584,614	93.4%
TOTAL OPERATING EXPENSES	\$78,872,479	\$78,872,478	\$77,419,594	\$1,452,886	98.2%
TOTAL ADMINISTRATIVE and OPERATING EXPENSES	\$169,496,533	\$169,496,534	\$142,997,028	\$26,499,513	84.4%
<u>NON-OPERATING EXPENSES</u>					
CAPITAL OUTLAY	\$87,427,928	\$87,427,928	\$55,329,785	\$32,098,143	63.3%
FINANCIAL EXPENSES					
Principal, Interest and Financial Expenditures	22,741,648	22,741,648	21,988,179	753,469	96.7%
OTHER NON OPERATING EXPENSES	325,388	325,388	363,218	(37,830)	111.6%
TOTAL NON-OPERATING EXPENSES	\$110,494,964	\$110,494,965	\$77,681,182	\$32,813,782	70.3%
TOTAL EXPENSES	\$279,991,497	\$279,991,499	\$220,678,210	\$59,313,295	78.8%
REVENUES IN EXCESS/ (UNDER) EXPENSES	\$734,669	\$734,669	\$24,411,654	\$23,676,986	
<i>Totals may not add up due to rounding</i>					

Business Goals Status Updates – FY 2018/19 4th Quarter

Exhibit B

INITIATIVES	ASSET MANAGEMENT – CMMS	CAPITAL PROJECTS	CAREER DEVELOPMENT	AGENCY SECURITY	SAP TRAINING AND ENHANCEMENTS
DIVISION AGENCY MANAGEMENT			<p>Twenty-four staff members took part in the graduation ceremony for the Career Management Program in June. Three staff members completed the Southern California Local Government Leadership Academy by Cal Poly Pomona. Staff continues to complete courses offered by Skill Soft, attend seminars and cross train within the dept.</p>		

Business Goals Status Updates – FY 2018/19 4th Quarter

Exhibit B

INITIATIVES DIVISION	ASSET MANAGEMENT – CMMS	CAPITAL PROJECTS	CAREER DEVELOPMENT	AGENCY SECURITY	SAP TRAINING AND ENHANCEMENTS
EXTERNAL AFFAIRS		<p>The Grants Department has provided support for two major projects that are part of this initiative by strategically pursuing state and/or federal funding:</p> <p><u>IEUA-JCSD Intertie:</u> A State Revolving Fund (SRF) loan, which includes a \$5 million grant award, has been Included in the SWRCB SRF loan Fundable List (State FY2019/20 SRF loan funding budget) for the JCSD-IEUA Intertie Project.</p> <p><u>RP-5 Expansion:</u> Applications have been submitted to both federal (Water Infrastructure Finance and Innovation Act - WIFIA) and state (SRF) funding agencies to support the \$365M cost of this project. The Project has been Included in the SWRCB SRF loan Fundable List</p>	<p>The Grants Department has 2 staff members that successfully completed the Agency Career Management Program in June 2019.</p> <p>Records Management staff attended Laserfiche Empower training, Liebert Cassidy Whitmore training and conducted several in-house webinar training sessions. Staff continues records management development by attending ARMA training both on the national and local levels, attending SkillsSoft training, as well as attending the Feith University Records Management Online courses and training.</p>		<p>The Grants Department has continued collaborative efforts with the Business Information Systems (BIS) Department to modify and enhance the SAP grant module, which will improve the grant invoice and compliance processes.</p> <p>The Records Management Group continues its collaborative efforts with the Business Information Systems (BIS) Department to migrate SAP attachments (records) into the Laserfiche system. Records Management BIS and Safety continues its collaborative efforts for implementation of an Agency-wide Training Application for Safety Tailgates Tracking. Go Live is schedule for January 2020.</p>

Business Goals Status Updates – FY 2018/19 4th Quarter

Exhibit B

INITIATIVES	ASSET MANAGEMENT – CMMS	CAPITAL PROJECTS	CAREER DEVELOPMENT	AGENCY SECURITY	SAP TRAINING AND ENHANCEMENTS
DIVISION		(State FY2019/20 SRF loan funding budget) for \$101 million. An application for the WIFIA loan program in the amount of \$176 million is currently under EPA review.			

Business Goals Status Updates – FY 2018/19 4th Quarter

Exhibit B

INITIATIVES	ASSET MANAGEMENT – CMMS	CAPITAL PROJECTS	CAREER DEVELOPMENT	AGENCY SECURITY	SAP TRAINING AND ENHANCEMENTS
<p>DIVISION</p> <p>ENGINEERING, PLANNING & SCIENCE</p>	<p>The Engineering and Construction Management Department continues to provide ongoing support to operations and maintenance to coordinate and schedule needed condition assessment of critical processes. These reports are used by engineering and operation staff to track asset condition and plan budget and project for asset repairs, replacement or rehabilitation. In parallel to this, a comprehensive study of the Agency’s asset management program is in progress and nearing completion. The study will identify needs and gaps within the Agency’s program, recommend strategies to effectively implement the program, and organize an asset governance structure to support the program. Lastly, an RFP is in final development to complete</p>	<p>As part of the Engineering and Construction Management Department’s goal of providing high quality project management for the completion of Capital Improvement Projects the Department’s KPIs are as follows:</p> <p>4th Quarter Capital Spending was 58%. We did not meet our goal of >= 90%.</p> <p>4th Quarter Actual Expenditures as a percentage of or forecasted expenditures was 77%. We did not meet our goal of >= 90%.</p> <p>4th Quarter Design Scope Amendment ratio was 18.54%. We did not meet our goal of <=10%</p> <p>4th Quarter Change Order ratio was 5.22%. We met our goal of <=10%.</p>	<p>The Engineering and Construction Management Department did not have any monthly mentoring sessions during the 4th qtr. Overall for the year, the Department conducted 5 sessions. The goal of 10 per year was not met. The overall percentage was 50% for the 12-month period.</p>		

Business Goals Status Updates – FY 2018/19 4th Quarter

INITIATIVES	ASSET MANAGEMENT – CMMS	CAPITAL PROJECTS	CAREER DEVELOPMENT	AGENCY SECURITY	SAP TRAINING AND ENHANCEMENTS
DIVISION	<p>a system wide assessment of the Agency’s sewer system and prepare an optimize maintenance and capital plan to support the ongoing life cycle of the sewer system</p>	<p>4th Quarter Project Costs within 110% of Total Project Budget Established in the Project Charter was 43.75%. Seven out of sixteen projects met the goal.</p> <p>As part of The Engineering and Construction Management Department’s implementation of energy efficient projects and efficiencies into existing facilities and equipment. staff identified energy savings design elements including the replacement of the aeration blowers, the aeration diffusers and changes from DO controls to Ammonia controls. However, the audit process was started, and the CCWRF Asset Management and Improvements Package I (EN17006), was put hold pending validation of costs. At this time, no additional projects are at a stage in their life cycle to</p>			

Business Goals Status Updates – FY 2018/19 4th Quarter

Exhibit B

INITIATIVES DIVISION	ASSET MANAGEMENT – CMMS	CAPITAL PROJECTS	CAREER DEVELOPMENT	AGENCY SECURITY	SAP TRAINING AND ENHANCEMENTS
		<p>implement energy efficient enhancements, as they progress the department will actively seek ways to implement energy initiatives and programs to achieve statewide environmental and renewable energy goals and stabilize future costs.</p>			

Business Goals Status Updates – FY 2018/19 4th Quarter

Exhibit B

INITIATIVES	ASSET MANAGEMENT – CMMS	CAPITAL PROJECTS	CAREER DEVELOPMENT	AGENCY SECURITY	SAP TRAINING AND ENHANCEMENTS
DIVISION					
FINANCE & ADMINISTRATION	<p>BIS coordinated the demo and procurement of a tool to help with data entry and extraction from SAP. This pilot project can potentially help with reducing repetitive processes and mass upload or change of SAP data. BIS plans to test the feasibility with master data for procurement and Operations Division as part of asset and equipment data cleanup effort.</p>		<p>BIS started the cross-training one of the analysts, who will potentially replace the soon to retire analyst. The training is for SAP time management module, critical piece for Agency payroll processing.</p>		<p>Working with HR and payroll team, BIS developed a report that shows timesheet approval status each pay period to help inform supervisors and managers of their performance related to timely approval. The report is sent to each approver via email every two weeks.</p> <p>BIS and ISS working together to deploy Microsoft Delve as the new employee directory. It provides both the photo and personnel information, as well as integrating to Outlook calendar for availability and easy access to recently used files and those files shared with others.</p> <p>BIS coordinated with Finance and Accounting and implemented the reduction of WBS</p>

Business Goals Status Updates – FY 2018/19 4th Quarter

Exhibit B

INITIATIVES	ASSET MANAGEMENT – CMMS	CAPITAL PROJECTS	CAREER DEVELOPMENT	AGENCY SECURITY	SAP TRAINING AND ENHANCEMENTS
DIVISION					<p>element to simplify its use and reporting.</p> <p>BIS enhanced the purchase requisition approval process by adding an email alert to buyer (staff in CAP) once the PR is fully approved. The email notification allows buyers to be aware of when a PR is ready for processing and proactively prepare for the purchase order (e.g., reviewing specs, identify potential vendors, etc.).</p> <p>BIS, working with support consultants, completed the system upgrade that brings the software to a current version that includes stronger cybersecurity and better compatibility with other modules and software.</p>

Business Goals Status Updates – FY 2018/19 4th Quarter

INITIATIVES	ASSET MANAGEMENT – CMMS	CAPITAL PROJECTS	CAREER DEVELOPMENT	AGENCY SECURITY	SAP TRAINING AND ENHANCEMENTS
DIVISION OPERATIONS				Finished Implementing some of the Department of Homeland Security’s recommendations, and will be presenting updates at the November Board Workshop	

**Inland Empire Utilities Agency
Inter-Departmental / Division Transfers FY 2018/19
Budget Transfer**

Fund	Fund Name	Date	O&M Transfer From	Category	Amt Transfer Out	O&M Transfer To	Category	Amount Transfer In	Description	QTR
10200	Administrative Services	4/11/19	511220	Travel - Mileage	\$1,000	521080	Other Contract Svcs	\$1,000	The expense for the temporary employee was higher than expected due to an extended leave by staff.	4
		4/11/19	512210	Printing/Copying	\$2,000	521080	Other Contract Svcs	\$2,000	The expense for the temporary employee was higher than expected due to an extended leave by staff.	4
		4/11/19	512350	Postage/Delivery	\$500	521080	Other Contract Svcs	\$500	The expense for the temporary employee was higher than expected due to an extended leave by staff.	4
		4/11/19	513010	Meeting Expenses	\$500	521080	Other Contract Svcs	\$500	The expense for the temporary employee was higher than expected due to an extended leave by staff.	4
		4/11/19	514110	Subscriptions/Publ	\$1,000	521080	Other Contract Svcs	\$1,000	The expense for the temporary employee was higher than expected due to an extended leave by staff.	4
		4/17/19	520980	Prof Svcs - Other	\$3,000	521080	Other Contract Svcs	\$3,000	The expense for the temporary employee was higher than expected due to an extended leave by staff.	4
		4/18/19	511120	Empl Training	\$1,500	511120	Empl Training	\$1,500	Transfer to cover employee Compost Operator Training.	4
		5/2/19	521050	Contract Materials	\$2,000	513010	Meeting Expenses	\$2,000	Transfer from Contract Materials to Meeting Expenses	4
		5/2/19	521050	Contract Materials	\$1,320	514020	Memberships	\$1,320	Transfer from Contract Materials to Memberships	4
		5/8/19	521080	Other Contract Services	\$1,700	521080	Other Contract Svcs	\$1,700	Transfer for temporary staff as the expense was higher than expected when a staff member extended their leave.	4
		5/28/19	521080	Other Contract Services	\$20,000	521080	Other Contract Svcs	\$20,000	Transfer to cover PFM Inv. Advisory expenses through the remainder of the fiscal year.	4
		5/31/19	521010	Contract Labor	\$11,325	526510	Haz Mat Disposal	\$11,325	Transfer to cover reclassification requests.	4
		5/31/19	521050	Contract Materials	\$12,330	512450	Fleet Parts, Supplies	\$12,330	Transfer to cover reclassification requests.	4
		5/31/19	521050	Contract Materials	\$829	512450	Fleet Parts, Supplies	\$829	Transfer to cover reclassification requests.	4
		5/31/19	521050	Contract Materials	\$6,588	512110	Supplies - General	\$6,588	Transfer to cover reclassification requests.	4
		5/31/19	521050	Contract Materials	\$13,159	512450	Fleet Parts, Supplies	\$13,159	Transfer to cover reclassification requests.	4
		6/4/19	510040	Election Expenses	\$1,500	520210	Legal - General	\$1,500	Transfer to cover unforeseen general legal expenses.	4
		6/4/19	511240	Travel Cost - Meals	\$750	520210	Legal - General	\$750	Transfer to cover unforeseen general legal expenses.	4
		6/4/19	511290	Travel Cost - Other	\$1,725	520210	Legal - General	\$1,725	Transfer to cover unforeseen general legal expenses.	4
		6/4/19	513020	Conference Expense	\$1,970	520210	Legal - General	\$1,970	Transfer to cover unforeseen general legal expenses.	4
		6/4/19	514110	Subscriptions/Publ	\$3,000	520210	Legal - General	\$3,000	Transfer to cover unforeseen general legal expenses.	4
		6/5/19	510040	Elections	\$115,000	520210	Legal - General	\$115,000	Transfer required due to unforeseen general legal expenses.	4
		6/5/19	511230	Travel - Transportation	\$4,000	520210	Legal - General	\$4,000	Transfer required due to unforeseen general legal expenses.	4
		6/5/19	511250	Travel - Lodging	\$2,000	520210	Legal - General	\$2,000	Transfer required due to unforeseen general legal expenses.	4
		6/5/19	513010	Meeting Expenses	\$4,000	520210	Legal - General	\$4,000	Transfer required due to unforeseen general legal expenses.	4
		6/5/19	514110	Subscriptions/Publ	\$10,000	520210	Legal - General	\$10,000	Transfer required due to unforeseen general legal expenses.	4
		6/11/19	521080	Other Contract Services	\$24,000	521010	Contract Labor	\$24,000	Transfer to cover the June 2019 service agreement for the laboratory GCs	4
		6/18/19	520930	Prof Svcs - Pub Inv	\$5,000	512110	Supplies - General	\$5,000	To cover the costs of flags and canopies.	4

Fund	Fund Name	Date	O&M Transfer From	Category	Amt Transfer Out	O&M Transfer To	Category	Amount Transfer In	Description	QTR
10200	Administrative Services	6/19/19	511210	OT Meals	\$200	521080	Other Contract Svcs	\$200	Other contract services budgeted for OPEB actuarial valuation were used to pay for temporary staff covering maternity leave.	4
		6/19/19	511240	Travel Meals	\$100	521080	Other Contract Svcs	\$100	Other contract services budgeted for OPEB actuarial valuation were used to pay for temporary staff covering maternity leave.	4
		6/19/19	512010	Office Supplies - General	\$1,250	521080	Other Contract Svcs	\$1,250	Other contract services budgeted for OPEB actuarial valuation were used to pay for temporary staff covering maternity leave.	4
		6/19/19	512210	Printing/Copying	\$500	521080	Other Contract Svcs	\$500	Other contract services budgeted for OPEB actuarial valuation were used to pay for temporary staff covering maternity leave.	4
		6/20/19	521010	Contract Labor	\$20,000	520210	Legal - General	\$20,000	Transfer to cover unforeseen general legal expenses.	4
		6/24/19	511310	Employee Recognition	\$3,470	512730	Equip Rental_Admin	\$3,470	Transfer due to the date change for the 2019 picnic which caused two picnics to be charged in FY 2018/19	4
		6/24/19	521080	Other Contract Services	\$1,500	521080	Other Contract Svcs	\$1,500	The expense for the temporary employee was higher than expected due to an extended leave by staff.	4
		6/25/19	509330	State Unemployment Ins	\$50,000	521080	Other Contract Svcs	\$50,000	Transfer to cover unexpected increases in third party investigations and other related professional services for the FY.	4
10700	Water Resources	5/1/19	521080	Prof Fees & Svcs	\$50,000	570011	Contrib in Aid	\$50,000	Transfer to cover the contribution in aid for SAWPA FY 18/19.	4
10800	Regional Wastewater Operations & Maintenance	4/18/19	521080	Other Contract Services	\$80,000	512170	O&M Supplies	\$80,000	Transfer required to purchase necessary collection supplies to move forward with projects, efficiency of inspections, sanitary sewer overflow warning technology, confined space safety equip., etc.	4
		5/2/19	521010	Prof Fees	\$60,000	530016	Sodium Hypochlorite	\$60,000	Chemical budget has a shortfall for the year. Request is due to a 30% increase in Hypochlorite cost and less effective mixing due to a failed mixer.	4
		5/2/19	521010	Prof Fees	\$40,000	530016	Sodium Hypochlorite	\$40,000	Chemical budget has a shortfall for the year. Request is due to a 30% increase in Hypochlorite cost and less effective mixing due to a failed mixer.	4
		5/2/19	521050	Contract Materials	\$10,000	530020	Sodium Bisulfite	\$10,000	Chemical budget has a shortfall for the year.	4
		5/2/19	521050	Contract Materials	\$1,000	530012	Aluminum Sulfate	\$1,000	Chemical Budget has a shortfall for the year. Aluminum Sulfate cost per dry ton was not correctly estimated.	4
		5/2/19	521050	Contract Materials	\$4,000	530020	Sodium Bisulfite	\$4,000	Chemical budget has a shortfall for the year.	4
		5/2/19	521050	Contract Materials	\$20,000	530024	Ferric Chloride	\$20,000	Chemical budget has a shortfall for the year. Budget for Ferric Chloride was not correctly estimated.	4
		5/2/19	521050	Contract Materials	\$5,000	530016	Sodium Hypochlorite	\$5,000	Chemical budget has a shortfall for the year. Request is due to a 30% increase in Hypochlorite cost and less effective mixing due to a failed mixer.	4
		5/2/19	521050	Contract Materials	\$20,000	530024	Ferric Chloride	\$20,000	Chemical budget has a shortfall for the year. Budget for Ferric Chloride was not correctly estimated.	4
		5/2/19	521050	Contract Materials	\$40,000	530028	Polymer	\$40,000	Chemical budget has a shortfall for the year.	4
		5/2/19	521050	Contract Materials	\$7,850	521080	Other Contract Svcs	\$7,850	Transfer to cover the costs of Lube Oil Analysis.	4
		5/2/19	530039	Iron Sponge	\$30,985	530013	Anthracite	\$30,985	To cover the cost of Anthracite and to align with actual budget.	4
		5/6/19	520920	Prof Svcs - Eng	\$10,250	521220	Lab Svcs - Outside	\$10,250	Transfer needed for unanticipated Contract Lab Services due to delays in ELAP certification for some tests in the Water Quality Laboratory.	4
5/6/19	520920	Prof Svcs - Eng	\$6,450	521220	Lab Svcs - Outside	\$6,450	Transfer needed for unanticipated Contract Lab Services due to delays in ELAP certification for some tests in the Water Quality Laboratory.	4		

Fund	Fund Name	Date	O&M Transfer From	Category	Amt Transfer Out	O&M Transfer To	Category	Amount Transfer In	Description	QTR
10800	Regional Wastewater Operations & Maintenance	5/6/19	520920	Prof Svcs - Eng	\$5,575	521220	Lab Svcs - Outside	\$5,575	Transfer needed for unanticipated Contract Lab Services due to delays in ELAP certification for some tests in the Water Quality Laboratory.	4
		5/9/19	512170	O&M Supplies	\$110,833	520980	Prof Svcs - Other	\$110,833	Transfer to cover the costs of the Redwood Energy Storage for RP-4/IERCF for the remainder of the FY.	4
		5/31/19	521050	Contract Materials	\$11,740	512450	Fleet Parts, Supplies	\$11,740	Transfer to cover reclassification requests.	4
		5/31/19	521050	Contract Materials	\$5,330	512450	Fleet Parts, Supplies	\$5,330	Transfer to cover reclassification requests.	4
		5/31/19	521050	Contract Materials	\$25,481	512450	Fleet Parts, Supplies	\$25,481	Transfer to cover reclassification requests.	4
		5/31/19	521050	Contract Materials	\$4,544	512110	Supplies - General	\$4,544	Transfer to cover reclassification requests.	4
		5/31/19	521050	Contract Materials	\$42,550	512450	Fleet Parts, Supplies	\$42,550	Transfer to cover reclassification requests.	4
		6/13/19	545110	Electricity	\$400,000	545110	Electricity	\$400,000	Transfer to cover the costs of electricity at RP-5 that will be used through the end of FY 2018/19.	4
Total O&M Transfers Out					\$1,320,303	Total O&M Transfers In			\$1,320,303	

**Inland Empire Utilities Agency
FY 2018/19 General Manager Contingency Account Activity
Budget Transfer**

Date	From Proj/Category Title	Sender Amount	Receiver Fund	Receiver FA	Receiver CC	Receiver CE	To Proj/Category Title	Transfer Amount	Balance	Justification
Beginning Balance, July 1, 2018									\$300,000	
9/27/2018	GM Contingency	\$50,000	10200	100000	139100	520950	Prof Svcs - Train Consultants	\$50,000		Career management program
Balance, September 30, 2018									\$50,000	\$250,000
11/5/2018	GM Contingency	\$38,000	10200	100000	118100	520980	Prof Svcs - Other	\$38,000		To cover fixed-cost SAP support service contract
Balance, December 31, 2018									\$38,000	\$212,000
1/3/2019	GM Contingency	\$75,000	10200	100000	118100	520980	Prof Svcs - Other	\$75,000		Consultant letter agreement with interim general manager
Balance, March 31, 2019									\$75,000	\$137,000
6/11/2019	GM Contingency	\$115,000	10200	100000	112100	520210	Legal - General	\$103,000		To cover legal expenses through the end of the fiscal year
			10500	160000	112100	520210	Legal - General	\$2,000		
			10300	400000	112100	520210	Legal - General	\$10,000		
7/8/2019	GM Contingency	\$2,000	10200	105000	146151	980000	IS19009	\$2,000		To cover final purchase against the project
Balance, June 30, 2019									\$117,000	\$20,000

Inland Empire Utilities Agency
Changes in Total Project Budget: Inter-Departmental/Division Capital & O&M Transfers FY 2018/19

Exhibit D

Fund	Transfer Date	Project Number	Project Title	Adopted Total Project (TP) Budget	Prior TP Changes in Current FY	Amt. of Transfer In / (Out)	New TP Budget	Annual Project Budget	Annual Proj. Budget Change	New Annual Project Budget	Project Transferred To/(From)	Justification	
Capital Projects													
10200	5/16/19	IS16021	SAP Roadmap & Strategies	\$2,407,766	(\$13,500)	(\$30,000)	\$2,364,266	\$286,500	(\$30,000)	\$256,500	IS19009	Transfer to fund purchase of two licenses for Microsoft SQL Server Enterprise Edition necessary to encrypt the databases used for extracted data from SAP for the purpose of reporting.	
		IS19009	Business Network Infrastructure	\$195,000	(\$15,000)	\$30,000	\$210,000	\$180,000	\$30,000	\$210,000	(IS16021)		
	5/16/19	IS16021	SAP Roadmap & Strategies	\$2,407,766	(\$43,500)	(\$5,000)	\$2,359,266	\$256,500	(\$5,000)	\$251,500	IS19013	Transfer to fund new project, IS19013, to purchase additional Sage ABRA licenses for HR and Safety staff to track various training classes that employees attend.	
		IS19013	Sage ABRA Licenses	\$0	\$0	\$5,000	\$5,000	\$0	\$5,000	\$5,000	(IS16021)		
	7/11/19	IS19009	Bus. Network Infrastructure	\$195,000	\$15,000	\$2,000	\$212,000	\$210,000	\$2,000	\$212,000	(GM Contingency)	Transfer from GM Contingency to complete the final purchase against the project.	
Subtotal Administration (GG):				\$5,205,532			\$5,150,532	\$933,000		\$935,000			
10800	5/20/19	EP19002	North Major Facilities Repair/Replacement	\$600,000	(\$240,000)	(\$45,000)	\$315,000	\$360,000	(\$45,000)	\$315,000	EN19043	Transfer to create new project, EN19043, to install new PVC piping and purchase and install any necessary actuator parts for each of the four actuators of the RP-1 Centrifuge Foul Air Line.	
		EN19043	RP-1 Centrifuge Foul Air Line	\$0	\$0	\$45,000	\$45,000	\$0	\$45,000	\$45,000	(EP19002)		
Subtotal Regional Operations (RO):				\$600,000			\$360,000	\$360,000		\$360,000			
				Capital Total Project Budget			Total Annual Capital Budget						
				Adopted	Amended	Adopted	Amended	Adopted	Amended	Adopted	Amended		
				\$5,805,532	\$5,510,532	\$1,293,000	\$1,295,000						
O&M Projects													
10200	4/8/19	IS19001	BizNet Cybersecurity	\$75,000	(\$62,000)	(\$5,000)	\$8,000	\$13,000	(\$5,000)	\$8,000	IS19011	Transfer to create new project, IS19011, to pay for a license to allow the door access system (Kantech) to integrate with the Agency's Active Directory system.	
		IS19011	BIZ Kantech AD Integration	\$0	\$0	\$5,000	\$5,000	\$0	\$5,000	\$5,000	(IS19001)		
	5/14/19	IS18002	BizNet Cybersecurity	\$125,000	\$62,000	(\$20,000)	\$167,000	\$125,245	(\$20,000)	\$105,245	EN19042	Transfer to fund additional costs of EN19042 for the excavation of a potable water pipe break outside of the Headquarters B Building.	
		EN19042	HQ-B 2" Potable Water Leak	\$0	\$10,000	\$20,000	\$30,000	\$10,000	\$20,000	\$30,000	(IS18002)		
	5/29/19	IS18002	BizNet Cybersecurity	\$125,000	\$42,000	(\$57,000)	\$110,000	\$105,245	(\$57,000)	\$48,245	O&M: 520920	Transfer to fund a proposal from GHD to provide engineering services for the development of IEUA Engineering Standard Details that will assist in the engineering design and reliability of constructed facilities.	
Subtotal Administration (GG):				\$325,000			\$320,000	\$253,490		\$196,490			
10600	5/8/19	EN17020	WC On-Call Operations and Miantenance Projects	\$295,000	\$0	(\$64,500)	\$230,500	\$150,000	(\$64,500)	\$85,500	O&M: 521220	Transfer to O&M 521220 for unanticipated contract lab services due to delays in ELAP certification for some tests in the Water Quality Laboratory.	
		EN19051	RW Hydraulic Modeling	\$150,000	(\$50,000)	(\$50,000)	\$50,000	\$100,000	(\$50,000)	\$50,000	O&M: 520980		
	5/8/19	EN19051	RW Hydraulic Modeling	\$150,000	(\$50,000)	(\$50,000)	\$50,000	\$100,000	(\$50,000)	\$50,000	O&M: 520980	Transfer to O&M 520980 for plan check and inspection labor costs due to multiple recycled water involved development projects occurring this fiscal year.	
6/26/19		EN17039	8th St Basin RW Turnout Discharge Retrofit	\$562,844	(\$15,000)	(\$75,000)	\$472,844	\$450,000	(\$75,000)	\$375,000	EN19017	Transfer from EN17039 and EN19030 to EN19017 to fund emergency projects that were awarded during FY 2018/19 that had not been paid out and required budget to cover the cost of the contractor and IEUA labor expenses.	
		EN19030	WC Asset Management	\$250,000	\$0	\$0	\$0	\$250,000	(\$100,000)	\$150,000	EN19017		

Inland Empire Utilities Agency

Exhibit D

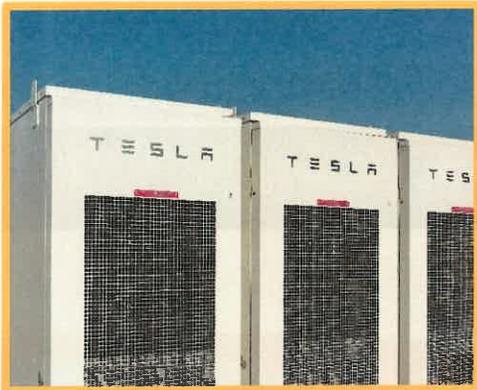
Changes in Total Project Budget: Inter-Departmental/Division Capital & O&M Transfers FY 2018/19

Fund	Transfer Date	Project Number	Project Title	Adopted Total Project (TP) Budget	Prior TP Changes in Current FY	Amt. of Transfer In / (Out)	New TP Budget	Annual Project Budget	Annual Proj. Budget Change	New Annual Project Budget	Project Transferred To/(From)	Justification
		EN19017	WC Emergency O&M Projects	\$250,000	\$0	\$75,000	\$325,000	\$150,000	\$175,000	\$325,000	(EN17039; EN19030)	
Subtotal Recycled Water (WC):				\$1,507,844			\$1,078,344	\$1,100,000		\$985,500		
10700	5/8/19	WR17013	Sponsorships & Public Outreach	\$80,000	\$0	(\$6,000)	\$74,000	\$6,000	(\$6,000)	\$0	O&M: 570011	Transfer to cover the contribution in aid for SAWPA FY 2018/19.
Subtotal Water Resources (WW):				\$80,000			\$74,000	\$6,000		\$0		
10800	5/29/19	PA19003	Agency-Wide Paving	\$50,000	\$0	(\$50,000)	\$0	\$50,000	(\$50,000)	\$0	EN19034	Transfer for additional asphalt work needed at RP-1.
		EN19034	RP-1 Operations Building Paving	\$170,000	\$0	\$50,000	\$220,000	\$170,000	\$50,000	\$220,000	(PA19003)	
Subtotal Regional Operations (RO):				\$220,000			\$220,000	\$220,000		\$220,000		
O&M Total Project Budget							Total Annual O&M Project Budget					
Adopted							Amended		Adopted		Amended	
\$2,132,844							\$1,692,344		\$1,579,490		\$1,401,990	

Total Capital and O&M Project Transfers:	\$54,500
Total Project Budget Change - Capital:	-\$295,000
Total Project Budget Change - O&M Proj:	-\$440,500
Total Project Budget - Net Change:	-\$735,500

FY 2018/19 Budget Variance Report

Fiscal Year Ended June 30, 2019



FY 2018/19 Budget Variance Summary for Regional Wastewater and Recycled Water Programs

(\$ Millions)	Annual Budget	Actual YTD*	% Budget Used YTD
Total Sources of Funds	\$197.2	\$169.0	85.7%
Total Uses of Funds	178.6	145.1	81.2%
Net Increase/(Decrease)	\$18.6	\$23.9	

*YTD – Year to Date

Highlights

- Total Sources of Funds below YTD budget by 14.3%
- Total uses of Funds 18.8% below YTD budget

FY 2018/19 Sources of Funds for Regional Wastewater and Recycled Water Funds

Sources of Funds (\$ Millions)	Annual Budget	Actual YTD*	% Budget Used YTD
User Charges	\$64.7	\$66.5	102.7%
Recycled Water Sales	18.2	13.2	72.7%
Property Tax	42.8	46.2	107.8%
Connection Fees	32.9	28.8	87.4%
Grants and Loans	31.8	7.3	23.0%
Other Revenues**	6.8	7.0	102.9%
Total Sources of Funds	\$197.2	\$169.0	85.7%

*YTD – Year to Date

**Other Revenues includes contract cost reimbursements, lease, and interest revenue

Highlights

User Charges exceeded budget by 2.7% due to a higher number of billable EDUs

Recycled Water Sales: 27,677AF (direct and recharge); below budget due to “wet winter” conditions

Connection Fees:

- 4,060 Meter Equivalent Units
- 3,392 Equivalent Dwelling Units (EDUs) compared to IEUA budget of 4,000 EDUs and Member Agency projection of 6,149 EDUs

Grants and Loans below budget due to low capital project spending

FY 2018/19 Uses of Funds for Regional Wastewater and Recycled Water Funds

Highlights

Uses of Funds (\$ Millions)	Annual Budget	Actual YTD*	% Budget Used YTD
Employment (net of allocation to projects)	\$38.9	\$38.1	97.9%
Operating Expense**	25.4	20.4	80.3%
Utilities	8.7	8.0	92.5%
Project Expense***	85.1	58.2	68.4%
Financial Expense	20.5	20.4	99.4%
Total Uses of Funds	\$178.6	\$145.1	81.2%

Operating Expenses were 20% below budget due to timing and deferral of professional fees and services and lower travel and training expense

Utilities were 7.5% below YTD budget due to lower than budgeted utility rates

Total project expenditures were 31.6% below budget due to changes in project timelines.

*YTD – Year to Date

**Operating expense includes insurance, office & administrative, professional fees, operating fees, chemicals, biosolids recycling, and materials & supplies

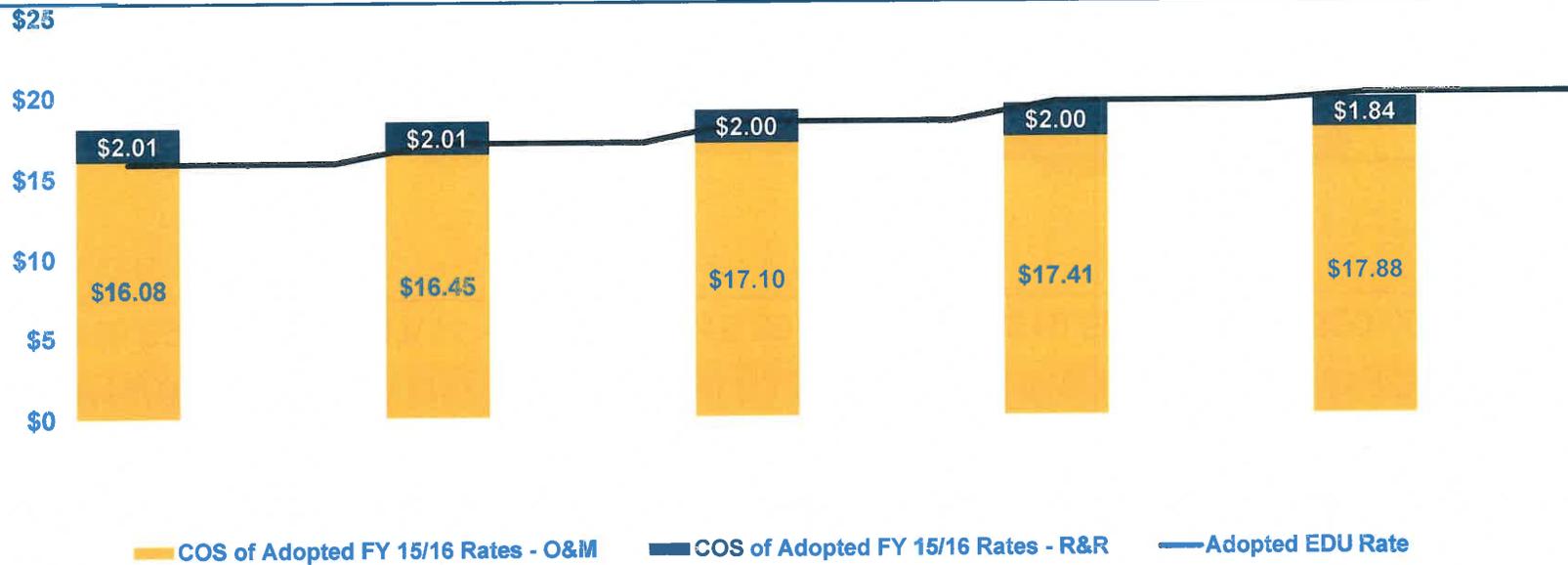
***Includes capital and non-capital (O&M) project costs

Wastewater Operations Fund

Cost of Service per EDU

Adopted Multi-Year Rates \$/EDU

2015/16	2016/17	2017/18	2018/19	2019/20
\$15.89	\$17.14	\$18.39	\$19.59	\$20.00



RECEIVE AND
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3E

Workshop Agenda

1. Project Status
2. Wastewater
 - Connection Fee Overview
 - Monthly EDU Rate Overview
3. Water
 - Connection Fee Overview
 - Monthly MEU Rate Overview

What is a connection fee? One-time charge imposed on new or upsized meters or connections to compensate for the cost of providing system capacity

- Assessed per unit of capacity required:
 - Wastewater per Equivalent Dwelling Unit (EDU)
 - Water per Meter Equivalent Unit (MEU)

Adopted Fees

Wastewater
Connection Fees

FY 2019/20: \$6,955 per EDU

One Water
Connection Fees

FY 2019/20: \$1,684 per MEU

System Value and Cost Components: Hybrid connection fees account for existing assets as well as future improvements.

Existing Assets (Buy-In)

- **Existing Physical Assets** (Replacement Cost New Less Depreciation, RCNLD)
- **Plus:** Construction in Progress
- **Plus:** Cash Reserves
- **Less:** Adjustment for grants and property tax revenues used for capital projects

Future Improvements (Incremental)

- Capital Improvements Attributable to Growth

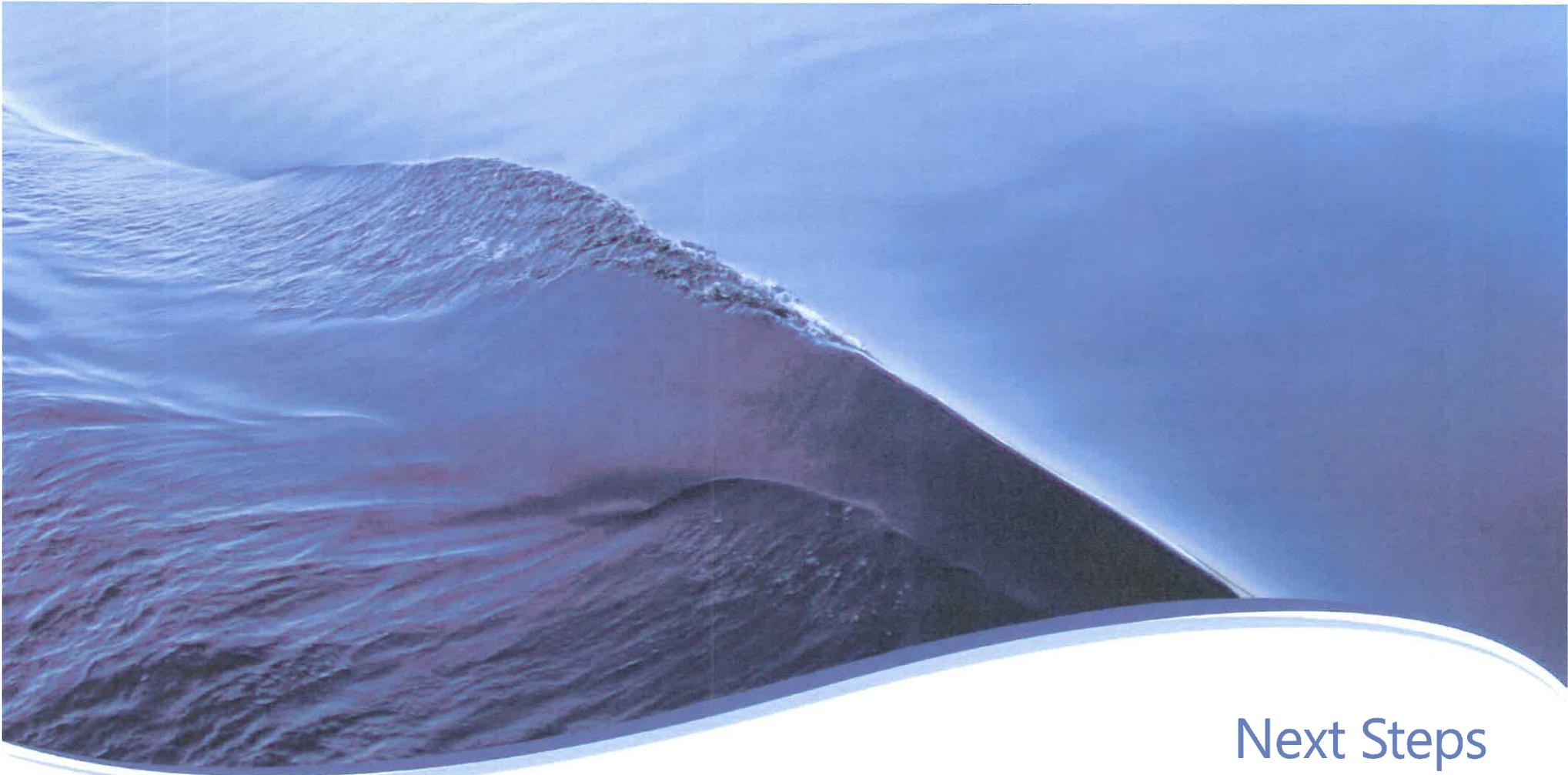
EDU Flow and Loading Assumptions

- Values assumed for Flow, BOD and TSS for a single-family resident, vary from Regional Contract, Exhibit J
- Updated values are necessary to tie the number of EDUs for the connection fee analysis to the Agency's long-term capital planning efforts.
- Exhibit J needs to be updated to appropriately calculate the number of EDUs for non-residential users when they connect to the system as required by Prop 26

User Rates: Need to collect all annual revenue requirements less offsetting revenues



The monthly MEU rate does not currently support capital projects



Next Steps

Next Steps:

- Complete analyses for other service rates
 - Recycled Water Rates
 - Recharge Water Rates
- Incorporate scenarios to assess the impact of the Chino Basin Program
- Start planning for flow and load study and analysis
- Next workshop scheduled tentatively for 09/05/2019



Recycled Water and Recharge Rates

Workshop 5 – October 16, 2019



Workshop Agenda

1. Project Status
2. Recycled Water and Recharge Water Cost of Service
3. Rate Structure Alternatives
4. Next Steps



Project Status and Recap



IEUA Funding Strategy: Based upon a comprehensive and integrated approach

- ✓ Draft Analysis Complete
- ✓ Tech Memo Distributed
- ✓ Draft Recycled and Recharge Analysis Complete



- On hold pending sampling study

- ✓ Draft Analysis Complete
- ✓ Tech Memo Distributed



- ✓ Draft Analysis Complete
- On hold pending sampling study

Wastewater Rates and Connection Fees: Implementing inflationary increases pending sampling study.

- Monthly EDU Rates and Wastewater Connection Fees will be increased by 3-percent consistent with the biennial budget

Monthly EDU Rates	
Current Rate (7/1/2019)	\$20.00
FY 2020/21	\$20.60
FY 2021/22	\$21.22

Wastewater Connection Fee per EDU	
Current Rate (7/1/2019)	\$6,955
FY 2020/21	\$7,164
FY 2021/22	\$7,379

- Flow and loads study results will be used to update EDU assumptions
- Exhibit J will be updated in unison with monthly EDU rates and connection fees

Water Rates and One-Water Connection Fees: Proposed update based on study results.

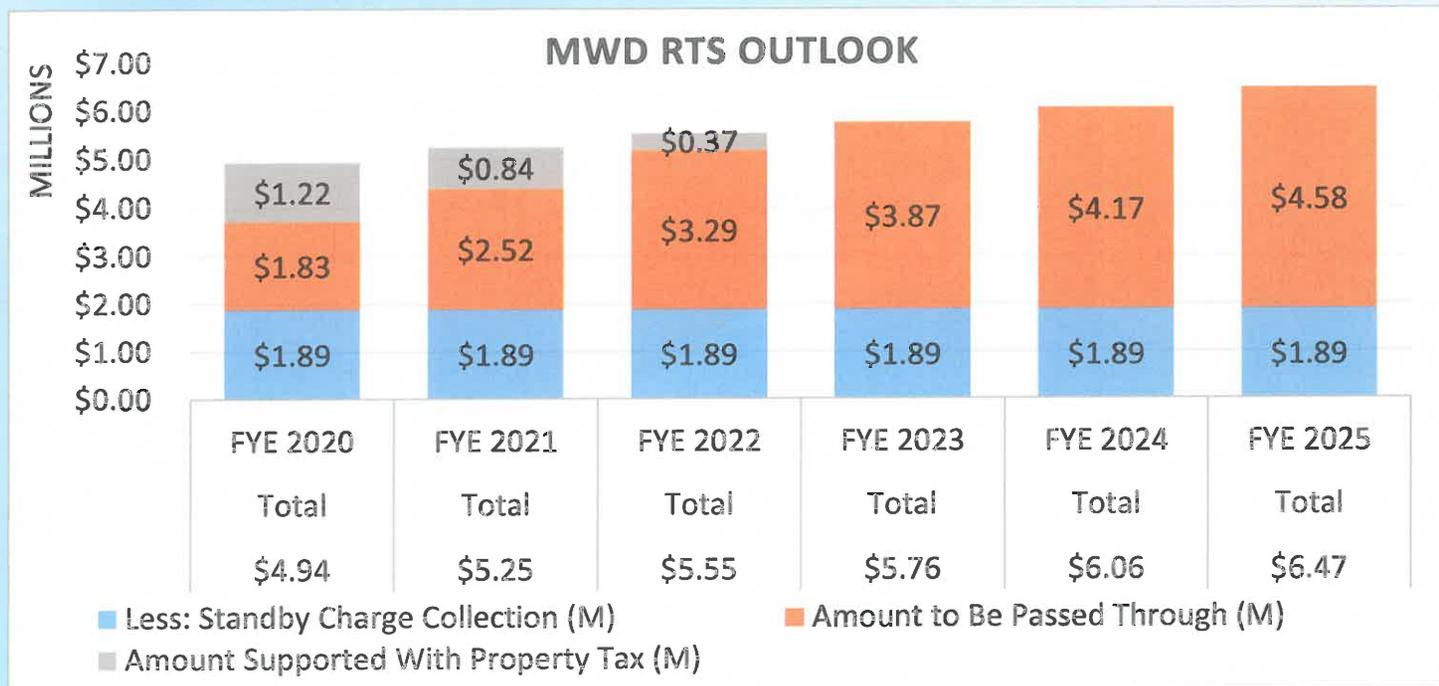
- Monthly MEU Rates increase at 2-percent per year
- Continue Readiness to Serve (RTS) pass-through phase-in
- Initial increase of \$107 per MEU based on updated analysis
- 3% Inflationary increases thereafter

Monthly MEU Rates	
Current Rate (7/1/2019)	\$1.04
FY 2020/21	\$1.06
FY 2021/22	\$1.08
FY 2022/23	\$1.10
FY 2023/24	\$1.12
FY 2024/25	\$1.14

One-Water Connection Fee per MEU	
Current Rate (7/1/2019)	\$1,684
FY 2020/21	\$1,791
FY 2021/22 to FY 2024/25	+ inflation

MWD Readiness to Serve Pass-through: Continued phase-in to full pass-through by FYE 2023

Projected MWD average annual increase of approximately 5.4%





Direct Recycled and Recharge Rates Update



Recycled Water Fund (WC): Records activities associated with recycled water deliveries, capital, and planning

- The Recycled Water Policy Principles reaffirmed in 2015 by member agencies committed IEUA to:
 - “maintain a financially viable recycled water program with rates that incentivize use of all available recycled water and provide funding to achieve full cost-of-service for the recycled water program”
- The system has been built based on the 2005 Recycled Water Implementation plan, the 2007 Three-Year Business Plan, and the 2015 Integrated Water Resources Plan

Recharge Water Fund (RW): Records activities associated with the groundwater recharge program

- Joint effort between the Chino Basin Watermaster (Watermaster), the Chino Basin Water Conservation District, the San Bernardino County Flood Control District, IEUA operates and maintains 19 groundwater recharge basins
- Watermaster supports operations, capital, and debt service expenses, net of IEUA's pro-rata share
 - IEUA's rates and other revenues support expenses not reimbursed by Watermaster

Nearly \$180 million in Cost Savings from Grants and Low-Cost Financing

Recycled Water and Recharge Water systems benefit from:

- \$140 million in grant funding
- \$40* million savings with use of low interest State Revolving Fund loan financing

*Compared to a 30-year 3.6% fixed rate bond

Statutory Requirements: The proposed rates need to comply with the requirements of Proposition 26

- Direct Use and Recharge rates are considered charges for a specific service and are therefore not subject to tax approval requirements
- **However:** The rates charged must be proportional to the specific level of service provided to each user to maintain that status
- The Agency needs to establish a clear nexus between the level of service that each user receives and the fees or rates that they are charged

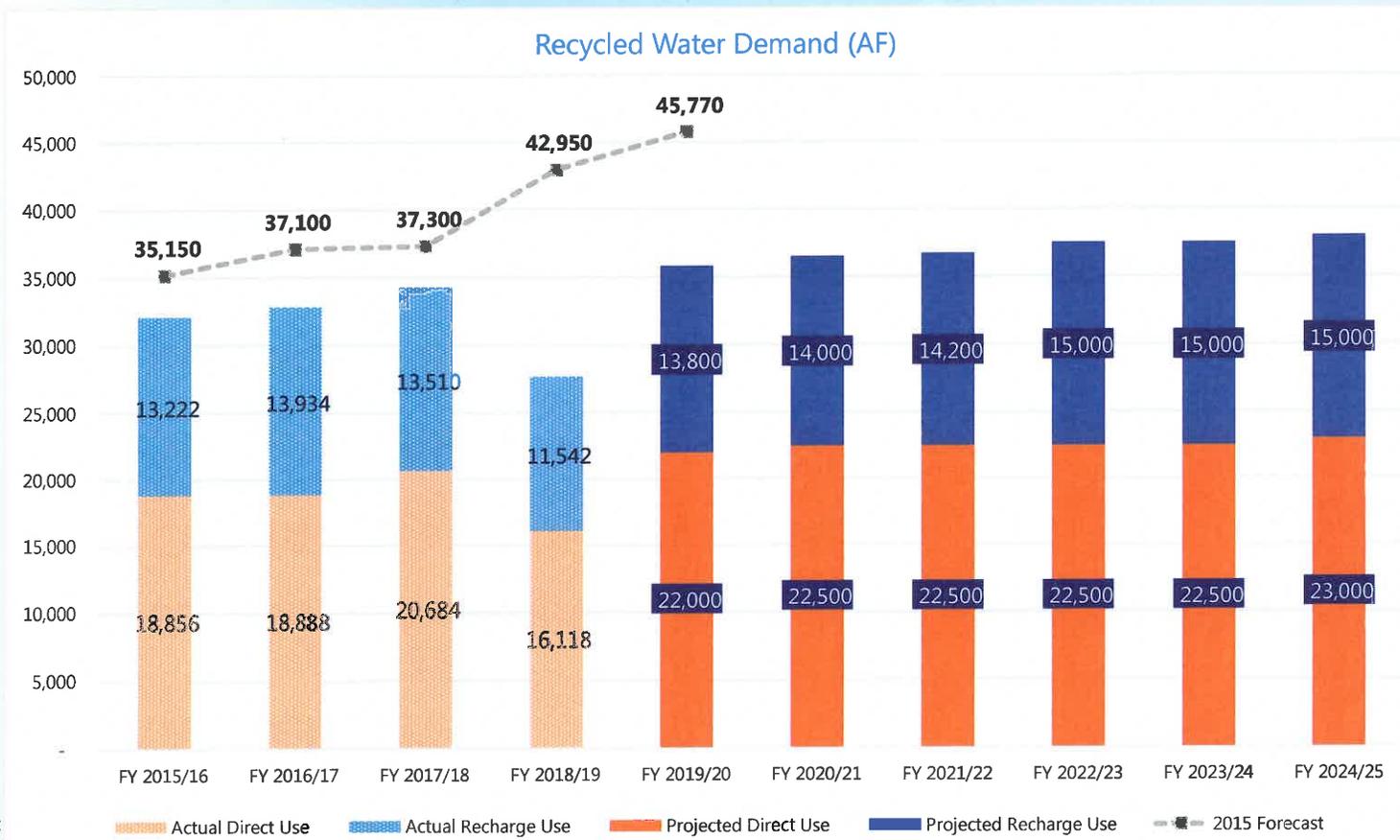
Baseline Assumptions

- Capital projects based on the adopted Ten-Year Capital Improvement Plan FYs 2019/20 – 2028/29
- Excludes recycled intertie projects, Jurupa Community Service District (JCSD) and City of Pomona
- Excludes Chino Basin Program (CBP)

Recycled and Recharge Rates Update: Detailed cost of service analysis of the direct use and recharge programs

- Assess revenue requirements based on updated financial information, capital improvement plans (CIP), and projected usage
- Develop rates for full cost recovery for each service
 - Direct Use & Recharge
- Develop proposed rates based on:
 - Current rate structure
 - Alternative rate structures - Include a fixed component to align cost structure and reduce revenue volatility

Recycled and Recharge Usage:



- ~\$11 million in revenue shortfalls due to lower than projected deliveries between FYs 2015/16 – 2018/19

Current Rate Structure: Volumetric rates per acre foot of water delivered

- Direct Use rate – Applied to all direct use and recharge deliveries
 - Current rate adopted July 1, 2019
- Recharge surcharge – Applied to all recharge deliveries
 - Current rate adopted October 1, 2015

Direct Use Recycled Water Rate

Current: \$490.00 per AF

Recharge Surcharge

Current: \$60.00 per AF
Total Recharge Rate: \$550.00 per AF

Expenses: Each fund tracks specific expenses

Recycled Water (WC) Fund

Operating Expenses

- Employment, Utilities, Materials, Other Costs

Non Operating Expenses

- Capital Improvements, Debt Service

Support to Recharge Water

- Non-reimbursable operating expenses, Transfer for operations support costs

Recharge Water (RW) Fund

Operating Expenses

- Employment, Utilities, Materials, Other Costs

Non Operating Expenses

- Capital Improvements, Debt Service

Updated Cost of Service Analysis: Recharge related costs are combined for rate setting purposes

Recycled Water (WC) Fund

Operating Expenses

- Employment, Utilities, Materials, Other Costs

Non Operating Expenses

- Capital Improvements, Debt Service

Proposed rates include full cost recovery of all recharge expenses (less offsets) through the Recharge Surcharge

Recharge Water (RW) Fund

Operating Expenses

- Employment, Utilities, Materials, Other Costs

Non Operating Expenses

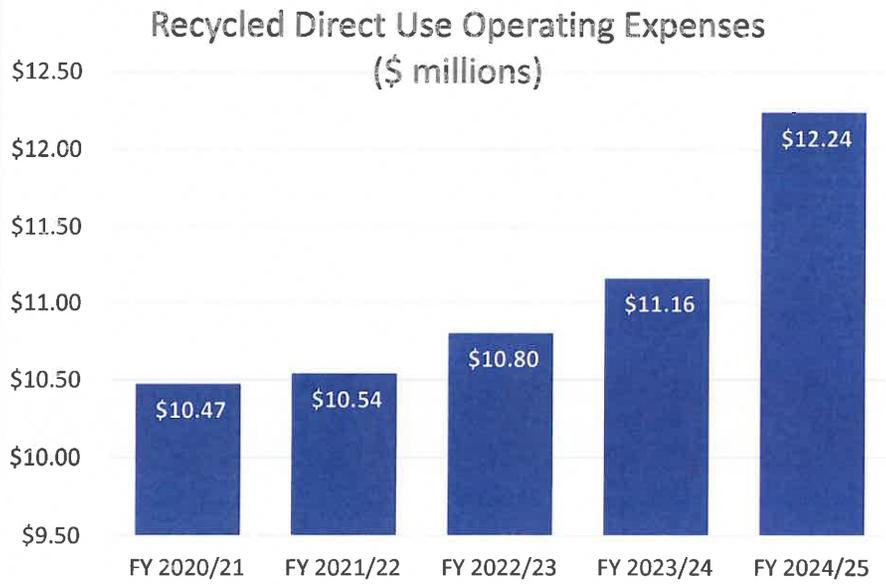
- Capital Improvements, Debt Service

Support to Recharge Water

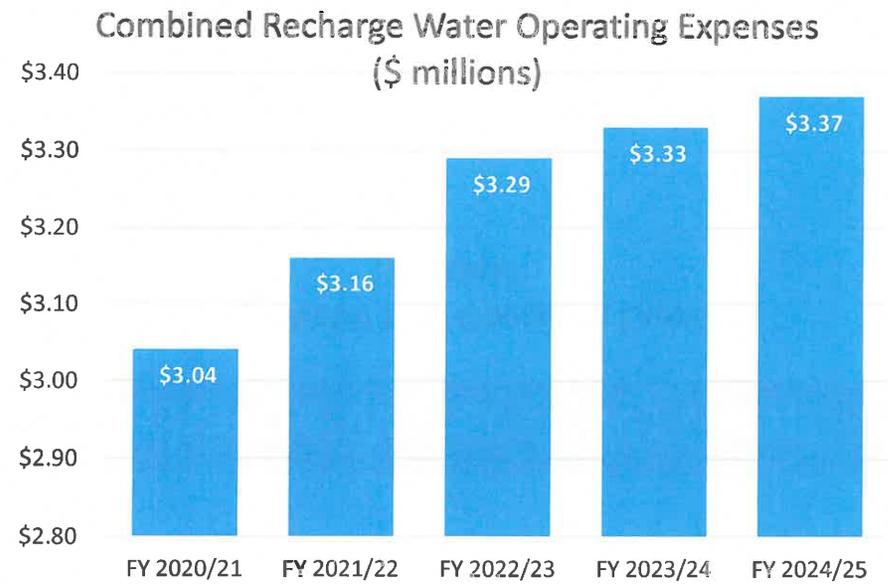
- Non-reimbursable operating expenses

Operating Expenses: Increases driven primarily by inflation

Recycled Water (WC) Fund



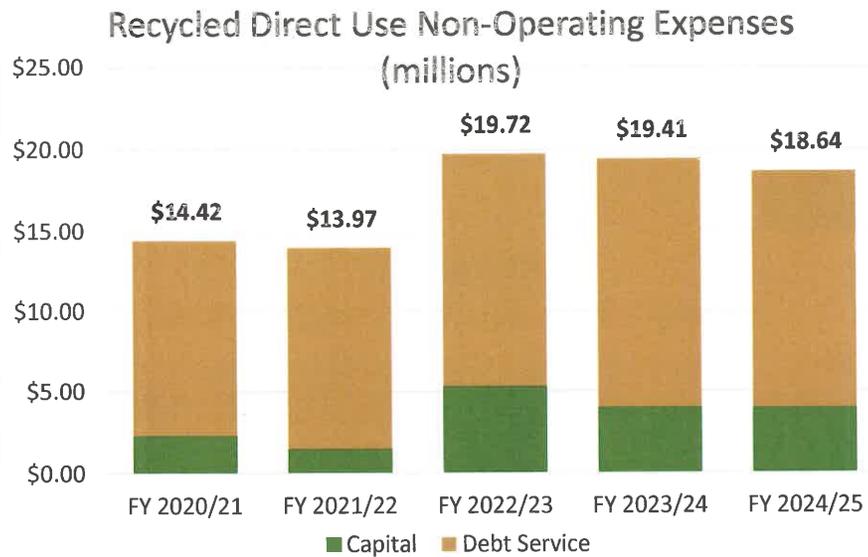
Recharge Water (RW) Fund



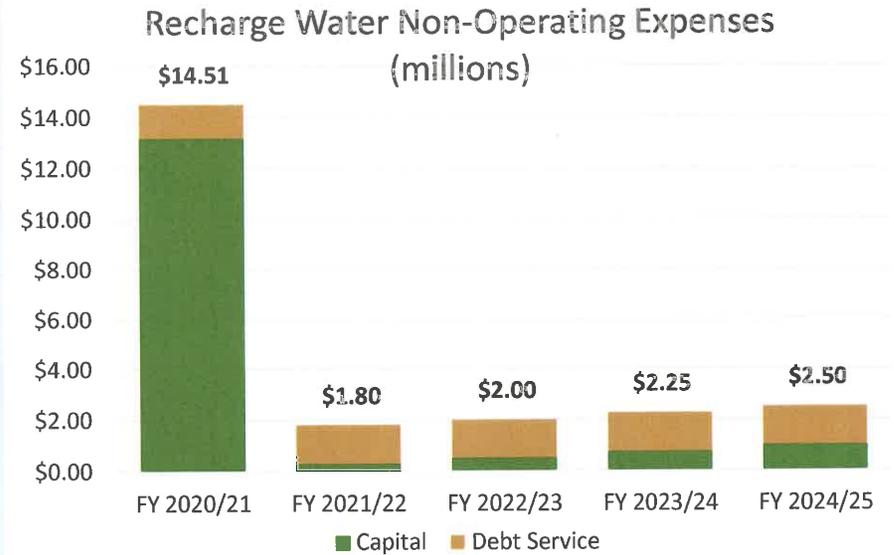
Additional detail shown in **Reference Tables A: Operating Expenses**

Non-Operating Expenses: related to capital investments and debt service

Recycled Water (WC) Fund



Recharge Water (RW) Fund



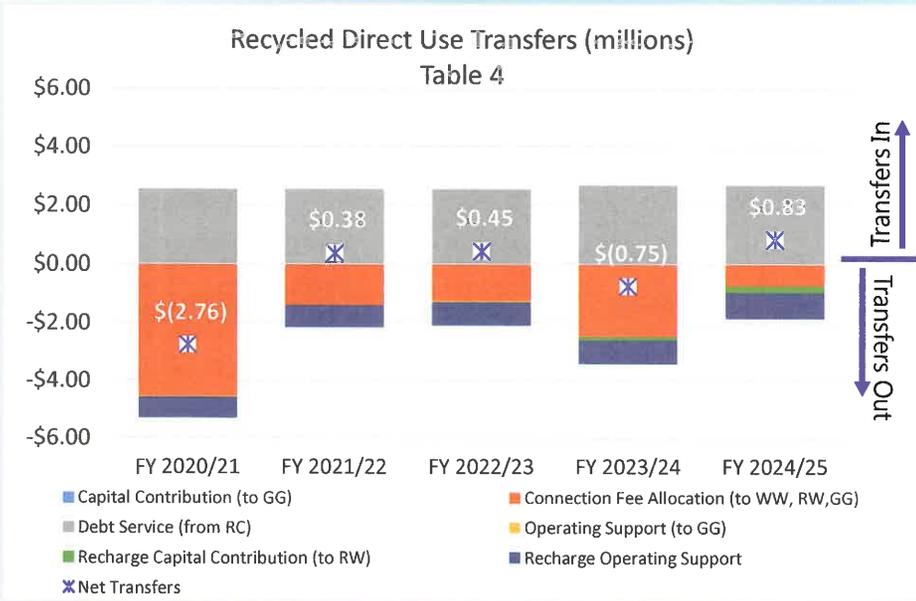
Additional detail shown in **Reference Tables B: Non-Operating Expenses**

Major Capital Projects

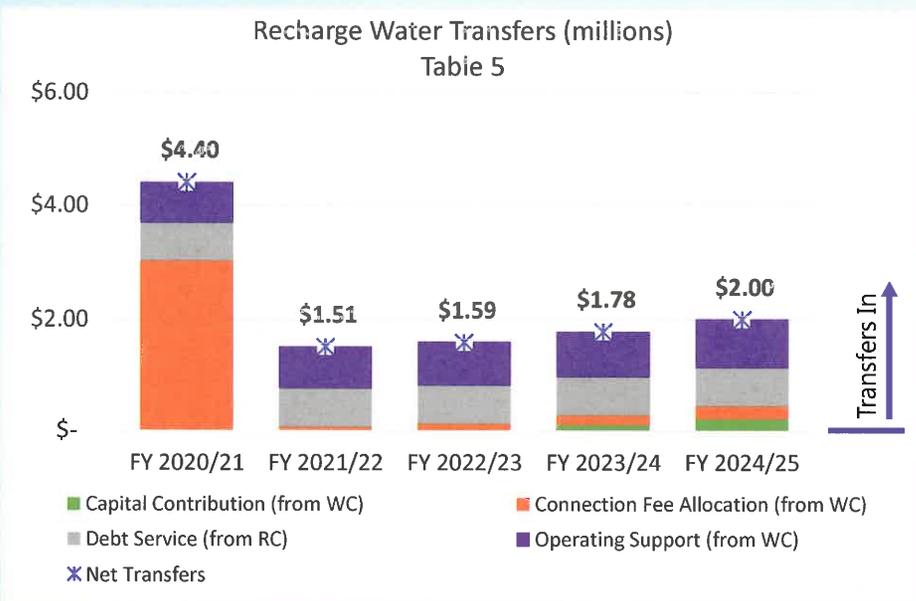
(\$ Millions)	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
<u>Recycled Water Capital Projects</u>					
EN15002 1158 Reservoir Site Cleanup	\$1.0				
EN17032 RP-4 Outfall Repair from Mission Blvd.		1.0	4.0		
EN19003 RP-1 Outfall Parallel Line			0.2	1.9	1.0
EN22009 Recycled Water Asset Management		0.5	1.0	2.0	3.0
Total Major Recycled Water Projects	\$1.0	\$1.5	\$5.2	\$3.9	\$4.0
<u>Recharge Water Capital Projects</u>					
RW15003 Recharge Master Plan Updates	\$9.7				
RW15004 Lower Day Basin RMPU Improvements	3.4				
EN22008 Groundwater Recharge Asset Mgmt.		0.3	0.5	0.7	1.0
Total Major Recharge Projects	\$13.1	\$0.3	\$0.5	\$0.7	\$1.0

Transfers: Inter-fund transfers support related costs in other funds

Recycled Water (WC) Fund



Recharge Water (RW) Fund

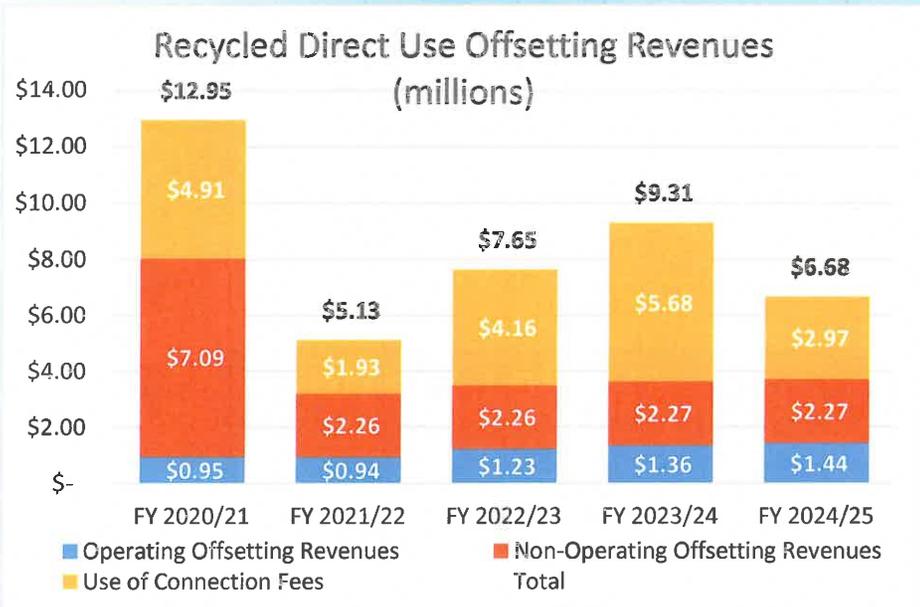


GG: Administrative Services Fund
 RC: Regional Wastewater Capital Improvement Fund
 WW Water Resources Fund

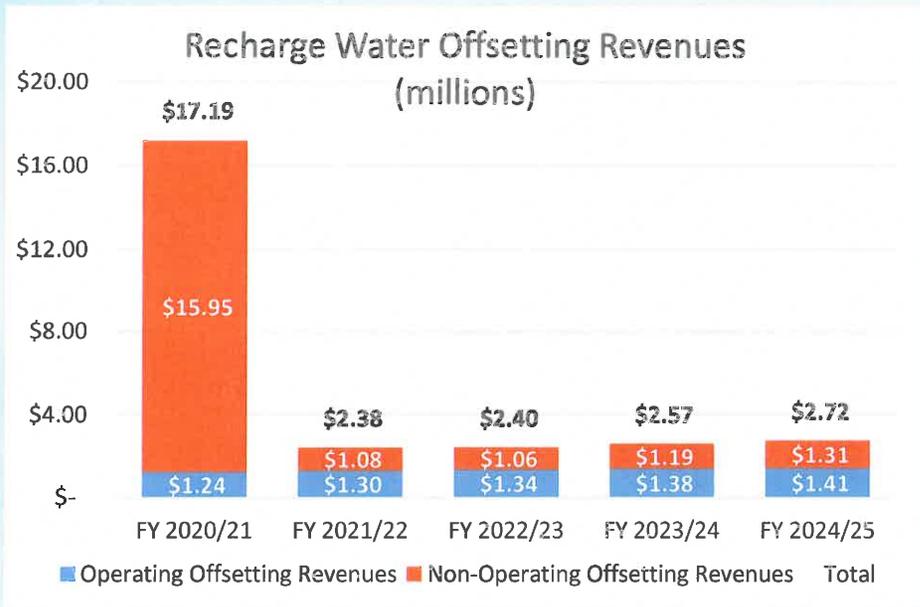
Additional detail shown in **Reference Tables C: Transfers**

Offsetting Revenues:

Recycled Water (WC) Fund



Recharge Water (RW) Fund



Includes interest earnings, property taxes, loans, grants, and capital cost reimbursements

Additional detail shown in Reference Tables D: Offsetting Revenue

User Rates: Need to collect all annual revenue requirements less offsetting revenues

Operating Expenses

+ Capital Projects

+ Debt Service

+ Reserve Requirements

- Offsetting Revenues

User Rate Revenues

Direct Use Revenue Requirements: Rate adjustments of 3% per year are needed to keep pace with CIP and inflationary cost increases

TM Table 9: Required Recycled Water Direct Use Rate Revenues

(\$ Millions)	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Total Expenses	\$27.65	\$24.13	\$30.08	\$31.32	\$30.05
Remove Operation Support to Recharge Water	(0.71)	(0.75)	(0.78)	(0.81)	(0.87)
Remove Capital Support to Recharge Water	0.00	0.00	(0.01)	(0.11)	(0.22)
Less: Offsetting Revenues	(\$12.95)	(\$5.13)	(\$7.65)	(\$9.31)	(\$6.68)
Contribution to (Use of) Reserves	\$4.44	\$0.84	\$(1.54)	\$(0.40)	\$(0.67)
Required Revenues from Direct Usage Rates	\$18.42	\$19.09	\$20.09	\$20.70	\$21.61

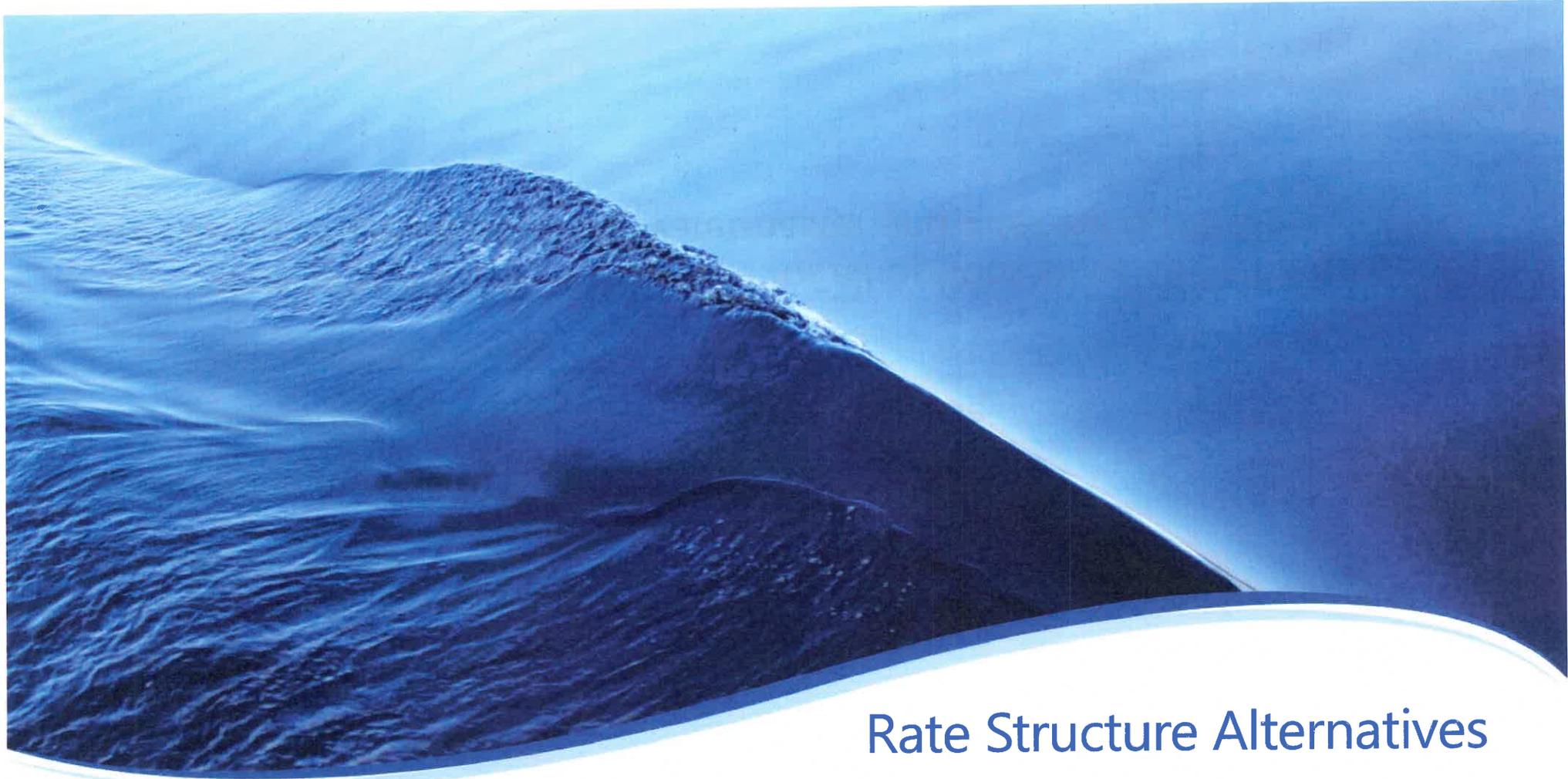
Note: Presented totals may vary from values above due to rounding for presentation purposes.

Recharge Revenue Requirements: Increases are needed to phase-in full cost recovery for the Recharge Water Program

TM Table 10: Required Recharge Water Rate Revenues

\$ Millions	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Total Expenses	\$13.14	\$3.46	\$3.70	\$3.79	\$3.88
Plus: Operations Previously Supported by WC	0.71	0.75	0.78	0.81	0.87
Plus: Capital Previously Supported by WC	-	-	0.01	0.11	0.22
Less: Offsetting Revenues	(\$17.19)	(\$2.38)	(\$2.40)	(\$2.57)	(\$2.72)
Contribution to (Use of) Reserves	4.35	(0.60)	(0.52)	(0.27)	-
Required Revenues from Direct Usage Rates	\$1.01	\$1.23	\$1.57	\$1.88	\$2.24

Note: Presented totals may vary from values above due to rounding for presentation purposes.



Rate Structure Alternatives



Inland Empire Utilities Agency
A MUNICIPAL WATER DISTRICT

Rate Structure Alternatives: Three rate structure alternatives have been evaluated

- Current Rate Structure
 1. Retain current volumetric rate structure with per AF charges for direct and recharge use
- Alternative Rate Structures
 2. Fixed based on 3-year rolling average total use
 3. Fixed based on EDUs
- The recharge surcharge is the same for all options since all recharge debt service costs are covered by Watermaster and inter-fund transfers

Current Rate Structure: Rates per AF are calculated by dividing revenue requirements by projected usage

Calculated Direct Use Rates

TM Table 11: Recycled Water Direct Use Rate

WC Rate Calculation	Current Rates	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Required Revenues from Rates (\$Millions)		\$18.42	\$19.09	\$20.09	\$20.70	\$21.61
Projected Demands (AF)		36,500	36,700	37,500	37,500	38,000
Recycled Water Rate per AF	\$490	\$505	\$520	\$536	\$552	\$569

Calculated Recharge Rates

TM Table 12: Recharge Water Surcharge Rate

RW Rate Calculation	Current Rates	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Required Revenues from Rates (\$Millions)		\$1.01	\$1.23	\$1.57	\$1.88	\$2.24
Projected Demands (AF)		14,000	14,200	15,000	15,000	15,000
Recharge Surcharge Rate per AF	\$60	\$72	\$87	\$105	\$125	\$149
Direct Usage Rate per AF	\$490	\$505	\$520	\$536	\$552	\$569
Total Recharge Rate per AF	\$550	\$577	\$607	\$641	\$677	\$718

Fixed Rate Component: Annual debt service less offsetting revenues and transfers

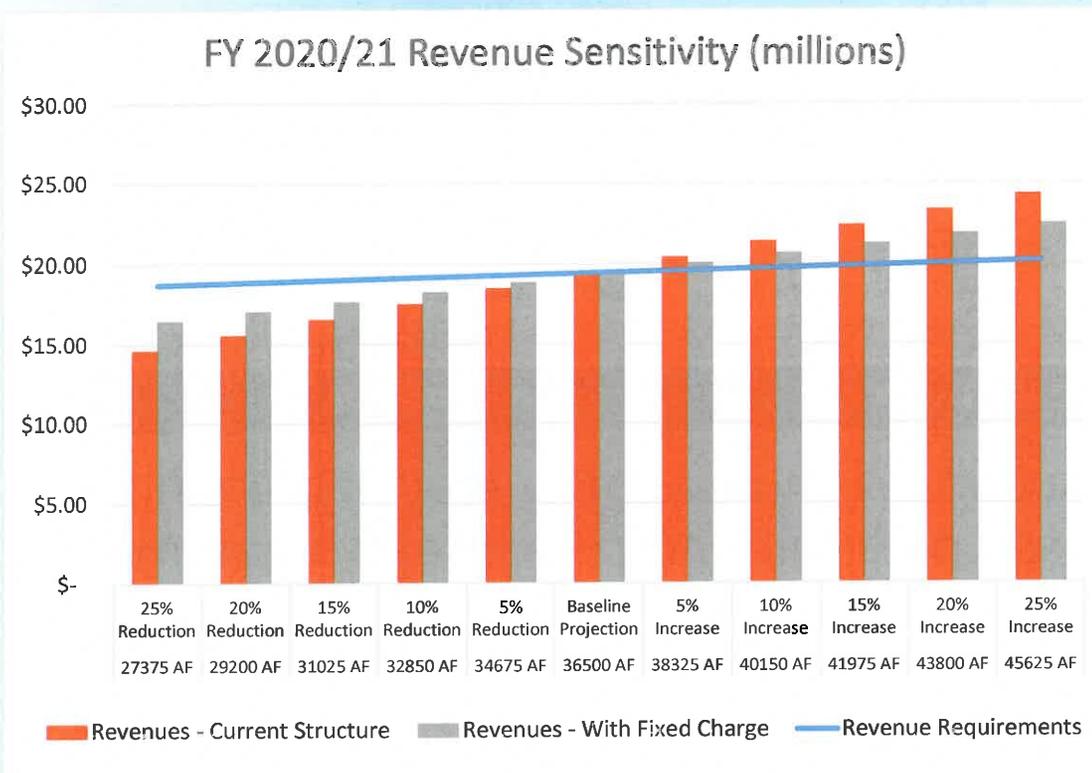
- Recycled Water fund receives offsetting revenues for debt service from:
 - Property Taxes
 - Transfers from Regional Wastewater Capital Improvement (RC) fund
- Connection Fees for eligible debt service help smooth year-to-year changes in fixed revenue collection

TM Table 13: Direct Use Fixed Charge Revenue Requirement

RW Fixed Charge Revenues, (\$ Millions)	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Debt Service	\$9.12	\$9.47	\$9.42	\$9.41	\$9.18
Short Term Inter-Fund Loan	3.00	3.00	5.00	6.00	5.50
Fixed Offsetting Revenues and Transfers					
Property Tax - Debt and Capital	\$(2.17)	\$(2.17)	\$(2.17)	\$(2.17)	\$(2.17)
Transfer from RC Debt Service	(2.54)	(2.54)	(2.54)	(2.67)	(2.67)
Connection Fees for Debt Service	-	(0.10)	(1.63)	(2.25)	(1.15)
Fixed Rate Revenue Requirement	\$7.41	\$7.66	\$8.08	\$8.32	\$8.69

Note: Presented totals may vary from values above due to rounding for presentation purposes.

Fixed Rate Component: Will help to stabilize revenues for IEUA and costs for member agencies



- During times of **low usage**, the fixed charges will hold revenues higher to cover a greater share of fixed costs
- During times of **high usage**, the fixed charges will mitigate a portion of cost increases for member agencies

Alternative Rate Structure: Will set a specific amount of fixed costs to recover each year

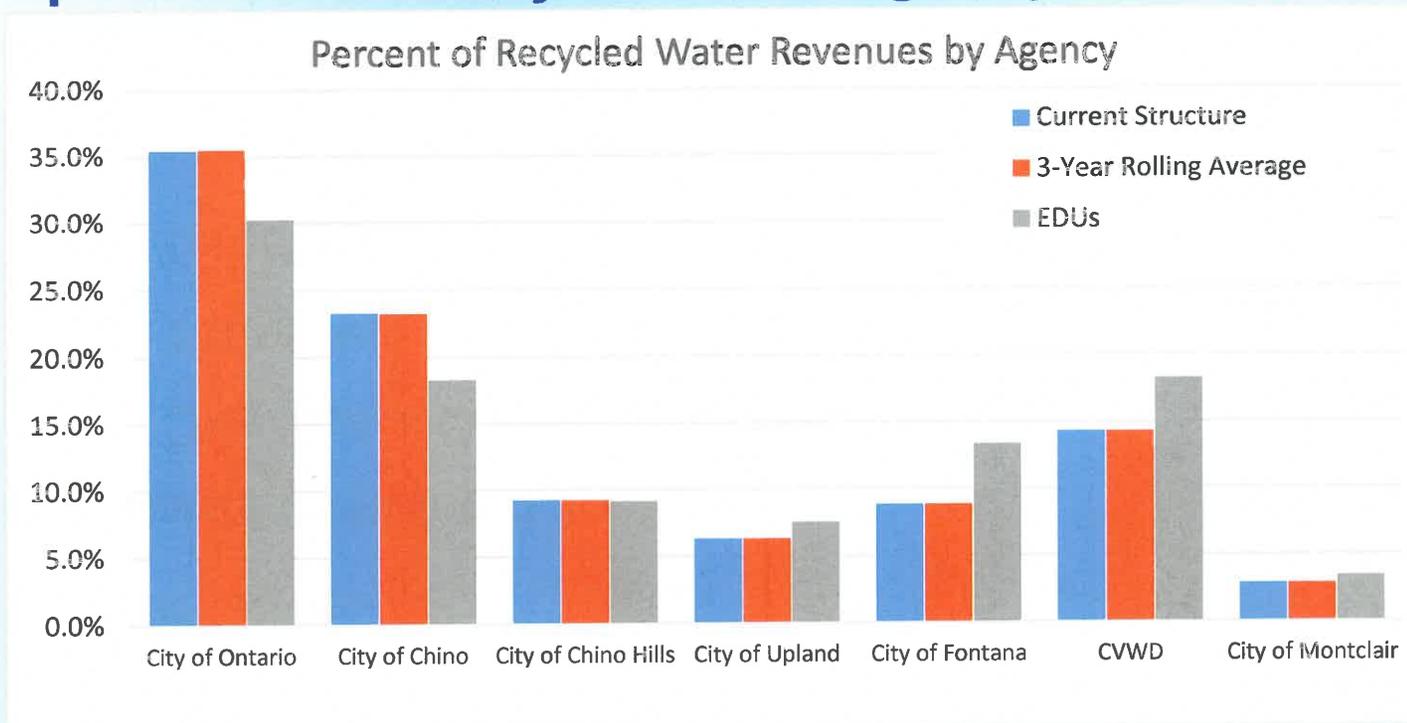
- Volumetric rates would be calculated based on the total revenue requirements **less** fixed revenue requirements

TM Table 18: Direct Use Variable Revenue Requirement

Budget Item	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Total Revenue Requirement	\$18.42	\$19.09	\$20.09	\$20.70	\$21.61
Less: Fixed Rate Revenue Requirement	\$(7.41)	\$(7.66)	\$(8.08)	\$(8.32)	\$(8.69)
Variable Rate Revenue Requirement	\$11.01	\$11.43	\$12.01	\$12.38	\$12.92
Recycled & Recharge Water Demands (AF)	36,500	36,700	37,500	37,500	38,000
Direct Recycled Variable Water Rate (\$/AF)	\$302	\$311	\$320	\$330	\$340
Recharge Surcharge (\$/AF)	\$72	\$87	\$105	\$125	\$149
Total Recharge Variable Rate (\$/AF)	\$374	\$398	\$425	\$455	\$489

- The fixed costs for each year would be apportioned to each member agency based on their share of 3-year Rolling Average, or EDUs in the previous fiscal year

Member Agency Impacts: Revenues under each fixed charge option assessed by member agency



- Options using rolling average consumption have a relatively small impact on the amount of revenue from each agency
- Allocation based on EDUs could lead to moderate shifts by agency

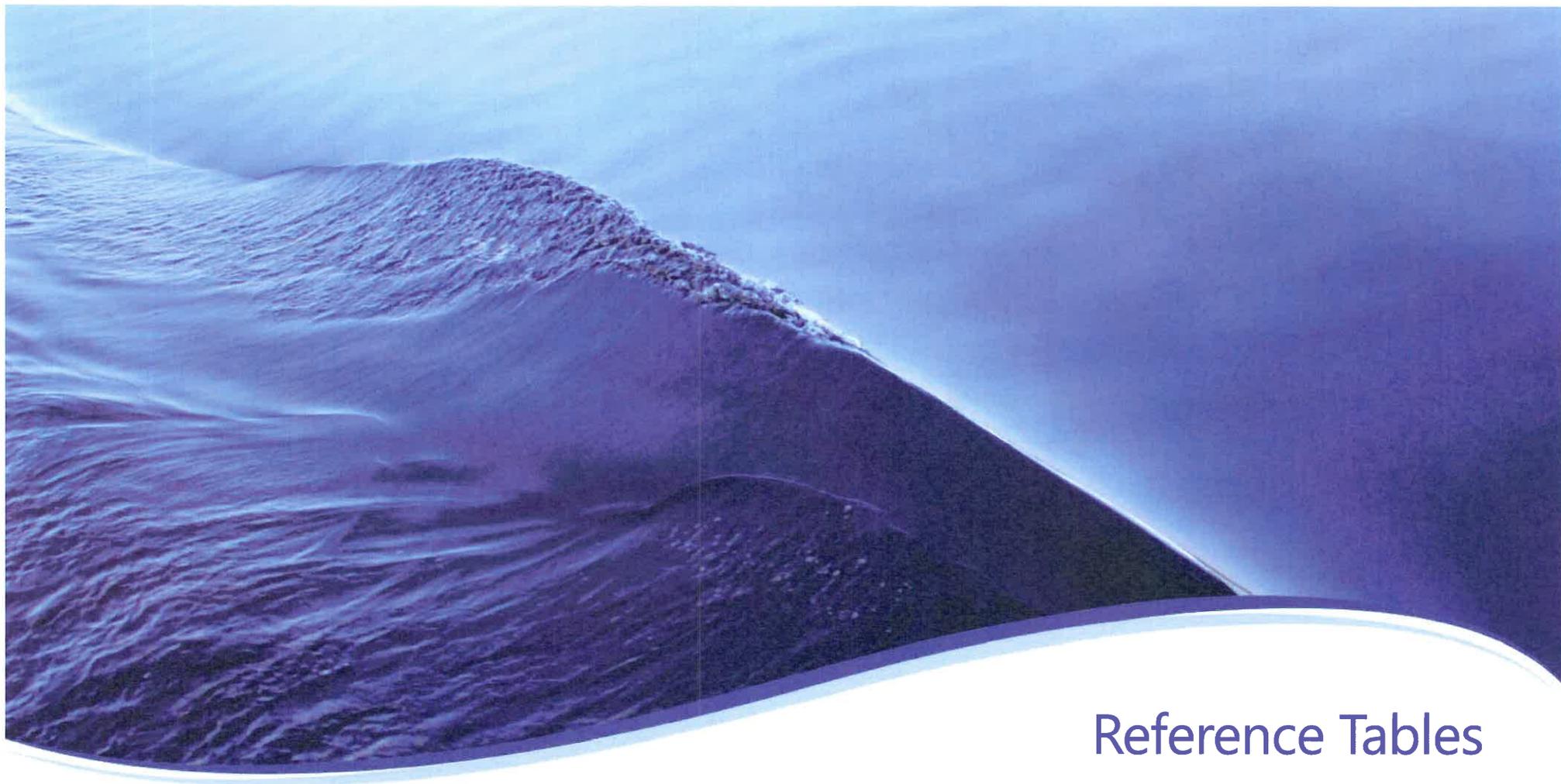
Note: Actual revenues by agency would vary as they would reflect actual rather than projected consumption

Next Steps:

1. Consider Direct Use Recycled Water and Recharge Water rate structure alternatives
2. Finalize completed analyses
 - One Water Connection Fees
 - Water Resources MEU Rates
 - Direct Use Recycled and Recharge Water Rates
3. Adoption of rate adjustments Feb/Mar 2020
4. Develop long-term projections to assess the impact of the CBP on all rate

Timeline





Reference Tables

Reference Tables A: Operating Expenses

Tech Memo Table 2: Recycled Water Operating Expenses

Operating Expenses - Recycled Water	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Total - Recycled Water Direct Use Activity	\$10.47	\$10.54	\$10.80	\$11.16	\$12.24
Total - Recycled Water Recharge Activity	\$1.25	\$1.31	\$1.37	\$1.34	\$1.30
Total Recycled Water Operating Expenses	\$11.71	\$11.85	\$12.16	\$12.50	\$13.54

Tech Memo Table 3: Recharge Water Operating Expenses

Operating Expenses - Recharge Water Fund	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Total - Recharge Water Fund	\$1.79	\$1.86	\$1.92	\$1.99	\$2.08
Recharge Expenses from Recycled Water Fund (See Table 2)	\$1.25	\$1.31	\$1.37	\$1.34	\$1.30
Total Recharge Operating Expenses	\$3.04	\$3.17	\$3.29	\$3.33	\$3.38

Note: Presented totals may vary from values above due to rounding for presentation purposes.

Reference Tables B: Non-Operating Expenses

Tech Memo Table 3:
Recycled Water Non-Operating Expenses

Non-Operating Expenses - Recycled Water Direct Use	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Debt Service	\$12.12	\$12.47	\$14.42	\$15.41	\$14.68
Capital	2.30	1.50	5.31	4.00	3.96
Total Recycled Water Non-Operating	\$14.42	\$13.97	\$19.72	\$19.41	\$18.64

Tech Memo Table 6:
Recharge Water Non-Operating Expenses

Non-Operating Expenses - Recharge Water	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Debt Service	\$1.32	\$1.51	\$1.50	\$1.50	\$1.50
Capital	13.18	0.29	0.50	0.75	1.00
Total Recharge Water Non-Operating	\$14.51	\$1.80	\$2.00	\$2.25	\$2.50

Note: Presented totals may vary from values above due to rounding for presentation purposes.

Reference Tables C: Transfers

Tech Memo Table 4: Recycled Water Fund Transfers

Transfers	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Transfer In/(Out) - Recycled Water - Direct Usage Activity					
Capital Contribution (to Administrative fund)	\$(0.02)	\$(0.01)	\$(0.01)	\$(0.02)	\$(0.03)
Connection Fee Allocation (to Water Resources, Recharge Water, Administrative funds)	(4.53)	(1.39)	(1.25)	(2.45)	(0.72)
Debt Service (from Regional Wastewater funds)	2.54	2.54	2.54	2.67	2.67
Operating Support (to Administrative fund)	(0.05)	(0.01)	(0.04)	(0.03)	-
Subtotal - Recycled Water Direct Usage	\$(2.06)	\$1.13	\$1.24	\$0.17	\$1.92
Transfer In/(Out) - Recycled Water - Recharge Activity					
Capital Contribution (to Recharge Water fund)	\$-	\$-	\$(0.01)	\$(0.11)	\$(0.22)
Operating Support (to Recharge Water fund)	(0.71)	(0.75)	(0.78)	(0.81)	(0.87)
Subtotal - Recycled Water Recharge	\$(0.71)	\$(0.75)	\$(0.79)	\$(0.92)	\$(1.09)
Total Net Recycled Water Fund Transfers	\$(2.76)	\$0.38	\$0.45	\$(0.75)	\$0.83

Tech Memo Table 5: Recharge Water Fund Transfers

Transfer In/(Out) - Recharge Water	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Capital Contribution (from Recycled Water)	\$-	\$-	\$0.01	\$0.11	\$0.22
Connection Fee Allocation (from Recycled Water)	3.03	0.07	0.12	0.17	0.23
Debt Service (from Regional Wastewater Capital)	0.66	0.69	0.69	0.69	0.69
Operating Support (from Recycled Water)	0.71	0.75	0.78	0.81	0.87
Total Recharge Water Transfers	\$4.40	\$1.51	\$1.59	\$1.78	\$2.00

Note: Presented totals may vary from values above due to rounding for presentation purposes.

Reference Tables D: Offsetting Revenues

Tech Memo Table 6: Offsetting Operating Revenues

Offsetting Operating Revenues	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Operating Revenues - Recycled Water Direct Use					
Interest Revenue	\$0.95	\$0.94	\$1.23	\$1.36	\$1.44
Subtotal Recycled Water	\$0.95	\$0.94	\$1.23	\$1.36	\$1.44
Operating Revenues - Recharge Water					
Cost Reimbursement from Watermaster	\$1.08	\$1.11	\$1.14	\$1.18	\$1.21
Interest Revenue	0.16	0.19	0.20	0.20	0.20
Subtotal Recharge Water	\$1.24	\$1.30	\$1.34	\$1.37	\$1.41
Total Offsetting Operating Revenues	\$2.19	\$2.24	\$2.57	\$2.75	\$2.85

Note: Presented totals may vary from values above due to rounding for presentation purposes.

Reference Tables D (continued): Offsetting Revenues

Tech Memo Table 8: Use of Connection Fees

Use of Connection Fees	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Projected Connection Fee Revenue	\$6.42	\$6.67	\$6.93	\$7.20	\$7.48
Eligible Recycled Water Projects	\$0.38	\$0.44	\$1.28	\$0.98	\$1.10
Transfer to Recharge Water Fund for Eligible Projects	3.03	0.07	0.12	0.17	0.23
Transfer to Water Resources Fund for Eligible Projects	1.45	1.31	1.11	2.26	0.47
Transfer to General Administrative Fund for Eligible Projects	0.04	0.01	0.03	0.02	0.02
Use for Debt Service	-	0.10	1.63	2.25	1.15
Total Connection Fees to be Used	\$4.91	\$1.93	\$4.16	\$5.68	\$2.97

Tech Memo Table 7: Offsetting Non-Operating Revenues

Offsetting Non-Operating Revenues	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Non-Operating Revenues - Recycled Water Direct Use					
Property Tax	\$2.17	\$2.17	\$2.17	\$2.17	\$2.17
Connection Fees	6.42	6.67	6.93	7.20	7.48
Loans	3.48	-	-	-	-
Grants	1.35	-	-	-	-
Capital Cost Reimbursement	0.09	0.09	0.09	0.09	0.10
Subtotal Recycled Water	\$13.51	\$8.93	\$9.19	\$9.46	\$9.75
Non-Operating Revenues - Recharge Water					
Loans	3.76	0.14	-	-	-
Grants	11.52	-	-	-	-
Capital Cost Reimbursement	0.66	0.94	1.06	1.19	1.31
Subtotal Recharge Water	\$15.95	\$1.08	\$1.06	\$1.19	\$1.31
Total Non-Operating Offsetting Revenues	\$29.45	\$10.01	\$10.25	\$10.65	\$11.06

Note: Presented totals may vary from values above due to rounding for presentation purposes.

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